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

March 12, 2025

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 ☐

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

Annual Report of OPC Energy Ltd. for the Year Ended December 31, 2024

On March 12, 2025, Kenon Holdings Ltd.'s subsidiary OPC Energy Ltd. ("**OPC**") filed with the Israeli Securities Authority and the Tel Aviv Stock Exchange its annual report (in Hebrew) for the year ended December 31, 2024 ("**OPC's Annual Report**"). English convenience translations of the (i) Report of the Board of Directors for the Year Ended December 31, 2024 and (ii) Consolidated Financial Statements as at December 31, 2024, each as published in OPC's Annual 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. You can generally identify these statements by the use of words like "may", "will", "could", "should", "believe", "expect", "plan", "estimate", "forecast", "potential", "intend", "target", "future", and variations of these words or comparable words. These statements include statements with respect to OPC's plans, expectations and strategy, OPC's (including CPV Group's) construction and development projects and tenders, including their respective portfolios of projects in various stages of development, the expected start of construction and completion date of projects and estimated cost of and investment in projects, expected financing of projects and characteristics of projects (e.g., capacity and technology) and stage of development of such projects, including commercial operation date ("COD"), and the total volume (in MW) of projects in various stages of development, grid connection, and carbon capture potential, and statements relating to other expectations about these projects, expected timing of maintenance work and commercial operation of plants, the agreement by CPV Group to acquire an additional holding in the Shore power plant, the availability prices published by the PJM and the expected impact on CPV Group's results, the timing of the next PJM availability tender and proposed changes in pricing methodology, expectations with respect to interest rates, the war in Israel and potential impact on OPC, forecasted electricity and natural gas prices for 2025, 2026 and 2027 and electricity margin, capacity payments and revenues, guaranteed capacity payments and the scope of energy hedges including for 2025 and 2026, the NYISO and ISO-NE markets capacity payments and availability prices, plans for hedging electricity margins, the impact of seasonal fluctuations in tariffs, carbon emissions regulation and the expected impact on CPV Group, gas supply agreements, and statements with respect to the industry and market and potential regulatory and political developments, the impact of seasonality and seasonal tariffs, the Electricity Authority tariffs, including statements about proposed changes in tariff structure and calculation methodology in Israel and expected impact on OPC, the expected impact of a change in the tariff on OPC's results, the excise tax on fuel in Israel and the expected impact of such a tax on OPC and other non-historical statements. These statements are not historical facts, but rather are based on OPC 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 projects, risks as to the feasibility of projects with carbon capture potential, the risk that OPC (including CPV Group) may fail to develop or complete projects or any other planned transactions as planned (including as to the actual cost and characteristics of projects and other transactions) or at all, the risk that tenders are not successful and that development projects do not proceed to construction, risks relating to grid connection, risks relating to financing of construction and development projects including Basin Ranch, risks relating to new and existing regulations and proposed changes to regulations including tariff structure and methodology and risks relating the proposed excise tax on fuel in Israel, risks relating to license requirements and regulatory decisions, risks relating to tariffs and gas prices and hedging and the impact on OPC's results, risks relating to electricity prices and natural gas prices in the U.S. and Israel including the risk that prices may differ from the forecasts included in OPC's report and the impact of hedging arrangements of CPV Group, risks relating to the war in Israel and its impact on OPC and its business including the ability to obtain insurance, 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 U.S. Securities and Exchange Commission 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 Year Ended December 31, 2024, as published by OPC Energy Ltd. on March 12, 2025 with the Israeli Securities Authority and Tel Aviv Stock Exchange*

99.2 OPC Energy Ltd. – Consolidated Financial Statements as at December 31, 2024, as published by OPC Energy Ltd. on March 12, 2025 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: March 12, 2025

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 year ended December 31, 2024**

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 (hereinafter together – "the Group"), as at December 31, 2024 and for the year then ended ("the Period of the Report" or "the Year of the Report").

Except for the data audited in the Company's consolidated financial statements as at December 31, 2024 (hereinafter – "the Financial Statements") that is included in this report below, the data appearing in the Report of the Board of Directors has not been audited (or reviewed) by the Company's auditing CPAs.

OPC Energy Ltd.
Report of the Board of Directors

1. Executive Summary[1]

Main financial parameters (in millions of shekels)

		For the Year Ended December 31			For the Three Months Ended December 31		
		2024	2023	%	2024	2023	%
Consolidated	EBITDA after proportionate consolidation	1,208	1,099	10%	228	319	
	Net income	197	169	17%	123	29	
	Adjusted net income (loss)	115	180	(64)%	(47)	43	
	FFO	726	648	12%	154	4	
Israel	EBITDA	639	562	14%	98	135	
	FFO	428	440	(3)%	45	10	
U.S.	EBITDA after proportionate consolidation	589	564	4%	137	191	
	FFO	339	264	28%	111	(8)	
	EBITDA after proportionate consolidation – energy transition	588	585	1%	141	163	
	EBITDA after proportionate consolidation – renewable energies	112	31	261%	28	14	

* EBITDA, EBITDA after proportionate consolidation, adjusted net income and FFO are not recognized in accordance with IFRS – for definitions and the manner of their calculation – see Sections 4B and 4F below.

[1] **The Executive Summary below is presented solely for convenience and it is not a substitute for reading the full detail (including with reference to the matters referred to in the Summary) as stated in this report with all its parts (including warnings relating to "forward-looking" information as it is defined in the Securities Law, 1968 ("the Securities Law") definitions or explanations with respect to the indices for measurement of the results and including the information included by means of reference, as applicable). This Summary includes estimates, plans and assessment of the Company, which constitute "forward-looking" information regarding which there is no certainty it will materialize and the readers are directed to the detail presented in this report below.**

1. Executive Summary (Cont.)

Main developments in 2024 and thereafter

Israel Ramat Beka project – the Company is continuing to advance a consolidated project for generation of electricity using photovoltaic technology with integrated storage w cumulative capacity of about 505 megawatts and about 2,760 megawatts per hour of storage. See also Section 6A(2) below. In September 2024, the Group made an initial payme Israel Lands Authority (ILA) in respect of the Ramat Beka 2 tender, in the amount of about NIS 178 million (the Company's share – about NIS 142 million), constituting 20% c aggregate consideration for the areas of the second tender. As at the approval date of the report, to the best of the Company's knowledge government was received for advance of the plan to State's National Infrastructures Board – for details see Section 7.3.13.1 of Part A of the Periodic Report.

Additional renewable energy projects – as part of its strategic entry into the renewable energies area in Israel, the Company is developing additional projects using photovo technology with integrated storage, with a cumulative capacity of about 215 megawatts and about 1,100 megawatt hours of storage. To the best of the Company's knowle government was received for advancement of the plan to State's National Infrastructures Board – for details see Section 6A(2) below.

Memorandum of principles with Intel for construction of a power plant with a capacity of 450–650 megawatts – in March 2024, a non-binding memorandum of principles for supp electricity to Intel's facilities in Kiryat Gat was signed, including expansion of the currently-existing facilities, for a period of 20 years from the date of commencement of operation also – Section 6A(1) below.

Sale of electricity to consumers of Partner Communications Ltd. ("Partner") that are household consumers and small businesses and a decision regarding smart meters – in Febr 2024, an agreement was signed with Partner that will permit diversification of the mix of the Company's customers. In April 2024, a decision of the Electricity Authority was rece that will permit the Company to also sell electricity to household consumers without a smart meter and assignment thereof to a private conventional supplier commencing November 1, 2024.

Refinancing in Israel – in August 2024, OPC Holdings Israel signed two bank financing agreements, with an aggregate scope of NIS 1.65 billion, which were used mainly for purp of early repayment of the project financing of the Zomet and Gat power plants. In February 2025, OPC Israel signed an additional bank financing agreement in the aggregate amou NIS 300 million under similar conditions. See also Note 14B(1) to the Financial Statements.

Hadera 2 project – after the government's rejection of the plan for construction of a power plant for generation of electricity using natural gas in April 2024, in June 2024 Had submitted a petition to the High Court of Justice regarding cancellation of the said Government Decision and approval of the plan. In December 2024, a conditional order was is by High Court of Justice instructing the government to provide reasons why not to return of the plan for a rehearing by the National Infrastructures Board or, alternatively, to pro reasons why not to approve the plan. A hearing of the petition was scheduled for April 2025. See also – Section 6A.

Public Announcement regarding a proposal for changes in the tariff structure (the generation component) – for details – see Section 3.2E below and Section 7.2.3 to Part A o Periodic Report.

1. Executive Summary (Cont.)

Main developments in 2024 and thereafter (Cont.)

U.S.

Transactions for increase in the holdings in the Shore and Maryland power plants in the area of Energy Transition in the U.S. – in October 2024, acquisition of 25% of the Mary power plant was completed and in December 2024 acquisition of an additional 25% of Maryland and 31% of Shore was completed. On the completion date of the transact consideration was paid in the aggregate amount of about $188 million – see also Section 24C to the financial statements. Furthermore, in February 2025 the CPV Group signe agreement, subject to preconditions that have not yet been actualized, for acquisition of an additional 20% of the Shore power plant. As part of the aforesaid transactions, the investment commitments were increased and provision of shareholders' loans to the CPV Group, in the amount of about $220 million, such that subject to investment of the amount of the commitments, the Company's holdings (indirectly) will be about 70.7%.

Entry of an investor into the area of renewable energy activities in the U.S. – in August 2024, the CPV Group signed binding investment agreements with Harrison Street, i aggregate amount of $300 million in CPV Renewable, in exchange for 33.3% of the ordinary rights in CPV's renewable-energy activities, based on a value "before the money" of million. In November 2024, the transaction was completed. See also – Section 23E to the financial statements.

Capacity auctions in the PJM market for the period June 2025 through May 2026 – in July 2024, the results of auctions for capacity prices in PJM were published, with a signif increase in the prices to about $270 per megawatt per day. For details regarding the estimated addition to the Group's revenues from capacity for the period of the auction and respect to expected changes in the methodology of the auctions on the capacity prices in PJM for 2026–2027, and particularly determination of minimum and maximum (collar) p of 175–325 megawatts per day – see Section 3.3M below.

Basin Ranch project – the CPV Group is continuing to advance the Basin Ranch project, a natural gas project with future carbon capture potential located in the western part of T with a capacity of about 1.35 gigawatts, the construction cost of which is estimated at about $1.8 – $2 billion and commencement of its construction is expected by the end of 2 The project was chosen by the TEF to advance to the stage of due diligence examinations for receipt of a subsidized loan in the amount of about $1 billion. In addition, as a approval date of the report, the CPV Group is working on a private fundraising process that is required for construction of the project. For additional details – see Section 6B(2) be

Refinancing in Towantic, Fairview, Shore and reductions of interest in Maryland and Fairview – during 2024 and in February 2025, undertakings for refinancing in Towantic, Fair and Shore were completed. In addition, in September 2024 and February 2025, the transactions for interest reductions (repricing) in Maryland and Fairview were completed. See Section 9 below.

Start of construction of the Rogue's Wind project (wind-energy power plant with a capacity of 114 megawatts located in Pennsylvania) – in August 2024 a Work Commence Order was issued concurrent with completion of the receipt of financing for construction of the project. See also Section 6A(2) below.

1. Executive Summary (Cont.)

Main developments in 2024 and thereafter (Cont.)

U.S. (Cont.) Tax partner agreement in the Backbone project (solar technology-based power plant with a capacity of 179 megawatts, in the state of Maryland) – in October 2024, a l agreement was signed with a tax partner for investment of an aggregate amount of about $116 million. See also Section 6A(2) below.

Commercial operation of the Stagecoach project with a capacity of 102 megawatts – in May 2024, the project reached commercial operation and an agreement was signed wi partner (PTC) in the aggregate amount of about $52 million.

Group headquarters Raising of capital – in July 2024, the Company completed raising of capital, in the amount of about NIS 800 million.

Credit rating – in July 2024, S&P Maalot reconfirmed the credit rating of the Company and its debentures at the level of ilA– and updated the rating outlook from negative to s

Issuance of a new series of debentures (Series D) – in January 2024, the debentures (Series D) were issued in the amount of NIS 200 million with a term of about 6.4 ye bearing annual interest of 6.2%.

Portfolio of about 12.9 GW and about 3.9 GWh of storage (for details – see Section 6 below)

United States (1) (2)

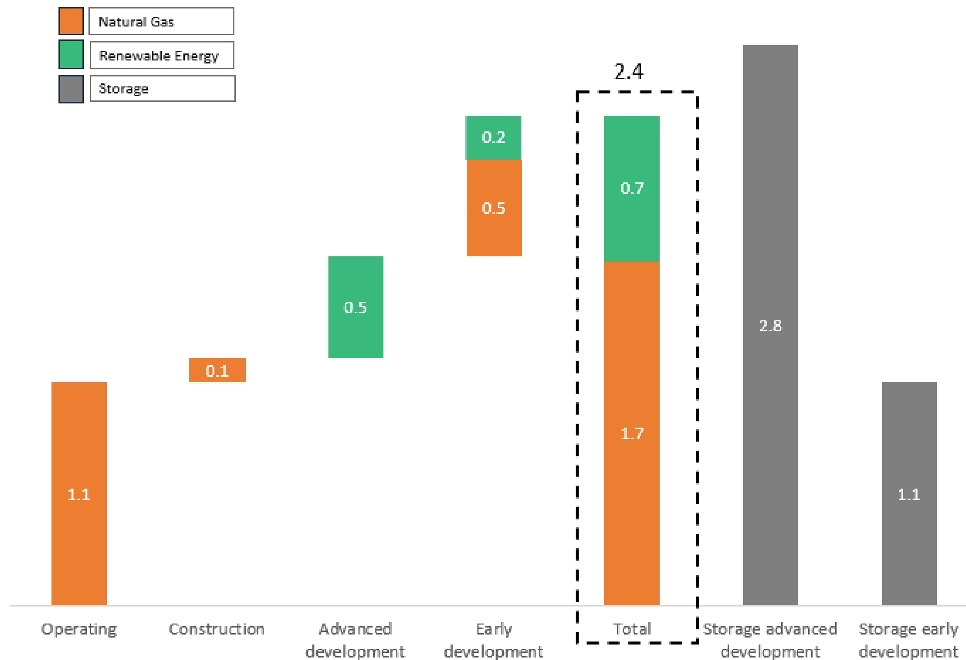
(1) Commencing from the fourth quarter of 2024, renewable energy projects are presented in accordance with the relative share of the CPV Group in this area of activities (about 66.7%). For details – see also Section 2(2), below.

(2) Natural gas projects are presented in accordance with the relative share of the CPV Group in each project. The above chart does not include the transaction for acquisition of additional holdings, at the rate of 20%, in the Shore power plant, which as at the approval date of the report had not yet been completed.

1. Executive Summary (Cont.)

Portfolio of about 12.9 GW and about 3.9 GWh of storage (for details – see Section 6 below) (Cont.)

Israel (1)



(1) The above chart does not include the Hadera 2 project, with a capacity of 850 megawatts, in light of the Government's decision to reject the plan. As at the approval date of the report, a petition is underway in the Supreme Court sitting as the High Court of Justice regarding cancellation of the said Government decision. For details – see Section 6A(2) below and Section 7.3.13.4 of Part A to the Periodic Report.

That stated with respect to the development stages, capacities and/or expectations regarding construction of the development projects in Israel and in the U.S. constitutes "forward-looking" information as it is defined in the Securities Law, which is based on the Company's estimates at the date of the report and regarding which there is no certainty they will be realized. Ultimately, there could be changes in the characteristics of the projects and/or delays due to regulatory, operating, commercial factors and/or realization of one or more of the risk factors to which the Company is exposed, as stated in Part A of the Periodic Report. Advancement of the development projects (or any one of them) is subject to the discretion of the Company's competent organs and existence (fulfillment) of additional conditions, as stated in Part A of the Periodic Report.

2. Brief description of the areas of activity

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

As at the date of the report, the Group is engaged in the generation and supply of electricity in three activity areas (that constitute reportable segments in the financial statements), as briefly described below:

(1) Israel (by means of OPC Holdings Israel Ltd.[2]) – as part of this area of activities, the Group is engaged in generation and supply of electricity and energy, mainly to private customers and to Noga Electricity System Management Ltd. ("the System Manager"), as well as in initiation, development, construction and operation of power plants and facilities for generation of energy by means of natural gas and renewable energy in Israel;

(2) Renewable Energy in the U.S. (by means of the CPV Group[3]) – as part of this area of activities, the Group is engaged in initiation, development and operation of power plants running on renewable energy in the U.S. (solar and wind). For details regarding an investment transaction, in the aggregate amount of $300 million, in CPV Renewable in exchange for 33.3% of the ordinary rights in the renewable energy activities in the U.S, which was completed in the fourth quarter of 2024 – see Note 23E to the financial statements. Accordingly, starting from the completion date of the transaction, the Company includes the renewable-energy activities in the U.S. held by the CPV Group at the rate of about 66.7% and that constitutes an associated company (that is not consolidated in the financial statements of the CPV Group and, in turn, the Company's financial statements);

(3) Energy transition in the U.S. (by means of the CPV Group[4]) – as part of this area of activities, the Group is engaged in holding and operation of power plants running on conventional energy in the U.S. (natural gas), which efficiently and dependably supply electricity. As at the date of the report, all the power plants operating in this area are held by associated companies at various different holding rates (that are not consolidated in the financial statements of the CPV Group and, in turn, in the Company's financial statements). For additional details regarding the acquisition of additional holdings in Shore and Maryland in the fourth quarter of 2024 and an agreement for acquisition of additional holdings in the Shore power plant, which was signed after the date of the report – see Note 24C to the financial statements.

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[2] As at the date of the report, the Company holds directly 80% of the shares of OPC Israel while the other 20% is held by Veridis Power Plants Ltd. ("Veridis").

[3] As at the date of the report, the Company holds indirectly about 70.46% of the shares of CPV (for details regarding increase of the investment commitment in the fourth quarter of 2024 – see Note 23A(3) to the financial statements). The balance of the rights in CPV is held, indirectly, by institutional financial investors from Israel.

[4] It is noted that the carbon capture process constitutes an additional separate component of the natural gas projects under development, which are subject to separate uncertainty and risks and could be developed or executed (if ultimately executed) according to a different timetable.

2. Brief description of the areas of activity (Cont.)

In addition, through the CPV Group, the Group is involved in additional business activities in the U.S. which, as the date of the report, are not material to the results of the Group's overall activities (and that do not constitute reportable segments in the financial statements):

(1) Initiation and development of projects for generation of electricity (highly-efficient power plants running on natural gas) with integration of future carbon-capture potential[4] (some of the projects in this area are being developed by associated companies);

(2) Retail activities involving sale of electricity from renewable sources to commercial customers.

For additional details regarding the CPV Group's activities in its different areas of activities, as well in other activity areas[5] – see Note 25 to the financial statements.

It is noted that as at the date of the report, the Group's activities in the area of provision of asset-management and energy services to the power plants focus mainly on power plants partially owned by the CPV Group, and that since 2024 are no longer considered an independent area of activities and which are part of the activities of the headquarters of the CPV Group.

[5] It is clarified that in some of the cases additional details are provided in order to present a comprehensive picture of the matter addressed or the relevant business environment. References to reports in this report include the information provided in the said reports by means of the reference.

3. Main Developments in the Business Environment

3.1 General

A. Macro-economic environment (particularly inflation and interest) – in 2024, in the U.S. and in Israel, there was a certain moderation in the inflation rates with an increase of 2.7% and 3.4%, respectively.

Regarding the interest in Israel, in the January 2024 interest decision Bank of Israel decided to reduce the interest rate to 4.5% while in the other interest-rate decisions in 2024 as well as in the beginning of 2025 there was no change. According to the latest forecast published by Bank of Israel, the interest rate is expected to decline a bit and stand at 4.00%–4.25% on average in the fourth quarter of 2025.

Regarding the interest in the U.S., in 2024 a trend of lowering the interest rate began, which was reduced by 1% to the level of 4.25%–4.50%. Since the beginning of 2025, there have been no additional interest--rate reductions. Based on the latest forecast published by the U.S. Federal Reserve Bank, the interest rate is expected to decline a bit and stand at 4% on average in 2025.

These parameters with respect to the inflation and interest rates, along with the policies of the central banks, have a significant impact on the worldwide macro-economic environment, including in Israel and in the U.S., along with the business environment in which the Group operates.

The impacts of that stated above on the business environment could find expression in, among other things, the scope of the financing expenses (higher when the interest rate rises and lower when the interest rate falls), growth rates and extent of the business activities in the economy (in Israel and the U.S.), the financial markets and the possibilities and related attractiveness of raising capital, and the energy, electricity and natural-gas prices, tariffs in the Israeli electricity market, project construction costs and the like.

In addition to that stated above, the changes and geopolitical tensions in Israel and worldwide impact the macro-economic environment (including the policy considerations of Bank of Israel with reference to the circumstances of the war), as detailed in Section B below. Events of this type could also impact aspects of the inflation and interest rates.

Set forth below is data with reference to the currency exchange rate, Consumer Price Index (CPI) in Israel and in the U.S., the interest rates of Bank of Israel and the interest rates of the Fed in U.S.:

Dollar/shekel exchange rate*	2024	2023	Change
On December 31	3.647	3.627	0.6%
On September 30	3.710	3.824	(3.0)%
Average January– December	3.699	3.689	0.3%
Average October– December	3.703	3.823	(3.1)%

* The dollar/shekel exchange rate shortly before the approval date of the report (on March 6, 2025) is 3.615.

3. Main Developments in the Business Environment (Cont.)

3.1 General (Cont.)

	Israeli CPI	U.S. CPI	Bank of Israel Interest Rate	Federal interest rate
On March 6, 2025	115.4	317.6	4.5%	4.25%–4.50%
On December 31, 2024	115.1	315.5	4.5%	4.25%–4.50%
On September 30, 2024	115.2	314.8	4.5%	4.75%–5.00%
On December 31, 2023	111.3	307.1	4.75%	5.25%–5.50%
On September 30, 2023	111.2	307.0	4.75%	5.25%–5.50%
On December 31, 2022	107.7	297.7	3.25%	4.25%–4.50%
Change in 2024	3.4%	2.7%	(0.25)%	(1)%
Change in 2023	3.3%	3.1%	1.5%	1%
Change in the fourth quarter of 2024	(0.1)%	0.2%	0%	(0.50)%
Change in the fourth quarter of 2023	0.1%	0.1%	0%	0.25%

For details regarding credit linked to the CPI or to prime – see Section 9B below, and that stated in Note 14B to the Financial Statements. For additional details regarding impacts of the changes in the macro-economic environment on the results of the Group's activities – see Section 11 below.

B. Domestic and geopolitical instability in the defense (security) situation in Israel – 2023 was characterized by significant instability against the background of internal domestic events and geopolitical defense (security) matters. On October 7, 2023, the "Iron Swords" war ("the War") broke out in the Gaza Strip. Furthermore, during 2024 the War and the security tensions increased in additional areas, particularly in the northern part of the State, as well as with Iran and the Houthis organization. The War and the security situation led to impacts and various restrictions for different time periods on the Israeli economy.

In addition, the War has had external impacts including, among others, interruptions in the marine routes due to attacks on commercial and supply ships and a significant cutback of the activities of foreign airline companies in Israel. These events have an occasional impact and could have an adverse impact on the arrival of equipment and foreign teams to Israel (including equipment and teams required for purposes of maintenance and construction of the Group's activity sites in Israel) and the time schedules for their arrival.

The said events involve significant uncertainty and could impact the macro-economic environment, including an unfavorable impact on the strength of Israel's economy.

In a case of a worsening of the security situation, this could negatively impact the Company's activities and the activities of the Company's customers and suppliers in Israel, and could also negatively impact the results of the Company's activities and the availability and cost of the capital and financing sources that are required by the Group. As of the approval date of the report, there is a ceasefire in most combat areas, however the instability and risk of a resurgence of the War still constitutes a significant risk. For details regarding the significance of the War on the Group's business activities and results – see Section 6.1.1 to Part A of the Periodic Report.

3. Main Developments in the Business Environment (Cont.)

3.1 General (Cont.)

C. Change of the government in the U.S. – the recent policy changes stemming from entry into office of the new Trump government has created uncertainty along with opportunities in the energy sector in the U.S. Since his entry into the position in January 2025, President Trump has issued executive orders promoting the production of fossil fuels, including with respect to natural gas and LNG and reduction of government support in the area of renewable energies relating to, among other things, off-shore wind. In addition, the Trump administration has suspended plans for Federal funding of clean energy and Federal licensing processes for wind projects. In the estimation of the CPV Group, as at the approval date of the report, the said executive orders do not have a significant impact on the activities of the CPV Group in the renewable energy area, and they may have a favorable impact on the business environment and the overall sentiment in the area of natural gas. Furthermore, President Trump has imposed tariffs or has announced the intention to impose tariffs on imports from certain countries, in such a manner that could impact equipment costs (both in the areas of renewable-energy projects and natural-gas projects) and trigger disruptions in the supply chain and, ultimately, lead to an increase in the construction costs of projects[6].

As at the approval date of the report, the CPV Group is monitoring the changes being advanced by the new government, including by force of the said executive orders, and at this early stage there is no certainty regarding the manner of their application and/or impact on the CPV Group (which could be different than the above-mentioned estimates). For additional details – see Sections 8.1.3.1 and 8.1.4O of Part A of the Periodic Report.

3.2 Activities in Israel

D. Update of the electricity tariffs – during 2023, there were a number of updates to the electricity tariffs such that the average generation component in 2023 was set at NIS 30.53 per kilowatt hour.

On February 1, 2024, the annual update to the tariff for 2024 for electricity consumers of Israel Electric Company entered into effect. Pursuant to the decision, the generation component was updated to NIS 0.3007 per kilowatt hour, a decrease of 1.1% compared with the generation component at the end of 2023 – this being mainly due to the surplus receipts expected from sale of the Eshkol power plant, which led to a reduction in the generation sector. In addition, as part of the said tariff update decision, it was noted that pursuant to the decision designation of the receipts from sale of Eshkol was determined – the surplus receipts from the sale will first be used to cover expenses incurred during the war, including costs of diesel oil, and only thereafter will the surplus receipts be used to cover non-recurring past expenses.

[6] That stated in this Section above constitutes "forward-looking" information, as it is defined in the Securities Law, which is based solely on the Company's estimates as at the approval date of the report, which are subject to uncertainty and changes that are not under the Company's control.

3. Main Developments in the Business Environment (Cont.)

3.2 Activities in Israel (Cont.)

D. (Cont.)

Set forth below is data regarding the annual weighted-average generation component (the prices are denominated in agurot per kilowatt hours):

Period	2024	2023	Change
January–December average	30.10	30.53	(1.4)%
October–December average	30.07	30.39	(1.1)%

In January 2025, a decision of the Electricity Authority entered into effect regarding update of the tariff for 2025 for consumers of electricity from the Electric Company. Pursuant to the decision, the weighted-average generation component was updated to NIS 0.2939 per kilowatt hour – a decline of about 2.2% in the weighted-average generation component, this being mainly as a result of a decrease in the Electric Company's generation cost due to a reduction in the use of coal and a forecasted decline in the Electric Company's natural-gas price. In addition, there was a non-recurring recognition of surplus receipts from sale of the Eshkol power plant, which led to a reduction in the generation component.

It is noted that the results of the Group's activities in Israel are materially impacted by changes in the electricity generation component tariff, in such a manner that an increase in the electricity generation component has a positive impact on the Group's results, and vice-versa.

E. Public announcement regarding a proposal for changes in the tariff structure (the generation component) – for additional details – see Section 7.2.3 of Part A of the Periodic Report. It is clarified that the said proposal for changes in the structure of the tariff for the generation component and the manner of its determination was published as part of a "Public Announcement" for receipt of in-principle positions from the public prior to publication of a hearing that will be subject to responses, changes and administrative processes and, therefore, at this early stage, there is no certainty regarding the final arrangements that will be stipulated in the decisions (if so stipulated) and the timing thereof, which could be different – even significantly – than that stated in the "Public Announcement". As at the approval date of the report, the Company had submitted a response as part of the "Public Announcement", which includes a professional opinion and comments with respect to the arrangements presented therein, and is continuing to study the proposed arrangements, their possible impacts on its activities (if they are ultimately stipulated in the decision), and the manner of its response, and as at the present time it is not able to estimate the impact of the "Public Announcement", if any, on its financial results. It is further clarified that changes in the generation component, including following the Public Announcement, if approved, could have an unfavorable impact – even a significant one – on the results of the Company's activities in Israel, as described further including in Section 19.2.1 of Part A of the Periodic Report. In the Company's estimation, in the present format of the generation component, in general, a change of 1 Agura in the generation component has an impact of about NIS 30 million on the segment's EBITDA in Israel[7].

F. Supplementary arrangements and granting of a supply license to Rotem – for details regarding provision of a supply license to Rotem and supplementary arrangements and imposition of certain covenants on Rotem commencing from July 1, 2024 – see Section 7.3.7 of Part A of the Periodic Report.

[7] That stated constitutes an indicative estimate of the impact of changes to the generation component on the Company, which is subject to changes in, among other things, as a result of the manner of determining the periodic generation component and/or the manner of its application to the demand-hours brackets, operating factors and/or occurrence of one or more of the risk factors to which the Company is exposed, as stated in Section 19.2 Section A of the Periodic Report.

3. Main Developments in the Business Environment (Cont.)

3.2 Activities in Israel (Cont.)

G. Decision regarding assignment of household consumers to – for details – see Section 7.2.2.3 of Part A of the Periodic Report. The decision permits the Company to expand the diversity of its customers by means of sale of electricity, directly and/or indirectly to all household consumers.

H. Hearing regarding bilateral market regulation for generation facilities in the transmission network – for details – see Section 7.3.5 of Part A of the Periodic Report. It is noted that the Ramat Beka solar project that is being developed by the Company, might operate under this regulation, to the extent it is actually advanced and subject to the final regulations that will be determined (if any).

I. Targets of the Israeli government regarding emission of greenhouse gases and amendment of the Excise Tax on Fuel Order – for details regarding the amendment to the Excise Order on Fuel (Imposition of Excise Tax), entered into effect commencing from January 1, 2025, particularly relating to a gradual increase in the excise tax tariff on natural gas – see Section 7.2.8 of Part A of the Periodic Report. The increase in the Excise Tax on natural gas is expected to raise the Group's natural gas cost in Israel, where in the Company's estimation part of this impact will be reduced by an increase in the Group's revenues in Israel, if and to the extent there is an increase in the generation component and subject to the expected impact of such an increase on the natural gas price, which is linked to the generation component. As noted above, the generation component has a material impact on both the Company's revenues from sale of energy and on its natural-gas costs in Israel (for details – see Section 19.2.1 of Part A of the Periodic Report and Note 26C(5) to the Financial Statements). As at the approval date of the report, the Company is not able to estimate the full impact of the amended Excise Tax Order on the Company's results over time due to the uncertainty involved with the manner of determining the tariff, in general, and the generation component, in particular, and the manner in which the decision is ultimately applied, as well as in light of possible impacts of conclusion of significant natural-gas agreements in the economy. Regarding 2025, in the Company's estimation the amended Excise Tax Order is not expected to have a material impact on its results[8].

J. Decision regarding methodology for determination of SMP tariff and decision with respect to determination of the maximum tariff for the supplementary tariffs – for details – see Sections 7.3.2 and 7.3.3 of Part A of the Periodic Report.

It is noted that in recent years the Electricity Authority has been advancing various processes for increasing competition in the supply area. For further details see Sections 7.9.2 of Part A of the Periodic Report.

For additional details regarding developments of the Group's activities in Israel – see Section 6 below.

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[8] **The Company's estimate regarding the impact of the decision with respect to the amendment to the Excise Order on the Company and the possibility of its reduction constitutes "forward-looking" information as it is defined in the Securities Law, regarding which there is no certainty it will be realized. Ultimately, the impacts of the amendment to the Excise Order might not be reduced and may not be expressed as a part of the generation component due to the manner of determination of the generation component, which is not under the Company's control.**

3. Main Developments in the Business Environment (Cont.)

3.3 Activities in the U.S.

K. Electricity and natural gas prices

The results of the activities of the CPV Group are impacted to a significant extent by the electricity prices in effect in the areas in which the Group's power plants operate. The main factors impacting the electricity prices are demand for electricity, available generation capacity (supply) and the natural gas price in the area in which the power plant operates.

With respect to the area of "energy transition" activity, in general, 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 that are powered by natural gas. For the most part, in the existing production mix, over time, to the extent the natural-gas prices are higher, the marginal energy prices will also be higher, and will have a positive impact on the energy margins of the CPV Group due to the high efficiency of the power plants it owns compared with other power plants operating in the relevant activity markets (the impact could be different between the projects taking into account their characteristics and the area (region) in which they are located).

Electricity prices

The following table summarizes the average electricity prices in each of the regions in which the power plants in the area of energy transition activities of the CPV Group are active (the prices are denominated in dollars per megawatt hour)*:

Region	For the Year Ended December 31			For the Three Months Ended December 31		
(Power Plant)	2024	2023	Change	2024	2023	Change
PJM West (Shore, Maryland)	33.83	33.06	2%	34.71	36.31	(4)%
PJM AEP Dayton (Fairview)	30.73	30.81	0%	32.48	31.30	4%
New York Zone G (Valley)	37.64	33.27	13%	46.26	31.52	47%
Mass Hub (Towantic)	41.47	36.82	13%	54.49	34.66	57%
PJM ComEd (Three Rivers)	25.55	26.68	(4)%	24.58	26.31	(7)%

* Based on Day-Ahead prices as published by the relevant ISO.

It is noted that the actual electricity prices of the power plants of the CPV Group could be higher or lower than the regional price shown in the above table due to the existence of a Power Basis (the difference between the power plant's specific electricity price and the regional price). The Power Basis is a function of transport pressures, local cost of electricity generation, local demand for electricity, losses in the transmission lines and additional factors.

The following table provides the average Power Basis data for each power plant (the data is presented in dollars per megawatt hour):

Power plant	For the year ended December 31	
	2024	2023
Shore	(6.25)	(8.32)
Maryland	3.59	2.47
Fairview	(2.18)	(1.90)
Valley	(1.00)	(1.41)
Towantic	(2.77)	(3.02)
Three Rivers	(1.01)	(1.18)

3. Main Developments in the Business Environment (Cont.)

3.3 Activities in the U.S. (Cont.)

K. Electricity and natural gas prices (Cont.)

Electricity prices (Cont.)

In the year of the report and in the fourth quarter of 2024, in general, there were no significant changes in the electricity prices compared with the corresponding periods last year except with respect to the Towantic and Valley power plants. In the fourth quarter of 2024, there was a significant increase in the electricity prices in the Towantic and Valley power plants compared with the corresponding quarter last year, due to, among other things, an increase in the natural-gas prices and an increase in the RGGI price (carbon emission tax), as detailed below. It is noted that the Fairview and Three Rivers power plants are located in areas that as at the approval date of the report are not subject to RGGI.

At the macro level, electricity prices continue to be impacted by supply and demand trends in the activity areas of the CPV Group's power plants: an increase in the demand for electricity as a result of electrification in the transportation, real estate and industry sectors, and due to the increase in the demand for electricity in the data-center sector, as a result of the transition to "cloud" and growth in the Artificial Intelligence (AI) activities. At the same time, the available generation capacity is continuing to decline as a result of closing of old, inefficient and polluting conventional power plants (mainly coal-powered power plants), on the one hand, and the limited supply of new power plants, on the other hand. For details regarding the EPA regulations with respect to the matter of carbon emissions – see Section 8.1.4(C) of Part A of the Periodic Report.

Subsequent to the period of the report, in general, a trend similar to the fourth quarter of 2024 continued, where the electricity prices remained high.

3. Main Developments in the Business Environment (Cont.)

3.3 Activities in the U.S. (Cont.)

K. Electricity and natural gas prices (Cont.)

Natural gas prices

Set forth below are the average natural gas prices in each of the main markets in which the power plants of the CPV Group operate (the prices are denominated in dollars per MMBtu)*:

Region (Power Plant)	For the Year Ended December 31 2024	For the Year Ended December 31 2023	Change	For the Three Months Ended December 31 2024	For the Three Months Ended December 31 2023	Change
Texas Eastern M-3 (Shore, Valley – 70%)	2.07	1.90	9%	2.37	1.78	33%
Transco Zone 5 North (Maryland)	2.51	2.74	(8)%	2.38	2.77	(14)%
Texas Eastern M-2 (Fairview)	1.71	1.63	5%	1.99	1.61	24%
Dominion South Pt (Valley – 30%)	1.67	1.63	2%	1.97	1.64	20%
Algonquin City Gate (Towantic)	3.03	2.94	3%	4.42	2.69	64%
Chicago City Gate (Three Rivers)	2.12	2.30	(8)%	2.21	2.28	(3)%

*Source: The Day-Ahead prices at gas Midpoints as reported in Platt's Gas Daily. It is clarified that the actual gas prices of the power plants of the CPV Group could be significantly different.

In general, in the year of the report there were no significant changes in the average natural gas prices compared with the corresponding period last year. In the fourth quarter of 2024, in general, the natural-gas prices in the U.S. were high compared with the corresponding period last year, due to, among other things, the relatively cold weather that led to high output from the natural-gas inventories in the U.S and price pressure in the Algonquin region (a region that relies on, among other things, import of liquid gas in order to provide a response to the demand) stemming from uncertainty regarding the levels of the natural gas inventories in Europe. This uncertainty derived from, among other things, the fact that Ukraine and Russia did not renew the natural-gas transmission agreements through Ukraine, which caused an imbalance between the demand and the supply capability of natural gas throughout Europe. With respect to the Maryland power plant, which is located in the Transco Zone 5 region, the decline in the natural-gas prices stems from operation of a new gas transport pipeline (Mountain Valley Pipeline) that connects the region with a number of additional regions, including the Texas Eastern M2, which have lower natural gas prices. In addition, operation of the new pipeline in regions where there are lower natural gas prices, where the Valley, Shore and Fairview power plants are also located, led to a decrease in supply of natural gas in these regions and an increase in the gas prices. The Towantic power plant experienced a higher pricing of natural gas against the background of the much colder weather in December 2024 compared with last year.

Subsequent to the period of the report, in general, the trend of increasing natural gas prices continued, as a result of continued relatively cold weather and high levels of withdrawals from the natural gas inventories in the U.S.

3. Main Developments in the Business Environment (Cont.)

3.3 Activities in the U.S. (Cont.)

K. Electricity and natural gas prices (Cont.)

Electricity margin in the operating markets of the CPV Group (Spark Spread)

Spark Spread is the difference between the price of the electricity in the relevant area (zone) and the price of the natural gas used for generation of the electricity in the relevant area (zone) (it is clarified that RGGI is not included in calculation of the Spark Spread but rather in the energy margin as detailed in Section 4F below).

The Spark Spread is calculated based on the following formula:

Spark Spread ($/MWh) = price of the electricity ($/MWh) – [the gas price ($/MMBtu) x thermal conversion ratio (heat rate) (MMBtu/MWh)]

Set forth below are the average Spark Spread margins for each of the main markets in which the power plants of the CPV Group are operating (the prices are denominated in dollars per megawatt/hour)*:

	For the Year Ended December 31			For the Three Months Ended December 31		
Power Plant[9]	**2024**	**2023**	**Change**	**2024**	**2023**	**Change**
Shore	19.55	19.95	(2)%	18.36	24.03	(24)%
Maryland	16.51	14.15	17%	18.29	17.20	6%
Valley	24.19	20.72	17%	30.74	19.53	57%
Towantic	21.78	17.71	23%	25.76	17.18	50%
Fairview	19.62	20.22	(3)%	19.55	20.84	(6)%
Three Rivers	11.77	11.73	0%	10.22	11.49	(11)%

* Based on electricity prices as shown in the above table, with a discount for the thermal conversion ratio (heat rate) of 6.9 MMBtu/MWh for Maryland, Shore and Valley, and a thermal conversion ratio of 6.5 MMBtu/MWh for Three Rivers, Towantic and Fairview. It is clarified that the actual energy margins of the power plants of the CPV Group could be significantly different due to, among other things, the existence of Power Basis and a different breakdown in the scope of the electricity sold in the peak and off-peak hours in CPV's power plants and that shown above (which was calculated based on the assumption of generation in all the hours of the 24-hour period).

In the period of the report and in the fourth quarter of 2024, compared with the corresponding periods last year there was an increase in the electricity margins (Spark Spread) stemming mainly from an increase in the electricity prices in the Valley and Towantic power plants and a decline in the natural-gas price in the Maryland power plant, as detailed above. Regarding the Shore power plant, most of the decline in the electricity margins in the fourth quarter of 2024 compared with the corresponding period last year stems from an increase of the natural gas price in the Texas Eastern M-3 region.

It is noted that the hedging plans of the electricity margins in the power plants of the CPV Group that are powered by natural gas is intended to reduce the fluctuations of the CPV Group's electricity margin resulting from changes in the natural gas and electricity prices in the energy market (for details regarding hedging agreements of the electricity margin of the CPV Group – see Section 4F below).

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[9] For additional details regarding the energy margin of the CPV Group – see Section 4F below.

3. Main Developments in the Business Environment (Cont.)

3.3 Activities in the U.S. (Cont.)

K. Electricity and natural gas prices (Cont.)

Electricity margin in the operating markets of the CPV Group (Spark Spread) (Cont.)

For details regarding a forecast of the EOX company of electricity and natural gas prices for 2025 through 2027 – see Appendix A below.

L. Tax on carbon emissions (RGGI)

Regional Greenhouse Gas Initiative (RGGI) is a joint effort of the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont to determine quotas and to reduce the emissions of carbon dioxide from the energy sector. The RGGI regulation requires the power plants running on fossil fuels to hold, through public tenders or commerce in a secondary market, gas-emission quotas for purposes of offsetting emissions of carbon dioxide for every facility. Pursuant to the RGGI regulation, an independent market supervisor provides supervision of the tenders for gas-emission quotas, as well as activities in the secondary market, in order to assure integrity of and confidence in the market. The RGGI regulation applies to 4 of the 6 power plants of the CPV Group in the Energy Transition segment: Maryland, Shore, Valley and Towantic. With respect to the legal proceeding underway in Pennsylvania (the location of the Fairview power plant) in connection with application of RGGI and the possible significance of the matter – see Section 8.1.4B of Part A of the Periodic Report.

Set forth below is a summary of the prices of the gas-emission quotas (carbon emission tax) from the RGGI tenders. In general, the tenders take place four times a year, in March, June, September and December.

	Average for the year ended December 31			Average for the three months ended December 31		
	2024	**2023**	**Change**	**2024**	**2023**	**Change**
Price of carbon emission tax in the RGGI tenders ($ per short ton / 2,000 pounds)*	19.42	13.02	49%	25.75	13.85	86%
Cost of the carbon emission tax (in terms of gas cost) ($ per MMBtu)**	1.16	0.77	49%	1.53	0.82	86%

* The prices of the carbon emissions tax are presented on the assumption that the price of the tender that is held prior to a certain quarter represents the price of the carbon emissions tax. For example, the tender held in December 2024 will represent the price for the first quarter of 2025. It is noted that the actual price of the carbon emissions tax could be different than the tender prices as a result of transactions made in the secondary market.

** The cost of the carbon emissions tax (in terms of gas cost) is calculated under the assumption of emissions of carbon dioxide with a reference (ratio) of 119 lbs./MMBtu. It is noted that the actual carbon dioxide emissions ratio varies between the different power plants, and in the estimation of the CPV Group a ratio of 119 lbs./MMBtu is a representative ratio for power plants running on natural gas.

In the period of the report and the fourth quarter of 2024 compared with the corresponding periods last year, there was a significant increase in prices of the carbon emissions tax, which in the estimation of the CPV Group was mostly impacted by speculative trading and release of all the gas emission quotas from the cost containment reserve in the first quarter of 2024. In the tender in December 2024 (which reflects prices in the first quarter of 2025), the price declined to $20.05 per short ton.

3. Main Developments in the Business Environment (Cont.)

3.3 Activities in the U.S. (Cont.)

M. Capacity revenues

Capacity is a component that is paid by regulatory bodies that manage demand and loads (system operators) for electricity generators, with respect to their ability to generate energy at the required times for purposes of reliability of the system. This revenue component is an additional component, separate and apart from the component based on the energy prices (which is paid in respect of sale of the electricity). Definition of the capacity component, as stated, including entitlement to revenue for seeing to availability of the electricity, including provisions regarding bonus or penalty payments, are governed by the tariffs determined by the ISO of every market. Accordingly, NY-ISO, PJM and ISO-NE publish mandatory public auctions for determination of the capacity tariffs. It is noted that, in the nature of things, an increase in the capacity prices favorably impacts CPV's results, and vice-versa. The extent of the impact on the overall results changes as a function of the energy margins, which is the most significant component of the gross profit (margin for generation of the electricity and the sale thereof) – this being taking into account that the weight of the capacity component is usually lower than the weight of the energy margin component.

PJM market

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

Set forth below are the capacity tariffs in the sub-regions that are relevant to the CPV Group's power plants and in the general market (the prices are denominated in dollars per megawatt per day). It can be seen in the following table that in prior years, generally, the capacity prices have declined from period to period up to a significant reversal in the trend in the last auction for the period from June 2025 through May 2026.

Sub-Region	CPV Plants[10]	2025/2026	2024/2025	2023/2024	2022/2023
PJM RTO		269.92	28.92	34.13	50.00
PJM COMED	Three Rivers	269.92	28.92	34.13	–
PJM MAAC	Fairview, Maryland, Maple Hill	269.92	49.49	49.49	95.79
PJM EMAAC	Shore	269.92	54.95	49.49	97.86

Source: PJM

[10] The Three Rivers power plant, which commenced commercial operation in July 2023, is entitled to capacity payments, from this date.

3. Main Developments in the Business Environment (Cont.)

3.3 Activities in the U.S. (Cont.)

M. Capacity revenues (Cont.)

Results of capacity auction in the PJM market for the period from June 2025 through May 2026

In July 2024, PJM published the results of auctionss on capacity prices for the period from June 2025 through May 2026. This, being after in October 2023, PJM submitted to FERC changes in the format for the capacity market that entered into effect commencing from the present auction (at this stage for a one-year period starting from the middle of 2025). The changes include, among others, adjustments to the scope of capacity permitted to be sold, examination requirements for generators and adjustment of planning parameters with an increase in the weight of the winter reliability risk parameter.

The significant increase in the capacity tariff in the auction, as shown in the above table, relates to, among other things, the forecast of an increase in demand, an increase in the reserves required and a decline in the total supply as a result of demands and a change in the manner of calculating capacities and load capability of the generation sources by PJM. The change in the manner of calculating availability capacities of the power plants caused a decrease in the availability capacity that is provided for sale in most of the power plants operating in the PJM market. The impact of the said change on the power plants of the CPV Group operating in the energy transition area is a decline in the availability capacity provided for sale from about 96% to about 79%. In the estimation of the CPV Group, as a result of the increase in the capacity tariff, the addition to its revenues from capacity from all its power plants, as at the date of the report, in the PJM market for the period from June 2025 through May 2026 compared with the period from June 2024 through May 2025 is estimated at about $89 million. In addition, upon completion of the transaction for acquisition of an additional 20% of the Shore power plant, if ultimately completed, the capacity revenues will increase by the estimated additional amount of about $11 million (for details – see Note 24 to the financial statements)[11].

In September 2024, complaints were filed with the FERC in order to make certain changes in the upcoming capacity auctions in the PJM market. In response, PJM proposed a postponement of the auction that was originally scheduled for December 2024 by about six months in order to permit the making of changes to the rules of the auctions.

In February 2025, the FERC approved proposals of PJM for changes in the framework of the capacity market, which are aimed at reducing the pricing fluctuations between the auctions. The amendments include: (A) continued use of gas turbines as a representative index for the demand curve; (B) inclusion of RMR (reliability must run) units – the planned sources for scrap remain for purposes of assurance of reliability in the auctions in the capacity market as an alternative source of supply: (C) determination of a uniform penalty rate for inferior performances for all the generation sources; (D) increase of the flexibility regarding submission of bids; and (E) cancellation of the automatic exemptions from the bid requirement for certain types of sources.

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[11] **That stated in this Section regarding the estimate of the CPV Group constitutes "forward-looking" information as it is defined in the Securities Law, regarding which there is no certainty it will be realized. Ultimately, the revenues of the CPV Group from capacity could be different (even significantly) as a result of, among other things, regulatory changes (including appeal processes or other processes in the PJM market or as part of other municipal authorities), operating factors, changes in the business environment and/or the occurrence of one or more of the risk factors to which the CPV Group is exposed. In addition, as at the approval date of the report the increase of the additional holdings in the Shore power plant had not yet been completed, the completion of which is subject to conditions that have not yet been fulfilled and there is no certainty regarding their fulfillment.**

3. Main Developments in the Business Environment (Cont.)

3.3 Activities in the U.S. (Cont.)

M. Capacity revenues (Cont.)

Results of capacity auction in the PJM market for the period from June 2025 through May 2026 (Cont.)

In addition, PJM proposed to determine maximum and minimum price ceilings (collar) of $325 per MW/day and $175 per MW/day, respectively, for the next two capacity auctions. As at the approval date of the report, PJM's said proposal for price ceilings (collar) is subject to FERC approval and there is no certainty it will be approved or its final conditions if ultimately approved.

Subject to additional changes in timetables, if any, as at the date of the report, the next capacity auction of PJM for the 2026/2027 capacity year is planned for July 2025 and the auction for the 2027/2028 capacity year is planned for December 2025.

NYISO market

Similar to the PJM market, in the NYISO market 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 auctions in every spring for the upcoming summer (the months of May through October) and in the fall for the upcoming winter (the months of November through April). In addition, there are supplemental monthly auctions for the balance of the capacity not sold in the seasonal auctions. The power plants are permitted to assure the capacity tariffs in the seasonal auction, the monthly auction or through bilateral sales.

Set forth below are the capacity prices determined in the seasonal auctions in the NYISO market, the capacity prices rose compared with prior periods – this being mainly due to exit from the system of power plants and an anticipated increase in demand (the prices are denominated in dollars per megawatt per day):

Sub-Area	CPV Plants	Winter 2024/2025	Summer 2024	Winter 2023/2024
NYISO Rest of the Market	–	66.30	168.91	127.25
Lower Hudson Valley	Valley	66.30	168.91	128.90

Source: NYISO – the Company's processing in order to convert from dollars for kilowatt per month to dollars for megawatt per day.

The decline in the capacity prices in the winter of 2024/2025 in the NYISO market stems from relatively stable demand for electricity over the past years, mainly against the background of a slower than expected recovery from the Coronavirus, along with an increase in renewable energy and an improvement of the energy costs.

It is noted that the Valley power plant is located in Area G (Lower Hudson Valley) and the actual capacity prices for the Valley power plants are impacted by the seasonal auctions, the monthly auctions and the SPOT prices, with variable capacity prices every month, as well as bilateral agreements with energy suppliers in the market.

3. Main Developments in the Business Environment (Cont.)

3.3 Activities in the U.S. (Cont.)

M. Capacity revenues (Cont.)

ISO-NE market

The Towantic power plant, which operates in this market, participated for the first time in a capacity auction for 2018–2019 at a price of $313.97 MW/day and determination of the tariff for seven years in respect of 725 megawatts linked to the Handy-Whitman Price Index, which will apply up to May 2025.

Similar to the PJM market, in the ISO-NE market capacity payments are made as part of a central mechanism for acquisition of capacity. In the ISO-NE market, there are a number of submarkets, in which there should be capacity requirements that differ as a function of local supply and demand and transport capacity. ISO-NE executes forward auctions for a period of one year, commencing from June 1, three years from the year of the auction. In addition, there are supplementary monthly and annual auctions for the balance of the capacity not sold in the forward auctions. The power plants are permitted to guarantee the capacity payments in the forward auctions, the supplementary auctions or through bilateral sales.

Set forth below are the capacity payments determined in the sub-regions that are relevant to the Towantic power plant (the prices are denominated in dollars per megawatt per day):

Sub-Region	CPV Power Plants	2027/2028	2026/2027	2025/2026
ISO-NE Rest of the Market	Towantic	117.70	85.15	85.15

Source: NE-ISO – the Company's processing in order to convert from dollars for kilowatt per month to dollars for megawatt per day.

It is noted that the actual capacity prices for the Towantic power plant are impacted by forward auctions, supplementary annual auctions, monthly auctions with capacity prices that change every month and bilateral agreements with energy suppliers in the market.

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS)

The Group's activities in Israel and the United States are subject to seasonal fluctuations.

In Israel, the TAOZ tariffs are supervised (controlled) and published by the Electricity Authority. Generally, the electricity tariffs in Israel in the summer and the winter are higher than those in the transition seasons. It is noted that acquisition of the gas, which constitutes the main cost in this activity area, is not impacted by seasonality of the TAOZ (or the demand hours' brackets).

In the United States, the electricity tariffs are not supervised (controlled) and are impacted by the demand for electricity, which is generally high in periods in which the weather is cold or hot compared with the average (generally in the summer and the winter seasons) and they are materially impacted by the natural gas prices, which are usually higher in the winter compared with the annual average and depending on the weather. In addition, in connection with renewable energy projects, in wind projects the wind speeds tend to be higher in the winter and lower in the summer, whereas in solar projects the radiation from the sun tends to be higher in the spring and summer months and lower in the fall and winter months.

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

A. Statement of income

Section	For the Year Ended December 31	
	2024	2023
Revenues from sales and provision of services (1)	2,779	2,552
Cost of sales and provision of services (without depreciation and amortization) (2)	(1,931)	(1,827)
Depreciation and amortization	(317)	(288)
Gross profit	**531**	**437**
Administrative and general expenses	(263)	(212)
Share in earnings of associated companies	166	242
Business development expenses	(45)	(58)
Compensation for lost revenues	44	41
Other expenses, net	(56)	(16)
Gain on loss of control in the renewable energies segment in the U.S.	259	–
Operating income	**636**	**434**
Financing expenses, net	(252)	(197)
Loss from extinguishment of financial liabilities	(49)	–
Income before taxes on income	**335**	**237**
Taxes on income expenses	(138)	(68)
Net income for the year*	**197**	**169**
Attributable to:		
The Company's shareholders	111	144
Holders of non-controlling interests	86	25

* For an analysis of the change in the net income and a definition and analysis of the change in the adjusted net income – see Section 4G below.

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

A. Statement of income (Cont.)

(1) Changes in revenues:

Revenues	For the Year Ended December 31 2024	2023	Board's Explanations
Revenues in Israel			
Revenues from sale of energy to private customers	1,368	1,424	
Revenues from sale of energy to the System Operator and to other suppliers	165	120	Most of the increase, in the amount of about NIS 32 million, stems from the commercial operation of Zomet at the end of the second quarter of 2023.
Revenues in respect of capacity payments	171	59	Most of the increase stems from the commercial operation of Zomet at the end of the second quarter of 2023.
Revenues from sale of energy at cogeneration tariff	83	82	
Revenues from sale of steam	57	59	
Other revenues	23	59	Most of the decline derives from sales of electricity recognized in the corresponding period last year, in the amount of about NIS 26 million, from the Zomet power plant prior to the commercial operation at the end of June 2023.
Total revenues from sale of energy and others in Israel (without infrastructure services)	**1,867**	**1,803**	
Revenues from private customers in respect of infrastructure services	445	480	
Total revenues in Israel	**2,312**	**2,283**	
Revenues in the U.S.			
Revenues from sale of electricity from renewable energy	195	136	The increase derives mainly from the first-time consolidation of the Mountain Wind project starting from the second quarter of 2023 and the commercial operation of the Maple Hill and Stagecoach projects starting from the fourth quarter of 2023 and the second quarter of 2024, respectively. This increase was partly offset by discontinuance of consolidation of renewable energies segment in November 2024, deriving from loss of control in CPV Renewable and as a result of transition to the equity method of accounting. For additional details – see Note 23E to the Financial Statements.
Revenues from sale of electricity (retail) activities and others	272	133	The increase stems mainly from an increase in the scope of the activities.
Total revenues in the U.S.	**467**	**269**	
Total revenues	**2,779**	**2,552**	

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

A. Statement of income (Cont.)

(2) Changes in the cost of sales and provision of services (not including depreciation and amortization):

Cost of Sales and Provision of Services	For the Year Ended December 31		Board's Explanations
	2024	2023	
Cost of sales in Israel			
Natural gas and diesel oil	645	663	
Expenses in respect of acquisition of energy	320	303	Most of the increase stems mainly from the background of the maintenance work at the Rotem power plant in the first half of 2024 and the Gat power plant in the second half of 2024.
Cost of transmission of gas	55	41	The increase stems mainly from the first-time consolidation of Gat, starting from the second quarter of 2023 and the commercial operation of Zomet starting from the end of the second quarter of 2023.
Salaries and related expenses	46	37	
Operating expenses	120	87	The increase stems mainly from the first-time consolidation of Gat commencing from the second quarter of 2023 and the commercial operation of Zomet starting from the end second quarter of 2023.
Other expenses	18	65	In 2023, includes mainly natural gas and other at the Zomet power plant prior to commercial operation at the end of June 2023.
Total cost of sales in Israel without infrastructure services	**1,204**	**1,196**	
Expenses in respect of infrastructure services	445	480	
Total cost of sales in Israel	**1,649**	**1,676**	

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

A. Statement of income (Cont.)

(2) Changes in the cost of sales and provision of services (not including depreciation and amortization): (Cont.)

