



Unofficial English translation of certain (selective) sections of the Company's 2025 Annual Report, for convenience purposes only. The complete and binding report is the official 2025 Annual Report published in Hebrew by the Company on the Tel Aviv Stock Exchange website. In case of any discrepancy, the official and full Hebrew report shall prevail.

This unofficial translation does not constitute an offer, advice or invitation to make transaction in the Company's securities

OPC Energy Ltd.

Part A

Description of the Company's Business For the year ended December 31, 2025

Table of Contents

Section	Page
Part 1 – Description of the General Development of the Company's Business	
1 Definitions	5
2 The Company's Activity and Description of the Development of its Business	7
3 Equity Investments in the Company and Transactions in its Shares	16
4 Dividend Distribution	22
Part 2 – Other Information	
5 Definitions	18
6 General Environment and Impact of External Factors on the Company's Operations	22
Part 3 - Description of the Company's Businesses in its Areas of Activity	
7 Area of activity - Israel	30
7.1 Summary of data of key projects' in the area of activity	30
7.2 General information regarding the area of activity	35
7.3 Structure of area of activity and changes occurring therein	52
7.4 Products and services	80
7.5 Breakdown of revenues from and profitability of the Company's services in the area of activity	81
7.6 Customers	81
7.7 Marketing	85
7.8 Order pipeline	85
7.9 Competition	86
7.10 Seasonality	88
7.11 Production capacity and availability	90
7.12 Property, plant and equipment, land, and facilities	93
7.13 Intangible assets	96
7.14 Raw materials and suppliers	101
7.15 Other material agreements in the area of activity	107
7.16 Legal proceedings	118
7.17 Insurance	119
7.18 Financing	119
7.19 Human Capital	123
7.20 Environmental risks and management thereof	123
8 Areas of Activity in the USA - Energy Transition and Renewable Energies	
8.1 General information regarding the areas of activity in the USA	127
8.2 Products and services	173
8.3 Breakdown of revenues in the Group's areas of activity in the USA (CPV Group)	173
8.4 Customers	173

Section		Page
8.5	Marketing	173
8.6	Order pipeline	174
8.7	Competition	174
8.8	Seasonality	175
8.9	Production capacity and availability	175
8.10	Other activities of the CPV Group	177
8.11	Property, plant and equipment, land, and facilities	180
8.12	Intangible assets	182
8.13	Raw materials and suppliers	182
8.14	Material agreements in the areas of activity	183
8.15	Legal proceedings	193
8.16	Insurance	193
8.17	Financing	193
8.18	Human Capital	204
8.19	Environmental risks and management thereof	205
8.20	Strategy and expected development of CPV Group in the coming year	206
8.21	Risk factors	207
Part 4 - Matters Concerning the Company as a Whole		
9	Human Capital	216
10	Financing	219
11	Working capital	223
12	Taxation	223
13	Environmental risks and management thereof	224
14	Material agreements	224
15	Legal proceedings	227
16	Managing information security and cyber risks	227
17	The Company’s objectives and business strategy	228
18	Expected developments in the forthcoming year	231
19	Discussion of risk factors	232

Part 1 | Description of the General Development of the Company's Business

1. Definitions

In this chapter, the following terms will have the meanings appearing beside them unless the context requires otherwise:

"OPC Israel"	- OPC Power Israel Ltd. (formerly OPC Holdings Israel Ltd.).
"OPC Power Plants"	- OPC Power Plants Ltd.
The "TASE"	- The Tel Aviv Stock Exchange Ltd.
The "Report of the Board of Directors"	- The Report of the Board of Directors on the State of the Company's Business as of December 31, 2025, attached in Chapter Two of this Report.
"USD"	- US dollar.
The "Financial Statements"	- The Company's consolidated financial statements as of December 31, 2025, attached in Chapter Three of this Report.
The "Periodic Report for 2023"	- The Company's Periodic Report as of December 31, 2023, which was published on March 12, 2024 (Ref. No.: 2024-01-021301), which is included herein by way of reference.
The "Periodic Report for 2024"	- The Company's Periodic Report as of December 31, 2024, which was published on March 12, 2025 (Ref. No.: 2025-01-016318), which is included herein by way of reference.
The "Company"	- OPC Energy Ltd.
The "Market Concentration Committee"	- The Committee for the Reduction of Business Concentration and Promotion of Competition in the Market established under the Market Concentration Law.
"NIC"	- National Infrastructures Committee.
The "Companies Law"	- The Companies Law, 1999.
The "Market Concentration Law"	- Law for Economic Competition and Minimizing Market Concentration, 2013.
The "Electricity Sector Law"	- The Electricity Sector Law, 1996.
The "Securities Law"	- The Securities Law, 1968.
"IEC" or "Israel Electric Corporation"	- Israel Electric Corporation Ltd.
"Report approval date"	- The approval date of this Report or a date proximate or prior to the publication date of this Report.

"Financial Statements Date" or "Report Date"	- December 31, 2025.
The "Commissioner"	- The Competition Commissioner.
"Noga" or the "System Operator"	- Noga - Independent System Operator Ltd., which serves as the system operator as defined in Section 1 of the Electricity Sector Regulations (Conventional Independent Power Producer), 2005.
"INGL"	- Israel National Gas Lines Ltd., a government company holding a license for the transmission of high-pressure gas.
The "Group"	- The Company and its investees, whose financial statements are consolidated with the Company's financial statements.
"Kenon"	- Kenon Holdings Ltd.
"ILA"	- The Israel Lands Authority.
The "PJM market"	- For details, see Section 8.1.2.2.A.
The "NYISO market"	- For details, see Section 8.1.2.2.B.
The "ISO-NE market"	- For details, see Section 8.1.2.2.C.
The ERCOT market	- For details, see Section 8.1.2.2.D.
The "Deed of Trust for Debentures (Series B)"	- The Deed of Trust for Debentures (Series B) of the Company, which is attached to the Company's shelf offering report, and is dated April 22, 2020 (Ref. No.: 2020-01-036220), which is included herein by way of reference.
The "Deed of Trust for Debentures (Series C)"	- The Deed of Trust for Debentures (Series C) of the Company, which is attached to the Company's shelf offering report, and is dated September 2 2021 (Ref. No.: 2021-01-076033), which is included herein by way of reference.
The "Deed of Trust for Debentures (Series D)"	- The Deed of Trust for Debentures (Series D) of the Company, which is attached to the Company's shelf offering report, dated January 18, 2024 (Ref. No.: 2024-01-006766), which is included herein by way of reference.
"CPV Group"	- CPV Group LP and its investees.
"CPV Renewables"	- CPV Renewable Power LLC.

Unofficial translation for convenience purpose only

- "OPC Power Ventures"** - OPC Power Ventures LP.
- "PPA"** - Power purchase agreement.

2. The Company's Activity and Description of the Development of its Business

2.1. General

- 2.1.1. The Company was incorporated in Israel on February 2, 2010, as a privately-held company. On July 31, 2017, the Company published a prospectus (dated August 1, 2017), by virtue of which an initial public offering was made of the Company's shares, and the Company became a publicly-traded company.
- 2.1.2. The Company is a global independent power producer (IPP) which has been initiating, building and operating power plants and electricity generation and supply facilities in an effort to lead to energy transition (a structural change in the electricity-generation mix in order to reduce carbon dioxide emissions and transition to cleaner energy) by providing energy generation and supply solutions efficiently, uninterruptedly, reliably, in an environmentally-friendly manner, combining advanced technologies and production means by using both highly efficient natural gas, renewable energies and storage. The Company's goal is to provide consumers (especially its customers) with readily available and reliable supply of electricity and energy. The Company is working to maximize the synergy arising from the generation and supply activities while diversifying and optimizing the customer mix and revenue sources.
- 2.1.3. In January 2021, the Company acquired CPV Group,¹ which was established in 1999 and engages in the development, construction and management of efficient gas-fired power plants in the United States and renewable energies, and holds projects under commercial operation, construction, and various development stages. As of the Report date, the Company has an (indirect) holding stake of approx. 70.69% in CPV Group, and as of the Report approval date its holding stake is approx. 71.09%.² The remaining interests are held indirectly by three Israeli financial investors. Upon completion of the acquisition, the Group operates in two main markets - Israel and the United States, and during the reporting year it continued to expand its activity in both areas of activity as described in this Report.

¹ For further details regarding the CPV Group's holdings, see Section 2.3.1 to the Report.

² The said rate does not include profit participation units allocated to CPV Group employees as described in Section 8.18 to this report and in Note 16C to the Financial Statements. The abovementioned rate takes into account the completion of the process of increasing the capital injection obligations by limited partners in OPC Power Ventures in the first quarter of 2026, and an increase in Company's indirect holdings due to an immaterial acquisition of some of the holding stakes of one of the limited partners, as of the Report approval date. For details, see Section 14.2.1 to the Report.

- 2.1.4. In January 2023, the Company completed a restructuring in its area of activity in Israel and executed a share exchange and investment transaction with Veridis Power Plants Ltd. (hereinafter - "**Veridis**")³ and the "**Veridis Transaction**"), such that as from the said date the Company's activity in Israel is run through the subsidiary OPC Israel, in which the Company and Veridis have an 80% and 20% stake, respectively.
- 2.1.5. For details regarding transactions signed in 2025 and completed in 2026 for acquisition of the remaining partners' holding stakes in the Shore power plant and the Basin Ranch project under construction, which upon completion will be consolidated into CPV Group and Company's Financial Statements, see Section 8.1.1.6 to the Report. As of December 31, 2025, the Company attaches to this Report the Financial Statements of Maryland, which is a material associate of CPV. As of the Report approval date, an agreement was signed to acquire the remaining ownership interests in the Maryland power plant, which, subject to its expected completion in the second quarter of 2026, will be consolidated in the Company's Financial Statements. For details, see Section 8.1.1.6A3 to the Report and Notes 23A3 and 28 to the Financial Statements.
- 2.1.6. As of Report approval date, the Company's controlling shareholder for purposes of the Securities Law is Kenon, a company incorporated in Singapore, whose shares are dual-listed and are traded on the New York Stock Exchange (NYSE) and the TASE, and which, as of the Report approval date, holds approx. 47.04% of the Company's issued share capital and voting rights therein.⁴ For details – see Regulation 21A of Chapter Four (Additional Details about the Company) to the Report.

2.2. **Summary of the Company's areas of activity**

As of the Report date, the Group is a global independent power producer (IPP) engaged in the generation and supply of power and energy in three main areas of activity, which constitute reportable segments in the Financial Statements, as detailed in the summary below:

³ To the best of the Company's knowledge, Veridis is a wholly-owned subsidiary of Veridis Environment Ltd., a publicly-traded company whose securities are listed on the TASE, and which is indirectly controlled by Delek Automotive Systems Ltd., the securities of which are also listed on the stock exchange. To the best of the Company's knowledge, Veridis Environment Ltd. consolidates OPC Israel's financial statements in its financial statements as a material associate.

⁴ It is noted that Kenon's reports include information regarding the Group in the format required of dual-listed companies traded on the New York Stock Exchange, and due to the materiality of the Company to Kenon, occasionally Kenon's annual statements (20-F) include significant agreements to which the Company is a party pursuant to the Reporting rules applicable to Kenon. For Kenon's reports – see: <https://maya.tase.co.il/company/1635>

1. **Israel (through OPC Israel)** - As part of this area of activity, the Group is engaged in the generation and supply of electricity and energy, mainly to private customers and to Noga (the System Operator), and in the development, construction and operation of power plants and energy generation facilities powered using natural gas and renewable energy co-located with energy storage in Israel.
2. **US Energy Transition (through CPV Group)** - in this segment, the Group is engaged in the operation of conventional energy power plants (gas-fired), which supply efficient and reliable electricity, and in the generation and supply of electricity and energy, mostly to the grid. As of the Report date, all power plants in this area of activity are held through associates, with various holding stakes (which are not consolidated in the CPV Group's financial statements, and accordingly - nor in the Company's financial statements). Subsequent to the Report date, a transaction to acquire the remaining stake of approx. 11% of the Shore Power Plant was completed, and as of that date, the project is wholly-owned (100%) by the CPV Group and consolidated in the Company's financial statements. As of the Report approval date, an agreement was signed to acquire the remaining ownership interests in the Maryland power plant, which, subject to its expected completion in the second quarter of 2026, will be consolidated in the Company's Financial Statements. For details, see Section 8.1.1.6A3 to the Report.
3. **US Renewable Energies (through CPV Group)** - in this area of operation,⁵ the Group engages in the initiation, development, construction and operation of renewable energy electricity generation facilities (mostly solar and wind) in the USA, and the supply of electricity from renewable sources to customers.
4. Furthermore, the Group is engaged - through CPV Group - in additional business activities in the United States which, as of the Report date and in accordance with the IFRS, do not constitute reportable segments in the Financial Statements:
 - (1) Development and construction of high-efficiency conventional energy (natural gas) projects with a future carbon capture potential.⁶ On October 28, 2025, financial closing was completed for the Basin Ranch project, a gas-fired power plant with a capacity of

⁵ Incorporated through a company held by CPV Group at a rate of approx. 66.7% (as of November 2024) and constitutes an associate (which is not included in CPV Group's financial statements, and accordingly, nor in the Company's financial statements). For details regarding the completion of an equity investment agreement in the Renewable Energy in the US Segment during November 2024, see Section 8.14.10 to the Report.

⁶ It is noted that the carbon capture process constitutes an additional separate component in natural gas projects under development/construction, which is subject to separate uncertainty and risks and is expected to be developed or executed (to the extent that it is executed) in a different schedule.

approx. 1.35 GW in Texas, and the project's construction phase commenced.⁷ On the Financial Closing Date, an agreement was signed for the acquisition by CPV Group of the remaining holding stakes in the project (30%), and on February 3, 2026, the acquisition was completed, and as from that date, the Basin Ranch project will be consolidated in the Financial Statements of CPV Group and the Company. For details, see Section 8.1.1.6 to the Report. As the Report approval date, some of the projects in this area of activity are developed by associates.

- (2) Retail operations for the sale of electricity which is designed to supplement the CPV Group's generation activities. For further details regarding retail activity, see Section 8.10(b) to the Report.

For further details regarding the Group's activity in its operating segments and in other areas of activity,⁸ see Sections 7 and 8 to the Report, and Note 25 to the Financial Statements.

Although the Company's areas of activity in the USA (including the additional activities that do not constitute reportable segments) are separate areas of activity, since they share common characteristics, they are presented together in Section 8 to the Report, for the sake of convenience and efficiency. Where a certain area of activity has different characteristics, those characteristics are disclosed accordingly.

For details regarding the Group's portfolio of projects in terms of generation capacity (including projects under development), see Section 1 to the Report of the Board of Directors.

The chapter on the Description of the Corporation's Business is submitted as part of the 2025 Periodic Report, assuming that the reader also has the other sections of the periodic report.⁹

⁷ For further details, see the Company's immediate report dated May 29, 2025 (Ref. No. 2025-01-081169). It is clarified that the project's carbon capture potential will be considered as a separate component in the future, subject to commercial and technical feasibility and to conditions which have not yet been set, and this component is not included in the financial closing and in the construction stage of the abovementioned power plant project.

⁸ It is noted that in some of the cases an additional description was provided in order to present a more comprehensive picture of the matter being addressed or the relevant business environment. The reference to reports as part of this Report includes the information included in the said reports by means of reference.

⁹ It should be clarified that, in the descriptions of the Company and its significant investees, occasionally various external data, reviews, studies or publications are included, along with data and assessments based on these reviews, studies and publications. Unless stated otherwise, the Company has not contacted the entities which published the reviews, studies, and publications in order to obtain their consent for their inclusion in this report and, in general, no independent review was made by the Company and/or the Group companies regarding the accuracy, precision and up-to-date status of the data included in the surveys, publications and studies. **The Description of the Company's Business chapter, which includes a description of the Company, its development, plans and areas of activity, includes forward-looking information, as defined in the Securities Law, the materialization of which is uncertain. Such information is based on assessments, estimates and plans regarding the Company and/or its investees, as of the Report approval date, and there is no certainty as to their materialization or manner of materialization which may be different and even materially different than that which is stated and implied in this chapter, due to, among other things, changes in market conditions**

2.3. **Structure of the Company's holdings**

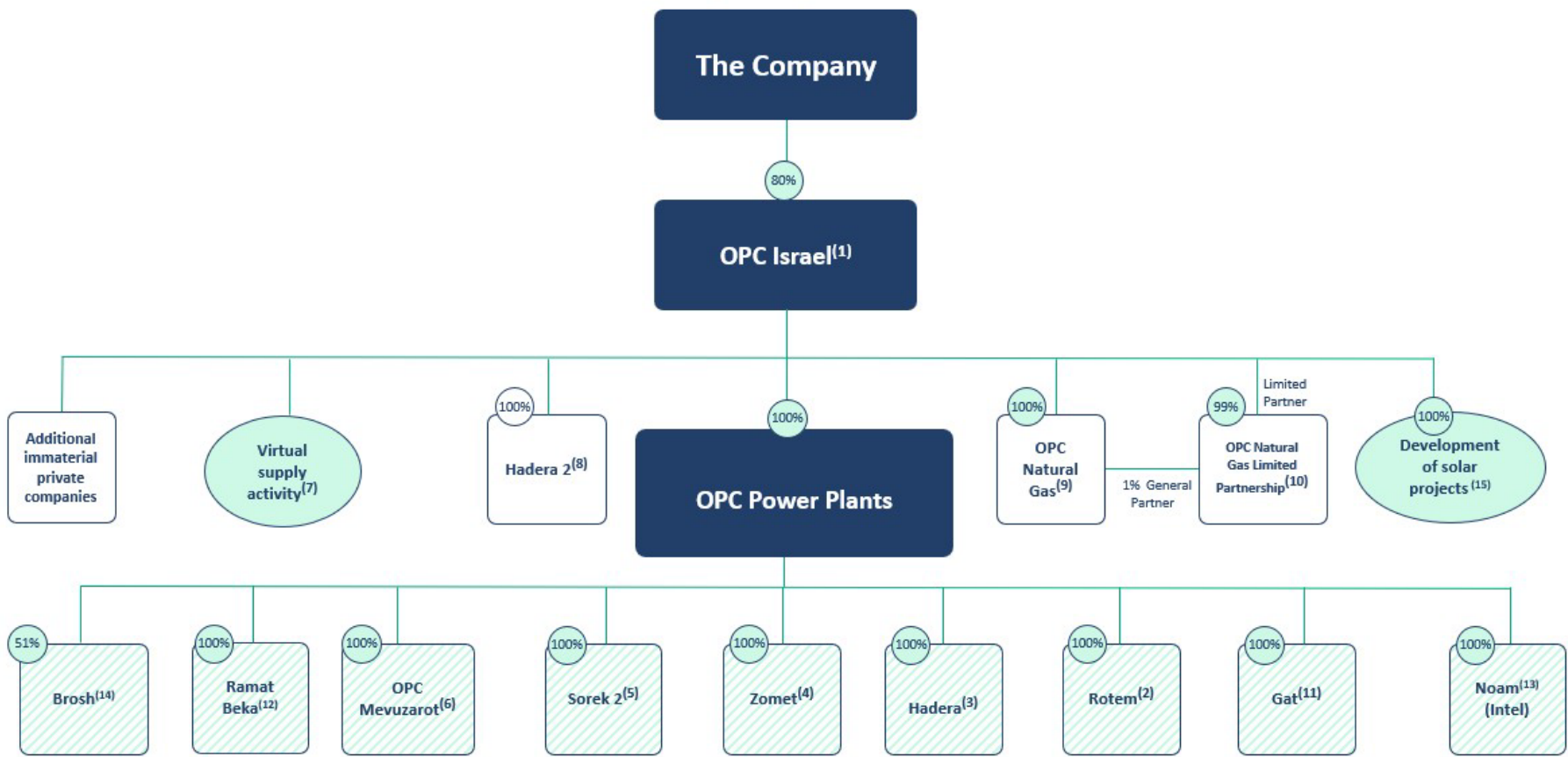
2.3.1. Set out below is the Company's main holdings and operations structure¹⁰, as of the Report approval date (the lined investees in the chart are the project companies in the Group that own the active power plants or power plants under construction or development):

(including macroeconomic changes, price changes in the energy sector), changes in government policy, regulatory factors (specifically regulators in the area of energy, licensing, planning and environmental protection), operational factors, risk factors which apply to the Company's activity and/or various factors beyond the Company's control. For the risk factors to which the Company is exposed in Israel and the USA, see Sections 8.21 and 19 to the Report.

¹⁰ Some of the holdings presented in the charts below are held indirectly through corporate structures, which are not detailed in the chart.

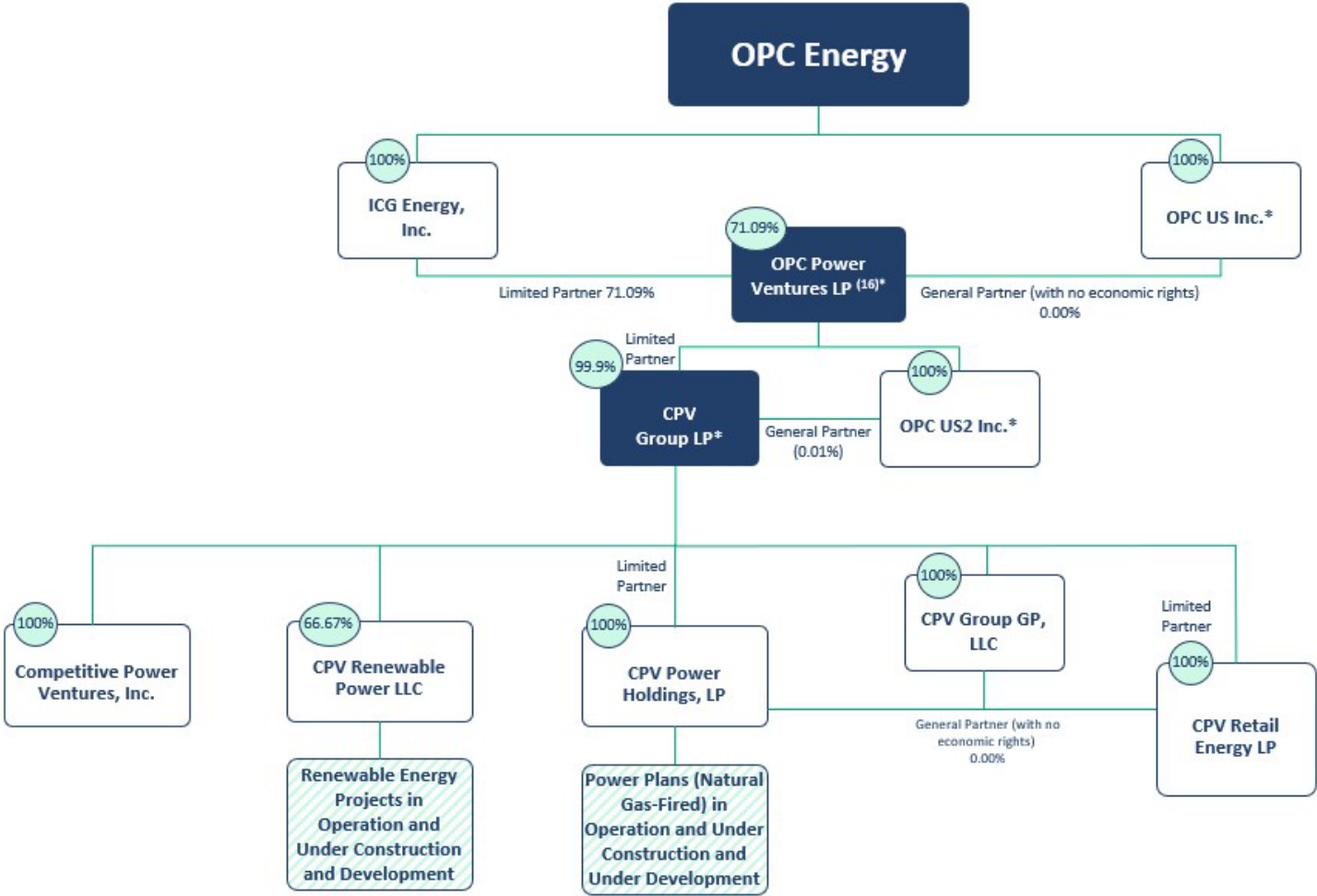
Unofficial translation for convenience purpose only

The Company's Operations in Israel



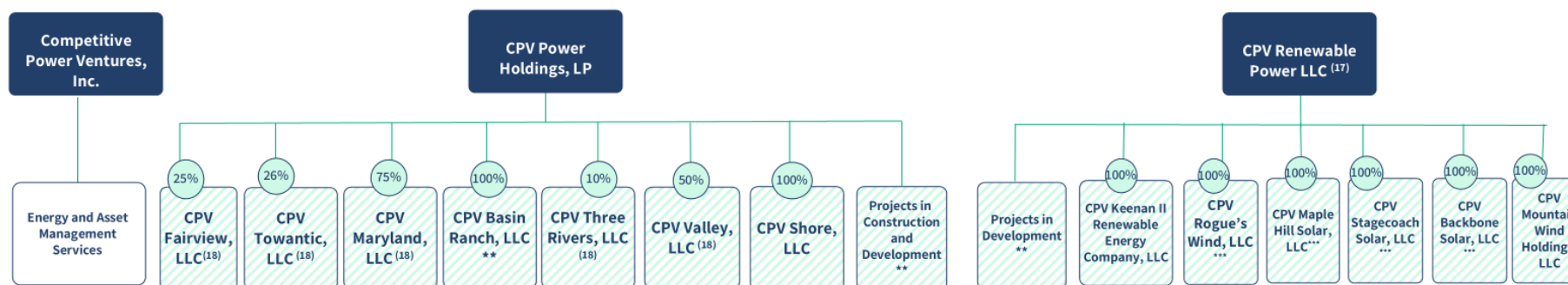
Unofficial translation for convenience purpose only

The Company's Operations in the US



Unofficial translation for convenience purpose only

The Company's Operations in the US (cont.)



* Corporations incorporated under Delaware law.

** The CPV Group has, as of the Report approval date, a pipeline of renewable energy projects in various development stages and projects under development and construction with highly-efficient conventional energy (gas-fired) projects with a future carbon capture potential. For details, see Section 8.1.1.6 to the Report. For details regarding the Basin Ranch Project, which is under construction, see Section 8.1.1.6B to the Report.

*** Subject to the interests of the tax equity partner in the project. For details, see Section 8.14.9 to the Report.

- (1) The remaining ownership stake in OPC Israel is held by Veridis.
- (2) OPC Rotem Ltd. (hereinafter - "**Rotem**") is a privately-held company holding the Mishor Rotem power plant.
- (3) OPC Hadera Ltd. (hereinafter - "**Hadera**") is a privately-held company holding the Hadera Power Plant.
- (4) Zomet Energy Ltd. (hereinafter - "**Zomet**") is a privately-held company which holds the Zomet Power Plant close to the Plugot Intersection. For details regarding Zomet Nativ Limited Partnership, see Section 7.12.2 to the Report.
- (5) OPC Sorek 2 Ltd. (hereinafter - "**Sorek 2**") is a privately-held company, which substantively completed the construction of a gas-fired energy generation facility in the premises of the Sorek B Desalination Facility, and after the facility's delivery inspections are completed, it will operate and provide the energy required for the Sorek B Desalination Facility upon completion of the delivery inspections and obtaining the permits and licenses required by law. For details, see Section 7.15.1.1 to the Report.
- (6) OPC Mevuzarot Ltd. is a privately-held company which constructs and operates energy generation facilities on consumers' premises. For details, see Section 7.3.9 to the Report.
- (7) OPC Israel has a virtual supply activity. For details, see Section 7.3.5.3 and Section 7.6.5 to the Report.
- (8) OPC Hadera Expansion Ltd. (hereinafter - "**Hadera 2**") is a privately-held company which is advancing the construction of a gas-fired power plant on land adjacent to the Hadera Power Plant. As of the Report approval date, the Company intends to transfer Hadera 2 to OPC Power Plants, subject to approvals (if required). For further details regarding Hadera 2 – see Section 7.3.12.1 to the Report.
- (9) OPC Natural Gas Limited Partnership (hereinafter - "**OPC Natural Gas**") is a limited partnership which - as part of the Group's energy production and supply activity - supplies natural gas for the Group's needs, as well as purchasing and selling natural gas to third parties.
- (10) OPC Natural Gas Ltd. is a privately-held company which serves as the General Partner of OPC Natural Gas.
- (11) OPC Partnerships Activity Gat Ltd. is a privately-held company, which has an indirect holding stake - through the existing partnerships - in the Gat Power Plant (hereinafter - the "**Gat Power Plant**").¹¹ The Gat Power Plant is a combined cycle gas-fired power plant using conventional energy in the Kiryat Gat area. For details, see Section 7.3.9 to the Report.

¹¹ Including OPC Gat Power Plant - Limited Partnership (hereinafter - the "**Gat Partnership**"), which holds the Gat Power Plant.

- (12) OPC Solar Ramat Beka Ltd. (hereinafter - "**Solar Ramat Beka**") is a privately-held special-purpose company, which is developing a consolidated solar and storage project for the construction of a renewable-energy power-generation facility using photovoltaic technology co-located with energy storage across compounds in the Neot Hovav Industrial Local Council, which are the subject matter of OPC Power Plants' winning bid in the Israel Land Authority's tenders, (hereinafter - the "**Ramat Beka Project**"); and the Company shall act to transfer the lease rights to Ramat Beka Solar, subject to ILA's approval. For details, see Section 7.3.12.2 to the Report.
- (13) OPC Noam Ltd. (hereinafter - "**OPC Noam**") is a privately-held company, which advances the development of a project for the construction of a power plant designed mainly to supply electricity to Intel's facilities in Kiryat Gat, including the facilities' expansion. For details, see Section 7.3.12.3 to the Report.
- (14) OPC Brosh Ltd. (hereinafter - "**OPC Brosh**") is a privately-held company, which advances the development of a project for the construction of a conventional power plant in partnership with Migdal Insurance. The remaining holding stakes in the special-purpose partnership which holds the project (49%), are held by Migdal Insurance. See Section 7.3.12.5 to the Report.
- (15) **Development of additional solar projects** – The Company works to develop and promote projects of solar power generation facilities using photovoltaic (and agrivoltaic) technology integrated with storage facilities in Israel as part of agreements with interest holders in land. For further details, see Section 7.3.12.4 to the Report.
- (16) **OPC Power Ventures** - a limited partnership held by ICG Energy¹² (a wholly owned subsidiary of the company, which incorporated under the laws of New Jersey) and by financial investors (as defined in Section 14.2 to the Report) (as of the Report approval date - approx. 28.91% limited partners).¹³
- (17) **CPV Renewable**- a limited liability company through which the CPV Group's renewable energy activity is held. The remaining holding stakes in CPV Renewable (33%) are held by Harrison Street, an American infrastructure private equity fund. For details regarding the projects held by CPV Renewables, see Section 8.1.1.6 to the Report.
- (18) It is noted that, as of the Report approval date, some of the above energy transition power plants are not wholly-owned (100%) by the CPV Group and there is no significant controlling shareholder therein taking into account the agreements between the holders (decision-making in each project is regulated through a partnership agreement, which regulates, among other things, the decision-making process, including a special majority. For details, see Section 8.14.1 to the Report). Generally, the partners to these power plants are international investors (which

¹² In January 2021, Kenon transferred (through a wholly-owned company) to the Company all shares of ICG Energy (in its previous name Primus Green Energy Inc.). For further details, see the Company's immediate report dated January 12, 2021 (Ref. No.: 2021-01-004822).

¹³ See Footnote 4 above.

are not related to the Group) - with the number of partners in each power plant ranging, as of the Report approval date (except for Shore, which is wholly owned (100%)), from one to four.¹⁴

¹⁴ For details regarding the agreement to acquire the remaining rights in the Maryland Power Plant, subject to terms and conditions which have yet to be met as of the Report approval date, see Section 8.1.1.6A3 to the Report.

2.4. **The nature and result of any material structural change, merger or acquisition: acquisition, sale or transfer of assets having a material scope which is not in the ordinary course of business**

Over the last few years, including the reporting year, the Company took a number of steps in Israel and in the United States under the Company's strategy to expand its activity through acquisition, development, construction and operation of power generation and supply projects (for additional information regarding the Company's targets and strategy, see Section 17 to the Report), including the following key steps:

Israel

- 2.4.1. In August 2025, NIP 20B was approved for the construction of a gas-fired power plant with capacity of approx. 850 MW on land adjacent to the Hadera Power Plant. For details regarding the approval of the plan and the preparations for the construction of the Hadera 2 Project, see Section 7.3.12.1 to the Report.

US

- 2.4.2. In April 2025, the acquisition of additional holding stakes in the Shore Power Plant was completed (a 725 MW gas-fired power plant in New Jersey) from one of the project partners after signing an acquisition agreement in October 2024. Following the abovementioned acquisition, CPV Group held approx. 89% of the interests in the project. In January 2026, the acquisition of the remaining holding stakes in the project from the remaining partner was completed further to the signing of the acquisition agreement in October 2025. Upon completion of the acquisition of the remaining holding stakes, CPV Group holds 100% of the interests in the project. For details, see Section 8.1.1.6 to the Report.
- 2.4.3. As part of the initiation, development and construction of high-efficiency conventional (gas-fired) energy projects with a future carbon capture potential, in October 2025, a financial closing of the Basin Ranch project took place and the project's construction phase commenced; Basin Ranch is a gas-fired power plant in Texas with a capacity of approx. 1.35 GW. In addition, CPV Group entered into an agreement to acquire the remaining 30% of the ownership stake of the remaining partner in the Basin Ranch project, which was completed in February 2026. For details regarding the project and financial closing (including engagement in finance agreements with Bank Leumi and Texas Energy Fund), as well as the Interests Acquisition Agreement, see Section 8.1.1.6(b) to the Report.

- 2.4.4. For details regarding the agreement to acquire the remaining rights in the Maryland Power Plant, subject to terms and conditions which have yet to be met, see Section 8.1.1.6A3 to the Report.

For further details regarding developments and changes in the Company's areas of activity, see Sections 7 and 8 to the Report.

3. Equity Investments in the Company and Transactions in its Shares

- 3.1. For details regarding equity investments in the Company and transactions in its shares in 2024 and 2025, see Notes 16B and 18 to the Financial Statements.
- 3.2. For details regarding Kenon's participation in a public offering of shares carried out by the Company in June 2025, and a transaction for the sale of Company shares by Kenon in November 2025, see the immediate reports dated June 11, 2025, June 12, 2025 (Ref. Nos.: 2025-01-041752, 2025-01-042066, 2025-01-042305) and November 19, 2025 (Ref. No.: 2025-01-089450), respectively. For details regarding the holdings of the controlling shareholder in the Company – see Regulation 21A of the Fourth Chapter (Additional Details about the Company) to the Report.

4. Dividend Distribution

- 4.1. In 2024 and 2025, the Company did not distribute dividends to its shareholders.
- 4.2. As of December 31, 2025, the Company has NIS 570,000 thousand in retained earnings.
- 4.3. In July 2017, the Company's Board of Directors decided to adopt a dividend distribution policy, whereby in every calendar year and subject to that which is stated below, a dividend will be distributed which is equal to at least 50% of the Company's after-tax net income in the calendar year preceding the dividend distribution date. The Company's Board of Directors is 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, 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 (for details about the Company's strategy, see Section 17 to the Report), all at the discretion of the Board of Directors. Therefore, taking into account the said considerations, the Company may decide not to distribute a dividend.

In this context, in March 2026, the Company's Board of Directors reiterated its decision to suspend the Company's dividend distribution policy for at least another two years, following the Company's current project pipeline and its growth strategy, while adhering to debt management considerations. After the said suspension period, the Board of Directors will discuss again the renewal of the dividend distribution policy and its adjustment to the circumstances as they will be at that time. It is clarified that the said Board of Directors'

resolution does not detract from the Board of Directors' power to assess and change this resolution, at any given time, and/or to decide the distribution of dividends (other than under the policy), taking into account, among other things, the circumstances of the matter, the provisions of the law and the above considerations, all as the Board of Directors will deem right at its discretion.

- 4.4. For details regarding restrictions on distribution which apply to the Company, including in accordance with the Company's debentures (Series B, C and D) see Section 10.6 to the Report, and Notes 14 and 15 to the Financial Statements.

It is noted that the finance agreements of Company also include restrictions on the execution of distributions by the Group's investees. As to conditions for distribution by Group companies, see Note 14 to the Financial Statements. For details regarding restrictions on distributions under the finance agreements of the CPV Group (including for the projects held by it), see Sections 8.17.4 to the Report.

Part 2 | Other Information

5. Financial Information regarding the Company's Areas of Activity

Following is a summary of the Company's financial data (consolidated, in NIS million).

For details regarding explanations with respect to the developments in the data presented in the table – see Sections 4 and 7 to the Report of the Board of Directors.

Unofficial translation for convenience purpose only

Period	Area of activity	Revenues	Cost of sales net of depreciation and amortization			Operating income before unattributed headquarters costs, depreciation and amortization and other expenses (revenues), net		Depreciation and amortization	Unattributed headquarters costs	Other revenues (expenses), net	Operating profit		Total assets attributable to the area of activity	Total liabilities attributable to the area of activity
			Fixed costs	Variable costs	Total	Attributable to the non-controlling interests	Attributable to the controlling shareholder				Attributable to the non-controlling interests	Attributable to the controlling shareholder		
2025	Israel	2,321	160	1,513	1,673	122	489	(249)	(206)	95	77	685	7,916	5,696
	US Renewable Energies ⁽¹⁾	185	44	-	44	(6)	(16)						1,863	-
	US Energy Transition ⁽¹⁾	2,898	248	1,254	1,502	161	392						3,323	-
	Other activities in the USA ⁽²⁾	470	23	413	436	(6)	(14)						1,885	1,284
	Adjustments to consolidated	(2,872)	(138)	(1,254)	(1,392)	-	-						-	-
	Consolidated - total	3,002	337	1,926	2,263	271	851						14,987	6,980
2024	Israel	2,312	177	1,472	1,649	128	511	(333)	(109)	203 ⁽³⁾	336	300	5,664	4,924
	US Renewable Energies	228	19	47	66	27	63						2,169	-
	US Energy Transition ⁽¹⁾	1,796	180	974	1,154	48	114						3,151	722
	Other activities in the USA ⁽²⁾	145	144	-	144	(6)	(10)						1,083	-
	Adjustments to consolidated	(1,702)	(108)	(974)	(1,082)	-	-						-	-
	Consolidated - total	2,779	412	1,519	1,931	197	678						12,067	5,646
2023	Israel	2,283	158	1,518	1,676	112	450	(303)	(53)	(16)	103	331	5,953	5,097
	US Renewable Energies	146	11	38	49	9	22						3,691	1,758
	US Energy Transition ⁽¹⁾	1,525	148	756	904	71	171						2,550	-
	Other activities in the US	12	22	-	22	-	(29)						415	521
	Adjustments to consolidated	(1,414)	(68)	(756)	(824)	-	-						-	-
	Consolidated - total	2,552	271	1,556	1,827	192	614						12,619	7,376

- (1) As of the Report date, the US Energy Transition Segment is operated by associates and as of the fourth quarter of 2024, the US Renewable Energy Segment also operates under an associate; for details, see Section 2.2.2 to the Report. It is noted that due to the completion of acquisitions subsequent to the Report date, it is expected that the Shore and Basin Ranch power plants will be consolidated as from the first quarter of 2026; for details, see Sections 8.1.1.6A and 8.1.1.6B to the Report.
- (2) As of the Report Date, the Group's activity in the field of providing asset and energy management services to power plants focuses mainly on power plants held by CPV Group; since 2024, this activity is no longer considered independent and is attributed to the CPV Group's headquarters.
- (3) In 2024, including gain on loss of control in the US Renewable Energy Segment totaling approx. NIS 259 million; for details see Note 23F to the Financial Statements.

6. General Environment and Impact of External Factors on the Company's Operations

Following is a description of the trends, events and developments in the general environment and the macroeconomic environment in which the Group operates and which - to the best of the Company's knowledge and assessment - have or may have a material effect on the Company's business results or developments in the Company.¹⁵

6.1. Macroeconomic, security and geopolitical conditions in the countries of operation and their regions

6.1.1. Israel

The state of the Israeli economy may impact the demand for energy, the financial position of the Group's main customers and suppliers, as well as capacity and finance costs, which - in turn - could impact the Company's activities and results. An economic downturn in Israel and a possible unfavorable impact on the economy or business sector due to any reason whatsoever could cause, among other things, a decrease in the demand for energy sold by the Company, on the activity of the Company's consumers and suppliers, as well as on the availability and cost of financing to the Company.

The security and geopolitical situation

Additionally, a deterioration of the political and security situation in Israel may have an adverse effect on the economic conditions, cause difficulties with respect to the Company's operations or damage to its assets in Israel. Security and political events, such as war or an act of terror, could cause damage to the facilities used by the Group, including damage to the facilities of the power plants, construction of the power plants and additional projects, IT systems, shortage of foreign manpower and experts, damage

¹⁵ For a description of trends, events, factors, and developments in the general and macroeconomic environment in which the Group operates in Israel and in the United States, which, to the best of the Company's knowledge and estimates, have or may have a material effect on the Group's business outcomes or developments therein and their consequences, see Sections 7 (Israel), and 8 (US Renewable Energies, US Energy Transition, and other activities in the US (hereinafter - "Other")) and in the Report of the Board of Directors. Occasionally, matters are presented whose effect on the Group is not necessarily material, in order to complete the picture and for the overall context. **The Company's assessments in connection with the developments in the general environment in which it operates and the external factors impacting its activities constitute forward-looking information as defined in the Securities Law, which is based, among other things, on analyses and estimates of the Company, publications (which the Company relies on), regulatory decisions, as well as the Company's knowledge of the markets in which it operates. The general environment and the publications and decisions of the external parties are beyond the Company's control and are not certain; as well as the Company's assessments, as stated, may not materialize or may materialize in a manner that is materially different than that estimated by the Company, as a result of, among other things, regulatory changes, changes in market conditions, factors beyond the Company's control, or materialization of one or more of the risk factors involved in its activities, including as specified in Section 19 to the Report.**

to the system for transmission of natural gas to the power plants and the grid, damage to the Company's material suppliers (such as natural gas suppliers) or material customers, thereby adversely affecting the continuous supply of electricity to customers, as well as the Company's financial robustness and its ability to fulfil its finance agreements and fulfill its commitments. In addition, political instability or public instability in Israel may also have an adverse effect on economic stability, the capital market and business sector in Israel, and consequently - on the Company's operating results, the availability of financing to the Company and the cost of such financing.

Since 2023, the State of Israel has been experiencing substantial geopolitical and security instability, both against the backdrop of domestic events and following October 7, 2023, due to security developments, with the outbreak of the Iron Swords War in the Gaza Strip and the military operations that took place as it unfolded on various fronts (hereinafter - the **"War"**). Since the outbreak of the War and until the Report approval date, fighting and security tensions intensified from time to time on other fronts, especially in the north of the country, and also in the conflicts with Iran (as detailed below) and the Houthis in Yemen. The War and security situation have led to various consequences and restrictions at different time periods, which affected the Israeli economy, including, among other things, a decline in business activity, extensive recruitment of reservists, restrictions on gatherings in workplaces and public spaces, restrictions on the activity of the education system, closure of flight routes, etc. During the War period, the restrictions are applied from time to time depending on the security situation in Israel and in the relevant conflict zones and may be imposed in view of the significant instability in the region.

Since the outbreak of the War, including during the Reporting Year and until the Report approval date, the War has had external impacts which include, among other things, travel alerts to Israel, disruption to marine shipping routes due to attacks on merchant and shipping vessels and considerably less flights by foreign airlines to and from Israel from time to time. These effects have had and may have, from time to time, an adverse effect (depending on the security developments) 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. Furthermore, the War may affect Israel's foreign relations, which may also affect the economic situation in the country and relations with foreign business entities. The War's potential effects, including events such as Iran's attacks on Israel, may have an adverse effect on the availability of insurance policies to cover the Group's assets in Israel in respect of war and terrorism risks, or on the terms of engagement in such policies.

