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

May 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 March 31, 2022

On May 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 three-month period ended March 31, 2022 ("**OPC's Periodic Report**"). English convenience translations of the (i) Report of the Board of Directors for the Three-Month Period ended March 31, 2022 and (ii) Unaudited Condensed Consolidated Interim Financial Statements as at and for the Three-Month Period ended March 31, 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 Three-Month Period ended March 31, 2022, as published on May 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 and for the Three-Month Period ended March 31, 2022, as published on May 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: May 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 Three-Month Period Ended March 31, 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 together – "the Group"), as at March 31, 2022 and for the three-month period then ended, in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter – "the Reporting Regulations"). The three-month period ended March 31, 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, as analyzed from the Group's standpoint, 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 No.: 2022-01-029931), (hereinafter – "the Consolidated Financial Statements for 2021" and "the Periodic Report for 2021", respectively)[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, which were attached to the Company's Periodic Report for 2021. The information included in the Periodic Report and the Consolidated Financial Statements for 2021 is included herein by reference.

Presented together with this report are the consolidated interim financial statements of the Company and its subsidiaries for the three-month period ended March 31, 2022 (hereinafter – "the Interim Statements"), and on the assumption that this Report is read together with the Periodic Report for 2021. 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 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. References to Immediate Reports in this Report include the information included in the said Immediate Reports by means of reference.

<u>Explanations of the Board of Directors regarding the State of the Group's Affairs</u>

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").

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.) (hereinafter – "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 in 2021 in the area of the 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. for investment and a structural change in the area of the activities in Israel – see Section 3B 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) <u>Operating projects</u>

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

Project	Capacity (MW)[3]	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	[4]80%	Subsidiary	Rotem Plain	Natural gas, combined cycle	2013
OPC Hadera Ltd. ("Hadera"[5])	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] Based on that provided in the relevant generation license.

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

[5] 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[6] customer
CPV Fairview LLC ("Fairview")	1,050	25%	Associated company	Pennsylvania	Conventional powered by natural gas in a combined cycle[7]	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)

[6] For additional details regarding the relevant area of activities of each project in the restricted market – see Part 6 below.
[7] 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[8]:

Power plants/ facilities for generation of energy	Status	Capacity (megawatts)	Rate of holdings[9]	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 March 31, 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[10]	[11]≈ 1,500	[12]≈ 1,191

[8] 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 and/or regulatory risks the Coronavirus crisis and the impacts thereof on, among other things, the supply chain 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.

[9] Companies consolidated in the Company's financial statements.

[10] Noga Management of Electricity Systems Ltd.

[11] 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 legal appeal of the assessment. For additional details – see Section 8.11.6 to Part A of the Periodic Report for 2021.

[12] 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 March 31, 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	≈ 46
Facilities for generation of energy located on the consumer's premises	In various stages of initiation / development	Projects with a cumulative scope of about 102 megawatts. The Company intends to act to expand projects with a scope of at least 120 megawatts[13]	[14]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	≈ 65

[13] 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.**

[14] 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%).

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[15]	Location	Technology[16]	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. Pursuant to the decision of the Supreme Court on May 15, 2022, the petitioner is required to notify the Court, whether it agrees to cancel the petition while preserving its contentions. Further to that stated, on May 24, 2022, the petitioner gave notice that it requests to continue with the process.
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.

[15] Companies consolidated in the Company's financial statements.

[16] 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:[17]

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)[18]**	**Amount of the investment in the project at March 31, 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	≈ 4,107 (≈ $1,293 million)	≈ 2,698 (≈ $849 million)

[17] 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 March 31, 2022 – $1 = NIS 3.176. **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, weather events, the Coronavirus crisis (including indirect impacts on the supply chain, transport and 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.**

[18] 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 March 31, 2022 NIS millions)
CPV Maple Hill Solar LLc ("Maple Hill")	126 MWdc[19]	[20]100%	Consolidated	Pennsylvania	Solar	The start of partial operation in the second half of 2022 and full operation in the second half of 2023[21]	PJM MAAC	≈ 635 (≈ $200 million)[22]	≈ 281 (≈ $89 million)

[19] About 100 MWac.

[20] 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 undertaking is subject to completion of the negotiations and signing of the binding agreements. For additional details – see Section 8.13.7 to Part A of the Periodic Report for 2021.

[21] 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 4A below.

[22] 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, 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.**

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[23]:

Technology	Advanced[24]	Early stage	Total
Solar[25]	1,300	1,700	3,000
Wind	250	–	250
Total renewable energy	**1,550**	**1,700**	**3,250**
Natural gas	2,000	2,000	**4,000**
Storage	–	100–500	100–500

[23] **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, 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 date of the report there is no certainty regarding the actual execution of the development projects (in whole or in part), and 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).

[24] 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). It is noted that that stated depends on, 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.

[25] 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 1,050 MWac and about 1,340 MWac, respectively.

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 is NIS 0.2764 per kilowatt hour, a reduction of 3.7% from the tariff determined on February 1, 2022, as stated above. In its notification, the Authority noted that the coal prices rose by 45% from the price that was recognized for Israel Electric Company Ltd. (hereinafter – "the Electric Company") for 2022, an increase reflecting an additional increase of 7% from the current tariff. Despite that stated above, the Authority believes that in light of the uncertainty regarding continuation of the war in the Ukraine and the impact thereof on the energy prices, it would be wise to wait before making an additional increase to the electricity tariff. 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.

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. 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")[26]. 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[27]; 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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[26] 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").

[27] 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 requested from the Taxes Authority in Israel whereby there will be no tax liability as a result thereof.

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.)

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[28], 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 fulfilled. Accordingly, as at the publication date of the report, there is no certainty the transaction will be completed.** 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 9D to the Interim Statements.

[28] 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.)

C. Revision of 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 Company's 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 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")[29]. 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")[30], 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 the Periodic Report, which are presented herein by means of reference. 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[31], 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[32].

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

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[29] Regarding Hadera, the Revision as stated in this report is subject to receipt of approval of Hadera's lenders, which as at the date of the report had not yet been received.

[30] 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.

[31] 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.

[32] 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.)

C. (Cont.)

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) and/or the impact of the Revision on the Company, 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.

D. The Coronavirus and changes in prices and dates relating to raw materials and the global supply chain – 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 continued to spread in number and in different waves and variants that developed, and it has caused significant business and economic uncertainty and volatility in the global markets. In the period of the report, the virus continued to cause global business and economic uncertainty. In the period of the report, some of the restrictions on movement (travel) and carrying on of business and trade in the Company's areas of activity were lifted, where the remaining restrictions imposed recently are less severe than the restrictions imposed in the earlier waves of the virus. Nonetheless, in the period of the report and thereafter, movement (travel) and other restrictions were imposed as a result of the virus in additional regions worldwide, including China, which could give rise to global consequences, including an impact on the generation and supply chain of the raw materials and their prices, that would also affect the raw materials required for the Company's construction activities in its areas of activities. In light of the dynamic nature of the virus 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 duration of the Coronavirus crisis, the intensity thereof and its impacts on the markets and factors relating the Company's activities (including personnel, significant customers, contractors, significant suppliers, lenders), as well as the uncertainty regarding the measures that will be taken by government entities in various countries. It is noted that during the period of the Coronavirus crisis, the activities of the Group's generation facilities in Israel and in the United States (as well as the construction activities) while making adjustments aimed at preventing the outbreak (spread) of the virus at these sites. As at the approval date of the financial statements, up to now the Coronavirus crisis has not had a significant impact on the Company's results.

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.)

In the period of the report and thereafter, due to high global demand for raw materials and transport and dispatch, including due to the continuing across-the-board impacts of the Coronavirus crisis, there has been a significant increase in the costs of the raw materials, 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 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.

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

E. Availability (capacity) maintenance work – in March 2022, the Rotem Power Plant was shut down for a period of the about 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, 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 and is expected to impact Rotem's results in the second quarter of 2022.

F. Agreement regarding 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. 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). The said compromise agreement is consistent with the Company's estimates and the provisions recorded.

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

G. Availability (capacity) maintenance work – in April 2022, Hadera's steam turbine was shut down for maintenance purposes. The shutdown is expected to continue for a period estimated at about 73 days, where during the course of the work repair work is also expected to be performed in the gas turbines[33]. During the period of time the maintenance work is performed, the power plant is expected to operate on a partial basis. For additional details – see Section 7.11.1 of Part A of the Periodic Report for 2021. Shutdown of the plant's activities (wholly or partly) for purposes of performance of the maintenance work, as stated, is expected to have an unfavorable impact on Hadera's activities.

