SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934

August 25, 2022

Commission File Number 001-36761

Kenon Holdings Ltd.

1 Temasek Avenue #37-02B
Millenia Tower
Singapore 039192
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

EXHIBITS 99.1 AND 99.2 TO THIS REPORT ON FORM 6-K ARE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENT ON FORM S-8 (FILE NO. 333-201716) OF KENON HOLDINGS LTD. AND IN THE PROSPECTUSES RELATING TO SUCH REGISTRATION STATEMENT.

CONTENTS

Periodic Report of OPC Energy Ltd. for the Three Months Ended June 30, 2022

On August 25, 2022, Kenon Holdings Ltd.'s subsidiary OPC Energy Ltd. ("**OPC**") reported to the Israeli Securities Authority and the Tel Aviv Stock Exchange its periodic report (in Hebrew) for the six-month and three-month periods ended June 30, 2022 ("**OPC's Periodic Report**"). English convenience translations of the (i) Report of the Board of Directors for the Six-Month and Three-Month Periods ended June 30, 2022 and (ii) Unaudited Condensed Consolidated Interim Financial Statements as at June 30, 2022, each as published in OPC's Periodic Report are furnished as Exhibits 99.1 and 99.2, respectively, to this Report on Form 6-K. In the event of a discrepancy between the Hebrew and English versions, the Hebrew version shall prevail.

Forward Looking Statements

This Report on Form 6-K, including the exhibits hereto, includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include statements with respect to OPC's business strategy, statements relating to OPC's and CPV's development projects including expected start of construction and completion or operation dates, estimated cost and investment in projects, and characteristics (e.g., capacity and technology) and stage of development of such projects, including expected commercial operation date ("COD"), estimated construction cost and capacity, and statements with respect to CPV's development pipeline and backlog and projects including the description of projects in various stages of developments and statements relating to expectations about these projects, statements and plans with respect to the construction and operation of facilities for generation of energy on the consumers' premises and arrangements for supply and sale of energy to consumers, statements with respect to the OPC Sorek 2 Ltd. project and its construction, equipment supply and long-term maintenance agreements, statements with respect to industry and potential regulatory developments in Israel and the U.S., the OPC-Hadera power plant, including the expected insurance reimbursement for COD delay and compensation for delay in delivery date, OPC's plans and expectations regarding regulatory clearances and approvals for its projects, and the technologies intended to be used thereto, statements with respect to the expected impact of COVID-19, the Electricity Authority tariffs, including the expected impact of the updated tariffs for 2022 on OPC's profits, expected timing and impact of maintenance, renovation and construction work on OPC's power plants, including statements relating to the impact and duration of OPC-Hadera's steam turbine shutdown and the related maintenance plans, the expected COD of Energean's Karish reservoir and expected impact of COD delays, the expected interpretation and impact of regulations on OPC and its subsidiaries, OPC's expansion plans and goals, OPC's adoption of certain accounting standards and the expected effects of those standards on OPC's results, statements relating to transactions to be completed and the shareholders' agreement to be signed in connection with the investment agreement with Veridis, statements relating to PJM market reform and its impact on CPV's operations including the Rogue's Wind project, statements relating to investigations by the U.S. Department of Commerce on custom duties levied on imported solar panels and its potential impact on CPV's operations including the Maple Hill project, and statements relating to potential expansion activities by OPC outside of Israel. These statements are based on OPC Energy Ltd. management's current expectations or beliefs, and are subject to uncertainty and changes in circumstances. These forward-looking statements are subject to a number of risks and uncertainties which could cause the actual results to differ materially from those indicated in such forward-looking statements. Such risks include risks relating to potential failure to obtain regulatory or other approvals for projects or to meet the required conditions and milestones for development of its projects, the risk that OPC (including CPV) may fail to develop or complete projects or any other planned transactions including dispositions or acquisitions, as planned or at all, the actual cost and characteristics of project, risks relating to potential new regulations or existing regulations having different interpretations or impacts than expected, the risk that the accounting standards may have a material effect on OPC's results, risks relating to changes to the updated Electricity Authority tariffs and the potential impact on OPC's results, risks relating to the potential failure to complete the transactions or to sign into the shareholders' agreement as contemplated under the investment agreement with Veridis, including due to failure to obtain necessary approvals from third-parties or relevant authorities, risks relating to PJM market reform and potential delay of projects in the PJM market, risks relating to changes in customs duty on imported solar panels and its impact on CPV's results, risks relating to electricity prices in the U.S. where CPV operates and the impact of hedging arrangements of CPV, and other risks and factors, including those risks set forth under the heading "Risk Factors" in Kenon's most recent Annual Report on Form 20-F filed with the SEC and other filings. Except as required by law, Kenon undertakes no obligation to update these forward-looking statements, whether as a result of new information, future events, or otherwise.

Exhibits

99.1 OPC Energy Ltd. – Report of the Board of Directors for the Six-Month and Three-Month Periods ended June 30, 2022, as published on August 25, 2022 with the Israeli Securities Authority and Tel Aviv Stock Exchange*

99.2 OPC Energy Ltd. – Unaudited Condensed Consolidated Interim Financial Statements as at June 30, 2022, as published on August 25, 2022 with the Israeli Securities Authority and Tel Aviv Stock Exchange*

*English convenience translation from Hebrew original document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	KENON HOLDINGS LTD.
Date: August 25, 2022	By: /s/ Robert L. Rosen
	Name: Robert L. Rosen
	Title: Chief Executive Officer

Exhibit 99.1

OPC ENERGY LTD.

Report of the Board of Directors regarding the Company's Matters
for the Six-Month and Three-Month Periods Ended June 30, 2022

The Board of Directors of OPC Energy Ltd. (hereinafter – "the Company") is pleased to present herein the Report of the Board of Directors regarding the activities of the Company and its investee companies, the financial statements of which are consolidated with the Company's financial statements (hereinafter – "the Group"), as at June 30, 2022 and for the six-month and three-month periods then ended, in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter – "the Reporting Regulations"). The six-month period ended June 30, 2022 will be referred to hereinafter as – "the Period of the Report".

The review provided below is limited in scope and relates to events and changes in the state of the Company's affairs during the Period of the Report that have a material effect on the data included in the interim financial statements and on the data in the Description of the Company's Business, and is presented based on the assumption that the reader has the Company's Periodic Report for 2021 which was published on March 27, 2022 (Reference: 2022-01-029931), (hereinafter – "the Periodic Report for 2021")[1], which includes, among other things, the Description of the Company's Business part, the Report of the Board of Directors and the financial statements for the year ended December 31, 2021 (hereinafter – ""the Consolidated Financial Statements for 2021"), which were included in the Company's Periodic Report for 2021, and the Company's quarterly report for the first quarter of 2022, which was published on May 25, 2022 (Reference: 2022-01-051603) (hereinafter – "the First Quarter Report"). That stated in the Periodic Report for 2021, the Consolidated Financial Statements for 2021 and the First Quarter Report, is included herein by reference.

Presented together with this report are the consolidated interim financial statements of the Company and its subsidiaries for the six-month and three-month periods ended June 30, 2022 (hereinafter – "the Interim Statements"), and on the assumption that this Report is read together with the Periodic Report for 2021 and the First Quarter Report. In certain cases, details are provided regarding events that took place after the date of the Interim Statements and shortly before the submission date of the report. The Interim Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and in accordance with Part D of the Reporting Regulations. In this report, the term "dollar" means the United States dollar.

It is emphasized that the description in this report contains forward-looking information, as defined in the Securities Law, 1968 (hereinafter – "the Securities Law"). Forward-looking information is uncertain information relating to the future, including projections, assessments, estimates, plans or other information relating to a future matter or event, the realization of which is uncertain and/or outside the Company's control. The forward-looking information included in this report is based on information or assessments existing in the Company as at the submission date of this report and there is no certainty they will materialize or the actual manner of their materialization, which could be different, even significantly, from that stated in this report – this being due to, among other things, changes in market conditions, regulatory factors, risk factors applicable to the Company's activities and/or factors that are not under the Company's control.

Except for the reviewed data from the Interim Statements appearing in this report, the data of Directors' Report has not been audited or reviewed by the Company's auditing CPAs.

[1] It is noted that in some of the cases an additional description was provided in order to present a more comprehensive picture of the matter being addressed or the relevant business environment. References to Immediate Reports in this Report include the information included in the said Immediate Reports by means of reference.

Explanations of the Board of Directors regarding the State of the Group's Affairs

General

The Company is a public company the securities of which are listed for trade on the Tel Aviv Stock Exchange Ltd. (hereinafter – "the Stock Exchange").

As at the date of the report, the Company is engaged in two areas of activity that are reported as business segments in its financial statements: (1) generation and supply of electricity and energy in Israel – the Company manages its activities in Israel mainly through the subsidiary, OPC Power Plants Ltd. (formerly – OPC Israel Energy Ltd.) ("OPC Power Plants"), which as at the date of the report is wholly owned by the Company. It is noted that the Company includes the activities of Gnrgy, the shares of which (as at the date of the report – about 51% of Gnrgy's shares) were acquired by the Company in 2021 and its activities are included in the Company's activities in Israel; and (2) generation and supply of electricity and energy in the United States – as at the date of the report the Company manages its activities in the U.S. through CPV Group LP ("the CPV Group"), which is held at the rate of 70% (indirectly) by the Company[2]. For details regarding a description of the Company's activities in its activity areas – see Sections 2.2, 7 and 8 to Part A (Description of the Company's Business of the Periodic Report for 2021.

For details regarding entry into a transaction with Veridis Power Plants Ltd.[3] for investment and a structural change in the area of the activities in Israel – see Section 3C to the report below, the Company's Immediate Report dated February 6, 2022 (Reference No.: 2022-01-013593), Section 2.4.3 of Part A in the Periodic Report for 2021 and the Immediate Report dated May 9, 2022 (Reference No.: 2022-01-045294). As at the date of the report, the transaction had not yet been completed and it is subject to preconditions that have not yet been fulfilled.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter

1) Operating projects

Set forth below are main details with reference to the operating projects in Israel:

Project	Capacity (MW)[4]	Rate of holdings of OPC Power Plants	Presentation format in the financial statements	Location	Type of project/ technology	Year of commercial operation
OPC Rotem Ltd. ("Rotem")	466	[5]80%	Subsidiary	Rotem Plain	Natural gas, combined cycle	2013
OPC Hadera Ltd. ("Hadera"[6])	144	100%	Subsidiary	Hadera	Natural gas, cogeneration	2020

[2] The said rate of holdings does not take into account the profit participation units that were issued to employees of the CPV Group, as stated in Note 18C to the consolidated financial statements for 2021.

[3] To the best of the Company's knowledge, Veridis is a wholly-owned subsidiary of Veridis Environment Ltd., the securities of which are traded on the Tel-Aviv Stock Exchange.

[4] Based on that provided in the relevant generation license.

[5] The rate of holdings of OPC Power Plants in Rotem will increase to 100% upon completion of the Veridis transaction, subject to fulfillment of the preconditions, as detailed in Section 3C below.

[6] In addition, Hadera holds the Energy Center (boilers and turbines located on the premises of Infinia Works Ltd. (formerly – Hadera Paper Mills Ltd.)), which serves as back-up for supply of steam from the Hadera power plant. It is noted that the turbine in the Energy Center is not operating.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

1) Operating projects (Cont.)

Set forth below are main details with reference to the operating projects in the United States:

Project	Capacity (MW)	Rate of holdings of CPV	Presentation format in the financial statements	Location	Type of project/ technology	Year of commercial operation	Restricted market[7] customer
CPV Fairview LLC ("Fairview")	1,050	25%	Associated company	Pennsylvania	Conventional powered by natural gas in a combined cycle[8]	2019	PJM MAAC
CPV Towantic LLC ("Towantic")	805	26%	Associated company	Connecticut	Conventional powered by natural gas (two fuels) combined cycle	2018	ISO-NE CT
CPV Maryland LLC ("Maryland")	745	25%	Associated company	Maryland	Conventional powered by natural gas combined cycle	2017	PJM SW MAAC
CPV Shore Holdings LLC ("Shore")	725	37.53%	Associated company	New Jersey	Conventional powered by natural gas combined cycle	2016	PJM EMAAC
CPV Valley Holdings LLC ("Valley")	720	50%	Associated company	New York	Conventional powered by natural gas (two fuels) combined cycle	2018	NYISO Zone G
CPV Keenan II Renewable Energy Company LLC ("Keenan")	152	100%	Subsidiary	Oklahoma	Wind	2010	SPP (long-term PPA)

7 For additional details regarding the relevant area of activities of each project in the restricted market – see Part 6 below.
8 The possibility exists for a mix of ethane of up to 25%.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

2) Initiation and construction projects

Main details with reference to the initiation and construction projects in Israel[9]:

Power plants/ facilities for generation of energy	Status	Capacity (megawatts)	Rate of holdings[10]	Location	Technology	Date/ expectation of the start of the commercial operation	Main customer/ consumer	Total expected construction cost (NIS millions)	Total cost of the investment as at June 30, 2022 (NIS millions)
Zomet Energy Ltd. ("Zomet")	Under construction	≈ 396	100%	Plugot Intersection	Conventional with open cycle	The first quarter of 2023	The System Operator[11]	[12]≈ 1,500	[13]≈ 1,312

9 **That stated in this report in connection with projects that have not yet reached operation (Zomet, Sorek, facilities for generation of energy on the consumer's premises, Rotem 2 and Hadera 2), including with reference to the expected operation date and the anticipated cost of the investment, is "forward-looking" information, as it is defined in the Securities Law, which is based on the Company's estimates and assumptions as at the publication date of the report and regarding which there is no certainty it will be realized (in whole or in part). Completion of the said projects may not occur or may occur in a manner different than that stated above due to, among other things, dependency on various factors, including those that are not under the Company's control, including assurance of connection to the network and output of electricity from the project sites and/or connection to the infrastructures (including gas infrastructures), receipt of permits, completion of planning processes and licensing, completion of construction work, final costs in respect of development, construction and land, and the terms of undertakings with main suppliers and there is no certainty they will be fulfilled, the manner of their fulfillment or what their final terms will be. Ultimately technical, operational or other delays and/or breakdowns and/or an increase in expenses could be caused, this being as a result of, among other things, various factors as stated above or as a result of occurrence of one or more of the risk factors the Company is exposed to, including construction risk, regulatory risks, macro-economic changes and/or the Coronavirus crisis and the impacts thereof on, among other things, the supply chain, raw-material prices and transport (deliveries). For additional regarding risk factors, including the risk factors involved in construction projects – see Section 19.3 of Part A of the Periodic Report for 2021. It is clarified that delays in completion of the projects could impact the ability of the Company and the Group companies to comply with their obligations to third parties (including, authorities, lenders, yard consumers and others) in connection with the projects.**

10 Companies consolidated in the Company's financial statements.

11 Noga Management of Electricity Systems Ltd.

12 The estimate of the costs, as stated, does not take into account half of the assessment issued by Israel Lands Authority in January 2021, in the amount of about NIS 200 million (not including VAT) in respect of capitalization fees, while as at the submission date of the report the Company had filed a valuation appeal and a hearing has been scheduled. For additional details – see Section 8.11.6 to Part A of the Periodic Report for 2021.

13 Not including amounts relating to milestones provided in the Zomet Power Plant construction agreement that were partially completed.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

2) Initiation and construction projects (Cont.)

Main details with reference to the initiation and construction projects in Israel[6]: (Cont.)

Power plants/ facilities for generation of energy	Status	Capacity (megawatts)	Rate of holdings[8]	Location	Technology	Date/ expectation of the start of the commercial operation	Main customer/ consumer	Total expected construction cost (NIS millions)	Total cost of the investment as at June 30, 2022 (NIS millions)
OPC Sorek 2 Ltd. ("Sorek 2")	Under construction	≈ 87	100%	On the premises of the Sorek B seawater desalination facility	Cogeneration	The fourth quarter of 2023	Yard consumers and the System Operator	≈ 200	≈ 61
Facilities for generation of energy located on the consumer's premises	In various stages of initiation / development	Projects with a cumulative scope of about 103 megawatts. The Company intends to act to expand projects with a cumulative scope of at least 120 megawatts[14]	[15]100%	On the premises of consumers throughout Israel	Conventional and renewable energy (solar, storage)	Gradually starting from the fourth quarter of 2022	Yard consumers also including Group customers	An average of about NIS 4 per megawatt[16]	≈ 91

[14] Every facility with a capacity of up to 16 megawatts. **The Company's intention, as stated, reflects its intention as at the publication date of the report only, and there is no certainty that the matters will materialize based on the said expectation, and the said intention is subject to, among other things, the discretion of the Company's competent organs. As at the publication date of the report, there is no certainty regarding signing of additional binding agreements with consumers, and there is no certainty regarding the number of consumers with which the Company will sign agreements and/or regarding the scope of the megawatts the Company will contract for and/or the type of technology if agreements are signed. As stated, as at the date of the report, all of the preconditions for execution of the projects for construction of facilities for generation of electricity on the customer's premises had not yet been fulfilled, and the fulfillment thereof is subject to various factors, such as, licensing, connection and construction processes.**

[15] The Company operates based on an inter-company arrangement the purpose of which is to arrange the manner of the settlements deriving from construction of the generation facilities by the Company on the premises of Rotem's customers (which as at the date of the report is held by the Company (indirectly) at the rate of 80%).

[16] Estimate of the commencement dates of the commercial operation and the construction costs constitutes "forward-looking" information as it is defined in the Securities Law. Such information is based on the information in the Company's possession as at the submission date of the report, and it includes estimates and assessments of the Company as at the submission date of the report, regulatory decisions and the Company's experience and familiarity with the markets in which it operates. The actual results, with respect to the said information, could be different, even materially, from the estimates and forecasts, this being due, among other things, delays in the construction or in receipt of required permits, changes in the market conditions, factors that are not under the Company's control, such as, delays in connection to the electricity or gas networks, changes in the costs of the raw materials and the costs of transporting the raw materials, lengthening of the supply times of the raw materials and the like.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

2) Initiation and construction projects (Cont.)

Main details with reference to the initiation and construction projects in Israel[6]: (Cont.)

Power plants/ facilities for generation of energy	Status	Rate of holdings[17]	Location	Technology[18]	Additional information
OPC Hadera Expansion Ltd. ("Hadera 2")	In initiation	100%	Hadera, adjacent to the Hadera Power Plant	Conventional with storage capability	On December 27, 2021, the plenary National Infrastructures Committee decided to submit NIP 20B for government approval pursuant to Section 76C(9) of the Planning and Building Law, 1965 ("the Planning and Building Law"). For additional details, including in connection with a petition filed with the Supreme Court sitting as the High Court of Justice against the decision of the National Infrastructures Board and others (including Hadera 2) – see Section 7.3.11.1 to Part A of the Periodic Report for 2021. On June 28, 2022, a court decision was rendered whereby the petition was summarily dismissed.
AGS Rotem Ltd. ("Rotem 2")	In initiation	80%	Rotem Plain, adjacent to the Rotem Power Plant	Being examined further to the decision of the National Infrastructures Committee	On December 27, 2021, the plenary National Infrastructures Committee decided to reject NIP 94, which advanced Rotem 2, however it requested that the developer examine the possibility of using additional technologies on the site. As at the date of the report, the Company is studying the National Infrastructures Committee's decision and is examining the possibilities, including advancing a power plant using "green technology" with low emissions and/or an electricity storage facility. For additional details – see Section 7.3.11.2 to Part A of the Periodic Report for 2021.

[17] Companies consolidated in the Company's financial statements.
[18] It is clarified that the characteristics (including the capacity and/or the technology) of the Rotem 2 and Hadera 2 projects, which are in the initial initiation stages, and the advancement of which is subject to, among other things, planning and licensing processes and connection assurance, are subject to changes.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

2) Initiation and construction projects (Cont.)

Main details with reference to the construction projects in the United States:[19]

Project	Capacity (megawatts)	Rate of holdings of the CPV Group	Presentation format in the financial statements	Location	Technology	Expected commercial operation date	Regulated market	Total estimated construction cost for 100% of the project (NIS millions)[20]	Amount of the investment in the project at June 30, 2022 NIS millions)
CPV Three Rivers LLC ("Three Rivers")	1,258	10%	Associated company	Illinois	Natural gas, combined cycle	The second quarter 2023	PJM ComEd	≈ 4,525 (≈ $1,293 million)	≈ 3,437 (≈ $982 million)

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[19] Details with respect to the scope of the investments in the United States were translated from dollars and presented in NIS based on the currency rate of exchange on June 30, 2022 – $1 = NIS 3.5. **The information presented below regarding projects under construction, including regarding the expected commercial structure, the projected commercial operation date and the expected construction costs, including "forward-looking" information, as defined in the Securities Law, regarding which there is no certainty it will materialize (in whole or in part), including due to factors that are not under the control of the CPV Group. The information is based on, among other things, estimates of the CPV Group, and it is also based on plans the realization of which is not certain, and which might not be realized due to factors, such as: delays in receipt of permits, an increase in the construction costs, delays in the construction work and/or technical or operational malfunctions, problems or delays regarding signing an agreement for connection to the network or connection of the project to transmission or other infrastructures, an increase in costs due to the commercial conditions in the agreements with main suppliers (such as equipment suppliers and contractors), problems signing an investment agreement with a Tax Equity Partner regarding part of the cost of the project and utilization of the tax benefits (if relevant), problems signing commercial agreements for of the potential revenues from the project, regulatory changes (including changes impacting main suppliers of the projects), an increase in the financing expenses, unforeseen expenses, macro-economic changes, weather events, the Coronavirus crisis (including delays and an increase in costs of undertakings in the supply chain, transport and an increase in raw-material prices), etc. Completion of the projects in accordance with the said estimates is subject to the fulfillment of conditions which as at the date of the report had not yet been fulfilled and, therefore, there is no certainty they will be completed in accordance with that stated. Construction delays could even impact the ability of the companies to comply with liabilities to third parties in connection with the projects. For additional details regarding the risk factors involved with the activities of the CPV Group – see Section 8.20 of Part A of the Periodic Report for 2021.**

[20] Including initiation fees and reimbursement of pre-construction development expenses to the CPV Group.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

2) Initiation and construction projects (Cont.)

Main details with reference to the construction projects in the United States[15]

Project	Capacity (megawatts)	Rate of holdings of the CPV Group	Presentation format in the financial statements	Location	Technology	Expected commercial operation date	Regulated market	Total estimated construction cost for 100% of the project (NIS millions)[16]	Amount of the investment in the project at June 30, 2022 NIS millions)
CPV Maple Hill Solar LLc ("Maple Hill")	126 MWdc[21]	[22]100%	Consolidated	Pennsylvania	Solar	The start of partial operation in the second half of 2022 and full operation in the second half of 2023[23]	PJM MAAC	≈ 700 (≈ $200 million)[24]	≈ 336 (≈ $96 million)
CPV Stagecoach Solar, LLC ("Stagecoach")	102	100%	Consolidated	Georgia	Solar	The first quarter of 2024	SERC, the project has signed a long-term PPA	≈ 444 (≈ $127 million)[25]	≈ 59 (≈ $17 million)

21 About 100 MWac.

22 As at the publication date of the report, the CPV Group had signed an agreement of principles with a "tax partner" ("Tax Equity Partner") for investment of about $45 million in the project, where as at the submission date the binding agreements had not yet been signed. The legislation stated in Section 4B of the report could have an impact on the undertaking in the agreement with a tax partner. For additional details – see Section 8.13.7 to Part A of the Periodic Report for 2021.

23 For details regarding changes in the expected format and dates for operation of the project due to factors relating to the project's supplier of the panels – see Section 4H of this report below. The expected operation date of Maple Hill could be delayed even beyond that stated, including as a result of regulatory factors, changes due to market conditions relating to raw materials and supply chains, the Coronavirus crisis or completion of the process of connection with the network by PJM. Delays could impact Maple Hill's ability to comply with certain availability (capacity) commitments with third parties and could cause, among other possible consequences, payment of agreement compensation. For additional details – see Section 8.1.1.6 to Part A of the Periodic Report for 2021, and Section 5F below.

24 The expected cost of the investment in the project is subject to changes due to, among other things, the final costs involved in supply of the solar panels, as a result of that stated in Section 4H of this report, in the construction and/or connection work. Furthermore, as at the date of the report, the development fees to the CPV Group are estimated at the aggregate amount of about $35 million and are included in the above amount. **That stated with reference to the amount of the development fees to the credit of (to the benefit of) the CPV Group constitutes "forward-looking" information as it is defined in the Securities Law, which is based on estimates of the CPV Group as at the date of the report, and that is subject to the final conditions determined, if in fact determined, in a binding agreement with the tax partner, which has not yet been signed.**

25 Including development fees estimated as at the date of the report in the amount of about $23 million. **That stated with reference to the amount of the development fees to the credit of the CPV Group constitutes "forward-looking" as it is defined in the Securities Law, which is based on estimates of the CPV Group as at the date of the report, and that is subject final conditions to be determined.**

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

2) Initiation and construction projects (Cont.)

Set forth below is a summary of the scope of the development projects (in megawatts) in the United States as at the date of the report[26]:

Technology	Advanced[27]	Early stage	Total
Solar[28]	1,450	1,450	2,900
Wind	110	140	250
Total renewable energy	**1,560**	**1,590**	**3,150**
Natural gas*	2,000	2,000	**4,000**
Storage	–	100–500	100–500

* Including two natural gas projects based on a strategy for reducing emissions, which include use of renewable energy, including on the basis of hydrogenium and carbon interment. The projects will include carbon capture on the sites in the scope of at least about 75% of the emissions, and will be capable of integrating hydrogenium. The projects are located in areas where interment of carbon is geologically possible and economically feasible. The CPV Group is developing the project together with GE under a joint development agreement.

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26 **The information presented in this section with reference to development projects of the CPV Group, including regarding the status of the projects and/or their characteristics (the capacity, technology, the possibility for integrated carbon capture, etc.), constitutes "forward-looking" information as it is defined in the Securities Law, regarding which there is no certainty it will be realized or the manner in which it will be realized. It is clarified that as at the publication date of the report there is no certainty regarding the actual execution of the development projects (in whole or in part), and their progress and the rate of their progress is subject to, among other things, completion of development and licensing processes, obtain control over the lands, signing agreements (such as equipment and development agreements), execution of construction processes and completion of the connection process, assurance of financing and receipt of various regulatory approvals and permits. In addition, advancement of the development projects is subject to the discretion of the competent authorities of the CPV Group and of the Company.** It is noted that the Rogue's Wind project, having a capacity of 114 megawatts that is in the development stages, as stated in Section 8.1.1.6C to Part A of the Periodic Report for 2021, is included in the above table. It is further noted that the construction and operation date of the Rogue's Wind project is expected to be impacted by changes in the connection processes of PJM, as stated in this report below (similar to other projects in the PJM market).

27 In general, the CPV Group views projects that in its estimation are in a period of up to two years or up to three years to the start of the construction as projects in the advanced development stage (there is no certainty the development projects, including projects in the advanced stage, will be executed). That stated is impacted by, among other things, the scope of the project and the technology, and could change based on specific characteristics of a certain project, as well as from external circumstances that are relevant to a certain project, such as the anticipated activities' market or regulatory circumstances, including, projects that are designated to operate in the PJM market could be impacted by the changes in the proposed working framework described in Section 8.2.2.1(A) of the of the Periodic Report for 2021 and in this report below, and their progress could be delayed as a result of this proposal. It is clarified that in the early development stages (in particular), the scope of the projects and their characteristics are subject to changes, if and to the extent they reach advanced stages.

28 The capacities in the solar technology included in this report are denominated in MWdc. The capacities in the solar technology projects in the advanced development stages and in the early development stages are about 1,160 MWac and about 1,160 MWac.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

3) Main developments in the business environment and the Company's activities in Israel in the period of the report and thereafter:

A. Update of tariffs for 2022 – on February 1, 2022, the annual update of the electricity tariffs of the Electricity Authority for 2022 entered into effect, according to which the generation component, increased at the rate of about 13.6%, and stood at NIS 0.2869 per kilowatt hour commencing from February 1, 2022. On May 1, 2022, an additional update to the electricity tariff for the rest of 2022 entered into effect, as a result of reduction of the excise tax on use of coal, due to a draft Excise Tax on Fuel Order, which was published by the Ministry of Finance as part of the government's plan to combat the high cost of living. The generation component after the reduction was NIS 0.2764 per kilowatt hour, a reduction of 3.7% from the tariff determined on February 1, 2022, as stated above. On August 1, 2022, an additional update to the electricity tariff entered into effect for the remainder of 2022 whereby the generation component is NIS 0.314 per kilowatt hour, an increase of 13.6% over the tariff determined in May 2022 and 9.4% of the tariff determined at the beginning of the year. As part of the hearing published by the Electricity Authority on July 11, 2022, it was noted that the background for the tariff update is the global energy crisis, which became more severe due to the war in the Ukraine, and that gave rise to a significant increase in the energy and electricity prices in many countries worldwide. Pursuant to the hearing, that stated led to a sharp increase in the index of the coal prices compared with the price on which the tariff update at the beginning of the year was based, and together with the increase in the currency exchange rate and the CPI, the need was created for an update of the seller's cost and the electricity tariffs. For additional details regarding the generation tariff and its impact on the Company's activities – see Section 7.2.4 of Part A of the Periodic Report for 2021 and Note 8A(1) to the Interim Statements. The tariff update is expected to have a positive impact on the Company's results compared with the corresponding period last year.

B. Acquisition of a power plant in the Kiryat Gat Industrial Zone – on June 1, 2022, the Company, through OPC Holdings Israel (hereinafter – "the Purchaser") signed an agreement with Dor Alon Energy Israel (1988) Ltd. ("Dor Alon") and with Dor Alon Gas Power Plants Limited Partnership (hereinafter together – "the Seller") for acquisition of all the rights in a power plant located in the Kiryat Gat Industrial Zone (hereinafter – "the Acquisition Agreement"), by means of acquisition of all of the rights in the partnership Alon Energy Centers Limited Partnership ("the Parent Partnership"), which holds, indirectly, through Alon Energy Centers – Gat Limited Partnership ("the Gat Partnership"), all of the rights in the power plant, and acquisition of the rights to receive payments in respect of the shareholders' loan provided by Dor Alon ("the Rights Being Sold" and "the Transaction").

