

An aerial photograph of a multi-lane highway winding through a dense, green forest. Several large trucks are visible on the road. Overlaid on the trucks and the road surface are glowing blue digital patterns, resembling data or network signals, which suggest a focus on digital infrastructure or smart transportation. The background shows rolling hills and more forest under a clear sky.

electreon

# Electreon Wireless Ltd

## **2024 Annual report**

March 2025

## **Electreon Wireless Ltd.**

### **Annual Report Highlights (translation from Hebrew) for 2024**

Given the Company's nature as a research and development entity, and against the backdrop of the inherent uncertainties associated with the successful development of its products and their subsequent penetration into relevant markets, the potential for failure in the technological development of the Company's products, as well as the inability to secure the necessary approvals from competent regulatory authorities for marketing and sale purposes, the Company's product development investment could be rendered worthless; Furthermore, it should be noted that, as a research and development entity, the Company may be required to raise capital until it is able to generate a positive cashflow from product sales to finance its operational expenses.

It is the Company's policy that in addition to the translation of immediate reports which the Company is accustomed to publishing with its reports on the Israel Securities Authority's electronic reporting system (MAGNA) and the Tel Aviv Stock Exchange reporting website (MAYA), the Company also intends on publishing convenience translations into the English language of the Company's annual report on the Company's IR website: <https://ir.electreon.com/financial-results>. It should be clarified that, notwithstanding the significant efforts exerted in producing the convenience translations, the convenience translations published by the Company are not official translations and, therefore, they do not bind the Company. In the event of inconsistency between the original Hebrew version and the English convenience translation, the original version shall be the binding version.

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**Part One – Letter to the Company’s Shareholders**



**Electreon Wireless Ltd.**

(The "**Company**")

March 30, 2025

To

Israel Securities Authority

Via Magna

To

Tel Aviv Stock Exchange Ltd.

Via Magna

Dear Shareholders,

Re: Letter to the Company's Shareholders

The past year presented substantial challenges for all of us, exacerbated by the war and its ramifications for the economy and society within Israel. Nonetheless, the Company successfully navigated this complicated period, continued its development, and achieved notable objectives. I invite you to augment your understanding of the Company's operations, accomplishments, and objectives through the succinct review of the highlights of the 2024 Annual Report, before you.

**Wireless charging and electric vehicles**

Recent trends indicate that the sale and market adoption of electric vehicles reached their apex in the past year, with 22% of all vehicles sold globally being electric during the first half of the year. In both Europe and the United States, it is estimated that one in five newly sold vehicles was an electric vehicle, a trend mirrored in Israel. This trend persists across various market segments, including buses, distribution trucks, private cars, and larger trucks. Despite the rapid rate of electric

vehicle adoption, the infrastructure necessary for charging has not kept pace with the existing technological gap, when it appears that "the cable is holding the market back". The Company believes this to be a significant hindrance to the transition toward electric vehicles—the disparity between the number of electric vehicles on the road and the requisite charging infrastructure. An increasing number of drivers are opting for electric vehicles due to the advanced and user-friendly experience they offer, as the predominant innovations within the automotive sector are currently concentrated in this domain. Consumers are seeking convenience and freedom from cables, and in this respect we believe electric vehicles are no exception. Consequently, the demand for automated, intelligent, and contactless charging solutions is on the rise and is expected to continue this trajectory; However, the existing solutions in the market remain limited, costly, and ill-suited to the accelerated expansion of the market.

The Company offers a wireless, cost-effective, and sustainable charging solution that serves as infrastructure supporting the growth and expansion of the electric vehicle market, in addition to providing an intelligent charging system compatible with a global wireless standard for all types of vehicles.

### **Financial performance in the previous year – Company revenue**

At the commencement of 2023, the Company declared a revenue and receipts target of NIS 102 million for the years 2023 and 2024.

At the time of this announcement, both we and other market participants were unable to foresee the subsequent onset of the Iron Sword War at the end of 2023, and consequently its implications. The war led to a postponement of the implementation start dates for several transactions within Israel, including the agreement with *Metronit*, which was executed during the year but, as of now, had its initiation delayed.

Consequently, a discrepancy has emerged between anticipated revenues associated with signed projects and the revenues and receipts that can be recognized from an accounting standpoint as of the date of this report. As of December 31, 2024, the Company holds

existing engagements and signed projects with a total scope of approximately NIS 113 million. From a contractual standpoint, this aligns with or exceeds the initial target; However, from an accounting perspective, the Company is currently positioned to recognize revenues and receipts for the relevant period amounting to approximately NIS 63 million.

**Not just partners from within the public and business sectors – working with private clients**

Over the past year, the Company has substantially diversified its clientele and operational channels. Previously, the focus was primarily on projects with municipalities and states; However, there is now an expansion into business enterprises and efforts to penetrate the private vehicle market. This strategic shift is anticipated to expedite the sale of products and enhance the Company's presence in novel markets.

In alignment with this expansion of its clientele, over the past year the Company has entered into agreements with prominent industry leaders, including UPS, a logistics giant with an extensive fleet of vehicles, thereby gaining access to the distribution truck market. Additionally, a collaborative project with UCLA University has been secured, introducing a new channel of operations involving university fleets. The Company has also executed a memorandum of understanding with Castel Taxi, and ongoing discussions are in place in connection with a commercial agreement regarding a model for using the Company's charging systems that will meet the needs of Castel and station taxi drivers – a step that brings the Company into the taxi market. Finally, the *Metronit* – along with the project in Norway, which facilitated the Company's entry into the BRT market segment (high-capacity buses that travel on a designated route). All aforementioned entities have opted for the Company's wireless charging products and services to capitalize on operational benefits, including ease of charging, extended range, enhanced efficiency, and reduced operational costs.

At the same time, there exists considerable potential within the private market, wherein an increasing number of users are demanding

convenient, smart, and automated charging solutions. The Company recognizes that the gap in charging infrastructure for private vehicles is significant; Not everyone has access to private parking, and densely populated cities often have limited private parking per capita. Consequently, we believe there is an urgent necessity to establish public charging areas in residential neighborhoods to accommodate electric vehicle owners without access to private charging facilities, while simultaneously minimizing visual disruption within urban environments. The growing transition to electric vehicle utilization necessitates advanced charging infrastructures to support the anticipated rise in private vehicle ownership. As evidenced in other sectors, consumers increasingly favor solutions that provide comprehensive convenience—eliminating daily complexities and dependency on cables. We believe that wireless charging is the optimal solution to this challenge, and we are well-positioned to deliver it, given our technological maturity, field performance, and capacity to adhere to regulatory standards.

**Strategic investment from Denso, one of the world’s leading tier 1 companies and one of the world’s largest automotive manufacturers**

In the previous year, a significant milestone was achieved through the receipt of strategic investments from two prominent global leaders in the automotive sector. The Company garnered investment from Denso, a foremost Tier 1 manufacturer, as well as from one of the largest automotive manufacturers worldwide. These investments exemplify the automotive industry's increasing confidence in our technology and serve to enhance our positioning as a key player in the domain of wireless charging solutions for electric vehicles. The investments represent not only a financial endorsement but also facilitate new business opportunities, thereby advancing our endeavor to integrate our technology into vehicles on a global scale.

## **Agreement with Toyota and Denso – A strategic partnership in continuous growth**

We persist in strengthening our collaboration with our strategic partners, Toyota and Denso.

Pursuant to the development agreement established among the parties, a wireless charging road was deployed at Denso's headquarters in Japan over the past year. There, Denso carried out a comparative demonstration involving two vehicles: one was dynamically charged wirelessly utilizing the Company's products, while the other depended solely on its internal battery. The demonstration revealed that the vehicle which did not receive wireless charging ceased operation after 200 kilometers, whereas the wirelessly charged vehicle operated effectively throughout the demonstration and retained a full battery upon its conclusion. This instance further illustrates the potential of wireless charging to eliminate the range limitations associated with electric vehicles.

Furthermore, throughout the year, collaborative efforts continued with Toyota and Denso to advance wireless charging technology for both existing and forthcoming private vehicles. The joint initiatives are progressing at an accelerated rate, evidenced by the submission of over 60 joint patent applications for registration during the reporting period.

## **Looking ahead**

The Company is endeavoring to achieve its 2025 backlog target of approximately US\$ 65 million (approximately NIS 240 million). As of the present date, the backlog stands at approximately US\$ 13 million (approximately NIS 49 million). In conjunction with the Company's persistent efforts to establish new agreements and projects for the provision of its products and services, it is anticipated, with high probability, that several orders amounting to approximately US\$ 5 million (approximately NIS 18 million) will become binding in the forthcoming weeks.

Furthermore, we set a goal of fostering business partnerships with other leading automotive companies, which we will prioritize in the coming year.

**The Company is poised for growth**

We continue to expand our operations into new markets and enhance our presence in strategic regions. The business development team has been augmented to facilitate the expansion of business operations, primarily in Germany and the United States. Currently, the focus is on market segments where the Company believes that immediate value can be delivered. At this juncture, the Company's primary markets include public transportation fleets and operators, airports, universities, end-to-end shipping companies, shared vehicle fleets, point-to-point heavy truck fleets, taxi fleets, high-capacity bus fleets operating on designated and defined routes (BRT), highways, and the automotive and private user sectors. The enhancements made to mass production capabilities this year, the optimization of the supply chain, and the Company's leadership in global standardization collectively position it favorably to achieve the ambitious objectives that have been established.

I would like to thank you, the shareholders, for your trust in the Company, the technology, and the team that leads it forward. We continue to work at full strength to realize our vision and generate significant value for the general public and the investing public.

Sincerely,

Oren Ezer

Chairman and CEO

**The Company's wireless charging technology is still in the developmental phase, and the completion of the system development has not yet completed. The above information pertaining to the Company's technology, its application, and its target markets, represents the Company's strategy, with no assurances that these objectives will be realized in practice. Notwithstanding the aforementioned, all the assumptions and projections related to the electric vehicle market, its potential and evolution, the Company's potential, and the development of the Company's technology are forecasts, assessments, and estimate, and shall be qualified as "forward-looking information" as defined in the Israeli Securities Law, 5728-1968 (the "Securities Law"). This information is derived in part from various public sources and in part from the Company's evaluations concerning future developments and events, the existence and timing of which remains uncertain and beyond the Company's control. These evaluations may not be realized in full or in part, or may be realized differently than anticipated by the Company, due to a range of factors, including the Company's inability to achieve developmental milestones, unsuccessful marketing of its products, failure of collaborations, and other factors beyond the Company's control, as well as the realization of any risk factors identified in Section 31 of the Company's annual report for 2024.**

## **Part Two – Description of the General Development of the Company's Business**

### **Introduction**

The Company is engaged in the specialization of developing wireless charging technology that caters to a diverse range of electric vehicles, particularly emphasizing buses, commercial vehicles, trucks, and private cars. The Company provides an advanced solution that facilitates smart, convenient, and contactless charging, designed to adapt to the evolving requirements of the electric transportation sector.

The Company employs a flexible technological approach that offers a variety of charging solutions for all types of electric vehicles, as outlined below. This includes a **dynamic charging** solution that enables charging while in motion, **semi-dynamic charging** that permits charging during acceleration or deceleration, and **static charging** that facilitates charging during parking or halting. The integration of these three solutions ensures operational continuity and optimizes flexibility within the charging infrastructure.

The demand for automatic, smart, and contactless charging solutions is on a consistent upward trajectory; However, the Company asserts that the existing market solutions remain limited, costly, and inadequately aligned with the rapid growth of the electric vehicle market. The Company presents an advanced wireless charging solution that serves as a flexible infrastructure, bolstering the development of the electric transportation market while delivering intelligent charging for all vehicle types.

In its business operations, the Company is executing a targeted market penetration strategy in strategic target markets while reinforcing and expanding its position in established territories such as the USA, Germany, Sweden, France, and Israel. Concurrently, the Company is endeavoring to broaden its presence in additional markets where demand for its products exists, with the objective of providing substantial added value to its clientele. The Company aspires to maximize its business presence and growth opportunities,

while generating both immediate and long-term value for its customers.

**The Company's wireless charging technology is still in the developmental phase, and the completion of the system development has not yet completed. The above information pertaining to the Company's technology, its application, and its target markets, represents the Company's strategy, with no assurances that these objectives will be realized in practice. Notwithstanding the aforementioned, all the assumptions and projections related to the electric vehicle market, its potential and evolution, the Company's potential, and the development of the Company's technology are forecasts, assessments, and estimate, and shall be qualified as "forward-looking information" as defined in the Securities Law. This information is derived in part from various public sources and in part from the Company's evaluations concerning future developments and events, the existence and timing of which remains uncertain and beyond the Company's control. These evaluations may not be realized in full or in part, or may be realized differently than anticipated by the Company, due to a range of factors, including the Company's inability to achieve developmental milestones, unsuccessful marketing of its products, failure of collaborations, and other factors beyond the Company's control, as well as the realization of any risk factors identified in Section 31 of the Company's annual report for 2024.**

### **Description of the Company's operating segments**

As of the date of this report, the Company operates as a technology enterprise within the domain of electric transportation, focusing on the development and implementation of wireless charging technology for electric vehicles (EVs).

As stated, the Company possesses a versatile technological framework that supports a diverse array of solutions, which serve as the foundation for an assortment of products, as elaborated upon below, that facilitate the charging of all types of EVs. The foundational technologies include:

- Dynamic charging technology: A system that permits charging while the vehicle is in motion;
- Semi-dynamic charging technology: A system that allows charging during acceleration or deceleration;
- Static charging technology: A mechanism that supports charging while the vehicle is stationary.

By offering an economical, flexible, and modular charging solution, the Company promotes a sustainable, convenient, and accessible transportation ecosystem, wherein each electric vehicle can operate smoothly and efficiently.

**It is important to note that the Company's wireless charging technology is still in the developmental phase, and the Company has yet to complete the system's development. All assessments and evaluations articulated above (including those pertaining to the completion of the development of the Company's products and the anticipated outcomes thereof) constitute forward-looking assessments, forecasts, and estimates, as defined in the Securities Law. These are predicated based on the Company's evaluations regarding future developments and events, the existence and timing of which remains uncertain and beyond the Company's control. Consequently, these assessments may not be realized in full or in part, or may be realized differently than anticipated by the Company, due to a range of factors, including those risk factors identified in Section 31 of the Company's Annual Report for 2024.**

### **Business model**

As of the reporting date, the Company's business model is predicated on anticipated revenues derived from the system it has developed, which is contingent upon the success of its technology. The Company aims to provide a flexible business model that aligns with the geographical contexts in which it operates, contingent upon various collaborations with strategic entities, the requirements of diverse customer categories, the nature of the engagement, and assorted financing terms, as detailed below:

## Business-to-Business ("B2B") Market Segment

The Company concentrates on the B2B market segment, collaborating with private entities such as public transportation operators and vehicle manufacturers, as well as public agencies that facilitate access to infrastructure for private companies, to establish wireless charging infrastructures in public and private parking facilities. The Company presents its diverse clientele with multiple business models and, consequently, anticipates revenue generation from various sources, as delineated below:

- (a) **Charging Systems Sales Model, With Recurring Revenue** – The Company plans to provide the option for direct purchase of the charging systems it has developed, which includes a fee for system deployment in the field. In transactions involving fleet operators and/or public entities, the sales model typically encompasses components of software, operational, and maintenance services.
- (b) **Usage-Based Charging as a Service (Caas) Model** – In this approach, the Company intends to finance the installation, operation, and maintenance of dynamic charging sections and static charging stations (either independently or through third parties) for delivery trucks and vans, inclusive of supplementary applications, in return for a fixed or variable fee based on usage. This model may also be applicable to taxi fleets and shared vehicles. The Company posits that this service will facilitate the generation of fixed revenues in the form of recurring service fees contingent upon user consumption of the charging service.
- (c) **Monthly Subscription/ Leasing Model** – Under this model, the Company will underwrite the installation, operation, and maintenance of dynamic, static, or semi-dynamic charging stations, charging a fixed monthly or annual fee for these services. This model is likely to be relevant in contexts where a diverse array of vehicle fleets operate, such as at bus terminals.

## Business-to-Government (B2G) Market Segment

Within the B2G market segment, the Company engages in collaboration with local authorities, governments, and governmental ministries with the objective of securing tenders and funding to facilitate the installation of wireless charging infrastructure on public roadways. This collaboration enhances the accessibility of technology for public transport operators, municipal fleets, and transport authorities. The Company posits that governments and public bodies possess an intrinsic interest in installing the infrastructure, as delineated in the models discussed below, wherein there is no direct budgetary investment required from the public entity. The following outlines the principal models constituting the Company's operations within the B2G framework:

- (a) **Charging as a Service (CaaS) Infrastructure Model** – This model is predicated on the Build-Operate-Transfer (BOT) approach, whereby the Company finances, installs, and operates the infrastructure on public land, deriving revenues directly from end users, such as public transportation operators, commercial vehicle fleets, and private vehicles. Consequently, the state and/or public bodies are exempt from direct financial outlays for the infrastructure, instead facilitating its construction and providing regulatory support. The Company anticipates revenue generation through a user payment model akin to toll road operations, in which the public infrastructure is deployed and managed by an external entity. This model affords authorities the opportunity to implement innovative technology without necessitating direct budgetary investment, thereby furthering policies aimed at reducing emissions and air pollution. The Company assesses that, in instances where governments and/or public entities, or other customers, commit to utilizing the Company's charging service as "anchor" customers, this financial arrangement possesses the potential to expedite the widespread adoption of the Company's technology, as it alleviates the financial burden of infrastructure financing from the public entity and mitigates apprehension associated with the adoption of new technology.

- (b) **Franchise Model** – This model involves the installation of wireless charging stations in public venues, wherein payment for the charging service is usage-based. Under this framework, a municipality, local authority, or other public entity designates public land and supplies licensing and permits necessary for the construction of wireless charging infrastructure in strategic locations, such as public parking facilities, central thoroughfares, transport terminals, shared vehicle parking spaces, or taxi ranks. The Company is responsible for financing, installing, and operating the charging stations, with revenues expected to be generated directly from end users. To operate in a B2G context, the Company actively participates in government projects and international tenders, either as a project leader, leveraging the extensive partnerships established across various territories, or as a technology supplier.

#### Business to Consumer (B2C) Market Segment

The Company intends to extend its operations within the Business to Consumer (B2C) market segment by offering wireless charging solutions directly to individual customers. This initiative aims to facilitate convenient and automatic charging of electric vehicles without the necessity of physical connections at home, in private parking facilities, or in public spaces. The Company will provide a variety of business models to its customers, thereby anticipating revenue generation from diverse sources, as outlined below:

- (a) **Model for Selling Charging Systems for Private Homes and Residential Buildings** – The Company will offer the option of directly purchasing wireless charging systems designated for private residences or private parking areas in residential complexes. This model will include the option to acquire a package of ancillary services, including installation, system monitoring, and periodic maintenance, to ensure consistent and reliable operation over time.
- (b) **Charging as a Service (CaaS) Model in Public and Private Areas** – Under this model, the Company will collaborate with private parking facilities, shopping centers, work environments, and

commercial complexes for the installation of wireless charging stations. In this framework, users are not obligated to purchase the system but are charged based on usage.

#### Software Services

- (a) **Providing a Smart Fleet Management Service** – The Company will deliver smart charging services and fleet management solutions to enhance operational efficiency for fleet customers, leveraging the capabilities inherent in the software.
- (b) **Information** – The Company will grant access to information derived from the system and processed through the software, such as driving speeds and the volume of vehicles traversing each road segment, to external stakeholders, including government entities, municipalities, service firms, and fleet managers.

#### Use of Intellectual Property

The Company intends to actively participate in the design and establishment of standards within the domain of wireless charging for electric vehicles. Additionally, it aims to facilitate the integration of its proprietary intellectual property, including that which will be developed through the partnership with Toyota and Denso (as noted in section 16.3.10 of the Company's Annual Report for 2024), into international standards. Consequently, the Company projects that, in the medium to long term, it will be able to generate profits from the utilization of this intellectual property by third parties.

**The Company's wireless charging technology is still in the developmental phase. Furthermore, the Company has not commenced operations in accordance with some of the aforementioned business models and is in the process of formulating a business strategy aimed at engaging in the private customer market. The aforementioned, in relation to the sources of income and financial models upon which the Company is based on,**

**the projects it plans to promote, and the various models and services it intends to offer, reflect the Company's strategic approach, and there is no assurance that these plans will be actualized in practice. Notwithstanding the foregoing, all assumptions, estimates, and data presented above are forecasts, assessments, and estimates, and constitute "forward-looking information" as defined by the Securities Law. Such information is derived in part from various public publications and in part from the Company's evaluations concerning future developments and events, the existence and timing of which remain uncertain and beyond the Company's control. These evaluations may not be realized, in whole or in part, or may be realized differently than anticipated by the Company due to a range of factors, including the Company's inability to achieve developmental milestones, adherence to timelines, unsuccessful marketing of its products, and other factors beyond the Company's control, as well as the realization of any risk factors detailed in Section 31 of the Company's Annual Report for 2024.**

### **Part Three – Intangible Assets – Patents**

The Company possesses intangible assets that include, *inter alia*, patents registered under its name. The registered patents are classified into three "families", each containing one material patent that the Company has decided to register (in certain form) across multiple jurisdictions. Furthermore, the Company is actively pursuing the registration of additional patents relevant to its operating segment, as detailed herein, although there is no assurance that the registration process for any of these patents will be completed.

If any patent registration applications are not granted, the Company may face limitations in its ability to exclusively market future products and/or components derived from these patents.