During the reporting year, the Company renewed such insurance policies in Israel through May 31, 2026.

Meanwhile, in June 2025, there was a further deterioration in geopolitical conditions, with the outbreak of a large-scale military conflict between the State of Israel and Iran (hereinafter - "**Operation Rising Lion**"), under which, among other things, Israel sustained missile attacks from Iran, which led to the closing of Israel's airspace, a general state of emergency in the Israeli home front and a substantial escalation across the region. On June 24, 2025, a ceasefire with Iran was declared. Additionally, during October 2025, an agreement was signed, whose first stage marked the declaration of a ceasefire in the Gaza Strip. As of the Report approval date, the ceasefire in Gaza, which led to a substantial decrease in the intensity of the fighting and in the scope of attacks against Israel by terror organizations in Yemen, is being observed intermittently; however, it is unclear whether it will continue to hold, and the manner and dates in which the next phases of the agreement will be implemented is yet to be determined. Subsequent to the Report date, on February 28, 2026, there was a further deterioration in regional geopolitical conditions, upon the outbreak of a substantial large-scale military conflict between Israel and the US on the one hand and Iran on the other hand, which - according to reports - also involves Iranian attacks on other countries in the Middle East (hereinafter - "**Operation Lion's Roar**"). As part of this operation, among other things, Israel is sustaining missile attacks from Iran and Lebanon, which led to the closing of Israel's airspace, a declaration of a general state of emergency in the Israeli home front, mobilization of reservists and a further substantial escalation in the region; therefore, as of the Report approval date, the situation in Israel continues to be characterized by substantial geopolitical uncertainty.

Following is a summary review, by topic, of the assessment of the main potential effects of the War and unstable geopolitical environment on the Group's business activities in Israel in accordance with the known facts and circumstances, as of the Report approval date: It is noted that as of the Report approval date, given that Operation Lion's Roar has only recently started, there is no full certainty as to the operation's full effects and implications on the Group's activity (if any) and the Company is unable to assess them:

- 6.1.1.1. Continuity of the power plants' activity - During the War, the Group's power plants in Israel continued to generate electricity by virtue of the provisions of their generation licenses and in accordance with the guidance of the relevant entities and Ministry of Energy and Infrastructures (hereinafter - the "**Ministry of Energy**"). As in the case of most business and private activities in Israel, the Group's sites may be exposed to physical damage due to the War; in that

respect, it is noted that in addition to the rights conferred under the Property Tax and Compensation Fund Law, 1961, the Group's companies in Israel (Rotem, Hadera, Gat and Zomet) have purchased policies providing certain coverage, in accordance with the amounts and under the terms and conditions set forth in the policies, for certain types of damage due to terror acts and war. The scope of coverage as well as the deductibles set in the policies are within the range currently accepted in the market for power plants in Israel.¹⁶ It should be noted that the activity of the Company's power plants in Israel is subject to guidance issued by the Ministry of Energy's Security and Cyber Division with regard to cyber protection of power plants. Moreover, the Group takes a multidimensional approach to protect the production facilities from cyber-attacks, in particular protection against infiltration of external threats, protection against insider attacks by parties who have access to the power plants' command and control networks (suppliers, technicians, etc.) and creation of capabilities for monitoring and identifying cybersecurity incidents in real time. There is no certainty that such defensive measures and actions will completely prevent cyber-attacks or breaches, the risk of which is higher due to the War.

In addition, due to the closing of Israel's airspace, and restrictions imposed from time to time due to the state of war, delays may occur in the arrival of foreign experts and teams who execute scheduled and unscheduled maintenance work in the Company's operational power plants, which may have an adverse effect on the power plants' availability and generation capacity. It is noted that, due to Operation Lion's Roar, force majeure notices were received from suppliers and contractors alongside limited availability of work teams and foreign experts at the activity sites in Israel, including the Sorek 2 (see below) and Hadera sites (with respect to malfunction).

- 6.1.1.2. Continuity of natural gas supply to the power plants – The Group's power plants in Israel purchase sufficient natural gas to meet all of their operational needs. During the reporting year, the Group companies in Israel engage in long-term

¹⁶ As is generally accepted in policies of this type in Israel, the insurance coverage is subject to exclusions, deductibles and terms and conditions. Accordingly, it is uncertain that the insurance coverage will compensate the Company for the all damages it will sustain (in whole or in part) in the event of damage to its facilities (if any). In addition, there is no certainty as to the policies' renewal terms (if they are renewed). For details regarding the risk factors embodied in insurance, see Section 19.2.10 to the Report.

substantial natural gas purchase agreements with the Tamar Group¹⁷ and with Energean PLC (hereinafter - "**Energean**") (for further details, see Section 7.14.5 to the Report and Note 26C to the Financial Statements). The ongoing operation of the gas reservoirs may be affected by a deterioration in Isarel's security situation. It is noted that natural gas shortage or disruption to the supply of natural gas from the Karish Reservoir (specifically, without implementing compensatory arrangements under Covenant 125 as detailed in Section 7.3.13.2.5 to the Report) has an adverse effect (potentially even a material adverse effect) on the Company's natural gas costs, contingent on, among other things, the duration of the shutdown and the conditions in the general gas market in Israel.

During Operation Rising Lion, the natural gas reservoirs (including Energean's Karish Reservoir) were fully shut down and natural gas for the Group's power plants was purchased primarily from the Tamar Reservoir (which was shut down for a relatively short period) alongside limited use of diesel fuel. During Operation Lion's Roar, all gas rigs (including the Karish Reservoir) were shut down for varying periods of time; as of the Report approval date, the Tamar Reservoir resumed operations after several days of shutdown, while the Karish Reservoir has not yet resumed operations (see above for possible effects on the Company).

It is also noted that the Rotem, Hadera and Zomet power plants are dual-fuel electricity producers (i.e., they can operate using both natural gas and diesel fuel with the required adjustments).¹⁸ As of the Report approval date, the power plants have stocked up on diesel fuel. For further details, see Section 7.2.7 to the Report. The Company is making preparations for a sustained impact on the gas suppliers' activity, including limited use of diesel fuel in the Company's power plants where necessary.

6.1.1.3. Demand for electricity, especially by the Group's customers - It is noted that the Group's customers (including material customers as stated in Section 7.6.6

¹⁷ To the best of the Company's knowledge, as of the Report approval date, the Tamar gas reservoir is held by Tamar Petroleum Ltd., Mubadala Energy RSC Ltd., Alon Gas Development and Energy Ltd., Chevron Mediterranean Limited, Isramco Negev 2 Limited Partnership, Tamar Investment 2 Limited Ltd.; and the following interested parties have holding stakes in Tamar Petroleum: Eliyahu Azur, State Oil Company of the Azerbaijan Republic, Aharon Frenkel, and Mordechai Ben Moshe.

¹⁸ The Gat Power Plant is a gas-fired single-fuel power plant, which is eligible to the capacity tariff as stated in Section 7.13 of the Report. In accordance with Covenant 125, as detailed in Section 7.3.13.2.5, a producer shall also be deemed as having capacity in certain cases of natural gas shortages set in the covenant, but there is no certainty that such arrangements will apply under actual circumstances (if any).

to the Report) have facilities in Israel which may be exposed to physical damage or to economic and other effects of the War, and their continued normal activity (and accordingly the Company's revenues therefrom) may also be adversely affected by the War. As stated above, during Operation Rising Lion, there was a certain decline in demand for power, which was temporary and caused by the suspension of economic activity during the operation and by physical damage to the production facilities of a major industrial customer (which resumed operations as of the Report approval date). With regard to Operation Lion's Roar, in view of the state of emergency declared in Israel, consumption had declined to a certain extent in the first few days; however, the full impact of the operation on the Company's customers and/or its revenues (if any) are not yet clear.

- 6.1.1.4. Continuity of project construction – the construction of the Group's projects in Israel requires the arrival of equipment foreign teams to the country, which is subject to disruptions if restrictions are imposed on Israel's airspace or travel alerts due to security conditions. In addition, due, among other things, to the above, during Operation Rising Lion force majeure notices were received from suppliers and contractors mainly with respect to the Sorek 2 project, which was under construction. In addition, during Operation Lion's Roar, the construction contractor announced the evacuation of teams from the Sorek 2 site, whose construction has been substantially completed and, which is currently under the inspection stage. For details, see Section 7.15.1.1 below. As stated, additional maintenance contractors issued force majeure notices due to Operation Lion's Roar.
- 6.1.1.5. Financial robustness and liquidity - If the Company's ability to generate cash from operating activities in Israel is adversely affected to a significant extent, due to, among other things, the materialization of one of the risks listed above, its financial resilience may be adversely affected and so does its ability to comply with the provisions of Group companies' finance agreements, including the debentures and its ability to utilize credit facilities. It is further noted that prior to the reporting year, certain rating agencies downgraded Israel's credit rating and the credit rating of Israeli banks. In the reporting year Israel's credit rating was not revised by the various rating agencies; however, the rating outlook assigned by some of them remained negative and subsequent to the reporting year other agencies upgraded it to stable. The downgrade of Israel's credit rating and, accordingly, the downgrade of Israeli banks' credit rating may

affect the terms and availability of credit or guarantee facilities to be used in the Group's activity. Notwithstanding the abovementioned risks, during the reporting year the Israeli capital market demonstrated resilience and recorded price increases. It is noted that during 2025 the Company issued capital and took on debt in Israel (for details, see Notes 15 and 18 to the Financial Statements) to finance its operating activities and continued growth.

As of the Report approval date, until Operation Lion's Roar shortly before the Report approval date, the War did not have a material effect on the Company's operating results. In addition, given that Operation Lion's Roar started shortly before the Report filing date, its full effects on the Company (if any) are not yet clear and the Company is unable to assess them. As a rule, there is significant uncertainty regarding the security situation in Israel over time. There is also significant uncertainty as to the full ramifications of the War on macroeconomic and financial factors in Israel, in the long term. For further details, see Section 2B to the Report of the Board of Directors:

As a group operating in Israel, the War, the reigniting of the War on other fronts, the expansion of the War and/or escalation of the security situation and internal security situation in Israel may adversely affect on the Group's activity, results and liquidity, including due to such effects impacting material suppliers and customers of the Group and/or engagement terms and conditions therewith (such as maintenance contractors, gas suppliers, equipment suppliers and construction contractors, including global suppliers and potential suppliers) and/or macroeconomic factors and the capital market. Such effects may apply both at the level of the Company's projects in Israel (costs and availability of gas, maintenance of operational projects, construction work in projects, which are not yet operational and advancement of projects under development) and at the level of the Company's overall business activities. For further details regarding the risk factors to which the Company is exposed, including due to risks associated with the security situation in Israel, instability in and/or access to the capital market and macroeconomic changes, see section 19 to the Report.

6.1.2. United States

In addition to the situation in Israel, the economic situation across the world and specifically in the US market may impact the demand for energy and energy prices (in particular, natural gas and electricity) in the US which, in turn, could impact the CPV Group's activities and results. In addition, the political conditions in the United States,

and changes therein, both at the federal and at the state level, may affect the applicable regulation, government and regulators' policies (including the regulators in the various power markets in the United States) and reforms in the energy sector or in the US economy as a whole. In addition, changes to commercial agreements and the imports tariff policy applicable to the importation of raw materials and products to the US may affect the costs of equipment required for the CPV Group projects.¹⁹ In addition, changes in regulation and cuts to the benefits applicable to renewable energies from 2025 affect the activities of CPV Group in this area of activity. Furthermore, policies in the power industry promoted by the US government may affect CPV Group's activities in other areas of activity. For further details, see Section 8.1.3 to the Report and Section 3A to the Report of the Board of Directors.

In light of the US's participation in Operation Lion's Roar, as stated above, the operation may also have internal implications for the US (on the federal government and economic levels), as well as broad global implications (short-term or long-term), as well as implications for the capital and commodity markets and the energy market in particular. As of the report date, these implications are not clear.

For details regarding risk factors in the Group's operations in the USA, see Section 8.21 to the Report.

6.2. **Changes in the macroeconomic environment including changes in the consumer price index, inflation and interest rates**

Criteria such as changes in the consumer price index and in the inflation and interest rates have a significant impact on the macroeconomic environment in Israel and the US, as well as on the business environment in which Group companies operate, which is affected, among other things, by prices of energy, electricity and natural gas, tariffs in the Israeli electricity sector, cost of construction of projects, finance costs, etc. For details regarding the effects - on the Company - of changes in the Consumer Price Index, the Bank of Israel and the Federal Reserve's interest rates, the exchange rate in the reporting year and inflation, see Section 11 to the Report of the Board of Directors and Note 21 to the Financial Statements.

6.3. **Availability and cost of credit**

¹⁹ The statements made above in this section include forward-looking information, as defined by the Securities Law, which is based solely on the Company's assessments as of the Report approval date, which are exposed to uncertainties and changes beyond the Company's control. Policy and/or legislation changes by the US administration and/or executive orders may adversely affect the advancement of projects and/or benefits available to projects (specifically renewable energy projects), and the costs of equipment, services, and transportation for projects and power plants in the United States. In addition, such changes may entail macro effects on the markets in which the Company operates.

Changes in the cost of financing and its availability and the amount of credit available in the bank and non-bank systems affect the activity of the Group as well as the energy sector and its profitability. An economic downturn in Israel and around the world, or a decline in the scope in economic activity may impact the availability and costs of credit on the market, and accordingly - may have an adverse effect on the Company's liquidity, projects' profitability, the ability to realize the growth strategy, etc., and vice versa. The capital market is also a source for raising funds to finance and expand the Company's business activity, by issuing debentures and raising capital, and accordingly - the Company is affected by changes and accessibility to the capital market, by macroeconomic and other factors which affect the liquidity of the Israeli capital market in general, and by the energy sector in particular. For share and debt issuances carried out by the Company in the reporting year, see Section 10 to the Report.

6.4. **Regulation**

As a rule, electricity and energy activities are regulated and supervised by the relevant regulators in each country and affected by government policies. Accordingly, various legislative and regulatory processes in the Company's countries of operation have a significant impact on the Company's operations and results. As of the Report approval date, in Israel, the Company's results depend, to a significant extent, from the generation component determined by the Israeli Electricity Authority as stated in Section 7.2.3 to the Report, and the Company's activity in this field is affected by the provisions of the law relevant to this field, including the resolutions of the Israeli Electricity Authority. The CPV Group's US operations (including using renewable energy and natural gas) are subject to the provisions of US law, to compliance with the terms and conditions of the licenses granted to the CPV Group's projects and power plants, to obtaining approvals, and to local, state and federal regulatory arrangements (including in connection with the holding, acquisition and/or transfer of rights in the Company and/or in the CPV Group). It is noted that these regulatory arrangements may also apply in the context of the encouragement of competition in this area. In addition, regulatory processes affect the electrical grid and natural gas infrastructure (including connection to infrastructures and the grid). The change of administration in the US in 2025 has led to political and regulatory changes in the energy sector and in the country's economy, including the issue of executive orders, policy changes and new reforms, which affect the projects under development and the Company's business environment (for further details, see Section 6.1.2 to the Report). Changes in regulation, in the policies of governments and regulators or their approach to the interpretation of regulation may have different effects on the power plants owned by the Group or on the power plants which the Group intends to develop as well as on the viability in the construction of new power plants. Regulatory arrangements may also affect the field of electricity supply. Furthermore, the Group's activities in Israel and the US are subject to and affected by legislation and regulation aimed at

increasing environmental protection and mitigating damage from environmental hazards, including reducing emissions. For further details, see Sections 7.20, 8.19, 13 and 19 to the Report.

6.5. **Energy and electricity tariffs**

The Group's activity is affected by changes in the electricity tariffs and capacity tariffs for US-based power plants and by the electricity tariffs, including those set by the Israeli Electricity Authority (including changes in the structure of the tariff), as set out in Sections 8.1.3 and 7.2.3, to the Report, respectively, as well as in Section 3A to the Report of the Board of Directors.

6.6. **Natural gas and renewable energies**

As part of the Group activity for generating efficient and continuous electricity which supports energy transition, natural gas constitutes the main fuel used by the Group's active power plants in Israel and in the United States in the Energy Transition area of activity. Therefore, the Group is affected by changes in the natural gas market (including prices, availability, competition, demand, regulation) in the markets in which it operates. For details regarding the natural gas market in Israel and the Group's activities therein, see Sections 7.2.7 and 7.14 to the Report. For details regarding the US gas sector, see Section 8.1.3.4 to the Report and Section 3A to the Report of the Board of Directors.

In the past two years, there has been a clear trend of expected growth in demand for power, which the Company believes arises mainly from a combination of weather and global trends, including an increase in demand for power by server farms to support the increasing use of AI and the continued electrification of industry and transportation, with the understanding that power generation using natural gas under the energy transition trend is necessary to support the abovementioned expected growing increase in demand.²⁰ Furthermore, in recent years, the introduction of renewable energies has also been on the rise, in view of, among other things, targets set by regulators, incentives and ESG trends among investors and other stakeholders - which affect the demand for renewable energies. As part of this trend, existing and potential investors, and also other stakeholders (consumers, employees, credit providers, etc.), take into

²⁰ The above statements regarding the increase in demand for power and the assessments as to the drivers of such increase in demand constitute forward-looking information, the materialization of which or manner of materialization which is uncertain. Such trends are affected by various events such as the weather, technological developments, global consumption trends and regulatory changes or changes in government policies which affect such factors. In addition, there is no certainty that the demand for power (to the extent that it increases) will actually affect the Company's operating results, inter alia due to the materialization of one or more of the risk factors to which the Company is exposed as stated in Section 19 to the Report.

account ESG considerations relating to environmental, social and corporate governance aspects, as part of their investment and business policies, including with respect to the provision of credit.

6.7. **Changes in exchange rates**

The Company's activity is affected from changes in exchange rates, mainly the USD exchange rate. For further details, see Section 11 to the Report of the Board of Directors and Note 21 to the Financial Statements.

Part 3 | Description of the Company's Businesses in its Areas of Activity

7. Area of activity - Israel

7.1. Summary of data of key projects' in the area of activity

As a general introduction to the description of the Israel area of activity, and for purposes of an overview of the Company's activities in Israel as of the Report approval date, following is a summary of the details of the main projects through which the Company operates in the Company's area of activity in Israel. The projects in Israel are wholly-owned (100%) (directly or indirectly) by OPC Israel:

Following are the definitions of the projects' stages in the area of activity:²¹

"Projects under commercial operation"	-	Projects whose construction or acquisition have been completed, are connected to the electrical grid and provide it with electricity, entitling the Group to receive revenues therefrom.
"Projects under construction"	-	Company projects under construction, or Company projects where commencement of actual construction work is expected in the near future.
Natural gas-fired projects		
"Projects under advanced development"	-	Projects which - according to the Company's assessment - are expected to commence construction within two or up to three years (taking into consideration the project's characteristics, such as relevant regulation, required regulatory approvals, commercial arrangements for the sale of energy from the facility, etc.).
"Projects in initial development stages"	-	Projects for which land rights have been secured (or are in the process of being secured) or government approval has been obtained to advance a national infrastructure plan, and for which the Group is working to obtain the permits and approvals required for construction.
Renewable energy projects		
"Projects under advanced development"	-	Projects which - according to the Company's assessment - are expected to reach the construction phase within two years considering, among other things, the relevant regulation, connection to the grid, statutory plan and required regulatory approvals.

²¹ The definitions of the development stages may vary according to the specific characteristics of each project, such as location, land interests, technology, scale, regulation, etc.

Unofficial translation for convenience purpose only

"Projects in initial development stages"	-	Projects in respect of which the Group has an interest in the land and is working to obtain the permits and approvals required for their construction.

Unofficial translation for convenience purpose only

7.1.1. Power plants under commercial operation - Following are key details regarding power plants under commercial operation (whose results are consolidated in the Company's financial statements):

Power plant/ energy generation facilities	Capacity ²² (MW)	Presentation method of the Company's financial statements	Location	Type of project / technology	Year of commercial operation
Rotem	466	Consolidated	Mishor Rotem	Natural gas, combined cycle	2013
Hadera ²³	144	Consolidated	Hadera	Natural gas - cogeneration	2020
Zomet	396	Consolidated	Plugot Intersection	Natural gas, open-cycle	2023
Gat	75	Consolidated	Kiryat Gat industrial park	Natural gas, combined cycle	2019 (acquired in 2023)
Energy generation facilities on the consumers' premises	45 (Of which 10 are in various trial run and operational stages) ²⁴	Consolidated	On consumers' premises across Israel	Natural gas and renewable energy (solar)	2024-2025

Virtual supply - as of the Report approval date, OPC Israel holds a Virtual Supply License to customers; for further details regarding the Company's activities under the abovementioned license, see Section 7.3.5.3 to this Report.

²² As stipulated in the relevant generation license.

²³ Furthermore, Hadera holds the Energy Center (boilers and a turbine on the site of Infinya Plants Ltd., which serves as backup for the supply of steam from the Hadera Power Plant. For details, see Section 7.12.2 to the Report.

²⁴ It is hereby clarified that the commercial operation stage of the consumer-sited facilities may vary from one facility to another, in accordance with each onsite facility's characteristics. As of the Report approval date, the Company has facilities with a capacity of approx. 10 MW, which are either under construction or undergoing post-construction delivery inspections (most are gas-fired facilities and some are solar), with commercial operation expected in 2026. In addition, the Company has additional storage projects under development, totaling approx. 290 MW/h. For further details regarding the operation of customer-sited production facilities, including the assessment of the option of selling the activity, see Section 7.3.10 to the Report. **The information pertaining to projects which are not yet operational, including with respect to the expected commercial operation date, technology and/or expected capacity - including expected storage capacity, constitutes forward-looking information as defined in the Securities Law, which is based, inter alia, on the Company's assessments as of the Report approval date, and regarding which there is no certainty it will materialize (in whole or in part). For details regarding forward-looking information on projects under development and construction, see the footnote in Section 7.1.2 below.**

7.1.2. Projects under construction and development²⁵

Main details regarding projects under construction in Israel:

Power plants / energy generation facilities	Status	Capacity (MW)	Location	Technology	Date / expected commercial operation date	Main customer / consumer
Sorek 2	Construction has been substantively completed; under pre-commissioning delivery inspections	Approx. 87	On the premises of the Sorek B seawater desalination facility	Natural gas-fired - cogeneration	2026 ²⁶	Onsite consumers and the System Operator

²⁵ The information regarding projects which are not yet operational (including projects under construction and projects at advanced and initial development stages), including with respect to the expected development stages, construction or operation date, technology and/or expected capacity, constitutes forward-looking information as defined in the Securities Law, which is based, inter alia, on the Company's assessments as of the Report approval date, and regarding which there is no certainty it will materialize (in whole or in part). The completion of the aforesaid projects (or any of them) may not materialize or may materialize in a manner which is different than that stated above, due to, among other things, various factors, including ones which are beyond the Company's control, including completion of construction and connection works, securing of a connection to the grid and transmission of electricity from project sites and/or connection to infrastructures (including gas infrastructures), receipt of permits, completion of planning and licensing procedures, completion of construction work, final costs of development, construction, equipment and purchase of interests in land, the proper state of the equipment, force majeure events and/or the terms of engagements with key suppliers (including financing entities) - the manner of fulfillment, extent of effect or final terms and conditions of which is uncertain. In practice, technical, operational and/or other delays and/or malfunctions and/or increase in costs and/or other changes may occur, due to, among other things, factors as stated above, or as a result of the materialization of one or more of the risk factors to which the Company is exposed, including construction risks (including "force majeure" events, the War and its ramifications), regulatory, permit-related or planning risks, macroeconomic changes, delays in obtaining permits, delays/faults in executing delivery inspections, or ensuring connection to the grids and infrastructures, delays and higher costs associated with supply chains, changes in raw material prices, etc. For further details regarding risk factors, see Section 19 to the Report. It is further clarified that delays in completion of the above projects beyond the original scheduled date or non-execution thereof for any reason whatsoever are subject to higher costs or loss of expenses and payments (including by virtue of agreements entered into by the projects) and/or could impact the ability of the Company and Group's companies to comply with their obligations to third parties (including under guarantees provided), such as authorities, permit terms and conditions, financing entities, consumers, suppliers, etc. in connection with the projects, and/or causing the Company to incur additional charges, pay compensation (including forfeiture of guarantees or advance payments) or be the target of legal action (including by virtue of the guarantees provided). It is hereby clarified that the characteristics (including the capacity) of projects under advanced and preliminary development stages, respectively, whose promotion is subject, among other things, to planning, licensing and connection securing procedures are subject to changes, and in view of their preliminary stages, it is not certain that the projects in development stages will be promoted and/or executed (all or any).

²⁶ The expected completion date for the activation may be postponed even further than the above, due to, among other things, a delay in completing the testing or construction of the desalination facility, delays in obtaining permits or completing inspections - which have yet to be received as of the Report date, delay in the arrival of equipment, force majeure events, and materialization of risk factors to which the Company is exposed, including delays related to the War or its effects. For further details regarding the Sorek 2 facility, see Section 7.3.11 to the Report. For details regarding the facility's construction and equipment purchase agreements, see Section 7.15.1.1 to the Report.

Unofficial translation for convenience purpose only

(*) For details regarding the total investment cost in projects as of December 31, 2025, see Section 6A1 to the Report of the Board of Directors.

Key details regard projects under construction in Israel:²⁵

Power plants / energy generation facilities ²⁷	Status	Expected capacity (MW)	Location	Technology	Further details
Ramat Beka	Advanced development	Approx. 550 (plus estimated storage capacity of up to approx. 3,850 MW/h) ²⁸	Neot Hovav Local Industrial Council	Photovoltaic co-located with storage	For details regarding the project, see Section 7.3.12.2 to the Report.
Hadera 2	Advanced development	Approx. 850	Land adjacent to the Hadera Power Plant	Natural gas, combined cycle	For details regarding the project, see Section 7.3.12.1 to the Report.
Solar and storage projects	Initial development	Agreements totaling approx. 0.5 GW (plus an estimated storage capacity of up to approx. 2.5 GW/h)	Kibbutzim/Moshavim	Photovoltaic co-located with energy storage, including agrivoltaic	For further details, see Section 7.3.12.4 to the Report.
Intel	Initial development	Approx. 450-650 MW, according to the company's estimate; as of the Report approval date - approx. 600 megawatts)		Natural gas, combined cycle	For details regarding the project, see Section 7.3.12.3 to the Report.

Development of a natural gas project under an engagement with Migdal - OPC Brosh is promoting the development, construction and operation of gas-fired power plants in the area designated in the Government Resolution entitled Promoting Energy Security for the

²⁷ Companies consolidated in the Company's Financial Statements.

²⁸ As of the Report approval date, the Company is conducting technical feasibility assessments alongside an economic optimization analysis regarding the option of increasing the solar capacity to up to 600 MW plus estimated storage capacity of up to 4,200 MW/h.

Israeli Electricity Sector²⁹ (hereinafter - "**Resolution 2282**"), as part of a partnership with Migdal Insurance. For details, see Section 7.3.12.5 to the Report.

²⁹ For further details regarding Government Resolution No. 2282, see Section 7.2.10 to the Report.

7.2. General information regarding the area of activity

7.2.1. The Israeli electricity market – Overview

Electricity Generation and Supply in Israel

In general, the Israeli electricity sector is divided into several segments reflecting different stages of the electricity supply chain - from the generation stage to the sale to the end customer: the generation segment;³⁰ the transmission segment (transmitting electricity from generation facilities to switching stations and substations through the electricity transmission grid); the distribution sector (transmitting electricity from substations to consumers through the distribution grid including high voltage and low voltage lines), the supply sector (sale of electricity to private customers) and System Operator. Subject to restrictions under the Electricity Sector Law, activity in each of the segments requiring a relevant license.

In accordance with the Electricity Sector Status Report for 2024, the installed electricity production capacity in Israel (of the IEC and independent producers), was approx. 17,735 MW without renewable energies, and approx. 6,870 MW of renewable energies. According to publications of the Israeli Electricity Authority, in 2024 demand for electricity increased by 4.4% (calculated annually). Thus, according to the Electricity Sector Report, in 2024 the sectoral generation amounted to 80.4 TW/h; in 2030, the annual generation forecast is expected to stand at 94.6 TW/h.³¹

7.2.2. Key players in the Israeli electricity sector

The Israeli electricity market includes a number of key players – the Israeli Electricity Authority, the IEC and Noga, the Ministry of Energy, independent power producers and suppliers and electricity consumers, as detailed below.

7.2.2.1. **The Ministry of Energy and the Israeli Electricity Authority**

The Ministry of Energy is in charge of the energy and natural resources sectors in the State of Israel, including electricity, fuel, cooking gas, natural gas, energy conservation, oil and gas exploration, etc. The Minister of Energy has powers under

³⁰ In accordance with the Electricity Sector Law, electricity storage also constitutes activity requiring a license in accordance with the terms set out in law.

³¹ Electricity Sector Status Report for 2024, the Israeli Electricity Authority (hereinafter - the “**Electricity Sector Report**”). It is clarified that the abovementioned regarding the electricity sector in Israel includes the Company's assessments and data which are based, among other things, on government policies, publications and publicly-available reports of the Israeli Electricity Authority and relevant players in the Israeli electricity market, which are beyond the Company's control. The projections incorporated herewith from the Electricity Sector Report constitute forward-looking information, as defined in the Securities Law, the materialization of which is uncertain, mainly, among other things, due to factors beyond the Company's control.

the Electricity Sector Law, including regarding licenses and policy setting on matters regulated under the Law.

The Israeli Electricity Authority reports to the Ministry of Energy and operates in accordance with its policy. In accordance with the Electricity Sector Law, the Israeli Electricity Authority has the power to issue licenses and to supervise license holders (including private license holders), to set tariffs and covenants for the level and quality of services required from "essential service provider" license holders. Accordingly, the Israeli Electricity Authority supervises both the IEC and Noga as well as independent power producers and suppliers.

According to the Electricity Sector Law, the Israeli Electricity Authority is authorized to determine the electricity tariffs in the market (including the Generation Component), as stated, inter alia, in Section 7.2.3 to the Report.

7.2.2.2. **IEC and Noga**

IEC - In accordance with the Electricity Sector Report for 2024, IEC supplies electricity to most of the customers in Israel in accordance with licenses granted to it under the Electricity Sector Law, and transmits and distributes almost all of the electricity in Israel. In general, IEC is responsible for the installation and reading of the electricity meters of electricity consumers and producers and for transfer of the information to Noga and suppliers in accordance with the decisions of the Israeli Electricity Authority.

Noga (the System Operator) – a government company which is in charge of managing the electricity system's generation and transmission segments, including constant balancing of supply of and demand for electricity, planning the transmission system - including, among other things, drawing up a development plan for the transmission and generation segments, conducting connection surveys for generation facilities, trading in electricity - including setting market prices and executing agreements for purchase of capacity and energy from independent power producers.³²

Pursuant to the Electricity Sector Law, the IEC and Noga are defined as an "essential service provider" and as such, they are subject to the covenants and tariffs set by the Israeli Electricity Authority.

7.2.2.3. **independent power producers and suppliers**

³² Resolution 59203 of the Israeli Electricity Authority:
https://www.gov.il/BlobFolder/policy/59203/he/Files_Hachlatot_59203.pdf

The operations of independent power producers and suppliers, including construction of private power plants and sale of electricity, are regulated, including under the Electricity Sector Regulations (Conventional Independent Power Producer, 2005 (hereinafter - the "**IPP Regulations**") and the Energy Sector Regulations (Cogeneration), 2004 (hereinafter - the "**Cogeneration Regulations**"), as well as under the rules, resolutions, decisions, arrangements, and covenants of the Israeli Electricity Authority. It is noted that regarding certain matters, unique regulation applies to Rotem under the Tender, which was consolidated in multiple respects in 2024 (as the case may be) with the regulation applicable to generation facilities authorized to conduct bilateral transactions as stated in Section 7.3.6 to the Report.

Electricity Sector Regulations (Terms and Procedures for Granting a License and Obligations of License Holders), 1997 (hereinafter - the "**Licenses Regulations**") include provisions and conditions on issuing licenses, rules for using them and the obligations applicable to a license holder.

Independent power producers

According to the Electricity Sector Status Report, as of 2024, independent power producers (including the Company's power plants), including those using renewable energy, that operate in Israel have an aggregate generation capacity of approx. 15,770 MW, constituting approx. 64% of the total installed generation capacity in the country (for further details, see Section 7.2.9.1 to the Report). As per the Electricity Sector Report for 2024, at the end of 2030, the market share of the independent power producers, including renewable energies, is expected to stand at approx. 78% of total installed capacity in the sector. In generation terms, in 2030 the market share of the independent power producers (including the Company's power plants), and including renewable energies, is expected to amount to approx. 79% of the total generation in the market³⁰.

Noga is committed to purchasing electricity availability and/or electricity from independent power producers at the rates and under the terms and conditions set out in the Law (as for Rotem - as stated in Section 7.15.6.1 to the Report), and the IEC is committed to connect the facilities of independent power producers to the distribution and transmission grid and to provide utility services so as to allow the supply of electricity to customers as part of private transactions).

The regulatory arrangements applicable to independent power producers were set while distinguishing between the different generation technologies they use and the various levels of voltage they will be connected to (according to installed capacity).

Following are the main electricity generation technologies used by independent producers in Israel relevant to the Company's activity as of the Report date:

- A. Conventional and cogeneration technology – electricity generation using power plants powered by fossil fuel (natural gas and diesel fuel as backup). As of December 31, 2024, the total installed capacity with these technologies which is in the hands of independent producers, is approx. 8,600 MW³⁰. Gas-fired combined cycle generation facilities are planned to be operational during most hours over the year. Conventional open-cycle power plants (hereinafter - "**peaker power plants**") are generally planned to operate for a number of hours during the day; these power plants are operated when the demand for electricity exceeds the supply - whether due to demand peaks, as backup in case of malfunctions in other generation facilities, or as a supplement when solar energy is unavailable – whether in the early morning hours or after dark. Regarding the main regulations relating to conventional technologies – see Section 7.3.3 to the Report.

Electricity using cogeneration technology is generated using facilities which produce energy from a single - both electricity and useful thermal energy (steam). For details, see Section 7.3.3.3 to the Report.

- B. Renewable energy – electricity generated from, among other things, the sun, wind, water or waste. In January 2026, the Israeli Electricity Authority published a comprehensive work for public comment, which recommended to increase the renewable energy production targets to 35% in 2035, instead of the previous target of 30% in 2030.³³ For further details, see Section 7.3 to the Report. As of the end of 2024, the installed capacity of renewable energy facilities was approx. 6,890 MW, with actual generation constituting approx. 14.6% of total actual consumption in Israel in 2024. As part of the Report on the Status of the Renewable Energy Targets in the Electricity Sector in 2024, the Israeli Electricity Authority reviewed the main points of progress in the renewable energy market, and stated that at the end of 2024 the rate of actual consumption of renewable energy in the Israeli economy was 14.7%. The rate of renewable energy installed capacity out of total capacity in Israel as of the end of 2024 was 27.2%.³⁴

³³ Hearing entitled Setting Renewable Energy Power Generation Targets for 2035, published on January 19, 2026, at: https://www.gov.il/he/pages/shim_2035

³⁴ Status Report – Renewable Energy Targets in the Electricity Sector - 2024: https://www.gov.il/BlobFolder/reports/yehadeie/he/Files_pirsumim_doch_yaad_mithadshot_2024.pdf

C. Energy storage – this is possible through a range of technologies, including, among others, pumped storage, mechanical storage (e.g. - compressed air) and chemical storage (e.g. - batteries). As of the Report approval date, based on the electricity system's planning paper,³⁵ the use of this technology is immaterial; however, it is expected to increase significantly in the forthcoming years due to the need for storage facilities as a result of the expected increase in renewable energies, among other things. Based on the study conducted by the Israeli Electricity Authority,³⁶ compliance with the renewable energy target by 2030 will require the building of storage facilities with a capacity of thousands MW/h, as a function of the technology's maturity and economic feasibility. The Company is working to integrate energy-storage facilities into its asset portfolio, including, among other things,, in the Ramat Beka solar project, and in other solar projects currently in the planning stages.

Independent power suppliers

Electricity suppliers operate under supply licenses, by virtue of which they are permitted to sell electricity to consumers in accordance with the terms and conditions of the licenses and regulations applicable to them. As part of the Electricity Sector Reform,³⁷ it was determined that the supply segment will be gradually opened to competition. In this context, in recent years, the Israeli Electricity Authority passed several resolutions, including to issue supply licenses to virtual suppliers (with no means of production, in addition to the existing conventional suppliers, which received supply licenses in addition to their electricity generation activity), to regulate the purchase - from Noga - of electricity by suppliers and producers on the distribution grid for the purpose of selling it to consumers; it published capacity tenders for the purchase of availability certificates from Noga for the purpose of selling electricity to consumers and regulating the option available for household consumers to switch to independent suppliers regardless of the installation of a smart meter (for further

³⁵ Electrical sector planning document for December 2024: <https://www.noga-iso.co.il/media/j4nb2ke2/%D7%AA%D7%9B%D7%A0%D7%95%D7%9F-%D7%9E%D7%A9%D7%A7-%D7%94%D7%97%D7%A9%D7%9E%D7%9C-1224.pdf>

³⁶ Increasing renewable energy electricity generation targets for 2030: https://www.gov.il/he/departments/publications/reports/2030_final.

³⁷ In 2018, the Government Resolution was received with respect to the matter of the Electricity Sector Reform and the restructuring of the IEC (Government Resolution No. 3859), and an amendment to the Electricity Sector Law (Electricity Sector Law (Amendment No. 16 and Temporary Order), 2018 was published (hereinafter - the "IEC Reform"). Further to the IEC Reform, among other things, the system management activity was moved from IEC to Noga, the Alon Tavor, East Hagit and Eshkol (the sale of which was completed in June 2024) generation sites were sold, and competition in the supply segment has intensified through a series of decisions and policies by the Minister of Energy to fully open the supply segment to competition.

details see Section 7.3.5.3 to the Report).³⁸ In accordance with the above, independent power suppliers' penetration into the supply segment continued during the reporting year, including by contracting with business entities to supply electricity to households. For details regarding the main competitors in the independent electricity supply segment, see Section 7.9 to the Report. For details regarding the Company's engagements in agreements for the supply of power to domestic customers, see Section 7.6.

7.2.2.4. **Electricity consumers**

Electricity consumers are the main engine of the electricity sector; their consumption dictates the required scope of development. In accordance with the Electricity Sector Report, approx. 74.9 TW/h was consumed in 2024, of which approx. 23.8 TW/h by household consumers, 19.5 TW/h by commercial consumers, 15.3 TW/h by industrial consumers and the rest by other consumers. The Company believes that the measures taken by the Israeli Electricity Authority as stated in Section 7.9.2 to the Report, following which all consumers (including households) may switch to independent suppliers, will raise consumers' awareness and increase the number of consumers switching to independent suppliers.

7.2.3. **The Generation Component and changes in IEC's cost**

In accordance with the Electricity Sector Law, the Israeli Electricity Authority determines the tariffs charged by the IEC, including the rate of the electricity generation component (hereinafter - the "**Generation Component**"), in accordance with the cost principle³⁹ and the other considerations provided for in the Electricity Sector Law, as applied by the Israeli Electricity Authority. The Generation Component is based, inter alia, on the IEC's fuel costs, comprising mainly of the IEC's gas and coal costs (for details regarding the Excise Tax on Fuel Ordinance entering into effect, see Section 7.2.8 below), the costs of purchasing electricity from independent producers and the IEC's capital costs and is affected among other things, by the Israeli Electricity Authority's policy on classification of costs to either the Generation Component or the IEC's system costs.⁴⁰

³⁸ Resolution 68807 of the Israeli Electricity Authority:
https://www.gov.il/BlobFolder/policy/68807/he/Files_Hachlatot_68807.pdf

³⁹ Section 31(a) of the Electricity Sector Law.

⁴⁰ System costs collected from all consumers in the sector. These costs include system calibrating costs, collection services, related arrangements in the electricity sector and administrative costs (hereinafter - "**System Costs**"). It is noted that the electricity tariff published by the Israeli Electricity Authority includes a number of components, among others, the transmission infrastructure, the distribution infrastructure, the system component and the Generation Component. To the best of the Company's understanding, in case of a private

It is noted that the generation component may also vary in accordance with other IEC expenses and revenues; in the reporting year it was affected by additional factors, such as consideration from the sale of power plants. As from 2026, the generation component will be affected by IEC's and Noga's actual costs, as detailed below in the price band mechanism under the new tariff structure.

As a rule, under private engagements involving the Company's active generation facilities in Israel, as of the Report date, the Company charges the load and time tariff⁴¹ (hereinafter - the **"DSM Tariff"**), net of a discount in respect of the Generation Component. As of the Report date, since the electricity price in the agreements between Rotem, Hadera and Gat (and of the generation facilities) and their customers is impacted directly by the Generation Component (such that a decrease in the Generation Component would generally lower profitability and vice versa), and since the annual Weighted Generation Component is the linkage base for the natural gas price in accordance with the gas supply agreements of the Group companies in Israel (subject to a minimum price), the Company is exposed to changes in the Generation Component and the components and costs which may affect it. In addition, the Company is exposed to changes in the methodology for determining the Generation Component and recognizing the IEC's costs by the Israeli Electricity Authority. It is noted that, in general, an increase in the Generation Component has a positive effect on the Group's results and vice versa.⁴² For further details, see Section 2A to the Report of the Board of Directors:

The summer on-peak (August) high-voltage tariff for 2025 indicates that the Generation Component in 2025 accounted for approx. 88% of the TAOZ. In addition, the DSM Tariff includes system costs at the rate of approx. 10% and public utilities at the rate of approx. 2%.

transaction - with the exception of the Generation Component (which is generally charged at a certain discount and kept by the independent power producers or suppliers) - all other components are also charged under the private electricity sale transaction at the same rate published by the Israeli Electricity Authority and transferred directly to the IEC and System Operator.

⁴¹ The DSM Tariff is a load and time use rate set by the Israeli Electricity Authority, based on various electricity prices, by season, and in accordance with various hours of the day. In Israel, electricity prices vary according to season (summer, winter, fall or spring) and the demand hours cluster (on-peak and off-peak) - i.e., according to the hour of the day. For details regarding the demand hours clusters as from 2023, see Section 7.10 to the Report. For the tariffs published by the Israeli Electricity Authority, see: https://www.gov.il/BlobFolder/policy/63609/he/Files_Hachlatot_63609.pdf.

⁴² It is clarified that, in accordance with the tariff it charges, Zomet is not exposed to changes in the Generation Component.

On January 1, 2025, the Israeli Electricity Authority's resolution regarding the annual update of the tariff for 2025 came into effect.⁴³ For further details, see Section 2A to the Report of the Board of Directors:

Revision of the electricity tariff structure

In November 2024, the Israeli Electricity Authority published a call for proposals on proposed changes to the tariff structure, which specified proposed updates to the principles for determining tariffs for Israel Electric Corporation consumers and suppliers, in view of the changes in the electricity sector, as reviewed by the Israeli Electricity Authority therein (in this subsection: the **"Call for Proposals"**).⁴⁴ The call for proposals focuses on three main proposals: (1) A proposal to change the methodology for determining the Generation Component such that it will be determined based on a variable component based on the SMP (System Marginal Price - the competitive market price) plus a normative fixed component to be determined by the Israeli Electricity Authority using a shadow pricing model or based on actual economic costs; (2) A proposal to apply an economic signaling mechanism of pricing external costs of emissions such that it will be part of the marginal cost; (3) Proposal to update the tariff automatically and more frequently according to the changes in the measures. According to the Call for Proposals, the proposals may be implemented gradually or comprehensively.

