



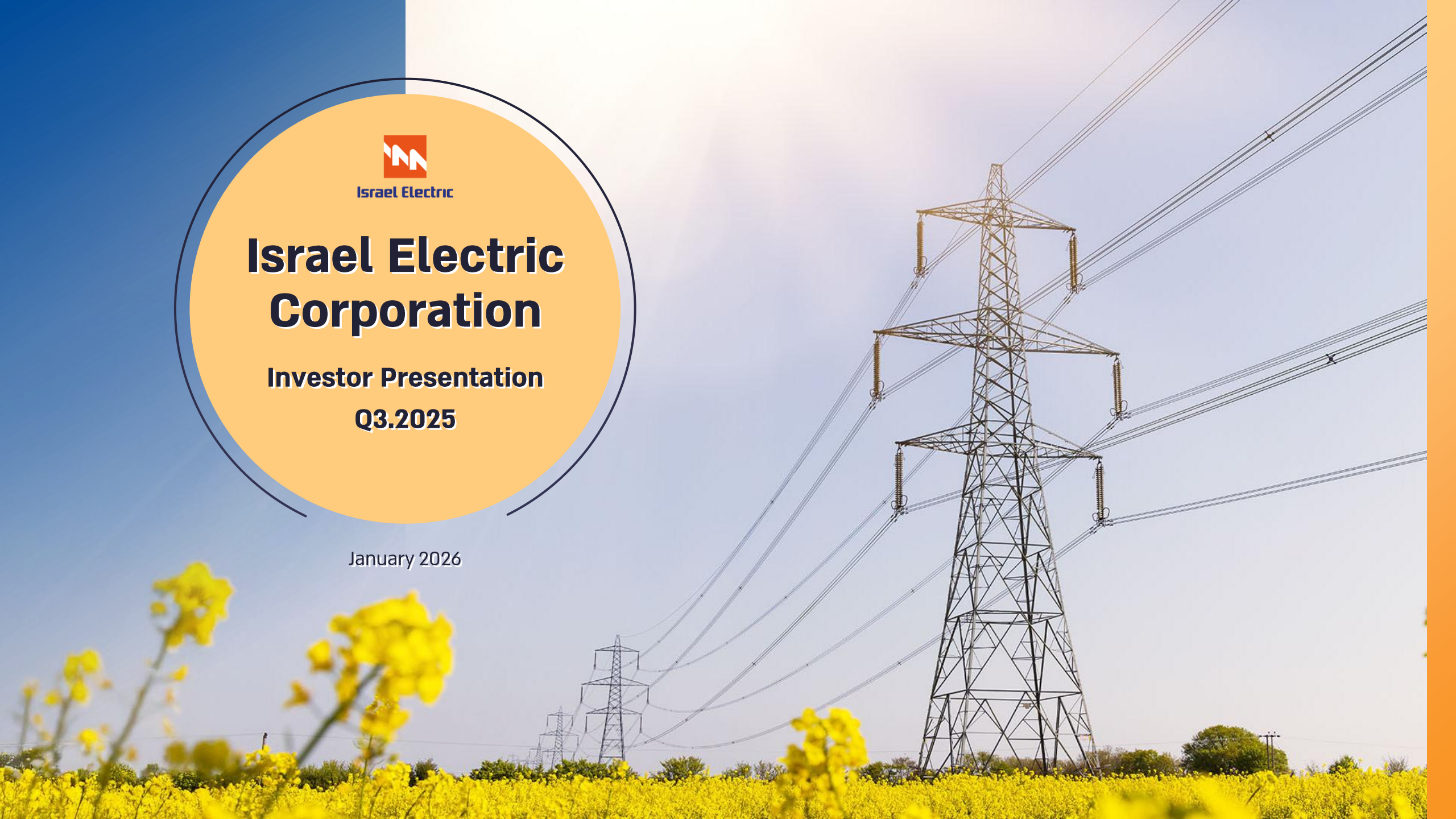
Israel Electric

Israel Electric Corporation

Investor Presentation

Q3.2025

January 2026



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Executive Summary





Israel Electric Corporation at a Glance

Established in 1923, the Israel Electric Corporation Limited ("IEC") is a **dominant force** in Israel's electricity sector, serving as essential **service provider** and the country's only fully **vertically integrated utility** across the entire electricity value chain

IEC is focusing on strengthening its **Financial Robustness**, meeting Key Financial Targets and maintaining an adequate liquidity cushion

IEC is **driving Israel's energy revolution** by ensuring reliable, clean and accessible electricity; expanding transmission and distribution infrastructure; integrating renewable energy and advancing cutting-edge technologies

IEC focuses on **natural gas as the primary energy** source and is phasing out coal usage, with the goal of reducing the environmental impact of electricity generation

Growth between 2014-2024: 13%-18% in the transmission network, 19%-25% in the distribution network and 32% in total electricity market demand

Israel's Power Grid

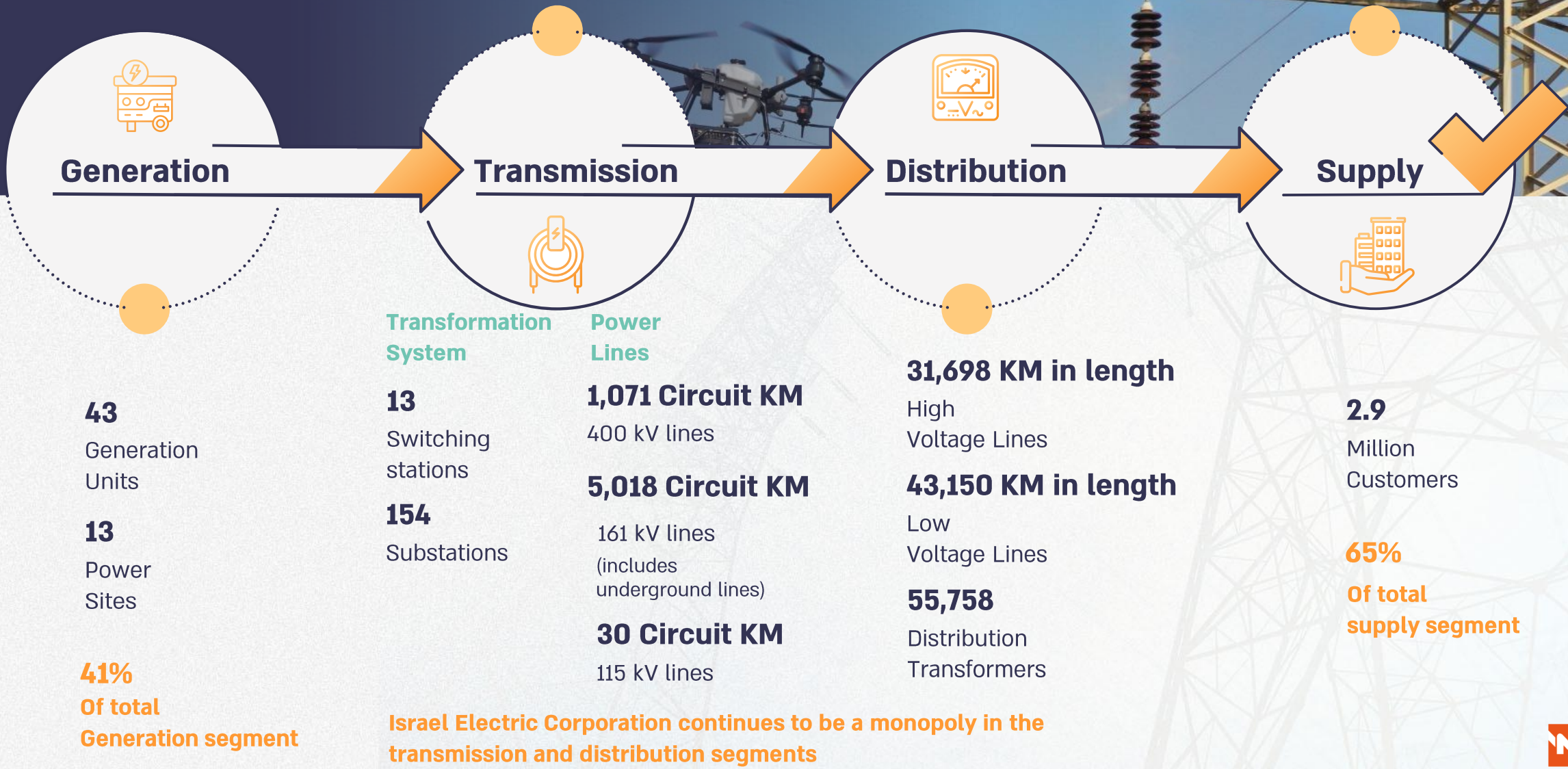
-  400 kV lines
-  161 kV lines
-  Power stations



The Israel Electric Corporation will continue to be the leading operating company in Israel's energy sector, the leading electricity supplier in Israel and an efficient and advanced electricity producer, positioning itself as one of the leading and innovative network infrastructure companies in the world

Source: The Electricity Authority - Report on the Israeli Electricity Sector for 2024

IEC Electricity supply Chain



Israel Macro Snapshot

Israel's macroeconomic fundamentals continue to demonstrate strength and resiliency

Key Parameters⁽¹⁾

4.0% BOI Interest Rate	2.6% 2025 Inflation Rate	10.2mn A Young, Fast-growing Population
3.1% Unemployment Rate	\$55.8k GDP Per Capita	3.6% Average GDP Growth (2014-2024)
69.0% 2024 Public Debt / GDP	4.2% 2025E Fiscal Deficit	\$17.1bn 2024 Current Account Surplus

Key Highlights

Israel's economy is defined by **resilience**, consistently proving its ability to **withstand shocks and recover swiftly**

Israel's **GDP growth consistently outpaces the OECD average**, fueled by robust private consumption and steady public spending

Since the beginning of 2025, **Israel's capital markets outperformed global benchmarks** with robust **growth** in activity

Key Investment Highlights



Government Company

Majority Ownership:
99.85% held by the
State of Israel



Essential Service Provider

IEC is the only company
in Israel operating across
the entire electricity
value chain



Focusing On The T&D Segments

IEC is focusing its operations on the
transmission and distribution
segments, while scaling down its
activities in the generation segment



Transmission, Distribution And Storage Licenses

Licenses have been granted, signed
by the Minister of Energy and
Infrastructure valid for 20 years
(until 2043-2044)



Fully Regulated Across All Segments

Electricity tariffs are regulated
by the Electricity Authority
and, as of January 2026, are
updated automatically based
on regulatory indices. The final
recognized tariff ensures
predictable and stable
revenues for IEC



Natural Gas Independence

Significant gas discoveries have
paved the way for IEC's reduced
dependency on heavy fuels. A long-
term agreement was signed with the
rights holders in the Tamar License,
as well as spot gas supply
agreements from Leviathan
and Karish fields



Preparing The Ground For Renewables

IEC is developing the electricity
grid to enable the integration of
renewable energy, the
establishment of energy storage
facilities, and the growth in the
number of electric vehicles



ESG (Environment, Social & Governance)