The said power plant is a private power plant having a capacity of about 75 megawatts, with conventional technology in an open-cycle, which is located on private land in the Kiryat Gat Industrial Zone (hereinafter – "the Gat Power Plant"). In November 2019, the commercial operation of the Gat Power Plant was commenced, upon receipt of generation and supply licenses for the power plant from the Electricity Authority.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

3) Main developments in the business environment and the Company's activities in Israel in the period of the report and thereafter: (Cont.)

B. (Cont.)

Pursuant to the terms of the Acquisition Agreement, the Purchaser will acquire the Rights Being Sold for a consideration of about NIS 535 million ("Consideration"), which is subject to adjustments in accordance with the provisions of the Acquisition Agreement, for the balances of cash and working capital. In addition, in connection with the senior debt provided in favor of the Gat Power Plant ("the Gat Power Plant's Senior Debt"), the Consideration will be adjusted in the following matter: (a) the total amount of the Consideration will be increased in a case of early repayment of the Gat Power Plant's Senior Debt provided prior to the closing date of the Transaction, in an amount based on the balance of the debt[29] and additional adjustments in respect of advancement of the repayment; or (b) if the Gat Power Plant's Senior Debt is not repaid prior to the closing date of the Transaction, the amount of the Consideration to the Seller is expected to be reduced, in an amount agreed to between the parties relating to the conversion date under the Gat Power Plant's Senior Debt agreement. The Consideration is to be paid on the closing date, except for the amount of NIS 200 million (or NIS 300 million in a case of early repayment of the Gat Power Plant's Senior Debt prior to completion of the Transaction), which is to be paid on December 31, 2023.

Completion of the Transaction is subject to fulfillment of preconditions on the dates stipulated in the Acquisition Agreement and up to March 31, 2023, and as detailed in the Acquisition Agreement, including, among others and to the extent required, receipt of approvals from the Electricity Authority and Competition Authority for the Transaction, receipt of approval of the manager of the Gat Power Plant's Senior Debt for transfer of the rights in the property being sold, conclusion of the agreement of the Gat Partnership with Dorad Energy Ltd., and settlement of collaterals the Seller provided in connection with the power plant in favor of third parties such that as from the completion date the Seller will have no liability to third parties in connection with the Gat Power Plant or the companies being sold and the Purchaser undertook to provide a substitute collateral in place of the Seller in favor of those third parties – all in accordance with the provisions provided in the Acquisition Agreement. On August 24, 2022, merger approval was received from the Competition Authority for the transaction.

As at the date of the report, all the preconditions had not yet been fulfilled and all the required approvals for completion of the Transaction and execution of acquisition of the rights in the Gat Power Plant had not yet been received, and there is no certainty they will be fulfilled and/or the estimated period for their receipt (if ultimately received). Fulfillment of the conditions depends on receipt of approvals and consents of third parties and/or factors that are not under the Company's control, and therefore as at the date of the report there is no certainty the Transaction will be completed. Furthermore, as at the date of the report, the scope of the Consideration and the costs involved with the Transaction are not final and could change, among other things, due to the above-mentioned adjustments and/or terms of the Gat Financing Agreement and/or the scope of provision of collaterals in connection with completion of the Transaction. For additional details – see the Company's Immediate Report dated June 2, 2022 (Reference No.: 2022-01-069142).

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[29] For additional details – see the appendix to the Immediate Report dated June 2, 2022 (Reference No.; 2022-01-069142).

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

3) Main developments in the business environment and the Company's activities in Israel in the period of the report and thereafter: (Cont.)

C. Transaction for investment and a structural change in the area of activities in Israel – on May 8, 2022, the Company entered into a transaction for investment and a structural change in the area of the Company's activities in Israel (hereinafter – "the Investment Agreement") with Veridis Power Plants Ltd. ("Veridis")[30]. For purposes of execution of the transaction that is the subject of the Investment Agreement, a new company – OPC Holdings Israel Ltd. ("OPC Holdings Israel"), which as at the date of the report is a company that is 100% held by the Company, and under which all of the Company's activities will be placed in the area of generation and supply of electricity and energy in Israel, subject to completion of the transaction. For purposes of completion of the transaction, the following actions will be executed, where such actions are interconnected one with the other: the Company will transfer to OPC Holdings Israel its activities in the area of generation and supply of electricity in Israel[31]; Veridis will transfer to OPC Holdings Israel (which it will hold directly or indirectly) its holdings and rights in Rotem and will make a cash investment in OPC Holdings Israel in the amount of NIS 425 million (subject to adjustments provided in the Investment Agreement) (hereinafter – "the Investment Amount"), against issuance of 20% of the issued share capital OPC Holdings Israel to Veridis, such that on the completion date of the transaction the Company will hold 80% of the issued share capital of OPC Holdings Israel and Veridis will hold 20% of the issued share capital of OPC Holdings Israel. It is noted that the amount of NIS 400 million out of the Investment Amount will be used by Rotem to repay (pro rata) part of the shareholders' loans the Company and Veridis made to Rotem in 2021. On the completion date of the transaction, a shareholders' agreement is also expected to be signed between the Company and Veridis that will govern their relationships in OPC Holdings Israel.

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30 To the best of the Company's knowledge, Veridis is a company that is wholly-owned by Veridis Environment Ltd., the securities of which are traded on the Tel-Aviv Stock Exchange Ltd. As at the date of the report, Veridis holds 20% of the issued share capital of Rotem and Rotem 2 (together – "the Rotem Companies").

31 In this framework, the Company will transfer to OPC Holdings Israel, among other things, shares of OPC Power Plants (through which most of the Company's activities in the area of generation and supply of electricity and energy in Israel (including Rotem Power Plan, Hadera Power Plant, the construction of the Zomet Power Plant project and construction of the Sorek generation facility) are carried on). Also transferred will be the Company's holdings in Rotem 2, the Company's holdings in Gnrgy Ltd., and additional activities in the area of the Company's activities in Israel, such as activities involving construction of generation facilities on the premises of the consumers, virtual supply of electricity activities, and others ("the Transferred Activities"). It is noted that transfer of part of the Transferred Activities is designated to be executed in accordance with a pre-ruling that has been received from the Taxes Authority in Israel whereby there will be no tax liability subject to compliance with the conditions determined in the pre-ruling.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

3) Main developments in the business environment and the Company's activities in Israel in the period of the report and thereafter: (Cont.)

C. (Cont.)

Transaction for investment and a structural change in the area of activities in Israel (Cont.)

The shareholders' agreement provides, among other things, certain restrictions with respect to transfer of shares of OPC Holdings Israel, and stipulations regarding the composition of the Board of Directors of OPC Holdings Israel. Furthermore, the shareholders' agreement provides that decisions regarding certain matters will require a special majority[32], including decisions concerning certain interested-party transactions, merger or liquidation, entry into a new area of activities and investments in projects in excess of certain amounts and pursuant to the conditions set forth. In addition, principles were provided for execution of distributions by OPC Holdings Israel, arrangements concerning areas of activities of the Company and the parties, and arrangements in connection with transfer of additional money to OPC Holdings Israel by the shareholders, including a dilution mechanism, pursuant to the conditions determined for this matter. **As at the date of the report, completion of the transaction is subject to fulfillment of preconditions, within six months, as detailed in the Investment Agreement and, among other things, receipt of approvals of third parties for the actions defined in the agreement and receipt of approvals of authorities, if necessary, which have not yet been completely fulfilled. Accordingly, as at the publication date of the report, there is no certainty the transaction will be completed.** As at the publication date of the report, preliminary approvals were received from the Taxes Authority by the parties to the transaction, and merger approval was received from the Competition Authority. In addition, as at the present time, the Company and Veridis agreed to extend the time period for fulfillment of the precondition regarding receipt of approval of the Electricity Authority and the sectorial regulation described in Section 7 and footnote 9 of the Immediate Report dated May 9, 2022, up to September 14, 2022. For additional details regarding the transaction, the conditions for its completion and the terms of the shareholders' agreement – see Section 2.4.3 of Part A of the Periodic Report for 2021, an Immediate Report dated May 9, 2022 (Reference No.: 2022-01-045294), and Note 9B (1) to the Interim Statements.

[32] So long as the holdings of Veridis does not fall below a threshold stated in the shareholders' agreement.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

3) Main developments in the business environment and the Company's activities in Israel in the period of the report and thereafter: (Cont.)

D. Energean agreements – further to that stated in Note 28G to the consolidated reports for 2021 and in Section 7.14.6 of Part A of the Periodic Report for 2021, on May 10, 2022 a revision was signed to the agreements for purchase of natural gas of Rotem and Hadera with Energean Israel Ltd. ("the Energean Agreements" and "Energean", respectively), wherein, among other things, arrangements were provided relating to acceleration of reduction of the gas purchase quantities under the gas purchase agreement of Rotem and Hadera with the Tamar Group, as well as the following arrangements ("the Revision"). As stated in Sections 7.14.1 and 7.14.3 in Part A of the Periodic Report for 2021, Rotem and Hadera have agreements for purchase of natural gas with the Tamar Group ("the Tamar Agreements"). Pursuant to the Tamar Agreements, Rotem and Hadera are permitted to notify Tamar, up to December 31, 2022, of reduction of the part of the minimum annual contractual quantities, pursuant to the formulas stipulated in the Tamar Agreements ("the Reduction Notification")[33], where reduction of the quantities will enter into effect at the end of the period provided in the separate agreement of each of Rotem and Hadera (12 and 8 months, respectively) ("the Actual Reduction Date"), as stated in the said Sections of Part A the Periodic Report for 2021. In accordance with the Energean Agreements, Rotem and Hadera must deliver the Reduction Notification up to the flow date of the gas from the Karish reservoir, after completion of the test-run period ("the Commercial Operation Date").

As part of the Revision, it was provided that Rotem and Hadera will each give the Reduction Notification under the Tamar Agreements within 30 days of the Revision. The Revision also provides that commencing from the commercial operation date and up to the actual date of the reduction, Rotem and Hadera will be subject to a "take or pay" liability with respect to a certain quantity of natural gas[34], while at the same time settlement arrangements were provided in connection with advancement of delivery of the Reduction Notification and with reference to acquisition of alternative gas by Rotem and Hadera in a case where the commercial operation date does not take place up to the actual date of the reduction. In addition, the Revision includes an option, which may be exercised up to the end of 2022, to purchase from Energean an additional immaterial quantity of natural gas, according to the terms of the agreement between Energean and Rotem. As part of the Revision, additional provisions were set forth, among others regarding the matter of a waiver of contentions and claims relating to the period prior to the Revision, and the circumstances were updated and the dates were postponed when the parties will be permitted to bring the Energean Agreements to an early conclusion due to a delay in the Commercial Operation Date[35].

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33 It is clarified that the Tamar Agreements will continue to apply to the quantities that were not reduced pursuant to the reduction formulas stipulated in the Tamar Agreements, as stated above, and in Sections 7.14.1 and 7.14.3 of Part A of the Periodic Report for 2021.

34 A quantity that is not material to the Company and that relates to a quantity beyond the "take or pay" pursuant to the Tamar Agreements.

35 For details regarding contentions of the parties – see the said sections in the annual report.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

3) Main developments in the business environment and the Company's activities in Israel in the period of the report and thereafter: (Cont.)

D. (Cont.)

Further to that stated above (a) on May 30, 2022, Rotem gave notice of reduction of part of the gas quantities in the framework of Rotem's natural gas acquisition agreement with the Tamar Partnership (Reference No.: 2022-01-067579); (b) on June 30, 2022, Hadera gave notice of reduction of part of the gas quantities in the framework of the Tamar agreement detailed in Section 7.14.3 of the Periodic Report for 2021. As at the publication date of this report, the scope of the final reduction has not yet been determined and is under discussion with the Tamar Group (Reference No.: 2022-01-081823); and (c) as stated in Section 7.14.4 of the Periodic Report for 2021 regarding an additional gas supply agreement of Hadera with the Tamar Group on an interruptible basis for a period of 15 years from January 2019 or up to the end of consumption of the contractual quantity, whichever occurs first ("the Tamar B Agreement"), Hadera has a right to conclude the Tamar B Agreement early under the circumstances spelled out in the agreement. On June 30, 2022, Hadera gave notice to the Tamar Group of early conclusion, as stated, which will enter into effect after 12 months.

Further to submission of the reduction notifications, in August 2022 Rotem and Hadera notified Energean regarding increase of the contractual gas quantity pursuant to the terms of the original Energean agreements[36] (an increase that is not within the framework of exercise of the above-mentioned option, which is exercisable up to the end of 2022). It is clarified that increase of the contractual quantity increases the "take or pay" obligation under the agreements.

Based on public information published by Energean as at the date of the report, the first gas from the Karish reservoir is expected up to the end of the third quarter of 2022.

It is noted that in the weeks preceding publication of this report, a security (defense) threat has been heard with respect to the Karish Tanin facilities and natural gas facilities in Israel by anti-Israel entities. Security tension or a harmful attack on the facilities could impact the start date of supply of the gas from the Karish Tanin reservoir or the proper supply of natural gas. For details regarding a risk factor regarding the political and security situation in Israel – see Section 18.1.3 of the Description of the Company's Business in the Periodic Report for 2021.

That stated above, including regarding dates (also with reference to the commercial operation date and/or the date of the flow of the first gas from the Karish Tanin reservoir), the impact of the Revision on the Company and/or the final gas quantities under each of the gas agreements, includes "forward-looking" information, as it is defined in the Securities Law, regarding which there is no certainty it will be realized or the manner of its realization, which is dependent on, among other things, factors that are not under the Company's control, operating factors, third parties, etc. A delay in the commercial operation of the Karish Tanin reservoir (particularly a significant delay beyond the period of the Reduction Notification) could have a negative impact, even a significant one, on the activities and results of Rotem and Hadera and, accordingly, on the results of the Company's activities.

[36] Hadera's notification is subject to approval of Hadera's competent organs.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

3) Main developments in the business environment and the Company's activities in Israel in the period of the report and thereafter: (Cont.)

E. Maintenance activities in the Tamar reservoir – the Tamar Group notified the Company that in October 2022 maintenance activities are expected to be performed in the Tamar reservoir, which will last for about 7 days, during which time no natural gas will be supplied from the reservoir. The Company is examining contracting for an alternative supply of gas in the maintenance period. As at the date of the report, there is no certainty regarding an undertaking or its terms. Absent an undertaking for an alternative supply of gas, the Company may be required to operate the power plant using diesel oil, in coordination with the System Operator. Regarding impacts of a shortage (deficiency) in supply of fuels and fuel costs – see Section 18.2.2 to Part A in the Periodic Report for 2021.

F. Tender for sale of Eshkol as part of the reform of Israel Electric Company[37] – in July 2022, a notification was received from Israel Electric Company Ltd. ("the Electric Company") that the Company has passed the early classification stage in the tender[38]. For additional details regarding the reform in the Electric Company – see Section 7.2.11 of the Description of the Company's Business in the Periodic Report for 2021.

G. Signing of a compromise agreement regarding the request for certification of a derivative claim against Oil Refineries Ltd. (ORL) et. al. with reference to the electricity agreement between ORL and Rotem – further to that stated in Section 7.16.1 of the Description of the Company's Business in the Periodic Report for 2021, in May 2022 the Company's Audit Committee and Board of Directors approved, subject to approval of the General Meeting of the shareholders, the Company's undertaking in a compromise agreement in connection with the derivative claim, as stated. On July 3, 2022, the Company's General Meeting of the shareholders approved the undertaking in the compromise agreement by the majority required pursuant to Section 275 of the Companies Law, 1999 (Reference No.: 2022-01-069756), and in August 2022 the relevant organs in Israel Corporation Ltd. approved the compromise agreement. In August 2022, the compromise agreement was submitted for approval of the Court and its entry into effect requires obtaining the Court's approval, and is subject to receipt of the Court's approval.

H. Changes in costs and delays in the generation and supply chain of equipment – for details – see Section 5F below.

For details regarding additional events – see this report below and Notes 8 and 9 to the Interim Statements.

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[37] For additional details – Section 7.2.11.2 of Part A of the Periodic Report for 2021.
[38] It is clarified that there is no certainty that the Company will submit a purchase offer (bid) as part of the tender. Submission of a bid, as stated, is subject to, among other things, the discretion of the Company's competent authorities.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

3) Main developments in the business environment and the Company's activities in Israel in the period of the report and thereafter: (Cont.)

Rotem Power Plant

I. Availability (capacity) maintenance work – in March 2022, the Rotem Power Plant was shut down for a period of the 12 days for purposes of unplanned maintenance work in order to repair a malfunction, which was repaired. Further to that stated in Section 7.11.1 to Part A of the Periodic Report and in the Report of the Board of Directors for 2021 and in the First Quarter Report, in April 2022 planned maintenance work was performed at, which lasted 26 days, during which time the operations of the Rotem Power Plant were suspended. After the said maintenance, the Rotem Power Plant resumed its regular operations. Suspension of the plant's activities for purposes of performance of the maintenance work, as stated, had a negative impact on Rotem's results in the period of the report. The next planned maintenance for the Rotem Power Plant is expected to take place in the Spring of 2024.

J. Compromise agreement regarding certain open matters with Israel Electric Company – further to that stated in Section 7.15.5.1 of Part A of the Periodic Report for 2021 and in Note 28(C) to the consolidated financial statements for 2021, in March 2022 a compromise agreement was signed between Rotem and Israel Electric Company for purposes of settling certain open matters between the parties in connection with the PPA agreement of Rotem with Israel Electric Company. As part of the compromise agreement, Rotem paid Israel Electric Company the amount of about NIS 5.5 million in respect of a prior dispute regarding differences in collections due to non-transfer of share data in 2013 through 2015, and regarding past settlements relating to the cost of acquiring energy for Rotem customers in cases of load reductions for the power plant by the System Operator, as they were defined in the agreement. The said compromise agreement is consistent with the Company's estimates and the provisions recorded.

It is noted that the compromise agreement does not act to settle or waive contentions of the parties regarding other existing or future matters (including with respect to existing open matters with the System Operator that are in dispute as at the publication date of the report[39]).

[39] As at the publication date of the report, the System Operator had contacted Rotem with a contention regarding flowing of surplus energy without coordination with it (Rotem disputes the contention), further to open (unresolved) matters, as stated in Section 7.15.5.1 of Part A of the Periodic Report for 2021, which in Rotem's understanding are expected to be impacted by supplemental arrangements that the Electricity Authority is expected to determine with respect to its matters, as stated in the Periodic Report.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

3) Main developments in the business environment and the Company's activities in Israel in the period of the report and thereafter: (Cont.)

Hadera Power Plant

K. Availability (capacity) maintenance work – as stated in the report for the first quarter, at the end of April 2022, Hadera's steam turbine was shut down for maintenance purposes, where in the course of the work, repair work was also performed in the gas turbines Repair of the gas turbines was completed, where the shutdown due to repair of the steam turbine was extended beyond that stated in the report for the first quarter owing to additional required repairs and as at the publication date of the report the steam turbine is expected to return to service during October 2022[40]. During the period of time wherein the maintenance work is being performed in the steam turbine, the Hadera Power Plant is being operated on a partial basis, where as at the date of the report the gas turbines had returned to service and are supplying the steam required by the plants of Infinia Ltd. Shutdown of the Hadera Power Plant's activities for purposes of performance of the maintenance work, as stated, had an unfavorable impact on Hadera's activities in the period of the report and is expected to impact Hadera's results in the third quarter of 2022.

L. Arbitration proceeding with the Hadera construction contractor – further to that stated in Section 7.16.4 of Part A in the Periodic Report for 2021, as at the date of the report, pursuant to the request of the parties, taking into account the maintenance work on the steam, turbines as stated in Section 3K above, the arbitration proceeding was suspended. The arbitration proceeding may be resumed upon the advance notification of one of the parties.

For additional details regarding the Company's area of activities in Israel – see this report below and Section 7 to Part A of the Periodic Report for 2021 and the notes to the consolidated financial statements for 2021 and to the Interim Statements.

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[40] **That stated in this Section above, including with reference to the expected completion of the maintenance work, the impact of the work on Hadera's results, the duration of the period of the said work and/or the completion thereof, includes "forward-looking" information, as it is defined in the Securities Law. The information regarding performance of the renovation work and the impact thereof may not be realized, or may be realized in a different manner, including as a result of reasons that are not under Hadera's control, such as constraints the source of which is the contractor or equipment supplier, the manner of performance of the maintenance work, technical breakdowns or delays in arrival of the equipment or teams to the site and/or other delays, which could impact the duration of the shutdown. It is noted that partial operation or shutdown of the Hadera Power Plant during extended periods of the maintenance, renovation and replacement work count impact Hadera's ability to comply with the power plant's availability (capacity) provisions (regarding this matter – see also Section 7.11.1 of Part A of the Periodic Report for 2021) and have a negative impact on the results of Hadera's activities.**

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

4) Main developments in the business environment and the Company's activities in the United States in the period of the report and thereafter:

A. The Stagecoach project – on May 24, 2022, a Work Commencement Order for the construction work was issued to the project's construction contractor, with solar technology having a capacity of about 102 megawatts MWdc in the State of Georgia in the United States – SERC market. On that date, among other things, a construction agreement (EPC) was signed with the project's construction contractor. As at the date of the report, the total cost of the investment in the project is estimated at about $127 million (including development fees to the CPV Group in the estimated amount at about $23 million), and the project's commercial operation date, subject to completion of the construction work is expected to take place in 2024.

As stated in the report for the first quarter, the project signed an agreement for sale of electricity (PPA) with a local utility company for sale of the electricity generated for a period that could reach up to 30 years from the project's commercial operation date, at market prices. At the same time, the project contracted with a global company for sale of 100% of the project's renewable solar energy certificates, Renewable Energy Credits (RECs), and a full hedge of the electricity price of the quantity that will be generated and sold to the utility company, at a fixed price for 20 years from the project's commercial operation date.

The CPV Group has provided guarantees, in the cumulative amount of about $10 million, for purposes of assuring the project's liabilities (including with respect to the dates relating to the project) to the parties to the agreements. The scope of the average annual revenues from the said agreements is estimated at $6 million to $7 million.[41]

For additional details – see the Company's Immediate Report dated May 25, 2022 (Reference No.: 2022-01-0640489).

[41] That stated, including regarding the matter of the expected cost of the investment in the project, the scope of the development fees and the project's anticipated commercial operation date, as well as with reference to the total amount of the revenues expected from the above-mentioned agreements, includes "forward-looking" information, as it is defined in the Securities Law, which is based on estimates and plans of the CPV Group as at the date of the report and regarding which there is no certainty it will be realized. As at the date of the report, construction of the project and its completion are subject to various factors, such as, construction and connection work, which have not yet taken place, as stated above, which might not materialize or might materialize in a manner different than foreseen, this being due to, among other things, changes in regulation, an increase in costs (including equipment, connection and infrastructure costs), receipt of permits, delays or interruptions in the construction or infrastructure work, changes in estimates regarding market prices and/or realization of one or more of the risk factors to which the Company and/or the CPV Group are exposed.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

4) Main developments in the business environment and the Company's activities in the United States in the period of the report and thereafter: (Cont.)

B. Advancement of "the Inflation Reduction Law" – on August 16, 2022, the Inflation Reduction Act of 2022 was signed by the President of the U.S. and it became law, the purpose of which is, among other things, to grant significant tax credits for renewable energies and technologies from reduction of carbon emissions, and to lead to an increase of the local generation and the regulatory stability in the area ("the IRA Law").

The IRA Law includes, a number of benefits for renewable energy projects, including, among others: (1) an investment tax credit (ITC) – fixing the rate of the tax benefit to 30% and extension of the benefit period to 10 years ("the Base Credit"). Also, additional credits are included at the rate of 10% each of the Base Credit subject to (a) construction of projects on Brownfield sites or coal mine sites or carbon power plants that have been shut down, or (b) for use of equipment or raw materials made in the U.S.; (2) a production tax credit (PTC) – fixing the benefit tariff at $27.5 per megawatt hour and extension of the benefit period to 10 years; (3) the possibility of selling the tax credits to unrelated parties; and (4) a tax credit for electricity generation facilities having carbon capture capability at the rate of about 75% of the emission. The rate of the credit will be $60 per ton of carbon for carbon removed by injection into active oil wells and $85 per ton of carbon for carbon interred in a permanent manner. This benefit is granted as a direct payment during the first five years and as a tax credit during an additional 7 years.

Furthermore, commencing from 2025, renewable energy projects with zero emissions will be able to choose between claiming a PTC or an ITC. The IRA Law is expected to have a favorable impact on the renewable energy projects of the CPV Group that are in the development stage and that are under construction, including Maple Hill and Stagecoach and, among other things, to increase the value of the tax credits that is expected to be received compared with the situation prior to passage of the Climate Law. It is noted that even though some of the regulatory arrangements have not yet been finalized, there is a possible positive impact on the entitlement of some of the Group's renewable projects to a higher tax credit due to their location (for example, on areas that were former coal mines), including the Maple Hill project. Also, the possibility of selling the tax credits increases the Group's ability to realize part of the value of the tax credits of its renewable projects and to improve the investment conditions. With reference to the conventional project of the CPV Group that are in the development stage, as stated in Section 2 (backlog of projects) above, and that integrate possibilities for carbon capture, the IRA Law is expected to have a positive impact in all that relating to the technological benefits for carbon capture provided in the Law. As at the date of the report, the full impacts of the IRA Law have not yet been finally clarified, and they are expected to be clarified upon formulation of the detailed arrangements (regulations).[42]

[42] **That stated in connection with the main impacts of the IRA Law, constitutes "forward-looking" information, as it is defined in the Securities Law, 1968, and it constitutes merely an estimate that is based on the information, estimates and forecasts in the possession of the management of the CPV Group on the date of the report, among other things, based on the language of the legislation published and the existing business plans. This information is contingent on the existence of various factors, including factors that are not under the Company's control, such as, the final arrangements that will be determined, realization of the development plans of the backlog of the projects, etc. Accordingly, that stated may not materialize and/or may materialize in a manner different than that described above.**

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

4) Main developments in the business environment and the Company's activities in the United States in the period of the report and thereafter: (Cont.)

C. Changes in costs in the production and supply chain of equipment for the projects – for details – see Section 5F below.

D. Requests for network connections – the increasing demand for renewable energy in the PJM, MISO and SPP electricity markets, led to an increase in demand for connections to the grid and requests for connection surveys of projects to the grid. This demand creates a burden and causes a slowdown in the connection process and could impact the process and rate of the progress of the projects. Further to that stated in Section 8.1.2.2 of Part A of the Periodic Report for 2021 regarding the reform of the process of requests for connection to the network in the PJM market, in April 2022, the reform of the process of requests for connection to the network in the PJM market was approved, which was intended to regulate the handling of the backlog of connection requests by the PJM. The reform was submitted for approval of the FERC[43] in June 2022, and as part of the request PJM is requesting that the FERC shall act to allow implementation of the reform up to January 2023. PJM's request recommends a three-stage collective connection survey process that will apply to parties submitting the connection requests in the same time frames. At the end of the three stages, a period of time will be allowed to sign connection agreements. Projects regarding which no network upgrades are required will be able to advance to the connection agreement stage after two stages. In the estimation of the CPV Group, application of the said reform, could cause a delay of about two years in the timetables for construction and operation of certain projects in the PJM market depending on, among other things, the required network upgrading costs and their place in the connection process. As part of that stated, it is possible that the process of connection to the network of the Rouge's Wind project of the CPV Group, which is presently in the development stages, could be delayed by about two years. For details regarding the Rouge's Wind project – see Section 8.1.1.6 of Part A of the Periodic Report for 2021. The Maple Hill and Three Rivers projects, which are presently in the construction stages, are not expected to be impacted by the Reform[44].

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[43] Federal Energy Regulatory Commission.

[44] That stated above with reference to the dates and actions relating to of the Reform of the PJM, including estimates of the time periods and processes, as well as the impacts relating to the Reform of the PJM on the projects of the CPV Group, includes "forward-looking" information, as it is defined in the Securities Law, regarding which there is no certainty it will be realized or the manner in which it will be realized, and which is dependent on, among other things, factors that are not under the Company's control.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

4) Main developments in the business environment and the Company's activities in the United States in the period of the report and thereafter: (Cont.)

E. Electricity, gas and availability (capacity) prices in the activity markets of the CPV Group – for details regarding trends in the various energy prices and the impact thereof on the CPV Group and with respect to capacity payments in the different markets in the U.S. – see Section 6 below. In June 2022, capacity payment tenders in the PJM market were held for the period June 2023 up to May 2024 (for additional details – see Section 6 below).

F. Availability (capacity) and maintenance work– the second quarter, which includes the months of the spring season, is characterized as a transition period wherein the demand for electricity is relatively low and, therefore, the preference is to concentrate during this period, to the extent possible, the maintenance work in the power plants. As stated in the First Quarter Report, in the period of the report the power plants of the CPV Group that are powered by natural gas were shut down for various periods of time for purposes of planned maintenance work (where part of the work lasted longer than planned). The shut down for purposes of the maintenance work had an unfavorable impact on the results of the plants in the period of the report. For details regarding the maintenance work – see Section 6 below. It is noted that August 2022 one of the active power plants of the CPV Group was shut down (fully or partly) for an aggregate of about 14 days, for purposes of unplanned maintenance due to a breakdown, after which it resumed its activities.

G. Acquisition of solar panels – in March 2022, the CPV Group signed a framework agreement for acquisition of solar panels, in the aggregate scope of about 530 megawatts ("the Panel Acquisition Framework Agreement"). The panels will be supplied based on orders the CPV Group will submit to the supplier in 2023–2024. On the date of entering into the undertaking, the CPV Group had paid the panel supplier an advance deposit in respect of the acquisition. The CPV Group has the right to conclude the agreement early in accordance with the dates provided, while making a partial payment to the supplier, which is derived from the early conclusion date. In addition, provisions are included in the agreement with respect to, among other things, quantities, the model, manner of supply of the panels and provisions that cover conclusion of the agreement. The total consideration under the agreement could amount to about $185 million (assuming purchase of the full quantity under the agreement). The agreement is intended to serve for solar projects of the CPV Group that are in the development or construction stages – this being, among other things, against the background of the global trends of increasing demand for solar panels that impacts the prices of the panels and timeframes for their supply.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

4) Main developments in the business environment and the Company's activities in the United States in the period of the report and thereafter: (Cont.)