Following on the call for proposals, in September 2025, the Israeli Electricity Authority published a hearing entitled Revision of the Tariff Structure for Electricity for Consumers of Israel Electric Corporation, in which the Israeli Electricity Authority proposed to partially implement the change outlined in the call for proposals and, among other things, to determine that: The structure of the Generation Component will be modified such that, as from January 1, 2026, the Generation Component will be split into a fixed component and a variable component, based on the 2025 tariff costs (without incorporating the MCP or pricing of external emission costs at this stage). As stated in the explanations, the bifurcation of the components was designed, among other things,

⁴³ Resolution 70004 of the Israeli Electricity Authority: <https://www.gov.il/he/pages/70004>

⁴⁴ Israeli Electricity Authority's call for proposals: Proposal for changes in the tariff structure: https://www.gov.il/he/pages/kk_shinuyim_tariff

to prepare the sector for a future segregation between them, should it be decided at a later stage that the variable component will be based on the MCP price.⁴⁵

In December 2025, the Israeli Electricity Authority published its resolution entitled Revision of the Electricity Tariff Structure.⁴⁶ Under the resolution, the Israeli Electricity Authority implemented some of the changes, which were proposed in the call for proposals, and noted that some of them will be implemented in the future. Among other things, under the resolution, the Generation Component's structure was split into a fixed component and a variable component without applying the MCP⁴⁷ - under the variable component and without pricing the external costs of emissions at this stage. Additionally, the resolution prescribes a starting-point tariff for each of the segments based on the 2025 tariffs and a mechanism was set for automatic revisions to the tariffs, without obtaining the approval of the Israeli Electricity Authority's plenum, every six months (on January 1 and July 1), from January 1, 2026 to December 31, 2028 (hereinafter - the "**Tariff Period**"). The said tariff revision mechanism, which is based on measures and coefficients detailed in the resolution - such the exchange rate and consumer price index - and is designed to provide certainty and transparency during the Tariff Period. In order to ensure that the tariff does not substantially deviate from the actual costs, the Authority has set a price band mechanism designed to enable a tariff revision when differences exceed a certain amount (NIS 750 million for the IEC and NIS 350 million for Noga and additional bands for each segment of activity and the IEC and Noga jointly, in accordance with a cost control which the Authority will carry out at the end of each year.

The Israeli Electricity Authority notes that by the end of 2028, it will publish a resolution on revision of the tariff structure for the following years; it further notes that during 2026 the Israeli Electricity Authority is expected to discuss the revision of the generation and system-segment tariffs set in this resolution, from a three-year perspective.⁴⁸

⁴⁵ Hearing entitled Revision of the Tariff Structure for Electricity for Consumers of Israel Electric Corporation of September 30, 2025 (as revised on November 5, 2025), at: https://www.gov.il/he/pages/shim_idkun_shnati_09_2025

⁴⁶ Resolution No. 72806 entitled Revision of the Electricity Tariff Structure, of December 11, 2025, at: <https://www.gov.il/he/pages/78206>

⁴⁷ Marginal clearing price, i.e., the marginal cost calculated on a half-hourly basis by the System Operator. The original call for proposals referred to SMP, and currently the System Operator is working to revise the methodology, with the new methodology referred to as MCP (for details regarding the public comment on methodology for determining SMP published by the System Operator, see Section 7.3.1.2 to the Report)

⁴⁸ **The Company's assessments regarding the effect of the above resolutions and the manner of determining the Generation Component and the costs on which it is based, the effect of changes in the Generation Component on the Company's activity and profitability, constitute forward-looking information as defined by the**

In December 2025, the Generation Component for 2026 was set at approx. 28.90 agorot (subject to periodic revision as stated above), given a NIS/USD exchange rate of 3.3. For further details, see Section 2A to the Report of the Board of Directors:

For details regarding definitions of seasonality and demand hours clusters in accordance with the Israeli Electricity Authority's resolution, see Section 7.10 to the Report. Regarding the seasonal effects on the Company's operating results of in Israel, see also Section 2 to the Report of the Board of Directors.

Effect of changes in foreign exchange rates on the Generation Component and natural gas prices in accordance with the agreements

In its area of activity in Israel, the Group is exposed to changes in exchange rates. For details on the effect of changes in exchange rates on the Company, see Note 21A3 to the Financial Statements and Section 11 to the Report of the Board of Directors. It is noted that, as of the report year, the Generation Component (within its meaning above) is set, in part, in accordance with the IEC's fuel costs (mainly coal and gas), which are denominated in USD and, accordingly the Generation Component is partly affected by changes in foreign exchange rates.

The price of natural gas in accordance with Rotem's natural gas supply agreement with the Tamar Group is linked in part to the USD exchange rate and is subject to a minimum incremental USD price. It is noted that when the gas price is equal to the Minimum Price in the Rotem Agreement, the Company has greater exposure to changes in the exchange rate of the USD vs. the NIS, compared with a situation wherein the price of natural gas exceeds the said Minimum Price.

The price of the natural gas in the Hadera and Gat agreements is denominated in USD and, therefore, it has full exposure to changes in the currency exchange rate, subject to a minimum incremental USD-denominated price.⁴⁹ In addition, the price in the Energean

Securities Law, which is based on initial assessments in accordance with the Company's understanding and as of the Report date only, with respect to the arrangements included in the resolutions, the materialization of which is uncertain. The actual resolutions may vary from time to time and the effects may be different, due to, among other things, market conditions, changes which affect the proposed tariff components, regulatory changes or factors affecting the electricity market and/or the final arrangements to be set insofar as they take effect by the applicable regulator, which are beyond the Company's control.

⁴⁹ It should be noted that in 2025, the gas price in Hadera and Gat's gas agreement was under the minimum price for 6 months, such that they paid the minimum price, and for 6 months - their price exceeded the minimum price. In addition, in 2026, if the Generation Component will not change, the gas price under the Hadera and Gat agreement is expected to exceed the Minimum Price, which stands at the lowest tier. **The statements made above include forward-looking information, as defined in the Securities Law, the materialization or the manner of materialization of which are uncertain, and which depends, among other things, on factors beyond the Company's control, including changes in the exchange rate and Generation Component, including changes in the USD/NIS exchange rate.**

agreements is fully linked to the USD. The gas price in Sorek 2's natural gas agreement is denominated in USD (for details, see Section 7.14.6 to the Report).

In addition, if the price of gas is equal to the Minimum Price in the Rotem Agreement, reductions of the Generation Component will not lead to lower costs for the natural gas consumed and will have an adverse effect on the Group's profitability. In 2025, the gas price in the Rotem Tamar agreement was above the Minimum Price during most of the year. Given the USD's exchange rate environment as of the Report approval date, and according to the annual update of the Generation Component for 2026, the price of gas is expected to exceed the Minimum Price in 2026 (provided there are no changes to the Generation Component).

It is noted that the Company's estimates in connection with the effect of changes in the exchange rate and/or Generation Component on the Company's activity in Israel and on natural gas prices and its scaling in the relevant agreements include forward-looking information as defined in the Securities Law, which is affected by, among other things, foreign exchange rate changes or the Generation Component and/or government resolutions or resolutions of the Israeli Electricity Authority which may affect the Generation Component.

7.2.4. Regulation governing the Company's activity in Israel

The Company's activities in Israel are affected by changes in the provisions of the law, which include, among others, the following: The Electricity Sector Law - which includes, among other things - provisions regarding licensing of the various electricity sector activities and players, provisions regarding essential service license holders and requirements thereof, as well as provisions pertaining to the Israeli Electricity Authority, its composition, powers and roles (for details, see Section 7.2.2 to the Report) and the regulations promulgated thereunder, Government policies and resolutions, covenants and decisions of the Israeli Electricity Authority, decisions of the Ministry of Energy, the Natural Gas Sector Law, 2002 (hereinafter - the "**Natural Gas Sector Law**") and decisions of the Natural Gas Authority and the Natural Gas Council, the Economic Competition Law, 1988 (hereinafter - the "**Economic Competition Law**") and decisions of the Israel Competition Authority, the Market Concentration Law, the Companies Law and the regulations promulgated thereunder, as well as regulation pertaining to business licensing, planning and building and environmental protection. For information regarding environmental risks, the regulation which applies to the Company for this area

of activity and the risk factors in respect thereof – see Sections 7.2, 7.3 (including 7.3.13), 7.20 and 19 to the Report.

7.2.5. Market Concentration Law

7.2.5.1. **Sectoral concentration**

According to the Market Concentration Law, upon issuance of a right (as defined in the Market Concentration Law, including an Electricity Generation License in certain capacities) and when determining the terms and conditions for this right, the entity granting the right (which in the Company's area of activity is primarily the Israeli Electricity Authority, the Minister of Energy or IEC) must take into account, in addition to every other consideration it is required to address, considerations of the advancement of competition in the sector. In the event that the interest is listed in the list of rights issued by the Commissioner, for purposes of sector's market concentration considerations (hereinafter - "**List of Rights**"), the entity granting the right may not grant the said right except after taking into account advancement of competition in the sector and consulting with the Competition Commissioner.⁵⁰ In addition, pursuant to the Market Concentration Law, an entity which is authorized by the applicable law to issue the right to determine rules in its matter, is permitted, after it took into account sectorial business competition considerations to determine rules regarding issuance of the interest that could boost sectorial competition. Regarding the license included in the list of rights (including an electricity generation or storage license above a certain capacity, all as provided in the list of rights), and to the extent the rules were provided in consultation with the Concentration Commissioner and in accordance with the provisions of the Market Concentration Law, the entity granting the right is permitted to issue the right even without consultation with the Commissioner.

For details regarding the Electricity Sector Regulations (Promotion of Competition in the Generation Segment) (Temporary Order), 2021 (hereinafter - the "**Market Concentration Regulations**"), including with regard to the capacity attributed to the Company and Group of which it is a member under the sectoral concentration rules, see Section 7.2.6 to the Report.

7.2.5.2. **Aggregate concentration**

⁵⁰ The list of rights published by the Competition Commissioner on August 1, 2024:
https://www.gov.il/BlobFolder/legalinfo/concentrightlist2024/he/concentration_%D7%A8%D7%A9%D7%99%D7%9E%D7%AA%20%D7%96%D7%9B%D7%95%D7%99%D7%95%D7%AA%200824.pdf

In addition, in accordance with the sectoral concentration consideration under the Market Concentration Law, upon issuance of a right to a concentrated entity (an entity included in the list of the concentrated entities which is prepared in accordance with the Market Concentration Law), the party issuing the rights must take into account aggregate concentration considerations while consulting with the Market Concentration Committee, as defined in the Market Concentration Law. As of the Report approval date, the Group is included in the list of concentrated entities under the Israel Corporation Ltd. group (hereinafter - the "**Israel Corporation**") (despite the fact that Israel Corporation has no holdings in the Company, including for purposes of aggregating the electricity generation activity of other companies of the Israel Corporation group (including ICL Group Ltd. (hereinafter - "**ICL**")⁵¹ with the electricity generation activity of the Company, Kenon and the Company's subsidiaries for the purpose of aggregate concentration.⁵² The list of concentrated entities also includes Mr. Idan Ofer, who is the beneficiary in a trust which indirectly holds Kenon, as a concentrated entity, and also includes under the Israel Corporation Group (which is held indirectly by the abovementioned trust) other companies defined as concentrated entities. Pursuant to the Market Concentration Law, the abovementioned regarding aggregate concentration considerations applies - in accordance with the Market Concentration Law - in a case of a request for a generation license for the building and operation of a power plant with a capacity of more than 175 MW which is connected to the transmission grid.

In January 2019, a plan was drawn for expansion of the Company Group's activities (hereinafter - the "**Idan Ofer Group**" as defined by the plan) in the area of electricity generation from an aggregate concentration perspective (hereinafter - the "**Market Concentration Plan**"). The Market Concentration Plan is intended, among other things, to allow the Market Concentration Committee to notify the Israeli Electricity Authority that it sees impediment for allowing, from an aggregate concentration perspective, the Idan Ofer Group to receive additional electricity generation licenses up to the capacity

⁵¹ Which holds, to the best of the Company's knowledge, various generation licenses in power plants built on the premises of ICL's plants (and to the best of the Company's knowledge, some of their capacity is used for own consumption). For details regarding the capacity attributed to the Group to which the Company belongs, see Section 7.2.6 to the Report.

⁵² List of concentrated entities in accordance with the Market Concentration Law:
https://www.gov.il/BlobFolder/unit/centralization_decrease_committee/he/Vaadot_ahchud_CentralizationDecreaseCommittee_GormimRikuzim_List-new.pdf.

provided for in the sectoral concentration plan;⁵³ however, this is conditional upon meeting the terms and conditions outlined in the Plan.

Under the Market Concentration Plan, terms and conditions were provided relating to restriction on holding in an entity having influence in the media and print media by Mr. Idan Ofer, companies under his control and companies held by him and a prohibition against serving in a position in such an entity – all subject to, and in accordance with, the terms and conditions and rates provided for in the Market Concentration Plan.

It was further provided in the Market Concentration Plan that if, despite the abovementioned, the Idan Ofer Group will have a holding in breach of the Market Concentration Plan (hereinafter in this subsection – "**Breach**"), Mr. Ofer will be required to take action in order to rectify the Breach immediately, including by selling the holding which is causing the Breach, as stated, subject to any applicable law. In accordance with the Market Concentration Plan, if the Idan Ofer Group is unable to divest the holdings causing the Breach, as stated, the Idan Ofer Group will be required to sell all its holdings in the Company, and to complete the sale within two years from the commencement date of the Breach. According to the consultation plan of the Market Concentration Committee, as stated above, it will be valid for 8 years. Furthermore, it was noted in the Plan which the abovementioned terms and conditions apply to the Group's activities in the area of electricity generation from an aggregate concentration perspective, and do not detract from the powers outlined in Chapter C of Part B of the Market Concentration Law, or from the powers of the Commissioner pursuant to the Economic Competition Law; it was also noted that any doubt regarding the interpretation or application of the Plan, will be brought before the Market Concentration Committee, which will decide the matter.

For further details, also see the Company's immediate reports dated January 2, 2019 (Ref. No.: 2019-01-00820) and April 1, 2019 (Ref. No.: 2019-01-029679).

7.2.5.3. Additional provisions of the Market Concentration Law

⁵³ In accordance with the position of the Israel Competition Authority on sectoral competition, as revised from time to time. On the date on which the Company's Market Concentration Plan was put in place, reference was made to the Principles Paper on Consultation for Sectorial Competition in the Sale of a Generation Site, published by the Israel Competition Authority in September 2018 (as revised in January 2020); for details regarding the said 2020 Principles Paper see Section 7.2.10.3 to the Periodic Report for 2023 and in the link: Principles Paper on Consultation for Sectorial Competition in the Sale of the Generation Sites (amended and revised as of January 2020): <https://www.gov.il/he/pages/opiniondirect-consultdocprod2020>. For details regarding the Market Concentration Regulations set after setting the consultation principles in consultation with the Commissioner, see Section 7.2.6 to the Report.

After having been included in the list of significant non-financial corporations in previous years, in the list of non-financial corporations as of February 2025, the Company and Kenon are no longer defined as significant non-financial corporations as per the Market Concentration Law. As a rule, a significant non-financial corporation (as well as the holders of the means of control therein) is subject, among other things, to various restrictions by virtue of the Market Concentration Law, mainly restrictions on holding significant financial entities, and restrictions on holdings of significant financial entities in significant non-financial corporations, as well as restrictions on cross-tenure as a director in a significant non-financial corporation and a significant financial corporation.

Furthermore, upon becoming a publicly-traded company and as long as Kenon constitutes a reporting corporation in accordance with the Securities Law, in accordance with the Market Concentration Law, the Company constitutes a "Second Tier" company and therefore may not control a "different tier company" as defined in the Companies Law. As of the Report date, such a provision restricts the Group's ability to list securities of the Company's subsidiaries for trading on the Stock Exchange.

7.2.6. Provisions of the Market Concentration Regulations

As stated above, the Market Concentration Regulations, promulgated by the Minister of Energy after consulting the Competition Commissioner, were published in December 2021; the regulations were published under a temporary order for three years, such that they expired in 2024 and a new temporary order and/or new regulations on the matter have yet to be published. Pursuant to the Market Concentration Regulations, a person will not be granted a generation license or approval in accordance with Sections 12 or 13 of the Electricity Sector Law if following the issuance, the person will hold generation licenses or connection commitment for gas-fired power plants the total capacity of which exceeds 20% of the planned capacity for this type of power plant. For this purpose, the planned capacity for each type of power plant shall be as specified in the appendix to the Regulations; upon their expiry, the Israeli Electricity Authority referred, for this purpose, to the expected future capacity in the coming years.⁵⁴ Pursuant to the

⁵⁴ The total power set in the First Addendum to the expired regulations, which - as stated above - stood at 16,700 MW, referred to the expected capacity in 2024. Under the Israeli Electricity Authority's Resolutions Nos. 69505 and 68607 (dated March 18, 2024), entitled Competency of the Sorek Tender Bidders (hereinafter - the "**Competency of the Sorek Tender Bidders Resolution**"), the Israeli Electricity Authority examined competitiveness relative to a higher capacity, and since - under the resolutions - the Sorek Power Plant is expected to commence commercial operation in 2028, the Israeli Electricity Authority also assessed the holding rates with respect to gas-fired installed capacity regarding which construction plans are in place through the commercial operation of the Sorek Power Plant, which stands at 18,926 MW. See the resolution of the Israeli Electricity Authority in the following link:

regulations, notwithstanding the above, the Israeli Electricity Authority may grant such a generation license or approval on special grounds which shall be recorded (after consultation with the Israel Competition Authority) and for the benefit of the electricity sector. Furthermore, the Israeli Electricity Authority may refrain from granting a generation license or from approving a connection to the grid if it believes that the allocation is likely to prevent or reduce competition in the electricity sector after taking into account additional considerations, including the impact of holdings of a person in other generation licenses that do not constitute a holding of a right as defined in the regulations, the impact of joint holdings in companies with a holder of other rights, as well as the impact of holdings of a person in holders of licenses which were granted under the Natural Gas Sector Law. According to the Regulations, an "interest holder" is an interested party in a corporation for which the interest was granted, whereby - for this purpose - an interested party in a corporation who is an interested party in a corporation for which the interest was granted will also be considered an interested party in the corporation for which the interest was granted.⁵⁵ It was also established that, for the purpose of calculating the holdings in rights or a connection commitment, a person shall be viewed as a holder regarding the entire installed capacity of the generation license or the connection commitment. It is noted that the Israeli Electricity Authority's resolutions regarding sectoral competition and aggregate concentration, indicate that the Israeli Electricity Authority continues to operate in accordance with the methodology set in the Market Concentration Regulations, even though they expired,⁵⁶ and under the qualitative considerations, the following will be taken into account for this purpose: The capacity participating in the market model, additional holdings in the electricity sector, holdings in holders of licenses awarded under the Natural Gas Sector Law, 2022, or holders of ownership stakes as defined in the abovementioned law, and the effect of holding stakes in other corporations, which are also held by others who hold other rights in the electricity sector. For details regarding the consideration on which the Israel Competition Authority relies when advising on sectoral concentration as of the Report approval date, see below. To the best of the Company's knowledge, the

https://www.gov.il/BlobFolder/policy/68607/he/Files_Hachlatot_68607.pdf; for further details see also Resolution No. 73304 dated January 28, 2026 - Eligibility of Dalia 2 and Hadera 2 to Receive a Production License in Terms of Industry Competitiveness and Aggregate Concentration at: <https://www.gov.il/he/pages/73304> (hereinafter - the "**Eligibility of Dalia 2 and Hadera 2 Resolution**").

⁵⁵ Regarding this matter, in its resolution entitled Competency of the Sorek Tender Bidders Resolution, the Israeli Electricity Authority determined that the holding stakes of institutional entities (as defined in the Supervision of Financial Services Law (Insurance), 1981) holding up to 20% (directly or indirectly) of a corporation applying for license, will not be counted, for reasons detailed in the resolution.

⁵⁶ See resolution entitled Eligibility of Dalia 2 and Hadera 2 Resolution; and see also the Israeli Electricity Authority's resolution pertaining to KSM at: https://www.gov.il/BlobFolder/policy/72802/he/Files_Hachlatot_72802.pdf.

Israeli Electricity Authority is considering the advancement of revised regulations on the subject, which may set various and/or additional arrangements to those included in the Market Concentration Regulations (including regarding technologies, relevant rates, etc.). As of the Report approval date, there is no certainty regarding the promulgation of revised regulations or arrangements, which will be set there under. In accordance with the Market Concentration Law, in the absence of revised regulations, industrial concentration is expected to be addressed under specific resolutions as aforesaid.

As of the Report approval date, to the best of the Company's knowledge, the natural gas-fired capacity attributed to the Group (including the capacity attributed to ICL Group and including conditional licenses) totals approx. 1,500 MW (including Sorek 2, without weighting Hadera 2), in the context of the Market Concentration Regulations⁵⁷ in accordance with the resolution entitled Eligibility of Dalia 2 and Hadera 2.⁵⁸

Resolution entitled Eligibility of Dalia 2 and Hadera 2 to Receive a Production License in Terms of Industry Competitiveness and Aggregate Concentration

Further to the abovementioned assessment conducted by the Israeli Electricity Authority, in its resolution the Israeli Electricity Authority notes that subject to certain conditions determined in the Israeli Electricity Authority's resolution, Hadera 2 will comply with the industry competitiveness conditions. According to the Israeli Electricity Authority's resolution, the approval as to non-existence of industrial concentration will be subject to the condition that by June 1, 2028 or until commercial operation of one of the power plants, whichever is earlier, Dalia 2 and Hadera 2 will ensure that Barak Group,⁵⁹ which, according to the resolution, holds both the Dalia Group - which is expected to build Dalia 2, and (indirectly) Veridis, which owns OPC Israel, which is expected to construct Hadera 2, will cease to be an interested party in OPC Israel, and that within 60 days of the Israeli Electricity Authority's resolution, the Barak Group will transfer its surplus holding stakes (over 5%) to OPC Israel to be held in trust.

⁵⁷ It is noted that this scope may change, inter alia, in accordance with the position of the Israeli Electricity Authority or the Israel Competition Authority regarding the manner of implementing and counting the capacity by virtue of the Sector Consulting Principles or the Electricity Sector Regulations (Promotion of Competition in the Generation Segment) if issued. For the details of the Israeli Electricity Authority's resolution on the Competency of the Sorek Tender Bidders, see Footnote 54 above.

⁵⁸ It is clarified that in accordance with the resolution, the natural gas-fired capacity attributed to the Group - including with respect to Hadera 2 is approx. 2,128 MW, taking into account only a 670 MW capacity due to the limitation on transmission to the grid until July 2035 as determined in Resolution No. 69407 of the Authority of August 12, 2025.

⁵⁹ In accordance with the abovementioned resolution of the Israeli Electricity Authority – Barak Group includes Zvi Barak and Anat Barak who each hold 50% of Caesarea Medical Electronics Holdings (2000) Ltd., which is an interested party in Veridis (for the purpose of the Electricity Sector Law). For details, see the Israeli Electricity Authority's resolution above.

After taking into account aggregate concentration considerations, the Israeli Electricity Authority determined that there is no impediment to the allocation of the right to OPC Israel, in accordance with the agreed outline. The Israeli Electricity Authority's resolution will be an additional condition, beyond the conditions required under the licenses, for obtaining the Authority's approval for financial closing.

Publication by the Israel Competition Authority regarding the assessment of horizontal market power in the Israeli wholesale electricity market⁶⁰ - Further to the abovementioned expiry of the Market Concentration Regulations, on December 28, 2025 the Israel Competition Authority published a draft for public comment of a study, which includes two economic methodologies focusing on an assessment of the incentive and electricity producers' ability to adopt a strategy of reducing the quantities of electricity they supply to the economy in order to increase the system marginal price and thereby maximize their profits. It is noted that under the Israeli Electricity Authority's resolution entitled Eligibility of Hadera 2 for a Generation License (for further details, see Section 7.2.6 to the Report), the Israel Competition Authority used the competitive residual demand model referred to in the draft study. It is clarified that as of the Report approval date, the methodologies set in the study have not yet been translated into legislation or a binding legal source, and by nature, the Company is unable to assess, at this stage, what effect the study will have (if any) (and in particular its final version, once and if published) on its activities in the field.

7.2.7. Natural gas

As of the Report approval date, natural gas serves as the primary raw material for electricity generation in this area of activity. During the reporting year, the active power plants acquire gas mainly from the Karish Tanin Reservoir, which is held by Energean, and from the Tamar Group. For further details, see Sections 6.1.1.2 to the Report and Section 2A3 to the Report of the Board of Directors.

Pursuant to the Zomet Regulation (Regulation 914 - for details see Section 7.3.3.2 to the Report), the latter may receive the gas required for its operations by means of: (1) signing a gas agreement; (2) signing another agreement for supply of natural gas (for example, purchase of gas from another reseller or purchase of gas from other gas consumers) which permits supply of gas to the facility during all hours of the year; (3) if Zomet is unable to supply gas to the power plant during all hours of the year in accordance with alternatives (1) and (2) above, separately or jointly, it will receive gas

⁶⁰ Assessment of Horizontal Market Power in Israel's Wholesale Electricity Market – Draft for Public Review, published on December 28, 2025 at: <https://www.gov.il/he/pages/wholesaleelectricity-draft>

based on the directives of the System Operator as part of Regulation 914. As of the Report date, the Company meets Zomet's demand for gas under the gas agreements into which the Group has entered and/or will enter.

The Gat Power Plant purchases some of the natural gas required for its activity from the Tamar Reservoir, under a separate agreement (for details, see Section 7.14.3 to the Report).

In connection with the Company's consumer on-site facilities, the required gas was purchased or is expected to be purchased under the agreements in which the Group had engaged and/or will engage.

As of the Report date, the Sorek 2 facility is expected to purchase some of the natural gas required for its operation from the Leviathan Reservoir as part of arrangements with the desalination facility. The remaining gas quantities which will be required for the operation of the generation facility are expected to be purchased through gas purchase agreements into which the Group entered and/or will enter. It is noted that, from time to time, the Group enters into additional gas sale and purchase agreements for its operations in the area of activity, and as an auxiliary part of the electricity and energy generation and supply activity. For details regarding the gas agreements entered into by the Company, see Section 7.14 to the Report.

The electricity generation activity in the area of activity may be impacted by disruptions to the capacity or supply of the natural gas. In case of a continuous failure with respect to the supply of natural gas, the Group companies in Israel must be ready to generate electricity by means of use of alternative fuel (diesel fuel). Due to the existence of three natural gas reservoirs, the risk of a general failure with respect to supply of gas in the Israeli economy has been somewhat mitigated, compared with the situation of a single supplier of gas in the economy, which was previously the case. At the same time, disruptions in the availability or supply of natural gas in the gas reservoirs with which the Company entered into natural gas purchase agreements, and market prices of natural gas in Israel (including production from Israel by the local gas suppliers) as shall be from time to time, may affect the costs accrued to the Company in respect of acquisition of natural gas. For details regarding the effect of the natural gas exported from Israel on the area of activity, see Section 7.3.16 to the Report. For details regarding the effects of the War on the continuity of gas supply to the Company's power plants, see Section 6.1.1.2 to the Report.

It is also noted that the Hadera and Zomet power plants are subject to Covenant 125, which concerns natural gas shortages in Israel, and which prescribes, among other

things, the System Operator's power to issue guidance on the use of diesel fuel in the electricity sector at times of gas shortages, and that a producer which produced electricity using diesel fuel according to the said guidance of the System Operator should be compensated in respect of the difference between the cost of production using diesel fuel and the cost of production using gas, which is known to the producer (for further details, see Section 7.3.13.2.5 to the Report). The Group believes, based on past experience, that Covenant 125 also applies to the Rotem Power Plant; the Israeli Electricity Authority has informed that its position on the subject is different, as stated in Section 19.2.2 to the Report, and the Company informed the Israeli Electricity Authority of its position regarding this matter.⁶¹

In accordance with Hadera's agreement with Infinya Energy Ltd. (hereinafter - "**Infinya**"),⁶² in case of shortage of gas, and insofar as Infinya instructs Hadera to continue operating, arrangements were provided for operating the power plant using an alternative fuel and the netting in respect thereof. Regarding this matter – see Section 7.3.7.

For information about the effects of fuel shortages and the cost of fuels, see Section 19.2.2 to the Report. For details regarding maintenance work in the Tamar Reservoir and the Karish Tanin Reservoir, see Sections 7.14 to the Report.

7.2.8. Israeli government's targets in connection with reducing greenhouse gas emissions and the amendment of the Excise Tax on Fuel Ordinance

Further to Government Resolution No. 171 of July 2021,⁶³ regarding decarbonization, wherein national targets were set for reduction of greenhouse gas emissions, in January 2024, the Government passed Government Resolution No. 1261⁶⁴ regarding the pricing

⁶¹ Government Resolution No. 171 from July 25, 2021, Transition to Decarbonization: https://www.gov.il/he/departments/policies/dec171_2021 and Government Resolution No. 1261 dated January 14, 2024, regarding the pricing of emissions of local pollutants and greenhouse gases and cancellation of government resolution: <https://www.gov.il/he/pages/dec1261-2024>.

⁶² It is noted that, in accordance with Veridis's reports to the public, on February 6, 2023, the merger between Infinya and Veridis was completed, such that Infinya became a privately-held company which is wholly-owned by Veridis and Israel Infrastructure Fund, Limited Partnership.

⁶³ Government Resolution No. 171 dated July 25, 2021 regarding decarbonization: https://www.gov.il/he/departments/policies/dec171_2021

⁶⁴ Government Resolution No. 1261 dated January 14, 2024, regarding the pricing of emissions of local pollutants and greenhouse gases and cancellation of government resolution: <https://www.gov.il/he/pages/dec1261-2024>.

of emissions of local pollutants and greenhouse gases, for the implementation of the principle whereby the "polluting entity pays". As part of the resolution, it was decided to instruct the Minister of Finance to amend the Fuel Excise Tax Ordinance (Imposition of Excise Tax), 2004 (hereinafter - the "**Fuel Excise Tax Ordinance**"), and the Customs Tariffs and Exemptions Ordinance and Purchase Tax on Goods, 2017, such that it will result in a gradual internal absorption of the external and environmental costs of carbon emissions, commencing from 2025, in the scope detailed in the Decision (hereinafter - "**carbon tax**").

In September 2024, an amendment to the Fuel Excise Tax Ordinance (Imposition of Excise Tax) (Temporary Order 4), 2022 (Amendment), 2024 (hereinafter - the "**Amended Ordinance**") went into effect, as of 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 increased from NIS 19 per ton to NIS 33 per ton and will continue to increase in a graduated manner until reaching a maximum excise tax of NIS 192 in 2030, CPI-linked. The increase in the excise tax rate on natural gas is expected to increase the cost of natural gas for the Group in Israel; the Company estimates that some of the impact may be mitigated, among other things, by an increase in the Group's revenues, provided that the generation component will be increased and subject to the effect of such an increase on the price of natural gas, which is linked to the generation component. As of the report approval date, the Company cannot assess the full impact of the amended Excise Tax Ordinance on the Company's long-term results due to the inherent uncertainty of the tariff setting method in general and the generation component in particular in the long term, the manner in which the resolution would be applied in the future, and due to the potential effects of significant natural gas agreements in the market being terminated. The Generation Component materially affects both the Group's revenues in Israel from the sale of energy and its natural gas costs as stated in Section 7.2.3 to the Report (for details, see Section 2A to the Report of the Board of Directors and Note 26C6 to the Financial Statements).

With respect of 2026-2028, the Israeli Electricity Authority determined a fixed increase coefficient on the energy component of the Generation Component at an annual rate of 1.79% due to the effect of the excise-tax increase.⁶⁵

⁶⁵ The above information with respect to the Company's assessments regarding the effect of the Amended Excise Tax Ordinance on the Company and its possible reduction constitutes forward-looking information as defined by the Securities Law, and is based on the Company's assessments as of the Report Date. In practice, the effects of the Amended Excise Tax Ordinance may not positively affect the Generation Component such as to

7.2.9. Development of the independent electricity market in Israel

In recent years, the Israeli government completed key measures to transfer parts of the Electricity Generation and Supply in Israel from IEC to independent producers and suppliers and to increase competition in these segments.⁶⁶

Entry of the independent power producers and suppliers led to a significant decrease in the IEC's market share in terms of electricity generation and sale of electricity to large electricity consumers (high- and medium voltage consumers).

The generation segment - as of 2024, IEC's share amounted to 41% of the generation segment in terms of actual generation. According to the forecasts of the Israeli Electricity Authority, in 2030, most of the electricity (approx. 77%) will be generated by independent producers using gas and renewable energies.⁶⁷

The supply segment - in 2024 the market share of the independent suppliers reached approx. 35% of the economy's consumption where most of the electricity for the industry is supplied by independent suppliers and the switching of household consumers to independent suppliers has accelerated since the end of 2024. Through June 2025, over 270,000 consumers had switched to independent household suppliers, of which over 250,000 are household consumers.⁶⁸

7.2.9.1. The following table presents data regarding the share of independent power producers and the IEC in the electricity sector in 2023 and 2024, as published by the Israeli Electricity Authority:⁶⁹

	December 31, 2023		December 31, 2024	
	Installed capacity (watts)	% of total installed capacity in the market	Installed capacity (MW)	% of total installed capacity in the market
IEC	10,527	44.4%	8,834	36%

be reflected in the Company's revenues, inter alia (and as the case may be) as a result of operational factors, the terms and conditions of the gas agreements, factors associated with the gas suppliers with whom the Company has contracted (in particular, Energean), disruptions in the supply of natural gas, regulatory changes, factors affecting the Generation Component and the Company's revenues - including macroeconomic factors, or one or more of the risk factors to which the Company is exposed, as stated in Section 19 of Part A of the Periodic Report. For Resolution No. 72806 of the Israel Electricity Authority dated December 25, 2025, entitled Revision of the Tariff Structure, see <https://www.gov.il/he/pages/78206>.

⁶⁶ The Israeli Electricity Authority's resolution entitled Inclusion of Basic Meters in the Competition for Supply, see: https://www.gov.il/BlobFolder/policy/68807/he/Files_Hachlatot_68807.pdf

⁶⁷ Electricity Sector Status Report for 2024.

⁶⁸ Electricity Sector Status Report for 2024.

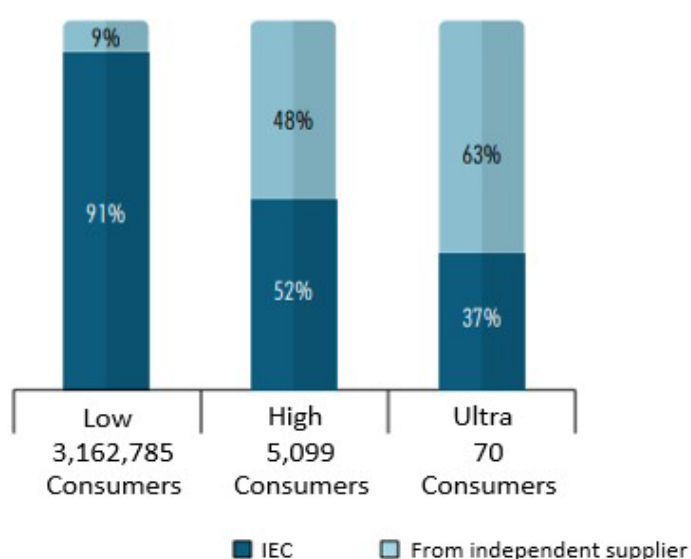
⁶⁹ Electricity Sector Status Report for 2024.

Unofficial translation for convenience purpose only

	December 31, 2023		December 31, 2024	
Independent power producers (without renewable energy)	7,302	30.8%	8,901	36%
Renewable energy (independent producers)	5,891	24.8%	6,870	28%
Total for market	23,721	100%	24,605	100%
	Energy produced (thousands of MW/h)	% of total energy generated in Israel	Energy produced (thousands of MW/h)	% of total energy generated in Israel
IEC	35,708	46.1%	32,875	41%
Independent power producers (without renewable energy)	32,527	42.0%	36,415	45%
Renewable energies (independent producers)	9,141	11.8%	11,097	14%
Total for market	77,376	100%	80,386	100%

For further details regarding electricity generation by independent producers – see Section 7.2.2.3 to the Report.

Following are data regarding the distribution of consumers using independent suppliers by voltage and number of consumers in mid-2025 (in %) (in accordance with the Israeli Electricity Authority's data):⁷⁰



7.2.10. Forecast of potential growth in natural gas in the Israeli electricity market

Long-term forecast (through 2040):

On October 31, 2024, a Government Resolution was passed regarding “Promoting the Energy Security of the Israeli Electricity Sector” (hereinafter - “**Resolution 2282**”). The

⁷⁰ Electricity Sector Status Report for 2024.

purpose of the resolution is to provide energy security in demand areas alongside the benefits of reducing air pollution and greenhouse gas emissions in accordance with the Government's objectives. Among other things, the resolution established the need to construct - by 2040 - conventional power plants in the geographical areas and years specified in the following table:

Zones	Need in 2031-2035	Need in 2036-2040
Zones 1-3	5	4
Zone 4 as well as the zone in Section 7(a)(1)(b)(2) to the Resolution	0	2
Zone 5 as well as the zone in Section 7(a)(1)(b)(3) to the Resolution	0	2

The geographical areas specified in the table will be in accordance with the marking as per the map attached to the Government Resolution:



Total plans to be approved, by region:

Zones (*)	Needed number of approved plans for power plants each with a capacity of at least 630 MW
Zone 1A	2
Zone 1B	3
Zone 2	4
Zone 3	4
Zone 4	3
Zone 5	3

It should be noted that the Government Resolution stipulates the scope of the approved plans required for securing a planning inventory; a total of 19 plans will be required, which will be zoned as detailed in the resolution, as well as conditions and criteria for promoting planning certification applications, including promoting plans for authorization of on-site facilities

In accordance with the hearings and resolutions of the Israeli Electricity Authority, by the end of the decade, at least four or five conventional gas-fired production units are expected to be constructed (or alternatively reach financial closing), including the unit which is expected to be constructed under the Sorek tender, with a capacity of up to 900 MW, the replaced unit in the Eshkol site with a capacity of up to 850 MW and up to four further conventional units, whose construction is regulated under the Israeli Electricity Authority's resolution of March 2025,⁷¹ which revises the Authority's resolution of August 2024 and determines that, with a forward-looking perspective beyond 2030, the quota will be increased such that the regulation will apply to up to 4 gas-fired combined-cycle production units (with diesel fuel as backup), each with a capacity of no less than 630 MW and no more than 900 MW under ISO conditions, and which will receive tariff approval no later than June 30, 2027. The Authority notes that it intends to discuss and make a decision regarding subsequent regulation through mid-2026 in order to provide regulatory certainty to developers, who wish to promote the construction of power plants. For details regarding the resolution entitled Regulation of Conventional Units, see Section 7.3.2 to the Report.

Estimates regarding the generation capacity and capacity produced by natural gas - the aforesaid forecast regarding the electricity market's growth potential, the scope of plans to be advanced, and the Company's assessments as to its expansion constitutes forward-looking information, as defined by the Securities Law, which is based solely on

⁷¹ Israeli Electricity Authority Resolution No. 70804 – Revision of Resolution No. 69407 dated August 12, 2024, entitled Regulation for Conventional Generation Units:
https://www.gov.il/BlobFolder/policy/70804/he/Files_Hachlatot_70804.pdf For further details, see Section 7.3.2 to the Report.

the Company's assessments as of the Report approval date and on said published data, which is contingent and depends on various factors, including estimates and forecasts with respect to resolutions made by regulatory entities and the actual implementation of the resolutions, which are uncertain. Such information may not materialize or may materialize in a manner significantly different from that described above due to various reasons, among others, regulatory decisions, changes in installed capacity data, changes in the speed of providing additional capacity and demand, development constraints, and the actual rate of increase being different than the forecasts underlying the analysis.

7.3. Structure of area of activity and changes occurring therein

As mentioned above, in 2024 economy-wide production stood at approx. 80.4 TW/h, of which approx. 70% were produced using natural gas. According to assessments outlined in the Electricity Sector Report, by 2030, the production mix is expected to change significantly: the production of facilities that generate renewable energy is expected to increase to approx. 28% of total production in the economy and to approx. 30% of total consumption in Israel.⁷² Coal-fired production is expected to be halted in accordance with the Minister of Energy's policy, and the remaining capacity is expected to be generated using natural gas. In addition, in accordance with a draft for public comment of a comprehensive work published by the Israeli Electricity Authority in January 2026, its recommendation to the Minister of Energy is to increase the renewable energy generation targets to 35% in 2035.⁷³

The years preceding the Reporting Year were characterized by a global trend of switching from electricity generation using fossil fuels and conventional technology to generation using renewable energy technologies. However, the generation of power and energy using conventional technology remains the main mode of production, and in the past two years this has been accompanied by forecasts of a substantial increase in demand for electricity, driven, among other things, by the rise in AI usage and the growing need for server farms. In addition to a global sentiment due to the change of US administration, with the new administration supporting this trend and the government's targets for gas-fired power plants.

⁷² Electricity Sector Report for 2024.

⁷³ The Israeli Electricity Authority: A Target of More Than One-Third of Electricity Generation in 2035 from Renewable and Clean Energy, Accelerating the Pace of Solar Energy Installations by approx. 50%, While Engaging All Government Agencies - Recommendations for the 2035 Renewable Energy Targets, dated January 20, 2026, at: https://www.gov.il/he/pages/press_2035

Government Resolution pertaining to the promotion of the construction of data centers

- On February 22, 2026, Government Resolution No. 3907 entitled Promoting the Construction of Advanced Data Centers to Strengthen Israel's Leadership in the Field of Artificial Intelligence was passed, whose aim is to accelerate growth in the field of artificial intelligence as a basis for economic-social growth and reinforcing Israel's global status in this regard, by encouraging the construction of advanced data centers in Israel for artificial intelligence uses.⁷⁴

Under the resolution, the Government directs the Prime Minister (in the absence of a Minister of the Interior) to act to regulate the definition of data centers as a national infrastructure under the Planning and Construction Law, 1965, such that, subject to the conditions and criteria detailed in the resolution, plans for data centers will be promoted under the National Infrastructures Committee.

Among other things, the certification criteria detailed in the resolution refer to electricity consumption capacity required for the data centers' processing units, which must be at least 50 MW and is limited in certain areas to 200 MW; the criteria also refer to construction schedules, the existence of a means of electricity generation, etc. Furthermore, according to the resolution, no more than 10 data center plans will be submitted to the National Infrastructures Committee in a single calendar year.

It is noted that in a report published by the Ministry of Finance following interim recommendations of the inter-ministerial taskforce for the assessment of data centers' energy requirements, under the energy sector's support of the development of data centers in Israel,⁷⁵ it was noted that data centers' electricity consumption is high and that a sharp spike in grid connection applications at high capacities is expected to constitute a significant challenge for the electricity sector; in addition, in the long term, extensive execution of high-capacity grid connection applications may require the construction of 5-7 additional power plants and dozens of kilometers of transmission lines in addition to Israel's expected needs through 2040, with environmental consequences and an impact on the utilization of natural gas reserves.