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.

[33] **That stated in this Section above, including with reference to the execution date of the maintenance work, the duration of the period of the said work and/or the results of performance of the work, 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 coordination with the contractor or equipment supplier, the manner of performance of the work by the contractor, technical breakdowns or other delays, which could impact the duration of the shutdown (full or partial of the power plant), including factors impacted by the Coronavirus crisis. 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 could 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. Changes in the costs in the production and supply chain of equipment for the projects – further to that stated in Section 6.7 of Part A of the Periodic Report for 2021, in the period of the report and thereafter, due to high global demand for raw materials, and shipping and delivery, the trend of increasing costs in the production and supply chain has continued. In general, prices of raw materials for the generation facilities rose, as did the shipping and delivery costs, and there was also a lengthening of the supply times. To the extent this trend continues, there could be an impact on the cost of the inputs for the CPV Group, where the impact of this trend is visible, particularly regarding the availability and prices of the solar panels for solar project in the development or construction stages. At the present time, there is no certainty regarding the duration or the extent of the trend and, accordingly, the CPV Group is not able to predict with any degree of certainty and precision the impact thereof on the Company's activities. For details regarding a proceeding of the U.S. Customs Authorities regarding supply of solar panels from certain countries to the United States – see Section 4E below.

B. 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 is expected to be submitted for approval of the FERC[34] by the end of May 2022 (the FERC will then have 60 days to respond). Contingent on the approval of the FERC, PJM expects to commence application of the reform by the end of the first quarter of 2023[35]. 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, which includes the possibility 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[36].

C. 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.

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[34] Federal Energy Regulatory Commission.

[35] That stated above with reference to the dates and actions relating to the PJM reform 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 factors that are not under the Company's control.

[36] That stated above with reference to the impacts of the Reform of the PJM on CPV's projects, 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 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.)

D. 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.

E. 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. Regarding the indirect impact of the investigation on the Maple Hill project – see subsection 4H., below. 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.

F. PPA agreement for a solar project in the development stages – as at the date of the report, one of the solar-technology projects in the development stages, having a capacity of about 102 megawatts MWdc, in the state of Georgia in the United States, signed an agreement for sale of electricity (PPA) with a local utility company for supply 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 Energy Credit (REC) certificates, and a full hedge of the price of the quantity of the electricity that will be generated and sold to the said utility company, at a fixed price for a period of 20 years from the project's commercial operation date – which is expected to be in the first quarter of 2024[37]. The CPV Group has provided guarantees, in the cumulative amount of about $8 million, in connection with the said agreements, in order to secure its liabilities (including with respect to the dates relating to the project) to the parties to the agreements.

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[37] **That stated above regarding the project's commercial operation date 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. Construction and completion of the project depend on the existence of various factors, such as construction and connection work, which have not yet occurred and there is no certainty of the occurrence. That stated above may not be realized or may be realized in a manner different than expected – this being due to, among other things, various factors, including 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.)

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.)

G. The Coronavirus – for details – see Sections 8.20.1.12 and 18.1.6. of Part A of the Periodic Report for 2021, and Section 3D above.

Maple Hill Project

H. 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, in light of the investigation started by the U.S. Department of Commerce, as described in Section 4E above (in this Section – "the Proceeding"), the project's panel supplier has given notice that it 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 publication date of the report, the project has received solar panels in the scope of about 20 megawatts that are expected to enter into commercial operation in the second half of 2022. The balance of the solar panels, in the scope of about 106 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 rest of 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[38].

I. Subsequent to the period of the report, the project received a connection agreement with PJM and the connection is expected to take place in the fourth quarter of 2022[39].

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

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[38] **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.**

[39] **That stated in connection with the execution date of the connection constitutes "forward-looking" information, as it is defined in the Securities Law, regarding which there is no certainty of its realization.** As a practical matter, the date of the connection could be delayed beyond that stated, this being as a result of, among other things, factors that are not under the control of the CPV Group.

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

2. Financial Position as at March 31, 2022 (in millions of NIS)

Category	3/31/2022	12/31/2021	Analysis
Current Assets			
Cash and cash equivalents	668	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	14	1	Most of the increase stems from deposit of a collateral, in the amount of about NIS 13 million, as part of an agreement for sale of electricity in a project in the United States.
Trade receivables and accrued income	163	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.
Receivables and debit balances	120	118	
Inventory	6	5	
Short-term derivative financial instruments	2	2	
Total current assets	**973**	**1,051**	

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

2. Financial Position as at March 31, 2022 (in millions of NIS) (Cont.)

Category	3/31/2022	12/31/2021	Analysis
Non-Current Assets			
Long-term deposits and restricted cash	79	93	Most of the decrease stems from 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(2) to the Interim Statements).
Long-term prepaid expenses and other receivable	179	178	
Investments in associated companies	1,874	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	131	153	Most of the decrease, in the amount of about NIS 19 million, stems from the activities of the CPV Group, along with a decrease of about NIS 6 million deriving from the Group's activities in Israel.
Long-term derivative financial instruments	50	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 7 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	3,713	3,523	Most of the increase stems from investments in the Zomet project, in the amount of about NIS 94 million, investments in projects involving energy generation facilities located on the consumers' premises, in the amount of about NIS 15 million, an investment in the Sorek 2 project, in the amount of about NIS 24 million, payment of a deposit in respect of acquisition of solar panels in the U.S., in the amount of about NIS 37 million, and an investment in the Maple Hill project, in the amount of about NIS 27 million. In addition, there was an increase of about NIS 9 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 28 million.
Right-of use assets	298	302	
Intangible assets	708	698	Most of the increase derives from an increase, in the amount of about NIS 7 million, in goodwill created as a result of the acquisition of CPV due to an increase in the exchange rate of the dollar.
Total non-current assets	**7,032**	**6,679**	
Total assets	**8,005**	**7,730**	

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

2. Financial Position as at March 31, 2022 (in millions of NIS) (Cont.)

Category	3/31/2022	12/31/2021	Analysis
Current Liabilities			
Current maturities of loans from banks and financial institutions	70	68	
Current maturities of loans from holders of non-controlling interests	34	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.
Current maturities of debentures	27	22	The increase stems from update of the current maturities of the debentures based on the repayment schedule.
Trade payables	316	425	Most of the decrease stems from a decline in the balance with Zomet's construction contractor, in the amount of about NIS 77 million, a decline in the balance with the Electric Company, in the amount of about NIS 39 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	65	87	Most of the decrease derives from a decline in interest expenses payable, in the amount of about NIS 12 million, along with a decline of about NIS 7 million due to the balance with the Hadera construction contractor.
Short-term derivative financial instruments	12	27	Most of the decrease, in the amount of about NIS 13 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	59	59	
Total current liabilities	**583**	**717**	

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

2. Financial Position as at March 31, 2022 (in millions of NIS) (Cont.)

Category	3/31/2022	12/31/2021	Analysis
Non-Current Liabilities			
Long-term loans from banks and financial institutions	1,594	1,451	Most of the increase is due to withdrawal in the framework of the Zomet Financing Agreement, in the amount of about NIS 156 million, an increase in the linkage differences in respect of the project debt of Hadera, in the amount of about NIS 5 million, and in respect of an increase of about NIS 6 million in project credit of Keenan, due to an increase in the exchange rate of the dollar. The increase was partly offset by a decrease, in the amount of about NIS 16 million, as a result of update of the current maturities of the project credit of Hadera and Keenan.
Long-term loans from holders of non-controlling interests and others	406	404	
Debentures	1,785	1,789	The decrease stems from update of the current maturities of the debentures (Series B), in the amount of about NIS 16 million. The decrease was partly offset by an increase in linkage differences respect of the debentures (Series B), in the amount of about NIS 11 million.
Long-term lease liabilities	44	44	
Long-term derivative financial instruments	–	1	
Other long-term liabilities	101	90	Most of the increase, in the amount of about NIS 9 million, is due to update of the benefit under a profit-sharing plan for employees of the CPV Group, which is accounted for as a share-based payment transaction settled in cash.
Liabilities for deferred taxes	412	393	An increase, in the amount of about NIS 14 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 5 million stemming from the activities of the CPV Group.
Total non-current liabilities	**4,342**	**4,172**	
Total liabilities	**4,925**	**4,889**	