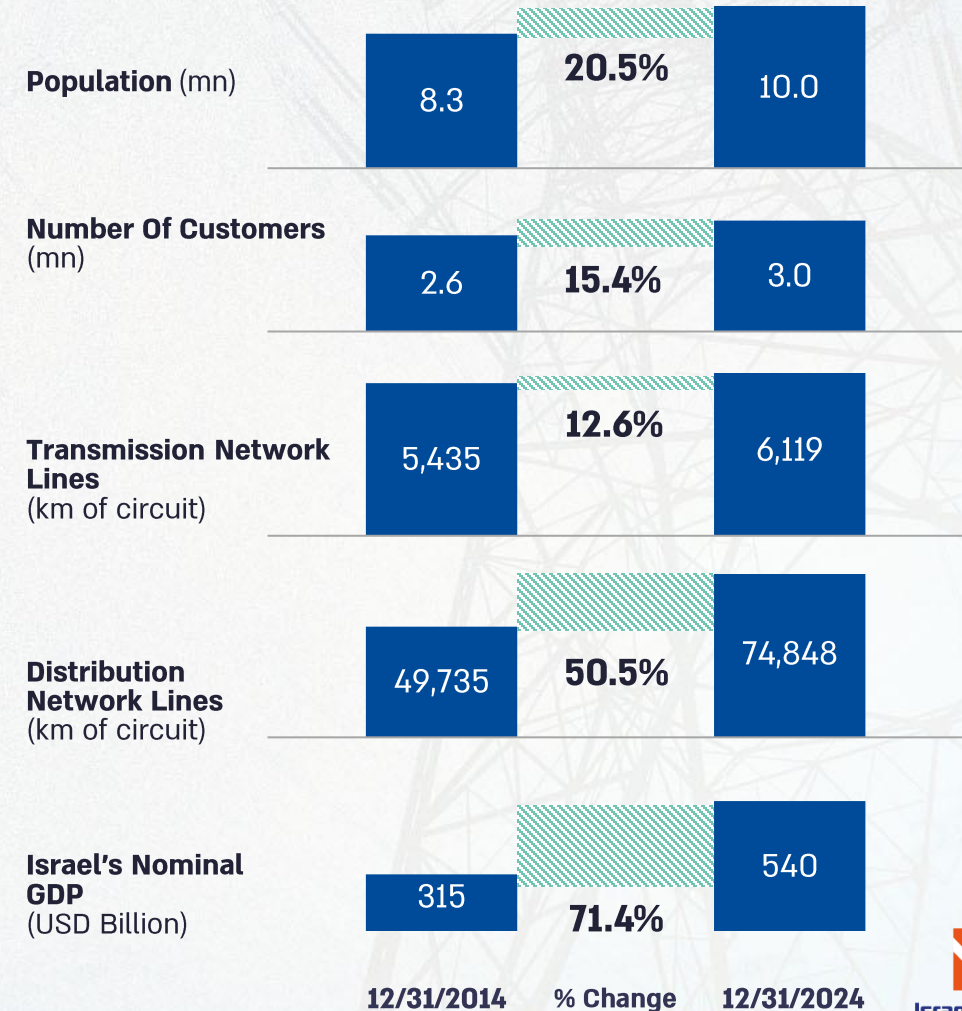
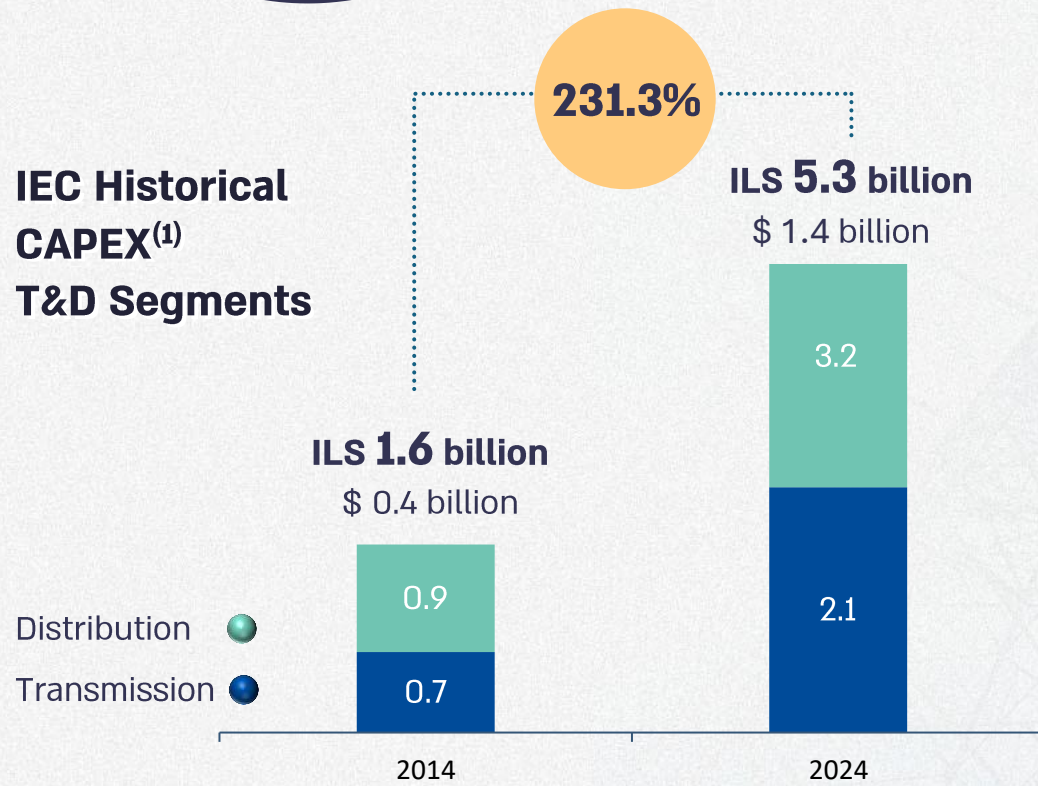
IEC is expanding its ESG-related
activities, particularly in the
environmental aspect, in the social
aspect (diversity and inclusion
policy) and is strengthening its
corporate governance



**Then
vs.
Now**

Israel Electric Corporation continues to be the sole vertically integrated electric utility in Israel

**IEC Historical
CAPEX⁽¹⁾
T&D Segments**



Source: IEC Financial Statements for FY2014 and for FY2024, Israeli Central Bureau of Statistics, World Bank

1. CAPEX after re-measurements, reform costs and lease

* Financial Figures denote USD figures at USD/ILS average exchange rate of 3.58 & 3.70 for FY2014 & FY2024, respectively



Operational Overview





Main events during 2023-2025

Continuous effects of War of Redemption (“Swords of Iron War”)

- Site protection plan, increasing emergency inventories
- Purchase diesel oil, as part of the Israeli electricity sector's emergency fuel reserves
- Moody's credit rating has been downgraded from 'baa1' to 'baa2', negative outlook
- S&P Ratings moved the Company's 'BBB+' rating outlook from 'stable' to 'Negative' (On November 21, 2025, S&P Ratings decided to upgrade the Company's 'BBB+' rating outlook from 'Negative' to 'Stable')
- Several projects delays and disruptions

Impacts of “Rising Lion” operation

- Sites damages quickly repaired
- No material effect on the company's ongoing operations

Other Impacts

- Final settlement for full payment of ILS 1.1 billion for all electricity debts of the Palestinian Authority and the East Jerusalem Electricity Company towards Israel Electric Corporation
- A settlement agreement of approximately ILS 396 million has been signed and fully received by Israel Electric Corporation with an insurance company, covering damages caused to the company due to the crane collapse at Rutenberg site

IEC's resilient grid – Operational continuity and secure electricity despite the challenges

Areas of focus

● **Distribution segment**
development plan

Expected investment
of

5.6
Billion USD

● **Transmission segment**
development plan

Expected investment
of

4.9
Billion USD

● Significant
CAPEX plan to
support the electricity
sector challenges

Approx.

2.1
Billion USD
average per year

● Discussions with
the Electricity
Authority and
governmental
entities regarding
the **forecasted
costs and an
adequate return
on equity**
(electricity tariff)

● Phasing out
coal in regular
usage

Over the years 2025-2030



Transmission segment development plan for 2025-2030

- Approved by the Minister of Energy and Infrastructure and the Electricity Authority
- The plan includes multiple projects and intended to integrate renewable energy generation facilities, enhance the reliability of electricity supply, and strengthen network resilience in line with government policy

By 2030

492

circuit km

Addition of
ultra-high
voltage
transmission
lines (400 kV)

789

circuit km

Addition of
high voltage
transmission
lines (161 kV)

983.3

circuit km

Upgrade of
existing
network
(utility poles)

558.6

circuit km

Rebuild
existing
network

280

circuit km

Addition of
underground
cables

By 2026

16,395

**Mega Volt
Amperes**

Expected capacity
of switching stations

25,584

**Mega Volt
Amperes**

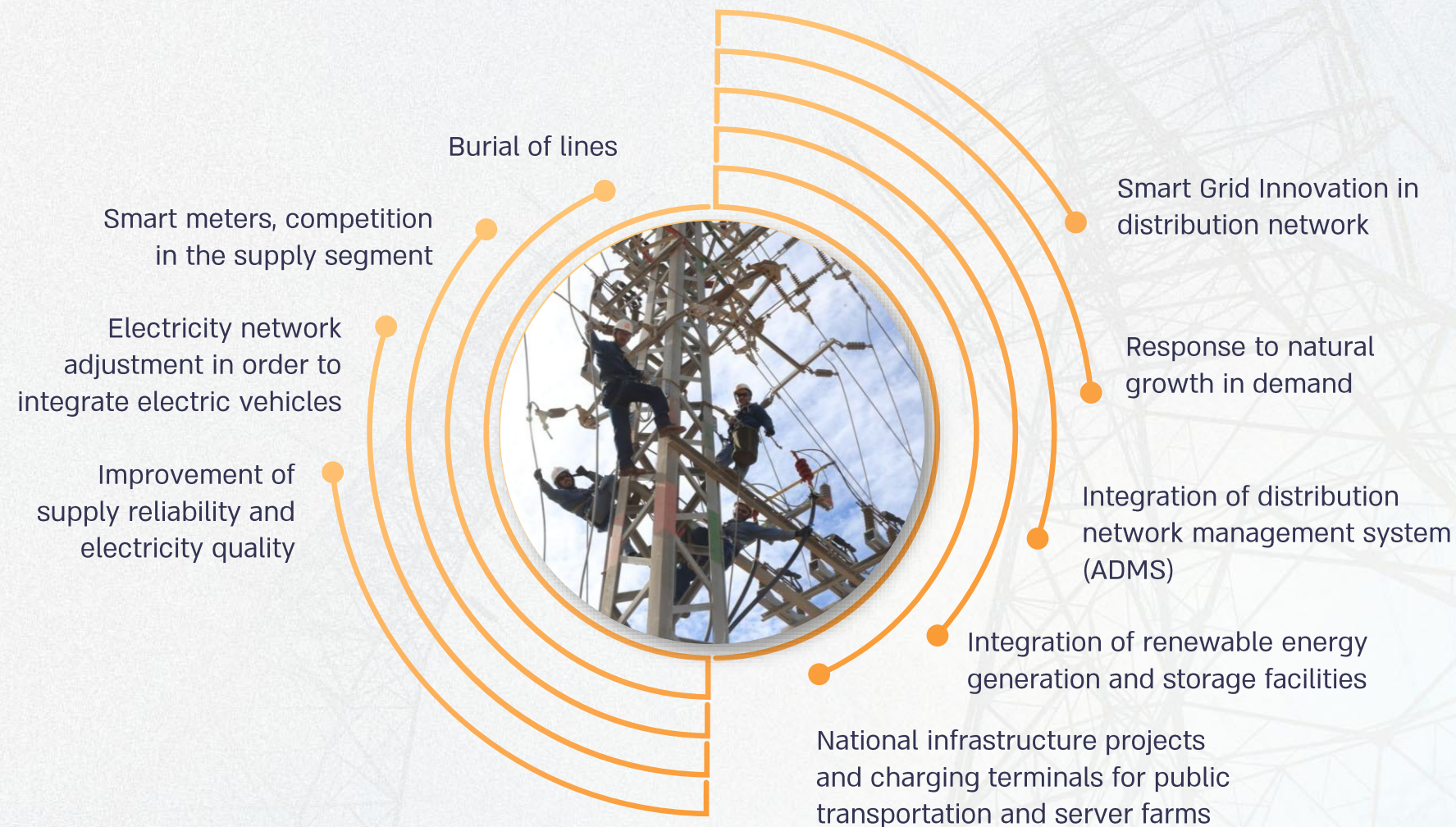
Expected capacity
of substations

Source: IEC 's Financial Statements for FY2024, Offering Circular, resolution no. 65702 of the Electricity Authority as of June 4, 2023

The targets are updated from time to time due to delays and exogenous constraints beyond the company's control