⁷⁴ Government Resolution No. 3907 entitled Promoting the Construction of Advanced Data Centers to Strengthen Israel's Leadership in the Field of Artificial Intelligence, dated February 22, 2026, at: <https://www.gov.il/he/pages/dec3907-2026>

⁷⁵ The Ministry of Finance publishes Interim Recommendations to Support the Energy Sector in the Development of Data Centers in Israel, February 19, 2026, at: https://www.gov.il/he/pages/press_190226

After completing a series of measures aimed at increasing competition in the supply segment and fully opening it to competition - among other things by accelerating the rollout of smart meters and enabling consumers with basic meters to be assigned to virtual suppliers - the Israeli Electricity Authority adopted resolutions intended to ensure adequate response by of the supply side both with regard to power generation - ensuring the supply of electricity generated through gas-fired facilities over the coming decade and deepening the incorporation of renewable energies and storage in the generation mix, and with regard to the supply of electricity to consumers, by increasing the supply of power generated by independent producers, which virtual suppliers can purchase for their customers, and through a temporary mechanism for the purchase of capacity from the System Operator. Under the above actions, the Authority has set a quota of 2,000 MW for renewable energy generation facilities co-located with energy storage, which were given the opportunity to enter into capacity transactions with virtual suppliers. The availability transaction will entitle the supplier to purchase energy at the half-hourly system marginal price (hereinafter - "**SMP**") at any hour, up to the available capacity the supplier had purchased from the producer. The producer will act in the energy market in accordance with the market-wide rules regarding the provision of capacity to the System Operator and the conduct required in the energy market. In addition, the Temporary Mechanism for Purchase of Capacity Certificates by Virtual Suppliers from the System Operator was set under which suppliers, which win a tender for up to 1,000 MW will be allowed to purchase capacity certificates from the System Operator until December 31, 2029. Subsequent to the above date, the suppliers will be required to purchase capacity in the bilateral capacity market in accordance with the provisions of the regulation as they will be at that time. See below for the main points of the relevant resolutions.

7.3.1. Opening the generation and supply segment to competition

In 2019, further to the IEC Reform and for the purpose of regulating the power plants sold by the Israel Electric Corporation, the Israeli Electricity Authority published Resolution No. 558 (hereinafter – "**Resolution 558**") which regulates the activities of producers which are connected to the transmission grid, which have received tariff approval after March 1 2018, except for facilities using photovoltaic technology and wind turbines (including generation facilities sold by the IEC under the Reform) (hereinafter - the "**Trade Rules**"). Pursuant to the trade rules, producers shall be entitled to payments for capacity provided to the system operator (not attributed to a supplier⁷⁶ or an onsite consumer) and for energy out of the facility's available capacity, in accordance with the

⁷⁶ Electricity supplier (within the meaning of the Electricity Sector Law).

determined loading mechanism and the SMP⁷⁷ (except with respect to producers for whom a tariff was set based on the recognized cost), subject to payments for deviations. In addition, detailed price mechanisms were set for compensation in respect of non-loading and loading for which loss is incurred, and the producer is obliged to refrain from manipulations and from interfering with competition. As part of the resolution's implementation, the Israeli Electricity Authority established a wholesale energy market in which energy prices are set on a half-hour basis through economic loading of generation units by the system operator.

7.3.1.1. Transmission market model

Following Resolution 558, in February 2022, the Israeli Electricity Authority passed a resolution entitled "Amendment of the Covenants for Applying the Market Model to Existing Independent Production and Renewable Energies" (hereinafter - the "**Resolution on Applicability of the Market Model**"). This resolution amends the regulation for producers in the transmission grid across all types of technologies and applies to them the covenants which regulate the operation of the energy market (the Trade Rules, as amended in the resolution). The said amendments came into force in July 2024.⁷⁸ The essence of the decision is to create a uniform regulatory basis for generation facilities in the transmission grid in terms of the methods used for capacity payments, the manner of submitting generation and loading plans, and - to the extent possible - also for payments for energy; along with the creation of a uniform regulatory basis, the Authority retains the ability of producers operating in bilateral transactions to continue operating in this format, such that they will be able choose between a central loading method (selling energy to the grid in accordance with the system's needs and at SMP, and purchasing energy from the system operator at SMP in order to sell it to consumers) and an individual loading method in order to protect the producers' rights by virtue of the regulation under which they were established.

It is noted that as part of the resolution regarding the complementary tariffs, as detailed below, the Israeli Electricity Authority has reduced the applicability of the market model and stipulated that until such time when another resolution is passed, independent producers with variable capacity will only operate under individual

⁷⁷ The marginal half-hour price, which reflects the marginal kWh generation cost in the sector according to the supply of and demand for electricity, calculated by the System Operator, as detailed in Covenant 93, Plan for Economic Loading and Publication of Marginal Half-Hour Price (hereinafter – the "**SMP**").

⁷⁸ Resolution 67703 of the Israeli Electricity Authority:
https://www.gov.il/BlobFolder/policy/67703/he/Files_Hachlatot_67703_n.pdf

loading. For details regarding the applicability of the transmission market model to Rotem, see Section 7.3.6 to the Report.

7.3.1.2. **Public comment on methodology for determining SMP**

In August 2024, the System Operator published a draft for public comment on the market price calculation using the SMP method, which it intends to implement as of the beginning of 2025.⁷⁹ Since the SMP method was adopted, there has been uncertainty as to the calculation of the market price, the method's effect on the generation units to be sold by IEC and the loading of those units, revenues, etc.; it was therefore decided to compare the method to other methods, which may be suitable for the Israeli electricity sector; It is the System Operator's position that the appropriate method selected - the IP Model method (Standard Marginal Pricing) - which incorporates into the calculation the Israeli electricity sector's applicable limitations and constraints, will address the current and future needs of the Israeli electricity sector and change the market price level relative to prevailing market prices such that it could be implemented in conjunction with the capped protective tariffs promoted by the Israeli Electricity Authority.

In December 2025, the System Operator published a revised paper regarding the method of calculating the market clearing price (MCP),⁸⁰ which presents the key points of the proposed method for calculating the new MCP. The paper noted that one of the conclusions and recommendations under the new method is to cancel the calculation of the unconstrained market price, unlike the existing method, due to, among other things, the System Operator's view that this price does not reflect the relevant costs and constraints on a daily level. It was further noted that in accordance with internationally accepted practices, all existing constraints in the wholesale market are included in the market price, which serves as the reference price against which suppliers in the retail market purchase energy from the System Operator or

⁷⁹ Draft for public comment – revision of the method of calculating the market price using the SMP method: https://www.noga-iso.co.il/media/nykpnjqn/noga-market-clearing-price-analysis_letter_290824.pdf

⁸⁰ Draft for public comment – Revision of the Method of Calculating the Market Price Using the MCP Method: https://www.noga-iso.co.il/media/0itk3wa1/noga_mcp_approach_dec2025.pdf

conduct bilateral transactions. According to the paper, the market price is calculated based on the results of the optimal loading of generation facilities (including storage facilities) for a given trading day, while meeting the economy's demand for electricity, addressing systematic constraints, and maintaining reserves in accordance with operational requirements, such that the market price reflects the lowest system-wide marginal cost of a change in demand for each time interval, while enforcing a range of systematic constraints, including technical limitations of generation and storage units and operational-regime constraints. However, the paper clarified that the actual implementation of the methodology is subject to the Israeli Electricity Authority's decision to adopt it (including with respect to setting the market price under stress scenarios as detailed in the paper) and to its appropriate incorporation in covenants, which - as of the Report approval date - has yet to be completed, as aforesaid.

7.3.1.3. **Resolution on setting the maximum tariff for complementary tariffs**

On February 17, 2025, the Israeli Electricity Authority published a resolution to set maximum complementary tariffs for producers, which are connected to the transmission grid and operate under the market model⁸¹ (hereinafter - the **"Complementary Tariffs Resolution"**). As part of the resolution, the Israeli Electricity Authority sets controlled protection tariffs paid to producers under market regulation, such that a producer who is entitled to one of the two types of protection tariffs (complementary tariff or loading tariff outside the loading order) will receive a payment in accordance with the tariff cap set by the Israeli Electricity Authority rather than in accordance with a proposal it will submit, if such a proposal is higher than the tariff cap set by the Israeli Electricity Authority. According to the hearing, the Protection Tariff Cap will be calculated based on the quarterly average gas price published by the Natural Gas Authority plus 40% for one-day advance netting or plus 60% for real time netting and the components of variable operation cost in accordance with the normative costs set in Regulation 914 (for details regarding Regulation 914, see Section 7.3.3.2 to the Report). Until further notice, with respect to producers operating with variable capacity⁸², as defined in the resolution, those

⁸¹ Israeli Electricity Authority Resolution No. 70502, setting a controlled tariff for additional payments in the market regulation, for producers, which are connected to or integrated into the transmission grid, and operate in accordance with to Parts C1 and E1 of the criteria:

https://www.gov.il/BlobFolder/policy/70502_cap/he/Files_Hachlatot_70502_Clear.pdf

⁸² Fixed capacity and variable capacity are the two tariff tracks outlined by the Israeli Electricity Authority as part of Regulation 241, Fixed capacity means that the production capacity is allocated to the IEC. Under the fixed capacity track, an independent power producer receives capacity payments for allocating its production capacity to the IEC, and in a case wherein the independent power producer generates electricity as ordered by the System

producers will not be allowed to switch to central loading. Furthermore, these producers will be entitled to submit individual loading bids in accordance with the price cap set for them in the Tariff Approval or tender, and the proceeds for these bids will be according to the higher of the bid and the SMP (with regard to Rotem, see Section 7.3.6 to the Report). In the opinion of the Company, in view of its revenues structure, which - as of the Report date - is not materially affected by the SMP or by the complementary tariffs as stated above, the effect of the abovementioned decision on the Company's active projects as of the Report date is not expected to be material.⁸³

7.3.2. Resolution entitled Regulation of Conventional Units:⁸⁴

Further to a previous resolution and a hearing entitled Regulation for Conventional Generation Units as stated in Section 7.2.10 to the Report (see also Section 7.3.4 to the Periodic Report for 2024), on March 26, 2025, the Israeli Electricity Authority published a resolution entitled Revision to Resolution - Regulation for Conventional Generation Units. Under this resolution, the Israeli Electricity Authority has set a quota for four conventional production units, with a capacity which does not fall below 630 MW and does not exceed 900 MW which will receive a tariff approval no later than June 30, 2027 and will provide evidence of financial closing based on this capacity in accordance with the requirements of their license. The capacity tariff which was set ranges from 3.05 agorot to 3.31 agorot, in accordance with the Financial Closing Date.⁸⁵ In addition, incentives were put in place for the first producer to obtain tariff approval and complete financial closing on time under the regulation, provided that the power plant it constructs is located in the area defined in the hearing draft as Northern Gush Dan, and an additional incentive of 0.75% of the capacity tariff for each month of commercial operation to December 31, 2029. As of the Report approval date, the Company is pursuing the operation of the Hadera 2 Project (subject to its construction and

Operator, the independent power producer receives additional payments for generating the electricity. Variable capacity means, among other things, that the production capacity is allocated to private customers and is sold in accordance with an agreement between the independent power producer and private customers. Under variable capacity terms, an independent power producer will be entitled to receive capacity payments for energy surpluses not sold to private customers. In addition, Noga may purchase electricity allocated to it under variable capacity based on a price offer.

⁸³ **The Company's assessment constitutes forward-looking information as defined in the Securities Law, which is based on the wording of the hearing and the structure of the Company's revenues as of the Report Date only; this assessment may change due to the final arrangements, which will be set in the resolution (if any), changes in the electricity market and competition therein and/or events affecting the revenues structure, including the commissioning of new projects (if any).**

⁸⁴ Revision to Resolution No. 69407, see Section 7.2.10 to the Report.

⁸⁵ To the best of the Company's knowledge, as of the Report approval date, a first tariff approval was received by virtue of the abovementioned regulation for the construction of the KSM power plant project.

compliance with the regulatory framework) under this regulation. For details regarding Hadera 2's said development activity, see Section 7.3.12.1 to the Report.

7.3.3. The activity of producers who started operating in the transmission grid prior to the Resolution on Applicability of the Market Model in the transmission grid is regulated mainly through various regulatory schemes, which have been capped in time and scope, including the following regulatory schemes, which are relevant to the Company's operating environment in this segment:⁸⁶

7.3.3.1. **Regulation 241:**

Sale of electricity under a fixed capacity track or under a variable capacity track (hereinafter - "**Regulation 241**").⁸⁷ Regulation 241 applies to conventional producers the commercial operation date of which was no later than the end of 2016. In general and subject to the detailed terms, as stipulated, an independent power producer established under Regulation 241 may sell electricity to private customers in a bilateral transaction and receive capacity payments for surplus energy not sold to private customers. It is noted that Rotem, which operates under the tender it has won, is not subject to Regulation 241; however, this regulation only applies to some of its main competitors. For details regarding the regulatory scheme applicable to Rotem, see Section 7.3.6 to the Report.

7.3.3.2. **Regulation 914:**

Under Regulation 914,⁸⁸ it was determined that the generation units would be loaded into the grid in accordance with the economic load principle (hereinafter - "**Regulation 914**") and a higher capacity tariff was set for generation facilities that meet the flexibility requirements. In addition, the resolution offers open-cycle ("**peaker**") producers several gas supply alternatives. According to the resolution, entering into bilateral transactions for open-cycle facilities was restricted, and, on the other hand, combined cycle facilities are required to sell at least 15% of their production capacity to private consumers. Zomet operates in accordance with

⁸⁶ Upon determining the market model, the participation of the existing producers in the market model was regulated as stated in Section 7.3.1.1 - Transmission market model.

⁸⁷ For a definition of fixed and variable capacity, see Section 7.3.1.3 above.

⁸⁸ Resolution 914 of the Israeli Electricity Authority dated December 10, 2014 entitled Follow-up Arrangement of Tariffs for Independent Conventional Electricity Producers of over 16 MW and for Independent Suppliers.

Regulation 914. For details regarding the tariff approval granted to Zomet – see 7.13 to the Report.

7.3.3.3. **Regulatory schemes applicable to cogeneration producers:**

According to the resolution made by the Israeli Electricity Authority,⁸⁹ Electricity producers using cogeneration technology may sell electricity to private customers as well as electricity surplus (i.e., electricity generated by a power plant but not sold to private customers) to the System Operator at the tariff stipulated in the tariff approval granted to the producer, according to the terms and conditions prescribed, as stated in Section 7.2.2.3 to the Report.

In order to benefit from the fixed arrangements for cogeneration electricity producers, each generation unit in a power plant must meet the minimum energy utilization conditions set forth in the Cogeneration Regulations, and if it does not meet them, other, less favorable tariff arrangements will apply. According to the regulations, cogeneration producer may elect whether to sell to the System Operator during on-peak and mid-peak hours,⁹⁰ up to 70% of the electricity generated for a period of 12 years from the issue date of the permanent license or 50% of the electricity generated for a period of 18 years from the issuance date of the permanent license. During off-peak hours, the cogeneration producer may sell up to 35 MW to the System Operator, provided it is a unit with an installed capacity of less than 175 MW calculated annually. It is noted that Hadera is a cogeneration producer and is subject to the terms and conditions of the regulations.

In accordance with the provisions of the Cogeneration Regulations, the Israeli Electricity Authority set an arrangement for electricity producers who no longer meet the conditions required for a cogeneration facility. Such an arrangement (hereinafter - a “**hedged capacity transaction**”) applies to the Gat Power Plant, as it was set in the approval of the tariff assigned to it, as described in Section 7.13 to the Report.

Cogeneration Regulations - the regulations were designed to encourage and provide incentives to establish and operate cogeneration facilities, while maintaining the efficiency provided for in the Regulations and maintaining additional advantages afforded by production through a cogeneration facility. The Cogeneration Regulations

⁸⁹ Resolution 1 of Israeli Electricity Authority Meeting 211 dated May 1, 2008, entitled Tariffs for Purchase of Energy from Cogeneration Facilities.

⁹⁰ For details regarding the canceled mid-peak hours cluster, see Section 7.3.7 to the Report.

establish threshold requirements for compliance with the cogeneration facility conditions and regulate, inter alia, the mechanism for transactions between a cogeneration independent producer and the System Operator. According to the Regulations, a cogeneration independent producer may choose to enter into a purchase transaction with the System Operator, who will be obligated to purchase energy from the producer in accordance with the Regulations. Furthermore, pursuant to the Regulations, there is an option of executing a bilateral transaction between a cogeneration facility and the various electricity consumers in the economy. It is noted that, the minimum annual energy efficiency requirement for the cogeneration generation units at the Hadera Power Plant is 60%.

7.3.3.4. **Regulatory Scheme for High-Voltage Producers Established without a Tender:**

In March 2019, the Israeli Electricity Authority published a resolution on the subject of "Regulatory Scheme for High-Voltage Producers Established without a Tender";⁹¹ this scheme, stipulated within a 500 MW quota, permits generation facilities to be constructed in the consumers' premises, and half of it is intended for generation units to be established in desalination facilities. Such facilities will be permitted to supply the electricity generated by them directly to the onsite consumer and to transfer any surplus to the electrical grid – all in accordance with the Trade Rules. By virtue of this regulation, the Sorek 2 Power Plant is expected to operate, subject to its activation (hereinafter - "**Regulation 555**"). Regulation 555 was extended several times; under the latest extension, its term was extended through July 1, 2025 with a reduction in the capacity tariff in accordance with milestones set.

7.3.4. Resolution entitled Bilateral Market Regulation for Generation and Storage Facilities Connected to or Integrated into the Transmission Grid

Further to a previous hearing entitled Bilateral Market Regulation for Generation Facilities in the Transmission Grid, as stated in Section 7.3.5 of the Periodic Report for 2024, in May 2025, the Israeli Electricity Authority published a resolution entitled Bilateral Market Regulation for Generation and Storage Facilities Connected to or

⁹¹ Resolution 10 from Meeting 555 held on March 6, 2019 entitled Regulatory Scheme for High-Voltage Producers Established without a Tender.

Integrated into the Transmission Grid.⁹² The regulatory scheme will apply from January 1, 2026 to renewable energy production facilities co-located with storage (it has been determined that the facility will be required to meet a storage capacity ratio for installed production capacity of up to 7) which will receive tariff approval by June 1, 2027 or up to a cap of 2,000 MW.

In accordance with the resolution, renewable energy generation facilities, including those co-located with storage, were allowed to enter into capacity transactions with virtual suppliers. The availability transaction shall entitle the supplier to buy energy at the half-hourly system marginal price (hereinafter - "**SMP**") at any hour, up to the total availability certificate the supplier purchased from the producer. The power specified in the capacity certificate will be determined in accordance with the capacity credit. The capacity credit for a renewable energy facilities co-located with storage of 4 or 5 hours of offloading, which will receive tariff approval under the initial quota of the regulation, will be at a rate of 60% and 67%, respectively, through 2036. Such a storage facility will operate in the energy market using the central loading method. A producer, except for an independent storage producer, which will not allocate to suppliers all the capacity specified in its capacity certificate, may request from the System Operator a capacity tariff of 1.75 agorot divided by the capacity credit set for the facility - non-linked - with respect to the capacity not allocated to a supplier, provided that the producer will not be able to allocate this capacity tariff to an independent supplier for 12 months. It is noted that the Ramat Beka Project, which is under advanced development stages, is expected to operate under this regulation (subject to a place within the quota, obtaining the appropriate tariff approval, completing the construction of the facility and operating it). Under the resolution, the Israeli Electricity Authority also set a quota for independent storage facilities and waste energy reclamation facilities.

The Israeli Electricity Authority notes that as it extends to conventional generation units, the regulatory scheme will replace Regulation 555, which comprises the regulatory framework for consumer-sited generation facilities.

7.3.5. **Arrangements regarding producers in the distribution grid**

7.3.5.1. **Regulation for facilities connected to the distribution grid generating electricity using natural gas**

In 2018, the Israeli Electricity Authority issued a resolution entitled Regulation of the

⁹² Resolution No. 71101 - Bilateral Market Regulation for Generation and Storage Facilities Connected to or Integrated into the Transmission Grid, dated May 20, 2025, link: <https://www.gov.il/he/pages/71101> (hereinafter - "**Resolution 71101**").

Activities of Natural Gas Generation Facilities Connected to the Distribution Grid,⁹³ following which it published a tender to set and allocate the capacity tariff for these facilities. The arrangement is designed to allow producers with a capacity lower than 16 MW to construct a power plant on a consumer's premises and provide them with the electricity generated on its premises. The winners of the Tender were promised, subject to the set terms and conditions, a capacity tariff is to be paid annually over a period of 10 years, provided the production facility is active for more than 15% of the hours during a given year. The winning bidders in the tender must connect their facilities to the distribution grid within 4 years of receiving an affirmative distribution decision or within 5 years, subject to forfeiture of the guarantee provided. It is noted that under this regulation, the Company has constructed and is constructing facilities on consumers' premises. For details, see Section 7.3.10 to the Report.

7.3.5.2. **Market model for generation and storage facilities connected to or integrated into the distribution grid**

In September 2022, the Israeli Electricity Authority published a resolution entitled Market Model for Generation and Storage Facilities Connected to or Integrated into the Distribution Grid;⁹⁴ the resolution regulates the activity of generation facilities (of all technologies) and storage facilities in the distribution grid, and stipulates their ability to sell directly to suppliers, starting in January 2024. As part of the resolution, the formula for acquiring electricity through the virtual supplier was amended such that the difference between the cost of acquiring the supplier's energy and the cost of selling the energy to IEC's consumers was minimized, and a unified tariff was set (which is based on an economy-wide profile) in respect of acquisition of electricity during peak demand hours net. In the opinion of the Company, in the short term, the resolution reduces the economic viability of virtual supply activity without contracting the generation facilities, and in the long term - the resolution encourages increased competition in the supply segment while integrating generation facilities and storage facilities. For details regarding the regulation and the Company's virtual supply

⁹³ Resolution 13 (1306) of Israeli Electricity Authority Meeting 550 held on November 15, 2018, Regulation of the Activities of Natural Gas Generation Facilities Connected to the Distribution Grid.

⁹⁴ Resolution 63704 of the Israeli Electricity Authority - Market model for generation and storage facilities connected to or integrated into the distribution grid: <https://www.gov.il/he/pages/63704>

activity, see Section 7.3.5.3 to the Report. For details regarding the resolution entitled Bilateral Regulatory Scheme for Producers on the Transmission Grid, see Section 7.3.4 to the Report.

7.3.5.3. Virtual supply (activity for suppliers which do not have means of generation) and the resolution entitled Temporary Mechanism for Purchase of Capacity Certificates by Virtual Suppliers from the System Operator

In February 2021, the Israeli Electricity Authority established a regulatory scheme for suppliers with no means of generation for the first time (hereinafter – “**Virtual Supply**”), including criteria and tariffs to purchase energy for their consumers at the tariffs to be based on an SMP-based component and components affected, inter alia, by the scope of consumption during peak demand. In June 2024, the market opened to household consumers having a basic meter, who could engage with a virtual supplier starting from September 2024, and with conventional suppliers – starting from January 2025.

Further to the above, in July 2021, the Company was awarded a Virtual Supply License and entered into virtual supply agreements with customers. The Company acts as the virtual supplier of consumers in accordance with said virtual supply agreements or additional supply agreements.

In April 2024, the Israeli Electricity Authority decided to amend and revise the criteria in a manner that enables the integration of basic meters into supply-side competition,⁹⁵ allowing household consumers without a smart meter to be assigned to Private Transactions based on a normative consumption model of a household consumer. The resolution allows the Company to further diversify its customer base by selling electricity - directly and/or indirectly - to all households.⁹⁶

In November 2025, the Israeli Electricity Authority passed a resolution⁹⁷ entitled Temporary Mechanism for the Purchase of Capacity Certificates by Virtual Suppliers Directly from the System Operator No Later than December 31, 2029, in order to increase the competitive capacity available to the suppliers until full regulation of competition in the supply market. Further to the resolution, a tender was published

⁹⁵ In general, household consumers with basic meters are charged a flat tariff rather than a DSM Tariff.

⁹⁶ Israeli Electricity Authority Resolution No. 68807 dated April 18, 2024, revised on July 7, 2024: https://www.gov.il/he/pages/68807_

⁹⁷ Resolution No. 72708 - Temporary Mechanism for Purchase of Capacity Certificates by Virtual Suppliers from the System Operator. <https://www.gov.il/he/pages/72708>.

in 2025, and another tender will be published during 2026. The winning bidders in the tender will be able to purchase capacity certificates from the System Operator at the tariff set in the winning bid through December 31, 2029 (for further details regarding the capacity certificates, see Section 7.3.5).

The Company believes that the measures taken by the Israeli Electricity Authority to open up the supply segment to competition and extend the supply for suppliers have increased the number of entities operating in the household supply segment and the scope of consumption associated with independent suppliers, in a manner that is expected to boost the growing competition in this segment.

It is noted that, to the best of the Company's knowledge through the Report approval date, the Israeli Electricity Authority awarded virtual supply licenses to dozens of applicants, including electricity producers, communication companies, gas companies and more.

It is noted that, given the present regulatory restrictions on electricity supply through virtual suppliers from current conventional bilateral generation facilities, electricity supply to household consumers transactions are made through contracts between conventional bilateral suppliers and business entities operating in the retail sector, such as telecommunications and gas providers holding virtual supply licenses and serving, for the purposes of the transaction, as a type of subcontractors for the conventional suppliers for the purpose of marketing and providing the service to household consumers. By virtue of its supervisory powers, the Israeli Electricity Authority assessed the engagement outline and noted the key requirements. For details regarding the Company's engagements, see Section 7.6.5 to the Report.

For details regarding the resolution entitled Bilateral Regulatory Scheme for Transmission, see Section 7.3.4 to the Report. For details regarding the resolution entitled Temporary Mechanism for Purchase of Capacity Certificates by Virtual Suppliers from the System Operator, see Section 7.3.5.3 to the Report.

Commercial outline for the sale of electricity generated in the Company's power plants in the segment

7.3.6. Rotem Power Plant

The Rotem Power Plant is powered by conventional technology (natural gas in combined cycle); it commenced its commercial operation in July 2013. The installed generation capacity under the Rotem Power Plant's permanent license is approx. 466 MW. As of the Report approval date, Rotem entered into PPAs with large retailers (hereinafter -

the “Resellers”) for the sale of electricity to Resellers’ customers which are household consumers and SMBs as stated in Sections 7.6.1 and 7.6.3 to the Report. It is noted that the introduction of renewable energies into the region in which Rotem is located and grid restrictions may cause the power plant to generate less electricity.

In light of Rotem’s status as an independent power producer operating under a tender, the regulation applicable to Rotem was stipulated in the tender and in Rotem’s PPA with the IEC, and in additional covenants set by the Israeli Electricity Authority from time to time. On July 1, 2024, the Israeli Electricity Authority's resolution from March 2024 detailed below, which awards Rotem a supply license for a period, which coincides with that of Rotem's generation license and applies certain criteria to Rotem, came into force.⁹⁸ Upon receipt of the supply license and the amendment to the generation license, Rotem may trade capacity and energy with other suppliers.

According to the resolution to apply covenants to Rotem from March 2024,⁹⁹ the following regulation was also included:¹⁰⁰ (1) Further covenants regarding supply, including covenants regarding deviation from a consumption plan and covenants in connection therewith¹⁰¹ will be added to Appendix O to Rotem’s original PPA with IEC (as stated in Section 7.15.6.1 to the Report); (2) Application of the covenants to Rotem in connection with generation¹⁰² (instead of the arrangements by virtue of Rotem's original PPA with IEC), including arrangements applicable to other producers which enter into bilateral transactions, until those covenants are canceled as part of the application of the market model, which became effective in July 2024. As to the quotes to reduce the available capacity used to execute private transactions, it was noted that at this stage the existing status will prevail. I.e., the quotes to reduce load will reflect the generation cost of the generation unit as set out in the existing agreement. According to the Resolution, if circumstances change to a material extent, including, among other things, due to the integration of renewable energies into the grid in general and in the

⁹⁸ Regarding the Resolution of the Israeli Electricity Authority, see the following link: https://www.gov.il/BlobFolder/policy/69101/he/Files_Hachlatot_69101.pdf.

For further details regarding the award of the supply license – see the Company’s immediate report dated July 1, 2024 (Ref. No.: 2024-01-066930).

⁹⁹ For details regarding a hearing on the resolution pertaining to the application of criteria to the Mishor Rotem power plant, see link:

https://www.gov.il/he/departments/publications/Call_for_bids/shim_am_opc_rotem_12032023

¹⁰⁰ In accordance with the Proposed Resolution, all criteria and tariffs applied to Rotem as part of the hearing shall apply as they are revised from time to time.

¹⁰¹ Covenants 58-59, 62 and 97. See Section 7.3.13.2 to the Report.

¹⁰² Covenants 91, 92, 94 and 95 - until their revocation in accordance with Resolution 62703; after their revocation, Item E1 to Chapter F will apply as set in Resolution 62703 (hereinafter - the “Market Model”, as described in Section 7.3.1.1 to the Report) according to the resolution and subsequent to the application of Item E1, the power plant’s load method shall be central or individual according to the producer’s choice.

region covered by the power plant in particular, the Israeli Electricity Authority shall consider reassessing the quote to reduce the load in order to faithfully reflect the load reduction cost. This will be done while taking into account, among other things, the terms and conditions of the gas agreements, operating costs, and capacity changes occurring due to the operation regime changes. This - without detracting from the possibility of setting a regulated quote for all of the quote components set in the covenant; (3) Rotem was awarded a supply license, whose wording will be similar to that of other independent suppliers, subject to that which is stated below. In that respect, it should be noted that - as part of the proposed amendment with respect to the complementary arrangements, Rotem was issued a supply license allowing it to purchase energy and capacity from other producers as well as sell capacity and energy to other suppliers. Giving this option to Rotem allows it to mitigate its risks regarding capacity deviations in a reasonable manner, similarly to other producers and suppliers in the sector.¹⁰³ In addition, in accordance with the Complementary Tariffs Resolution dated February 17, 2025, Rotem may offer surplus electricity to the System Operator, at a maximum price specified in the fixed cost of energy production as per the tender multiplied by 1.4 in the gas component.

Even after the consolidation of the regulation as part of the resolution, Rotem varies from independent producers, which are subject to Regulation 241 and to all the criteria published by the Israeli Electricity Authority, mainly due to the fact that it is not allowed to offer capacity as part of the arrangements stipulated in that respect in Resolution 241 and does not accept capacity payments accordingly; also, the quotes Rotem may make to the system operator are subject to a certain limitation, as detailed below.

Capacity:

A. Fixed capacity rate – if Rotem chooses to allocate capacity for the sale of electricity to Noga (instead of its sale to private customers), Rotem will be entitled to a capacity rate from Noga, with respect to the generation capacity allocated, at a lower rate than its competitors operating under Regulation 241. Since commencing its commercial operation, Rotem has been allocating all of its generation capacity to the sale of electricity to private customers and therefore, this difference has not been manifested.

¹⁰³ According to the Proposed Resolution, this includes waiver of any claims against the Israeli Electricity Authority, the Ministry of Energy, the Ministry of Finance, the entity holding the tender or anyone acting on their behalf; (for the avoidance of doubt, the aforesaid does not detract from any claim established to the said entities).

B. Variable capacity – If Rotem continues to allocate its entire generation capacity to private customers, Rotem will not be entitled to variable capacity payments under Regulation 241, as described in Section 7.3.3.1 to the Report, for the excess generation capacity not sold to private customers, compared with certain other players who are entitled to them (including if they opt in advance not to generate energy for private customers during certain hours).

It is noted that Rotem may return all or some of the capacity it has to Noga and receive fixed capacity payments at the rate under Rotem's PPA with the IEC, reduced according to the capacity return date. In contrast, producers to which Regulation 241 applies may return capacity under various conditions, mainly a limitation only on the quantity of the capacity.

7.3.7. Hadera Power Plant

The Hadera Power Plant is operated using cogeneration technology with an installed capacity of 144 MW, and on July 1, 2020 it commenced commercial operation. For details regarding the said licenses, see Section 7.13 to the Report (including the limit on energy output to the electrical grid). For details regarding the regulation applicable to Hadera, see Section 7.3.3.3 to the Report. As part of the above regulation, Hadera is permitted to sell at a tariff, the formula for the calculation of which is predetermined and includes mechanisms of linkage to various parameters, including Hadera's gas price (including taxes), the CPI and the USD exchange rate. Following the revision of the demand hour clusters resolution (as outlined in Section 7.2.3 to the Periodic Report for 2023), the mid-peak demand hour cluster was canceled, and the off-peak hours were expanded so as to reduce the System Operator's purchase obligation from Hadera. It is noted that the annual tariff is set according to the actual quantity of electricity provided during on-peak hours. It is also noted that, as of the Report approval date, no adjustments have been made following the decision to change the demand hours clusters.

Hadera has a long-term PPA with Infinya, as part of which Hadera provides the entire electricity and steam needs of Infinya Plants, which are located close to the Hadera Power Plant. The Hadera Power Plant has a direct power line to Infinya Plants.

In addition to the Hadera Power Plant, Hadera owns the Energy Center (boilers and turbine on the premises of the Infinya Plants), which is located on the premises of Infinya Plants. For details regarding Hadera's holding stake in the Energy Center, see Section 7.12.2 to the Report. For details regarding the negotiations for the agreement to acquire

interests in Hadera 2's land and in the Hadera Power Plant land from Infinya (instead of the lease agreement and the lease option agreement), see Section 7.12.4 to the Report.

In addition, the Hadera Power Plant supplies electricity to additional private customers and to the System Operator.

7.3.8. Zomet Power Plant

Conventional open-cycle power plant (peaker plant), with a capacity of approx. 396 MW in proximity to the Plugot Intersection near Kiryat Gat, whose construction was completed in June 2023. Peaker power plants receive capacity payments and reimbursement of expenses due to electricity generated under Regulation 914 as stated in Section 7.3.3.2 of the Report and under the tariffs set by the Israeli Electricity Authority. Upon the completion of the Zomet Power Plant's construction and the receipt of a permanent generation license, the power plant's entire capacity is allocated to the System Operator under a fixed capacity arrangement and Zomet is not permitted to enter into PPAs with private customers (unless the Trade Rules are revised and a different regulation is issued, if any). Accordingly, as from the commencement date of the commercial operation, the Zomet Power Plant sells to Noga capacity and energy from its facilities, in accordance with the power purchase agreement signed with it, and in accordance with Zomet's tariff approval, as outlined in Section 7.13 to the Report.

7.3.9. Gat Power Plant

In March 2023, a transaction was completed for the acquisition of all interests in the corporations which (indirectly) held all interests in the Gat Power Plant as well as of the rights to receive payments in respect of the shareholder loan extended by the Seller. For details regarding the Gat Power Plant acquisition agreement, see Section 2.4 to the Periodic Report for 2023.

The Gat Power Plant is an independent combined cycle power plant powered by conventional energy with installed capacity of approx. 75 MW; the power plant is located on privately-owned land in the Kiryat Gat area. Commercial operation of the Power Plant commenced in November 2019. The power plant operates under a "limited capacity" regulatory framework, in accordance with the applicable regulation for cogeneration producers which do not meet the cogeneration conditions as per the

Israeli Electricity Authority's resolution.¹⁰⁴ Under the regulation, the power plant is permitted to sell the electricity to electricity consumers, and to provide the remaining generation capacity to the System Operator as capacity, under an annual capacity limit. The Gat Power Plant has a tariff approval from the Israeli Electricity Authority in connection with the receipt of capacity payments, where the total capacity payment is capped as per the license. It is noted that Gat Power Plant's revenues from sale of energy are linked to the Generation Component; therefore, its profitability is affected by changes in the Generation Component (revenues from provision of capacity are linked to the CPI). For further details, see Section 7.2.3 to the Report.

7.3.10. Agreements for construction of energy-generation facilities on consumers' premises

As of the Report approval date, the Company entered into several agreements with consumers, including under a tender of the Israeli Electricity Authority,¹⁰⁵ under which the Company constructs and operates energy generation facilities on the consumer's premises using mainly gas-fired electricity generation facilities and electricity storage facilities, in accordance with the table presented in Section 7.1.1 to the Report and as follows. As part of the arrangements, as a rule, the Company was given the right to construct generation facilities setting commercial operation dates are in accordance with the stipulated conditions, which may differ between agreements; in some agreements, they depend or are conditioned on fulfillment of various conditions in the project's life (such obtaining as permits, connection to the natural gas distribution grid or to the electrical grid).

The engagements with each of the said consumers includes (as the case may be) commitments of the Company in connection with construction and operation of the generation facilities, including timetables for execution, connection of the facilities to the electrical grid, and if the facility is gas-powered also to the natural gas distribution grid, and in some of the agreements - responsibility for certain results. As a rule, the Company will operate the facilities and will use them to generate electricity which will be supplied to the grid and/or to consumers, in accordance with its discretion, and in accordance with the different commercial arrangements for periods of 15 to 25 years from the commercial operation date of the generation facilities, subject to an early termination option, as set forth in the agreements with each consumer.

¹⁰⁴ Resolution No. 6 (1021) – revision of tariff arrangement for cogeneration facilities:
https://www.gov.il/BlobFolder/policy/48006d/he/Files_Hachlatot_06480.pdf

¹⁰⁵ The resolution was published in the Internet website of the Israeli Electricity Authority:
<https://www.gov.il/he/departments/policies/56805>

As a rule, the agreements with consumers are based on a discount on the Generation Component and a savings on the grid tariff, and other arrangements (which depend, in certain cases, on the nature of the project), including payments in respect of the award of the rights to the land and various arrangements related to the construction and operation of the facilities. It is noted that most of the consumers are concurrently engaged in PPAs with Rotem or Hadera.

Additionally, the Company signed a master agreement to purchase motors for the generation facilities in order to execute the relevant projects. In addition, the Company entered into construction agreements with construction contractors, and into equipment supply agreements and agreements for the maintenance of the engines for some of the projects. It is noted that following the War, the Company served force majeure notices to consumers. The War and its effects have caused schedule overruns for commercial operation and affected the projects' expected costs. It is clarified that delays in the completion of the projects, which are not justified in accordance with the relevant agreements, which may impact the cost of the project, and may cause an increase in costs and/or constitute failure to comply with undertakings to third parties and lead to the instigation of proceedings and/or the demand of remedies. It is noted that additional facilities in respect of which the Company entered into development agreements in addition those detailed above, will not be executed and the agreement in respect thereof was terminated or is in the process of being terminated.

As a rule, it is clarified that separate, independent agreements are involved, having different scopes and different terms and conditions which are agreed to with each consumer, which may materialize at different times. The Company believes that, as a general rule, each of the abovementioned engagements, in and of itself, is immaterial to the Company.¹⁰⁶ As of the Report approval date, the Company is conducting a process in which it is assessing the possibility of selling the said activity, but the decision on this matter has not yet been made by the Company, including in connection with the conditions for such a sale, and there is no certainty as to the results of this assessment, its timing or the terms and conditions thereof.

For details regarding the regulation by virtue of which the Company is acting to construct the projects in consumers' premises, see Section 7.3.5.1 to the Report. For further details, see Section 6A1 to the Report of the Board of Directors:

¹⁰⁶ That stated is based solely on the Company's assessment as of the Report approval date.

It is clarified that the statements made above in this section, including regarding the commercial construction and operation of the production facilities which have yet to reach the commercial operation stage, the projects' characteristics, the materiality of the engagements, and the possibility of selling the operation - include forward-looking information, as defined in the Securities Law, regarding which there is no certainty whether it will materialize (in whole or in part). As stated above, the completion of the projects' construction depends, among other things, on obtaining the required approvals, including the completion of the construction work and connection of infrastructure and equipment, the absence of objections, stable construction and equipment costs etc., or the materialization of any of the risk factors applicable to the Company as detailed in Section 19 to the Report. Delays or difficulties in completing projects may impact the fulfillment of obligations to third parties in connection with the projects and impose further costs on the Company. In addition, the abovementioned sale of the activity or its terms have not yet been finalized and are subject, among other things, to factors which are independent of the Company, including obtaining third-party approvals, and to the Company's decision, which had not yet been made on the Report approval date, the adoption, timing, or terms of which are uncertain.

7.3.11. Sorek 2 generation facility

In May 2020, Sorek 2 signed an agreement with SMS IDE Ltd. (hereinafter - "**IDE**"), which won a tender of the State of Israel for the building, operation, maintenance and transfer of a seawater desalination facility on the Sorek B site (hereinafter – the "**Desalination Facility**"), whereby Sorek is to supply equipment, build, operate, and maintain a natural gas-fired energy generation facility on Sorek 2, with a production capacity of approx. 87 MW (hereinafter – the "**Sorek Generation Facility**") and supply the energy required for the Desalination Facility for a period which shall end on the earlier of: (a) 24 years and 11 months from the Desalination Facility's commercial operation date; or (b) 27 years and 9 months from the concession contract's signing date (March 15, 2048) (hereinafter - the "**Sorek B IPP Agreement**"). At the end of the aforesaid period, ownership of the Sorek Generation Facility will be transferred to the State. Following on the above, a BOT (build, operate, transfer) agreement was signed between IDE and the State of Israel.

Sorek 2's engagement with IDE includes, among other things, Sorek 2's undertakings to construct the facility within the later of: 24 months of the date of approval of NIP 36A

(which became effective in December 2021) or within 4 months of the date on which the construction of the gas pipeline is completed, including obtaining the required permits, and the supply of natural gas to the power plant has commenced. The Sorek Generation Facility was built by Sorek 2 as an IPP contractor (subcontractor of the concessionaire) under the BOT agreement of the Desalination Facility, and in connection with this Sorek 2 has undertaken, among other things, to provide a performance guarantee and other guarantees in favor of IDE. The Sorek 2 production facility was constructed under Regulation 555, and the remaining capacity beyond the consumption of the desalination facility is designated to be sold to the consumer located at the premises of the production facility and to the system operator.¹⁰⁷ The tariff under the regulation was approved on June 4, 2024 (for details, see Section 7.13 to the Report). To secure Sorek 2's commitments under the Sorek B IPP Agreement, the Company provided IDE with a guarantee which shall remain valid throughout the agreement term. As of the Report approval date, the construction of the facility has been completed in essence and the operation of the generation facility is subject to the fulfillment of conditions and factors, which have not yet been fulfilled, and to operational or technical factors pertaining to the facility's delivery inspections. The construction of the facility was affected, among other things, by security developments in Israel.¹⁰⁸ For further details regarding the construction of the Sorek 2 generation facility, see Section 7.15.1.1 to the Report.

7.3.12. Development activity

7.3.12.1. Hadera 2

Under the Government's resolution of April 2017, as amended in November 2020, the Group was authorized to advance plans with the National Infrastructures Committee for the construction of a gas-fired power plant. Under said authorization, the Company advanced National Infrastructure Plan 20B (Hadera 2) in connection with a plan for the construction of a gas-fired power plant on land owned by Infinya which is adjacent to the Hadera Power Plant (the plan also permits storage). In connection with the project, Hadera 2 signed an option agreement to lease land adjacent to the Hadera Power Plant. For details regarding the option agreement, see Section 7.12 to the Report and Note 10B4 to the Financial Statements.

¹⁰⁷ Regulation 555 (see Section 7.3.3.4 to the Report) and Resolution 558 (see Section 7.3.1 to the Report).

¹⁰⁸ This includes the effect of force majeure events on the schedules associated with the project, as detailed in Section 7.15.1.1.

In December 2021, the National Infrastructures Committee (hereinafter - the "NIC") discussed the advancement of plans for gas-fired power plants; with respect to NIP 20B, the National Infrastructures Committee plenum decided to submit the plan to the government for approval and the plenum determined that a section be added to the plan's instructions, under which, operating the plant is conditioned on non-continuous operation of coal-fired units 1-4 in the Orot Rabin - the Israel Electric Corporation complex near Hadera.¹⁰⁹

On April 17, 2024, the Israeli government rejected the plan. In June 2024, Hadera 2 petitioned the High Court of Justice regarding the reversal of the aforementioned government resolution and plan approval. In December 2024, an order nisi was handed down by the High Court of Justice, ordering the government to explain why the plan ought not to be submitted to the NIC for further discussion, and alternatively, explain why the plan is not being reassessed. A hearing regarding the abovementioned order nisi took place in April 2025, after which the court proposed that the government discusses this issue again while setting dates for this purpose.