H. Process of the authorities in the United States regarding supply of solar panels – on March 28, 2022, the U.S. Department of Commerce gave notice of investigation of a contention whereby import of solar panels imported into the United States from Malasia, Thailand, Vietnam and Cambodia, allegedly circumvents the Customs duty applicable to imports from China. The consequence of this investigation could be imposition of larger (even significantly larger) Customs Duty on solar panels imported from these countries. It is noted that as at the publication date of the report, there is no certainty regarding the outcome of the process or with respect to the length of time until it is completed (it is clarified that the process is not against the CPV Group). The process and its results, if the investigated claim is found to have substance, could have a general impact on the market for solar panels and, indirectly, and on execution of solar projects in the United States. In June 2022, the President of the United States determined a time period of 24 months for exemption from an import tariff on solar modules and their component parts from the said countries, during which time the investigation is continuing. As at the date of the report, the impacts of the investigation and the said presidential action are not yet clear, and the CPV Group is continuing to examine the matter. Regarding the impacts of the global trends of rising raw-material prices and transport costs (including with respect to solar panels) – see Section 5F below.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

4) Main developments in the business environment and the Company's activities in the United States in the period of the report and thereafter: (Cont.)

Maple Hill Project

I. Changes in the project due to a proceeding in the United States that impacts the supplier of the panels – to the best of the Company's knowledge, despite suspension of the investigation started by the U.S. Department of Commerce, as described in Section 4H above, the project's original panel supplier will not continue to supply the panels, the CPV Group is preparing to make adjustments to the project, as stated below, by means of utilization of the Group's framework agreement for acquisition of panels from March 2022, as noted above. As at the date of the report, the CPV Group is taking the required steps in order to implement replacement of the panel supplier.

As at the publication date of the report, about 24 megawatts are expected to be ready for operation on the project site in the fourth quarter of 2022. The balance of the solar panels, in the scope of about 102 megawatts, are expected to be supplied under the framework agreement for acquisition of panels during 2023, and subject to performance of the conformance (adaptation) work and installation of the panels on the project site, the project is expected to reach full commercial operation in the second half of 2023. The CPV Group is in contact with the parties involved with the project in order to update the agreements with them (if necessary) so as to reflect therein the said change. As at the date of the report, subject to completion of the above preparations, this matter is not expected to have a significant impact on the cost of the investment in the project[45].

J. In April 2022, the project received a connection agreement with PJM and the connection is expected to take place in the fourth quarter of 2022[46].

K. The CPV Group is examining the impact of legislation of the IRA Law (as described in Section 4B above) on the project, mainly from the standpoint of the impacts of the legislation on the Tax Equity agreement.

For additional details regarding the area of the Company's activities in the United States – see this report below, Section 8 of Part A of the Periodic Report for 2021 and the notes to the consolidated financial statements for 2021 and to the Interim Statements.

For additional details regarding the results of associated companies in the United States – see Section 6 below and Note 6 to the Interim Statements. In addition, for further information regarding a significant associated company, Valley, see the condensed interim financial statements of Valley, which are attached to the Interim Statements.

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[45] **That stated with reference to the balance of the solar panels that are expected to be delivered under the framework agreement, and the Company's estimates regarding the project's commercial operation date and/or the impact of the scope of the investment in the project includes "forward-looking" information, as it is defined in the Securities Law, which is based on the estimates of the CPV Group as at the date of the report, which are subject to update of the relevant agreements, the timetables for execution of the conformance work and installation of the panels, the total costs and final financing or other factors relating to construction or operation of the project, regarding which there is no certainty as to their realization.**

[46] **That stated with reference to the execution date of the connection constitutes "forward-looking" information as it is defined in the Securities Law regarding which there is no certainty it will be realized.** Actually, the connection date could be delayed beyond that stated, this being due to, among other things, factors not under the control of the CPV Group.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

5) Main developments in the Company's general activities in the period of the report and thereafter:

A. Changes in the macro-economic environment (changes in inflation and interest) – in the period of the report, a macro-economic trend is discernable, both in Israel and worldwide, which is characterized by an increase in the rate of inflation and, in turn, an increase in the interest rates. These parameters have an impact on the local and global economic conditions, as well as on the overall growth rate, including, among other things, on the financing expenses of business entities, the costs of construction projects, the energy prices, tariffs in the electricity sector and the like.

In this regard, in the last 12 months the CPI in Israel has risen by about 5.2%, and starting from April 2022 Bank of Israel increased the interest rate in the economy a number of times, to the rate of 2% as at the publication date of the report. In the first half of 2022, the global trend of higher price levels continued, against the background of, among other things, economic and geo-political events, such as, the resumption of the lockdowns in China and continuation of the war in the Ukraine. These factors, along with an increase in the energy and transport, have led to a increase in inflation in the U.S.

As detailed in Section 18 of Part A of the Periodic Report for 2021, the macro-economic environment, which is characterized by high rates of inflation and interest-rate hikes, could impact the Group's activities in a number of ways including, the interest on the loans taken out by the Group companies, which is variable interest (as detailed in Section 7 below), will increase and, in turn, also the Company's financing expenses, and the increases in commodity prices and raw materials will increase the expenses of the Group's projects, along with an increase in salary expenses, maintenance and equipment costs. Furthermore, the increase in the interest rate could have an impact on the value in use of the Group's power plants and on the balance of the goodwill. It is pointed out that pursuant to the examination made by the Company, the increase in the interest rate in the period of the report did not cause a decline in the value of the Group's assets. It is noted that changes in the currency exchange rates also impact the Company. For additional details – see Note 23 to the consolidated financial statements for 2021.

Set forth below is a brief summary of the impact of the macro-economic changes, as stated, on the Company based on its estimates as at the period of the report, while taking into account the uncertainty that characterizes the factors described above as at the publication date of the report, the Company is unable to estimate the extent of their impact on its future results. Nonetheless, in order to present a complete picture, it is noted that:

(1) As stated, part of the Company's liabilities in Israel are linked to the CPI. An increase in the rates of inflation in Israel, generally leads to an increase in the Company's financing expenses and a decrease in its profits. For additional details regarding the linkage terms of the Company's liabilities – see Section 7 below. In addition, in the Company's estimation, inflation in the future could trigger an increase in the construction and procurement costs of projects in Israel and in the U.S. For details regarding the impact of an increase in the natural gas and energy prices on the Group's activities in the U.S. – see Section 6 below.

It is noted that in the period of the commercial operation of Zomet, Zomet's availability (capacity) tariff is linked to the CPI – for additional details regarding this matter, see Section 7.13.8 of Part A of the Periodic Report for 2021. It is further noted that an increase in the CPI generally has a favorable impact on the generation component, which is updated from time to time by the Electricity Authority.

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

5) Main developments in the Company's general activities in the period of the report and thereafter: (Cont.)

A. (Cont.)

(1) (Cont.)

In the six-month and three-month periods ended June 30, 2022, the Company recognized financing expenses in the area of activities in Israel, in light of the increase in the CPI, in the amounts of about NIS 28 million and about NIS 16 million, respectively.

(2) The increase in the interest did not have a significant impact on the Company's results in the second quarter of 2022. Regarding the active power plants of the CPV Group, interest hedges exist. In Israel, the main impact of the change in the interest rates is reflected in an increase in the construction cost of the projects. It is further noted that changes in the interest rate also impact calculation of the fair value of the profit-sharing plan, as stated in Note 8E(3) to the Interim Statements and Note 18C to the consolidated statements for 2021. Continuation of the trend of rising interest rates could have a negative impact on the financing costs with reference to the financing agreements and any refinancing. In this context, an increase in the interest is expected to trigger a demand to increase the revenues of the projects in the area[47].

B. Raising of capital – on July 3, 2022, the Company published a shelf offer report (Reference No.: 2022-01-082792) for issuance of up to 11,130,000 of the Company's ordinary shares by means of a uniform offer in a tender on the unit price. According to the results of the issuance, the Company issued 9,443,800 of the Company's ordinary shares, at a price of NIS 35 per share, of which 3,898,000 were issued to Kenon Holdings Ltd., the Company's controlling shareholder, which submitted bids as part of the preliminary tender that was held for classified investors, as detailed in Sections 4.6 and 4.11 of the shelf offer report. The gross proceeds from the issuance amounted to about NIS 330.5 million. The issuance expenses total about NIS 9 million.

C. Senior officers – on June 14, 2022, the Company gave notice of conclusion of the service of Mr. Tzahi Goshen as the Company's CFO (for additional details – see the Company's Immediate Report from that date (Reference No.: 2022-01-073552). Further to the said notification, on June 28, 2022, the Company published an Immediate Report from that date (Reference No.: 2022-01-067074) regarding appointment of Ms. Anna Bernstein Schwertzman to the position of the Company's CFO. The service of Ms. Bernstein Schwertzman will commence on September 1, 2022. For additional details – see the Company's Immediate Report from that date (Reference No.: 2022-01-078708).

[47] **It is clarified that that stated above with reference to the Company's estimates in connection with the impact of inflation and the increase in the interest rates on the Company's business constitutes "forward-looking" information as it is defined in the Securities Law, and is based on the information in the Company's possession and on the Company's estimates as at this date, and taking into account the scope of its activities and the mix of its investments as at the date of the report. The information and the estimates, as stated, might not be realized and/or might be realized in a different manner, due to, among other things, factors that are not known to the Company as at this date or that are not under its control, including, realization of the risk factors that characterize the Company's activities, as stated, and the manner of their realization.**

1. Brief description of the Group's area of activities in the Period of the Report and thereafter (Cont.)

5) Main developments in the Company's general activities in the period of the report and thereafter: (Cont.)

D. Extension of the period of the Company's shelf prospectus – the validity of the shelf prospectus that was supposed to expire on July 30, 2022 was extended by the Securities Authority by an additional 12 months, that is, up to July 30, 2023 (Reference: 2022-01-076707).

E. Reconfirmation of issuer's rating – on August 10, 2022, the Company reported with respect to receipt of a rating report that reconfirms the issuer's rating of "ilA–/Stable", which was granted to the Company by S&P Global Ratings Maalot Ltd. (Reference No.: 2022-01-101593).

F. The Coronavirus and the broad global impacts on raw-material prices and supply chains – in March 2020, the World Health Organization declared the Coronavirus to be a worldwide pandemic. Despite taking preventative measures in order to reduce the risk of spread of the virus, the virus has continued to spread, including different variants that developed, and it has caused significant business and economic uncertainty. In the period of the report, the restrictions on movement (travel) and carrying on of business and trade in the Company's areas of activity were lifted. In light of the dynamic nature of the virus (development of additional variants) and the consequences of ongoing events that are related to the virus (such as an increase in the prices of raw materials and transport costs), there remains uncertainty regarding the broad-sweeping impacts of the Coronavirus crisis, on the markets and factors relating the Company's activities.

In the period of the report and thereafter, due to high global demand for raw materials and transport and dispatch, the significant increase in the costs of the raw materials continued, and delays in the generation and supply chain are visible, including an increase in the costs of marine shipping. Accordingly, global delays have been caused in the equipment supply dates along with an increase in the prices of raw materials and equipment used for construction and maintenance of the Group's generation facilities and power plants. This trend impacts the construction and/or maintenance costs of the Group's projects in its activity markets and the timetables for their completion, as noted in Section 2 above. In addition, the impact of this trend is particularly visible in connection with development projects (including energy generation facilities) and with respect to availability and prices of solar panels for solar projects in the development stage or under construction of the CPV Group. As at the approval date of the financial statements, there is no certainty with respect to the continuation or scope of the trend and, therefore, the Group is not able to estimate with any degree of certainty the impact thereof on the Group's activities.

For additional details regarding the Coronavirus crisis and its impacts on the Group's activities – see Sections 7.3.8, 7.11.1, 7.15.1 and 18.1.6 of Part A of the Periodic Report for 2021 and Note 28D to the consolidated financial statements for 2021.

For additional details regarding events during the period of the report and thereafter – see Notes 8 and 9 to the Interim Statements.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

2. Financial Position as at June 30, 2022 (in millions of NIS)

Category	6/30/2022	12/31/2021	Analysis
Current Assets			
Cash and cash equivalents	506	731	For additional information – see the Company's condensed consolidated statements of cash flows in the financial statements and Part 7 below.
Short-term deposits and restricted cash	37	1	Most of the increase stems from deposit of collaterals, in the aggregate amount of about NIS 33 million, for purposes of assuring the Group's liabilities in connection with projects under construction in the U.S.
Trade receivables and accrued income	169	194	Most of the decrease stems from a decrease in accrued income in Israel, in the amount of about NIS 37 million, mainly as a result of the impact of the seasonal factor on the sales, which was offset by an increase in the generation component tariff (as described in Note 8A(1) to the Interim Statements). The decrease was offset by an increase in accrued income in Gnrgy, in the amount of about NIS 6 million, and from an increase in accrued income relating to virtual supply, in the amount of about NIS 8 million.
Receivables and debit balances	151	118	Most of the increase stems from an increase, in the amount of about NIS 12 million, in the balance of accrued income relating to sale of natural gas, an increase of about NIS 6 million in the balance of VAT receivable, and an increase of about NIS 6 million in the balance of other receivables and debit balances in the U.S. due to an increase of the dollar exchange rate.
Inventory	5	5	
Short-term derivative financial instruments	12	2	Most of the increase stems from an increase in the fair value of forward transactions designated for hedging cash flows in Zomet, in the amount of about NIS 5 million, and an increase in interest swap contracts in the U.S., in the amount of about NIS 5 million (for additional details regarding interest swap contracts and forward transactions designated for hedging cash flows – see Note 23D to the consolidated statements for 2021).
Total current assets	**880**	**1,051**	

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

2. Financial Position as at June 30, 2022 (in millions of NIS) (Cont.)

Category	6/30/2022	12/31/2021	Analysis
Non-Current Assets			
Long-term deposits and restricted cash	53	93	Most of the decrease stems from release of a collateral, in the amount of about NIS 26 million, as part of an agreement for sale of electricity in a project in the U.S., and release of a collateral, in the amount of about NIS 15 million, which was designated to secure a bank guarantee in Israel (for additional details see – Note 8B(4) to the Interim Statements).
Long-term prepaid expenses and other receivable	193	178	Most of the increase stems from an investment in infrastructures of Zomet, in the amount of about NIS 11 million, an investment in infrastructures of the Stagecoach project in the U.S., in the amount of about NIS 6 million, and an increase in long-term prepaid expenses, in the amount of about NIS 3 million. On the other hand, there was a decrease of about NIS 8 million in deferred financing expenses as part of Zomet's financing agreement.
Investments in associated companies	2,043	1,696	The increase is the result of the activities of the CPV Group. For additional details regarding investments in associated companies – see Sections 1 and 6 to this report and Note 6 to the Interim Statements.
Deferred tax assets	146	153	Most of the decrease, in the amount of about NIS 25 million, stems from the activities of the CPV Group. On the other hand, there was an increase of about NIS 13 million deriving from the Group's activities in Israel.
Long-term derivative financial instruments	53	36	The increase stems from an increase in the fair value of index SWAP contracts in Israel, in the amount of about NIS 7 million, and an increase in the fair value of interest SWAP contracts in the United States, in the amount of about NIS 9 million (for additional details regarding the index and interest SWAP contracts – see Note 23D to the consolidated financial statements for 2021).
Property, plant and equipment	3,946	3,523	Most of the increase stems from investments in projects in Israel, in the amount of about NIS 280 million, and an investment in projects in the U.S., in the amount of about NIS 125 million. In addition, there was an increase of about NIS 62 million in property, plant and equipment in the U.S. due to an increase in the exchange rate of the dollar. This increase was partly offset by depreciation expenses in respect of property, plant and equipment in Israel, in the aggregate amount of about NIS 44 million.
Right-of use assets	326	302	Most of the increase stems from an increase in a right-of-use asset in the U.S., in the amount of about NIS 26 million, as a result of signing a land lease agreement in the Stagecoach project. For additional details – see Note 8E(2) to the Interim Statements.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

2. Financial Position as at June 30, 2022 (in millions of NIS) (Cont.)

Category	6/30/2022	12/31/2021	Analysis
Non-Current Assets (Cont.)			
Intangible assets	766	698	Most of the increase derives from an increase, in the amount of about NIS 79 million, in intangible assets in the U.S. due to an increase in the exchange rate of the dollar. On the other hand, there was a decrease of about NIS 19 million relating to amortization of intangible assets in the U.S.
Total non-current assets	**7,526**	**6,679**	
Total assets	**8,406**	**7,730**	

<u>Explanations of the Board of Directors regarding the State of the Group's Affairs</u> (Cont.)

2. Financial Position as at June 30, 2022 (in millions of NIS) (Cont.)

Category	6/30/2022	12/31/2021	Analysis
Current Liabilities			
Current maturities of loans from banks and financial institutions	87	68	Most of the increase stems from update of the current maturities of the project credit in Israel and the U.S. based on the repayment schedules, in the amounts of about NIS 30 million and about NIS 22 million, respectively. In addition, there was an increase of about NIS 4 million in respect of current maturities in the U.S. due to an increase in the dollar exchange rate. On the other hand, there was a decrease stemming from repayment of project credit in Israel and the U.S. based on the repayment schedules, in the amount of about NIS 16 million and about NIS 23 million, respectively.
Current maturities of loans from holders of non-controlling interests	64	29	The increase stems from update of the current maturities of the loans based on the repayment schedules of the debt from holders of non-controlling interests in Rotem, in the amount of about NIS 27 million. During the period of the report, holders of non-controlling interests provided Rotem an additional short-term loan, in the amount of about NIS 8 million. The additional loan was repaid subsequent to the date of the report.
Current maturities of debentures	28	22	The increase stems from update of the current maturities of the debentures based on the repayment schedule.
Trade payables	281	425	Most of the decrease stems from a net decline in the balances of suppliers of projects under construction in Israel, in the amount of about NIS 95 million, and a decline in the balance with the Electric Company, in the amount of about NIS 47 million, mostly as a result of timing differences, and decline in the scope of the purchases of electricity from the Electric Company.
Payables and other credit balances	73	87	Most of the decrease derives from a decline, in the amount of about NIS 6 million, in the balance of VAT payable, and a decline, in the amount of about NIS 7 million, due to the balance with the Hadera construction contractor.
Short-term derivative financial instruments	4	27	Most of the decrease, in the amount of about NIS 18 million, stems from a decline in the fair value of forward transactions designated for hedging cash flows in Zomet (for additional details – see Note 23D to the consolidated financial statements for 2021).
Current maturities of lease liabilities	60	59	
Total current liabilities	**597**	**717**	

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

2. Financial Position as at June 30, 2022 (in millions of NIS) (Cont.)

Category	6/30/2022	12/31/2021	Analysis
Non-Current Liabilities			
Long-term loans from banks and financial institutions	1,698	1,451	Most of the increase is due to withdrawal in the framework of the Zomet Financing Agreement, in the amount of about NIS 253 million, an increase in the linkage differences in respect of the project debt in Israel in the amount of about NIS 14 million, and in respect of an increase of about NIS 32 million in project credit in the U.S., due to an increase in the exchange rate of the dollar. The increase was partly offset by a decrease, in the amounts of about NIS 30 million and about NIS 22 million, as a result of update of the current maturities of the project credit in Israel and in the U.S., respectively.
Long-term loans from holders of non-controlling interests and others	410	404	Most of the increase stems from an increase in the balance of the long-term loans from holders of non-controlling interests in the CPV Group, where an increase of about NIS 19 million is in respect of investments of holders of non-controlling interests and accrual of interest, and an increase of about NIS 26 million due to an increase of the dollar exchange rate. This increase was offset by a decline of about NIS 41 million deriving from update of the current maturities of loans from holders of non-controlling interests in Rotem.
Debentures	1,803	1,789	The increase stems from an increase in the linkage differences in respect of the debentures (Series B), in the amount of about NIS 30 million. On the other hand, there was a decrease deriving from update of the current maturities of the debentures (Series B), in the amount of about NIS 16 million.
Long-term lease liabilities	73	44	Most of the increase, in the amount of about NIS 26 million, as a result of signing a land lease agreement in the Stagecoach project. For additional details – see Note 8E(2) to the Interim Statements.
Long-term derivative financial instruments	–	1	
Other long-term liabilities	114	90	Most of the increase, in the amount of about NIS 10 million, stems from an update of the benefit from a profit-sharing plan for employees of the CPV Group, which is accounted for as a share-based payment transaction settled in cash, and an increase, in the amount of about NIS 12 million, in the U.S. due to an increase in the dollar exchange rate.
Liabilities for deferred taxes	432	393	An increase, in the amount of about NIS 27 million, is due to update of the deferred taxes as a result of recording of deferred taxes relating to temporary differences in Israel, and an increase of about NIS 8 million stemming from the activities of the CPV Group.
Total non-current liabilities	**4,530**	**4,172**	
Total liabilities	**5,127**	**4,889**	

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

3. Results of operations for the six-month and three-month periods ended June 30, 2022 (in millions of NIS)

The Group's activities in Israel and the United States are subject to seasonal fluctuations. For additional details regarding seasonal impacts – see Sections 7.10 and 8.7 to Part A of the Periodic Report for 2021. In Israel, the load and time tariffs ("TOAZ") are supervised (controlled) and published by the Electricity Authority, and are broken down into three seasons – summer (July and August), winter (January, February and December) and transition (March through June and September through November). The TOAZ tariff in the summer and the winter are higher than those in the transition seasons. In the United States, the electricity tariffs are not supervised (controlled) and are impacted by the demand for electricity, which is high in the summer and the winter compared with the average and as a function of the natural gas prices. During the period of the report, the natural gas prices in the U.S. rose in light of, among other things, the levels of local inventories, a limited increase in the local generation, and the natural gas crisis in Europe, which impacted the electricity in the markets in which the CPV Group operates, where the impact of the gas prices in the period of the report is not uniform between the power plants of the CPV Group.

It is noted that the results of the CPV Group are consolidated in the Company financial statements commencing from the completion date of the transaction for acquisition of the CPV Group on January 25, 2021. The results of the associated companies in the U.S. (companies engaged in natural gas) are presented in the category "Company's share in income (losses) of associated companies". For additional details regarding the results of associated companies in the CPV Group – see Note 6 to the Interim Statements.

	For the Six Months Ended		
Category	**6/30/2022**	**6/30/2021**	**Analysis**
Sales in Israel	781	650	For an explanation regarding the change in the sales in Israel – see Section 5, below.
Sales and provision of services in the U.S.	92	68	Most of the increase stems from a period of activities in the United States of six months in the first half of 2022, compared with a period of about five months in the corresponding period of last year (the CPV Group is consolidated in the Company's results commencing from January 25, 2021). In addition, there was an increase of about NIS 6 million in the revenues from services, and an increase in the revenues from sale of electricity in Keenan, in the amount of about NIS 2 million.
Cost of sales (less depreciation and amortization) in Israel	600	479	For an explanation regarding the change in the cost of sales – see Section 5, below.
Cost of sales and provision of services (less depreciation and amortization) in the U.S.	45	36	Most of the increase stems from a period of activities in the United States of six months in the first half of 2022, compared with a period of about five months in the corresponding period of last year (the CPV Group is consolidated in the Company's results commencing from January 25, 2021). In addition, there was an increase of about NIS 4 million in the cost of provision of services, mainly as a result of an increase in salary expenses.

	For the Six Months Ended		
Category	**6/30/2022**	**6/30/2021**	**Analysis**
Depreciation and amortization in Israel	64	68	Most of the decrease stems from a decrease in the depreciation expenses of the Rotem Power Plant, in the amount of about NIS 4 million, as a result of postponement of the planned maintenance from October 2021 to April 2022.
Depreciation and amortization in the U.S.	19	19	
Gross profit	**145**	**116**	

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

3. Results of operations for the six-month and three-month periods ended June 30, 2022 (in millions of NIS) (Cont.)

Category	For the Six Months Ended 6/30/2022	6/30/2021	Analysis
Administrative and general expenses in Israel	50	37	Most of the increase stems from an increase in salary and headquarters expenses, in the amount of about NIS 8 million (including about NIS 5 million of non-cash equity remuneration expenses), in light of, among other things, expansion of the Company's activities. In addition, the administrative and general expenses in Israel include administrative and general expenses of Gnrgy (which was consolidated for the first time on December 31, 2021), in the amount of about NIS 6 million.
Administrative and general expenses in the U.S.	60	48	Most of the increase stems from an increase in salary expenses of about NIS 11 million, and an increase in expenses for professional services, in the amount of about NIS 6 million, in light of, among other things, expansion of the CPV Group's activities and the initial consolidation date of the CPV Group (the CPV Group is consolidated in the Company's results commencing from January 25, 2021). This increase was partly offset by a decrease in expenses relating to a profit-sharing plan in the CPV Group, in the amount of about NIS 6 million (non-cash).
Share in losses of associated companies in Israel	–	(1)	
Share in income (losses) of associated companies in the United States	66	(51)	In the period of the report, the losses in respect of changes in the fair value of derivative financial instruments in hedging plans of the CPV Group, were about NIS 80 million less than in the corresponding period last year. Net of the impact of changes in the fair value of derivative financial instruments, the income in respect of associated companies in the United States in the period of the report and in the corresponding period last year is about NIS 76 million and about NIS 39 million, respectively. For additional details – see Section 6 below and Note 6 to the Interim Statements.
Transaction expenses in respect of acquisition of the CPV Group	–	2	
Business development expenses in Israel	2	1	
Business development expenses in the U.S.	10	1	Most of the increase, in the amount of about NIS 6 million, stems from an increase in the scope of the business development activities, and write off of a project that did not reach the construction stage, in the amount of about NIS 3 million.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

3. Results of operations for the six-month and three-month periods ended June 30, 2022 (in millions of NIS) (Cont.)

Category	For the Six Months Ended 6/30/2022	For the Six Months Ended 6/30/2021	Analysis
Other expenses in the U.S.	2	–	
Operating income (loss)	**91**	**(25)**	
Financing expenses, net, in Israel	(51)	(63)	The decrease in financing expenses stems from a decrease interest and linkage expenses on Rotem's senior debt, in the amount of about NIS 38 million (including hedge results in respect of CPI linkage), in light of making early repayment of the balance of Rotem's outstanding credit, in October 2021. In addition, there was a decrease of about NIS 8 million deriving from the impact of the changes in the dollar/shekel exchange rate. This decrease was partly offset by an increase in interest and linkage expenses in respect of debentures, in the amount of about NIS 26 million, an increase of about NIS 3 million in interest expenses relating to loans from non-controlling interests in Rotem, and an increase financing expenses as a result of a CPI swap contract (the non-effective part), in the amount of about NIS 5 million.
Financing income (expenses), net, in U.S.	59	(51)	In the period of the report, the Company recognized revenues from exchange rate differences, in the amount of about NIS 70 million, compared with about NIS 1 million in the corresponding period last year. In addition, in the second quarter of 2021, the financing expenses included a loss, in the amount of about NIS 39 million, in respect of acquisition of the balance of the rights of the tax partner in Keenan (for additional details – see Note 28O to the consolidated statements for 2021).
Income (loss) before taxes on income	**99**	**(139)**	
Taxes on income in Israel	10	3	The increase derives from higher income in Israel in the first half of 2022, compared with the corresponding period last year.
Taxes on income (tax benefit) in the U.S.	17	(45)	The increase stems from higher income in the U.S. in the first half of 2022, compared with the corresponding period last year.
Income (loss) for the period	**72**	**(97)**	

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

3. Results of operations for the six-month and three-month periods ended June 30, 2022 (in millions of NIS) (Cont.)

Category	For the Six Months Ended 6/30/2022	For the Six Months Ended 6/30/2021	Analysis
Elimination of the fair value of derivative financial instruments in the U.S.	10	90	Derivative financial instruments that are used for hedging plans of the CPV Group as described in Section 4A of this Report.
Loss from settlement of financial liabilities, net	–	39	For additional details – see Note 28O to the annual financial statements.
Elimination of transaction expenses in respect of acquisition of the CPV Group	–	2	
Elimination of tax impact in respect of the adjustments	(2)	(35)	
Adjusted income (loss)[48]	**80**	**(1)**	
Income (loss) attributable to:			
The owners of the Company	67	(70)	
Non-controlling interests	5	(27)	
Adjusted net income (loss) attributable to:			
The owners of the Company	72	(3)	
Non-controlling interests	8	2	

[48] It is emphasized that "adjusted income or loss" as stated in this report is not a recognized data item that is recognized under IFRS or under any other set of generally accepted accounting principles as an index for measuring financial performance and should not be considered as a substitute for income or loss or other terms provided in accordance with IFRS. "Adjusted income or loss" should not be viewed as a substitute income or loss attributable to the Company's shareholders prepared (calculated) pursuant to IFRS. It is possible that the Company's definitions of "adjusted income or loss" are different than those used by other companies. Nonetheless, the Company believes that the "adjusted income or loss" provides information that is useful to management and investors by means of eliminating certain line items (categories) that do not constitute an indication of the Company's ongoing activities.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

3. Results of operations for the six-month and three-month periods ended June 30, 2022 (in millions of NIS)

Category	For the Three Months Ended 6/30/2022	For the Three Months Ended 6/30/2021	Analysis
Sales in Israel	353	300	For an explanation regarding the change in the sales in Israel – see Section 5, below.
Sales and provision of services in the U.S.	52	42	Most of the increase stems from an increase in revenues from services, in the amount of about NIS 6 million, and an increase in the revenues from sale of electricity in Keenan, in the amount of about NIS 2 million.
Cost of sales (less depreciation and amortization) in Israel	310	238	For an explanation regarding the change in the cost of sales – see Section 5, below.
Cost of sales (less depreciation and amortization) in the U.S.	23	18	Most of the increase stems from an increase in the cost of provision of the services, in the amount of about NIS 4 million, mainly due to an increase in salary expenses.
Depreciation and amortization in Israel	34	34	
Depreciation and amortization in the U.S.	10	12	
Gross profit	**28**	**40**	

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

3. Results of operations for the six-month and three-month periods ended June 30, 2022 (in millions of NIS) (Cont.)

	For the Three Months Ended		
Category	**6/30/2022**	**6/30/2021**	**Analysis**
Administrative and general expenses in Israel	25	23	Most of the increase stems from an increase in salary and headquarters expenses, in the amount of about NIS 2 million (mainly in respect of non-cash equity compensation expenses), due to, among other things, expansion of the activities in the U.S. In addition, the administrative and general expenses in Israel include administrative and general expenses of Gnrgy (which was initially consolidated on December 31, 2021), in the amount of about NIS 3 million. On the other hand, there was a decrease of about NIS 3 million in expenses for professional services.
Administrative and general expenses in the U.S.	30	31	Most of the decrease stems from a decline in respect of a profit-sharing plan, in the amount of about NIS 9 million (non-cash). On the other hand, there was an increase in salary expenses, in the amount of about NIS 3 million, and expenses for professional services, in the amount of about NIS 4 million.
Share in losses of associated companies in Israel	–	(1)	
Share in losses of associated companies in the United States	(29)	(13)	In the second quarter of 2022, the losses in respect of changes in the fair value of derivative financial instruments in hedging plans of the CPV Group were about NIS 10 million less than in the corresponding quarter last year. After eliminating the impact of changes in fair value of derivative financial instruments, the Company's share in the income in respect of associated companies in the United States in the second quarter of 2022 and in the corresponding quarter last year is about NIS 4 million and about NIS 30 million, respectively. For additional – see Section 6 below and Note 6 to the Interim Statements.
Business development expenses in Israel	1	–	
Business development expenses in the U.S.	5	1	Most of the increase is from an increase in the scope of the business development projects.
Other income, net, in Israel	1	–	
Operating loss	**(61)**	**(29)**	

<u>Explanations of the Board of Directors regarding the State of the Group's Affairs</u> (Cont.)