The following section provides details regarding the material patents registered within the Company's operational domain, as of the date of this report:

	<b>Patent number</b>	<b>Patent description</b>	<b>Patent rights</b>	<b>Expected patent expiration date</b>	<b>Jurisdiction where the patent was granted</b>
1	11,318,845US	POWERING ON-ROAD ELECTRIC VEHICLES VIA WIRELESS POWER TRANSFER	Full ownership (100%) of the Company	May 3, 2034	USA
2	10,449,865US	POWERING ON-ROAD ELECTRIC VEHICLES VIA WIRELESS POWER TRANSFER	Full ownership (100%) of the Company	October 22, 2031	USA
3	102215784KR	POWERING AN ELECTRIC VEHICLE ON A ROAD	Full ownership (100%) of the Company	June 29, 2037	Korea
4	KR102319474	POWERING AN ELECTRIC VEHICLE ON A ROAD	Full ownership (100%) of the Company	December 31, 2034	Korea

	<b>Patent number</b>	<b>Patent description</b>	<b>Patent rights</b>	<b>Expected patent expiration date</b>	<b>Jurisdiction where the patent was granted</b>
5	6671287JP	POWERING AN ELECTRIC VEHICLE ON A ROAD	Full ownership (100%) of the Company	December 31, 2034	Japan
6	396408	POWERING ON-ROAD ELECTRIC VEHICLES VIA WIRELESS POWER TRANSFER	Full ownership (100%) of the Company	January 18, 2038	India
7	GB2521676	POWERING AN ELECTRIC VEHICLE ON A ROAD	Full ownership (100%) of Electric Road Ltd.*	December 31, 2033	UK
8	EP3478528	POWERING AN ELECTRIC VEHICLE ON A ROAD	Full ownership (100%) of Electric Road Ltd.*	June 29, 2037	Switzerland, Germany, France, United Kingdom, Italy, Sweden, Turkey
9	EP3089886	POWERING AN ELECTRIC VEHICLE ON A ROAD	Full ownership (100%) of Electric Road Ltd.*	December 31, 2034	Switzerland, Germany, Spain, France, Italy, Sweden, Turkey
10	CN106030979	POWERING AN ELECTRIC VEHICLE ON A ROAD	Full ownership (100%) of the Company	December 31, 2034	China
11	CN109562695	POWERING AN ELECTRIC VEHICLE ON A ROAD	Full ownership (100%) of the Company	June 29, 2037	China
12	2,935,330CA	POWERING AN ELECTRIC VEHICLE ON A ROAD	Full ownership (100%) of the Company	December 31, 2034	Canada
13	2017287002AU	POWERING AN ELECTRIC VEHICLE ON A ROAD	Full ownership	June 29, 2037	Australia

	<b>Patent number</b>	<b>Patent description</b>	<b>Patent rights</b>	<b>Expected patent expiration date</b>	<b>Jurisdiction where the patent was granted</b>
			(100%) of the Company		
14	2014374947AU	POWERING AN ELECTRIC VEHICLE ON A ROAD	Full ownership (100%) of the Company	December 31, 2034	Australia
15	11,376,986US	VALIDATING POWER METERING OF POWER OVER THE AIR SYSTEM FOR VEHICLES	Full ownership (100%) of the Company	July 5, 2034	USA
16	GB2580082	VALIDATING POWER METERING OF POWER OVER THE AIR SYSTEM FOR VEHICLES	Full ownership (100%) of Electric Road Ltd.*	December 20, 2038	UK
17	JP7211820	POWERING AN ELECTRIC VEHICLE ON A ROAD	Full ownership (100%) of the Company	December 31, 2034	Japan
18	JP7573338	VALIDATING POWER METERING OF POWER OVER THE AIR SYSTEM FOR VEHICLES	Full ownership (100%) of the Company	December 19, 2039	Japan

The Company's unregistered intangible assets encompass, *inter alia*, patent applications divided into several "families". The following information pertains to the status of applications for the registration of material patents within the Company's operating segment as of the date of the report.

The following including details relate to the status of applications for registration of material patents that are owned exclusively by the Company, within the Company's field of business as of the date of the report:

	<b>Description of the requested patent</b>	<b>Description of the rights expected in the patent, if registered</b>	<b>Priority date</b>	<b>Application submission date</b>	<b>Jurisdictions where the application was submitted</b>
1	POWERING ON-ROAD ELECTRIC VEHICLES VIA WIRELESS POWER TRANSFER	Full ownership (100%) of the Company	October 17, 2019	May 2, 2022	USA
2	POWERING AN ELECTRIC VEHICLE ON A ROAD	Full ownership (100%) of the Company	June 30, 2016	June 29, 2017	Canada
3	VALIDATING POWER METERING OF POWER OVER THE AIR SYSTEM FOR VEHICLES	Full ownership (100%) of the Company	December 20, 2018	December 19, 2019	Korea
4	VALIDATING POWER METERING OF POWER OVER THE AIR SYSTEM FOR VEHICLES	Full ownership (100%) of the Company	December 20, 2018	December 19, 2019	India
5	VALIDATING POWER METERING OF POWER OVER THE AIR SYSTEM FOR VEHICLES	Full ownership (100%) of the Company	December 20, 2018	December 19, 2019	Europe
6	VALIDATING POWER METERING OF POWER OVER THE AIR SYSTEM FOR VEHICLES	Full ownership (100%) of the Company	December 20, 2018	December 19, 2019	China
7	VALIDATING POWER METERING OF POWER OVER THE AIR SYSTEM FOR VEHICLES	Full ownership (100%) of the Company	December 20, 2018	December 19, 2019	Canada
8	VALIDATING POWER METERING OF POWER OVER THE AIR SYSTEM FOR VEHICLES	Full ownership (100%) of the Company	December 20, 2018	December 19, 2019	Australia
9	OPTIMIZING WIRELESS POWER TRANSMISSION TO AN ELECTRIC VEHICLE ON THE ROAD VIA ADAPTIVE FREQUENCY	Full ownership (100%) of the Company	February 20, 2023 (This is the first application, the priority application)	December 19, 2019	An international application from which national applications will subsequently be filed in the countries that are parties to the convention

	<b>Description of the requested patent</b>	<b>Description of the rights expected in the patent, if registered</b>	<b>Priority date</b>	<b>Application submission date</b>	<b>Jurisdictions where the application was submitted</b>
10	OPTIMIZING WIRELESS POWER TRANSMISSION TO AN ELECTRIC VEHICLE ON THE ROAD VIA ADAPTIVE FREQUENCY	Full ownership (100%) of the Company	February 20, 2023	February 20, 2023	USA
11	OPTIMIZING WIRELESS POWER TRANSMISSION TO AN ELECTRIC VEHICLE ON THE ROAD VIA ADAPTIVE FREQUENCY	Full ownership (100%) of the Company	February 20, 2023	December 23, 2024	Europe
12	POSITIONING A VEHICLE HAVING WIRELESS POWER TRANSFER BASED ON MAGNETIC FLUX SENSING	Full ownership (100%) of the Company	March 21, 2023	February 20, 2023	An international application from which national applications will subsequently be filed in the countries that are parties to the convention
13	ON VEHICLE METERING OF ELECTRICITY IN A WIRELESS POWER TRANSFER SYSTEM USING RELATIVE CURRENT DISTRIBUTION	Full ownership (100%) of the Company	October 13, 2023 (This is the first application, the priority application)	January 24, 2024	UK
14	ON VEHICLE METERING OF ELECTRICITY IN A WIRELESS POWER TRANSFER SYSTEM USING RELATIVE CURRENT DISTRIBUTION	Full ownership (100%) of the Company	October 11, 2024	October 13, 2023	An international application from which national applications will subsequently be filed in the countries that are parties to the convention
15	REDUCING HARMONIES IN A RECTIFIED INCOMING WIRELESS POWER TRANSFER SIGNAL AT A	Full ownership (100%) of the Company	January 24, 2024 (This is the first application,	January 24, 2024	USA

	<b>Description of the requested patent</b>	<b>Description of the rights expected in the patent, if registered</b>	<b>Priority date</b>	<b>Application submission date</b>	<b>Jurisdictions where the application was submitted</b>
	RECEIVER OF AN ELECTRICAL VEHICLE		the priority application)		
16	CURRENT REGULATION AT A RECEIVER OF AN ELECTRICAL VEHICLE CONFIGURED FOR WIRELESS POWER TRANSFER	Full ownership (100%) of the Company	January 24, 2024 (This is the first application, the priority application)	January 24, 2024	USA
17	TAILORING A RECEIVER OF AN ELECTRICAL VEHICLE CONFIGURED FOR WIRELESS POWER TRANSFER BASED ON ELECTRIC VEHICLE PROPERTIES	Full ownership (100%) of the Company	January 24, 2024 (This is the first application, the priority application)	January 24, 2024	USA
18	TESTING A PROTECTION MECHANISM AGAINST OVER VOLTAGE AT A VEHICLE ASSEMBLY	Full ownership (100%) of the Company	September 27, 2024 (This is the first application, the priority application)	September 24, 2024	UK
19	PROTECTING A VEHICLE ASSEMBLY AGAINST UNREQUESTED POWER TRANSFER TRANSMITTED BY A GROUND ASSEMBLY	Full ownership (100%) of the Company	27 September 2024 (This is the first application, the priority application)	September 27, 2024	UK
20	PROTECTING AGAINST OVERVOLTAGE IN A VEHICLE ASSEMBLY BY STOPPING COMMUNICATION WITH A GROUND ASSEMBLY	Full ownership (100%) of the Company	September 27, 2024 (This is the first application, the priority application)	May 2, 2022	UK

Furthermore, in addition to Section 16.3.10 in Chapter A of the Company's Annual Report for 2024 and the Company's immediate report dated January 30, 2024 (Reference No.: 2024-01-011559), which is incorporated into the report by way of reference, during 2024, the Company collaborated with its partners to develop new inventions

and technologies pertinent to the Company's operating segment, particularly focusing on technologies associated with vehicle charging receivers. As part of these initiatives, the parties have submitted, as of the date of this report, numerous joint applications for the registration and examination of patents, as detailed below:

	<b>Description of the requested patent</b>	<b>Description of the rights expected in the patent, if registered</b>	<b>Priority date</b>	<b>Application submission date</b>	<b>Jurisdictions where the application was submitted</b>
1	POWER RECEIVING DEVICE, VEHICLE, NONCONTACT POWER FEEDING SYSTEM, NONCONTACT POWER FEEDING PROGRAM, AND CONTROL METHOD OF NONCONTACT POWER FEEDING SYSTEM	Joint ownership**	September 27, 2024	September 27, 2024	Japan
2	ONBOARD POWER RECEIVING DEVICE AND NONCONTACT POWER FEEDING SYSTEM				
3	ONBOARD POWER RECEIVING DEVICE AND NONCONTACT POWER FEEDING SYSTEM				
4	ON-BOARD POWER RECEIVING DEVICE		November 29, 2024	September 29, 2024	
5	ONBOARD POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF ONBOARD POWER RECEIVING DEVICE				
6	ON-BOARD POWER RECEIVING DEVICE				
7	ON-BOARD POWER RECEIVING DEVICE				
8	POWER RECEIVING DEVICE, VEHICLE, NONCONTACT POWER FEEDING SYSTEM, NONCONTACT POWER FEEDING PROGRAM, AND CONTROL METHOD OF NONCONTACT POWER FEEDING SYSTEM				

	<b>Description of the requested patent</b>	<b>Description of the rights expected in the patent, if registered</b>	<b>Priority date</b>	<b>Application submission date</b>	<b>Jurisdictions where the application was submitted</b>
9	ONBOARD POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF ONBOARD POWER RECEIVING DEVICE				
10	ON-BOARD POWER RECEIVING DEVICE				
11	ONBOARD POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF ONBOARD POWER RECEIVING DEVICE				
12	ON-BOARD POWER RECEIVING DEVICE				
13	ON-BOARD POWER RECEIVING DEVICE				
14	POWER RECEIVING DEVICE, VEHICLE, NONCONTACT POWER FEEDING SYSTEM, NONCONTACT POWER FEEDING PROGRAM, AND CONTROL METHOD OF NONCONTACT POWER FEEDING SYSTEM				
15	ONBOARD POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF ONBOARD POWER RECEIVING DEVICE				
16	ON-BOARD POWER RECEIVING DEVICE				
17	ONBOARD POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF ONBOARD POWER RECEIVING DEVICE				
18	ON-BOARD POWER RECEIVING DEVICE				
19	ON-BOARD POWER RECEIVING DEVICE				
20	POWER RECEIVING DEVICE, VEHICLE, NONCONTACT POWER FEEDING SYSTEM,				

	<b>Description of the requested patent</b>	<b>Description of the rights expected in the patent, if registered</b>	<b>Priority date</b>	<b>Application submission date</b>	<b>Jurisdictions where the application was submitted</b>
	NONCONTACT POWER FEEDING PROGRAM, AND CONTROL METHOD OF NONCONTACT POWER FEEDING SYSTEM				
21	ONBOARD POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF ONBOARD POWER RECEIVING DEVICE				
22	ON-BOARD POWER RECEIVING DEVICE				
23	ONBOARD POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF ONBOARD POWER RECEIVING DEVICE				
24	ON-BOARD POWER RECEIVING DEVICE				
25	ON-BOARD POWER RECEIVING DEVICE				
26	POWER RECEIVING DEVICE, VEHICLE, NONCONTACT POWER FEEDING SYSTEM, NONCONTACT POWER FEEDING PROGRAM, AND CONTROL METHOD OF NONCONTACT POWER FEEDING SYSTEM				
27	ONBOARD POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF ONBOARD POWER RECEIVING DEVICE				
28	ON-BOARD POWER RECEIVING DEVICE				
29	ONBOARD POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF ONBOARD POWER RECEIVING DEVICE				
30	ON-BOARD POWER RECEIVING DEVICE				

	<b>Description of the requested patent</b>	<b>Description of the rights expected in the patent, if registered</b>	<b>Priority date</b>	<b>Application submission date</b>	<b>Jurisdictions where the application was submitted</b>
31	ON-BOARD POWER RECEIVING DEVICE				
32	POWER RECEIVING DEVICE, VEHICLE, NONCONTACT POWER FEEDING SYSTEM, NONCONTACT POWER FEEDING PROGRAM, AND CONTROL METHOD OF NONCONTACT POWER FEEDING SYSTEM				
33	ONBOARD POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF ONBOARD POWER RECEIVING DEVICE				
34	ON-BOARD POWER RECEIVING DEVICE				
35	ONBOARD POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF ONBOARD POWER RECEIVING DEVICE				
36	ON-BOARD POWER RECEIVING DEVICE				
37	ON-BOARD POWER RECEIVING DEVICE				
38	POWER RECEIVING DEVICE, VEHICLE, NONCONTACT POWER FEEDING SYSTEM, NONCONTACT POWER FEEDING PROGRAM, AND CONTROL METHOD OF NONCONTACT POWER FEEDING SYSTEM				
39	ONBOARD POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF ONBOARD POWER RECEIVING DEVICE				
40	TRANSMISSION EQUIPMENT OF A CONTACTLESS POWER SUPPLY SYSTEM AND A		February 7, 2025	February 7, 2025	Japan

	<b>Description of the requested patent</b>	<b>Description of the rights expected in the patent, if registered</b>	<b>Priority date</b>	<b>Application submission date</b>	<b>Jurisdictions where the application was submitted</b>
	CONTACTLESS POWER SUPPLY SYSTEM				
41	POWER RECEIVING EQUIPMENT OF THE CONTACTLESS POWER SUPPLY SYSTEM				
42	POWER RECEIVING EQUIPMENT OF THE CONTACTLESS POWER SUPPLY SYSTEM				
43	POWER RECEIVING EQUIPMENT OF THE CONTACTLESS POWER SUPPLY SYSTEM				
44	POWER TRANSMISSION EQUIPMENT OF THE CONTACTLESS POWER SUPPLY SYSTEM				
45	POWER TRANSMISSION EQUIPMENT OF THE CONTACTLESS POWER SUPPLY SYSTEM				
46	TRANSMISSION DEVICE, PROGRAM, AND CONTROL METHOD OF TRANSMISSION DEVICE				
47	POWER RECEIVING DEVICE, POWER TRANSMITTING DEVICE, NONCONTACT POWER FEEDING SYSTEM, PROGRAM, AND CONTROL METHOD				
48	POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF POWER RECEIVING DEVICE				
49	POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF POWER RECEIVING DEVICE				

	<b>Description of the requested patent</b>	<b>Description of the rights expected in the patent, if registered</b>	<b>Priority date</b>	<b>Application submission date</b>	<b>Jurisdictions where the application was submitted</b>
50	POWER RECEIVING DEVICE, POWER TRANSMITTING DEVICE, NONCONTACT POWER FEEDING SYSTEM, PROGRAM, AND CONTROL METHOD				
51	POWER RECEIVING DEVICE, POWER TRANSMITTING DEVICE, NONCONTACT POWER FEEDING SYSTEM, PROGRAM, AND CONTROL METHOD				
52	POWER RECEIVING DEVICE, POWER TRANSMITTING DEVICE, NONCONTACT POWER FEEDING SYSTEM, PROGRAM, AND CONTROL METHOD				
53	POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF POWER RECEIVING DEVICE				
54	POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF POWER RECEIVING DEVICE				
55	POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF POWER RECEIVING DEVICE				
56	POWER RECEIVING DEVICE, POWER TRANSMITTING DEVICE, NONCONTACT POWER FEEDING SYSTEM, PROGRAM, AND CONTROL METHOD				
57	POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF POWER RECEIVING DEVICE				

	Description of the requested patent	Description of the rights expected in the patent, if registered	Priority date	Application submission date	Jurisdictions where the application was submitted
58	NONCONTACT POWER SUPPLY COIL AND NONCONTACT POWER SUPPLY SYSTEM				
59	POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF POWER RECEIVING DEVICE				
60	POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF POWER RECEIVING DEVICE				
61	POWER RECEIVING DEVICE, PROGRAM, CONTROL METHOD OF POWER RECEIVING DEVICE				

The Company intends to periodically evaluate the necessity of filing applications for the registration of additional patents.

\* As stated in Section 1.1 of Chapter A of the Company's Annual Report for 2024, the Company's operations were conducted through its wholly-owned subsidiary, Electric Road Ltd., until the completion of a statutory merger with the Company in March 2021. Consequently, certain patents remain registered under the name of Electric Road Ltd., although ownership resides entirely with the Company. The Company is currently in the process of recording the registration of these patents to its own name.

\*\* In accordance with the Company's immediate report dated January 30, 2024 (Reference No.: 2024-01-011559), which is incorporated into the report by way of reference, it is clarified that patent ownership is equally divided among the parties.

**The Company's evaluations regarding intangible assets, including in relation to patent applications and the need to increase protection of these assets, reflect the Company's internal estimations regarding their significance for the ongoing development of its technology. All assumptions and data pertaining to**

**anticipated investments in research and development, as well as the potential necessity for such investments in the future, constitute forward-looking projections as defined by the Securities Law. These are predicated based on the Company's evaluations regarding future developments and events, the existence and timing of which remains uncertain and beyond the Company's control. Consequently, these assessments may not be realized in full or in part, or may be realized differently than anticipated by the Company, due to a range of factors including the inability to meet deadlines, failure to secure necessary funding for product development at various stages, or other factors outside of the Company's control, including those risk factors identified in Section 31 of the Company's Annual Report for 2024.**

## **Part Four – Discussion of the Company's Risk Factors**

### **Discussion of Risk Factors**

The Company's operations encompass risks inherent to entities engaged in research and development. The following set out the risk factors that may significantly influence the Company's operations and business outcomes:

#### **Macroeconomic Risks**

##### **Economic Slowdown and Uncertainty in the Global Market**

Economic slowdown and economic uncertainty, in the Israeli and/or global market, in general, and the potential markets the Company aims to enter in the future in particular, may adversely affect the Company's capacity to secure the necessary capital to sustain its operations. Moreover, the capital market pertaining to technological organizations is characterized by considerable instability. Fluctuations in the global economy and the conditions of capital markets, both in Israel and internationally, may impact the Company's results and the progression of its business, includes the ability to raise capital, the availability of financial resources, and the timing and conditions for executing investment transactions. For more details, please refer to Section 7.1 of the Company's 2024 Annual Report. The Company assesses that a relatively brief recession is not anticipated to materially affect its operations.

##### **Changes in Interest Rates and Inflation**

During the period of 2022-2023, a global trend of rising inflation was evident, a phenomenon reflected in both the Israeli economy and other markets in which the Company operates. In response to the marked increase in inflation, various measures were implemented both in Israel and globally, which included, among other actions, a noteworthy increase in interest rates. In 2024, a moderation of this trend was observed, with main financial

institutions announcing either a reduction in interest rates or maintaining them at stable levels. For further details, refer to Section 7.1 of the Company's 2024 Annual Report.

Given that the Company operates across multiple international markets, including Israel, the United States, and Europe, it may be influenced by instabilities in the inflationary and interest rate environment. Particularly, the Company may experience impacts from rising raw material costs associated with inflationary pressures in the countries from which raw materials are sourced, as well as from the influence of macroeconomic factors on employment and energy expenses in those countries and in regions where the Company operates. It is important to note that, as of the date of this report, the Company primarily finances its operations through equity, capital raising, and grants, and it does not maintain credit lines or engage in loan agreements. In light of these considerations, the Company estimates that the effect of the increase in interest rates on its operations is not material as of the date of this report. However, should the Company contemplate seeking credit or loans in the future, the interest rates will influence the terms associated with such financing.