Following the discussions held regarding the said petition, in an additional discussion held by the Government of Israel on August 10, 2025, it was resolved to approve the plan. Accordingly, Hadera 2 is preparing to proceed with the construction of a gas-fired power plant with an estimated capacity of approx. 850 MW,¹¹⁰ under the revised Regulation of Conventional Generation Units as detailed in Section 7.3.2 to the Report. Under the above, as of the Report approval date, the Company works to promote the moves required for the development of the project, including promoting the engagement in the project agreements including finance agreements (as stated in Section 7.18.2.1 to the Report), construction and equipment agreements, taking into account, among other things, global schedule constraints for ordering equipment.¹¹¹ As of the Report date, the Company entered into an equipment supply agreement

¹⁰⁹ In November 2025, the Minister of Energy and Infrastructure established policy principles regarding the scope and manner of maintaining power generation units 1-4 at the Orot Rabin power plant on standby <https://www.gov.il/he/pages/electricity-011225>. In accordance with these principles, the IEC will maintain power generation units 1-4 at the Orot Rabin power plant at a hot standby mode as from January 1, 2026 and through the end of 2028. The policy principles were determined after consultation with the Israeli Electricity Authority and in accordance with its position whereby despite higher operating and environmental costs, maintaining the coal-fired units at a hot standby mode enables a faster response in times of emergency.

¹¹⁰ It is noted that the project will be constructed using the best available technology and that the existing Energy Center near the Hadera Power Plant (including the stack) will be dismantled. For details regarding the Energy Center, see Section 7.12 to the Report. In addition, Hadera 2 will execute an environmental project in cooperation with the relevant parties and in accordance with any law until the power plant is operated (if it is constructed).

¹¹¹ It is noted that certain expenses are fully exposed to the abovementioned development risks.

with GE Vernova, as detailed in Section 7.15.3.1 to the Report. In addition, as of the Report approval date, the Company seeks to obtain all the required approvals and permits (including securing connection) for the project.

It is noted that the advancement of such moves involves, among other things, irrevocable undertakings and expenses involving third parties (including advance payments pertaining to such actions) which are exposed to uncertainty and development risks, considering that the advancement of the project and its execution are subject to conditions, which - as of the execution date of the abovementioned undertakings or payments - have not yet been fulfilled, such as the quota set by the Israeli Electricity Authority, connection to the grid, obtaining permits and regulatory approvals, and completing material engagements associated with the project, the materialization or timing of which is uncertain. Accordingly, in the event that the conditions for financial closing of the project are not fulfilled in accordance with the plans, the abovementioned pre-construction costs (or any of them) are not expected to be reimbursed to the Company.

For details regarding the negotiations for the agreement to acquire interests in Hadera 2's land and in the Hadera Power Plant land from Infinya (instead of the lease agreement and the lease option agreement), see Section 7.12.4 to the Report.

For details regarding the estimated construction cost of the Hadera 2 project (if any), see Section 6A2 to the Report of the Board of Directors. The project's construction is expected to commence by the end of 2026.

For further details regarding the project and the reversal of the provision for impairment, see Section 6A2 to the Report of the Board of Directors and Note 10B to the Financial Statements.

The above statements with respect to the construction of the project in accordance with the above, the applicability of the regulation to the project (and relevant tariffs if the regulation will apply), the commencement date of the project's construction, the project's capacity, obtaining the approvals and permits, and the abovementioned characteristics, includes forward-looking information as defined by the Securities Law, based on the Company's intentions and assessments as of the Report approval date, the materialization of which is uncertain. The execution of the Project in accordance with the aforesaid (if any) is subject to the materialization of various terms and conditions (including ones beyond the Company's control), including the Project's compliance with the quota set forth in the Regulation at the relevant dates, securing key agreements for the Project (such as construction,

equipment, gas and finance agreements) under appropriate conditions and dates, obtaining regulatory approvals, completion of surveys and permit processes, connection and licensing, completion of the remaining aforementioned measures, existence of adequate market conditions, securing equipment and construction costs and non-materialization of one or more of the risk factors to which the Company is exposed, as outlined in Section 19 to the Report. As of the Report approval date, such terms and conditions have yet to be fulfilled and there is no certainty as to their fulfillment or the date of their fulfillment, and therefore - as of the Report approval date - there is no certainty as to the execution of the project.

7.3.12.2. Ramat Beka solar and storage project

In May 2023, OPC Power Plants won the tender issued by ILA for planning and an option to purchase leasehold rights in land for the construction of renewable energy electricity generation facilities using photovoltaic technology co-located with storage with respect to three compounds in the Neot Hovav Industrial Local Council, with a total area of approx. 2,270 dunam (hereinafter - the **"First Tender"**). OPC Power Plants' bids in the First Tender totaled approx. NIS 484 million, in the aggregate, for all three compounds.

According to the terms and conditions of the First Tender, in the third quarter of 2023, 20% of the total consideration amount for the three compounds was paid in respect of an authorization and planning agreement.

For details regarding the purchase tax assessment procedure with respect to the first tender, including the Israel Tax Authority's decision to dismiss the objection submitted by the Company regarding the purchase tax assessment, and the filing of an appeal against the dismissal of the objection, see Note 10B5 to the Financial Statements.

On June 30, 2024, OPC Power Plants won a further ILA tender with respect to two compounds with an aggregate area of approx. 1,617 dunams located in proximity to the compounds won by the subsidiary in the First Tender (hereinafter - the **"Second Tender"**). The Group's bids in the Tender total approx. NIS 890 million, in the aggregate, for the Two Compounds in the Second Tender.

In accordance with the terms of the Second Tender, in September 2024, OPC Power Plants completed the first payment to the Israel Land Authority, for approx. NIS 178 million in the aggregate, comprising 20% of the total consideration for the two Second Tender compounds, in connection with the execution of a planning permission agreement for a period of 3 years.

With respect to the two tenders - it is noted that the amount paid as stated above will not be refunded to OPC Power Plants even if the project's development and planning procedures never develop into an authorized plan and lease agreements are not signed (as detailed below).

In October 2024, an authorization planning agreement was signed with the Israel Land Authority. The term of the abovementioned planning permission agreement is 3 years with an option to extend by 12 further months (subject ILA's discretion and the fulfillment of the terms and conditions of the planning permission agreement by OPC Power Plants).¹¹²

The proximity between the compounds of the First Tender is an advantage, and subject to completing adequate development procedures – the Company is promoting a consolidated project which is expected to total, as of the Report approval date, approx. 550 MW plus an estimated storage capacity of up to approx. 3,850 MW/h (hereinafter - the "**Consolidated Project**"). In addition, the proximity of the compounds as stated above enables project continuity, and the advancement of the conditions required for connection to the transmission grid under a comprehensive plan. It is noted that the Company intends to transfer the lease rights in the Consolidated Project to Ramat Beka Solar subject to ILA's approval.

In February 2024, the Government resolved to authorize OPC Power Plants to prepare national infrastructure plans for a photovoltaic electricity generation project in connection with winning the First Tender and to submit it to the National Committee for Planning and Building of National Infrastructures; in the reporting year, the Government authorized the promotion of the plan in the National Infrastructures Committee with respect to the Second Tender's land. In addition, a national infrastructure plan was submitted for the construction of the project. In January 2026, the Consolidated Project's plan was approved by the National Infrastructures Committee, subject to the lapse of the statutory period or the government's discussion of objections; final approval of the plan is expected in the forthcoming weeks.¹¹³

¹¹² With respect to any auction, it is noted that, insofar as a new plan is not lawfully authorized within 3 years, the ILA may extend the authorization for development by an additional year. Such an extension involves a further consideration of 2.5% of the winning bid amount plus VAT, linked to the Consumer Price Index.

¹¹³ **The assessment with respect to the approval and its expected receipt date includes forward-looking information as defined by the Securities Law, which is based on the Company's assessments as of the Report**

It is noted that as from the plan's final approval date (and subject to such approval), OPC Power Plants will be given a period of 90 days to make the second payment of 80% with regard to the two tenders.

In May 2025, the market regulation was published (Regulation of Engagement in Transactions for the Sale of Capacity from High-Voltage Solar Production Facilities co-located with storage) which is expected to apply to the Ramat Beka Project (for details, see Section 7.3.4 to the Report). In view of the provisions of the above regulation, the solar capacity is estimated at approx. 550 MW as of the Report date and the project's storage capacity is estimated at approx. 3,850 MW/h.

According to the Company's assessment and subject to completing all actions and all development, planning and licensing processes and obtaining the required approvals, the construction phase is expected to commence by the end of 2026. For details regarding the project's estimated cost, see Section 6A2 to the Report of the Board of Directors.

For details regarding advanced negotiations to finance the project, see Section 7.18.2 to the Report. As of the Report approval date, the Company works to advance the moves required for the development of the project, including advancement of negotiations for entering into the project's construction and equipment purchase agreements, as detailed in Sections 7.15.3.2, 7.15.3.3 and 7.15.3.4 to the Report and is seeking the required approvals and permits.

For further details, see the Company's immediate reports of May 11, 2023, August 1, 2023, July 1, 2024 and September 30, 2024 (Ref. Nos.: 2023-01-043153, 2023-01-071647, 2024-01-066948 and 2024-01-606802, respectively), as well as estimated costs and dates, see Section 6A2 to the Report of the Board of Directors and Note 10B5 to the Financial Statements.

As of the Report approval date, it is uncertain that the approvals and consents required for the development and construction of the consolidated project will be completed with respect to any of the compounds and/or with respect to the said characteristics.

The project's development, as well as its construction and operation, are exposed to various risk factors, in particular: development process completion risks,

approval date, and may not materialize or materialize in a manner different than expected, including due to factors independent of the Company, including objections to the decision and resolutions of regulatory and government entities.

regulatory risks, market risks (including in connection with macro conditions), dependence on infrastructure and securing a connection to the grid and allotted capacity, dependence on utilities, and project construction risks. For details regarding the risk factors to which the Company is exposed, see Section 19 to the Report. The construction of the project in accordance with the aforesaid, including the Regulation's applicability to the project, the project's construction commencement date, obtaining all the approvals and permits,, the project's final capacity (solar and storage), and the aforesaid characteristics and/or estimated construction cost, include forward-looking information as defined by the Securities Law, which is based on the Company's intentions and assessments as of the Report approval date, and the materialization of which is uncertain. The execution of the Project in accordance with the aforesaid (or at all) is subject to the materialization of various terms and conditions (including ones beyond the Company's control), including securing key agreements for the Project (such as construction, equipment, gas and finance agreements) under appropriate conditions and dates, obtaining regulatory approvals, completion of surveys and permit processes, connection and licensing, completion of the remaining aforementioned measures, existence of adequate market conditions, securing equipment and construction costs, entering into a finance agreement and its terms and conditions, and failure to meet one or more of the risk factors to which the Company is exposed to, as outlined in Section 19 to the Report. As of the Report approval date, such terms and conditions have yet to be fulfilled and there is no certainty as to their fulfillment or the date of their fulfillment, and therefore - as of the Report approval date - there is no certainty as to the execution of the project.

7.3.12.3. Intel

On March 3, 2024, OPC Power Plants and Intel Electronics (hereinafter - "**Intel**"), a customer of the Company, entered into a non-binding memorandum of understanding whereunder OPC Power Plants will construct and operate a power plant, which will supply electricity to Intel's facilities in Kiryat Gat, including expansion of the facilities, which is currently underway, for a period of 20 years from the commercial operation date (hereinafter in this section - the "**Memorandum of Understanding**"). According to the memorandum of understanding, OPC Power Plants will hold exclusive rights in the project with a capacity no lower than 450 MW (and according to the Company's assessment, up to 650 MW) and will bear the cost of its construction.

The Memorandum of Understanding sets forth provisions regarding the promotion of the development and planning of the Project, acquisition of rights to land in accordance with arrangements prescribed, and collaboration between the parties in order to obtain the required permits in connection with the Project. In addition, the Memorandum of Understanding includes, among other things, arrangements regarding the payable tariff, which is based on Generation Component discount rates (gradual and based on the Project's characteristics) and other provisions to be included in a detailed agreement to be drawn out by the parties, which is under negotiation as of the Report approval date (including conditions precedent generally accepted in such projects).¹¹⁴

As of the Report approval date, the parties are working on promoting the project's development and planning process and are negotiating the detailed agreements; during 2024, a planning survey was promoted; a certification of interest in the land was also issued during the reporting year as was the Planning Administration's planning recommendation, which are needed for the purpose of obtaining the government's authorization to commence the process of approving a National Infrastructure Plan. In March 2025, the government's authorization to promote the scheme was granted by the National Infrastructure Committee.

For further details regarding the project's estimated construction costs and schedule, see Section 6A2 to the Report of the Board of Directors.

The information included in the Report regarding the Project, including with respect of the Project's characteristics (including capacity), its execution, completing the engagement between the parties, obtaining required approvals and regulatory framework, includes forward-looking information as defined in the Securities Law - based on the Company's plans as of the Report date, the materialization of which is uncertain. As of the Report date, the promotion, development, construction, operation, cost and final characteristics of the Project (if promoted) as well as the terms and conditions of the detailed agreements are subject to the fulfillment of various factors and conditions which have yet to be fulfilled (and the fulfilment of which is uncertain), which include, among other things, regulation by the Israeli Electricity Authority, obtaining permits and licenses,¹¹⁵ completing development

¹¹⁴ Which include the setting of an appropriate regulation by the Israeli Electricity Authority, securing rights to land, completion of a planning survey, and obtaining the regulatory approvals.

¹¹⁵ Including receipt of licenses by the Israeli Electricity Authority taking into consideration, among other things, the Company's compliance with the provisions of the Market Concentration Law regarding sectorial concentration and aggregate concentration, as stated in Sections 7.2.5 and 7.2.6 to the Report, as applicable on the relevant date.

and planning processes, ensuring connection and transmission infrastructures, setting final construction and equipment costs, engaging with key contractors and suppliers (and the terms of the engagement), the completion of negotiations and meeting the conditions precedent and obtaining the required approvals, and/or non-fulfillment of one or more of the risk factors to which the Company is exposed, as stated in Section 19 to the report (including construction risks and/or risks which affect the construction and equipment costs), as well as Intel's decisions regarding the expansion or activity of the facilities according to Intel's decisions, the signing and execution of binding agreements between the parties to the memorandum of understanding, which has yet to be completed as of the Report date.

7.3.12.4. Solar and storage projects

OPC Israel works to develop storage-incorporated solar projects in land owned by kibbutzim and moshavim, using photovoltaic technology co-located with storage, including agrivoltaic projects. To this end, OPC Israel entered into agreements with interest holders in land (rural communities – moshavim and kibbutzim, hereinafter - **"Land Interest Holders"**) where solar projects co-located with energy storage may potentially be constructed. Most of the agreements are option agreements, under which OPC Israel has the right to develop and advance projects for the construction and operation of power generation facilities using solar energy co-located with storage facilities located on the ground or above and alongside agricultural crops. Generally, in accordance with the agreements shortly prior to the financial closing, a joint special-purpose corporation will be established with the Land Interest Holders - which will be held in accordance with the requirements of the law with regard to the settlements' right to the land¹¹⁶ - and will own the production facility. In addition, OPC Israel will be in charge of the development, licensing, management, financing, construction, maintenance and operation of the abovementioned solar production facilities; and the Company will be given priority to purchase the electricity produced in the solar facilities in accordance with the arrangements set forth in the agreements. The agreements with the Land Interest Holders, generally include payment to the Land Interest Holders with respect of the use of the land (including payments during the option period under agreed terms and conditions), and an option given to the Land Interest Holders to participate - to a limited extent - in the project's profits, alongside bearing the project costs and operating it under the conditions set forth in

¹¹⁶ Including by virtue of the Israel Land Authority's resolutions regarding the holding of agricultural land, as they shall be from time to time. See Sections 7.3 and 8 to the Israel Lands Council' Resolutions File: <https://apps.land.gov.il/CouncilDecisions/assets/data/61/CouncilDecisions.pdf>

the agreement. Generally, such agreements include (as the case may be) arrangements regarding the management of the special-purpose corporation, arrangements regarding development expenses, representation on the board of directors and decision-making (and the Land Interest Holders will be entitled to certain minority interests as the case may be), regarding the financing of the project (including the provision of financing and own capital by OPC Israel for this purpose, including for Land Interest Holders' rights under certain circumstances¹¹⁷), arrangement for bearing various costs and collaboration arrangements for developing and constructing the project.

The solar electricity production activity of independent power producers and the supply of such electricity to customers is regulated under the Electricity Sector Law and the regulations promulgated thereunder, by virtue of which provisions, regulations, tenders and resolutions of the Israeli Electricity Authority are published, which determine, among other things, the licensing procedures for the purpose of executing the activities and the conditions for their execution. Furthermore, the construction of solar and agrivoltaic plants is subject to obtaining approvals from regulatory bodies and various institutions (such as the Israel Land Authority, municipalities, planning and construction bodies and various government ministries). With regard to the construction of agro-solar facilities, it is noted that on January 13, 2026, the National Outline Plan for agrivoltaic facilities (NOP 1/24) was approved, which regulates the construction of facilities which combine electricity generation from solar energy with active agricultural processing.¹¹⁸

It is noted that as of the Report approval date the purpose of the abovementioned solar projects is to supply power to customers (in accordance with the conditions of the applicable regulations as they will be on the relevant dates).

As of the Report approval date, agreements were signed for the construction of solar facilities with an estimated aggregate capacity of approx. 0.5 GW and approx. 2,500 MW/h of storage capacity. In August 2025, the government's authorization to promote a scheme estimated at approx. 0.15 GW/h and approx. 0.75 GW/h of storage was granted by the National Infrastructure Committee. However, as of the Report approval date, the projects are under initial development stages and their completion, construction and operation are subject to obtaining all permits, to planning and

¹¹⁷ In this case, the capital provided by OPC Israel for the Land Interest Holders, will be a loan to the Land Interest Holders, which will be repaid out of the project's revenues from the sale of the electricity.

¹¹⁸ See the resolution at: <https://www.gov.il/he/pages/dec3894-2026>.

licensing procedures and to ensuring connection to the grid, terms of engagement with major suppliers (including lenders), final costs for development, construction and equipment, and completion of construction work. Accordingly, as of the date of this report, there is no certainty that all the projects will be executed, all of their characteristics, or their date of completion (if any).

It is hereby clarified that the statements made in this section above, including the projects' characteristics, capacities, technology, storage capacity and areas, commercial outline and regulations, and the development, construction and commercial operation of the production facilities, includes forward-looking information, as defined in the Securities Law, regarding which there is no certainty as to whether it will materialize (in whole or in part) or materialize in the manner assessed. As of the Report approval date, the projects are in early planning stages the development of which has not yet begun; their advancement depends, among other things, on obtaining the required approvals and completing procedures with ILA, including regulating land interests, approval of plans by the planning institutions, obtaining building permits and lack of objections, adequate regulatory or government policies, completing the construction work and connecting the equipment, no changes in the costs of construction and equipment, obtaining the required licenses and regulatory approvals, founding the project corporations, obtaining the parties' approvals, etc. Delays in completion of the projects may impact the fulfillment of obligations to third parties in connection with the projects. Ultimately, the construction and operation of the facilities may not be executed, in whole or in part, or may be executed differently than stated above.

7.3.12.5. Development of a natural gas project under an engagement with Migdal

Further to the Government Resolution entitled Promoting the Energy Security of the Israeli Electricity Sector (hereinafter - "**Resolution 2282**"),¹¹⁹ OPC Israel and corporations of the Migdal Insurance Company Ltd. group (hereinafter - "**Migdal**") - as of the Report Date an interested party in the Company by virtue of holding stakes - entered into an agreement under which a limited partnership was founded, in which OPC Israel and Migdal (indirectly) hold stakes of 51% and 49%, respectively, with OPC Israel (indirectly) wholly owning (indirectly) the General Partner (hereinafter in this section - the "**Partnership**"), and which will work to develop, build and operate gas-fired power plants in the area defined in Resolution 2282, and specifically on the option land, as defined below (hereinafter in this section - the "**Agreed Area**", the

¹¹⁹ For further details regarding Government Resolution No. 2282, see Section 7.2.10 to the Report.

"Projects", and the **"Partnership Agreement"**, as applicable). In accordance with the Partnership Agreement, OPC Israel will be given priority to purchase the power generated in the projects in accordance with the conditions set. In addition, arrangements were set regarding equity injection for development and construction expenses, and regarding activity in the Agreed Area and precedence to Migdal to participate in another project, which is outside the Agreed Area, all under the conditions set. In addition, the Partnership Agreement stipulated arrangements regarding management fees and development fees, generally accepted restrictions on the transfer of rights, resolutions requiring a special majority, information rights, etc. It was further determined that under certain circumstances, each of the parties (as the case may be, including under certain circumstances where an investor is introduced into OPC Israel) will have the right to convert Migdal's share in the Partnership into a holding stake in OPC Israel, subject to certain conditions and restrictions. In addition, the Partnership signed an option agreement with Migdal for the lease of land (in which Migdal has interests) in the Agreed Area, which has the potential for constructing a gas-fired power plant (hereinafter in this section - the **"Option Land"**). The option is for an aggregate period of 9 years with early termination rights under set circumstances. The exercise of the option and the transfer of possession are subject to the fulfillment of certain conditions, including conditions dependent on third parties. If the option is exercised, a lease agreement will be entered into for a term equivalent to the land-lease period with the ILA.

It is clarified that the development of the project in the Option Land is in early stages, and the approvals required for the development in the Option Land have not yet been obtained, nor is there certainty that the condition precedent attached to the engagement will be fulfilled, and that various actions, approvals and authorizations (including Government authorization), will be carried out and/or obtained (in whole or in part), within the estimated period for their completion (if they are, indeed, completed). In addition, the development of the project is affected, among other things, by various conditions, the fulfillment of which is uncertain, including conditions pertaining to the designated land and the pace of development of competing projects in the Agreed Area. If the condition precedent under the Partnership Agreement is fulfilled, the development and construction of the project will be subject to the non-materialization of various risk factors to which the Company is exposed (including development and construction risks), as described in Section 19 to the Report. Accordingly, as of the Report approval date, there is no certainty as to the execution of the abovementioned engagement with Migdal and/or the project.

7.3.12.6. Rotem 2

For details regarding signing of the lease agreement for the land adjacent to the Rotem Power Plant – see Section 7.12.4 to the Report.

As of the Report date, the Company is looking into various alternatives to maximize the land's business and planning potential, including construction of storage facilities, in accordance with the land's designation and the planning and regulatory options available to it.

The advancement of the projects under development is consistent with the Company's strategy with respect to expansion of its business activities in the electricity market in Israel. As of the Report approval date, the Company is continuing its said project initiation activities and is reviewing its options while taking into account a number of factors and conditions including, among others, budget and execution processes, setting of supplementary regulatory arrangements, the development plan of the transmission grid as well as other factors which are not dependent on the Company and which are expected to take some time, including assurance of the ability to connect the projects to the transmission/distribution grid on time. At the same time, as part of the Company's strategy as mentioned above, the Company takes steps to initiate and develop other projects, both gas-fired and renewable energy ones, by way of entering into agreements with landowners for the purpose of developing new projects or acquiring projects in various development phases. It should be emphasized that the expansion of the Company's activity in Israel is subject to restrictions under the Market Concentration Law, as stated in Sections 7.2.5 and 7.2.6 to the Report, as shall be from time to time and additional terms and conditions; accordingly, there is no certainty that the completion of all (or some) of the projects shall be possible, even if the development procedures are advanced.

The above information regarding projects under development and considering the expansion of the Company's activities includes forward-looking information, as the term is defined in the Securities Law, which is based on the Company's plans and assessments as of the Report approval date. This information may not materialize or may materialize in a manner that is materially different than expected, due to various factors, including planning and licensing procedures, the conditions for the rezoning the land and the status of rights therein, the ability to pipe electricity from the site, raising of financing for projects and receipt of the required approvals, including setting an appropriate regulation, licenses and regulatory approvals, contracting with third parties and approval of the Company's competent organs.

7.3.13. Restrictions, legislation, standards and special constraints applicable to the Group's area of activity in Israel

Following is a summary description of regulations and other legislative provisions applicable to the Group's operations in this area of activity, as of the Report approval date. For details regarding the Company's licenses and the applicable restrictions thereunder, see Section 7.13 to the Report:

7.3.13.1. Electricity Sector Rules

The Electricity Sector Rules, including the Electricity Sector Rules (Transactions with an Essential Service Provider), 2000 (hereinafter - the "**2000 Rules**") and Electricity Sector Rules (Transactions with an Essential Service Provider), 2020 (hereinafter – the "**2020 Rules**") - which are applicable as from June 28, 2020 to producers in the transmission grid, regardless of the technology used, who obtained a tariff approval after March 1, 2018 - are designed to regulate the engagement of independent power producers in transactions with the System Operator and set out the principles for such transactions.

7.3.13.2. Covenants¹²⁰

The covenants are set by the Israeli Electricity Authority and regulate the level, quality, and nature of the service provided by the license holder to the essential service provider. The covenants are updated from time to time and are published in the Official Gazette as a condition for their entering into effect. The main covenants that affect the Group's activities as of the Report approval date are, among others:

7.3.13.2.1. Covenants entitled Private Transactions (Chapter E of the Covenant Code)

The covenants in Chapter E, entitled Private Transactions, govern the supplier's ability to execute private transactions with consumers, and stipulate, among other things, the supplier's obligations, (such as provision of a collateral), and the process of assigning producers to suppliers, and consumers' switching suppliers. In addition,

¹²⁰ The Covenant Code, the Israeli Electricity Authority: <https://www.gov.il/he/pages/amotmidabook>

as part of these covenants, rules and payment mechanisms are stipulated in respect of deviations from the consumption plan.

7.3.13.2.2. Covenants entitled Purchasing Electricity, Maintenance, and the Operating Regime for Independent Production License Holders (Chapter F of the Covenant Code)

The covenants in Chapter F regulate the rules for the conduct and netting of independent power producers using various technologies with the System Operator.

7.3.13.2.3. Covenants entitled Connecting Generation Facilities to the Electrical Grid

The covenants set in Chapter C, Item C and Item D to the Covenant Code stipulate the commercial mechanism for connecting generation facilities to the distribution grid and to the transmission grid, including the mechanisms for ensuring the ability to transfer energy from the facility to the electrical grid, subject to compliance with various conditions, such as non-concentration approval, which are specified therein.

7.3.13.2.4. Pursuant to deviations from the consumption plans, Resolution No. 573 regarding deviation from the consumption plan (hereinafter - **"Resolution on Deviations from Consumption Plans"**¹²¹), an electricity supplier related to a bilateral producer may not sell more to its consumers than the total capacity that is the object of all the engagements it has entered into with independent generation license holders.¹²² Actual energy consumption at a rate higher than 3% of the installed capacity allocated to the supplier will trigger payment of an annual tariff reflecting the annual cost of the capacity the supplier used as a result of the deviation, as detailed in the resolution (hereinafter - **"Annual Payment Due to Deviation from the Capacity"**). In addition, the resolution stipulates a settlement of accounts mechanism due to a deviation from the daily consumption plan (surpluses and deficiencies), that will apply beside the Annual Payment Due to a Deviation from the Capacity. As of the Report approval date, the resolution applies to Hadera, Gat and Rotem.

On March 13, 2024, the Israeli Electricity Authority's resolution was delivered, which came into effect on July 1, 2024, under which covenants were applied to Rotem, including, among other things, by virtue of the resolution regarding deviations from consumption plans, as stated in Section 7.3.6 to the Report.

¹²¹ Resolution 57305 of the Israeli Electricity Authority:
https://www.gov.il/BlobFolder/policy/57305/he/Files_Hachlatot_57305.pdf

¹²² In the explanations to the resolution, the Israeli Electricity Authority notes that the supplier is expected to enter into private transactions with consumers at a scope that enables it to supply all their consumption from the energy generated by independent producers, year-round.

7.3.13.2.5. Covenant 125 – use of alternative fuel

Covenant 125 regarding the use of alternative fuel establishes rules regarding the use of alternative fuel, including with regard to the obligation to hold and supplement the diesel fuel inventory held at the site and the transition to production using diesel fuel in the event of shortage of natural gas used for electricity generation, in the electricity sector. For further details, see Section 7.14.8 of the Periodic Report for 2021.

For details regarding the risk of a temporary or ongoing failure in the adequate supply of fuels and the cost of fuels – see Section 19.2.2 to the Report. For details regarding the applicability of Covenant 125 to the dual-fueled power plants of the Company in the area of activity, see Section 7.2.7 to the Report.

- 7.3.13.3. In addition, the Company uses natural gas to generate electricity and also enters into agreements regarding the sale and purchase of natural gas as an ancillary action to the generation activity, and therefore, the regulatory arrangements in the natural gas sector, including the Natural Gas Sector Law and regulations thereunder, and decisions of the Ministry of Energy and of the Gas Authority have an indirect impact on the Company's operations in Israel.

Rotem, Zomet, Hadera and Gat serve as members of the Forum of Power Producers Using Natural Gas and Hydrogen as well the Green Energy Association of Israel, which promote regulatory issues faced by independent power producers in the electricity sector in Israel, including regulators, legislators and the public. The organizations' activities are financed by the members. For further details regarding the regulation applicable to the Company, see Sections 7.2 and 7.3 to the Report.

7.3.14. **Changes in the sector's scope of activity and profitability**

Changes in the Generation Component, which is published by the Israeli Electricity Authority, impacts the Company's profitability in the area of activity. The weighted annual Generation Component is also used to link the price of natural gas according to the gas purchase agreements which the Company has signed (subject to minimum prices). In addition, changes in the other electricity rates may also impact the Company's revenues. For details regarding changes which have occurred and proposed changes in the Generation Component, along with their impact on the Company, see Section 7.2.3 and Section 2A to the Report of the Board of Directors.

The profitability of the Company's renewable energy projects under development is expected to be impacted by regulation thereof. For details regarding a resolution entitled Bilateral Market Regulation for Generation and Storage Facilities Connected to or Integrated into the Transmission Grid, see Section 7.3.4 to the Report.

7.3.15. Critical success factors in the area of activity

The Company estimates that the key success factors in its area of activity include: (a) High capacity and efficient operation of power plants; (b) Experience and expertise in building and operating power plants and generation facilities; (c) Low electricity generation costs including costs of purchasing and supplying natural gas; (d) Engagement in agreements with customers having an optimal consumer profile; (e) In case of cogeneration - an anchor customer consuming a sufficient amount of steam; (f) An optimal financing framework and access to own funds; (g) An ownership structure which enables to exhaust synergies embodied in the activity; and (h) With respect to acquisitions or projects under construction or development - obtaining permits, the finance and own capital required for their execution.

7.3.16. Changes in suppliers and raw materials for the area of activity

The principal raw material used by the Group in this area of activity is natural gas.

As of the Report approval date, the natural gas is supplied to Israel by the Tamar, Leviathan and Karish Tanin Reservoirs. Natural gas exports from Israel to other countries may affect competition and gas prices in the domestic market. To the best of the Company's knowledge, during 2025, the price of exported natural gas was higher than gas prices in the Israeli market.¹²³

For details regarding the risk factor regarding the political and security situation in Israel, see Section 19.1.4 to the Report. For details regarding the effect of the War on the continuity of natural gas supply to power plants in Israel, see Sections 6.1.1.2 and 7.2.7 to the Report. For details regarding the execution of maintenance work in the gas reservoirs, see Section 7.14.4 to the Report.

7.3.17. Main entry and exit barriers of the area of activity and the changes therein

The Company believes that the main entry barriers in the area of activity are as follows:

¹²³ The statements made above, including regarding the effect of the increase in gas exports, the effect of the export on the domestic market, includes forward-looking information, as defined in the Securities Law, the materialization or manner of materialization of which are uncertain, and depends, among other things, on factors beyond the Company's control.

Equity capital and access to credit – for significant activity in the field of electricity generation, including development and construction of projects, a significant capital investment is required. Development of new projects in the field of electricity generation requires, for the most part, several years of work before external financing for construction can be secured, and financial robustness is needed in order to raise the required amounts of capital.

Capacity of the transmission grid in Israel – the capacity of the transmission grid (i.e. the ability to transfer the generated electricity to the grid) is a major entry barrier, since under existing regulations - without the approval of Noga for available capacity in the transmission grid, a power plant may not be established in Israel. The lack of a satisfactory transmission infrastructure in the areas intended for construction of power plants in Israel will prevent existing electricity producers from expanding their activities and will prevent new producers from entering the field. In November 2023, the Israeli Electricity Authority published its recommendation to approve the development of the transmission and transformation system for 2023-2030, and further to that, the Minister of Energy and Minister of Finance approved the plan. The plan includes a list of the projects which are to be established during the plan years.¹²⁴

Provisions regarding maximum scope of generation licenses which may be held (Market Concentration Law and/or Regulations) – these rules may limit activity in the electricity sector, including the construction of new power plants by an existing electricity producer (whether or not using the same technology currently in use by the electricity producer or a new technology). For details, see Sections 7.2.5 and 7.2.6 to the Report.

Competitive bidding processes/ quotas - projects subject to winning tenders or competitive quotas could constitute an entry barrier due to the uncertainty embodied in a tender, and the investments required to compete in the tender under such uncertainty.

Land and transmission infrastructures - location and identification of land suitable for construction of projects, including for photovoltaic and storage systems, including ensuring that sufficient transmission infrastructure and arrangements with landowners are in place as described above.

Agreements with contractors – agreements with contractors in this field, including agreements with construction and equipment suppliers (including global ones) under

¹²⁴ Resolution 65702 of the Israeli Electricity Authority: <https://www.gov.il/he/departments/policies/65702>

competitive conditions and schedules, which allow for the construction of projects in accordance with business plans. These engagements may require financial stability as well as payment of expenses and advances (including material amounts and without the right of recovery) prior to the Project's financial closing, and ensuring delivery of the equipment according to the Project's schedules.

The main exit barrier in the field is the need for approvals from third parties to transfer control or holdings at a certain rate in a company with a generation license, due to the set of agreements of the Company and Project Companies (including the finance agreements) and taking into account the provisions of law and the licenses.

7.3.18. Alternatives for the Company's products in the area of activity and changes therein

Technological substitutes - The electricity generated by the Company in Israel using natural gas has alternative energy sources, including solar energy, wind energy and various heating fuels. In recent years, there has been an increasing demand for renewable energies, including co-located with energy storage, inter alia due to global warming and ESG trends (see Section 6.6 to the Report) as well as due to commercial considerations. As of the Report approval date, the main generation facilities in the operating segment are gas-fired (which is considered a conventional technology), with growth expected in this segment in light of the Government Resolution as detailed in Section 7.2.10 to the Report. As for generation using renewable energies, as of the Report date, these producers sell energy to the System Operator, in exchange for the tariff set by the Israeli Electricity Authority. Producers connected to the distribution grid and producers connected to the transmission grid who transition to operate or construct a facility under the Bilateral Market Regulation for Generation and Storage Facilities Connected to or Integrated into the Transmission Grid, may also sell to consumers (through virtual suppliers) under the distribution Market Model. For a revision of the Market Model applicable to generation and storage facilities connected to the distribution grid and the Bilateral Market Regulation for Generation and Storage Facilities Connected to or Integrated into the Transmission Grid, which is expected to increase the share of solar producers and the storage facilities, see Sections 7.3.5.2 and 7.3.4 to the Report. For information about the installed capacity in Israel of producers using renewable energies, see Section 7.2.9.1 to the Report.

It is noted that, as of the Report approval date, the market does not provide an adequate alternative to electricity produced with conventional technology for permanent and prolonged industrial needs, especially given the expected increase in demand for electricity. Furthermore, as of the Report approval date, there is no adequate substitute

for steam as raw material (although there are alternatives to the Company's method of steam production, mainly own-produced by the steam's private customer). As stated above, the Company believes that its generation facilities designed to generate electricity in an efficient and continuous manner, are a necessary component - whether as part of the process of advancing the use of renewable energy given the demand for electricity and energy or the need for energy redundancy. Since it won the Ramat Beka tenders and the development of further renewable energy projects, as stated in Section 7.3.12.2 to the Report, the Company has been taking action to expand its activity in this field including by using renewable energy and storage.

7.4. **Products and services**

The Company is active in the area of activity, in the generation and supply of energy and steam and, to an immaterial extent and as an auxiliary part of the generation and supply of energy and steam activities - in the sale of natural gas to private customers.

7.5. **Breakdown of revenues from and profitability of the Company's services in the area of activity**

Following is data regarding revenues deriving from product groups for the year ended December 31, 2025, the rate of which constitutes 10% or more of the Company's revenues in its Consolidated Financial Statements (in NIS million). For details, see also Note 19A to the Financial Statements and Section 4A1 to the Report of the Board of Directors:

	2023		2024		2025	
Sale of electricity and availability in Israel	Revenues	% of the Company's revenues	Revenues	% of the Company's revenues	Revenues	% of the Company's revenues
	2,165	85%	2,234	80%	2,264	75%

7.6. **Customers**

As of the Report approval date, the active power plants (except for Zomet) enter mainly into PPAs with private customers. To the best of the Company's knowledge, as of the Report date, most of the bilateral sales to private (non-household) consumers in conventional technology are conducted in Israel at prices based on the DSM tariff published by the Israeli Electricity Authority, with a certain discount given in respect of the Generation Component.

When an independent power producer and a private customer enter into a PPA, the independent power producer becomes the supplier for that customer's meters for which the PPA was signed (however, it is noted that no physical connection exists between the producer and the customer; rather, the electricity generated by the producer is transferred to the IEC's

grid, which supplies electricity to the private customer from the grid). In the event that a producer does not produce electricity for its customers, it purchases electricity from another conventional independent producer or from the System Operator for sale to a private customer.

The Company aims to manage electricity sales from the Rotem, Hadera and Gat power plants and the virtual supply activity (also through production facilities on consumers' premises) in a manner intended to maximize the synergy embodied in the area of activity. Thus, among other things, some power plants operate in a unified supply model whereby the electricity generated in the Group's facilities may be sold to end customers through a Group company holding a tailored supply license. Regarding the Zomet Power Plant, all of the energy is allocated to the System Operator under a fixed capacity arrangement, and in accordance to the arrangements in place as of the Report date, Zomet is not allowed to enter into PPAs with private customers. For details regarding Zomet's PPA with Noga – see Section 7.15.6.3 to the Report.

7.6.1. PPAs with private customers

Total revenue from electricity sales to private customers out of the Company's total revenue from electricity sales in the operating segment in Israel in 2025 was approx. 86%, compared with approx. 84% in 2024.¹²⁵

As of the Report approval date, the Company has in place PPAs, whose average weighted remaining period is approx. 8 years (for details regarding agreements with Resellers which sell electricity to household consumers and SMBs, which were not included in said period, see Section 7.6.3 to the Report), subject to an early termination or extension option, as detailed in the agreements with each customer.¹²⁶ The main customers in this operating segment include commercial real estate companies, industrial enterprises, academic institutions, etc. It is noted that certain customers are party to customer-sited generation facility build and operate agreements with the Company (as described in Section 7.3.10 to the Report), to enable combined electricity supply from the generation facility and the relevant power plant. As part of the engagements with the Company for construction of the generation facilities on consumers' premises as described above, PPAs were entered into with customers, usually for a period of

¹²⁵ The difference between the abovementioned rate of the sales and 100% is due to sale of electricity and availability revenues to the System Operator (the IEC or Noga, as the case may be).

¹²⁶ The average remaining period does not include short-term engagements with customers, which are signed from time to time, for a period of up to approx. 3 months. As stated above, the agreements include an early termination option and exit points as is generally accepted in agreements of this type. In addition, the number of customers and the remaining contract period include Sorek 2's expected customers once it becomes operational.

15 to 20 years from the generation facility's commercial operation date (subject to early termination provisions).

7.6.2. Infinya (Hadera onsite consumer)

In 2015, Hadera entered into a long-term supply agreement with Infinya, as amended, under which Hadera is to exclusively supply electricity and steam to the Infinya Plants for 25 years of the Hadera Power Plant's commercial operation date, on July 1, 2020 (and into another agreement under which, inter alia, Hadera purchased the Energy Center equipment from Infinya, as detailed in Section 7.3.7).

The tariff paid by Infinya for the electricity purchased by it for the agreement term is based on the DSM Tariff, with a discount on the Generation Component, plus a fixed payment in respect of the size of the connection.

In addition, the said agreement sets the price of steam, which is primarily linked to Hadera's gas price, as stipulated in the gas supply agreements signed by Hadera and in accordance with Infinya's annual steam consumption (see Section 7.14.2 to the Report). In accordance with the agreement, Infinya is committed to pay for a minimum annual quantity of steam, subject to the adjustments set forth in the agreement, even if it consumes a smaller quantity (take or pay mechanism).¹²⁷

Hadera is committed to a specific capacity level and to additional conditions with respect to the supply of electricity and steam (with the exception of a lack of capacity caused by certain events set in the agreement, which are not under its control). For data on the availability of the power plant for 2025, see Section 7.11 to the Report. The agreement sets out additional provisions, including Hadera's obligations and limitations of liability under certain conditions. The agreement prescribes provisions regarding gas shortages and the settling of accounts between the parties.

7.6.3. Agreements for sale to household consumers and SMBs and further expansion of activity in the supply to household consumers and SMBs market

In 2024 and 2025, Rotem entered into agreements with large retailers (hereinafter - the "**Resellers**") for the purpose of selling power to the Marketers' consumers, which are household consumers and SMBs. The agreement promotes diversification of the Company's customer mix.

¹²⁷ In a Take or Pay mechanism, the customer undertakes to pay for a certain minimum amount set in advance, even if, in fact, it purchases or consumes a smaller amount.

In accordance with these agreements, Rotem will supply electricity to resellers' customers, who will engage with the Company and the relevant reseller in an agreement for the supply of electricity by the supplier, all under the conditions and maximum scope defined. In accordance with the agreements, the relevant reseller is responsible for interfacing with the Electricity Consumers in connection with the sale of the electricity thereto and is entitled to all the payments which it collects in practice from the Electricity Consumers in respect of the supply of the electricity and services. The supplier is in charge of the supply of electricity and is entitled to payment from the Reseller in accordance with the quantity of electricity consumed by the Reseller's consumers and in accordance with the tariffs set in the agreement, subject to the conditions set/the number of the customers assigned.

It is noted that the agreements do not include an undertaking by the Resellers to purchase a minimum quantity of electricity or to enroll a minimum number of consumers, but rather do include an undertaking by the Resellers to assign their new customers to Rotem as the supplier - until a certain number of electricity consumers has been assigned to the supplier under the agreement, subject to the terms and conditions of any agreement. The Agreement sets a maximum number of household Electricity Consumers which can be signed on to the Supplier, and a maximum hourly consumption with respect to SMBs.

The weighted average remaining contractual period of the agreements is approx. 6 years subject to the circumstances set in the agreements, which allow their termination before the end of their term.

7.6.4. Surplus PPAs with independent power producers

The Company sells excess electricity to independent power producers from time to time through subsidiaries, under "spot" agreements. 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 set from the general energy demand management rate (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 made 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.

7.6.5. Agreements for the purchase of capacity and capacity certificates available in the secondary market for sale to Company's customers

It is noted that from time to time the Company enters into short-term agreements for the purchase of capacity certificates and RECs from suppliers. In addition, during the reporting period, the Company engaged - through its virtual supplier - with a third party in an agreement to purchase capacity certificates totaling 50 MW from a photovoltaic power generation facility, which is expected to reach commercial operation by the end of 2027, over the agreement term, which is expected to end on September 30, 2030 (subject to early termination provisions) at a tariff as agreed between the parties. In addition, the Company will be entitled to receive RECs in accordance with its proportionate share of the total number of RECs to which the facility will be entitled. The agreement includes additional terms and mechanisms as is generally accepted in agreements of this type, including a minimum capacity undertaking of the facility, an agreed compensation mechanism for delays, collateral provision undertakings, assignment clauses, etc.

For details regarding Rotem's agreement (which is used in the area of activity) to purchase capacity and energy from a company controlled by ICL Group, see Regulation 22 in Chapter D to the Report.

7.6.6. Material customers

As of the Report approval date, the area of activity has several customers characterized by high consumption rates out of the total production capacity of the Company's power plants in this area of activity. Revenues from the electricity generation in the area of activity are highly sensitive to the consumption of material customers; therefore, no demand for electricity by a material customer (such as, due to malfunctions, suspension or other factors) or payment default by such a customer could have a materially adverse impact on the Company's revenues in the area of activity. As of December 31, 2025, one of the Group's private customers in Israel accounts for more than 10% of the Company's consolidated revenues, which constitutes approx. 13% of the Company's revenues; this is also true of revenues from the System Operator, whose share exceeds 10% of the Company's consolidated revenues (for further details about revenues from the System Operator, see Note 19A to the Financial Statements). The share of each of the

Company's other private customers, other than Noga, does not exceed 10% of the Company's revenues from electricity generation.