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

3. Analysis of the results of operations for the three-month period ended March 31, 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 seasonal weather patterns and the natural gas crisis in Europe and it 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 the Three Months Ended		
Category	**3/31/2022**	**3/31/2021**	**Analysis**
Sales in Israel	428	350	For an explanation regarding the change in the sales in Israel – see Section 5, below.
Sales and provision of services in the U.S.	40	26	Most of the increase stems from a period of activities in the United States of three months in the first quarter of 2022, compared with a period of only two months in the corresponding quarter of last year (the CPV Group is consolidated in the Company's results commencing from January 25, 2021).
Cost of sales (less depreciation and amortization) in Israel	290	241	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.	22	18	Most of the increase stems from a period of activities in the United States of three months in the first quarter of 2022, compared with a period of only two months in the corresponding quarter of last year (the CPV Group is consolidated in the Company's results commencing from January 25, 2021).
Depreciation and amortization in Israel	30	34	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.	9	7	Most of the increase stems from a period of activities in the United States of three months in the first quarter of 2022, compared with a period of only two months in the corresponding quarter of last year (the CPV Group is consolidated in the Company's results commencing from January 25, 2021).
Gross profit	**117**	**76**	

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

3. Results of operations for the three-month period ended March 31, 2022 (in millions of NIS) (Cont.)

Category	For the Three Months Ended 3/31/2022	3/31/2021	Analysis
Administrative and general expenses in Israel and headquarters expenses	25	14	Most of the increase stems from an increase in salary expenses, in the amount of about NIS 8 million (which includes about NIS 2 million of non-cash equity remuneration), in light of, among other things, expansion of the Company's activities.
Administrative and general expenses in the U.S.	30	17	Most of the increase stems from an increase in salary expenses of about NIS 8 million, in light of, among other things, expansion of the Company's activities and the consolidation date (the CPV Group is consolidated in the Company's results commencing from January 25, 2021), and an increase in expenses relating to a profit-sharing plan, in the amount of about NIS 2 million (non-cash).
Share in income (losses) of associated companies in the United States	95	(38)	Most of the increase stems from an improvement of the results of Valley, in the amount of about NIS 79 million, and income, in the amount of about NIS 70 million, in respect of changes in the fair value of derivative financial instruments in hedging plans of the CPV Group. This increase was partly offset by a decrease, in the amount of about NIS 11 million, as a result of expiration of Shore's Heat Rate Call Option agreement in April 2021. 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 72 million and about NIS 9 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	1	1	
Business development expenses in the U.S.	5	–	Most of the increase stems from write off of a project that did not reach the construction stage, in the amount of about NIS 3 million.
Other income, net, in Israel	1	–	
Operating income	**152**	**4**	

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

3. Results of operations for the three-month period ended March 31, 2022 (in millions of NIS) (Cont.)

Category	For the Three Months Ended 3/31/2022	3/31/2021	Analysis
Financing expenses, net, in Israel	(25)	(24)	An increase in financing expenses stemming from an increase in interest and linkage expenses in respect of debentures, in the amount of about NIS 14 million, an increase of about NIS 2 million in interest expenses relating to a loan from non-controlling interests in Rotem, and financing expenses incurred in the first quarter of 2022 as a result of a CPI swap contract (the non-effective part), in the amount of about NIS 2 million. This increase was partly offset by interest and linkage expenses on Rotem's senior debt, in the amount of about NIS 17 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.
Financing income, net, in U.S.	4	6	This net financing income in the U.S. in the first quarter of 2022 and in the corresponding quarter last year, includes mainly income from exchange rate differences, in the amounts of about NIS 9 million and about NIS 12 million, and interest expenses, in the amounts of about NIS 5 million and about NIS 6 million, respectively.
Income (loss) before taxes on income	**131**	**(14)**	
Taxes on income in Israel	15	9	The increase derives from higher income in Israel in the first quarter of 2022 compared with the corresponding quarter last year.
Taxes on income (tax benefit) in the U.S.	12	(18)	The increase stems from higher income in the U.S. in the first quarter of 2022 compared with the corresponding quarter last year.
Income (loss) for the period	**104**	**(5)**	

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

3. Results of operations for the three-month period ended March 31, 2022 (in millions of NIS) (Cont.)

Category	For the Three Months Ended 3/31/2022	3/31/2021	Analysis
Elimination of the fair value of derivative financial instruments in the U.S.	(23)	47	Derivative financial instruments that are used for hedging plans of the CPV Group as described in Section 4A of this Report.
Elimination of transaction expenses in respect of acquisition of the CPV Group	–	2	
Elimination of tax impact in respect of the adjustments	4	(13)	
Adjusted net income[40]	**85**	**31**	
Income (loss) attributable to:			
The owners of the Company	78	3	
Non-controlling interests	26	(8)	
Adjusted net income attributable to:			
The owners of the Company	66	28	
Non-controlling interests	19	3	

[40] 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 net 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 net 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.

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

4. EBITDA (Cont.)

<u>Calculation of the EBITDA (in millions of NIS)</u>:

	For the Three Months Ended March 31	
	2022	***2021**
Revenues from sales and provision of services	468	376
Cost of sales (less depreciation and amortization)	(312)	(259)
Administrative and general expenses (less depreciation and amortization)	(53)	**(29)
Transaction expenses relating to acquisition of the CPV Group	–	(2)
Business development expenses	(3)	(1)
Other income	1	–
Consolidated EBITDA* **	**101**	**85**
Proportionate EBITDA of associated companies****	137	58
EBITDA (total consolidated and the proportionate amount of associated companies)	**238**	**143**
Elimination of non-recurring expenses	–	2
EBITDA (total consolidated and the proportionate amount of associated companies) after elimination of non-recurring expenses	**238**	**145**

* 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 three-month period ended March 31, 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 Three Months Ended March 31	
		2022	*2021
Rotem[41]	Consolidated	101	91
Hadera	Consolidated	25	9
Headquarter and others in Israel	Consolidated	(11)	(6)
Total in Israel including headquarters		**115**	**94**
Keenan	Consolidated	14	10
Fairview	Associate	14	11
Towantic	Associate	23	21
Maryland	Associate	8	7
Shore	Associate	9	16
Valley	Associate	84	3
Headquarter and others in the United States[42]	Consolidated and associates	(29)	(17)
Total in the United States		**123**	**51**
Total EBITDA (consolidated and proportionate amount of the associated companies		**238**	**145**

* 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.

[41] The EBITDA of Rotem includes the amount of about NIS 5 million in respect of the virtual supply activities that are attributable to Rotem.

[42] 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 three-month periods ended March 31, 2022 and 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

<u>Energy balance sheet</u>

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

	For the Three Months Ended March 31	
	2022	**2021**
Revenues from sale of energy to private customers [43] (1)	291	249
Revenues from private customers in respect of infrastructure services (2)	75	70
Revenues from sale of energy to the System Operator and to other suppliers (3)	40	16
Revenues from sale of steam	14	15
Revenues from activities of Gnrgy	8	–
Total revenues	**428**	**350**

On February 1, 2022, an update of the annual electricity of the weighted-average for 2022 entered into effect, pursuant to which the generation component increased by 13.6% and stood at NIS 0.2869 per KW hour. 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 quarter of 2022 compared with the corresponding period last year. For additional details regarding change in the generation component tariff commencing from May 2022 – see Section 3A to this report below. The updated tariff is expected to have a positive impact on the Company's profits in 2022 compared with the corresponding periods last year, however at a lower rate than the generation component tariff in the period of the report.

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[43] Including during load reductions.

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

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

In addition, from September 2021 the Company commenced supplying electricity to customers through purchase of energy from the System Operator that was purchased at a tariff that includes a component of the supplier's tariff and SMP (marginal half-hour price) in the framework of the virtual supply.

For the three-month periods ended March 31, 2022 and 2021:

(1) An increase of about NIS 35 million stemming from commencement of the virtual supply activities and an increase of about NIS 19 million due to an increase in the weighted-average generation component tariff, commencing from February 2022. On the other hand, there was a decrease of about NIS 12 million due to a decline in sales of energy to customers (it is noted that in the other direction there is an increase in revenues from sales of energy to the System Operator and to other suppliers – see Section 3 below).