Distribution Segment Development Plan for 2025-2030



Energy Storage

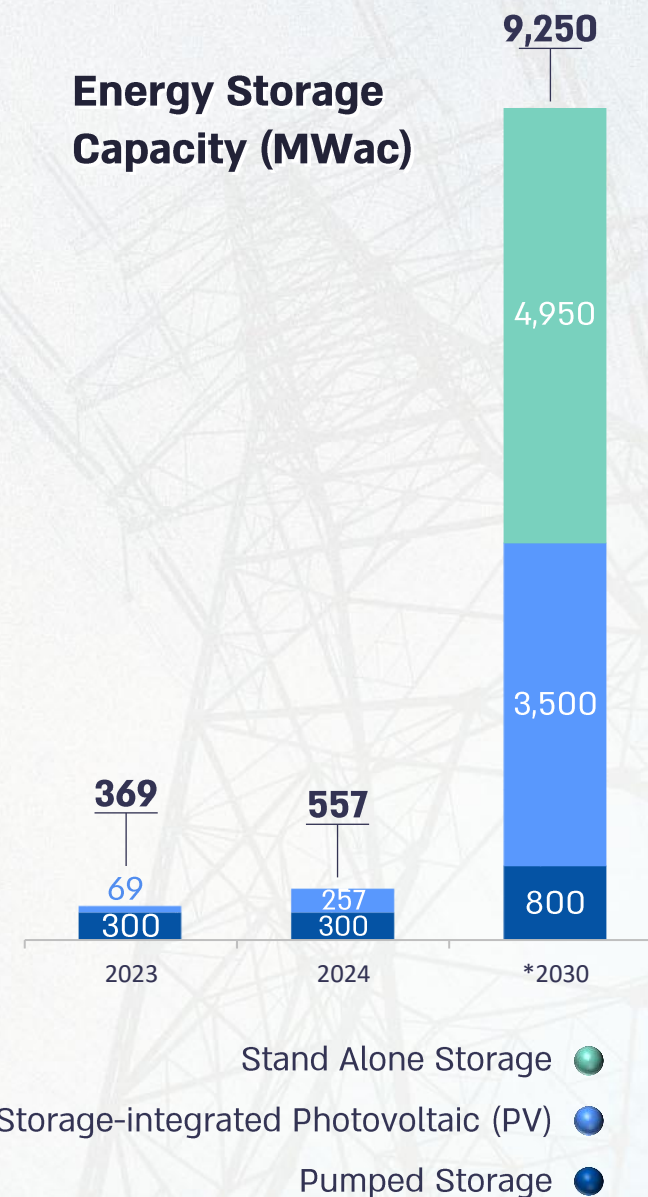
Promoting Energy Storage

IEC is permitted to develop storage capacity limited to 15% of the storage capacity advanced by the private sector in the previous year

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

Expected integration in the coming years of independent energy storage such as solar, pumped and stand-alone pumped storage

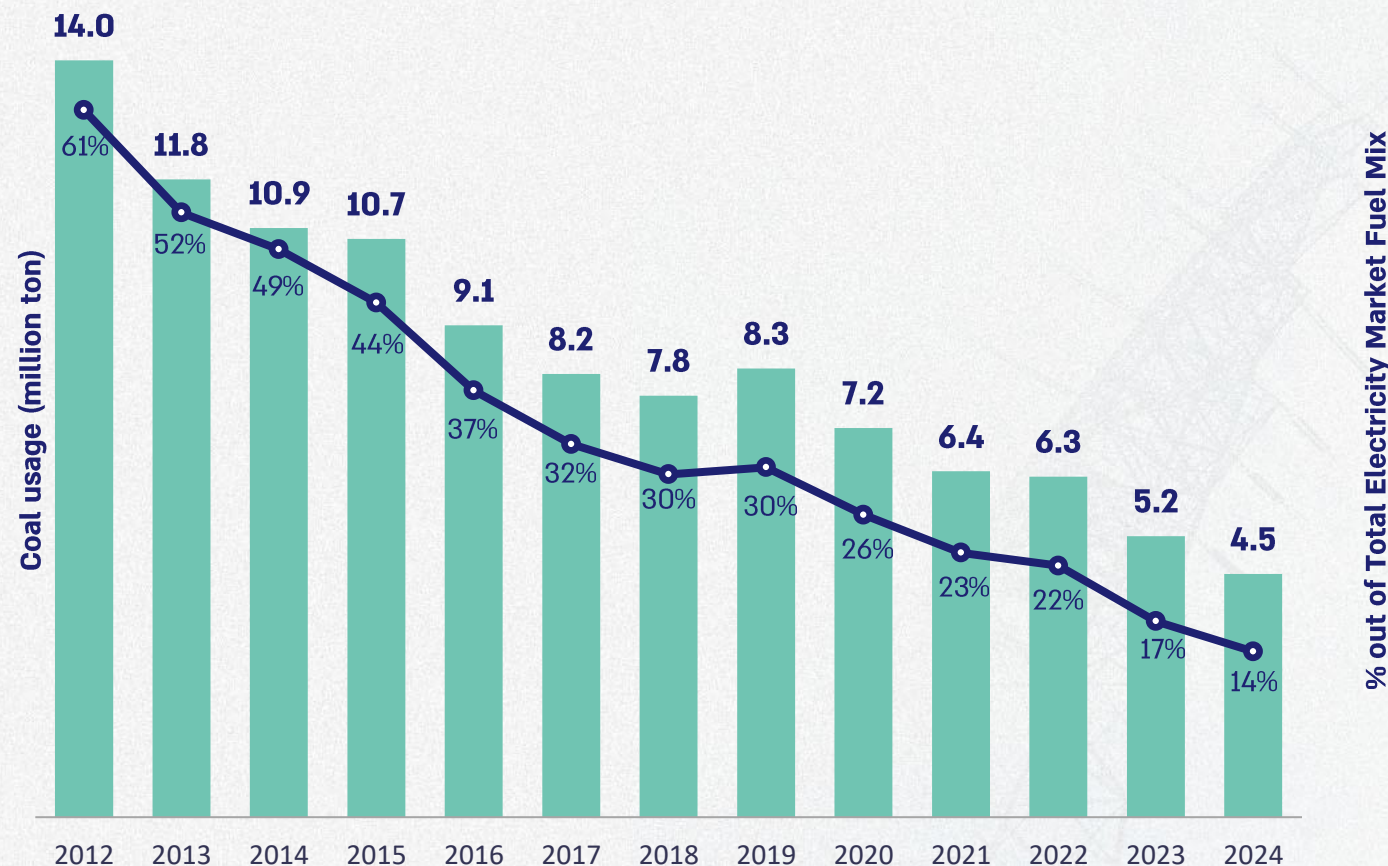
Energy Storage Capacity (MWac)



Source: The Electricity Authority - Report on the Israeli Electricity Sector for 2023-2024

* The Electricity Authority Forecast, based on the answers of the distributor and connection surveys given in the market

Coal Usage Over Time



Source: IEC's Financial Statements for FY2012-FY2024 and Q3.2025 ; The Electricity Authority - Report on the Israeli Electricity Sector for 2024

1. Unit 1 received a temporary permit for commercial operation on February 4, 2025. An update will be made to the gas conversion schedule for units 2-4 at the Rutenberg power station, in light of the implication of "Rising Lion" operation, Noga's requirements for unit availability during the summer period, and the fire incident in the unit 4 FGD scrubber. In accordance with the Ministry of Environmental Protection

2. In accordance with the position of the Power Authority and the hearing published by the Electricity Authority on this matter, the amendment of the emission permit is still in process. For further details, please refer to IEC's FY2024 and Q3.2025 Financial Statements

Future of coal –

IEC focuses on transmission and distribution segments and greener energy

- The State of Israel signed the Paris Agreement in 2016
- There are 10 coal fired units with total capacity of 4,840 MW, of which:
 - 3,400 MW – 4 units have been already phased out from coal in routine operation. 2 units will be phased out of coal in routine operation by the end of 2026⁽¹⁾
 - 1,440 MW – 4 generation units are expected be placed in hot standby until the end of 2028⁽²⁾
- The system management company's (Noga) position stipulates that coal-fired generation capacity must be preserved to ensure operational continuity of the electricity system in emergency situations. The Electricity Authority's recommendation to the Minister of Energy supports the continued conversion of the remaining coal units to natural gas





Natural Gas Overview

Firm gas supply from domestic fields to ensure long-term energy security

A long-term Gas Sale and Purchase Agreement (GSPA), was signed with the rights holders in Tamar License on March 2012, and amended in 2021, with effectiveness until December 31, 2030

Until 2028, the Company is obliged to purchase minimum quantity of natural gas through the "Take or Pay" mechanism ("TOP")

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

Price of gas for the quantity beyond the minimal annual amount (TOP), will be lower than \$4 per Million British Thermal Units (MMBTU), without indexation

IEC signed a memorandum of understanding with Tamar partners, which expired on October 23, 2025, after the parties did not reach a binding agreement. On December 9, 2025, the Company opened an arbitration process against all the Tamar Partners, pursuant to the provisions of the Tamar Agreement

IEC has signed two gas supply purchase agreements with the Leviathan and Karish fields. Both agreements are structured without any TOP obligations, with price determined on an ad hoc (spot) basis



Israeli Electricity Sector

Electricity Sector Reform, Structural Change

Generation and Supply Segments

New Combined Cycle Gas Turbines at Orot Rabin

Construction of units 70-80, operated by the Wholly-owned Netiv Ha'or

Unit 70

- Commercial operation began in January 2025

Unit 80

- Commercial operation began in January 2026
- As of September 30, 2025, a total of ILS 4.7 billion was invested in the project⁽¹⁾

Operational sites sale

- Transfer of Eshkol site to the buyers on June 3, 2024, for approximately ILS 9.2 billion. The land value to be recognized by the company as part of the site sale⁽²⁾⁽³⁾ is expected to amount to ILS 1.74 billion
- Reading site – a decision of the Israeli Government has not yet been made regarding its designation

Competition in the supply segment

- Starting on January 1, 2024, independent private producers may sell energy to virtual private suppliers in bilateral private transactions without price supervision. As of the date of the offering Circular, there are 50 suppliers who do not own generation facilities
- All households are allowed to engage with private suppliers without the requirement of a smart meter, starting July 1, 2024
- No significant impact on the Company's income (revenues from the supply segment constitute approx. 2% of the total revenues of Q3'2025). IEC has no certainty regarding the number of customers who will move to virtual suppliers or the expected consequences in the medium and long term

Source: IEC's Financial Statements for FY2024, Q2.2025 and Q3.2025, Offering Circular, Immediate Report dated January 8, 2026 – Generation license granted to Netiv Ha'Or (unit 80)

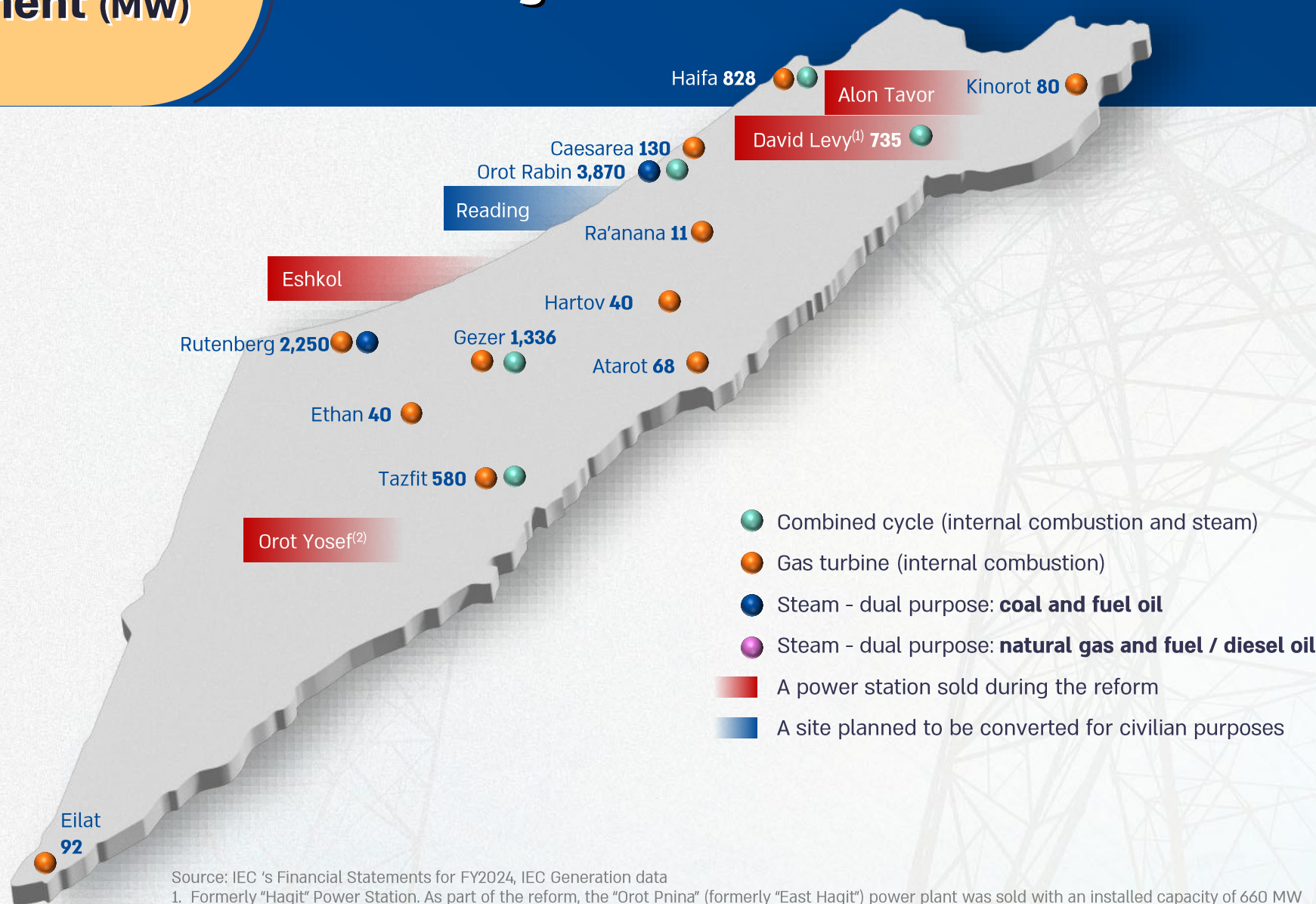
1. The investment includes credit costs capitalization during the construction period