Cost of sales and services in the U.S.			
Cost of sales in respect of sale of electricity from renewable energy	60	49	The increase stems mainly from the first-time consolidation of the Mountain Wind project, commencing from the second quarter of 2023 and commercial operation of the Maple Hill and Stagecoach projects, starting from the fourth quarter of 2023 and the second quarter of 2024, respectively. This increase was partly offset by discontinuance of consolidation of renewable energies segment in November 2024 deriving from loss of control in CPV Renewable and as a result of transition to the equity method of accounting. For additional details – see Note 23E to the Financial Statements.
Cost of sales in respect of sale of electricity (Retail) and others	222	102	The increase stems mainly from an increase in the scope of the activities.
Total cost of sales and provision of services in the U.S.	**282**	**151**	
Total cost of sales and provision of services	**1,931**	**1,827**	

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

B. EBITDA, FFO and net cash flows after debt service

1. EBITDA indices

"EBITDA in the consolidated financial statements"[12]: net income (loss) for the period before depreciation and amortization, financing expenses or income, net, taxes on income and other income (expenses), net.

"EBITDA after proportionate consolidation": – "EBITDA in the consolidated financial statements" less the share of the income (loss) of associated companies and plus a proportionate consolidation of the EBITDA of the associated companies based on the rate of the holdings of the CPV Group therein.

It is clarified that starting from 2024, the Company no longer includes in its financial statements the "adjusted EBITDA after proportionate consolidation" index due to immateriality and, accordingly, irrelevance of the adjustments in respect of changes in fair value of derivative financial instruments and items not in the ordinary course of the Group's business. For 2024 and 2023, these adjustments totaled an aggregate amount of about NIS 2 million and about NIS 10 million, respectively.

2. "FFO" (funds from operations) – with respect to active projects – cash flows from current operating activities for the period (including changes in working capital) and less investments in property, plant and equipment and periodic maintenance costs that are not included in the operating activities and less net interest payments. With respect to the rest of the Group's activities – cash flows from current operating activities for the period (including changes in working capital) and less net interest payments (to the extent they do not relate to projects under construction). It is clarified that investments in property, plant and equipment (under construction and/or in development) including the net interest payments in respect thereof, are not included in FFO.

3. "Net cash flows after service of project debt" – the "FFO" less/plus payment of principal in respect of financial debt and/or taking out of project debt and non-project debt (loans and/or debentures), and after adjustments for a change in other credit from banks and a change in cash, including cash restricted for debt service and deposits (including to secure transactions hedging electricity margins).

The said indices are not recognized in accordance with International Financial Reporting Standards (IFRS) as indices for measurement of financial performances and are not intended to be considered a replacement for gross profit or loss and operating income, cash flows from operation activities or other terms relating to operating performances or liquidity indices in accordance with IFRS.

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[12] It is clarified that income in respect of lost profits is included in EBITDA in the consolidated statements.

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

B. EBITDA, FFO and net cash flows after debt service (Cont.)

It is noted that the EBITDA indices are intended to present an approximate of the free cash flows from the Group's operating activities or to present cash available for distribution of dividends or other uses (particularly in light of provisions of the project financing agreements for some of the Group's power plants), since such cash may be used for debt service, capital investments, working capital and other liabilities. Moreover, the EBITDA indices are characterized by restrictions that limit the use thereof as indices for analyzing the Company's profitability, since they do not take into account certain income and expenses deriving from the Company's business that could have a material impact on its net income or loss, such as depreciation expenses, financing expenses or income and taxes on income.

The Company believes that the data items "EBITDA after proportionate consolidation" and "FFO"[13] provide useful and transparent information to investors when reviewing the Company's operating performances and current cash flows and when comparing such performances to performances of other companies in the same sector or in other industries (having different capital structures, different levels of debt and/or different income tax rates) as well as when comparing performances between periods. It is noted that the "EBITDA after proportionate consolidation" data item also serves the Company's management when analyzing the Company's performances.

The data item "net cash flows after debt service" provides additional information regarding the Group's net cash flows that are available for its use (subject to compliance with the provisions of law and the financing agreements with reference to distribution of dividends) for purposes of growth and making of new investments, along with distribution of dividends to the shareholders (subject to compliance with the provisions of law, the trust certificates and non-project financing agreements and in accordance with the Group's policies).

EBITDA calculations in the consolidated statement, including EBITDA after proportionate consolidation (in millions of NIS):

	For the Year Ended December 31	
	2024	**2023**
Revenues from sales and provision of services	2,779	2,552
Cost of sales (without depreciation and amortization)	(1,931)	(1,827)
Administrative and general expenses (without depreciation and amortization)	(247)	(197)
Business development expenses	(45)	(58)
Share in income of associated companies	166	242
Compensation for lost revenues	44	41
Consolidated EBITDA	**766**	**753**
Elimination of the share in income of associated companies	(166)	(242)
Plus – Group's share of the proportionate EBITDA of associated companies in the Energy Transition segment (1)	592	588
Plus – Group's share of the proportionate EBITDA of activities in the renewable energies segment in the U.S. (2)	16	–
EBITDA after proportionate consolidation	**1,208**	**1,099**

[13] It is noted that other companies might define EBITDA and FFO indices differently.

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

B. EBITDA, FFO and net cash flows after debt service (Cont.)

(1) Calculation of the Group's share in the proportionate EBITDA, FFO and net cash flows after service of project debt of associated companies in the Energy Transition segment (in millions of NIS):

For the year ended December 31, 2024	Fairview	Towantic	Maryland	(1) Shore	Valley	Three Rivers	Total
Revenues from sales of energy	206	217	185	155	352	61	1,176
Cost of natural gas	91	98	73	73	127	36	498
Carbon emissions tax (RGGI)	–	41	33	47	80	–	201
Cost of sales – other expenses (without depreciation and amortization)	2	4	8	6	7	2	29
Gain (loss) on realization of transactions hedging the electricity margins	21	(12)	(3)	14	47	17	84
Net energy margin	**134**	**62**	**68**	**43**	**185**	**40**	**532**
Revenues from capacity payments	18	122	16	19	58	4	237
Other income	4	6	9	6	3	2	30
Gross profit	**156**	**190**	**93**	**68**	**246**	**46**	**799**
Fixed costs (without depreciation and amortization)	14	21	28	28	76	13	180
Administrative and general expenses (without depreciation and amortization)	5	4	5	5	8	2	29
Gain (loss) from revaluation of unrealized hedging transactions	10	(1)	(1)	(6)	–	–	2
Group's share in proportionate EBITDA in the Energy Transition segment (2)	**147**	**164**	**59**	**29**	**162**	**31**	**592**
Group's share in FFO	**106**	**157**	**21**	**18**	**68**	**15**	**385**
Net cash flows after service of project debt (3)	(4)**289**	**65**	**8**	**17**	**(1)**	**10**	**388**

(1) At the Shore power plant – gas transmission costs (totaling in 2024 about NIS 22 million) are classified in accordance with IFRS 16 as depreciation expenses and, accordingly, are not included in the EBITDA.

(2) It is noted that the increase in the holdings in the Shore and Maryland power plants in the fourth quarter of 2024, as detailed in Note 24C to the financial statements, did not have a significant impact on the results of the Energy Transition segment in the U.S. in 2024.

(3) It is pointed out that the financing agreements of the CPV Group include arrangements for mechanisms of the "cash sweep" type, in the framework of which all or part of the free cash flows of the projects is designated for repayment of loan principal on a current basis along with a predetermined minimum repayment schedule relating to every long-term loan. Accordingly, there could be an acceleration of execution of repayments upon occurrence of certain events and there are also restrictions on distributions of dividends.

(4) The net cash flows after debt service in Fairview include taking out of additional financing for the project as part of a refinancing made in the third quarter of 2024 (which was distributed as a dividend to the partners in the project). For details – see Section 8.17.4 of Part A of the Periodic Report.

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

B. EBITDA, FFO and net cash flows after debt service (Cont.)

(1) Calculation of the Group's share in the proportionate EBITDA, FFO and net cash flows after service of project debt of associated companies (in millions of NIS):

For the year ended December 31, 2023	Fairview	Towantic	Maryland	(1) Shore	Valley	(2) Three Rivers	Total
Revenues from sales of energy	191	181	156	147	268	28	971
Cost of natural gas	81	90	77	71	107	17	443
Carbon emissions tax (RGGI) **	(1)	27	20	29	43	–	118
Cost of sales – other expenses (without depreciation and amortization)	2	3	7	6	6	–	24
Gain on realization of transactions hedging the electricity margins	32	(2)	8	(1)	77	–	114
Net energy margin	**141**	**59**	**60**	**40**	**189**	**11**	**500**
Revenues from capacity payments	23	106	24	25	57	2	237
Other income	2	3	3	5	4	1	18
Gross profit	**166**	**168**	**87**	**70**	**250**	**14**	**755**
Fixed costs (without depreciation and amortization)	12	19	19	26	68	4	148
Administrative and general expenses (without depreciation and amortization)	4	5	4	5	8	1	27
Gain (loss) from revaluation of unrealized hedging transactions	(9)	56	(1)	(39)	–	1	8
Group's share in proportionate EBITDA in the Energy Transition segment	**141**	**200**	**63**	**–**	**174**	**10**	**588**
Group's share in FFO	**124**	**103**	(3)**15**	(4)**5**	**75**	**–**	**322**
Net cash flows after service of project debt	**11**	**(37)**	**10**	**(8)**	**11**	**–**	**(13)**

(1) At the Shore power plant – gas transport costs (totaling in 2023 about NIS 22 million) are classified in accordance with IFRS 16 as depreciation expenses and, accordingly, are not included in the EBITDA.

(2) The financial results of Three Rivers are included starting from the commercial operation date, which took place in the third quarter of 2023.

(3) The FFO in 2023 includes a payment in respect of project for upgrading facilities in the Maryland power plant, in the amount of about NIS 8 million.

(4) The FFO in 2023 includes a payment, in the amount of about NIS 9 million, in respect of significant maintenance work performed.

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

B. EBITDA, FFO and net cash flows after debt service (Cont.)

(2) Calculation of the Group's share in EBITDA after proportionate consolidation of the renewable energies segment (in NIS millions):

	January–October 2024 Consolidated	November–December 2024 Associated	Total 2024 Proportionate Consolidation	Total 2023 Consolidated
Revenues	203	29	232	136
Fixed costs (without depreciation and amortization)	(61)	(5)	(66)	(41)
Administrative and general	(26)	(4)	(30)	(23)
EBITDA from active projects	**126**	**20**	**142**	**72**
Business development and other costs	(26)	(4)	(30)	(41)
Share of the Group in EBITDA after proportionate consolidation in the renewable energies segment in the U.S.	**96**	**16**	**112**	**31**

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

B. EBITDA, FFO and net cash flows after debt service (Cont.)

(3) Set forth below is a breakdown of the EBITDA after proportionate consolidation data broken down by subsidiaries (on a consolidated basis) and the associated companies (on a proportionate basis, based on the rate of the holdings of the CPV Group therein) as well as FFO and cash flows after service of project debt data (in NIS millions):

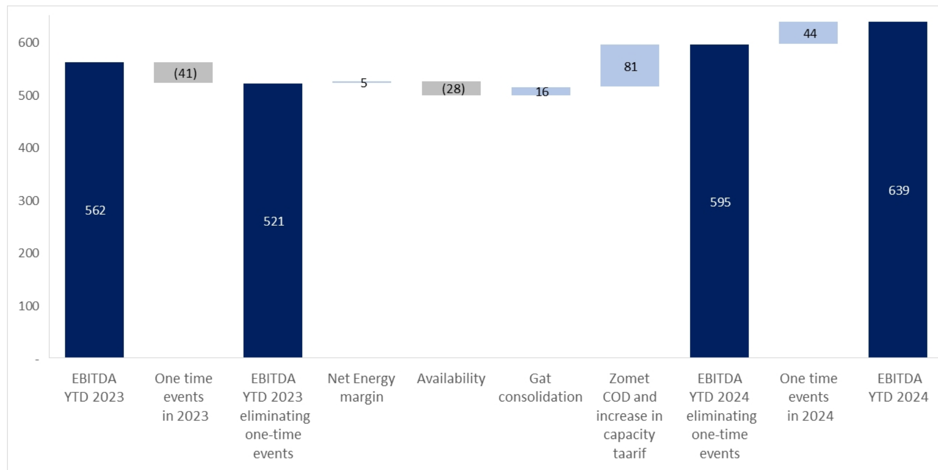
Main projects in operation	Basis of presentation in the Company's financial statements	For the year ended December 31, 2024			For the year ended December 31, 2023		
		EBITDA after proportionate consolidation	FFO	Net cash flows after debt service	EBITDA after proportionate consolidation	FFO	Net cash flows after debt service
Total operating projects in Israel and accompanying business activities (1)	Consolidated	670	498	(9)(8)361	602	483	412
Business development costs, headquarters in Israel and other costs	Consolidated	(31)	(70)	(9)(8)59	(40)	(43)	(43)
Total Israel		**639**	**428**	**420**	**562**	**440**	**369**
Total operating projects (2)	Associated	592	385	388	589	322	(13)
Other costs	Consolidated	(4)	(14)	(14)	(4)	(4)	(4)
Total energy transition in the U.S.		**588**	**371**	**374**	**585**	**318**	**(17)**
Total operating projects (2) (3)	Associated	142	74	14	72	54	6
Business development and other costs	Associated	(30)	(23)	(23)	(41)	(41)	(41)
Total renewable energy in the U.S.		**112**	**51**	**(9)**	**31**	**13**	**(35)**
Total activities as part of the "others" segment (4)	Consolidated	(22)	(22)	(22)	(26)	(26)	(26)
Headquarters in the United States (5) (6)	Consolidated	(89)	(61)	(61)	(26)	(41)	(41)
Total United States		**589**	**339**	**282**	**564**	**264**	**(119)**
Company headquarters (not allocated to the segments)	Consolidated	(20)	(41)	(37)	(27)	(56)	(87)
Total consolidated (7)		**1,208**	**726**	**665**	**1,099**	**648**	**163**

(1) The accompanying business activities in Israel include mainly virtual supply activities through OPC Israel, sale of electricity from facilities for generation of energy on the customer's premises through a subsidiary (indirect) and sale/purchase of natural gas, including with third parties through OPC Natural Gas.
(2) For details regarding active projects in the Energy Transition segment in the U.S. – see Section 1 above and regarding calculation of the Group's share in the EBITDA after proportionate consolidation of the Renewable Energies segment – see Section 2 above.
(3) Due to completion of the transaction for investment in the area of renewable energies in the U.S. in November 2024, the data of this segment in the U.S. is calculated from this date on the basis of proportionate consolidation where the share of the CPV Group is 66.67%.
(4) Includes mainly business development and other costs in the area of initiation and development of high-efficiency power plants running on natural gas, with future carbon capture potential, and the results of the retail activities in the U.S.
(5) Most of the change in the year of the report compared with the same period last year, in the amount of $45 million, is with respect to a profit participation plan for employees of the CPV Group, which is measured at fair value. For details – see Note 16 to the financial statements.
(6) After elimination of management fees between the CPV Group and the Company, in the amounts of about NIS 31 million and about NIS 29 million for the years ended December 31, 2024 and 2023, respectively.
(7) In the period of the report, the consolidated FFO without adjustments for changes in the working capital was about NIS 663 million (in the corresponding period last year – about NIS 606 million).
(8) Net cash flows after debt service is presented net and includes taking out of the corporate credit in OPC Israel less early repayment of the project financing in Zomet and Gat. For details – see Note 14B(1) to the financial statements.
(9) Not including intercompany activities between the Company and the subsidiaries in Israel.

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

C. Analysis of the change in EBITDA – Israel segment

Set forth below is an analysis of the change in EBITDA in Israel in the period of the report compared with the corresponding period last year (in NIS millions):



1. Availability (operational) – as stated in Section 7.11.1 of Part A of the Periodic Report, in the period of the report, the Rotem power plant was shut down during March 2024 for purposes of planned maintenance work, which lasted for 17 days, which negatively impacted its results in the period of the report, including compared with the corresponding period last year. In addition, the Gat power plant was shut down in July through November 2024 for purposes of unplanned maintenance due to a breakdown that caused a shutdown of the power plant's activities and had a negative impact on its results in the period of the report including compared with the corresponding period last year.

   It is noted that during the above-mentioned maintenance, sale of electricity to customers continued, where the companies purchased electricity from the System Operator and from private electricity generators in order to supply the full demand of their customers during the shutdown. For details regarding significant planned periodic maintenance at the Rotem power plant in 2025 – see Section 7.11.1 of Part A of the Periodic Report.

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

C. Analysis of the change in EBITDA – Israel segment (Cont.)

2. Commercial operation and increase in capacity tariffs in Zomet – the financial results of Zomet are included starting from the commercial operation, at the end of June 2024. For details regarding an increase in the capacity tariffs at the Zomet power plant in January 2024 – see Section 7.13 of Part A of the Periodic Report.

   As stated in Section 7.11.1 of Part A of the Periodic Report, in the period of the report the Zomet power plant was shut down for purposes of upgrading and replacement of a component of the plant's turbines, which had a negative impact on Zomet's results in this period. It is noted that for purposes of reducing the risk of an operating failure at the Zomet power plant due to a technical defect discovered after the period of the report, and in coordination with the contractor, as part of the process of clarifying and repairing the defect, as at the approval date of the report the power plant is limited to about 85% of the capacity. In the Company's estimation, as at the approval date of the report, the process of clarification and repair of the defect is expected to be completed at the latest within about 12 months.[14]

3. One-time events – in 2023, includes mainly signing of a compromise agreement with Hadera's construction contractor whereby revenues were recognized, in the amount of about NIS 41 million in respect of lost revenues caused to Hadera due to a delay in the commercial operation of the power plant and non-recurring income, in the amount of about NIS 18 million, as described in Note 26C(3) to the Financial Statements, while on the other hand expenses of about NIS 18 million are also included, relating to pre-commercial operation of the Zomet power plant, at the end of June 2023. In addition, in the period of the report, an amendment to the agreement was signed with Zomet's construction contractor, in the framework of which, among other things, the construction contractor paid Zomet compensation, in the amount of about NIS 26 million (about $7 million) in respect of a loss of revenues caused to Zomet due to delay in the commercial operation date of the power plant. For additional details – see Note 26A(3) to the Financial Statements. Furthermore, in the third quarter of 2024, Hadera received a one-time amount from its insurers of about NIS 18 million ($5 million) in connection with lost profits that preceded the commercial operation of the power plant. For additional details – see Note 26A(2) to the Financial Statements.

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[14] That stated constitutes "forward-looking" information as it is defined in the Securities Law. Ultimately, there could be delays in completion of the required clarification and repairs and/or other operation limitations as a result of, among other things, technical and/or operational factors and/or factors relating to the construction contractor.

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

D. Analysis of the change in EBITDA after proportionate consolidation – energy transition segment in the U.S.

Set forth below is an analysis of the change in the EBITDA after proportionate consolidation in the energy transition segment in the period of the report compared with the corresponding period last year (in millions of NIS):

(1) Reflects the results of the Maryland power plant deriving from completion of two transactions for increase of the holdings in Maryland in October and December 2024 at the rate of 25% each. For details – see Note 24C to the financial statements.

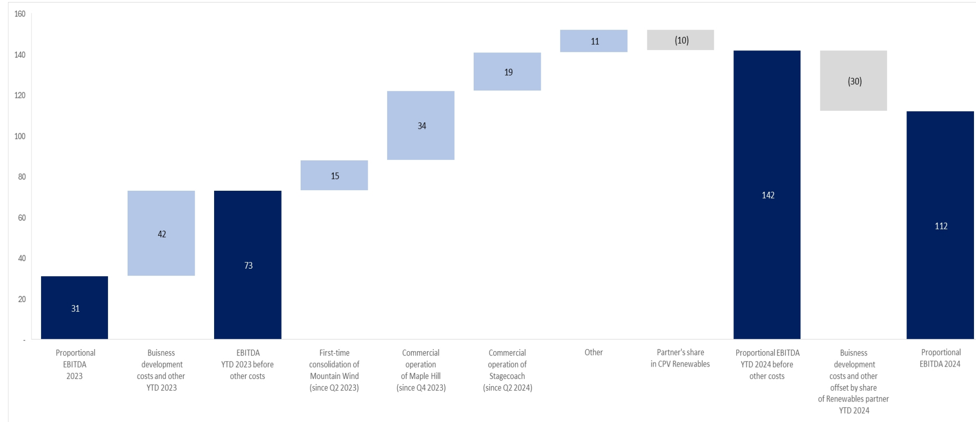
(2) The increase in the operating expenses in the year of the report compared with last year stems mainly from the commercial operation of the Three Rivers power plant in 2023 and from unplanned maintenance performed at the Maryland power plant in 2024.

It is noted that the increase in the rate of holding of about 31% in the Shore power plant in December 2024 did not have a significant impact on the segment's results in 2024.

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

E. Renewable energies segment in the U.S.

Set forth below is an analysis of the change in the EBITDA after proportionate consolidation from activities in the renewable energy segment in the period of the report compared with the corresponding period last year (in millions of NIS):



4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

F. Additional details regarding energy hedges and guaranteed capacity payments in the Energy Transition segment in the U.S.

As part of its policy for management of the exposures, the CPV Group is in the practice, from time to time, of entering into hedging agreements, which reduce the fluctuations in the electricity margins. In addition, the capacity revenues for the nominal capacity of the power plants running on natural gas are determined for certain future periods, as detailed in Section 3.3M above.

Set forth below is the scope of the hedging for 2025 as at the date of the report (the data presented in the tables below is on the basis of the rate of holdings of the CPV Group in the associated companies as at the date of the report and after a transaction for acquisition of additional holdings in Shore (about 20%) that was signed after the date of the report and has not yet been completed[15] (for details – see Section 10C below)[16].

	2025
Expected generation (MWh)	11,737,301
Net scope of the hedged energy margin (% of the expected generation of the power plants) (*)	53%
Net hedged energy margin (millions of $)	≈ 110.2 (≈ NIS 408 million)
Net hedged energy margin ($/MWh)	17.55
Net market prices of energy margin ($/MWh) (**)	14.53

(*) Pursuant to the policy for hedging electricity margins as at the date of the report, in general the CPV Group seeks to hedge up to 50% of the scope of the expected generation. The actual hedge rate could ultimately be different.

(**) The net energy margin is the energy margin (Spark Spread) plus/minus Power Basis less carbon tax (RGGI) and other variable costs. For details regarding the manner of calculation of the electricity margin (Spark Spread) – see Section 3.3K above. The market prices of energy margin are based on future contracts for electricity and natural gas.

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[15] The scope of the hedging and the scope of the capacity revenues in respect of a transaction for acquisition of additional holdings in Shore, which has not yet been completed, were calculated and are presented in this Section on the basis of the estimates of the CPV Group that the transaction will be completed in April 2025.

[16] The estimated percentages and the actual hedged energy margins could change due to new hedges and/or sales of capacity made or as a result of changes in market conditions or the hedging policy of the CPV Group. **That stated in this Section with respect to the energy margin and availability receipts constitutes "forward-looking" information as it is defined in the Securities Law, which may change due to, among other things, operating factors and availability of the power plant, market conditions, regulatory changes and/or occurrence of one or more of the risk factors as stated in Section 19 of Part A of the Periodic Report.**

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

F. Additional details regarding energy hedges and guaranteed capacity payments in the Energy Transition segment in the U.S. (Cont.)

Set forth below is the scope of the secured capacity revenues for 2025 as at the date of the report (the data shown in the tables below is on the basis of rate of holdings of the CPV Group in the associated companies as at the approval date of the report and after a transaction for acquisition of additional holdings in Shore (about 20%) that was signed after the date of the report and has not yet been completed. [15] [16]

	2025
Scope of the secured capacity revenues (% of the power plant's capacity)	93%
Capacity receipts (millions of $)	≈ 112.5 (≈ NIS 416 million)

G. Net income and adjusted net income (in millions of NIS)

1. Definitions

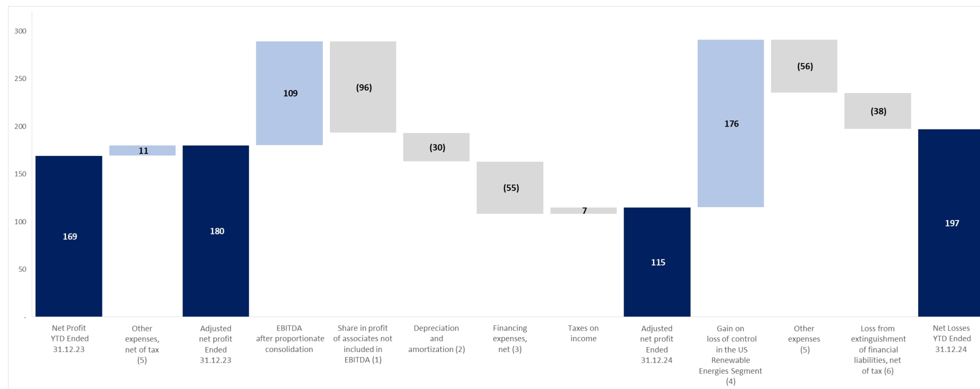
Adjusted net income or loss[17] – net income or loss in accordance with IFRS plus or minus other expenses and income, events of a non-recurring nature, such as, impairment losses and reversals and transactions that are not in the ordinary course of business. For details regarding the differences between the net income and the adjusted net income for 2024 and 2023 – see Section 2 below.

It is emphasized that the said adjusted net income or loss item in this report is not an item that is recognized under IFRS or other generally accepted accounting standards as an index for measuring financial performances and should not be considered as a substitute for income or loss or other terms provided 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 useful information to management and investors by eliminating certain sections that management believes do not constitute an indication of the Company's regular and ongoing business activities.

[17] It is noted that starting from 2024, the Company does not include in its financial statements adjusted net income after adjustments, as defined in Section 4A of the Directors' Report for 2023 due to the insignificance of the adjustments and, accordingly, the irrelevancy of the said index.

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

G. <u>Analysis of the change in net income and adjusted net income</u> (in millions of NIS)



(1) The increase stems mainly from an increase in the financing expenses, in the amount of about NIS 24 million, of the power plants in the Energy Transition segment against the background of signing new financing agreements in 2023 and 2024, particularly in the Valley power plant (for details – see Section 9B below), an increase in depreciation and financing expenses, in the amount of about NIS 18 million, in respect of commercial operation of the Three Rivers power plant in the third quarter of 2023, an increase in depreciation and financing expenses, in the amount of about NIS 21 million, relating to transition to presenting the investment in the renewable energies segment in the U.S. based on the equity method of accounting, commencing from November 2024, and an increase in depreciation and financing expenses, in the amount of about NIS 10 million, due to increase in the rate of holdings in the Shore and Maryland power plants in the fourth quarter of 2024.

(2) Most of the increase stems from depreciation expenses of the Zomet power plant (in the amount of about NIS 23 million), which was operated commercially at the end of the second quarter of 2023 and in the renewable energies segment in the U.S. prior to the exit from the consolidation (in the amount of about NIS 27 million) mainly in respect of the Maple Hill and Stagecoach projects that were commercially operated in the fourth quarter of 2023 and during the second quarter of 2024. On the other hand, there was a decline of about NIS 23 million, deriving from the decision of the CPV Group made in 2023 to discontinue the development of a natural gas project in the U.S.

(3) Most of the increase stems from financing expenses relating to the Zomet power plant, in the amount of about NIS 41 million, the Gat power plant, in the amount of about NIS 7 million and financing expenses that were recorded in the statement of income in respect of the financing framework of renewable energy projects in the U.S. prior to exit from the consolidation, in the amount of about NIS 26 million. Furthermore, there was an increase in the interest expenses in respect of the tax equity agreements in the U.S. prior to exit from the consolidation, in the amount of about NIS 15 million. On the other hand, there was an increase in the financing income, deriving from the impact of the changes in the exchange of the dollar against the shekel, in the amount of about NIS 36 million.

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

G. Analysis of the change in net income and adjusted net income (in millions of NIS) (Cont.)

(4) For details regarding loss of control, discontinuation of the consolidation and transition to the equity method of accounting in the fourth quarter of 2024 with respect to the investment in CPV Renewable – see Note 23E to the financial statements.

(5) A loss from impairment in value of the investment in Gnrgy in 2024, in the amount of about NIS 19 million (in 2023 – about NIS 23 million) –for additional details regarding an agreement for sale of Gnrgy shares – see Note 11C to the Financial Statements. In addition, in 2024 there was an impairment loss in Hadera 2, in the amount of about NIS 31 million, in light of the government's decision to reject the plan, for additional details, particularly regarding the Company's petition to the High Court of Justice regarding this matter, see Note 10B(4) to the Financial Statements, and in 2023 there were non-recurring revenues, net, in the amount of about NIS 12 million.

(6) Includes non-recurring financing expenses relating to repayment of project credit in Zomet and Gat, in the amount of about NIS 49 million (about NIS 38 million, net of tax). For details – see Note 14B(1) to the Financial Statements.

4. Analysis of the results of operations for the Year Ended December 31, 2024 (in millions of NIS) (Cont.)

H. Detail of generation

Set forth below is detail of the generation of the power plants in Israel and the U.S.:

Israel

		For the Year Ended December 31, 2024				For the Year Ended December 31, 2023			
	Capacity (MW)	Potential electricity generation (GWh)(1)	Net electricity generation (GWh)(2)	Actual generation percentage (%)(3)	Actual calculated availability percentage (%)	Potential electricity generation (GWh)	Net electricity generation (GWh)	Actual generation percentage (%)	Actual calculated availability percentage (%)
Rotem	466	3,736	3,332	89.2%	95.1%	3,761	3,514	93.4%	98.5%
Hadera	144	1,048	943	90.0%	92.6%	1,036	939	90.6%	90.7%
Gat	75	616	397	64.4%	64.4%	458	433	94.5%	94.4%
Zomet	396	3,268	428	13.1%	83.6%	1,742	283	16.2%	88.0%

(1) The generation potential is the net generation capability adjusted for temperature and humidity.

(2) The actual net generation in the period.

(3) The actual generation percentage is the net electricity generated divided by the generation potential.

(4) For details regarding planned maintenance at Rotem, unplanned maintenance at Gat and planned and unplanned work at Zomet in 2024 – see Section 4C above.

U.S.

		For the Year Ended December 31, 2024				For the Year Ended December 31, 2023			
	Capacity (MW)	Potential electricity generation (GWh)(1)	Net electricity generation (GWh)(2)	Actual generation percentage (%)(3)	Actual availability percentage (%)	Potential electricity generation (GWh)	Net electricity generation (GWh)	Actual generation percentage (%)	Actual availability percentage (%)
	Energy transition projects (natural gas)								
Fairview	1,050	8,601	7,610	82.1%	88.5%	8,160	7,213	81.1%	84.2%
Towantic	805	6,521	5,593	77.7%	89.9%	6,888	5,551	77.5%	91.2%
Maryland	745	5,958	3,628	56.3%	90.3%	6,089	4,162	64.5%	93.0%
Shore	725	6,130	3,612	56.9%	92.4%	5,333	4,000	63.3%	83.4%
Valley	720	5,838	5,002	82.1%	89.1%	5,867	4,392	72.3%	77.6%
Three Rivers	1,258	9,792	6,366	59.9%	76.9%	4,220	2,814	64.0%	74.8%

(1) The potential generation is the gross generation capability during the period after planned maintenance and less the electricity used for the power plant's internal purposes.

(2) The net generation of electricity is the gross generation during the period less the electricity used for the power plant's internal purposes.

(3) The actual generation percentage is the quantity of the net electricity generated in the facilities compared with the maximum quantity that can be generated in the period.

(*) It is noted that the generation data of the Gat, Zomet and Three Rivers power plants were included starting from the initial consolidation date or the commercial operation date, as applicable, which took place in 2023.

5. Analysis of the results of operations for the Three Months Ended December 31, 2024 (in millions of NIS)

A. Statement of income

Section	For the Three Months Ended December 31	
	2024	**2023**
Revenues from sales and provision of services (1)	589	581
Cost of sales and provision of services (without depreciation and amortization) (2)	(438)	(432)
Depreciation and amortization	(72)	(83)
Gross profit	**79**	**66**
Administrative and general expenses	(72)	(30)
Share in earnings of associated companies	16	63
Business development expenses	(12)	(11)
Compensation for lost revenues	–	41
Other expenses, net	(6)	(22)
Gain on loss of control in the renewable energies segment in the U.S.	259	–
Operating income	**264**	**107**
Financing expenses, net	(52)	(54)
Income before taxes on income	**212**	**53**
Taxes on income	(89)	(24)
Net income for the period *	**123**	**29**
Attributable to:		
The Company's shareholders	28	23
Holders of non-controlling interests	95	6

* For an analysis of the change in the net income and an analysis of the change in the adjusted net income – see Section 4F below.

5. Analysis of the results of operations for the Three Months Ended December 31, 2024 (in millions of NIS) (Cont.)

A. Statement of income (Cont.)

(1) Changes in revenues:

Revenues	For the Three Months Ended December 31 2024	2023	Board's Explanations
Revenues in Israel			
Revenues from sale of energy to private customers	247	270	Most of the decrease, in the amount of about NIS 15 million, stems from a decline in the consumption of customers.
Revenues from sale of energy to the System Operator and to other suppliers	19	27	
Revenues in respect of capacity payments	44	29	The increase stems mainly from an increase in the capacity tariff in Zomet starting from the beginning of 2024.
Revenues from sale of energy at cogeneration tariff	41	48	
Revenues from sale of steam	13	14	
Other revenues	–	9	
Total revenues from sale of energy and others in Israel (without infrastructure services)	**364**	**397**	
Revenues from private customers in respect of infrastructure services	113	107	
Total revenues in Israel	**477**	**504**	
Revenues in the U.S.			
Revenues from sale of electricity from renewable energy	31	47	The decrease stems mainly from discontinuance of consolidation of the renewable energies segment in November 2024 deriving from loss of control of CPV Renewable and as a result of transition to the equity method of accounting (for additional details – see Note 23E to the Financial Statements.
Revenues from sale of electricity from (Retail) and others	81	30	The increase stems mainly from an increase in the scope of the activities.
Total revenues in the U.S.	**112**	**77**	
Total revenues	**589**	**581**	

5. Analysis of the results of operations for the Three Months Ended December 31, 2024 (in millions of NIS) (Cont.)

A. Statement of income (Cont.)

(2) Changes in the cost of sales and provision of services (not including depreciation and amortization):

Cost of Sales and Provision of Services	For the Three Months Ended December 31 2024	2023	Board's Explanations
Cost of sales in Israel			
Natural gas and diesel oil	150	174	Most of the decrease, in the amount of about NIS 13 million, stems from a decline in the gas consumption due to a decline in the sales of Zomet to the System Operator.
Expenses in respect of acquisition of energy	40	54	
Cost of transmission of gas	14	12	
Salaries and related expenses	13	10	
Operating expenses	33	31	
Other expenses	–	5	
Total cost of sales in Israel without infrastructure services	**250**	**286**	
Expenses in respect of infrastructure services	113	107	
Total cost of sales in Israel	**363**	**393**	
Cost of sales and services in the U.S.			
Cost of sales in respect of sale of electricity from renewable energy	7	14	The decrease stems from discontinuance of consolidation of the renewable energies segment from November 2024 deriving from loss of control of CPV Renewable and as a result of transition to the equity method of accounting (for additional details – see Note 23E to the financial statements.
Cost of sales in respect of sale of electricity (Retail) and others	68	25	The increase stems mainly from an increase in the scope of the activities.
Total cost of sales and provision of services in the U.S.	**75**	**39**	
Total cost of sales and provision of services	**438**	**432**	

5. Analysis of the results of operations for the Three Months Ended December 31, 2024 (in millions of NIS) (Cont.)

B. EBITDA, FFO and net cash flows after debt service

EBITDA calculations, including EBITDA after proportionate consolidation (in millions of NIS):

	For the Three Months Ended December 31	
	2024	**2023**
Revenues from sales and provision of services	589	581
Cost of sales and provision of services (without depreciation and amortization)	(438)	(432)
Administrative and general expenses (without depreciation and amortization)	(68)	(25)
Business development expenses	(12)	(11)
Share in income of associated companies	16	63
Compensation for lost revenues	–	41
Consolidated EBITDA	**87**	**217**
Elimination of the share in income of associated companies	(16)	(63)
Plus – Group's share of the proportionate EBITDA of associated companies in the Energy Transition segment (1)	141	165
Plus – Group's share of the proportionate EBITDA of associated companies in the renewable energies segment in the U.S. (for details – see Section B(2) in Section 4 above)	16	–
EBITDA after proportionate consolidation	**228**	**319**

5. Analysis of the results of operations for the Three Months Ended December 31, 2024 (in millions of NIS) (Cont.)

B. EBITDA, FFO and net cash flows after debt service (Cont.)

(1) Calculation of the Group's share in the proportionate EBITDA, FFO and net cash flows after service of project debt of associated companies in the Energy Transition segment (in millions of NIS):

For the three months ended December 31, 2024	Fairview	Towantic	Maryland	Shore (1)	Valley	Three Rivers	Total
Revenues from sales of energy	51	72	65	33	93	13	327
Cost of natural gas	25	39	25	16	32	8	145
Carbon emissions tax (RGGI)	–	11	12	15	15	–	53
Cost of sales – other expenses (without depreciation and amortization)	–	1	3	1	2	–	7
Gain (loss) on realization of transactions hedging the electricity margins	3	(7)	(2)	7	2	5	8
Net energy margin	**29**	**14**	**23**	**8**	**46**	**10**	**130**
Revenues from capacity payments	5	33	7	5	13	1	64
Other income	1	2	4	2	1	1	11
Gross profit	**35**	**49**	**34**	**15**	**60**	**12**	**205**
Fixed costs (without depreciation and amortization)	4	6	15	8	25	4	62
Administrative and general expenses (without depreciation and amortization)	1	1	2	1	2	1	8
Gain (loss) from revaluation of unrealized hedging transactions	3	4	(1)	–	–	–	6
Group's share in proportionate EBITDA of associated companies (2)	**33**	**46**	**16**	**6**	**33**	**7**	**141**
Group's share in FFO	**16**	**49**	**17**	**14**	**13**	**5**	**114**
Net cash flows after service of project debt (3)	**19**	**27**	**6**	**13**	**(2)**	**–**	**63**

(1) At the Shore power plant – gas transmission costs (totaling in the fourth quarter of 2024 about NIS 6 million) that are classified in accordance with IFRS 16 as depreciation expenses and, accordingly, are not included in the EBITDA.

(2) For additional details – see Section 4B(1)(2), above

(3) For additional details – see Section 4B(1)(3), above

5. Analysis of the results of operations for the Three Months Ended December 31, 2024 (in millions of NIS) (Cont.)

B. EBITDA, FFO and net cash flows after debt service (Cont.)

(1) Calculation of the Group's share in the proportionate EBITDA, FFO and net cash flows after service of project debt of associated companies in the Energy Transition segment (in millions of NIS): (Cont.)

For the three months ended December 31, 2023	Fairview	Towantic	Maryland	(1) Shore	Valley	Three Rivers	Total
Revenues from sales of energy	28	38	44	50	61	18	239
Cost of natural gas	13	19	19	23	26	11	111
Carbon emissions tax (RGGI)	–	7	6	11	11	–	35
Cost of sales – other expenses (without depreciation and amortization)	–	1	2	2	1	–	6
Gain (loss) on realization of transactions hedging the electricity margins	3	3	–	(2)	24	–	28
Net energy margin	**18**	**14**	**17**	**12**	**47**	**7**	**115**
Revenues from capacity payments	3	29	7	5	15	1	60
Other income	2	2	1	2	1	–	8
Gross profit	**23**	**45**	**25**	**19**	**63**	**8**	**183**
Fixed costs (without depreciation and amortization)	2	5	4	5	17	2	35
Administrative and general expenses (without depreciation and amortization)	1	1	1	1	2	–	6
Gain (loss) from revaluation of unrealized hedging transactions	3	23	–	(4)	–	1	23
Group's share in proportionate EBITDA of associated companies	**23**	**62**	**20**	**9**	**44**	**7**	**165**
Group's share in FFO	**(1)**	**23**	**(1)**	**2**	**(8)**	**–**	**15**
Net cash flows after service of project debt	**(18)**	**(5)**	**2**	**(2)**	**(14)**	**–**	**(37)**

(1) At the Shore power plant – gas transport costs (totaling in the fourth quarter of 2023 about NIS 6 million) that are classified in accordance with IFRS 16 as depreciation expenses and, accordingly, are not included in the EBITDA.

5. Analysis of the results of operations for the Three Months Ended December 31, 2024 (in millions of NIS) (Cont.)

B. EBITDA, FFO and net cash flows after debt service (Cont.)

(2) Set forth below is a breakdown of the EBITDA after proportionate consolidation data broken down by the subsidiaries (on a consolidated basis) and the associated companies (on a proportionate basis, based on the rate of the holdings of the CPV Group therein) as well as FFO data and cash flow after project debt service (in NIS millions):

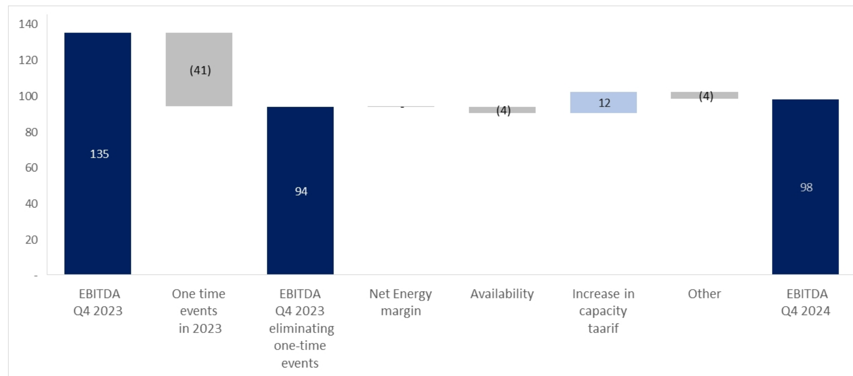
Main projects in operation	Basis of presentation in the Company's financial statements	For the three months ended December 31, 2024			For the three months ended December 31, 2023		
		EBITDA after proportionate consolidation	FFO	Net cash flows after debt service	EBITDA after proportionate consolidation	FFO	Net cash flows after debt service
Total operating projects in Israel and accompanying business activities	Consolidated	106	[6]70	[7]59	141	22	(10)
Business development costs and headquarters in Israel and other costs	Consolidated	(8)	(25)	(26)	(6)	(12)	(12)
Total Israel		**98**	**45**	**33**	**135**	**10**	**(22)**
Total operating projects (1)	Associated	141	114	63	164	15	(37)
Other costs	Consolidated	–	(12)	(12)	(1)	(1)	(1)
Total energy transition in the U.S.		**141**	**102**	**51**	**163**	**14**	**(38)**
Total operating projects (1) (2)	Associated	38	15	8	26	9	(6)
Business development and other costs	Associated	(10)	10	10	(12)	(12)	(12)
Total renewable energy in the U.S.		**28**	**25**	**18**	**14**	**(3)**	**(18)**
Total activities as part of the "others" segment	Consolidated	(4)	(4)	(4)	(8)	(8)	(8)
Headquarters in the United States (3) (4)	Consolidated	(28)	(12)	(12)	22	(11)	(11)
Total United States		**137**	**111**	**53**	**191**	**(8)**	**(75)**
Company headquarters (not allocated to the segments)	Consolidated	(7)	(2)	(2)	(7)	2	2
Total consolidated (5)		**228**	**154**	**84**	**319**	**4**	**(95)**

(1) For details regarding active projects in the Energy Transition segment in the U.S. – see Section 1 above and regarding calculation of the Group's share in the EBITDA after proportionate consolidation of the Renewable Energies segment – see Section 4B(2) above.
(2) Due to completion of the transaction for investment in the area of renewable energies in the U.S. in November 2024, the data of this segment in the U.S. is calculated from this date on the basis a proportionate consolidation where the share of the CPV Group's is 66.67%.
(3) Most of the change in the fourth quarter compared with the corresponding quarter last year, in the amount of $43 million, is with respect to fair value changes of a profit participation plan for employees of the CPV Group. For details – see Note 16 to the financial statements.
(4) After elimination of management fees between the CPV Group and the Company, in the amounts of about NIS 8 million for the three-month periods ended December 31, 2024 and 2023.
(5) In the period of the report, the consolidated FFO without adjustments for changes in the working capital was about NIS 109 million (in the corresponding period last year – about NIS 123 million).
(6) The increase in the FFO in the quarter compared with the corresponding quarter last year stems mainly from a decrease in payment to the gas suppliers, in the amount of about NIS 57 million, due to timing differences.
(7) Not including intercompany activities between the Company and the subsidiaries in Israel.

5. Analysis of the results of operations for the Three Months Ended December 31, 2024 (in millions of NIS) (Cont.)

C. Analysis of the change in EBITDA – Israel segment

Set forth below is an analysis of the change in the EBITDA in Israel in the fourth quarter of 2024 compared with the corresponding quarter last year (in NIS millions):



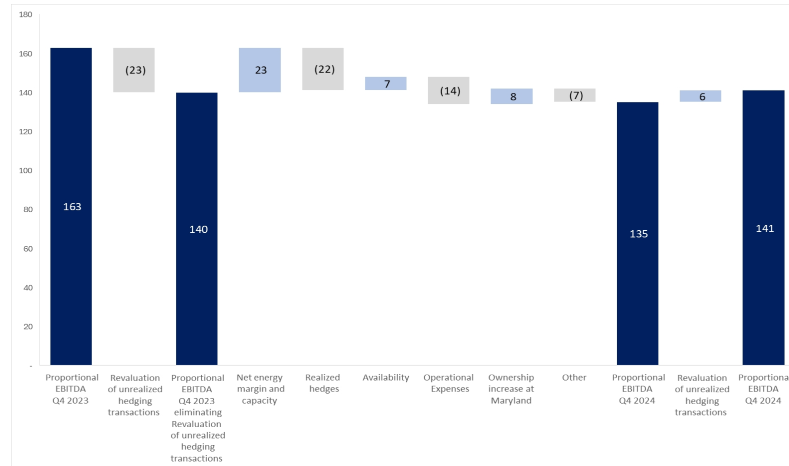
1. Increase in capacity tariffs in Zomet – for additional details see Section 4C(2) above.

2. Non-recurring events – stems from non-recurring compensation Hadera received in the corresponding quarter last year – as detailed in Section 4C(3) above.

5. Analysis of the results of operations for the Three Months Ended December 31, 2024 (in millions of NIS) (Cont.)

D. Analysis of the change in EBITDA after proportionate consolidation – energy transition segment in the U.S.

Set forth below is an analysis of the change in the EBITDA after proportionate consolidation in the energy transition segment in the fourth quarter of 2024 compared with the corresponding quarter last year (in millions of NIS):



(1) Reflects the results of the Maryland power plant deriving from completion of two transactions for increase of the holdings in Maryland in October and December 2024 at the rate of 25% each.

(2) The increase in the rate of holding of about 31% in the Shore power plant in December 2024 did not have a significant impact on the segment's results in the fourth quarter of 2024.

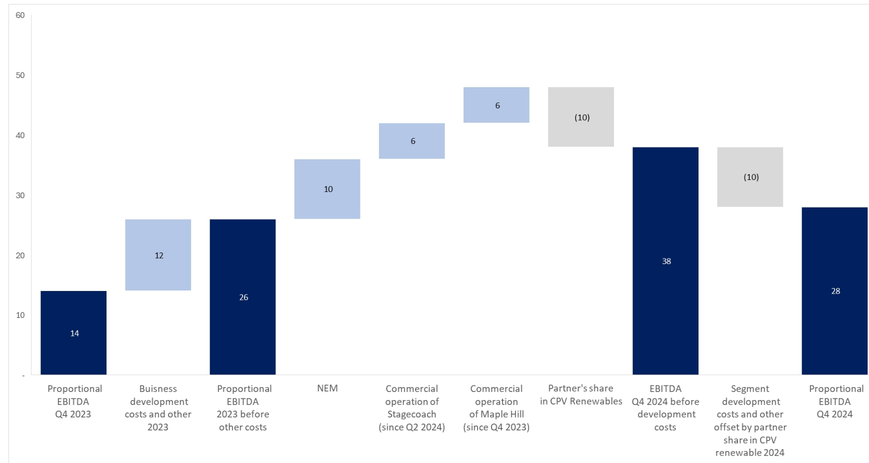
(3) Operating expenses – the increase stems from unplanned maintenance in the Valley power plant, in the amount of about NIS 7 million.

5. Analysis of the results of operations for the Three Months Ended December 31, 2024 (in millions of NIS) (Cont.)

E. (Cont.)

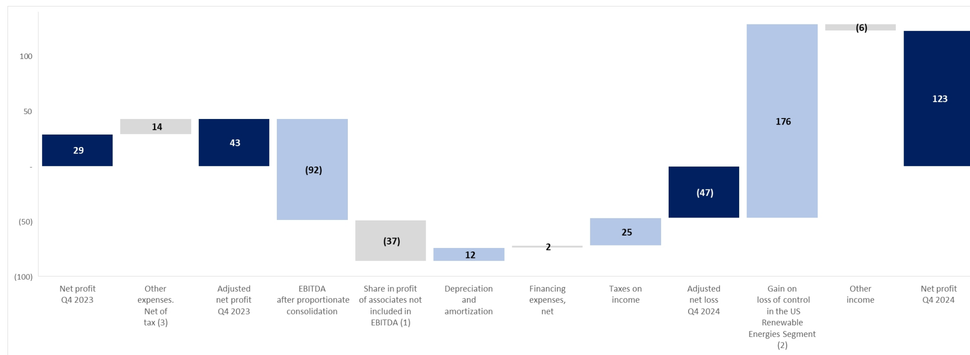
<u>Renewable energies segment in the U.S.</u>

Set forth below is an analysis of the change in the EBITDA after proportionate consolidation in the activities in the renewable energies segment in the U.S. in the fourth quarter of 2024 compared with the corresponding quarter last year (in millions of NIS):



5. Analysis of the results of operations for Three Months Ended December 31, 2024 (in millions of NIS) (Cont.)

F. Analysis of the change in net income and adjusted net income (in millions of NIS)



(1) The increase stems mostly from an increase in depreciation and financing expenses, in the amount of about NIS 21 million, in respect of transition to presentation of the investment in the renewable energies segment in the U.S. based on the equity method of accounting starting from November 2024 and an increase in depreciation and financing expenses, in the amount of about NIS 10 million, due to an increase in the rate of holdings in the Shore and Maryland power plants during the fourth quarter of 2024.

(2) For details regarding loss of control, deconsolidation and transition to the equity method of accounting in the fourth quarter of 2024 with respect to an investment in CPV Renewable – see Note 23E to the Financial Statements.

6. Initiation and Construction Projects

A. Projects under construction and in development in Israel (held at 100% ownership by OPC Israel, which is 80% held by the Company)[18]:

1. Main details with reference to construction projects in Israel (the data presented in the table below is in respect of 100% for each project):

Power plants/ facilities for generation of energy	Status	Capacity (megawatts)	Location	Technology	Date/ expectation of the start of the commercial operation	Main customer/ consumer	Total expected construction cost (NIS millions)	Total construction cost as at December 31, 2024 (NIS millions)
OPC Sorek 2 Ltd. ("Sorek 2")	Under construction	≈ 87	On the premises of the Sorek B seawater desalination facility	Powered by natural gas, cogeneration	First half of 2025[19]	Yard consumers and the System Operator	≈ 212	≈ 196

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[18] **That stated in connection with projects that have not yet reached operation, including with reference to the expected operation date, the technologies and/or the anticipated cost of the investment, is "forward-looking" information, as it is defined in the Securities Law, which is based on, among other things, the Company's estimates as at the approval 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 (or any one of them) may not occur or may occur in a manner different than that stated above, among other things due to 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, equipment and acquisition of rights in land, the proper functioning of the equipment and/or the terms of undertakings with main suppliers (including lenders), and there is no certainty they will be fulfilled, the manner of their fulfillment, the extent of their impact 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, 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 risks (including *force majeure* events and the War and its impacts), regulatory, licensing or planning risks, macro-economic changes, delays in receipt of permits or assurance of connection to the networks and infrastructures, delays and increased costs due relating to the supply chain and changes in raw-material prices and etc. For additional details regarding risk factors – see Section 19 of Part A of the Periodic Report. It is further clarified that delays in completion of the above-mentioned projects beyond the date originally planned for this could impact the ability of the Company and the Group companies to comply with their obligations to third parties (including under guarantees provided), including authorities, conditions of permits, lenders, yard consumers, customers and others, in connection with the projects, and cause a charge for additional costs, payment of compensation or starting of proceedings (including under guarantees provided).**

[19] It is noted that a delay in the commercial operation beyond the original contractual date, which is not considered a justified delay as defined in the project agreements, could trigger payment of monthly compensation at a limited graduated rate (taking into account the length of the delay, where a delay after full utilization of the compensation ceiling could give rise to a cancellation right). It is clarified that in the initial delay period, the amount of the compensation for an unjustified delay is not material. The construction work, its completion, the commercial operation date and the costs involved with the construction are adversely impacted by the War and/or its impacts, including in the year of the report. As at the date of the report, the financial closing for the project had been completed, however completion of the construction and operation of the Sorek 2 generation facility are subject to fulfillment of conditions and factors that have not yet been fulfilled, and to operational or technical factors that relate to completion of the construction and the work on the project's site, which are impacted by, among other things, the defense (security) situation in Israel and the disruptions in the year of the report regarding arrival of work teams and equipment in Israel. It is noted that in the position of the construction contractor and the equipment supplier is that the security situation in Israel constitutes *force majeure*. It is emphasized that ultimately, the date expected for completion of the construction and commencement of the operation, as shown in the table, could be delayed even beyond that stated, as a result of, among other things, a delay of the construction work and connection of the equipment (including construction of the desalination facility), delays in receipt of the required permits all of which had not yet been received at the date of the report, disruptions in arrival of equipment, *force majeure* events, and occurrence of risk factors to which the Company is exposed, including delays relating to the War or its consequences. Such delays could involve an increase in the project costs. It is clarified that delays as stated could impact the project's costs and could also trigger an increase in costs (beyond the expected cost indicated above) and/or could constitute non-compliance with liabilities to third parties.

6. Initiation and Construction Projects (Cont.)

A. Initiation and construction projects in Israel (held at 100% ownership by OPC Israel, which is 80% held by the Company)[18]: (Cont.)

1. Main details with reference to construction projects in Israel (the data presented in the table below is in respect of 100% for each project): (Cont.)

Power plants/ energy generation facilities	Status	Capacity (megawatts)	Location	Technology	Date/ expectation of start of commercial operation	Main customer/ consumer	Total expected construction cost	Total construction cost at December 2024
							(NIS millions)	
Facilities for generation of energy on the customers' premises	Various development/ construction stages	The total scope of the agreements as at the approval date of the report is about 79 megawatts, of which about 28 megawatts[20], that are in various development and construction stages.	On the customers' premises throughout Israel	Natural gas and renewable energy (solar, storage)	Gradually based on the stage of development of each project.	Yard (private) consumers and the System Operator	An average of about 4 (about $1 million) per megawatt	About 98

[20] Every facility has a capacity of up to 16 megawatts. **As stated above, as at the date of the report all of the conditions had not yet been fulfilled for the actual execution of the projects involving construction of facilities for generation of energy on the customers' premises (or any of them), and fulfillment thereof is subject to various factors, such as licensing processes, connection to the infrastructures (the Electricity Authority and the gas infrastructures) and construction.** It is noted that due the outbreak of the War, the Company has sent *force majeure* notifications to the consumers. The War and its consequences could negatively impact the compliance with the expected dates for commercial operation and the expected costs of the projects. It is further clarified that delays in completion of the projects, if they are not justified based on the relevant agreements, impact the project costs and could cause an increase in costs (beyond the expected cost noted above) and/or could constitute non-compliance with liabilities to third parties, resulting in a start of proceedings or demands for relief. **It is clarified that that stated above includes "forward-looking" information as it is defined in the Securities Law and there is no certainty it will be realized. Ultimately, there could be delays in projects designated for execution and/or an increase in costs (including with respect to early completion of the agreements/projects) relating to these projects or a reduction thereof.**

6. Initiation and Construction Projects (Cont.)

A. Initiation and construction projects in Israel (held at 100% ownership by OPC Israel, which is 80% held by the Company)[20]: (Cont.)