#### Exposure to Fluctuations in Foreign Exchange Rates

A substantial proportion of the Company's raw material acquisitions is linked to foreign currencies, and the majority of the Company's revenues, contingent upon revenue generation, are anticipated to be sourced from international customers. Consequently, variations in exchange rates, particularly those involving the US dollar and the Euro, may result in currency exposure for the Company and may have implications for its profitability. As detailed in Section 7.3 of the Company's 2024 Annual Report, macroeconomic shifts in Israel, particularly in relation to the "Iron Swords" War, could impact exchange rates and the valuation of the Israeli Shekel in comparison to various currencies, thereby influencing conversion ratios and the accessibility of foreign currency.

### The Security, Political, and Economic Situation in Israel

Changes in the security and political landscape may affect the Company's operations. A deterioration in the security and political status could, *inter alia*, affect the Company's capacity to secure additional capital necessary for its operations, particularly in international markets.

On October 7, 2023, military conflict broke out within the state of Israel. A protracted, multi-front military conflict may result in extensive repercussions across various sectors and geographic regions within the country. These repercussions may manifest as instability in commodity prices, disruption in the availability of commodities, fluctuations in foreign exchange rates, reduction in labor availability, constrained access to local resources, and financial difficulties in certain sectors. As of the report's approval date, the Company's management believe that the conflict has not materially affected its operations. Nonetheless, the continuation of the conflict and/or the exacerbation of the security situation—in Israel and globally, including the potential engagement of additional parties—may negatively influence the Company's group operational outcomes and financial condition. The Company's group management consistently monitors developments and evaluates available strategies to mitigate the consequences of the conflict, should such action become necessary. For further details, reference is made to Section 7.3 of the Company's Annual Report for 2024.

Moreover, in January 2023, the Israeli government initiated efforts to implement reforms within the legal system. Should these reforms proceed, they may engender social and political instability, thereby adversely affecting both the Israeli economy and the broader economic context within Israel.

### The Geopolitical Situation Between Ukraine and Russia

As detailed in section 7.3 of the Company's Annual Report for 2024, the ongoing conflict between these nations, alongside the prevailing geopolitical crisis, has triggered extensive

repercussions on the global economy. These repercussions manifest as heightened instability in capital markets both in Israel and internationally, alongside fluctuations in currency rates. Additionally, an energy crisis has emerged in Europe, resulting in increased gas and oil prices. In response, the European Union has initiated measures to transition towards alternative fuels and to enhance energy storage, charging, and conservation solutions. Such developments may facilitate the adoption and implementation of systems of this nature, which are being developed by the Company.

As of the date of the report's approval, the Company assesses that the aforementioned geopolitical events do not exert a material impact on its operations. Nevertheless, due to the inherent uncertainty surrounding the evolution of the conflict in Ukraine, the potential exacerbation of the geopolitical crisis, the imposition of sanctions, and the broader implications for the Israeli economy, currently the Company finds itself unable to evaluate the prospective impact, if any, of these factors on its future operating results.

#### The Political Situation in the United States

As articulated in Section 7.4 of the Company's 2024 Annual Report, the new administration under President Trump has indicated a willingness to reassess various government expenditures, including federal support for initiatives aimed at facilitating the transition to electric vehicles. Nevertheless, as of the report's publication date, the Company does not anticipate a substantial effect on its operations in general or specifically within the United States, due to several factors: (1) The majority of the Company's projects in the United States are financed through state budgets rather than federal allocations; (2) The Company typically collaborates with private entities and provides a technological solution that does not rely on external government backing; (3) The Company's operations in the United States are concentrated in states that have implemented California's rigorous vehicle emissions standards; and (4) As of the report's

publication date, the Trump administration's stance regarding the imposition of tariffs on imports from Europe and China is not expected to significantly impact the Company's operations.

## **Industry Risks**

### Technological Changes

While no substantial technological changes or breakthroughs are anticipated in the immediate future that would impact the current status of the Company's production equipment and technologies, the advent of an alternative technology to that developed by the Company could affect the scope of its operations.

### International Regulation and Standardization

The Company's research and development endeavors, as well as the future marketing of its products, may be subject to oversight and regulation by standardization institutes and legislation across various jurisdictions. Changes and progressions in regulatory requirements, as well as the Company's noncompliance with such requirements, may lead to the imposition of restrictions and/or delays in product development, potentially resulting in discontinuation and incurring significant costs. Concurrently, the Company is actively engaged in promoting regulatory certainty regarding standardization issues, a number of which have already yielded positive outcomes as of the date of this report. For further information regarding the regulatory environment in which the Company operates, please refer to Section 8.6.5 of the Company's 2024 Annual Report.

### Capital Raising and Financing Sources

The domain of research and development within infrastructure and the automotive industry necessitates substantial liquidity over an extended period to achieve effective business outcomes. Nevertheless, the Company faces uncertainty regarding its

capacity to secure additional financing sources required to undertake the advanced and essential stages of product development. The Company's potential to raise such capital may be influenced by various external factors beyond its control, particularly fluctuations in the economic environment, including variations in inflation and interest rates. Insufficient financing may lead to a cessation of the Company's business operations.

### Professional Personnel

The Company's activities in its field are characterized by a high level of knowledge, professionalism, and expertise, necessitating superior managerial personnel with experience in transportation and in the emerging field of high-power wireless energy transfer. The Company's capacity to progress in product development is contingent, including, on its ability to continue employing skilled personnel as described above.

### Competition

The electric vehicle charging market is an emerging sector characterized by evolving competitive dynamics. The competitive landscape is significantly influenced by progresses in research and development undertaken by competitors, as well as the penetration of technology corporations into the charging domain. The Company shall provide innovative and efficient solutions and adapt to the entrance of various vehicle types in the market, including hydrogen or biodiesel powered vehicles, alongside the evolution of alternative solutions such as ultra-fast cable charging solutions. Furthermore, competing entities may be subject to acquisition by third parties possessing greater resources, thereby enabling them to respond more adeptly to market changes and emerging opportunities. Additionally, the presence of supplementary electric vehicle charging products in the market may impact the demand for the Company's charging solutions. For a comprehensive overview of the Company's

competitors, please refer to Section 12 of the Company's 2024 Annual Report.

### Cyber and Information Security

The Company consistently utilizes information, communication, and computer systems in its operational activities. These systems contain, *inter alia*, data pertaining to the Company's products and technologies, employee information, and financial and economic data associated with its operations. A part of the Company's offerings includes a software-based product that facilitates communication between external servers and terminal units. Furthermore, the Company's products are integrated with cloud services, enabling the storage and processing of various charging data. This data is employed for purposes such as enhancing efficiency, driving product development, and facilitating the creation of "smart charging" services. Consequently, these systems are vulnerable to unauthorized penetration, which may jeopardize the Company's operational capabilities as well as the security and integrity of the information stored within them.

To safeguard its systems, the Company is employing up-to-date protective software and advanced cloud services, as well as maintaining resilience in the event of a cyber-attack. Thus, the Company has established technological systems to monitor its infrastructure and oversee procurement within the computing and IT sectors. The Company has appointed an IT manager, engaged an external IT firm, and designated a Chief Information Security Officer (CISO) to oversee these functions. As part of its commitment to cybersecurity and adherence to industry standards, the Company complies with both ISO 27001 and ISO 21434 standards. In accordance with ISO 27001 (Information Security Management), the Company typically conducts, among other activities: (1) risk assessments to identify and evaluate potential threats and vulnerabilities; (2) implementation of security controls (technical, physical, and administrative) to mitigate risks; (3) documentation of policies, procedures, and

programs, alongside employee training; and (4) both internal and external audits. In compliance with ISO 21434 (Automotive Cybersecurity), which offers a framework for managing cybersecurity risks throughout the vehicle's lifecycle, the Company routinely undertakes, among others: (1) implementation of a Cybersecurity Management System (CSMS); (2) Threat Analysis and Risk Assessment (TARA); (3) management of vulnerabilities; (4) incorporation of cybersecurity processes in product design; and (5) adherence to cybersecurity requirements across the supply chain. For further details regarding certification of compliance with ISO 21434, refer to section 8.6.5 of the Company's 2024 Annual Report.

The Company has also procured cybersecurity insurance and has commenced operation under internal cybersecurity and information security procedures approved by its management, which are reviewed at least annually and subject to frequent updates and discussions. Cyber and information security risks are evaluated by the Company's Board of Directors on an annual basis. Subsequently, following a dedicated discussion on the matter, the Company's management, along with professionals in the cybersecurity domain, presented to the Board the principal measures undertaken in 2024. Consistent with the Company's protocols, annual information security training is provided to all employees to promote ongoing protection and awareness. Additionally, dedicated training is furnished to teams and departments engaged with technological infrastructures or sensitive materials.

Notwithstanding these measures, there is no assurance regarding the Company's capacity to prevent cyber-attacks or to mitigate their impact on its operations. Such incidents may adversely affect the Company's ability to restore operations within a timely manner or fulfill customer demand and needs. Further, the Company may incur expenses related to preventive protocols and the rectification of damage caused by breaches or cyber-attacks. As of the date of this report, to the best of the Company's knowledge, no cyber incident has transpired that has materially impacted its operations.

### Environmental Risks

At the time of this report, the Company's management assesses that environmental risks pose a low risk to the Company's operations, considering both their nature and the potential extent of their impact. For additional information regarding environmental risks and the methodologies employed by the Company to address them, please refer to Section 23 of the Company's Annual Report for 2024.

### **Risks Unique to the Company**

#### Failure to Complete Research and Development

The Company is currently transitioning from the execution of research and development and pilot agreements to signing agreements of a substantial commercial nature. However, as of the date of this report, the development of the Company's products still ongoing, and significant revenues from its activities have yet to be recognized. There exists no certainty concerning the ultimate outcomes of the Company's research and development processes.

#### Commercialization and Marketing of the Company's Products

Given that the Company is still in the stages of developing its systems and transitioning from research and development and pilot agreements to significant commercial agreements, its capacity to assess its capabilities and success in establishing a customer base, penetrating the market, generating revenues, reducing losses, and enhancing profitability in the future remains limited at this stage.

## Future Demand for the Company's Products in Private and Public Markets

Should the research and development phase of the products under the Company's view be successfully completed, there remains no assurance that a corresponding demand for these products will exist at a level that justifies their production and commercial marketing. The Company's growth and revenue generation will significantly depend on its ability to sell the product to a diverse range of customers, including operators of urban public transportation fleets, electric taxis, and delivery vehicles, in addition to the private vehicle sector. Furthermore, the electrification of transportation represents an emergent market, wherein fleet operators may not universally adopt electric vehicles, operate on schedules that deviate from the Company's projections, or depend on alternative charging solutions. It is also pertinent to acknowledge that transitioning to an electric vehicle fleet may incur substantial costs, potentially causing market adoption to progress at a slower rate than anticipated. Moreover, fleet managers may necessitate extensive technical support from the Company; failure to provide such support may hinder its capacity to market products to additional clientele.

Additionally, there exists a possibility that governments and public entities may implement policies that do not facilitate the transition towards, and adoption of, electric vehicle technology in general, and wireless charging specifically, or that they may retract their strategies concerning the endorsement and promotion of the aforementioned technologies.

## Failure to Obtain Required Approvals

The Company operates across multiple jurisdictions, each of which may impose distinct regulatory requirements pertaining to the approvals and permits necessary for conducting installation activities and electricity connection operations. Such potential challenges may, among other consequences, postpone the commercialization phase of the Company's products in certain regions.

### Intellectual Property

The Company engages in the development of complex and knowledge-intensive technological products, therefore there is no assurance that it will successfully safeguard its intellectual property. There exists a risk that the applications for patent registration or any other registered intellectual property rights submitted by the Company, as articulated in Section 17 of the Company's Annual Report for 2024, or that the Company may file subsequently, in whole or in part, may not be granted for a variety of reasons, including factors beyond the Company's control.

### Dependence on Key Personnel

As delineated in Section 18.4 of the Company's 2024 Annual Report, the Company recognizes a reliance on the Chairman of the Board of Directors and the Chief Executive Officer, Mr. Oren Ezer, as well as on the Company's Chief Scientist, Mr. Hanan Rumbak, as of the report's date.

## Risk Rating

The table below delineates the main risk factors outlined above, which have been evaluated in accordance with the Company's assessment, based on the potential impact they may have on its business within its operating segment<sup>1</sup>:

	The degree of impact of the risk factor		
	Low impact	Medium impact	High impact
<b>Macroeconomic Risks</b>			
<b>Economic slowdown and uncertainty in the global market</b>			X
<b>Changes in interest rates and inflation</b>		X	
<b>Exposure to Fluctuations in Foreign Exchange Rates</b>		X	
<b>The Security, Political, and Economic Situation in Israel</b>		X	
<b>The geopolitical situation between Ukraine and Russia</b>	X		
<b>The political situation in the United States</b>		X	
<b>Industry Risks</b>			
<b>Technological Changes</b>		X	
<b>International Regulation and Standardization</b>		X	
<b>Capital Raising and Financing Sources</b>			X
<b>Professional Personnel</b>	X		
<b>Competition</b>		X	

<sup>1</sup> The identification of risk factors and the extent of their impact on the Company's group are based on the group's assessment, and it is possible that in practice there are risk factors that have not yet been identified or whose impact is different from that stated above.

	The degree of impact of the risk factor		
	Low impact	Medium impact	High impact
<b>Cyber and Information Security</b>	X		
<b>Environmental Risks</b>	X		
<b>Risks Unique to the Company</b>			
<b>Failure to Complete Research and Development</b>		X	
<b>Commercialization and Marketing of the Company's Products</b>			X
<b>Future Demand for the Company's Products in the Future in the Private and Public Markets</b>		X	
<b>Failure to Obtain Required Approvals</b>	X		
<b>Intellectual Property</b>		X	
<b>Dependence on Key Personnel</b>		X	

The information presented in this section concerning potential risks confronting the Company, the likelihood of their occurrence, and the implications they pose to the Company's operations and business plan constitutes forward-looking information, as defined in the Securities Law. This information is predicated upon the Company's strategic plans and objectives for the forthcoming year. The actualization or non-actualization of the aforementioned plans, or their actualization in a manner divergent as anticipated, is contingent (*inter alia*) upon the successful completion of the Company's product development process, the market conditions, negotiations with vehicle manufacturers, or the realization of any of the risk factors presented above.

**Part Five – Chapter B of the Company’s Annual Report for  
2024**



## **Chapter B**

# **Board of Directors' Report on the State of the Company's Businesses**

**December 31, 2024**

The board of directors of Electreon Wireless Ltd. (the "**Company**") hereby submits the board of directors' report on the state of the Company's business and its subsidiaries (hereinafter jointly: the "**Group**") as of December 31, 2024 (the "**Report Date**"), and the Company's financial results for the year ended on the Report Date (the "**Report Year**" or "**Report Period**"), in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 (the "**Report Regulations**").

A. **Board's explanations on the state of the Company's business**

1. **Company's operations and a description of the development of its business affairs**

The Company specializes in the development of wireless charging technology designed for the charging of various types of electric vehicles, with particular emphasis on buses, commercial vehicles, trucks, and private automobiles. It offers an advanced solution that facilitates intelligent, convenient, and contactless charging, responsive to the evolving demands of the electric transportation sector.

The Company possesses adaptable technology that supports multiple solutions, facilitating charging for diverse electric vehicles, as outlined subsequently. This includes dynamic charging, which permits charging while driving; semi-dynamic charging, which accommodates charging during acceleration or deceleration; and static charging, which enables charging while parked or stationary. The integration of these three technologies ensures operational continuity and optimal flexibility in charging infrastructures.

The demand for automatic, intelligent, and contactless charging solutions continues to escalate; however, in the Company's evaluation, the currently available market solutions remain limited, costly, and inadequately aligned with the rapid expansion of the electric vehicle market. The Company offers an advanced wireless charging solution, serving as a flexible infrastructure that

supports the growth of the electric transportation market, while delivering intelligent charging for all vehicle types.

In its business operations, the Company is executing a targeted penetration strategy for strategic markets, while solidifying and enhancing its presence in regions where it is already established, including the United States, Germany, Sweden, France, and Israel. Concurrently, the Company aims to broaden its reach into additional markets exhibiting demand for its products, with the objective of providing significant added value to its clientele. The Company is committed to maximizing its commercial presence and growth prospects, while generating both immediate and long-term value for its customers.

**The Company's wireless charging technology is still in the developmental phase, and the completion of the system development has not yet completed. The above information pertaining to the Company's technology, its application, and its target markets, represents the Company's strategy, with no assurances that these objectives will be realized in practice. Notwithstanding the aforementioned, all the assumptions and projections related to the electric vehicle market, its potential and evolution, the Company's potential, and the development of the Company's technology are forecasts, assessments, and estimate, and shall be qualified as "forward-looking information" as defined in the Securities Law. This information is derived in part from various public sources and in part from the Company's evaluations concerning future developments and events, the existence and timing of which remains uncertain and beyond the Company's control. These evaluations may not be realized in full or in part, or may be realized differently than anticipated by the Company, due to a range of factors, including the Company's inability to achieve developmental milestones, unsuccessful marketing of its products, failure of collaborations, and other factors beyond the Company's control, as well as the realization of any risk factors identified in Section 31 of the Company's annual report for 2024.**

## 1.1 Macroeconomic Impacts

### 1.4.1 Impact of the Iron Sword War

For an extensive discussion on the Iron Sword War, please refer to Section 7.3 of Chapter A of the Company's Annual Report for 2024. As of the date of the report's approval, the Company's management asserts that the conflict has not materially influenced the Company's operations, resulting in, among other aspects, the deferral of project deadlines in Israel, particularly the Metronit project, as outlined in Section 10.2.1 of Chapter A of the Company's Annual Report for 2024. The stability of the Company's workforce has been maintained, while backing employees who were drafted into reserve service. The Company's financial requirements remained unchanged due to the conflict, and as of the report's publication date, there have been no interruptions in capital raising or investments in the Company. The Company anticipates that its capacity to secure investments from local sources will not be materially affected; However, delays regarding investments from foreign investors may occur, primarily due to apprehensions related to investing in the Israeli market amid the ongoing war. Furthermore, the Company estimates that any potential slowdown in investments will not materially impair its ongoing operations or the projects under its purview. The research and development department of the Company reported no adverse effects. The marketing and distribution functions encountered some damage, which the Company deems immaterial. Additionally, the war has resulted in a marginal increase in shipping costs. For an analysis of the economic environment's impact on the Company, inclusive of foreign exchange rate fluctuations, inflation, and interest rates in Israel as influenced by the war, refer to Section 1.4.3 below.

Notwithstanding the aforementioned, the continuation or escalation of the security situation in Israel and/or internationally may adversely affect the Company's operational results and/or financial standing. As indicated in Section 29.2 of Chapter A of the Company's Annual Report for 2024, this issue has been evidenced

in agreements established during the reporting period between the Company and public entities in Israel, influencing the commencement dates of various projects (and consequently, the ability to recognize revenue from them), including the Metronit project as stated in Section 10.2.1 of Chapter A of the Company's Annual Report for 2024.

#### 1.4.2 Disclosure Regarding the Effects of Inflation and Changes in Interest Rates on the Company<sup>2</sup>

For an analysis of the inflation and interest rate environment in which the Company operates, please refer to Section 7.1 of Chapter A of the Company's Annual Report for 2024. Given the Company's operations across multiple global markets, including Israel, the USA, and Europe, it is susceptible to fluctuations in inflation and interest rates. Specifically, the Company may be impacted by rising raw material costs resulting from increased inflation in the countries from which it procures raw materials, as well as by macroeconomic factors that influence employment and energy costs in these and the markets in which the Company operates. It is important to note that, as of the date of this report, the Company primarily finances its operations through equity, capital raising, and grants, and does not maintain credit lines or enter into loan agreements. Consequently, the current effect of increasing interest rates on the Company is not deemed material. However, should the Company contemplate acquiring credit, loans, or incurring debt, prevailing interest rates will affect the terms of such financing.

**It is clarified that this section features forward-looking information regarding projected inflation and/or interest rates, as defined under the Securities Law. Such information is inherently uncertain, pertains to future events, and relies on various sources, including publications from professional**

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<sup>2</sup> The information in this section is based on the macroeconomic forecast of the Research Division at the Bank of Israel, as well as the following sources: [US Bureau of Labor Statistics](#); [March 2024 Fed Meeting: Rates Hold Steady](#); [Annual inflation down to 2.6% in the euro area, EuroStat](#).

**entities and the Company's estimates as of the report's date. These estimates may not be realized as anticipated, in whole or in part, or may differ from the Company's projections due to numerous factors outside the Company's control.**

2. **Summary of Key Trends and Events in the Company's Business activities during the Reporting Period and up to the date of publication of the Report**

2.1 **Capital Raising through Private Placements**

For comprehensive information regarding capital raising through private placements, refer to section 20 in Chapter D of the company's Annual Report for 2024.