3. Results of operations for the six-month and three-month periods ended June 30, 2022 (in millions of NIS) (Cont.)

Category	For the Three Months Ended 6/30/2022	For the Three Months Ended 6/30/2021	Analysis
Financing expenses, net, in Israel	(26)	(39)	Most of the decrease in the financing expenses stems from interest expenses and linkage differences on Rotem's senior debt, in the amount of about NIS 21 million (including the results of the hedge in respect of linkage to the CPI), in light of early repayment of the full balance of Rotem's outstanding credit in October 2021. In addition, there was a decrease deriving from the impact of the changes in the dollar/shekel exchange rate, in the amount of about NIS 8 million. This decrease was partly offset by an increase in the interest expenses and linkage differences relating to debentures, in the amount of about NIS 12 million, and an increase in financing expenses as a result of a CPI swap contract (the non-effective part), in the amount of about NIS 3 million.
Financing income (expenses), net, in U.S.	55	(57)	In the second quarter of 2022, the Company recognized income from exchange rate differences, in the amount of about NIS 61 million, compared with expenses from exchange rate differences, in the amount of about NIS 11 million, in the corresponding quarter last year. In addition, in the second quarter of 2021, the financing expenses include a loss, in the amount of about NIS 39 million, in respect of acquisition of the balance of the rights of the tax partner in Keenan (for additional details – see Note 28O to the consolidated statements for 2021).
Loss before taxes on income	**(32)**	**(125)**	
Tax benefit in Israel	(5)	(6)	
Taxes on income (tax benefit) in the U.S.	5	(27)	The increase stems from better results in the U.S. in the second quarter of 2022 compared with the corresponding quarter last year.
Loss for the period	**(32)**	**(92)**	

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

3. Results of operations for the six-month and three-month periods ended June 30, 2022 (in millions of NIS) (Cont.)

Category	For the Three Months Ended 6/30/2022	For the Three Months Ended 6/30/2021	Analysis
Elimination of the fair value of derivative financial instruments	33	43	Derivative financial instruments that are used for hedging plans of the CPV Group as described in Section 4A of this Report.
Loss from settlement of financial liabilities, net	–	39	For additional details – see Note 28O to the Annual Financial Statements.
Elimination of tax impact in respect of the adjustments	(6)	(22)	
Adjusted loss for the period[49]	**(5)**	**(32)**	
Loss for the period attributable to:			
The owners of the Company	(11)	(73)	
Non-controlling interests	(21)	(19)	
Adjusted income (loss) for the period attributable to:			
The owners of the Company	6	(31)	
Non-controlling interests	(11)	(1)	

[49] It is emphasized that "adjusted income or loss" as stated in this report is not a recognized data item that is recognized under IFRS or under any other set of generally accepted accounting principles as an index for measuring financial performance and should not be considered as a substitute for income or loss or other terms provided in accordance with IFRS. "Adjusted income or loss" should not be viewed as a substitute for income or loss attributable to the Company's shareholders prepared (calculated) pursuant to IFRS. It is possible that the Company's definitions of "adjusted income or loss" are different than those used by other companies. Nonetheless, the Company believes that the "adjusted income or loss" provides information that is useful to management and investors by means of eliminating certain line items (categories) that do not constitute an indication of the Company's ongoing activities.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

4. EBITDA

The Company defines "EBITDA" as earnings (losses) before depreciation and amortization, changes in the fair value of derivative financial instruments, net financing expenses or income and taxes on income. EBITDA is not recognized under IFRS or under any other generally accepted accounting standards as an indicator for the measurement of financial performance and should not be considered a substitute for profit or loss, cash flows from operating activities or other terms of operational performance or liquidity prescribed under IFRS.

EBITDA is not intended to represent monies that are available for distribution of dividends or other uses, since such monies may be used for servicing debt, capital expenditures, working capital and other liabilities. EBITDA is characterized by limitations that impair its use as an indicator of the Company's profitability, since it does not take into account certain costs and expenses deriving from the Company's business, which could materially affect its income, such as financing expenses, taxes on income and depreciation.

The Company believes that the EBITDA (including EBITDA after making adjustments as detailed below) data provides transparent information that is useful to investors in examining the Company's operating performances and in comparing them against the operating performance of other companies in the same sector or in other sectors with different capital structures, debt levels and/or income tax rates. This data item is also used by Company management when examining the Company's performance. The Company believes that these indices, which are not in accordance with IFRS, provide useful information to investors since they improve the comparability of the financial results between periods and provide greater transparency of the main indices used for evaluating the Company's performance.

Set forth below is a calculation of the EBITDA data item for the periods presented. Other companies may calculate the EBITDA differently. Therefore, the EBITDA presentation herein may differ from those of other companies. In addition, other companies might use other indices for purposes of evaluation their performance, and thereby reducing the comparability of the Company's indices that are not in accordance with IFRS.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

4. EBITDA (Cont.)

Calculation of the EBITDA (in millions of NIS):

	For the Six Months Ended June 30		For the Three Months Ended June 30	
	2022	**2021**	**2022**	**2021**
Revenues from sales and provision of services	873	718	405	342
Cost of sales (less depreciation and amortization)	(645)	(515)	(333)	(256)
Administrative and general expenses (less depreciation and amortization)	(105)	*(82)	(52)	*(53)
Transaction expenses relating to acquisition of the CPV Group	–	(2)	–	–
Business development expenses	(9)	(2)	(6)	(1)
Other income	2	–	1	–
Consolidated EBITDA**	**116**	**117**	**15**	**32**
Share of Group in proportionate EBITDA of associated companies***	208	144	71	86
EBITDA (total consolidated and the proportionate amount of associated companies)	**324**	**261**	**86**	**118**
Elimination of non-recurring expenses, net	–	2	–	–
EBITDA (total consolidated and the proportionate amount of associated companies) after elimination of non-recurring expenses	**324**	**263**	**86**	**118**

As stated in the report for the first quarter, in April 2022, planned maintenance was performed that lasted for 26 days, during which time the activities of the Rotem Power Plant were halted. The shutdown of the Power Plant's activities for purposes of performance of the maintenance, as stated, had a negative impact on the Rotem's results in the period of the report.

It is noted that the results of the CPV Group are consolidated in the Company's financial statements commencing from completion of the acquisition transaction of the CPV Group on January 25, 2021.

* For details regarding an immaterial adjustment in the six-month and three-month periods ended June 30, 2021 – see Note 2D to the Interim Statements.

** Presented on the basis of 100% of the companies the financial results of which are consolidated in the Company's financial statements (as stated in Section 1 above, as at the date of the report, the Company does not hold full ownership of Rotem and the CPV Group).

*** Represents mainly the EBITDA of the associated companies in the CPV Group, which are presented based on the rate of the holdings of the CPV Group in these companies. For detail of the results of the associated companies – see Section 6 below.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

4. EBITDA (Cont.)

Set forth below is the EBITDA data after elimination of non-recurring expenses broken down by the subsidiaries (on a consolidated basis) and the associated companies (on a proportionate basis) (in NIS millions):

	Basis of presentation in the Company's financial statements	For the Six Months Ended June 30		For the Three Months Ended June 30	
		2022	2021	2022	2021
Rotem[50]	Consolidated	132	139	31	48
Hadera	Consolidated	26	10	1	1
Headquarter and others in Israel	Consolidated	(24)	(16)	(13)	(10)
Total in Israel including headquarters		**134**	**133**	**19**	**39**
Keenan	Consolidated	32	25	18	15
Fairview	Associate	31	24	17	13
Towantic	Associate	37	44	14	23
Maryland	Associate	19	11	11	4
Shore	Associate	23	32	14	16
Valley	Associate	100	35	16	32
Headquarter and others in the United States[51]	Consolidated and associates	(52)	(41)	(23)	(24)
Total in the United States		**190**	**130**	**67**	**79**
Total EBITDA (consolidated and proportionate amount of the associated companies)		**324**	**263**	**86**	**118**

The EBITDA data for 2021 is in respect of the activities in the United States for the period from the completion date of the acquisition of the CPV Group on January 25, 2021.

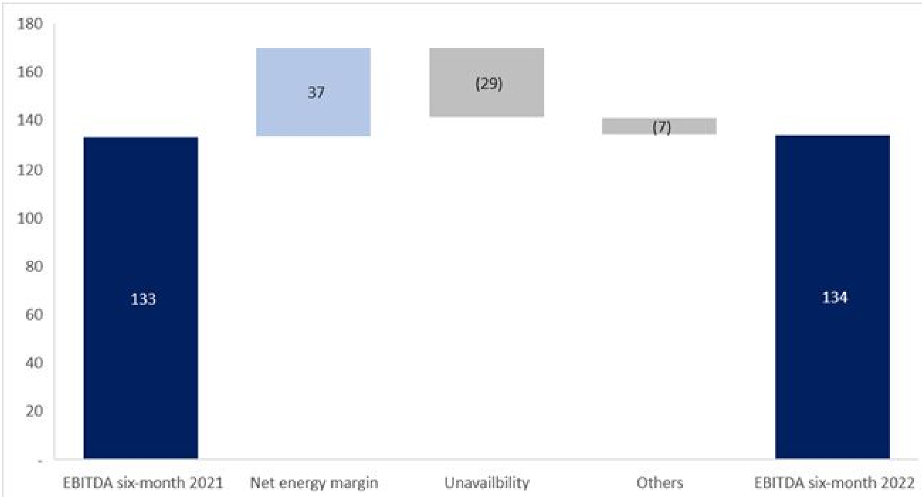
50 The EBITDA of Rotem in the six-month and three-month periods ended June 30, 2022, includes the amount of about NIS 7 million and about NIS 2 million, respectively, in respect of the virtual supply activities that are attributable to Rotem. In addition, in April 2022, planned maintenance was performed that lasted for 26 days, during which time the activities of the Rotem Power Plant were halted.

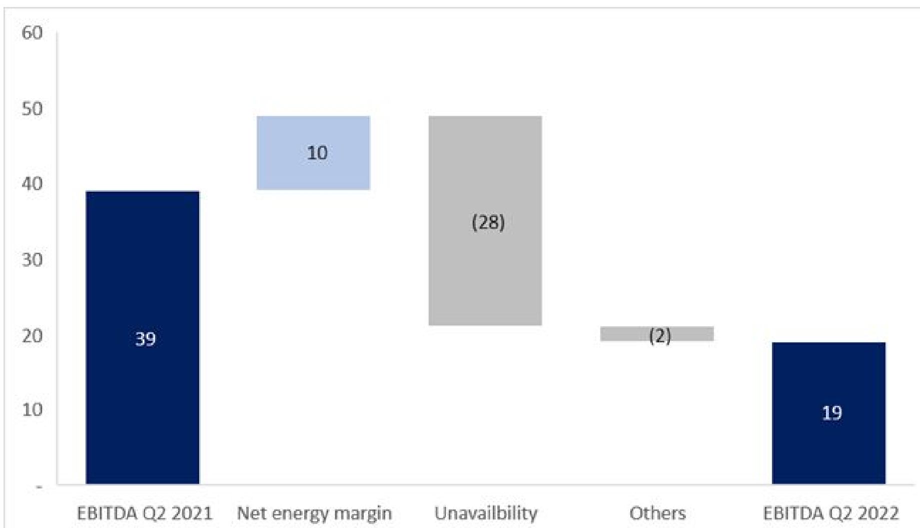
51 After elimination of management fees between the CPV Group and the Company, in the amounts of about NIS 5 million and about NIS 3 million in the six-month and three-month periods ended June 30, 2022, respectively, and elimination of management fees between the CPV Group and the Company, in the amounts of about NIS 7 million and about NIS 4 million in the six-month and three-month periods ended June 30, 2021, respectively,

<u>Explanations of the Board of Directors regarding the State of the Group's Affairs</u> (Cont.)

5. Additional data regarding activities in Israel

Set forth below is detail of the change in the EBITDA after eliminating non-recurring expenses in Israel and in the headquarters for the six-month and three-month periods ended on June 30, 2022 compared with the corresponding periods last year (in millions of NIS):





Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

5. Additional data regarding activities in Israel

Set forth below is detail of the Company's revenues from sales in Israel (in NIS millions):

	For the			
	Six Months Ended June 30		Three Months Ended June 30	
	2022	2021	2022	2021
Revenues from sale of energy to private customers [52] (1)	536	451	245	202
Revenues from private customers in respect of infrastructure services (2)	144	138	69	68
Revenues from sale of energy to the System Operator and to other suppliers (3)	57	33	17	17
Revenues from sale of steam	30	28	16	13
Revenues from activities of Gnrgy	14	–	6	–
Total revenues	**781**	**650**	**353**	**300**

Generation component tariff

On February 1, 2022, an update of the annual electricity tariff of the Electricity Authority entered into effect, pursuant to which the generation component increased by 13.6% and stood at NIS 0.2869 per KW hour. On May 1, 2022, an additional update of the electricity tariff of the Electricity Authority entered into effect, as a result of reduction of the excise tax on use of coal, where in accordance therewith the generation component was NIS 0.2764 per KW hour, which constitutes an increase of about 9.4% over the generation component for 2021, instead of an increase of about 13.6%, as stated.

On August 1, 2022, an additional update to the electricity tariff of the Electricity Authority entered into effect according to which the generation component will be NIS 0.3140 per KW hour, which constitutes an increase of about 13.6% over the generation component determined in May 2022, and an increase of about 9.4% over the tariff determined at the beginning of the year, as stated. For additional details – see Section 3A above.

This weighted-average is attributed to the mix of the consumption in the market, while the mix of the consumption of the customers of Rotem and Hadera power plants is not the same as the mix of the consumption in the market. In 2021, the weighted-average of the generation component tariff was NIS 0.2526 per KW hour. In addition, the Company's revenues from sale of steam are linked partly to the price of gas and partly to the Consumer Price Index. The increase in the generation component had a positive impact on the Company's income in the first half of 2022 compared with the corresponding period last year.

In addition, since September 2021 the Company has begun supplying electricity to customers through acquisition of energy from the System Operator, which was acquired at a tariff that includes the supplier and SMP tariff component (marginal semi-annual price) as part of the virtual supply.

[52] Including during load reductions.

<u>Explanations of the Board of Directors regarding the State of the Group's Affairs</u> (Cont.)

5. Additional data regarding activities in Israel (Cont.)

<u>Availability (capacity) and maintenance work</u>

In the second quarter of 2022, maintenance work was performed in the Rotem Power Plant and the Hadera Power Plant, as stated in Sections 3I and 3K, above, and in the report for the first quarter, which impacted Rotem's Hadera's results during the quarter.

During the above-mentioned maintenance, sale of the electricity to the Company's customers continued, where the Company purchased electricity in order to supply the full extent of the demand during the shutdown.

<u>For the six-month periods ended June 30, 2022 and 2021</u>:

(1) An increase of about NIS 33 million, stemming from an increase in customer consumption, mainly due to commencement of the virtual supply activities, which commenced in the third quarter of 2021. In addition, there was an increase of about NIS 52 million owing to an increase in the weighted-average generation component tariff compared with the corresponding period last year.

(2) An increase in infrastructure revenues, in the amount of about NIS 6 million, due to an increase in customer consumption, stemming mainly as a result of commencement of the virtual supply activities, which commenced in the third quarter of 2021.

(3) An increase of about NIS 13 million, in the Hadera Power Plant stemming from an increase in sale of electricity to private suppliers due to higher availability (capacity) of the power plant, compared with the corresponding period last year. In addition, there was an increase, in the amount of about NIS 12 million, mainly due to a decrease in the consumption of customers from the Rotem Power Plant, due to maintenance work at a significant customer.

<u>For the three-month periods ended June 30, 2022 and 2021</u>:

(1) There was an increase of about NIS 28 million owing to an increase in the weighted-average generation component tariff compared with the corresponding quarter last year, along with an increase, in the amount of about NIS 16 million, due to an increase in customer consumption, stemming mainly from commencement of the virtual supply activities in the third quarter of 2021.

(2) An increase in infrastructure revenues, in the amount of about NIS 2 million, stemming from an increase in customer consumption, mainly due to commencement of the virtual supply activities, which commenced in the third quarter of 2021.

(3) An increase of about NIS 7 million in the Rotem Power Plant due to a decrease in customer consumption and an increase in the energy surpluses. On the other hand. there was a decrease of about NIS 7 million in the Hadera Power Plant stemming mainly from a decrease in the Power Plant's availability (capacity) due to maintenance in the second quarter of 2022.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

5. Additional data regarding activities in Israel (Cont.)

Set forth below is detail of the Company's cost of sales in Israel (less depreciation and amortization) broken down into the following components (in NIS millions):

	For the			
	Six Months Ended June 30		Three Months Ended June 30	
	2022	2021	2022	2021
Gas and diesel oil (1)	225	254	101	128
Expenses for acquisition of energy (2)	162	29	105	13
Expenses for infrastructure services (3)	144	138	69	68
Gas transmission costs	16	17	8	9
Operating expenses	42	41	22	20
Expenses from activities of Gnrgy	11	–	5	–
Total cost of sales (less depreciation and amortization)	**600**	**479**	**310**	**238**

For the six-month periods ended June 30, 2022 and 2021:

(1) A decrease in the gas consumption expenses, in the amount of about NIS 37 million, due to maintenance work at the Rotem Power Plant, which was performed during the second quarter of 2022. On the other hand, there was an increase, in the amount of about NIS 8 million, in the gas consumption cost as a result of an increase in the gas price, which is linked to the generation component.

(2) An increase expenses for acquisition of energy, in the amount of about NIS 68 million, stemming from maintenance work at the Rotem Power Plant that was performed during the second quarter of 2022. In addition, there was an increase in expenses in respect of acquisition of energy, in the amount of about NIS 68 million, deriving from the virtual supply activities, which began in the third quarter of 2021. On the other hand, there was a decrease of about NIS 3 million due to higher availability (capacity) of the Hadera Power Plant compared with the corresponding period last year.

(3) An increase in infrastructure expenses, in the amount of about NIS 6 million, stemming from an increase in customer consumption, mainly due to commencement of the virtual supply activities, which commenced in the third quarter of 2021.

For the three-month periods ended June 30, 2022 and 2021:

(1) A decrease in the gas consumption expenses, in the amount of about NIS 32 million, stemming from maintenance at the Rotem Power Plant, which was performed during the second quarter of 2022. On the other hand, there was an increase, in the amount of about NIS 5 million, in the gas consumption cost as a result of an increase in the gas price, which is linked to the generation component.

(2) An increase expenses in respect of acquisition of energy, in the amount of about NIS 54 million, stemming from maintenance at the Rotem Power Plant and the Hadera Power Plant, which was performed in the second quarter of 2022. In addition, there was an increase in expenses in respect of acquisition of energy, in the amount of about NIS 38 million, deriving from the virtual supply activities, which began in the third quarter of 2021.

(3) An increase in infrastructure expenses, in the amount of about NIS 2 million, stemming from an increase in customer consumption, mainly due to the virtual supply activities, which began in the third quarter of 2021.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

6. Additional data regarding activities in the United States

Energy prices

The natural gas price is significant in determination of the price of the electricity in most of the regions in which the power plants of the CPV Group operate (the main fuel of the conventional power plants of the CPV Group is natural gas). The natural gas prices are impacted by a number of variables, including demand in the industrial, residential and electricity sectors, production and supply of natural gas, natural-gas production costs, changes in the pipeline infrastructure, international trade and the financial profile and the hedging profile of the natural-gas customers and producers.

In the estimation of the CPV Group, the increase in the natural gas price in the second quarter of 2022 stems from, among other things, a strengthening of the global demand, which increases the demand for liquid natural gas from the United States, inventory levels of natural gas that are lower than in the past, a limited increase in production of natural gas and the natural gas crisis in Europe, particularly against the background of the war in the Ukraine. In the estimation of the CPV Group, in general, in the existing production mix, to the extent the natural-gas prices are higher, the prices of the marginal energy will also be higher, and will have a positive increase on the energy margins of the CPV Group. This impact could be offset, in whole or in part, by hedging programs with respect to electricity and gas prices in the natural-gas powered conventional power plants of the CPV Group, which are intended to reduce changes in the CPV Group's electricity margins due to changes in the commodity prices in the energy market.

In the second quarter of 2022, the electricity prices increased in the markets in which the CPV Group, compared with the corresponding quarter last year. Most of the increase stems from an increase in the prices of natural gas.

The increase in the energy prices in the period of the report was partly offset by hedging agreements, in the Fairview, Shore, Maryland and Towantic power plants. The Valley power plant, which was not hedged with respect to the second quarter of 2022, was favorably impacted by the increase in the energy prices. The purpose of the hedging agreements is to hedge the electricity margins (in the relevant period for every relevant power plant and in accordance with its characteristics) by signing hedging agreements on the gas and electricity prices, usually for short time periods. As at the publication date of the report, most of the hedging agreements are for periods of up to one year. These current hedging plans are in addition to the Revenue Put Option (RPO) agreements that were signed in some of the power plants of the CPV Group, are intended to ensure minimum cash flows for debt service, and are not expected to continue or be renewed beyond their original expiration date. As at the publication date of the report, the estimate of the CPV Group is that about 76% and 42% of the gross profit, which includes the electricity margin and capacity of the power plants of the CPV Group using conventional technology, will be hedged for the balance of 2022 and for 2023, respectively[53].

In addition, the increase in the future energy prices gave rise to a requirement to deposit collaterals (that are non lien-based) in order to secure liabilities to parties to the hedging agreements, in the Maryland, Valley and Towantic power plants. The scope of the said collaterals (for 100% of the above-mentioned power plants) was about $95 million as at June 30, 2022 (of which about $26 million reflects the share of the CPV Group in the collaterals). It is noted that in August 2022, the CPV Group provided a collateral, in the amount of $20 million, in favor of a hedge of the Valley power plant, where the partner in the project provided a collateral in the same amount.

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53 That stated constitutes "forward-looking" information as it is defined in the Securities Law, which is based on the estimates and forecasts of the CPV Group as at the date of the report and regarding which there is no certainty it will be realized and/or it is subject to changes based on business discretion of the CPV Group. That stated could change as a result of, among other things, changes in the market conditions, availability constraints, changes in the estimates that are the basis of the estimates, as stated.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

6. Additional data regarding activities in the United States (Cont.)

Energy prices (Cont.)

The following table summarizes the average electricity prices in each of the main markets in which power plants of the CPV Group are active, for the three months ended March 31, 2022 and 2021 (the prices are denominated in dollars per megawatt hour):

	For the			
	Six Months Ended June 30		Three Months Ended June 30	
Region	**2022**	**2021**	**2022**	**2021**
PJM West (Shore and Maryland)	66.49	29.59	77.27	28.60
PJM AD Hub (Fairview)	62.85	30.02	77.06	29.71
NY-ISO Zone G (Valley)	83.18	34.24	71.80	27.86
ISO-NE Mass Hub (Towantic)	89.87	39.37	69.25	29.36

Note: The average electricity prices are based on Day-Ahead prices as published by the relevant ISO, and are not the actual electricity prices of the CPV Group power plants.

Gas prices

The following table summarizes the average gas prices in each of the main markets in which the power plants of the CPV Group operate in the six-month and three-month periods ended June 30, 2022 and 2021. As stated, the gas prices rose in the second quarter of 2022 compared with the corresponding quarter in 2021 due to, among other things, increased demand for electricity in the United States, an increase in the global demand for natural gas and the gas crisis in Europe, an increase in demand for liquid natural gas from the United States (the prices are denominated in dollars per MMBtu)*:

	For the			
	Six Months Ended June 30		Three Months Ended June 30	
Region	**2022**	**2021**	**2022**	**2021**
TETCO M3 (Shore, Valley)	6.75	2.79	6.78	2.32
Transco Zone 5 North (Maryland)	7.76	3.23	8.04	2.90
TETCO M2 (Fairview)	5.36	2.41	6.61	2.13
Dominion South (Valley)	5.36	2.34	6.65	2.15
Algonquin (Towantic)	10.41	3.97	7.19	2.49

Source: The average gas prices are based on Day-Ahead prices at gas Midpoints as reported in Platt's Gas Daily and they are not the actual gas prices of the power plants of the CPV Group.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

6. Additional data regarding activities in the United States (Cont.)

Capacity payments

PJM market

In the PJM market, the capacity payments vary between the market's sub-regions, as a function of local supply and demand and transmission capabilities.

Set forth below are the capacity tariffs in the sub-regions that are relevant to CPV's power plants and in the general market (the prices are denominated in dollars per megawatt per day):

Sub-Region	CPV Plants[54]	[55]2023/2024	[56]2022/2023	2021/2022	2020/2021
PJM – RTO ("General Market")	Three Rivers	34.13	50	140	76.53
PJM MAAC	Fairview, Maryland, Maple Hill	49.49	95.79	140	86.04
PJM EMAAC	Shore	49.49	97.86	165.73	187.77

Source: PJM

[54] The Three Rivers project, which is in the construction stages, will be entitled to capacity payments, subject to completion of the construction, commencing from June 2023.
[55] As determined in capacity tenders in June 2022.
[56] As determined in capacity tenders in June 2021, as stated in the Report of the Company's Board of Directors dated June 30, 2021 (Reference No.: 2021-01-070297).

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

6. Additional data regarding activities in the United States (Cont.)

Capacity payments (Cont.)

NYISO market

Similar to the PJM market, in the NYISO market availability (capacity) payments are made in the framework of a central mechanism for acquisition of capacity. In the NYISO market, there are a number of submarkets, wherein there could be various capacity demands as a function of local supply and demand and transmission capability. NYISO makes seasonal tenders in every spring for the upcoming summer (the months of May through October) and in the fall for the upcoming winter (the months of November through April). In addition, there are supplemental monthly tenders for the balance of the capacity not sold in the seasonal tenders. Power plants are permitted to assure the capacity payments in the seasonal tender, the monthly tender or through bilateral sales. The Valley power plant is in Area G (Lower Hudson Valley).

Set forth below are the capacity prices determined in the seasonal tenders in NYISO market. It is noted that the actual capacity prices for Valley are impacted by the seasonal tenders, the monthly tenders and the SPOT prices, with variable capacity prices every month, as well as bilateral agreements with energy suppliers in the market (the prices are denominated in dollars per kilowatt per month):

Sub-Area	**CPV Plants**	**Summer *2022***	**Winter 2021/*2022***	**Summer 2021**	**Winter 2020/2021**
NYISO Rest of the Market	–	3.40	1.00	4.09	0.10
Lower Hudson Valley	Valley	4.65	1.01	4.56	0.23

Source: NYISO

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

6. Additional data regarding activities in the United States (Cont.)

Capacity payments (Cont.)

ISO-NE market

The ISO-NE permits availability (capacity) payments as part of a central mechanism for acquisition of capacity. In the ISO-NE market, there are a number of submarkets, wherein there could be various capacity demands as a function of local supply and demand and transmission capability. Forward capacity tenders are made three years in advance for the capacity year. In addition, there are supplemental monthly tenders for the balance of the capacity not sold in the Forward tenders.

Towantic participated for the first time in an availability (capacity) tender for 2018–2019 at a price of $9.55 KW/month and determination of the tariff for seven years in respect of 725 megawatts linked to the Utilities Inputs Index, which will apply up to May 2025. In March 2022, Towantic participated in the annual availability (capacity) tender for 2025–2026 and won a guaranteed availability (capacity) price of $2.59 KW/month and for 745 megawatts.

<u>Explanations of the Board of Directors regarding the State of the Group's Affairs</u> (Cont.)

6. Additional data regarding activities in the United States (Cont.)

<u>EBITDA results</u>

Set forth below is data with respect to the operating results of the CPV Group's active power plants (in millions NIS):

<u>Associated companies</u>:

	For the Six Months Ended June 30									
	2022	*2021	2022	*2021	2022	*2021	2022	*2021	2022	*2021
	Fairview		Maryland		Shore		Towantic		Valley	
Revenues from operations	465	285	317	196	326	225	805	433	660	262
Operating expenses less depreciation and amortization	340	188	243	154	266	139	661	266	460	192
EBITDA	125	97	74	42	60	86	144	167	200	70
Rate of holdings	25%		25%		37.53%		26%		50%	
Share of the CPV Group in EBITDA	31	24	19	11	23	32	37	44	100	35

	For the Three Months Ended June 30									
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Fairview		Maryland		Shore		Towantic		Valley	
Revenues from operations	245	162	193	111	173	130	302	204	262	151
Operating expenses less depreciation and amortization	177	109	149	97	137	87	248	118	229	87
EBITDA	68	53	44	14	36	43	54	86	33	64
Rate of holdings	25%		25%		37.53%		26%		50%	
Share of the CPV Group in EBITDA	17	13	11	4	14	16	14	23	16	32

* The EBITDA data for 2021 in respect of the activities in the United States are presented for the period from completion of acquisition of the CPV Group on January 25, 2021.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

6. Additional data regarding activities in the United States (Cont.)

EBITDA results (Cont.)