(2) An increase in infrastructure revenues, in the amount of about NIS 9 million, due to commencement of the virtual supply activities. On the other hand, there was a decrease, in the amount of about NIS 4 million, stemming from a change in the customer consumption profile in the Hadera Power Plant.

(3) An increase in sale of surplus energy, in the amount of about NIS 19 million, stemming mainly from higher availability (capacity) of the Hadera Power Plant in 2022 and a decrease in sales to Hadera's customers. Furthermore, there was an increase, in the amount of about NIS 4 million, in sale of surplus energy in the Rotem Power Plant, due to a change in the customer profile.

<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.)

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 Three Months Ended March 31	
	2022	**2021**
Gas and diesel oil (1)	124	126
Expenses for acquisition of energy (2)	57	16
Expenses for infrastructure services (3)	75	70
Gas transmission costs	8	8
Operating expenses	20	21
Expenses from activities of Gnrgy	6	–
Total cost of sales (less depreciation and amortization)	**290**	**241**

<u>For the three-month periods ended March 31, 2022 and 2021</u>:

(1) A decrease in the gas consumption expenses, in the amount of about NIS 6 million, due to maintenance at the Rotem Power Plant. On the other hand, there was an increase, in the amount of about NIS 4 million, in the gas consumption cost at the Hadera Power Plant due to higher availability (capacity).

(2) An increase in energy acquisition expenses, in the amount of about NIS 30 million, stems from commencement of the virtual supply activities. In addition, there was an increase, in energy acquisition expenses, in the amount of about NIS 19 million, stemming from maintenance at Rotem. On the other hand, there was a decrease of about NIS 8 million due to higher availability (capacity) of the Hadera Power Plant.

(3) An increase in infrastructure expenses, in the amount of about NIS 9 million, stemming from commencement of the virtual supply activities. On the other hand, there was a decrease, in the amount of about NIS 4 million, due to a change in the customer consumption profile of the customers of the Hadera Power Plant.

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 natural-gas powered conventional power plants of the CPV Group). The natural gas prices are impacted by a number of variables, including demand in the industrial, residential and electricity sectors, productivity of natural-gas supply reservoirs, 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 first 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, 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 first quarter of 2022, the electricity prices increased in the markets in which the CPV Group, compared with the corresponding period 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 offset by hedging agreements, in the Shore, Maryland, Fairview and Towantic power plants, while the Valley power plant, which as at the date of the report is not hedged, 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 submission date of the report, most of the hedging agreements are for periods of up to one year. The said 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. As at the submission date of the report, the estimate of the CPV Group is that about 69% of the electricity margin of electricity generation power plants using conventional technology of the CPV Group will be hedged for the rest of 2022.

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 and Towantic power plants. The scope of the said collaterals (for 100% of the above-mentioned power plants) was about $50 million as at March 31, 2022 (of which about $12.9 million reflects the share of the CPV Group in the collaterals).

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):

Region	For the three months ended March 31 (MW/h) 2022	2021
PJM West (Shore and Maryland)	$ 55.58	$ 30.60
PJM AD Hub (Fairview)	$ 48.46	$ 30.33
NY-ISO Zone G (Valley)	$ 94.69	$ 40.68
ISO-NE Mass Hub (Towantic)	$ 110.72	$ 49.49

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 three-month periods ended March 31, 2022 and 2021. As stated, the gas prices rose in the first quarter of 2022 compared with the corresponding period 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)*:

Region	For the three months ended March 31 2022	2021
TETCO M3 (Shore, Valley)	6.73	3.26
Transco Zone 5 North (Maryland)	7.47	3.55
TETCO M2 (Fairview)	4.10	2.69
Dominion South (Valley)	4.06	2.53
Algonquin (Towantic)	13.67	5.47

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.)

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. The next tender relating to the June 2023 through May 2024 generation year is expected to take place in the second quarter of 2022.

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[44]	[45]2022/2023	2021/2022	2020/2021
PJM – RTO ("General Market")	–	50	140	76.53
PJM MAAC	Fairview, Maryland, Maple Hill	95.79	140	86.04
PJM EMAAC	Shore	97.86	165.73	187.77

Source: PJM

[44] The Three Rivers project, which is presently under construction, did not participate in the capacity tender, and is expected to participate in the capacity tender starting from the 2023–2024 capacity year.
[45] 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.)

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 (May through October) and in the fall for the upcoming winter (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.)

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.

EBITDA results

Set forth below is data with respect to the operating results of the CPV Group's active power plants for the three-month period ended March 31, 2022 and for the period from January 25, 2021 (the completion date of the acquisition of the CPV Group) through March 31, 2021 (in millions NIS):

Associated companies:

	Fairview		Maryland		Shore		Towantic		Valley	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenues from operations	220	123	124	85	153	95	503	229	398	111
Operating expenses less depreciation and amortization	163	79	94	57	129	52	413	148	231	105
EBITDA	57	44	30	28	24	43	90	81	167	6
Rate of holdings	25%		25%		37.53%		26%		50%	
Share of the CPV Group	14	11	8	7	9	16	23	21	84	3

Subsidiaries:

	Keenan	
	2022	2021
Revenues from operations	22	17
Operating expenses less depreciation and amortization	8	7
EBITDA	14	10

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

For the three months ended March 31, 2022 and 2021:

1. The first quarter, which for the most part includes the winter season is, in general, characterized by high prices and demand for natural gas. The winter months are characterized by an increase in demand for natural gas and an increase in the natural-gas prices in the northeastern section of the United States – the area in which the CPV Group operates. It is noted that the prices of the natural gas in northeastern U.S. market are rising even more than the prices in the overall U.S. market, mainly in the New York and New England region.

2. In the first quarter of 2022, the gas prices and the electricity prices in the U.S. rose significantly compared with the first quarter of 2021, which the CPV Group estimates was mainly a result of the weather and the increase in the natural-gas prices and as stated in this report above.

3. The power plants powered by natural gas were impacted by an increase in the natural gas and electricity prices, and showed an improvement in the energy margins. The impact of the increase in the energy prices in the period of the report, as stated in Section 6 above, was offset by the Group's hedging plans. The said hedging plans, which were intended to hedge the electricity margins, are mostly for short periods, and they are part of implementation of the risk management policy for each power plant, based on the specific power plant's characteristics. The Fairview, Shore, Maryland and Towantic power plants, the increase in the gas and electricity prices were offset by the hedging plans of the CPV Group.

4. The Valley power plant is not hedged for 2022 and was favorably impacted as a result of the increase in the gas and electricity prices.

5. In the period of the report, planned and unplanned maintenance work was performed in active power plants in the United States, during an aggregate period of about 30 days. It is noted that during April and May 2022, planned maintenance work is expected to be performed in the power plants.

6. The results of the Shore power plant were weaker than the results in the corresponding quarter last year, due to, among other things, conclusion of the Heat Rate Call Option in April 2021, which was signed at the project's financial closing and included a fixed premium payment. As at the publication date of this report, a similar agreement is not expected to be signed.

7. 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 change in the exchange rate of the shekel against the dollar in the three-month periods ended March 31, 2022 and 2021 was an increase of 2.1% and 3.7%, respectively.

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 Three Months Ended 3/31/2022	For the Three Months Ended 3/31/2021	Analysis
Cash flows provided by operating activities	91	78	Most of the increase stems from an increase in in the current operating activities, in the amount of about NIS 20 million, and from an increase in the in working capital, in the amount of about NIS 2 million. On the other hand, there was a decrease in income from dividends from associated companies, in the amount of about NIS 9 million.
Cash flows used in investing activities	(278)	(376)	Most of the decrease in the cash flows used in investing activities stems from acquisition of the CPV Group in the first quarter of 2021, in the amount of about NIS 2,140 million. This decrease was partly offset by an increase in the investing activities deriving from the fact that in the first of 2021 short-term term deposits were released, and restricted cash, net, was released, in the amount of about 1,582 million and the amount of about 192 million, respectively. In addition, in the first quarter of 2021, the amount of about NIS 136 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, in the first quarter of 2022, there has been an increase in investments in projects in Israel, in the amount of about NIS 67 million, and investments in projects under construction in the CPV Group, in the amount of about NIS 58 million.
Cash flows provided by financing activities	123	812	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 647 million. In addition, in the first quarter of 2021, the Company issued shares, for a net 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 148 million, in the first quarter of 2021 (mainly due to partial repayment of the seller's loans). Also, in the first quarter of 2022 there was an increase in withdrawals from the Zomet financing agreement framework, in the amount of about NIS 156 million.