2.2 **Key Developments in the Company's Projects**

- On January 29, 2024, the Company executed a binding JDA agreement with Toyota and Denso, wherein the parties aim to develop wireless charging technology for both existing (aftermarket) and new private vehicles. Concurrently, on July 9, 2024, the Company finalized the construction of a wireless electric road at Denso's corporate headquarters. For additional details, see Sections 16.3.10, 17.4.2, and 25.1 of Chapter A of the Company's 2024 Annual Report.
- On April 15, 2024, the Metropolitan Council of Rouen, France, resolved to approve a budget to enter into a project agreement to facilitate demonstration of static and dynamic wireless charging for an electric bus, utilizing the charging systems developed by the Company. For further details, see Section 16.3.16 of Chapter A of the Company's 2024 Annual Report.
- On May 5, 2024, the Company signed a binding agreement with SITEC, the executive arm of Shandong Hi-Speed Group ("**SDHS**"), to establish an "electric road" with dynamic and static charging systems developed by the Company, located within the SDHS industrial park in Jinan, Shandong Province, China. For additional details, see Section 16.3.14 of Chapter A of the Company's 2024 Annual Report.

- On May 22, 2024, the Company entered into an agreement with UPS, a leading global logistics provider, to implement a project in which the Company's wireless charging system will be installed at the UPS facility in Detroit, Michigan, USA. For further details, see Section 10.2.5 of Chapter A of the Company's 2024 Annual Report.
- On July 9, 2024, a demonstration event for dynamic charging was conducted on a wireless charging road established by the Company's wholly owned German subsidiary, Electreon Wireless GmbH, at the STRABAG AG facility in Germany. For further details, see Section 16.3.17 of Chapter A of the Company's 2024 Annual Report.
- On October 23, 2024, the Company received notification through its wholly owned US subsidiary, Electreon Wireless Inc., regarding its selection for a joint project with UCLA University in Los Angeles, California. This project will involve the installation of dynamic and static charging systems developed by the Company at various locations throughout the campus. For further details, see Section 10.2.2 of Chapter A of the Company's 2024 Annual Report.
- On November 3, 2024, the Company formalized an agreement with the Trans-Israel Company to design, implement, and maintain a road facilitating dynamic and static wireless charging along the Haifa Metronit route. For further details, see Section 10.2.1 of Chapter A of the Company's 2024 Annual Report.

### **2.3 Developments in Technology and Standardization**

- The Company achieved substantial advancements in technological solutions targeting public transportation along Bus Rapid Transit (BRT) routes and electric highways. For additional information, refer to the Immediate Report dated September 23, 2024 (Reference No.: 2024-01-604942), which is incorporated by way of reference in the report, as

well as Section 10.2.4 of Chapter A of the Company's Annual Report for 2024.

- The Company has announced that it has attained certification for ISO/SAE 21434, the international standard pertaining to cybersecurity in vehicles. For further details, see Section 8.6.5 of Chapter A of the Company's Annual Report for 2024.

#### 2.4 **Developments concerning alternatives for the Company's products and associated changes**

In accordance with progresses in the fast wired charging market and recent disclosures by the Chinese automaker BYD regarding a wired charging technology referred to as the "Super e-Platform," anticipated to facilitate fast charging with a capacity of up to 1,000 kW, an immediate report was published by the Company on March 20, 2025, addressing "The Company's Addressing and Position Regarding Publications on the Launch of Fast Wired Charging Technology by a Chinese Automaker". For further information, refer to Section 8.9.1 of Chapter A of the Company's Annual Report for 2024.

**The Company's wireless charging technology is currently in developmental phases, and the pilots, projects, and collaborations referenced in this section are yet to be completed, unless indicated otherwise. The Company's evaluations concerning the outcomes of the aforementioned projects and collaborations, along with their success and contributions to advancing the Company's technology and business strategy, constitute "forward-looking information", as defined by under the Securities Law. This information is derived in part from various public sources and in part from the Company's evaluations concerning future developments and events, the existence and timing of which remains uncertain and beyond the Company's control. These evaluations may not be realized in full or in part, or may be realized differently than anticipated by the Company. Key factors that could impact these assessments and estimates include potential alterations**

**in the global market conditions in which the Company operates, changes or deterioration in the policies of pertinent regulatory authorities, failure to achieve the development targets of the wireless electric road system, failure to adhere to timelines, failure to secure necessary financing for developmental completion, and additional factors outside the Company's control, including the realization of any of the risk factors described in Section 31 of Chapter A of the Company's Annual Report for 2024.**

## 2. **The Company's Financial Position**

Item	December 31		The Company's explanations
	2024	2023	
	NIS in thousands		
<b>Assets</b>			
Cash and cash equivalents	90,391	53,831	The increase is mainly due to capital raisings and option exercises, net of payments for equipment for future projects and the continued development of the Company's charging system
Deposit	1,787	-	
Short-term pledged deposit	1,046	1,386	
Trade receivables	15,828	8,126	The increase is primarily due to the CAYD project in France, EMPOWER in Germany, and UTAH in the US, due to regulations and progress steps that occurred near the financial report date
Receivables and payable balances	6,933	22,722	The majority of the decrease stems from classification of trade receivables to assets for agreements signed in 2024 and delivered during 2025
Assets for contracts with customers	11,657	60	The increase is mainly due to preparations for the installation of the system in a number of projects, mainly UTAH, Metronit, CAYD and other future projects

Item	December 31		The Company's explanations
	2024	2023	
	NIS in thousands		
Pledge deposit	3,000	4,220	The decrease results from the reduction of the deposit pledged to Afikim in accordance with the terms of the agreement
Fixed assets	10,788	10,135	The increase is mainly due to improvements to the leased property in the Company's premises, net of current depreciation expenses
Long-term prepaid expenses	22,609	5,518	The increase is mainly due to purchases for preparation for future projects and continued development of the Company's systems
Long-term prepaid expenses for Dan	24,552	22,859	The increase is due to a shift from short-term to long-term, in light of the postponement of the start of the Dan project by several months
Right of use assets	4,462	305	The increase stems from new lease contracts in Israel and Germany and ongoing amortization of lease contracts in accordance with the provisions of International Financial Reporting Standard (IFRS) 16, Leases
<b>Total assets</b>	<b>193,053</b>	<b>129,162</b>	
<b>Liabilities and Equity</b>			
Trade payables	23,163	18,064	The increase is mainly due to the increase in the balance of the provision for royalties and an increase in the Company's workforce
Lease liability	4,596	320	The increase stems from new lease contracts in Israel and Germany and ongoing amortization of lease contracts in accordance with the provisions of International Financial Reporting Standard (IFRS) 16, Leases
<b>Total liabilities</b>	<b>27,759</b>	<b>18,384</b>	
<b>Total equity</b>	<b>165,294</b>	<b>110,778</b>	

Item	December 31		The Company's explanations
	2024	2023	
	NIS in thousands		

### 3. Results of Operations

Item	For the year ended December 31		The Company's explanations
	2024	2023	
	NIS in thousands		
Revenues	31,648	23,097	The increase in revenue in the reporting year, compared to last year, is primarily due to the recognition of revenue in 2024 for projects in the US and Europe, compared to the recognition of revenue in 2023, mainly for projects in Germany and Israel
Cost of revenues	22,602	19,598	The increase is due to an increase in revenue as described above
<b>Gross profit</b>	<b>9,046</b>	<b>3,499</b>	The increase in the gross profit rate in the reporting year, compared to last year, is due to the fact that in 2024 the Company provided a wireless charging infrastructure that it is developing without installation services, in which the profitability rate is lower
Research and development expenses	58,836	53,709	The increase in the reporting year, compared to last year, is mainly due to an increase in salary expenses, as a result of an increase of approximately 35% in the workforce, in offsetting receipts from National Insurance Institute for reserve duty returns, and from an increase in the provision for royalties. On the other hand, there was a decrease in expenses for materials in light of the completion of the demonstration project in Sweden
Net of participation	(2,826)	(5,177)	The decrease in the reporting year,

Item	For the year ended December 31		The Company's explanations
	2024	2023	
	NIS in thousands		
in research and development expenses			compared to last year, stems from the demonstration project in Sweden that was completed, and on the other hand, recognition of participation in R&D expenses receivable for the project in France (CAYD)
Marketing and business development expenses	18,903	20,225	The decrease in the reporting year, compared to last year, is due to a decrease in share-based payments and professional services, offset by an increase of approximately 28% in the workforce
General and administrative expenses	12,657	10,651	The increase in the reporting year, compared to last year, stems from an increase of approximately 17% in the workforce, in offsetting receipts from National Insurance Institute for reserve duty returns, and in share-based payments
Other expenses	-	2,641	The expense last year was due to the write-off of equipment stolen in the break-in to the Company's warehouses
<b>Operating loss</b>	<b>78,524</b>	<b>78,550</b>	
Financing expenses (income), net	6,599	(2,717)	The increase in financing expenses in the reporting year, compared to last year, is mainly due to exchange rate differences due to the revaluation of intercompany balances with subsidiaries whose reporting currency is not shekel, offsetting income from interest on deposits
<b>Loss for the year</b>	<b>85,123</b>	<b>75,833</b>	
Differences from the translation of financial statements of subsidiaries and financial statements of	(2,416)	1,554	

Item	For the year ended December 31		The Company's explanations
	2024	2023	
	NIS in thousands		
foreign operations			
<b>Comprehensive loss</b>	<b>82,707</b>	<b>77,387</b>	

In addition to the above data and what is presented in the financial statements, the Company has chosen to present in the table below an adjustment to the Company's comprehensive loss, neutralizing the accounting effects of IFRS 2, in respect of share-based payment expenses:

Item	For the year ended December 31		The Company's explanations
	2024	2023	
	NIS in thousands		
<b>Comprehensive loss</b>	<b>82,707</b>	<b>77,387</b>	
Adjustments for the implementation of IFRS 2	8,119	7,465	For share-based payment
Provision for royalties	3,840	1,099	Due to an increase in royalty expenses according to projects that have been signed and projects that are highly likely to be signed
Other expenses	-	2,641	Write-off of equipment due to a burglary event, see Note 17 to the Company's consolidated financial statements as of December 31, 2024 included in Chapter C of this report (the " <b>Financial Statements</b> ")
<b>Adjusted loss for the year</b>	<b>70,748</b>	<b>66,182</b>	

#### 4. **Liquidity and cash flows**

Item	For the year ended December 31		The Company's explanations
	2024	2023	
	NIS in thousands		
Cash flows used for operating activities	(90,119)	(63,389)	The increase in cash flows used for operating activities in the reporting year, compared to last year, is mainly due to an increase in the trade receivables balance and in procurement for projects that will be delivered in the course of 2025
Cash flows used in investment activities	(1,667)	(2,664)	The decrease in cash flows used for investment activities in the reporting year, compared to last year, is mainly due to interest on deposits
Cash flows derived from financing activities	127,812	53,996	The increase in cash flows from financing activities in the reporting year, compared to last year, is mainly due to capital raisings carried out by the Company and exercise of options in 2024
<b>Increase (decrease) in cash and cash equivalents</b>	<b>36,026</b>	<b>(12,057)</b>	

#### 5. **Sources of Financing**

As of the Publication Date of this report, the principal sources of financing for the Group comprise government grants, project funding, and capital raising activities.

## 5.1 Capital Raising

5.1.1 At the end of the trading day on March 28, 2024, the Company's Board of Directors approved the allocation of 235,358 ordinary shares to Denso as per an investment agreement between the parties, for NIS 156.4 per share, resulting in a total investment of NIS 36,809,991 in the Company. For additional details, refer to the report concerning a non-material and non-exceptional private allocation dated March 31, 2024 (Reference No.: 2024-01-035382), which is incorporated herein by way of reference.

5.1.2 On August 29, 2024, the Company's Board of Directors approved a private allocation of 291,911 ordinary shares to a prominent automobile manufacturer at NIS 169.4 per share (the share price at the end of the trading day preceding the approval date of the allocation), culminating in a total investment of approximately NIS 49,449,723. For further details, refer to the report concerning a private allocation that is non-material and non-exceptional dated September 1, 2024 (Reference No.: 2024-01-091545), which is incorporated herein by way of reference.

## 5.2 Exercise of Options

In the Reporting Year, a total of 1,418,584 non-tradable options (inclusive of employee exercises) were exercised, resulting in a cumulative value of NIS 42.88 million.

Subsequent to the reporting date, an additional 8,812 non-tradable options (including employee exercises) were exercised, amounting to NIS 1.2 million.

## 5.3 Government and Other Grants

For comprehensive details regarding government grants, please refer to sections 16.8 to 16.9 in Chapter A of the Company's Annual Report for 2024.

## **B. Corporate Governance**

### **6. Company Policy on Donations**

As of the reporting date, the Group has not established a policy regarding donations and has neither made any donations nor committed to making any donations during the reporting period. Furthermore, as of the reporting date, the Company has no material commitments providing any donations in future periods.

### **7. Directors with Accounting and Financial Expertise**

The minimum requisite number of directors possessing accounting and financial expertise, as determined by the Company's Board of Directors in accordance with Section 92(a)(12) of the Israeli Companies Law, 5759-1999 (the "**Companies Law**"), is one director. This determination considers the nature of the accounting issues and accounting control challenges that arise in the preparation of the Company's financial statements, the Company's operating segments, its size, and the scope and complexity of its operations, in addition to the composition of the Company's Board of Directors, whose members possess substantial business, managerial, and professional experience. Presently, three directors with accounting and financial expertise serve on the Company's Board of Directors: Ms. Ronit Noam, external director; Moshe Kaplinsky, director; And Mr. Joseph Tenne, external director. For further details regarding these directors, refer to section 26 in Chapter D of the Company's Annual Report for 2024.

### **8. Independent Directors**

As of the date of this report, the Company has not incorporated a provision in its Articles of Association pertaining to the proportion of independent directors, as defined in Section 219(e) of the Companies Law. As of the report date, two external directors, Ms. Ronit Noam and Mr. Joseph Tenne, serve on the Company's Board of Directors.

9. **Disclosure Regarding the Company's Internal Auditor**

9.1 Name of the Internal Auditor: CPA Sharon Cohen.

9.2 Date of Commencement of Office: October 10, 2021.

9.3 Qualifications and Eligibility for the Position: Ms. Cohen is a partner at Deloitte Israel CPA firm and is a certified public accountant with over 15 years of experience as an internal auditor across various organizations. Ms. Cohen provides internal audit services for several multinational companies and possesses extensive expertise in auditing technology firms.

9.4 Compliance of the Internal Auditor with Legal Requirements: To the best of the Company's management's knowledge and in accordance with the Internal Auditor's declaration, the Internal Auditor complies with the requirements specified in Section 146(b) of the Companies Law and Sections 3(a) and 8 of the Internal Audit Law, 5752-1992 (hereinafter referred to as the "**Internal Audit Law**"). Furthermore, to the best of the Company's knowledge, the Internal Auditor is neither a stakeholder in the Company nor a relative of any stakeholder or officer of the Company, nor does she serve as the auditor for the Company or on its behalf.

9.5 The Internal Auditor's Relationship with the Company or an Entity Related to It: The Internal Auditor is not an employee of the Company but provides external internal audit services. Her role does not present a conflict of interest regarding her position as the Company's internal auditor. The Internal Auditor assumes no additional roles within the Company. Additionally, to the best of the Company's knowledge, the Internal Auditor does not own securities in the Company or in any related entities, nor does she maintain any business or other substantial relationships with the Company or its related entities.

9.6 Method of Appointment: On August 4, 2021, the Company's Audit Committee was convened to consider candidates for the position of internal auditor, during which various candidates presented proposals for providing internal audit services. Subsequently, on October 6, 2021, and October 10, 2021, the Audit

Committee and the Company's Board of Directors approved the appointment of CPA Sharon Cohen as Internal Auditor, based on her professional qualifications, experience in conducting internal audits, and familiarity with the Company's operations, following direct interactions with her and evaluations by the Company's management, Audit Committee, and Board of Directors.

- 9.7 The Organizational Supervisor of the Internal Auditor: The organizational supervisors of the Internal Auditor are the Chairman of the Board of Directors and the Company's CEO.
- 9.8 The Internal Auditor's Work Plan: The annual and multi-year audit plans are submitted by the Internal Auditor to the Company's Audit Committee. The Audit Committee reviews these matters in consultation with the Company's management before deciding to approve the plan (with or without modifications), guided by considerations including the audit needs, the significance of the issues, the frequency of prior examinations, and recommendations from the internal auditor.
- 9.9 Audits of Overseas or Held Corporations: The internal audit program encompasses corporations held by the Company.
- 9.10 Scope of Employment: The internal auditor was engaged for a total of 250 hours annually in 2024. The scope of employment was determined, in part, by the nature and extent of the Company's activities.
- 9.11 Conducting the Internal Audit in Accordance with Professional Standards: According to her declaration, the internal auditor conducts audits in compliance with the Internal Audit Law and the professional standards and guidelines established by the "Professional Council" of the Internal Auditors' Office, consistent with accepted professional standards outlined in Section 4(b) of the Internal Audit Law.
- 9.12 Access to Information: The internal auditor is granted unrestricted and unimpeded access to all company information systems, including financial data, in accordance with Section 9 of the Internal Audit Law.

9.13 Internal Auditor's Report: Audit reports are submitted in writing to the Chairman of the Board of Directors, the CEO, and the members of the Audit Committee, and are subsequently discussed by the Audit Committee. In 2024, the internal auditor conducted an audit concerning procurement within the Company, which prompted discussions by the Board of Directors regarding the audit findings and subsequent corrective measures.

9.14 The Board of Directors' Assessment of the Internal Auditor's Activity: The Company's Board of Directors assesses that the annual internal audit plan, the level of detail in the audit reports, the scope, continuity, and execution of internal audits within the Company, as well as the internal auditor's understanding of the Company's operations and her experience, are adequate to meet the Company's internal audit objectives.

9.15 Remuneration: The internal auditor is compensated on an hourly basis in accordance with the work plan approved by the Audit Committee. The internal auditor does not receive securities as part of her remuneration package. The Company's Board of Directors deems the compensation to be reasonable, based on working hours, and asserts that it does not influence the internal auditor's professional judgment during the audit process.

10. **Disclosure of the Corporation's Auditor**

10.1 Identity of the Auditor Firm: Kesselman & Kesselman (PwC Israel) serves as the auditor for the Company.

10.2 Auditor's Fees: The following data pertains to the fees awarded to the auditor for audit services, audit-related services, tax services, and other services concerning the fiscal years 2023 and 2024 (in thousands of NIS):

	<b>Auditing and audit-related services</b>	<b>Tax services</b>	<b>Other services</b>
<b>2024</b>	272	30	-
<b>2023</b>	235	17	-

10.3 The fees for the Company's auditor have been determined through negotiations between the auditor and the Company's management, in accordance with the estimated rate for service provision, which is predicated on the number of hours expended by the auditor. This fee structure is subsequently submitted for approval by the Company's Board of Directors. The Board of Directors of the Company posits that, in light of the evaluation of the requisite audit work scope and in accordance with comparative data for external accounting fees in publicly traded companies that are analogous to the Company in terms of type, size, scope, and complexity of operations, the stipulated fee is deemed reasonable and acceptable.

**C. Disclosure in Connection with Financial Reporting**

11. **material Events During the Reporting Period and Following the Date of the Report on the Financial Position**

For details on material events occurring during the reporting period and subsequent to the date of the report on the financial position, refer to Section 2 above and Notes 11 and 12C of the financial statements.

12. **Critical Accounting Estimates**

For further information, refer to Note 3 of the financial statements.

13. **Balance of Liabilities of the Company by Maturity Date as of December 31, 2024**

As of the report date, the Company reports no liabilities requiring disclosure in accordance with sections 9D and 38E of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

14. **Effectiveness of Internal Control Over Financial Reporting and Disclosure**

A report addressing the effectiveness of internal control over financial reporting and disclosure is included as Chapter E within Chapter A of the Company's Annual Report for 2024.

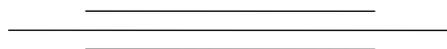
**Part Six – Chapter C of the Company’s Annual Report for  
2024**

# Electreon Wireless

## Annual Report 2024

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## **Auditor's Report**

To the Shareholders of  
**Electreon Wireless Ltd.**

We have audited the attached consolidated reports on the financial state of affairs of Electreon Wireless Ltd. (hereinafter - the Company) as at December 31, 2024 and 2023 and the consolidated statements of comprehensive loss, changes in equity and cash flows for each of the three years in the period ended on December 31 2024. These financial statements are the responsibility of the Company's Board of Directors and Management Team. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing practices in Israel, including the standards laid down in the Chartered Accountants Regulations (Manner of Operation of an Auditor), 5733-1973. According to these standards, we are required to plan the audit and conduct it with the aim of obtaining a reasonable degree of assurance that the financial statements do not indicate a materially erroneous presentation. An audit includes a sample examination of the amounts and information in the financial statements. An audit also includes an examination of the accounting rules that were applied and of the significant estimates made by the Company's Board of Directors and the Management Team, as well as an assessment of the adequacy of the presentation in the financial statements as a whole. We believe that our audit provides an adequate basis for our opinion.

In our opinion, the above consolidated financial statements adequately reflect, in all material respects, the financial state of affairs of the Company and its consolidated companies as at December 31, 2024 and 2023 and the results of their operations, changes in equity and their



cash flows for each of the three years in the period ending on December 31, 2024, in accordance with International Financial Reporting Standards (IFRS) and the provisions of the Securities Regulations (Annual Financial Statements), 5770-2010.

We also audited, in accordance with the Auditing Standard (Israel) 911 of the Israel Institute of Certified Public Accountants "Audit of Internal Control Components on Financial Reporting" internal control components on financial reporting of the Company as at December 31, 2024, and our report dated March 30, 2025, included an unqualified opinion on the effective existence of those components.