Keenan – subsidiary:

	Six months ended June 30 2022	Six months ended June 30 *2021	Three months ended June 30 2022	Three months ended June 30 2021
Revenues from operations	47	39	25	22
Operating expenses less depreciation and amortization	15	14	7	7
EBITDA	32	25	18	15

* The EBITDA data for 2021 in respect of the activities in the United States are presented for the period from completion of acquisition of the CPV Group on January 25, 2021.

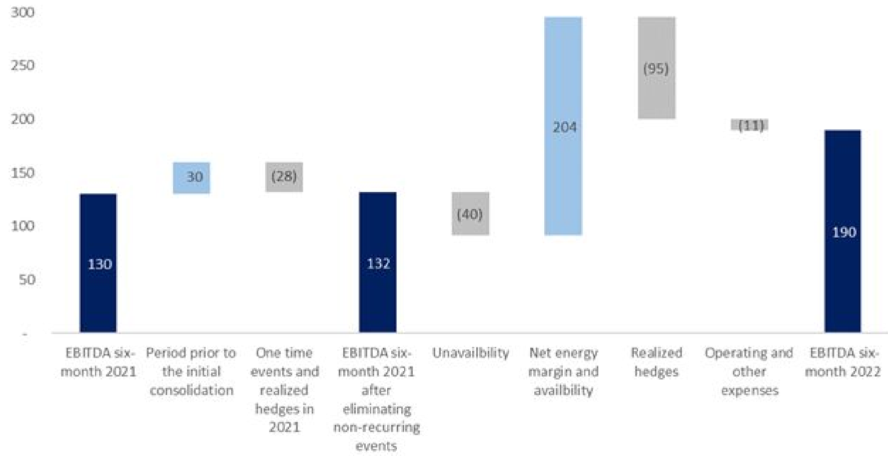
<u>Explanations of the Board of Directors regarding the State of the Group's Affairs</u> (Cont.)

6. Additional data regarding activities in the United States (Cont.)

<u>Comments regarding the results in the United States</u>

Set forth below is detail of the change in the EBITDA after eliminating non-recurring expenses in the United States for the six-month and three-month periods ended June 30, 2022 compared with the corresponding periods last year (in millions of NIS)

<u>For the six months ended June 30, 2022 and 2021</u>:



<u>Explanations of the Board of Directors regarding the State of the Group's Affairs</u> (Cont.)

6. Additional data regarding activities in the United States (Cont.)

<u>Comments regarding the results in the United States</u> (Cont.)

<u>For the six months ended June 30, 2022 and 2021</u>: (Cont.)

1. The activities in the United States are centralized under the CPV Group, which was acquired on January 25, 2021. The EBITDA in respect of the period of activities of the CPV Group from January 1, 2021 and up to January 25, 2021 (the period prior to the initial consolidation), amounted to about NIS 30 million.

2. In the first half of 2022, the gas prices and the electricity prices rose compared with the corresponding period last year, which the CPV Group estimates was mainly a result of an increase in the natural-gas prices as stated in this report above.

3. The efficiency of the power plants of the CPV Group and the high natural gas prices contributed to an increase in the electricity margins. The total available electricity margin for the active power plants of the CPV Group, for the relative share of the CPV Group, and on the assumption of full availability (capacity), increased in the first half of 2022 by about NIS 193 million, compared with the corresponding period last year. Availability (capacity) payments in the first half of 2022 increased by about NIS 12 million compared with the corresponding period last year.

4. The increase in the electricity margins was offset due to the hedging program of the CPV Group and reduced the electricity margin by about NIS 95 million.

5. During the first half of 2022 and 2021, planned and unplanned maintenance were performed at the active power plants of the CPV Group and as a result there was no availability for certain periods. The total cost of the non-availability in the first half of 2022 increased by about NIS 40 million compared with the corresponding period last year. Most of the increase stems from unplanned maintenance at the Valley power plant in January 2022, along with a shutdown for purposes of planned maintenance of 42 days at the Towantic power plant, which completed periodic major maintenance in April and May 2022.

6. In addition to the existing hedging program at the CPV Group, in the corresponding period last year the CPV Group enjoyed receipts in respect of hedging agreements, which are not current and are not expected to recur, in the amount of about NIS 28 million, due to income from an RPO hedging agreement in the Valley power plant, along with income for a hedging agreement of the HRCO type in the Shore power plant.

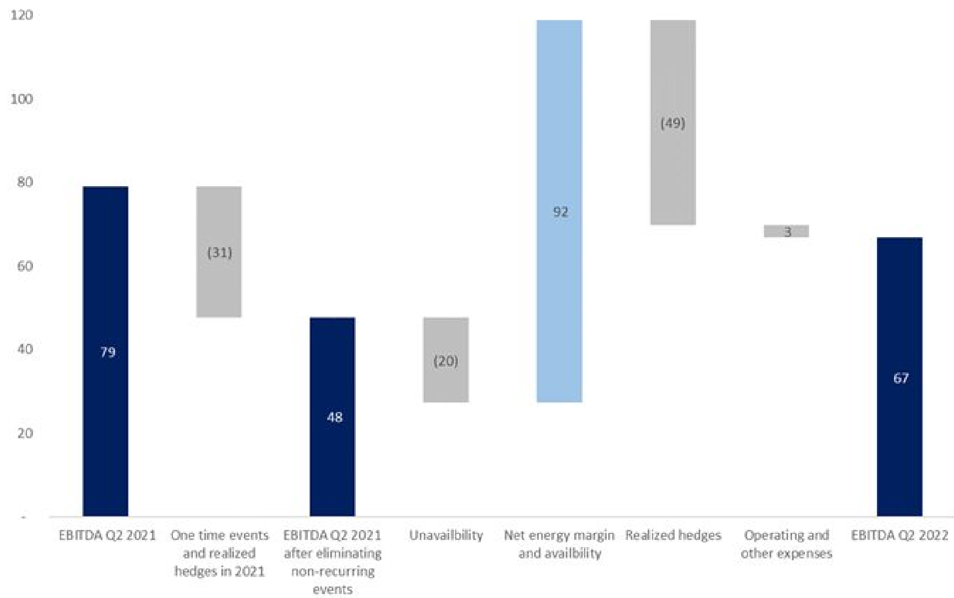
The functional currency of the CPV Group is the dollar and, therefore, its results are impacted by changes in the dollar/shekel exchange rate. The average change in the exchange rate of the shekel against the dollar in the six-month periods ended June 30, 2022 and 2021 is not material.

<u>Explanations of the Board of Directors regarding the State of the Group's Affairs</u> (Cont.)

6. Additional data regarding activities in the United States (Cont.)

<u>Comments regarding the results in the United States</u> (Cont.)

For the three-month periods ended June 30, 2022 and 2021:



Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

6. Additional data regarding activities in the United States (Cont.)

Comments regarding the results in the United States (Cont.)

For the three-month periods ended June 30, 2022 and 2021: (Cont.)

1. The second quarter is characterized as being a period in the transition season with relatively low demand for electricity due to moderate weather and usually includes a period characterized by periodic treatment and maintenance for the projects.

2. In the second quarter of 2022, the gas prices rose compared with the corresponding quarter last year, which in the estimation of the CPV Group was due to the circumstances stated in this report above.

3. The efficiency of the power plants of the CPV Group and the high natural gas prices contributed to an increase in the electricity margins. The total available electricity margin for the active power plants of the CPV Group, for the relative share of the CPV Group, and on the assumption of full availability (capacity), increased in the second quarter of 2022 by about NIS 90 million, compared with the corresponding quarter last year.

4. The increase in the electricity margins was offset due to the hedging program of the CPV Group and reduced the electricity margin by about NIS 49 million.

5. During the second quarter of 2022 and 2021, planned and unplanned maintenance were performed at the active power plants of the CPV Group and as a result there was no availability for certain periods. The total cost of the non-availability in the second quarter of 2022 increased by about NIS 20 million compared with the corresponding quarter last year. Most of the increase stems from planned maintenance of 42 days at the Towantic power plant, which completed periodic major maintenance in April and May 2022.

6. In the corresponding quarter of 2021, the CPV Group enjoyed receipts, which are not current and are not expected to recur, in the amount of about NIS 31 million, due to income from an RPO hedging agreement in the Valley power plant, and income in respect of a hedging agreement of the HRCO type in the Shore power plant.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

7. Liquidity and sources of financing (in NIS millions)

Category	For the Six Months Ended 6/30/2022	For the Six Months Ended 6/30/2021	Analysis
Cash flows provided by operating activities	96	186	Most of the decrease in the cash flows provided by operating activities stems from the decrease in the in working capital, in the amount of about NIS 67 million, and a decrease in income from dividends from associated companies, in the amount of about NIS 32 million.
Cash flows used in investing activities	(537)	(557)	Most of the decrease in the cash flows used in investing activities stems from acquisition of the CPV Group, in the amount of about NIS 2,140 million, and investments in associated companies in the U.S. and in Israel, in the amount of about NIS 40 million, in 2021. This decrease was partly offset by an increase in the investing activities deriving from the fact that in the first half of 2021 short-term term deposits were released, and restricted cash, net, was also released, in the amount of about 1,607 million and the amount of about 168 million, respectively. In addition, in the first half of 2021, the amount of about NIS 150 million was received in respect of repayment of partnership capital mainly due to sale of part of the holdings of the CPV Group in the Three Rivers project. In addition, during the period of the report, there was an increase in investments in projects in Israel, and projects under construction in the CPV Group, in the amount of about NIS 220 million and about NIS 11 million, respectively.
Cash flows provided by financing activities	194	716	Most of the decrease in cash flows provided by financing activities stems from a decrease in investments of holders of non-controlling interests in the CPV Group, in the amount of about NIS 653 million. In addition, in 2021, the Company issued shares, for a consideration of about NIS 346 million. This decrease was partly offset by an increase deriving from partial repayment of loans in the CPV Group, in the amount of about NIS 163 million, in the first quarter of 2021 (mainly due to partial repayment of the seller's loans), and from acquisition of the tax rights of the tax partner in Keenan, in the amount of about NIS 82 million. Also, there was an increase in withdrawals from the Zomet financing agreement framework, in the amount of about NIS 177 million, and a decrease in the current repayments of Rotem's loans, in the amount of about NIS 57 million (in light of execution of early repayment of the full amount of the outstanding balance of Rotem's credit in October 2021).

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

7. Liquidity and sources of financing (in NIS millions) (Cont.)

Category	For the Three Months Ended 6/30/2022	For the Three Months Ended 6/30/2021	Analysis
Cash flows provided by operating activities	5	108	Most of the decrease in the cash flows provided by operating activities stems from a decrease in the working capital, in the amount of about NIS 69 million, a decrease in current activities, in the amount of about NIS 21 million, and a decrease in dividends from associated companies, in the amount of about NIS 14 million.
Cash flows used in investing activities	(259)	(181)	Most of the increase in the cash flows used in investing activities derives from an increase in investments in projects in Israel, in the amount of about NIS 150 million. In addition, in the second quarter of 2021, there was a release of short-term deposits, in the amount of about NIS 25 million. This increase was partly offset by a decrease in investments in projects under construction in the CPV Group, in the amount of about NIS 48 million, and investments in associated companies in the U.S. and in Israel, in the amount of about NIS 40 million, in the second quarter of 2021.
Cash flows provided by (used in) financing activities	71	(96)	Most of the increase in the cash provided by financing activities stems from acquisition of the tax rights of the tax partner in Keenan, in the amount of about NIS 82 million, and a dividend distributed to the holders of non-controlling interests, in the amount of about NIS 8 million, in the second quarter of 2021. In addition, there was an increase in withdrawals from Zomet's financing agreement, in the amount of about NIS 21 million, and a decrease in the current repayments of Rotem's loans, in the amount of about NIS 36 million (in light of the early repayment of the full amount of Rotem's outstanding credit in October 2021). In addition, in the second quarter of 2022, holders of non-controlling interests made a loan to Rotem, in the amount of about NIS 8 million.

For additional details – see the Company's condensed consolidated statements of cash flows in the Interim Statements.

As at June 30, 2022, there are no warning signs in accordance with Regulation 10(B)(14) of the Reporting Regulations that require publication of a "forecasted cash flow" statement by the Company.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

7. Liquidity and sources of financing (in NIS millions) (Cont.)

The following table details the debt, cash and cash equivalents, deposits, debt service reserves and restricted cash of the Company and its subsidiaries as at June 30, 2022 (in millions of NIS):

	Debt (including interest payable)	Debt from non-controlling interests (including interest payable)	Cash and cash equivalents	Restricted cash – debt service reserves	Other restricted cash
The Company (1)	1,845	4	105	–	–
Rotem (2)	–	221	19	–	–
Hadera (3)	680	–	18	50	1
Zomet (4)	781	–	68	–	–
Gnrgy	4	–	11	–	–
Others in Israel (5)	–	1	96	–	2
Keenan (6)	320	–	9	–	–
Maple Hill	–	–	9	–	–
Others in the U.S. (7)	–	248	171	–	37
Total	**3,630**	**474**	**506**	**50**	**40**

The following table details the Company's debt as at June 30, 2022 (in millions of NIS) in accordance with the linkage bases and the Company's exposure to the interest risks:

	Debt (including interest payable)
Shekel linked to the CPI	1,452
Shekel at prime interest	781
Shekel at fixed interest	1,077
Dollar at LIBOR interest	320
Total	**3,630**

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

7. Liquidity and sources of financing (in NIS millions) (Cont.)

Main changes in the three-month period ended June 30, 2022:

(1) The Company:

A. Investments in subsidiaries and associated companies – the Company invested the amount of about NIS 115 million in projects of the CPV Group and in its projects, and an amount of about NIS 44 million in projects in Israel.

B. The Company repaid the amount of about NIS 10 million of the principal of the debentures (Series B).

(2) Rotem repaid the amount of about NIS 68 million of the principal of its loans to the Company and to Veridis based on the ratio of their holdings in Rotem (including indirectly).

(3) Hadera repaid the amount of about NIS 16 million of the principal of its loans.

(4) Zomet withdrew about NIS 253 million from the long-term loans framework in accordance with its financing agreement.

(5) The balance of the cash in the "Others in Israel" category includes the cash balance in OPC Power Plants, in the amount of about NIS 82 million.

(6) Keenan repaid the amount of about NIS 23 million out of the principal of its loans.

(7) The amount of about NIS 12 million was transferred (indirectly) to the CPV Group in respect of a shareholders' loan from financial investors (non-controlling interests), which was provided by means of a loan that is not repaid on a current basis. For details regarding loans from the non-controlling interests in the CPV Group – see Note 8B(6) to the Interim Statements. In addition, the holders of the non-controlling interests invested (indirectly), by means of a transfer of equity capital, the amount of about NIS 37 million in projects of the CPV Group.

(8) Fairview, an associated company of the Group, distributed the amount of about NIS 8 million to the CPV Group.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

7. Liquidity and sources of financing (in NIS millions) (Cont.)

The following table details the debt, cash and cash equivalents, deposits, debt service reserves and restricted cash, of the Company and its subsidiaries as at December 31, 2021 (in millions of NIS):

	Debt (including interest payable)	Debt from non-controlling interests (including interest payable)	Cash and cash equivalents	Restricted cash – debt service reserves	Other restricted cash
The Company	1,824	4	268	–	15
Rotem	–	227	53	–	–
Hadera	681	–	24	45	5
Zomet	528	–	74	–	–
Gnrgy	5	–	26	–	3
Others in Israel	–	1	106	–	–
Keenan	305	–	3	–	–
Maple Hill	–	–	45	–	–
Others in the U.S.	–	203	*132	–	*26
Total	**3,343**	**435**	**731**	**45**	**49**

* The amount of about NIS 26 million was reclassified from "cash and cash equivalents" to "other restricted cash". For additional details – see Note 2D to the Interim Statements.

The following table details the debt, cash and cash equivalents, deposits, debt service reserves and restricted cash of the Company and its subsidiaries as at June 30, 2021 (in millions of NIS):

	Debt (including interest payable)	Debt from non-controlling interests	Cash and cash equivalents	Restricted cash – debt service reserves	Other restricted cash
The Company	977	–	307	–	15
Rotem	1,064	–	122	83	48
Hadera]	691	–	1	45	4
Zomet	259	–	53	–	–
Others in Israel	–	1	33	–	–
Keenan	223	–	5	–	–
Maple Hill	–	–	10	–	–
Others in the United States	–	354	*74	–	*27
Total	**3,214**	**355**	**605**	**128**	**94**

* The amount of about NIS 26 million was reclassified from "cash and cash equivalents" to "other restricted cash". For additional details – see Note 2D to the Interim Statements.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

7. Liquidity and sources of financing (in NIS millions) (Cont.)

The following data presents the share of the CPV Group in the debt, cash and cash equivalents, deposits and debt-service reserves and other restricted cash of the associated companies as at June 30, 2022 (presented in millions of New Israeli Shekels):

Power plant	Rate of holdings of the CPV Group	Debt (including interest payable)	Cash and cash equivalents and deposits*	Other restricted cash
Fairview	25%	501	3	34
Towantic	26%	539	8	70
Maryland**	25%	342	–	58
Shore**	37.53%	607	2	104
Valley	50%	981	3	147
Three Rivers	10%	285	1	72
Total		**3,255**	**17**	**485**

The debt of the associated companies is partly Libor interest plus a margin. For additional details – see Section 8.16.4 to Part A of the Periodic Report for 2021.

(*) Including balances of restricted cash that serve for financing the current ongoing activities of the associated companies.
(**) Historical debt-service coverage ratio benchmark of 1:1 during the last four quarters. As at the date of the report, Maryland and Shore and in compliance with the benchmark (2.12 and 1.27, respectively).

The following data presents the share of the CPV Group in the debt, cash and cash equivalents, deposits and debt-service reserves and other restricted cash of the associated companies as at December 31, 2021 (presented in millions of New Israeli Shekels):

Power plant	Rate of holdings of the CPV Group	Debt (including interest payable)	Cash and cash equivalents and deposits*	Other restricted cash
Fairview	25%	515	3	53
Towantic	26%	483	1	62
Maryland	25%	288	–	34
Shore	37.53%	588	2	127
Valley	50%	898	–	119
Three Rivers	10%	220	–	70
Total		**2,992**	**6**	**465**

(*) Including balances of restricted cash that serve for financing the current ongoing activities of the associated companies.

The following data presents the share of the CPV Group in the debt, cash and cash equivalents, deposits and debt-service reserves and other restricted cash of the associated companies as at June 30, 2021 (presented in millions of New Israeli Shekels):

Power plant	Rate of holdings of the CPV Group	Debt (including interest payable)	Cash and cash equivalents and deposits*	Other restricted cash
Fairview	25%	516	1	42
Towantic	26%	511	5	56
Maryland	25%	309	1	32
Shore	37.53%	606	1	127
Valley	50%	998	–	159
Three Rivers	10%	169	–	72
Total		**3,109**	**8**	**488**

(*) Including balances of restricted cash that serve for financing the current ongoing activities of the associated companies.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

7. Liquidity and sources of financing (in NIS millions) (Cont.)

As at the date of the report, the Company and its investee companies were in compliance with all the financial covenants provided in their financing agreements and trust certificates. Set forth below are the financial covenants for violation, relating to significant loans, that are based on the actual results[57]:

	As at June 30, 2022
Covenants applicable to the Company in connection with the trust certificate for the Company's debentures (Series B)	
The ratio of the net consolidated financial debt less the financial debt designated for construction of projects that have not yet started to produce EBITDA and the adjusted EBITDA (as defined in the trust certificate) may not exceed 13	7.6
Minimum shareholders' equity of NIS 250 million	NIS 2,563
A ratio of shareholders' equity to total assets at a rate of not less than 17%	57%
Covenants applicable to the Company in connection with the trust certificate for the Company's debentures (Series C)	
The ratio of the net consolidated financial debt less the financial debt designated for construction of projects that have not yet started to produce EBITDA and the adjusted EBITDA (as defined in the trust certificate) may not exceed 13	7.6
Minimum shareholders' equity of NIS 1,000 million	NIS 2,563
A ratio of shareholders' equity to total assets (solo) at a rate of not less than 20%	57%
A ratio of shareholders' equity to total assets (consolidated) at a rate of not less than 17%	39%
Covenants applicable to the Company in connection with the agreement for investment of equity in Hadera	
The Company's shareholders' equity, up to the end of the warranty period of the construction contractor may not drop below NIS 250 million	NIS 2,563
The ratio of the Company's shareholders' equity to total assets may not drop below 20%	57%
From the commercial operation date of Hadera up to the end of the warranty period of the construction contractor, the balance of the cash may not drop below NIS 50 million or a bank guarantee in the amount of NIS 50 million	Cash balance higher than NIS 50 million

57 For a description of the material financial covenants of the Company and the investee companies – see Sections 7.18.2 and 10.4 to Part A of the Periodic Report for 2021.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

8. Significant Events in the Year of the Report and Thereafter

For details – see Section 1 above and Notes 1, 6, 7, 8 and 9 to the Interim Statements.

9. Outstanding Liabilities by Maturity Dates

For details regarding the Company's outstanding liabilities – see the Immediate Report regarding outstanding liabilities by maturity dates that is published by the Company concurrent with publication of this report, which is included herein by means of reference.

10. Debentures (Series B) and Debentures (Series C)

10.1 Set forth below are details regarding the Company's debentures (Series B):

Name of the series	Series B
Issuance date	April 26, 2020
Total nominal value on the date of issuance (including expansion of the series made in October 2020)	About NIS 956 million par value
Nominal value on the date of the report	About NIS 927 million par value
Nominal value after revaluation based on the linkage terms	About NIS 974 million par value
Amount of the interest accrued as included in the Interim Statements as at June 30, 2022	About NIS 6 million.
The fair value as included in the Interim Statements and the stock market value as at June 30, 2022	About NIS 1,017 million.
Type of interest and interest rate	Fixed annual interest at the rate of 2.75%.
Principal payment dates	16 unequal semi-annual payments, to be paid on March 31 and September 30 of each of the years from 2021 to 2028 (inclusive).
Interest payment dates	The interest on the outstanding balance as it will be from time to time on the principal of the debentures (Series B) is payable commencing from September 2020 twice a year (except for 2020) on September 30, 2020, and on March 31 and September 30 of each of the years from 2021 to 2028 (inclusive). The interest payments are to be made in respect of the period of six months that ended on the last day prior to the relevant interest payment date, except for the first interest payment that is to be made on September 30, 2020, and is to be paid for the period that commenced on the first trading day after the tender date of the debentures (Series B) and that ends on the last day prior to the said payment date, and is to be calculated based on the number of days in the said period and on the basis of 365 days per year.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

10. Debentures (Series B) and Debentures (Series C) (Cont.)

10.1 Set forth below are details regarding the Company's debentures (Series B): (Cont.)

Linkage basis and terms	The principal of the debentures (Series B) and the interest thereon are linked to the increase in the Consumer Price Index (CPI) against the CPI for March 2020 that was published on April 15, 2020. The linkage terms will not be changed during the period of the debentures.
Are they convertible into another security	No.
Right of the Company to make early repayment	The Company has the right to make early repayment pursuant to the conditions in the trust certificate.
Was a guarantee provided for payment of the Company's liabilities based on the debentures	No.
Name of trustee	Reznik Paz Nevo Trustees Ltd.
Name of the party responsible for the series of liability certificates with the trustee	Michal Avatlon and/or Hagar Shaul
Contact information	Address: 14 Yad Harutzim St., Tel-Aviv Telephone: 03–6389200 Fax: 03–6389222 E–mail: Michal@rpn.co.il
Rating of the debentures since the issuance date	Rating of ilA– by S&P Global Ratings Maalot Ltd. ("Maalot") from February 2020 which was reconfirmed in October 2020 in connection with expansion of the series. In July and September 2021, the rating was reconfirmed. See the Company's Immediate Reports dated February 28, 2020 (Reference No.: 2020-01-017383), April 20, 2020 (Reference No.: 2020-01-035221), October 3, 2020 (Reference No.: 2020-01-107493), October 4, 2020 (Reference No.: 2020-01-107604) and September 2, 2021 (Reference No.: 2021-01-075907).
Pledged assets	None. There is a future commitment that the Company will not create a general floating lien on its assets and rights, existing and future, in favor of any third party without the conditions stipulated in the trust certificate being fulfilled.
Is the series material	Yes.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

10. Debentures (Series B) and Debentures (Series C) (Cont.)

10.2 Set forth below are details regarding the Company's debentures (Series C):

Name of the series	Series C
Issuance date	September 9, 2021
Total nominal value on the date of issuance	About NIS 851 million par value
Nominal value on the date of the report	About NIS 851 million par value
Nominal value after revaluation based on the linkage terms	The debentures are not linked.
Amount of the interest accrued as included in the Interim Statements as at June 30, 2022	About NIS 8 million.
The fair value as included in the Interim Statements and the stock market value as at June 30, 2022	About NIS 774 million.
Type of interest and interest rate	Fixed annual interest at the rate of 2.5%.
Principal payment dates	12 unequal semi-annual payments, to be paid on February 28 and August 31 of each of the years from 2024 to 2030 (inclusive), except for 2028.
Interest payment dates	The interest on the outstanding balance as it will be from time to time on the principal of the debentures (Series C) is payable commencing from February 2022 twice a year on February 28 and on August 31 of each of the years from 2022 to 2030 (inclusive). The interest payments are to be made in respect of the period of six months that ended on the last day prior to the relevant interest payment date, and is to be in the amount of the annual interest divided by 2, except for the first interest payment that is to be made on February 28, 2022 and will be paid for the period that commenced on the first trading day after the tender date of the debentures (Series C) and that ends on the last day prior to the said payment date, and is to be calculated based on the number of days in the said period and on the basis of 365 days per year.

Explanations of the Board of Directors regarding the State of the Group's Affairs (Cont.)

10. Debentures (Series B) and Debentures (Series C) (Cont.)

10.2 Set forth below are details regarding the Company's debentures (Series C): (Cont.)

Linkage basis and terms	The principal of the debentures (Series C) and the interest thereon are not linked to the Consumer Price Index (CPI) or any currency whatsoever.
Are they convertible into another security	No.
Right of the Company to make early repayment	The Company has the right to make early repayment pursuant to the conditions in the trust certificate.
Was a guarantee provided for payment of the Company's liabilities based on the debentures	No.
Name of trustee	Reznik Paz Nevo Trustees Ltd.
Name of the party responsible for the series of liability certificates with the trustee	Michal Avatlon and/or Hagar Shaul
Contact information	Address: 14 Yad Harutzim St., Tel-Aviv Telephone: 03–6389200 Fax: 03–6389222 E–mail: Michal@rpn.co.il
Rating of the debentures since the issuance date	Rating of ilA– by Maalot from August 2021 which was reconfirmed in September 2021. See the Company's Immediate Reports dated July 19, 2021 (Reference No.: 2021-01-119229) and September 2, 2021 (Reference No.: 2021-01-075907).
Pledged assets	None. There is a future commitment that the Company will not create a general floating lien on its assets and rights, existing and future, in favor of any third party without the conditions stipulated in the trust certificate being fulfilled.
Is the series material	Yes.

The Company is in compliance with all the conditions of the Company's debentures (Series B and Series C) and the trust certificates. The Company was not required to take any action in accordance with the request of the trustees for the said debentures.

Corporate Governance

11. Contributions Policy

11.1 The Company has a policy for making contributions that places emphasis on activities in the periphery and non-profit organizations that operate in the field of education.

11.2 As part of the Company's policy for charitable contributions, in the period of the report the following contributions were paid:

Recipient of the Contribution	Amount of the Contribution (NIS thousands)	Relationship to the Recipient of the Contribution
"Password for Every Student" Society	1,000	"Password for Every Student" receives contributions from parties related indirectly to the Company's controlling shareholder. The Company's CEO is a representative of the project's Steering Committee without compensation.
"Nirim" Society	150	–
"Technoda Hadera Givat Olga" Society	300	–
"Running to Give" Society	50	For the sake of good order, it is noted that a relative of the Company's CEO serves as CEO of the Society without compensation.
Total	**1,500**	

Yair Caspi
Chairman of the Board of Directors

Giora Almogy
CEO

Date: August 24, 2022

Exhibit 99.2

OPC Energy Ltd.
Condensed Consolidated
Interim Financial Statements
As at June 30, 2022
(Unaudited)

Table of Contents

Somekh Chaikin

Millennium Tower KPMG
17 Ha'arba'a St., P.O.B. 609
Tel Aviv 6100601
+972-684-8000

Review Report of the Independent Auditors to the Shareholders of OPC Energy Ltd.

Introduction

We have reviewed the accompanying financial information of OPC Energy Ltd. (hereinafter – the "Company") and its subsidiaries, including the condensed consolidated interim statement of financial position as at June 30, 2022 and the condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six-month and three-month period then ended.The Board of Directors and management are responsible for preparing and presenting financial information for these interim periods in accordance with IAS 34, Interim Financial Reporting, and are also responsible for preparing financial information for this interim period under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion regarding the financial information for this interim period based on our review.

Scope of the Review

We conducted our review in accordance with Review Standard (Israel) 2410 - "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Institute of Certified Public Accountants in Israel. A review of financial information for interim periods consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.A review is substantially smaller in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might have been identifiable in an audit.Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned financial information was not prepared, in all material respects, in accordance with International Accounting Standard (IAS 34).