2. Main details with reference to development projects in Israel:

Power plants/energy generation facilities	Status	Location	Technology[21]	Additional details
Ramat Beka[22]	Advanced development	The Local Industrial Council of Neot Hovav	Photovoltaic with integrated storage	In May 2023 and June 2024, OPC Power Plants won two tenders of the Israel Lands Authority (ILA) for planning and construction of facilities for generation of electricity using renewable energy using photovoltaic technology with storage, on a number of adjacent sites. As at the date of the report, in the Company's estimation, the proximity of the sites on which it won the two tenders constitutes a significant unique advantage for it, and may permit physical project consecutiveness, allow for savings on central (joint) costs, increase the certainty with respect to the feasibility and characteristics of the projects and advance the conditions required for ultimate execution and connection to the transmission network in the framework of an overall plan having a significant scope. Subject to advancement of appropriate development processes, it will be possible to act in order to advance a consolidated project having about 500 megawatts per hour plus storage capacity estimated at about 2,760 megawatts per hour, and an estimated cost of about NIS 4.0 – 4.2 billion, on a cumulative basis for the sites of the two tenders.

[21] It is clarified that the characteristics (including the capacity) of initiation and construction projects, along with their advancement, are subject to, among other things, planning and licensing processes as well as assurance of connection to the electricity grid, are subject to changes, and in light of the early stage, there is no certainty regarding the advancement and/or the ultimate execution of the projects in the initiation stage (in whole or in part).

[22] **As at the date of the report, the development processes had not yet been completed, and the authorizations required for advancement of the projects on the land sites (including as a consolidated project) had not yet been received, and there is no certainty that these actions, approvals or decisions will be executed and/or received (in whole or in part) and/or the estimated period for their completion (if completed). In addition, that stated regarding, among other things, the characteristics and capacity of the solar facilities and the storage capacity, the estimated cost of the subject projects (or any of them), the feasibility of advancement of the projects as a consolidated project the economic benefit and the cost savings due to consolidation of the projects (if consolidated), increase of the certainty regarding the development or connection to the network processes, realization of the advantages of a consolidated project (if it will be possible) and the start date of construction of the project/s includes "forward-looking" information as it is defined in the Securities Law, which is based solely on the Company's estimates and assumptions as at the date of the report, and regarding which there is no certainty they will be realized or the manner in which they will be realized. As at the approval date of the report, construction of the generation and storage facilities and advancement of the project/s (in any of the tenders and/or the consolidated project) depend on, among other things, advancement and completion of the planning, construction, connection to the network and licensing processes, and assurance of financing for the construction, which as at the date of the report had not yet been completed and there is no certainty regarding their completion or the manner thereof (if completed). In addition, the costs of the projects are impacted by macro-economic conditions and are subject to changes in the prices of energy, equipment, construction, shipping, etc. Therefore, ultimately there could be administrative, planning, environmental, regulatory, infrastructure, operational and licensing delays/deficiencies, along with an increase in the estimated costs – this being due to, among other things, various factors that are not under the Company's control, or as result of the occurrence of one or more of the risk factors the Company is exposed to, as stated in Section 19 to Part A of the Company's Periodic Report, which are included herein by means of reference.**

6. Initiation and Construction Projects (Cont.)

A. Initiation and construction projects in Israel (held at 100% ownership by OPC Israel, which is 80% held by the Company)[29]: (Cont.)

2. Main details with reference to development projects in Israel: (Cont.)

Power plants/energy generation facilities	Status	Location	Technology[21]	Additional details
Ramat Beka (Cont.)	Advanced development	The Local Industrial Council of Neot Hovav	Photovoltaic with integrated storage	In the Company's estimation, at this preliminary stage, subject to completion of all the transactions, development processes, planning and licensing along with receipt of the required approvals, the start of the construction stage is expected to be in 2026–2027. As at the approval date of the report, to the best of the Company's knowledge, government authorization was received for advancement of the plan to the State National Infrastructures Board. For additional details – see Section 7.3.13.1 of Part A of the Periodic Report and Note 10B(6) to the Financial Statements and the Company's Immediate Report dated July 1, 2024 (Reference No.: 2024-01-066948). For additional details regarding an agreement for acquisition of solar panels for the project that was signed in the period of the report – see Section 7.14.11 of Part A of the Periodic Report.

6. Initiation and Construction Projects (Cont.)

A. Initiation and construction projects in Israel (held at 100% ownership by OPC Israel, which is 80% held by the Company)[29]: (Cont.)

2. Main details with reference to development projects in Israel: (Cont.)

Power plants/ energy generation facilities	Status	Location	Technology[21]	Additional details
Solar and storage projects	Initial development	Kibbutzim/ communities	Photovoltaic with integrated storage	The Company has signed agreements with owners of rights in lands (communities located in peripheral areas – communities and kibbutzim) that hold rights in land sites having potential for solar projects with integrated storage. As at the approval date of the report, agreements were signed designated for construction of solar facilities estimated at a cumulative about 215 megawatts and about 1,100 megawatt hours of storage. For additional details – see Section 7.3.13.2 of Part A of the Periodic Report.
Intel	Initial development	Kiryat Gat	Conventional	On March 3, 2024, OPC Power Plants signed a non-binding memorandum of understanding with Intel Electronics ("Intel"), an existing customer of the Group, whereby OPC Power Plants will construct and operate a power plant ("the Project"), which will supply electricity to Intel's facilities, including expansion of the facilities presently being constructed, for a period of 20 years starting from the operation date ("the Memorandum of Understanding"). Pursuant to the Memorandum of Understanding, OPC Power Plants will hold exclusively rights in the Project with a capacity of at least 450 megawatts (and in the Company's estimation up to 650 megawatts). For additional details – see Section 7.3.13.2 of Part A of the Periodic Report. The parties are operating to advance the development and planning of the project and to sign detailed agreements, while during the period of the report there was advancement with respect to, among other things, receipt of a planning study, approval of access to the land and planning recommendation from the Planning Administration, and to the best of the Company's knowledge, as at the approval date of the report, government authorization for start of the process for approval of a National Infrastructures Plan was received (which has not yet been published). As at the approval date of the report, the Company estimates the construction cost of the Project in the range of about \$1.3 million – about \$1.5 million per megawatt[23] and subject to completion of the development and planning processes the Project is expected to reach the construction stage in 2027.

[23] **That stated regarding the estimate of the cost (which includes an estimate of the costs of equipment, construction and financing the construction (without a land component)) constitutes "forward-looking" information as defined in the Securities Law, which is based on the Company's plans as at the date of the report, regarding which there is no certainty it will ultimately materialize. As at the date of the report, advancement of the project, its development, construction, operation, cost and final characteristics are subject to fulfillment of various factors and conditions (regulatory, operational, commercial and financing) that have not yet been fulfilled (and there is no certainty regarding their fulfillment).**

6. Initiation and Construction Projects (Cont.)

A. Initiation and construction projects in Israel (held at 100% ownership by OPC Israel, which is 80% held by the Company)[29]: (Cont.)

2. Main details with reference to development projects in Israel: (Cont.)

Hadera 2 – on December 27, 2021, the plenary of the National Infrastructures Planning Board decided to submit plan for construction of a power plant for generation of electricity running on natural gas situated on land owned by Infinia Ltd. that is located adjacent to the Hadera power plant (the plan also permits storage) National Infrastructures Plan 20 (NIP 20) for government approval. In December 2022, an annual option agreement was signed with Infinia Ltd. that may be renewed for a period of up to 5 years for lease of the project land.

On April 17, 2024, the Government of Israel rejected the plan. In June 2024, Hadera 2 filed a petition with the High Court of Justice regarding cancellation of the said Government Decision and approval of the plan. In December 2024, a conditional order was issued by High Court of Justice instructing the government to provide reasons why the plan should not be returned for a rehearing by the National Infrastructures Board or, alternatively, to provide reasons why the said plan should not be approved. A hearing on the petition has been scheduled for April 2025. For additional details – see Section 7.14.3.1 of Part A of the Periodic Report and Note 10B(4) to the Financial Statements.

As at the approval date of the report, the Company intends to advance the initiation activities of Hadera 2 in the framework of a hearing for update of Decision 69407 regarding a regulation of conventional units (for details – see Section 7.3.4 of Part A of the Periodic Report) – all of this subject to adjudication of the petition filed with the High Court of Justice and completion of the process for approval of the plan, to the extent the decision to cancel the plan is changed.

Sorek tender – further to that stated in Section 7.3.13.6 of Part A of the Periodic Report, on September 26, 2024, OPC Power Plants submitted its bid in the tender. On December 18, 2024, a notification was delivered to OPC Power Plants whereby the bid of a third party is the winning bid in the tender, and OPC Power Plants was declared the “second qualifier”. The bid of OPC Power Plants will remain in effect based on the tender documents, where in a case of a cancellation of the declaration of the winner or cancellation of the undertaking with it, the Tenders Board will be permitted to declare the second qualifier as the winner – all of this subject to and in accordance with the tender documents.

6. Initiation and Construction Projects (Cont.)

B. Construction and development projects in the U.S. (including projects in the area of renewable energy area held by CPV Renewable which is held at the rate of 66.7% by the CPV Group (the CPV Group is held at the rate of 70.46% by the Company)[24]:

1. Main details regarding construction projects in the area of renewable energy using solar and wind technologies in the U.S. (the data presented in the table below is in respect of 100% for each project):

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[24] 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 December 31, 2024 – $1 = NIS 3.647. **The information presented below regarding projects under construction, including with respect to the expected commercial structure, the projected commercial operation date, the expected construction cost, an undertaking with a tax partner and/or the expected results of the activities for the first full calendar year (revenues, EBITDA, investments of the tax partner and cash flows after the tax partner) includes "forward-looking" information, as it is 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 as at the approval date of the report, the realization of which is not certain, and which might not be realized due to factors, such as: regulatory changes or legislative changes (including changes impacting main suppliers of the projects and/or import of equipment and including regulatory/legislative changes in the area of energy or import tariffs due to changes in the government in the U.S.), delays in receipt of permits, an increase in the construction costs, delays in execution of 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 sale for of the potential revenues from the project, terms of the commercial agreements, conditions of the energy market, an increase in the financing expenses, unforeseen expenses, macro-economic changes, weather events, delays and an increase in costs related to the supply chain, transport and an increase in raw-material prices, etc. Completion of the projects in accordance with the said estimates is subject to the fulfillment of conditions which as at the approval date of the report had not yet been fulfilled (fully or partly) 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 (including based on guarantees provided in favor of those third parties).**

6. Initiation and Construction Projects (Cont.)

B. Construction and development projects in the U.S. (including projects in the area of renewable energy area held by CPV Renewable which is held at the rate of 66.7% by the CPV Group (the CPV Group is held at the rate of 70.46% by the Company)[24]: (Cont.)

1. Main details regarding construction projects in the area of renewable energy using solar and wind technologies in the U.S. The data presented in the table below is in respect of 100% for each project (Cont.)

Project	Capacity (megawatts)	Location	Expected commercial operation date	Commercial structure	Regulated market after the PPA period	Total expected construction cost net for 100% of the project (NIS millions)	Tax equity (NIS millions)	Total construction cost as at December 31, 2024 (NIS millions)	Expectation for a first full calendar year in the period of the PPA agreements		
									Revenues (NIS millions)	EBITDA (NIS millions)	Cash flows after tax partner (NIS millions)
CPV Backbone Solar, LLC ("Backbone")	179 MWdc	Maryland	Second half of 2025	Long-term PPA[1] (including green certificates)	PJM + MD SRECs	≈ 1,149 (≈ $315 million)	≈ 423 (≈ $116 million)[2]	≈ 886 (≈ $243 million)	≈ 71 (≈ $19 million)	≈ 49 (≈ $13 million)	≈ 39 (≈ $11 million)

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[25] The project has signed an agreement with a global e-commerce company for a period of 10 years from the start of the commercial operation, for supply of 82% of the electricity expected to be generated by the project in the said period, and sale of solar renewable energy certificates, which is valid up to 2035. The balance of the project's capacity (18%) will be used for supply to active customers, retail supply of electricity of the CPV Group or for sale in the market.

[26] In October 2024, the CPV Group signed an agreement with a tax partner in the ITC (Investment Tax Credit) format, where pursuant to the agreement the investment of the tax partner in the project will be partly (about 20%) on the mechanical completion date, and the balance (about 80%) will be paid on the commercial operation date.

6. Initiation and Construction Projects (Cont.)

B. Construction and development projects in the U.S. (including projects in the area of renewable energy area held by CPV Renewable which is held at the rate of 66.7% by the CPV Group (the CPV Group is held at the rate of 70.46% by the Company)[24]: (Cont.)

1. Main details regarding construction projects in the area of renewable energy using solar and wind technologies in the U.S. The data presented in the table below is in respect of 100% for each project (Cont.)

Project	Capacity (megawatts)	Location	Expected commercial operation date	Commercial structure	Regulated market after the PPA period	Total expected construction cost net for 100% of the project (NIS millions)	Tax equity (NIS millions)	Total construction cost as at December 31, 2024 (NIS millions)	Expectation for a first full calendar year in the period of the PPA agreements		
									Revenues (NIS millions)	EBITDA (NIS millions)	Cash flows after tax partner (NIS millions)
CPV Rogue's Wind, LLC ("Rogues")[1]	114	Pennsylvania	First half of 2026	Long-term PPA[2] (including green certificates)	PJM MAAC	≈ 1,331 (≈ $365 million)	≈ 584 (≈ $160 million)[3]	≈ 379 (≈ $104 million)	≈ 91 (≈ $25 million)	≈ 71 (≈ $19 million)	≈ 58 (≈ $16 million)

[27] In August 2024, a Work Commencement Order was issued and a project financing agreement was signed for project financing and provision of a shareholders' loan to the project.

[28] In April 2021, the project signed an agreement for sale of all the electricity and the environmental consideration (including Renewable Energy Certificates (RECs), benefits relating to availability and accompanying services), the terms of which were improved in the period of the report. The agreement was signed for a period of 10 years starting from the commercial operation date. The CPV Group has provided collateral for assurance of its obligations under the agreement, which includes execution of certain payments to the other party if certain milestones (including the commencement date of the activities) in the project are not completed in accordance with the timetable determined.

[29] The project is located on a former coal mine and, therefore, it is expected to be entitled to enlarged tax benefits of 40% in accordance with the IRA Law. The CPV Group intends to act to sign an agreement with a tax partner (Equity Tax) in an ITC format in respect of about 40% of the cost of the project and use of the tax credits that are available to the project (subject to appropriate regulatory arrangements). **That stated regarding the intention of the CPV Group to sign an agreement with a tax partner (equity tax), including the scope thereof and/or the scope of the tax benefits, includes "forward-looking" information as it is defined in the Securities Law, which is based on estimates and intentions of the CPV Group proximate to the approval date of the report and regarding which there is no certainty they will materialize (in whole or in part). The said estimates might not materialize or might change due to a range of circumstances, including changes in the provisions of the law or the applicable benefits, the final terms of the agreement with the tax partner, and factors as stated in footnote 24 above.**

6. Initiation and Construction Projects (Cont.)

B. Construction and development projects in the U.S. (including projects in the area of renewable energy area held by CPV Renewable which is held at the rate of 66.7% by the CPV Group (the CPV Group is held at the rate of 70.46% by the Company)[24]: (Cont.)

2. Main details regarding development projects in the U.S.

Set forth below is a summary of the scope of the development projects (in megawatts) in the United States as at the approval date of the report[30].

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[30] **The information presented in the Section regarding the backlog of development projects of the CPV Group, including with respect to the status of the projects and/or their characteristics (capacity, technology, integration possibilities with carbon capture potential, expected construction date, etc.) constitutes "forward-looking" information as it is defined in the Securities Law, regarding which there is no certainty it will be realized or how it will be realized. As at the approval date of the report, there is no certainty regarding execution of the development projects (in whole or in part), and their advancement and the rate thereof are subject to, among other things (as applicable), completion of development and licensing processes, assurance of control over the land (real estate), signing of agreements (such as equipment and construction agreements), execution of construction processes, assurance of a connection process, assurance of financing and/or receipt of receipt of regulatory and other approvals. In addition, advance of the development projects is subject to the discretion of the competent organs of the CPV Group and of the Company.**

6. Initiation and Construction Projects (Cont.)

B. Construction and development projects in the U.S. (including projects in the area of renewable energy area held by CPV Renewable which is held at the rate of 66.7% by the CPV Group (the CPV Group is held at the rate of 70.46% by the Company)[24]: (Cont.)

2. Main details regarding development projects in the U.S.

Set forth below is a summary of the scope of the development projects (in megawatts) in the United States as at the approval date of the report[30].

Renewable energy	Advanced development[31]	Preliminary development	Total
PJM market			
Solar	40	1,330	**1,370**
Wind	150	–	**150**
Total PJM market (1)	**190**	**1,330**	**1,520**
Other markets			
Solar	760	1,330	**2,090**
Wind	300	900	**1,200**
Total other markets	**1,060**	**2,230**	**3,290**
Total renewable energy	**1,250**	**3,560**	**4,810**
Share of the CPV Group (66.67%)	**830**	**2,370**	**3,200**

(1) Delays in the processes for connection to the network in the PJM market

The increasing demand for renewable energies in the PJM, MISO and SPP electricity markets have led to an increase in the requests for connection to the network and requests for connection studies of projects to the network. These requests create a burden and slowness in the connection approval processes, and could impact the process and rate of advancement of the projects. In January 2023, a reform of the process for requesting connection to the network in the PJM market entered into effect, which was designed to govern the handling of the backlog of connection requests by the PJM. As part of the new protocol, PJM prepares an orderly three-stage connection study process that applies to the parties requesting connection in the relevant framework with respect to times. In 2024, particularly in December, interim results were published with respect to some of the connection studies (Transition Cycle 1). In the estimation of the CPV Group, the results of the process of the agreements for connection to the network triggered a delay in the development of certain projects in the PJM market, taking into account, among other things, the required costs for upgrading the network and their position in the connection process.[32]

[31] In general, the CPV Group views projects that in its estimation are in a period of up to two years or up to three years to the start of the construction as projects in the advanced development stage (there is no certainty the development projects, including projects in the advanced stage, will be executed). That stated is impacted by, among other things, the scope of the project and the technology, and could change based on specific characteristics of a certain project, as well as from the external circumstances that are relevant to the project, such as the anticipated activities' market or regulatory circumstances. In general, projects that are designated to operate in the PJM market could be impacted by the changes in the connection processes as part of the proposed change described in Section 8.1.2.2(A) of Part A to the Periodic Report, and their progress could be delayed as a result of these proposed changes. 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.

[32] That stated above in connection with the impacts of the reform of PJM on the projects of the CPV Group, includes "forward-looking" information as it is defined in the Securities Law, the realization of which and the manner thereof are uncertain and depend on, among other things, factors that are not under the Company's control.

6. Initiation and Construction Projects (Cont.)

B. Construction and development projects in the U.S. (including projects in the area of renewable energy area held by CPV Renewable which is held at the rate of 66.7% by the CPV Group (the CPV Group is held at the rate of 70.46% by the Company)[24]: (Cont.)

2. Main details regarding development projects in the U.S. (Cont.)

Natural gas projects with carbon capture potential*	Advanced development	Preliminary development	Total
Development projects	(2)1,350	(3)5,000	**6,350**
Share of the CPV Group	**950**	**3,940**	**4,890**

* For additional details – see Section 8.10(A) of Part A of the Periodic Report.

(2) In the third quarter of 2024, the Basin Ranch project (a natural-gas project with an estimated capacity of about 1.35 GW located in the state of Texas with future carbon capture potential, which is held at the rate of 70% by the CPV Group and 30% by a partner), which was chosen by TEF (Texas Energy Fund), advanced to the due diligence stage for receipt of a subsidized loan in the amount of about $1 billion having a term of about 20 years bearing fixed interest of 3% – this being on the condition that that the construction thereof begins up to the end of 2025. As at the submission date of the report, the CPV Group estimates the total construction cost of the power plant project (100%) in the range of about NIS 6.6 – NIS 7.3 billion ($1.8 – $2 billion), and subject to completion of the relevant development processes, particularly receipt of permits (including environmental), completion of the material undertakings and signing of the loan agreement, as stated, an investment decision in the project to start its construction is expected in 2025. In light of that stated, as at the approval date of the report, the CPV Group is working on a private process to raise the capital required for construction of the project.

It is noted that as at the date of the report there is no certainty regarding the structure, manner, amount or results of any fundraising effort, if ultimately made, which have not yet been finally determined, and the matter is subject to, among other things, the market conditions, advancement of development of the project and the discretion of the Company's competent organs, and there is also no certainty regarding completion of the development processes, receipt of the said loan and the other conditions required in order to begin execution of the project, which had not yet been fulfilled as at the submission date of the report and there is no certainty of their ultimate fulfillment or the timing thereof[33].

[33] **It is clarified that that stated above with respect to execution of the project, its characteristics, expected time of the development, costs, receipt of the said loan and/or completion of raising of the required capital includes "forward-looking" information as it is defined in the Securities Law. As stated above, as at the submission date of the report the conditions for receipt of the said loan as well as additional conditions required for its construction and execution of the project had not yet been fulfilled, and their fulfillment and timing thereof are subject to various factors (regulatory, operational, commercial and financing), including factors that are not under the control of the CPV Group. Ultimately, that stated may not be realized or may be realized in a significantly different manner.**

6. Initiation and Construction Projects (Cont.)

B. Construction and development projects in the U.S. (including projects in the area of renewable energy area held by CPV Renewable which is held at the rate of 66.7% by the CPV Group (the CPV Group is held at the rate of 70.46% by the Company)[24]: (Cont.)

2. Main details regarding development projects in the U.S. (Cont.)

(3) In February 2025, FERC approved the PJM's "Resource Reliability Initiative" (RRI), the purpose of which is to handle the expected deficiency in available capacity by accelerating connection of up to 50 projects for generation of electricity that meet certain criteria. Qualifying projects will be advanced to the next connection round, Transition Cycle #2, which permits projects, as stated, to potentially connect up to about 14 months earlier. PJM noted that selection of the projects as part of the RRI will be made by means of a weighted-average point method that will focus on the size of the project, value of the availability and date of the commercial operation applications, and selection of the projects is expected to end in the second quarter of 2025. Projects that are selected for RRI will be required to comply with fixed timetables for construction and participation in PJM's availability tenders for a minimum commitment period of ten years from the commercial operation date. As at the approval date of the report, the CPV Group intends to submit a request (including required collaterals) for the Oregon project (at the present time the project is in the initial development stage) for purposes of including it as part of this accelerated connection process.[34]

[34] It is clarified that there is no certainty that the Oregon project will be selected and there is no certainty that no appeal or other process will be filed in connection with the above-mentioned decision.

7. Financial Position as at December 31, 2024 (in millions of NIS)

Category	12/31/2024	12/31/2023	Board's Explanations
Current Assets			
Cash and cash equivalents	962	1,007	For details – see the Company's consolidated statements of cash flows in the financial statements and Part 8 below.
Trade receivables	293	247	Most of the increase, in the amount of about NIS 42 million, stems from an increase in the balances of customers in Israel, mainly due to an increase in customer consumption.
Receivables and debit balances	90	406	Most of the decrease stems from receipt of the balance of the receivables in respect of the ITC (investment tax credit) grant in the Maple Hill project, the amount received was transferred to the tax partner in the project.
Short-term derivative financial instruments	–	12	
Total current assets	**1,345**	**1,672**	

7. Financial Position as at December 31, 2024 (in millions of NIS) (Cont.)

Category	12/31/2024	12/31/2023	Board's Explanations
Non-Current Assets			
Long-term deposits and restricted cash	60	59	
Long-term receivables and debit balances	162	247	
Investments in associated companies	5,320	2,550	Most of the increase stems from exit from the consolidation of CPV Renewable and as a result of transition to the equity method (for additional details – see Note 23E to the Financial Statements), in the amount of about NIS 2,225 million, the amount of about NIS 670 million in respect of transactions for acquisition of additional rights in the Shore and Maryland power plants in the fourth quarter of 2024 and the share of the income of associated companies, in the amount of about NIS 166 million. This increase was partly offset by distribution of dividends by associated companies (particularly Fairview), in the amount of about NIS 326 million. For additional details regarding investments in associated companies – see Section 4D above and Note 24 to the Financial Statements.
Long-term derivative financial instruments	44	51	
Property, plant and equipment	4,238	6,243	For details – see Note 9 to the financial statements.
Right-of use assets and long-term deferred expenses	637	631	For details – see Note 10 to the financial statements.
Intangible assets	261	1,165	For details – see Note 11 to the financial statements.
Total non-current assets	**10,722**	**10,946**	
Total assets	**12,067**	**12,618**	

7. Financial Position as at December 31, 2024 (in millions of NIS) (Cont.)

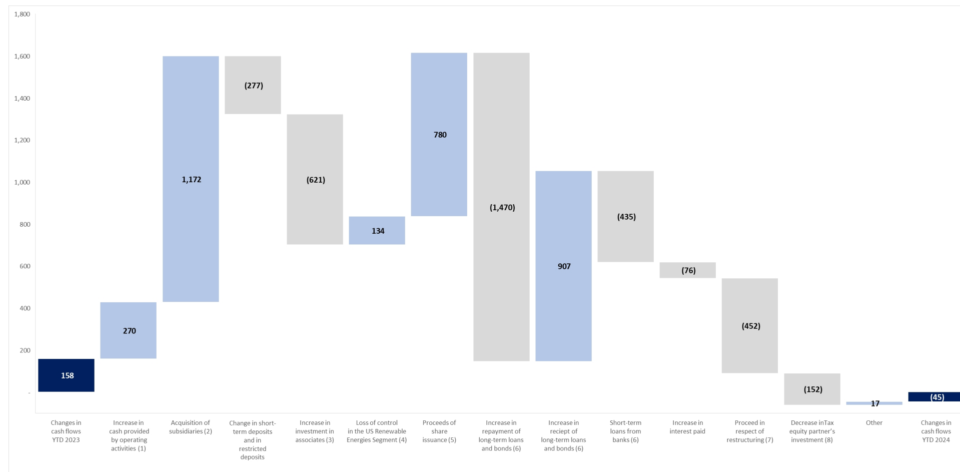
Category	12/31/2024	12/31/2023	Board's Explanations
Current Liabilities			
Loans and credit from banks and financial institutions (including current maturities)	82	391	Most of the decrease stems from a short-term credit framework repaid by OPC Israel, in the amount of NIS 200 million, and a decrease in the current maturities of loans in Israel, in the amount of about NIS 43 million, as a result of financing agreements signed by OPC Israel (for additional details – see Note 14B(1) to the Financial Statements). In addition, the decrease stems from exit from the consolidation of CPV Renewable in the fourth quarter of 2024, which caused a decrease of about NIS 67 million in the current maturities.
Current maturities of debt from holders of non-controlling interests	14	32	
Current maturities of debentures	212	192	
Trade payables	213	257	Most of the decrease stems from suppliers in connection with construction projects in Israel, in the amount of about NIS 38 million.
Payables and other credit balances	123	411	See the explanation in the "receivables and debit balances" section above.
Total current liabilities	**644**	**1,283**	

7. Financial Position as at December 31, 2024 (in millions of NIS) (Cont.)

Category	12/31/2024	12/31/2023	Board's Explanations
Non-Current Liabilities			
Long-term loans from banks and financial institutions	2,150	2,865	There was an increase deriving from taking out of long-term loans by the CPV Group, in the amount of about NIS 347 million, prior to the exit from the consolidation in the fourth quarter of 2024. On the other hand, there was a decrease stemming from exit from the consolidation of CPV Renewable in the fourth quarter of 2024 and the resulting transition to the equity method of accounting, which caused a decrease of about NIS 1,132 million in the long-term loans. In addition, there was an increase deriving from financing agreements signed by OPC Israel under which loans were taken out, in the amount of about NIS 1,650 million, while at the same time early repayment was made of the unpaid balance of the project loans of Zomet and Gat in the aggregate amount of about NIS 1,561 million – for additional details see Note 14B(1) to the financial statements.
Long-term debt from holders of non-controlling interests	500	422	Most of the increase derives from an increase in the balance of the long-term loans from holders of non-controlling interests in the CPV Group, where an increase, in the amount of about NIS 54 million, relates to additional loans made to the Group and accrual of interest to the principal in the period of the report, and an increase, in the amount of about NIS 28 million, is due to the increase in the shekel/dollar exchange rate.
Debentures	1,663	1,647	Most of the increase, in the amount of about NIS 197 million, derives from issuance of the debentures (Series D) and an increase in the linkage differences relating to the debentures (Series B), in the amount of about NIS 32 million. On the other hand, there was a decrease deriving from repayment of debentures, in the amount of about NIS 193 million.
Long-term lease liabilities	31	204	Most of the decrease, in the amount of about NIS 178 million, stems from exit from the consolidation of CPV Renewable and as a result of transition to the equity method of accounting in the fourth quarter of 2024 (for details – see Note 23E to the financial statements).
Long-term derivative financial instruments	–	58	The decrease stems from exit from the consolidation of CPV Renewable and as a result of transition to the equity method of accounting in the fourth quarter of 2024 (for details – see Note 23E to the financial statements).
Other long-term liabilities	115	399	The decrease stems mainly from exit from the consolidation of CPV Renewable and as a result of transition to the equity method of accounting in the fourth quarter of 2024 (for details – see Note 23E to the financial statements).
Liabilities for deferred taxes	543	498	The increase stems mainly from utilization of carryforward losses in Israel.
Total non-current liabilities	**5,002**	**6,093**	
Total liabilities	**5,646**	**7,376**	
Total equity	**6,421**	**5,242**	Most of the increase in the equity stems mainly from issuance of shares (net of issuance expenses), in the amount of about NIS 780 million, net income, in the amount of about NIS 197 million, other comprehensive income, in the amount of about NIS 30 million, and issuance of equity to holders of non-controlling interests in the U.S. in the amount of about NIS 175 million.

8. Liquidity and sources of financing

Set forth below is an analysis of significant changes in the cash flows in the period of the report compared with the corresponding period last year (in NIS millions):



(1) Most of the increase in cash provided by operating activities stems from an increase in income on a cash basis, in the amount of about NIS 124 million, and an increase in dividends from associated companies in the U.S., in the amount of about NIS 222 million (for details – see Note 24E to the financial statements). On the other hand, there was an increase of about NIS 60 million in the tax payments mainly as a result of loss of control of CPV Renewable (for additional details – see Note 23E to the financial statements).

(2) For additional details regarding acquisition of subsidiaries in 2023 – see Note 23F to the financial statements.

(3) Most of the increase stems from acquisition of additional rights in the Maryland and Shore power plants. For additional details – see Note 24C to the financial statements.

(4) For additional details – see Note 23E to the financial statements.

(5) For additional details – see Note 18B to the financial statements.

(6) For additional details – see Notes 14 and 15 to the financial statements.

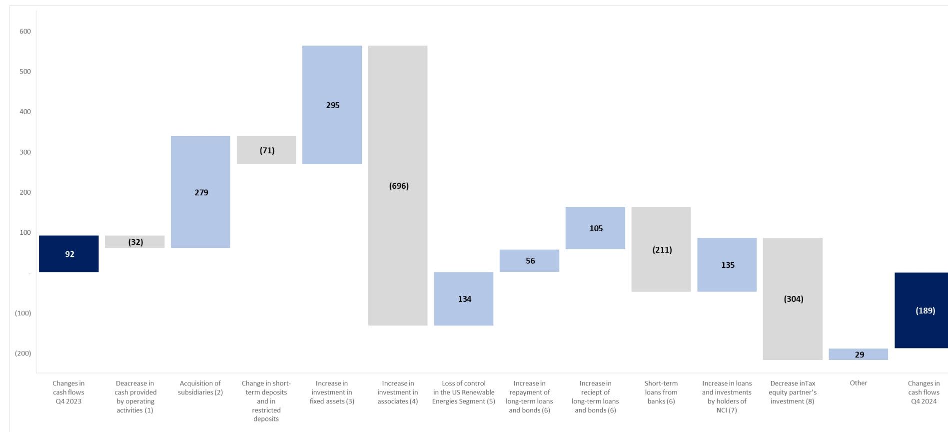
(7) For additional details – see Section 4G.

(8) For details regarding a transaction for a structural change in Israel in 2023 – see Note 23A(1) to the financial statements.

(9) For additional details regarding investments of the tax partner in Stagecoach in the period of the report and in the Maple Hill project in 2023 – see Section 8.14.7 of Part A of the Periodic Report.

8. Liquidity and sources of financing (Cont.)

Set forth below is an analysis of significant changes in the cash flows in the fourth quarter of 2024 compared with the corresponding period last year (in NIS millions):



(1) Most of the decrease in the cash provided by operating activities stems from an increase, in the amount of about NIS 62 million, in the tax payments as a result of loss of control of CPV Renewable (for additional details – see Note 23E to the financial statements). On the other hand, there was an increase in dividends from associated companies in the U.S., in the amount of about NIS 24 million.

(2) For additional details regarding acquisition of subsidiaries in 2023 – see Note 23F to the financial statements.

(3) Most of the decrease stems from exit from the consolidation of CPV Renewable in the fourth quarter of 2024 and as a result transition to the equity method of accounting – see Note 23E to the financial statements.

(4) Most of the increase stems from acquisition of additional rights in the Maryland and Shore power plants. For details – see Note 24C to the financial statements.

(5) For additional details – see Note 23E to the financial statements.

(6) For additional details – see Notes 14 and 15 to the financial statements.

(7) For additional details regarding investments of holders of non-controlling interests in OPC Power and in OPC Israel – see Notes 23A(3) and 23D to the financial statements, respectively.

(8) For additional details regarding investments of the tax partner in the Maple Hill project in 2023 – see Section 8.14.7 of Part A of the Periodic Report.

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

As at December 31, 2024 and 2023, the Group's working capital (current assets less current liabilities) amounted to about NIS 701 million and about NIS 389 million, respectively.

As at December 31, 2024, there were no warning signs pursuant to Regulation 10(B)(14) of the Securities Regulations (Periodic and Immediate Reports), 1970, that require publication of a forecasted statement of cash flows for the Company.

9. Adjusted financial debt, net

A. Compositions of the adjusted financial debt, net

The Company defines "net financial debt" as loans from banks and financial institutions, debentures and interest payable less cash and cash equivalents, including deposits and restricted cash that are intended for debt service and less/plus the fair value of derivative financial instruments used for hedging the principal and/or interest. The "adjusted net financial debt" includes the "net financial debt" of the Company and its consolidated subsidiaries and the "net financial debt" of its associated companies in the U.S. on the basis of the rate of the holdings of the CPV Group in these companies. It is noted that commencing from December 31, 2024, in light of discontinuance of the consolidation of the renewable energies segment in the U.S., the financial debt data of this segment is presented based on the rate of holdings of about 66.67% (for additional details – see Note 23E to the financial statements).

The Company defines "leverage ratio" as "adjusted net financial debt" divided by "EBITDA after adjusted proportionate consolidation" for the 12 months that preceded the measurement date. For purposes of calculation of the leverage ratio, a debt in respect of projects under construction (that do not yet produce EBITDA) is not included in the calculation. Regarding development projects the construction of which has been completed and/or active projects acquired during the period of the report, an annual representative EBITDA is taken into account.

Set forth below is detail of the Group's leverage ratio:

As at December 31, 2024[(1)]	As at December 31, 2023[(2)]
5.2	4.9

(1) After elimination of debt under construction in the Renewable Energies segment in the U.S. of about NIS 132 million, as detailed in the following table.

With reference to acquisition of additional holdings in some of the power plants in the Energy Transition area in the U.S. (hereinafter – "the Additional Acquisitions") and regarding loss of control in the Renewable Energies segment (hereinafter – "the Loss of Control"), the representative EBITDA was calculated as follows: Maryland and Shore based on the rate of holdings with respect to the actual results in 2024 for the Additional Acquisitions adjusted for a full year, and the renewable energy activities based on the rate of holdings with respect to the actual results in 2024, taking into account the decline in the rate of holdings in the period prior to the Loss of Control adjusted to reflect a full year.

(2) After elimination of debt under construction in the Renewable Energies segment in the U.S. of about NIS 9 million, as detailed in the following table. With respect to the power plants, the construction and/or acquisition of which was completed in 2023 and the debt in respect thereof included in the calculation, calculation of representative EBITDA was made as follows: Zomet and Mountain Wind in accordance with projected data; and Gat and Three Rivers based on a linear adjustment to reflect a full year of the actual results in 2023.

9. Adjusted financial debt, net (Cont.)

A. Compositions of the adjusted financial debt, net (Cont.)

The following table details the financial debt, net, as at December 31, 2024 (in millions of NIS)[35]:

Name of project	Method of presentation in the Company's financial statements	Gross debt: Debt (including interest payable and deferred expenses)	Gross debt: Weighted-average interest rate	Gross debt: Final repayment date of the loan	Cash and cash equivalents and deposits (including restricted cash used for debt service) (1)	Derivative financial instruments for hedging principal and/or interest	Net debt
Hadera	Consolidated	585	4.9%	2037	72	44	469
Israel headquarters and others (2)	Consolidated	1,649	6.3%–6.4%	2033	16	–	1,633
Total Israel		**2,234**	**6.0%**		**88**	**44**	**2,102**
Active renewable energy projects (3)	Associated (66.7%)	323	4.2%	2028–2030	5	16	302
Financing of renewable energy projects (4)	Associated (66.7%)	426	6.5%	2026	285	9	132
Total renewable energy		**749**	**5.5%**		**290**	**25**	**434**
Fairview (Cash Sweep 50%) (5)	Associated (25%)	482	7.6	2030–2031	–	2	480
Towantic (Cash Sweep 45%) (6)	Associated (26%)	215	8.1%	2029	9	(1)	207
Maryland (Cash Sweep 75%) (7)	Associated (75%)	891	6.6%	2028	80	15	796
Shore (8) (Cash Sweep 100%)	Associated (69%)	1,114	5.2%	February 2025 (refinanced)	235	–	879
Valley (Cash Sweep 100%)	Associated (50%)	686	10.4%	May 2026	104	–	582
Three Rivers (Cash Sweep 100%)	Associate (10%)	252	5.2%	2028	14	17	221
Total energy transition (9)		**3,640**	**7.0%**		**442**	**33**	**3,165**
Headquarters and others – U.S.	Consolidated	–	–	–	264	–	(264)
Total U.S.		**4,389**			**996**	**58**	**3,335**
Total energy headquarters (11)		**1,891**	2.5%–6.2% (weighted-average 3%)	2028–2034	**664**	**–**	**1,227**
Total		**8,514**			**1,748**	**102**	**6,664**

(1) Includes restricted cash, in the amount of about NIS 53 million, in Hadera and in the energy transition segment, in the amounts of about NIS 252 million.

(2) For details regarding signing of two financing agreements in OPC Israel in the aggregate scope of about NIS 1.65 billion and early repayment of the project financing in Zomet and Gat – see Note 14B(1) to the Financial Statements.

(3) As at the date of the report, relates to the Keenan and Mountain Wind projects.

(4) For details – see Section 8.17.5 of Part A of the Periodic Report. It is noted that as at the date of the report, the Maple Hill and Stagecoach projects are financed under a construction financing framework for renewable energy projects together with the Backbone project.

(5) On August 14, 2024, Fairview completed an undertaking in a refinancing agreement – for details see Section 8.17.4 of Part A of the Periodic Report. In February 2025, Fairview's financing agreement was amended such that the interest margin on the long-term loans was reduced from 3.5% (the margin determined in August 2024) to 3%.

[35] In addition, the Group has a liability to holders of non-controlling interests, the balance of which as at December 31, 2024 is about NIS 515 million.

9. Adjusted financial debt, net (Cont.)

A. Compositions of the adjusted financial debt, net (Cont.)

(6) On June 27, 2024, Towantic completed an undertaking in a refinancing agreement – for details see Section 8.17.4 of Part A of the Periodic Report.

(7) In September 2024, Maryland's financing agreement was revised, and the interest-rate margin on the long-term loan was reduced from 4.00% to 3.75%.

(8) On February 4, 2025, Shore completed an undertaking in a new financing agreement. For details – see Section 8.17.4 of Part A of the Periodic Report. It is noted that for purposes of completion of Shore's new financing agreement, the amount of NIS 286 million ($80 million) was granted to Shore by all of its equity holders. The CPV Group provided about USD 72 million, including the share of the partner in the project, with which it signed an agreement for acquisition of holdings in Shore (about 20%) in January 2025[36].

(9) The rate (%) of the Cash Sweep mechanism is in accordance with the estimate of the CPV Group and it could change based on the provisions of the financing agreements of the projects.

(10) As part of the financing agreements, financial covenants were determined for the projects. As at the date of the report, the associated companies are in compliance with the financial covenants. As part of the financing agreement, a financial covenant was provided for Maryland requiring an historical debt service coverage ratio of 1:1 during the last four quarters. As at the date of the financial statements, Maryland is in compliance with this financial covenant (1.81).

(11) Includes balances of debt and cash in the Company and cash in ICG Energy Inc. (available for use for all the Group's needs).

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[36] In a case where the acquisition of holdings in the Shore power plant is not completed, the share of the leverage reduction of the Partner in the project will be considered a loan on the terms agreed to.

9. Adjusted financial debt, net (Cont.)

A. Compositions of the adjusted financial debt, net (Cont.)

The following table details the adjusted financial debt, net, as at December 31, 2023 (in millions of NIS) (Cont.):

	Method of presentation in the Company's financial statements	Debt (including interest payable and deferred expenses)	Cash and cash equivalents and deposits (including restricted cash used for debt service)	Derivative financial instruments for hedging principal and/or interest	Net debt
Rotem	Consolidated	–	9	–	(9)
Hadera	Consolidated	642	98	37	507
Zomet	Consolidated	1,111	94	–	1,017
Gat	Consolidated	434	12	–	422
Headquarters and others – Israel	Consolidated	202	160	–	42
Total Israel		**2,389**	**373**	**37**	**1,979**
Active renewable energy projects	Consolidated (100%)	541	12	22	507
Financing construction of renewable energy projects	Consolidated (100%)	329	327	(7)	9
Total renewable energy		**870**	**339**	**15**	**516**
Fairview	Associated	334	25	6	303
Towantic	Associated	339	44	7	288
Maryland	Associated (25%)	304	26	8	270
Shore	Associated (37.5%)	599	105	19	475
Valley	Associated	708	66	–	642
Three Rivers	Associated	271	21	20	230
Total energy transition		**2,555**	**287**	**60**	**2,208**
Headquarters and others – U.S.	Consolidated	–	12	–	(12)
Total U.S.		**3,425**	**638**	**75**	**2,712**
Total Energy headquarters		**1,853**	**336**	**–**	**1,517**
Total		**7,667**	**1,347**	**112**	**6,208**

9. Adjusted financial debt, net (Cont.)

B. Interest and linkage bases

Set forth below are tables detailing the adjusted financial debt as at December 31, 2024 and 2023 (in millions of NIS) in Israel broken down into debt bearing unlinked fixed interest / fixed debt, debt bearing fixed interest linked to the CPI and debt bearing prime interest:

As at December 31, 2024	Total debt	Debt bearing unlinked fixed interest/ fixed debt		Debt bearing fixed interest linked to the CPI		Debt bearing prime interest		Weighted-average interest as of December 31 2024
		Total	Interest	Total	Interest	Total	Interest	
The Company (debentures)	1,891	767	2.5%	1,124	3.4%	–	–	3.0%
OPC Israel (bank)	1,649	–	–	–	–	1,649	6.3%–6.4%	6.3%–6.4%
Hadera (bank)	585	484	5.3%	101	3.5%	–	–	4.9%

As at December 31, 2023	Total debt	Debt bearing unlinked fixed interest/ fixed debt		Debt bearing fixed interest linked to the CPI		Debt bearing prime interest		Weighted-average interest as of December 31 2023
		Total	Interest	Total	Interest	Total	Interest	
The Company (debentures)	1,853	851	2.5%	1,002	2.8%	–	–	2.6%
Hadera (bank)	642	517	5.3%	125	3.5%	–	–	4.9%
Zomet (bank)	1,111	–	–	–	–	1,111	6.8%	6.8%
Gat (bank)	434	–	–	–	–	434	6.9%	6.9%
Short-term credit frameworks (bank)	202	202	6.9%	–	–	–	–	6.9%

9. Adjusted financial debt, net (Cont.)

B. (Cont.)

Set forth below are tables detailing the adjusted financial debt as at December 31, 2024 and 2023 (in millions of NIS) in Israel broken down into debt bearing fixed interest and debt bearing SOFR interest. The debt includes the net financial debt of the associated companies in the U.S. based on the rate of holdings of the CPV Group in these companies:

As at December 31, 2024	Rate of holdings of the CPV Group	Total debt	Interest margin on long-term loans	Fixed debt		Debt bearing SOFR interest		Weighted-average interest as at December 31 2024
				Total	Interest	Total	Interest	
Active renewable energy projects	66.7%	322	1.13%–1.73%	238	3.5%	84	6.0%	4.2%
Financing of construction of renewable energy projects	66.7%	425	2.10%–2.85%	178	6.9%	247	6.2%	6.5%
Fairview*	25%	481	3.50%	243	7.2%	238	8.1%	7.6%
Towantic	26%	213	3.75%	156	8.0%	57	8.4%	8.1%
Maryland	75%	893	3.75%	497	5.6%	396	7.9%	6.6%
Shore**	69%	1,096	3.75%	803	4.1%	293	8.4%	5.2%
Valley***	50%	687	5.50%	–	–	687	10.4%	10.4%
Three Rivers	10%	252	3.75%	212	4.6%	40	8.4%	5.2%

(*) In February 2025, the refinancing agreement of Fairview was amended in such a manner that the interest margin on the long-term loans was reduced from 3.5% to 3.0%, as detailed in Section 9A(5) above.

(**) In February 2025, the refinancing agreement of Shore was completed wherein the terms of the debt were updated. For additional details – see Section A(8), above.

(***) The interest margin of Valley was determined taking into account the lack of the Title V permit, as at the extension date of the financing agreement in June 2023. For additional details regarding completion of the request for receipt of the Title V permit after the date of the report and the progress of the process – see Section 8.1.4(J) of Part A of the Periodic Report.

As at December 31, 2023	Rate of holdings of the CPV Group	Total debt	Interest margin on long-term loans	Fixed debt		Debt bearing SOFR interest		Weighted-average interest as at December 31 2023
				Total	Interest	Total	Interest	
Active renewable energy projects	100%	541	1.13%–1.73%	397	3.5%	144	6.7%	4.4%
Financing of construction of renewable energy projects	100%	329	2.00%–2.85%	275	6.4%	54	6.4%	6.6%
Fairview	25%	334	2.75%	305	5.4%	29	8.2%	5.6%
Towantic	26%	339	3.25%	267	5.1%	72	8.7%	5.9%
Maryland	25%	304	4.00%	187	5.9%	117	8.9%	7.0%
Shore	37.5%	599	3.75%	436	4.1%	163	9.1%	5.4%
Valley	50%	708	5.50%	–	–	708	10.8%	10.8%
Three Rivers	10%	271	3.75%	224	4.6%	47	9.1%	5.3%

9. Adjusted financial debt, net (Cont.)

C. Financial covenants

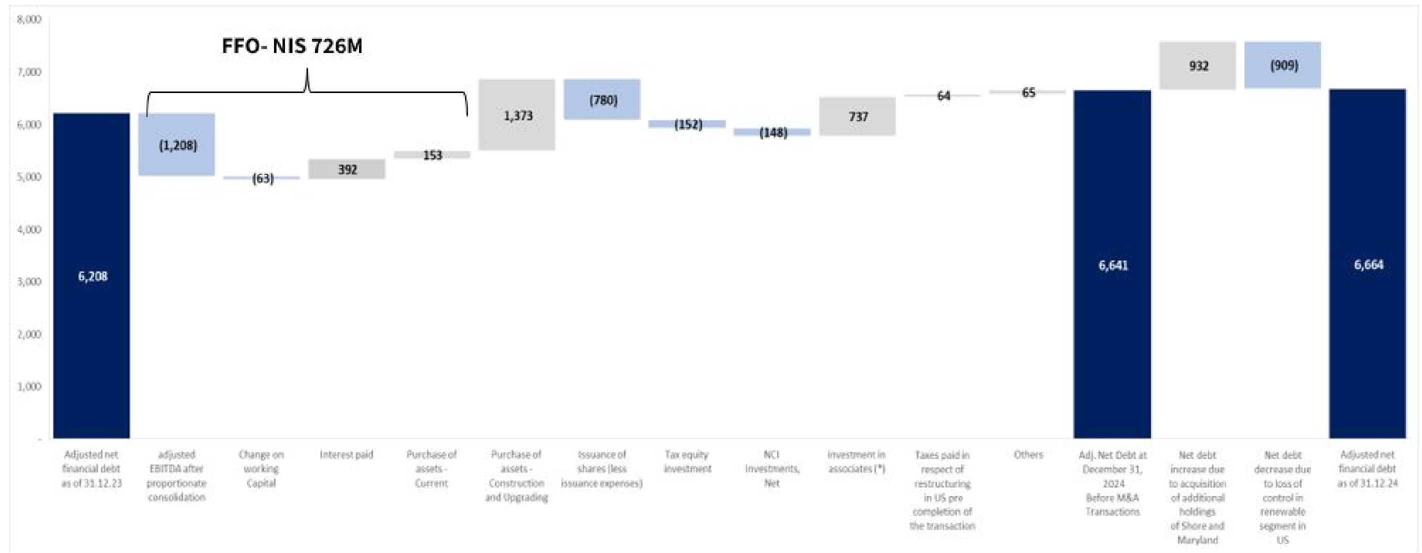
The Company and its investee companies are subject to financial covenants provided in their financing agreements and trust certificates. As at the date of the report, the Company and its investee companies were in compliance with all the financial covenants provided. For detail regarding the covenants for violation, relating to significant loans and debentures – see Notes 14B(4) and 15C to the Financial Statements[37].

On July 28, 2024, a rating of 'ilA–' was reconfirmed for the Company and for its debentures by S&P Global Ratings Maalot Ltd. and the rating outlook was updated from negative to stable due to an improvement of the financial ratios. For additional details – see the Company's Immediate Report dated July 29, 2024 (Reference No.: 2024-01-077268).

[37] For a description of the main provisions of material loans of the Company and the investee companies – see Note 14 to the Financial Statements.

9. Adjusted financial debt, net (Cont.)

Movement in the adjusted financial debt, net, for the period ended December 31, 2024 (in NIS millions):



(*) Derives mainly from acquisition of additional rights in the Maryland and Short power plants – for additional details see Note 24C to the financial statements.

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

As at the approval date of the report, the Company has three series of debentures it issued (Series B, Series C and Series D). For details regarding the said debentures, including regarding financial covenants and the manner of compliance therewith – see Note 15 to the Financial Statements.

Set forth below are additional details regarding the Company's debentures (Series B, Series C and Series D):

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	Name: Yossi Reznik Address: 14 Yad Harutzim St., Tel-Aviv Telephone: 03–6389200 Fax: 03–6389222 E–mail: Yossi@rpn.co.il
Rating of the debentures since the issuance date	Rating of 'ilA–' by S&P Maalot Global Ratings Ltd. ("Maalot"). On July 28, 2024, the rating was reconfirmed by Maalot and the rating outlook was updated from negative to stable due to the improvement of the financial ratios.
Pledged assets	None. There is a future commitment that the Company will not create a general current 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	Series B – yes; Series C – yes; Series D – no.

As at the date of the report, the Company is in compliance with all the conditions of the Company's debentures (Series B, Series C and Series D) 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.

11. Impacts of changes in the macro-economic environment on the Group's activities and its results

Changes in the macro-economic environment, which are characterized by inflation, changes in the currency exchange rates, particularly the dollar against the shekel and changes in interest rates, could impact the Group's activities in different ways, including, an impact on the electricity generation component (and as a result an impact on the Company's natural gas revenues and costs) and other index-linked revenues, an increase in fixed expenses (including wages), maintenance costs, project construction costs – both in Israel and in the U.S., equipment acquisition costs and financing expenses in respect of loans and debentures the Group companies are liable for that bear variable interest and/or are linked to the CPI. In addition, a change in the interest rate could impact the economic feasibility of projects under construction, the discount rates used for examining value (including impairment of value) of active projects, projects under construction or in the development stage and cash-generating units to which goodwill was allocated, financing costs in respect of taking out of new debt and the fair value of a liability in respect of a profit-sharing plan in the CPV Group.

11. Impacts of changes in the macro-economic environment on the Group's activities and its results (Cont.)

Set forth below is disclosure regarding the main impacts of changes in the currency exchange rates, inflation (Consumer Price Index) and interest rates on the Group's activities[38]. Taking into account the complexity of an analysis of the impacts of the said factors, particularly since some of them are indirect (and not direct) impacts and the existence of reciprocal relationships between the various macro-economic parameters, the Company is not able to estimate the impacts of the changes in the said macro-economic parameters on the Company's overall results.

Currency (particularly the dollar)

The Group is exposed to changes in the currency exchange rates, particularly the exchange rate of the dollar.

The Company's activities in Israel are exposed to a change in the exchange rate of the dollar, directly and indirectly, due to the linkage of a significant part of its revenues to the generation tariff (which is impacted, in part, by changes in the exchange rate of the dollar), while on the other hand acquisitions of the natural gas, some of which are linked to the dollar exchange rate and/or are denominated based on the dollar exchange rate, are also linked to the generation tariff (which, as noted is impacted in part by changes in the dollar exchange rate) and include dollar floor prices.

Therefore, the structure of the Company's activities in Israel includes a partial natural (intrinsic) hedge – even though strengthening of the dollar increases the cost of the natural gas purchased by the Company, the structure of the revenues should reduce the said exposure. Nonetheless, it is pointed out that the generation component, which is impacted by various parameters and is subject to changes (including by force of regulation) is updated, generally, once a year, and accordingly differences are possible, including timing differences, between the impact of a strengthening of the rate of the dollar on the current gas cost and its impact on the revenues and, in turn, on Company's gross margin. Timing differences, as stated, could have a negative effect on the Company's current profit and cash flows – at least in the short run.

It is noted that where the gas price is equal to or lower than the floor price, the Company is exposed to a larger extent to changes in the dollar/shekel exchange rate and to reductions in the generation component since the natural (built-in) protection, as stated above, is fully or partly compromised, and that stated could have a negative impact on the Company's profits.

In addition, from time to time the Company signs significant construction and maintenance contracts that are denominated in different currencies, particularly the dollar and the euro.

It is noted that from time to time, and based on business considerations and risk-management policies, the Company makes use of forward contracts on the exchange rates for hedging part of the currency exposures as detailed above.

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[38] The disclosure stated in this Section below is based on the Company's estimates in accordance with assumptions and analyses made as at the date of the report only. Ultimately, the impacts of macro-economic events could be different than that stated, as a result of, among other things, the type and scope of the macro-economic events, the impact thereof on third parties related to the Company and/or changes in the relevant regulatory policies. In addition, the Company's estimates regarding the impacts of the said factors on its results might not materialize, in whole or in part, as a result of, among other things, regulatory policies, market conditions, operating factors and changes in the Company's undertakings and/or due to one or more of the risk factors the Company is exposed to, as stated in Section 19 of Part A of the Periodic Report.

11. Impacts of changes in the macro-economic environment on the Group's activities and its results (Cont.)

Currency (particularly the dollar) (Cont.)

With reference to the Company's investment in the CPV Group, which operates in the U.S. with a dollar functional currency, in general a weakening of the dollar rate has a negative impact on the (dollar) value of the Company's investment and on the Company's net income and shareholders' equity, due to translation of the results of the CPV Group from dollars into shekels (which is the operational currency of the Company). On the other hand, from time to time there could be a need to raise financing in Israel in shekels in order to finance the activities of the CPV Group, particularly for the benefit of expected investments in the backlog of construction and development projects of the CPV Group. Accordingly, a strengthening of the dollar exchange rate could lead to an increase in the financing requirements in order to realize these needs.

Consumer Price Index (CPI) (inflation)

The Group is exposed to changes in the CPI. Regarding its activities in Israel, the Company is exposed to changes in the CPI, directly and indirectly, mainly due to linkage of a significant part of its revenues to the generation component (which is impacted partly by a change in the CPI), and due to the fact that most of its capacity revenues are linked to the CPI. On the other hand, purchases of the natural gas are partly linked to the generation tariff and include, as stated, floor prices. Also, part of the Company's capital costs and investments and part[39] of the Hadera financing agreement are linked to the CPI, directly or indirectly. Furthermore, the Company is exposed to changes in the CPI with respect to the terms of the Company's debentures (Series B). An increase in the CPI increases the Company's liabilities and financing costs.