The Group companies' PPAs with private customers in Israel (excluding Noga) are generally similar (see Section 7.6.1 above). For details regarding the PPAs with Noga – see Section 7.15.6 to the Report.

Characteristics of the PPA with the material Israeli customer - In January 2023, Rotem and the material customer extended their engagement for an additional period which will start at the end of the term of the existing agreement (including an option to extend the term in accordance with provisions set). As part of revising the engagement, certain provisions of the original PPA between the parties (as amended from time to time) were revised, and the customer is expected to increase the capacity it will acquire under PPA prices as revised, over the next few years. Other arrangements were also revised, including in connection with the option that a generation facility will be built at the customer's premises and the sale of electricity from renewable energies (subject to conditions to be agreed by the parties).¹²⁸ On March 3, 2024, the Company entered into a non-binding Memorandum of Understanding with Intel as described in Section 7.3.12.3 to the Report.

For details regarding the Company's sales to its material customers and their share of the Company's consolidated revenues (in NIS million) for 2024 and 2025, see Note 19A to the Financial Statements.

Infinya

Hadera is dependent on Infinya, which - as of the Report approval date - is the sole consumer of steam and a material consumer of electricity from the Hadera Power Plant.

The loss of Infinya as an electricity and steam customer could impact the area of activity in several ways (beyond the loss of income); (1) impairment of the applicability of the cogeneration arrangements to the Hadera Power Plant as a result of the loss of Infinya as a substantial steam consumer, and the applicability of conventional tariff

¹²⁸ The statement made above regarding the purchase of electricity by the customer, the arrangements with the customer regarding the option of selling electricity from renewable energy sources, and the construction of a generation facility at the customer's premises, constitute forward-looking information, which is based on the Company and the customer's plans as of the engagement's extension date, the materialization or manner of materialization of which (in whole or in part) is uncertain. In practice, the information stated above may not materialize, or materialize in a different manner, due to, among other things, changes to the forecasted increase in the customer's electricity consumption, or its resilience, non-materialization of the Company's plan and/or the materialization of one or more of the risk factors, to which Rotem and the Company are exposed (including regulatory risks, market conditions, etc.). For details regarding the dependence on key customers risk factor, see Section 19.3.2 to the Report.

arrangements, which, as of the Report approval date, are subordinate to cogeneration tariff arrangements; (2) lower electricity sales to customers from the Hadera Power Plant as a result of limitations on transferring energy to the grid. As described in Section 7.13 to the Report, providing energy to the grid by the Hadera Power Plant under the permanent license is limited to 120 MW (until removal of a technical limitation, which have not yet been achieved); and in view of the direct transmission to Infinya, the electricity Infinya consumes is not deemed electricity transmitted to the grid for purposes of the limit. (3) The termination of the agreement with Infinya or its early termination may, under certain circumstances, constitute an immediate cause of repayment under Hadera's project finance agreement. For further details regarding Hadera's project finance agreement, see Section 7.18.2.1 to the Report.

Sorek 2 generation facility -

The capacity generated at the Sorek 2 Generation Facility, subject to the commencement of its commercial operation, shall be sold to the desalination facility and to another customer with an on-site generation facility as per the PPA with that customer, and the remaining capacity will be sold pursuant to applicable regulation.

Accordingly, Sorek 2 entered into a separate agreement with IDE and Mekorot Water Company Ltd. (hereinafter - "**Mekorot**") for the supply of electricity and with IDE for the supply of electricity and steam, over a period from the commercial operation date of Sorek 2 and through the end of the concession period.

The tariff paid by IDE for the purchase of energy and steam is determined according to the quantities of energy and steam consumed, plus a fixed component in respect of the size of the connection and additional required regulatory components. The tariff is linked to the USD and to gas prices under the terms stipulated in the agreement. The tariff paid by Mekorot is based on the DSM Tariff with a discount on the Generation Component and the grid component.

The agreements include an undertaking for a defined capacity level and additional conditions pertaining to the supply of electricity and steam, provisions pertaining to gas shortage, the netting method and grounds for early termination of the agreements.

7.7. Marketing

The Company contacts potential customers through its own resources. The Company's marketing expenses are immaterial.

7.8. Order pipeline

As of the Report date, a significant share of the Company's revenues in the area of activity vary in accordance with the actual power consumption of the customers and in accordance with tariff changes (which are not under the Company's control). In accordance with the above – as of the Report approval date, the Company does not have an order pipeline for a fixed quantity which is known in advance in the area of activity.

7.9. **Competition**

The Israeli Government's openly-stated policy is to encourage competition in the electricity sector, both in the generation segment and in the supply segment.

7.9.1. **Competition in the generation segment** - in the past few years, encouraging competition between independent producers and the IEC was not the sole focus area, but also boosting competition between independent producers; there was also an increase in the scope of engagements of independent power producers and suppliers with private customers.

Conventional electricity generation

To the best of the Company's knowledge, as of the Report approval date, the Group's main competitors in the area of conventional electricity generation in Israel are the IEC and independent power producers who are permitted to sell electricity to private customers or to the System Operator. As of the Report approval date, the Group's key competitors in the area of activity, as said, include the main independent power producers which operate and construct conventional technology power plants in Israel as follows:¹²⁹ Dorad Group Ltd., Dalia Power Energies Ltd. of the Meshek Energy group, Rapac Energy Group, Generation, Shikun & Binui Energy Ltd., APM and Edeltech Group.¹³⁰

To the best of the Company's knowledge, in 2024, the energy effectively generated by OPC Energy's power plants in this operating segment in Israel totaled 4.96 TW/h, which constitutes approx. 6.2% of the total energy generated in Israel and approx. 10.4% of the energy generated by independent power producers in Israel during that year (including renewable energies).¹³¹

¹²⁹ It is noted that, as of the Report approval date, not all electricity producers are permitted to sell electricity to private customers, and some of them sell electricity to the System Operator (for example - the power plants sold as part of the IEC Reform).

¹³⁰ In addition, with respect to Hadera 2, to the best of the Company's knowledge, Reindeer is also competing for the quota set by the regulation by virtue of which Hadera 2 is to be constructed (for details about the regulation, see Section 7.3.2 of the report).

¹³¹ From the market generation data included in the Electricity Sector Status Report for 2024.

Electricity generation using renewable energies

Due to awareness of ESG aspects and commercial considerations, there is a gradually growing increase in demand for power from renewable sources, in addition to power from uninterrupted and reliable sources such as natural gas. In recent years, there has been an uptick in the entrance of electricity producers and generation facilities which use renewable energies in to the electricity generation market; including PV (photovoltaic) energy, wind energy, and storage-incorporated facilities. It is noted that following the initial application of the market model regulation in the distribution segment, as detailed in Section 7.3.5.2 to the Report, and the resolution entitled Bilateral Market Regulation for Generation and Storage Facilities Connected to or Integrated into the Transmission Grid, a greater number of high voltage renewable energies producers were able to enter the market, inter alia through virtual suppliers, to end customers. For further details regarding the resolution of the Israeli Electricity Authority, see Section 7.3.4 to the Report. As of the Report approval date, there are many competitors in this area of activity in the renewable energy market with varying volumes of activity. The Company's key competitors in the field of power generation using renewable energies in Israel are Doral Energy Group Ltd., Enlight Renewable Energy Ltd., Meshek Energy Ltd., Shikun & Binui Energy Ltd., and EDF Renewables Israel Ltd.

- 7.9.2. **Competition in the supply segment** - In 2021, the possibility of operating in the supply of electricity was opened, without means of generation (virtual supply). This led to the entry of new players who were not yet active in the electricity market, and who have received a supply license under the aforesaid regulation. In order to expand the capacity available to the virtual suppliers, the Israeli Electricity Authority resolved to issue tenders for the purchase of availability certificates from the System Operator by virtual suppliers (for more information, see Section 7.3.5.3 above).

During the reporting year and thereafter, at the supply level, the process of change in consumption patterns continued, including for households, which comprises the sale of electricity to numerous end customers and provision of adequate services and ongoing management of customer accounts. At least with regard to small customers (households and small businesses), players in this channels include mainly communications companies, utility companies, and other entities with experience and relative advantages in distribution to end customers. For details regarding the Group's engagement in agreements to supply electricity to household consumers, see Section 7.6.3 to the Report. In addition to the Company's activity in this area, there are additional examples of arrangements between players operating in the production

channel and actors operating in the retail channel: Cellcom Israel Ltd., Meshek Energy - Renewable Energies Ltd., Bezeq - Israel Telecommunications Corp. Ltd., and Generation Capital Ltd. and others.

The Company believes that the steps taken by the Israeli Electricity Authority to open the supply segment to competition and to expand the supply options available to suppliers have increased the number of participants operating in the supply segment, such that additional players will be incorporated into the segment (including players currently active in electricity generation segment and do not sell electricity to end-users); this is expected to intensify the growing competition in this segment. The new regulation that came into force during 2024 allows all customers in Israel to contract with independent power suppliers - a measure which the Company believes will expand the scope of consumption associated with independent suppliers. For details regarding published capacity tenders for the purchase of availability certificates from Noga for the purpose of selling electricity to consumers and regulating the option available for household consumers to switch to private suppliers regardless of the installation of a smart meter, see Section 7.3.5.3 to the Report. As of the Report date, the Company finds it difficult to assess the effects of competition thereon; these depend regulatory changes, schedules, and volume of sales.

7.9.3. **Positive and negative factors impacting the Company's competitive status]**

As of the Report approval date, the Company believes that the positive factors impacting its competitive position in Israel are as follows: (a) The Company is the first major independent power producer in Israel and has gained extensive knowledge, commercial and operational experience and experience in development; (b) Experience in raising adequate capital and financing;¹³² (c) The Company's diverse mix of customers and generation facilities, which diversifies the risk associated with the Company's activities; (d) The Group's ownership structure in this area of activity, which enables the Group Companies in Israel, among other things, to enter into various intra-group agreements in its area of activity, subject to applicable regulatory provisions. Thus, a mutual platform is created which generates synergy between the activities of the Group's power plants; (e) Most of the private customers with whom the Company entered into PPAs have a consumption profile which optimizes the Company's revenues from sale of electricity in Israel.

¹³² It is clarified that capital or debt raising depend, among other things, on appropriate market conditions for the relevant move, the market interest rate, the Company's needs, the Company's business plans, etc.

The Company believes that, as of the said date, the negative factors impacting its competitive status in this area are as follows: (a) Significant exposure to the Generation Component, both in terms of revenues and expenses; (b) Due to the market concentration rules applicable to the Company, there may be restrictions on receiving additional generation licenses (for additional information, see Sections 7.2.5 and 7.2.6 to the Report); (c) Rotem's activities are subject to specific regulation, although this factor has somewhat balanced out following the resolution regarding complementary arrangements as per Section 7.3.6 to the Report; (d) Exposure to material customers; (e) As of the Report approval date, the Company's main active projects in this area of activity are gas-fired and have no new active capacity for the sale of electricity generated using renewable energies (which is under development). For details regarding the Ramat Beka project, see Section 7.3.12.2 to the Report.

The Company has several diverse and stable generation sources and customers and works to expand its operation channels in the generation segment and supply segment, including through renewable sources. It is noted that from time to time the Company checks options (by way of self-development and/or acquisitions, or a combination of the two) of expanding the electricity capacity it offers or developing additional production sources.

7.10. **Seasonality**

7.10.1. Revenues from electricity generation in Israel are seasonal in nature and impacted by the DSM Tariff components published by the Israeli Electricity Authority. During the reporting year, in accordance with the resolution of the Israeli Electricity Authority to update the demand hours clusters from 2023 (for further details, see Section 7.2.3 to the Periodic Report for 2024) the year was broken down into three seasons, as follows: (a) Summer – June to September; (b) Winter – December, January and February; (c) Transition seasons – March through May and October and November. Company's revenues from customers are based on customers' seasonal consumption, demand hours clusters and tariffs applicable to consumption times. It is noted that the gas price linkage pursuant to the Gas Agreements is based on the weighted annual Generation Component (subject to minimum price).

7.10.2. Following is a schedule of the weighted Generation Component rates as of the outlined periods, based on seasons and demand hours (hereinafter – "**Demand Hours**"), published by the Israeli Electricity Authority (in agorot per KW/h):¹³³

Season	Demand hours	January 2025	January 2026
Winter	Off-peak	18.36	17.49
	On-peak	68.86	69.84
Spring or fall	Off-peak	17.61	16.79
	On-peak	21.05	19.95
Summer	Off-peak	21.54	20.54
	On-peak	110.64	113.76
Weighted Generation Component		29.39	28.9

The demand hours clusters charged in accordance with the DSM Tariff taken from the IEC's complete Tariffs Schedule, which are in effect since 2023:

Season		Hours of the day																							
	From	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Winter (December, January, February)	Until	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
	Weekdays	Off-peak																	On-peak				Off-peak		
	Friday and Saturday, holiday eves and holidays*	Off-peak																	On-peak				Off-peak		
		Hours of the day																							
	From	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Fall and spring (March, April, May, October, November)	Until	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
	Weekdays	Off-peak																	On-peak				Off-peak		
	Friday and Saturday, holiday eves and holidays*	Off-peak																							
		Hours of the day																							
	From	00	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23
Summer (June, July, August, September)	Until	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
	Weekdays	Off-peak																	On-peak				Off-peak		
	Friday and Saturday, holiday eves and holidays*	Off-peak																							

Following is the average quarterly and annual Generation Component in 2025 and 2026:

¹³³ For further details regarding the revisions to the demand hours clusters and tariff revisions, see Sections 7.2.3 to the Periodic Report for 2024 and 2A to the Report of the Board of Directors.

Quarter	Generation Component for 2025 (agorot per KW)	Generation Component for 2026 (agorot per KW)
1	25.17	24.57
2	24.12	23.92
3	36.79	36.50
4	21.70	21.01
Annual	26.96	26.52

Following is a breakdown of the Company's revenues* from the sale of electricity in the area of activity in Israel, by season (in NIS millions) for 2024 and 2025. It is noted that these data are not audited or reviewed.

	2024	2025
Summer (4 months)	983	939
Winter (3 months)	545	560
Spring and fall (5 months)	704	765
Total for the year	2,232	2,264

* Includes revenues attributed to capacity from Zomet.

In general, the electricity tariffs in Israel during the summer and winter are higher than in the spring and fall. It is noted that the cost of purchasing gas, which is the Company's main cost, is not impacted by the seasonality of the demand side management tariff (or the demand hours clusters). Most of the Company's profits are generated in certain quarters as stated in Section 2A to the Report of the Board of Directors.

7.11. **Production capacity and availability**

Following are details regarding the actual generation capacity of the Company's active power plants. For further details, see Section 4C to the Report of the Board of Directors:

	2024			2025		
	Power generation potential (GW/h) ⁽¹⁾	Net energy generation ⁽²⁾ (GWh)	Actual calculated availability percentage (%) ⁽³⁾	Power generation potential (GW/h)	Net energy generation ⁽²⁾ (GWh)	Actual calculated availability percentage (%) ⁽³⁾
Rotem	3,736	3,332	95.13%	3,736	3,073	83.74%
Hadera	1,048	943	92.60%	1,019	970	96.10%
Zomet ⁽⁴⁾	3,268	428	83.57%	3,171	291	67.1%
Gat	616	397	64.40%	620	503	91.60%

⁽¹⁾ The production potential is the net production capacity adjusted for temperature and humidity.

⁽²⁾ The net generation is the gross production capacity during the year, less energy consumed by the power plant for its own use.

⁽³⁾ The capacity rate is the period during which the power plant was available for electricity generation, including scheduled and non-scheduled maintenance work.

- ⁽⁴⁾ Zomet is a peaker plant, for further details see Section 7.3.8 to the Report. The generation potential does not include the temporary generation limit, which applied during the reporting period to each of the generation units as detailed below.

7.11.1. Factors affecting the plants' production capacity and the power plants' available capacity

Scheduled and non-scheduled maintenance work is carried out from time to time in the Company's power plants (including during the reporting year), which affect their generation capacity and availability, and accordingly - their operating results. Furthermore, the operation of the dual-fueled power plants using diesel fuel as a back up when needed may affect their generation capacity and availability.

Rotem - Rotem's installed generation capacity according to its permanent production license is approx. 466 MW. Under the agreement with Mitsubishi for the maintenance of the Rotem Power Plant, as described in Note 26B1 to the Financial Statements, a schedule was set for executing maintenance work at the Rotem Power Plant; under the new Rotem maintenance agreement (as detailed in Section 7.15.2.1 to the Report), the schedule for the execution of scheduled maintenance work at the power plant was revised to every 25,000 working hours (estimated at approximately three years). During the reporting year, the Rotem Power Plant was shut down in the fourth quarter for upgrading and scheduled maintenance work which lasted about two months, which adversely affected its results in the reporting year and compared to last year. For details, see Section 4 to the Report of the Board of Directors. During 2026, several days of scheduled maintenance work are expected, in addition to INGL's scheduled maintenance work. For details regarding Rotem's maintenance agreement, see Section 7.15.2.1 to the Report.

The Rotem Power Plant is operated by natural gas as its primary fuel, with diesel fuel serving as backup (Rotem is therefore obligated to keep a stock of diesel fuel for 200 hours of operation). In the event that the Rotem Power Plant is powered by diesel fuel, its production capacity will be limited to approx. 85%, compared with the power plant's production capacity using natural gas. Operation of the Rotem Power Plant by diesel fuel is executed based on the requirements of the System Operator, due to shortages of natural gas and inspections when transitioning from operation using gas to operation using diesel fuel. In such a case, Rotem is expected to be entitled to a refund in respect of the difference between the cost of energy generation using diesel fuel and Rotem's generation cost using gas for the energy generated. For details regarding the arrangements that apply to Rotem, see Section 7.3.6 to the Report. For details regarding the applicability of Covenant 125 to Rotem, see Section 7.2.7 to the Report. For further

details regarding the impact of generation using diesel fuel on the Company – see Section 19.2.2 to the Report.

Hadera - Hadera's installed generation capacity according to its permanent production license is approx. 144 MW. Furthermore, under the terms of the permanent license, Hadera is required to meet a minimal equivalent operational available capacity level. In 2025, scheduled maintenance work was conducted for one week, during which the entire power plant was shut down; it was initiated by INGL. In 2026, a planned shutdown of part of the power plant is expected for the purpose of upgrading and maintenance work, expected to last about one month, which will be part of INGL's annual maintenance work. The timetables for execution of scheduled maintenance work in the power plant could change as a result of various factors, among others - the scope of operation of the power plant, security developments in Israel, infrastructure constraints or rescheduled works of the maintenance contractor. During the maintenance work, part of the power plant's activity is suspended, which adversely affects the operating results of Hadera and the Group. In addition, it is noted that the Company is working to repair a technical fault detected at the power plant immediately prior to the Report date; currently and until the completion of the repair work, electricity generation at the power plant continues at most of its generation capacity. As of the Report approval date, the Company is working to repair the technical fault in the forthcoming months (for the impact of the security situation, see Section 6.1.1 to the Report) - which is not expected to have a material effect on Hadera's results over time given the insurance coverage under the power plant's insurance policy.

The Hadera Power Plant is a dual-fuel plant operating using natural gas as its primary fuel, and it must keep a stock of diesel fuel for backup purposes in an amount sufficient for 100 hours of operation at full load.

Zomet - Zomet's installed generation capacity according to its permanent production license is approx. 396 MW. Furthermore, under the terms of the permanent license, Zomet is required to meet a minimum operational capacity level of 88% in the first year of operation and 92% thereafter. In order to mitigate the risk of operational failure due to a detected technical fault - and in coordination with the contractor, under the process of investigating and repairing the fault during the reporting year - the power plant's capacity has been partially limited since; in addition, maintenance work was carried out alongside the gradual replacement of the generation units. These factors have an adverse effect on the power plant's capacity and accordingly its financial results during the reporting year. As of the Report approval date, the process of repairing the fault, including completing the replacement of the production units, has begun, and the

Company believes it is will be mostly completed by the end of 2026, with the partial capacity as stated, which the Company estimates is expected to reach 65%-70% of the power plant's capacity (similarly to its capacity in 2025) - which is expected to adversely affect the power plant's results.¹³⁴ For further details, see Section 4C to the Report of the Board of Directors.

The Zomet Power Plant is a dual-fuel plant operating using natural gas as its primary fuel, and it must keep a stock of diesel fuel for backup purposes in an amount sufficient for 100 hours of operation at full load.

Gat - Gat's installed generation capacity according to its permanent production license is approx. 73 MW. For details regarding the minimum availability requirements, see Section 7.13 to the Report. It is noted that during the reporting year unscheduled maintenance work was conducted in Gat over two weeks in November 2025, due to a malfunction following which the power plant's activity was suspended. In 2026, a planned shutdown of the power plant is expected for the purpose of executing upgrading and maintenance work in the gas turbines, which is expected to last approximately one month. The Gat Power Plant is powered solely by natural gas.

It is noted that during 2025, the power plants operated using diesel fuel at Noga's request on days in which, as part of the War, the gas rigs were shut down, thereby meeting the needs of the electricity sector.

It is noted that throughout the maintenance work, electricity sales to the Company's customers continue in the Rotem, Hadera and Gat power plants, including through the purchase of electricity from the System Operator, in order to fully respond to the demand during the shutdowns.

The above statements concerning all the power plants, including with regard to the expected maintenance work in the segment's power plants, the execution of

¹³⁴ The presented information on the inquiry into the fault and probing and repair period, including capacity and percentage of partial capacity, the total capacity of the power plant and the effect of said factors on the power plant's results, includes forward-looking information, as defined in the Securities Law, which is based on the Company's assessments and assumptions as of the Report date only, and its materialization and the manner thereof are uncertain. In practice, there may be delays or difficulties in completing the inquiry, its success and/or execution of the required repairs and/or additional operational limitations or downtime (whether full or partial), inter alia, as a result of technical, operational, or contractor-related factors, transport of equipment and/or execution of work (including due to the security situation in Israel), and accordingly - these may affect the power plant's capacity, the end of the said capacity limit and completion of the repairs, the duration of the repairs and/or the impact of the limited capacity on the Company's results. The prolongation of the repair work adversely affects the results of the power plant. For details regarding the terms of Zomet's generation license, including capacity terms, which the abovementioned capacity limits may affect compliance therewith, see Section 7.13 to the Report. It is also noted that the abovementioned fault does not constitute an insurance event.

scheduled and unscheduled maintenance work, including capacity volumes, expected generation capacity and the extent of the shutdowns, the duration of the abovementioned maintenance work and/or its completion and its effect on the power plants' performance and results, as well as the repair of the fault in Hadera and its effect on the power plant's results (including on the insurance coverage) - contain forward-looking information as defined by the Securities Law, based on the Company's assessments and assumptions as of the Report approval date. The abovementioned information may not materialize, or materialize in a manner different than expected and in practice the completion of the maintenance work may be delayed and/or there may be changes in the extent of the shutdown and/or the entitlement to insurance coverage beyond what is noted with regard to the power plants (and accordingly changes in the effect on the performance of the power plants and their results), including due to reasons which are not dependent on the power plants (as the case may be), such as constraints arising from the maintenance-work contractor or the equipment supplier, the terms of the insurance policies and the scope of coverage, the manner of carrying out the maintenance work, technical malfunctions, operational and technical malfunctions, failures and defects or delays in the arrival of the equipment or teams to the site and the execution of work, the effects of the security situation and/or other delays which may affect the performance of the power plants, their capacity, the capacity limit or the duration and/or extent of the shutdown. The prolongation of maintenance works and shutdowns (full or partial) may have an adverse effect on the operating results and on the compliance with the capacity conditions applicable to the power plants by virtue of various arrangements (as the case may be). In addition, it is clarified that other maintenance work may be carried out (in addition to scheduled maintenance work with respect to each power plant) including, among other things, immaterial scheduled or non-scheduled maintenance work for the repair of malfunctions or due to operational events, including shutdowns due to factors as mentioned above. Such additional maintenance work may also overrun and adversely affect the Company's operating results in said segment. For details about risk factors associated with the availability of the power plants, see Section 19 to the Report.

7.12. Property, plant and equipment, land, and facilities

- 7.12.1. For details regarding the balance of property, plant and equipment held by the Company in this area of activity – see Note 9A to the Financial Statements.

7.12.2. The primary land plots owned or leased by the Company, or that the Company has right of use to, in which the Company operates in the area of activity are as follows:

Site	Location	Right to the property	Area and characteristics	See section/note
Land held through Rotem				
Land on which the Rotem Power Plant was built	Mishor Rotem	Lease	Approx. 55 dunams	Note 10B1 ¹³⁵
Land held through Hadera				
The Hadera Power Plant and the Energy Center¹³⁶	Hadera	Lease	Approx. 30 dunams (power plant and Energy Center)	Note 10B4 and Section 7.12.4
Land held by Zomet (through Zomet HLH General Partner Ltd. and Zomet Nativ Limited Partnership)				
Land on which the Zomet Power Plant was constructed	Plugot Intersection	Zomet Nativ Limited Partnership – lease (under a development agreement with the ILA).	Approx. 85 dunams	Section 7.3.8 and Note 10B3
Land held through Gat				
Land on which the Gat Power Plant was built	Kiryat Gat	Ownership	Approx. 12.4 dunams	--
Right-of-use of the land for Sorek 2				
Land on which the Sorek 2 generation facility is being constructed	Sorek 2 Desalination Facility	Right of use	Approx. 2 dunams	Section 7.12.3
Real estate (including options for land) held by Hadera and Hadera 2				
Hadera 2 – land adjacent to the Hadera Power Plant	Hadera	Annual option to extend the lease through the end of 2027. In December 2024, the option for 2025 was exercised	Approx. 68 dunams	Note 10B4 and Section 7.12.4
Land development permit for Ramat Beka				
Ramat Beka	Neot Hovav	Development authorization	Approx. 2,270 dunams (the first tender) + approx. 1,670 dunams (the second tender)	Section 7.3.12.2 Note 10B5
Real estate (including options for land) held by Brosh corporations				
Brosh corporations	Brosh B1 Partnership	A 9-year option as from September 9, 2025	Approx. 93 dunams	Section 7.3.12.5
Land agreement of Rotem 2				

¹³⁵ Rotem is not entitled to reassign its rights under the lease agreement, including to lease, rent or transfer possession of the lot for a period exceeding that stated in the lease agreement, and is not entitled to pledge the lot or any other rights under the lease agreement, without the Lessor's advance written consent. The Lessor may subject his consent to the transfer of rights as stated above to the conditions set out in the lease agreement; the Lessor is also allowed to refuse the transfer of rights to a foreign national (as defined in the agreement) or to anyone who does not fulfill a fundamental precondition in the preamble to the lease agreement; the Lessor is entitled to terminate the lease on grounds of a fundamental breach, as follows: (a) Transfer of rights in violation of the lease terms; (b) Rezoning the lot and altering the construction capacity or dividing the lot in violation of the lease agreement; (c) The lessee (Rotem) or the party represented by the lessee is a nonresident; and (d) Change in the purpose of the lease; in the event of rezoning of the plot during the Lease Term, the Lessor will not be required to extend the Lease Term. For the remaining terms and conditions of the lease – see Official Gazette No. 4818, dated November 4, 1999.

¹³⁶ The Energy Center - Agreement to lease an area of 3,490 sq.m within the Infinya plant for 20 years from the power plant's commercial operation date. Infinya may inform Hadera that it is interested in dismantling, scrapping or selling the Energy Center's equipment. As of the Report approval date, one of the boilers was removed from the site, and the Energy Center serves as backup for the supply of steam from the Hadera Power Plant. For details regarding the plan to decommission the Energy Center until commercial operation of Hadera 2 (subject to the construction of Hadera 2, if any) as noted in the Government resolution regarding Hadera 2; see Section 7.3.12.1 to the Report.

Site	Location	Right to the property	Area and characteristics	See section/note
Rotem 2 - land adjacent to the Rotem Power Plant	Mishor Rotem	Lease	Approx. 55 dunams	Section 7.12.4 and Note 10B6

7.12.3. Right-of-use in Sorek 2

The land on which the Sorek 2 generation facility is located is owned by the Development Authority and the State of Israel. As part of the tender documents of the State of Israel for the construction, operation, maintenance and transfer of the Sorek desalination facility, the right-of-use was obtained for the land of IDE (the concessionaire of the desalination facility) for the purpose of constructing the said desalination facility and Sorek, in its capacity as the IPP contractor in the project, for the purpose of building and operating the project in the land area, for the duration of the concession period, where the Sorek B IPP Agreement with IDE confers upon Sorek 2 the same rights which IDE has with the State with respect to the land. The said land is located in Rishon LeZion.

Without detracting from the aforesaid, to the best of the Company's knowledge, prior to the publication of the tender documents, the State arranged with the ILA to allocate and lease the land for the construction of the desalination facility on the land area, for an allocation period of 49 years from the approval date by the ILA (May 2015) until May 2064.

7.12.4. Hadera 2's land

For details regarding the option agreement for lease of land for Hadera and Hadera 2, see Note 10B4. It is noted that as of the Report approval date, the Company is negotiating an agreement to acquire interests in the land of Hadera 2 and of the Hadera Power Plant from Infinya (instead of the lease agreement and the rental option agreement), with the consideration expected to total approx. NIS 450 million; as of the Report approval date there is no certainty as to execution of such acquisition, its terms or the final consideration which will be set therein. **The above constitutes forward-looking information, as defined by the Securities Law, which is based on the Company's assessments and intentions as of the Report approval date, and may not materialize or materialize in a manner different than expected, including due to factors beyond the Company's control, such as agreements regarding the agreement's terms and third-party approvals.**

7.12.5. The Rotem 2 lease agreement

In 2014, Rotem 2 won a tender for lease of plots on an area totaling approx. 55 dunams.

The agreement is valid for term of 49 years from the date of the win in the tender, with an option to an additional lease term of 49 years, subject to the terms and conditions of the agreement. In addition, in August 2022, the Company received from the ILA an extension for the land development period under the lease agreement until March 9,

2025, in consideration for 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 and there is no certainty it will be given.

Unofficial translation for convenience purpose only

7.13. Intangible assets

For further details regarding the Company's intangible assets, see Note 11 to the Financial Statements. The following is a breakdown of the main generation and supply licenses and tariff approvals in the area of activity, which are effective as of the Report date:

License/processes type	The company holding the license The license award date and validity/background for the processes for receipt of license	Key restrictions and further details
Generation and supply licenses¹³⁷		
Rotem's electricity generation license	Rotem has a conventional technology electricity generation license for a 30-year period which commenced on March 1, 2011, to generate electricity at an installed capacity of approx. 466 MW. According to the license, the Rotem Power Plant will be gas-fired and will use diesel fuel as backup.	Transfer of ownership in the Rotem Power Plant and restructuring in Rotem, at terms determined in the license, are subject to approval by the Israeli Electricity Authority. Additional directives and restrictions, including a prohibition against altering the installed capacity, a commitment to implement safety and security procedures and performance of a comprehensive periodic inspection.
Rotem's supply license	In June 2024, the Israeli Electricity Authority decided to issue a supply license to Rotem. The supply license period overlaps with its license period.	The electricity supply license allows it to sell electricity to consumers which have a continuous meter installed in their consumption location – at the higher of the following two amounts: (a) 33% of electricity capacity sold by holders of private supply licenses to consumers; (b) The total capacity which is the subject of the generation licenses held by the license holder less the capacity it allocated to the System Operator. A license holder shall enter into a contract agreement with a consumer for the provision of the service, which will be prepared in accordance with the guidelines specified in the license. The Israeli Electricity Authority may modify the license terms, supplement them or limit them, inter alia and without derogating from the provisions of the law, in these cases: (a) changes in the Israeli Electricity

¹³⁷ The licenses include provisions and conditions which are customary in connection with the Israeli Electricity Authority's right to cancel, subject to conditions or amend the license in accordance with the terms set by law, and in the event of breach including, and as applicable: failure to comply with the terms of the license, failure to fulfill decisions of the competent organs, suspension of activity beyond the defined period, failure to disclose information, whose disclosure is required, or provision of false information, failure to fulfill the terms of the license or the eligibility criteria, events related to insolvency, failure to provide guarantees, or failure to pay the required fees, fulfillment of exceptions regarding the award of license as per the provisions of the law, conviction of an officer under terms which invalidate the license, etc. The licenses also include obligations of the license holder, including, among other things, and as applicable: obligations relating to submission of reports to the Authority and System Operator, purchasing insurance, giving notice of unlawful use of electrical installations, damage to the grid or distribution installations, giving notice of consumer's switching suppliers, receipt of the approvals required in the event of a change of holdings in the license holder, a ban on any activity which may hamper, restrict or harm competition in the electricity sector, etc.

Unofficial translation for convenience purpose only

License/processes type	The company holding the license The license award date and validity/background for the processes for receipt of license	Key restrictions and further details
		Authority's regulations, covenants and resolutions; (b) changes in the license holder's suitability for compliance with the terms or performing the actions and services contemplated in the license, but which do not warrant the license's revocation; (c) changes in the electricity sector; (d) to guarantee the level of the services provided under the license. A license holder may enter into an agreement with a consumer connected to the low voltage grid under an agreement which includes a commitment to meet the terms and conditions regarding the scope of consumption of the services, the payment amount or the terms of payment for a period not exceeding twelve months. A license holder may enter into an agreement with a consumer connected to the medium voltage or high voltage grid, including a mixed consumer, in accordance with the agreements between them, subject to granting a right of exit no later than five years from commencement of electricity supply. It is noted that currently the Company also sells electricity to consumers who have basic meters by virtue of the Israeli Electricity Authority's resolution, which allows conventional distributors to sell electricity to consumers with basic meters.¹³⁸
Hadera's generation license	In July 2020, the Israeli Electricity Authority decided to issue a permanent license for electricity generation to the Hadera Power Plant. The generation license was granted to Hadera for electricity generation and ancillary services by a power plant using cogeneration technology with a capacity of 144 MW, located near the Infinya Plants. The license will be in effect for 20 years. The license may be extended by the Israeli Electricity Authority, with approval of the Minister of Energy, and at the request of the license holder - for an additional period of 10 years, subject to fulfillment of the terms and conditions detailed in the license, including compliance with the terms and conditions of the license during the entire license period.¹³⁹	The Israeli Electricity Authority may, with approval of the Minister of Energy, alter the terms and conditions of the license, in the following cases: (a) A change has occurred in the license holder's ability to comply with the terms and conditions or to perform the actions and services covered by the license, which does not justify revoking the license; (b) Changes in the electricity market; (c) In order to ensure competition in the electricity sector; (d) To ensure compliance with the level of service prescribed by the license; and (e) Changes made to the facility or technology. The License may not be transferred, pledged or foreclosed without the advance approval of the Israeli Electricity Authority. The assets used to execute the license may not be sold, leased or pledged without first obtaining the approval of the Israeli Electricity Authority. In addition, any change, restructuring or transfer of control in Hadera requires approval of the Israeli Electricity Authority under the circumstances set forth. The license holder shall not be permitted to transmit energy to the grid at a capacity exceeding 120 MW at any time until the Head of Engineering at the Israeli Electricity Authority grants approval. It is noted that, according to the November 2016 connection survey, there is a 120 MW limit on transmitting energy into the grid until the Caesarea Tnuvot – an additional, 26 km-long transmission line - is completed.

¹³⁸ As to resolution entitled Inclusion of Basic Meters in the Competition for Supply, see Footnote 67 above.

¹³⁹ Resolution 58306 of the Israeli Electricity Authority: <https://www.gov.il/he/departments/policies/58306>.

Unofficial translation for convenience purpose only

License/processes type	The company holding the license The license award date and validity/background for the processes for receipt of license	Key restrictions and further details
		After deducting the consumption of Infinya (from the date of its direct connection to the power plant), the generation facility is not expected to provide more than 100 MW to the grid. The license imposes additional obligations on Hadera, including the provision of a lawful guarantee, regular and efficient operation in compliance with the license, compliance with a minimum equivalent operating capacity of 92% at all hours during the year, testing and compliance with insurance requirements.
Hadera's supply license	In July 2020, the Israeli Electricity Authority decided to issue a supply license to Hadera. The validity of the supply license is twenty years, if Hadera will hold a valid generation license.	1. The electricity supply license allows it to sell electricity to consumers which have a continuous meter installed in their consumption location – at the higher of the following two amounts: (a) 33% of electricity capacity sold by holders of private supply licenses to consumers; (b) The total capacity which is the subject of the generation licenses held by the license holder less the capacity it allocated to the System Operator. 2. A license holder shall enter into a contract agreement with a consumer for the provision of the service, which will be prepared in accordance with the guidelines specified in the license. 3. A license holder may enter into an agreement with a consumer connected to the low voltage grid under an agreement which includes a commitment to meet the terms and conditions regarding the scope of consumption of the services, the payment amount or the terms of payment for a period not exceeding twelve months. A license holder may enter into an agreement with a consumer connected to the medium voltage or high voltage grid, including a mixed consumer, in accordance with the agreements between them, subject to granting a right of exit no later than five years from commencement of electricity supply. 4. The Israeli Electricity Authority may alter the terms and conditions of the license, add or detract therefrom, among other things, and without detracting from the provisions of the law, in cases which are similar to those listed above with respect to Hadera's production license. 5. A license holder shall provide a guarantee to the Israeli Electricity Authority and guarantee to the System Operator as provided in the covenants.
Zomet's generation license	In June 2023, the Israeli Electricity Authority decided to issue a permanent license for electricity generation to the Zomet Power Plant. The generation license was awarded to Zomet for the generation of electricity using conventional technology at a capacity of approx. 396 MW. As of the Report date, the license will be in effect for 20 years, and it may be extended by the Israeli	The Israeli Electricity Authority may, with approval of the Minister of Energy, alter the terms and conditions of the license, in the following cases: (a) A change has occurred in the license holder's ability to comply with the terms and conditions or to perform the actions and services covered by the license, which does not justify revoking the license; (b) Changes in the electricity market; (c) In order to ensure competition in the electricity sector; (d) To ensure compliance with the level of service prescribed by the license; and (e) Changes made to the facility or technology; (f) Changes made to the facility or technology, which is the subject matter of the license. In addition, the Israeli Electricity Authority, may cancel the license or attach conditions thereto before the end of its term, under certain circumstances prescribed by the license.

Unofficial translation for convenience purpose only

License/processes type	The company holding the license The license award date and validity/background for the processes for receipt of license	Key restrictions and further details
	Electricity Authority at the request of the license holder. ¹⁴⁰	Restrictions are in place regarding changes to the generation facility, which is the subject matter of the license, including changes to the facility's installed capacity, the facility's model, its technology, including improvements to an existing facility. Provisions were set regarding the emptying of each of the diesel fuel containers and the fuel refreshing capabilities of each of the diesel fuel containers, including emptying the bottom of the containers. The License may not be transferred, pledged or foreclosed without the advance approval of the Israeli Electricity Authority. The assets used to execute the license may not be sold, leased or pledged without first obtaining the approval of the Israeli Electricity Authority. In addition, any change, restructuring or transfer of control in Zomet requires approval of the Israeli Electricity Authority under the circumstances set forth. The license imposes additional obligations on Zomet, including the provision of a lawful guarantee, regular and efficient operation in compliance with the license, compliance with a minimum equivalent operating capacity of 88% at all hours during the first year of operation and 92% at all hours during subsequent years, testing and compliance with insurance requirements, and restriction of activity, by way of an act or omission, which may restrict the competition in the electricity sector or have an adverse effect thereon.
Virtual supply license	On July 18, 2021, an electricity supply license without means of generation was signed for the Company. The supply license is valid for five years from receipt thereof.	1. The license permits the sale of electricity to consumers who have a continuous meter installed in their consumption location which enables reading and transmitting the consumption data on a half hourly level at least or another meter as shall be decided by law. 2. A license holder shall purchase electricity according to the covenants for the purpose of selling it to its consumers. 3. A license holder shall issue invoices, collect payments from its consumers and transfer payments to the System Operator at the tariffs set by the Israeli Electricity Authority for services consumed by its consumers. 4. The license holder shall enter into a contract agreement with a consumer for the provision of the service, which will be prepared in accordance with the guidelines specified in the license. 5. The Israeli Electricity Authority may alter the terms and conditions of the license, add or detract therefrom, among other things, and without detracting from the provisions of the law, in cases which are similar to those listed above with respect to Hadera's production license. 6. A license holder shall provide a guarantee to the Israeli Electricity Authority and guarantee to the System Operator as provided in the covenants.

¹⁴⁰ Resolution 65901 of the Israeli Electricity Authority: <https://www.gov.il/he/departments/policies/65901>.

Unofficial translation for convenience purpose only

License/processes type	The company holding the license The license award date and validity/background for the processes for receipt of license	Key restrictions and further details
Gat's generation license	In November 2019, the Israeli Electricity Authority decided to issue an electricity generation license to the Gat Power Plant. The generation license was granted to Gat for electricity generation through a power plant using cogeneration technology. The license will be in effect for 20 years. The license may be extended by the Israeli Electricity Authority, and at the request of the license holder - for an additional period of 10 years, subject to fulfillment of the terms and conditions detailed in the license.¹⁴¹	The Israeli Electricity Authority may, with approval of the Minister of Energy, alter the terms and conditions of the license, in the following cases: (a) A change has occurred in the license holder's ability to comply with the terms and conditions or to perform the actions and services covered by the license, which does not justify revoking the license; (b) Changes in the electricity market; (c) In order to ensure competition in the electricity sector; (d) To ensure compliance with the level of service prescribed by the license; and (e) Changes made to the facility or technology. The License may not be transferred, pledged or foreclosed without the advance approval of the Israeli Electricity Authority. The assets used to execute the license may not be sold, leased or pledged without first obtaining the approval of the Israeli Electricity Authority. In addition, any change, restructuring or transfer of control in Gat requires approval of the Israeli Electricity Authority under the circumstances set forth. The license imposes additional obligations on Gat, including the provision of a lawful guarantee, regular and efficient operation in compliance with the license, compliance with a minimum equivalent operating capacity of 92% at all hours during the year, testing and compliance with insurance requirements, and restriction of activity, by way of an act or omission, which may restrict the competition in the electricity sector or have an adverse effect thereon.
Gat supply license	In November 2019, the Israeli Electricity Authority decided to issue an electricity supply license to the Gat. The validity of the supply license is twenty years, if Gat will hold a valid generation license.	The electricity supply license allows it to sell electricity to consumers which have a continuous meter installed in their consumption location – at the higher of the following two amounts: (a) 33% of electricity capacity sold by holders of private supply licenses to consumers; (b) The total capacity which is the subject of the generation licenses held by the license holder less the capacity it allocated to the System Operator. A license holder shall enter into a contract agreement with a consumer for the provision of the service, which will be prepared in accordance with the guidelines specified in the license. The Israeli Electricity Authority may alter the terms and conditions of the license, add or detract therefrom, among other things, and without detracting from the provisions of the law, in cases which are similar to those listed above with respect to Gat's production license. In addition, the Israeli Electricity Authority may terminate the license or attach conditions thereto before the end of its term, under certain circumstances set in the license. A license holder may enter into an agreement with a consumer connected to the low voltage grid under an agreement which includes a commitment to meet the terms and conditions regarding the scope of

¹⁴¹ Resolution 56702 of the Israeli Electricity Authority: <https://www.gov.il/he/pages/56702>.