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

As at March 31, 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.

<u>Explanations of the Board of Directors regarding the State of the Group's Affairs</u> (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, as at March 31, 2022 (in millions of NIS) of the Company and its subsidiaries:

	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)	1,814	4	157	–	–
Rotem (2)	–	213	54	–	–
Hadera (3)	677	–	46	46	5
Zomet (4)	682	–	68	–	–
Gnrgy	4	–	17	–	–
Others in Israel (5)	–	1	90	–	2
Keenan (6)	301	–	4	–	–
Maple Hill	–	–	16	–	–
Others in the U.S. (7)	–	222	216	–	40
Total	**3,478**	**440**	**668**	**46**	**47**

Main changes in the three-month period ended March 31, 2022:

(1) The Company:

A. Investments in subsidiaries and associated companies – the Company invested about NIS 115 million in projects of the CPV Group and in its projects, and about NIS 12 million in various other generation facilities located on the consumers' premises.

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 9 million of the principal of its loans.

(4) Zomet withdrew about NIS 156 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 11 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(4) 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.

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 year of the report: (Cont.)

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

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

	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, as at March 31, 2021 (in millions of NIS) of the Company and its subsidiaries:

	Debt (including interest payable)	Debt from non-controlling interests	Cash and cash equivalents and short-term deposits	Restricted cash – debt service reserves	Other restricted cash
The Company	963	–	347	–	53
Rotem	1,074	–	156	79	48
Hadera	691	–	12	45	5
Zomet	184	–	19	–	–
Others in Israel	–	1	3	–	–
Keenan	236	–	38	–	–
Others in the U.S.	–	357	226	–	1
Total	**3,148**	**358**	**801**	**124**	**107**

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 March 31, 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%	466	3	31
Towantic	26%	482	16	64
Maryland**	25%	302	–	36
Shore**	37.53%	551	3	93
Valley	50%	912	4	142
Three Rivers	10%	250	1	73
Total		**2,963**	**27**	**439**

(*) 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 past 4 quarters. As at the date of the report, Maryland and Shore and in compliance with the benchmark (1.52 and 1.11, 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	3	127
Valley	50%	898	–	119
Three Rivers	10%	220	–	70
Total		**2,992**	**7**	**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 March 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%	521	–	31
Towantic	26%	514	13	42
Maryland	25%	295	1	17
Shore	37.53%	589	–	107
Valley	50%	1,028	21	156
Three Rivers	10%	137	–	74
Total		**3,084**	**35**	**427**

(*) 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[46]:

	As at March 31, 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	6.6
Minimum shareholders' equity of NIS 250 million	NIS 2,411
A ratio of shareholders' equity to total assets at a rate of not less than 17%	56%
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	6.6
Minimum shareholders' equity of NIS 1,000 million	NIS 2,411
A ratio of shareholders' equity to total assets (solo) at a rate of not less than 20%	56%
A ratio of shareholders' equity to total assets (consolidated) at a rate of not less than 17%	38%
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 2,411
The ratio of the Company's shareholders' equity to total assets may not drop below 20%	56%
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

[46] 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 Section 13 to the Report below 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.

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 956 million par value
Amount of the interest accrued as included in the Interim Statements as at March 31, 2022	–
The fair value as included in the Interim Statements and the stock market value as at March 31, 2022	About NIS 1,064 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.

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

10. <u>Debentures (Series B) and Debentures (Series C)</u> (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 March 31, 2022	About NIS 2 million.
The fair value as included in the Interim Statements and the stock market value as at March 31, 2022	About NIS 803 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 Company did not make contributions in excess of NIS 50 thousand.

Yair Caspi	Giora Almogy
Chairman of the Board of Directors	**CEO**

Date: May 24, 2022

Exhibit 99.2

OPC Energy Ltd.

Condensed Consolidated Interim Financial Statements

As at March 31, 2022

(Unaudited)

Consolidated Interim Financial Statements as at March 31, 2022 (Unaudited)

Table of Contents

Somekh Chaikin

Millennium Tower KPMG
17 Ha'arba'a St., P.O.B. 609
Tel Aviv 6100601

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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 March 31, 2022 and the condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended.The Board of Directors and management are responsible for preparing and presenting financial information for this interim period 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

May 24, 2022

Condensed Consolidated Interim Statements of Financial Position as of

	March 31 2022 (Unaudited) NIS million	March 31 2021 (Unaudited) NIS million	December 31 2021 (Audited) NIS million
Current assets			
Cash and cash equivalents	**668**	776	*731
Short term deposits	**-**	25	-
Short-term restricted deposits and cash	**14**	49	1
Trade receivables and accrued income	**163**	147	194
Other receivables and debit balances	**120**	93	118
Inventories	**6**	-	5
Short-term derivative financial instruments	**2**	3	2
Total current assets	**973**	1,093	1,051
Non-current assets			
Long-term restricted deposits and cash	**79**	182	*93
Prepaid expenses and other long-term receivables	**179**	152	178
Investments in associates	**1,874**	1,834	1,696
Deferred tax assets	**131**	*40	153
Long-term derivative financial instruments	**50**	15	36
Property, plant & equipment	**3,713**	*3,100	*3,523
Right-of-use assets	**298**	309	302
Intangible assets	**708**	*716	698
Total non-current assets	**7,032**	6,348	6,679
Total assets	**8,005**	7,441	7,730

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

Condensed Consolidated Interim Statements of Financial Position as of

	March 31 2022	March 31 2021	December 31 2021
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Current liabilities			
Current maturities of long-term loans from banks and financial institutions	**70**	145	68
Current maturities of loans from non-controlling interests	**34**	-	29
Current maturities of debentures	**27**	22	22
Trade payables	**316**	442	425
Payables and credit balances	**65**	56	87
Short-term derivative financial instruments	**12**	34	27
Current maturities of lease liabilities	**59**	57	59
Current tax liabilities	**-**	2	-
Total current liabilities	**583**	758	717
Non-current liabilities			
Long-term loans from banking corporations and financial institutions	**1,594**	2,039	1,451
Long-term loans from non-controlling interests and others	**406**	358	404
Debentures	**1,785**	941	1,789
Long-term lease liabilities	**44**	45	44
Long-term derivative financial instruments	**-**	24	1
Other long-term liabilities	**101**	*106	90
Deferred tax liabilities	**412**	*347	*393
Total non-current liabilities	**4,342**	3,860	4,172
Total liabilities	**4,925**	4,618	4,889
Equity			
Share capital	**2**	2	2
Share premium	**2,392**	2,061	2,392
Capital reserves	**137**	139	68
Retained earnings (loss)	**(120)**	*24	*(198)
Total equity attributable to the Company's shareholders	**2,411**	2,226	2,264
Non-controlling interests	**669**	*597	577
Total equity	**3,080**	2,823	2,841
Total liabilities and equity	**8,005**	7,441	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: May 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 three-month period ended March 31		For the year ended December 31
	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Revenues from sales and services	**468**	376	1,575
Cost of sales and services (net of depreciation and amortization)	**312**	259	1,086
Depreciation and amortization	**39**	41	*171
Gross profit	**117**	76	318
General and administrative expenses	**55**	*31	199
Share in the profits (losses) of associates	**95**	(38)	(35)
Transaction expenses in respect of acquisition of the CPV Group	**-**	2	2
Business development expenses	**6**	1	5
Other income, net	**1**	-	-
Operating profit	**152**	4	77
Finance expenses	**41**	39	194
Finance income	**20**	21	9
Loss from disposal of financial liabilities, net	**-**	-	272
Finance expenses, net	**21**	18	457
Profit (loss) before taxes on income	**131**	(14)	(380)
Taxes on income (tax benefit)	**27**	*(9)	(77)
Profit (loss) for the period	**104**	(5)	(303)
Attributable to:			
The Company's shareholders	**78**	*3	(219)
Non-controlling interests	**26**	*(8)	(84)
Profit (loss) for the period	**104**	(5)	(303)
Earnings (loss) per share attributable to the Company's owners			
Basic earnings (loss) per share (in NIS)	**0.38**	*0.02	(1.15)
Diluted earnings (loss) per share (in NIS)	**0.38**	*0.02	(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 three-month period ended March 31		For the year ended December 31
	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)
	NIS million	NIS million	NIS million
Profit (loss) for the period	**104**	*(5)	*(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	**24**	32	28
Net change in fair value of derivative financial instruments used for hedging cash flows stated to the cost of the hedged item	**3**	106	120
Net change in fair value of derivative financial instruments used to hedge cash flows transferred to profit and loss	**(2)**	5	(7)
Group's share in other comprehensive income of associates, net of tax	**45**	24	40
Foreign currency translation differences in respect of foreign operations	**30**	83	(40)
Tax on other comprehensive income items	**(5)**	(4)	(1)
Other comprehensive income for the period, net of tax	**95**	246	140
Total comprehensive income (loss) for the period	**199**	241	(163)
Attributable to:			
The Company's shareholders	**144**	*216	(82)
Non-controlling interests	**55**	*25	(81)
Comprehensive income (loss) for the period	**199**	241	(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 three-month period ended March 31, 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	-	-	-	-	-	-	**3**	-	**3**	-	**3**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**47**	**19**	**-**	**-**	**-**	**66**	**29**	**95**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**78**	**78**	**26**	**104**
Balance as at March 31, 2022	**2**	**2,392**	**(25)**	**79**	**(8)**	**78**	**13**	**(120)**	**2,411**	**669**	**3,080**
For the three-month period ended March 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)	*-	346	-	-	-	-	-	-	346	-	346
Investments by holders of non-controlling interests in equity of subsidiary	-	-	-	-	-	-	-	-	-	531	531
Share-based payment	-	-	-	-	-	-	1	-	1	-	1
Exercised options and RSUs	*-	1	-	-	-	-	(1)	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	154	59	-	-	-	213	33	246
Profit (loss) for the period	-	-	-	-	-	-	-	*3	3	*(8)	*(5)
Balance as at March 31, 2021	2	2,061	(25)	22	59	78	5	24	2,226	597	2,823