2. Update regarding the Israeli Electricity Authority's decision dated July 24, 2025, concerning the land value

3. The Electricity Authority allowed the Company to keep the amount forfeited from the performance guarantee of Eshkol Power Energy, totaling approximately ILS 100 million

The Reform in the Generation Segment (MW)

Selected generation sites



Source: IEC 's Financial Statements for FY2024, IEC Generation data

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

2. Formerly "Ramat Hovav" Power Station



The Israel Electric Corporation's Generation Segment

	No. of units	Installed Capacity (MW)
Steam (dual purpose) (coal and fuel oil) ⁽¹⁾	7	3,140
Steam (NG converted)	3	1,700
Gas turbine (internal combustion, industrial gas)	9	914
Gas turbine (internal combustion) (jet engine operated by diesel fuel)	15	494
Combined cycle (internal combustion and steam)	9	3,866
Total	43	10,114

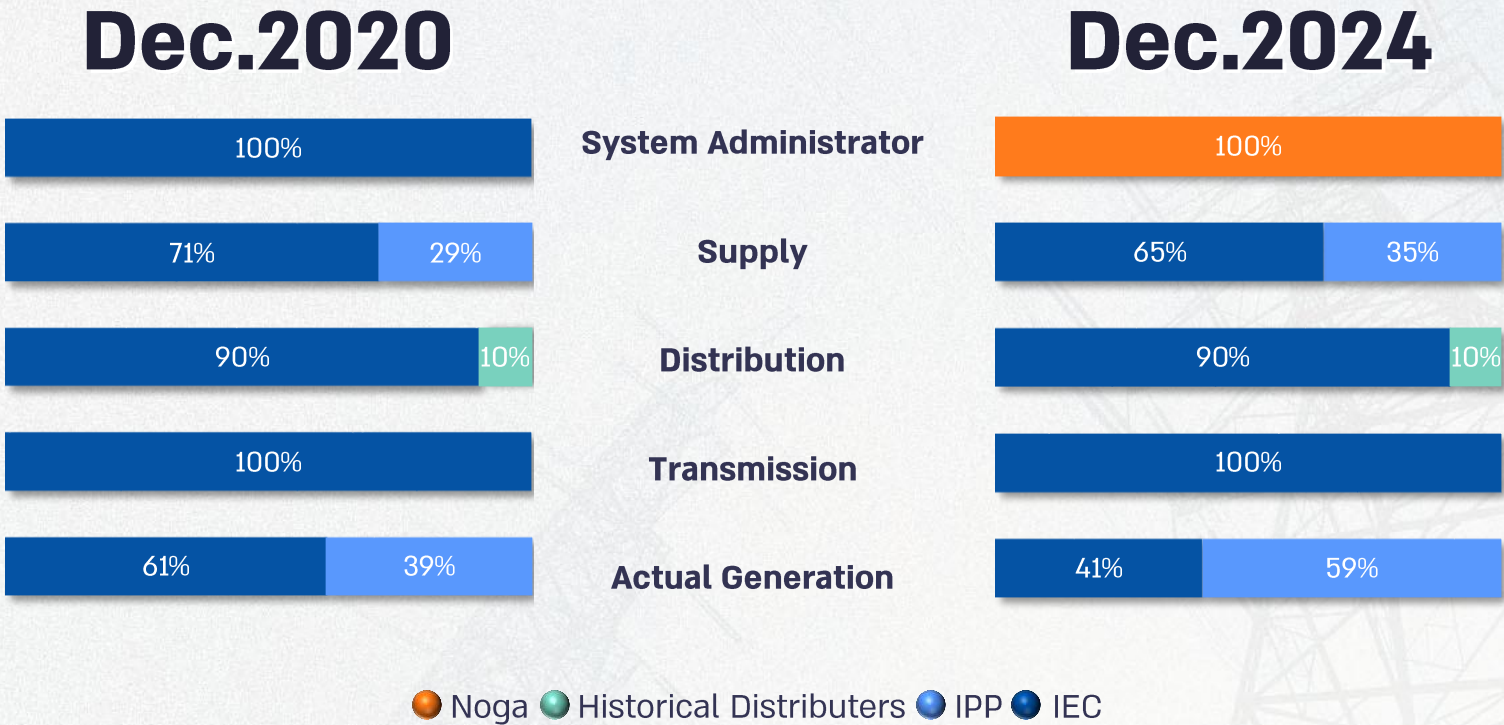
Total generation in the electricity sector is expected to be based on natural gas and renewable energies starting in 2027⁽²⁾

Source: IEC's Financial Statements for FY2024 and Q3.2025, IEC generation data as of January 7, 2026

1. In accordance with the policy principles of the Minister of Energy, as published on the Ministry of Energy website on November 24, 2019, it has been determined that units 5-6 at Orot Rabin Power Station and units 1-4 at Rutenberg Power Station will undergo a gradual conversion to natural gas. On August 31, 2025, a decision was made by the Minster of Energy in accordance with the policy principals, following the results of the examination by the Electricity Authority, the Minister decided to continue with the gradual conversion process of generation units 5-6 at Orot Rabin and 1-4 at Ruthenberg, from coal to natural gas, in order to cease the regular use of coal

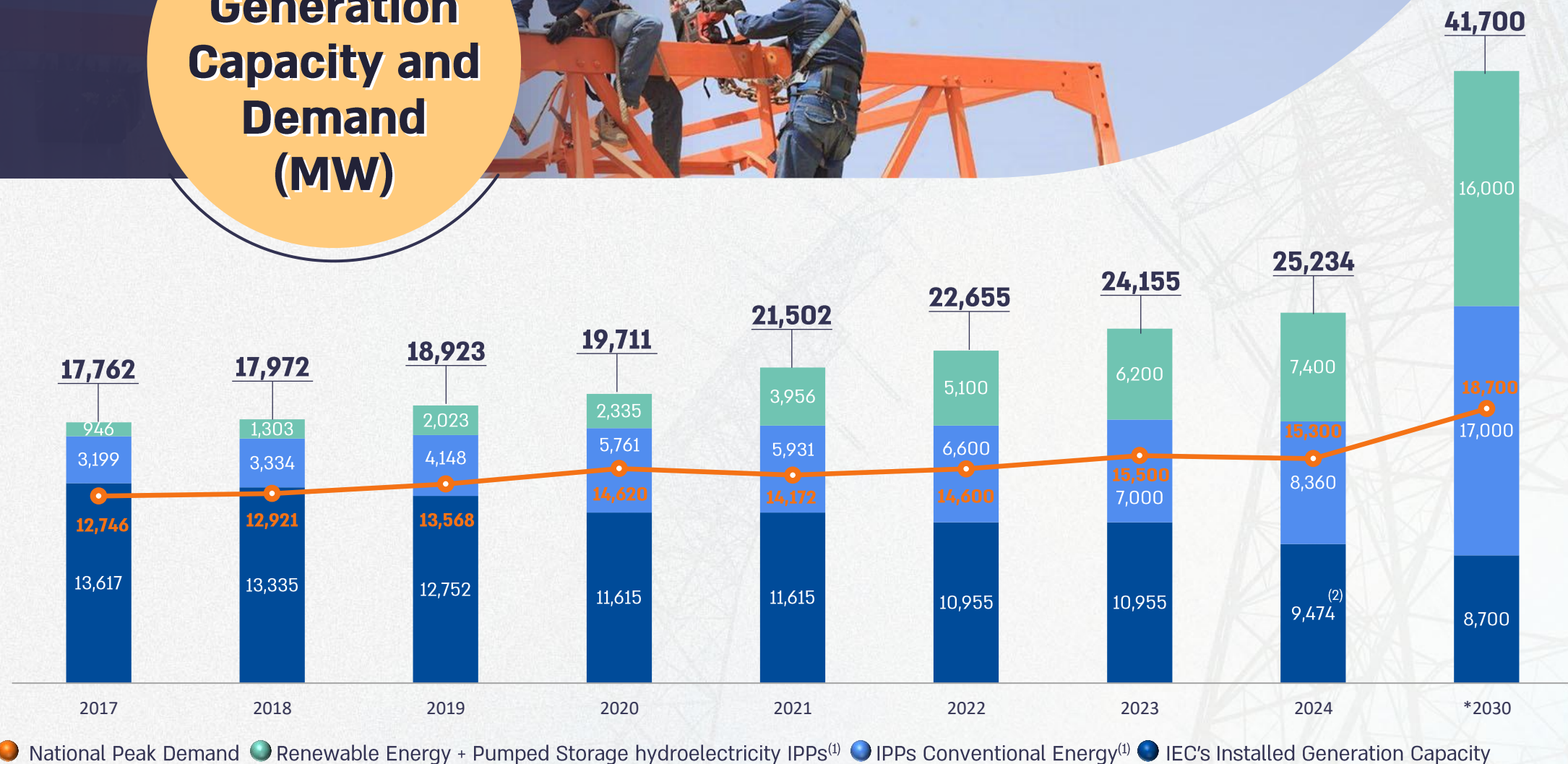
2. The forecast is contingent upon approvals from Noga, and provided that no additional exogenous circumstances occur beyond IEC's control. IEC's share in this future generation will be solely in natural gas

The Israeli Electricity Sector Structure



- ISO (Independent System Operator) Noga was established to manage the electricity system in Israel
- In line with recent structural reforms, IEC's market share in the generation segment has been reduced to foster competition
- IEC will pivot its operations to consolidate its leadership role within the transmission and distribution segments
- IEC continues to operate as an Essential Service Provider, retaining control over the transmission grid and most distribution activities

Israel Generation Capacity and Demand (MW)



Source: IEC's Financial Statements (FY2017-FY2024), The Electricity Authority - Report on the Israeli Electricity Sector for 2024