### **Key Matters of the Audit**

Key matters in the audit are matters that were communicated, or were required to be communicated, to the Company's Board of Directors and which, according to our professional judgment, were most significant in the audit of the consolidated financial statements for the current period. These matters include, *inter alia*, any matter which: (1) Relates, or is likely to relate, to material sections or disclosures in the financial statements, and (2) our discretion regarding it was challenging, subjective or particularly complex. We have determined that there are no key matters in the audit to communicate.

Tel Aviv,

March 30, 2025

Kesselman and Kesselman

Certified Public Accountants

A PricewaterhouseCoopers International Limited  
member firm



## **Auditor's Report**

To the Shareholders of  
**Electreon Wireless Ltd.**

### **Regarding the Audit of Internal Audit Components of the Financial Reporting Pursuant to Section 9b (c) of the Securities Regulations (Periodic and Immediate Reports) 5730-1970**

We audited internal control components of financial reporting of Electreon Wireless Ltd. and subsidiaries (hereinafter collectively - the Company) as of December 31, 2024. These control components were determined as explained in the next paragraph. The Company's Board of Directors and Management Team are responsible for maintaining effective internal control over financial reporting and evaluating the effectiveness of the components of internal control of financial reporting attached to the periodic report for the above stated date. Our responsibility is to express a professional considered opinion on internal control components on the company's financial reporting based on our audit.

Internal control components of financial reporting audited by us were determined in accordance with Auditing Standard (Israel) 911 of the Israel Institute of Certified Public Accountants, "Audit of Internal Control Components of Financial Reporting" and associated amendments (hereinafter - Audit Standard (Israel) 911). These components are: (1) Controls at the organizational level, including controls on the process of editing and closing financial reporting and general controls of information systems; (2) Controls over the procurement process; (3) Controls on the salary and options process (all these together are referred to below as the "Audited Control Components").



We conducted our audit in accordance with Auditing Standard (Israel) 911. According to this standard, we are required to plan the audit and conduct it with the aim of identifying the audited control components and obtaining a reasonable degree of assurance as to whether these control components have been effectively implemented in all material respects. Our audit included gaining an understanding of internal control of financial reporting, identifying the audited control components, assessing the risk that there is a material weakness in the audited control components, as well as examining and evaluating the effectiveness of the planning and operation of those control components based on the assessed risk. Our audit, regarding those control elements, also included the execution of such other procedures, as we deemed necessary, according to the circumstances. Our audit referred only to the audited control components, as opposed to internal control over all the essential processes in connection with financial reporting, and therefore our opinion refers to the audited control components only. Also, our audit did not refer to mutual effects between the audited and non-audited control components and therefore, our opinion does not take into account such possible effects. We believe that our review provides an adequate basis for our professional opinion considered in the context described above.

Due to inherent limitations, internal control of financial reporting in general, and the components thereof in particular, may not prevent nor detect misrepresentation. Also, drawing conclusions about the future on the basis of any current effectiveness assessment is exposed to the risk that controls will become inappropriate due to changes in circumstances or that the extent to which the policies or procedures exist will change for the worse.

In our professional considered opinion, the Company effectively maintained, in all material respects, the audited control components as of December 31, 2024.



We also audited, in accordance with generally accepted auditing practices in Israel, the Company's consolidated financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ending on December 31, 2024, and our report, dated March 30, 2025, included an unreserved professional considered opinion on those financial statements.

Tel Aviv,

Kesselman and Kesselman

March 30, 2025

Certified Public Accountants

A PricewaterhouseCoopers International Limited  
member firm

## Electreon Wireless Ltd.

### Consolidated Statement of Financial Position

	Note	December 31	
		2024	2023
		NIS in thousands	
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	5a	90,391	53,831
Short term deposit	5b	1,787	-
Current maturity of a long-term pledged deposit	5c	1,046	1,386
Trade receivables		15,828	8,126
Other receivables	6a	6,933	22,722
Assets for contracts with customers		11,657	60
		127,642	86,125
<b>Non-current assets:</b>			
Long-term pledged deposit	5d	3,000	4,220
Long-term prepaid expenses	6b, 11f	47,161	28,377
Fixed assets	7	10,788	10,135
Right of use assets	8	4,462	305
		65,411	43,037
<b>Total assets</b>		193,053	129,162
<b>Liabilities and Equity</b>			
<b>Current liabilities:</b>			
Trade payables		3,716	3,915
Payables and other current liabilities	10a	13,367	12,373
Current lease liability maturities	8	1,019	320
		18,102	16,608
<b>Commitments and contingent liabilities</b>	11		
<b>Non-current liabilities:</b>			
Payables and other current liabilities	10b	6,080	1,776
Lease liabilities	8	3,577	-
<b>Total liabilities</b>		27,759	18,384
<b>Equity:</b>			
Ordinary shares, premium on shares, options and other funds	12	571,412	434,189
Capital fund for translation of financial statements of foreign activities		1,206	(1,210)



## Electreon Wireless Ltd.

### Consolidated Statement of Comprehensive Loss

	Note	For the year ended December 31		
		2024	2023	2022
				NIS in thousands (excluding loss per share data)
<b>Revenue</b>	13	31,648	23,097	8,650
<b>Cost of revenue</b>		<u>22,602</u>	<u>19,598</u>	<u>7,140</u>
<b>Gross profit</b>		9,046	3,499	1,510
<b>Research and development expenses, net:</b>	14			
Research and development expenses		58,836	53,709	58,011
Net of – participation in research and development expenses		<u>(2,826)</u>	<u>(5,177)</u>	<u>(7,499)</u>
<b>Research and development expenses, net:</b>		56,010	48,532	50,512
<b>Marketing and business development expenses</b>	15	18,903	20,225	21,410
<b>Administrative and general expenses</b>	16	12,657	10,651	12,368
<b>Other expenses</b>	17	-	2,641	268
<b>Operating loss</b>		<u>78,524</u>	<u>78,550</u>	<u>83,048</u>
<b>Financing expenses</b>	18	8,589	536	503
<b>Financing income</b>	18	<u>(1,990)</u>	<u>(3,253)</u>	<u>(969)</u>
<b>Financing expenses (income), net</b>		6,599	(2,717)	(466)
<b>Loss for the year</b>		85,123	75,833	82,582
<b>Other comprehensive loss (profit) for the year:</b>				
<b>Items that may be reclassified to profit or loss:</b>				
<b>Differences from translating financial statements of foreign operations</b>		<u>(2,416)</u>	<u>1,554</u>	<u>484</u>
<b>Comprehensive loss for the year</b>		<u>82,707</u>	<u>77,387</u>	<u>83,066</u>
<b>Basic and diluted loss per share (in NIS)</b>	19	<u>6.80</u>	<u>6.76</u>	<u>8.35</u>

**The attached notes constitute an integral part of these Financial Statements.**

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Electreon Wireless Ltd.**

Consolidated Statement of Changes in Equity

	<b>Ordinary shares, premium on shares, options and other funds</b>	<b>Capital fund from translat ion of financia l stateme nts</b>	<b>Loss balance</b>	<b>Total equity</b>
	<b>NIS in thousands</b>			
<b>Balance as of January 1, 2022</b>	329,484	828	(163,786)	166,526
<b>Transactions in the course of 2022:</b>				
Loss for the year	-	-	(82,582)	(82,582)
Other comprehensive loss for the year - differences from translation of financial statements of foreign operations	-	(484)	-	(484)
The benefit component in granting options	14,415	-	-	14,415
Exercise of warrants and stock options, net of issuance expenses	27,759	-	-	27,759
<b>Balance as of December 31, 2022</b>	371,658	344	(246,368)	125,634
<b>Transactions in the course of 2023:</b>				
Loss for the year	-	-	(75,833)	(75,833)
Other comprehensive loss for the year - differences from translation of financial statements of foreign operations	-	(1,554)	-	(1,554)
Issuance of shares and warrants, net of issuance expenses	19,815	-	-	19,815
Issuance of shares and warrants, net of issuance expenses	34,465	-	-	34,465
The benefit component in granting options	7,465	-	-	7,465
Exercise of warrants and stock options	786	-	-	786
<b>Balance as of December 31, 2023</b>	434,189	(1,210)	(322,201)	110,778

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Transactions in the course of 2024:**

Loss for the year	-	-	(85,123)	(85,123)
Other comprehensive income for the year - differences from translation of financial statements of foreign operations	-	2,416	-	2,416
Exercise of warrants and stock options (net of distribution fee) (see Note 12b)	42,886	-	-	42,886
Issuance of shares (net of issuance expenses) (see Note 12c)	86,218	-	-	86,218
The benefit component in granting options	8,119	-	-	8,119
<b>Balance as of December 31, 2024</b>	<u>571,412</u>	<u>1,206</u>	<u>(407,324)</u>	<u>165,294</u>

**The attached notes constitute an integral part of these Financial Statements.**

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Electreon Wireless Ltd.**

Consolidated Statement of Cash Flows

	<b>For the year ended December 31</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>NIS in thousands</b>		
<b>Cash flow from ongoing operations:</b>			
Net Cash Exploited for Ongoing Activities (See Appendix)	(90,119)	(63,389)	(76,262)
<b>Cash flow from investment activities:</b>			
Acquisition of fixed assets	(3,553)	(3,376)	(2,576)
Proceeds from the realization of fixed assets	-	-	141
Interest received	1,886	712	193
Deposit to pledged Deposit	-	-	(5,000)
Net cash resulting from investment operations (used for investment operations)	(1,667)	(2,664)	(7,242)
<b>Cash Flow from Financing Operations:</b>			
Proceeds from the exercise of warrants and options	42,886	786	28,108
Principal payments for leases	(1,000)	(1,041)	(953)
Interest payments for leases	(292)	(29)	(61)
Proceeds from the issuance of shares, net of issuance expenses	86,218	54,280	-
Net cash from financing activities	127,812	53,996	27,094
Increase (decrease) in cash and cash equivalents	36,026	(12,057)	(56,410)
<b>Cash and cash equivalents as at the beginning of the year</b>	53,831	67,600	124,412
<b>Profits (losses) from exchange rate differences, in respect of the revaluation of cash and cash equivalents, net</b>	534	(1,712)	(402)
<b>Balance of cash and cash equivalents at the end of the year</b>	90,391	53,831	67,600

**The attached notes constitute an integral part of these Financial Statements.**

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Electreon Wireless Ltd.**

Consolidated Statement of Cash Flows (continued)

	<b>For the year ended December 31</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>NIS in thousands</b>		
<b>a. Appendix to the cash flow report net cash used for ongoing operations</b>			
Loss for the year	(85,123)	(75,833)	(82,582)
Adjustments with respect to			
Depreciation and impairment	2,682	2,318	1,769
Capital loss due to realization of fixed assets	-	-	275
Impairment of assets due to rights of use	1,118	1,071	1,017
The benefit component in allocating options and blocked share units	8,119	7,465	14,415
Interest revenue from deposit	(2,114)	(899)	(231)
Interest expenditure due to leases	292	29	61
Loss (profit) due to exchange rate discrepancies with respect to cash and cash equivalents	2,364	(17)	(63)
	<u>(72,662)</u>	<u>(65,866)</u>	<u>(65,339)</u>
Changes in operational assets and liabilities items:			
Increase in trade receivables	(8,153)	(6,758)	(1,282)
Decrease (increase) in accounts receivable and debit balances	(14,658)	10,796	(17,793)
Increase (decrease) in trade and other payables	5,354	(1,561)	8,152
	<u>(17,457)</u>	<u>2,477</u>	<u>(10,923)</u>
Net cash used for current operations	<u>(90,119)</u>	<u>(63,389)</u>	<u>(76,262)</u>
<b>b. Information regarding financing activities that do not involve cash flow:</b>			
Recognition of an asset against a liability due to new leases	5,313	-	839
	<u>5,313</u>	<u>-</u>	<u>839</u>

**The attached notes constitute an integral part of these Financial Statements.**

## Electreon Wireless Ltd.

### Notes to the Consolidated Financial Statements

#### Note 1 – General

- a. Electreon Wireless Ltd. (hereinafter – the Company) was incorporated in Israel and its registered office is in Beit Yanai. The Company engages in research and development of technology for wireless charging of electrically powered vehicles using a coil infrastructure buried under the road.

The Group operates in one single operating segment, which is the research and development of technology for wireless charging of electric vehicles.

- b. The consolidated financial statements include the financial statements of the Company, and of its subsidiaries, Electreon AB (hereinafter – Electreon Sweden), Electreon Germany GMBH (hereinafter – Electreon Germany), Electreon Wireless, Inc. (hereinafter – Electreon USA), Electreon Wireless France (hereinafter – Electreon France), Spearhead Investments (BIO) Ltd., Jinan Electreon Wireless Automotive Technology Co, Limited (hereinafter – Electreon China), all of which are fully owned by the Company (hereinafter collectively – the Group).

c. **The "Iron Swords" War**

The State of Israel has been engaged in the "Iron Swords" War for approximately one and a half years, following its commencement on October 7, 2023. This conflict has resulted in extensive mobilization of reservists and has concurrently provoked a security escalation along the northern border and in other sectors (hereinafter referred to as "the War"). The War has induced a deceleration in business activity within the Israeli economy, changes in the labor market, imposition of various obstacles in shipping and transportation, and broader implications for the economic landscape in Israel.

As of December 31, 2024, the date of the financial statements' approval, the Company management posits that the War has had minimal influence on the Company's operations. The workforce has remained stable, with employees from subsidiaries providing assistance to those called to reserve duty. There has been a measured reduction in the rate

## **Electreon Wireless Ltd.**

### **Notes to the Consolidated Financial Statements**

of cash expenditure associated with salaries for employees engaged in reserve duty, and the Company's financial requirements have remained unaffected by the War. As of the date of the financial statements' approval, no capital raises or investments in the Company have been halted or postponed. Furthermore, the Company's research and development endeavors have proceeded according to plan. Conversely, the marketing and distribution functions have experienced some setbacks, particularly related to delivery timelines, as procurement processes for prospective customers have been deferred in certain instances, and existing clients in Israel have requested postponements of system deliveries by several months. Additionally, the War has resulted in a modest rise in shipping costs. Nevertheless, the Company has not received any alerts or notifications from its shipping partners concerning the continuity of shipping operations or any associated increases in costs. Consequently, the Company's management maintains that, as of the financial statements' approval date, the war has had a negligible impact on the Company's operations.

Notwithstanding the above, the prolongation of the War and/or escalation of the security situation in Israel and/or globally, particularly with the potential involvement of additional parties in the conflict, may adversely influence the results of the Group's operations and/or its financial position. The Company's management continuously monitors the evolving situation and assesses available options to address the repercussions of the war, as necessary.

#### **d. Effects of inflation and interest rates**

In 2022, a global trend of rising inflation emerged, observable in both the Israeli economy and in other markets in which the Company operates. In efforts to mitigate inflation, central banks implemented various measures, including significant and sustained increases in interest rates.

**Notes to the Consolidated Financial Statements**

**Note 1 – General (continued)**

**d. Effects of inflation and interest rates (continued)**

The year 2024 was marked by a deceleration in inflationary increases and the initiation of interest rate cuts by central banks, while the global economy continued to grapple with the inflation crisis amid low growth. In January 2025, the International Monetary Fund published its global growth forecast for 2025, projecting stable growth at 3.3% for both 2025 and 2026. The positive forecast was attributed to robust global economic activity, notwithstanding the prevailing inflationary environment and rising interest rates.

In the United States, the Federal Reserve raised the federal interest rate on multiple occasions in response to elevated inflation. In September 2024, the Federal Reserve decided to reduce the interest rate to 5%, and in November 2024, it further lowered the rate by an additional quarter of a percentage point, resulting in a range of 4.5% to 4.75%.

In the eurozone, inflation exhibited a slight moderation, standing at 2.4% in February 2025. By the end of January 2025, the European Central Bank (ECB) decreased the eurozone interest rate by 0.25% to 2.75%. This marked the fifth consecutive reduction since the ECB commenced its expansionary monetary policy.

In Israel, inflation throughout 2024 reflected a broad price increase, partly attributable to the protracted conflict, reaching approximately 3.4%. In combating inflation, the Bank of Israel adopted an assertive strategy of interest rate increases, raising the rate from zero to 4.75%. Only in January 2024 did the Bank of Israel opt to reduce the interest rate to 4.5%. In its efforts to contain inflation, the Bank refrained from further rate reductions throughout 2024. According to the Bank of Israel's forecasts, the annual inflation rate is anticipated to be approximately 2.6% in 2025 and about 2.3% in 2026.

**Note 1 – General (continued)**

**d. Effects of inflation and interest rates (continued)**

In the course of 2024, three international credit rating agencies announced downgrades to Israel's credit rating, marking a historical first. Moody's initiated the downgrading process in February 2024, reducing Israel's rating from A1 with a stable outlook to A2 with a negative outlook. Subsequently, in September 2024, Moody's further downgraded the rating to Baa1 with a negative outlook. The S&P rating agency also downgraded Israel's credit rating on two occasions, first in April 2024 from -AA to +A with a negative outlook, and again in October 2024 to A with a negative outlook. Additionally, Fitch Ratings downgraded Israel's credit rating in August 2024 from A+ to A with a negative outlook.

Given that the Group operates across multiple global markets, including Israel, the United States, and Europe, it may be influenced by fluctuations in the inflation and interest rate landscape. Specifically, increases in raw material prices stemming from inflation in supplier countries and the macroeconomic impacts on employment and energy costs in these regions may affect the Group. It is pertinent to note that, as of the date of this report, the Group primarily finances its operations through equity financing, capital raising, and grants, without holding credit lines or entering into loan agreements. Consequently, the influence of rising interest rates on the Group remains minimal at this time. However, should the Group consider obtaining credit, loans, or raising debt, prevailing economic interest rates will significantly affect the terms of securing such financing.

**Notes to the Consolidated Financial Statements**

**Note 2 – Basis for the Preparation of the Financial Statements**

a. **Basis of presentation of the financial statements:**

The Group's consolidated financial statements as of December 31, 2024, and 2023, and for each of the three years ended December 31, 2024, comply with International Financial Reporting Standards (IFRS), which are standards and interpretations published by the International Accounting Standards Board (IASB). These statements also include additional disclosures as required by the Securities (Annual Financial Statements) Regulations, 2010.

In connection with the presentation of these financial statements, the following points should be noted:

- 1) The principal accounting policies outlined below have been applied consistently across all years presented unless otherwise stated.
- 2) The financial statements have been prepared in accordance with the historical cost convention.

The preparation of financial statements in accordance with IFRS necessitates the use of certain significant accounting estimates. Furthermore, it requires the management of the Company to exercise judgment in the application of the Group's accounting policies. Note 3 discloses areas where a high degree of judgment or complexity is involved, as well as areas where assumptions and estimates materially affect the financial statements. Actual results may materially differ from the estimates and assumptions utilized by the Company's management.

- 3) The Group classifies expenses recognized in profit or loss according to a method based on the nature of the expenses.
- 4) The Group's operating cycle period is 12 months.

**Notes to the Consolidated Financial Statements**

**Note 2 – Basis for the Preparation of the Financial Statements (continued)**

a. **Basis of presentation of the financial statements (continued)**

5) The Company has not included separate financial information in these financial statements due to the negligibility of the additional information. The Company maintains full ownership of Spearhead, Electreon Germany, Electreon USA, Electreon France, Electreon Sweden, and Electreon China. As of the date of the statement of financial position, the majority of the Group's business activity occurs within the Company, and this activity is reflected in the Group's consolidated financial statements. Consequently, as of December 31, 2024, the publication of separate financial statements would not provide additional material information to a reasonable investor.

6) Conversion of foreign currency balances and transactions:

a) Functional and presentation currency

The items reported in the financial statements of each Group company are measured in the currency of the primary economic environment in which that entity operates (hereinafter referred to as the functional currency). The consolidated financial statements are presented in New Shekel (hereinafter referred to as NIS), which serves as both the functional and presentation currency of the Company.

b) Transactions and balances

Transactions conducted in a currency other than the functional currency (hereinafter referred to as foreign currency) are converted to the functional currency utilizing the exchange rates prevailing on the transaction dates. Exchange differences arising from the settlement of such transactions and the translation of monetary assets and liabilities denominated in foreign currency at the exchange rates at the end of the reporting period are recognized in profit or loss.

Profit and losses resulting from fluctuations in exchange rates are included in the statement of comprehensive loss under "Financing expenses (income), net".

**Notes to the Consolidated Financial Statements**

**Note 2 – Basis for the Preparation of the Financial Statements (continued)**

a. **Basis of presentation of the financial statements (continued)**

6) Conversion of foreign currency balances and transactions (continued)

c) Conversion of financial statements of Group companies

The results and financial position of all Group companies (none of which operate in a functional currency of a hyperinflationary economy) that possess a functional currency differing from the presentation currency are converted to the presentation currency according to the following criteria:

- 1) Assets and liabilities for each statement of financial position are converted at the closing rate effective on the date of that statement of financial position;
- 2) Income and expenses for each statement of profit or loss are converted at the average exchange rates for the period, unless this average does not reasonably approximate the cumulative effect of exchange rates on the transaction dates. In such instances, income and expenses are converted at the exchange rates effective on the transaction dates;
- 3) All resulting exchange differences are recognized in other comprehensive income.