* 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.

The accompanying notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Cash Flow

	For the three-month period ended March 31		For the year ended December 31
	2022	**2021**	**2021**
	(Unaudited)	**(Unaudited)**	**(Audited)**
	NIS million	**NIS million**	**NIS million**
Cash flows from operating activities			
Profit (loss) for the period	**104**	*(5)	*(303)
Adjustments:			
Depreciation, amortization and diesel fuel consumption	**45**	44	185
Finance expenses, net	**21**	18	457
Taxes on income (tax benefit)	**27**	*(9)	(77)
Share in losses (profits) of associates	**(95)**	38	35
Share-based compensation transactions	**12**	*8	58
	114	94	355
Changes in trade and other receivables	**25**	-	(2)
Changes in trade payables, service providers, other payables and long-term liabilities	**(48)**	(25)	1
	(23)	(25)	(1)
Dividends received from associates	**-**	9	32
Income tax paid	**-**	-	(1)
Net cash from operating activities	**91**	78	385
Cash flows from investing activities			
Short-term restricted deposits and cash, net	(13)	1,724	1,780
Withdrawals from long-term restricted cash	**15**	51	172
Deposits to long-term restricted cash	**(1)**	(1)	*(31)
Acquisition of subsidiaries, net of cash acquired	-	(2,140)	(2,152)
Acquisition of an associate and investment in associates	**(1)**	-	(28)
Long-term loans to an associate	-	-	(17)
Proceeds for repayment of partnership capital from associates	**8**	136	154
Long-term advance payments prepaid expenses	**(6)**	(3)	(23)
Purchase of property, plant and equipment	**(273)**	(148)	(746)
Refunds for right-of-use assets and property, plant, and equipment	**-**	6	16
Purchase of intangible assets	**(5)**	-	(5)
Payment for derivative financial instruments	**(7)**	(2)	(21)
Proceeds for derivative financial instruments	**5**	1	3
Net cash used in investing activities	**(278)**	(376)	(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 three-month period ended March 31		For the year ended December 31
	2022	2021	2021
	(Unaudited)	(Unaudited)	(Audited)
	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	**156**	-	682
Receipt of long-term loans from non-controlling interests	**11**	165	421
Investments by holders of non-controlling interests in equity of subsidiary	**37**	531	629
Interest paid	**(30)**	(35)	(102)
Prepaid costs for loans taken	**(3)**	(4)	(16)
Dividend paid to non-controlling interests	**-**	-	(33)
Repayment of long-term loans from banking corporations and others	**(21)**	(175)	(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)
Payment for derivative financial instruments	**(2)**	(5)	(58)
Proceeds for derivative financial instruments	**-**	-	13
Repayment of principal in respect of lease liabilities	**(1)**	(1)	(6)
Net cash provided by financing activities	**123**	812	997
Net increase (decrease) in cash and cash equivalents	**(64)**	514	484
Balance of cash and cash equivalents at beginning of period	**731**	200	200
Effect of exchange rate fluctuations on cash and cash equivalent balances	**1**	62	47
Balance of cash and cash equivalents at end of period	**668**	776	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 (hereinafter - the "TASE").

The Company is a publicly-traded company whose securities are traded on the TASE. As at the date of the report, the Company and its consolidated companies (hereinafter – the "Group") is engaged in two reportable segments: (1) generation and supply of electricity and energy in Israel; and (2) the generation and supply of electricity and energy in the USA. In these segments, the Group is engaged in generation and supply of energy needs (electricity, steam and the provision of charging services for vehicles) to private customers, Israel Electric Corporation Ltd. (hereinafter – the "IEC") and Noga - Israel Independent System Operator Ltd. (hereinafter - the "System Operator"), in initiation, development, construction and operation of power plants and facilities for the generation of energy and provision of management services for power plants in the United States that are owned 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 megawatts (MW); the Hadera Power Plant, which is through OPC Hadera Ltd. (hereinafter – "Hadera"), which is wholly owned by OPC Power Plants, uses cogeneration technology and has an installed capacity of 144 MW. Furthermore, Hadera holds the Energy Center (boilers and a turbine on the site of Infinya Ltd., which serves as backup for the supply of steam. In addition, OPC Power Plants wholly owns 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. In addition, as from September 2021 the Company supplies 110 MW in electricity under the virtual supply license (as defined in Note 28L to the annual financial statements). Furthermore, 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; the Company is also working to construct the Sorek generation facility, which will supply energy to the Sorek B Desalination Facility, at a capacity of 87 MW, as stated in Note 25A1(D) to the Annual Financial Statements.

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 solar projects 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: (1) 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. 7,366 MW, and energy management services to power plants with an overall capacity of approx. 4,235 MW.

NOTE 1 – GENERAL (cont.)

A. The Reporting Entity (cont.)

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.

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 impact 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 impacts of the spread 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, in various variants, and caused considerable business and economic uncertainty and volatility in global markets. In the reporting period, Covid-19 continued to cause global business and economic uncertainty. In the reporting period, some of the restrictions on movement, business, and commerce in the Company's regions of activity were removed, and the restrictions that were left in place are more lenient than those imposed in previous Covid-19 waves. However, during the reporting period and thereafter, travel and other restrictions are imposed as a result of the pandemic in additional regions around the world, including in China; these restrictions may have global implications, including on the production and supply chain of raw materials and their prices, including raw materials required for the Company's construction activities in its areas of activity.

During the reporting period and thereafter, due to high global demand for raw materials and for transportation and shipping, including due to the effects of the Covid-19 crisis across the board, there was a significant increase in the costs of raw materials, 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. As of the report 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, the global geopolitical environment, against the backdrop of the fighting between Russia and Ukraine, is characterized by instability, which greatly affects the macroeconomic environment, causes changes in energy prices, economic uncertainty, as well as supply chain, 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 May 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 March 31, 2021:

	As at March 31, 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	3,113	(9)	-	(4)	3,100
Intangible assets	724	-	-	(8)	716
Deferred tax assets	31	-	2	7	40
Deferred tax liabilities	354	(2)	-	(5)	347
Other long-term liabilities	99	-	7	-	106
Retained earnings	35	(7)	(4)	-	24
Non-controlling interests	598	-	(1)	-	597

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

For information regarding first-time application of amendment to IAS 16, see Note 3B 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 statement in the reporting period and 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 March 31, 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 March 31, 2021, and for the three-month period 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 three-month period ended March 31, 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	24	7	31
Tax benefit	(7)	(2)	(9)
Profit (loss) for the period	-	(5)	(5)
Attributable to:			
The Company's shareholders	**7**	(4)	3
Non-controlling interests	**(7)**	(1)	(8)
Basic earnings (loss) per share (in NIS)	0.03	(0.01)	0.02
Diluted earnings (loss) per share (in NIS)	0.03	(0.01)	0.02

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 March 31, 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 adjustment's effect on the income statement for the three months ended March 31, 2021, is immaterial.