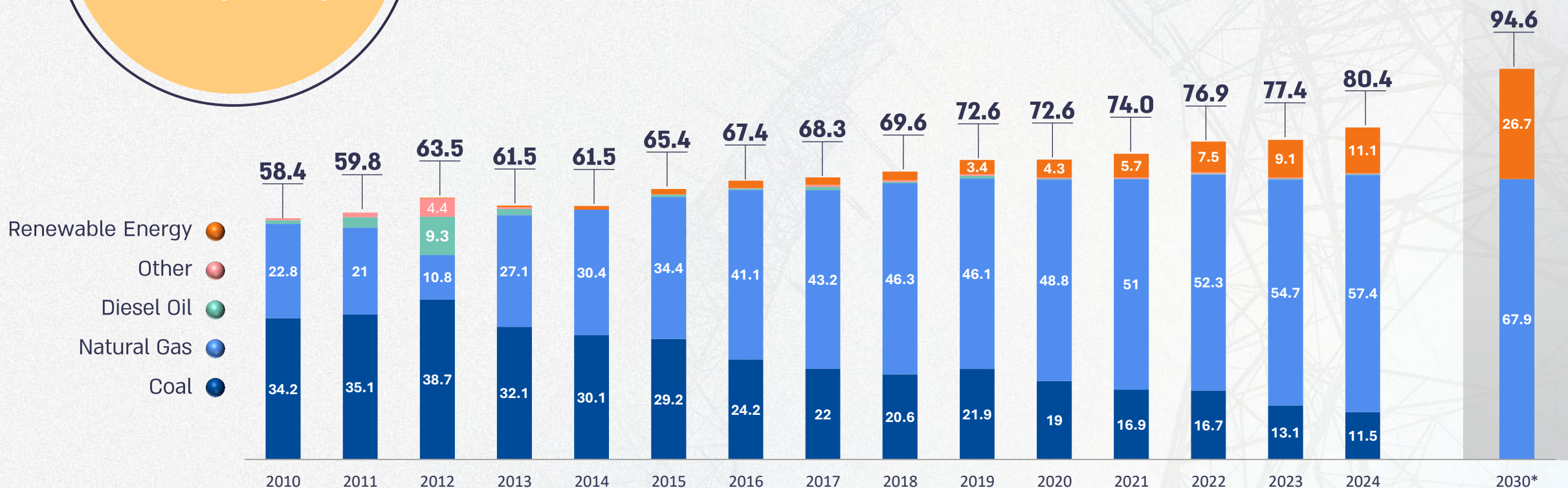
* The Electricity Authority Forecast

1. This slide refers to both IEC's and the Independent Power Producers ("IPPs") installed capacity

2. IEC's generation installed capacity as of December 31, 2024. The current generation installed capacity of IEC is 10,114 MW as of January 7, 2026

Israeli Sector Fuel Mix (TWh)

The Israeli Electricity Sector is planned to be “coal free” and rely on natural gas and renewable energy by 2030⁽¹⁾



Source: The Electricity Authority - Report on the Israeli Electricity Sector for 2024

* The Electricity Authority's forecast, based on government renewable energy targets, refers to the share of consumption rather than the share of production

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



The graphic features a dark, circular area on the left containing a magnifying glass over a line chart, with various financial charts and data points in the background. On the right, a large, light gray electrical transmission tower is visible. A large orange circle with a thin black border is positioned in the center-right, containing the text 'Financial Results'.

Financial Results



Financial Highlights | September 30, 2025

Revenues

6.0

Billion USD

CAPEX

1.6

Billion USD

Net Financial Debt⁽¹⁾⁽²⁾

9.3

Billion USD

EBITDA⁽¹⁾⁽²⁾

1.6

Billion USD

FFO⁽¹⁾⁽²⁾

1.6

Billion USD

Credit Ratings



IEC
GLOBAL

Baa2
Negative
(Moody's)

BBB+
Stable
(S&P Ratings)

**IEC's target is to maintain an International
credit rating equivalent
to at least 'BBB'**



IEC
LOCAL

Aaa.il
Stable
(Midroog)

ilAAA
Stable
(Maalot S&P)

Source: IEC's Financial Statements for Q3.2025

1. Revenues, EBITDA and FFO figures refer to the nine months ended September 30, 2025

2. According to the terms "Net financial debt", "EBITDA", "FFO" defined in FY2024 and Q3.2025 Financial Statements.

* Financial Figures presented in USD according to an average USD/ILS exchange rate of 3.52 as of 9M.2025



Israel Electric

Selected Financial Targets | 2026-2030

	Financial Target for full year	Actual as of 09/30/2025
Real net financial debt ratio to EBITDA	Up to 5.0 for each of the years 2026-2030	4.5
Total debt to total assets ratio (leverage)	Not more than 65% for each of the years 2026-2030	60.0%
Real net financial debt	Will not exceed ILS 40 billion in each of the years 2026-2030. Subject to compliance with the financial targets specified above with regard to debt ratios	ILS 32.9 billion
FFO⁽¹⁾ to adjusted financial debt ratio	Between 15% to 23%	18.0%

Source: IEC's Financial Statements for Q3.2025, Offering Circular

Note: The financial targets were approved by the Company's Board of Directors on December 9-10, 2025, for the 2026-2030 financial planning period

1. According to the "FFO" term defined in FY2024 and Q3.2025 financial statements.

Financial Results

(ILS/USD bn)

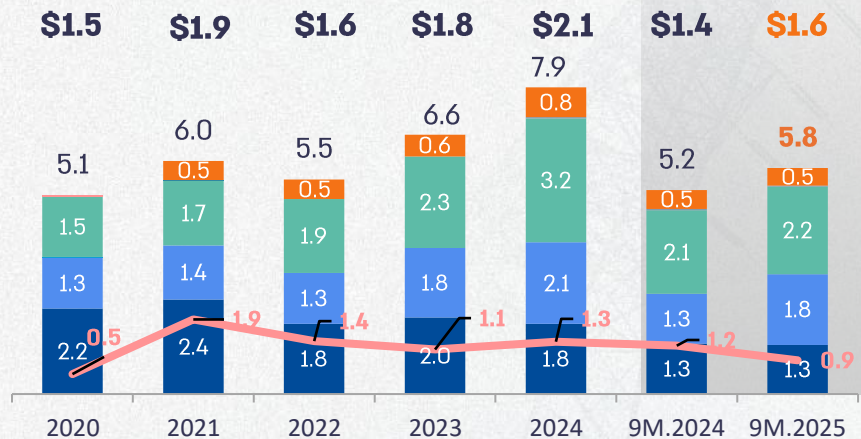
Revenues



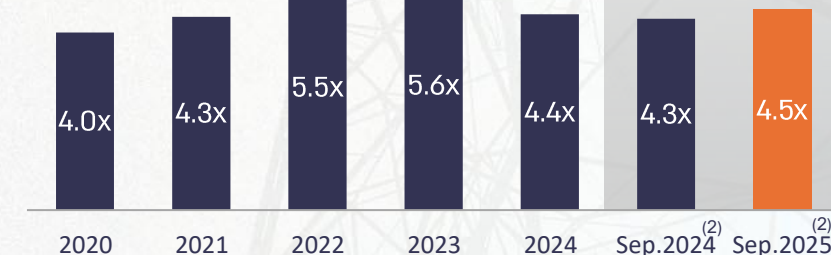
EBITDA⁽¹⁾



CAPEX⁽¹⁾



Net Financial Debt⁽¹⁾ / EBITDA



● Assets and Liabilities which weren't directly classified
 ● Distribution
● Transmission
 ● Generation
 ● Financial Expenses, net

Source: IEC's Financial Statements for FY2020-FY2024 and Q3.2025

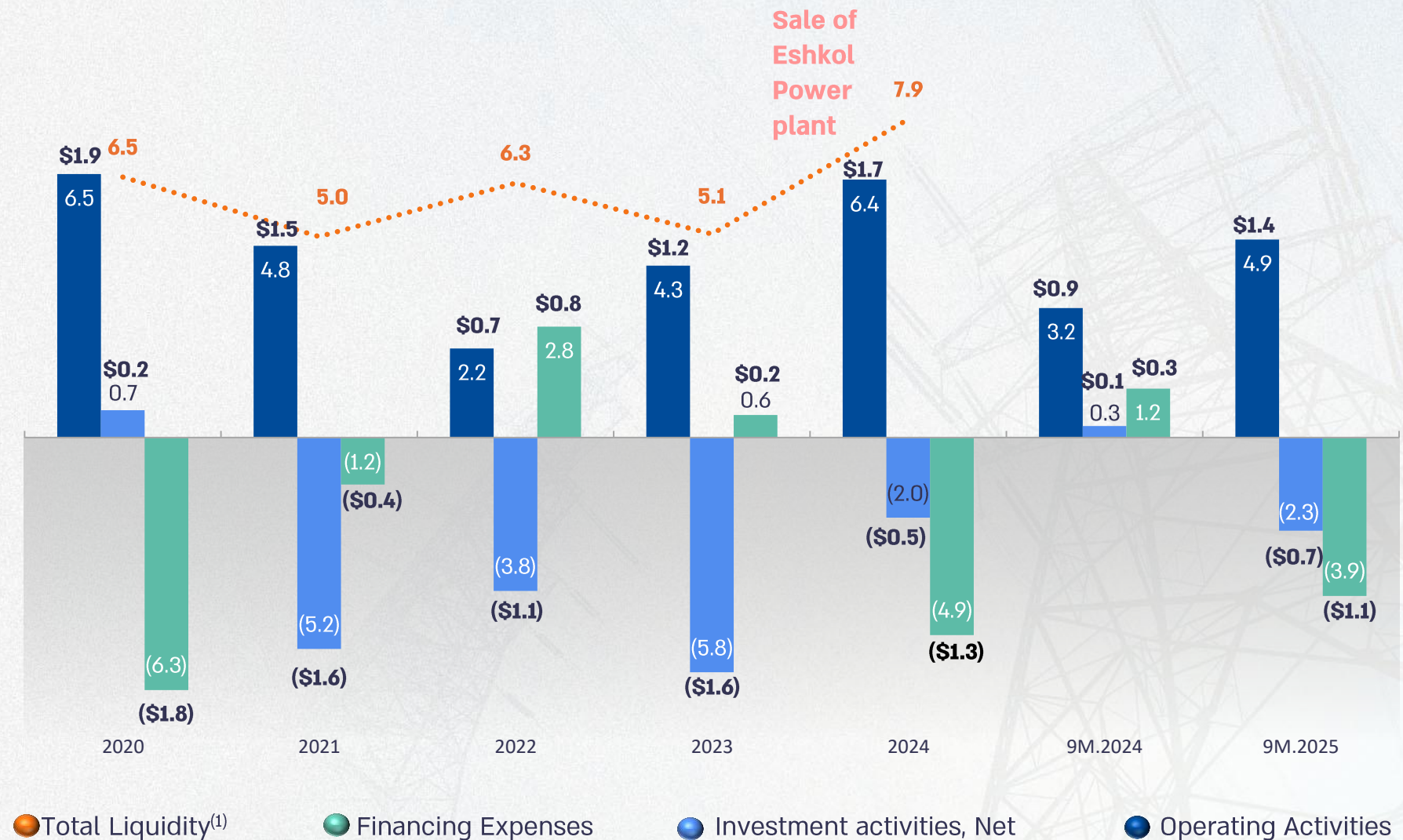
1. According to the terms "EBITDA", "CAPEX" and "Net Financial Debt / EBITDA" defined in FY2024 and Q3.2025 financial statements

2. In annualized terms, calculation based on LTM EBITDA

• Financial Figures denote USD figures at USD/ILS average exchange rate of 3.44, 3.23, 3.36, 3.69, 3.70, 3.70 and 3.52 for FY2020, FY2021, FY2022, FY2023, FY2024, 9M.2024 and 9M.2025, respectively



Historical Cash Flow (ILS/USD bn)



IEC 2020-2025 Cash Flow reflecting improvement in financial liquidity and reduction in financing expenses