In addition to that mentioned in the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the aforementioned financial information does not comply, in all material respects, with the disclosure requirements of Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Somekh Chaikin
Certified Public Accountants

August 24, 2022

KPMG Somekh Chaikin, an Israeli registered partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Condensed Consolidated Interim Statements of Financial Position as of

	June 30 2022	June 30 2021	December 31 2021
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Current assets			
Cash and cash equivalents	**506**	*605	*731
Short-term restricted deposits and cash	**37**	48	1
Trade receivables and accrued income	**169**	123	194
Other receivables and debit balances	**151**	120	118
Inventories	**5**	-	5
Short-term derivative financial instruments	**12**	1	2
Total current assets	**880**	897	1,051
Non-current assets			
Long-term restricted deposits and cash	**53**	*174	*93
Prepaid expenses and other long-term receivables	**193**	176	178
Investments in associates	**2,043**	1,786	1,696
Deferred tax assets	**146**	*78	153
Long-term derivative financial instruments	**53**	41	36
Property, plant & equipment	**3,946**	*3,115	*3,523
Right-of-use assets	**326**	304	302
Intangible assets	**766**	*690	698
Total non-current assets	**7,526**	6,364	6,679
Total assets	**8,406**	7,261	7,730

* Restated and reclassified - for more information, see Note 2D.

Condensed Consolidated Interim Statements of Financial Position as of (cont.)

	June 30 2022 (Unaudited) NIS million	June 30 2021 (Unaudited) NIS million	December 31 2021 (Audited) NIS million
Current liabilities			
Current maturities of long-term loans from banks and financial institutions	**87**	142	68
Current maturities of loans from non-controlling interests	**64**	-	29
Current maturities of debentures	**28**	22	22
Trade payables	**281**	363	425
Payables and credit balances	**73**	66	87
Short-term derivative financial instruments	**4**	54	27
Current maturities of lease liabilities	**60**	56	59
Total current liabilities	**597**	703	717
Non-current liabilities			
Long-term loans from banking corporations and financial institutions	**1,698**	2,093	1,451
Long-term loans from non-controlling interests and others	**410**	355	404
Debentures	**1,803**	949	1,789
Long-term lease liabilities	**73**	43	44
Long-term derivative financial instruments	**-**	23	1
Other long-term liabilities	**114**	*60	90
Deferred tax liabilities	**432**	*354	*393
Total non-current liabilities	**4,530**	3,877	4,172
Total liabilities	**5,127**	4,580	4,889
Equity			
Share capital	**2**	2	2
Share premium	**2,392**	2,061	2,392
Capital reserves	**300**	105	68
Outstanding loss	**(131)**	*(49)	*(198)
Total equity attributable to the Company's shareholders	**2,563**	2,119	2,264
Non-controlling interests	**716**	*562	577
Total equity	**3,279**	2,681	2,841
Total liabilities and equity	**8,406**	7,261	7,730

* Restated and reclassified - for more information, see Note 2D.

Yair Caspi	Giora Almogy	Tzahi Goshen
Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officer

Financial statements approval date: August 24 2022

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Condensed Consolidated Interim Statements of Income

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues from sales and services	**873**	718	**405**	342	1,575
Cost of sales and services (net of depreciation and amortization)	**645**	515	**333**	256	1,086
Depreciation and amortization	**83**	87	**44**	46	*171
Gross profit	**145**	116	**28**	40	318
General and administrative expenses	**110**	*85	**55**	*54	199
Share in the profits (losses) of associates	**66**	(52)	**(29)**	(14)	(35)
Transaction expenses in respect of acquisition of the CPV Group	**-**	2	**-**	-	2
Business development expenses	**12**	2	**6**	1	5
Other income, net	**2**	*-	**1**	-	-
Profit (loss) from operating activities	**91**	(25)	**(61)**	(29)	77
Finance expenses	**86**	89	**48**	61	194
Finance income	**94**	14	**77**	4	9
Loss from disposal of financial liabilities, net	**-**	*39	**-**	*39	272
Finance income (expenses), net	**8**	(114)	**29**	(96)	(457)
Profit (loss) before taxes on income	**99**	(139)	**(32)**	(125)	(380)
Taxes on income (tax benefit)	**27**	*(42)	**-**	*(33)	(77)
Profit (loss) for the period	**72**	(97)	**(32)**	(92)	(303)
Attributable to:					
The Company’s shareholders	**67**	*(70)	**(11)**	*(73)	(219)
Non-controlling interests	**5**	*(27)	**(21)**	*(19)	(84)
Profit (loss) for the period	**72**	(97)	**(32)**	(92)	(303)
Earnings (loss) per share attributable to the Company’s owners					
Basic earnings (loss) per share (in NIS)	**0.33**	*(0.37)	**(0.05)**	*(0.38)	(1.15)
Diluted earnings (loss) per share (in NIS)	**0.33**	*(0.37)	**(0.05)**	*(0.38)	(1.15)

* Restated and reclassified - for more information, see Note 2D.

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Condensed Consolidated Interim Statements of Comprehensive Income

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Profit (loss) for the period	**72**	*(97)	**(32)**	*(92)	*(303)
Other comprehensive income items that, subsequent to initial recognition in comprehensive income, were or will be transferred to profit and loss					
Effective portion of the change in the fair value of cash flow hedges	**39**	33	**15**	1	28
Net change in fair value of derivative financial instruments used for hedging cash flows stated to the cost of the hedged item	**2**	105	**(1)**	(1)	120
Net change in fair value of derivative financial instruments used to hedge cash flows transferred to profit and loss	**(7)**	(4)	**(5)**	(9)	(7)
Group's share in other comprehensive income (loss) of associates, net of tax	**54**	23	**9**	(1)	40
Foreign currency translation differences in respect of foreign operations	**243**	43	**213**	(40)	(40)
Tax on other comprehensive income items	**(9)**	(3)	**(4)**	1	(1)
Other comprehensive income (loss) for the period, net of tax	**322**	197	**227**	(49)	140
Total comprehensive income (loss) for the period	**394**	100	**195**	(141)	(163)
Attributable to:					
The Company's shareholders	**292**	*107	**148**	*(109)	(82)
Non-controlling interests	**102**	*(7)	**47**	*(32)	(81)
Comprehensive income (loss) for the period	**394**	100	**195**	(141)	(163)

* Restated and reclassified - for more information, see Note 2D.

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Condensed Consolidated Interim Statements of Changes in Equity

	Attributable to the Company's shareholders										
	Share capital	Share premium	Capital reserve from transactions with non-controlling interests and merger	Hedge fund	Foreign operations translation reserve	Capital reserve from transactions with shareholders	Capital reserve for share-based payment	Retained earnings (loss)	Total	Non-controlling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
						(Unaudited)					
For the six-month period ended June 30, 2022											
Balance as at January 1 2022	**2**	**2,392**	**(25)**	**32**	**(27)**	**78**	**10**	***(198)**	**2,264**	**577**	**2,841**
Investments by holders of non-controlling interests in equity of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**37**	**37**
Share-based payment	**-**	**-**	**-**	**-**	**-**	**-**	**7**	**-**	**7**	**-**	**7**
Exercised options and RSUs	**-	**-	**-**	**-**	**-**	**-**	****-**	**-**	**-**	**-**	**-**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**55**	**170**	**-**	**-**	**-**	**225**	**97**	**322**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**67**	**67**	**5**	**72**
Balance on June 30, 2022	**2**	**2,392**	**(25)**	**87**	**143**	**78**	**17**	**(131)**	**2,563**	**716**	**3,279**
For the six-month period ended June 30, 2021											
Balance as at January 1 2021	2	1,714	(25)	(132)	-	78	5	*21	1,663	41	1,704
Issuance of shares (less issuance expenses)	**-	346	-	-	-	-	-	-	346	-	346
Investments by holders of non-controlling interests in equity of subsidiary	-	-	-	-	-	-	-	-	-	536	536
Share-based payment	-	-	-	-	-	-	3	-	3	-	3
Exercised options and RSUs	**-	1	-	-	-	-	(1)	-	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(8)	(8)
Other comprehensive income for the period, net of tax	-	-	-	147	30	-	-	-	177	20	197
Loss for the period	-	-	-	-	-	-	-	*(70)	*(70)	*(27)	*(97)
Balance on June 30, 2021	2	2,061	(25)	15	30	78	7	(49)	2,119	562	2,681

* Restated and reclassified - for more information, see Note 2D.
** Amount is less than NIS 1 million.

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Condensed Consolidated Interim Statements of Changes in Equity (cont.)

	Attributable to the Company's shareholders										
	Share capital	Share premium	Capital reserve from transactions with non-controlling interests and merger	Hedge fund	Foreign operations translation reserve	Capital reserve from transactions with shareholders	Capital reserve for share-based payment	Retained earnings (loss)	Total	Non-controlling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
						(Unaudited)					
For the three-month period ended June 30, 2022											
Balance as at April 1 2022	**2**	**2,392**	**(25)**	**79**	**(8)**	**78**	**13**	**(120)**	**2,411**	**669**	**3,080**
Share-based payment	**-**	**-**	**-**	**-**	**-**	**-**	**4**	**-**	**4**	**-**	**4**
Exercised options and RSUs	**-**	**-**	-	-	-	-	**-**	-	-	-	-
Other comprehensive income, net of tax	**-**	**-**	**-**	**8**	**151**	**-**	**-**	**-**	**159**	**68**	**227**
Loss for the period	-	-	-	-	-	-	-	**(11)**	**(11)**	**(21)**	**(32)**
Balance on June 30, 2022	**2**	**2,392**	**(25)**	**87**	**143**	**78**	**17**	**(131)**	**2,563**	**716**	**3,279**
For the three-month period ended June 30, 2021											
Balance as at April 1 2021	2	2,061	(25)	22	59	78	5	*24	2,226	*597	2,823
Share-based payment	-	-	-	-	-	-	2	-	2	-	2
Investments by holders of non-controlling interests in equity of subsidiary	-	-	-	-	-	-	-	-	-	5	5
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(8)	(8)
Other comprehensive loss, net of tax	-	-	-	(7)	(29)	-	-	-	(36)	(13)	(49)
Loss for the period	-	-	-	-	-	-	-	*(73)	*(73)	*(19)	*(92)
Balance on June 30, 2021	2	2,061	(25)	15	30	78	7	(49)	2,119	562	2,681

* Restated and reclassified - for more information, see Note 2D.

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Condensed Consolidated Interim Statements of Changes in Equity (cont.)

	Attributable to the Company's shareholders										
	Share capital	Share premium	Capital reserve from transactions with non-controlling interests and merger	Hedge fund	Foreign operations translation reserve	Capital reserve from transactions with shareholders	Capital reserve for share-based payment	Retained earnings (loss)	Total	Non-controlling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
						(Audited)					
For the year ended December 31, 2021											
Balance as at January 1 2021	2	1,714	(25)	(132)	-	78	5	*21	1,663	41	1,704
Issuance of shares (less issuance expenses)	**-	674	-	-	-	-	-	-	674	-	674
Investments by holders of non-controlling interests in equity of subsidiary	-	-	-	-	-	-	-	-	-	629	629
Non-controlling interests in respect of business combinations	-	-	-	-	-	-	-	-	-	21	21
Share-based payment	-	-	-	-	-	-	9	-	9	-	9
Exercised options and RSUs	**-	4	-	-	-	-	(4)	-	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	(33)	(33)
Other comprehensive income (loss), net of tax	-	-	-	164	(27)	-	-	-	137	3	140
Loss for the year	-	-	-	-	-	-	-	*(219)	(219)	(84)	(303)
Balance as at December 31 2021	2	2,392	(25)	32	(27)	78	10	(198)	2,264	577	2,841

* Restated and reclassified - for more information, see Note 2D.
** Amount is less than NIS 1 million.

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Condensed Consolidated Interim Statements of Cash Flow

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2022	**2021**	**2022**	**2021**	**2021**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Audited)**
	NIS million	**NIS million**	**NIS million**	**NIS million**	**NIS million**
Cash flows from operating activities					
Profit (loss) for the period	**72**	*(97)	**(32)**	*(92)	*(303)
Adjustments:					
Depreciation, amortization and diesel fuel consumption	**96**	93	**51**	49	185
Finance expenses (income), net	**(8)**	*114	**(29)**	*96	457
Taxes on income (tax benefit)	**27**	*(42)	**-**	*(33)	(77)
Share in losses (profits) of associates	**(66)**	52	**29**	14	35
Share-based compensation transactions	**17**	*19	**5**	*11	58
	138	139	**24**	45	355
Changes in trade and other receivables	**(19)**	30	**(44)**	30	(2)
Changes in trade payables, service providers, other payables and long-term liabilities	**(23)**	(5)	**25**	20	1
	(42)	25	**(19)**	50	(1)
Dividends received from associates	**-**	23	**-**	14	32
Income tax paid	**-**	(1)	**-**	(1)	(1)
Net cash from operating activities	**96**	186	**5**	108	385
Cash flows from investing activities					
Short-term restricted deposits and cash, net	**(34)**	1,725	**(21)**	1	1,780
Withdrawals from long-term restricted cash	**44**	89	**29**	38	172
Deposits to long-term restricted cash	**(2)**	*(31)	**(1)**	(30)	*(31)
Acquisition of subsidiaries, net of cash acquired	-	(2,140)	**-**	-	(2,152)
Acquisition of an associate and investment in associates	**(3)**	(26)	**(2)**	(26)	(28)
Long-term loans to an associate	-	(17)	**-**	(17)	(17)
Proceeds for repayment of partnership capital from associates	**9**	150	**1**	14	154
Long-term advance payments prepaid expenses	**(12)**	(12)	**(6)**	(9)	(23)
Purchase of property, plant and equipment	**(533)**	(297)	**(260)**	(149)	(746)
Refunds for right-of-use assets and property, plant, and equipment	**-**	6	**-**	-	16
Purchase of intangible assets	**(7)**	(1)	**(2)**	(1)	(5)
Payment for derivative financial instruments	**(11)**	(4)	**(4)**	(2)	(21)
Proceeds for derivative financial instruments	**12**	1	**7**	-	3
Net cash used in investing activities	**(537)**	(557)	**(259)**	(181)	(898)

* Restated and reclassified - for more information, see Note 2D.

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

Condensed Consolidated Interim Statements of Cash Flow (cont.)

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Cash flows from financing activities					
Proceeds of share issuance, less issuance expenses	**-**	346	**-**	-	674
Proceeds of debenture issuance, less issuance expenses	**-**	-	**-**	-	842
Receipt of long-term loans from banking corporations and financial institutions	**253**	76	**97**	76	682
Receipt of loans from non-controlling interests	**20**	166	**9**	1	421
Investments by holders of non-controlling interests in equity of subsidiary	**37**	536	**-**	5	629
Interest paid	**(41)**	(64)	**(11)**	(29)	(102)
Prepaid costs for loans taken	**(5)**	(6)	**(2)**	(2)	(16)
Dividend paid to non-controlling interests	**-**	(8)	**-**	(8)	(33)
Repayment of long-term loans from banking corporations and others	**(40)**	(213)	**(19)**	(38)	(1,936)
Repayment of long-term loans from non-controlling interests	**(14)**	-	**-**	-	-
Repayment of debentures	**(10)**	(10)	**-**	-	(19)
Repayment of other long-term liabilities	**-**	(94)	**-**	(94)	(94)
Payment for derivative financial instruments	**(3)**	(10)	**(1)**	(5)	(58)
Proceeds for derivative financial instruments	**-**	-	**-**	-	13
Repayment of principal in respect of lease liabilities	**(3)**	(3)	**(2)**	(2)	(6)
Net cash provided by financing activities	**194**	716	**71**	(96)	997
Net increase (decrease) in cash and cash equivalents	**(247)**	345	**(183)**	(169)	484
Balance of cash and cash equivalents at beginning of period	**731**	200	**668**	776	200
Effect of exchange rate fluctuations on cash and cash equivalent balances	**22**	60	**21**	(2)	47
Balance of cash and cash equivalents at end of period	**506**	605	**506**	605	731

The accompanying notes to the Condensed Consolidated Interim Financial Statements are an integral part thereof.

NOTE 1 - GENERAL

A. The Reporting Entity

OPC Energy Ltd. (hereinafter – “the Company”) was incorporated in Israel on February 2, 2010. The Company’s registered address is 121 Menachem Begin Blvd., Tel Aviv, Israel. The Company’s controlling shareholder is Kenon Holdings Ltd. (hereinafter - the “Parent Company”), a company incorporated in Singapore, the shares of which are dual-listed on the New York Stock Exchange (NYSE) and the Tel Aviv Stock Exchange Ltd. (hereinafter - the “TASE”).

The Company is a publicly-traded company whose securities are traded on the TASE. As of the reporting date, the Company and its subsidiaries (hereinafter - the ”Group”) operate in two reportable segments: (1) Electricity and energy generation and supply in Israel - Under this operating segment, the Group is engaged in the generation and supply of energy (as at the reporting date, electricity, steam and charging services for electric vehicles), mainly to private customers, to the Israel Electric Corporation (hereinafter - the “IEC”), and to Noga - Israel Independent System Operator (hereinafter - the “System Operator”), and in the development, initiation, construction and operation in Israel of power plants and energy generation facilities powered using natural gas and renewable energy; and (2) electricity and energy generation and supply in the USA - development, construction, maintenance, and management of power plants powered by renewable energy and natural gas (conventional technology) in the USA. In this operating segment, the Group is engaged in the development, construction and management of renewable energy and conventional power plants in the United States and in the holding of rights in operational and under-construction renewable energy and conventional power plants. Furthermore, the Company engages in providing asset and energy management services for power plants in the US that are owned by the Group and by third parties. The Group manages its operations in Israel mainly through a wholly owned subsidiary, OPC Power Plants Ltd. (formerly OPC Israel Energy Ltd., hereinafter - “OPC Power Plants”). Its activity in the United States is managed under CPV Group LP and its investees (hereinafter - "CPV Group"), held by the Company at a rate of 70%, indirectly (for further information see Note 25D1 to the financial statements as of December 31, 2021, and for the year then ended (hereinafter - the “Annual Financial Statements).

In Israel, the Group operates the Rotem Power Plant through OPC Rotem Ltd. (hereinafter – “Rotem”) (which is held by the OPC Power Plants (80%) and by another shareholder - Veridis - Power Plants Ltd. (hereinafter - “Veridis”) (20%)) uses conventional technology, and has an installed capacity of approximately 466 MW. In addition, OPC Power Plants wholly owns the following companies: (1) OPC Hadera Ltd. (hereinafter – “Hadera”), which wholly owns the Hadera Power Plant that uses cogeneration technology and has an installed capacity of 144 MW. In addition, Hadera owns the Energy Center (boilers and turbines on the site of Infinya Ltd.’s plants (hereinafter - “Infinya”)), which serves as backup for the steam supply; (2) Zomet Energy Ltd. (hereinafter – “Zomet”), which is working to construct a power plant powered by natural gas, using conventional technology in an open cycle (a peaker plant) having an installed capacity of approximately 396 MW, located in the vicinity of the Plugot Intersection, near Kiryat Gat; (3) OPC Sorek 2 Ltd. (hereinafter - “Sorek”). Sorek is working to construct the Sorek generation facility, which will supply energy to the Sorek B Desalination Facility, at a capacity of 87 MW. In addition, as from September 2021 the Company supplies electricity under the virtual supply license (as of the report date - 125 MW). In addition, the Company is working to construct and operate facilities for generation of energy on the consumers’ premises, which generate electricity using natural gas and renewable energy and enters into arrangements for supply and sale of energy to consumers.

NOTE 1 – GENERAL (cont.)

A. The Reporting Entity (cont.)

The Group's activities in Israel are subject to regulation, including, among other things, the provisions of the Electricity Sector Law, 1996, and the regulations promulgated thereunder, resolutions of the Israeli Electricity Authority, the provisions of the Law for Minimizing Market Centralization and Promoting Economic Competition, 2013, the provisions of the Economic Competition Law, 1988 and the regulations promulgated thereunder, as well as regulation in connection with licensing of businesses, planning and construction, and environmental protection. The Israeli Electricity Authority is authorized to issue licenses under the Electricity Sector Law (licenses for facilities having a generation capacity in excess of 100 MW also require approval by the Minister of Energy), supervise the license holders (including supply licenses and private generation licenses), determine tariffs and set benchmarks for the level, nature and quality of the services that are required from a holder of a "Essential Service Provider" license. Accordingly, the Israeli Electricity Authority supervises both the IEC and independent power producers.

The Group's activity is subject to seasonal effects as a result of changes in the energy demand management rate (hereinafter – the "TAOZ"), which is regulated and published by the Israeli Electricity Authority. The year is broken down into three seasons, as follows: summer (July and August), winter (December, January and February) and "transitional" (March through June and September through November), with a different tariff set for each season. The Company's results are based on the generation component, which is part of the TAOZ, resulting in a seasonal effect.

In the United States, through CPV Group, the Group operates power plants using conventional energy, powered by natural gas, and also operates in the renewable energy sector. As at the approval date of the financial statements, the CPV Group's share of the natural gas-fired power plants is approximately 1,290 MW out of 4,045 MW (5 power plants), and in wind energy - CPV's share is approximately 152 MW (one wholly-owned power plant).

In addition, the CPV Group holds rights to gas-fired power plants using conventional energy with a capacity of 1,258 MW which are under construction (CPV's share as at the approval date of the financial statements is 126 MW) and 228 MW in a solar project under construction. The project backlog of CPV Group as at the reporting date includes a backlog of renewable energy projects and conventional natural gas-fired power plants in the advanced development stages and other projects using various technologies. Furthermore, CPV Group is also engaged in providing asset and energy management services for power plants in the US that are owned by the Group and by third parties. As of the approval date of the financial statements, CPV Group also provides asset management services for power plants with an overall capacity of approx. 7,446 MW, and energy management services to power plants with an overall capacity of approx. 4,235 MW.

The power market in the United States is regulated both on the federal level (wholesale sale of electricity and interstate transmission) and state level (retail sale of electricity and distribution services to end consumers). The primary federal regulator is the Federal Energy Regulatory Commission (FERC), alongside state-level public service commissions exercising additional regulatory oversight. The electricity market in the United States operates under several regional or state market operators, known as Regional Transmission Organizations (RTO) or Independent System Operators (ISOs). The ISOs and RTOs are responsible for the day-to-day operation of the transmission system, the administration of the wholesale markets in their respective regions, and for the long-term transmission planning and resource adequacy functions.

NOTE 1 - GENERAL (cont.)

A. The Reporting entity (cont.)

The activity of the CPV Group is subject to, among other things, changes in federal and state legislation, federal and state energy regulations and federal and state environmental protection laws and regulations. These laws impact the ability of the facilities of the CPV Group to operate, the prices of the products they produce, and the costs and charges involved in their production. Therefore, regulations, laws and decisions by the federal and state authorities, particularly public service committees, a federal energy regulatory committee and environmental protection authorities, have a direct and indirect effect on the CPV Group’s activity.

The revenues of the CPV Group from electricity generation are seasonal and impacted by variable demand, gas prices and electricity prices, as well as the weather. In general, with respect to gas-fired power plants, there is higher profitability in seasons where temperatures are at their highest or lowest - usually during summer and winter. Similarly, the profitability of renewable energy production is subject to production volume, which varies based on wind and solar constructions, as well as its electricity price, which tends to be higher in winter, unless there is a fixed contractual price for the project.

B. Global trends and the impacts of Covid-19

In March 2020, the World Health Organization announced that Covid-19 was a global pandemic. Despite the preventative measures implemented in order to reduce the spread of the pandemic, it continued to spread, including by way of various variants, and caused considerable business and economic uncertainty and volatility in global markets. In the reporting period, most of the restrictions on movement, business, and commerce in the Company's regions of activity were lifted. Due to the dynamic nature of the pandemic (the development of new strains) and the consequences of Covid-19 related events (such as an increase in the prices of raw materials and shipping costs), there is still uncertainty about the broad impact of the Covid-19 crisis on the markets and on factors related to the Company's activity.

During the reporting period and thereafter, due to high global demand for raw materials and for transportation and shipping, the trajectory of significant increase in the costs of raw materials continued, and production and supply chain delays, including an increase in the cost of maritime transport. This resulted in global delays in delivery dates for equipment alongside increased prices of raw materials and equipment used for the construction and maintenance of the Group’s facilities and power plants. This trend affects the construction and maintenance costs of the Group’s projects in the markets of activity and the schedules for their completion. In addition, the effect of this trend is evident, especially with respect to projects under construction (including energy generation facilities), as well as availability and prices of solar panels for solar projects under development or construction by the CPV Group. As of the financial statements’ approval date, there is no certainty as to the duration or scope of the trend, therefore the Group is unable to assess with full certainty its effect on the Group’s activity.

It should also be noted that during the reporting period and thereafter, inter alia against the backdrop of the fighting between Russia and Ukraine - in terms of the macroeconomic environment, including inflation trajectories and interest rate hikes, changes in energy prices, uncertainty in financial markets and supply chains, commodity prices and availability issues, etc. Due to the continuation of the event, the Company is unable to assess the extent of its impact on the Company’s operations as of the approval date of the financial statements, but there are already indications of an increase in the prices of commodities, transportation and energy, and a challenge in terms of availability of various raw materials.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

A. Statement of compliance with International Financial Reporting Standards (IFRS)

The Condensed Consolidated Interim Financial Statements were prepared in accordance with International Accounting Standard 34 (hereinafter – "IAS 34") - "Interim Financial Reporting" and do not include all of the information required in complete Annual Financial Statements. These statements should be read in conjunction with the Annual Financial Statements. In addition, these financial statements were prepared in accordance with the provisions of Section D of the Securities Regulations (Periodic and Immediate Reports) 1970.

The Condensed Consolidated Interim Financial Statements were approved for publication by the Company's Board of Directors on August 24, 2022.

B. Functional and presentation currency

The New Israeli Shekel (NIS) is the currency that represents the primary economic environment in which the Company operates. Accordingly, the NIS is the Company's functional currency. The NIS also serves as the presentation currency in these financial statements. Currencies other than the NIS constitute foreign currency.

C. Use of estimates and judgments

In preparation of the condensed consolidated interim financial statements in accordance with the IFRS, the Company's management is required to use judgment when making estimates, assessments and assumptions that affect implementation of the policies and the amounts of assets, liabilities, income and expenses. It is clarified that the actual results may differ from these estimates.

Management's judgment, at the time of implementing the Group's accounting policies and the main assumptions used in the estimates involving uncertainty, are consistent with those used in the Annual Financial Statements.

D. Restatement and reclassification

1. Set forth below is the effect of the implementation of the amendment to IAS 16 (as described in Section 2 below), immaterial adjustment (as described in Section 3 below), and updating of temporary amounts in respect of completion of the valuation of the business combination (as described in Section 4 below) on the comparative figures in the statement of financial position as of June 30 2021:

	As at June 30, 2021				
	As reported in the past	Effect of application of the amendment to IAS 16 (see Section 2)	Immaterial adjustment (see Section 3)	Revision of temporary amounts in respect of business combination (see Section 4)	As reported in these interim financial statements
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Property, plant & equipment	3,128	(9)	-	(4)	3,115
Intangible assets	698	-	-	(8)	690
Deferred tax assets	82	-	(5)	1	78
Deferred tax liabilities	367	(2)	-	(11)	354
Other long-term liabilities	78	-	(18)	-	60
Outstanding loss	(51)	(7)	9	-	(49)
Non-controlling interests	558	-	4	-	562

2. Restatement following first-time application of amendment to IAS 16

For information regarding first-time application of amendment to IAS 16, see Note 3A below. The effect of the application of the amendment for the year ended December 31, 2020, in view of the commencement of commercial operation of the Hadera Power Plant in that year is a NIS 4 million increase in loss. The effect of the application of the amendment as of December 31, 2021, is a NIS 8 million decrease in property, plant and equipment, a NIS 6 million decrease in equity attributable to shareholders, and a NIS 2 million decrease in deferred tax liability. The effect of the implementation of the amendment on the income statements for the six-month and three-month periods ended June 30, 2021, and for the year ended December 31, 2021, is immaterial. For information about the effect of the implementation of the amendment on the statement of financial position as of June 30, 2021, see Section 1 above.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

D. Restatement and reclassification (cont.)

3. Immaterial adjustment of comparative figures

The Company made an immaterial adjustment to the financial information as of June 30, 2021, and for the six-month and three-month periods ended on that date in order to reflect the recognition of the value of the benefit of rights to participate in profits awarded to CPV Group employees over the vesting periods. For information about the adjustment's effect on the statement of financial position, see Section 1 above.

The adjustment's effect on the income statement:

	For the six-month period ended June 30, 2021		
	As reported in the past	**The effect of the amendment**	**As reported in these financial statements**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
	NIS million	**NIS million**	**NIS million**
General and administrative expenses	**103**	(18)	85
Tax benefit	**(47)**	5	(42)
Loss for the period	**(110)**	13	(97)
Attributable to:			
The Company's shareholders	**(79)**	9	(70)
Non-controlling interests	**(31)**	4	(27)
Basic loss per share (in NIS)	**(0.42)**	0.05	(0.37)
Diluted loss per share (in NIS)	**(0.42)**	0.05	(0.37)

	For the three-month period ended June 30, 2021		
	As reported in the past	**The effect of the amendment**	**As reported in these financial statements**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
	NIS million	**NIS million**	**NIS million**
General and administrative expenses	**79**	(25)	54
Tax benefit	**(40)**	7	(33)
Loss for the period	**(110)**	18	(92)
Attributable to:			
The Company's shareholders	**(86)**	13	(73)
Non-controlling interests	**(24)**	5	(19)
Basic loss per share (in NIS)	**(0.45)**	0.07	(0.38)
Diluted loss per share (in NIS)	**(0.45)**	0.07	(0.38)

4. Business combination that took place in a previous period and measured in previous periods using temporary amounts

On January 25, 2021, the transaction for the acquisition of 70% of the rights and holdings in the CPV Group was completed.

The Group's financial statements as of June 30, 2021, include temporary amounts in respect of assets and liabilities of CPV Group. For information about the effect of the temporary amounts that were reported and adjusted retrospectively in the statement of financial position upon completion of the independent valuation of the business combination, see Section 1 above.

The effect of the adjustment on the income statement for the six-month and three-month periods ended June 30, 2021, is immaterial.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont.)