Therefore, the structure of the Company's activities includes a partial natural (intrinsic) hedge – despite the fact that an increase in the CPI increases the Company's costs (including the financing costs) and investments, the structure of the revenues should reduce the said exposure, such that the Company's profits could be positively affected by an increase in the CPI. Nonetheless, it is noted that the generation component is impacted by various parameters and is subject to changes (including by force of regulation) and, accordingly, differences are possible between the impact of inflation of the Company's costs and its impact of the revenues and, accordingly, on the Company's gross margin.

Interest rate (mainly shekel and dollar)

The Group has loans and liabilities bearing variable interest that are based on prime or SOFR plus a margin. An increase in the variable interest rates could cause an increase in the Group's financing costs. In addition, an increase in the interest rates could trigger an increase in the financing costs in respect of new debt taken out by the Group (for purposes of refinancing and/or growth). Furthermore, an increase in the interest rates could impact the discount rates for projects (active, under construction and in development) and could also lead to a lack of economic feasibility of continued development and/or acquisition of projects and a slowdown in the Company's growth processes, along with changes in the fair value of assets, particularly the existence of signs of impairment of value of assets and/or recording of impairment losses in the financial statements.

In order to reduce the exposure to changes in the interest rates in Israel, the Group makes use of a mix of loans (including credit frameworks) and debentures in such a manner that part of the loans and the debentures bear fixed interest and part of them bear variable interest.

[39] In order to reduce part of the exposure to changes in the CPI relating to the Hadera financing agreement, in June 2019 the Group entered into transactions with a bank to hedge part of the exposure to the CPI.

11. Impacts of changes in the macro-economic environment on the Group's activities and its results (Cont.)

Interest rate (mainly shekel and dollar) (Cont.)

In the CPV Group, most of the long-term loans and credit frameworks bear variable interest (mainly SOFR) and have exposure to changes in the interest rates. In order to reduce part of the exposure to interest risk, the CPV Group enters into transactions for swaps of variable dollar interest for fixed dollar interest (IRS) with respect to a significant part of the balances of its long-term loans. In addition, due to the project financing conditions of the associated companies (cash sweep mechanisms), there is a significant decline in the scope of the debt in the Energy Transition segment and, accordingly, in the exposure of the CPV Group to an increase in the interest rate of the time of refinancing.

For additional details regarding the Group's policies for management of the financial risks and sensitivity analyses, including changes in the CPI and interest – see Note 21 to the Financial Statements.

12. Material Valuations

A. Transaction for acquisition of the Gat power plant

Further to that stated in Note 23F(1) to the Financial Statements, in the period of the report the Company completed the valuation for determination of the fair value of the identified assets and liabilities of the Gat Power Plant and determination of the amount of the goodwill and the manner of allocation thereof to the cash-generating units, by means of an external independent appraiser (BDO Ziv Haft), without there being a change in the allocation of the acquisition cost and the fair-value data compared to the data as at December 31, 2023. For information regarding the details of the valuation – see Section 13A of the Report of the Board of Directors for 2023.

B. Annual examination of impairment of value of goodwill created in respect of acquisition of the Gat power plant

Further to that stated in Note 11 to the financial statements regarding the balance of the goodwill created in respect of acquisition of the Gat power plant, as at the approval date of the report the Company performed a valuation for determination of the recoverable amount of the cash generating unit included in the Rotem, Hadera and Gat power plants ("the Cash Generating Units") for purposes of an annual impairment of value of the goodwill examination ("the Valuation"). The Valuation was performed at the level of the Cash Generating Unit since this being the lowest level at which the goodwill is monitored for internal management purposes. For additional details regarding examination of impairment of value – see Note 11B to the financial statements.

12. Material Valuations (Cont.)

B. Annual examination of impairment of value of goodwill created in respect of acquisition of the Gat power plant (Cont.)

Details of the valuation:

Subject matter of the Valuation	Determination of the recoverable amount of the Cash Generating Units for purposes of an annual impairme goodwill examination in accordance with the provisions of IAS 36.
Date of the Valuation	Effective date of the valuation: December 31, 2024. Approval date of the valuation: March 11, 2025.
Book value attributed to a Cash-Generating Unit as at the date of the Valuation	Total of the Cash-Generating Unit – about NIS 2.7 billion.
Recoverable amount of the Rotem power plant as determined pursuant to the Valuation	Only the Rotem power plant– about NIS 4.3 billion. The recoverable amount of the Rotem power plant alone exceeds the book value of the entire Cash-Genera therefore, it is not necessary to recognize a loss from impairment of value in the Company's books.
Identity of the appraiser and his characteristics	The valuation was performed by the Company.
Valuation model	The recoverable amount of the cash generating unit was determined as follows: for the Rotem power plant onl value in use using the DCF (discounting of cash flows) method.
The assumptions based on which the appraiser performed the Valuation	Set forth below are the main assumptions that were used in determination of the use value of the Rotem power p – Forecast years – represent the period between 2025 and 2043, and are based on an estimate of the econo power plant and its value at the end of the forecast period. – Forecast of the generation component and natural gas prices that are not backed by an agreement – bas forecasts received from external independent information sources. – Long-term annual inflation rate of 2.5%. – Weighted-average cost of capital (WACC) – 8% which was determined by an external, independent apprais

12. Material Valuations (Cont.)

B. Annual examination of impairment of value of goodwill created in respect of acquisition of the Gat power plant (Cont.)

Details of the valuation: (Cont.)

Sensitivity analysis for changes in the main parameters	An increase of 1% in the WACC (about NIS 442 million). A decrease of 5% in the generation component tariff (about NIS 447 million).
Examination of attachment of the valuation	Notwithstanding that the valuation meets the quantitative thresholds for "Very Significant Valuations", as dete Position of the Securities Authority 105-23 "Parameters for Examination of the Significance of the Valuation" periodic examination of impairment of value of goodwill is involved without there having been signs of impairm Company's estimation, based on sensitivity analyses performed by it, as at the date of the report, whereby e reasonable change in the key assumptions used in determination of the recoverable amount of the cash-ge would not lead to recognition of a significant loss from impairment of value, instead of attaching the V permissible to disclose the Valuation as a "Significant Valuation" pursuant to Regulation 8(I) of the Securitie (Periodic and Immediate Reports), 1970[40].

Corporate Governance

13. Directors having Accounting and Financial Expertise

As at the date of this report, eight of the members of the Company's Board of Directors have accounting and financial expertise. For details regarding the directors Aviad Kaufman, Antoin Bonaire, Robert Rosen, Jacob Worenklein, Yosef Tene, Sarit Sagiv, Shirly Mashkif and Harel Givon who were classified as directors with accounting and financial expertise – see Regulation 26 of Chapter D (Additional Details regarding the Company).

The Board of Directors determined that the minimum number of directors having accounting and financial expertise in accordance with Section 92(A)(12) of the Companies Law, 1999, is two – this being taking into account the type of the Company, its size, the scope of its activities and the complexity of its activities.

14. Independent Directors

In addition to the external directors Yosef Tena and Shirly Mashkif, the directors Sarit Sagiv and Harel Givon, serve as independent directors of the Company.

As at the date of the report, the Company's Articles of Association do not include a provision regarding the rate of the independent directors.

[40] After an examination, as stated, in accordance with that stated in Section 3 of the Clarification to a Legal Position No. 23-105 "Parameters for Examination of the Significance of Valuations: Questions and Answers".

15. Internal Auditor

Name of the Internal Auditor	Mr. Eyal Baasch ("the Internal Auditor")
Education and professional experience	Certified Internal Auditor (C.I.A.); Certified Risk Management Auditor (CRMA). Bachelor's degree in Social Sciences (Extended Economics) – Hebrew University in Jerusalem; Master's degree in Business Administration (MBA) (specialization in accounting and finance) from the College of Management. Since 2012 he is a partner in the area of risk management and economics in the Office of Rosenbloom – Holzman, CPAs. Possesses extensive professional experience in the area of internal auditing.
Start date of service	August 13, 2024. Up to that date, Ms. Shoshana Shidlo, CPA and CIA (US) served in this position. For details regarding the exiting internal auditor – see Section 16 of the Report of the Board of Directors for 2023 ("the Prior Internal Auditor").
Compliance with legal requirements	To the best of the Company's knowledge, according to the declaration of the Internal Auditor and the Prior Internal Auditor, the Internal Auditor and the Prior Internal Auditor in her period of service meet the requirements of Section 146(B) of the Companies Law and the provisions of Section 8 of the Internal Audit Law, 1992 ("the Internal Audit Law").
Employment format	The Internal Auditor provides the Company internal audit services and he is not an employee of the Company in a full-time position. In addition, he does not hold an additional position in the Company aside from his service as the Internal Auditor. In the period of her service, the Prior Internal Auditor provided the Company internal audit services and she was not employed as an employee of the Company in a full-time position and, in addition, she did not fill an additional position in the Company aside from her service as internal auditor.
Manner of appointment	The appointment of the Internal Auditor was approved by the Board of Directors on August 13, 2024, after a recommendation of the Audit Committee on August 11, 2024. The Company's Audit Committee and Board of Directors examined his qualifications, education and experience in internal auditing.
Conclusion of the service of the Prior Internal Auditor	On August 12, 2024, the service of the Prior Internal Auditor was concluded.
The party to whom the Internal Auditor reports	The Chairman of the Board of Directors.
Other relationships the Internal Auditor has with the Company	To the best of the Company's knowledge, the Internal Auditor does not hold securities of the Company and the Prior Internal Auditor did not hold securities of the Company in the period of her service. The Internal Auditor is not an interested party in the Company or a relative of an interested party in the Company and is not a relative of the auditing CPA or a party on its behalf.

15. Internal Auditor (Cont.)

The work plan	The audit work plan for 2024, which was approved by the Audit Committee, is for one year. The work plan of the Company and its subsidiaries was determined based on, among others, the following considerations: coverage of the Company's main areas of activity, risk centers and exposures known to the Internal Auditor and to management; a corporate risks' survey that is prepared by the Company, potential for savings and efficiency; recurring items and monitoring correction of deficiencies; and implementation of recommendations. The audit work plan is submitted for analysis and approval by the Company's Audit Committee and Board of Directors. The Internal Auditor has discretion to recommend a variance from the work plan to management and the Audit Committee, where necessary. Audit reports were submitted to the Audit Committee and management. The Company's Board of Directors received an update regarding the audit reports. Meetings of the Audit Committee were held to discuss the audit reports on the following dates: March 5, 2024; August 11, 2024; November 10, 2024; and January 2, 2025. During 2024, the Internal Auditor and the Prior Internal Auditor in the period of her service monitored the existence and appropriateness of the work of the party providing internal audit services in the CPV Group (which operates in the U.S.) which was via outsourcing, including, receipt of updates regarding the progress of the audit work and the main findings and discrepancies and receipt of the audit reports. It is noted that starting from 2025, the Internal Auditor will perform audits of the CPV Group. The audit plan and audit reports of the CPV Group are submitted to the Board of Directors of the CPV Group and to the Company's Audit Committee and are reported to the Company's Board of Directors. During the period of the report, no material transactions (as defined in the Fourth Addendum to the Reporting Regulations) were examined. In the estimation of the Board of Directors, the scope, nature and continuity of the activities of the Internal Auditor and the internal audit work plan are reasonable under the circumstances of the manner, and they are sufficient to achieve the Company's internal audit goals.

15. Internal Auditor (Cont.)

Performance of the audit and the professional standards

Based on information provided to the Company, performance of the internal audit is made in accordance with the generally accepted professional standards in and outside of Israel and in accordance with Section 4(B) of the Internal Audit Law.

The Board of Directors relied on the confirmations of the Internal Auditor and the Prior Internal Auditor in the period of her service regarding their compliance with the requirements of the said generally accepted professional standards. In addition, the audit reports are submitted in writing and are discussed at the meetings of the Audit Committee, where as part of the discussion the Internal Auditor reports with respect to the manner of his performance, the policies and procedures applied and the findings. The Board of Directors is satisfied, based on the reports of the Internal Auditor and the Prior Internal Auditor in the period of her service, that the internal audit is in compliance with all the requirements provided in the said standards.

Access to information

The Internal Auditor and the Prior Internal Auditor in the period of her service have/had free access to information, as stated in Section 9 of the Internal Audit Law, including constant and direct access to the Company's information systems, including financial data.

Remuneration

The remuneration of the Internal Auditor in respect of services provided in 2024 amounted to about NIS 166 thousand, this being based on a work scope of 523 audit hours (including 48 work hours in respect of the CPV Group), of which about NIS 107 thousand was paid to the Prior Internal Auditor and about NIS 59 thousand was paid to the Internal Auditor in respect of the period of their service in 2024.

The cost of the internal audit services in the CPV Group (which are executed by means of outsourcing, as stated) in 2024 amounted to NIS 249 thousand, this being based on a work scope of 560 audit hours.

Set forth below is detail regarding the scope of the investments made, distinguishing between hours invested in internal auditing with respect to the Company and the investee companies:

The Company	Investee companies in Israel	CPV
231	244	560 (external service provider as noted) 48 the Internal Auditor

In the opinion of the Board of Directors, the remuneration for the internal audit is reasonable and does not impact or adversely affect use of his professional judgment in performance of the audit.

The remuneration of the Internal Auditor is a function of the total number of work hours as provided in the annual work plan that is approved by the Company's Audit Committee and Board of Directors.

16. Contributions policy

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.

The Group's expenses in respect of contributions in the period of the report amounted to about NIS 2.5 million.

Set forth below is detail of contributions of more than NIS 50 thousand and indication of the relationship to the recipient of the contribution (in NIS thousands):

Recipient of the Contribution	Amount of the Contribution	Relationship to the Recipient of the Contribution
"Password for Every Student" Society	1,000	"Password for Every Student" also receives contributions from parties related to the Company's controlling shareholder, including companies in which officers serve who are directors of the Company (including from the Israel Corporation Group and the controlling shareholders therein). The Company's CEO is a representative of the project's Steering Committee without compensation.
"Rahashei Lev" Society	300	For the sake of good order, it is noted that as the Company was informed, commencing from November 2022, the daughter of Mr. Yosef Tena, an external director of the Company, is employed by the Tel-Aviv Medical Center in the name of Sorosky.
"Running to Give" Society	120	For the sake of good order, it is noted that a relative of the Company's CEO serves as Chairman of the Society without compensation.

17. Details regarding the auditing CPAs

17.1 The Company's auditing CPAs are KPMG Somekh Chaikin ("the Auditor").

17.2 The fee is determined in negotiations between the Company's management and the Auditor, based on the scope of the work, nature of the work, past experience and market conditions. The fee is in respect of an audit and review of three quarterly reviewed reports and one audited annual report. In addition, the fee includes tax services in connection with preparation of the Company's annual tax report.

17.3 Set forth below is the Auditor's fee (in NIS millions):

For the Year Ended December 31			
2024		2023	
Audit services (1)	Other services (2)	Audit services (1)	Other services (2)
12.1	0.8	10.6	1.1

(1) Audit services including services related to the audit and tax services related to the audit. Of the said amount for 2024 and 2023, the amounts of about NIS 10 million and about NIS 8.4 million, respectively, are in respect of audits of CPV. The fees of the auditing CPAs, as stated, were determined in accordance with negotiations carried on by the management of the CPV Group and were approved by CPV's competent organs.

(2) Other services include mainly tax consulting services in Israel. It is noted that most of the tax services in the U.S. are not provided by the Auditor.

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

Date: March 11, 2025

Appendix A

Additional Information regarding Activities of the Energy Transition Segment in the U.S.

EOX Forecast of Natural Gas and Electricity Prices for the Years 2025 – 2027

As additional background with respect to the activities of the Energy Transition Segment in the U.S. and in order to assist regarding accessibility to additional available external data, presented below are forecasts of electricity and natural gas prices in the regions in which the power plants of the CPV Group in the Energy Transition segment in the U.S. operate, which were prepared by the EOX Company[41] and it is based on future market prices of electricity and natural gas.

The data in the tables below reflect forecasts of the electricity and natural gas prices as received from EOX, where with reference to the forecast of the electricity prices the information was processed by the CPV Group in the following manner:

– In the peak hours, electricity is sold in the maximum scope;
– Sale of the balance of the electricity is made in the off-peak hours.
– The scope of the generation of each power plant was estimated separately on the basis of the historical generation data while taking into generation forecasts.

The electricity margin appearing in the table below is calculated based on the following formula:

Electricity margin ($/MWh) = the electricity price ($/MWh) – [the gas price ($/MMBTU) X the thermal conversion ratio* (heat rate) (MMBTU/MWh)]

* Assumption of a thermal conversion ratio (heat rate) of 6.9 MMBTU/MWh for Maryland, Shore and Valley, and a thermal conversion ratio (heat rate) of 6.5 MMBTU/MWh for Three Rivers, Towantic and Fairview.

The data included in this Appendix below is based on forecasts of electricity and gas prices made by EOX – a market consulting company that provides information and data services in the area of the Company's activities in the U.S. in the Energy Transition area, and it is presented as additional background and in order to assist accessibility to available external data regarding the area of activities. It is clarified and emphasized that in light of the fact these are market forecasts, quite naturally the Company is not able to make (and did not make) an independent examination of the forecasts or the underlying data. It is clarified that there are additional entities that provide similar information services that might provide forecasts that differ from these prices. The Company does not undertake to update data as stated.

In addition, it is emphasized that forecasts are involved regarding which there is no certainty with respect to the accuracy or actual viability thereof. The electricity and natural gas prices (in the market, in general, and of the power plants of the CPV Group, in particular) might be different, even significantly, from that presented as a result of various factors, including, macro-economic factors, regulatory changes, political and/or geopolitical events (including global events) that impact the supply and demand of natural gas and electricity, weather events, events relating to the electricity sector in the U.S. (demand, supply, availability of power plants, operational events, proper functioning of the electricity grid, transmission infrastructures) and/or failures in (problems with) the assumptions and estimates that form the basis of the forecast.

[41] EOX is a subsidiary of a commodity broker, OTC Global Holdings, which publishes forward prices for the electricity and natural gas markets based on trading data in the futures markets. The futures prices are an objective way of estimating the future expectation with respect to electricity and natural gas prices since they represent transactions with entities operating in these markets involving buying and selling futures contracts at specific prices.

Appendix A (Cont.)

Additional Information regarding Activities of the Energy Transition Segment in the U.S.

EOX Forecast of Natural Gas and Electricity Prices for 2025 – 2027

Power Plant	2025	2026	2027
Fairview			
Gas price (Texas Eastern M2, as of 2026: M3)	2.99	3.74	3.75
Electricity price (AEP Dayton (AD))	43.56	47.50	50.98
Electricity margin	24.14	23.17	26.58
Towantic			
Gas price (Algonquin City Gate)	6.09	5.94	5.86
Electricity price (Mass Hub)	65.03	61.37	59.74
Electricity margin	25.42	22.75	21.67
Maryland			
Gas price (Transco Zone 5)	4.53	4.64	4.35
Electricity price (PJM West Hub)	50.21	55.24	60.02
Electricity margin	18.94	23.25	29.97
Shore			
Gas price (Texas Eastern M3)	3.81	3.74	3.75
Electricity price (PJM West Hub)	50.21	55.24	60.02
Electricity margin	23.95	29.41	34.11
Valley			
Gas price (Texas Eastern M3 – 70%, Dominion South Pt – 30%)	3.54	3.52	3.51
Electricity price (New York Zone G)	57.02	54.21	56.65
Electricity margin	32.57	29.95	32.43
Three Rivers			
Gas price (Chicago City Gate)	3.73	3.85	3.80
Electricity price (PJM ComEd)	40.04	43.56	45.87
Electricity margin	15.80	18.52	21.18

Set forth below is gross (raw) data as included in the forecast of EOX (without processing)

Transco Zn5 Dlvd	Chicago CG	Texas Eastern M-2	Algonquin CG	Dominion S Pt	Texas Eastern M-3	Mass Hub OPk	Mass Hub Pk	Contract Date
2.49	2.32	2.18	3.74	2.23	2.28	80.74	86.24	01/12/2024
9.90	7.49	5.33	17.23	4.84	9.72	151.55	161.88	01/01/2025
5.45	4.50	3.36	13.62	3.19	5.51	97.92	104.64	01/02/2025
3.21	3.00	2.77	5.41	2.74	2.95	52.11	60.85	01/03/2025
3.63	2.88	2.65	3.46	2.68	2.77	36.94	43.48	01/04/2025
3.98	2.87	2.59	2.97	2.60	2.71	33.13	40.12	01/05/2025
3.80	2.98	2.63	3.23	2.64	2.80	35.84	49.82	01/06/2025
3.99	3.19	2.75	3.71	2.75	2.99	46.66	73.16	01/07/2025
3.87	3.21	2.69	3.44	2.69	2.94	38.46	58.85	01/08/2025
3.57	3.15	2.41	2.89	2.44	2.56	35.48	48.65	01/09/2025
3.62	3.12	2.37	2.91	2.37	2.53	35.09	43.48	01/10/2025
4.10	3.70	2.77	4.98	2.79	3.19	52.53	60.82	01/11/2025
5.27	4.65	3.52	9.25	3.45	5.01	79.69	89.14	01/12/2025
6.78	5.45	4.13	14.16	3.84	6.95	125.30	133.48	01/01/2026
6.08	5.15	3.88	12.89	3.62	6.26	99.06	108.26	01/02/2026
4.90	3.71	3.23	5.74	3.22	3.54	52.63	61.19	01/03/2026
4.00	3.28	2.79	3.85	2.80	2.90	36.69	44.50	01/04/2026
4.20	3.25	2.67	3.20	2.72	2.79	34.19	39.90	01/05/2026
4.11	3.30	2.67	3.27	2.69	2.86	34.78	46.88	01/06/2026
4.28	3.41	2.81	3.72	2.81	3.07	44.35	69.00	01/07/2026
4.17	3.43	2.71	3.62	2.72	3.02	39.23	59.79	01/08/2026
3.72	3.33	2.43	3.00	2.48	2.60	34.14	45.70	01/09/2026
3.81	3.33	2.46	3.09	2.44	2.57	37.31	42.21	01/10/2026
3.97	3.85	2.87	5.37	2.93	3.21	45.02	56.99	01/11/2026
5.59	4.74	3.59	9.38	3.54	5.14	67.82	83.82	01/12/2026
7.10	5.58	4.25	13.92	3.97	7.13	117.80	127.56	01/01/2027
6.30	5.27	3.99	12.69	3.73	6.70	99.99	110.47	01/02/2027
4.41	3.65	3.29	5.95	3.16	3.59	51.48	61.48	01/03/2027
3.66	3.09	2.75	3.77	2.71	2.80	33.57	43.85	01/04/2027
3.65	3.02	2.65	3.13	2.61	2.72	30.45	44.36	01/05/2027
3.66	3.15	2.68	3.26	2.64	2.84	29.39	45.90	01/06/2027
3.79	3.33	2.69	3.76	2.67	2.99	41.26	67.10	01/07/2027
3.62	3.36	2.63	3.55	2.61	2.88	38.88	59.76	01/08/2027
3.38	3.33	2.36	2.92	2.38	2.53	31.27	45.64	01/09/2027
3.53	3.39	2.29	3.19	2.34	2.66	33.69	39.24	01/10/2027
3.79	3.77	2.82	5.13	2.93	3.14	45.81	58.40	01/11/2027
5.37	4.65	3.54	9.03	3.55	5.08	64.25	76.81	01/12/2027

East NY ZnG OPk	East NY ZnG Pk	PJM ComEd OPk	PJM ComEd Pk	AEP-Dayton OPk	AEP-Dayton Pk	PJM West OPk	PJM West Pk	Contract Date
63.01	73.36	21.17	30.46	31.69	39.28	33.00	41.00	01/12/2024
121.35	142.30	58.21	67.38	67.44	76.52	82.77	91.46	01/01/2025
79.68	83.48	30.19	41.04	34.01	46.34	39.94	52.88	01/02/2025
44.05	52.24	25.34	32.67	32.24	37.29	34.02	40.29	01/03/2025
34.28	40.24	23.26	33.49	31.87	39.16	32.98	41.60	01/04/2025
31.90	39.32	25.05	36.83	30.40	41.86	32.07	44.63	01/05/2025
32.96	46.74	24.41	41.80	28.98	44.52	30.29	48.09	01/06/2025
41.06	69.84	33.12	61.46	35.17	64.35	38.06	70.77	01/07/2025
36.02	50.62	28.48	53.54	30.35	57.05	33.31	62.10	01/08/2025
33.12	47.52	25.49	41.96	29.98	46.73	31.72	50.10	01/09/2025
31.90	40.40	25.18	38.53	32.25	44.29	33.99	47.66	01/10/2025
43.93	52.25	27.92	38.15	35.36	43.61	37.54	47.05	01/11/2025
60.92	71.90	34.45	44.40	39.90	50.59	47.11	55.57	01/12/2025
99.15	110.34	50.21	62.06	56.82	68.47	67.73	79.58	01/01/2026
74.92	85.15	44.35	51.60	50.46	56.98	60.58	68.72	01/02/2026
43.19	44.36	32.30	40.84	38.78	46.83	42.66	52.09	01/03/2026
32.15	42.12	25.21	38.11	34.37	43.08	36.29	47.41	01/04/2026
31.55	40.08	28.22	40.23	33.14	45.15	35.01	49.88	01/05/2026
33.50	45.94	27.06	43.23	32.19	48.46	33.77	52.99	01/06/2026
44.00	66.10	32.93	67.98	38.61	71.44	41.82	77.51	01/07/2026
39.07	58.71	30.27	60.45	35.36	64.00	38.37	70.28	01/08/2026
30.66	45.93	26.17	43.70	31.55	50.57	34.07	54.47	01/09/2026
32.57	40.10	28.38	41.68	35.75	47.91	37.53	51.96	01/10/2026
36.93	48.65	29.75	40.47	36.95	46.72	40.57	51.43	01/11/2026
59.61	75.71	37.90	47.62	45.23	54.50	52.16	61.48	01/12/2026
87.07	107.00	56.52	63.46	64.88	73.19	74.45	85.04	01/01/2027
73.12	90.54	50.89	58.90	58.34	67.00	67.61	78.04	01/02/2027
52.19	61.14	37.55	45.57	43.30	50.81	48.45	57.42	01/03/2027
35.12	44.20	26.21	40.07	35.03	45.66	39.47	52.12	01/04/2027
32.93	47.36	26.97	45.98	33.33	51.22	37.31	57.07	01/05/2027
32.81	48.29	25.92	46.64	31.21	51.63	35.05	57.64	01/06/2027
45.70	68.33	37.27	69.39	41.25	74.54	46.20	82.86	01/07/2027
42.87	62.39	34.49	62.67	38.12	67.66	43.16	75.63	01/08/2027
33.52	48.35	25.91	44.47	33.63	53.44	37.81	58.84	01/09/2027
33.87	37.24	26.52	39.88	35.19	49.56	39.93	55.16	01/10/2027
44.58	53.33	32.37	42.22	40.81	50.36	44.60	55.71	01/11/2027
59.30	72.02	38.28	47.08	48.90	55.98	54.92	62.96	01/12/2027

Exhibit 99.2

OPC Energy Ltd.

Consolidated Financial Statements

As of December 31, 2024

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Somekh Chaikin
Millennium Tower KPMG
17 Ha'arba'a St., P.O.B. 609
Tel Aviv 6100601
8000 684 03

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

We have audited the accompanying consolidated statements of financial position of OPC Energy Ltd. (hereinafter - the "**Company**") as of December 31, 2024 and 2023, and the consolidated statements of income, comprehensive income or loss, changes in equity and cash flows for each of the three years in the period ended December 31, 2024. These financial statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit according to generally accepted accounting principles in Israel, including standards set out in the Independent Auditors' Regulations (Modus Operandi of Certified Public Accountant), 1973. Such standards require us to plan and conduct the audit in order to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and information in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's board of directors and management, as well as evaluating the accuracy of the overall financial statements presented. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the above consolidated financial statements present fairly, in all material aspects, the financial position of the Company and its consolidated companies as of December 31, 2024 and 2023 and their results of operations, changes in equity and cash flows for each of the three years in the period ended on December 31, 2024, in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and with the provisions of the Israeli Securities Regulations (Annual Financial Statements), 2010.

Key audit matters

The key audit matters listed below are those matters that were communicated or should have communicated to the Company's Board of Directors, and which, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters include, among other things, any matter that: (1) Relates, or may relate to material items or disclosures on the financial statements; and (2) our judgment in connection therewith was particularly challenging, subjective or complex. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. Communicating these matters, as follows, does not alter our opinion on the consolidated financial statements as a whole, and we do not use their communication to provide a separate opinion on these matters, nor on the items or disclosures to which they relate

Annual impairment testing of goodwill generated on the acquisition of the Gat Power Plant

Why was this matter deemed as a key audit matter

The Company tests for goodwill impairment for each cash-generating unit comprising goodwill on a fixed date once a year, or more often if there are indications of impairment to the value of these cash-generating units. In order to test such assets for impairment, the Group checks whether the carrying amount of the cash-generating unit exceeds its recoverable amount, in accordance with the provisions of IAS 36 regarding impairment.

As stated in Note 11B to the aforementioned financial statements, the Company has goodwill whose balance as per the statement of financial position as of December 31, 2024 is approx. NIS 220 million, which was created upon acquisition of the Gat Power Plant and is associated with the Israel power plants operations (especially Rotem, Hadera and Gat) (hereinafter: the "Companies").

As stated in Section 3F1 to the aforesaid financial statements, subsequent to initial recognition goodwill is measured at cost less accumulated impairment losses. The Company's management tested for impairment the balance of goodwill as of December 31, 2024. Company's management reached the conclusion that it is not required to recognize an impairment loss in the 2024 Financial Statements.

We identified the impairment testing of the goodwill attributable to the companies as a key audit matter. The key considerations for this decision are:

- Discounted cash flow calculations are based on subjective assumptions of the Company's management, including estimates of projected cash flows and discount rate.
- The audit procedures we implemented with respect to the impairment testing of the goodwill attributable to the Companies involved the exercise of the audit team's judgement, and the use of experts who had valuation-related knowledge and experience.

How the key matter was addressed in the audit

Following are the key audit procedures implemented by the audit team in connection with the key matter:

- We obtained an understanding of the process of goodwill impairment testing, and reviewed the process used by management to assess the need to record impairment. We also examined the effectiveness of the audits executed by management.
- We sought the assistance of experts possessing the required knowledge and experience in valuations in order to assess the valuation method and assess the reasonableness of the weighted average cost of capital.
- We received from the Company calculations of discounted cash flows relating to the most significant component associated with the activity of the Rotem Power Plant, and assessed the reasonableness of the significant assumptions used in calculating the projected cash flows, by, among other things, comparing them to historical results and projections regarding the Generation Component. .
- We tested the completeness of the data included in the valuation model and their adequacy.
- We conducted a sensitivity analysis to the results of the model with respect to the key assumptions, such as the electricity tariff (generation component) and the weighted average cost of capital.

We also have audited - in accordance with the standards of the Public Company Accounting Oversight Board (United States), regarding the audit of internal control over financial reporting - the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report, dated March 11, 2025 included an unqualified opinion on the effectiveness of internal control over the Company's financial reporting.

Somekh Chaikin
Certified Public Accountants

March 11, 2025

KPMG Somekh Chaikin, an Israeli registered partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a privately-held, limited-liability English company.

Somekh Chaikin
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Report of the Independent Auditors to the Shareholders of OPC Energy Ltd. regarding the Audit of Internal Control Components over Financial Reporting

We have audited internal control components over financial reporting of OPC Energy Ltd. and its subsidiaries (hereinafter, jointly - the "**Company**") as of December 31, 2024. Based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's Board of Directors and management are responsible for maintaining effective internal control over financial reporting and for their assessment of the effectiveness of the internal control components over financial reporting attached to the periodic report as of the above date. Our responsibility is to express an opinion on the Company's internal control components over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the faithful representation of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of the Company's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, drawing conclusions regarding the future based on any evaluation of effectiveness for future periods is subject to the risk that controls may become inadequate due to changes in circumstance, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company effectively complied with, in all material respects, the Audited Control Components as of December 31, 2024. Based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with generally accepted auditing standards in Israel, the consolidated statements of financial position of the Company as of December 31, 2024 and 2023, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for each of the three years in the period ended December 31, 2024, and our report, dated March 11, 2025 expressed an unqualified opinion on those consolidated financial statements.

Somekh Chaikin
Certified Public Accountants

Tel Aviv, Israel

March 11, 2025

KPMG Somekh Chaikin, an Israeli registered partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a privately-held, limited-liability English company.

Somekh Chaikin
Millennium Tower KPMG
17 Ha'arba'a St., P.O.B. 609
Tel Aviv 6100601
8000 684 03

March 11, 2025

To
The Board of Directors of
OPC Energy Ltd. (hereinafter - the “Company”)

Dear Sirs/Madams,

Re: Letter of Consent in Connection with the Company’s
Shelf Prospectus of May 2023

This is to inform you that we agree to the inclusion in the shelf prospectus (including by way of reference) of our reports listed below in connection with the shelf offerings of May 2023:

Report of the independent auditors of March 11, 2025 regarding the consolidated financial statements of the Company as of December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024.

Report of the independent auditors of March 11, 2025 regarding the Company’s separate financial information in accordance with Regulation 9C to the Securities Regulations (Periodic and Immediate Reports), 1970 as of December 31, 2024 and 2023, and for each of the three years in the period ended December 31, 2024.

Report of the independent auditors of March 11, 2025 regarding the audit of the components of internal control over financial reporting of the Company as of December 31, 2024.

Respectfully,

Somekh Chaikin
Certified Public Accountants

KPMG Somekh Chaikin, an Israeli registered partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a privately-held, limited-liability English company.

Consolidated Statements of Financial Position as of December 31

	Note	2024 NIS million	2023 NIS million
Current assets			
Cash and cash equivalents	5	**962**	1,007
Trade receivables		**293**	247
Receivables and debit balances	7	**90**	418
Total current assets		**1,345**	1,672
Non-current assets			
Long-term restricted deposits and cash	6	**60**	59
Long-term receivables and debit balances	8	**162**	247
Investments in associates	24	**5,320**	2,550
Long-term derivative financial instruments	21	**44**	51
Property, plant & equipment	9	**4,238**	6,243
Right-of-use assets and deferred expenses	10	**637**	631
Intangible assets	11	**261**	1,165
Total non-current assets		**10,722**	10,946
Total assets		**12,067**	12,618

Consolidated Statements of Financial Position as of December 31

	Note	2024 NIS million	2023 NIS million
Current liabilities			
Loans and credit from banking corporations and financial institutions (including current maturities)	14	**82**	391
Current maturities of debt from non-controlling interests	23D	**14**	32
Current maturities of debentures	15	**212**	192
Trade payables		**213**	257
Payables and credit balances	12	**123**	411
Total current liabilities		**644**	1,283
Non-current liabilities			
Long-term loans from banking corporations and financial institutions	14	**2,150**	2,865
Long-term debt from non-controlling interests	23D	**500**	422
Debentures	15	**1,663**	1,647
Long-term lease liabilities	10	**31**	204
Long-term derivative financial instruments	21	**-**	58
Other long-term liabilities	13	**115**	399
Deferred tax liabilities	17	**543**	498
Total non-current liabilities		**5,002**	6,093
Total liabilities		**5,646**	7,376
Equity	18		
Share capital		**3**	2
Share premium		**3,993**	3,210
Capital reserves		**532**	523
Retained earnings		**224**	113
Total equity attributable to the Company's shareholders		**4,752**	3,848
Non-controlling interests		**1,669**	1,394
Total equity		**6,421**	5,242
Total liabilities and equity		**12,067**	12,618

Yair Caspi Chairman of the Board	Giora Almogy Chief Executive Officer	Ana Berenshtein Shvartsman Chief Financial Officer

Date of approval of the financial statements: March 11, 2025.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Income Statement for the Year Ended December 31

	Note	2024	2023	2022
		NIS million	NIS million	NIS million
Revenues from sales and provision of services	19A	**2,779**	2,552	1,927
Cost of sales and services (excluding depreciation and amortization)	19B	**(1,931)**	(1,827)	(1,404)
Depreciation and amortization		**(317)**	(288)	(191)
Gross profit		**531**	437	332
General and administrative expenses	19C	**(263)**	(212)	(239)
Share in profits of associates	24	**166**	242	286
Business development expenses	19D	**(45)**	(58)	(50)
Compensation in respect of loss of income	26A	**44**	41	-
Other expenses, net	19E	**(56)**	(16)	-
Gain on loss of control in the US Renewable Energies Segment	23E	**259**	-	-
Operating profit		**636**	434	329
Finance expenses	19F	**(339)**	(240)	(153)
Finance income	19F	**87**	43	106
Loss from extinguishment of financial liabilities	19F	**(49)**	-	-
Finance expenses, net		**(301)**	(197)	(47)
Profit before taxes on income		**335**	237	282
Expenses for income tax	17	**(138)**	(68)	(65)
Profit for the year		**197**	169	217
Attributable to:				
The Company's shareholders		**111**	144	167
Non-controlling interests		**86**	25	50
Profit for the year		**197**	169	217
Earnings per share attributable to the Company's owners	20			
Basic and diluted earnings per share (in NIS)		**0.46**	0.63	0.79

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Comprehensive Income or Loss for the Year Ended December 31

	2024	2023	2022
	NIS million	NIS million	NIS million
Profit for the year	**197**	169	217
Components of other comprehensive income (loss) 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	**42**	(40)	50
Net change in fair value of derivatives used to hedge cash flows recognized in the cost of the hedged item	**-**	(5)	(4)
Net change in fair value of derivative financial instruments used to hedge cash flows transferred to profit and loss	**(11)**	(20)	(14)
Group's share in other comprehensive income (loss) of associates, net of tax	**13**	(48)	64
Foreign currency translation differences in respect of foreign operations	**(8)**	126	267
Tax on other comprehensive income (loss) items	**(6)**	1	(9)
Other comprehensive income for the year, net of tax	**30**	14	354
Total comprehensive income for the year	**227**	183	571
Attributable to:			
The Company's shareholders	**121**	169	412
Non-controlling interests	**106**	14	159
Total comprehensive income for the year	**227**	183	571

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders								
	Share capital	Share premium	Capital reserves	Hedge fund	Foreign operations translation reserve	Retained earnings	Total	Non-con-trolling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the year ended December 31, 2024									
Balance as of January 1, 2024	**2**	**3,210**	**248**	**25**	**250**	**113**	**3,848**	**1,394**	**5,242**
Issuance of shares (less issuance expenses)	**1**	**779**	**-**	**-**	**-**	**-**	**780**	**-**	**780**
Investments by holders of non-controlling interests in equity of subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**175**	**175**
Share-based payment	**-**	**-**	**7**	**-**	**-**	**-**	**7**	**1**	**8**
Exercised and expired options and RSUs	***-**	**4**	**(4)**	**-**	**-**	**-**	**-**	**-**	**-**
Other	**-**	**-**	**(4)**	**-**	**-**	**-**	**(4)**	**(7)**	**(11)**
Other comprehensive income for the year, net of tax	**-**	**-**	**-**	**24**	**(14)**	**-**	**10**	**20**	**30**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**111**	**111**	**86**	**197**
Balance as of December 31, 2024	**3**	**3,993**	**247**	**49**	**236**	**224**	**4,752**	**1,669**	**6,421**

* Amount is less than NIS 1 million.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders								
	Share capital	Share premium	Capital reserves	Hedge fund	Foreign operations translation reserve	Retained earnings (retained loss)	Total	Non-con-trolling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the year ended December 31, 2023									
Balance as of January 1, 2023	2	3,209	77	91	159	(31)	3,507	859	4,366
Investments by holders of non-controlling interests in equity of subsidiary	-	-	-	-	-	-	-	231	231
Share-based payment	-	-	9	-	-	-	9	1	10
Exercised options and RSUs	*-	1	(1)	-	-	-	-	-	-
Restructuring - share exchange and investment transaction with Veridis	-	-	163	-	-	-	163	289	452
Other comprehensive income (loss) for the year, net of tax	-	-	-	(66)	91	-	25	(11)	14
Profit for the year	-	-	-	-	-	144	144	25	169
Balance as of December 31, 2023	2	3,210	248	25	250	113	3,848	1,394	5,242

* Amount is less than NIS 1 million.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders								
	Share capital	Share premium	Capital reserves	Hedge fund	Foreign operations translation reserve	Retained loss	Total	Non-con-trolling interests	Total equity
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
For the year ended December 31, 2022									
Balance as of January 1, 2022	2	2,392	63	32	(27)	(198)	2,264	577	2,841
Issuance of shares (less issuance expenses)	*-	815	-	-	-	-	815	-	815
Investments by holders of non-controlling interests in equity of subsidiary	-	-	-	-	-	-	-	123	123
Share-based payment	-	-	16	-	-	-	16	-	16
Exercised options and RSUs	*-	2	(2)	-	-	-	-	-	-
Other comprehensive income for the year, net of tax	-	-	-	59	186	-	245	109	354
Profit for the year	-	-	-	-	-	167	167	50	217
Balance as of December 31, 2022	2	3,209	77	91	159	(31)	3,507	859	4,366

* Amount is less than NIS 1 million.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended December 31

	2024	2023	2022
	NIS million	NIS million	NIS million
Cash flows from operating activities			
Profit for the year	**197**	169	217
Adjustments:			
Depreciation and amortization	**333**	303	201
Diesel fuel consumption	**12**	32	9
Finance expenses, net	**301**	197	47
Expenses for income tax	**138**	68	65
Share in profits of associates	**(166)**	(242)	(286)
Other expenses, net	**56**	16	-
Gain on loss of control in the US Renewable Energies Segment	**(259)**	-	-
Share-based compensation transactions	**35**	(7)	62
	647	536	315
Changes in trade and other receivables	**(64)**	(22)	(84)
Changes in trade payables, service providers, payables and other long-term liabilities	**14**	(25)	(19)
	(50)	(47)	(103)
Dividends received from associates [(1)]	**235**	13	-
Income taxes paid [(2)]	**(67)**	(7)	(5)
	168	6	(5)
Net cash provided by operating activities	**765**	495	207
Cash flows for investing activities			
Interest received	**35**	35	8
Change in short-term deposits and in restricted deposits and cash, net	**(8)**	173	(116)
Provision (release) of short-term collateral, net	**14**	110	(62)
Acquisition of subsidiaries, net of cash acquired	**-**	(1,172)	-
Investment in associates [(3)]	**(737)**	(29)	(10)
Subordinated long-term loans to Valley	**-**	(87)	-
Purchase of property, plant, and equipment, intangible assets and deferred expenses	**(1,260)**	(1,223)	(942)
Loss of control in the US Renewable Energies Segment [(2)]	**134**	-	-
Proceeds for repayment of partnership capital from associates [(1)]	**95**	11	15
Other	**15**	16	5
Net cash used for investing activities	**(1,712)**	(2,166)	(1,102)

(1) **For further details regarding capital and dividend distributions from Fairview - a CPV Group associate - see Note 24E.**
(2) **Taxes paid during the reporting period include taxes paid for restructuring. For further details – see Note 23E.**
(3) **For further details regarding the acquisition of an additional stake in the Maryland and Shore power plants, see Note 24C.**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended December 31

	2024	2023	2022
	NIS million	NIS million	NIS million
Cash flows for financing activities			
Proceeds of share issuance, less issuance expenses [1]	**780**	-	815
Proceeds of debenture issuance, less issuance expenses	**198**	-	-
Receipt of long-term loans from banking corporations and financial institutions, net [2]	**1,951**	1,242	282
Receipt of long-term debt from non-controlling interests	**104**	110	46
Investments by holders of non-controlling interests in equity of subsidiary	**175**	231	123
Proceed in respect of restructuring - share exchange and investment transaction with Veridis	**-**	452	-
Short term loans from banking corporations, net	**(204)**	231	-
Tax equity partner's investment in US-based renewable energy projects	**152**	304	-
Interest paid	**(228)**	(152)	(86)
Repayment of long-term loans from banking corporations and others[2][3]	**(1,755)**	(144)	(74)
Repayment of long-term loans as part of the acquisition of Gat	**-**	(303)	-
Repayment of long-term loans from non-controlling interests	**(76)**	(123)	(89)
Repayment of debentures	**(193)**	(31)	(20)
Other	**(13)**	-	(11)
Net cash provided by financing activities	**891**	1,817	986
Net increase (decrease) in cash and cash equivalents	**(56)**	146	91
Balance of cash and cash equivalents at the beginning of the year	**1,007**	849	731
Effect of exchange rate fluctuations on cash and cash equivalent balances	**11**	12	27
Balance of cash and cash equivalents at the end of the year	**962**	1,007	849

(1) For further details – see Note 18B.
(2) For further details – see Note 14B1.
(3) In the reporting period includes a partial early repayment of the long-term loans in Hadera amounting to approx. NIS 25 million, further to receipt of compensation from the Construction Contractor at the end of 2023.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows for the year ended December 31

Appendix A - Changes Arising from Financing Activity

	Loans from banking corporations and financial institutions	Loans from non-con-trolling interests	Debentures	Financial instruments designated for hedging
	NIS million			
Liabilities (assets) as of January 1, 2024	**3,259**	**454**	**1,853**	**(52)**
Changes arising from cash flows:				
Proceeds for derivative financial instruments	**-**	**-**	**-**	**7**
Receipt of loans, net from transaction costs	**1,991**	**104**	198	**-**
Repayment of debentures and loans	**(1,755)**	**(76)**	**(193)**	**-**
Short term loans from banking corporations, net	**(204)**	**-**	**-**	**-**
Interest paid	**(182)**	**(3)**	(41)	**-**
Total changes arising from cash flows	**(150)**	**25**	**(36)**	**7**
Changes in foreign currency exchange rates	**25**	**1**	**-**	**-**
Interest expenses	**250**	**34**	**57**	**-**
Linkage differences	**14**	**-**	32	**(11)**
Deconsolidation	**(1,163)**	**-**	**-**	**(4)**
Changes in fair value, hedge accounting and other	**(1)**	**-**	(15)	**17**
Total changes arising from non-cash activity	**(875)**	**35**	**74**	**2**
Liabilities (assets) as of December 31, 2024	**2,234**	**514**	**1,891**	**(43)**

	Loans from banking corporations and financial institutions	Loans from non-con-trolling interests	Debentures	Financial instruments designated for hedging
	NIS million			
Liabilities (assets) as of January 1, 2023	**1,817**	**437**	**1,854**	**(57)**
Changes arising from cash flows:				
Payment for derivative financial instruments	-	-	-	9
Receipt of loans, net	1,242	110	-	-
Repayment of debentures and loans	(144)	(123)	(31)	-
Repayment of loans as part of the acquisition of Gat	(303)	-	-	-
Short term loans from banking corporations, net	231	-	-	-
Interest paid	(112)	(2)	(23)	-
Total changes arising from cash flows	**914**	**(15)**	**(54)**	**9**
First-time consolidation of limited partnership	303	-	-	-
Changes in foreign currency exchange rates	(2)	8	-	(1)
Interest expenses	174	26	46	-
Linkage differences	15	-	33	(11)
Changes in fair value, hedge accounting and other	38	(2)	(26)	8
Total changes arising from non-cash activity	**528**	**32**	**53**	**(4)**
Liabilities (assets) as at December 31, 2023	**3,259**	**454**	**1,853**	**(52)**

Consolidated Statement of Cash Flows for the year ended December 31

	Loans from banking corporations and financial institutions	Loans from non-con-trolling interests	Debentures	Financial instruments designated for hedging
	NIS million			
Liabilities (assets) as of January 1, 2022	**1,520**	**434**	**1,824**	**(26)**
Changes arising from cash flows:				
Payment for derivative financial instruments	-	-	-	(3)
Receipt of loans, net	282	46	-	-
Repayment of debentures and loans	(74)	(89)	(20)	-
Interest paid	(38)	(7)	(40)	-
Total changes arising from cash flows	**170**	**(50)**	**(60)**	**(3)**
Changes in foreign currency exchange rates	39	29	-	(2)
Interest expenses	68	24	40	-
Linkage differences	24	-	50	(18)
Changes in fair value, hedge accounting and other	(4)	-	-	(8)
Total changes arising from non-cash activity	**127**	**53**	**90**	**(28)**
Liabilities (assets) as of December 31, 2022	**1,817**	**437**	**1,854**	**(57)**

NOTE 1 – GENERAL

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 Road., Tel Aviv, Israel. The Company's controlling shareholder is Kenon Holdings Ltd. (hereinafter - the "Parent Company"), a company incorporated in Singapore, the shares of which are dual-listed on the New York Stock Exchange (NYSE) and the Tel Aviv Stock Exchange Ltd. (hereinafter - the "TASE").

The Company is a publicly-traded company whose securities are traded on the TASE.

As of the report date, the Group is engaged in the initiation, development, construction, operation and generation and supply of electricity and energy through three operating segments (which constitute reportable segments in the financial statements): Israel (through OPC Holdings Israel Ltd. (hereinafter - "OPC Israel"), in which the Company has an 80% stake), US Renewable Energies and Energy Transition in the USA (the activities in the USA - through CPV Group, in which the Company has a 70.46% stake).
In addition, the Company is engaged, through CPV Group, in a number of business activities in the USA, which - as of the report date - are not material to the Group's operating results (and do not constitute reportable segments in the financial statements). For further details – see Note 25.

Iron Swords War

2023 was characterized by substantial instability amid events at the domestic and geopolitical-security levels. On October 7, 2023 the Iron Swords War broke out (hereinafter – the "War") in the Gaza Strip. Furthermore, during 2024 fighting and security tensions intensified in other fronts, especially in the north of the country, and also in the conflicts with Iran and the Houthis. The War and the security situation led to various ramifications and restrictions on the Israeli economy at different times. Moreover, the War has had external impacts which include, among other things, disruption to marine shipping routes due to attacks on merchant and shipping vessels and considerably less flights by foreign airlines to and from Israel. These events affect and may have an effect, from time to time, on the arrival of equipment and foreign personnel to Israel (including personnel and equipment required to carry out maintenance and construction work in the Group's sites in Israel) and the arrival times.

The abovementioned events involve significant uncertainty and may adversely affect the macroeconomic environment, including adversely affect the Israeli economy's robustness. If the security situation deteriorates, it may have an adverse effect on the Company's activities in Israel, activities of the Company's customers and suppliers in Israel, as well as adversely affect the Company's operating results, the availability and cost of capital and sources of financing required by the Group.

As of the Report approval date, a ceasefire is in place in most fronts, but there is substantial uncertainty as to whether the ceasefire will hold and the resumption of the War. Therefore, at this stage, it is impossible to assess the effect of the above on the Company and its results of operations, if any, in the short and medium term.

Definitions

1. The Company - OPC Energy Ltd.

2. The Group - the Company and its investees.

NOTE 1 – GENERAL (cont.)

Definitions (cont.)

3. Consolidated companies/subsidiaries - companies, including partnerships, whose financial statements are fully consolidated, whether directly or indirectly, in the Company's financial statements, specifically: (1) In Israel: OPC Israel, OPC Hadera Expansion Ltd. (hereinafter - "Hadera 2"), AGS Rotem Ltd. (hereinafter - "Rotem 2"), Gnrgy Ltd. (hereinafter - "Gnrgy"), OPC Power Plants Ltd. (hereinafter - "OPC Power Plants"), OPC Rotem Ltd. (hereinafter - "Rotem"), OPC Hadera Ltd. (hereinafter - "Hadera"), Zomet Energy Ltd. (hereinafter - "Zomet"), OPC Sorek 2 Ltd. (hereinafter - "Sorek 2"), OPC Mevuzarot Ltd. (hereinafter - "OPC Mevuzarot") and OPC Gat Power Plant - Limited Partnership (hereinafter - the "Gat Partnership").
(2) In the USA, the Company holds - through ICG Energy Inc (hereinafter - "ICG Energy") - OPC Power Ventures LP (hereinafter - "OPC Power"), and OPC Power holds the CPV Group.

4. Investees - consolidated companies and companies, including a partnership or joint venture, the Company's investment in which is included, directly or indirectly, in the financial statements based on the equity method, specifically: CPV Fairview, LLC (hereinafter - "Fairview"), CPV Maryland, LLC (hereinafter - "Maryland"), CPV Shore Holdings, LLC (hereinafter - "Shore"), CPV Towantic, LLC (hereinafter - "Towantic"), CPV Valley Holdings, LLC (hereinafter - "Valley"), CPV Three Rivers, LLC (hereinafter - "Three Rivers") and CPV Renewable Power, LLC (hereinafter - "CPV Renewable").

5. Related parties - as defined in IAS 24 (2009), Related Party Disclosures.

6. Interested parties - as defined in Paragraph (1) of the definition of an "interested party" in a corporation in Section 1 of the Israel Securities Law, 1968.

NOTE 2 – BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The consolidated financial statements were prepared by the Group in accordance with International Financial Reporting Standards (hereinafter - "IFRS"). Such financial statements were also prepared in accordance with the Israeli Securities Regulations (Annual Financial Statements), 2010.
The Company's consolidated financial statements were approved for publication by its Board of Directors on March 11, 2025.

B. Functional and presentation currency

The New Israeli Shekel is the currency that represents the primary economic environment in which the Company operates (hereinafter - "**NIS**"). 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. Basis of measurement

The financial statements were prepared according to the historical cost basis, other than: derivative financial instruments at fair value through profit and loss, derivatives measured at fair value through other comprehensive income, liability in respect of profit-sharing to CPV Group employees, treated as a cash-settled share-based payment transaction, investments in associates, and deferred tax assets and liabilities. For further details, see Note 3.

D. The operating cycle period

The Group's normal operating cycle period is one year. Therefore, current assets and current liabilities include items whose disposal is planned and expected during the Group's normal operating cycle.

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

E. 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 accounting policies and the amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

When formulating accounting estimates used in preparing the Group's financial statements, the Group's management was required to use assumptions concerning circumstances and events that involve significant uncertainty. In determining the estimates, the Group's management's discretion is based on past experience, various facts, external factors and reasonable assumption under the appropriate circumstances for each estimate.

These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are recognized in the period in which the estimates were revised and in any future affected period.

Information regarding the assumptions made by the Group in respect of the future and other major factors for uncertainty regarding the estimates that have a significant risk of resulting in a material adjustment in the carrying amount of assets and liabilities in the next financial year, is included in the following line items:

1. Expected useful life of property, plant and equipment

Property, plant and equipment is depreciated using the straight line method over the expected useful life, considering the residual value of the assets. The Group routinely re-examines the expected useful life of property, plant and equipment in order to determine the depreciation expenses to be recognized for the period. The useful life is based on the Group's past experience in respect of similar assets and takes into account expected technological changes. Depreciation expenses in respect of future periods are adjusted to reflect significant changes compared to previous estimates, if any. For further details – see Note 3E.

2. Allocation of acquisition costs

The Group uses estimates to allocate the acquisition costs, specifically in business combination transactions and investments in associates, to tangible and intangible assets and to the acquired liabilities. In addition, when determining the depreciation rates of the tangible and intangible assets and liabilities, the Group estimates the expected life of the asset or liability. In its calculation of those estimates, the Group uses, among other things, external and independent appraisers. As to business combinations and acquisition of investments in associates during the reporting period (including a transaction for the introduction of an investor in the US Renewable Energies Segment), see Notes 23E and 24C.

3. Recoverable amount of cash-generating units that include goodwill and testing for indications of impairment of non-financial assets, including investments in equity-accounted associates

Each year, the Group calculates the recoverable amount of a cash-generating unit to which a goodwill balance has been allocated, based, among other things, on the discounted expected cash flows.

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

E. Use of estimates and judgments (cont.)

3. Recoverable amount of cash-generating units that include goodwill and testing for indications of impairment of non-financial assets, including investments in equity-accounted associates (cont.)

   Furthermore, on each reporting date, the Group assesses whether there are indications of impairment of non-financial assets and/or cash-generating units, specifically property, plant & equipment, and investments in associates, and where necessary calculates the recoverable amount of those assets/investments.

   In its calculation of the recoverable amount, the Group uses, among other things, external and independent appraisers. For further details, see Notes 11B and 11C.

4. Ability to recover development and construction costs of projects under development and construction

   In order to capitalize development and construction costs of projects under development and construction, the Group uses estimates for receipt of regulatory approvals, the existence of an interest in the land, the ability to connect to the electrical grid, signing PPAs with customers, where relevant, and the expectation of generating future economic benefits from the projects. If in subsequent periods the Group's estimates regarding a project deteriorate, in particular with regard to failure to obtain the required regulatory approvals for projects under development, capitalized costs are amortized in profit and loss and/or the capitalization of additional project costs is discontinued.

F. Reclassification and restatement

The Group carried out several immaterial classifications in its comparative figures such that their classification will match their classification in the current financial statements. The said classifications do not have a material effect on the income statement.