**Notes to the Consolidated Financial Statements**

**Note 2 – Basis for the Preparation of the Financial Statements (continued)**

**b. New international financial reporting standards, amendments to standards, and new interpretations:**

- 1) New standards and amendments to existing standards that became effective and are implemented by the Group for reporting periods commencing on January 1, 2024:

Amendment to International Accounting Standard 1, "Presentation of Financial Statements" (hereinafter referred to as the Amendment to IAS 1)

The Amendment to IAS 1 clarifies the criteria pertinent to the classification of liabilities as current or non-current in the statement of financial position. The Amendment clarifies, among other aspects, that:

- (1) A liability shall be designated as a non-current liability if the entity possesses a substantive right to postpone settlement of the liability for at least 12 months subsequent to the conclusion of the reporting period. Furthermore, the intention of the entity to exercise the right is deemed irrelevant for the classification of the liability, thus removing the reference to the existence of an unconditional right.
- (2) Such a substantive right is acknowledged only if the entity satisfies the relevant conditions at the date of the statement of financial position.
- (3) "Settlement" of the liability includes settlement through cash payments, other economic resources, or equity instruments of the entity. However, a conversion right pertaining to a convertible instrument classified as equity does not influence the classification of the liability regarding that instrument.

In accordance with the provisions of the Amendments to IAS 1, the amendments were adopted by the Group for annual periods commencing on January 1, 2024, on a retrospective basis. The initial implementation of the amendments to IAS 1 did not exert a material impact on the Group's consolidated financial statements.

**Notes to the Consolidated Financial Statements**

**Note 2 – Basis for the Preparation of the Financial Statements (continued)**

**b. New international financial reporting standards, amendments to standards, and new interpretations (continued)**

2) New standards and amendments to existing standards that are not yet obligatory and for which the Group has opted against early adoption

(1) International Financial Reporting Standard 18, "Presentation and Disclosure in Financial Statements" (hereinafter referred to as 18IFRS)

IFRS 18 supersedes International Accounting Standard 1, "Presentation of Financial Statements" (hereinafter referred to as IAS 1), with numerous requirements of IAS 1 being incorporated into IFRS 18, along with several additional standards (either unaltered or revised). IFRS 18 aims to enhance the manner in which companies convey information to investors through their financial statements, particularly by augmenting transparency and comparability among companies, with an emphasis on financial performance information in the income statement. IFRS 18 also encompasses amendments to International Accounting Standard 7, Statement of Cash Flows (IAS 7) (notably pertaining to the classification of cash flows from interest and dividends), International Accounting Standard 33, Earnings per Share (IAS 33), and International Accounting Standard 34, Interim Financial Reporting (IAS 34).

The primary new principles introduced under IFRS 18 pertain to the following domains:

1. Structure of the income statement

In accordance with IFRS 18, items in the income statement shall be categorized into one of five classifications: operating, investing, financing, income taxes, and discontinued operations. IFRS 18 provides overarching guidance for the classification of items within these categories.

**Notes to the Consolidated Financial Statements**

**Note 2 – Basis for the Preparation of the Financial Statements (continued)**

**b. New international financial reporting standards, amendments to standards, and new interpretations (continued)**

- 2) New standards and amendments to existing standards that are not yet obligatory and for which the Group has opted against early adoption (continued)

Further information regarding the three primary categories is delineated below:

- a. Operating - This category is not explicitly defined by IFRS 18 and serves as a "residual" classification for income and expenditures that do not fall into one of the other two categories. Generally, this category will encapsulate the company's outcomes from its core business operations.
- b. Investment - This category encompasses the share of results from associates and joint ventures, as well as income and expenses derived from cash and cash equivalents. Additionally, it includes income and expenses associated with assets that independently generate income, largely without reliance on other resources.
- c. Financing - This category comprises income and expenses related to liabilities incurred solely for the purpose of obtaining financing (e.g., loans from banks). It also encompasses interest expenses and the implications of interest rate fluctuations from other liabilities, such as actuarial liabilities pertaining to employees.

Moreover, under IFRS 18, entities will be mandated to disclose two new subtotals within the income statement:

- d. Operating profit.
- e. Profit before financing and income taxes.

**Notes to the Consolidated Financial Statements**

**Note 2 – Basis for the Preparation of the Financial Statements (continued)**

**b. New international financial reporting standards, amendments to standards, and new interpretations (continued)**

2) New standards and amendments to existing standards that are not yet obligatory and for which the Group has opted against early adoption (continued)

2. Disclosure of "management-defined performance measures" (MPMs) in financial statements.

Numerous entities report alternative performance measures or non-GAAP measures within their public disclosures. When such measures fulfill the definition of "management performance measures", IFRS 18 mandates that companies incorporate these measures in the notes to the financial statements, accompanied by a reconciliation between the measure and other financial statement data. MPMs represent subtotals of income and expenses disseminated publicly to articulate management's perspective on the overall financial performance of the entity.

3. Principles concerning the grouping and disaggregation of information in statements or notes.

IFRS 18 delineates requirements aiding entities in determining whether information pertaining to items should be included in primary financial statements (statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, and statement of cash flows) or in the notes. It also establishes principles for assessing the necessary level of detail. Additionally, IFRS 18 specifies requirements for the presentation of operating expenses within the income statement, disclosure of certain expenses by nature, and supplementary information regarding items aggregated within the "Other" item.

**Notes to the Consolidated Financial Statements**

**Note 2 – Basis for the Preparation of the Financial Statements (continued)**

**b. New international financial reporting standards, amendments to standards, and new interpretations (continued)**

2) New standards and amendments to existing standards that are not yet obligatory and for which the Group has opted against early adoption (continued)

3. Principles concerning the grouping and disaggregation of information in statements or notes (continued)

In the initial application year, IFRS 18 necessitates a reconciliation of comparative figures as if IAS 1 had been applied, juxtaposed with their representation under IFRS 18 in that year.

In accordance with the stipulations of IFRS 18, the standard will be applicable to the Group for annual reporting periods commencing on or after January 1, 2027, on a retrospective basis. The Group has initiated an assessment of the impact stemming from the implementation of IFRS 18 on the consolidated financial statements; However, at this juncture, the implications of initial adoption cannot be reasonably determined.

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 3 – Material Accounting Estimates and Considerations**

Estimates and considerations are subject to ongoing review and are informed by historical experience as well as other relevant factors, including anticipations concerning future events that are deemed reasonable under the prevailing circumstances.

For detailed information on the considerations and assessments pertaining to grants from the Innovation Authority and the capitalization of research and development costs, refer to Note 14.

For an examination of the considerations and estimates associated with the cooperation agreement with Dan Public Transportation Company Ltd. (hereinafter referred to as Dan), see Note 11f.

**Notes to the Consolidated Financial Statements**

**Note 4 – Financial Instruments Financial Risk Management**

**Financial Risk Management**

**a. Financial risk factors**

The Group's operations expose it to various financial risks, including currency risks, credit risks, and liquidity risks. The overarching framework for risk management emphasizes the inherent unpredictability of financial markets, seeking to mitigate potential adverse effects on the Group's financial performance.

Credit risks are managed at the Group level and arise from cash and cash equivalents, deposits with financial institutions, and credit exposures associated with outstanding debt balances as of December 31, 2024. The Group does not identify significant credit risk concerning these balances and has not recognized a provision for credit losses.

Exchange rate risks are pertinent due to the Group's international activities, exposing it to fluctuations in various currencies, notably the euro, the US dollar, and the Swedish SEK. Such risks derive from future commercial transactions and assets or liabilities denominated in foreign currencies. The Group anticipates that reasonable fluctuations in exchange rates would not materially affect its financial statements.

Risk management responsibilities are vested in the Company's Chief Executive Officer and Chief Financial Officer.

**b. Liquidity risks**

The Company, engages in research and development, and has yet to achieve profitability or positive cash flows from its current operations. Its sustained operation in the present format is contingent upon securing financing until positive cash flow from operations is realized.

All financial commitments extend for one year, with the exception of those related to the Innovation Authority, which the Company expects to fulfill over the subsequent years, amounting to NIS 2,975 thousand.

**Note 4 – Financial Instruments Financial Risk Management (continued)**

c. **Capital risk management**

The primary objectives of the Group's capital risk management are to ensure the Group's continued operational viability, thereby providing returns to shareholders, and to maintain an optimal capital structure aimed at minimizing the cost of capital.

**Notes to the Consolidated Financial Statements**

**Note 5 – Cash, Cash Equivalents and Pledged Deposits**

Cash and cash equivalents comprise cash on hand and short-term deposits with banking institutions that are not subject to encumbrance, with an original term not exceeding three months from the date of investment.

Classification of cash flows from interest and dividends within the statement of cash flows.

In the consolidated statements of cash flows, the Group classifies interest received as part of cash flows from investing activities and interest paid as part of cash flows from financing activities.

a. **Details by currency:**

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>NIS in thousands</b>	
In NIS	37,078	42,196
In foreign currency	53,313	11,635
	<u>90,391</u>	<u>53,831</u>

b. **Short-term deposit**

As of December 31, 2024, the Company holds a deposit in NIS with a banking corporation amounting to NIS 1,787.

c. **Pledged short-term deposit**

As of December 31, 2024, and 2023, the Company holds a deposit in NIS with a banking corporation totaling NIS 1,046 thousand and NIS 1,386 thousand, respectively. A deposit of NIS 1,000 thousand is pledged in favor of a bank guarantee related to the Afikim project.

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 5 – Cash, Cash Equivalents and Pledged Deposits (continued)**

d. **Pledged long-term deposit**

As of December 31, 2024, and 2023, the Company holds a long-term pledged deposit of NIS 3,000 thousand and NIS 4,220 thousand, respectively. The deposit is pledged in favor of a bank guarantee associated with the Afikim project.

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 6 – Receivables and Other Payables and Prepaid Expenses**

a. **Other receivables and payables:**

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>NIS in thousands</b>	
Value Added Tax	1,847	761
Prepaid expenses*	1,532	20,079
Advances to suppliers	3,497	1,796
Other	57	86
	<u>6,933</u>	<u>22,722</u>

\* A total of NIS 847,000 is attributed to advance expenses for capital compensation under the Dan Agreement, as indicated in Note 11f.

The carrying amounts of the receivables and payables represent a reasonable approximation of their fair values.

b. **Long term in advance expenses**

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>NIS in thousands</b>	
Prepaid expenses Dan*	24,552	22,859
Prepaid expenses for projects	22,496	5,443
Other	113	75
	<u>47,161</u>	<u>28,377</u>

\* Attributed to advance expenses within the framework of the Dan Agreement, see Note 11f.

## Electreon Wireless Ltd.

### Notes to the Consolidated Financial Statements

#### Note 7 – Fixed Assets

a. **Subsequent recognition and measurement**

The fixed asset is included for the first time according to the purchase cost.

Fixed assets are shown at cost, net of accumulated depreciation and accumulated impairment losses.

Depreciation is calculated according to the straight-line method, to reduce the cost of the fixed asset items to their residual value over their estimated useful life, as follows:

	<u>Years</u>
Office Furniture and Equipment	16 – 5 (mainly 10-16)
Machinery and Equipment	7 – 3
Vehicles	7- 5
Computers and Peripheral Equipment	3
Leasehold improvements*	10 – 6

\* Leasehold improvements are depreciated using the straight-line method over the shorter duration of the lease term or the estimated useful life of the improvements.

b. **Impairment examination**

The Group examines impairment for non-monetary assets when indicators arise due to events or changes in circumstances suggesting that the carrying amount of the asset may not be recoverable.

**Notes to the Consolidated Financial Statements**

**Note 7 – Fixed Assets (continued)**

b. **Impairment examination (continued)**

The recognized impairment loss is equivalent to the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is defined as the higher of fair value less costs to sell and value in use. In evaluating value in use, the anticipated cash flows are discounted using a pre-tax discount rate that reflects the specific risks associated with each asset. For assets that do not generate independent cash flows, the recoverable amount is assessed for the cash-generating unit to which the asset pertains. Impairment losses are recognized in profit or loss.

An impaired fixed asset is subject to examination for potential reversal of the recognized impairment at each statement of financial position date.

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 7 – Fixed Assets (continued)**

The composition of the property and the depreciation accumulated in it, according to main groups, and the movement therein in 2023 and 2022 are:

	Cost				Aggregate depreciation						Impaired balance As at December 31 2024
	Balance as at the beginni ng of the year	Additio ns during the year	Write- offs during the year	Other change s *	Balance as at the end of the year	Balance as at the beginni ng of the year	Additi ons during the year	Write- offs during the year	Other change s *	Balance as at the end of the year	
	NIS in thousands										
Office Furniture and Equipment	1,189	95	-	(16)	1,268	261	107	-	-	368	900
Machinery and Equipment	2,460	810	-	(32)	3,238	998	403	-	-	1,401	1,837
Vehicles	4,539	840	-	(170)	5,209	1,558	841	-	-	2,399	2,810
Computers and Peripheral Equipment	1,626	1,016	-	-	2,642	1,102	610	-	-	1,712	930
Leasehold improvements*	6,960	792	-	-	7,752	2,720	721	-	-	3,441	4,311
	<u>16,774</u>	<u>3,553</u>	<u>-</u>	<u>(218)</u>	<u>20,109</u>	<u>6,639</u>	<u>2,682</u>	<u>-</u>	<u>-</u>	<u>9,321</u>	<u>10,788</u>

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 7 – Fixed Assets (continued)**

**The composition of the property and the depreciation accumulated in it, according to main groups, and the movement therein in 2023 and 2022 (continued)**

	<b>Cost</b>				<b>Aggregate depreciation</b>					<b>Impaired balance As at December 31 2023</b>	
	<b>Balance as at the beginning of the year</b>	<b>Additions during the year</b>	<b>Write-offs during the year</b>	<b>Other changes *</b>	<b>Balance as at the end of the year</b>	<b>Balance as at the beginning of the year</b>	<b>Additions during the year</b>	<b>Write-offs during the year</b>	<b>Other changes s *</b>		<b>Balance as at the end of the year</b>
	<b>NIS in thousands</b>										
Office Furniture and Equipment	1,073	97	-	19	1,189	150	111	-	-	261	928
Machinery and Equipment	2,033	393	-	34	2,460	602	396	-	-	998	1,462
Vehicles	2,378	2,050	-	111	4,539	809	747	-	2	1,558	2,981
Computers and Peripheral Equipment	1,279	346	-	1	1,626	711	391	-	-	1,102	524
Leasehold improvements	6,470	490	-	-	6,960	2,047	673	-	-	2,720	4,240
	<u>13,233</u>	<u>3,376</u>	<u>-</u>	<u>165</u>	<u>16,774</u>	<u>4,319</u>	<u>2,318</u>	<u>-</u>	<u>2</u>	<u>6,639</u>	<u>10,135</u>

\*The changes result from discrepancies from the conversion of financial statements of subsidiaries prepared in foreign currency.

**Notes to the Consolidated Financial Statements**

**Note 8 – Assets and Liabilities from Leases**

The Group's policy regarding leases in which it acts as the lessee is as follows:

At the inception of the contract, the Group evaluates whether the contract constitutes a lease or includes a lease component. A contract is designated as a lease or including a lease if it conveys the right to control the use of an identified asset for a specified period in exchange for consideration. The Group reassesses the classification of a contract as a lease or includes a lease only if the terms of the contract have been amended.

For leases incorporating non-lease components, such as maintenance services related to the lease component, the Group has opted not to separate these components. Instead, it treats the lease component and any associated non-lease components as a singular lease component.

At the date of initial recognition, the Group acknowledges a lease liability at the present value of future lease payments, which encompass, *inter alia*, the exercise price of extension options that are reasonably expected to be exercised.

Concurrently, the Group recognizes the right-of-use asset at the value of the lease liability, adjusted for any lease payments made prior to the commencement date and any initial direct costs incurred by the Group.

Given that the interest rate implicit in the lease is not readily determinable, the Group applies its incremental borrowing rate. This rate represents the interest that the Group would be required to pay to borrow amounts necessary to obtain an asset of equivalent value to the right-of-use asset in a similar economic context.

Subsequent to the lease commencement date, the Group measures the right-of-use asset at cost, less accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Depreciation of the right-of-use asset is computed on a straight-line basis over the shorter of the estimated useful life of the leased asset or the lease term, with the useful life of buildings estimated to range from 2 to 6 years.

Interest on the lease liability is recognized in profit or loss for each period during the lease term, at an amount that yields a constant periodic interest rate on the remaining balance of the lease liability.

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 8 – Assets and Liabilities from Leases (continued)**

a. **Assets for right of use:**

	Cost			Depreciation			Impaired balanced		
	Balance as at the beginning of the year	Additions during the year	Other changes **	Balance as at the end of the year	Balance as at the beginning of the year	Addition al depreciation during the year	Balance as at the end of the year	As at the beginning of the year	As at the end of the year
	NIS in thousands								
<b>2024:</b>									
Buildings	3,089	5,313	(38)	8,364	2,784	1,118	3,902	305	4,462
	<u>3,089</u>	<u>5,313</u>	<u>(38)</u>	<u>8,364</u>	<u>2,784</u>	<u>1,118</u>	<u>3,902</u>	<u>305</u>	<u>4,462</u>
<b>2023:</b>									
Buildings	3,051	-	38	3,089	1,714	1,070	2,784	1,337	305
	<u>3,051</u>	<u>-</u>	<u>38</u>	<u>3,089</u>	<u>1,714</u>	<u>1,070</u>	<u>2,784</u>	<u>1,337</u>	<u>305</u>

\*\* The changes arise from assets and liabilities in respect of differences from the translation of financial statements of subsidiaries prepared in foreign currency.

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 8 – Assets and Liabilities from Leases (continued)**

**b. Liabilities in respect of leases:**

	<u>Balance as at the beginning of the year</u>	<u>Additions during the year*</u>	<u>Interest expenditure</u>	<u>Lease payments</u>	<u>Other changes **</u>	<u>Balance as at the end of the year</u>	<u>Current maturities of lease liabilities</u>	<u>Long- term lease liabilities</u>
	NIS in thousands							
<b>2024:</b>								
Buildings	320	5,313	294	(1,292)	(39)	4,596	1,019	3,577
	<u>320</u>	<u>5,313</u>	<u>294</u>	<u>(1,292)</u>	<u>(39)</u>	<u>4,596</u>	<u>1,019</u>	<u>3,577</u>
<b>2023:</b>								
Buildings	1,321	-	29	(1,071)	41	320	320	-
	<u>1,321</u>	<u>-</u>	<u>29</u>	<u>(1,071)</u>	<u>41</u>	<u>320</u>	<u>320</u>	<u>-</u>

\* Including changes in lease terms

\*\* The changes arise from assets and liabilities in respect of differences from the translation of financial statements of subsidiaries prepared in foreign currency.

**Notes to the Consolidated Financial Statements**

**Note 9 – Taxes on Income**

**a. Taxation of the Company and subsidiaries**

Tax Rates

The revenue of the Company and its subsidiaries in Israel, with the exception of revenue benefiting from reduced tax rates pursuant to the incentive laws in Israel (refer to section b below), is subject to corporate taxation at the standard rate. The applicable corporate tax rate in Israel is 23%.

**b. Taxation of subsidiaries outside Israel**

Subsidiaries incorporated outside of Israel are taxed in accordance with the tax regulations of their respective countries of domicile, unless classified as a "foreign controlled company" under the Income Tax Ordinance.

The tax rate applicable to a subsidiary incorporated in Sweden is 20.6%.

The tax rate applicable to a subsidiary incorporated in Germany is 15%.

The tax rate applicable to a subsidiary incorporated in France is 25%.

The federal tax rate applicable to a subsidiary incorporated in the United States is 21%.

**c. Tax losses to be carried forward**

Deferred tax assets related to tax losses to be carried forward are recognized to the extent that it is probable that the realization of the associated tax benefit will be achieved through the availability of future taxable income.

The Company's remaining losses to be carried forward as of December 31, 2024, amount to approximately NIS 178 million.

The remaining losses to be carried forward by the subsidiaries as of December 31, 2024, amount to approximately NIS 18 million.

The Group has not applied deferred taxes for carried forward losses, as their utilization is not anticipated in the foreseeable future.

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 9 – Taxes on Income (continued)**

d. **Tax assessments**

Self-assessments submitted by the Company and its Israeli subsidiaries up to the year 2019 are deemed final, subject to any applicable filing dates and the determination of the statutory limitation period.

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 10 – Trade and Other Payables**

**a. Short-term trade and other payables**

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>NIS in thousand</b>	
Employees and institutions in respect of employees	2,894	2,614
Institutions	828	469
Royalties payable	2,975	1,395
Prepaid income	413	1,557
Provision for vacation and convalescence	4,875	4,305
Expenses payable	792	1,828
Other	590	205
	<u>13,367</u>	<u>12,373</u>

**b. Long-term trade and other payables**

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>NIS in thousand</b>	
Royalties payable	5,498	1,776
Prepaid income	582	-
	<u>6,080</u>	<u>1,776</u>

**Notes to the Consolidated Financial Statements**

**Note 11 – Commitments and Contingent Liabilities**

**a. Lease Agreement**

In March 2024, the Group executed a renewal of a lease agreement for the premises housing its offices and facilities utilized for ongoing research and development activities. The agreement stipulates a lease term commencing on March 1, 2024, and concluding on December 31, 2026, with a one-time option available to the Group for an extension of an additional two years, thus potentially extending the lease until December 31, 2028. The monthly rental fee is approximately NIS 95,000.

In August 2024, the Group finalized a renewal of a lease agreement for premises located in Germany. The stipulated lease period extends from December 1, 2024, to November 30, 2028, with a monthly rental amount of approximately NIS 16,000 (approximately EUR 5,000).