D. Restatement and reclassification (cont.)

5. Reclassification of comparative figures

The Company reclassified a total of NIS 26 million from the cash and cash equivalents line item to the long-term restricted deposits and cash line item in the statement of financial position as of December 31, 2021, and June 30, 2021. In addition, the Company reclassified a total of approx. NIS 26 million from the period-end cash and cash equivalents line item to the deposits to long-term restricted cash line item in the statement of cash flows for the year ended December 31, 2021, for the six-month and three-month periods ended June 30, 2021.

Furthermore, during the Reporting Period, the Company reclassified a total of approx. NIS 39 million from the other expenses, net line item to the loss from disposal of financial liabilities, net line item for the six-month and three-month periods ended June 30, 2021. For more information about the loss that was recognized, see Section 28O to the Annual Financial Statements.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

Excluding as detailed in Section A below, the Group's accounting policies in these condensed consolidated interim financial statements are the same as the policies applied to the 2021 Annual Financial Statements. Following is a description of the main change in the accounting policies in these condensed consolidated interim financial statements and its effect.

A. First-time application of new standards, amendments to standards and interpretations

Amendment to IAS 16 - "Property, Plant, and Equipment: Proceeds before Intended Use"

The amendment, which came into effect on January 1 2022, revoked the requirement whereby in calculating costs that are directly attributable to property, plant and equipment, the net proceeds from the sale of any items produced in the process (such as samples produced at the time of testing the equipment) should be deducted from the costs of testing the proper functioning of the asset. Instead, such proceeds will be recognized in profit and loss according to the relevant standards.

The Company applied the amendment retrospectively, including revision of the comparative figures, but only for items of property, plant and equipment that were brought to the location and status required for them to be able to function in the manner contemplated by management after the earliest reporting period presented on first-time application of the amendment, i.e., as from January 1 2020. For information about the effect of first-time application see Note 2D.

NOTE 4 – FINANCIAL INSTRUMENTS

Financial instruments measured at fair value for disclosure purposes only

The carrying amounts of certain financial assets and financial liabilities, including short-term and long-term deposits, cash and cash equivalents, restricted cash, trade receivables, other receivables, derivative financial instruments and other payables, and some of the Group's long-term loans are the same as or approximate to their fair values.

The fair values of the other financial assets and financial liabilities, together with the carrying amounts stated in the statement of financial position, are as follows:

Fair value

	As at June 30, 2022	
	Carrying amount (*)	Fair value
	(Unaudited)	(Unaudited)
	NIS million	NIS million
Loans from banks and financial institutions (Level 2)	1,785	1,872
Loans from non-controlling interests (Level 2)	474	429
Debentures (Level 1)	1,845	1,791
	4,104	4,092

	As at June 30, 2021	
	Carrying amount (*)	Fair value
	(Unaudited)	(Unaudited)
	NIS million	NIS million
Loans from banks and financial institutions (Level 2)	2,237	2,614
Loans from non-controlling interests and others (Level 2)	355	363
Debentures (Level 1)	977	1,101
	3,569	4,078

	As at December 31, 2021	
	Carrying amount (*)	Fair value
	(Audited)	(Audited)
	NIS million	NIS million
Loans from banks and financial institutions (Level 2)	1,520	1,697
Loans from non-controlling interests (Level 2)	435	446
Debentures (Level 1)	1,824	1,997
	3,779	4,140

(*) Includes current maturities and interest payable.

Derivative financial instruments are measured at fair value, using the Level 2 valuation method. The fair value is measured using the discounted future cash flows method, on the basis of observable inputs.

The Group enters into transactions in derivative financial instruments in order to hedge foreign currency risks, LIBOR US interest risks, and risks of changes in the CPI. Derivative financial instruments are recorded based on their fair value. The fair value of the derivative financial instruments is based on prices, rates and interest rates that are received from banks, brokers and through accepted trading software. The fair value of the derivative financial instruments is estimated on the basis of the data received, using valuation and pricing techniques that are characteristic of the various instruments in the different markets. The fair value measurement of long-term derivative financial instruments is estimated by discounting the cash flows arising from them, based on the terms and conditions and term to maturity of each instrument and using market interest rates for similar instruments as at the measurement date. Changes in the economic assumptions and the valuation techniques could materially affect the fair value of the instruments.

NOTE 4 - FINANCIAL INSTRUMENTS (cont.)

Set forth below are data regarding the representative foreign exchange rates of the US dollar (hereinafter - "USD") and the euro (hereinafter - "EUR") and the Consumer Price Index (hereinafter - "CPI"):

	CPI (points)	The USD/NIS exchange rate	The EUR/NIS exchange rate
June 30, 2022	**105.8**	**3.500**	**3.636**
June 30, 2021	101.6	3.260	3.875
December 31, 2021	102.6	3.110	3.520
Changes during the six-month period ended on:			
June 30, 2022	**3.1%**	**12.5%**	**3.3%**
June 30, 2021	1.4%	1.4%	(1.8)%
Changes during the three-month period ended on:			
June 30, 2022	**1.9%**	**10.2%**	**3.2%**
June 30, 2021	1.3%	(2.2)%	(1.0)%
Changes during the year ended on:			
December 31 2021	2.4%	(3.3)%	(10.8)%

NOTE 5 - REVENUES FROM SALES AND SERVICES

Disaggregation of revenues from sales and service provision:

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million	NIS million	NIS million
Revenues from sale of electricity in Israel	**737**	622	**331**	287	1,355
Revenues from sale of electricity in the US	**47**	38	**25**	21	82
Revenues from sale of steam in Israel	**30**	28	**16**	13	57
Revenues from provision of services in the US	**45**	30	**27**	21	81
Other income in Israel	**14**	-	**6**	-	-
	873	718	**405**	342	1,575

NOTE 6 - ASSOCIATES

A. Condensed information regarding associates

General information

The Company, through CPV Group, holds interests in active power plants and power plants under construction, both in the conventional and renewable energy areas. Below are the main details in respect of the active power plants and power plants under construction of the CPV Group's principal associates:

Entity	Year of commercial operation	Capacity (MW)	Ownership stake as of June 30, 2022*	Power plant location
CPV Fairview, LLC (hereinafter - "Fairview")	2019	1,050	25.0%	Pennsylvania
CPV Maryland, LLC (hereinafter - "Maryland")	2017	745	25.0%	Maryland
CPV Shore Holdings, LLC (hereinafter - "Shore")	2016	725	37.5%	New Jersey
CPV Towantic, LLC (hereinafter - "Towantic")	2018	805	26.0%	Connecticut
CPV Valley Holdings, LLC (hereinafter - "Valley")	2018	720	50.0%	New York
CPV Three Rivers, LLC (hereinafter - "Three Rivers")	Project under construction	1,258	10.0%	Illinois

(*) The holding rate is that of the CPV Group, which is indirectly held by the Company (70%).

Accounting treatment applied to derivatives in associates and joint ventures

Some of the CPV Group's associates use derivative financial instruments, such as interest rate swaps, forwards and commodities contracts in order to hedge the interest risk, the energy prices risk and the commodities risks, respectively. Furthermore, some of the associates entered into economic hedges on electricity price margins in order to reduce their exposure to fluctuations in energy and natural gas prices, as well as hedging agreements of the revenue put option type. Such derivative financial instruments are initially recognized as fair value and subsequently remeasured at fair value. Derivatives are recognized as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. Any profit or loss arising from changes in the fair value of the derivatives is recognized in the income statement, except for the effective portion of the cash flow hedge, which is recognized in other comprehensive income, and subsequently reclassified to the income statement in the period in which the hedge item's cash flow affect the income statement.

NOTE 6 – ASSOCIATES (cont.)

B. Condensed financial information

1. About the financial position as of June 30, 2022, and operating results for the six-month and three-month periods ended June 30, 2022:

	Fairview	Maryland	Shore	Towantic	Valley	Three Rivers
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
			(Unaudited)			
As at June 30, 2022						
Current assets	425	219	329	252	133	56
Non-current assets	3,337	2,418	3,518	3,314	2,471	4,220
Total assets	3,762	2,637	3,847	3,566	2,604	4,276
Current liabilities	395	291	204	509	2,058	143
Non-current liabilities	1,971	1,328	2,342	1,830	28	2,858
Total liabilities	2,366	1,619	2,546	2,339	2,086	3,001
Net assets	1,396	1,018	1,301	1,227	518	1,275
Holding rate	25.0%	25.0%	37.5%	26.0%	50.0%	10.0%
Company's share	349	255	488	319	259	205
Fair value adjustments made on acquisition date	283	(51)	(191)	93	(4)	29
Carrying amount of investment	632	204	297	412	255	234
Results for the six-month period ended June 30, 2022						
Operating income	465	317	326	805	660	-
Net change in fair value of derivative financial instruments	37	(56)	76	(41)	(39)	(39)
Total income	502	261	402	764	621	(39)
Operating expenses	(385)	(277)	(319)	(714)	(491)	(13)
Operating profit (loss)	117	(16)	83	50	130	(52)
Finance expenses, net	(38)	(37)	(52)	(35)	(40)	(1)
Profit (loss) for the period *	79	(53)	31	15	90	(53)
Other comprehensive income *	59	19	41	57	5	133
Comprehensive income (loss) for the period	138	(34)	72	72	95	80
Holding rate	25.0%	25.0%	37.5%	26.0%	50.0%	10.0%
Company's share in profit (loss)	20	(13)	12	4	45	(5)
Company's share in other comprehensive income	15	5	15	15	3	13
Reductions of profit and loss in respect of adjustments to fair value made on the acquisition date	(2)	-	5	-	-	-
Share in the profits (losses) of associates	18	(13)	17	4	45	(5)
Group's share in other comprehensive income of associates	15	5	15	15	3	13
Depreciation and amortization	45	35	54	53	31	-

(*) It should be noted that the associates are entities which are transparent for tax purpose and therefore their results do not reflect the tax effect.

NOTE 6 – ASSOCIATES (cont.)

B. Condensed financial information (cont.):

1. About the financial position as of June 30, 2022, and operating results for the six-month and three-month periods ended June 30, 2022 (cont.):

	Fairview	Maryland	Shore	Towantic	Valley	Three Rivers
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
			Unaudited			
Results for the three-month period ended June 30, 2022						
Operating income	245	193	173	302	262	-
Net change in fair value of derivative financial instruments	(54)	(27)	13	(33)	(11)	(39)
Total income	191	166	186	269	251	(39)
Operating expenses	(200)	(166)	(163)	(276)	(245)	(7)
Operating profit (loss)	(9)	-	23	(7)	6	(46)
Finance expenses, net	(19)	(19)	(26)	(18)	(20)	1
Loss for the period*	(28)	(19)	(3)	(25)	(14)	(45)
Other comprehensive income (loss)*	12	(3)	8	12	(6)	43
Comprehensive income (loss) for the period	(16)	(22)	5	(13)	(20)	(2)
Holding rate	25.0%	25.0%	37.5%	26.0%	50.0%	10.0%
Company's share in loss	(7)	(5)	(1)	(6)	(7)	(4)
The Company's share in other comprehensive income (loss)	3	(1)	3	3	(3)	4
Reductions of profit and loss in respect of adjustments to fair value made on the acquisition date	(1)	-	2	-	-	-
Share in the profits (losses) of associates	(8)	(5)	1	(6)	(7)	(4)
Group's share in other comprehensive income (loss) of associates	3	(1)	3	3	(3)	4
Depreciation and amortization	23	18	27	28	16	-

(*) It should be noted that the associates are entities which are transparent for tax purpose and therefore their results do not reflect the tax effect.

NOTE 6 – ASSOCIATES (cont.)

B. Condensed financial information (cont.):

2. About the financial position as of June 30, 2021, and results of operations for the period commencing on the completion date of the acquisition of the CPV Group, January 25, 2021, until June 30, 2021, and for the three-month period ended June 30, 2021:

	Fairview	Maryland	Shore	Towantic	Valley	Three Rivers
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
			(Unaudited)			
As at June 30, 2021						
Current assets	145	78	112	87	124	6
Non-current assets	3,209	2,187	2,842	3,112	2,424	2,033
Total assets	3,354	2,265	2,954	3,199	2,548	2,039
Current liabilities	269	68	88	215	234	144
Non-current liabilities	1,968	1,251	1,766	1,880	1,885	1,692
Total liabilities	2,237	1,319	1,854	2,095	2,119	1,836
Net assets	1,117	946	1,100	1,104	429	203
Holding rate	25.0%	25.0%	37.5%	26.0%	50.0%	10.0%
Company's share	279	237	413	287	215	182
Fair value adjustments made on acquisition date	269	(49)	(189)	88	(5)	27
Carrying amount of investment	548	188	224	375	210	209
Results for the period ranging from January 25, 2021, to June 30, 2021						
Operating income	285	196	225	433	262	-
Net change in fair value of derivative financial instruments	(52)	(18)	16	(19)	(148)	1
Total income	233	178	241	414	114	1
Operating expenses	(226)	(178)	(188)	(308)	(220)	(15)
Operating profit (loss)	7	-	53	106	(106)	(14)
Finance expenses, net	(37)	(37)	(31)	(34)	(42)	-
Profit (loss) for the period *	(30)	(37)	22	72	(148)	(14)
Other comprehensive income *	21	36	16	21	9	46
Comprehensive income (loss) for the period	(9)	(1)	38	93	(139)	32
Holding rate	25.0%	25.0%	37.5%	26.0%	50.0%	10.0%
Company's share in profit (loss)	(8)	(9)	8	19	(73)	(1)
Company's share in other comprehensive income	5	9	6	5	5	5
Reductions of profit and loss in respect of adjustments to fair value made on the acquisition date	(2)	7	6	1	1	-
Share in the profits (losses) of associates	(10)	(2)	14	20	(72)	(1)
Group's share in other comprehensive income of associates	5	9	6	5	5	5
Depreciation and amortization	39	24	48	41	27	-

(*) It should be noted that the associates are entities which are transparent for tax purpose and therefore their results do not reflect the tax effect.

NOTE 6 – ASSOCIATES (cont.)

B. Condensed financial information (cont.):

2. About the financial position as of June 30, 2021, and results of operations for the period commencing on the completion date of the acquisition of the CPV Group, January 25, 2021, until June 30, 2021, and for the three-month period ended June 30, 2021 (cont.):

	Fairview	Maryland	Shore	Towantic	Valley	Three Rivers
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
	Unaudited					
Results for the three-month period ended June 30, 2021						
Operating income	162	111	130	204	151	-
Net change in fair value of derivative financial instruments	(13)	(8)	32	(11)	(95)	-
Total income	149	103	162	193	56	-
Operating expenses	(132)	(110)	(115)	(140)	(102)	(9)
Operating profit (loss)	17	(7)	47	53	(46)	(9)
Finance expenses, net	(19)	(22)	(16)	(17)	(21)	2
Profit (loss) for the period *	(2)	(29)	31	36	(67)	(7)
Other comprehensive income (loss)*	(4)	34	(4)	(4)	-	(29)
Comprehensive income (loss) for the period	(6)	5	27	32	(67)	(36)
Holding rate	25.0%	25.0%	37.5%	26.0%	50.0%	10.0%
Company's share in profit (loss)	(1)	(7)	11	10	(33)	-
The Company's share in other comprehensive income (loss)	(1)	8	(2)	(2)	-	(3)
Reductions of profit and loss in respect of adjustments to fair value made on the acquisition date	(1)	5	3	-	-	-
Share in the profits (losses) of associates	(2)	(2)	14	10	(33)	-
Group's share in other comprehensive income (loss) of associates	(1)	8	(2)	(2)	-	(3)
Depreciation and amortization	22	14	27	23	14	-

(*) It should be noted that the associates are entities which are transparent for tax purpose and therefore their results do not reflect the tax effect.

NOTE 6 – ASSOCIATES (cont.)

B. Condensed financial information (cont.):

3. Financial position as of December 31, 2021, and results of operations for the period commencing on the completion date of the acquisition of the CPV Group, January 25, 2021, until December 31, 2021:

	Fairview	Maryland	Shore	Towantic	Valley	Three Rivers
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
			(Audited)			
As at December 31, 2021						
Current assets	334	83	142	120	111	9
Non-current assets	3,067	2,083	3,232	2,964	2,194	2,953
Total assets	3,401	2,166	3,374	3,084	2,305	2,962
Current liabilities	423	115	25	386	265	65
Non-current liabilities	1,839	1,110	2,261	1,676	1,671	2,203
Total liabilities	2,262	1,225	2,286	2,062	1,936	2,268
Net assets	1,139	941	1,088	1,022	369	694
Holding rate	25.0%	25.0%	37.5%	26.0%	50.0%	10.0%
Company's share	285	235	408	266	185	174
Fair value adjustments made on acquisition date	254	(46)	(175)	83	(4)	26
Carrying amount of investment	539	189	233	349	181	200
Results for the period ranging from January 25, 2021, to December 31, 2021						
Operating income	746	568	569	969	645	-
Net change in fair value of derivative financial instruments	(102)	(18)	45	(135)	(194)	1
Total income	644	550	614	834	451	1
Operating expenses	(535)	(459)	(488)	(705)	(561)	(31)
Operating profit (loss)	109	91	126	129	(110)	(30)
Finance expenses, net	(77)	(73)	(73)	(70)	(80)	-
Profit (loss) for the year *	32	18	53	59	(190)	(30)
Other comprehensive income *	36	35	25	36	12	63
Comprehensive income (loss) for the year	68	53	78	95	(178)	33
Holding rate	25.0%	25.0%	37.5%	26.0%	50.0%	10.0%
Company's share in profit (loss)	8	4	20	15	(95)	(3)
Company's share in other comprehensive income	9	9	10	9	6	6
Reductions of profit and loss in respect of adjustments to fair value made on the acquisition date	(4)	8	12	-	2	-
Share in the profits (losses) of associates	4	12	32	15	(93)	(3)
Group's share in other comprehensive income of associates	9	9	10	9	6	6
Depreciation and amortization	82	55	103	89	57	-

(*) It should be noted that the associates are entities which are transparent for tax purpose and therefore their results do not reflect the tax effect.

NOTE 6 – ASSOCIATES (cont.)

C. Attachment of financial statements

The Group attaches to these condensed consolidated interim financial statements the condensed interim financial statements of Valley (hereinafter - "material associate").

The functional currency and the presentation currency of the material associate is the US dollar. For details regarding the changes in the currency exchange rate of the USD in the reporting period – see Note 4.

The financial statements of the material associate are drawn up in accordance with US GAAP, which vary, in some respects, from IFRS. Set forth below are the adjustments to comprehensive income, total assets, total liabilities and Partnership's equity to reflect those differences.

Valley's interim financial statements as at June 30, 2022 (attached to the Company's Periodic Report and prepared in accordance with US GAAP), include a disclosure of circumstances related to Valley's ability to repay its liabilities under its credit agreement totaling over NIS 1.4 billion (approx. USD 400 million) at the contractual repayment date of the aforementioned liabilities, which will be June 30, 2023. Valley's management is negotiating with its financing entities in an effort to defer or refinance its liabilities under the credit agreement. As of the approval date of the financial statements, Valley is not expected to be able to repay its liabilities under the credit agreement using its cash flows from operating activities; however, Valley's management believes that it will be able to defer or refinance its credit agreement prior to June 30, 2023. The said circumstances have no effect on the financial and operating results of the Group and of Valley.

1) Statement of Financial Position:

		As at June 30, 2022 (Unaudited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Property, plant & equipment	A, C, D	798,906	(177,853)	**621,053**
Intangible assets	D	14,411	(14,411)	-
Other assets		122,955	-	**122,955**
Total assets		936,272	(192,264)	**744,008**
Accounts payable and deferred expenses	A	31,358	(1,242)	**30,116**
Other liabilities		566,082	-	**566,082**
Total liabilities		597,440	(1,242)	**596,198**
Partnership's equity	A,C	338,832	(191,022)	**147,810**
Total liabilities and equity		936,272	(192,264)	**744,008**

NOTE 6 – ASSOCIATES (cont.)

C. Attachment of financial statements (cont.)

1) Statement of Financial Position (cont.):

		As at June 30, 2021 (Unaudited)		
		US GAAP	**Adjustments**	**IFRS**
		In USD thousand	**In USD thousand**	**In USD thousand**
Property, plant & equipment	A, C, D	823,911	(193,371)	**630,540**
Intangible assets	D	10,494	(10,494)	-
Other assets		151,105	-	**151,105**
Total assets		985,510	(203,865)	**781,645**
Accounts payable and deferred expenses	A	24,241	(851)	**23,390**
Other liabilities		626,636	-	**626,636**
Total liabilities		650,877	(851)	**650,026**
Partnership's equity	A, C	334,633	(203,014)	**131,619**
Total liabilities and equity		985,510	(203,865)	**781,645**

		As at December 31, 2021 (Audited)		
		US GAAP	**Adjustments**	**IFRS**
		In USD thousand	**In USD thousand**	**In USD thousand**
Property, plant & equipment	A, C, D	811,284	(188,193)	**623,091**
Intangible assets	D	10,332	(10,332)	-
Other assets		118,188	-	**118,188**
Total assets		939,804	(198,525)	**741,279**
Accounts payable and deferred expenses	A	40,493	(1,421)	**39,072**
Other liabilities		583,413	-	**583,413**
Total liabilities		623,906	(1,421)	**622,485**
Partnership's equity	A, C	315,898	(197,104)	**118,794**
Total liabilities and equity		939,804	(198,525)	**741,279**

NOTE 6 – ASSOCIATES (cont.)

C. Attachment of financial statements (cont.)

2) Statements of income and other comprehensive income:

		For the six-month period ended June 30, 2022 (Unaudited)		
		US GAAP	**Adjustments**	**IFRS**
		In USD thousand	**In USD thousand**	**In USD thousand**
Revenues		189,661	-	**189,661**
Operating expenses	A	143,297	(2,729)	**140,568**
Depreciation and amortization	C	12,892	(3,355)	**9,537**
Operating profit		33,472	6,084	**39,556**
Finance expenses	B	15,614	(3,458)	**12,156**
Profit for the period		17,858	9,542	**27,400**
Other comprehensive income - interest rate swaps	B	5,076	(3,458)	**1,618**
Comprehensive income for the period		22,934	6,084	**29,018**

		For the six-month period ended June 30, 2021 (Unaudited)		
		US GAAP	**Adjustments**	**IFRS**
		In USD thousand	**In USD thousand**	**In USD thousand**
Revenues		46,090	-	**46,090**
Operating expenses	A	72,023	(2,316)	**69,707**
Depreciation and amortization	C	12,862	(2,922)	**9,940**
Impairment of property, plant & equipment	A	-	219,302	**219,302**
Operating loss		(38,795)	(214,064)	**(252,859)**
Finance expenses	B	16,235	(1,415)	**14,820**
Loss for the period		(55,030)	(212,649)	**(267,679)**
Other comprehensive income - interest rate swaps	B	4,083	(1,415)	**2,668**
Comprehensive loss for the period		(50,947)	(214,064)	**(265,011)**

NOTE 6 – ASSOCIATES (cont.)

C. Attachment of financial statements (cont.)

2) Statements of income and other comprehensive income: (cont.)

		For the three-month period ended June 30, 2022 (Unaudited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Revenues		73,900	-	**73,900**
Operating expenses	A	69,542	(1,242)	**68,300**
Depreciation and amortization	C	6,457	(1,678)	**4,779**
Operating profit (loss)		(2,099)	2,920	**821**
Finance expenses	B	7,779	(1,709)	**6,070**
Loss for the period		(9,878)	4,629	**(5,249)**
Other comprehensive loss - interest rate swaps	B	(31)	(1,709)	**(1,740)**
Comprehensive loss for the period		(9,909)	2,920	**(6,989)**

		For the three-month period ended June 30, 2021 (Unaudited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Revenues		17,220	-	**17,220**
Operating expenses	A	27,795	(850)	**26,945**
Depreciation and amortization	C	6,430	(1,738)	**4,692**
Operating profit (loss)		(17,005)	2,588	**(14,417)**
Finance expenses	B	8,068	(1,889)	**6,179**
Loss for the period		(25,073)	4,477	**(20,596)**
Other comprehensive income (loss) - interest rate swaps	B	1,758	(1,888)	**(130)**
Comprehensive loss for the period		(23,315)	2,589	**(20,726)**

		For the year ended December 31, 2021 (Audited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Revenues		150,647	-	**150,647**
Operating expenses		171,571	(4,872)	**166,699**
Depreciation and amortization		25,714	(6,277)	**19,437**
Impairment of property, plant & equipment	A	-	219,302	**219,302**
Operating loss		(46,638)	(208,153)	**(254,791)**
Finance expenses	B	31,806	(5,052)	**26,754**
Loss for the period		(78,444)	(203,101)	**(281,545)**
Other comprehensive income - interest rate swaps	B	8,762	(5,052)	**3,710**
Comprehensive loss for the period		(69,682)	(208,153)	**(277,835)**

NOTE 6 – ASSOCIATES (cont.)

C. Attachment of financial statements (cont.)

3) Adjustment to equity and comprehensive income:

		As at June 30, 2022	As at June 30, 2021	As at December 31, 2021
		(Unaudited)	(Unaudited)	(Audited)
		In USD thousand	In USD thousand	In USD thousand
Partnership's equity as per the Partnership's statement of financial position drawn up in accordance with US GAAP		338,832	334,633	**315,898**
IFRS adjustments:				
Costs of periodic maintenance at the power plant	A	18,650	13,367	**15,921**
Impairment of property, plant & equipment	C	(209,672)	(216,381)	**(213,025)**
Partnership's equity after adjustments to IFRS		147,810	131,619	**118,794**

4) Material adjustments to the statement of cash flows:

		For the six-month period ended June 30, 2022		
		(Unaudited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Profit for the period	A, B, C	17,858	9,542	**27,400**
Net cash from operating activities		31,292	-	**31,292**
Net cash used in investing activities	E	(4,585)	(8,062)	**(12,647)**
Net cash used in financing activities		(17,115)	-	**(17,115)**
Net increase (decrease) in cash and cash equivalents		9,592	(8,062)	**1,530**
Balance of cash and cash equivalents at beginning of period	E	98	181	**279**
Restricted cash balance at beginning of period	E	76,390	(76,390)	**-**
Balance of cash and cash equivalents at end of period	E	99	1,710	**1,809**
Restricted cash balance at end of period	E	85,981	(85,981)	**-**

		For the six-month period ended June 30, 2021		
		(Unaudited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Loss for the period	A, B, C	(55,030)	(212,649)	**(267,679)**
Net cash used in operating activities		(1,776)	-	**(1,776)**
Net cash used in investing activities	E	(255)	(9,973)	**(10,228)**
Net cash provided by financing activities		11,709	-	**11,709**
Net increase (decrease) in cash and cash equivalents		9,678	(9,973)	**(295)**
Balance of cash and cash equivalents at beginning of period	E	89	334	**423**
Restricted cash balance at beginning of period	E	87,700	(87,700)	**-**
Balance of cash and cash equivalents at end of period	E	88	40	**128**
Restricted cash balance at end of period	E	97,379	(97,379)	**-**

NOTE 6 – ASSOCIATES (cont.)

C. Attachment of financial statements (cont.)

4) Material adjustments to the statement of cash flows: (cont.)

		For the three-month period ended June 30, 2022		
		(Unaudited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Loss for the period	A, B, C	(9,878)	4,629	**(5,249)**
Net cash from operating activities		8,112	-	**8,112**
Net cash from investing activities	E	(243)	5,321	**5,078**
Net cash used in financing activities		(14,022)	-	**(14,022)**
Net increase (decrease) in cash and cash equivalents		(6,153)	5,321	**(832)**
Balance of cash and cash equivalents at beginning of period	E	98	2,543	**2,641**
Restricted cash balance at beginning of period	E	92,135	(92,135)	**-**
Balance of cash and cash equivalents at end of period	E	98	1,710	**1,808**
Restricted cash balance at end of period	E	85,981	(85,981)	**-**

		For the three-month period ended June 30, 2021		
		(Unaudited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Loss for the period	A, B, C	(25,073)	4,477	**(20,596)**
Net cash used in operating activities		(8,446)	-	**(8,446)**
Net cash from investing activities	E	(83)	(4,100)	**(4,183)**
Net cash used in financing activities		140	-	**140**
Net increase (decrease) in cash and cash equivalents		(8,389)	(4,100)	**(12,489)**
Balance of cash and cash equivalents at beginning of period	E	71	12,546	**12,617**
Restricted cash balance at beginning of period	E	105,785	(105,785)	**-**
Balance of cash and cash equivalents at end of period	E	88	40	**128**
Restricted cash balance at end of period	E	97,379	(97,379)	**-**

		For the year ended December 31, 2021		
		(Audited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Loss for the year	A, B, C	(78,444)	(203,101)	**(281,545)**
Net cash from operating activities		16,448	-	**16,448**
Net cash used in investing activities	E	(342)	11,156	**10,814**
Net cash used in financing activities		(27,407)	-	**(27,407)**
Net increase (decrease) in cash and cash equivalents		(11,301)	11,156	**(145)**
Balance of cash and cash equivalents at beginning of year	E	89	335	**424**
Restricted cash balance at beginning of year	E	87,700	(87,700)	**-**
Balance of cash and cash equivalents at end of year	E	98	181	**279**
Restricted cash balance at end of year	E	76,390	(76,390)	**-**

NOTE 6 – ASSOCIATES (cont.)

C. Attachment of financial statements (cont.)

5) Explanations for the main differences between US GAAP and IFRS:

A. Maintenance costs under the Long-Term Maintenance Plan (hereinafter - the "LTCP Agreement"): under IFRS, variable payments which were paid in accordance with the milestones as set in the LTCP Agreement are capitalized to the cost of property, plant and equipment and depreciated over the period from the date on which maintenance work was carried out until the date on which maintenance work is due to take place again. Under US GAAP, the said payments are recognized on payment date within current expenses in the statement of income.

B. Hedge effectiveness of interest rate swaps: in accordance with IFRS 9 - Financial Instruments - Valley recognizes the adjustments relating to the ineffective portion of its hedge its cash flow hedges. Under US GAAP, in accordance with ASU 2017-12 there is no ineffective portion.