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. Furthermore, the Company reclassified a total of NIS 26 million from the cash and cash equivalents line item as of the period-end to the deposits to long-term restricted cash line item in the statement of cash flows for the year ended December 31, 2021.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

A. The Group's accounting policies in these condensed consolidated interim financial statements are the same as the policies applied to the Annual Financial Statements.

B. 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 above.

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 March 31, 2022	
	Carrying amount (*)	Fair value
	(Unaudited)	**(Unaudited)**
	NIS million	NIS million
Loans from banks and financial institutions (Level 2)	1,664	1,784
Loans from non-controlling interests (Level 2)	434	417
Debentures (Level 1)	1,814	1,867
	3,912	4,068

	As at March 31, 2021	
	Carrying amount (*)	Fair value
	(Unaudited)	**(Unaudited)**
	NIS million	NIS million
Loans from banking corporations and others (Level 2)	2,186	2,525
Debentures (Level 1)	963	1,072
	3,149	3,597

	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)	429	440
Debentures (Level 1)	1,824	1,997
	3,773	4,134

(*) 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.)

Fair value (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
March 31, 2022	**103.8**	**3.176**	**3.524**
March 31, 2021	100.3	3.334	3.913
December 31, 2021	102.6	3.110	3.520
Changes during the 3-month period ended on:			
March 31, 2022	**1.2%**	**2.1%**	**0.1%**
March 31, 2021	0.1%	3.7%	(0.8)%
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 three-month period ended March 31		**For the year ended December 31**
	2022	**2021**	**2021**
	(Unaudited)	**(Unaudited)**	**(Audited)**
	NIS million	**NIS million**	**NIS million**
Revenues from sale of electricity in Israel	**406**	335	1,355
Revenues from sale of electricity in the US	**22**	17	82
Revenues from sale of steam in Israel	**14**	15	57
Revenues from provision of services in the US	**18**	9	81
Other revenues in Israel	**8**	-	-
	468	376	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 March 31, 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 of the revenue put option type in order to reduce their exposure to fluctuations in energy and natural gas prices. 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. Financial position as of March 31, 2022, and operating results for the three-month period ended March 31, 2022:

	Fairview	Maryland	Shore	Towantic	Valley	Three Rivers
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
			(Unaudited)			
As at March 31, 2022						
Current assets	204	112	135	163	106	35
Non-current assets	3,157	2,137	3,280	3,028	2,272	3,442
Total assets	3,361	2,249	3,415	3,191	2,378	3,477
Current liabilities	303	97	114	391	170	90
Non-current liabilities	1,772	1,203	2,124	1,673	1,717	2,507
Total liabilities	2,075	1,300	2,238	2,064	1,887	2,597
Net assets	1,286	949	1,177	1,127	491	880
Holding rate	25.0%	25.0%	37.5%	26.0%	50.0%	10.0%
Company's share	321	237	442	293	246	186
Fair value adjustments made on acquisition date	258	(47)	(176)	85	(4)	27
Carrying amount of investment	579	190	266	378	242	213
Results for the three-month period ended March 31, 2022						
Operating income	220	124	153	503	398	-
Net change in fair value of derivative financial instruments	91	(29)	63	(8)	(28)	-
Total income	311	95	216	495	370	-
Operating expenses	(185)	(111)	(156)	(438)	(246)	(6)
Operating profit (loss)	126	(16)	60	57	124	(6)
Finance expenses, net	(19)	(18)	(26)	(17)	(20)	(2)
Net profit (loss) *	107	(34)	34	40	104	(8)
Other comprehensive income *	47	22	33	45	11	90
Comprehensive income (loss)	154	(12)	67	85	115	82
Holding rate	25.0%	25.0%	37.5%	26.0%	50.0%	10.0%
Company's share in profit (loss)	27	(8)	13	10	52	(1)
Company's share in other comprehensive income	12	6	12	12	6	9
Reductions of profit and loss in respect of adjustments to fair value made on the acquisition date	(1)	-	3	-	-	-
Share in the profits (losses) of consolidated companies	26	(8)	16	10	52	(1)
Group's share in other comprehensive income of associates	12	6	12	12	6	9
Depreciation and amortization	22	17	27	25	15	-

(*) 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. Financial position as of March 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 March 31, 2021

	Fairview	Maryland	Shore	Towantic	Valley	Three Rivers
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
			(Unaudited)			
As at March 31, 2021						
Current assets	72	61	55	109	211	7
Non-current assets	3,280	2,172	2,839	3,140	2,520	1,685
Total assets	3,352	2,233	2,894	3,249	2,731	1,692
Current liabilities	216	1,195	77	240	283	76
Non-current liabilities	1,987	16	1,719	1,858	1,940	1,371
Total liabilities	2,203	1,211	1,796	2,098	2,223	1,447
Net assets	1,149	1,022	1,098	1,151	508	245
Holding rate	25.0%	25.0%	37.5%	26.0%	50.0%	10.0%
Company's share	287	255	412	299	254	190
Fair value adjustments made on acquisition date	276	(56)	(197)	90	(6)	28
Carrying amount of investment	563	199	215	389	248	218
Results for the period ranging from January 25, 2021, to March 31 2021						
Operating income	123	85	95	229	111	-
Net change in fair value of derivative financial instruments	(39)	(10)	(16)	(8)	(53)	1
Total income	84	75	79	221	58	1
Operating expenses	(94)	(68)	(73)	(168)	(118)	(6)
Operating profit (loss)	(10)	7	6	53	(60)	(5)
Finance expenses, net	(18)	(15)	(15)	(17)	(21)	(2)
Net profit (loss) *	(28)	(8)	(9)	36	(81)	(7)
Other comprehensive income *	25	2	20	25	9	75
Comprehensive income (loss)	(3)	(6)	11	61	(72)	68
Holding rate	25.0%	25.0%	37.5%	26.0%	50.0%	10.0%
Company's share in profit (loss)	(7)	(2)	(3)	9	(40)	(1)
Company's share in other comprehensive income	6	1	8	7	5	8
Reductions of profit and loss in respect of adjustments to fair value made on the acquisition date	(1)	2	3	1	1	-
Share in the profits (losses) of consolidated companies	(8)	-	-	10	(39)	(1)
Group's share in other comprehensive income of associates	6	1	8	7	5	8
Depreciation and amortization	17	10	21	18	13	-

(*) 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)	-
Net profit (loss) *	32	18	53	59	(190)	(30)
Other comprehensive income *	36	35	25	36	12	63
Comprehensive income (loss)	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 consolidated companies	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 dollar 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.

1) Statement of Financial Position:

		As at March 31, 2022 (Unaudited)		
		US GAAP	**Adjustments**	**IFRS**
		In USD thousand	**In USD thousand**	**In USD thousand**
Property, plant & equipment	A, C, D	804,997	(180,901)	**624,096**
Intangible assets	D	14,526	(14,526)	-
Other assets		124,609	-	**124,609**
Total assets		944,132	(195,427)	**748,705**
Accounts payable and deferred expenses	A	19,902	(1,487)	**18,415**
Other liabilities		575,489	-	**575,489**
Total liabilities		595,391	(1,487)	**593,904**
Partnership's equity	A, C	348,741	(193,940)	**154,801**
Total liabilities and equity		944,132	(195,427)	**748,705**

NOTE 6 – ASSOCIATES (cont.)