**b. Royalties to the Innovation Authority**

The Group bears obligations to remit royalties to the Innovation Authority. These royalties are determined based on proceeds from sales of products developed with governmental financial participation via grants. Per the terms of participation, royalties are to be paid to the Innovation Authority at a rate of 3% of sales revenue for products. This rate is applicable during the initial three years from the commencement of repayment, escalating to 3.5% of sales revenue from the fourth year until the total grant amount provided to the Group has been repaid. The repayment is linked to the U.S. dollar, in addition to annual interest computed according to the Secured Overnight Financing Rate (SOFR). Concerning the LIBOR index interest swap, the Innovation Authority has not established an alternative index; nonetheless, the Company does not anticipate a significant impact of the swap on its financial statements.

As of December 31, 2024, the Group recognized a liability corresponding to expected receipts from projects (refer to Notes 3, 10).

During 2018, shortly after the investment by Dan Public Transportation Company Ltd. (hereinafter referred to as Dan), the Company received a grant totaling NIS 4.05 million.

In May 2019, the Research Committee at the Innovation Authority communicated to the Company the approval of a budget amounting to approximately NIS 9.3 million, with a participation rate of 75%, designated for the execution of a pilot project in Tel Aviv, in collaboration with Dan.

**Notes to the Consolidated Financial Statements**

**Note 11 – Commitments and Contingent Liabilities (continued)**

- c. In May 2019, the Swedish subsidiary entered into an agreement with the Swedish Ministry of Transport to develop an electric road for demonstrative purposes. The project is financed by the Swedish Ministry of Transport for an amount of approximately NIS 35 million. On April 3, 2022, the Swedish Transport Administration resolved to extend the pilot duration. To facilitate this extension, the subsidiary secured additional funding from the Swedish Transport Administration amounting to approximately EUR 2 million (approximately NIS 7 million).

As of December 31, 2023, and 2022, grants amounting to NIS 5.2 million and NIS 6.8 million, respectively, were recognized from the approved budget, offsetting research and development expenses in the profit and loss statement. The aforementioned grants are exempt from future royalty payment obligations.

- d. On August 20, 2020, the Group entered into an agreement with EnBW Energie Baden-Württemberg AG (hereinafter - EnBW) for the initial phase of supplying EnBW with an electric bus equipped with vehicle charging receivers, a static electric road system for bus charging, as well as installation, operation, and maintenance services. The second phase of the agreement involves providing EnBW with a dynamic electric road system developed by the Group for bus charging, accompanied by installation, operation, and maintenance services. In the third phase, the Group will supply a similar dynamic electric road system for bus charging on a public road in Karlsruhe, Germany. In the fiscal year ending December 31, 2021, the Group successfully supplied the electric bus and delivered the first and second phases. In the fiscal years ending December 31, 2024, and 2023, the Group recognized income from the agreement for the first and second phases amounting to approximately NIS 0.4 million and NIS 10 million, respectively.
- e. On October 30, 2020, the Group entered into an agreement with Societa' di Progetto Brebemi S.p.A. in Italy (hereinafter - Brebemi) to conduct a pilot involving the construction and testing of a 1 km long wireless electric road within the Brebemi complex. The Group successfully delivered the aforementioned wireless electric road to Brebemi. In the fiscal year ending December 31, 2023, the Group recognized revenue of approximately NIS 0.5 million.

**Notes to the Consolidated Financial Statements**

**Note 11 – Commitments and Contingent Liabilities (continued)**

- f. On October 4, 2021, the Company entered into a Cooperation Principles Agreement (hereinafter in this section – the Agreement) with Dan, stipulating that the Company shall install its developed wireless charging system at public transportation terminals and on electric buses utilized by Dan and its subsidiaries (hereinafter – the Project; Dan and its subsidiaries shall be collectively referred to in this section – Dan).

Upon acquisition of the requisite permits and establishment of the Company's wireless charging system, Dan shall utilize it for the charging of electric buses, incurring monthly usage fees payable to the Company. For the utilization of the system (inclusive of all its components), maintenance, and in accordance with the stages delineated in the Agreement, Dan shall remit a fixed monthly fee of NIS 2,500 for each bus (excluding electricity costs, which Dan shall pay directly to the Electric Company) over 60 equal monthly payments, commencing from the date of installation completion of each system at the terminal.

The principal provisions of the Agreement are as follows:

- 1) The Company shall, at its own risk and expense, establish, operate, and maintain the wireless electric charging system it developed, which will include a user identification system (to facilitate charging based on user identity) and management of the energy and charging system at the public transportation terminals utilized by Dan, in accordance with the stages and locations specified in the Agreement.
- 2) Subject to the completion of procurement procedures for electric buses by Dan, and according to Dan's choice and instructions, the Company shall install the necessary system components for wireless charging on Dan's electric buses, allowing the buses to charge via the system, in multiple stages contingent upon obtaining the necessary approvals for each stage and meeting criteria to be agreed upon by the parties.

**Notes to the Consolidated Financial Statements**

**Note 11 – Commitments and Contingent Liabilities (continued)**

f. (continued)

- 3) Implementation of the Agreement shall be in phases, with the initial phase, designated as the pilot phase, involving the installation of the system in a specified portion of the public transportation terminal area, where feasibility exists concerning the existing electrical infrastructure for immediate system installation permitting simultaneous charging of approximately 14 buses (hereinafter – the initial stage). As part of the Company's development efforts and to establish the technological feasibility of its wireless charging system, Dan has committed to operating the buses for a minimum of 8 hours daily for a period of 5 years, during which Dan shall provide the Company with immediate (online) access to performance data of the system.

In consideration for the operation of the initial phase and for its cooperation with the Company in presenting the Project to global bus fleet operators, the Company allocated 130,000 blocked shares and 100,000 options to Dan (see Note 13C). The vesting of these blocked shares and options is not contingent on the success of the initial phase or on Dan's agreement to advance to subsequent commercial phases of the Agreement.

The fair value of the equity instruments is approximately NIS 28.9 million (see Note 12B).

Of this total, the estimated fair value for services received from Dan in the initial phase, approximately NIS 25.4 million, has been deferred and will be recognized as research and development expenses commencing with the operation of the buses and over 5 years – the operational period of the buses, in accordance with the Agreement. Amounts of NIS 24.5 million and NIS 22.9 million are classified in the statement of financial position as of December 31, 2024, and 2023, respectively, within non-current assets, with the remainder classified within current assets.

**Notes to the Consolidated Financial Statements**

**Note 11 – Commitments and Contingent Liabilities (continued)**

f. (continued)

- 4) Given that the Company's technology is in an advanced stage but its effectiveness has yet to be demonstrated, and considering Dan's discretion to refrain from advancing to subsequent phases of the Agreement for any reason, the Company has determined that, beyond the compensation secured for the initial phase, it is not anticipated to receive further payments from Dan at this juncture. Consequently, the difference attributable to the increase in the fair value of the equity instruments, net of the guaranteed compensation for the initial phase, which amounts to approximately NIS 3.6 million, was recognized as an expense in 2021 within the statement of income under marketing and business development expenses.
  - 5) Following the initial phase and contingent upon its success, and at Dan's exclusive discretion, the Company will endeavor to install the system at additional terminals within the Dan Metropolitan area and the Southern District, facilitating charging for up to approximately 186 additional buses under the "Charging as a Service" (CaaS) business model.
- g. On February 1, 2022, the Group announced its success in securing a tender for the establishment of a wireless charging demonstration project that will encompass the deployment of a wireless charging roadway approximately 1.6 km in length, along with static wireless charging stations in Michigan, anticipated to become operational in 2024 within a district of Detroit serving as the central area for Ford's transportation innovation. The projected financing for the project is estimated at approximately \$1.9 million. As of the report date, the installation of the initial segment of the dynamic section and static stand has been completed, resulting in income recognition of approximately NIS 2.5 million and NIS 2.1 million for the years ending December 31, 2024, and 2023, respectively (approximately \$0.7 million each year).

**Notes to the Consolidated Financial Statements**

**Note 11 – Commitments and Contingent Liabilities (continued)**

- h. On February 1, 2022, the Group disclosed the initiation of a joint research agreement with the University of Utah, under which the Group will deploy a dynamic wireless electric roadway, a static stand, and a charging system on a Kenworth truck, aimed at demonstrating the viability and commercialization readiness of the Company's technology. Subsequently, on February 24, 2024, the agreement was formalized, with the financial scope of the project estimated at approximately \$2.4 million. For the year ended December 31, 2024, an income recognition of approximately NIS 5.9 million (approximately \$1.6 million) was recorded.
  
- i. On May 12, 2022, the Group entered into a contractual agreement with Electra Afikim Ltd. (hereinafter - Afikim) to establish a wireless charging infrastructure for thirty buses and to provide support, operation, and software services for the charging infrastructure over a period of ten years (hereinafter in this section - the Agreement). In consideration for these services, Afikim will remit to the Company a total sum of approximately NIS 6.5 million, contingent upon the transfer of funds from the Ministry of Transport and Road Safety (hereinafter - the Ministry of Transport) to Afikim. Pursuant to the Agreement, the Company issued a performance guarantee, which consisted of a deposit of NIS 5 million, the value of which will decrease annually by approximately NIS 1 million until the fifth year, at which point the deposit will be maintained at NIS 1 million until the conclusion of the Agreement. The Group commenced the electrical infrastructure installation work in May 2023, culminating in the shipment of the first buses designated for the project from China, which arrived in Israel in October 2023. On November 21, 2023, the Company successfully delivered the project to Afikim, upon completion and approval for use. For the fiscal year ending December 31, 2023, the Company recognized revenue amounting to approximately NIS 5.7 million. The residual revenue from the project, approximately NIS 0.8 million, will be acknowledged over the timeframe of providing the software, operational, and maintenance services.

**Notes to the Consolidated Financial Statements**

**Note 11 – Commitments and Contingent Liabilities (continued)**

- j. On August 4, 2022, the Group announced its involvement in a consortium selected by the German Federal Ministry for Economic Affairs and Climate Change to execute the "E-MPower" project in Germany. This initiative is budgeted by the German government for a total of EUR 5.7 million, of which the Group is set to receive approximately EUR 2.1 million. For the fiscal years ending December 31, 2024, and 2023, the Group recognized revenue of approximately NIS 5.6 million and NIS 1.2 million (approximately EUR 1.4 million and EUR 0.3 million), respectively.
  
- k. On September 14, 2022, the Group entered into an additional agreement with Energie Baden-Württemberg AG (hereinafter - EnBW), wherein the Group will implement a system for dynamic and static wireless charging within the city of Baden-Württemberg. The Company will provide the municipality with an electric bus from Haiger, specifically adapted for wireless charging, alongside operation and maintenance services for the system for three years, for a payment of approximately EUR 3.2 million. On May 5, 2023, the commercial operation of an electric bus, equipped with the Company's receiver, commenced to provide shuttle services to the public during a floral exhibition held in the city. Subsequently, in November 2023, the Group completed the extension of the dynamic section by approximately 1 km. For the fiscal years ending December 31, 2024, and 2023, the Group recognized revenue of approximately NIS 0.4 million and NIS 10.3 million (approximately EUR 0.1 million and EUR 2.6 million), respectively, in relation to the agreement.
  
- l. On June 19, 2023, the subsidiary, Electreon Sweden, secured its first tender in Norway for the design and construction of a wireless electric road in the city of Trondheim, with an expected consideration of approximately EUR 0.7 million (approximately NIS 2.8 million). As of December 31, 2024, the Group completed the construction of the road. In the fiscal year ending December 31, 2024, the Group recognized revenue of approximately NIS 2.1 million (approximately EUR 0.5 million).

**Notes to the Consolidated Financial Statements**

**Note 11 – Commitments and Contingent Liabilities (continued)**

- m. On July 11, 2023, the subsidiary, Electreon France, won its initial tender in France as part of the Charge As You Drive project, concerning the design and construction of a 1.5 km dynamic section adjacent to the 10A highway outside Paris, in exchange for approximately €3.5 million (approximately NIS 14.2 million). In January 2024, the consortium members executed an agreement to implement the project, prompting the Group to initiate procurement and development activities for its execution. As of the date of this report, construction work on the road section has commenced. In the fiscal year ending December 31, 2024, the Group recognized revenue of approximately NIS 8.5 million (approximately EUR 2.1 million), alongside approximately NIS 2.8 million (approximately EUR 0.7 million) in research and development expense offsets.
  
- n. On July 31, 2023, the subsidiary, Electreon Germany, was awarded a further project in Germany – the EMADI project – for the construction of an electric road and for implementing and validating technology for measuring and billing wireless charging in both moving and stationary vehicles. For Electreon Germany's participation in the project, it is anticipated to receive approximately EUR 0.6 million (approximately NIS 2.3 million), with the remaining amount contingent upon the final agreements established among consortium members. The consortium agreement was executed in January 2024. In the fiscal year ending December 31, 2024, the Group recognized revenue amounting to NIS 1.1 million (approximately EUR 0.3 million).
  
- o. On January 29, 2024, the Company entered into a binding agreement with prominent Japanese automotive manufacturers Toyota and Denso to collaboratively develop a wireless charging system intended for integration within both new and existing vehicles. Subsequently, on July 9, 2024, the Company finalized the construction of a wireless electric road situated at Denso's corporate headquarters. This electric road is designated as a demonstration area for prospective clients and is poised to facilitate regular testing of the system's operational performance.

**Notes to the Consolidated Financial Statements**

**Note 11 – Commitments and Contingent Liabilities (continued)**

- p. On May 5, 2024, the Company concluded a binding agreement with the executive division of SITEC, the Chinese entity Shandong Guohe Industrial Technology Institute Co. Ltd., to initiate the first phase of their Memorandum of Understanding, which was signed on September 10, 2023. Within this phase, the involved parties will construct an "electric road" featuring both dynamic and static charging systems in the SDHS industrial park located in Jinan, Shandong Province, China, throughout 2024. This electric road will serve as a shuttle route for employee transportation within the industrial park, enabling dynamic charging during transit and static charging at designated locations. This phase is intended to present the system's performance to Chinese regulatory bodies over an estimated duration of six months. Following this period, the project will function as a "demonstration site" for prospective key clients, as well as public and private sector partners and other relevant stakeholders. The project will incorporate the complete integration of the Company's wireless charging system with a bus manufactured by Zhongtong, a Chinese bus manufacturer, which will be acquired by SITEC's executive arm. The Company is projected to generate revenues of approximately \$560,000 (approximately NIS 2.07 million) from the charging system utilized in this project, along with associated maintenance and operation services.
- q. On May 22, 2024, the Group entered into an agreement with the preeminent global logistics firm United Parcel Service, Inc. (hereinafter - UPS), for the development of a project involving the installation of the Company's wireless charging system at UPS's logistics facility in Detroit, Michigan. This project will be executed in collaboration with XOS Trucks, a manufacturer of commercial electric vehicles that supplies vehicles for UPS. It is anticipated that the project will encompass the installation of up to three wireless charging stations at UPS warehouses, integration with two XOS vehicles, along with operation and maintenance services. The expected revenue from this initiative amounts to approximately \$350,000 (approximately NIS 1.38 million). In the fiscal year ending December 31, 2024, the Group reported revenue totaling approximately NIS 0.8 million (approximately USD 0.2 million).

**Notes to the Consolidated Financial Statements**

**Note 11 – Commitments and Contingent Liabilities (continued)**

- r. On May 23, 2024, the Company received a notification from Trans-Israel Ltd. (hereinafter – Trans-Israel), indicating that the Trans-Israel Tenders and Contracts Committee plans to contract with the Company under a "single supplier exemption" for the execution of a wireless charging project associated with metro lines overseen by Trans-Israel, lasting a duration of 24 months with the potential for an additional extension of up to 36 months.

On November 3, 2024, the Company finalized an agreement with Trans-Israel, subsequent to the Company's designation as the exclusive supplier for the implementation of a wireless charging project related to the metro lines under Trans-Israel's jurisdiction. Under this agreement, the Company will be responsible for the design, deployment, and maintenance of a roadway facilitating both dynamic and static wireless charging along the metro line in Haifa. The agreement stipulates that the Company will function as the single supplier for Trans-Israel for a period of 36 months, including an operational phase of approximately 12 months, with Trans-Israel retaining the right to extend the agreement for an additional 24 months. The total financial responsibility of the Company for the operation and maintenance of the project is projected at approximately NIS 15.8 million. The project secured approval and funding from the Ministry of Transport and aims to assess the contribution of the Company's wireless charging system to enhancing the efficiency of the BRT (bus rapid transit) fleet of the Metronit, paving the way for broader implementation and the eventual transition of the fleet to electric buses. The Metronit project will entail the installation of 16 segments of wireless charging infrastructure, each extending 100 meters, from a potential installation pool of 2.12 kilometers. Consequently, a dynamic charging infrastructure approximating 1.6 kilometers, alongside four static charging stations, will be operational along the designated line routes.

**Notes to the Consolidated Financial Statements**

**Note 11 – Commitments and Contingent Liabilities (continued)**

- s. On July 16, 2024, the Group entered into a consortium agreement concerning the establishment of a road project featuring wireless charging in the city of Rouen, France, alongside all partner companies involved in the initiative, including the Rouen Metropolitan Council, Eurovia Haute Normandie (hereinafter - Eurovia), Viafrance Normandie (hereinafter - Viafrance), and Citeos Rouen, all of which are subsidiaries of VINCI, the largest infrastructure firm in Europe. This project aims to demonstrate the feasibility of sustaining a fully operational electric bus service that transports passengers throughout the day by utilizing the capabilities of a dynamic and static wireless charging system installed on the bus. This will involve the installation of a dynamic charging system on a specific road section, in conjunction with the routine static charging of the bus at designated passenger collection stations. The project's estimated budget is approximately €547,000, from which the Group is entitled to receive €255,000 (approximately NIS 1.02 million). For the fiscal year ending December 31, 2024, the Group recognized revenue of approximately NIS 0.8 million (approximately NIS 0.2 million) related to this agreement.
- t. On October 23, 2024, the Group was awarded a joint project in collaboration with the University of California, UCLA in Los Angeles, under which dynamic and static charging systems developed by the Company will be deployed at various locations throughout the university campus. Initially, the university's shuttle service, designated as "BruinBus," is intended to operate entirely on electric power, delivering around-the-clock transportation services for students and the general public accessing the campus and the associated hospital. This service will utilize a static charging system at several central stops, supplemented by the installation of a dynamic charging system at strategic locations along the route. Additionally, the Group will provide operational and maintenance services for the charging system for an estimated duration of three years. The overall project scope, which incorporates financing for the acquisition of buses and electric vehicles along with the execution of the necessary infrastructure works, amounts to approximately \$35 million. The Group anticipates receiving approximately \$4.25 million in funding from the California Department of Transportation for the charging system and services.

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 11 – Commitments and Contingent Liabilities (continued)**

- u. On June 18, 2024, a motion for class certification of a lawsuit against the Company and its officers (hereinafter – the motion) was submitted to the Economic Department of the Tel Aviv-Yafo District Court, alleging a delay in the immediate reporting date released by the Company regarding a binding agreement to establish a project in an industrial park located in Shandong province, China. According to the plaintiff, the alleged delay resulted in damages to all members of the group on whose behalf the lawsuit was filed, estimated at a total of NIS 3.63 million or alternatively NIS 23.89 million, contingent upon the determination of the alleged delay. As of the date of this report, the Company is unable to estimate the costs associated with the lawsuit.

**Note 12 – Equity**

a. **Composition of the Share Capital**

	<b>December 31, 2024</b>		<b>December 31, 2023</b>	
	<b>Registered</b>	<b>Issued and paid-up</b>	<b>Registered</b>	<b>Issued and paid-up</b>
	<b>Number of shares in thousands</b>		<b>Number of shares in thousands</b>	
Ordinary shares with no par value	20,000	12,872	20,000	11,217

The ordinary shares confer upon their holders the entitlement to vote and attend the Company's shareholders' meetings, the right to receive dividends, and the right to participate in the residual assets upon the Company's liquidation, with each share granting one vote.

**Notes to the Consolidated Financial Statements**

**Note 12 – Equity (continued)**

**b. Share-Based Payment:**

The Company's Board of Directors periodically approves plans to award options to the employees, service providers, and directors within the Group. The total expense associated with these options is recognized throughout the vesting period, which is defined as the timeframe during which all specified conditions for the vesting of the share-based payment arrangement must be fulfilled.

The theoretical economic value of each awarded option, at the grant date, is determined using the Black-Scholes model. This valuation relies on several assumptions, including the anticipated standard deviation, the risk-free interest rate as estimated on the grant date, and the expected duration until the options are exercised. The metric of volatility, represented by the expected standard deviation, is derived from a statistical analysis of the Company's share price over the relevant periods.