Source: IEC's Financial Statements for FY2020-FY2024 and for Q3.2025

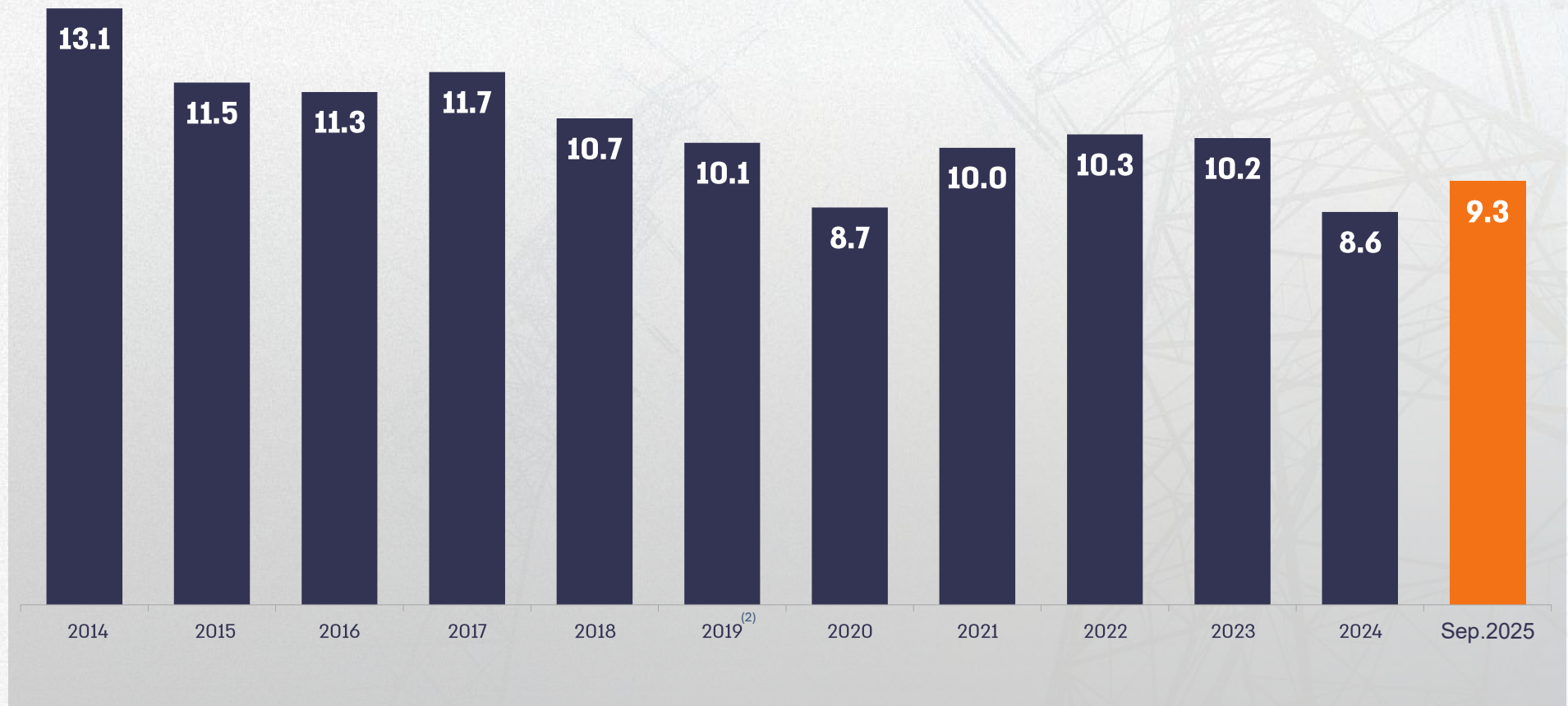
1. IEC defines "liquidity" as cash and cash equivalents, short term investments and available credit facilities

* Financial Figures denote USD figures at USD/ILS average exchange rate of 3.44, 3.23, 3.36, 3.69, 3.70, 3.70 and 3.52 for FY2020, FY2021, FY2022, FY2023, FY2024, 9M.2024 and 9M.2025, respectively



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

- Net Financial Debt⁽¹⁾ decreases in FY 2024 vs. FY 2023 due to the sale of Eshkol Power Plant
- Slight increase in Sep.2025 Net debt triggered by increase in CAPEX



Source: IEC's Financial Statements for FY2012-FY2024 and for Q3.2025

1. According to the term "Net Financial Debt" defined in FY2024 and Q3.2025 financial statements

2. As from 01/01/2019, "net financial debt" also includes lease liabilities.

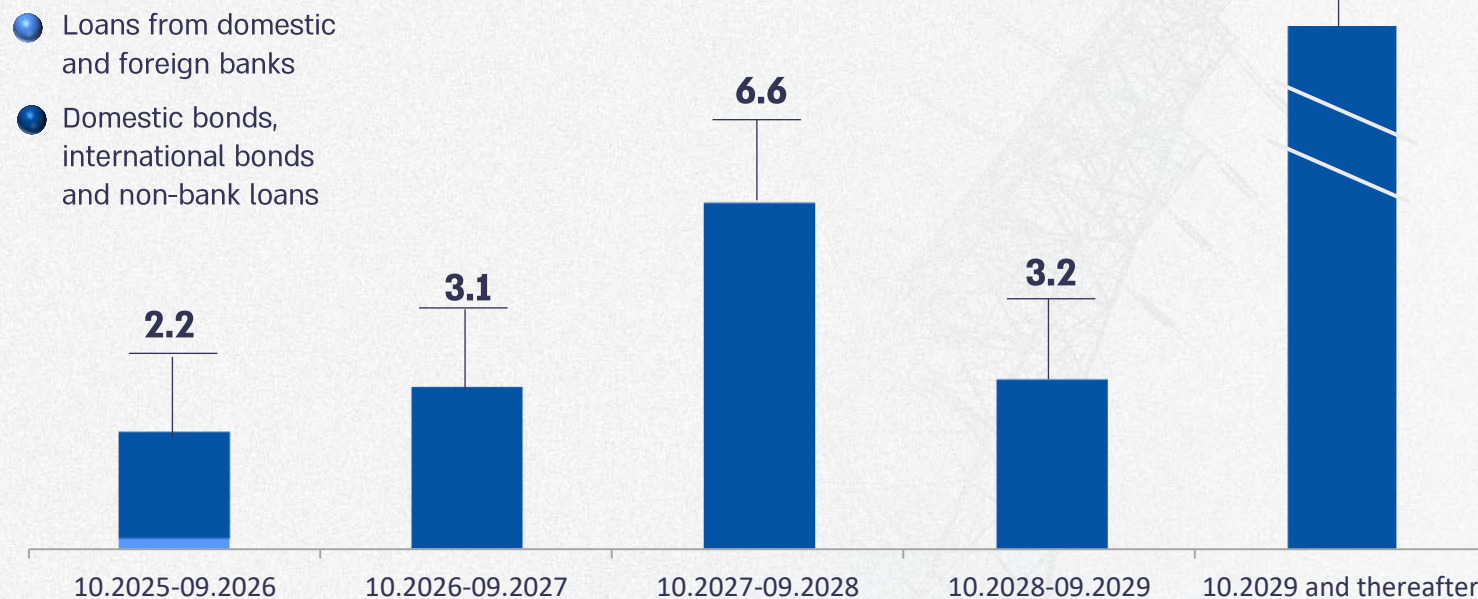
* Financial Figures denote USD figures at USD/ILS average exchange rate of 3.44, 3.23, 3.36, 3.69, 3.70 and 3.52 for FY2020, FY2021, 2022FY, FY2023, FY2024 and 9M.2025, respectively.



Consolidated Debt Breakdown

As of September 30, 2025

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



IEC International \$ Bonds⁽²⁾

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

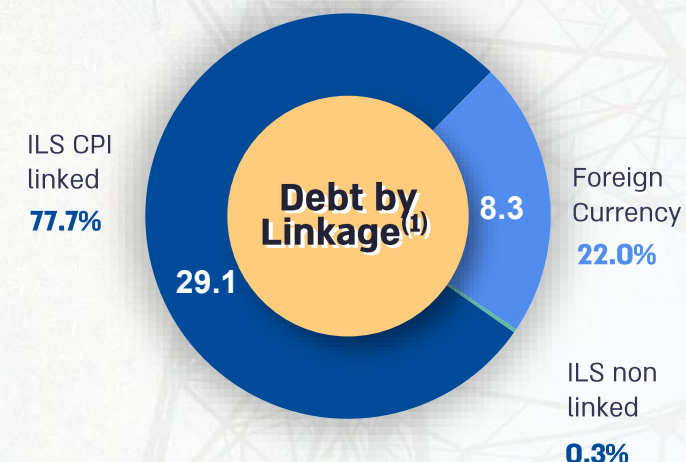
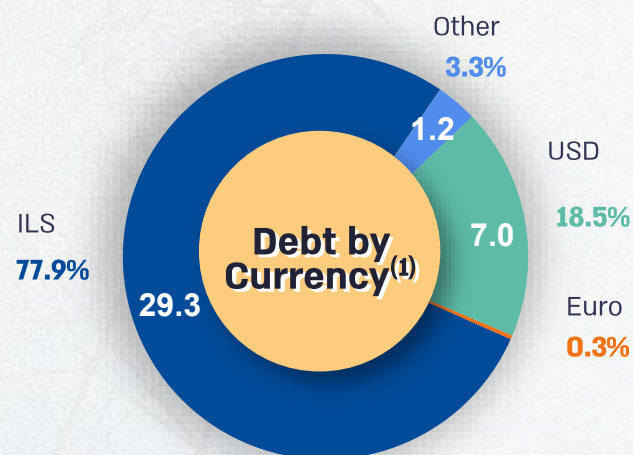
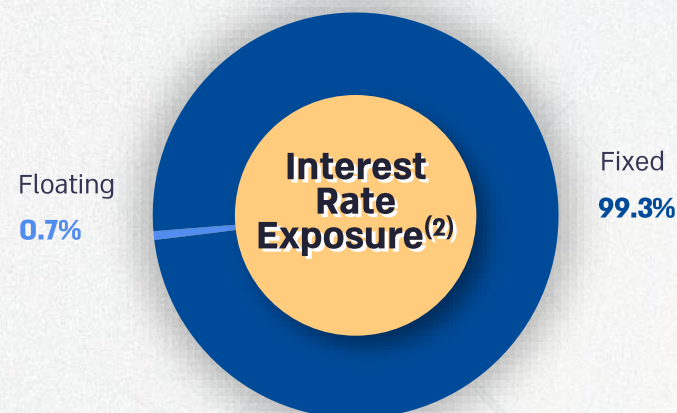
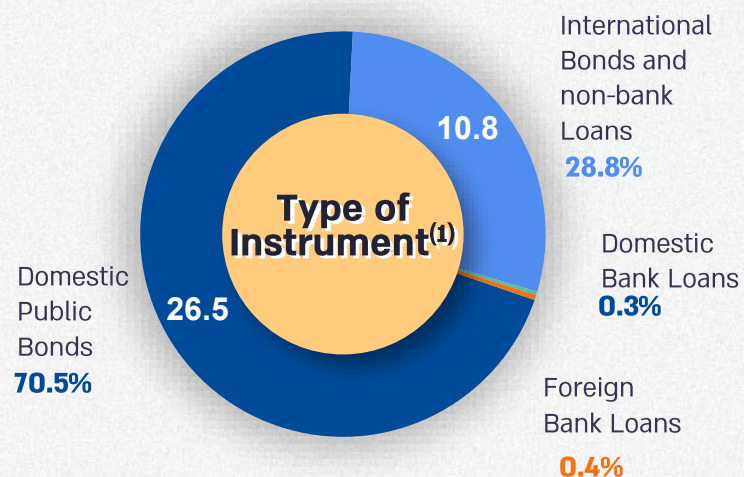
Source:

1. IEC immediate report on the Corporate Liabilities Status, IEC Financial data

2. IEC Financial data and Bloomberg, as of September 2025

Consolidated Debt Breakdown (ILS bn)

As of September 30, 2025



Source:

1. IEC immediate report on the Corporate Liabilities Status, IEC Financial data

2. IEC Financial data and Bloomberg, as of September 2025

* Debt breakdown includes hedging transactions



Sustainability and ESG



ESG



Source: IEC's Corporate Sustainability Report for 2024, Maala's rating for IEC for 2025