Unofficial translation for convenience purpose only

License/processes type	The company holding the license The license award date and validity/background for the processes for receipt of license	Key restrictions and further details
		consumption of the services, the payment amount or the terms of payment for a period not exceeding twelve months. A license holder may enter into an agreement with a consumer connected to the medium voltage or high voltage grid, including a mixed consumer, in accordance with the agreements between them, subject to granting a right of exit no later than five years from commencement of electricity supply.
Approval of tariffs¹⁴²		
Approval of Hadera's tariffs	On February 22, 2017, Hadera received tariff approval for the Hadera Power Plant; the tariff approval sets approved tariffs for the Hadera Power Plant on the sale of electricity to the System Operator (in accordance with the relevant resolutions of the Israeli Electricity Authority) and the dates and quantities of electricity the license holder will be entitled to sell to the System Operator under the Cogeneration Regulations. The tariff approval will be in effect from the start of the permanent license for a period of 18 years from that date.	In accordance with the tariff approval in Hadera, the generation component tariff for a cogeneration facility is a tariff, which is revised on a monthly basis based on the set parameters, including: the gas piping and capacity tariff as determined by the Natural Gas Authority, the price per natural-gas unit and the cost of excise tax, the USD exchange rate and the CPI. During on-peak hours, the power plant will be allowed to sell to Noga up to 50% of the total generated energy (annualized), and during off-peak hours it may sell to Noga energy with a capacity of up to 35 MW/h of the energy generated (annualized). The aforementioned tariffs may change according to the terms and conditions stated in the tariff approval. For further details – see Section 7.3.7 to the Report, and resolution to update the Demand Hour Clusters as stated in Section 7.2.3 to the Periodic Report for 2024.
Approval of Zomet's tariffs	In December 2019, Zomet received tariff approval from the Israeli Electricity Authority. The tariff was subject to the power plant's complete construction and receipt of a permanent generation license. Pursuant to the Tariff Approval, Zomet will be entitled to tariffs for capacity and energy sold to the System Operator for a period of twelve months commencing from the date on which it received the permanent generation license. ¹⁴³	The Tariff Approval is in effect as of the financial closing date. On February 10, 2020, a notice of the Israeli Electricity Authority was received, whereby Zomet was found to be in compliance with the terms and conditions for proof of financial closing. As of December 1, 2019, the full capacity tariff was 5.15 agorot per KW/h, or 5.29 agorot per KW/h in a case of more than 200 activations per year. It is noted that in accordance with the tariff approval, Zomet is entitled to a payment for the energy it produces, which reflects the cost of the generation of the electricity, subject to the restrictions set.
Approval of Gat's tariffs	In 2017, Gat received a tariff approval from the Israeli Electricity Authority, which is valid for 18 years from the day on which the power plant's permanent generation license came into force (November 2019).	In accordance with the provisions of the Cogeneration Regulations, the Israeli Electricity Authority set an arrangement for electricity producers who no longer meet the conditions required for a cogeneration facility. Such an arrangement ("a hedged availability transaction") applies to the Gat Power Plant. According to the tariff approval, which sets the tariffs for a license holder if it does not meet the definition of a cogeneration producer in accordance with the regulations as stated above, a capacity tariff

¹⁴² It is clarified that the various tariffs may be affected by parameters and metrics as determined in the Authority's resolution which is relevant to the tariff.

¹⁴³ Pursuant to that provided in the Tariff Approval and resolutions of the Israeli Electricity Authority, the covenants and tariffs.

Unofficial translation for convenience purpose only

License/processes type	The company holding the license The license award date and validity/background for the processes for receipt of license	Key restrictions and further details
		arrangement will apply for capacity which will be available to it subject to an annual cap which increases as from the fifth year of the facility's commercial operation (which ended in 2023) and through to the 18th year (inclusive), such that as from 2024, the said cap increased, and thereafter it decreases until the 20th year of the facility's commercial operation. The said capacity tariff is linked to different parameters, including the Consumer Price Index and the demand hours clusters.
Approval of the Sorek 2 tariffs	On June 4, 2024, the Israeli Electricity Authority issued a tariff approval for Sorek 2 in accordance with the Israeli Electricity Authority resolution dated March 6, 2019, on a "Regulation of Producers Connected to the High-Voltage Network Established other than through a Tender," and moreover, the Israeli Electricity Authority's confirmation of the financial closing's completion was obtained on June 6, 2024.	According to the tariffs approval, Sorek 2 will be entitled to the tariffs in the tariff approval, in respect of sale of capacity and energy to Noga, for a period of twenty years commencing on the date of receipt of the permanent generation license and the commercial operation date, provided that it met the deadlines for commercial operation of the Sorek generation facility, the generation license is valid, in accordance with the resolutions of the Authority, the rules of transactions, covenants and tariff tables.

7.14. **Raw materials and suppliers**

The power plants held in the area of activity as of the Report approval date use natural gas as their primary fuel, with diesel fuel as backup¹⁴⁴ (except for Gat which uses only natural gas). Following are details regarding the Company's main engagements with natural gas suppliers and transmitters in the area of activity.¹⁴⁵

As of the Report approval date, Rotem, Hadera and Gat have binding gas agreements with the Tamar Group and Energean in accordance with that which is stated below in this section. For details regarding the manner by which Zomet purchases gas, see Section 7.2.7 to the Report. The Sorek 2 facility is expected to purchase some of the natural gas required for its operation from the Leviathan Reservoir as part of arrangements of the desalination facility. For details regarding the manner by which gas is acquired for Sorek 2, see Section 7.14.6 to the Report.

In addition, since INGL is the sole transmitter of the natural gas in Israel, the Company is dependent on INGL in the area of activity. For further details, see Section 19.2.5 of the Report.

Furthermore, as of the Report approval date, the maintenance contractors of the Rotem, Hadera, Zomet and Gat power plants (Mitsubishi, GE, and PWPS and Siemens, respectively), Sorek 2's construction contractor (BHI Co. Ltd.), and Hadera 2's equipment supply contractor (GE Vernova) are material suppliers of the said projects. For details regarding the main points of the maintenance agreements, see Section 7.15.2 to the Report. For details regarding the main principles of the construction and equipment supply agreements for Sorek 2, see Sections 7.3.11 and 7.15.1.1 to the Report. For details regarding the Hadera 2 Equipment Supply Agreement, see Section 7.15.3.1 to the Report. For details regarding Rotem's agreement to purchase capacity and energy from a company controlled by ICL Group, see Regulation 22 in Chapter D to the Report. For details regarding dependency on key suppliers as a risk factor – see Sections 19.2.5 and 19.3.5 to the Report.

Key natural gas supply agreements

7.14.1. **Rotem's natural gas supply agreement – Tamar**

Rotem has in place an agreement (as amended from time to time) with the Tamar Group for the supply of natural gas to the Rotem Power Plant, which will end at the earlier of 16 years from the commencement of gas supply (April 2013) or the consumption of the total contractual quantity as defined in the agreement (subject to the parties' option to

¹⁴⁴ The power plants have agreements for the acquisition of diesel fuel.

¹⁴⁵ It is noted that as part of this area of activity, the Group has entered and enters from time to time into gas purchase agreements, including for smaller quantities.

extend the agreement by two years under the conditions set). For details regarding the Tamar Agreement, see Note 26C1 to the Financial Statements.

The supply of the gas in accordance with the agreement is on a non-interruptible basis, such that the Tamar Group will be required to supply the specific quantities requested by Rotem subject to the terms of the agreement; in turn - Rotem is required to pay for the minimum quantities (take or pay).

Furthermore, the agreement included additional provisions and arrangements customary in agreements for the purchase of natural gas, including with regard to maintenance, gas quality, force majeure, limitation of liability, early termination provisions under certain cases subject to conditions, assignments and a dispute resolution mechanism. In accordance with the arrangement, Rotem is required to provide guarantees (including a bank guarantee) under certain conditions set in the agreement, including a downgrading of the set rating, according to the value of the number of gas consumption days, in accordance with the contractual quantity set in the agreement. Furthermore, the agreements include provisions regarding restrictions on the sale of gas to third parties, who are not related parties, all in accordance with provisions and arrangements set.

7.14.2. Natural gas supply agreement for Hadera – Tamar

Hadera has a natural gas supply agreement with the Tamar Group. The gas supply agreement will terminate on the earlier of: 15 years after commencement of the supply from the Tamar Reservoir (April 2013) or upon consumption of the Total Contractual Quantity (the original quantity was approx. 3.3 BCM).

Both parties have the option to extend the agreement until the earlier of: two years or until the entire contractual amount has been consumed, if, at the end of the 14th year of the agreement, Hadera has not yet consumed a quantity of gas at the rate set out of the contractual amount. 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.¹⁴⁶ According to the agreement, Tamar has an obligation to supply all of the quantities included in the agreement; and on the other hand, Hadera has a "take or pay" obligation for a certain annual quantity of natural gas.

Furthermore, the agreement included additional provisions and arrangements customary in agreements for the purchase of natural gas, including with regard to maintenance, gas quality, force majeure, early termination provisions under certain

¹⁴⁶ For further details, see Footnote 49 to the Report above.

cases subject to conditions, limitation of liability, assignments and dispute resolution mechanisms. In accordance with the arrangement, Hadera is required to provide guarantees under certain conditions prescribed by the agreement, including a downgrading of the set rating, according to the value of the number of gas consumption days, in accordance with the contractual quantity set in the agreement. Furthermore, the agreements include provisions regarding restrictions on the sale of gas to third parties, who are not related parties. For further details, see Note 26C2 to the Financial Statements.

7.14.3. The Gat-Tamar natural gas supply agreement

Agreement for the purchase of natural gas from the partners in the Tamar partnership. The supply agreement sets conditions for the purchase of a minimum quantity of gas and other arrangements. In 2016, the parties signed an addendum to the supply agreement, whereunder the term of the agreement was extended to 18 years from the first supply date (with an option to extend by further two years, subject to the terms set out in the addendum). In March 2020, the supply agreement became a continuous agreement, under which Tamar undertakes to sell Gat the required quantity, and Gat undertakes to purchase a minimum annual quantity (which was reduced in 2021 under the terms and conditions of the agreement), and alternatively - to pay for the quantity it has undertaken to purchase even if it had not actually purchased it (take or pay).

Furthermore, the agreement included additional provisions and arrangements customary in agreements for the purchase of natural gas, including with regard to maintenance, gas quality, force majeure, limitation of liability, early termination provisions under certain cases subject to conditions, assignments and a dispute resolution mechanism. In accordance with the arrangement, the Tamar Partnership may demand - taking into account certain financial data or rating - guarantees according to the value of the number of gas consumption days, in accordance with the contractual quantity set in the agreement. Furthermore, the agreements include provisions regarding restrictions on secondary gas sale by the partnership to third parties, all in accordance with set provisions and arrangements.

Maintenance work (Tamar): In 2025, the Tamar Reservoir operated regularly except for non-scheduled and scheduled shutdowns, for which netting was carried out between the parties. To the best of the Company's knowledge, a number of maintenance works is expected to take place in the Tamar Reservoir in 2026 as well. For information about the effects of fuel shortages and the cost of fuels, see Section 19.2.2 to the Report.

7.14.4. Rotem and Hadera natural gas supply agreements - Energean

In December 2017, Rotem and Hadera entered into agreements with Energean, which has the leases to the Karish and Tanin natural gas fields, for purchase of natural gas by them (hereinafter - the "**Energean Transaction**").¹⁴⁷

According to the terms and conditions stipulated in the agreements, the original basic quantity of natural gas, Rotem and Hadera were originally expected to purchase is approx. 5.3 BCM for Rotem and approx. 3.7 BCM for Hadera (hereinafter in this section – the "**Total Basic 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 take or pay mechanism, whereby Rotem and Hadera have undertaken 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 arrangement, the companies are required to provide guarantees under certain conditions prescribed by the agreement, including a downgrading of the set rating, according to the value of the number of gas consumption days, in accordance with the contractual quantity set in the agreement.

Regarding the consideration, 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 amount of Rotem and Hadera's agreements was estimated at approx. USD 1.3 billion (assuming consumption of the total basic quantity and in accordance with the original agreements and gas price formula as of the transaction report date, as stated below); it depends mainly on the electricity Generation Component and the volume of gas consumed.

¹⁴⁷ At the same time, ICL Group and Bazan (a company affiliated with Kenon at the time) also signed agreements with Energean, further to joint negotiations conducted by the engaging companies as of that date, and which were approved by the Company's General Meeting on January 15, 2018 (Ref. No.: 2018-01-004557). The agreements with respect to each of the Group companies are separate, independent and severable from the agreements of the other companies, and breach or termination of the agreements by any of the abovementioned companies will not impact the other agreements of the other companies referred to above. The Company conducts itself independently as part of those agreements.

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 its term, including in cases of prolonged supply interruption, compromised collateral, and more, all subject to the terms and conditions set in the agreements.

For further details regarding the Energean agreements, see Note 26C3 to the Financial Statements.

For further details, see Section 7.14.6 to the Periodic Report for 2021 and the Company's amended immediate report concerning convening of an extraordinary general meeting of Company shareholders dated January 2, 2018 (Ref. No.: 2018-01-000841).

As part of an amendment to the 2019 agreements, the agreement period was updated to the earlier of 10 years or until the Total Contractual Quantity will have been consumed (with no change in the Total Contractual Quantity) (in lieu of the earlier of 15 years or until the Total Contractual Quantity will have been consumed). For further details, see the Company's immediate report of November 17, 2019 (Ref. No.: 2019-01-111589).

In August 2022, Rotem and Hadera served Energean with a notice regarding an increase in the contractual gas quantity under the terms of the original Energean agreements, and in November 2022, Rotem served Energean with notice regarding the exercise of the option to acquire an additional immaterial quantity by virtue of the amendment to the agreement of 2022.¹⁴⁸ It is clarified that increasing the contractual amount increases the Take or Pay commitment under the agreements.

In March 2023, Energean announced that commercial operation started on March 17, 2023 and March 26, 2023 for Hadera and Rotem, respectively. During 2025, there were several scheduled maintenance days in the Karish Tanin Reservoir, and periods in which the reservoir was shut down or operated partially on a non-scheduled basis, due to, among other things, Operation Rising Lion, for which netting was carried out between the parties. To the best of the Company's knowledge, in 2026, maintenance is expected for a period of a few weeks in the Karish Tanin Reservoir.

The statements made in this section above, including with regard to the expected maintenance work periods in the gas reservoirs, include forward-looking information, as defined by the Securities Law. The said information may not materialize, or may materialize differently, in a manner that is independent of the Company. Prolonged

¹⁴⁸ For details, see the Company's immediate report dated May 11, 2022 (Ref. No. 2022-01-056794).

shutdowns or maintenance periods (especially by Energean) may have an adverse effect on the segment's operating results.

7.14.5. Natural gas supply agreement between Sorek 2 and Leviathan

Under Sorek B IPP Agreement with IDE (for further details see Section 7.3.11 to the Report), a mechanism was set for the supply of natural gas to Sorek 2 by virtue of the Gas Agreements signed between IDE and holders of interests in the Leviathan natural gas field (hereinafter in this section – the "**Leviathan Gas Agreement**"), for a period of 24 years and 11 months starting from the commercial operation of the desalination facility; under the agreement, Sorek 2 assumed IDE's rights and obligations under the Leviathan Gas Agreement on a back-to-back basis, except with respect to excluded arrangements. It was also determined that IDE reserves certain independent rights, provided that these conditions will not materially adversely affect the Company and while making adjustments to the arrangements between the parties. Reporting, billing, payment and dispute resolution mechanisms were also provided for, as was the Company's right to reject off-specification gas

The gas price under the Leviathan Gas Agreement is denominated in USD for the entire term of the agreement and includes price adjustment mechanisms that may be activated in the event of a breach of the commercial balance. The agreement includes a Take-or-Pay (ToP) mechanism pursuant to which Sorek 2 is required to pay for a minimum quantity of natural gas, calculated from the annual contract quantity as defined therein; the agreement also establishes arrangements for reducing this quantity in accordance with the guidance of the Israel Water Authority and its Water Desalination Administration with respect to the operation of the desalination plant at the site. The Leviathan Gas Agreement includes additional provisions and arrangements customary in natural gas purchase agreements, including with regard to maintenance, mechanisms regarding gas quality, limitation of liability, dispute resolution, maintenance and operating mechanisms. Furthermore, the agreements include provisions regarding restrictions on the sale of gas to third parties, who are not related parties and cases which give rise to an early termination right.

Under Sorek 2's IPP agreement with IDE, a mechanism was set, according to which the supply and transmission of natural gas to the power plant are carried out by virtue of the Leviathan Gas Agreement; Sorek 2's rights and obligations with respect to the above gas supply agreement are applied on a back-to-back basis. Accordingly, Sorek 2 has a commitment to IDE with respect to the power plant's gas consumption; this includes, among other things, payments, the acquirer's undertaking under the Leviathan Gas

Agreement to consume certain quantities of gas under the terms of the agreement, placing the orders - all in accordance with the terms, prices and limitations set in the Leviathan Gas Agreement, and IDE is entitled to offset these payments from payments due to Sorek 2. The back-to-back mechanism applies, among other things, to gas-supply failures, gas which is off-specification, force majeure events, maintenance work, allocations and supply reductions. Concurrently, it was determined that the Company is not required to provide collateral or guarantees by virtue of the Gas Agreements, and that IDE reserves independent rights regarding the exercise of rights including its right of early termination of the Gas Agreement and entering into a new Gas Agreement, provided that these conditions will not adversely affect Sorek 2 and in the event of price reduction – adjusting the consideration for the electricity. Reporting, billing, payment and dispute resolution mechanisms were also provided for, as was Sorek 2's right to reject off-specification gas supply under the said gas agreements.

For further details regarding an agreement for the purchase of natural gas from an entity which is not a gas supplier, see Note 26C5 to the Financial Statements.

Natural gas transmission agreements

7.14.6. Natural gas transmission agreement to Rotem

Transmission of natural gas from the gas supplier to the Rotem Power Plant is carried out through the natural gas transmission system built by INGL.

Rotem entered into a gas transmission agreement with INGL (as amended from time to time), whose term is until July 31, 2029 or until its early termination, as detailed in the agreement, and includes an extension option of up 5 years, subject to advance notice, under terms and conditions which are customary in gas transmission agreements signed by INGL. For its transmission services, INGL charges gas consumers (including Rotem) a tariff which is set by the Natural Gas Authority, and which includes a (fixed) capacity component and a gas transmission component (paid according to the actual gas transmission).

According to the agreement, INGL is not liable for an event occurring in connection to the natural gas before receiving it or after delivering it. Pursuant to the agreement, in the event of a capacity shortage in the transmission system, Rotem will be entitled to receive the proportionate share of capacity it ordered out of the total capacity ordered by gas consumers. Under the agreement, Rotem undertook to compensate INGL in the event of damages caused by Rotem, as detailed in the agreement.

The agreement sets forth a number of cases wherein INGL is entitled to discontinue providing its transmission services, including payment default, breaches not remedied within the period stipulated, and unreasonable hazards caused as a result of Rotem's gas facilities. INGL has a termination right in the event of failure to provide collateral on time, and for failure to provide natural gas in accordance with the provisions of the agreement on time. Rotem is entitled to terminate the agreement in the event that INGL fails to provide the transmission services as detailed in the agreement. Furthermore, the agreement grants the parties termination rights in case of certain default events. Pursuant to the agreement, Rotem is required to provide a guarantee for the benefit of INGL or choose a deposit alternative, and in this framework, Rotem provided INGL a deposit.

7.14.7. Natural gas transmission agreement for Hadera

Infinya entered into an agreement with INGL for the transmission of natural gas to the Energy Center, which was assigned to Hadera under the acquisition of Hadera's shares in 2015.

The terms and conditions of the gas transmission agreement to Hadera are essentially the same as those of Rotem's gas transmission agreement, as detailed in Section 7.14.2 to the Report.

In December 2015, an amendment was signed to the transmission agreement, which allows transmission of the gas to the Hadera Power Plant, through a new pressure reduction and measurement station (PRMS) located near the Hadera plant, under additional terms and conditions. The amendment extended the contract period such that it will continue until the earlier of: (1) 16 years from the commercial operation date of the PRMS; (2) Expiry of the INGL license (as of the Report approval date – August 1, 2034); or (3) Termination of the agreement in accordance with its terms and conditions. In addition, Hadera has the option to extend the agreement period by another 5 years. According to the amendment, INGL constructed and connected the new PRMS in May 2018. In addition, the termination of the services will not release Hadera from its obligations under the transmission agreement, including relevant payment obligations, as specified in the amendment. As part of the agreement, Hadera provided a bank guarantee in connection with its undertakings and provided a deposit in accordance with the provisions of the agreement.

7.14.8. Natural gas transmission agreement to Zomet

In December 2019, an agreement was signed between Zomet and INGL for transmission of natural gas to the power plant being constructed by Zomet. The agreement includes

provisions which are customary in agreements with INGL and is essentially similar to the agreements of Rotem and Hadera with INGL, as stated in this Section 7.14 above. The agreement period is 15 years from piping of first gas (December 2022), including a 5-year extension option, subject to advance notice, under terms and conditions which are customary in gas transmission agreements signed by INGL at that time.

On the signing date of the agreement, the Company provided a corporate guarantee in connection with Zomet's obligations under the agreement.

7.14.9. Natural gas transmission agreement for Gat

In 2012, the Gat Partnership and INGL signed an agreement for transmission of natural gas to the Partnership's facilities. The agreement was amended in 2016 in order to allow the piping of gas to the power plant, as planned at the time. To this end, changes were made to the gas infrastructure and the commercial terms and conditions. The agreement includes provisions which are customary in agreements with INGL and is essentially similar to the agreements of Rotem, Hadera and Zomet with INGL, as stated in this Section 7.14 above. The agreement term is 15 years from each facility's respective gas piping date (in June 2014 for the partnership's facilities and June 2019 for the power plant's facilities). The agreement stipulates a 5-year extension option for each of these periods, with prior notice, under the customary terms and conditions for the gas transmission agreements INGL makes at the time.

Pursuant to the agreement, Gat is required to provide a guarantee for the benefit of INGL or choose a deposit alternative, and in this framework, Gat provided INGL a guarantee.

7.14.10. Natural gas transmission agreement for the Sorek 2 Generation Facility

The gas transmission to Sorek 2 is carried out by INGL's transmission system. IDE entered into a transmission agreement with INGL. Accordingly, similarly to the Leviathan Gas Agreement, as detailed in Section 7.14.5, under Sorek 2's IPP agreement with IDE, a mechanism was set, according to which the transmission of natural gas to the power plant is carried out by virtue of the transmission agreement between IDE and INGL; Sorek 2's rights and obligations with respect to the above gas transmission agreement are applied on a back-to-back basis, and IDE is entitled to offset such payments from payments due to Sorek 2. As a rule, the terms and conditions agreed upon with INGL are similar to the Company's engagements with INGL with respect to the Company's other power plants, as stated above.

7.15. Other material agreements in the area of activity

Following are the Group's material agreements in the area of activity (in addition to what is described above).

7.15.1. Construction agreements

7.15.1.1. The Sorek 2 generation facility - construction and equipment supply and maintenance agreements

In June 2021, Sorek 2 contracted with BHI Co. Ltd. (hereinafter - "**BHI**") - a South Korean-owned corporation, which will serve as the Sorek Generation Facility's construction contractor entered into a "lump sum turn-key" EPC agreement (hereinafter - the "**Construction Agreement**"), whereunder the construction contractor will build a gas-fired energy generation facility with an installed capacity of up to 87 MW, all in accordance with the milestones, terms and dates set with respect to each of the agreement's components.

Regarding the construction agreement, it is clarified that an IDE Group corporation serving as the desalination facility construction contractor is also a party to the construction agreement (as an additional work commissioner), and thus, the construction agreement stipulates arrangements regarding the construction works in connection with the generation facility, as well as in connection with systems relating to the desalination facility. Sorek 2's share in the amount payable to the Construction Contractor was estimated upon entering into the agreement at approx. USD 42 million; this amount also includes the amount payable for the purchase of the gas turbines. The amount payable to BHI under the Construction Agreement is divided into payments in USD, EUR and NIS. It is noted that the Construction Agreement sets, among other things, mechanisms for agreed and capped compensation in respect of delays, non-compliance with execution and availability requirements as well as the scope of the contractor's liability and requirements for provision of guarantees in the different stages of the project.

Further to signing the Construction Agreement, an agreement was signed that regulates the decision-making process and the assignment of responsibility between Sorek 2 and the said corporation of the IDE Group, where except for cases provided for in the Agreement, the arrangements are mainly derived from the consents between IDE and Sorek 2 in the IPP Sorek 2 agreement signed by the parties, and from each party's share in the Construction Agreement.

In addition, in June 2021, Sorek 2 entered into an agreement for the supply of a gas turbine and auxiliary equipment to the energy generation facility with companies in the General Electric Group (hereinafter, jointly in this subsection - "**GE**") (hereinafter

– the “**Supply Agreement**”). As part of the supply agreement, GE has undertaken, inter alia, to supply the turbine and its related equipment, to provide support to the Construction Contractor, as well as commissioning and testing the equipment, all in accordance to the terms, milestones and dates agreed between the parties. Pursuant to the agreement between BHI and Sorek 2, once the limited notice to proceed (LNTP) was issued and the first payment to GE was made, the Equipment Supply Agreement was assigned to BHI in the aforesaid Construction Agreement. For further details regarding the Construction and Equipment Supply Agreements regarding Sorek 2's equipment, see Note 9D to the Financial Statements.

As of the Report date, Sorek 2 intends to operate and maintain the project in accordance with the provisions of the Sorek B IPP Agreement.

In addition to the foregoing, Sorek 2 and GE entered into a long-term turbine and auxiliary equipment maintenance agreement for a 16-year term with an option to extend to 25 years, as of the commercial operation date of the Sorek Generation Facility. The maintenance agreement contains the standard provisions on equipment performance obligations, capped liquidated damages, compliance with treatment schedules, GE's warranty for the equipment and services, and guarantees by both parties' parent companies.

In September 2021, a full notice to proceed was issued to the construction contractor.

Following the deterioration of the security situation in Israel against the backdrop of the War, BHI received "force majeure" notices, according to which delays are expected in the schedules for the construction of the facility due to the War, as a result of, among other things, difficulties in dispatching foreign teams to the site. Following an escalation of the War and Operation Rising Lion, in 2024 and 2025, notices were received from BHI and GE regarding evacuation of the contractors' migrant workers from Israel due to the aforementioned security situation. According to the construction contractor and the equipment supplier, the security situation prevalent in Israel constitutes a force majeure, and accordingly - the construction contractor demanded that an increase in costs be recognized. In this context, it is noted that Sorek 2 has informed IDE and the Government that schedule overruns and delays in the completion of construction by the contractor are expected due to the above, and has submitted a request, in accordance with the project agreements, to recognize higher expenses due to the continued effects of force majeure events on the project; as of the Report approval date, there is no certainty regarding the outcome of Sorek 2's request. In addition, due to Operation Lion's Roar, BHI

announced that it is evacuating teams from the Sorek 2 site, and as of the Report approval date, noting also the fact that the operation started shortly before the Report filing date, there is no certainty regarding the effects of the notice and other potential schedule overruns. Such schedule overruns involve an increase in the project costs (beyond the expected cost noted in Section 6A1 to the Report of the Board of Directors) and/or could constitute failure to comply with undertakings to such third parties. As of the Report 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.¹⁴⁹

It is noted that a delay in the commercial operation by Sorek 2 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). The construction work, its completion, the commercial operation date, and the construction costs have been adversely affected by the War and/or its implications during the reporting period and thereafter, as stated below.

As of the Report approval date, construction of the Sorek 2 Generation Facility - which is under delivery inspections - has been substantially completed and its commercial operation is subject to the fulfillment of certain conditions which have not yet been met, primarily those pertaining to the completion of the desalination facility, and operational or technical factors associated with the completion of the work at the project site; these have been affected, among other things, by the security situation in Israel and by disruptions during the reporting year and thereafter in the arrival of teams and equipment to Israel due to the War and the scaling down of their presence when the War intensified.

For further details regarding the project costs, see Section 6A1 to the Report of the Board of Directors).

7.15.2. Maintenance and operation agreements

7.15.2.1. Rotem Power Plant maintenance agreement

¹⁴⁹ The expected completion date for the commercial operation may be postponed even further than the Company estimated, due to, among other things, a delay in completing the testing or construction of the desalination facility, delays in obtaining permits or completing inspections - which have yet to be received as of the Report date, delay in the arrival of equipment, force majeure events, and materialization of risk factors to which the Company is exposed, including delays related to the War or its effects.

On June 27, 2010, Rotem entered into a maintenance agreement with Mitsubishi Heavy Industries Ltd. (as later assigned to its subsidiaries), at a total estimated cost of approx. EUR 55 million, paid over the term of the agreement, in accordance with the payments schedule set in the agreement (hereinafter - the **"Original Rotem Maintenance Agreement"**). For details, see Note 26B1 to the Financial Statements.

In December 2023, Rotem entered into a new maintenance agreement with Mitsubishi Power Europe Ltd. and a company operating on its behalf which will serve as a local contractor (hereinafter jointly - **"Mitsubishi"**) at a total estimated cost of approx. EUR 67 million which will be paid over the term of the agreement, in accordance with the payments schedule set in the agreement (hereinafter - the **"New Rotem Maintenance Agreement"**). Rotem's New Maintenance Agreement has superseded the Original Rotem Maintenance Agreement described above, which expired in October 2025.¹⁵⁰ For details, see Note 26B1 to the Financial Statements.

The term of the New Rotem Maintenance Agreement is 12 years as from the end of the term of the Original Rotem Maintenance Agreement, or the completion of the required maintenance work (which is quantified based on a number of parameters), 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. Under Rotem's New Maintenance Agreement, Mitsubishi undertakes towards Rotem 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 some of the maintained components, in accordance with the provisions set. It is noted that as part of the New Rotem Maintenance Agreement, 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). In addition to the signing of the New Rotem Maintenance Agreement, Rotem undertook to acquire new equipment for the power plant at a cost of approx. EUR 8 million.

The current operation of the Rotem Power Plant is performed by Rotem.

7.15.2.2. Hadera Power Plant maintenance agreement

¹⁵⁰ The estimated cost constitutes forward-looking information, as defined in the Securities Law. The actual cost may vary as a result of, among other things, technical failures, force majeure events or unexpected delays, and as a result of the effect of other variable components in the consideration paid to the maintenance contractor, such as bonuses and other incentives set.

In June 2016, Hadera entered into an agreement with General Electric GE Global Parts and Products GmbH (hereinafter, jointly – “**GE**”) for long-term maintenance of the Hadera Power Plant (hereinafter – the “**Hadera Maintenance Agreement**”), for a total cost of approx. USD 42 million (linked to various indices). Pursuant to the Hadera Maintenance Agreement, GE is to perform maintenance work on the Hadera Power Plant's key components, which include the gas turbines and generators and some of the related equipment, starting from the commercial operation date and up to the earlier of: (a) 25 years from the signing date of the Hadera Maintenance Agreement; or (b) the date on which all of the units covered by the agreement reach the end of their service lives (as defined in the agreement). In accordance with the terms and conditions of the Hadera Maintenance Agreement, Hadera will pay GE for the maintenance works which took place over the course of the agreement period, based on the formula set forth in the Agreement.

The Hadera Maintenance Agreement includes commitments on behalf of GE in connection with the performance of the Hadera Power Plant. GE undertook to compensate Hadera in the event of non-compliance with said obligations, while Hadera undertook to pay bonuses to GE in the event of improved performance by the Hadera Power Plant due to the maintenance work – all up to a maximum amount that is immaterial (compared to the Agreement amount) relative to each testing period, as set forth in the agreement. For details regarding a guarantee provided with respect to the Hadera Maintenance Agreement, see Note 26B2 to the Financial Statements.

7.15.2.3. Zomet Power Plant construction and maintenance agreements

In September 2018, Zomet signed an engineering, procurement, and construction agreement (EPC) with PW Power Systems LLC, a partnership registered in the United States (hereinafter in this section - “**Pratt and Whitney**” or the “**Contractor**”), of the Mitsubishi Hitachi Power Systems¹⁵¹ group, for construction of the Zomet Project (hereinafter in this section - the “**EPC Agreement**” or the “**Agreement**”).¹⁵² The Agreement is a “lump sum turnkey” agreement, whereby contractor committed to construct the Zomet Project in accordance with the technical and engineering specifications provided and including commitments of the Contractor to perform certain work in the project, as stipulated in the Agreement. The contractor is a manufacturer of gas turbines. The Contractor also committed to provide certain

¹⁵¹ To the best of the Company's knowledge and based on the information provided to it by the Contractor.

¹⁵² The Company's name was changed in 2021, to Mitsubishi Aero LLC, and following structural changes in the global Mitsubishi company, the partnership is currently held directly by MHI Ltd. of Japan.

maintenance services in connection with the power plant, for a period of 20 years commencing on its commercial operation date. At the time of entering into the agreement, total consideration¹⁵³ was estimated at approx. USD 300 million, including the consideration for the Maintenance Agreement described below for the entire term of the agreement, which is paid on an annual basis. Furthermore, it is noted that the consideration in respect of the maintenance services may increase in line with the actual required maintenance.

On December 12, 2019, Zomet signed a long-term service agreement with PW Power Systems LLC (hereinafter - "**PWPS**"), for provision of maintenance services for the Zomet Power Plant, for a period of 20 years commencing from the delivery date of the power plant (hereinafter – the "**Zomet Maintenance Agreement**"). Zomet may terminate the Zomet Maintenance Agreement after a period of 5 years from the power plant's delivery date, subsequent to the terms and conditions set in the Zomet Maintenance Agreement. For further details, see Note 26B3 to the Financial Statements.

If Zomet requires this, 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.

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 which will be agreed upon, or with respect to certain services - based on the prices stipulated in the agreement. For further details see Section 7.3.8 to the Report.

¹⁵³ The consideration of the Agreement is denominated partly in NIS and partly in US dollars.

The ongoing operation and maintenance of the Zomet Power Plant will be executed by Zomet.

7.15.2.4. Operating and maintenance agreement of the Gat Power Plant

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 originally estimated at approx. NIS 287 million (before linkage), which is paid over the term of the agreement, in accordance with a formula set in the agreement (including various linkages). After the commercial operation of the power plant, a dispute has arisen between the parties regarding the Gat Partnership's right to receive a discount in the quarterly payment to Siemens, in accordance with the provisions of the agreement. According to Gat, there is a discount in the payment as stated above, and Siemens disputed this position. For details regarding the settlement agreement entered into between the parties following an arbitration proceeding - including the payment arrangement for past periods in respect of maintenance and operation services provided to the power plant, and revised payments under the agreement - see Section 7.16.1 to the Report. The term of the Gat 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 set terms and conditions.

7.15.3. Equipment supply agreements

7.15.3.1. Equipment supply agreement for Hadera 2

In February 2026, Hadera 2 and GE Vernova (hereinafter in this section - the "**Supplier**") entered into a binding agreement for the supply of the Hadera 2 power plant's primary equipment, including the gas and steam turbines and ancillary equipment (hereinafter in this section - "**Equipment Supply Agreement**") and a maintenance agreement with respect to the abovementioned equipment.

Under the Equipment Supply Agreement, the Supplier undertook, among other things, to supply the primary equipment specified in the agreement on agreed dates and conditions. Furthermore, the Equipment Supply Agreement includes certain provisions regarding the equipment's performance, guarantees, caps and limitation

of liability and Supplier warranty in respect of the equipment.¹⁵⁴ Hadera 2 undertook to pay the agreed consideration in accordance with the Equipment Supply Agreement on scheduled payment dates, some of which had already taken place as of the date of this Report, and which constitutes approx. 20% of the estimated project cost, as detailed in Section 6A1 to the Report of the Board of Directors.¹⁵⁵

The above information regarding the advancement of the project and its characteristics (including costs associated therewith) and the signing of finance and construction agreements for the project includes forward-looking information as defined by the Securities Law, which is based on the Company's assessments and intentions as of the Report approval date, and may not materialize, in whole or in part. The construction and execution of the project are uncertain and are subject to the materialization of various terms and conditions (including ones that are beyond the Company's control), including the project's compliance with the relevant regulations on the set dates, securing key agreements for the project, obtaining regulatory approvals, completion of permit, connection and licensing processes, and non-materialization of one or more of the risk factors to which the Company is exposed to, as outlined in Section 19 to the Report. As of the Report approval date, such terms and conditions have not yet been fulfilled and there is no certainty as to their fulfillment, the manner of their fulfillment (including final costs) or the date of their fulfillment. Failure to execute the project or delays in its execution involve undertakings to third parties, an increase in costs or loss of payments and expenses incurred to advance the project's development (including payments made by virtue of the Equipment Supply Agreement).

7.15.3.2. Solar panels purchase agreement for the Ramat Beka Project

In December 2024, the Company entered into an agreement to supply solar panels for the Ramat Beka project with a global supplier (hereinafter in this section – the “**Panel Supplier**”), with a capacity of up to 500 MW, at a total estimated cost of approx. USD 50 million.¹⁵⁶ According to the purchase agreement, the Panel Supplier

¹⁵⁴ The Supplier's undertakings and duties under the Equipment Supply Agreement are capped and are subject to set circumstances and conditions. It is clarified that the agreement is non-transferable due to failure to execute the project.

¹⁵⁵ Initially, the consideration is paid out of own sources (as of the Report approval date - tens of millions of euros) and at a later stage it is also expected to be paid through a project finance agreement (subject to its signing). For details, see Section 7.18.2.1 to the Report.

¹⁵⁶ The Agreement stipulates price adjustment mechanisms, subject to certain circumstances and conditions. The information presented regarding the panel supply agreement, the estimated cost and delivery times include forward-looking information as defined by the Securities Law, which is based on Company's assessments and

shall supply the Company with solar panels in accordance with the Company's purchase orders, at a fixed price (USD). 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, 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. According to the agreement, the solar panels are expected to be supplied in 2026-2028. For further details, see Note 9D2 to the Financial Statements.

7.15.3.3. EPC agreement for the construction of a private substation and switching substation for Ramat Beka

In January 2026, Ramat Beka entered into an engineering, procurement, and construction (EPC) agreement for a private substation and a switching station, totaling approx. NIS 310 million, with Afcon Holdings Ltd.

The agreement stipulates that the parties will have the right to terminate the work prior to the completion of the project, under certain circumstances and subject to the conditions set (including conditions set to the contractor in the event of failure to issue a notice to proceed order on a certain date).

The commencement of the construction works is contingent, inter alia, on financial closing of the Project, obtaining required permits and regulatory approvals. The Company estimates the payments under the Agreement until the expected construction commencement date of the Project to be in the tens of millions of shekels.

7.15.3.4. Negotiation of a construction agreement for a photovoltaic facility for Ramat Beka

The Group is currently working toward entering into an agreement with the photovoltaic facilities' construction contractor, at an estimated total of approx. NIS 500 million; this agreement is expected to be under terms generally accepted in the sector. It is clarified that the Company has not yet entered into such an agreement, and there is no certainty as to its binding conditions, including with respect to dates, the parties' undertakings and the consideration amount payable to the contractor.

It is clarified that assessments regarding the terms of the agreement with the facility's construction contractor, the estimated total amounts of the agreements

assumptions as of the Report date only, and its materialization and the manner thereof are uncertain and are subject, among other things, to changes in accordance with future supply dates.

with the various contractors (which may change according to the project's characteristics), and the materiality of the payments through the construction commencement include forward-looking information as defined by the Securities Law, which is based on the Company's plans and assessments as of the Report approval date, the materialization of which is uncertain, and which may be different and even materially different from the above (if they do indeed materialize). As of the Report date, the promotion, development, construction, operation, cost and final characteristics of the project are subject to various factors and fulfilment of various terms and conditions (regulatory, operational, commercial and financial), which have yet to be fulfilled (and regarding whose fulfilment there is no certainty).

7.15.4. Agreement between Zomet and Kibbutz Netiv HLH

In February 2020, Zomet and the Netiv HLH Kibbutz (hereinafter - the "**Kibbutz** ") signed an agreement in principle for the establishment of a joint corporation (Zomet Nativ Limited Partnership) to which the rights to the Land were transferred (hereinafter – the "**Agreement in Principle for Establishment of the Joint Corporation**" and the "**Joint Corporation**", respectively).

The Joint Corporation was founded by Zomet and the kibbutz as a limited partnership; without detracting from that stated in the agreement in principle and in the founders' agreement, the composition of the partners in the Joint Company will be as follows: (1) General Partner – will hold 1% of the Joint Company; and the shares of the General Partner will be held by the Kibbutz (26%) and Zomet (74%); (2) Limited partner – the Kibbutz will hold 26% of the rights in the Joint Company as a limited partner; and Zomet will hold 73% of the rights in the Joint Company as a limited partner.

Further to the above, a founders' agreement was signed between the Kibbutz and Zomet Energy in connection with the Joint Company (Zomet Nativ Limited Partnership), whereby the legal relationship between the parties were established; the parties were defined as interest holders in a limited partner in the Joint Company and as holders of shares in the General Partner in the Joint Company; the agreement included arrangements regarding the transfer of interests, matters requiring the Kibbutz's consent (actions requiring the shareholders to make additional investments and actions which impose a direct obligation on any of the shareholders). The agreement also stipulates that if the Joint Company will require financing, it shall be provided on a pro rata basis by the partners; however, the Kibbutz has a right to request that Zomet alone provide the financing, in which case the Kibbutz will assign to Zomet its rights to receive

repayment and/or distributions from the Joint Company in respect of the extra financing amounts.

7.15.5. Finance and lien agreements and equity subscription agreements

For finance agreements in the area of activity and pledges thereunder, and for details regarding the Hadera Equity Subscription Agreement, see Section 7.18.3.1 to the Report.

7.15.6. PPAs with the IEC / Noga

7.15.6.1. Rotem

In November 2009, Rotem entered into a PPA with the IEC, for a 20-year period commencing on the commercial operation date of the Rotem Power Plant (i.e., until 2033) (hereinafter - "**Rotem's PPA with the IEC**"). As part of establishment of the System Operator under the IEC Reform, the PPA was reassigned to Noga (with Noga being required to obtain adequate rating), such that part of the PPA will continue to apply to the IEC as part of powers it retained in accordance with the IEC Reform.

According to the agreement, Rotem is permitted to operate in one of the following two ways (or a combination thereof, under certain limitations, as set forth in the agreement):

- A. Production capacity and energy for IEC – Rotem is required to allocate its production capacity to IEC, and in exchange, IEC is to pay it a monthly payment for every available MW (i.e., "Fixed Capacity Payments") in accordance with the tariff set in the PPA, and that, as of the Report date has economic viability that is significantly lower than to private customers (as set out in Section 7.6.1 to the Report). In addition, if the Rotem Power Plant generates electricity, the IEC is to pay a variable payment based on the cost of fuel and the efficiency of the power plant. This payment is intended to cover the variable cost deriving from the operation of the Rotem Power Plant and generation of the electricity.

In addition, subject to the provisions of Rotem's PPA with the IEC, in the event of an sustained failure in natural gas supply, Rotem is expected to be entitled to make the capacity of the Rotem Power Plant to the System Operator against a refund in respect of the difference between the cost of energy generation using diesel fuel and Rotem's generation cost using gas for the energy generated (as stated in Section 7.11.1 to the Report). For details regarding the arrangements that apply to Rotem, see Section 7.3.6 to the Report. For details regarding the applicability of Covenant 125 to Rotem, see Section 7.2.7 to the Report. For further details regarding the impact of generation using diesel fuel on the Company – see Section 19.2.2 to the Report.

- B. Sale of electricity to private customers - Rotem may allocate, in whole or in part, production capacity and may sell energy to customers. In this case, the IEC is permitted to purchase the surplus energy produced by the Rotem Power Plant in accordance with Rotem's fuel costs and the Rotem Power Plant's efficiency. Rotem is permitted, subject to 12 months' advance notice, to reallocate the excluded production capacity to the IEC.

Rotem informed the IEC that it was excluding the full production capacity of the Rotem Power Plant, and as from July 2013, the full production capacity of the Rotem Power Plant has been allocated to private customers. It is noted that, in accordance with Rotem's PPA with the IEC, Rotem may re-include its excluded production capacity and sell to the IEC instead of to private customers. However, Rotem has binding agreements with customers; those agreements may only be terminated under certain circumstances. According to Rotem's PPA with the IEC, in the event of a breach, the party in breach is likely to pay an agreed compensation calculated according to a mechanism detailed in the agreement, subject to a liability limit.