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 12 – Equity (continued)**

**b. Share-Based Payment (continued)**

<b>Grant date</b>	<b>Number of options granted</b>	<b>Fair value of option at grant date in NIS</b>	<b>Exercise premium for option in NIS</b>	<b>Share price at grant date</b>
June 22, 2020	19,653	113.3	163.6	164.8
August 27, 2020	29,859	155.8	226.4	236.9
October 1, 2020	14,742	155.8	226.4	236.9
March 8, 2021	11,400	170.7	258.6	209.5
May 30, 2021	72,005	180.7	253.6	253.5
August 26, 2021	40,000	107.5	150.2	162.9
August 26, 2021	58,857	105.4	163.4	162.9
October 3, 2021	130,000	166.6	0.3	166.9
October 3, 2021	100,000	72.8	155.9	166.9
November 4, 2021	50,000	116.3	160.0	165.0
November 29, 2021	23,879	131.5	192.2	192.2
January 16, 2022	10,000	83.5	168.0	181.5
April 27, 2022	25,500	78.1	143.5	113.0
August 30, 2022	31,650	52.2	80.9	73.7
September 9, 2022	50,000	22.0	69.5	69.5
September 11, 2022	1,000	49.8	76.9	69.5
November 23, 2022	16,600	23.6	48.0	34.7
March 28, 2023	8,750	42.6	40.0	71.5
March 28, 2023	24,350	52.7	71.5	71.5
November 15, 2023	26,200	46.1	59.3	59.0
January 29, 2024	1,500	59.5	77.7	77.0
March 7, 2024	(*)26,424	57.6	81.6	81.5
March 27, 2024	(*)2,750	84.7	111.1	113.0
April 17, 2024	13,750	140.11	136.4	174.4
April 17 2024	5,631	128.1	156.4	174.4
May 30 2024	32,500	153.2	195.9	198.1
September 11 2024	41,750	139.0	180.5	180.5
September 29 2024	7,972	124.1	169.4	169.4
December 2 2024	34,000	149.1	210.8	197.3

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 12 – Equity (continued)**

**b. Share-Based Payment (continued)**

(\*) With respect to the options granted on March 7 and 27, 2024, the Company received a warning letter on April 11, 2024, prior to the initiation of derivative action on behalf of a shareholder pursuant to Section 194 of the Companies Law, 5759-1999. The letter alleged that the grants of options to directors and officers of the Company, approved in March 2024, constituted a violation of the law as well as the Company's remuneration policy. Subsequently, on August 4, 2024, the Company's Board of Directors resolved, based on legal interpretation and prudence, to cancel the options allocated to the external directors and the independent director. Furthermore, the officers and the additional director relinquished the aforementioned options. As of the date of the approval of the financial statements, no claims have been filed in this matter, and the Company's legal expenses associated with addressing the warning letter and the claims referenced therein remain negligible.

- 1) The value of the benefit is assessed at the grant date with reference to the fair value of the equity instruments granted, namely options and warrants. The economic value is calculated in accordance with the Black-Scholes formula, utilizing the following assumptions:

	<b>Year ended on December 31, 2024</b>	
	<b>2024</b>	<b>2023</b>
Expected dividend	0%	0%
Standard deviation- stock volatility*	82%-85%	76%-79%
Risk-free interest rate	4.2%-4.5%	0.8%-4.5%
Expected life	6-7 years	5-7 years
Exercise premium NIS	<u>77.68-210.75</u>	<u>40-258.6</u>

- \* The degree of volatility is based on the historical volatility of the Company's stock for periods corresponding to the expected life of the option until the exercise date.

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 12 – Equity (continued)**

**b. Share-Based Payment (continued)**

The movement in the number of options and their weighted average exercise prices are as follows:

	Year ended on December 31					
	2024		2023		2022	
	Number of options	Weighted average of the exercise price	Number of options	Weighted average of the exercise price	Number of options	Weighted average of the exercise price
		NIS		NIS		NIS
In circulation at the beginning of the year	1,696,568	50.71	1,700,918	52.9	1,749,118	50.6
Granted	166,277	166.92	59,300	61.46	134,750	90.9
Forfeited/Expired	44,789	102.59	55,895	124.37	52,950	205.7
Exercised *	758,216	26.27	7,755	72.96	130,000	0.3
In circulation at the end of the year	<u>1,059,840</u>	<u>84.23</u>	<u>1,696,568</u>	<u>50.71</u>	<u>1,700,918</u>	<u>52.9</u>
Exercisable at the end of the year	<u>845,781</u>	<u>65.92</u>	<u>1,547,073</u>	<u>43.03</u>	<u>1,367,437</u>	<u>35.08</u>

\* The total proceeds received in these exercises in the years ended December 31, 2024, 2023 and 2022 total NIS 19,922 thousand, NIS 566 thousand and NIS 39 thousand, respectively.

The weighted average share price in the years ended December 31, 2024, 2023 and 2022 was NIS 161.2 per share, NIS 71.5 per share and NIS 94.3 per share, respectively.

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 12 – Equity (continued)**

**b. Share-Based Payment (continued)**

Below is data regarding the exercise price and remaining contractual life of the options outstanding at the end of the year:

2024			2023			2022		
Number of options in circulation at year-end	Exercise price range	Weighted average of the remaining contractual life	Number of options in circulation at year-end	Exercise price range	Weighted average of the remaining contractual life	Number of options in circulation at year-end	Exercise price range	Weighted average of the remaining contractual life
7,000	0.3	3	525,338	0.3	4	525,338	0.3	5
462,984	4.2-18	4	569,021	4.2-18	5	569,021	4.2-18	6
200,759	40-90.4	6	234,743	40-90.4	7	214,661	48.02-90.4	8
389,097	136.41-258.6	7	367,466	143.5-258.6	7	391,898	143.5-258.6	8
<u>1,059,840</u>			<u>1,696,568</u>			<u>1,700,918</u>		

The amounts of expenses recognized in the Company's statements of profit or loss for the years ended December 31, 2024, 2023, and 2022, in respect of the grants of options to employees and service providers are NIS 8,119 thousand, NIS 7,464 thousand, and NIS 14,415 thousand, respectively.

In relation to options granted to the Company's employees, the plans are administered in accordance with the provisions set forth in Section 102 of the Income Tax Ordinance (New Version), 5721-1961. Pursuant to the path selected by the Company and in alignment with these regulations, the Company is not entitled to claim as a tax expense amounts attributed to employees as benefits, including those recorded as salary benefits in the Company's accounts, relating to the options received by employees under the plan, except for the vested benefit component, if applicable, determined at the allocation date.

For service providers, the authorizations are granted pursuant to Section 3(t) of the Income Tax Ordinance.

**Notes to the Consolidated Financial Statements**

**Note 12 – Equity (continued)**

**c. Capital Raising**

On January 15, 2023, the Company's Board of Directors resolved to raise capital amounting to approximately NIS 20 million through a private allocation of shares and warrants not registered for trading. In the course of this allocation, the Company offered 666,667 units, which include one ordinary share and one warrant per unit. Each warrant is exercisable into one ordinary share of the Company until June 30, 2024, at a price of NIS 35. Should the warrants be exercised, the total proceeds would amount to NIS 23.3 million. On February 28, 2023, the Company shareholders approved the capital raise, and the completion of the raising occurred on March 5, 2023. In March 2023, the issue proceeds of approximately NIS 20 million (NIS 19.8 million, net of issuance expenses) were received.

On June 4, 2023, the Company's Board of Directors approved an additional capital raise of approximately NIS 35 million, also through a private allocation of shares and warrants not registered for trading. This allocation consisted of 538,462 units, each including one ordinary share and one warrant. Each warrant is exercisable into one ordinary share of the Company until June 1, 2025, at a price of NIS 95. The total proceeds from the exercise of these warrants, if executed, will be approximately NIS 51 million. The Tel Aviv Stock Exchange Ltd. approved the registration of the securities in a private placement on June 27, 2023. In July 2023, the Company received the issue proceeds amounting to approximately NIS 35 million (NIS 34.5 million, net of issuance expenses).

On March 28, 2024, the Company's Board of Directors approved an investment agreement with DENSO CORPORATION, a party to the joint development agreement. Under this agreement, DENSO will make a financial investment of approximately NIS 37.5 million, representing an investment of \$10 million in exchange for the allocation of 235,358 ordinary shares of the Company via a private placement. On April 12, 2024, approximately NIS 37 million was received from DENSO, which corresponds to the previously mentioned investment (NIS 37 million, net of issuance expenses).

On August 29, 2024, the Company's Board of Directors approved an investment agreement with one of the world's leading automobile manufacturers, under which the manufacturer will provide a financial investment of approximately NIS 50 million, reflecting an investment of \$13.5 million in exchange for 291,911 ordinary shares of the Company through a private placement. On September 29, 2024, approximately NIS 50 million was received, which constitutes the

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

aforementioned investment amount (NIS 49.2 million, net of issuance expenses).

The movement in the number of warrants and their weighted average exercise prices is as follows:

	<b>Year ended on December 31</b>					
	<b>2024</b>		<b>2023</b>		<b>2022</b>	
	<b>Number of options</b>	<b>Weighted average of the exercise price</b>	<b>Number of options</b>	<b>Weighted average of the exercise price</b>	<b>Number of options</b>	<b>Weighted average of the exercise price</b>
		<b>NIS</b>		<b>NIS</b>		<b>NIS</b>
In circulation at the beginning of the year	1,198,830	61.95	-	-	635,104	178.83
Issued	-	-	1,205,129	61.81	-	-
Expired	-	-	-	-	408,811	209.92
Exercised *	660,368	35	6,299	35.00	226,293	122.67
In circulation at the end of the year	<u>538,462</u>	<u>95</u>	<u>1,198,830</u>	<u>61.95</u>	<u>-</u>	<u>-</u>

\* The total proceeds obtained from these realizations for the years ending December 31, 2024, 2023, and 2022 are NIS 22.96 million (after deducting a distribution fee of NIS 0.2 million), NIS 220 thousand, and NIS 27.76 million (after deducting a distribution fee of NIS 0.8 million), respectively.

**Notes to the Consolidated Financial Statements**

**Note 13 – Recognition of Revenue**

**a. Revenue measuring**

The Group's revenue is measured at the amount of consideration that the Group anticipates being entitled to in exchange for the transfer of promised goods or services to the customer, excluding amounts collected on behalf of third parties, such as certain sales taxes. Revenue is presented net of value-added tax and other taxes collected on revenue.

The Group estimates the amount of consideration to which it will be entitled in exchange for the transfer of promised goods or services within the transaction. The transaction price incorporates all or a portion of the variable consideration only to the extent that it is highly probable that a significant reversal of cumulative revenue recognized will not occur when a subsequent clarification of uncertainty related to the variable consideration arises. At the conclusion of each reporting period, the Group updates the estimated transaction price to accurately represent the prevailing circumstances at that time and any changes during the reporting period.

The Group does not adjust the promised consideration for the influence of a significant financing component if it anticipates, at the contract's inception, that the interval between the date the customer provides payment for goods or services will be one year or less.

**b. Types of revenue for the Group**

1) Revenue from the sale of goods

The Group engages in the manufacture and sale of wireless charging systems for electric vehicles (hereinafter - the System). Revenue is recognized at a specific point in time when the system is installed at the customer's location and confirmation is obtained from the customer that the system operates as defined in the sales contract.

**Notes to the Consolidated Financial Statements**

**Note 13 – Recognition of Revenue (continued)**

**b. Types of revenue for the Group (continued)**

**2) Revenue from the provision of services**

The Group offers wireless charging services to customers while they utilize the terminals where the system is installed. Revenue from service provision is recognized upon the performance of the service. Additionally, the Group provides maintenance and operational services for the systems to customers who have purchased the Group's charging system.

As of the date of approval of the financial statements, the Group has recognized revenue of an immaterial amount from the provision of services.

As of December 31, 2024, and 2023, there exists a balance within current assets amounting to NIS 11,657 thousand and NIS 60 thousand, respectively, classified under assets for contracts with customers.

The trade receivables balance pertains to amounts received from the Group's customers for goods sold or services rendered in the ordinary course of business. When the collection of these amounts is expected to occur within one year, they are classified as current assets; otherwise, they are categorized as non-current assets.

**Notes to the Consolidated Financial Statements**

**Note 14 – Research & Development Expenditure – Net**

Research expenditure is recognized as an expense when incurred. Costs incurred for development projects are recognized as intangible assets when the following criteria are satisfied:

- There is technical feasibility to complete the intangible asset, enabling its availability for use;
- Management intends to complete the intangible asset and either utilize or sell it;
- The intangible asset is capable of being utilized or sold;
- The ability to demonstrate how the intangible asset will generate expected future economic benefits exists;
- Adequate resources—technical, financial, and otherwise—are available to complete the development, utilize the intangible asset, or sell it;
- The expenditure attributed to the intangible asset during its development can be measured reliably.

Other development expenditures that do not meet these criteria are recognized as expenses when incurred. Development costs previously recognized as expenses are not reclassified as assets in subsequent periods.

As of December 31, 2024, the Group has not met the rules regarding the capitalization of development costs as intangible assets; consequently, no asset has been recorded in the financial statements to date for such costs.

**Government grants**

Government grants related to costs are recognized in profit or loss systematically over the periods in which the Group recognizes the associated costs (for which the grants are intended to provide compensation) as expenses.

Grants obtained from the Innovation Authority for participation in research and development conducted by the Group (hereinafter – Innovation Authority grants) and other government grants are categorized as "forgivable loans" under IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance".

**Notes to the Consolidated Financial Statements**

**Note 14 – Research & Development Expenditure – Net (continued)**

**Government grants (continued)**

Liabilities in respect of government grants are recognized and measured in accordance with IFRS 9, "Financial Instruments". If, at the eligibility date for the grant, the Company's management determines that there is no reasonable assurance that the grant, for which the entitlement has been established, will not be repaid, the Group recognizes, at that date, a financial liability that is addressed according to the provisions outlined in IFRS 9 concerning financial liabilities measured at amortized cost. The difference between the grant received and the fair value of the aforementioned financial liability at the date of initial recognition is treated as a government grant, which is charged to profit or loss as a reduction of research and development expenses.

Conversely, if management concludes that there is reasonable assurance that the grant will not be repaid, the grant is recognized at that date as a reduction of research and development expenses in profit or loss. Should management, in a subsequent period, ascertain that there no longer exists reasonable assurance regarding the non-repayment of the grant, the Group recognizes a financial liability against profit or loss at that date, treated in accordance with the stipulations of IFRS 9 regarding financial liabilities measured at amortized cost.

Furthermore, the Company's management is required to assess whether there exists reasonable assurance that the received grant will not be repaid. In situations where the grant is initially recognized in the income statement, management must evaluate whether a probability of reasonable assurance regarding the project's success and the subsequent payment of royalties to the Innovation Authority has been established. As of December 31, 2024 and 2023, the Group remains engaged in the pilot and proof-of-feasibility phases for wireless charging technology for electric vehicles, which has not yet been validated. The Group has entered into agreements with several companies in Europe, the United States, and Israel to perform pilot projects.

Since the system is still in the development stage, the Group concludes that there is no reasonable assurance of royalty payments to the Innovation Authority beyond the liability recorded by the Company concerning those projects (refer to Note 11B).

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 14 – Research & Development Expenditure – Net (continued)**

**Government grants (continued)**

The following is the composition of research and development expenses, net:

	<b>Year ended on December 31</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>NIS in thousand</b>		
Salary and related expenses	35,119	26,489	23,689
Share-based payment	4,331	2,961	4,764
Subcontractors and consultants	5,920	5,226	6,551
Consumables and materials	5,652	12,730	18,270
Depreciation	1,600	1,362	902
Other	6,214	4,941	3,835
	<u>58,836</u>	<u>53,709</u>	<u>58,011</u>
Net of participation in research and development expenses, see Note 11	<u>(2,826)</u>	<u>(5,177)</u>	<u>(7,499)</u>
	<u><u>56,010</u></u>	<u><u>48,532</u></u>	<u><u>50,512</u></u>

**Note 15 – Marketing and Business Development Expenses**

	<b>Year ended on December 31</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>NIS in thousand</b>		
Salary and related expenses	12,600	10,330	8,998
Share-based payment	2,755	4,025	8,573
Professional services	2,195	4,441	2,903
Marketing materials	1,093	1,116	783
Other	260	313	153
	<u>18,903</u>	<u>20,225</u>	<u>21,410</u>

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 16 – Administrative and General Expenses**

	<b>Year ended on December 31</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>NIS in thousand</b>		
Salary and related expenses	4,917	3,571	3,452
Share-based payment	1,033	478	1,078
Rent and Maintenance	907	917	722
Directors' Compensation	590	793	542
Professional Services	2,939	2,852	4,524
Depreciation	1,082	948	867
Other	1,189	1,092	1,183
	<u>12,657</u>	<u>10,651</u>	<u>12,368</u>

**Note 17 – Other Expenses**

On the night of August 16-17, 2023, a break-in occurred at the Company's warehouses in Beit Yanai, resulting in the theft of equipment (hereinafter - the break-in event). During the break-in event, no Company employees were present in the area affected, and no injuries were reported. The Company assesses that the stolen equipment is unlikely to impact future projects to which it has committed, including delivery schedules and the quality of the systems to be provided. The value of the stolen equipment is approximately NIS 2.6 million. Consequently, the Company has recorded an expense in its financial statements equivalent to the value of the stolen equipment.

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 18 – Financing (Income) Expenses**

	<b>Year ended on December 31</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>NIS in thousand</b>		
<b>Financing expenses:</b>			
To banking corporations	242	430	435
For lease liability	292	30	62
Exchange rate differences	7,555	-	-
Other	500	76	6
<b>Total financing expenses</b>	<b>8,589</b>	<b>536</b>	<b>503</b>
 <b>Financing income:</b>			
Interest income from deposits	(1,890)	(993)	(341)
Exchange rate differences	-	(2,224)	(580)
Other	(100)	(36)	(48)
<b>Total financing income</b>	<b>(1,990)</b>	<b>(3,253)</b>	<b>(969)</b>
<b>Financing income, net</b>	<b>6,599</b>	<b>(2,717)</b>	<b>(466)</b>

## Electreon Wireless Ltd.

### Notes to the Consolidated Financial Statements

#### Note 19 – Loss Per Share

The calculation of basic loss per share is predicated upon the loss attributable to the Company's ordinary shares, divided by the weighted average number of ordinary shares in circulation during the reporting period.

In the computation of diluted loss per share, the weighted average number of shares that may be issued is aggregated with the average number of ordinary shares utilized in the basic calculation, contingent upon the assumption that all potential dilutive shares will be converted into shares. Potential shares are considered only when their effect is dilutive, meaning they increase the loss per share.

##### a. Basic loss per share

Basic loss per share is determined by dividing the loss attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares issued.

	<b>Year ended on December 31</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Loss for the year (in thousands of NIS)	85,123	75,833	82,582
Weighted average number of ordinary shares issued	<u>12,520,481</u>	<u>11,217,719</u>	<u>9,891,978</u>
Basic loss per ordinary share (in NIS)	<u>6.80</u>	<u>6.76</u>	<u>8.35</u>

##### b. Diluted loss per share

In the calculation of diluted loss per share for the reported years, warrants and options were excluded from consideration as their impact, under the assumption of full dilution, is anti-dilutive.

## Electreon Wireless Ltd.

### Notes to the Consolidated Financial Statements

#### Note 20 – Transactions and Balances with Stakeholders and Related Parties

"Stakeholder" is defined in the Securities Regulations (Annual Financial Statements), 5770-2010.

"Related party" is defined in IAS 24, "Related Party Disclosures".

The Company's key management personnel, as classified under the definition of "related parties" in IAS 24, encompass the members of senior management and the Board of Directors.

On December 9, 2020, an update to the employment terms of the CEO and Chairman of the Board of Directors, Oren Ezer, and the Chief Scientist, Hanan Rumbek, was approved. The updated monthly salary for each individual was established at NIS 65,000. Additionally, a bonus amounting to five months' salaries was approved for both individuals. This compensation was retroactively updated for the years 2020 and 2019. On March 30, 2022, the Compensation Committee and the Company's Board of Directors sanctioned a discretionary grant equivalent to four months' salary based on the updated salary to the Chairman of the Board of Directors and the Chief Scientist, contingent upon shareholder approval, which was subsequently received on May 19, 2022.

On December 28, 2023, a revision to the employment terms of the CEO and Chairman of the Board of Directors, Oren Ezer, who is both an officer and a shareholder in the Company, was approved. His revised monthly salary will be NIS 65,000 in the first year, with an annual adjustment of 10% for the second and third years.

#### a. Compensation for key personnel in management:

	For year ended on December 31		
	2024	2023	2022
<b>CEO and VPs:</b>			
Salaries and other short-term employee benefits	6,125	5,519	5,416
Severance pay	410	342	352
Other long-term benefits	-	-	126
Share-based payment	1,398	896	1,023
Total	<u>7,933</u>	<u>6,757</u>	<u>6,917</u>

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 20 – Transactions and Balances with Stakeholders and Related Parties  
(continued)**

**b. Transactions with and benefits to stakeholders and related parties:**

	<b>Year ended on December 31</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>NIS in thousand</b>		
Compensation for officers who are stakeholders in the Company*	1,749	1,765	2,542
Number of people to whom the benefit relates	2	2	2
Directors' compensation**	590	793	542
Number of directors to whom the benefit relates	4	4	4

\* In addition to the salary as detailed above, the Company recognized a share-based payment totaling NIS 40 thousand during the year ended December 31, 2022, for the issuance of options to officers who were, at that time, controlling shareholders of the Company. The shareholders' agreement among the former controlling shareholders expired on August 10, 2022; therefore, as of that date, the Company has no controlling shareholder.

\*\* In addition to the directors' compensation as detailed above, the Company recognized share-based payments in the years ended December 31, 2024, 2023, and 2022, amounting to NIS 435 thousand, NIS 100 thousand, and NIS 200 thousand, respectively, for granting options to four directors, as detailed in Note 12B.

**c. Payables with stakeholders and related parties:**

	<b>December 31</b>	
	<b>2024</b>	<b>2023</b>
	<b>NIS in thousand</b>	
For salary, fringe benefits and other benefits - the balance shown in the "Trade and other Payables" item as part of current liabilities	336	955

**Electreon Wireless Ltd.**

**Notes to the Consolidated Financial Statements**

**Note 21 – Events Subsequent to the Date of the Statement of Financial Position**

Subsequent to the date of the report, a total of 8,812 options and non-marketable option warrants were exercised, resulting in total proceeds of NIS 1.2 million.

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