C. Property, plant and equipment: during the course of the first quarter of 2021, there were indications of impairment that require testing the items for impairment in accordance with both sets of standards: IFRS and US GAAP. Pursuant to IAS 36 the carrying amount exceeded the recoverable amount (the discounted cash flows that Valley expects to generate from the asset), and consequently an impairment loss was recognized during the first quarter of 2021. In accordance with ASC 360, the non-discounted cash flows that Valley expects to generate from the asset exceed the carrying amount, and therefore no impairment loss was recognized in accordance with US GAAP.

D. Intangible assets: intangible assets that fall within the scope of ASC 350: Intangibles - Goodwill and Others - are defined as property, plant and equipment in accordance with IAS 16.

E. Restricted Cash: The difference is due to a difference in the presentation of restricted cash in the cash flow statements between IFRS and US GAAP. In US GAAP, they are included in the statement of cash flows along with cash and cash equivalents.

NOTE 7 – SEGMENT REPORTING

As of the report date, the Group has two geographic operating segments that constitute its strategic business units. These strategic business units include products and services and are managed separately for resource allocation and evaluation of performance purposes due to the fact that they are located in different geographic regions. For each strategic business unit, the chief operating decision maker regularly reviews the internal managerial reports. In addition, the segment's results are based on the Company's profit (loss) before depreciation and amortization, changes of the fair value of derivative financial instruments, net finance expenses or income, and income taxes attributed to the Group's reportable segments, as well as net of non-recurring income (expenses) (hereinafter - "Adjusted EBITDA"). The data of associates and joint ventures in this note are included by way of proportionate consolidation according to the CPV Group's holding rate. The information on subsidiaries in this note is presented in full without adjustment to the holding rate. The adjustment column adjusts the results to the income statement mainly as a result of presenting the data of associates. Set forth below is a brief description of the business activities of each of the Group's operating segments:

- Electricity and energy generation and supply in Israel - Under this operating segment, the Group is engaged in the generation and supply of energy (as at the reporting date, electricity, steam and charging services for electric vehicles), mainly to private customers and to the System Operator, and in the development, construction and operation in Israel of power plants and energy generation facilities powered using natural gas and renewable energy.

- Generation and supply of electricity and energy in the United States - development, construction, holding, and management of power plants using renewable energy and conventional energy (natural gas-fired) in the United States. In this operating segment, the Group is engaged in the development, construction and management of renewable energy and conventional power plants in the United States and in the holding of rights in operational and under-construction renewable energy and conventional power plants. Furthermore, the Company engages in providing asset and energy management services for power plants in the US that are owned by the Group and by third parties.

The Company manages its operations in Israel under a single operational roof, mainly through OPC Power Plants, and its operations in the United States under a second operational roof through the CPV Group.

	For the six-month period ended June 30, 2022			
	Israel	USA	Adjustments	Consolidated - total
	(Unaudited)			
	NIS million			
Revenues from sales and services	781	939	(847)	**873**
Adjusted EBITDA for the period	152	190	(18)	**324**
Depreciation and amortization				**(91)**
Finance income, net				**8**
Share in losses of associates not included in EBITDA				**(142)**
				(225)
Profit before taxes on income				**99**
Taxes on income				**27**
Profit for the period				**72**

NOTE 7 – SEGMENT REPORTING (cont.)

	For the six-month period ended June 30, 2021			
	Israel	USA	Adjustments	Consolidated - total
	(Unaudited)			
	NIS million			
Revenues from sales and services	650	426	(358)	**718**
Adjusted EBITDA for the period	147	*130	(14)	**263**
Depreciation and amortization				**(90)**
Finance expenses, net				***(114)**
Share in losses of associates not included in EBITDA				**(196)**
Non-recurring expenses				***(2)**
				(402)
Loss before taxes on income				**(139)**
Tax benefit				***(42)**
Loss for the period				**(97)**

	For the three-month period ended June 30, 2022			
	Israel	USA	Adjustments	Consolidated - total
	(Unaudited)			
	NIS million			
Revenues from sales and services	353	403	(351)	**405**
Adjusted EBITDA for the period	29	67	(10)	**86**
Depreciation and amortization				**(47)**
Finance income, net				**29**
Share in losses of associates not included in EBITDA				**(100)**
				(118)
Loss before taxes on income				**(32)**
Tax benefit				**-**
Loss for the period				**(32)**

* Restated and reclassified - for more information, see Note 2D.

NOTE 7 – SEGMENT REPORTING (cont.)

	For the three-month period ended June 30, 2021			
	Israel	USA	Adjustments	Consolidated - total
	(Unaudited)			
	NIS million			
Revenues from sales and services	300	244	(202)	**342**
Adjusted EBITDA for the period	47	*79	(8)	**118**
Depreciation and amortization				**(47)**
Finance expenses, net				***(96)**
Share in losses of associates not included in EBITDA				**(100)**
				(243)
Loss before taxes on income				**(125)**
Tax benefit				***(33)**
Loss for the period				**(92)**

	For the year ended December 31, 2021			
	Israel	USA	Adjustments	Consolidated - total
	(Audited)			
	NIS million			
Revenues from sales and services	1,412	1,135	(972)	**1,575**
Annualized EBITDA	360	303	(29)	**634**
Depreciation and amortization				***(179)**
Finance expenses, net				**(457)**
Share in losses of associates not included in EBITDA				**(375)**
Non-recurring expenses				**(3)**
				(1,014)
Loss before taxes on income				**(380)**
Tax benefit				**(77)**
Loss for the year				**(303)**

* Restated and reclassified - for more information, see Note 2D.

NOTE 8 – ADDITIONAL INFORMATION

A. General

1. In January 2022, the Israeli Electricity Authority published a decision that entered into effect on February 1, 2022, regarding the update of the 2022 tariffs, whereby the rate of the generation component was increased by approximately 13.6% - from NIS 252.6 per MWh to NIS 286.9 per MWh. In April 2022, the Israeli Electricity Authority published a resolution, that came into effect on May 1, 2022, regarding a further update to the electricity tariff for 2022, as a result of the reduction of the excise tax imposed on the use of coal. The generation component after the reduction amounts to NIS 276.4 per MW, which is a decrease of approx. 3.7% in relation to the generation component set as of February 1, 2022, as stated above. A further update to the generation component for the remaining months of 2022 came into effect on August 1, 2022, whereby the generation component stands at NIS 314 per MW, which constitutes a 13.6% increase compared with the current tariff and a 9.4% increase compared with the tariff set at the beginning of the year.

2. In the six-month periods ended June 30, 2022, and June 30, 2021, the Group purchased property, plant and equipment for a total of approximately NIS 405 million and approximately NIS 527 million, respectively, including property, plant and equipment purchased under business combinations during the six-month period ended June 30, 2021, for a total of NIS 162 million.

   The said purchase amounts also include credit costs, which were discounted to property, plant and equipment at NIS 23 million and NIS 3 million, in the six-month periods ended June 30, 2022, and June 30, 2021, respectively, as well as non-cash purchases totaling NIS 99 million and NIS 123 million for these periods, respectively.

B. The Company

1. In May 2022, the Company and its subsidiary - OPC Holdings Israel Ltd. (hereinafter - “OPC Holdings Israel”) - entered into a share exchange and investment transaction with Veridis based on the following principles:

   As of the transaction date, Veridis holds 20% of the issued and paid-up share capital of Rotem and AGS Rotem Ltd. (hereinafter - “Rotem 2”) (hereinafter jointly - the "Rotem Companies"), and the Company holds the remaining (80%) of the issued and paid-up share capital of the Rotem Companies (directly or indirectly).

   Under the outline discussed between the parties and for the purpose of its implementation, the Company established a new subsidiary, OPC Holdings Israel, which will coordinate all of the Company's activities relating to the production and supply of electricity and energy in Israel. For this purpose, the Company will transfer to OPC Holdings Israel, among other things, the shares of OPC Power Plants, the holdings in Rotem 2, the holdings in Gnrgy Ltd., as well as other companies and operations in the area of activity in Israel, such as energy generation facilities on consumers’ premises, virtual electricity supply activity, and more (hereinafter - the “Transferred Activities”).

   Veridis will transfer to OPC Holdings Israel its shares in the Rotem Companies (held directly or indirectly), and will invest in OPC Holdings Israel a cash amount of NIS 425 million against the allocation of 20% of OPC Holdings Israel’s issued share capital, such that on transaction completion date the Company and Veridis will hold 80% and 20%, respectively, of OPC Holdings Israel’s issued and paid up share capital, and OPC Holdings Israel will hold 100% of the Rotem Companies’ shares as well as the other Transferred Activities as described above.

   It should be noted that a total of NIS 400 million out of the investment amount shall be used by Rotem to repay (pro rata) part of the shareholder loan extended by the Company and Veridis to Rotem in 2021 (for more information about the shareholders’ loan, see Note 16D1 to the annual financial statements).

   The completion of the transaction is subject to the fulfillment, within six months (or at a later date to be agreed upon between the parties), of conditions precedent, including the transfer of the Transferred Activities as described above, and, among other things, obtaining the Israel Electric Corporation and the System Operator’s approval for the transfer of Veridis’ holdings in Rotem; obtaining third party approvals for the transfer of the Transferred Activities and Veridis’ and the Company’s holdings in OPC Holdings Israel as stated above; the parties’ obtaining pre-rulings (as applicable) from the Israel Tax Authority in respect of the transfer of some of the Transferred Activities to OPC Holdings Israel, and the exchange of Veridis’ shares in the Rotem Companies without incurring a tax liability; obtaining approval for the transaction, where required, from the Israeli Electricity Authority and the Israel Competition Authority, and the approval of those agencies to the effect that no capacity and/or rights (as described in the agreement) that are attributed to any of those holding Veridis (whether directly and/or indirectly) as part of the industry regulation will be attributed to the Company.

   As of the approval date of the financial statements, all the conditions precedent not yet been fulfilled. It is noted that the Company and Veridis have agreed to extend the period for meeting a condition precedent regarding obtaining permits from the Israeli Electricity Authority to September 14, 2022.

NOTE 8 – ADDITIONAL INFORMATION (cont.)

B. The Company (cont.)

2. In June 2022, the Company entered, through a wholly-owned subsidiary - OPC Holdings Israel Ltd. (hereinafter - the "Buyer"), together with Dor Alon Energy in Israel (1988) Ltd. (hereinafter - "Dor Alon"), and Dor Alon Gas Power Plants Limited Partnership (hereinafter jointly: the "Seller") into an agreement for the purchase of all rights in a power plant located in the Kiryat Gat Industrial Zone (hereinafter - the "Acquisition Agreement"), by purchasing all rights in Alon Energy Centers Limited Partnership (hereinafter - the "Parent Partnership"), which holds (indirectly), through Alon Energy Centers - Gat L.P. (hereinafter - the "Gat Partnership") all rights in the power plant, and by purchasing the rights to receive payments in respect of the shareholders' loan extended by Dor Alon (hereinafter - the "Sold Rights" and the "Transaction").

   The said power plant is a private combined cycle power plant powered by conventional energy with installed capacity of 75 MW; the power plant is located on privately-owned land in the Kiryat Gat Industrial Zone (hereinafter - the "Kiryat Gat Power Plant"). In November 2019, commercial operation of the Gat Power Plant started, upon the award of generation and supply licenses to the Gat Power Plant by the Israeli Electricity Authority.

   Under the conditions of the Acquisition Agreement, the Buyer will purchase the sold rights in consideration for NIS 535 million, subject to adjustments (hereinafter - the "Consideration") - which is subject to adjustments - in accordance with the provisions of the Acquisition Agreement, to the cash balances and working capital. Furthermore, in connection with the senior debt extended to the Kiryat Gat Power Plant (hereinafter - the "Senior Debt to the Gat Power Plant"), the said Consideration shall be adjusted as follows: (a) the total Consideration will increase in the event of early repayment of the Senior Debt to the Gat Power Plant provided prior to the Transaction's completion date, by an amount based on the outstanding debt amount and additional adjustments in respect of the early repayment, or (b) if the Senior Debt to the Gat Power Plant is not repaid, prior to the Transaction's completion date, the said Consideration may decrease by an amount agreed upon by the parties in connection with the conversion date under the senior debt agreement to the Gat Power Plant. The Consideration shall be paid on the Transaction completion date, except for NIS 200 million (or NIS 300 million in the event of early repayment of the senior debt of the Gat Power Plant prior to the completion of the Transaction) which will be paid on December 31, 2023.

   The completion of the Transaction is subject to the fulfillment of conditions precedent by the dates prescribed in the Acquisition Agreement until March 31 2023, as set out in the Acquisition Agreement, which include, among other things, and to the extent required, obtaining the approval for the Transaction from the Israeli Electricity Authority and the Israel Competition Authority, obtaining the approval of the manager of the Senior Debt to the Gat Power Plant for the sale of the rights in the sold asset, the termination of the Gat Partnership's agreement with Dorad Energy Ltd., and the removal of the collateral provided by the Seller in connection with the Gat Power Plant in favor of third parties, such that as from completion date, the Seller shall have no undertakings to third parties in connection with the Gat Power Plant or the Corporations of the Sold Asset, and the Buyer undertook to provide an alternative collateral instead of that provided by the Seller in favor of those third parties, all in accordance with the provisions set out in the Acquisition Agreement.

   As of the approval date of the financial statements, all the conditions precedent not yet been fulfilled.

3. Equity compensation plan

   A. <u>Allotments to officers:</u>

   In January 2022, the Compensation Committee, authorized by the Board of Directors, approved a private placement to an officer, amounting to 272,452 options convertible into 272,452 ordinary shares of NIS 0.01 par value each of the Company (hereinafter - the "Offered Securities"), and 26,948 restricted stock units. The Offered Securities are offered by virtue of the option plan as detailed in Note 18B to the annual financial statements and include identical terms and provisions.

   The exercise price of each allocated option is NIS 33.21 (non-linked). The exercise price is subject to certain adjustments (including in respect of distribution of dividends, issuance of rights, etc.). The average fair value of the options on approval date of the allocation by the Board of Directors, using the Black and Scholes model, was NIS 9.91 per option. The calculation is based on the monthly standard deviation ranging from 33.55% to 33.67%, an annual risk-free interest rate ranging from 0.47% to 0.75%, an expected life of 4 to 6 years and price of a Company's stock on January 10, 2022, which was NIS 33.30.

   The cost of the benefit implicit in the offered securities, which is based on the fair value as at the date of their allotment, amounted to approximately NIS 4 million. This amount will be recorded in profit and loss over the vesting period of each tranche.

   In addition, in May 2022, the Company's Board of Directors approved (after the Compensation Committee's approval regarding the officers), a private placement to offerees who are employees of the Company of 2,002,111 non-marketable options convertible into 2,002,111 ordinary Company shares of NIS 0.01 par value. The options are offered by virtue of the option plan as detailed in Note 18B to the annual financial statements and include identical terms and provisions.

   The exercise price of each allocated option is NIS 36.6 (non-linked). The exercise price is subject to certain adjustments (including in respect of distribution of dividends, issuance of rights, etc.). The average fair value of the options on approval date of the allocation by the Board of Directors, using the Black and Scholes model, was NIS 10.42 per option. The calculation is based on the monthly standard deviation ranging from 33.11% to 33.53%, an annual risk-free interest rate ranging from 1.84% to 2.05%, an expected life of 4 to 6 years and price of a Company's stock on May 2, 2022, which was NIS 34.93.

NOTE 8 – ADDITIONAL INFORMATION (cont.)

B. The Company (cont.)

3. Equity compensation plan (cont.)

A. Allotments to officers (cont.):

The cost of the benefit implicit in the offered securities, which is based on the fair value as at the date of their allotment, amounted to approximately NIS 17 million. This amount will be recorded in profit and loss over the vesting period of each tranche.

B. Additional changes in the reporting period and subsequently:

During the reporting period and subsequent to the reporting date, the Company issued 7,770 ordinary Company shares of NIS 0.01 par value, and 53,864 ordinary Company shares of NIS 0.01 par value, respectively, to Group officers, following net exercise notices relating to 14,583 options and 97,137 options, respectively. The weighted average price per share on the exercise date of the options was NIS 36.13.

During the reporting period and subsequent to the reporting date, the Company issued a total of 7,280 ordinary Company shares of NIS 0.01 par value each and a total of 45,504 ordinary Company shares of NIS 0.01 par value each, respectively, to Group officers in view of the vesting of some of the RSUs awarded to them as part of an equity-based compensation plan to Company's employees as described in Note 18B to the Annual Financial Statements.

4. Changes in the Group's material guarantees:

A. Further to what is stated in Note 16D2 to the annual financial statements, in the reporting period, the NIS 18 million (CPI-linked) bank guarantee in Hadera, as required in accordance with the Israeli Electricity Authority's covenants, was canceled, and the Company provided a NIS 17 million bank guarantee on behalf of Hadera in favor of the Israel Electric Corporation.

B. Further to that stated in Note 16D4 to the annual financial statements regarding a NIS 58 million bank guarantee provided on behalf of Zomet in favor of the Israel Lands Administration, in the reporting period, the NIS 15 million collateral that was provided by the Company in respect of this guarantee was released.

C. Further to what is stated in Note 16D4 to the annual financial statements, in February 2022 the amount of the guarantee for the construction of energy generation facilities in consumers' premises, which generate electricity using natural gas and which are connected to the distribution grid, has increased to NIS 19 million (for more information, see Note 28K to the annual financial statements).

D. Further to what is stated in Note 24D to the annual financial statements regarding bank guarantees provided by the Company and Veridis to the System Operator in accordance with their stakes in Rotem (including indirectly), in February 2022 the amounts of the guarantees were revised to NIS 75 million (CPI-linked).

E. Further to what is stated in Note 16D4 to the annual financial statements, in March 2022 the amount of the bank guarantee in favor of the System Operator for the purpose of an application to assign certain customers to the virtual supply activity increased to NIS 58 million. For more information regarding the virtual supply activity and the virtual supply license, see Note 28L to the annual financial statements.

F. Further to what is stated in Note 16D4 to the annual financial statements, in March 2022 the amount of the Company's bank guarantee on behalf of Zomet in favor of the Israeli Electricity Authority decreased to NIS 11 million (linked to the US dollar), in accordance with the provisions of Zomet's conditional license.

G. In April 2022, the Company provided a bank guarantee in the amount of approximately NIS 10 million to secure the undertakings of OPC Sorek 2 Ltd. under the agreement to build the Sorek generation facility.

H. Further to Note 28A6 to the annual financial statements, in June 2022, the CPV Group provided bank guarantees (secured by the Company's guarantee with the Bank) to secure its commitments in respect of projects under construction in the US totaling NIS 46 million (approx. USD 14 million). Consequently, a collateral of equal amount was released, which was provided by CPV Group in respect of said commitments.

NOTE 8 – ADDITIONAL INFORMATION (cont.)

B. The Company (cont.)

5. Further to what is stated in Note 16D4 to the annual financial statements, a further credit facility agreement was signed in the reporting period between the Company and another banking corporation for the provision of a further NIS 100 million credit facility; as of the approval date of the financial statements, this credit facility has not yet been utilized.

6. Further to what is stated in Note 16D6 to the annual financial statements, in the reporting period, the Company and non-controlling interests invested in the equity of the partnership OPC Power Ventures LP (both directly and indirectly) a total of NIS 124 million (approx. USD 38 million), and extended it NIS 38 million (USD 12 million) in loans, based on their stake in the partnership.

   Subsequent to the reporting date, in August 2022, investments and shareholder loans totaling NIS 124 million (approximately USD 38 million) were provided, and a total of NIS 38 million (approximately USD 12 million), respectively.

C. Rotem

1. Further to what is stated in Note 28C to the annual financial statements, in March 2022 Rotem and the Israel Electric Corporation signed a settlement agreement to settle certain open issues between the parties in connection with Rotem’s PPA with the Israel Electric Corporation. As part of the settlement agreement, Rotem paid a total of NIS 5.5 million to the Israel Electric Corporation in respect of past disputes pertaining to collection differences due to non-transfer of meter data in 2013 through 2015, and regarding past accounting in respect of the energy purchase cost for Rotem customers in cases of a load reduction of the power plant by the System Operator, as defined in the agreement. The said settlement agreement is in line with the Company’s estimates and the provisions that were made. It should be noted that the Settlement Agreement does not constitute a settlement or waiver of the claims of the parties and/or System Operator regarding other existing or future open issues (including in relation to current open issues under dispute with the System Operator as of the approval date of the financial statements).

2. In March 2022, the Rotem Power Plant was shutdown for a 12-day period for unplanned maintenance work that included the successful fixing of a malfunction. In addition, further to what is stated in Note 28E to the annual financial statements, in April 2022 planned maintenance work was carried out in the Rotem power plant over 26 days, during which the Rotem Power Plant was shut down. After the said maintenance work, the Rotem Power Plant resumed normal activity. The next planned maintenance for the Rotem Power Plant is expected to take place in the Spring of 2024.

3. Further to what is stated in Note 28G to the Annual Financial Statements regarding Rotem and Hadera’s agreements for the purchase of natural gas with Energean Israel Limited (hereinafter - “Energean”), (hereinafter - the “Energean Agreements”), in May 2022, an amendment to the Energean Agreements was signed, which set out, among other things, arrangements pertaining to bringing forward the reduction of the quantities of gas purchased under Rotem and Hadera’s natural gas agreements with the Tamar Group and the following arrangements (hereinafter - the “Amendment”):

   Further to what is stated in Note 28G to the annual financial statements, Rotem and Hadera have natural gas purchase agreements with the Tamar Group (hereinafter - the “Tamar Agreements”). In accordance with the Tamar Agreements, Rotem and Hadera may give Tamar notice by December 31 2022 regarding the reduction of part of the contractual minimum quantity of gas to be purchased, in accordance with the formulae set in the Tamar Agreements (hereinafter - the “Reduction Notice”); such reduction will come into force at the end of the period set in Rotem and Hadera's agreements with Tamar (12 and 8 months, respectively) (hereinafter - the “Actual Reduction Date”). In accordance with the Energean Agreements, Rotem and Hadera shall issue the Reduction Notice by the date on which piping of gas from the Karish Reservoir will commence after the end of the running in period (hereinafter - the “Commercial Operation Date”). As part of the amendment, it was decided that Rotem and Hadera will issue their respective Reduction Notices under the Tamar Agreements within 30 days from the amendment date. It was further determined in the amendment that as from the Commercial Operation Date and through the Actual Reduction Date, Rotem and Hadera will have a take or pay undertaking regarding a certain quantity of natural gas, and at the same time account settling arrangements were put in place in connection with the bringing forward of the Reduction Notice, and in connection with Rotem and Hadera’s purchase of gas from alternative sources if the Commercial Operation Date does not take place by the Actual Reduction Date. In addition, the amendment includes an option that may be exercised until the end of 2022 to purchase further immaterial quantities of natural gas from Energean under the terms of the agreement between Energean and Rotem. The amendment sets up further provisions, including, among other things, regarding waiver of assertions and claims in relation to the period prior to the amendment; the amendment also revises the circumstances and defers the dates on which the parties may terminate the Energean Agreements early due to a deferral of the Commercial Operation Date.

   In May and June 2022, Rotem and Hadera delivered their Reduction Notices, respectively. As of the approval date of the financial statements, the final scope of reduction by Hadera has not yet been determined and is being discussed with the Tamar Group.

   Further to filing the reduction notices, subsequent to the reporting date, in August 2022, Rotem and Hadera informed Energean regarding the increase of the contractual gas quantity under the original terms and conditions of the Energean agreements (the increase does not constitute exercise of the above option, which is exercisable by the end of 2022). It is clarified that increasing the contractual amount increases the take or pay commitment under the agreements. In addition, it is noted that Hadera’s notice is subject to obtaining the approval of Hadera’s lenders, which has yet to be obtained as of the approval date of the financial statements.

   According to information in the public domain, as published by Energean as of the approval date of the financial statements, first gas from the Karish Reservoir is expected by the end of the third quarter of 2022.

4. Tamar Group informed the Company that maintenance work is expected to take place in the reservoir during October 2022; the work is expected to take approx. 7 days, during which no natural gas will be supplied from the Tamar Reservoir. In the absence of an agreement for alternative gas supply, the Company may be required to activate the power plants using diesel fuel, in accordance in coordination with the System Operator.

NOTE 8 – ADDITIONAL INFORMATION (cont.)

D. Hadera

1. Further to what is stated in Note 25A1(b) to the annual financial statements, at the end of April 2022, the steam turbine of the Hadera Power Plant was shut down for maintenance work; this work also involved repairs to the gas turbine. The repairs to the gas turbine were completed; however, the shutdown due to the repairs to the steam turbine takes longer than expected due to additional required repairs; as of the report publication date, the steam turbine is expected to resume operation during October 2022. During the time in which maintenance work is underway in the steam turbines, the Hadera Power Plant operates partially; as of the approval date of the financial statements, the gas turbines resumed operations, supplying the steam required for Infinya's plants. The shutdown of the Hadera Power Plant for the purpose of carrying out such maintenance work had an adverse effect on Hadera's operating results in the reporting period, and is expected to impact Hadera's operating results in the third quarter of 2022.

2. For up-to-date information about the agreement between Energean and Hadera, as described in Note 28G to the Annual Financial Statements, see Note 9C3.

   In addition, as stated in Note 28G to the Annual Financial Statements regarding Hadera's additional gas supply agreement with the Tamar Group on an interruptible basis for a period of 15 years starting in January 2019, or until the end of the consumption of the contractual quantity, the earlier of the two (hereinafter - the "Tamar B Agreement"), Hadera has a right to exercise early termination of the Tamar B Agreement, under the circumstances set out in the agreement. Accordingly, in June 2022, Hadera informed Tamar Group of such early termination, which will come into force after 12 months.

3. Further to what is stated in Note 28D to the annual financial statements regarding the arbitration proceedings instigated by Hadera's construction contractor, as of the approval date of the financial statements - at the parties' request, taking into account the maintenance work performed on the steam turbine as outlined in Note 8D1 above - the arbitration proceeding was suspended. The arbitration proceeding may be renewed upon a preliminary notice by any of the parties.

E. CPV Group

1. In March 2022, CPV Group entered into a master agreement for the purchase of solar panels with a total capacity of 530 MW (hereinafter - the "Agreement"). Pursuant to the agreement, the solar panels will be supplied in accordance with orders to be placed with the supplier by the CPV Group in 2023-2024. The CPV Group has an early termination right in accordance with the dates set, by paying a proportionate share of the consideration payable to the supplier, as derived from the early repayment date. Furthermore, the agreement sets, among other things, provisions regarding the panels' quantities and model and the manner of their supply, as well as provisions regarding the termination of the agreement. The overall consideration in respect of the agreement may amount to USD 185 million (assuming that the maximum quantity specified in the agreement will be purchased). The agreement is intended to serve CPV Group solar projects under development, in view of, among other things, increased demand for solar panels, which impact panel prices and the timetables for their supply.

2. CPV Stagecoach Solar, LLC (hereinafter - "Stagecoach"), is a solar-powered CPV Group project with a capacity of approx. 102 MWdc, located in Georgia USA. Commercial operation of Stagecoach is expected to take place in the first quarter of 2024.

   In March 2022, Stagecoach entered into a PPA with a third party for a period of up to 30 years as from the commercial operation date of the project, at market prices. In April 2022, Stagecoach contracted with a global company to sell 100% of the project's solar Renewable Energy Credits (RECs), as well as for a full hedge of the electricity price of the quantity that shall be produced and sold to the said third party, at a fixed price, for a period of 20 years from the date of commercial operation of the project. An EPC agreement was signed with the project's construction contractor in May 2022, and a construction commencement order was issued. CPV Group intends to supply the solar panels to the project through CPV Group's master agreement for the purchase of solar panels, as described in Note 8E1.

   The CPV Group has provided financial guarantees totaling approximately USD 10 million to secure its liabilities for the project (including with respect to the dates associated with the project).

3. As stated in Note 18C to the annual financial statements, CPV Group employees have a profit participation plan, which is accounted for as a cash-settled share-based payment transaction (hereianfter - the "Plan"); accordingly, the fair value of the liability in respect of the Plan is remeasured on each reporting date and recognized as an expense, against a corresponding increase in the liability, over the period in which unconditional entitlement to payment is established. The Plan's fair value as of the reporting date was valued using the option pricing model (OPM), based on standard deviation of 37%, risk-free interest of 2.98%, and expected term until exercise of 3.75 years. As of the report date, the Plan's fair value amounts to NIS 116 million (approx USD 33 million). During the six and three-month periods ended June 30, 2022, expenses totaling NIS 10 million (approx. USD 3 million) and totaling NIS 1 million (approx. USD 0.2 million), respectively, were recorded in respect of the plan. During the six and three-month periods ended June 30, 2021, expenses totaling NIS 16 million (approx. USD 5 million) and NIS 10 million (approx. USD 3 million, respectively, were recorded in respect of the plan.

NOTE 9 – EVENTS SUBSEQUENT TO THE REPORT DATE

A. Further to what is stated in Note 28H to the Annual Financial Statements regarding a derivative lawsuit filed against Rotem and Bazan Ltd. (hereinafter - "Bazan"), in May 2022 the Company's Audit Committee and Board of Directors approved, subject to the approval of the shareholders' General Meeting, the Company's entering into a settlement agreement in connection with the said derivative lawsuit. In July 2022, the General Meeting of the Company's shareholders approved entering into the settlement agreement, and in August 2022, the relevant organs of the Israel Corporation Ltd. approved the settlement agreement. The settlement agreement was filed with the court in August 2022 and is subject to receiving the court's approval.

B. In July 2022, the Company issued to the public 9,443,800 ordinary shares of NIS 0.01 par value each. The issuance was carried out by way of uniform offering with a quantities range, and a tender for the unit price and quantity. It should be noted that the Parent Company submitted subscriptions as part of the tender, and was issued with 3,898,000 ordinary shares as part of the issuance. Gross issuance proceeds amounted to approx. NIS 330.5 million. The issuance expenses amounted to about NIS 9 million.

C. Further to Note 17C to the annual financial statements, in August 2022, the Company reported it had received a rating report ratifying its ilA-/Stable issuer rating given to the Company by S&P Global Ratings Maalot Ltd.