G. Seasonality

The results of Group companies in Israel are based on the load and time tariff (hereinafter - the "DSM Tariff"), which is published by the Israeli Electricity Authority, with a certain discount with respect to the generation component. Until January 2023, the year was broken down into three seasons: summer (July and August), winter (December, January and February) and "transitional" (March through June and September through November), and for each season a different tariff was set for each demand hour cluster (hereinafter - "DHC"). Two key updates have taken place since January 2023: (1) Two clusters (on-peak and off-peak) were defined for each day of the year (excluding the interim cluster which was in place until the resolution came into force – mid-peak); (2) the summer season was extended to 4 months instead of two months, such that it extends from June to September; the transition seasons will extend from March to May and from October to November, and the winter season remains without change. The changes made to the demand hours clusters altered the breakdown of Company's revenues and profitability in Israel (compared to the prior situation) across quarters, such that revenues and profitability in the summer months (June to September) increased substantially compared to other months.

In the USA, the activity of CPV Group is affected by seasonality as a result of variable demand due to, among other things, weather changes in different seasons, natural gas and electricity prices. 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. 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, unless there is a fixed contractual price for the project. Furthermore, with regard to wind-powered renewable energy projects, the speed of the wind tends to be higher during the winter and lower during the summer.

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

H. Changes in accounting policies

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

Amendment to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and subsequent amendment: Non-current Liabilities with Covenants

The amendments change the standard's provisions regarding the classification of liabilities as current or non-current liabilities, and pertain to the following issues:

- The Amendment, together with the subsequent amendment to IAS 1 (see below) replaces certain classification requirements of current or non-current liabilities. For example, pursuant to the amendment, a liability will be classified as non-current if an entity has the right to defer the payment for a period of at least 12 months after the reporting period, which is "substantive" and exists at the end of the reporting period.

- The subsequent amendment, as published in October 2022, stipulated that financial covenants, which an entity is required to comply with subsequent to the reporting date, shall not affect the classification of a liability as current or non-current.

- Furthermore, the subsequent amendment added disclosure requirements for liabilities that are subject to compliance with financial covenants within 12 months after the reporting date, such as disclosure regarding the nature of the financial covenants, the date on which the entity is required to comply with them, and facts and circumstances indicating that an entity will find it difficult to comply with the covenants.

- In addition, the amendment clarified that a conversion right of a liability will affect its classification as current or non-current, unless the conversion component is capital-based.

The said amendments have been applied for reporting periods commencing on January 1, 2024. The amendments will be applied retrospectively, including adjustment of the comparative figures.

The application of the Amendment did not have a material effect on the Consolidated Financial Statements.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

The accounting policy principles below will be applied consistently to all periods presented in these consolidated financial statements by entities of the Group.

A. Business combinations and investment in subsidiaries

1. Goodwill

The Group recognizes goodwill on acquisition date according to the fair value of the consideration transferred less the net amount of the identifiable assets acquired and the liabilities assumed. Goodwill is initially recognized as an asset based on its cost, and in subsequent periods, is measured at cost less accumulated impairment losses.

Cash-generating units to which goodwill has been allocated are aggregated such that the level at which impairment is tested reflects the lowest level at which goodwill is subject to monitoring for internal reporting purposes, but in no case is it higher than an operating segment. Goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergy of the business combination. Cash-generating units to which goodwill was allocated are tested for impairment each year, or more frequently if there are indications of a possible impairment of the unit, as stated.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. Business combinations and investment in subsidiaries (cont.)

2. Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date of loss of control.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

3. Non-controlling interests

Transactions with non-controlling interests, while maintaining control

Transactions with non-controlling interests while maintaining control are treated as equity transactions. Any difference between the consideration paid or received and the change in non-controlling interests is attributed to the share of the owners of the Company in a capital reserve from transactions with non-controlling interests and mergers.

4. Loss of control

Upon loss of control, the Group derecognizes the subsidiary's assets and liabilities, any non-controlling interests, and other equity components attributable to that subsidiary. The Group's remaining stake in the former subsidiary is measured at fair value at the loss of control date.

The difference between the consideration and fair value of the remaining stake and the derecognized balances is recognized in profit and loss under the gains on loss of control in a subsidiary line item. As from that date, the remaining stake is accounted for using the equity method.

The amounts recognized in equity through other comprehensive income with respect to that subsidiary are reclassified to profit or loss or to retained earnings on the same basis that would have been applicable if the subsidiary had directly disposed of the related assets or liabilities.

For further details regarding loss of control in CPV Renewable, see Note 23E.

B. Investment in associates and joint ventures

1. Investment in associates and joint ventures

Associates are entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is the power to participate in making decisions relating to the financial and operational policies of the investee company. There is a rebuttable assumption whereby a 20% to 50% stake in an investee confers significant influence. In testing for significant influence, potential voting rights that are currently exercisable or convertible into shares of the investee are taken into account.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. Investment in associates and joint ventures (cont.)

1. Investment in associates and joint ventures (cont.)

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. The investment cost includes transaction costs. The consolidated financial statements include the Group’s share of the income and expenses in profit or loss and of other comprehensive income of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The Company's share in profit or loss from associates will be recorded under operating profit.

The Company has investments in associates whose holding stake therein exceeds 50% and in accordance with the analysis of the contractual rights awarded to interest holders in these entities, the Group has concluded that it does not control these entities and will implement the equity method thereto. For further details, see Notes 24C and 23E.

2. Increase in holdings stake of equity-accounted companies where significant influence has been retained

When increasing its stake in a company accounted for using the equity method while maintaining significant influence or joint control, the Group applies the acquisition method only in respect of additional interests while making no changes in accounting for the previous interests.

For further details regarding the acquisition of additional interests in associates Shore and Maryland, see Note 24C.

C. Foreign currency

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Group companies at the exchange rate effective on the transaction dates. Financial assets and liabilities denominated in Foreign Currencies on the reporting date are translated to the functional currency at the exchange rate at that date. The exchange rate differences due to translation of the functional currency are usually recognized in profit and loss (except for differences from cash flow hedges, which are recognized in other comprehensive income, in respect of the effective part of the hedge).

2. Foreign operations

The Group has investments in investees in the USA, which constitute a foreign operation.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to NIS at exchange rates in effect at the reporting date. The income and expenses of foreign operations are translated to NIS at exchange rates in effect at the transaction dates. Foreign exchange differences are recognized in other comprehensive income and are presented in equity in the foreign operations translation reserve (hereinafter – the “**translation reserve**”).

Generally, exchange rate differences from loans received from or provided to foreign operations, including foreign operations that are subsidiaries, are recognized in profit and loss in the consolidated financial statements.

When the settlement of loans provided to a foreign operation is neither planned nor likely in the foreseeable future, gains and losses on exchange rate differences arising from these monetary items are included in investment in the foreign operation, net, and are recognized in other comprehensive income and stated in equity under the translation reserve.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Financial instruments

1. Non-derivative financial instruments

Non-derivative financial assets include: Cash and cash equivalents, restricted cash and deposits, trade receivables, certain receivables and debit balances and loans to investees.

Non-derivative financial liabilities include: Loans and credit from banking corporations and financial institutions, debt from non-controlling interests, debentures, lease liabilities, trade payables and certain other payables.

2. Derivative financial instruments, including hedge accounting

Derivatives used for hedge accounting

On initial designation of the accounting hedge, the Group formally documents the relationship between the hedging instrument and hedged item, including the Group's risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship.

The Group estimates, upon creation of the hedge and in the subsequent periods, whether the hedge is expected to be highly effective in offsetting changes in fair value or in the cash flows attributable to the hedged risk during the period for which the hedge is designated.

In respect of cash flow hedging, a forecast transaction that is a hedged item must be at a highly probable level and cause exposure to cash flow changes that may ultimately affect profit and loss.

Changes in fair value of derivatives used to hedge cash flows in respect of the effective part of the hedge are recognized through other comprehensive income or loss directly in a capital reserve for hedges. For the non-effective part, the changes in fair value are recognized in profit and loss. The amount accumulated in a capital reserve for hedges is reclassified to the hedged assets in the statement of financial position or income statement in the period in which the cash flows affect such assets or the income statement, respectively, and is presented in the same line item in the financial statements as the hedged item.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued. The cumulative profit or loss previously recognized through other comprehensive income or loss and presented in the hedging capital reserve remains in the reserve until the projected transaction occurs or is no longer expected to occur. If the forecast transaction is no longer expected to occur, the cumulative profit or loss previously recognized in the hedging capital reserve is reclassified to profit and loss. When the hedged item is a non-financial asset, the amount recognized in the capital reserve for hedges is added to the carrying amount of the asset when it is recognized.

Derivatives not used for hedge accounting

Derivatives are initially recognized at fair value. Subsequent to initial recognition, changes in fair value of non-hedge derivatives are recognized in profit and loss as finance income (expenses).

3. Derecognition of total financial liabilities

The Company derecognizes a financial liability when, and only when, it is settled - i.e., when the obligation defined in the contract expires or when it is discharged or canceled. A financial liability is extinguished when the debtor pays the liability by a cash payment, other financial assets, goods or services, or is legally discharged of the liability.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Financial instruments (cont.)

3. **Derecognition of total financial liabilities (cont.)**

In the event of a change in the terms of an existing financial liability, the Company assesses whether the terms of the liability are materially different from the existing terms, taking into account qualitative and quantitative considerations.

When a substantial modification is made to the terms of an existing financial liability, or when a liability is exchanged with another liability with materially different terms between the Company and an existing lender, the transaction is accounted for as a derecognition of the original liability and the recognition of a new liability. The differences between these two financial liabilities in the financial statements are recognized in profit or loss.

When an immaterial modification is made to the terms of an existing liability, or when a liability is exchanged with another liability whose terms are not materially different, between the Company and an existing lender, the Company revises the liability amount, i.e., discounts the new cash flows by the original effective interest rate, and the difference is carried to profit or loss.

E. Property, plant & equipment

1. Recognition and measurement

Property, plant and equipment items are measured at cost less accumulated depreciation.

The cost of property, plant and equipment includes expenditure that is directly attributable to the purchase of the asset. The cost of self-constructed assets includes the cost of materials, direct labor costs, any additional costs directly attributable to bringing the asset to the location and the condition necessary for it to be capable of operating in the manner intended by management, the estimated cost for decommissioning and removing the items and restoring the site on which they are located, as well as capitalized borrowing costs. Advance payments made in respect of self-constructed assets are recognized as part of the cost of the said equipment.

The Company recognized in the income statement, all development costs in respect of projects that it develops until a stage at which, in management's opinion, the feasibility of construction of the project has been proven. From the stage at which the project is feasible, the development costs and subsequently the construction costs are capitalized to the project costs. A project is considered feasible when the Company's management believes that the likelihood of the project materializing and generating future economic benefits is greater than the likelihood that it will not materialize.

Purchased software that is integral to the functionality of the related equipment is recognized under the cost of that equipment.

Spare parts, auxiliary equipment, emergency inventory and backup equipment are classified as property, plant and equipment when they meet the definition of property, plant and equipment under IAS 16, Property, Plant and Equipment.

When major parts of a property, plant and equipment item (including costs of periodic tests) have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The Company has BOT service concession arrangements in accordance with the provisions of IFRIC 12, Service Concession Arrangements (hereinafter - the "Interpretation"); for each arrangement, the Company assesses whether it falls within the scope of the Interpretation. When the grantor does not control the arrangement, the Company classifies the infrastructure, which is the subject matter of the arrangement, as property, plant & equipment in accordance with the provisions of IAS 16.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Property, plant & equipment (cont.)

2. Compensation in respect of delay in the construction of a power plant

In cases where the Group is entitled to compensation in respect of delay in the construction of a power plant, the Group assesses the economic substance of the compensation. If the compensation is intended to cover losses incurred to the Company in practice, or loss of income, it is recognized in profit and loss. In other cases, the compensation amount is generally offset against the cost of property, plant and equipment.

3. Depreciation

Depreciation is a systematic allocation of the depreciable amount of an asset over its useful life. The amortizable amount is the cost of the asset, or another amount that replaces the cost, less its residual value. An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management.

Amortization is recognized in the income statement (unless included in the carrying amount of another asset) on a straight-line basis over the estimated useful life of each part of the property, plant and equipment items, since this method reflects the expected consumption pattern of the future economic benefits inherent in the asset in the best way possible.

Estimates regarding depreciation methods, useful life and residual value are reviewed at the end of each reporting year and adjusted as needed.

The estimated useful life of the principal assets (including in associates) for the current period is as follows:

Power plants	23 - 40 years
Maintenance work	1.5 - 15 years
Roads and buildings	23 - 30 years
Back up diesel fuel	by consumption

Freehold land is not depreciated.

F. Intangible assets

1. Goodwill

Goodwill resulting from the acquisition of subsidiaries is presented under intangible assets. For information regarding measurement of goodwill upon initial recognition, see Section A1 above.
In subsequent periods, goodwill is measured at cost less accumulated impairment losses. For details, see Notes 11B and 11C.

2 Other intangible assets

Other intangible assets acquired by the Group that have a defined useful life are measured at cost less amortization.

3. Amortization

Amortization is the systematic allocation of the amortizable amount of an intangible asset over its useful life. The amortizable amount is the cost of the asset, less its residual value.

Amortization is recognized in the income statement on a straight-line basis, over the estimated useful lives of the intangible assets from the date they are available for use, since these methods most closely reflect the expected pattern of consumption of the future economic benefits best embodied in each asset. Goodwill is not amortized systematically unless tested for impairment at least once a year.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

F. Intangible assets (cont.)

3. Amortization (cont.)

Estimates regarding the amortization method and the useful life are reviewed at the end of each reporting year and adjusted as needed.

G. Impairment

Non-financial assets

Timing of impairment testing

The carrying amounts of the Group's non-financial assets, other than inventory and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

Determining cash-generating units

For the purpose of impairment testing, assets which cannot be specifically tested are grouped into the smallest asset class that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or other groups of assets (hereinafter - a "cash-generating unit").

Measurement of recoverable amount

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less disposal costs. When determining the value in use, the Group discounts the projected future cash flows at the pre-tax discount rate that reflects the estimates of the market participants regarding the time value of money and the specific risks attributed to the asset. For the purpose of impairment testing, assets are grouped together into the smallest asset class that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or other groups of assets (hereinafter - a "**cash-generating unit**").

Recognition of impairment loss

Impairment losses are recognized if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount and are recognized in profit and loss. With regard to cash-generating units that include goodwill, an impairment loss is recognized when the carrying amount of the cash-generating unit, after grossing up the goodwill balance, with the non-controlling interests measured according to their proportionate share in the net identifiable assets, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are first allocated to impairment of the carrying value of goodwill attributed to those units and subsequently to impairment of the carrying value of the other assets in the cash-generating units, proportionally.

H. Employee benefits

Defined contribution plans

The Group has a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The Group's obligations for contributions to defined contribution plans are recognized as an expense in profit and loss in the periods during which related services are rendered by the employees. Liabilities for contributions into a defined contribution plan that are due for payment within more than 12 months from the end of the period in which the employees rendered the service are recognized at their present value.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

H. Employee benefits (cont.)

Share-based compensation transactions

The fair value at the grant date of share-based compensation bonuses to the Company's employees is recognized as a salary expense in parallel to an increase in equity over the period in which a non-contingent entitlement to the bonuses is achieved. The amount recognized as an expense in respect of share-based compensation bonuses that is subject to vesting conditions that are service terms is adjusted to reflect the number of bonuses that are expected to vest.

The fair value of the liability for employees for rights to share in the profits of the CPV Group was treated as a cash-settled share-based payment and recognized as an expense against a corresponding increase in liability, over the period in which the unconditional right to payment is achieved. The liability is remeasured at each reporting date until the settlement date. CPV Group's profit sharing rights are based on CPV Group's fair value. The changes in the fair value of the liability were included in general and administrative expenses in the income statement.

I. Revenues

The Group recognizes income when the customer gains control over the promised goods or services. The income is measured at fair value of the consideration to which the Group expects to be entitled in exchange for the goods or services promised to the customer, other than amounts collected for third parties.

Revenues from the sale of electricity and steam are recognized in the period in which the sale takes place in accordance with the price set in the electricity sale agreements with customers and the quantities of electricity supplied.

The Group has two main types of income:

1. Revenues from the sale of electricity and steam to private customers, which are recognized in the period in which the electricity was supplied, and in accordance with the price set in the agreements with the customers.

2. Income from provision of power plants' capacity are recognized over the period during which capacity was provided.

When setting the transaction price, the Groups takes into consideration fixed amounts and amounts that may vary as a result of discounts, credits, price concessions, penalties, claims and disputes and contract modifications that the consideration in their respect has not yet been agreed by the parties.

The Group includes in the transaction price the variable consideration amount, or part thereof, when it is highly probable that a significant reversal of the recognized accumulated income amount will not occur when the uncertainty associated with the variable consideration has been subsequently resolved. At the end of each reporting period and if necessary, the Group revises the estimate of the variable consideration included in the transaction price.

Furthermore, the Group recognizes compensation paid to customers in respect of delays in the commercial operation date of power plants on payment date within long-term prepaid expenses, and amortizes them throughout the term of the contract, from the date of commercial operation of the power plant, against a decrease in revenues from contracts with customers.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

I. Revenues (cont.)

Upon the sale of electricity to private customers, the Group collects from the customers costs in respect of public utilities provided by Israel Electric Corporation (hereinafter - the "IEC"), whose rates are set by the Israeli Electricity Authority. Those utility costs are transferred by the Group to the Israel Electric Corporation without a margin. The Group views the sale of electricity and the sale of the utility services as a single performance obligation, since these are services and/or commodities that are inseparable. Since the customer views the Company as its main supplier in respect of this performance obligation according to indicators defined above, the Group recognizes the income at the gross amount of the proceeds.

J. Finance income and expenses

Finance expenses include, among other things, interest expenses in respect of loans and debentures received, losses from derivative financial instruments recognized in profit and loss, losses from hedging instruments recognized in profit and loss and early repayment fees of loans. Borrowing costs are recognized in the income statement using the effective interest method.

Finance income includes interest income in respect of loans granted and amounts invested, and gains from derivative financial instruments recognized in profit and loss.

Gains and losses on exchange rate differences in respect of financial assets and liabilities are reported on a net basis as finance income or finance expenses, depending on their position (net profit or loss).

In statements of cash flows, interest received is presented under cash flows from investing activities. Interest paid is presented under cash flows from financing activities.

Borrowing costs capitalized to qualifying assets and paid are presented as part of the costs to construct property, plant, and equipment under cash flows from investing activities. Cash flows paid (or received) in respect of derivative financial instruments used to hedge loans are presented under cash flows from financing activities.

K. Expenses for income tax

Income taxes include current and deferred taxes. Income taxes are recognized in the income statement unless the tax derives from a business combination or are recognized directly to equity or other comprehensive income if derived from items recognized directly in equity or other comprehensive income.

<u>Current taxes</u>

Current tax is the tax amount expected to be paid (or received) on taxable income in the tax year, when it is calculated at the tax rates under the applicable laws that have been enacted or substantively enacted as of the reporting date. Current taxes include taxes in respect of previous years.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Expenses for income tax (cont.)

Deferred taxes

Deferred taxes are recognized in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their value for tax purposes. The Group does not recognize deferred taxes in respect of the following temporary differences: (1) initial recognition of goodwill; (2) initial recognition of assets and liabilities in a transaction that does not constitute a business combination and does not affect the accounting profit and the profit for tax purposes; (3) the differences are due to an investment in subsidiaries, if the Group controls the reversal date of the difference and, they are not expected to reverse in the foreseeable future, whether by way of disposal of an investment or by way of dividend distribution in respect of an investment.

Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset for carryforward losses, tax benefits and deductible temporary differences is recognized if it is probable that future taxable income can be utilized. Deferred tax assets are examined on every reporting date, and if the attributed tax benefits are not expected to materialize, they are amortized.

Deferred tax assets which were not recognized are reassessed on every reporting date and recognized if the expectation changes such that future taxable income will be available against which they can be utilized.

Offsetting current and deferred tax assets and liabilities

The Group offsets deferred tax assets and liabilities if there is a legally enforceable right to offset current tax liabilities and assets, and they are attributed to the same taxable income levied by the same tax authority on the same taxable company, or on various tax entities, but they intend to settle deferred tax liabilities and assets on a net basis or their current tax assets and liabilities will be realized simultaneously.

Provision in respect of uncertain tax positions, including additional tax and interest expenses, is recognized when it is more likely than not that the Group will need to use its economic resources to settle the obligation.

L. Capitalization of borrowing costs

A qualifying asset is an asset that requires a substantial period to prepare it for its intended use or sale. Specific and non-specific borrowing costs are capitalized to a qualifying asset during the period required for construction and completion until the date it is ready for its intended use. Other borrowing costs are expensed in profit and loss as incurred.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

M. Leases

1. Leased assets and lease liabilities

Contracts that confer on the Group the right to control the use of an asset in respect of a lease for a period of time in exchange for a consideration are accounted for as leases. Upon initial recognition, the Group recognizes a liability in the amount of the present value of the future lease payments (such payments do not include certain variable lease payments), and at the same time, the Group recognizes a right-of-use asset in the amount of the lease liability, adjusted for the lease payments - prepaid or accrued - plus direct costs incurred in the lease.

Since the interest rate implicit in the Group's leases cannot be determined, the Group uses the incremental interest rate of the lessee.

Subsequent to initial recognition, the right-of-use asset is accounted for using the cost model and amortized throughout the lease term or throughout the useful life of the asset, whichever is earlier.

2. Lease term

The lease term is determined as the period in which the lease is non-terminable, together with the periods covered by an option to extend or terminate the lease if it is reasonably certain that the lessee will exercise or not to exercise the option, respectively.

3. Amortization of right-of-use asset

Subsequent to the lease commencement date, the right-of-use asset is measured using the cost method, less accumulated depreciation and accrued impairment losses adjusted for remeasurement of the lease liability. The depreciation is calculated on the straight line basis over the useful life or the contractual lease term, whichever is earlier: Land - 49-24 years and other assets - 16-12 years.

N. Agreements with the tax equity partner (relevant only for associates)

CPV Group entered into agreements with parties that have a federal tax liability in the US (hereinafter - the "Tax Equity Partners") for the purpose of financing the construction and operation of photovoltaic projects in the US through associates (hereinafter- the "Projects"). According to the terms of the arrangements, the Tax Equity Partners invested a certain amount in projects immediately prior to their commercial operation date in exchange for the issuance of units which confer upon them a pro rata share of the project's free distributable cash flow until reaching a predetermined rate of return, as well as the right to receive tax benefits arising from the project. The projects' tax benefits include an ITC (Investment Tax Credit) or PTC (Production Tax Credit) as well as a proportionate share in the taxable income of the projects (hereinafter - the "Tax Benefits").

Future amounts that will be paid to the Tax Equity Partners out of the free cash flow for distribution constitute a financial liability, which is measured using an amortized cost model in accordance with the effective interest method. The tax credit is accounted for as a government grant in accordance with the provisions of IAS 20. The Company opted to present the tax credit as a deferred income, which will be carried to profit or loss over the useful life of the photovoltaic facilities or over the period of eligibility to benefits, as applicable.

The amounts attributed to the Tax Equity Partner's right to receive a proportionate share of the taxable income of the Partnership are recognized as a non-financial liability, which is carried to profit and loss over the arrangement period, with the tax equity partners. In addition, once the tax equity partners reach the predetermined rates of return set in the agreement (hereinafter- the "flip point"), the share of the tax equity partners decreases.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

O. New standards and interpretations not yet adopted

IFRS 18, Presentation and Disclosure in Financial Statements

This standard supersedes IAS 1 - Presentation of Financial Statements. The objective of the standard is to provide improved structure and content for the financial statements, specifically the Statement of Profit or Loss. The standard includes new disclosure and presentation requirements, and requirements which have been retained from IAS 1 with slight changes in wording. Generally, expenses in the Statement of Profit or Loss shall be classified into three categories: operating profit, investment income, and finance income. The standard also includes requirements to provide separate disclosure in the financial statements regarding the use of NON-GAAP measures, and specific guidance on aggregation and disaggregation of items in the financial statements and notes.

The standard's initial application date is for annual periods commencing on January 1, 2027; early application is permitted. The Group is studying the effects of the standard on the Financial Statements.

NOTE 4 – DETERMINATION OF FAIR VALUE

In determining the fair value of an asset or liability, the Group uses as many observable inputs as possible. Fair value measurements are divided into three levels in the fair value hierarchy, based on the inputs used in the valuation, as follows:

Level 1 - Quoted (unadjusted) prices in an active market for identical assets or liabilities.

Level 2 - Observable inputs, directly or indirectly, which are not included in Level 1 above.

Level 3 - Data that are not based on observable market inputs.

As part of the accounting policy principles and disclosure requirements, the Group is required to determine the fair value of financial and non-financial assets and liabilities. The fair value is determined for measurement and/or disclosure purposes using the methods described below. Additional information regarding the assumptions used to determine the fair values is provided in the notes referring to that asset or liability.

A. Trade and other receivables and debit balances

The fair value of trade and other receivables is determined upon initial recognition based on the present value of the future cash flows, discounted at the market interest rate as of the measurement date. With regard to most of the Group's trade and other receivables, since the credit period is short and constitutes the accepted credit in the industry, the future consideration is not capitalized, and subsequent to initial recognition the carrying amount approximates their fair value. The carrying amount of cash and restricted deposits as well as long-term receivables also approximates their fair value, since those assets bear interest at a rate similar to the interest rate accepted in the market for similar assets.

B. Derivative financial instruments

The fair value of foreign currency forwards is determined by using quotations of a trading system that quotes the market input entered by financial entities and used to calculate the fair value. The fair value is determined by discounting the future value arising from the difference between the opening price and the price as of measurement date.

NOTE 4 – DETERMINATION OF FAIR VALUE (cont.)

B. Derivative financial instruments (cont.)

The fair value of interest rate swaps is determined by using quotations of a trading system that quotes the market input entered by financial entities and used to calculate the fair value. The fair value is determined by discounting the estimated future cash flows based on the conditions and the term to maturity of each contract, using market interest rates for a similar instruments at the measurement date. When determining the fair value, the Company takes into account the credit risk of the parties to the contract.

The fair value of CPI swap contracts is determined in accordance with the discounted NIS amount payable in nominal NIS interest and the discounted expected cash flow from NIS real interest. When determining the fair value, the Company takes into account the credit risk of the parties to the contract.

The fair value of long-term contracts in respect of electricity prices is set using quotations of the relevant future electricity prices.

For further details, see Note 21C.

C. Non-derivative financial liabilities

The fair value of certain trade and other payables is determined upon initial recognition based on the present value of the future cash flows, discounted at the market interest rate as of the measurement date. With regard to most of the Group's trade and other payables, since the credit period is short, the future consideration is not discounted, and subsequent to initial recognition the carrying amount approximates their fair value.

The fair value of all other financial liabilities, which is determined subsequent to initial recognition for disclosure purposes, is calculated as follows: bank loans and loans from non-controlling interests - based on the present value of the future cash flows in respect of the principal and interest component, discounted by the relevant rating curve; marketable debentures - their quoted price on closing of trade as of measurement date.

D. Share-based compensation transactions

In Israel

The fair value of employee options is measured using the Black & Scholes option pricing model. The model's assumptions include the share price as of measurement date, the option's exercise price, expected volatility of the share, the option's contractual term, expected dividend yield, and risk-free interest rate (based on government bonds). Service terms are not taken into account when determining the fair value. The RSUs' fair value was estimated based on the Company's share price at grant date.

In CPV Group (cash-settled)

The fair value of employees' profit sharing plan, which is calculated every reporting period for measurement purposes, is determined using an option pricing model (OPM). The model's assumptions include the estimated fair value of the plan, which is derived from the value of CPV Group, and the base mechanism that was set in the plan - all as of the measurement date, expected standard deviation, expected life and risk-free interest rate (on the basis of US government bonds). Service terms are not taken into account when determining the fair value. For further details – see Note 16C.

NOTE 5 - CASH AND CASH EQUIVALENTS

	Nominal interest December 31, 2024	As of December 31 2024 NIS million	As of December 31 2023 NIS million
Current account balances		**53**	522
Interest-bearing current account balances	**4.2%**	**693**	-
Deposits	**4.2%**	**216**	485
		962	1,007

For additional information about transactions and balances with related and interested parties, see Note 22.
For further details regarding the Group's exposure to credit, interest and foreign currency risks, and a sensitivity analysis, see Note 21.

NOTE 6 - CASH AND RESTRICTED DEPOSITS WITH BANKING CORPORATIONS

	Nominal interest December 31, 2024	As of December 31 2024 NIS million	As of December 31 2023 NIS million
Cash and long-term restricted deposits (1)	**4.6%**	**60**	59

(1) For further details, see Note 14B2.
For further details regarding the Group's exposure to credit, interest and foreign currency risks, and a sensitivity analysis, see Note 21.

NOTE 7 – RECEIVABLES AND DEBIT BALANCES

	As of December 31 2024 NIS million	As of December 31 2023 NIS million
Prepaid expenses	**40**	45
Institutions	**39**	30
Receivables in respect of gas agreement (1)	**-**	18
Receivables in respect of sale of ITC grant (2)	**-**	270
Deposits to a third party for collaterals	**3**	14
Short-term derivative financial instruments	**-**	12
Other	**8**	29
	90	418

(1) For further details – see Note 26C3.
(2) The balance as of December 31, 2023 is in respect of CPV Renewable. For details regarding loss of control, deconsolidation and transition to the equity method in the fourth quarter of 2024 with respect to the investment in CPV Renewable, see Note 23E.

For additional information about transactions and balances with related and interested parties, see Note 22.
For further details regarding the Group's exposure to credit and foreign currency risks, and a sensitivity analysis, see Note 21.

NOTE 8 - LONG-TERM PREPAID EXPENSES AND OTHER RECEIVABLES

	As of December 31	
	2024	**2023**
	NIS million	**NIS million**
Subordinated long-term loans to Valley (1)	**117**	109
Payments to customers (2)	**24**	23
Deferred tax assets	**10**	57
Deferred finance expenses (3)	**-**	28
Deposits in respect of provision of collateral to a third party (4)	**-**	17
Other	**11**	13
	162	247

(1) For details, see Note 22C.

(2) The balance represents compensation paid to customers in Israel due to a delay in the commercial operation date of power plants.

(3) The balance as of December 31, 2023 pertains to various fees paid under financing agreements and credit facilities by CPV Renewable - which, as of that date - have not yet been credited to the loan balance.For details regarding loss of control, deconsolidation and transition to the equity method in the fourth quarter of 2024 with respect to the investment in CPV Renewable, see Note 23E.

(4) The balance as of December 31, 2023 is in respect of CPV Renewable. For details regarding loss of control, deconsolidation and transition to the equity method in the fourth quarter of 2024 with respect to the investment in CPV Renewable, see Note 23E.

NOTE 9 – PROPERTY, PLANT & EQUIPMENT

A. Composition

	Active power plants and ancillary equipment	Power plants under construction and development	Land and other assets (1)	Advances on account of property, plant and equipment	Total
	NIS million	NIS million	NIS million	NIS million	NIS million
Cost					
Balance as of January 1, 2023	2,680	1,942	390	151	5,163
Acquisitions as part of a business combination	1,035	-	88	23	1,146
Additions	15	994	92	(68)	1,033
Derecognitions	(16)	(41)	(33)	-	(90)
Classification from assets under construction due to commercial operation	1,826	(1,860)	34	-	-
Effect of changes in exchange rates	2	17	-	1	20
Balance as of December 31, 2023	5,542	1,052	571	107	7,272
Additions	67	913	59	7	1,046
Derecognitions	(24)	-	(15)	-	(39)
Classification from assets under construction due to commercial operation	401	(401)	-	-	-
Impairment (2)	-	(31)	-	-	(31)
Deconsolidation (3)	(1,560)	(1,267)	(30)	(28)	(2,885)
Effect of changes in exchange rates	40	28	-	1	69
Balance as of December 31, 2024	**4,466**	**294**	**585**	**87**	**5,432**
Accumulated depreciation					
Balance as of January 1, 2023	773	-	66	-	839
Depreciation per year	192	-	15	-	207
Derecognitions	(16)	-	(1)	-	(17)
Balance as of December 31, 2023	949	-	80	-	1,029
Depreciation per year	245	-	14	-	259
Derecognitions	(24)	-	(2)	-	(26)
Deconsolidation (3)	(64)	-	(5)	-	(69)
Effect of changes in exchange rates	1	-	-	-	1
Balance as of December 31, 2024	**1,107**	**-**	**87**	**-**	**1,194**
Amortized balance as of December 31, 2024	**3,359**	**294**	**498**	**87**	**4,238**
Amortized balance as of December 31, 2023	4,593	1,052	491	107	6,243
Amortized balance as of January 1, 2023	1,907	1,942	324	151	4,324

(1) Includes land owned by the Gat Power Plant totaling approx. NIS 84 million.
(2) For details regarding impairment loss in Hadera 2, see Note 10B3.
(3) For details regarding loss of control, deconsolidation and transition to the equity method in the fourth quarter of 2024 with respect to the investment in CPV Renewable, see Note 23E.

NOTE 9 – PROPERTY, PLANT & EQUIPMENT (cont.)

B. Non-cash purchase of property, plant and equipment

In the years ended December 31, 2024 and 2023, non-cash property, plant and equipment was purchased in the amount of approx. NIS 26 million and approx. NIS 111 million, respectively.

For further details regarding maintenance and service agreements into which Group companies entered, see Note 26B.

D. Projects under construction in Israel - material construction and equipment agreements

Sorek 2

In May 2020, Sorek 2 (a special-purpose company wholly-owned by OPC Power Plants) signed an agreement with SMS IDE Ltd. (hereinafter - "IDE"), which won a tender of the State of Israel for the construction, operation, maintenance and transfer of a seawater desalination facility on the Sorek B site, whereby Sorek 2 is to supply equipment, construct, operate, and maintain a (natural gas-fired) energy generation facility on the site of the Desalination Facility, with a production capacity of approx. 87 MW (hereinafter – the "Generation Facility"). Sorek 2's engagement with IDE includes, among other things, undertakings by Sorek 2 to construct the Generation Facility within the time frames set in the agreement (when, among other things, deviation from the time frames may require compensation subject to the provisions of the agreement), and an undertaking to supply energy at a certain capacity and scope to the desalination facility over a period that will end 25 years from the commercial operation date of the desalination facility. At the end of the aforesaid period, ownership of the Generation Facility will be transferred to the State. To secure Sorek 2's commitments under the construction agreement of the generation facility, the Company provided IDE guarantees that will remain valid throughout the term of the construction agreement.

In June 2021, Sorek 2 contracted with BHI CO. Ltd. (hereinafter - "BHI") a South Korean-owned corporation that will serve as the project's construction contractor entered into a "lump sum turn-key" EPC agreement, under which the Construction Contractor will build the said generation facility, all in accordance with the milestones, terms and dates set with respect to each of the agreement's components. An IDE group corporation is also a party to the Construction Agreement (in its capacity as the commissioning party), under which systems are supplied to the desalination facility, for which the said corporation is required to pay.

Sorek 2's share in the amount payable to the Construction Contractor is estimated at approx. USD 42 million (as of the signing date of the agreement); this amount also includes the amount payable for the purchase of the gas turbines.[1] The consideration as per the agreement is paid in various foreign currencies, specifically the USD and the EUR. As part of its currency risk management policy, Sorek 2 partially hedged its exposure to changes in the exchange rates under the construction agreement through forwards and opted to implement cash flow hedge accounting.

In addition, the construction agreement includes provisions that are generally accepted in agreements of this type, including with regard to capped agreed compensation in respect of delays, non-compliance with execution and availability requirements; the agreement also sets the scope of liability and requirements for provision of guarantees in the various stages of the project.

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[1]The gas turbine shall be supplied by companies of the General Electric (GE) group by virtue of an equipment supply agreement that was originally signed by Sorek 2 and assigned to the construction contractor under the same terms.

NOTE 9 – PROPERTY, PLANT & EQUIPMENT (cont.)

D. Projects under construction in Israel - material construction and equipment agreements (cont.)

In 2023, the Construction Contractor served Sorek 2 with a force majeure notice following the outbreak of the War. During the reporting period, following an escalation in the state of war, a notice was issued regarding the evacuation of the contractors' migrant workers from Israel. Upon receiving these notices, Sorek 2 notified IDE and the State of the above notices of events stating that, due to the expected schedule overruns, as well as due to the migrant workers' evacuation from the site, schedule overruns and construction completion delays are expected. Such delays may trigger an increase in project costs beyond the expected costs.

It is noted that a delay in the commercial operation beyond the original contractual date, which is not deemed a justified delay as defined in the project agreements, may trigger the payment of a limited-rate graduated monthly compensation (taking into consideration the duration of the delay, with a delay beyond the utilization of the compensation cap possibly giving rise to a termination right). It is hereby clarified that, during the first delay period, the amount of the compensation in respect of unjustified delay is immaterial.

As of the report approval date, the ultimate consequences of these delays (including other potential delays), considering, inter alia, various force majeure claims that have not yet been fully investigated to date, are uncertain.

NOTE 10 – RIGHT-OF-USE ASSETS AND LONG-TERM DEFERRED EXPENSES

A. Composition of right-of-use assets and long-term deferred expenses

	Land (b)	Other (1)	Long-term deferred expenses (2)	Total
	NIS million	NIS million	NIS million	NIS mi
Balance as of January 1, 2023	273	74	97	
Additions	122	19	117	
Acquisitions as part of a business combination	-	9	-	
Remeasurement (3)	(46)	-	-	
Derecognitions	-	(1)	-	
Depreciation	(14)	(13)	(5)	
Effect of changes in exchange rates	(1)	-	-	
Balance as of December 31, 2023	334	88	209	
Additions	-	-	193	
Derecognitions	-	(2)	-	
Depreciation	(13)	(13)	(5)	
Deconsolidation (4)	(159)	-	-	
Effect of changes in exchange rates	5	-	-	
Balance as of December 31, 2024	**167**	**73**	**397**	

(1) Mainly includes costs paid with respect to the construction of the PRMS Facilities for the Hadera and Zomet power plants and leases on offices in Israel and the USA.
(2) Mainly in respect of payments in respect of infrastructure for electricity transmission lines, and payments in respect of the Ramat Beka project as described in Section B5 below.
(3) For details see Note B5.
(4) For details regarding loss of control, deconsolidation and transition to the equity method in the fourth quarter of 2024 with respect to the investment in CPV Renewable, see Note 23E.

For details regarding the maturity analysis of lease liabilities, see Notes 21B2.

NOTE 10 – RIGHT-OF-USE ASSETS, LONG-TERM DEFERRED EXPENSES (cont.)

B. Agreements in Israel

1. The Rotem Power Plant

Rotem has a lease agreement for a 55 dunam plot of land in Mishor Rotem. Under the conditions set out in the agreement, the lease is for a term of 49 years as from November 4, 2010, with an option to extend the lease for one additional term of 49 years, subject to advance notice. In the event of rezoning of the plot during the Lease Term, the Lessor will not be required to extend the Lease Term. The lessor may cancel the lease agreement in events defined in the Agreement as a fundamental breach.

2. Rotem 2

Rotem 2 has a lease agreement for plots with a total area of approx. 55 dunams. Land adjacent to the Rotem Power Plant. Under the conditions set out in the agreement, the lease is for a term of 49 years as from March 9, 2014, with an option to extend the lease for one additional term of 49 years, subject to the terms and conditions of the agreement. The lessor may cancel the lease agreement in events defined in the Agreement as a fundamental breach. In August 2022, an extension was received from the Israel Lands Administration (hereinafter - the "ILA") to complete the construction work on the land in accordance with the lease agreement, free of charge, up until March 9, 2025, in consideration for the payment of an amount, which is immaterial to the Company. As of the Report approval date, a date has not yet been set for the filing of the permit application. The Company is working with the ILA to obtain an additional extension for the development period, which has not yet been approved as of the Report approval date.

3. The Hadera Power Plant

Hadera leases land covering approx. 28 dunams (including an emergency road) from Infinya. The monthly rent amounts to approx. NIS 118 thousand (linked to the CPI), subject to adjustments in certain cases, and the lease term is 24 years and 11 months starting from December 2018. The agreement grants the parties a termination right, inter alia, in various default events, and grants Infinya a termination right in the event of a material breach by Hadera, including breach of the commitment to pay rent, subject to remediation periods and as determined in the agreement.

4. Hadera 2

Hadera 2 has an agreement with Infinya to lease of a plot of approx. 68 dunams adjacent to the Hadera Power Plant, whereby an annual option was awarded to Hadera 2 to exercise a lease agreement regarding land designated for the construction of a power plant, for an average payment of approx. NIS 6 million per year. The option may be renewed every year for a period of up to 5 years (end of 2027), under the terms set in the agreement. In December 2024, Hadera 2 renewed the option in respect of 2025 and paid approx. NIS 6 million.

If the option is exercised and a lease agreement will be signed, it will be for a period of 24 years and 11 months, commencing on the option exercise date. Furthermore, it provided that the Company will bear all the fees, taxes and payments that will be imposed with regard to the construction of a power plant on the leased property.

On April 17, 2024, the Israeli government rejected National Infrastructures Plan (NIP) 20B, for the construction of a natural gas-fired power generation plant (hereinafter - "Hadera 2 Project") on the said land.

In view of the above Government Resolution, the Company assessed the recoverable amount of the Hadera 2 Project in its financial statements in accordance with the provisions of IAS 36 and accordingly recognized an impairment loss at the full carrying value and approx. NIS 31 million under other expenses, net.

NOTE 10 – RIGHT-OF-USE ASSETS, LONG-TERM DEFERRED EXPENSES (cont.)

B. Agreements in Israel (cont.)

4. Hadera 2 (cont.)

In June 2024, further to the abovementioned Government Resolution, Hadera 2 filed a petition to the High Court of Justice, which is pending as of the report approval date. On December 12, 2024, an order nisi was issued ordering the government to explain its decision, and subsequent to the report date, a hearing was scheduled regarding the petition for April 2025.

The Company is considering other alternatives with respect to the Hadera 2 site, in the event that it will be impossible to construct a natural gas-fired power plant.

5. Zomet Power Plant

In January 2020, the ILA approved the designation of an area of approx. 85 dunams for construction of a power plant for electricity generation by Zomet. In January 2020, the ILA and Kibbutz Netiv HLH (hereinafter - the "Kibbutz") signed a development agreement for the Land, effective until November 5, 2024, and after fulfillment of its terms, a lease agreement will be signed for a term of 24 years and 11 months from approval of the transaction, namely until November 4, 2044. The lease contract allows the extension of the lease term subject to the extension of the electricity generation license, and accordingly subject to the ILA's procedures that will be in effect at that time.

In addition, in January 2020, Zomet and the Kibbutz signed an agreement of principles for the founding of a joint corporation, which was established by Zomet and the Kibbutz as a limited partnership,[2] to which the rights to the Land were transferred upon approval of the transaction by the ILA in May 2020. The consideration for the rights of the Kibbutz to the land under which a development agreement with the ILA can be signed amounted to NIS 30 million. In February 2020, an updated lease agreement was also signed according to which the Joint Corporation, as the owner of the Land, will lease the Land to Zomet in favor of the project.

In January 2020, the ILA issued a financial specification of the capitalization fees, according to which the value of the Land (excluding development expenses) was estimated at approx. NIS 207 million (hereinafter - the "Initial Assessment"). In order to complete the Land transaction, in January 2020 Zomet settled the payment of 75% of the Initial Assessment on behalf of the Joint Corporation and through the Kibbutz. The Agreement in Principle clarified that the Kibbutz acted as a trustee of the Joint Corporation when it signed the Development Agreement with the ILA and acted as an agent of the Joint Company when it signed the financial specification. Furthermore, the Company provided the remaining balance (25%) of the Initial Assessment as a bank guarantee in favor of the ILA.

In January 2021, a final assessment was issued by the ILA in respect of the land, whereby the value of the usage fees for the land amounts to approx. NIS 200 million (hereinafter – the "Final Assessment"). Accordingly, a refund was received in respect of the difference paid compared with the Initial Assessment. In November 2021, the Joint Corporation filed an appraisal appeal on the final assessment and in January 2023, a decision was issued regarding the first legal objection, whereunder the final assessment amount was reduced to approx. NIS 154 million. In May 2023, Zomet appealed against the decision regarding the appeal and in October 2024, Zomet withdrew its appeal on the decision. Accordingly, Zomet has paid the ILA an immaterial amount subsequent to the report date and has been refunded the guarantee of approx. NIS 58 million it had given to the ILA.

NOTE 10 – RIGHT-OF-USE ASSETS, LONG-TERM DEFERRED EXPENSES (cont.)

B. Agreements in Israel (cont.)

6. The Ramat Beka renewable energy project

On May 10, 2023, the Group - through OPC Power Plants (hereinafter - the "Winning Bidder") - was announced the winner of a tender issued by the ILA for planning and an option to purchase leasehold rights in land, for the construction of renewable energy electricity generation facilities using photovoltaic technology in combination with storage, for three compounds in the Neot Hovav Industrial Local Council, over a total area of approx. 2,270 dunam (hereinafter - the "Previous Tender"). The Group's bids in the Tender totaled approx. NIS 484 million, in the aggregate, for all three Tender Compounds.

Additionally, on June 30, 2024, it was announced that the Group - through OPC Power Plants - won a further tender issued by the Israel Land Authority for planning and an option to purchase leasehold rights in land for the construction of renewable energy electricity generation facilities using photovoltaic technology in combination with storage with respect to two compounds with an aggregate area of approx. 1,617 dunams (hereinafter - the "Two Compounds"), which are in proximity to the compounds in respect of which the Group won the previous tender. The Group's bids in the Additional Tender total approx. NIS 890 million, in the aggregate, for the two Compounds (hereinafter - the "Current Tender").

Under the terms and conditions of the Previous and Current Tenders, the bids amounts shall be paid in the following manner for each of the compounds: (1) With respect to participating in the Tenders, the Group has provided a guarantee of approx. NIS 5 million for each of the compounds which are the subject matter of the Previous Tender (a total of NIS 15 million) and subject matter of the Current Tender (a total of NIS 10 million), which - in accordance with the terms and conditions of the Tender - were realized upon winning and will be deducted from the first payment, as stated below; (2) In August 2023 and September 2024, further amounts totaling approx. NIS 97 million and approx. NIS 178 million were paid, which were comprised of amounts which constitute 20% of the bid amount for each compound in respect of a planning authorization agreement for the period prescribed in the tender documents of the Previous and Current Tenders, respectively; (3) Upon approval of a new outline plan (if any) under which the project may be constructed, lease agreements will be signed for a period of 24 years and 11 months, to build and operate the project(s), against payment of the remaining 80% of the bid amount per compound. To clarify, approx. 20% of the said bid amount paid will not be refunded to the Winning Bidder even if the project(s)' development and planning procedures never develop into an authorized plan and lease agreements are not signed.

The Company believes that the proximity of the compounds, which are the subject matter of the current tender, to the compounds included in the previous tender, which is under development, constitutes a significant and unique advantage for OPC Power Plants, which is promoting a consolidated project covering all compounds and subject to appropriate development procedures.

As of the approval date of the financial statements, it is uncertain that approvals, consents, or actions required for the completion of the project/s will be completed with respect to any of the compounds.

On July 23, 2024 OPC Power Plants received purchase tax assessments in connection with the Previous Tender amounting to approx. NIS 29 million. OPC Power Plants disagrees with the Israel Tax Authority's position and its financial demands as included in the purchase tax assessments, due to, among other things, the Company's position that the arrangement as per the Israel Land Authority's tender does not establish a "right in land". Subsequent to the report date, OPC Power Plants appealed the purchase tax assessment. As of the report date, the Company is of the opinion that since the chances of its position being allowed are higher than the chances that it will be dismissed, no provision was made in respect of the assessment amount.

[2] Composition of the Joint Corporation: (1) The general partner, Zomet HLH General Partner Ltd. (1%) held by Zomet (74%) and the Kibbutz (26%); (2) The limited partners are Zomet (73%) and the Kibbutz (26%).

NOTE 10 – RIGHT-OF-USE ASSETS, LONG-TERM DEFERRED EXPENSES (cont.)

B. Agreements in Israel (cont.)

6. The Ramat Beka renewable energy project (cont.)

In December 2024, OPC Power Plants signed a binding agreement to supply solar panels for the Ramat Beka project with a global supplier (hereinafter – the "Panel Supplier"), to purchase solar panels with a capacity of up to 500 MW and at a total estimated cost of approx. NIS 185 million (approx. USD 50 million). In addition, as per the agreement, the solar panels' technical specifications, ordering mechanisms, early termination provisions and terms and conditions thereof, supply dates, warranty terms and conditions, payment of advances to the supplier, price adjustment mechanisms, and compensation in the event of a significant delay, as well as the collateral that the Company and panel supplier would provide to ensure their compliance with their contractual undertakings, were stipulated.

NOTE 11 – INTANGIBLE ASSETS

A. Composition

	Goodwill (1)	PPA	Other	Total
	NIS million	NIS million	NIS million	NIS million
Cost				
Balance as of January 1, 2023	412	388	59	859
Additions	-	-	51	51
Acquisitions as part of a business combination	295	93	-	388
Impairment loss in respect of Gnrgy (1)	(23)	-	-	(23)
Effect of changes in exchange rates	13	14	-	27
Balance as of December 31, 2023	697	495	110	1,302
Additions	-	-	25	25
Derecognitions	-	-	(2)	(2)
Impairment loss in respect of Gnrgy (1)	(19)	-	(4)	(23)
Deconsolidation (2)	(471)	(510)	(72)	(1,053)
Effect of changes in exchange rates	14	15	2	31
`				
Balance as of December 31, 2024	**221**	**-**	**59**	**280**
Amortization				
Balance as of January 1, 2023	-	75	7	82
Depreciation per year	-	41	12	53
Effect of changes in exchange rates	-	2	-	2
Balance as of December 31, 2023	-	118	19	137
Depreciation per year	-	41	8	49
Derecognitions	-	-	(2)	(2)
Reclassification	-	5	(5)	-
Deconsolidation (2)	-	(166)	(1)	(167)
Effect of changes in exchange rates	-	2	-	2
Balance as of December 31, 2024	**-**	-	**19**	**19**
Amortized balance as of December 31, 2024	**221**	**-**	**40**	**261**
Amortized balance as of December 31, 2023	697	377	91	1,165
Amortized balance as of January 1, 2023	412	313	52	777

(1) As of December 31, 2024, it includes a balance in respect of: The Israel power plants operations (mostly Rotem, Hadera and Gat) due to the acquisition of the Gat Power Plant in 2023 for a total of approx. NIS 220 million; for further details, see Note 23F1. For details regarding goodwill impairment loss recognized in respect of the investment in Gnrgy prior to its sale in the third quarter of 2024, see Section C below.

(2) For details regarding loss of control, deconsolidation and transition to the equity method in the fourth quarter of 2024 with respect to the investment in CPV Renewable, see Note 23E below.

NOTE 11 – INTANGIBLE ASSETS (cont.)

B. Annual impairment testing of goodwill arising as part of the acquisition of the Gat Power Plant

As of the report date, goodwill amounting to approx. NIS 220 million - which arose from the acquisition of the Gat Power Plant - reflects the synergy between Israeli power plants' activity, whose business model is based on sale to private customers (mostly Rotem, Hadera and Gat).

The annual impairment testing of goodwill as of December 31, 2024, was carried out at the level of the cash-generating unit comprising the three power plants (Rotem, Hadera and Gat) (hereinafter - the "Cash-Generating Unit"), since this is the lowest level at which goodwill is subject to monitoring for internal reporting purposes.

The impairment testing was carried out by calculating the recoverable amount of the Rotem Power Plant only in accordance with a value in use based on the DCF (discounted cash flows) method.

Following are the key assumptions used in determining Rotem's value in use:

A. Forecast years - represent the period spanning from 2025 to 2043 and are based on the estimate of the economic life of the power plant and its value as of the end of the forecast period.
B. Generation Component forecasts and natural gas prices, which are not backed by an agreement - are based on market forecasts received from external and independent information sources.
C. An annual long-term inflation rate of 2.5%.
D. Weighted average cost of capital (WACC) - 8%.

As of December 31, 2024, the recoverable amount of the Rotem Power Plant alone is estimated at approx. NIS 4.3 billion, which exceeds the carrying amount of the cash-generating unit by approx. NIS 2.7 billion, and therefore, no impairment loss was recognized.

C. Goodwill impairment in respect of Gnrgy, which was recognized prior to its sale in the third quarter of 2024

As part of the acquisition of Gnrgy in December 2021, the Company recognized goodwill totaling approx. NIS 42 million. In 2024 and 2023, the Company recognized impairment losses on its investment in Gnrgy at an aggregate amount equal to the full goodwill balance (in 2024 - approx. NIS 19 million and in 2023 - approx. NIS 23 million), which was included in the other expenses, net line item, based, among other things, on the separation agreement between the Company and the other shareholder in Gnrgy (49%) and the completion of the transaction for the sale of Gnrgy shares by virtue of this agreement in the third quarter of 2024; for further details, see Note 23A4.

NOTE 12 - PAYABLES AND CREDIT BALANCES

	As of December 31	
	2024	2023
	NIS million	NIS million
Employees and institutions for salaries	**63**	53
Institutions	**18**	4
Interest payable	**20**	18
Profit-sharing plan for CPV Group employees (1)	**-**	21
Current maturities of lease liabilities	**14**	18
Liability to tax equity partner (2)	**-**	270
Other	**8**	27
	123	411

(1) For further details – see Note 16C.

(2) The balance as of December 31, 2023 is in respect of CPV Renewable. For details regarding loss of control, deconsolidation and transition to the equity method in the fourth quarter of 2024 with respect to the investment in CPV Renewable, see Note 23E.

For further details regarding the Group’s exposure to liquidity and foreign currency risks, and a sensitivity analysis, see Note 21.

NOTE 13 - OTHER LONG-TERM LIABILITIES

	As of December 31	
	2024	2023
	NIS million	NIS million
Profit-sharing plan for CPV Group employees (1)	**105**	68
Liabilities for evacuation, decommissioning, and removal (2)	**3**	26
Deferred income in respect of ITC grant (2)	**-**	287
Other liabilities	**7**	18
	115	399

(1) For further details, see Note 18C.

(2) The balances as of December 31, 2023 are mainly with respect to CPV Renewable. For details regarding loss of control, deconsolidation and transition to the equity method in the fourth quarter of 2024 with respect to the investment in CPV Renewable, see Note 23E.

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS

This Note provides information regarding the contractual terms of the Group's interest-bearing loans and credit measured at amortized cost. Additional information regarding the Group's exposure to interest rate, foreign currency and liquidity risks is provided in Note 21.

A. Composition

(1) Current maturities and short-term credit:

	As of December 31	
	2024	2023
	NIS million	NIS million
Current maturities of long-term loans in Israel	**80**	120
Current maturities of long-term loans in the US Renewable Energies Segment	**-**	67
Short-term credit in Israel	**2**	204
	82	391

(2) Long-term loans from banking corporations and financial institutions:

	As of December 31	
	2024	2023
	NIS million	NIS million
Loans to OPC Israel (1)	**1,650**	-
Loans to Hadera	**592**	652
Loans to Zomet (1)	**-**	1,142
Loans to Gat (1)	**-**	438
Loans to the US Renewable Energies segment (2)	**-**	895
Other loans	**-**	3
Total from banking corporations and financial institutions	**2,242**	3,130
Net of deferred finance costs (1),(2)	**(12)**	(78)
Less current maturities	**(80)**	(187)
	2,150	2,865

(1) For details regarding early repayment of project financing at Zomet and Gat and OPC Israel's taking corporate financing in the third quarter of 2024, see section B1 below.
(2) For details regarding loss of control, termination of consolidation and transition to the equity method as from the fourth quarter of 2024 with respect to investment in CPV Renewable, see Note 23E.

For details regarding loan agreements and interest rates in Israel, see Section B below.

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Additional details regarding financing agreements in Israel

1. Corporate financing agreements in Israel

On August 11, 2024 OPC Israel (hereinafter - the “Borrower”) engaged in a financing agreement with Bank Hapoalim Ltd. and a financing agreement with Bank Leumi le-Israel B.M. (hereinafter - the “Lenders”) for the provision of loans totaling NIS 1.65 billion, which were advanced on August 15, 2024 and served mainly for early repayment of the project financing of Zomet - amounting to approx. NIS 1,144 million (including approx. NIS 10 million in accrued interest and approx. NIS 8 million as an early repayment fee) - and the project financing of Gat amounting to approx. NIS 443 million (including approx. NIS 4 million in accrued interest and approx. NIS 4 million as an early repayment fee), and for the financing of the Borrower’s activity as defined in the Financing Agreements. Most of the amount required for the Early Repayment of the Project Credit was advanced to Zomet and Gat by the Borrower thorough intercompany loans.

In respect of the abovementioned early repayment, the Company recognized in the reporting period, one-off finance expenses totaling approx. NIS 49 million under the loss from extinguishment of financial liabilities line item, of which approx. NIS 12 million are in respect of early repayment fees including in the above repayment amounts, and approx. NIS 37 million in respect of amortization of deferred finance costs (non-cash flow).