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

State of Israel's Commitments on Climate

Renewable Power Targets of the State of Israel

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



100 Action Items

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

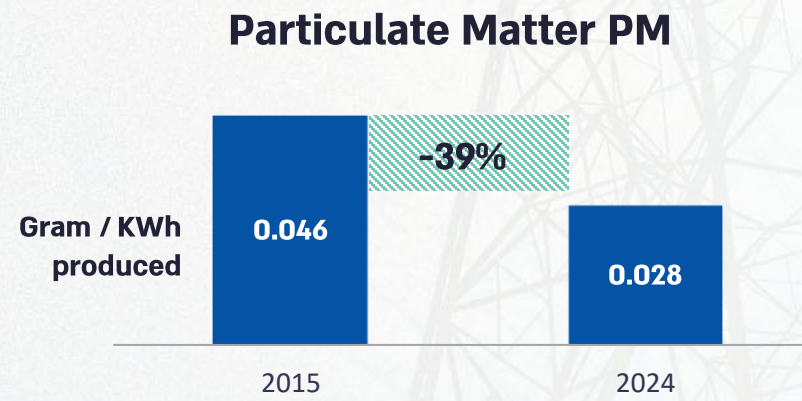
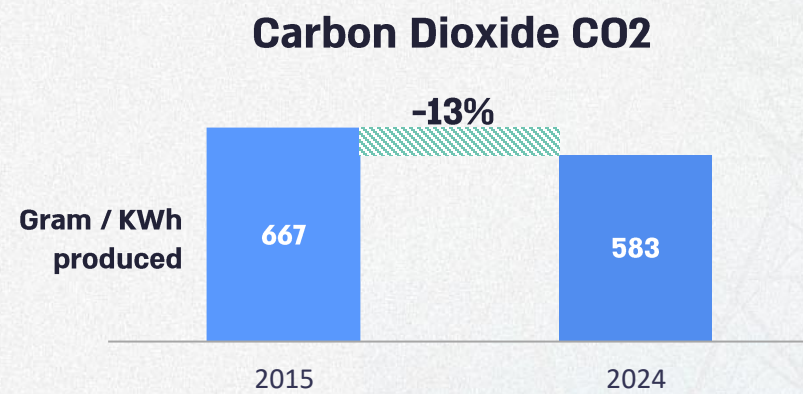
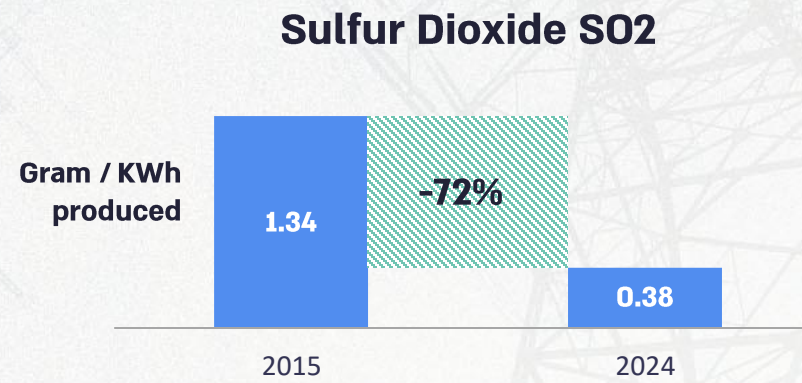
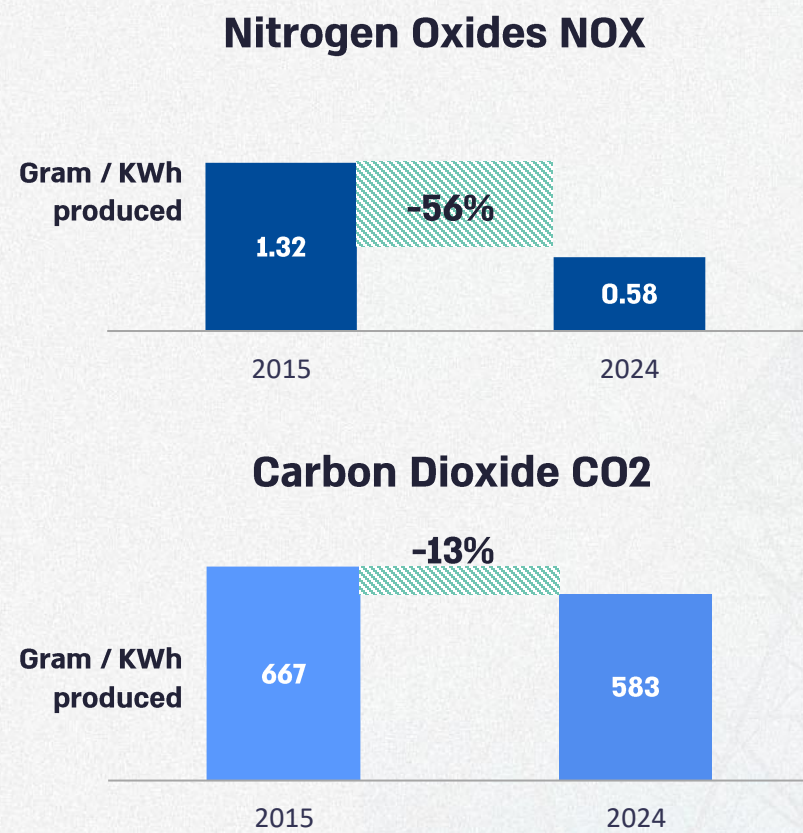
Sectoral Targets for Electricity

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

Absolute Targets

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

Israel Electric Corporation has taken significant steps to reduce emissions





Appendices

P&L

ILS millions

	12/31/2024	09/30/2024	09/30/2025
Revenues	26,184	20,560	21,123
Cost of operating the electricity system			
Fuels	6,302	4,836	4,477
Purchases of electricity	9,840	8,058	7,109
Operation of the generation system	3,549	2,647	2,710
Operation of the transmission and distribution system and others	3,134	2,321	2,396
Total costs of Operating the electricity system	22,825	17,862	16,692
Profit from operating the electricity system	3,359	2,698	4,431
Other revenues, net	(6,857)	(6,796)	(586)
Sales and marketing expenses	913	679	692
Administrative and general expenses	898	656	680
Income from liabilities to pensioners	(341)	(260)	(221)
Reform agreement and other agreements results	788	170	104
Profit from current operations	7,958	8,249	3,762
Financial expenses, net	1,341	1,239	861
Profit before income taxes	6,617	7,010	2,901
Expenses from taxes on income	1,601	1,626	691
Profit after income taxes	5,016	5,384	2,210
Company's share of the loss of associated companies	(6)	(6)	-
Profit before regulatory deferral accounts	5,010	5,378	2,210
Movement in regulatory deferral accounts balances, net of tax	(1,649)	(2,518)	1,903
Profit for the period	3,361	2,860	4,113
Profit (loss) with respect to cash flow hedging, net of tax	(52)	54	47
Remeasurement of a defined benefit plan, net of tax	(437)	298	460
Movement in balances of regulatory deferral accounts balances, net of tax	(45)	(39)	25
Other Comprehensive profit (loss) for the period, net of tax	(534)	313	532
Comprehensive profit for the period	2,827	3,173	4,645

Source: IEC's Financial Statements for Q3.2025



Balance Sheet

ILS millions

Assets	12/31/2024	09/30/2024	09/30/2025
Current assets			
Cash and cash equivalents	2,157	7,340	798
Short term investments	3,539	3,579	923
Trade receivables for sales of electricity	5,157	7,396	7,193
Other current assets	863	946	1,057
Inventory - fuel	1,399	1,236	348
Inventory - stores	167	152	191
Total current assets	13,282	20,649	10,510
Non-current assets			
Inventory - fuel	1,944	2,085	2,612
Fuel Inventory receivables	-	-	67
Long-term receivables	1,451	1,579	1,287
Investment in associates	15	15	15
Assets with respect to benefits after employment termination	12,962	14,101	14,168
Fixed assets, net	63,608	62,166	65,948
Intangible assets, net	1,219	1,204	1,291
Total non-current assets	81,199	81,150	85,388
Debit balance of regulatory deferral accounts	10,168	8,476	11,618
Total assets and debit balance of regulatory deferral accounts	104,649	110,275	107,516

Balance Sheet

ILS millions

Liabilities and Equity

Current liabilities

	12/31/2024	09/30/2024	09/30/2025
Credit from banks and other credit providers	4,046	8,046	2,507
Trade payables	3,184	3,647	3,680
Other current liabilities	1,329	1,679	1,304
Current tax liabilities	744	563	1,408
Customer advances, net of work in progress	1,199	933	1,303
Provisions	739	731	845
Total current liabilities	11,241	15,599	11,047

Non-current Liabilities

Debentures	33,989	34,310	32,945
Liabilities to banks	1,134	2,604	1,405
Liabilities with respect to other benefits after employment termination	4,728	4,354	4,359
Deferred taxes, net	8,448	8,671	9,112
Liability to the State of Israel	1,981	1,980	1,980
Lease liabilities	740	621	569
Other liabilities	491	483	487

Total non-current liabilities

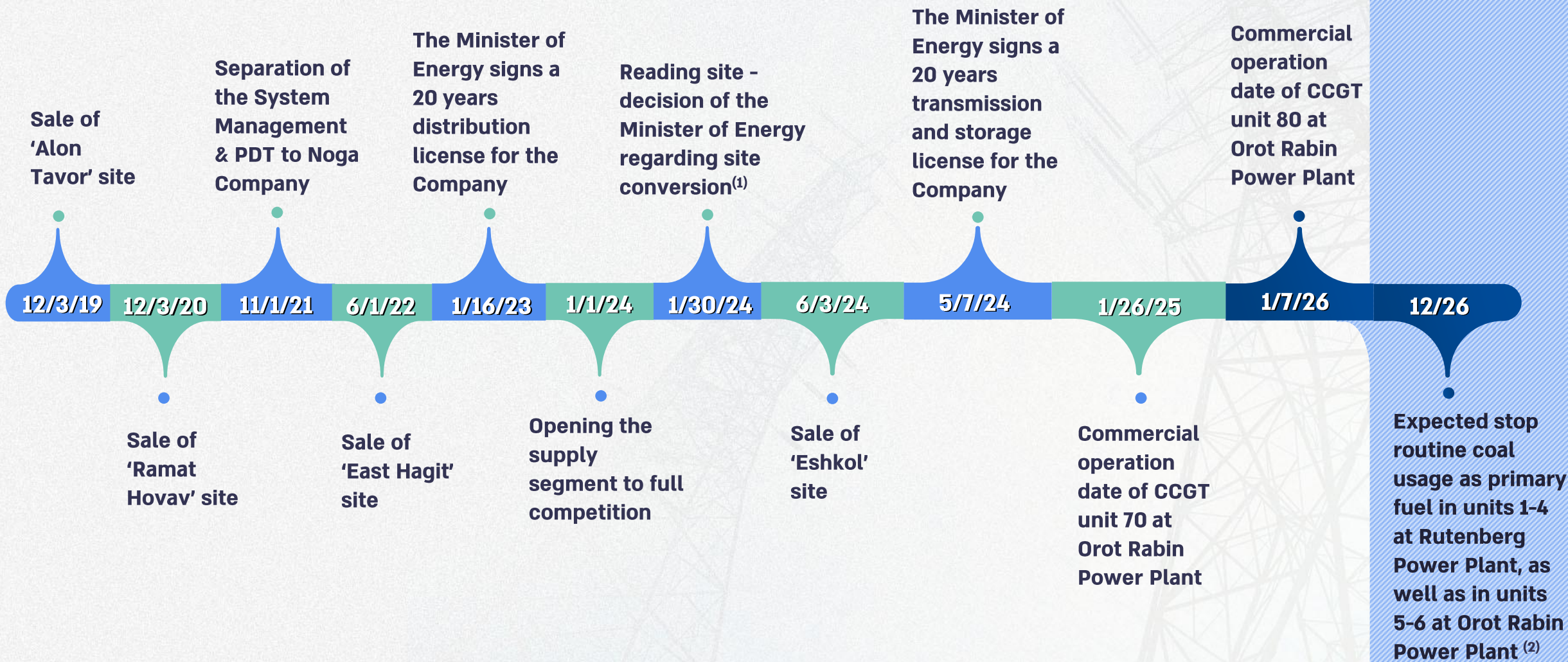
Equity

Credit balances of regulatory deferral accounts and deferred taxes with respect to regulatory deferral accounts