C. Attachment of financial statements (cont.)

1) Statement of Financial Position (cont.):

		As at March 31, 2021 (Unaudited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Property, plant & equipment	A, D	830,180	(196,493)	**633,687**
Intangible assets	D	10,576	(10,576)	-
Other assets		185,474	-	**185,474**
Total assets		1,026,230	(207,069)	**819,161**
Accounts payable and deferred expenses	A	40,505	(1,466)	**39,039**
Other liabilities		627,776	-	**627,776**
Total liabilities		668,281	(1,466)	**666,815**
Partnership's equity	A	357,949	(205,603)	**152,346**
Total liabilities and equity		1,026,230	(207,069)	**819,161**

		As at December 31, 2021 (Audited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Property, plant & equipment	A, 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	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 three-month period ended March 31, 2022		
		(Unaudited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Revenues		115,761	-	**115,761**
Operating expenses	A	73,755	(1,487)	**72,268**
Depreciation and amortization	C	6,435	(1,677)	**4,758**
Operating profit		35,571	3,164	**38,735**
Finance expenses	B	7,835	(1,749)	**6,086**
Profit for the period		27,736	4,913	**32,649**
Other comprehensive income - interest rate swaps	B	5,107	(1,749)	**3,358**
Comprehensive income for the period		32,843	3,164	**36,007**

		For the three-month period ended March 31, 2021		
		(Unaudited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Revenues		28,870	-	**28,870**
Operating expenses	A	44,228	(1,466)	**42,762**
Depreciation and amortization		6,432	(1,184)	**5,248**
Impairment of property, plant & equipment		-	219,302	**219,302**
Operating loss		(21,790)	(216,652)	**(238,442)**
Finance expenses	B	8,166	474	**8,640**
Loss for the period		(29,956)	(217,126)	**(247,082)**
Other comprehensive income - interest rate swaps		2,325	473	**2,798**
Comprehensive loss for the period		(27,631)	(216,653)	**(244,284)**

		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 March 31, 2022 (Unaudited) In USD thousand	As at March 31, 2021 (Unaudited) In USD thousand	As at December 31, 2021 (Audited) In USD thousand
Partnership's equity as per the Partnership's statement of financial position drawn up in accordance with US GAAP		348,741	357,949	**315,898**
IFRS adjustments:				
Costs of periodic maintenance at the power plant	A	17,409	12,515	**15,921**
Impairment of property, plant & equipment	C	(211,349)	(218,118)	(213,025)
Partnership's equity after adjustments to IFRS		154,801	152,346	**118,794**

NOTE 6 – ASSOCIATES (cont.)

C. Attachment of financial statements (cont.)

4) Material adjustments to the statement of cash flows:

		For the three-month period ended March 31, 2022 (Unaudited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Profit for the period	A, B, C	27,736	4,913	**32,649**
Net cash from operating activities		23,180	-	**23,180**
Net cash used in investing activities	E	(4,342)	(13,383)	**(17,725)**
Net cash used in financing activities		(3,093)	-	**(3,093)**
Net increase (decrease) in cash and cash equivalents		15,745	(13,383)	**2,362**
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	98	2,543	**2,641**
Restricted cash balance at end of period	E	92,135	(92,135)	**-**

		For the three-month period ended March 31, 2021 (Unaudited)		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Loss for the period	A, B, C	(29,956)	(217,126)	**(247,082)**
Net cash from operating activities		6,671	-	**6,671**
Net cash used in investing activities	E	(173)	(5,874)	**(6,047)**
Net cash provided by financing activities		11,569	-	**11,569**
Net increase (decrease) in cash and cash equivalents		18,067	(5,874)	**12,193**
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	71	12,545	**12,616**
Restricted cash balance at end of period	E	105,785	(105,785)	**-**

		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 Control Plan (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 gain or loss on the hedging instrument used to hedge its cash flows. 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.

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, 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 another operational roof through the CPV Group.

	For the three-month period ended March 31, 2022			
	Israel	USA	Adjustments	Consolidated - total
	(Unaudited)			
	NIS million			
Revenues from sales and services	428	536	(496)	**468**
Adjusted EBITDA for the period	123	123	(8)	**238**
Depreciation and amortization				**(44)**
Finance expenses, net				**(21)**
Share in losses of associates not included in EBITDA				**(42)**
				(107)
Profit before taxes on income				**131**
Taxes on income				**27**
Net income for the period				**104**

NOTE 7 – SEGMENT REPORTING (cont.)

	For the three-month period ended March 31, 2021			
	Israel	**USA**	**Adjustments**	**Consolidated - total**
	(Unaudited)			
	NIS million			
Revenues from sales and services	350	182	(156)	**376**
Adjusted EBITDA for the period	100	*51	(6)	**145**
Depreciation and amortization				**(43)**
Finance expenses, net				**(18)**
Share in losses of associates not included in EBITDA				**(96)**
Non-recurring expenses				**(2)**
				(159)
Loss before taxes on income				**(14)**
Tax benefit				***(9)**
Net loss for the period				**(5)**

	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**
Adjusted EBITDA for the year	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)**
Net 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 reduced 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 an increase of approx. 9.4% in relation to the generation component in 2021, instead of an increase of approx. 13.6% according to the original decision, as stated above.

2. In the three-month periods ended March 31, 2022, and March 31, 2021, the Group purchased property, plant and equipment for a total of approximately NIS 211 million and approximately NIS 471 million, respectively, including property, plant and equipment purchased under business combinations during the three-month period ended March 31 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 11 million and NIS 3 million, in the three-month periods ended March 31, 2022, and March 31, 2021, respectively, as well as non-cash purchases totaling NIS 37 million and NIS 179 million for these periods, respectively.

B. The Company

1. Equity compensation plan

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 non-marketable restricted share units. The Offered Securities are offered by virtue of the option plan as described 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.

For more information about an allocation subsequent to the report date, see Note 9C.

2. 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 Land Authority, 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.

NOTE 8 – ADDITIONAL INFORMATION (cont.)

B. The Company (cont.)

3. 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.

4. 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.

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. It should be noted that the Settlement Agreement does not constitute a settlement or waiver of the parties' claims regarding other existing or future open issues (including in relation to current open issues under dispute with the System Operator). The said settlement agreement is in line with the Company's estimates and the provisions that were made.

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, subsequent to the report date, planned maintenance work was carried out in the Rotem power plant over 26 days, during which the Rotem Power Plant was shutdown. After the said maintenance work, the Rotem Power Plant resumed normal activity.

D. 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. In March 2022, one of the solar-powered projects of the CPV Group, which is under development, with a capacity of 102 Mwdc, 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 addition, subsequent to the report date, in April 2022, the project 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, which is expected in the first quarter of 2024. The CPV Group has provided financial guarantees totaling approximately USD 8 million to secure its liabilities in accordance with the said agreements (including with respect to the dates associated with the project).

NOTE 9 – EVENTS SUBSEQUENT TO THE REPORT DATE

A. Further to what is stated in Note 25A1(b) to the annual financial statements, in April 2022, the steam turbine of the Hadera Power Plant was disabled for maintenance work. This is expected to continue for an estimated period of 73 days; the work is also expected to include repairs to the gas turbine. During the time in which maintenance work is underway, the power plant is expected to operate partially. The disabling of the power plant (in part or in full) to carry out such maintenance work is expected to adversely affect Hadera's operating results.

B. 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.

It should be noted that regarding Hadera, the amendment is subject to the approval of Hadera’s lenders; as of the financial statements approval date, such approval has not yet been obtained, and a period of 60 days from the amendment’s signing date was set during which the approval may be obtained.

According to information in the public domain, as published by Energean as of the report date, first gas from the Karish reservoir is expected in the third quarter of 2022.

C. In May 2022, the Company’s Board of Directors approved (after the Compensation Committee's approval regarding the officers), a private placement to offerees of 2,002,111 non-marketable options convertible into 2,002,111 ordinary Company shares of NIS 0.01 par value (hereinafter - the “Options”). The Options are offered by virtue of the option plan as described 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.

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 21 million. This amount will be recorded in profit and loss over the vesting period of each tranche.

NOTE 9 – EVENTS SUBSEQUENT TO THE REPORT DATE (cont.)

D. In May 2022, the Company and its subsidiary - OPC Holdings Israel Ltd. (hereinafter - “OPC Holdings Israel”) - entered into a share exchange and investment agreement 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).

It should be emphasized that 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 the Company and Veridis’ holdings in OPC Holdings Israel as stated above; the parties’ obtaining pre-rulings from the Israel Tax Authority (as applicable) 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 sectoral regulation will be attributed to the Company.

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

F. In May 2022, the CPV Group, through a subsidiary, entered into a back-to-back agreement for the purchase and sale of rights for capacity to transport natural gas, with third parties.