Subsequent to the report date, on January 30, 2025, the Borrower entered into a financing agreement with Israel Discount Bank Ltd. for the extension of a loan in the total amount of NIS 300 million. On February 18, 2025, NIS 150 million out of the loan amount was advanced, which was used to finance the Borrower's activity as defined in the financing agreement, including repayment of shareholder loans and/or dividend distribution. (It is noted that the Company intends to make use of its share to repay debentures). The balance is expected to be withdrawn in the second half of 2025. The loan was received under conditions similar to those of the Borrower’s other corporate financing agreements in Israel, detailed in Section B1 below, including, among other things, the principal repayment terms, interest terms, collateral and pledges provided, restrictions and undertaking, conditions for distribution and compliance with financial covenants.

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Additional details regarding financing agreements in Israel (cont.)

1. Corporate financing agreements in Israel (cont.)

Following are the key principles of the Financing Agreements[3]

Loan provision date Total Financing Commitments were advanced to the Borrower on August 11, 2024. The loan grant and the execution of the Early Repayment of the Project Credit will take place on August 15, 2024.

Principal terms Principal of Financing Agreement 1: NIS 850 million.

Principal of Financing Agreement 2: NIS 800 million

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The loans' principal will be repaid in quarterly installments from March 25, 2025 through December 25, 2033, as follows: 0.5% in every quarter in 2025; 0.75% in every quarter in 2026; 1% in every quarter in 2027-2029; 5% in every quarter in 2030-2032; 5.75% in every quarter in 2033.

Interest terms The Financing Agreements bear annual interest at a rate based on Prime interest + a spread ranging from 0.3% to 0.4%.

The interest in respect of each loan will be repaid in quarterly installments from September 25, 2024 through December 25, 2033.

Furthermore, the Financing Agreements include additional interest as is generally accepted, which is payable upon the occurrence of default events (with respect to additional interest due to temporary non-compliance with financial covenants which does not constitute default, see below) and in respect of failure to make payments on time (interest on arrears).

Collateral and pledges Under the Financing Agreements, the Borrower undertook not to place liens on, or provide collateral for, its assets, including its holdings in subsidiaries, except for certain allowed pledges as defined in the Financing Agreements, mostly for the purpose of existing and/or future project financing (for the Hadera Power Plant) (if any), under the defined terms and conditions.

Furthermore, the Borrower's subsidiaries provided the Lenders with an undertaking not to take credit, excluding existing and/or future Project Credit (for the Hadera Power Plant) and except with respect to activity in the ordinary course of business, all in accordance with the defined terms and conditions. In addition, company guarantees were provided to the Lenders by certain subsidiaries which are wholly-owned (100%) by the Borrower (directly and/or indirectly).

Additional restrictions, liabilities and material conditions The Financing Agreements include various undertakings of the Borrower and grounds, upon the fulfillment of which the Lenders will be allowed to call for immediate repayment of the loans (subject to remediation periods or to amounts set if applicable under the circumstances),[4] which include, among other things, failure to make payments in respect of the loan on the dates which were set for that purpose, liquidation procedures, receivership, insolvency or debt arrangements of the Borrower as set forth in the Financing Agreements, change of control in the Company or the Borrower under defined circumstances and conditions, certain events which have an adverse effect on the Borrower's activity as set forth in the Financing Agreements, restructuring - except for certain defined exceptions, a change in the area of activity of the Borrower under set conditions, restrictions on the sale of assets under set conditions, failure to comply with the following financial covenants in accordance with the terms and conditions which were set (except for cases where a certain deviation does not constitute grounds subject to the provisions regarding additional interest as detailed below), and a cross-default clause where the Borrower's debt is called for immediate repayment upon the fulfillment of certain set terms and conditions.

In addition, provisions were set with regard to fees, as is generally accepted in financing agreements, including transaction and early repayment fees. It is clarified that early repayment fees in respect of each loan (except for fees in respect of economic damage, as applicable) were set at levels which decrease gradually over the loan term, such that within a set number of years no early repayment fees will apply.

Conditions for distribution Distribution by the Borrower (including repayment of subordinated shareholder loans provided to the Borrower and/or its investees, excluding the Rotem Loan) is subject to conditions generally accepted in financing agreements, and to compliance with the following financial covenants:

The ratio between the net financial debt less the financial debt designated for construction of the projects that have not yet started generating EBITDA, and the adjusted EBITDA, as defined below, shall not exceed 7.

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[3] The Financing Agreements are separate and independent of each other; however, considering their similar characteristics, they are described collectively, where relevant.

[4] In accordance with the Financing Agreements, some of the Borrower's undertakings and grounds for immediate repayment (as detailed below) apply in respect of events of material subsidiaries of the Borrower (which include, among other things, OPC Power Plants, Rotem, Zomet, etc.).

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Additional details regarding financing agreements in Israel (cont.)

1. Corporate financing agreements in Israel (cont.)

Financial covenants

The financial covenants will be assessed at the end of each quarter (hereinafter - the "Measurement Date"), immediately after the approval date of the financial statements of the Borrower. Following are the financial covenants applicable to the Borrower (on a consolidated basis) on each measurement date in connection with each of the Financing Agreements:

- The ratio of the net financial debt(1) less financial debt designated for construction of the projects that have not yet started generating EBITDA(2), and the adjusted EBITDA (3) shall not exceed 8 (hereinafter - "Debt to EBITDA Ratio").
- The equity(4) to total assets ratio(5) shall not fall below 20%.
- The Company's equity(4) will not fall below NIS 1.1 billion.

(1) Net financial debt - Total (1) Long and short-term interest-bearing debts (including the Borrower's share in such debts of associates) to banking institutions, financial entities and any other entity engaged in the provision of loans; (2) Shareholder loans, excluding subordinated shareholder loans, as defined by the Financing Agreements, excluding the Rotem Loan;[5] (3) Plus and/or less principal and/or interest swaps at their nominal value (less and/or plus the deposits provided to secure them); and (4) Net of financial assets.

Financial assets - total (1) Cash and cash equivalents and (2) Deposits with banks and financial institutions (excluding restricted deposits provided against a guarantee), provided that they are clear and free of any pledge, incumbrance and foreclosure. It is noted that cash and cash equivalents and deposits restricted to the servicing of a financial debt shall constitute part of the financial assets.

(2) A financial debt designated for the construction of projects which have not yet started generating EBITDA - (1) Financial debt provided to a special-purpose corporation as part of project credit; or (2) In a project that was not pledged - the outstanding balance of a financial debt provided at an amount that does not exceed the balance of actual investment in the project, provided that the aggregate amount will not exceed - on each measurement date - NIS 200 million; all of the above - in connection with a project that has not yet reached commercial operation.

(3) Adjusted EBITDA - EBITDA in the four quarters preceding the measurement date (including the Borrower's share in the EBITDA of associates) net of other and/or one-off expenses or income and share-based payment. Plus:

(a) The annualized EBITDA[6] of assets which commenced commercial operation during the four quarters preceding the measurement date; and
(b) The annualized EBITDA, based on assets acquired by the Borrower and/or investees as part of an acquisition and/or merger transaction, and all of the respective financial debt was recognized upon their purchase.

(4) Equity capital - as per the Borrower's consolidated financial statements - attributable to the parent company's shareholders, plus subordinated shareholder loans (but excluding the Rotem Loan).

(5) Total assets - as per the Borrower's consolidated financial statements.

It is noted that if the Borrower fails to comply with any financial covenants in a certain quarter at a range which does not exceed 10% of the values set for the relevant covenant, the loan will bear additional interest at a rate set in the Financing Agreements as from the quarter in which the financial statements were published, according to which the Borrower failed to comply the relevant covenants, up to a period of two consecutive quarters. Provided that such a deviation period will not occur more often than a frequency set in the Financing Agreements, the failure to comply with such financial covenants in the said period shall not be deemed a default event and shall not constitute grounds for calling for immediate repayment of the loan.

For details regarding the actual amounts and/or ratios in respect of the abovementioned covenants as of December 31, 2024, see Section 4 below.

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[5] For details regarding the shareholder loan advanced to Rotem see Note 23D to the Financial Statements.

[6] Annualized EBITDA - the EBITDA divided by the number of days during the period commencing on the commercial operation or acquisition date and ending on the relevant measurement date, multiplied by 365.

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Additional details regarding financing agreements in Israel (cont.)

2. Project financing agreement in Hadera

Loan provision date	July 2016
The financing entities	A consortium of lenders headed by Israel Discount Bank Ltd. and Harel Insurance Company Ltd.
The principal outstanding balance as of December 31, 2024	Approx. NIS 585 million.
Principal terms	Repayable in quarterly installments, starting from March 25, 2020, with the final repayment date being in 2037 (subject to the stipulated early repayment provisions in the agreement). Linkage mechanism: Approx. 67% of the principal is CPI-linked, and approx. 33% of the principal is not CPI-linked. The Group entered into a swap to hedge up to approx. 70% of the exposure to the CPI.
Interest terms	• Annual interest at rates between 2.4% and approx. 3.9% (for the linked loans) and between 3.6% and approx. 5.4% (for the unlinked loans). • Repayment in quarterly installments, starting on March 25, 2020.
Additional credit facilities as of the report date	• Working capital facility of NIS 30 million; • Guarantees facility of NIS 60 million; • A hedge facility of NIS 68 million. The withdrawals from the various facilities are subject to the absence of default events and to compliance with various conditions as is standard in agreements of this type.
Collateral and pledges	Liens were placed in favor of Discount Bank, as a trustee for the collateral on behalf of the Hadera Lenders, on all of Hadera's existing and future assets, on Hadera's rights, and on the holdings in Hadera.
Restrictions and undertakings	The agreements prescribe certain restrictions and liabilities as is generally accepted in agreements of this type, including: • Restrictions on assuming financial debts and providing guarantees; • Requirement to obtain the Lender's approval for engagement in material agreements and other material actions; • Undertaking in connection with holding certain reserve funds for maintenance (scheduled and unscheduled) and debt service;[7] • The lender was granted veto rights and other rights in connection with certain decisions as is generally accepted in agreements of this type; • Certain changes in ownership; • As is generally accepted in project financing, there are certain rights that are exercisable only after obtaining the financing entities' consent, and certain rights, which the financing entities may oblige the lender to exercise (reserved discretion); o Various restrictions on deviation from the project budgets; o Restrictions on distribution and interested party transactions; o Undertakings to provide confirmations of compliance with the terms of the agreement, including financial covenants; o Prohibition on making material changes such as a merger; o Undertaking to obtain rating for the project under circumstances set forth; o Cross-default clauses are in place under certain conditions and circumstances set forth;

[7] As of the report date, in Hadera, a debt service reserve in an amount equal to the amounts of two consecutive quarterly debt payments was provided (as of the report date - approx. NIS 37 million), an owners' guarantee reserve of NIS 15 million and a maintenance reserve of approx. NIS 6 million.

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Additional details (cont.)

2. Project financing agreement in Hadera (cont.)

Conditions for distribution A distribution by Hadera, as defined in the financing agreement, is subject to a number of conditions set in the agreement, including, among other things:

- Compliance with the following financial covenants: Historic DSCR, Projected DSCR and LLCR at a minimum rate of 1.25;
- Non-occurrence of a breach or potential breach;
- Maintaining a minimum pre-defined cash amount, which is required as part of the amendment to the Hadera Equity Subscription Agreement, which is described below;
- Proven ability to comply with the take or pay undertakings as per the natural gas supply agreement until the next planned calculation date (as defined in the agreement);
- If the Hadera Power Plant fails to meet the conditions for generation facilities using cogeneration technology as detailed in the Cogeneration Regulations, it will be required to provide proof of its ability to meet payments to the Israel Electric Corporation and the Israeli Electricity Authority as a result of non-compliance with the said conditions;
- No more than two distributions will be carried out in a 12-month period.

Equity Subscription Agreements The Hadera Equity Subscription Agreement (as amended from time to time) includes various undertakings by the shareholder to provide own capital to Hadera, including in accordance with the regulatory rules of the Israeli Electricity Authority (provided it will not exceed 40% of the project's normative cost), providing capital in case of deficit in own capital due to excess project costs or due to hedging agreements, and commitments to provide various guarantees, including guarantees for debt service not paid due to termination of a PPA by the borrower up to NIS 8 million, as well as additional bank guarantees in certain cases. Furthermore, the Company and Veridis Power Plants Ltd. (hereinafter - "Veridis")[8] are required to comply with certain covenants.

3. The Group's credit facilities:

Binding short-term credit facilities from Israeli banking corporations:

As of the report approval datee, the Company and OPC Israel have binding short-term credit facilities from Israeli banking corporations **in effect as of various dates during the second half of 2025.** Generally, the interest rate payable on the said facilities is Prime plus a credit margin as is generally accepted in the market for similar credit facilities.

The Company's credit facilities are subject to compliance with financial covenants as detailed in Section 4 below, and generally accepted provisions and undertakings, including an undertaking and conditions in connection with non-creation of pledges, changes in control, non-change in the nature of the businesses, and restrictions on distribution and/or repayment of shareholder loans under certain conditions set forth (among other things, a restriction that it will not execute a distribution and/or repayment of shareholder loans if the source for the distribution and/or the repayment is the disposal of a holding (or any part thereof) of OPC Israel in Rotem). In some of the facilities, there are also cross-default causes which vary from one facility to another.

OPC Israel's credit facilities are subject to compliance with financial covenants as detailed in Section 4 below and to generally accepted provisions and undertakings, which are similar to those of the Corporate Financing Agreements in Israel as detailed in Section B1 above.

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[8] It is noted that in the event that Veridis does not meet one of the financial covenants and the Company assumes all of Veridis's liabilities and obligations, the event shall not be considered a breach.

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Additional details (cont.)

3. The Group's credit facilities: (cont.)

Following is information regarding short-term credit facilities of the Group companies from banking corporations as of the report date and immediately prior to the report approval date (in NIS million):

	The facility amount immediately prior to the report approval date (March 6, 2025)	Utilization as of the report date (1)	Utilization immediately prior to the report approval date (March 6, 2025)
The Company	300	-	-
OPC Israel	300	69	-
The Company for CPV Group (2)	173 (approx. USD 20 million and approx. NIS 100 million)	81	89
CPV Group(2)	274 (approx. USD 75 million)	149	113
Total secured facilities	**1,047**	**299**	**202**

(1) Mostly for the purpose of letters of credit and bank guarantees.
(2) The facilities provided for CPV Group are backed with a Company guarantee.

Furthermore, as of the report date and close to the report approval date, non-binding credit facilities from banking corporations and financial institutions were utilized for the purpose of issuing letters of credit and bank guarantees in Israel totaling approx. NIS 360 million and approx. NIS 283 million, and in the USA totaling approx. NIS 131 million and approx. NIS 110 million, respectively. The utilization of non-binding facilities is subject to the discretion of any financing entity on a case by case basis on every utilization request date, and therefore there is no certainty as to the ability to utilize them at any given time.

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Additional details (cont.)

4. Financial covenants:

Financial covenants	Breach ratio	Actual value
Covenants applicable to OPC Israel with respect to the corporate financing agreements[9]		
OPC Israel's equity capital	Will not fall below NIS 1,100 million	Approx. NIS 2,446 million
OPC Israel's equity to asset ratio	Will not fall below 20%	45%
OPC Israel's ratio of net debt to EBITDA	Will not exceed 8	3.5
Covenants applicable to Hadera in connection with the Hadera Financing Agreement		
Minimum expected DSCR (1)	1.10	1.10
Average expected DSCR (1)	1.10	1.60
LLCR (2)	1.10	1.51
Covenants applicable to the Company in connection with binding credit facilities with Israeli banks[10]		
The Company shareholders' equity (separate)	Will not fall below NIS 1,200 million	Approx. NIS 4,752 million
The Company's equity to asset ratio (separate)	Will not fall below 30%	71%
The Company's net debt to EBITDA ratio	Will not exceed 12	5.3

(1) DSCR - The ratio between the free cash flows for debt service and the principal and interest payments for the relevant period (all subject to the definitions and terms and conditions of the relevant financing agreement).
(2) LLCR - The ratio between the present value of the future free cash flows for debt service from projects and the balance of the loan as of the calculation date (all subject to the definitions and terms and conditions of the relevant financing agreement).

As of the report date, the Group companies comply with all of the financial covenants.

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[9] OPC Israel has short-term bank credit facilities, which include financial covenants, which are not stricter than the abovementioned financial covenants.
[10] The Company has financial covenants applicable by virtue of the Hadera Equity Subscription Agreement, which are not stricter than the abovementioned covenants.

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

C. Guarantees

Following is a breakdown of the bank guarantees provided by the Company and Group companies to third parties:

	As of December 31	
	2024	2023
	NIS million	NIS million
For operating projects in Israel (mostly Rotem, Hadera, Zomet and Gat) (1)	**249**	244
For projects under construction and development in Israel (Sorek and consumers' premises) (2)	**74**	47
In respect of the filing of a bid in the Sorek tender (3)	**100**	-
For virtual supply activity in Israel	**21**	29
For operating projects in the US Renewable Energies Segment (4)	**22**	189
In respect of projects under construction and development in the USA (Group 5) (CPV)	**339**	148
	805	657

(1) Mainly in respect of: (a) bank guarantees of approx. NIS 108 million (CPI-linked) provided by OPC Israel for Rotem in favor of Noga - Independent System Operator Ltd. (hereinafter - the "System Operator") as required under the PPA. (b) A bank guarantee of approx. NIS 23 million (CPI-linked) provided by OPC Israel on behalf of Hadera for the benefit of the System Operator, as required in accordance with the financial covenants of the Israeli Electricity Authority. (c) A bank guarantee of approx. NIS 67 million (CPI-linked) provided by OPC Israel for Zomet in favor of the ILA, which was released subsequent to the report date (for further details, see Note 10B5).

(2) Mainly in respect of a bank guarantee of approx. NIS 51 million (CPI-linked) provided by OPC Israel on behalf of Sorek 2 in favor of the Accountant General at the Ministry of Finance in connection with the financial closing of the Sorek 2 project (for further details, see Note 9D).

(3) A bank guarantee provided by OPC Israel with respect to a bid submitted by OPC Power Plants for a planning, financing, build and operate tender of a new conventional electricity generation power plant. In December 2024, OPC Power Plants was served with a notice whereby the Tenders Committee announced that a third party's bid is the winning bid in the tender, and that OPC Power Plants's bid is the "second eligible" bidder; therefore, the guarantee was reduced to a total of NIS 50 million subsequent to the report date.

(4) As of December 31, 2023, the balance mainly includes guarantees provided by subsidiaries in the US Renewable Energies Segment. For details regarding loss of control, deconsolidation and transition to the equity method in the fourth quarter of 2024 with respect to the investment in CPV Renewable, see Note 23E.

(5) The increase arises mainly from the provision of bank guarantees in connection with PPAs and connection to the electrical grid in the US Renewable Energies Segment.

Furthermore, the Company and the Group companies provide, from time to time, corporate guarantees to secure Group companies' undertakings in connection with their activity.

NOTE 15 – DEBENTURES (cont.)

A. Composition

	As of December 31	
	2024	2023
	NIS million	NIS million
Marketable debentures	**1,875**	1,839
Less current maturities	**(212)**	(192)
	1,663	1,647

B. Additional details regarding the Company's public debentures as of the report date

Series	Original issuance date	p.v. at the original issuance date (2)	Nominal value as of the report date	Nominal value after revaluation based on the linkage terms	Fair value as of December 31, 2024 (3)	Interest rate	Principal payment dates	Interest payment dates	Linkage basis and terms (principal and interest)
Series B	April 26, 2020 (1)	Approx. NIS 956 million	Approx. NIS 793 million	Approx. NIS 909 million	Approx. NIS 916 million	2.75%	16 unequal semi-annual payments, to be paid on March 31 and September 30 of each of the years 2021 to 2028 (inclusive).	The interest on the outstanding balance of the principal of Debentures is paid - as 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 2021 to 2028 (inclusive).	Linked to the Consumer Price Index in respect of March 2020.
Series C	Septem-ber 9, 2021	Approx. NIS 851 million	Approx. NIS 766 million	The debentures are non-linked	Approx. NIS 711 million	2.5%	12 unequal semi-annual payments, to be paid on February 28 and August 31 of each of the years 2024 to 2030 (inclusive), except for 2028.	The interest is paid on the outstanding balance of the principal of Debentures (Series C), as it shall be from time to time, as from February 2022, twice a year, on February 28 and on August 31 of each of the years 2022 to 2030 (inclusive).	Non-linked
Series D	January 22, 2024	Approx. NIS 200 million	Approx. NIS 200 million	The debentures are non-linked	Approx. NIS 210 million	6.2%	18 unequal semi-annual payments, to be paid on March 25 and September 25 of each of the years 2026 to 2034 (inclusive).	The interest on the outstanding balance of the principal of Debentures (Series D), as it shall be from time to time, is paid - as from September 2024 - twice a year (except for 2024), on September 25, 2024 and on March 25 and September 25 of each of the years 2025 to 2034 (inclusive).	Non-linked

(1) Furthermore, as of its original issuance date, Series B was expanded in October 2020.
(2) As of the issuance date of Debentures (Series B, C and D), the issuance costs amounted to approx. NIS 7 million, approx. NIS 9 million, and approx. NIS 3 million, respectively.
(3) The fair value is based on the closing price quoted on the stock exchange.
(4) As of December 31, 2024, the balance of interest payable in respect of the Debentures (Series B, C and D) amounts to approx. NIS 16 million.

NOTE 15 – DEBENTURES (cont.)

C. Additional details

On July 28, 2024, Maalot (S&P) reiterated the rating of the Company and its debentures at 'ilA-' and upgraded the outlook from negative to stable due to improvement in the financial ratios.

The deeds of trust of Debentures B, C and D (hereinafter in this section - the "Deeds of Trust") include generally acceptable causes to call for immediate repayment (subject to stipulated remediation periods), including default events, liquidation proceedings, receivership, suspension of proceedings and debt arrangements, merger under certain conditions without obtaining debenture holders' approval, material deterioration in the condition of the Company, failure to publish financial report in a timely manner, etc. Furthermore, a right to call for immediate repayment was established under the following circumstances: (1) In case of a call for immediate repayment of another series of debentures (marketable on the TASE or on the TACT Institutional system) that the Company has issued; or of another financial debt (or a number of cumulative debts) of the Company and of consolidated companies (except for the case of having to make immediate repayment of a non-recourse debt), including forfeiture of a guarantee (that secure payment of a debt to financial creditor) that the Company or consolidated companies made available to a creditor, in an amount of no less than USD 75 million (and for Series B - shall not be lower than USD 40 million); (2) Upon breach of financial covenants on two consecutive review dates; (3) In the case described in Subsection 2 (and even without waiting for the second review date) if the Company has carried out an extraordinary transaction with a controlling shareholder, excluding transactions to which the Companies Regulations (Expedients in Transactions with an Interested Party), 2000 does not apply, without obtaining prior approval of the debenture holders by special resolution; (4) If an asset or a number of assets of the Company are sold in an amount representing over 50% of the value of the Company's assets according to the Company's consolidated financial statements during a period of 12 consecutive months, or if a change is made to the main operations of the Company, except where the consideration of the sale is intended for the purchase of an asset or assets within the Company's main area of operations (the "main operations of the Company" - the field of energy, including electricity generation in power plants and from renewable energies); (5) Upon the concurrence of certain events leading to loss of control; (6) In the event that a "going concern" emphasis-of-matter paragraph is included in the Company's financial statements solely in respect of the Company, for a period of two consecutive quarters; (7) If the Company breaches its undertaking not to place a general floating charge on its current and future assets and rights, in favor of any third party, without the criteria set in the Deed of Trust being met; (8) Distribution in breach of the provisions of the Deed of Trust. All in accordance with the terms set out in the Deeds of Trust signed between the Company and the trustee, Reznick Paz Nevo Trust Company Ltd.

Furthermore, the Deeds of Trust include an undertaking on behalf of the Company to comply with financial covenants and restrictions (including restrictions as to distribution, expansion of series, provisions as to interest adjustment in the event of change in rating or non-compliance with financial covenants). Following are the financial covenants:

NOTE 15 – DEBENTURES (cont.)

C. Additional details (cont.)

Ratio	Required value Series B	Required value Series C and D	Actual value
Net financial debt (1) to adjusted EBITDA (2)	Will not exceed 13 (for distribution purposes - 11)	Will not exceed 13 (for distribution purposes - 11)	5.3
The Company shareholders' equity (separate)	Will not fall below NIS 250 million (for distribution purposes - NIS 350 million)	With respect to Debentures (Series C): will not fall below NIS 1 billion (for distribution purposes - NIS 1.4 billion) With respect to Debentures (Series D): will not fall below NIS 2 billion (for distribution purposes - NIS 2.4 billion)	Approx. NIS 4,752 million
The Company's equity to asset ratio (separate)	Will not fall below 17% (for distribution purposes: 27%)	Will not fall below 20% (for distribution purposes - 30%)	71%
The Company's equity to asset ratio (consolidated)	--	Will not fall below 17%	53%

(1) The consolidated net financial debt less the financial debt designated for construction of the projects that have not yet started to generate EBITDA.
(2) Adjusted EBITDA as defined in the deed of trust.

As of December 31, 2024, the Company complies with the said financial covenants.

In addition, the Deed of Trust includes an undertaking not to create a floating charge on the Company's assets and rights, both current and future, in favor of any third party without fulfillment of one of the terms and conditions stipulated in the Deed of Trust; everything shall be according to the terms stipulated in the Deed of Trust (it is clarified that the Company and/or its investees will be entitled to create a fixed and/or floating lien on any of their assets, without fulfillment of any of the said terms and conditions).

The terms of the debentures also include an option to increase the interest rate under certain instances of changes in rating and in certain cases of failure to comply with financial covenants (in accordance with thresholds set in the Deeds of Trust). The Company's ability to expand the series of debentures is subject to certain restrictions, including maintaining the rating of the debentures as it stood prior to the expansion of the series and non-breach.

Furthermore, the Company may initiate the execution of early redemption of the debentures, in accordance with dates and generally accepted provisions set for that purpose, including in an amount that will not fall below the highest of the market value of the outstanding debentures (based on the average in the 30 trading days that preceded the Board of Directors' resolution), the outstanding par value of the debentures (principal plus interest until the early redemption date), and the balance of the cash flow of the debentures in respect of which early redemption is to be executed, discounted according to the rates set in each of the deeds of trust.

NOTE 16 – EMPLOYEE BENEFITS

A. Post-employment benefit plans – defined contribution plan

The Group has a defined contribution plan in respect of its liabilities to employees in Israel and the USA. The amount recognized as expense in 2024 and 2023 is approx. NIS 13 million and in 2022 - a total of approx. NIS 10 million.

It should be noted that the Group has defined benefit plans in non-material amounts.

B. Equity compensation plan in Israel

In July 2017, the Company's board of directors (after the approval of the Company's Compensation Committee) approved an options plan (hereinafter – the "Options Plan") for offerees. Under the plan, the Company will allocate to the offerees, whose identity will be determined by the board of directors (and the general meeting of the shareholders, as the case may be) at its sole discretion, non-marketable and non-transferable options (other than transfer to successors in the event of death, as set out in the Options Plan) that are exercisable for the Company's shares, in an amount to be instructed by the board of directors, as the case may be. The options are non-marketable and non-transferable. Each option will confer on the offeree the right to receive from the Company, by way of an allocation, one ordinary share of NIS 0.01 par value, at the exercise price to be determined for each offeree, and which will be at least the average share price in the 30 trading days prior to the board decision on the allocation and subject to certain adjustments set out in the Options Plan. The ordinary shares to be allocated following exercise of the options will have the same rights as the Company's ordinary shares, immediately upon their allotment. The exercise price is subject to certain adjustments (including in respect of dividend distribution, issuance of rights, etc.).

In May 2018, the employee Options Plan was revised to an alternative for allocating restricted stock units (hereinafter – the "RSUs") and an amendment to the adjustment mechanism in the event of change of control. Each RSU will confer the right to receive from the Company, by way of an allocation and for no consideration, one ordinary share of the Company of NIS 0.01 par value of the Company. The RSUs will not confer on the holder any right conferred on a shareholder, prior to their exercise for shares of the Company, including a voting right, with the exception of the right to receive an amount equivalent to a dividend, should the Company decide to distribute a dividend.

The provisions of Section 102 to the Income Tax Ordinance apply to the allocated options. The allocation was made through a trustee in the capital gains track. In accordance with this track, the Company is not entitled to claim a tax deduction for amounts credited to an employee as a benefit, including amounts recorded as a salary benefit in the Company's financial statements, for the options received by the offeree under the plan, other than a yield benefit component, if any, determined on the allocation date or grant date.

From time to time, the Company allocates options and RSUs to offerees in several allocations in an equity track (with a trustee) in accordance with Section 102 of the Income Tax Ordinance, in four equal tranches, which are exercisable at net (hereinafter – the "Offered Securities"). The vesting terms and expiration dates of the offered securities are as follows:

Tranche No.	Vesting terms and conditions	Expiration date
Tranche One	At the end of 12 months from the grant date	At the end of 36 months from the vesting date
Tranche Two	At the end of 24 months from the grant date	At the end of 24 months from the vesting date
Tranche Three	At the end of 36 months from the grant date	At the end of 24 months from the vesting date
Tranche Four	At the end of 48 months from the grant date	At the end of 24 months from the vesting date

NOTE 16 – EMPLOYEE BENEFITS (cont.)

B. Equity compensation plan in Israel (cont.)

Following is information regarding allocation of offered securities in accordance with the option plan:

Offerees and allocation dates	Number of RSUs at grant date (in thousand)	No. of unvested RSUs as of December 31, 2024 (in thousands)	Fair value of each RSUs at award date (in NIS)	No. of options at the grant date (in thousands)	No. of unvested options as of December 31, 2023 (in thousands)	No. of unvested options as of December 31, 2024 (in thousands)	Average fair value of each option at the grant date (in NIS)	Exercise price per option (in NIS, unlinked)	Standard deviation (1)	Risk-free interest rate (2)
Officers, June 2018	242	-	18.52	1,166	23	-	3.80	18.41	21.41% - 20.93%	0.88% - 1.43%
Officer, May 2020	29	-	26.8	99	99	50	7.76	25.81	31.48%	0.36% - 0.58%
Chairman of the Board, January 2021	-	N/A	N/A	367	367	367	13.07	32.78	38.80%	0.20% - 0.40%
CEO, April 2021	-	N/A	N/A	1,253	1,253	1,253	9.54	34.46	34.97%	0.35% - 0.59%
Officers, August 2021	-	N/A	N/A	663	331	-	8.23	30.24	34.59%	0.24% - 0.55%
Officer, January 2022	27	13	33.4	272	272	272	9.91	33.21	33.55% - 33.67%	0.47% - 0.75%
Executives, May 2022	-	N/A	N/A	1,649	1,453	1,177	10.42	36.60	33.11% - 33.53%	1.84% - 2.05%
Officer, September 2022	-	N/A	N/A	254	254	254	15.70	39.86	33.24% - 34.24%	2.93% - 2.94%
Executives, March 2024	-	N/A	N/A	497	N/A	497	9.77	25.19	33.85% - 35.79%	3.81% - 3.91%
Chairman of the Board, November 2024	-	N/A	N/A	204	N/A	204	10.21	30.78	30.33% - 35.75%	4.13% - 4.19%

(1) The standard deviation is calculated based on historical volatility of the Company’s share over the expected life of the option until exercise date.
(2) The rate of the risk-free interest is based on the Fair Spread database and an expected life of 4 to 6 years.

NOTE 16 – EMPLOYEE BENEFITS (cont.)

B. Equity compensation plan in Israel (cont.)

(1) <u>Exercise of options and issuance of shares</u>

A. Exercise of options - In the years ended December 31, 2024, 2023, and 2022, following the vesting of the RSUs, the Company issued approx. 14 thousand, approx. 14 thousand, and approx. 55 thousand ordinary shares of the Company of NIS 0.01 par value, respectively. The weighted average price per share on the exercise dates of the options was NIS 18.84, NIS 24.42, and NIS 39.67, respectively.

B. Issuance of shares - in the years ended December 31, 2024, 2023 and 2022, the Company issued approx. 12 thousand, approx. 8 thousand, and approx. 161 thousand ordinary shares of the Company of NIS 0.01 par value, respectively, following notices regarding the exercise of approx. 72 thousand, approx. 23 thousand and approx. 272 thousand options, respectively.

(2) <u>Expiry of options</u>

In the years ended December 31, 2024 and 2023, approx. 608 thousand options and approx. 542 thousand options, respectively, expired following the termination of Company employees. Subsequent to the report date, in January 2025, approx. 184 thousand options expired upon reaching their expiration date.

(3) <u>Allotments</u>

The value of the benefit implicit in the allocation of securities in the years ended December 31, 2024 and 2022 is approx. NIS 7 million and approx. NIS 25 million, respectively. This amount will be recorded in profit and loss over the vesting period. Subsequent to the reporting period, the Company awarded approx. 454 thousand in options to an executive and officers of the Company.

(4) <u>Expenses recognized</u>

In the years ended December 31, 2024, 2023, and 2022, the Company recognized an expense in the amount of approx. NIS 7 million, approx. NIS 10 million, and approx. NIS 16 million, respectively, in respect of the offered options and securities.

C. Profit-sharing plan for CPV Group employees

In April 2021, the CPV Group LP (hereinafter in this Note - the "Partnership") approved an allocation of 6.5% of the profit participation rights in the Partnership for allocations to certain CPV Group employees and managers (hereinafter in this note - the "Offerees") as part of long-term compensation (hereinafter - the "CPV Group's Profit-Sharing Plan"). The Offerees' participation rights relate to earnings and appreciation net of repayment of investment amounts to investors and subject to vesting periods that may be accelerated in certain cases, such as merger, sale of activities, and termination of employment under certain circumstances, etc. The deeds of allocation granted to the Offerees stipulate, among other things, events upon the occurrence of which the Partnership will buy the Offerees' rights. Included in that stated above, subject to the vesting as, as stated, the Offerees are entitled to require the Partnership to acquire their rights on exercise dates that fall after three and five years from the grant date at the rates and under the conditions defined, and in certain cases of sale of rights in the Partnership by the Company (including a change in control). In addition, the Partnership is entitled to acquire rights of the Offerees under certain circumstances, such as conclusion of the transaction and passage of five years.

During the Reporting Period, CPV Group approved a 1% increase in the profit participation rights and the allocation to a CPV Group officer.

NOTE 16 – EMPLOYEE BENEFITS (cont.)

C. Profit-sharing plan for CPV Group employees (cont.)

In March 2024, a partial exercise was carried out of the participation units awarded to CPV Group employees, by way of purchasing the units exercised by CPV Group, totaling approx. NIS 11 million (approx. USD 3 million).

The plan's fair value as of the report date is estimated using an options pricing model (OPM) and is based on a standard deviation of 30%, a risk-free interest rate of 4.12% and an expected life of 1.07 years. As of the report date, the fair value of the participation rights that were awarded amounts to approx. NIS 132 million (approx. USD 36.3 million).

As of the report date, the Group recognized - out of the Plan's fair value and in accordance with the vesting period - a liability of approx. NIS 105 million in the other long-term liabilities line item.

NOTE 17 – TAXES ON INCOME

A. Information about the tax environment in which the Group operates

1. Corporate tax rate

Israel - The rate of corporate tax in Israel between 2022 and 2024 is 23%.

USA
The corporate tax rate applicable to the Group's US operations is composed of two main tax systems: (1) Federal corporate tax at a rate of 21% and (2) state tax, depending of the state where the operations are carried out, mostly between 2.5% and 11.5%, while the state tax rate constitutes an expense for calculation of the federal tax.

The profits (losses) of investees in the US, which are not taxable entities, are indirectly attributed to the partnership OPC Power (indirectly held by the ICG Energy) based on their share in equity. Profits (losses) of the OPC Power are attributed directly to the partners in accordance with their share in the equity, since according to US tax laws, a partnership and LLC through which the Group operates in the USA are transparent for tax purposes. Therefore, ICG Energy will be attributed the profits (losses) of OPC Power, in which it serves as a limited partner. ICG Energy will be liable to tax in the USA in respect of such profits attributed to it; the tax will be determined in accordance with the federal corporate tax rate and the state tax rate, which constitutes, as aforesaid, an expense for the purpose of calculating the federal tax.

The US tax laws include a limit on finance expenses that may be deducted. The expense limit was 30% of the adjusted taxable income (hereinafter - "ATI"), while in 2018 to 2021, the ATI calculation was based on the Company's EBITDA, whereas from the 2022 tax year onwards, it is based on EBIT (excluding depreciation and amortization). Furthermore, offsetting of net operating losses (NOL) is limited: in general, losses accrued up to 2018, it may be carried forward for up to 20 years, without any limit to the offset amount in a specific year. Losses accrued thereafter are subject to a time limit but may be generally used to offset up to 80% of the taxable income only.

In addition, the tax system in the US grants various tax benefits to investors in renewable energy projects, including under the Inflation Reduction Act of 2022 (hereinafter - "IRA"):

- Bonus depreciation - accelerated depreciation at a rate of up to 100%. As from 2023, the accelerated depreciation rate is up to 80% (in 2024 - 60%); this rate will decline by 20% every year, unless the tax benefit will be extended. It is noted that also in the project acquisition procedure, this depreciation may be recognized on the acquisition date.

- Investment Tax Credit (hereinafter - "ITC") - A tax credit of up to 30% of the amount invested in solar assets, and another credit equal to up to 10% of the construction costs of projects that integrate equipment manufactured in the USA or constructed at certain sites ("Brownfield Sites").

NOTE 17 – TAXES ON INCOME (cont.)

A. Information about the tax environment in which the Group operates (cont.)

1. Corporate tax rate (cont.)

USA (cont.)

- Production tax credit (hereinafter - "PTC") - A tax credit in respect of income from the sale of electricity generated by renewable energy facilities.

According to the provisions of the IRA, these ITC and PTC benefits can be traded or offset in future against future taxes.
According to the provisions of the tax treaty between Israel and the US, interest payments are subject to withholding tax of 17.5%, and dividend payments are subject to withholding tax of 12.5%. It is noted that in Israel, credit is awarded according to Israeli tax laws.

2. Benefits under the Law for Encouragement of Industry (Taxes), 1969 (hereinafter – the "Encouragement of Industry Law")

The industrial plants owned by some of the Company's consolidated companies in Israel have a single production line, and as such, these companies, together with the consolidated company that holds these companies (hereinafter in this section - the "Parent Company"), are entitled to file a consolidated tax report under Section 23 of the Encouragement of Industry Law. Pursuant to Section 24 of said Law, the taxable income or loss of each of the said companies which own the industrial plants shall be regarded as taxable income or as a loss of the parent company.

"Industrial Companies" as defined in the Encouragement of Industry Law are entitled to tax benefits, mainly: Increased depreciation rates for tax purpose, and filing of consolidated tax returns of companies with a common production line.

B. Tax assessments

The Company and the other Group companies in Israel have tax assessments that are considered final up to and including the 2019 tax year (subject to reservations stipulated in the law).

ICG Energy is subject to taxation in several US jurisdictions. Tax year 2019 and all periods thereafter are open for audits by US federal and state tax authorities.

C. Components of expenses for income tax

	For the year ended December 31		
	2024	**2023**	**2022**
	NIS million	**NIS million**	**NIS million**
Current tax expenses - for the current period	**2**	11	4
Current tax expenses - restructuring in the US Renewable Energies Segment prior to the investment transaction (see Note 23E)	**53**	-	-
Deferred tax expenses	**83**	57	61
Expenses for income tax	**138**	68	65

NOTE 17 – TAXES ON INCOME (cont.)

D. Adjustments between theoretical tax on income before taxes and tax expenses:

	For the year ended December 31		
	2024	2023	2022
	NIS million	NIS million	NIS million
Profit before taxes on income	**335**	237	282
Statutory tax rate of the Company	**23%**	23%	23%
Tax calculated at the statutory tax rate of the Company	**77**	55	65
Additional tax (savings) for:			
Non-controlling interests' share in losses of tax transparent entities (1)	**(22)**	-	(4)
Temporary differences and losses for tax purposes for which deferred taxes were not created (2)	**20**	2	1
Effect of the creation of deferred taxes at a tax rate that is different from the main tax rate	**12**	2	5
Effect of restructuring and loss of control in the US Renewable Energies Segment (3)	**40**	-	-
Other	11	9	(2)
Expenses for income tax	**138**	68	65

(1) Includes the share of non-controlling interests in profit from loss of control in the US Renewable Energies segment.

(2) Including mainly effects due to losses from impairment in Gnrgy and Hadera 2 as detailed in Notes 11C and 10B3, respectively.

(3) For details, see Note 23E.

E. Deferred tax assets and liabilities

(1) Deferred tax assets and liabilities recognized in the books of accounts

Deferred taxes are calculated at the tax rate that is expected to apply on the reverse date.

Movement in deferred tax assets and liabilities attributable to the following items:

Balance of deferred tax asset (liability)	As of December 31, 2023	Carried to income and loss	Carried to other comprehensive income	Effect of changes in exchange rates	Deconsolidation	As of December 31, 2024
	NIS million					
Property, plant, and equipment and intangible assets	(590)	(125)	-	(2)	58	(659)
Carryforward losses and deductions for tax purposes	437	114	-	1	-	552
Investments in transparent companies	(320)	(63)	(10)	-	(52)	(445)
Other	32	(9)	3	-	(7)	19
	(441)	(83)	(7)	(1)	(1)	(533)

NOTE 17 – TAXES ON INCOME (cont.)

E. Deferred tax assets and liabilities (cont.)

(1) Deferred tax assets and liabilities recognized in the books of accounts (cont.)

Balance of deferred tax asset (liability)	As of December 31, 2022	Commencement of consolidation	Carried to income and loss	Carried to other comprehen-sive income	Effect of changes in exchange rates	As of December 31, 2023
	NIS million					
Property, plant, and equipment and intangible assets	(490)	(69)	(31)	-	-	(590)
Carryforward losses and deductions for tax purposes	408	-	22	-	7	437
Investments in transparent companies	(280)	-	(53)	21	(8)	(320)
Other	37	-	5	(9)	(1)	32
	(325)	(69)	(57)	12	(2)	(441)

(2) Deferred taxes are recognized in the statement of financial position as follows:

	As of December 31	
	2024	**2023**
	NIS million	**NIS million**
Under non-current assets (presented under the 'other long-term receivables' line item)	**10**	57
Under non-current liabilities	**(543)**	(498)
Deferred tax assets, net	**(533)**	(441)

(3) Loss carryforwards for tax purposes:

A. **The Company** - As of December 31, 2024, the Company has loss carryforwards of approx. NIS 150 million. The Company did not recognize a deferred tax asset for carryforward capital losses, since it does not expect that there will be a taxable income against which the tax benefits can be utilized.

B. **Israel (through OPC Israel and subsidiaries) -** as of December 31, 2024, the Group's companies in Israel have loss carryforwards totaling approx. NIS 775 million, for which deferred taxes were recorded.

C. **USA (through ICG Energy)** - In the USA, as of December 31, 2024, ICG Energy has loss carryforwards totaling approx. NIS 1,912 million (approx. USD 525 million) at the federal level. Out of the said losses, no deferred tax assets were recognized with respect to a total of approx. NIS 324 million (approx. USD 89 million), since these losses are subject to compliance with the terms and conditions of the law, some of which are beyond ICG Energy's control; these losses will expire in 2032-2037. Furthermore, ICG Energy has losses at state-level amounting to approx. NIS 600 million, in respect of which deferred tax assets were recognized.

NOTE 18 – EQUITY

A. Composition

No. of shares	As of December 31, 2024		As of December 31, 2023	
	Authorized	Issued and paid up	Authorized	Issued and paid up
Ordinary shares of NIS 0.01 par value	**500,000,000**	**255,713,977**	500,000,000	224,437,761

B. Share issuances

Transaction date	Transaction type	Scope of the transaction	Transaction consideration (in NIS million)	Issuance costs (in NIS million)
July 2022 (1)	Shares issuance	9,443,800 shares	330.5	9
September 2022 (2)	Shares issuance	12,500,000 shares	500	6
July 2024 (3)	Shares issuance	31,250,000 shares	800	20

(1) It is noted that the Parent Company submitted bids for the tender and was issued 3,898,000 ordinary shares of the Company as part of the issuance.
(2) An issuance for qualified investors, including Migdal Insurance and Financial Holdings Ltd., The Phoenix Insurance Company Ltd. (including entities under their management), and entities managed by Altshuler Shaham Ltd. (each of which were interested parties in the Company on the share issuance date).
(3) It is noted that the Parent Company submitted bids for the tender and was issued 16,707,400 ordinary shares of the Company as part of the issuance.

For details regarding the changes in the Company's equity arising from an equity compensation plan in Israel, see Note 16B.

C. Dividend

From 2022 to 2024, the Company did not distribute dividends.

In July 2017, the Company's Board of Directors decided to adopt a dividend distribution policy, whereby in every calendar year, a dividend will be distributed to the shareholders; the dividend will be equal to at least 50% of the Company's after-tax net income in the calendar year preceding the dividend distribution date. Implementation of the dividend distribution policy and approval of the distribution from time to time by the Company's board of directors is subject to the provisions of any law, including the distribution tests set out in Section 302 of the Companies Law, 1999 (the profit test and the solvency test), restrictions imposed by agreements to which the Company is a party, present or future covenants or financial covenants undertaken by the Company, tax considerations, investments required in the Company's projects (present or future), and additional restrictions that may apply to the Company, if any, and decisions that the Company is permitted to make, including a different designation of its profits and an amendment to this policy.

For the avoidance of doubt, the Company's Board of Directors will be permitted at any time, taking into account business considerations and in accordance with the law, to change the abovementioned dividend rate or to decide to refrain from any distribution, such as was the case as of the date of the report, taking into account the Company's business needs, the market conditions in the environment in which the Company operates, and specifically its strategic plans to expand its activity, all at the discretion of the Board of Directors.

NOTE 18 – EQUITY (cont.)

C. Dividend (cont.)

In light of the Company's growth strategy and the expansion of operation targets in recent years, taking into account the Company's financial strength, in March 2024 the Company's Board of Directors decided to suspend the Company's dividend distribution policy for two years; after the said suspension period, the Board of Directors will discuss the resumption of the implementation of the dividend distribution policy and its modification, such that it is in line with the circumstances at that time.

NOTE 19 – DATA ON INCOME STATEMENT ITEMS

A. Revenues

	For the year ended December 31		
	2024	**2023**	**2022**
	NIS million	**NIS million**	**NIS million**
Revenues from sale of electricity in Israel:			
Revenues from the sale of energy to private customers	**1,368**	1,424	1,212
Revenues from energy sales to the System Operator and other suppliers	**165**	120	55
Income for capacity services	**171**	59	-
Revenues from the sale of energy to the System Operator, at cogeneration tariff	**83**	82	52
Revenues from sale of steam in Israel	**57**	59	62
Other income in Israel	**23**	59	39
Total income from sale of energy and others in Israel (excluding infrastructure services)	**1,867**	1,803	1,420
Revenues from private customers for infrastructure services	**445**	480	315
Total income in Israel	**2,312**	2,283	1,735
Revenues from sale of electricity from renewable energy (1)	**195**	136	87
Revenues from sale of retail electricity and other	**272**	133	105
Total income in the USA	**467**	269	192
Total income	**2,779**	2,552	1,927

(1) As from November 2024, the results of the US Renewable Energies Segment are presented under the 'share in profits of associates' line item. For further details – see Note 23E.

NOTE 19 – DATA ON INCOME STATEMENT ITEMS (cont.)

A. Revenues (cont.)

Below is information about the total sales of the Group to material customers and the rate out of the total income of the Company (in NIS million):

Customer	For the year ended December 31 2024		2023		2022	
	Total income	% of the Company's income	Total income	% of the Company's income	Total income	% of the Company's income
Customer 1	370	13.3%	262	10.3%	-	-
Customer 2	368	13.2%	369	14.4%	360	18.7%
Customer 3 (1)	-	-	291	11.4%	247	12.8%

(1) Bazan Ltd. (hereinafter - the "Bazan Group"), which was a related party through the end of 2022. For further details – see Note 22 below.

B. Cost of sales (less depreciation and amortization)

	For the year ended December 31 2024	2023	2022
	NIS million	NIS million	NIS million
Cost of sales in Israel:			
Natural gas and diesel fuel (1)	**645**	663	526
Energy acquisition expenses	**320**	303	295
Gas transmission costs	**55**	41	32
Salaries and related expenses	**46**	37	32
Operating expenses	**120**	87	54
Other expenses	**18**	65	40
Total cost of sales in Israel (excluding the cost of infrastructure services)	**1,204**	1,196	979
Infrastructure services expenses	**445**	480	315
Total cost of sales in Israel	**1,649**	1,676	1,294
Cost of sales and provision of services in the USA:			
Cost of sales in respect of income from the sale of electricity from renewable energy (2)	**60**	49	30
Cost of sales with respect of the sale of electricity (retail) and other	**222**	102	80
Total cost of sales in the USA	**282**	151	110
Total cost of sales	**1,931**	1,827	1,404

(1) After deducting third-party participation costs.
(2) As from November 2024, the results of the US Renewable Energies Segment are presented under the 'share in profits of associates' line item. For further details – see Note 23E.

NOTE 19 – DATA ON INCOME STATEMENT ITEMS (cont.)

C. General and administrative expenses

	For the year ended December 31		
	2024	**2023**	**2022**
	NIS million	**NIS million**	**NIS million**
General and administrative expenses at headquarters and in Israel:			
Salaries and related expenses	**37**	51	50
Directors' fees	**5**	4	5
Professional services	**11**	10	12
Depreciation	**10**	9	5
Office maintenance	**10**	8	4
Other	**8**	10	8
Total general and administrative expenses at headquarters and in Israel	**81**	92	84
General and administrative expenses in the U.S.:			
Salaries and related expenses	**71**	49	40
Professional services	**30**	38	25
Depreciation	**6**	6	5
Office maintenance	**17**	16	11
Other	**23**	18	12
Total general and administrative expenses in the U.S.	**147**	127	93
	228	219	177
Share-based payment expenses (income) (*)	**35**	(7)	62
Total general and administrative expenses	**263**	212	239

(*) In 2024, expenses totaling approx. NIS 28 million (2023 - income totaling approx. NIS 17 million; 2022 - expenses totaling approx. NIS 46 million) are due to a change in the fair value of the CPV Group's Profit-Sharing Plan for its employees (for details - see Note 16C).

D. Business development expenses

	For the year ended December 31		
	2024	**2023**	**2022**
	NIS million	**NIS million**	**NIS million**
Business development in Israel	**11**	19	12
Business development in the USA (mainly in renewable energies)	**34**	39	38
	45	58	50

NOTE 19 – DATA ON INCOME STATEMENT ITEMS (cont.)

E. Other expenses, net

	For the year ended December 31		
	2024	2023	2022
	NIS million	NIS million	NIS million
Impairment of Hadera 2 (see Note 10B4)	**31**	-	-
Impairment of Gnrgy's goodwill (see Note 11C)	**19**	23	-
Other	**6**	(7)	-
	56	16	-

F. Finance income and expenses

	For the year ended December 31		
	2024	2023	2022
	NIS million	NIS million	NIS million
Finance income			
Exchange rate differences from revaluation of intra-group loans (1)	-	-	79
Exchange rate differences	**39**	3	17
Interest income from deposits with banks	**35**	35	9
Interest income from loan to an associate	**8**	4	-
Other finance income	**5**	1	1
	87	43	106
Finance expenses			
Interest expenses for debentures	**89**	80	97
Interest expenses for loans from banks and financial institutions	**203**	170	83
Interest expense for loans from non-controlling interests	**34**	26	23
Interest expenses in respect of deferred consideration paid as part of the acquisition of Gat (2)	**-**	14	-
Interest expenses in respect of tax equity partner in the US	**18**	-	-
Fees and commissions and others	**22**	30	6
Capitalization of borrowing costs for assets under construction	**(27)**	(80)	(56)
	339	240	153
Loss from extinguishment of financial liabilities, net (3)	**49**	-	-
Finance expenses, net, recognized in the income statement (4)	**301**	197	47

(1) In respect of provision of NIS-denominated loans to a wholly-owned subsidiary which is a foreign operation and whose functional currency is the USD. In the fourth quarter of 2022, in view of a change in the Company's assessments regarding the likelihood of repayment of the said loans in the foreseeable future, they were classified as part of the net investment in the foreign operation.

(2) For further details – see Note 23F1.

(3) For further details regarding early repayment of the Zomet and Gat financing agreements, see Note 14B1.

(4) Including linkage differences in respect of CPI-linked debentures and loans totaling approx. NIS 36 million (in 2023 - approx. NIS 37 million and in 2022 - approx. NIS 56 million).

NOTE 20 – EARNINGS PER SHARE

Information used in the calculation of the basic and diluted earnings per share:

	For the year ended December 31		
	2024	**2023**	**2022**
Profit for the year attributable to shareholders of the Company (in NIS million)	**111**	144	167
Weighted average number of shares used for the basic and diluted calculation	**238,758**	224,461	210,289
Basic and diluted earnings per share (in NIS)	**0.46**	0.63	0.79

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

A. Financial risk management

1. General

The Group has operations that expose it to credit, liquidity risks and market risks (foreign currency, interest rate, CPI, and other market price risks). To reduce exposure to these risks, the Group takes various measures, particularly the use of derivative financial instruments, including forward transactions (mainly on foreign currency), index swaps, interest rate swaps; in associates held by CPV Group - transactions for hedging the electricity price in the renewable energy segment and in gas-fired power plants - futures for hedging energy margins.

2. Credit risk

Credit risk is the risk of financial loss incurred by the Group if a customer or counterparty to a financial instrument fails to meet its contractual liabilities. The Group’s main exposure to credit risk is in respect of the following assets:

Trade receivables

The Group’s management assesses the exposure to credit risk in respect of customers debts and analyzes their financial resilience in order to determine the type and amount of the collaterals required in the various sale transactions.

Most of the Group’s customers have strong financial robustness, therefore sales to them are made without any collateral. In exceptional cases that are considered high risk, in the opinion of the Group companies, they receive adequate collateral to reduce the risks arising from the provision of credit to customers.

Cash and cash equivalents and short and long-term deposits (including restricted balances)

The Group’s cash and cash equivalents and deposits are deposited mainly in banking corporations, with attention to their financial strength. Therefore, in the Group’s estimation, no significant credit risk is expected in respect of them.

Derivative financial instruments

Generally, derivative transactions are entered into with banking corporations, noting the financial resilience of those entities. Therefore, in the Group’s estimation, no significant credit risk is expected in respect of them.

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

A. Financial risk management (cont.)

3. Liquidity risk

Liquidity risk is the risk that the Group companies will not be able to meet with their financial liabilities when they are due. The Group's approach to liquidity risk management is to ensure, to the extent possible, a sufficient liquidity level to meet its liabilities in a timely manner.

For the purpose of management of the Group's liquidity, a mix of short- and long-term financing tools are used, with attention to adjustment of the scope and duration of the long-term liabilities, as well as the financial covenants applicable to the Company and the nature and scope of its business operations.

The short term financing tool includes mainly secured and unsecured credit facilities from banking corporations and financial institutions. The long-term financing tools include mainly long-term loans from banking corporations and financial institutions (including as part of project financing) and debentures. For further details, see Notes 14, 15 and 23D.

In addition to the financing tools referred to above, from time to time, and as needed, the Company raises capital - by issuing equity instruments - in order to manage its robustness and liquidity. In addition, the Group's dividend policy takes into account the issue of financial strength and liquidity; for details see Note 18C.

4. Market risks

Market risk is the risk that changes in market prices, such as the electricity prices, electricity margins, foreign exchange rates, inflation and interest rates shall impact the fair value or future cash flows of a financial instrument.

The Company uses derivative financial instruments as part of the market risk management policy.

5. Currency risk

The functional currency of the Company and its Israeli subsidiaries is the shekel, and the functional currency of CPV Group is the USD. Therefore, the exposure of the Group companies in Israel is measured with respect to exchange rate changes of the NIS with respect to other currencies in which they operate. CPV Group enters into agreements mainly in the USD and therefore, it is not materially exposed to foreign currency risk.

In its activity in Israel, the Group is exposed to changes in the exchange rate of the USD, both directly and indirectly, due to the natural gas purchases, some of which are linked to the exchange rate of the USD and/or denominated in USD and are linked to the generation tariff (which is partly affected by a change in the USD exchange rate) and include floor prices in USD and on the other hand - linking a significant part of its income to the generation component (which is partially affected by changes in the USD exchange rate). Therefore, despite the fact that an increase in the USD exchange rate increases the cost of natural gas purchased by the group companies in Israel, the structure of income may mitigate the said exposure. However, it is noted that the generation component, which is affected by various parameters and is subject to changes (including due to regulation), is generally revised once a year, and accordingly, there may be timing differences between the effect of the strengthening of the USD on the current cost of gas, and its effect on revenues, and accordingly, on the Company's gross margin.