Total liabilities, equity and credit balance of regulatory deferral accounts

3,600	3,010	2,670
104,649	110,275	107,516

Significant events on the timeline

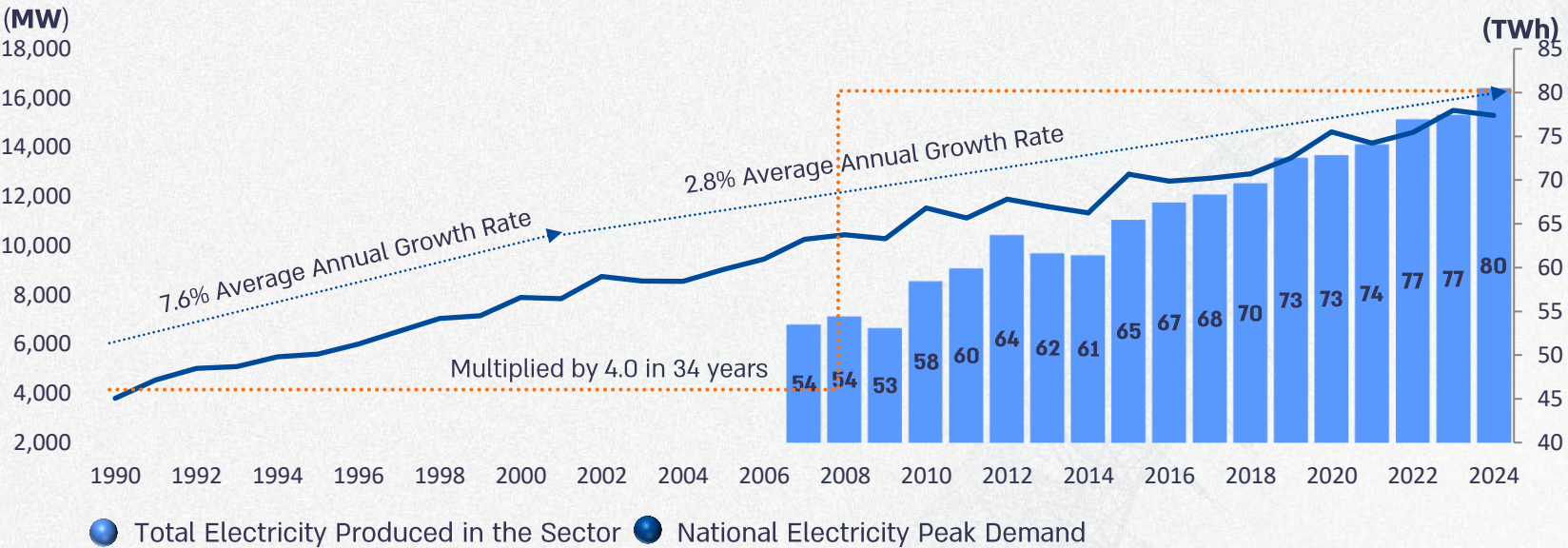


Source: IEC's Financial Statements for FY2024 and Q3.2025, Immediate Report dated January 8, 2026 – Generation license granted to Netiv Ha'Or (unit 80)

1. In accordance with the Minister of Energy's decision as of January 30, 2024 - areas not required by the electricity sector will be evacuated for civilian purposes, including electricity storage and underwater electricity transmission cable
2. Completion of coal-fired units' conversion to NG may be postponed to May 2027

Demand for Electricity

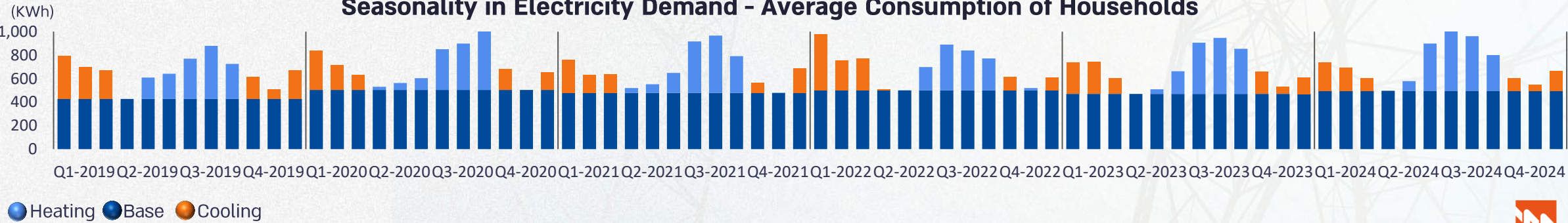
National Electricity Peak Demand & Total Electricity Produced in the Entire Sector



Trends

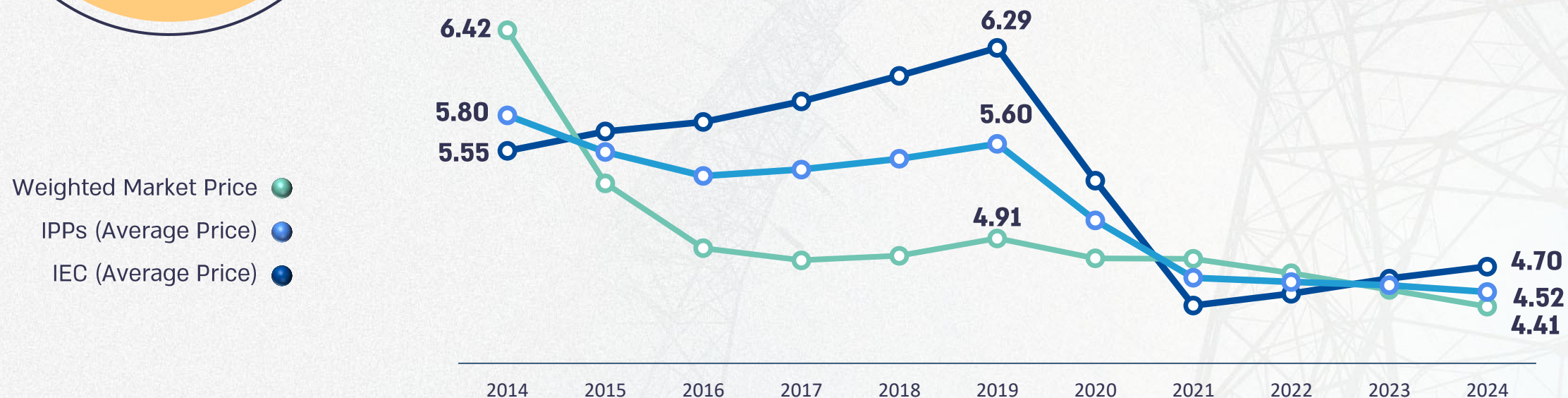
- The demand for electricity in Israel is growing at a fast and steady pace
- Demand is driven by both population growth and the increase in electricity consumption per household
- Noga's demand forecast anticipates an average annual increase of 2.6% between the years 2025-2029

Seasonality in Electricity Demand - Average Consumption of Households



Natural gas prices in the Israeli electricity market (\$/MMBTU)

Natural gas prices for IEC and IPPs ⁽¹⁾



Source: The Electricity Authority – Report on the Israeli Electricity Sector for 2024

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

New Tariff Structure

- In accordance with the Electricity Authority's decision, changes were made to the tariff structure for Israel Electric Corporation consumers
- The new tariff structure is expected to support competition in the electricity sector
- For a period of 3 years until December 31, 2028, the tariffs in the different segments and will change only in accordance with the indicators and coefficients determined in the decision, unless significant gaps are discovered between the cost and revenues from the rate

The Electricity Tariff

Tariff Updates

- The tariff at the starting point, 1/1/25, without one-time costs or revenues, will be automatically updated every 6 months. During 2026, the Electricity Authority is expected to decide whether to keep the updates semi-annually or switch to quarterly updates
- A band mechanism will be established to allow tariff updates in cases where gaps are discovered between the costs reflected in the tariff and the actual costs, which total more than ILS 750 million for Israel Electric Corporation and ILS 350 million for Noga. In addition, a combined band threshold for both companies together has been determined

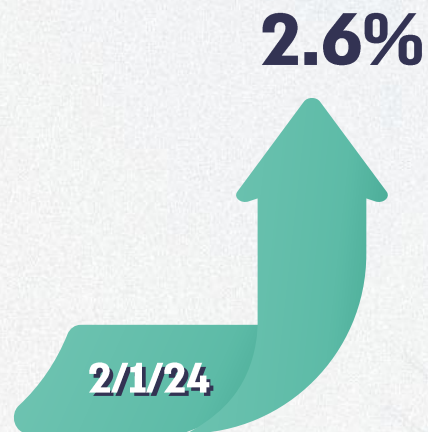
Tariff Base

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

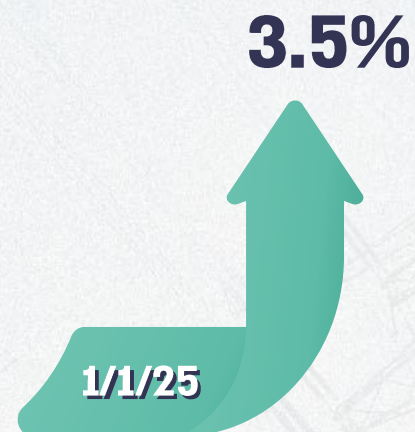
Recognized costs per segment (e.g. fuel costs, operational costs, depreciation and financial costs). Some of the recognized costs are also attributed to funding of the reform costs

Fair rate of return on equity per segment

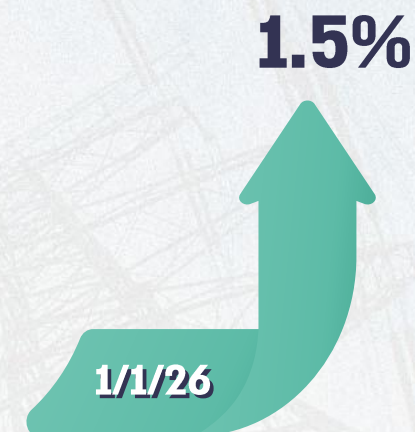
The Electricity Tariff Updates 2024-2026



- Increase in consumer price index during 2023
- Increase in local interest rates
- Development of the Israeli electricity network
- Increasing the redundancy and reliability of the electricity supply
- Adding renewable energies and reducing air pollution



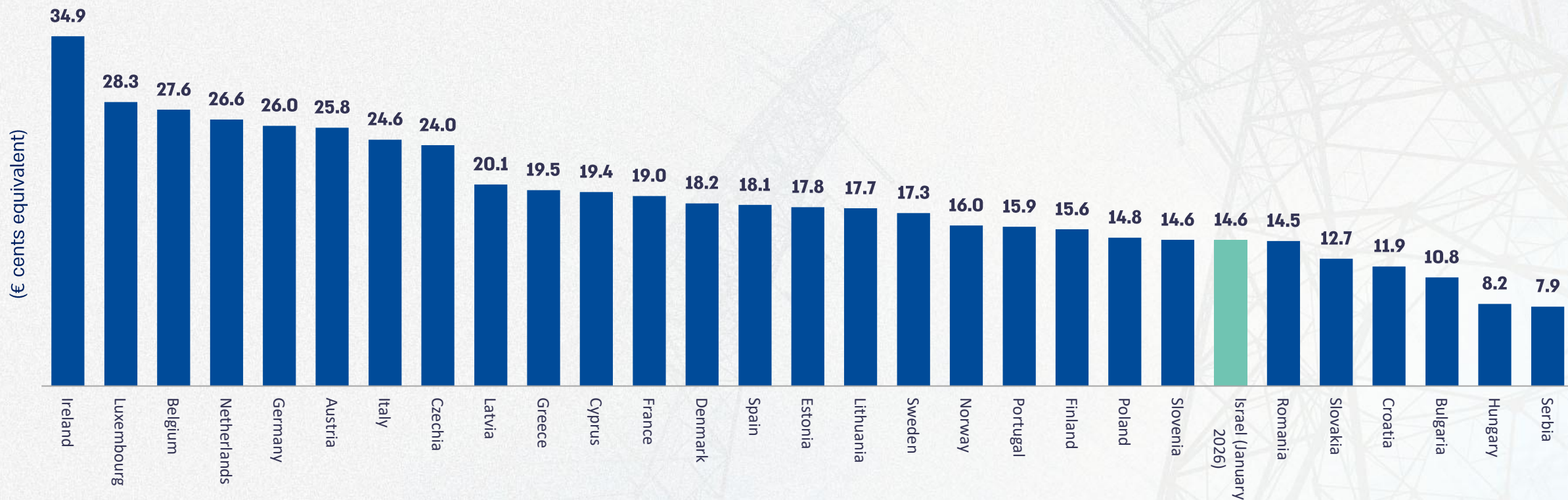
- Increase in consumer price index during 2024,
- Increase in local interest rates
- Financing investments in the transmission and distribution segments, in order to allow connection of private renewable energy producers to the network
- Financing the costs of the war
- Proceeds from the sale of Eshkol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



- Increase in consumer price index during 2025
- The weakening of USD / ILS rate, which affected fuel prices
- Land Value reimbursement for the Eshkol site

Tariff Comparison to European Countries

Average Price per KWh⁽¹⁾



Source: Eurostat, Electricity prices for domestic consumers – bi-annual data, as of H1.2025. Israel rate is based on the last tariff update that does not include VAT (01/01/2026) and converted EUR/ILS exchange rate of 3.75 as of 12/31/2025.

1. Average national price in Euro per kWh without taxes for medium size household consumers (annual consumption between 2,500 and 4,999 kWh).





Thank you!

For questions or additional
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Israel Electric