Furthermore, from time to time, Group companies in Israel enter into significant construction and maintenance contracts in various currencies, specifically the USD and the EUR. The Group companies in Israel also partially hedge the exposure to changes in the cash flows from payments in foreign currency (mainly USD and EUR) in respect of EPC and LTSA agreements by the use of forward transactions. As a rule, these contracts will be designated as hedged for the purpose of application of cash flow hedge accounting principles.

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

A. Financial risk management (cont.)

5. Currency risk (cont.)

With respect to the Company's investment in CPV Group, which operates in the USA, and whose functional currency is the USD, generally, a decrease in the USD exchange rate may adversely affect the value of the Company's USD-denominated investment, and the Company's net income and equity. In addition, when there is a need to raise NIS-denominated sources in Israel to fund the expected investments in CPV Group's backlog of projects under construction and development, an increase in the USD exchange rate may lead to an increase in the financing required to implement those investments.

6. CPI risk

Group companies in Israel are exposed to the CPI risk, mainly due to the linkage of a substantial portion of their income to the generation tariff (which is partly affected by changes in the CPI). In addition, the purchases of natural gas are linked to the generation tariff and include a USD floor price. Furthermore, some of the Company's capital costs and investments are linked to the CPI, whether directly or indirectly. Therefore, despite the fact that an increase in the CPI increases the Company's costs and investments, the structure of income includes a certain natural protection that mitigates the said exposure.

Furthermore, the Debentures (Series B), and some of the long-term loans in Hadera are linked to the Consumer Price Index. In order to mitigate some of the exposure to changes in the CPI with respect to Hadera's long-term loans, in June 2019, the Group entered into hedging transactions with a banking corporation in order to hedge some of the exposure to the CPI. These contracts were designated as hedges for the purpose of application of cash flow hedge accounting principles.

7. Interest rate risk

To reduce the exposure to interest rate changes in Israel (mainly Prime interest), the Group uses a mix of loans (including credit facilities) and debentures in a way that some of the loans and debentures are at fixed interest rates and others at variable interest rates.

Most of CPV Group's long-term loans and credit facilities (through associates) bear a variable interest rate (mainly SOFR) and in terms of cash flow, are exposed to interest rate changes. To reduce part of the exposure to interest rate risk, CPV Group enters into USD-denominated interest rate swaps to exchange variable USD interest rates for fixed USD interest rates in respect of some of the long-term loans. These transactions are designated as hedged for the purpose of application of cash flow hedge accounting principles.

8. Other market price risks - electricity margins and prices

From time to time, CPV Group (through associates) hedges a certain portion of the capacity of the power plants in the Energy Transition in the USA segment, which changes from one project to another, in order to hedge the fluctuations in electricity prices in short periods (mainly a year). The purpose of the hedging is to fix the energy margin (the margin between the price received for the electricity and the price paid for the gas), by entering into commodities contracts in respect of gas and electricity prices.

Furthermore, in the field of renewable energies (through an associate), CPV Group enters into long-term PPAs and in agreements for the sale of RECs, in a manner that mitigates part of the exposure to changes in electricity margins and prices.

As a rule, the transactions are designated as hedged for the purpose of application of cash flow hedge accounting principles.

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

B. Financial instruments

1. Credit risk

The carrying amount of the following financial assets represents the maximum credit exposure without taking into account the value of collateral or other credit enhancements in respect thereof: cash and cash equivalents, deposits (including restricted and long-term), trade and other receivables (including long-term), and derivative financial instruments.

Maximum exposure to credit risk in respect of trade receivables

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of the reporting date was as follows:

	As of December 31	
	2024	2023
	NIS million	NIS million
Trade receivables in Israel	**239**	203
Trade receivables in the USA	**54**	44
	293	247

As of December 31, 2024 and 2023, trade receivables arise from trade receivables not in arrears.

For details regarding credit risk management, see above.

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

B. Financial instruments (cont.)

2. Liquidity risk

Following are the contractual repayment dates of the financial liabilities at non-discounted values, including expected interest payments (according to the interest rates prevailing on the reporting date):

	As of December 31, 2024					
	Carrying amount	Contractual amount	12 months or less	One to two years	2-5 years (1)	More than 5 years
	NIS million					
Non-derivative financial liabilities						
Trade payables	**213**	**213**	**213**	**-**	**-**	**-**
Payables and credit balances	**7**	**7**	**7**	**-**	**-**	**-**
Debt from non-controlling interests (including interest payable)	**515**	**633**	**17**	**4**	**576**	**36**
Debentures (including interest payable)	**1,891**	**2,116**	**267**	**305**	**1,124**	**420**
Lease liability (including interest payable)	**45**	**57**	**16**	**10**	**21**	**10**
Loans from banking corporations and financial institutions (including interest payable)	**2,234**	**3,070**	**209**	**219**	**623**	**2,019**
Total financial liabilities	**4,905**	**6,096**	**729**	**538**	**2,344**	**2,485**

	As of December 31, 2023					
	Carrying amount	Contractual amount	12 months or less	One to two years	2-5 years	More than 5 years
	NIS million					
Non-derivative financial liabilities						
Trade payables	257	257	257	-	-	-
Payables and credit balances	289	289	289	-	-	-
Debt from non-controlling interests (including interest payable)	454	580	34	8	50	488
Debentures (including interest payable)	1,853	2,029	238	250	1,136	405
Lease liability (including interest payable)	222	507	17	18	46	426
Loans from banking corporations and financial institutions (including interest payable)	3,259	4,195	595	355	1,312	1,933
Financial liabilities - derivative instruments						
Long-term derivative financial instruments	55	55	6	6	17	26
Total financial liabilities	6,389	7,912	1,436	637	2,561	3,278

(1) In 2028, including a total of approx. NIS 627 million and a total of approx. NIS 559 million for debentures and debt from non-controlling interests, respectively.

In respect of certain liabilities, particularly to banking corporations, and debentures, the Company is subject to financial covenants (for further details, see Notes 14B4 and 15C).) Non-compliance with the financial covenants may lead to redemption of the liabilities earlier than shown in the above table. Actual interest payments in respect of liabilities at variable interest rates may be different than the amounts shown in the above table.

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

B. Financial instruments (cont.)

3. Market risk

CPI and currency risks

The Group's exposure to CPI and foreign exchange risks, excluding derivative financial instruments (see below), is as follows:

	NIS		Foreign currency		
	CPI-linked	Non-linked	USD (*)	Other	Total
			NIS million		
December 31, 2024					
Assets					
Cash and cash equivalents	-	232	728	2	962
Restricted deposits and cash	-	60	-	-	60
Trade and other receivables	-	237	186	-	423
Total financial assets	-	529	914	2	1,445
Liabilities					
Trade payables	-	(91)	(122)	-	(213)
Payables and credit balances	-	(6)	(1)	-	(7)
Debentures	(922)	(969)	-	-	(1,891)
Lease liabilities	(14)	(6)	(25)	-	(45)
Debt from non-controlling interests	(13)	(49)	(453)	-	(515)
Loans from banking corporations and financial institutions	(405)	(1,829)	-	-	(2,234)
Total financial liabilities	(1,354)	(2,950)	(601)	-	(4,905)
Total financial instruments	(1,354)	(2,421)	313	2	(3,460)

	NIS		Foreign currency		
	CPI-linked	Non-linked	USD (*)	Other	Total
			NIS million		
December 31, 2023					
Assets					
Cash and cash equivalents	-	329	672	6	1,007
Restricted deposits and cash	-	55	6	-	61
Trade and other receivables	-	242	443	-	685
Total financial assets	-	626	1,121	6	1,753
Liabilities					
Trade payables	-	(103)	(148)	(6)	(257)
Payables and credit balances	-	(18)	(271)	-	(289)
Debentures	(1,001)	(852)	-	-	(1,853)
Lease liabilities	(17)	(9)	(196)	-	(222)
Debt from non-controlling interests	(60)	(26)	(368)	-	(454)
Loans from banking corporations and financial institutions	(440)	(1,949)	(870)	-	(3,259)
Total financial liabilities	(1,518)	(2,957)	(1,853)	(6)	(6,334)
Total financial instruments	(1,518)	(2,331)	(732)	-	(4,581)

(*) The balances as of December 31, 2024 and 2023 include a net asset totaling approx. NIS 311 million and a liability of approx. NIS 788 million, respectively, in respect of the Group’s activity in the USA (mainly CPV Group), whose functional currency is the USD. Therefore, as of December 31, 2024 and 2023, the net exposure to the US dollar of the Group’s activity in Israel amounted to a net liability of approx. NIS 53 million and a net asset of approx. NIS 56 million, respectively.

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

B. Financial instruments (cont.)

3. Market risk (cont.)

CPI and currency risks (cont.)

The Group has derivative financial instruments used to protect foreign currency exposures at an immaterial amount.

The Group hedges some of the CPI risks with derivative financial instruments as follows:

	As of December 31, 2024				
	Linkage receivable	**Interest payable**	**Expiration date**	**Amount of the linked principal**	**Fair value**
				NIS million	
CPI swap contracts	Index	1.76%	**2036**	**272**	**43**

	As of December 31, 2023				
	Linkage receivable	**Interest payable**	**Expiration date**	**Amount of the linked principal**	**Fair value**
				NIS million	
CPI swap contracts	Index	1.76%	2036	294	37

CPI swap contract to hedge up to approx. 70% of the exposure to the CPI in respect of the Hadera's loan principal, in exchange for payment of additional interest at an annual rate of between 1.76%. The Group will designate this transaction to cash flow hedge accounting.

Currency sensitivity analyses:

Appreciation (depreciation) of the NIS by a rate of 5% or 10% against the following currencies would have increased (decreased) the comprehensive income or loss (after tax) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain fixed.

	As of December 31, 2024			
	Effect on total comprehensive income (loss) and capital			
	10% decrease	**5% decrease**	**5% increase**	**10% increase**
	NIS million	**NIS million**	**NIS million**	**NIS million**
Non-derivative instruments USD/NIS				
USA (mainly CPV Group) (*)	**(27)**	**(13)**	**13**	**27**
Israel	**4**	**2**	**(2)**	**(4)**
	(23)	**(11)**	**11**	**23**

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

B. Financial instruments (cont.)

3. Market risk (cont.)

CPI and currency risks (cont.)

Currency sensitivity analyses: (cont.)

	As of December 31, 2023			
	Effect on total comprehensive income (loss) and capital			
	10% decrease	5% decrease	5% increase	10% increase
	NIS million	NIS million	NIS million	NIS million
Non-derivative instruments USD/NIS				
USA (mainly CPV Group) (*)	58	29	(29)	(58)
Israel	(4)	(2)	2	4
	54	27	(27)	(54)
Derivative instruments - USD/NIS				
USA (mainly CPV Group) (*)	3	1	(1)	(3)
Israel	(9)	(4)	4	9
	(6)	(3)	3	6

(*) Changes in the exchange rate of the USD in connection with the USA activity will be carried to other comprehensive income (loss).

Index sensitivity analyses:

A change of 1% or 2% in the CPI would have increased (decreased) the comprehensive income or loss (after tax) in the amounts presented below. The analysis below is based on index changes that the Group believes are reasonably feasible as of the end of the Reporting Period. The analysis is based on the assumption that all other variables, in particular the interest rates, remained constant.

	As of December 31, 2024			
	Effect on total comprehensive income (loss) and capital			
	2% decrease	1% decrease	1% increase	2% increase
	NIS million			
Long-term loans (CPI)	**6**	**3**	**(3)**	**(6)**
Debentures (CPI)	**18**	**9**	**(9)**	**(18)**
CPI swap contracts	**(4)**	**(2)**	**2**	**4**

	As of December 31, 2023			
	Effect on total comprehensive income (loss) and capital			
	2% decrease	1% decrease	1% increase	2% increase
	NIS million			
Long-term loans (CPI)	7	3	(3)	(7)
Debentures (CPI)	20	10	(10)	(20)
CPI swap contracts	(4)	(2)	2	4

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

B. Financial instruments (cont.)

3. Market risk (cont.)

Interest rate and CPI risk

Below is a breakdown of the types of interest of the Group's interest-bearing financial instruments as of the end of the Reporting Period, based on reports to the Group's management:

Fixed interest instruments linked to the CPI:

	As of December 31	
	2024	
	NIS million	NIS milli
Financial liabilities (*)	1,334	
	(1,334)	

Fixed interest instruments not linked to the CPI:

	As of December 31	
	2024	
	NIS million	NIS milli
Financial assets	762	
Financial liabilities	1,643	
	(881)	

(*) Includes a total of approx. NIS 272 million and approx. NIS 294 million as of December 31, 2024 and 2023, respectively, which were converted into non-linked loans through a CPI swap.

Variable interest instruments:

	As of December 31	
	2024	
	NIS million	NIS milli
Financial assets	210	
Financial liabilities (**)	1,645	
	(1,435)	

(**) Includes a total of approx. NIS 673 million as of December 31, 2023, which were converted into loans bearing fixed interest through an interest rate swap.
For details regarding loss of control, deconsolidation and transition to the equity method in the fourth quarter of 2024 with respect to the investment in CPV Renewables, see Note 23E.

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

B. Financial instruments (cont.)

3. Market risk (cont.)

Interest rate and CPI risk

Analyses of sensitivity to variable interest (Prime):

A change of 1% or 2% in the Prime interest rate would have increased (decreased) the comprehensive income or loss (after tax) in the amounts presented below. The analysis below is based on the Prime interest rate changes that the Group believes are reasonably feasible as of the end of the Reporting Period. The analysis is based on the assumption that all other variables remained constant.

	As of December 31, 2024			
	Effect on total comprehensive income (loss) and capital			
	2% decrease	**1% decrease**	**1% increase**	**2% increase**
	NIS million			
Long-term loans	**25**	**13**	**(13)**	**(25)**

	As of December 31, 2023			
	Effect on total comprehensive income (loss) and capital			
	2% decrease	**1% decrease**	**1% increase**	**2% increase**
	NIS million			
Long-term loans	24	12	(12)	(24)

C. Fair value

1. Financial instruments measured at fair value for disclosure purposes only

The carrying amount of certain financial assets and financial liabilities, including cash and cash equivalents, deposits, restricted cash and deposits (including long-term), receivables and debit balances (including long-term), financial derivatives, short term credit, trade payables, payables and credit balances, and other long-term liabilities (excluding lease liabilities), corresponds with or is close to their fair value.

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

C. Fair value (cont.)

1. Financial instruments measured at fair value for disclosure purposes only (cont.)

Below is the fair value of financial liabilities and the carrying amount presented in the statement of financial position

	As of December 31, 2024		
	Carrying amount (*)	**Fair value**	**Discount rate used to determine the fair value**
	NIS million	**NIS million**	
Loans from banking corporations and financial institutions (Level 2)	**2,234**	**2,237**	5.5%-6.2%
Loans from non-controlling interests (Level 2)	**514**	**508**	5.5%-7.7%
Debentures (Level 1)	**1,891**	**1,805**	5.3%-5.9%
	4,639	**4,550**	

	As of December 31, 2023		
	Carrying amount (*)	**Fair value**	**Discount rate used to determine the fair value**
	NIS million	**NIS million**	
Loans from banking corporations and financial institutions (Level 2)	3,259	3,289	5.3%-6.8%
Loans from non-controlling interests (Level 2)	454	464	5.6%-6.8%
Debentures (Level 1)	1,853	1,760	5.3%-6.1%
	5,566	5,513	

(*) Includes current maturities and interest payable.

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

C. Fair value (cont.)

2. Fair value hierarchy of financial instruments measured at fair value

The table below presents an analysis of financial instruments measured at fair value, on a periodic basis.

The valuation method and the different levels appear in Note 4 above.

	As of December 31	
	2024	2023
	NIS million	NIS million
Financial assets		
Derivatives used for hedge accounting		
CPI swap contracts (Level 2) (1)	**44**	39
Interest rate swaps (SOFR) (Level 2) (2)	**-**	24
	44	63
Financial liabilities		
Derivatives used for hedge accounting		
CPI swap contracts (Level 2) (1)	**(1)**	(2)
Interest rate swaps (SOFR) (Level 2) (2)	**-**	(9)
Electricity price hedge contracts (the renewable energy segment in the USA) (Level 3) (2)	**-**	(55)
	(1)	(66)

(1) The nominal NIS-denominated discounted interest rate range in the value calculations is 4.1%-4.5% and the real discounted interest rate range is 0.8%-2.5%.
(2) The balances as of December 31, 2023 are in respect of CPV Renewable. For details regarding loss of control, deconsolidation and transition to the equity method in the fourth quarter of 2024 with respect to the investment in CPV Renewable, see Note 23E.

NOTE 22 – RELATED AND INTERESTED PARTIES

A. Compensation and benefits for key management personnel (including directors)

The Group's Chairman of the Board and senior directors (hereinafter - "Key Management Personnel") are usually entitled, in addition to salary, to arrangements regarding the notice and adjustment periods, various social benefits, including - among other things - vacation leave, sick leave and convalescence pay, various insurance coverages, advanced education fund, car and telephone. In addition, the Group makes contributions for them to defined contribution and benefit plans and post-employment benefit plans. Generally, Key Management Personnel are also entitled to annual bonuses in accordance with the Group's Compensation Policy, and participate in the Company's equity compensation plan, and senior executives in CPV Group take part in the profit-sharing plan for CPV Group employees. For additional information, see Note 16C.

NOTE 22 – RELATED AND INTERESTED PARTIES (cont.)

A. Compensation and benefits for key management personnel (including directors) (cont.)

Compensation and benefits for the Key Management Personnel employed in the Group (including the Chairman of the Board):

	For the year ended December 31					
	2024		2023		2022	
	No. of people	NIS million	No. of people	NIS million	No. of people	NIS million
Employee benefits	6	**23**	9	23	9	33
Share-based payment	6	**9**	9	4	9	24
		32		27		57

Compensation and benefits for non-employee directors in the Group:

	For the year ended December 31					
	2024		2023		2022	
	No. of people	NIS million	No. of people	NIS million	No. of people	NIS million
Total benefits to non-employee directors in the Group	9	**2**	10	2	7	2

The following are further details regarding the compensation of key management personnel:

1. Mr. Giora Almogy is the CEO of the Company and a director of the subsidiaries, from January 1, 2011. According to his employment agreement, which was revised in 2023, the Company's CEO is entitled to a monthly salary, which is linked to the CPI (the monthly salary as of December 31, 2024 stood at approx. NIS 209 thousand). Furthermore, the CEO is entitled to social benefits as is generally accepted in the Company, and to related benefits in accordance with the compensation policy (such as vehicle, reimbursement of expenses, and 13th salary).

   The engagement between the Company and the CEO is for an indefinite period and may be canceled by any of the parties by six-months' written notice. During the notice period, the Company CEO will be entitled to the full salary and related benefits paid in accordance with the provisions of the agreement. Upon termination of the employment of the Company's CEO for any reason whatsoever other than dismissal in circumstances in which severance pay may be denied according to the provisions of the law, the CEO will be entitled to the funds accrued in the pension fund/executive insurance, and also to a supplementation to one gross monthly salary, according to his latest monthly salary immediately prior to the termination date, multiplied by the number of his years of service in the Company. The CEO will be entitled to a six-months adjustment period (that does not overlap with the advance notice period), in any event of termination of service, other than dismissal in circumstances in which severance pay may be denied according to the provisions of the law. The adjustment period shall commence at the end of the advance notice period, and the CEO will continue receiving his service and employment terms in full during that period. In addition, the Company CEO will be entitled to bonuses according to the Company's compensation policy as applicable from time to time, based on the approvals required by law.

   For details regarding options granted to the Company CEO, see Note 16B.

   Subsequent to the report date, the Company's Board of Directors approved (after approval by the Compensation Committee) a bonus to the Company's CEO in respect of 2024 in the amount of approx. NIS 2,545 thousand (in 2023 - approx. NIS 1,696 thousand).

NOTE 22 – RELATED AND INTERESTED PARTIES (cont.)

A. Compensation and benefits for key management personnel (including directors) (cont.)

2. Mr. Yair Caspi has been serving as the Company's Chairman of the Board since January 3, 2021. On February 17, 2021, the General Meeting of the Company's shareholders approved his terms of office and employment as Chairman of the Board from the date of commencement of his term of office and for a period of four years since that date (Mr. Caspi serves as a director in companies related to the Company's controlling shareholder, and the controlling shareholder in the Company may be considered as having a vested interest in his compensation). On December 18, 2024, the general meeting of shareholders approved the terms of his tenure for an additional four-year term. According to his employment agreement, the Chairman of the Board is entitled to a monthly salary, which is linked to the CPI (the monthly salary as of December 31, 2024 stood at approx. NIS 139 thousand). Furthermore, the Chairman of the Board is entitled to social benefits as is generally accepted in the Company, and to related benefits in accordance with the compensation policy (such as vehicle, reimbursement of expenses, and 13th salary).

   The engagement between the Company and the Chairman of the Board may be canceled by any of the parties by six-months' written notice. During the notice period, the Chairman of the Board will be entitled to the full salary and related benefits paid in accordance with the provisions of the agreement. Upon termination of the employment of the Chairman of the Board for any reason whatsoever other than dismissal in circumstances in which severance pay may be denied according to the provisions of the law, he will be entitled to the funds accrued in the pension fund/executive insurance, and also to a supplementation to one gross monthly salary, according to his latest monthly salary immediately prior to the termination date, multiplied by the number of his years of service in the Company. The Chairman of the Board will be entitled to a three-month adjustment period (that does not overlap with the advance notice period), in any event of termination of service, other than dismissal in circumstances in which severance pay may be denied according to the provisions of the law. The adjustment period shall commence at the end of the specified notice period or at the end of the engagement, as the case may be, and the Chairman of the Board shall continue receiving full service and employment terms during that period.

   For details regarding options granted to the Company's Chairman of the Board, see Note 16B.

B. Balances with related and interested parties

	As of December 31	
	2024	**2023**
	NIS million	**NIS million**
Balances in Israel (including ICG Energy):		
Cash and cash equivalents (1)	**447**	201
Trade receivables (2)	**4**	3
Other accounts receivable	**-**	1
Other payables (benefits for key management personnel and directors)	**(14)**	(13)
Loans and credit from banking corporations and financial institutions (1)	**-**	(101)
Balances in the USA:		
Cash and cash equivalents (1)	**16**	-
Trade receivables (4)	**15**	9
Other long-term receivables - subordinated loans to an associate (3)	**117**	109
Debt from non-controlling interests (5)	**(196)**	(157)

NOTE 22 – RELATED AND INTERESTED PARTIES (cont.)

C. Transactions with related parties and interested parties (*)

	For the year ended December 31		
	2024	**2023**	**2022**
	NIS million	**NIS million**	**NIS million**
Transactions in Israel (including ICG Energy):			
Sales (2)	**42**	37	252
Cost of sales (6)	**-**	(10)	2
General and administrative expenses	**(2)**	-	-
Other finance income, net (1)	**17**	22	6
Transactions in the USA:			
Revenues from provision of services (4)	**91**	80	65
Other finance income (3)	**8**	4	-
Other finance expenses (8)	(8)	-	-
Interest expenses in respect of a debt from non-controlling interests (5)	**(12)**	(10)	(7)

(*) Transactions with interested and related parties are carried out in the ordinary course of business and at fair market value (FMV).

1. During the ordinary course of business and at fair market value, the Group enters into agreements with Mizrahi Tefahot Bank Group Ltd. for a wide range of banking activities, including management of cash and deposits and short term credit facilities.
2. Mainly includes PPAs:

Bazan Group

In 2011, Rotem signed a PPA with Bazan Group, which was a related party until the end of 2022, for a period of 120 months from the date on which Rotem commenced commercial operation (July 2013) and through June 2023. The consideration specified in the agreement is per kilowatt-hour consumed and was based on the DSM tariff with a discount on the Generation Component tariff. In the agreement, Rotem undertook to meet a specified volume of electricity supply on an accrual basis (minimum capacity), which is measured according to periods set in the agreement.In 2023, the parties renewed and revised the PPA.

Income from sale of electricity in 2022 stood at approx. NIS 247 million.

Migdal Insurance Company Ltd.

In 2016 Hadera entered into a PPA with Migdal Insurance Company Ltd.[11] (hereinafter - “Migdal”) for a period of 120 months from the date on which Hadera commenced commercial operation (July 2020). The consideration specified in the agreement is per kilowatt-hour consumed and based on the DSM tariff with a discount on the Generation Component tariff. Furthermore, the agreement sets out provisions regarding power consumption by Migdal above the maximum quantity agreed upon, and conditions regarding an increase in the Maximum Quantity and Hadera’s undertaking to meet minimum capacity rates of the power plant.

[11] A subsidiary of Migdal Insurance and Financial Holdings Ltd., which - as of the report date - is an interested party in the Company.

NOTE 22 – RELATED AND INTERESTED PARTIES (cont.)

C. Transactions with related parties and interested parties (*)

Migdal Insurance Company Ltd. (cont.)

2. (cont.)

The agreement includes provisions generally accepted in agreements of this type regarding the cancellation thereof in respect of a breach or of events upon the occurrence of which, each party may terminate the agreement, without such termination being deemed as a breach of the agreement, and sets rights to Hadera's lenders, and regarding its assignment to related parties.

Income from sale of electricity in 2024 stood at approx. NIS 42 million (in 2023 - approx. NIS 37 million, and in 2022 approx. NIS 5 million).

3. Subordinated loans advanced to Valley by the CPV Group in April 2021 and June 2023 totaled approx. NIS 107 million. This amount was used by Valley mainly for the purpose of extending its financing agreement in June 2023.

4. As part of the asset and energy management operations, CPV Group provides management, initiation and maintenance services to specific associates.

5. For the purpose of investing in CPV Group, the Group has engaged in a partnership agreement with OPC Power, as detailed in Note 23A3, inter alia with institutional investors from Migdal Insurance Group, an interested party in the Company.

6. In 2023 and 2022, the Company entered into engagements for the sale and purchase of natural gas surpluses of immaterial scope with ICL Group Ltd.

7. The Group also sells electricity to other related parties in Israel, and the transactions with these parties were classified as negligible transactions.

8. The Group provides bank guarantees through associates for projects under development in the US.

9. From time to time, institutional investors, which are interested parties in the Company, also purchase marketable debentures of the Company.

NOTE 23 – SUBSIDIARIES

A. Material Group subsidiaries

Following are details regarding the Group's material subsidiaries (directly and indirectly held):

		The Group's ownership rights in the subsidiary	
		As of December 31	
	Main location of the Company's operations	2024	2023
Company			
OPC Israel (1)	Israel	80%	80%
OPC Power Plants (2)	Israel	80%	80%
CPV Group PL (hereinafter - "**CPV Group**") (3)	USA	70.46%	70%

NOTE 23 – SUBSIDIARIES (cont.)

A. Material Group subsidiaries (cont.)

(1) OPC Israel

The restructuring (transfer of assets and share exchange) and investment transaction (hereinafter - the "Transaction") entered into between Veridis, the Company and OPC Israel (a wholly-owned subsidiary of the Company) was completed in January 2023; as part of the transaction, assets were transferred from the Company and Veridis to OPC Israel and a wholly-owned company thereof; the transfer was tax-exempt in accordance with the provisions of the Income Tax Ordinance and was made in consideration for the allocation of shares in OPC Israel and a wholly-owned company thereof.

In addition, a shareholders agreement between the Company and Veridis was signed and came into force, which regulates their relationship in OPC Israel, such that as from the Transaction Completion Date, all of the Company's activities in the field of electricity and energy generation and supply in Israel are wholly-owned by OPC Israel.[12] Furthermore, on the Transaction Completion Date, Veridis transferred to OPC Israel a total of approx. NIS 452 million (after adjustments to working capital as is generally accepted in agreements of this type); against the transfer of the said investment amount and Veridis' rights in the Rotem Companies, Veridis was allocated 20% of OPC Israel's issued capital. It is noted that a total of NIS 400 million out of the said investment amount was used by Rotem to repay (pro rata) part of shareholder loans extended by the Company and Veridis to Rotem in 2021. In addition, as part of the Transaction, arrangements were put in place regarding guarantees that the Company provided and/or will provide in favor of the assets transferred to OPC Israel, as well as indemnity arrangements in respect of such guarantees that will be retained by the Company.

The accounting treatment applied to the Veridis transaction in accordance with the provisions of IFRS 10, Consolidated Financial statements, is a transaction with non-controlling interests while retaining control; accordingly, all differences between the cash received from Veridis as stated above and the increase in the non-controlling interests line item was recognized in capital reserve from transactions with non-controlling interests.

As of the Transaction Completion Date as stated above, a shareholders agreement between the Company and Veridis entered into effect, which dealt with OPC Israel; this agreement replaced the shareholder agreement made between the parties regarding their holdings in Rotem, which was in effect until the completion of the Veridis transaction. The shareholders' agreement of OPC Israel includes terms and conditions that are generally accepted in shareholders' agreements, including, among other things, regarding: (1) General meetings; (2) rights to appoint directors (such that the Company, as the controlling shareholder, has the right to appoint the majority of directors, including the Chairman of the Board), decisions regarding certain issues that will require a special majority (as long as Veridis's holdings do not fall below a threshold set in the shareholders agreement), including decisions pertaining to certain interested party transactions, merger or liquidation, entering into a new area of activity, and investments in projects above amounts and at set terms and conditions; (3) shareholders' rights in case of share allocation or transfer; (4) defined areas of activity; (5) arrangements for execution of distributions by OPC Israel; (6) non-compete arrangements;[13] (7) arrangements in connection with the provision of additional funds to OPC Israel by the shareholders in connection with its business needs, including a dilution mechanism at the terms set for that purpose, etc.

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[12] In January 2023, on the eve of the transaction's completion, the Company transferred to OPC Israel, among other things, the shares of OPC Power Plants, the holdings in Rotem 2, the holdings in Gnrgy, 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, etc.

[13] The shareholders agreement defines OPC Israel's area of activity, which includes, among other things, electricity generation and supply in Israel, which will be carried out by OPC Israel, subject to the agreed arrangements, in accordance with the agreement.

NOTE 23 – SUBSIDIARIES (cont.)

A. Material Group subsidiaries (cont.)

(1) OPC Israel (cont.)

The shareholders' agreement also places certain restrictions regarding the transfer of OPC Israel's shares (other than to authorized transferees), including a right of first refusal to the parties in connection with the transfer of the parties' holdings in OPC Israel, and a drag along right to oblige Veridis to join the sale, by the Company, of its holdings in OPC Israel; the shareholders' agreement also confers upon Veridis a tag along right to join a sale of shares by the Company, all subject to the circumstances, conditions and dates set forth in the shareholders' agreement with respect to each of the arrangements.

(2) OPC Power Plants

In December 2020, the Company carried out an internal reorganization in accordance with Section 104A of the Income Tax Ordinance, in which it transferred to OPC Power Plants its entire holdings in some of the subsidiaries it owned. As of the report date, OPC Power Plants holds subsidiaries Rotem, Hadera, Zomet, Hadera Operations Company and Sorek 2, as well as in the Gat Partnership. In January 2023 and as part of the share exchange and investment transaction with Veridis, as detailed in Section A1 above, generation facilities installed at consumers' premises were transferred to OPC Power Plants and the shares of OPC Power Plants was transferred to OPC Israel.

(3) The CPV Group

CPV Group is an American limited partnership established under Delaware law in the United States; it is owned by the Company through OPC Power Ventures LP. As of the report date, CPV Group coordinates the Company's activity in the USA. For details regarding CPV Group's areas of activity, see Note 25. For further details regarding major projects of the CPV Group, held through associates, see Note 24.

OPC Power Ventures LP

In October 2020, the Company entered into partnership agreement with three financial entities (hereinafter - the "Partnership Agreement"), whereby the partners will invest in OPC Power. OPC Power is a special purpose partnership for the purpose of acquiring and holding CPV Group and for making additional investments in CPV Group, in the Power and Electricity segment in the United States. As of the report date, the Limited Partners' holding stakes in the Partnership are as follows: The Company (through a subsidiary) that holds approx. 70.46%; three financial investors that are: Clal Insurance Group institutional investors that hold 12.75%; Migdal Insurance Group institutional investors that hold 12.64%; a Poalim Capital Markets Group company that holds 4.15% (these three investors will be referred to hereinafter - the "Financial Investors") (the rates are as of the Partnership Agreement signing date and do not include profit-sharing rights allocated to CPV Group managers as detailed in Note 16C). A wholly owned company of the Company is the General Partner of the Partnership, and as such manages the Partnership's business. As long as the Company is the controlling shareholder of the Partnership's General Partner, a separate operation of the Company in the area of operation of the Partnership in the US will require approval by a special majority of the other partners.

NOTE 23 – SUBSIDIARIES (cont.)

A. Material Group subsidiaries (cont.)

(3) The CPV Group (cont.)

The following is information regarding investment undertakings and loan provision of OPC Power partners (in USD million):

	Immediately prior to the report approval date	December 31, 2024	December 31, 2023
Total investment undertakings and loan provision [(a)] [(b)]	1,535	1,535	1,315
Utilization [(c)]	(1,480)	(1,455)	(1,215)
Balance of investment undertakings and loan provision	55	80	100

A. On December 15, 2024, after the stake in the Maryland and Shore power plants was increased, as described in Note 24C, the total amount of investment commitments and shareholders loans by all partners totals USD 220 million. The Company's share in the said amount exceeds its proportionate share in the partnership by a total that is immaterial to the Company and accordingly the Company's holding stake as of the report date (through a subsidiary) increased to approx. 70.46%. (the holding stake, assuming full utilization as of the report date - approx. 70.69%).
B. Excluding an additional investment commitment for backing guarantees which were or will be provided for the purpose of development and expansion of projects - each partner based on its pro rata share in the Partnership, as detailed above, for a total of approx. USD 75 million.
C. For the purpose of acquiring all interests in CPV Group and financing additional investments. In the reporting period, the Company and non-controlling interests (both directly and indirectly) made equity investments in the Partnership and advanced loans totaling approx. USD 156 million (approx. NIS 561 million) and approx. USD 64 million (approx. NIS 230 million), respectively. The loans are denominated in USD and bear an annual interest rate of 7%. The loan principal will be repayable at any time as will be agreed on between the parties, but no later than January 2028. Accrued interest is payable on a quarterly basis. To the extent the payment made by OPC Power is lower than the amount of the accrued interest, the payment in respect of the balance will be postponed to the following quarter – but not later than January 2028.

As of the report date, total investments in Partnership's equity and the outstanding balance of the loans (including accrued interest) amount to approx. USD 1,090 million (approx. NIS 3,617 million), and approx. USD 420 million (approx. USD 1,533 million), respectively.

The Partnership Agreement provides, among other things, the entitlement of the General Partner to management fees at a rate deriving from the scope of investments of the Partnership, and a carried interest that is dependent on the rate of return earned by the Partnership. Furthermore, the Partnership Agreement contains, among other things, arrangements for the relationships between the Limited Partners and the relationships between them and the General Partner of the Partnership, provisions relating to the management of the Partnership, restrictions on the transfer partners' rights, tag-along rights of the financial investors in certain cases, right of first offer (ROFO) in certain cases and drag along rights.

NOTE 23 – SUBSIDIARIES (cont.)

A. Material Group subsidiaries (cont.)

(3) The CPV Group (cont.)

The Company and the financial investors also signed agreements whereby the Company granted the financial investors a put option, and they granted the Company a call option (in the event that the put option is not exercised), with respect to the holdings of the financial investors in the Partnership. The exercise price of the put option will be based on the fair value of the Partnership less a certain discount, and exercise price of the call option will be based on the fair value of the Partnership plus a certain premium. The Partnership Agreement defines the exercise period and expiry dates of the options. The Company may pay the exercise price through its shares based on their average price on the stock exchange shortly before the exercise.

(4) Gnrgy

In May 2021, the Company acquired 27% of the share capital of Gnrgy, a privately-held company which operates in the field of EV charging services, and the installation of charging stations for electric vehicles, for a total consideration of approx. NIS 25 million. Furthermore, in December 2021, the Company invested further NIS 29 million in Gnrgy (against the allocation of new Gnrgy shares); at the same time, the Company purchased shares from the Developer in consideration for approx. NIS 13 million. Subsequent to the additional investment in Gnrgy, the Company held 51% of Gnrgy's share capital, and as from that date the Company has consolidated Gnrgy's financial statements.

During the reporting period, OPC Israel entered into a separation agreement with the Developer (49%), according to which the parties gave each other the power to take action to sell their Gnrgy shares as part of the process and at the terms described in the agreement. According to the Agreement, OPC Israel will have a right of first refusal to purchase all of the Developer's shares in Gnrgy at the dates and at the terms and conditions set in the Agreement. If during the time set for the Subsidiary in the agreement, OPC Israel (or a third party acting on its behalf) will not issue a notice regarding the purchase of the Developer's shares in Gnrgy, the Developer will have the right to purchase shares of OPC Holdings in Gnrgy shares at the terms and on the dates set in the separation agreement regarding this stage. If during the time set for the Developer in the agreement no such notice will be delivered by it (or a third party acting on its behalf) as stated above, the Agreement will expire, and the parties' holdings in Gnrgy will not change.

On July 3, 2024, the Developer served OPC Israel a notice in accordance with the separation agreement regarding their undertaking to purchase all Gnrgy shares held by OPC Israel. The sale of Gnrgy shares by OPC Israel was completed on August 29, 2024 and as from that date the Company discontinued the consolidation of Gnrgy's financial statements.

B. Significant restrictions on the transfer of resources between Group entities

For details regarding significant restrictions applicable to OPC Israel and Hadera, see Notes 14B1, 14B2, 14B3 and 14B4 and Section A(1) above. Furthermore, distribution restrictions apply as is generally accepted in project credit agreements in respect of power plants in the US, which are held by associates.

C. Non-controlling interests in consolidated companies

OPC Israel

Following is financial information about OPC Israel (before the elimination of intra-group transactions), in which there are - as of the report date - non-controlling interests of 20% that are material to the Group.

NOTE 23 – SUBSIDIARIES (cont.)

C. Non-controlling interests in consolidated companies (cont.)

	As of December 31 2024	As of December 31 2023
	NIS million	NIS million
Current assets	**320**	614
Non-current assets	**5,138**	5,094
Current liabilities	**383**	770
Non-current liabilities	**2,877**	2,808
Non-controlling interests	**439**	437
Total assets, net	**1,759**	1,693

Information on results:

	For the year ended December 31 2024	For the year ended December 31 2023
	NIS million	NIS million
Sales	**2,312**	2,283
Profit for the year	**76**	129
Total comprehensive income	**74**	122
Profit attributable to the non-controlling interests	**13**	22

Cash flow data:

	For the year ended December 31 2024	For the year ended December 31 2023
	NIS million	NIS million
Cash flows from operating activities	**631**	631
Cash flows for investing activities	**(424)**	(278)
Cash flows for financing activities	**(498)**	(286)
Total increase in cash and cash equivalents	**(291)**	67

Dividend distribution

During 2024, 2023 and 2022, no dividends were distributed by OPC Israel.

NOTE 23 – SUBSIDIARIES (cont.)

C. Non-controlling interests in consolidated companies (cont.)

OPC Power

Following is financial information about OPC Power (before the elimination of intra-group transactions), in which there are - as of the report date - non-controlling interests of approx. 29.54% that are material to the Group.

	As of December 31	
	2024	2023
	NIS million	NIS million
Current assets	**424**	719
Non-current assets	**5,485**	5,623
Current liabilities	**87**	458
Non-current liabilities	**1,658**	2,692
Non-controlling interests	**1,230**	957
Total assets, net	**2,934**	2,235

Information on results:

	For the year ended December 31		
	2024	2023	2022
	NIS million	NIS million	NIS million
Sales	**467**	269	192
Profit for the year*	**239**	9	60
Total comprehensive income (loss)*	**290**	(107)	153
Profit attributable to the non-controlling interests*	**73**	3	18

(*) The OPC Power partnership does not file tax returns; therefore - its results are presented before the effect of taxes on income.

Cash flow data:

	For the year ended December 31		
	2024	2023	2022
	NIS million	NIS million	NIS million
Cash flows from operating activities (used for operating activities)	**21**	(72)	(54)
Cash flows from investing activities	**(1,602)**	(1,295)	(403)
Cash flows from financing activities	**1,475**	1,495	488
Effect of exchange rate fluctuations on cash and cash equivalent balances	**18**	(15)	28
Total increase (decrease) in cash and cash equivalents	**(88)**	113	59

Dividend distribution

During 2022-2024, no dividends were distributed by OPC Power.

NOTE 23 – SUBSIDIARIES (cont.)

D. Loans from non-controlling interests

Composition

	As of December 31	
	2024	**2023**
	NIS million	**NIS million**
Loans from non-controlling interests (1)	**514**	454
Current maturities	**(14)**	(32)
	500	422

(1) Loans from non-controlling interests:

	As of December 31	
	2024	**2023**
	NIS million	**NIS million**
Loan to Rotem (see Section A below)	**13**	26
Loan to OPC Power Ventures (see Section A3 above)	**452**	368
Loan to OPC Israel (see Section B below)	**49**	60
	514	454

A. In 2021, the Company and Veridis advanced a loan to Rotem according to their share in its shares, such that the Company advanced a total of approx. NIS 904 million and Veridis advanced a total of approx. NIS 226 million.The loan is not linked and bears the higher of: annual interest of 2.65% or interest in accordance with Section 3(j) to the Income Tax Ordinance. The loans shall be repaid in quarterly unequal installments in accordance with the free cash flow balance, and in any case no later than October 2031.

B. On December 27, 2023, the Company and Veridis advanced a debt to OPC Israel according to their share in its shares (hereinafter - the "Debt"), such that the Company advanced a total of approx. NIS 240 million and Veridis advanced a total of approx. NIS 60 million. The debt is CPI-linked and bears annual interest of the higher of: 2.75% or interest in accordance with Section 3(j) to the Income Tax Ordinance. The Debt's principal and interest shall be repaid according to an amortization schedule as set in the agreement.

In January 2024, the Company and Veridis advanced an additional debt under identical conditions, such that the Company advanced a total of approx. NIS 54 million and Veridis advanced a total of approx. NIS 13 million.

During the reporting period, OPC Israel repaid a total of approx. NIS 315 million out of the said debt, such that as of the approval date of the financial statements, the outstanding debt to OPC Israel amounts to approx. NIS 64 million. Subsequent to the reporting period, in February 2025, OPC Israel repaid the outstanding debt balance.

On September 25, 2024, the Company and Veridis advanced a loan of approx. NIS 180 million to OPC Israel according to their share in its shares, such that the Company advanced a total of approx. NIS 144 million and Veridis advanced a total of approx. NIS 36 million. The loan is unlinked and bears the higher of: annual interest of Prime + 0.35% or interest in accordance with Section 3(j) to the Income Tax Ordinance. The loan principal will be repaid on the dates agreed between OPC Israel, the Company and Veridis. Subsequent to the reporting period, OPC Israel repaid a total of approx. NIS 80 million out of the loan.

NOTE 23 – SUBSIDIARIES (cont.)

E. Loss of control over the US Renewable Energies Segment and transition of significant influence

Transaction for investment of capital in CPV Renewable

On August 16, 2024, investees of CPV Group entered into binding agreements with Harrison Street, an American private equity fund operating in the field of infrastructures (hereinafter - the “Investor”), whereunder the Investor will invest a total of USD 300 million (hereinafter - the “Total Investment Amount”) in CPV Renewable Power LP (hereinafter - “CPV Renewable”)[14] in consideration for allocating 33.33% of the ordinary interests in CPV Renewable (hereinafter - the “Investor’s Interest”), in accordance with and subject to the main terms and conditions as detailed below (hereinafter - the “Agreement” and the “Transaction”, as the case may be)[15]. The Transaction reflects a pre-money valuation of approx. USD 600 million for CPV Renewable.

The Investment Agreement includes, among other things, generally accepted representations and statements by CPV Corporations and the Investor, undertakings applicable to CPV Group, whose objective is mainly to ensure conduct in the ordinary course of business, and conditions precedent for completion of the Transaction, which include the absence of material adverse events as defined in the Agreement, and receipt of the regulator’s approval within a certain period.

On November 13, 2024, the conditions precedent for the completion of the Transaction were met (hereinafter - the "Transaction Completion Date”). USD 200 million was invested by the Investor on the Transaction Completion Date, and the balance - totaling USD 100 million - will be invested no later than September 30, 2025; as of the report approval date, the investment balance has yet to be received. On the Transaction Completion Date, the investor was allocated all of their rights.

The interest holders agreement, which came into effect on the Transaction Completion Date, sets forth arrangements between the interest holders in CPV Renewable, and Corporate Governance provisions, including, among other things, as detailed below:

1. Board of Directors’ composition - the initial composition as of the completion date will include 4 board members (CPV Group and the Investor each appointing 2 directors). The voting power of the directors is based on the holding rate of the appointing interest holder.

2. Generally accepted restrictions on the transfer of rights (including certain restriction periods), subject to agreed conditions and exclusions.

3. Actions and resolutions requiring a special majority, which includes the votes of the directors appointed by the Investor - including, among other things, changes in the corporation’s documents, mergers, allocation of securities, liquidation, future budgets (the agreement includes arrangements regarding budgetary continuity), interested party transactions (including regarding the service agreements), certain engagements and material transactions, etc., all subject to the applicable conditions, thresholds and definitions as per the agreement. Furthermore, the replacement of the CPV Renewable’ lead business officer shall require the consent of the Investor under certain conditions.

4. The activities of CPV Group in the field of renewable energy shall be carried out through CPV Renewable (except under certain circumstances prescribed by the Agreement).

[14] Prior to the completion of the Transaction: (1) CPV Renewable changed its status from a Limited Partnership to a Limited Liability Company (LLC); (2) the holdings in CPV Keenan LLC (which is part of CPV Group’s renewable energy activities) were transferred into CPV Renewable. For further details, see Section 3 below.

[15] In accordance with the Agreement, a certain refund was set from CPV Renewable to CPV Group in respect of investments in 2024.

NOTE 23 – SUBSIDIARIES (cont.)

E. Loss of control over the US Renewable Energies Segment and transition of significant influence (cont.)

Transaction for investment of capital in CPV Renewable (cont.)

Furthermore, the agreement stipulates that CPV Group shall provide development and asset management services to CPV Renewable in accordance with a long-term services agreement,[16] which will include, among other things, CPV Group's undertaking to provide sufficient resources and skilled manpower for that purpose, in accordance with specific undertakings.[17]

Subsequent to an analysis of the contractual rights awarded to the Investor, the Company reached the conclusion that, in accordance with the provisions of IFRS 10, as of the Transaction Completion Date, the Company has lost control over CPV Renewable and, accordingly, as from the Transaction Completion Date, it has deconsolidated CPV Renewable' financial statements and is applying the equity method to its investment in CPV Renewable. It is also noted that in light of the structure and nature of the transaction, the Company believes that the provisions of IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) do not apply to the transaction.

1. Following are details of assets and liabilities derecognized on deconsolidation date:

	NIS million
Cash and cash equivalents	245
Trade and other receivables	73
Restricted deposits and cash	9
Property, plant & equipment	2,812
Right-of-use assets and deferred expenses	204
Intangible assets - PPAs and other agreements	412
Intangible assets - goodwill	471
Derivative financial instruments, net	(4)
Trade and other payables	(168)
Long-term loans from banking corporations and financial institutions	(1,154)
Long-term lease liabilities	(178)
Loan from ICG Energy	(318)
Other long-term liabilities	(461)
Total assets, net derecognized upon deconsolidation	**1,943**

[16] The service agreements include provisions in connection with early termination by CPV Renewable under certain circumstances.

[17] Includes undertakings regarding skilled lead business officer and development team. A breach of some of the undertakings (as the case may be) may trigger the termination of the services agreements and the appointment of a replacement officer, and lead to other impacts on CPV Group's rights as per the Interest Holders' Agreement.

NOTE 23 – SUBSIDIARIES (cont.)

E. Loss of control over the US Renewable Energies Segment and transition of significant influence (cont.)

2. Gain on loss of control in the US Renewable Energies Segment

The fair value of CPV Renewable as reflected in the agreement described in Section 1 above amounts to approx. NIS 3,356 million (approx. USD 897 million); CPV Group's share (66.67%) amounts to approx. NIS 2,225 million (approx. USD 595 million). The following is the calculation of the profit from loss of control:

	NIS million
Fair value	2,225
Net assets attributable to the Group at deconsolidation date (see Section 2 above)	(1,943)
Excess fair value	282
Transaction costs carried to profit or loss and others	(23)
Pretax income on loss of control in the US Renewable Energies Segment	259
Tax expenses due to restructuring carried out prior to completing the transaction (1)	(12)
Deferred tax expenses with respect to revaluation of investment to fair value	(71)
Post-tax income on loss of control in the US Renewable Energies Segment	**176**

(1) Including approx. NIS 53 million in current tax expenses and approx. NIS 42 million in deferred tax revenue with respect to the transfer of the investment in CPV Keenan LLC (which is part of the renewable energy segment of CPV Group) to CPV Renewable.

The allocation of the fair value of the investment in CPV Renewable to CPV Group's share in the fair value of the assets and liabilities of CPV Renewable was carried out by an independent external appraiser. Through the approval date of the Financial Statements, the Company has not yet completed the allocation as aforesaid, due to the short time that elapsed from the transaction completion date to the approval date of the Financial Statements. Consequently, some of the fair value data are temporary and may change. The fair value of the investment in CPV Renewable totaling approx. NIS 2,225 million was allocated as detailed below:

	NIS million
Cash and cash equivalents	761
Receivables in respect of deferred consideration from the partner in CPV Renewable	363
Property, plant & equipment	2,487
Bank loans	(1,450)
Other identifiable assets and liabilities	64
Total	**2,225**

3. Gain on loss of control in the US Renewable Energies Segment

The projects' fair value was evaluated based on the following methodology:

A. With regard to projects under commercial operation or construction using the DCF method by discounting the expected future cash flows of each project, by the weighted average cost of capital (WACC) after tax.

B. With respect to the backlog of projects under advanced development - at estimated fair value per KW, and the likelihood of materialization as a function of the development stages.

C. With regard to the backlog of projects under initial development - at cost.

NOTE 23 – SUBSIDIARIES (cont.)

E. Loss of control over the US Renewable Energies Segment and transition of significant influence (cont.)

3. Gain on loss of control in the US Renewable Energies Segment (cont.)

Following are the key assumptions used in determining the Projects' fair value:

A. Forecast years - represent the period spanning from 2024 to 2054 and are based on the estimate of the economic life of the power plants and their value as of the end of the forecast period.
B. Market prices and capacity - market prices (electricity, capacity, RECs, etc.) are based on PPAs and market forecasts received from external and independent information sources, taking into account the relevant area and market for each project and the relevant regulation.
C. Estimated construction costs of the projects, and entitlement to tax benefits in respect of projects under construction (ITC or PTC, as applicable).
D. An annual long-term inflation rate of 2.2%.
E. Weighted Average Cost of Capital (WACC) - calculated for each active material project and under construction separately and ranges between approx. 6.25% and approx. 7%.

4. Cash flows arising from the transaction

The following are the aggregate cash flows that arose to the Group as a result of the transaction:

	NIS million
Repayment of a loan granted by ICG Energy	318
Return on investment	61
Deconsolidation - Cash and cash equivalents of CPV Renewable	(245)
	134

Furthermore, current taxes totaling approx. NIS 64 million were paid with regard to restructuring carried out prior to the transaction as stated in Section 3(1) above.

F. Business combinations that occurred during 2023

1. Acquisition of the Kiryat Gat Power Plant

In 2022, the Company entered, through a wholly-owned subsidiary - OPC Power Plants (hereinafter - the "Acquirer"), together with Dor Alon Energy in Israel (1988) Ltd. (hereinafter - "Dor Alon"), and Dor Alon Gas Power Plants Limited Partnership (hereinafter, jointly - the "Seller") into an agreement for the purchase of all rights in a power plant located in the Kiryat Gat Industrial Zone (hereinafter - the "Acquisition Agreement").

On March 30, 2023 the transaction was completed, and all rights in the Gat Partnership were transferred to the Group in consideration for approx. NIS 870 million (subject to working capital adjustments at an immaterial amount), of which approx. NIS 303 million were used to repay a loan from the previous shareholders, and the remaining balance of approx. NIS 567 million was used to acquire all the rights in the Gat Partnership (of which a total of approx. NIS 294 million constitutes a deferred consideration that was paid at the end of 2023).

As part of the allocation of the acquisition consideration and the determination of the fair value of identifiable assets and liabilities as of the acquisition date, the Group consolidated for the first time, among other things, property, plant, and equipment and right-of-use assets (including facilities and electricity generation and supply license) totaling approx. NIS 620 million. In addition, following the acquisition, goodwill totaling approx. NIS 220 million was recognized, reflecting the synergy between the activity of the Gat Power Plant and the Rotem and Hadera power plants.

NOTE 23 – SUBSIDIARIES (cont.)

F. Business combinations that occurred during 2023 (cont.)

2. Acquisition of the Mountain Wind Power Plants

In January 2023, CPV Group (through a 100%-held corporation) entered into an agreement for the acquisition of all rights (100%) in four active wind-powered power plants with an aggregate capacity of approx. 81.5 MW located in New England, USA (hereinafter - the “Mountain Wind Project”).

On April 5, 2023, the transaction was completed and CPV Group received all rights in the Mountain Wind Project against payment of a consideration of approx. NIS 625 million (approx. USD 175 million) (after adjustments as is generally accepted in agreements of this type).

As part of the allocation of the acquisition consideration and the determination of the fair value of identifiable assets and liabilities as of the acquisition date, the Group consolidated for the first time, among other things, property plant and equipment totaling approx. NIS 451 million (approx. USD 127 million). Furthermore, following the acquisition, goodwill of approx. NIS 75 million (approx. USD 21 million) was recognized.

As part of the loss of control in CPV Renewable, as described in section E above, the Company stopped consolidating the financial data of the US Renewable Energies Segment, including in respect of the Mountain Wind project.

NOTE 24 – ASSOCIATES

CPV Group's operations in the Energy Transition Segment, as detailed in Note 25 below, is carried out through associates. In addition, as from the completion date of the investment transaction in the renewable energy segment in the fourth quarter of 2024 as detailed in Note 23E, CPV Group's activity in the said segment is also carried out through an associate - CPV Renewable.

Following is condensed information regarding principal associates of CPV Group. In addition, the CPV Group owns additional associates that hold rights to projects under development and in which the investment, as of the report date, amounts to non-material amounts.

A(1). Condensed financial information on the financial position as of December 31, 2024:

	Fairview	Maryland (1)	Shore (1)	Towantic	Valley	Three Rivers	CPV Renewable (2)	Other Investments	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Holding rate	25.0%	75.0%	68.8%	26.0%	50.0%	10.0%	66.7%		
Current assets	110	161	128	294	149	177	897	17	
Non-current assets	3,169	2,355	3,304	2,977	2,419	4,759	3,900	167	
Total assets	3,279	2,516	3,432	3,271	2,568	4,936	4,797	184	
Current liabilities	59	192	1,806	263	197	339	496	6	
Non-current liabilities	1,919	1,063	802	843	1,517	2,357	1,395	-	
Total liabilities	1,978	1,255	2,608	1,106	1,714	2,696	1,891	6	
Net assets	1,301	1,261	824	2,165	854	2,240	2,906	178	
Company's share	325	946	567	563	427	227	1,937	82	5,074
Fair value adjustments made on acquisition dates	283	(16)	(377)	99	(2)	30	232	(3)	246
Carrying amount of investment	**608**	**930**	**190**	**662**	**425**	**257**	**2,169**	**79**	**5,320**

NOTE 24 – ASSOCIATES (cont.)

A(2). Condensed financial information on the operating results as of December 31, 2024:

	Fairview	Maryland (1)	Shore (1)	Towantic	Valley	Three Rivers	CPV Renewable (2)	Other Investments	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Operating income	1,068	886	634	1,550	969	1,233	40	-	
Net change in fair value of derivative financial instruments	40	(3)	(16)	(2)	-	-	-	-	
Total income	1,108	883	618	1,548	969	1,233	40	-	
Operating expenses (excluding depreciation and amortization)	(517)	(680)	(537)	(919)	(644)	(921)	(16)	(1)	
Depreciation and amortization	(128)	(82)	(154)	(131)	(95)	(130)	(18)	-	
Operating income (loss)	463	121	(73)	498	230	182	6	(1)	
Finance expenses, net	(82)	(79)	(151)	(56)	(176)	(147)	(11)	-	
Net income (loss) (3)	381	42	(224)	442	54	35	(5)	(1)	
Other comprehensive income (loss) (3)	25	75	26	(34)	(93)	(35)	6	-	
Comprehensive income (loss)	406	117	(198)	408	(39)	-	1	(1)	
Company's share in profit (loss)	95	6	(91)	115	27	4	(3)	(1)	152
Company's share in other comprehensive income (loss)	6	48	15	(9)	(47)	(4)	4	-	13
Reductions of profit and loss in respect of adjustments to fair value made on the acquisition dates	(6)	3	16	3	-	-	(2)	-	14
Share in the profits (losses) of associates	**89**	**9**	**(75)**	**118**	**27**	**4**	**(5)**	**(1)**	**166**

(1) For details regarding the acquisition of additional interests in the fourth quarter of 2024, see Section C below.
(2) For details regarding loss of control, deconsolidation and transition to the equity method with respect to the investment in CPV Renewable, see Note 23E above.
(3) It should be noted that the associates do not file tax returns and therefore their results do not reflect the tax effect.

NOTE 24 – ASSOCIATES (cont.)

B(1). Condensed financial information on the financial position as of December 31, 2023:

	Fairview	Maryland	Shore	Towantic	Valley	Three Rivers	Other Investments	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Holding rate	25.0%	25.0%	37.5%	26.0%	50.0%	10.0%		
Current assets	161	169	196	271	174	190	8	
Non-current assets	3,307	2,360	3,394	3,194	2,442	5,056	88	
Total assets	3,468	2,529	3,590	3,465	2,616	5,246	96	
Current liabilities	235	233	233	730	382	437	7	
Non-current liabilities	1,249	1,139	2,343	809	1,348	2,581	-	
Total liabilities	1,484	1,372	2,576	1,539	1,730	3,018	7	
Net assets	1,984	1,157	1,014	1,926	886	2,228	89	
Company's share	496	289	380	501	443	226	36	2,371
Fair value adjustments made on acquisition dates	287	(51)	(178)	96	(2)	30	(3)	179
Carrying amount of investment	**783**	**238**	**202**	**597**	**441**	**256**	**33**	**2,550**

NOTE 24 – ASSOCIATES (cont.)

B(2). Condensed financial information on the operating results as of December 31, 2023:

	Fairview	Maryland	Shore	Towantic	Valley	Three Rivers	Other Investments	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Operating income	1,045	885	602	1,244	882	526	-	
Net change in fair value of derivative financial instruments	(35)	(4)	(104)	216	-	10	-	
Total income	1,010	881	498	1,460	882	536	-	
Operating expenses	(444)	(630)	(498)	(685)	(536)	(435)	(1)	
Depreciation and amortization	(105)	(78)	(141)	(127)	(75)	(58)	-	
Operating income (loss)	461	173	(141)	648	271	43	(1)	
Finance expenses, net	(70)	(85)	(134)	(45)	(152)	(41)	-	
Net income (loss) *	391	88	(275)	603	119	2	(1)	
Other comprehensive income (loss) *	(63)	(95)	(69)	(115)	84	(45)	-	
Comprehensive income (loss)	328	(7)	(344)	488	203	(43)	(1)	
Company's share in profit (loss)	98	22	(104)	157	60	-	(1)	
Company's share in other comprehensive income (loss)	(16)	(24)	(26)	(30)	42	(5)	-	
Reductions of profit and loss in respect of adjustments to fair value made on the acquisition dates	(7)	2	14	-	1	-	-	
Share in the profits (losses) of associates	**91**	**24**	**(90)**	**157**	**61**	**-**	**(1)**	**242**

(*) It should be noted that the associates do not file tax returns and therefore their results do not reflect the tax effect.

NOTE 24 – ASSOCIATES (cont.)

C. Acquisition of additional interests in associates

In July 2024, the CPV Group entered into a non-binding memorandum of understanding with one party and a binding purchase agreement with another party for the acquisition of additional holdings in the Shore and Maryland power plants. In October 2024, the acquisition of an additional 25% interest in the Maryland Power Plant was completed in accordance with the Acquisition Agreement (further to fulfillment of the conditions precedent and the payment of the consideration by CPV Group); further binding agreements for the acquisition of an additional 31% interest in the Shore Power Plant and an additional 25% in the Maryland Power Plant were signed. On December 12, 2024, after meeting the conditions precedent and carrying out the required actions, the acquisitions pursuant to the Additional Acquisition Agreements were completed.

The amount paid for such transactions - with the addition of CPV's share attributable to the Acquired Rights (approx. 31%) in the Equity Subscription with respect to the refinancing of the Shore Power Plant[18] and totaled approx. USD 80 million (for 100% of the interests) - totaled approx. US 213 million (approx. NIS 770 million). Following the completion of the transactions and as of the report date, the CPV Group has stakes of approx. 69% and 75% in associates Shore and Maryland, respectively.
The total amount paid with respect to the said transactions.

Given the ownership interests held by the remaining interest holders in the associates, the Company continued to account for the investments in Shore and Maryland using the equity method.

The allocation of the purchase price to CPV Group's share of the fair value of the identifiable assets and liabilities was carried out by an external independent appraiser, as detailed below:

	NIS million
Property, plant & equipment	1,605
Loans	(1,091)
Other identifiable assets and liabilities	167

The fair value of property, plant and equipment was estimated in accordance with the DCF method by discounting the future cash flows of each project by the weighted average cost of capital (WACC) post-tax. The DCF was performed for periods representing the estimated economic life of the power plants and was revised at the end of the forecast period, based on forecast market prices (specifically electricity margins and capacity) **received from external, independent information sources, long-term inflation rate, based on relevant curves and WACC, as accepted for projects of this type.**

Subsequent to the reporting period, the CPV Group entered into an agreement to acquire an additional stake in the Shore power plant, subject to the completion of which and to the fulfillment of terms and conditions precedent, which have not yet been met as of the approval date of the Report, its stake in the power plant will stand at approx. 90%. As of the Report approval date, the Company is examining the accounting treatment of the other acquisition.

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[18] Which was signed in February 2025, as detailed in Note 28 below.

NOTE 24 – ASSOCIATES (cont.)

D. Investments in property, plant and equipment of associates

Following is additional information regarding the scope of investments of Energy Transition associates in property, plant and equipment (including periodic maintenance), without adjustment for the holding stake:

	Fairview	Maryland (1)	Shore (2)	Towantic	Valley (3)	Three Rivers
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Holding rate	25.0%	75.0%	68.8%	26.0%	50.0%	10.0%
Investments in 2024	57	55	22	39	28	43
Investments in 2023	63	101	69	37	64	78

(1) In 2023 - includes one-off costs in respect of investments in the power plant compound totaling approx. NIS 76 million.

(2) In 2023 - includes payments in respect of major maintenance work of approx. NIS 46 million.

(3) In 2023 - includes payments in respect of major maintenance work totaling approx. NIS 17 million and investment in the power plant compound (which is one-off in nature) totaling approx. NIS 25 million.

E. Dividends and capital distributions from associates

During the reporting period and in 2023 CPV Group received dividends and capital distributions from associates totaling approx. NIS 330 million and approx. NIS 24 million, respectively. In 2022 no dividends were distributed by associates.

Of the amount received during the reporting period, a total of approx. NIS 278 million was received from Fairview, in view of the completion of the refinancing agreement in August 2024, and approx. NIS 46 million was received from Towantic.

F. Attachment of financial statements of material associates

The Company includes in its Financial Statements as of December 31, 2024, the financial statements of Shore and Towantic, and at the approval of the Israel Securities Authority's staff following the Company's request, the Company will publish the financial statements of Fairview as of December 31, 2024 through March 31, 2025 (hereinafter - "Material Associates"). The financial statements of the Material Associates are drawn up in accordance with US GAAP, which vary, in some respects, from IFRS. For information regarding adjustments made to the Material Associates' financial statements in order to make them compatible with the Company's accounting policies and rules, see Note 28.

According to legal advice received by CPV Group, under the relevant US law it is not required to sign the financial statements of the material associates, and the attached financial statements were approved by the competent organs, and an opinion of the independent auditors was attached thereto.

The Material Associates' functional and presentation currency is the USD. As of the report date, the exchange rate is NIS 3.647 per USD.

NOTE 25 – SEGMENT REPORTING

As of the report date the Group has three reportable operating segments, which constitute strategic business units of the Group, and other activities that do not constitute reportable segments.

These strategic business units are managed separately for resource allocation and performance review evaluation due to the fact that some are in different markets, and others require different technology and adjustment of the trading structure of each unit.

Following is a brief description of the business activities of each of the Group’s three operating segments as of the report date:

- **The Israel Segment (through OPC Israel Holdings, 80%)** - Under this operating segment, the Company is engaged in the generation and supply of electricity and energy, mainly to private customers and to the System Operator, and in the initiation, development, construction and operation in Israel of power plants and energy generation facilities powered using natural gas and renewable energy.
- **US Renewable Energies Segment (through CPV Group, approx. 70.46%)** - in this area of operation, the Company engages in the initiation, development, construction and operation of renewable energy power plants (solar and wind) in the USA, and the supply of electricity from renewable sources. Upon completion of a transaction for the introduction of a partner into this segment in the fourth quarter of 2024 as detailed in Note 23E, the activity in this segment is carried out through an associate in which CPV Group has an interest of approx. 66.7%.
- **US Energy Transition Segment (through CPV Group, approx. 70.46%)** - in this area of activity, the Company is engaged in maintenance and operation of conventional energy power plants (natural gas), which supply efficient and reliable electricity in the US. The active power plants in this area of operation are held through associates (which are not consolidated in CPV Group’s financial statements, and accordingly in the Company’s Financial Statements).

In addition, the Company is engaged, through CPV Group, in a number of business activities in the USA, which - as of the report date - are not material to the Group’s operating results (and do not constitute reportable segments in the financial statements):

(1) Initiation and development of electricity generation projects (high-efficiency natural gas-fired power plants) with potential to combine carbon capture in the future; and (2) A retail electricity sales operation for commercial customers, launched in early 2023.

It is noted that as of the report date, the Group's activity in the field of providing assets and energy management services to power plants focuses mainly on power plants, which are partly owned by CPV Group; since 2024 this activity is no longer considered independent and constitutes part of CPV Group headquarters.

The segment’s results are based on the EBITDA, which is the profit (loss) of the Company before: Depreciation and amortization, net finance expenses or income, and income taxes, as well as non-recurring income (expenses). The data of associates and joint ventures are included by way of proportionate consolidation according to the CPV Group's holding rate therein, and accordingly, the adjustments column includes mainly adjustments relating to the transition from the “proportionate consolidation” method that was used in internal management reports, and accordingly in this note, to the equity method in accordance with IFRS.

NOTE 25 – SEGMENT REPORTING (cont.)

In NIS million	For the year ended December 31, 2024					
	Israel	Energy Transition in the USA	US Renew-able Energies	Other activities in the USA	Adjustments to consoli-dated	Consoli-dated - total
	(Audited)					
Revenues from sales and provision of services	2,312	1,796	228	145	(1,702)	2,779
Cost of sales and provision of services	(1,649)	(1,154)	(66)	(144)	1,082	(1,931)
EBITDA after proportionate consolidation	639	588	112	(22)	(608)	709
Adjustments:						
Share in profits of associates						166
General and administrative expenses at US headquarters (not attributed to US segments)						(89)
General and administrative expenses at Company headquarters (not attributed to the operating segments)						(20)
Total EBITDA						766
Depreciation and amortization						(333)
Finance expenses, net						(301)
Gain on loss of control over a subsidiary						259
Other expenses, net						(56)
						(431)
Profit before taxes on income						335
Expenses for income tax						(138)
Profit for the period						197

The total EBITDA generated by the Group's activities in the USA (including the associates) in 2024 amounts to approx. NIS 589 million.

NOTE 25 – SEGMENT REPORTING (cont.)

	For the year ended December 31, 2023					
In NIS million	**Israel**	**Energy Transition in the USA**	**US Renew-able Energies**	**Other activities in the USA**	**Adjustments to consoli-dated**	**Consoli-dated - total**
	(Audited)					
Revenues from sales and provision of services	2,283	1,525	146	12	(1,414)	2,552
Cost of sales and provision of services	(1,676)	(904)	(49)	(22)	824	(1,827)
EBITDA after proportionate consolidation	562	585	31	(26)	(588)	564
Adjustments:						
Share in profits of associates						242
General and administrative expenses at US headquarters (not attributed to US segments)						(26)
General and administrative expenses at Company headquarters (not attributed to the operating segments)						(27)
Total EBITDA						753
Depreciation and amortization						(303)
Finance expenses, net						(197)
Other expenses, net						(16)
						(516)
Profit before taxes on income						237
Expenses for income tax						(68)
Profit for the year						169

The total EBITDA generated by the Group's activities in the USA (including the associates) in 2023 amounts to approx. NIS 564 million.

NOTE 25 – SEGMENT REPORTING (cont.)

In NIS million	For the year ended December 31, 2022					
	Israel	**Energy Transition in the USA**	**US Renew-able Energies**	**Other activities in the USA**	**Adjustments to consoli-dated**	**Consoli-dated - total**
	(Audited)					
Revenues from sales and provision of services	1,735	1,967	95	-	(1,870)	1,927
Cost of sales and provision of services	(1,294)	(1,375)	(29)	-	1,294	(1,404)
EBITDA after proportionate consolidation	357	554	26		(558)	379
Adjustments:						
Share in profits of associates						286
General and administrative expenses at US headquarters (not attributed to US segments)						(109)
General and administrative expenses at Company headquarters (not attributed to the operating segments)						(26)
Total EBITDA						530
Depreciation and amortization						(201)
Finance expenses, net						(47)
						(248)
Profit before taxes on income						282
Expenses for income tax						(65)
Profit for the year						217

The total EBITDA generated by the Group's activities in the USA (including the associates) in 2022 amounts to approx. NIS 469 million.

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD

A. Lawsuits and other contingent liabilities

1. In recent years the System Operator notified Rotem that according to its approach the sale of energy to end consumers in excess of the production capacity of Rotem’s power plant, deviates from the provisions of Rotem’s PPA with the Israel Electric Corporation. Furthermore, Rotem was informed that the System Operator disputes Rotem’s position as to the applicability of Appendix O to Rotem’s PPA with the Israel Electric Corporation and including as to Rotem’s electricity sale options. Rotem is of the opinion that this matter was regulated as from July 1, 2024 under the complementary arrangements (including receipt of a supply license) which were stipulated by the Israeli Electricity Authority’s resolution as detailed below.

   In February 2023, the Israeli Electricity Authority published a proposed resolution on the application - to Rotem - of criteria regarding deviation from a consumption plan, and the application of the complementary arrangements and criteria required for that purpose (hereinafter - the “Proposed Resolution”).

   In March 2024, the Israeli Electricity Authority's resolution was given, following a proposed resolution (hereinafter – the “Resolution”). Generally, the arrangements as per the Resolution are not materially different from the arrangements included in the abovementioned proposed resolution, which comprise, among other things, the application of certain criteria on Rotem, including regarding deviations from consumption plans and the market model, alongside the award of a supply license to Rotem (if it applies for one and complies with the conditions for receipt thereof), in view of the Israeli Electricity Authority’s intention to consolidate, in many respects, the regulation that applies to Rotem with the regulation that applies to other bilateral electricity producers, thereby allowing Rotem to operate in the energy market in a manner that is similar and equal to that of producers. On June 30, 2024, Rotem received the supply license and the resolution came into force on July 1, 2024 for a period that coincides with that of Rotem's generation license.

2. On July 1, 2020, the commercial operation date of the Hadera Power Plant commenced, after a delay in power plant’s completion of construction as a result of, among other things, components replaced or repaired.

   Pursuant to the Construction Agreement with the construction contractor of the Hadera Power Plant (hereinafter in this section - the “Construction Contractor”), Hadera is entitled to compensation from the Construction Contractor for the delay in completing the power plant’s construction as well as to compensation in the event of non-compliance with the terms and conditions set out in the Agreement with respect to the power plant’s performance. Accordingly, Hadera offset a total of approx. USD 14 million from amounts payable to the construction contractor in respect of the last milestones. As a result, in September 2021, the Construction Contractor instigated arbitration proceedings against Hadera, claiming, among other things, which Hadera does not have any cause for charging (including by way of offsetting) the amounts specified in the agreement in respect of LDs and due to non-compliance with conditions set out in the agreement in connection with the performance of the power plant (hereinafter - the “Arbitration Proceeding”).

   In December 2023, Hadera and the Construction Contractor signed a settlement agreement, according to which, among other things, in exchange for the withdrawal from, and full and final settlement of, the parties' claims in connection with the disputes between Hadera and the Construction Contractor that are the subject of the arbitration proceeding, the Contractor paid Hadera compensation in the amount of approx. NIS 74 million (approx. USD 21 million) (hereinafter - the "**Compensation Amount**”), and on the other hand, Hadera will pay the amounts it offset to the Construction Contractor totaling approx. USD 14 million. Upon the signing of the settlement agreement, the arbitration proceeding between the parties was concluded.

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

As a result of the signing of the settlement agreement with the Construction Contractor, in 2023 the Company recognized a total of approx. NIS 41 million out of the compensation as part of the income line item, and the remaining amount of approx. NIS 33 million was offset from property, plant and equipment.

In July 2024, Hadera received a lump sum of approx. NIS 18 million (USD 5 million) from its insurers in connection with loss of income prior to the commercial operation date of the Hadera Power Plant. In the reporting period, the Company recognized an income in respect of the said amount under the 'compensation for loss of income' line item.

3. The commercial operation period of the Zomet Power Plant commenced on June 22, 2023. Under the Construction Agreement, the Construction Contractor of the Zomet Power Plant (hereinafter in this section - the "Construction Contractor") undertook to complete the construction work of the power plant, including acceptance tests by late January 2023. Furthermore, the Construction Agreement includes customary provisions for agreements of this type, including obligations for agreed compensation that are limited in amount, in case of non-compliance with the terms and conditions set forth in the Construction Agreement, including non-compliance with certain guaranteed results and/or non-compliance with the schedule.

   In March 2024, an amendment to the Construction Agreement was signed, under which, among other things, the Construction Contractor paid Zomet an approx. NIS 26 million (approx. USD 7 million) as compensation due to a delay in the commercial operation, and on the other hand Zomet paid approx. NIS 43 million in respect of milestone payments, which were delayed, net of amounts that will serve as a collateral for an additional period as set out in the agreement.

   As a result of the signing of the amendment to the Construction Agreement, the Company recognized in the reporting period income of approx. NIS 26 million (approx. USD 7 million) in respect of the said compensation under the compensation for loss of income line item.

4. The Group companies usually record provisions for claims which, in their management's opinion, based on their legal counsel, will more likely than not materialize. The provision is made according to an estimate of the expected amounts of the payments for settlement of the liability. As of the report date, additional exposure for which there is no provision amounts to approx. NIS 21 million (excluding a purchase tax assessment, as stated in Note 10B6).

B. Maintenance and service agreements

1. Agreement in Rotem

On June 27, 2010, Rotem entered into an agreement with Mitsubishi[19] for the long-term maintenance of Rotem Power Plant, from the commercial operation date, for an operating period of 100 thousand work hours or up to the date on which 8 scheduled maintenance services are completed on the gas turbine (which the Company estimates to be approx. 12 years of the Rotem Power Plant's commercial date of operation), at a cost of approx. EUR 55 million (as of the signing date of the agreement), payable over the period based on the formula provided in the agreement (hereinafter in this section – the "Maintenance Agreement"). Under the Maintenance Agreement, Mitsubishi will perform maintenance work on the main components of Rotem Power Plant, comprising the gas turbine, the steam turbine and the generator. In addition, Mitsubishi will supply new or refurbished spare parts, as necessary.

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[19] Mitsubishi Heavy Industries Ltd. (which on June 24, 2014 was assigned to Mitsubishi Hitachi Power Systems Ltd. and on March 31, 2016 - to Mitsubishi Hitachi Power Systems Europe Ltd.).

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

It is noted that the Maintenance Agreement covers scheduled maintenance work and that, as a rule, Rotem will be charged separate additional amounts for any unscheduled or additional work, if required.

The Maintenance Agreement includes Mitsubishi's guarantees with regard to the performance of the Rotem Power Plant. Mitsubishi undertook to compensate Rotem in the event of non-compliance with the foregoing guarantees, subject to the terms and provisions of the agreement, and Rotem undertook to pay Mitsubishi to for improvement in the performance of Rotem Power Plant resulting from the maintenance work; all this – up to an annual maximum limit, as detailed in the Maintenance Agreement.

In December 2023, Rotem entered into a new maintenance agreement with Mitsubishi Power Europe Ltd. and a company operating on its behalf that will serve as a local contractor (hereinafter, jointly - "Mitsubishi") at a total estimated cost of approx. EUR 67 million that will be paid over the term of the agreement, in accordance with the payments schedule set in the agreement. The New Maintenance Agreement is expected to replace the Original Maintenance Agreement described above, the expected expiry date of which is October 2025.

The term of the New Maintenance Agreement shall be 12 years as from the end of the term of the Original Maintenance Agreement, or the completion of the required maintenance work (which is quantified based on a number of parameters as detailed in the agreement), according to the latest of the options, and no later than 20 years from the end of the term of the Original Rotem Maintenance Agreement. As part of the New Maintenance Agreement, Mitsubishi gives Rotem an undertaking to maintain a certain level of availability of the components relevant to the power plant and other parameters related to the performance of the relevant components in the power plant (including an undertaking regarding emissions). In addition, Mitsubishi gave Rotem a warranty undertaking with respect to with some of the maintained components, in accordance with the provisions set in the New Maintenance Agreement. It is also noted that the time tables for the execution of maintenance work in the power plant was extended such that it was decided that maintenance work will be executed in the power plant every 25,000 working hours (approx. three years). Alongside the signing of the New Rotem Maintenance Agreement, Rotem has undertaken to purchase new equipment for the power plant at the total cost of approx. EUR 8 million.

2. Agreement in Hadera

In June 2016, Hadera entered into in a long-term service agreement with two companies of the GE Group[20] (hereinafter in this section – the "Service Agreement"), under which they will carry out maintenance work in the key components of the Hadera Power Plant, which include the two gas turbines, generators and some of their auxiliary equipment, for a period commencing on the date of commercial operation, until the earlier of: (a) the date on which all of the covered units (as defined in the Service Agreement) will have reached the end-date of their service life and (b) 25 years from the date of signing the Service Agreement. The cost of the Service Agreement is estimated at approx. USD 42 million (as of the agreement signing date) (linked to various indexes), payable over the term of the Agreement, based on the formula set in the Agreement.

The Service Agreement includes a warranty for reliability and other obligations concerning the performance of the power plant and indemnification to Hadera in the event of failure to meet the performance obligations, subject to the terms and provisions provided for, and on the other hand, Hadera undertook to pay bonuses in the event of improvement in the performance of the power plant as a result of the maintenance work, up to a cumulative maximum limit for each inspection period.

The Service Agreement includes guarantees provided by the Parent Company to secure each of the parties' undertakings.

[20] General Electric International Inc. and with GE Global Parts & Products GmbH.

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

3. Agreement in Zomet

In December 2019, Zomet signed a long-term service agreement (hereinafter – the "Zomet Maintenance Agreement") with PW Power Systems LLC (hereinafter – "PWPS"), for providing maintenance servicing for the Zomet Power Plant, for a period of 20 years commencing from the date of delivery of the plant. The cost of the Service Agreement is part of the estimated total consideration of the agreement with the Zomet Power Plant's construction contractor. Zomet may terminate the Zomet Maintenance Agreement after a period of 5 years from the power plant's delivery date. The Zomet Maintenance Agreement provides a general framework for provision of maintenance services by PWPS for the generation units and additional equipment on the site during the Agreement term (hereinafter, in this Section – the "Equipment"). Zomet is responsible for the current operation and maintenance of the Equipment. Pursuant to the terms and conditions of the agreement, PWPS will provide Zomet with ongoing services, including, among others, an annual inspection of the Equipment and engineering support, with a representative of PWPS being present onsite during the first 18 months of the operation. In addition, the agreement includes providing the Company with access to PWPS leasable equipment, and in case of interrupted production, PWPS will provide the Company with a replacement engine, pursuant to the terms and conditions and for the amounts set forth in the agreement. The agreement includes a mechanism for the performance of the replacement generator. Pursuant to the terms and conditions of the agreement and with the Zomet Power Plant being a peaker plant, other maintenance services, in addition to those set forth in the agreement, will be purchased based on work orders, i.e., the services will be provided by PWPS in accordance with the prices that will be agreed upon, or with respect to certain services - based on the prices stipulated in the agreement.

B. Maintenance and service agreements (cont.)

4. Agreement in Gat

On January 29, 2017, the Gat Partnership and Siemens Israel Ltd. (hereinafter - "Siemens") entered into an operating and maintenance agreement in connection with the Gat Power Plant (hereinafter - the "Gat Operating and Maintenance Agreement"). This is an operation and maintenance agreement, by virtue of which Siemens undertook to provide all operation and maintenance services to the Gat Power Plant, at a cost of approx. NIS 287 million, which is paid over the term of the agreement, in accordance with a formula set in the agreement (including various linkages). The term of Gat's operating and maintenance agreement shall be 20 years or 170 thousand operating hours from the commercial operation date, the earlier of the two. Subject to the early termination provisions in accordance with the conditions set forth.

5. Sorek 2 Maintenance Agreement

In June 2021, Sorek 2 entered into a long-term agreement with an international vendor (hereinafter - the "Vendor") for the maintenance of the turbine and its related equipment; the term of the agreement is 16 years with an option to renew by 25 years, in return for up to approx. USD 29 million (as of the signing of the Agreement), in accordance with the term of the Agreement, subject to the milestones set in the agreement (hereinafter in this section - the "Maintenance Agreement"). The Maintenance Agreement includes provisions regarding agreed and capped compensation in respect of execution and meeting time tables for servicing, and regarding the Vendor's responsibility for its equipment and services.

The Maintenance Agreement includes guarantees provided by the Parent Company to secure each of the parties' undertakings.

It is noted that the above agreements require, among other things, the approval of the Water Desalination Administration, in accordance with and as required pursuant to the concession agreement signed between IDE and the State of Israel in connection with the desalination facility and the project, as detailed in Note 9D.

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

C. Agreements for acquisition of natural gas

1. Agreement between Tamar Group and Rotem

In November 2012, Rotem entered into an agreement with the Tamar Group (as amended from time to time)[21] in connection with the supply of natural gas to the power plants (hereinafter in this section - the "**Agreement**"). The Agreement will remain in effect until September 2029. Furthermore, if 93% of the Total Contractual Quantity is not consumed, both parties have the right to extend the agreement by the earlier between consumption of the full contractual quantity or two additional years. The Total Contractual Quantity under the Agreement amounts to 10.6 BCM. The financial scope of the agreement (as estimated by the Tamar Group on the signing date of the agreement) is approx. USD 2.5 billion. Such an estimated amount does not take into account the reduction of quantities and the subsequent amendments.

Certain annual quantities in the Agreement between Tamar Group and Rotem are subject to a Take or Pay (TOP) obligation, based on a mechanism set out in the Agreement. Under the Agreement, under certain circumstances if payment is made for a quantity of natural gas that is not actually consumed or a quantity of gas over and above the TOP amount is purchased, Rotem may, subject to the restrictions and conditions set out in the Agreement, accumulate this quantity, for a limited time, and use it within the framework of the Agreement. The Agreement includes a mechanism that allows, under certain conditions, these rights to be assigned to related parties for quantities that were not consumed, up to close to their expiration date. In addition, Rotem may sell surplus gas under a secondary sale, subject to conditions set in the agreement. In addition, Rotem was awarded an option that was exercisable in 2020-2022, to reduce the daily contractual quantity to a certain rate set out in the agreement.

Pursuant to the Agreement, the price of gas is based on a base price in NIS, which was set on the date of signing the Agreement, linked to changes in the generation component tariff, which is part of the DSM, and in part (30%) to the USD representative exchange rate. In addition, the natural gas price formula set in the Agreement between Tamar Group and Rotem is subject to a minimum price in USD.

In May 2022, Rotem served Tamar with a notice regarding the reduction of some of the quantities purchased under the Agreement, which will take place at the end of a 12-month period (late May 2023), further to Rotem's engagement in an amendment to the agreement with Energean of May 2022 (for details, see Section C3 below). At the end of the notice period regarding the reduction of quantities by virtue of the agreement and upon commencement of natural gas acquisition under the Energean agreement in 2023, the quantities of natural gas acquired from the Tamar Group decreased significantly.

2. Agreement between the Tamar Group and Hadera

Hadera has a natural gas supply agreement with the Tamar Group (hereinafter in this section - the "Agreement"). The Agreement between Tamar and Hadera will end 15 years after the commencement of supply from the Tamar Reservoir (April 2013), or at the end of the consumption of the total contractual quantity, the earlier of the two. Furthermore, if 91.5% of the Total Contractual Quantity is not consumed, both parties have the right to extend the agreement by the earlier between consumption of the full contractual quantity or two additional years. The price of gas is denominated in USD, is linked to the weighted average of the generation component published by the Israeli Electricity Authority and includes a minimum price. The total amount of the agreement as estimated on the engagement date may amount to approx. USD 0.7 billion (assuming that the overall quantity will be consumed).

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[21] To the best of the Company's knowledge, as of the report date, the Tamar Group includes Isramco Negev 2 Limited Partnership, Union Energy & Systems 2 Ltd. Mubadala Energy RSC Ltd., Chevron Mediterranean Ltd., Tamar Investment 2 Limited, Dor Gas Exploration Limited Partnership and Tamar Petroleum Ltd.

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

According to the agreement, Tamar has an obligation to supply all of the quantities included in the agreement; on the other hand, Hadera has a TOP commitment regarding a certain annual quantity of natural gas. Hadera was awarded the option to reduce part of the daily contractual quantity to a certain rate as set out in the agreement. In February 2020, and in accordance with the amendment signed between the parties, Hadera gave notice of the date from which the average quantity will be calculated for purposes of calculating the reduced quantities, subject to adjustments as described above.

Further to Hadera's engagement in an amendment to the agreement with Energean of May 2022 as stated in Section C3 below, in June 2022 Hadera served Tamar with a notice regarding the reduction of quantities, as stated above (hereinafter - the "Reduction Notice"); the reduction of quantities came into force in March 2023. Upon the commercial operation of the Karish Tanin Reservoir in the reporting period and the acquisition of natural gas in accordance with the Energean Transaction, the quantity and purchase cost of natural gas from the Tamar Group dropped.

In addition, in September 2016, Hadera and Tamar Group engaged in an additional agreement for the sale and purchase of gas (hereinafter in this section - the "Additional Agreement"). The additional agreement shall be in effect for up to 15 years from January 2019 or until the Total Contractual Quantity has been consumed – whichever is earlier. The gas price is denominated in USD and linked to the weighted average of the generation component published by the Israeli Electricity Authority and includes a minimum price. Supply of the gas in accordance with the additional agreement, is on an interruptible basis; i.e., Tamar Group will not be obligated to supply the gas quantity requested. Hadera has an early termination right in respect of the additional gas agreement under certain prescribed circumstances. Accordingly, in June 2022, Hadera informed Tamar Group of such early termination, and accordingly the additional agreement was terminated on June 30, 2023.

3. The Energean Agreements

In December 2017, Rotem and Hadera engaged in agreements with Energean Israel Ltd. (hereinafter – "Energean"), which has holdings in the Karish Reservoir, for the purchase natural gas.[22] According to the terms of the agreements, the total original basic natural gas quantities which Rotem and Hadera are expected to purchase was approx. 5.3 BCM and approx. 3.7 BCM, respectively (hereinafter – the "Total Contractual Quantity"). For details regarding the increase in the Total Basic Contractual Quantity, see below in this section. The agreement includes, among other things, a TOP mechanism, whereby Rotem and Hadera undertake to pay for a minimum quantity of natural gas even if they have not used it.

Furthermore, the agreements include additional provisions and arrangements customary in agreements for the purchase of natural gas, including with regard to maintenance, gas quality, limitation of liability, buyer and seller collateral, assignments and liens, dispute resolution and operating mechanisms. In accordance with the regulation, the Company is required to provide guarantees under certain conditions set forth in the agreement, including a downgrading of the rating, according to the value of the number of gas consumption days, in accordance with the contractual quantity set forth in the agreement.

Until the amendment of the agreements with Energean in November 2019, it was stipulated that the agreements will remain in effect until the earlier of: 15 years or until the Total Contractual Quantity will have been supplied by Energean to each of the subsidiaries (Rotem and Hadera) (hereinafter – the "First Agreement Period"), where the commencement date of the agreement will be no later than 12 months from the date Energean pumps its first gas (hereinafter - the "Karish's Commercial Operation Date"). Under each of the Agreements, if 14 years from Karish's Commercial Operation Date will have elapsed and the contracting company has not taken a volume equivalent to 90% of the Total Contractual Quantity, subject to prior notice, each party may extend the agreement for an additional period which will begin at the end of 15 years from the date the agreement took effect, until the earlier of: (1) full consumption of the Total Contractual Quantity; or (2) for an additional 3 years from the end of the First Agreement Term.

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22 At the time of signing the agreement, there was also an engagement with ICL Group Ltd. and Bazan Ltd. The agreements with respect to each of the Group Companies are separate and independent.

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

C. Agreements for the acquisition of natural gas (cont.)

3. The Energean Agreements (cont.)

As part of an amendment to Rotem and Hadera's Energean agreements of 2019, the rate of gas consumption by Rotem was accelerated, such that Rotem's daily and annual contractual gas consumption from Energean was increased by 50%, with no change in the Total Contractual Quantity being purchased from Energean. Accordingly, the agreement period was updated to the earlier of 10 years or until the Total Contractual Quantity will have been consumed (in lieu of the earlier of 15 years or until the Total Contractual Quantity will have been consumed) (hereinafter - the "Additional Agreement Term"). It is noted that the agreements with Energean include circumstances under which each party to the agreements will be entitled to terminate the relevant agreement before the end of the First Agreement Period (or the Additional Agreement Term), including cases of prolonged supply interruptions, compromised collateral, etc.

The price of the natural gas in the agreements with Energean is denominated in USD and is based on an agreed formula, which is linked to the Electricity Generation Component and includes a minimum price. The original total financial amount of the agreements was estimated at approx. USD 1.3 billion (assuming consumption of the total basic quantity and in accordance with the original agreements and in accordance with the gas price formula as of the engagement date) and depends mainly on the Electricity Generation Component, the increase of the quantities as specified below and the volume of gas consumed.

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:

As outlined in Sections C1 and C2 above, in accordance with the Tamar Agreements, Rotem and Hadera may give the Tamar Group notice by December 31, 2022 regarding the reduction of part of the contractual annual 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 the Tamar Group (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 running in period has ended (hereinafter - the "Commercial Operation Date"). As part of the May 2022 amendment, it was decided that Rotem and Hadera will issue their respective Reduction Notices under the Tamar Agreements (as described in Sections C1 and C2 above) 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 TOP undertaking regarding a certain quantity of natural gas, and at the same time netting 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.

It is noted that, in August 2022, Rotem and Hadera informed Energean regarding the increase of the contractual gas quantity under the original terms and conditions of the Energean agreements (the increase does not constitute exercise of the above option, which is exercisable by the end of 2022). It is clarified that increasing the contractual quantity increases the TOP commitment as part of the agreements.

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

In November 2022, Rotem served Energean with a notice of the exercise of the option to acquire an additional immaterial quantity, as set out in the amendment to the agreement with Energean. At the beginning of 2023, Energean issued Hadera and Rotem with a notice regarding the completion of the commissioning and commercial operation on March 26, 2023.

In addition, in 2023 Rotem and Hadera recognized a contractual amount totaling approx. NIS 18 million (approx. USD 5 million), which was received during the reporting period and recognized in the cost of sales line item.

4. On March 18, 2024, a wholly-owned partnership of OPC Israel (hereinafter - the "Partnership") engaged with a third party in an agreement for the purchase of natural gas. The agreement will terminate on June 30, 2030 or at the earlier of: the end of the consumption of the Total Contractual Quantity of approx. 0.46 BCM as set out in the agreement.

   Under the agreement, the Seller undertook to provide to the Partnership a daily quantity of gas, as will be decided by the Partnership each month, in accordance with the mechanism set out in the agreement, and - for its part - the Partnership assumed a take or pay liability for a certain annual consumption as set out in the agreement. The agreement includes arrangements regarding quantities consumed above or below the minimum annual quantity. The price of the natural gas is denominated in USD and based on an agreed formula, which is linked to the generation component and includes a minimum price. Furthermore, the agreement included additional provisions and arrangements customary in agreements for the purchase of natural gas, including with regard to the natural gas's quality, supply shortage, force majeure, limitation of liability, early termination provisions under certain cases, subject to terms and conditions and reassignment.

5. **Amendment to the Excise Tax on Fuel Ordinance**

   In September 2024, an amendment to the Fuel Excise Tax Ordinance (Imposition of Excise Tax) went into effect, as from January 1, 2025. The amended ordinance includes an increase of the excise tax rates applicable to various types of fuels, including natural gas, such that in 2025, the excise tax on natural gas will increase from NIS 19 to NIS 33 and will continue to increase in a graduated manner until reaching a maximum excise tax of NIS 192 in 2030. The increase in the excise tax rate on natural gas is expected to increase the cost of natural gas for the Company; the Company estimates that some of the effect may be mitigated as a result of an increase in the Company's revenues, provided that the generation component will be increased and subject to the effect of such a possible increase, for the Company, in the price of natural gas, which is linked to the generation component. As of the report approval date, the effect of the amendment to the Excise Tax Ordinance on the Company's results in Israel over time cannot be estimated. With respect to 2025, the Company believes that the amended Excise Tax Ordinance is not expected to have a material effect on its results.

D. Agreement for the sale of surplus electricity in Rotem

On August 18, 2024, an agreement was signed for the purchase and sale of surplus electricity between Rotem and a third party holding an electricity generation license (hereinafter - the "Electricity Producer"); the term of the agreement is five years.

As part of the agreement, Rotem undertakes to sell to the Electricity Producer and the Electricity Producer undertakes to purchase from Rotem surplus quantities of electricity, during certain demand hour clusters, at a discount for the demand side management tariff (DSM Tariff) (hereinafter - the "Contractual Discount"); with respect to surplus electricity in other demand hour clusters, which were defined, the parties will give certain priority under agreed conditions. Under the provisions of the agreement, the sale of surpluses shall be carried up in accordance with set maximum and minimum quantities. Furthermore, the agreement includes additional provisions and arrangements regarding early termination thereof and provisions which are generally accepted in agreements for the purchase of surplus electricity.

NOTE 27 – SUBSEQUENT EVENTS

A. For further details regarding developments in commitments, legal claims and other liabilities in the reporting period and thereafter, see Note 26.

B. For further details regarding developments in credit from banking corporations and others and debentures in the reporting period and thereafter, see Notes 14 and 15, respectively.

C. For details regarding the acquisition of additional rights in the Shore power plant subsequent to the reporting period, see Note 24C.

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF MATERIAL ASSOCIATES

Shore refinancing agreement

Subsequent to the report date, Shore entered into a refinancing agreement,[23] in accordance with the following main terms and conditions (hereinafter - the "**New Refinancing Agreement**")

The scope of liabilities under the New Refinancing Agreement is approx. NIS 1.57 billion (USD 436 million), composed of approx. NIS 1.18 billion (approx. USD 325 million), Term Loan B, as well as renewable and non-renewable credit facilities totaling approx. NIS 0.4 billion (approx. USD 111 million), including for the purpose of working capital and letters of credit. The loans' final repayment date is February 4, 2032 and the final repayment date of the renewable credit facility is February 4, 2030. The pace and scope of the Term Loan B changes until the final repayment date, according to a combination of a mandatory amortization schedule (1% per year) and a leverage-based cash sweep repayment mechanism ranging from 75% to 100% in cash sweep. According to the New Refinancing Agreement, the interest rate on the loan is SOFR + a 3.75% spread.

The other key terms and conditions (grounds for repayment, collateral and additional terms and conditions) in the New Refinancing Agreement are similar in essence to those of the exiting financing agreement and as accepted in agreements of this type, along with an adjustment to the requirement to hedge the minimum interest rate to 50% of the expected nominal balance of the loan for a three-year period as of the completion date of the New Refinancing Agreement and a requirement for a debt service coverage ratio of x1.10 for the 12 consecutive months. The requirement for a debt service coverage ratio is initially measured on December 31, 2025 (pro-rated) for a period as from the New Refinancing Agreement effective date and at the end of each subsequent calendar quarter. With respect to the completion of the New Refinancing Agreement, approx. NIS 288 million (approx. USD 80 million) was extended to Shore by all of its shareholders (hereinafter - the "Deleveraging Amount"), with CPV Group's share in the Deleveraging Amount being approx. USD 55 million.

Prior to completing the New Refinancing Agreement, the CPV Group entered into an acquisition agreement to increase its holding stake in Shore to 90%, as detailed in Note 24C. It is noted that, as of the report approval date, the CPV Group provided its share of the Deleveraging Amount attributable to the acquired stake.[24]

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[23] Non-recourse project financing, as accepted in agreements of this type.

[24] In consideration for increasing its above holdings, subject to its completion, the CPV Group will pay the seller an amount that is immaterial to the Company. If the stake shall not be increased as aforesaid, the share of the Deleveraging Amount attributable to that stake shall be considered a loan to the seller under the agreed upon terms and conditions.

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF MATERIAL ASSOCIATES (cont.)

Shore (cont.)

Statement of Financial Position

		As of December 31, 2024		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Cash and cash equivalents	D	49	16,098	**16,147**
Restricted cash	D	18,308	(16,098)	**2,210**
Property, plant & equipment	A, C,G	561,594	(67,979)	**493,615**
Intangible assets	C	14,151	(14,151)	**-**
Right-of-use assets	E	87,301	133,961	**221,262**
Other assets	F	100,391	-	**100,391**
Total assets		781,794	51,831	**833,625**
Accounts payable and deferred expenses	A	39,641	(2,023)	**37,618**
Long-term lease liability	E	74,384	140,865	**215,249**
Other liabilities		452,673	9,472	**462,145**
Total liabilities		566,698	148,314	**715,012**
Partners' equity	A, E,F	215,096	(96,484)	**118,612**
Total liabilities and equity		781,794	51,830	**833,624**

		As of December 31, 2023		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Cash and cash equivalents	D	48	5,400	**5,448**
Restricted cash	D	7,529	(5,400)	**2,129**
Derivatives	F	-	14,304	**14,304**
Property, plant & equipment	A, C,F	582,326	(66,842)	**515,484**
Intangible assets	C	14,699	(14,699)	**-**
Right-of-use assets	E	88,979	141,044	**230,023**
Other assets		126,619	(15,638)	**110,981**
Total assets		820,200	58,169	**878,369**
Accounts payable and deferred expenses	A	21,652	(2,615)	**19,037**
Long-term lease liability		75,775	144,152	**219,927**
Other liabilities		463,073	8,316	**471,389**
Total liabilities		560,500	149,853	**710,353**
Partners' equity	A, E,F	259,700	(91,684)	**168,016**
Total liabilities and equity		820,200	58,169	**878,369**

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF MATERIAL ASSOCIATES (cont.)

Shore (cont.)

Statements of Income and Other Comprehensive Income:

		For the year ended December 31, 2024			
		US GAAP	IFRS adjustments	Adjustments to the Group's accounting policies*	IFRS - according to the Group's accounting policies
		In USD thousand	In USD thousand	In USD thousand	In USD thousand
Revenues	B	167,618	(704)	-	**166,914**
Fuels and other	E	100,114	(15,946)	-	**84,168**
Other operating expenses	A	66,577	(5,536)	-	**61,041**
Depreciation and amortization	A, E,H	21,982	15,479	-	**37,461**
Operating loss		(21,055)	5,299	-	**(15,756)**
Finance expenses	B,E	29,107	11,537	-	**40,644**
Loss for the period		(50,162)	(6,238)	-	**(56,400)**
Other comprehensive loss	B	5,558	1,439	-	**6,997**
Comprehensive loss for the period		(44,604)	(4,799)	-	**(49,403)**

		For the year ended December 31, 2023			
		US GAAP	IFRS adjustments	Adjustments to the Group's accounting policies*	IFRS - according to the Group's accounting policies
		In USD thousand	In USD thousand	In USD thousand	In USD thousand
Revenues	B	112,217	749	-	**112,966**
Fuels and other	E	80,782	(15,947)	-	**64,835**
Other operating expenses	A	66,611	(18,196)	-	**48,415**
Depreciation and amortization	A,E	21,969	12,225	-	**34,194**
Operating loss		(57,145)	22,667	-	**(34,478)**
Finance expenses	A, E,G	27,863	8,312	-	**36,175**
Loss for the year		(85,008)	14,355	-	**(70,653)**
Other comprehensive loss	B	(14,945)	(3,783)	-	**(18,728)**
Comprehensive loss for the year		(99,953)	10,572	-	**(89,381)**

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF MATERIAL ASSOCIATES (cont.)

Shore (cont.)

Material adjustments to the statement of cash flows

		For the year ended December 31, 2024		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Loss for the period		(50,162)	(6,238)	**(56,400)**
Net cash provided by operating activities		11,635	-	**11,635**
Net cash used for investing activities	D	(526)	(5,114)	**(5,640)**
Net cash provided by financing activities		4,704	-	**4,704**
Net increase in cash and cash equivalents		15,813	(5,114)	**10,699**
Balance of cash and cash equivalents at the beginning of the period	D	48	5,400	**5,448**
Restricted cash balance at the beginning of the period	D	77,609	(77,609)	**-**
Balance of cash and cash equivalents at the end of the period	D	49	16,098	**16,147**
Restricted cash balance as of the end of the period	D	93,421	(93,421)	**-**

		For the year ended December 31, 2023		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Loss for the year		(85,008)	14,355	**(70,653)**
Net cash provided by operating activities		4,157	-	**4,157**
Net cash provided by (used for) investing activities	D	(408)	5,763	**5,355**
Net cash used for financing activities		(16,036)	-	**(16,036)**
Net decrease in cash and cash equivalents		(12,287)	5,763	**(6,524)**
Balance of cash and cash equivalents at the beginning of the year	D	39	11,933	**11,972**
Restricted cash balance at the beginning of the year	D	89,905	(89,905)	**-**
Balance of cash and cash equivalents at the end of the year	D	48	5,400	**5,448**
Restricted cash balance at the end of the year	D	77,609	(77,609)	**-**

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF MATERIAL ASSOCIATES (cont.)

Fairview

Statement of Financial Position

		As of December 31, 2024		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Cash and cash equivalents	D	43	444	**487**
Restricted cash	D	4,793	(444)	**4,349**
Property, plant & equipment	A,C	801,986	57,331	**859,317**
Intangible assets	C	25,883	(25,883)	**-**
Other assets		34,936	-	**34,936**
Total assets		867,641	31,448	**899,089**
Accounts payable and deferred expenses	A	18,501	(6,360)	**12,141**
Other liabilities		530,181	-	**530,181**
Total liabilities		548,682	(6,360)	**542,322**
Partners’ equity	A	318,959	37,808	**356,767**
Total liabilities and equity		867,641	31,448	**899,089**

		As of December 31, 2023		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Cash and cash equivalents	D	52	265	**317**
Restricted cash	D	947	(265)	**682**
Property, plant & equipment	A,C	817,316	57,540	**874,856**
Intangible assets	C	26,753	(26,753)	**-**
Other assets		80,408	-	**80,408**
Total assets		925,476	30,787	**956,263**
Accounts payable and deferred expenses	A	15,034	(5,435)	**9,599**
Other liabilities		399,165	420	**399,585**
Total liabilities		414,199	(5,015)	**409,184**
Partners’ equity	A	511,277	35,802	**547,079**
Total liabilities and equity		925,476	30,787	**956,263**

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF MATERIAL ASSOCIATES (cont.)

Fairview (cont.)

Statements of Income and Other Comprehensive Income:

		For the year ended December 31, 2024			
		US GAAP	IFRS adjustments	Adjustments to the Group's accounting policies*	IFRS - according to the Group's accounting policies
		In USD thousand	In USD thousand	In USD thousand	In USD thousand
Revenues	B	275,102	(2,854)	27,083	**299,331**
Operating expenses	A	121,590	(8,648)	27,083	**140,025**
Depreciation and amortization	A	27,485	7,062	-	**34,547**
Operating profit		126,027	(1,268)	-	**124,759**
Finance expenses	B	27,325	(5,185)	-	**22,140**
Profit for the period		98,702	3,917	-	**102,619**
Other comprehensive loss	B	8,080	(1,911)	-	**6,169**
Comprehensive income for the period		106,782	2,006	-	**108,788**

		For the year ended December 31, 2023			
		US GAAP	IFRS adjustments	Adjustments to the Group's accounting policies*	IFRS - according to the Group's accounting policies
		In USD thousand	In USD thousand	In USD thousand	In USD thousand
Revenues	B	256,103	3,898	17,660	**277,661**
Operating expenses	A	119,737	(12,985)	17,660	**124,412**
Depreciation and amortization	A	27,186	1,177	-	**28,363**
Operating profit		109,180	15,706	-	**124,886**
Finance expenses	B	24,191	(5,416)	-	**18,775**
Profit for the year		84,989	21,122	-	**106,111**
Other comprehensive loss	B	(8,032)	(9,034)	-	**(17,066)**
Comprehensive income for the year		76,957	12,088	-	**89,045**

(*) Represents adjustments to the Group's accounting policies regarding the presentation of hedging transactions regarding energy margins.

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF MATERIAL ASSOCIATES (cont.)

Fairview (cont.)

Material adjustments to the statement of cash flows

		For the year ended December 31, 2024		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Profit for the period		98,702	3,917	**102,619**
Net cash provided by operating activities		125,851	-	**125,851**
Net cash provided by (used for) investing activities	D	(11,286)	23,714	**12,428**
Net cash used for financing activities		(138,109)	-	**(138,109)**
Net increase (decrease) in cash and cash equivalents		(23,544)	23,714	**170**
Balance of cash and cash equivalents at the beginning of the period	D	52	265	**317**
Restricted cash balance at the beginning of the period	D	28,328	(28,328)	**-**
Balance of cash and cash equivalents at the end of the period	D	43	444	**487**
Restricted cash balance as of the end of the period	D	4,793	(4,793)	**-**

		For the year ended December 31, 2023		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Profit for the year		84,989	21,122	**106,111**
Net cash provided by operating activities		138,604	-	**138,604**
Net cash provided by (used for) investing activities	D	(3,967)	8,971	**5,004**
Net cash used for financing activities		(144,750)	-	**(144,750)**
Net decrease in cash and cash equivalents		(10,113)	8,971	**(1,142)**
Balance of cash and cash equivalents at the beginning of the year	D	89	1,370	**1,459**
Restricted cash balance at the beginning of the year	D	38,404	(38,404)	**-**
Balance of cash and cash equivalents at the end of the year	D	52	265	**317**
Restricted cash balance at the end of the year	D	28,328	(28,328)	**-**

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF MATERIAL ASSOCIATES (cont.)

Towantic

Statement of Financial Position

		As of December 31, 2024		
		US GAAP	**Adjustments**	**IFRS**
		In USD thousand	**In USD thousand**	**In USD thousand**
Cash and cash equivalents	D	99	8,969	**9,068**
Restricted cash	D	29,631	(8,969)	**20,662**
Property, plant & equipment	A,C	717,309	79,455	**796,764**
Intangible assets	C	47,824	(47,824)	**-**
Other assets		70,362	-	**70,362**
Total assets		865,225	31,631	**896,856**
Accounts payable and deferred expenses	A	39,630	(2,207)	**37,423**
Other liabilities		266,468	(450)	**266,018**
Total liabilities		306,098	(2,657)	**303,441**
Partners' equity	A	559,127	34,288	**593,415**
Total liabilities and equity		865,225	31,631	**896,856**

		As of December 31, 2023		
		US GAAP	**Adjustments**	**IFRS**
		In USD thousand	**In USD thousand**	**In USD thousand**
Cash and cash equivalents	D	100	1,946	**2,046**
Restricted cash	D	2,004	(1,946)	**58**
Property, plant & equipment	A,C	740,844	80,810	**821,654**
Intangible assets	C	51,333	(51,333)	**-**
Other assets		131,405	-	**131,405**
Total assets		925,686	29,477	**955,163**
Accounts payable and deferred expenses	A	14,167	(2,107)	**12,060**
Other liabilities		412,217	(105)	**412,112**
Total liabilities		426,384	(2,212)	**424,172**
Partners' equity	A	499,302	31,689	**530,991**
Total liabilities and equity		925,686	29,477	**955,163**

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF MATERIAL ASSOCIATES (cont.)

Towantic (cont.)

Statements of Income and Other Comprehensive Income:

		For the year ended December 31, 2024			
		US GAAP	IFRS adjustments	Adjustments to the Group's accounting policies*	IFRS - according to the Group's accounting policies
		In USD thousand	In USD thousand	In USD thousand	In USD thousand
Revenues	B	437,675	(18,991)	-	**418,684**
Operating expenses	A	257,262	(8,779)	-	**248,483**
Depreciation and amortization	A	28,927	6,515	-	**35,442**
Operating profit		151,486	(16,727)	-	**134,759**
Finance expenses	B	19,316	(4,222)	-	**15,094**
Profit for the period		132,170	(12,505)	-	**119,665**
Other comprehensive loss	B	(24,345)	15,102	-	**(9,243)**
Comprehensive income for the period		107,825	2,597	-	**110,422**

		For the year ended December 31, 2023			
		US GAAP	IFRS adjustments	Adjustments to the Group's accounting policies*	IFRS - according to the Group's accounting policies
		In USD thousand	In USD thousand	In USD thousand	In USD thousand
Revenues	B	380,081	19,039	15,698	**414,818**
Operating expenses	A	198,011	(8,765)	15,698	**204,944**
Depreciation and amortization	A	28,843	5,609	-	**34,452**
Operating profit		153,227	22,195	-	**175,422**
Finance expenses	B	19,317	(7,346)	-	**11,971**
Profit for the year		133,910	29,541	-	**163,451**
Other comprehensive loss	B	(4,815)	(26,455)	-	**(31,270)**
Comprehensive income for the year		129,095	3,086	-	**132,181**

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF MATERIAL ASSOCIATES (cont.)

Towantic (cont.)

Material adjustments to the statement of cash flows

		For the year ended December 31, 2024		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Profit for the period		132,170	(12,505)	**119,665**
Net cash provided by operating activities		164,646	-	**164,646**
Net cash provided by (used for) investing activities	D	(1,882)	24,159	**22,277**
Net cash used for financing activities		(179,901)	-	**(179,901)**
Net increase (decrease) in cash and cash equivalents		(17,137)	24,159	**7,022**
Balance of cash and cash equivalents at the beginning of the period	D	100	1,946	**2,046**
Restricted cash balance at the beginning of the period	D	46,767	(46,767)	**-**
Balance of cash and cash equivalents at the end of the period	D	99	8,969	**9,068**
Restricted cash balance as of the end of the period		29,631	(29,631)	**-**

		For the year ended December 31, 2023		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Profit for the year		133,910	29,541	**163,451**
Net cash provided by operating activities		122,769	-	**122,769**
Net cash provided by (used for) investing activities	D	(1,182)	34,787	**33,605**
Net cash used for financing activities		(194,648)	-	**(194,648)**
Net decrease in cash and cash equivalents		(73,061)	34,787	**(38,274)**
Balance of cash and cash equivalents at the beginning of the year	D	90	40,230	**40,320**
Restricted cash balance at the beginning of the year	D	119,838	(119,838)	**-**
Balance of cash and cash equivalents at the end of the year	D	100	1,946	**2,046**
Restricted cash balance at the end of the year	D	46,767	(46,767)	**-**

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF MATERIAL ASSOCIATES (cont.)

Below is a breakdown of the key adjustments between US GAAP and IFRS in Fairview, Towantic and Shore

A. Maintenance costs under the Long Term Maintenance Plan (hereinafter - the "**LTPC Agreement**"): under IFRS, variable payments which were paid in accordance with the milestones as set in the LTPC Agreement are capitalized to the cost of property, plant and equipment and amortized 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 profit and loss.

B. Hedge effectiveness of swaps: in accordance with the IFRS - the associates recognize adjustments relating to the ineffective portion of their cash flow hedge under profit and loss. Under US GAAP, there is no part which is not effective, and the hedging results are recognized in full in other comprehensive income.

C. Intangible assets: Under IFRS, certain intangible assets are defined as property, plant and equipment.

D. Restricted cash: There is a difference between the presentation and classification of restricted cash in the Statements of Cash Flows and in the Statements of Financial Position.

E. Right-of-use assets: In IFRS, certain contracts are classified as leases. Under US GAAP, these contracts do not meet the definition of lease contracts, and are recorded as an operating expense.

F. Certain compound financial instruments are classified in full as derivatives in IFRS. Under US GAAP, these financial instruments are bifurcated between derivatives and non-derivative financial instruments.

G. Property, plant and equipment in Shore: In Shore's financial statements the property, plant, and equipment is presented at historical cost. The adjustments to property, plant and equipment include, in addition to sections a and c above, the allocation of excess cost carried out on the acquisition date of CPV Group.