Rotem's PPA with the IEC also includes the Transmission and Backup Appendix (Appendix O), according to which, among other things, the IEC must supply transmission and backup services to Rotem and its consumers in connection with private transactions between Rotem and its customers – and thereby sets the tariffs to be paid by Rotem to the IEC for these services. In addition, Appendix O regulates the sale of surplus energy to the IEC (for additional information about the sale of energy to the IEC, see Section 7.3.6 to the Report) and the purchase of electricity from the grid by Rotem and sets forth the relevant rates. Upon entering into a PPA with a specific customer, Rotem becomes the sole electricity supplier for that customer, with the IEC required to provide it with electricity in cases where Rotem is unable to do so (in return for payment from Rotem in accordance with the relevant tariffs).

Rotem is subject to certain Covenants which were expressly imposed under Appendix O, as well as to additional Covenants as provided by the Israeli Electricity Authority and pursuant to resolutions and updates of the Israeli Electricity Authority from time to time. In March 2024, the Israeli Electricity Authority published a resolution for adding further covenants to Appendix O.¹⁵⁷

¹⁵⁷ For the System Operator's position regarding Appendix O and its validity prior to the entry into effect of the Israeli Electricity Authority's resolution of March 2024, see Section 7.15.5.1 to the Periodic Report for 2024. It is noted that to the best of the Company's knowledge the System Operator did not repeat its previous claims mentioned above during the period from the coming into force of the abovementioned resolution of the Israeli

It is noted that the power plants' operating loads are subject to the System Operator's guidance.

For details regarding a bank guarantee provided by Rotem to the System Operator, see Note 14C1 to the Financial Statements.

7.15.6.2. **Hadera**

In September 2016, Hadera entered into an agreement with the IEC to purchase energy and provide utility services (PPA). As part of the IEC Reform, IEC's duties and undertakings under the agreement were assigned to Noga, such that as of December 2021, except with respect to specific provisions and duties concerning the power plant's connection to the grid and measurement and metering arrangements between the IEC and Hadera, which shall continue to apply. Pursuant to the PPA, Hadera undertook to sell to the IEC energy and ancillary services, and the IEC undertook to sell to Hadera the utility services and power system operating services, including backup services, all in accordance with the agreement, the law and the Covenants. The agreement will remain in effect until the end of the period in which Hadera is permitted to sell electricity to private consumers as set forth in the supply license, regarding the utility and system management services, and up to the end of the period in which it may sell energy to the System Operator, as set forth in the generation license, regarding the purchase of energy and ancillary services, and in accordance with the Cogeneration Regulations' provisions regarding the purchase of capacity and energy in the period during which conventional technology is used.¹⁵⁸ The agreement also includes provisions governing the connection of the Hadera Power Plant to the electrical grid, as well as provisions covering the design, construction, operation and maintenance of the Hadera Power Plant. In addition, Hadera undertook to meet the capacity and reliability requirements provided in its license and in the Covenants, and to pay for failure to comply with them, as stipulated in the Covenants.

7.15.6.3. **Zomet**

In January 2020, an agreement for the purchase of available capacity and energy and provision of utility services was signed between Zomet and the IEC (hereinafter – the

Electricity Authority through the Report approval date. However, from time to time, disputes arise and/or may arise with the System Operator with regards to issues stemming from Rotem's PPA with the IEC, the Israeli Electricity Authority's Resolution and arrangements pertaining thereto, and their applicability and implementation. In such cases, unresolved disputes may have an adverse effect on Rotem's operation and its results and/or lead to the instigation of legal action.

¹⁵⁸ For details, see Section 7.3.3.3 to the Report.

“Zomet PPA”). As part of the IEC Reform (see Section 7.2.9 to the Report), the agreement was assigned to Noga, as of the transition date of the System Management Unit to Noga.

As part of the agreement, Zomet undertook to sell energy and available capacity from its facility to Noga, and the IEC undertook to provide Zomet with utility services and electrical grid operating services - including backup services – all in accordance with the agreement, the provisions of the law and the covenants. IEC's said undertakings were assigned to Noga as part of the assignment of the agreement as described above.

The agreement will remain in effect up to the end of the period in which Zomet is permitted to sell available capacity and energy in accordance with the provisions of its generation license (i.e., 20 years from the commercial operation date, see Section 7.13 to the Report). Nonetheless, if Noga is unable to purchase available capacity and energy due non-extension of its license or receipt of an alternative license, the agreement will be terminated on the date in which the said impediment occurs.

According to the agreement, Zomet will allocate all of the power plant's capacity to the fixed capacity arrangement subject to compliance with criteria, as stipulated in Regulation 914. The power plant is operated based on the directives of the System Operator, pursuant to the provisions of the Regulation as described above. Furthermore, the agreement includes provisions which cover connection of the power plant to the electrical grid, provisions relating to the planning, construction and maintenance of the power plant, and provisions addressing the purchase of the power plant's available capacity.

In addition, Zomet undertook to comply with the capacity and reliability requirements stipulated in its license and in Regulation 914, and Zomet must pay for non-compliance therewith, in accordance with that provided in Regulation 914. The sale of the electricity under the PPA started upon the commencement of commercial operation of the Zomet Power Plant in June 2023.

It is noted that the tariff payable to Zomet in respect of sale of available capacity and energy to the IEC is based on the resolution of the Israeli Electricity Authority titled Amendment of Capacity Tariff, as set out in Section 7.13 to the Report.

7.15.6.4. **Gat**

In October 2016, the Gat Power Plant and the IEC entered into an agreement for the purchase of capacity and energy and the provision of utility services (hereinafter - the "**Gat PPA**"). As part of the IEC Reform, IEC's duties and undertakings under an agreement were assigned to Noga, as from December 2021, except with regard to certain provisions and duties which concern the connection of the power plant to the grid and arrangements pertaining to measurement and metering, which will continue to apply between the IEC and the Gat Power Plant. Pursuant to the PPA, the Gat Power Plant undertook to sell to the IEC energy and ancillary services, and the IEC undertook to sell to Gat the utility services and power system operating services, including backup services, all in accordance with the agreement, the law and the Covenants. The agreement shall remain in effect: (1) With respect to the infrastructure and system management services, until the end of the period in which the Gat Power Plant may sell electricity to private consumers, as stipulated in the supply license; (2) With respect to energy and ancillary services purchases, until the end of the period in which the Gat Power Plant may sell energy to the System Operator, as stipulated in the generation license; and (3) With respect to available capacity and energy purchases in the period during which the production unit does not meet the cogeneration conditions – as stipulated in the Cogeneration Regulations; the agreement also includes provisions governing the power plant's connection to the electrical grid, as well as provisions covering the design, construction, operation and maintenance of the Gat Power Plant. In addition, the Gat Power Plant undertook to meet the capacity and reliability requirements provided in its license and in the Covenants, and to pay for failure to comply with them, as stipulated in the Covenants.

7.15.6.5. **Sorek 2**

In December 2024, Sorek 2 signed a PPA with Noga, which regulates the former's right to sell Noga capacity and energy, and the terms and conditions for such sale. The PPA became effective on its signing date for a period of 20 years of the date commercial operation of the generation facility commences; as of the Report approval date, it has yet to commence.

7.15.7. **Master agreements and intra-group agreements in the segment**

In order to increase the synergies between the Group's companies in Israel, the companies engage, from time to time, in various intra-group agreements, including an agreement for the purchase and sale of electricity, capacity, or natural gas or agreements for assignment of customer agreements, subject to any applicable

regulations.¹⁵⁹ If such agreements are signed, they will be subject, among other things, to the approval of the financing entities, as the case may be), and if any other approvals are required by law.

For information about material agreements with suppliers, see the agreements specified in Section 7.14 to the Report. For a description of the authorization agreement for the development of Ramat Beka, see Section 7.3.12.2 to the Report, and for details regarding agreements with interest holders in land designated for solar projects, see Section 7.3.12.4 to the Report.

7.16. Legal proceedings

7.16.1. Arbitration proceeding with the operating and maintenance contractor of the Gat Power Plant

In May 2021, Siemens (the Gat Power Plant's operating and maintenance contractor) filed a statement of claim as part of an arbitration proceeding against the Gat Partnership in connection with the power plant's maintenance and operation agreement. As part of the statement of claim, Siemens claimed that the agreement recognizes only two statuses in the power plant in terms of operation and maintenance - a full cogeneration operation regime; and - a partial operation regime of a power plant solely for production and sale of electricity (IPP). Siemens claimed that the parties agreed that if the power plant will not operate in cogeneration, but rather under an IPP operation regime, the Gat Partnership will be entitled to a discount due to the expected decline in the number of working hours, but in practice the power plant switched to a full IPP operation regime and therefore the Gat Partnership is not entitled to a discount. On the other hand, in its statement of defense, the Gat Partnership claimed that the agreement's expressed provisions regarding the discount do not attach any conditions to the discount, except for a statement to the effect that the power plant does not operate as a "cogeneration production unit". In April 2025, the parties entered into a settlement agreement, which stipulates, among other things, that half of the amounts previously offset by the Gat Partnership under the discount will be transferred to Siemens; and the parties also agreed on the value of the annual discount for the remaining term of the maintenance agreement.

¹⁵⁹ In addition to the material agreements described above, it is clarified that, from time to time, in the ordinary course of business and as part of the area of activity, there are agreements for the purchase or sale of capacity or natural gas with third parties, whose individual scope is immaterial to the Company, and which may be binding in terms of quantity or price, as the case may be, or non-binding (including spot engagements).

For further details regarding the Gat Power Plant operation and maintenance agreement, see Section 7.15.2.4 to the Report.

7.16.2. A procedure of appeal against a tax assessment in the Ramat Beka project

For details regarding the Israel Tax Authority's decision to dismiss the objection filed by the Company regarding the purchase tax assessment, which was received with respect to some of the areas of the Ramat Beka project, and the filing of an appeal against the dismissal of the objection, see Note 10B5 to the Financial Statements.

For details regarding a petition filed by the Company regarding Hadera 2 and the additional hearing held by the Government of Israel on this matter (following which it was resolved to approve the plan), see Section 7.3.12.1 to the Report.

7.17. Insurance

As of the Report approval date, Rotem, Zomet, Gat, Hadera and the Energy Center are insured, among other things, under the following insurance policies: "all risks" property insurance including mechanical breakage, loss of profit due to damage to the insured property, acts of terror and War (combined property and loss of profit insurance policy), third party liability insurance, employer liability insurance.

The Sorek 2 generation facility is insured under a joint construction policy with IDE (who is constructing the desalination facility). The Company pays a premium in respect of the policy based on its share.

The generation facilities at consumers' premises have insurance coverage for their construction and operation stages (depending on the stage of the project). Furthermore, the liability insurance and the employers' liability insurance are regulated under other policies taken out by the Group.

It is clarified that the above description of insurance coverage is accurate as of the Report approval date, and there is no certainty that Group companies will take out the aforesaid insurance policies in the future (in whole or in part), and specifically, there is no certainty as to the option to renew the insurance policy covering War and terror damages considering security developments in Israel and the War. In addition, the renewal of the insurance policies may increase costs, considering, among other things, the insurance market conditions, which are relevant to the insured projects, the scope of required coverages and/or past claims dealt with by the insurers. It is noted that the insurance policies include deductible of the relevant company, and exclusions in respect of circumstances where the insurance coverage will not apply in accordance with insurer's practices and taking into account the insured project. It is

clarified that there is no certainty that the Company will be able to receive compensation in respect of the full amount of its damages upon the occurrence of an insurance event.

7.18. Financing

7.18.1. General

7.18.1.1. In general, the Group's operations in Israel are financed through corporate financing raised by OPC Israel, project finance agreements (as of the Report date, solely for the Hadera Power Plant),¹⁶⁰ credit facilities (both binding and non-binding) from banks and financial institutions, cash flows from operating activities, equity, and shareholder capital contributions, as required. For details about the Company's (separate) credit sources and their characteristics, see Section 10 to the Report.

7.18.1.2. On August 11, 2024, OPC Israel entered into finance agreements with banks for the provision of loans totaling approx. NIS 1.65 billion in the aggregate, which served primarily for early repayment of the Zomet Power Plant and Gat Power Plant's project finance ¹⁶¹ (approx. NIS 1,144 million for Zomet and approx. NIS 443 million for Gat, including estimated accrued interest and the early repayment fee), as well as to finance OPC Israel's operations, as defined in the finance agreements.

7.18.1.3. During the reporting period, OPC Israel entered into additional finance agreements with banks on terms similar to those of the agreements signed in 2024 as detailed above, for the provision of loans totaling approx. NIS 700 million, which were used, among other things, to repay shareholder loans and for debt restructuring.

For details regarding OPC Israel's finance agreements, including the main terms and conditions attached thereto, see Note 14B1 to the Financial Statements.

7.18.1.4. In addition, as of the Report date, Hadera has a project finance agreement with a bank and financial institutions based on generally accepted project finance arrangements,

¹⁶⁰ The project finance is based on founding a special purpose corporation (SPC), which holds the electricity generation facility and the relevant licenses. The corporation is established for the purpose of building an electricity generation facility and activating it; the corporation has no other activities. Financing of the electricity generation facility is done through external financing of a considerable percentage of the costs to establish the project (the common percentage, as a rule, is 80% external financing, which varies based on the regulatory requirements and the commercial consents between the parties), while the balance is financed by shareholders' equity from the shareholders. In general, the external financing is extended as a senior debt. As a rule, most of the external financing does not rely upon external collaterals for the project (i.e., non-recourse financing subject to arrangements and exclusions set for each project taking its characteristics into account) but rather on collateral extended by the special purpose corporation (a fixed and floating charge on all its assets) and a lien on the shares of the shareholders in the SPC. In addition, in most cases, a guarantee or undertaking for inflow of cash into the project is given by the shareholders of the special purpose corporation.

¹⁶¹ Most of the amount required for early repayment of the project finance was advanced to Zomet and Gat by OPC Israel by way of an intercompany loan. Early repayment of Zomet and Gat power plants' project finance was completed on August 15, 2024.

adjusted for the Hadera project. It is noted that the Hadera finance agreement includes provisions as is generally accepted in project finance agreements, including provisions regarding certain restrictions on entering into material agreements and other material actions (including terminating, canceling or amending such engagements) without the consent of the lenders, involving agreements of this type and undertakings in connection with guarantees and indemnification as is generally accepted. In addition, under the Hadera project finance agreement, cross-default grounds were included with respect to said financing in the event that a debt of the shareholders in the subsidiary or of the entity that provided a guarantee was called for immediate repayment. For details regarding Hadera's project finance (with respect to Hadera, Gat and Zomet), see also Notes 14B2 to the Financial Statements.

7.18.1.5. To complete the picture, it is noted that the construction of the Sorek Generation Facility, and its operation and maintenance are financed through an intercompany debt extended by the Company, by providing loans from OPC Power Plants Ltd. to Sorek 2.

7.18.1.6. In addition, Group companies in Israel (as of the Report date, mainly OPC Israel) have binding credit facilities and non-binding credit facilities from Israeli banks and non-bank entities, both in Israel and abroad, which are mainly used to provide guarantees and letters of credit, as detailed in Note 14B7 to the Financial Statements. Furthermore, the Group has non-binding credit facilities. For details, see Note 14B7 to the Financial Statements.

7.18.2. **Equity subscription agreements**

7.18.2.1. **Equity subscription agreement in connection with Hadera limited recourse project finance**

The Company, OPC Holdings, Veridis, and OPC Power Plants are a party to an equity subscription agreement with Israel Discount Bank Ltd. (as the credit agent and trustee for the collateral), under which the Company assumed certain undertakings, including financial covenants, liens, and guarantees, distribution restrictions, etc. In addition, certain transfer restrictions apply (directly and indirectly) to the Company's interests in Hadera, as per the agreement. For details, see Note 14B2 to the Financial Statements.

7.18.3. **Liens and guarantees in connection with OPC Israel and Hadera's finance agreements**

7.18.3.1. **Liens and guarantees to secure OPC Israel's debts**

The Corporate Finance Agreements include provisions regarding restrictions on liens, except for certain allowed liens as defined, mainly in respect of existing (Hadera) or future (if any) project finance under the conditions defined as detailed in Note 14B1 to the Financial Statements. In addition, guarantees were provided to the Lenders by certain subsidiaries in which OPC Israel has a 100% stake (directly and/or indirectly). For details, see Note 14B1 to the Financial Statements.

7.18.3.2. Liens and guarantees to secure Hadera's debts

As of the Report date, to secure the credit taken by Hadera, OPC Power Plants placed a first degree, fixed and unlimited lien, for the benefit of the collaterals' trustee, on its holdings, rights and receipts in Hadera (in accordance with the stipulated provisions). For details, see Note 14B2 to the Financial Statements.

7.18.3.3. Additional guarantees

For further details regarding other guarantees of the Group companies in Israel, see also Note 14C to the Financial Statements.

7.18.4. Key points of negotiation for material finance agreements

7.18.4.1. Negotiations for entering into a project finance agreement for Hadera 2

It is noted that, as of the Report approval date, Hadera 2 (hereinafter in this section - the "**Borrower**"), which is a subsidiary of OPC Israel, is conducting negotiations with Bank Leumi le-Israel B.M. following its bidding process¹⁶² (hereinafter in this section - the "**Lender**"), which is subject to the signing of a binding agreement, for the purpose of financing the construction of the Hadera 2 Project, following the memorandum of understanding signed by the parties.

The expected amount of credit to be extended to the borrower is expected to be up to 85% of the project cost, as noted in Section 6A2 to the Report of the Board of Directors (hereinafter in this section - the "**Loan Amount**"). The Loan Amount will be advanced for an initial period of 10 years; during the construction period, the Borrower will have the right to repay it subject to payment of any financial damage, if applicable, and, in the period following commercial operation and after 10 years will have elapsed - without any additional early repayment fee (hereinafter in this section - the "**Conversion Date**"). Should the Borrower opt not to repay the Loan Amount on the Conversion Date, the Loan Amount will be advanced for an additional period of

¹⁶² It is noted that the banking corporation has the option of adding additional financing entities under a syndication under the conditions set.

approx. 18 years, until the final repayment date in 2054. The loan amount is expected to be drawn during the construction period, in euros; upon transition to the operating period, it will be converted into a combination of euros (expected to constitute the majority of the amount) - and NIS, in accordance with mechanisms to be defined, with the principal and interest being payable in quarterly installments commencing one year after the commercial operation date; until such date, interest will accrue and be accrued to the principal as of that date). In view of the above, the Company is looking into the option of linking the capacity tariff to which Hadera 2 will be entitled to the exchange rate of the euro, for hedging purposes. The interest spreads applicable to the NIS-denominated portion of the loan are based on the Bank of Israel interest rate until the conversion date and thereafter - on Israeli government bond yields, with spreads in the range of 1.7%-2.4%; the interest spreads applicable to the EUR-denominated portion are based on Euribor until the conversion date and thereafter - on the Euro Swap rate, with spreads in the range of 2.4%-3.0%. The borrower is also negotiating the terms of additional credit facilities which may be included, in whole or in part, in the total loan amount, including debt service reserve facilities, guarantee facilities, a VAT facility, a working capital facility, facilities for construction costs budget overruns and hedging. In addition, customary fees for agreements of this type will be payable, including upfront fees, management fees and commitment fees.

In addition, included in the terms and conditions being considered in the negotiations are accepted provisions for agreements of this type, such as an undertaking to comply with covenants of ADSCR and LLCR coverage ratios (including average and minimum ADSCR and LLCR and historical ADSCR of - as a precondition for first withdrawal, distribution and breach (x1.05), and in addition to undertakings in connection with the free cash flow distribution, grounds for immediate repayment, customary undertakings and representations and terms of early repayment and collateral as is customary in Israel for non-recourse senior debt. In addition, under the terms currently being formulated in the negotiations, the project's equity will be provided on a pro rata basis in line with the drawdown of the senior debt and will be backed by an owners guarantee from OPC Israel.

It is clarified that the abovementioned conditions are non-binding and pertain to the fundamental conditions under negotiation as of the Report approval date. The advancement of the financing is subject to the completion of the negotiations between the parties and to the formulation of the financing outline and the final conditions, which may vary from the above, to the signing of a binding agreement and to generally accepted conditions precedent. As of the Report approval date, there is

no certainty regarding the signing of a binding agreement, its final conditions and/or signing date, to the extent that it will be signed.

7.18.4.2. Negotiations for entering into a limited-recourse project finance agreement in Ramat Beka

As of the Report approval date, the Group is conducting negotiations with Bank Hapoalim Ltd. following a bidding process it held,¹⁶³ for the purpose of obtaining financing for the construction of the Ramat Beka Project to a special-purpose corporation founded,¹⁶⁴ further to the memorandum of understanding signed by the parties.

The credit amount to be provided is expected to constitute up to 85% of the estimated project cost as stated in Section 6A2 to the Report of the Board of Directors (hereinafter in this section - the "**Loan Amount**"). The Loan Amount will be provided for a generally-accepted maximum term (up to immediately prior to the end of the term of the lease agreement with the ILA or the end of the term of the generation license).

The Borrower will be entitled to convert the variable interest long-term loans to fixed interest long-term loans at any time, or, at the latest, by the earlier of (1) 8 years from the first withdrawal date; or (2) 6 years from the construction completion date; or (3) on the date in which the coverage ratio will be below the set coverage ratio, and subject to the terms and conditions prescribed by the finance agreement (hereinafter in this section - the "**Conversion Date**")

The Borrower shall be entitled to repay the loans by way of early repayment in exchange for the payment of economic damage, if any, plus an early repayment fee at variable rates, insofar as the early repayment is made subsequent to the Conversion Date. Prior to the Conversion Date, the Borrower shall pay each senior lender a one-off payment to be agreed upon in the finance agreement.

The interest spreads on the Loan Amount are based on the Bank of Israel Interest through the Conversion Date and on government bond yields subsequent to the

¹⁶³ It is noted that the banking corporation has the option of adding additional financing entities under a syndication under the conditions set.

¹⁶⁴ Which will be owned by OPC Power Plants. As of the date of Report approval date, the transfer of rights in the project to the special purpose company OPC Solar Ramat Beka, is subject to conditions that have not yet been met.

Conversion Date plus interest spreads of 1.5%-2.5%. The principal and interest payments of the Loan Amount will be made in quarterly payments, such that the interest payments will accrue to the principal and be paid as of the end of the quarter 6 months after the commercial operation date. The principal payments will be paid after approx. 9 months will have elapsed after commercial operation. Furthermore, fees and commissions were set as is generally accepted in agreements of this type.

In addition, the conditions under consideration include provisions, which are generally accepted in agreements of this type, including undertakings to maintain minimum ADSCR and LLCR coverage ratios for first withdrawal, distribution, and default (1.05x), undertakings regarding the distribution of free cash flow, grounds for acceleration, generally accepted undertakings and representations, and conditions for early repayment. Furthermore, to secure the fulfillment of the Borrower's undertakings, generally accepted collateral will be provided, including a first degree pledge on all of the Borrower's rights in the project, a floating charge, a lien on the Borrower's shares, guarantees, which will be provided in certain cases subject to financial covenants applicable to OPC Israel, etc.

It is clarified that the abovementioned conditions are non-binding and pertain to the fundamental conditions under negotiation as of the Report approval date. The advancement of the financing is subject to the completion of the negotiations between the parties and to the formulation of the financing outline and the final conditions, which may vary from the above, to the signing of a binding agreement and to generally accepted conditions precedent. As of the Report approval date, there is no certainty regarding the signing of a binding agreement, its final conditions and/or signing date, to the extent that it will be signed.

7.19. Human capital

For details regarding the human capital aspects of the Group's operations in Israel and details regarding the Company's valid collective agreements, see Section 9 to the Report.

7.20. Environmental risks and means of management thereof

7.20.1. General

Operations in the electricity sector naturally entail the risk of causing environmental harm, which may arise, inter alia, from electricity production, malfunctions or unexpected events. Environmental laws applicable to the Company's activity in the area of activity include the Prevention of Hazards Regulations (Used Oil), 1993; the Planning and Construction Law, 1965; Business Licensing Law, 1968; the Water Regulations (Prevention of Water Pollution) (Gasoline Stations), 1997; the Hazardous Substances

Law, 1993 (hereinafter - the "**Hazardous Substances Law**"); the Clean Air Law, 2008 (hereinafter - the "**Clean Air Law**"); the Non-Ionizing Radiation Law, 2006; the Environmental Protection Law (Environmental Emissions and Transfers - Reporting and Register Requirement), 2012; the Collection and Disposal of Waste for Recycling Law, 1993; the Licensing of Businesses Regulations (Hazardous Enterprises), 1993; the Transport Services Regulations, 2001; Regulations for the Prevention of Hazards (Unreasonable Noise), 1990; as well as various bylaws and procedures.

In order to ensure compliance with the environmental regulations in its operating activities in this field, the Company has formulated an internal compliance program in the field of environmental risk management, including through external consultants specializing in environmental issues. The internal compliance program and internal audits carried out by the Company cover a range of issues, including emissions, handling and storing hazardous substances, soil and water contamination, and more. The policy sets criteria for the measurement of each of the above aspects, alongside principles for reporting and taking remedial actions. The audit findings are reported to the facility site manager and forwarded to the relevant parties in the Company and to the steering committee established with regard to this topic.

The Company also has in place a risk management plan designed to allow the Company to monitor and report various risks and to appoint parties to be in charge of addressing with them.

Under the Company's environmental risk management policy, Rotem, Hadera, the Energy Center and Zomet have implemented an internal environmental enforcement plan, with the aim of ensuring the companies' compliance with environmental requirements, including air pollutant emission from fuel combustion products, storage, and use of hazardous substances and fuels, contamination of soil and water sources, asbestos, and noise. Sorek 2 will be required to comply with the requirements and to receive appropriate permits in accordance with the said legislation, and in accordance with the division between Sorek 2 and IDE. In the Gat Power Plant, the operation and maintenance contractor (Siemens) is in charge of compliance with the environmental protection regulations, which are relevant to the power plant, and its compliance with the provisions of the law is monitored on a monthly basis. Furthermore, the area of activity has a comprehensive management system designed to ensure that the Company's power plants comply with all environmental regulations applicable thereto.

Failure to comply with the provisions of the environmental laws and the terms of the permits and licenses issued to the Company or their non-receipt under these laws may

expose the Company, investees and its directors to criminal and administrative sanctions, including fines and other sanctions, delays in the completion of projects, orders to shut down its facilities, and exposure to expenses for cleaning-up and remediation of environmental damages. Under its risk management policy, the Company adopts procedures for compliance with provisions of environmental laws and terms and conditions of permits and licenses, and continuously monitors ongoing activity, including, among other things, by conducting internal audits. The audits assess several factors, including emissions, handling and storage of hazardous substances, soil and water contamination, noise, etc. The findings are reported based on their severity, and action is taken as quickly as possible. Reports include an immediate report to the facility's site manager, a monthly report to VP Operations, and a quarterly report to the Health and Safety Committee. As of the Report date, no administrative, criminal, and civil legal proceedings have been filed against the Company, alleging violations of environmental laws.

It is noted that for projects under construction, the Group operates subject to regulations applicable to the construction of sites, including regulations for the prevention of hazards, safety, etc. Construction is carried out by contractors which have agreements with the Company, and which are subject to the required provisions. Projects under development such as Ramat Beka and Hadera 2 are required to meet environmental requirements and take actions in order to meet the requirements of the design plans, permits and regulatory provisions in order to meet the terms and conditions for their construction and operation. In this context, it should be noted that according to the additional government resolution to approve NIP 20B for the construction of Hadera 2, the project is to be built using the best technology available, with the existing Energy Center adjacent to the Hadera Power Plant (including the chimney) being dismantled. In addition, Hadera 2 will execute an environmental project in cooperation with the relevant parties and in accordance with any law until the power plant is operated (if it is constructed).

For the Company's policy on managing environmental and climate risks, see Section 13 to the report. For details regarding environmental risks as a risk factor for the Company, see Sections 19.1.5, 19.2.4 and 19.2.11 to the Report.

7.20.2. The Clean Air Law

As required under the Clean Air Law, the Company holds emission permits for all emission sources under its operation requiring such permits, and acts to renew them from time to time in accordance with the validity period of the expiry date for each

power plant (the emission permit for Sorek 2 is handled by IDE). It is noted that the Energy Center's emissions permit allows the operation of boilers during limited hours according to a regulatory compliance hierarchy. Zomet's emissions permit prescribes restrictions and guidance on operating hours, including extension of the permitted operating hours by way of written notice by the System Operator, and subject to the System Operator's approval as defined in the Clean Air Law. It is noted that by virtue of the Clean Air Law, the system operator also has the power to require an owner of a generation unit to operate the generation unit beyond the time it is permitted to operate it under the emission permit if a risk situation arises with respect to projects under construction in consumers' premises; in some of the projects, the consumer's emissions permit should be updated regarding the activity of the generation facility being constructed by the Company, and the Company is acting and will act to update the permits as needed. It is noted that there is no certainty that the required emission permits will be obtained (and this may involve certain procedures or objections); failure to obtain the permits may have an adverse effect on the completion of the relevant on-site facilities and/or undertakings for completion dates under agreements with the customers.

7.20.3. Soil and water

In Rotem, Hadera, and Zomet, hazardous substances are present and stored, as well as infrastructure and facilities containing fuels and hazardous substances. The Company strives to prevent soil and water contamination from these substances, infrastructure, and facilities.

7.20.4. Effluents

During production, it is required to dispose of the effluents involved in the production process and operation of the facilities. At the Hadera Power Plant, fresh make-up water removal from the power plant to the Hadera Sewage Treatment Plant was arranged. In Rotem, industrial effluents are collected and reused at the Rotem Amfert plant (owned by ICL – see Regulation 22 to the Fourth Chapter (further details about the Company)). Zomet directs the water to the Netiv HLH water reservoir. Gat directs the effluents to the Kiryat Gat sewage treatment facility.

7.20.5. Hazardous substances

The Company holds, uses, and stores hazardous substances at the Company's sites for its routine activity. Rotem, Hadera, Gat, Zomet and the Energy Center have poisons permits which are renewed once a year.

7.20.6. Planning and construction

As part of the area of activity, the Group is subject to the environmental aspects of its activity, including the provisions of planning and construction laws. As part of the application of planning and construction regulations, the Company's power plants and projects under construction are subject to environmental regulations set out in master plans and construction permits.

7.20.7. Business licensing

The active power plants operate in accordance with several business licenses which are in force in accordance with the Business Licensing Ordinance (Businesses Requiring Licenses), 2013, and pursuant to the conditions accompanying the licenses, which are revised or renewed from time to time. These are intended to regulate the activities of the power plant, among other things, to mitigate and prevent environmental risks and hazards. When constructing on-site electricity generation facilities, the business licenses of the consumers may require amendment or an additional business license to be issued for this purpose.

7.20.8. Integrated environmental regulation

In September 2024, the Environmental Protection Law (Streamlining Environmental Licensing Procedures) (Legislative Amendments), 2024, came into force, as part of which indirect amendments were made to the Clean Air Law, the Hazardous Substances Law, the Environmental Protection Law (Supervisory and Enforcement Powers), 2011, the Administrative Affairs Court Law, 2000, and the Center for Collection of Penalties, Fees and Expenses Law, 1995. The law prescribes a unified environmental permit arrangement that supersedes the need to obtain several types of permits for the activity of plants and businesses, which have the potential to cause hazards and risks to public health and the environment, and includes conditions that regulate all the effects of the occupation requiring the permit on the public and the environment (air pollution, wastewater, nuisance and hazards, etc.).

7.20.9. Climate risks

In this context, the Company takes into account climate considerations and environmental risks in its enterprise risk management, asset planning, capital expenditures and operational protocols, beginning at the project's initial planning and development stage (including when selecting a suitable site to build the facility) and continues to monitor them on a regular basis.

Intense rain events and floods may affect the Company's sites, including the Hadera Power Plant, which is located near the stream; there is also a flooding risk. To handle the risk, the site was built at an altitude above the Hadera Stream. Furthermore, an increase in temperatures and severe heat waves may affect the safety and operation of the Company's sites; thus, for example, the Rotem Power Plant, which is located in the Negev, is exposed to a risk of severe heat waves. In response to such events, and to incidents involving gales, measures are implemented in advance, such as the installation of wind screens and the implementation of a monitoring system and a network of industrial fans, which cool hot air and convert it into water; in addition, periodic inspections are conducted and additional cooling measures are added in sensitive areas.

Moreover, the Company takes measures to keep up-to-date with the applicable regulatory measures to cope with environmental and climate-related risks and adjusts its activities accordingly, as needed. For details regarding climate risks, including the challenges and opportunities they pose to the Company and manner of coping therewith, see Section 13 to the Report as well as the risk factors in Sections 19.1.5, 19.2.4 and 19.2.11 to the Report.

Climate Bill, 2024 (hereinafter - the "Climate Law")¹⁶⁵

In December 2024, the Knesset's Internal Affairs and Environment Committee approved the second and third readings of the Climate Bill. The proposed law establishes a national strategic net zero target for reducing greenhouse gas emissions by 2050 and an interim target of a 30% reduction in emissions by 2030, and stipulates government implementation mechanisms, national plans, and transparency, monitoring and reporting requirements to ensure compliance with the targets.

Prior to the approval of the second and third readings of the bill in the Knesset plenum, the proposal will be presented for further discussion by the Ministerial Legislation Committee. To the best of the Company's knowledge, as of the Report approval date, legislation proceedings have not yet been completed, and the final wording of the legislation or the completion of the legislation proceedings are uncertain.

7.20.10. Material events or matters related to environmental protection as of the Report date

The Company handles environmental incidents which occur at its sites in accordance with policies and work procedures. To the best of the Company's knowledge, as of the Report approval date, there were no material events or issues related to environmental

¹⁶⁵ Regarding the bill, see the following link:
https://www.gov.il/BlobFolder/news/committee_discussion/he/news_files_2024_1735.pdf

protection which are material to the Company's activities. The Company acts within the framework of its environmental policy and procedures in order to prevent environmental incidents. As of the Report date, no material amounts were ruled or material provisions recognized in the financial statements and there were no significant environmental costs that apply to the Company in its area of activity in Israel.

8. SEGMENTS OF ACTIVITY IN THE UNITED STATES – ENERGY TRANSITION AND RENEWABLE ENERGY

8.1 General Information regarding the Segments of Activity in the United States

8.1.1 General

8.1.1.1 As described in Section 2.2 above, as of the date of the financial statements, the Company's segments of activity in the United States, which are conducted through CPV Group LP¹⁷⁹ (hereinafter together with its investees - the "CPV Group") are: Energy Transition – operation of natural gas-fired power plants in the United States, which are part of the energy transition to efficient, reliable low-emission energy generation (hereinafter, referred to as "Energy Transition") and Renewable Energy - development, construction and management of renewable energy projects and operation of renewable generation facilities (mainly solar and wind). All through CPV Renewable LLC in which the CPV Group holds 66.7% ("CPV Renewable"). In addition, the CPV Group has additional activities (which as of the filing date are not considered separate segments of activity) which include, as of the date the Report, the development and construction of high efficiency natural gas power plants combined with future potential integration (subject to the development of this component) for carbon capture¹⁸⁰ (hereinafter, referred to as "Low Carbon Projects") and retail power supply which is intended to supplement the activity of the CPV Group. Although these areas of activity (including the additional activities which are not considered separate areas of activity) are separate areas of activity, considering they share many similar aspects, they are presented herein together for efficiency. In matters where a certain segment of activity has different aspects, they are presented accordingly. Key information of the CPV Group's additional activities (which are not considered separate areas of activity) is presented in Section 8.10 below and the sections thereafter.

The CPV Group was founded in 1999; since its founding, it has developed power plants having an aggregate capacity of approx. 18 gigawatts (hereinafter – "GW"), of which 5 GW are from renewable energy and another approx. 13 GW from Energy Transition and Low Carbon Projects.

For details regarding the holding structure of the CPV Group and its interests in main subsidiaries and associated companies in the above business segments, see Section 2.3.1 below.

¹⁷⁹ As of the date of the Report, the Company holds approx. 70.69% of the equity interests in the CPV Group (for details regarding capital commitments of the equity holders in the CPV Group and the holding percentage as of the date of approval of the report, see Note 23A'1 of the Financial Statements and Section 1A'2 of the Board of Directors Report). The Company's ownership interest in the CPV Group does not include incentive units allocated to the CPV Group's employees as described in the Report.

¹⁸⁰ It is noted that the carbon capture process is an additional separate potential component to the natural gas projects under development, which is subject to its own uncertainties and risks and expected to be developed and executed (if executed) with different timing.

- 8.1.1.2** As of the date of the Report, the CPV Group holds interests in commercially operational power plants and power generation facilities, which it developed, acquired and constructed in recent years, using both gas-fired and renewable energy, as well as in a backlog of projects in various stages of development of renewable energy and Low Carbon Projects.
- 8.1.1.3** As of the date of the Report, the CPV Group's share of generation capacity in commercially operational power plants is as follows: (i) in Energy Transition power plants (advanced combined cycle power plants), the CPV Group's share in entities holding the rights in said power plants amounts to 2,241 megawatts (hereinafter – "MW") out of 5,303 MW (6 power plants) (including the increased interests acquired during 2025, as detailed in Section 8.1.1.6, and the acquisition of the remainder interest is CPV Shore which closed in January 2026)¹⁸¹; and (ii) in renewable energy the CPV Group's share in operational projects is 272 MWdc¹⁸² out of 408 MWdc in 3 solar power plants and 156 MW out of 234 MW in 2 wind power projects. As of the date of the Report, the CPV Group's share of generation capacity in projects in the construction state are as follows: (i) in Low Carbon Projects, the CPV Group's share in entities holding the rights in the said projects amounts to 1,350 MW out of 1,350 MW in 1 Low Carbon Project (which includes the acquisition of 30% interest in Basin Ranch from the other partner in the Basin Ranch project as detailed in Section 8.1.1.6 and closed in February 2026); (ii) renewable energy projects, the CPV Group's share is 24 MWdc out of 36 MWdc in an expansion of an existing solar project and 76 MW out of 114 MW in 1 wind energy project. For information regarding the commercially operational power plants and projects under construction, see Sections 8.1.1.6(a) and 8.1.1.6(b) below.
- 8.1.1.4** The backlog of projects held by the CPV Group, which are in development as of the date of the Report, includes: renewable energy projects and Low Carbon Projects in various development stages, with a total capacity of approx. 9,245 MW¹⁸³, of which 7,210 MW is the CPV Group's share.¹⁸⁴ For additional details, see Sections 1 and 6B' and 6C' of the Board of Directors Report.

¹⁸¹ Excluding the effect of the swap transaction described in Section 8.1.1.6 below signed in February 2026, which closing is subject to conditions.

¹⁸² It is clarified that unless otherwise specified, the capacities of solar technology in this Report are in MWdc.

¹⁸³ It is clarified that the capacity of Low Carbon Projects presented in this Report excludes the component of the carbon capture potential, which is subject to a separate development stage.

¹⁸⁴ It is clarified that the information stated in this Report about the backlog projects in development (including capacities, technologies and development stages), is forward-looking information, as defined in the Securities Law, and there is no certainty as to its materialization. Such information may not materialize or may materialize in a manner that is different from that anticipated, including due to factors beyond the Company's control and/or due to one or more of the risk factors to which the CPV Group is exposed, as set out in Section 8.21 below, and is subject, among other things, to completion of development and construction stages and the fulfillment of other conditions, including approval of the Company and CPV Group. Therefore, there is no certainty with respect to the execution of any of the projects.

- 8.1.1.5** In early 2023, CPV Group launched a retail energy platform called “CPV Retail Energy.” As of the filing date, CPV Retail Energy serves as a retail electric provider for commercial and industrial customers in states within the PJM and NYISO markets (as such markets are defined in Section 8.1.2.2 below)¹⁸⁵. In 2024 and 2025 the activity of CPV Retail Energy grew its sales significantly. For additional information regarding the operations of CPV Retail Energy, see Section 8.10(b) below.
- 8.1.1.6** As a general introduction to the description of the areas of activity in the US, and for the purpose of a general overview of the Company’s activity in the United States as of the date of the Report, below is a table summarizing the main projects through which CPV Group operates or under construction:

¹⁸⁵ It is noted that the retail activity is in early growth stage and there is no certainty as to the scope of its expansion. As an activity established from the ground, in its early term this activity requires expenses.

(a) Commercially Operating power plants - Below is a summary of the main details of commercially operating projects in the United States

Project	Capacity (MW)	Rate of holdings by the CPV Group	Method of presentation in the Company's financial statements	Location	Type of project / technology	Year of commercial operation	Regulated market ¹⁸⁶	Commercial structure
Energy Transition Projects – Natural Gas Fired ¹⁸⁷								
CPV Fairview, LLC (<u>"Fairview"</u>)	1,050	25%	Associate	Pennsylvania	Gas-fired, combined cycle ¹⁸⁸	2019	PJM MAAC	Capacity payments from PJM are based on the price determined in an auction for the relevant zone for the year of operation three years in advance. ¹⁸⁹ For details on the capacity price determined until the 2027/2028 capacity year in the zone in which the project is located, see Section 3.C' of the Board of Directors Report (<u>"PJM Capacity Auctions"</u>). The sale of electricity generated on the PJM market (<u>"PJM Market"</u>) is organized, supervised and administered by PJM in accordance with the price offers of the electricity producers and in accordance with the market requirements. See

¹⁸⁶ For further details about the relevant area of activity of each project under the regulated market, see Sections 8.1.3.5 and 8.1.3.6 below.

¹⁸⁷ Power plants under this segment are held through CPV Power Holdings (see chart in Section 8.1.1.6(b)).

¹⁸⁸ There is a possibility of an ethane mix up to 25%.

¹⁸⁹ For further details about the PJM Market (including the PJM Capacity Auctions), see Section 8.1.2.2(a) below.

Project	Capacity (MW)	Rate of holdings by the CPV Group	Method of presentation in the Company's financial statements	Location	Type of project / technology	Year of commercial operation	Regulated market ¹⁸⁶	Commercial structure
								Section 8.1.2.2 below ("<u>Sale of Electricity on PJM Market</u>") The gas for the project is acquired on the market on the basis of market prices in (at) the purchase points. For details regarding a framework agreement for acquisition of natural gas, see Section 8.14.9 below. From time to time, the project may enter into agreements to hedge the energy revenues. For further details, see Section 4D' of the Board of Directors Report.
CPV Towantic, LLC (" <u>Towantic</u> ")	805	26%	Associate	Connecticut	Gas-fired (dual-fuel), Combined cycle	2018	ISO-NE CT	Capacity payments from ISO-NE, are based on the price determined in an auction. The project participated in a capacity auction, for the first time, for June 2018 to May 2019 based on a price of USD 9.55 per KW/month (USD 313.97 per MW/day) and exercised the possibility to determine (fix) the tariff for seven years in respect of 725 MW linked to the Utilities Inputs Index. For details on the capacity price determined until the 2027/2028 capacity year in the zone in which the project is

Project	Capacity (MW)	Rate of holdings by the CPV Group	Method of presentation in the Company's financial statements	Location	Type of project / technology	Year of commercial operation	Regulated market ¹⁸⁶	Commercial structure
								located, see Section 3.C' of the Board of Directors Report. The sale of electricity on the organized ISO-NE market, which is supervised and administered by ISO-NE in accordance with the price offers of the electricity producers and in accordance with the market requirements. The gas for the project is purchased on the market on the basis of market prices in (at) the purchase point. For details regarding a framework agreement for acquisition of natural gas, see Section 8.14.9 below. From time to time, the project may enter into agreements to hedge the energy revenues. For further details, see Section 4D' of the Board of Directors Report.
CPV Maryland, LLC (<u>"Maryland"</u>)	745	75% ¹⁹⁰	Associate	Maryland	Gas-fired	2017	PJM SWMAAC	PJM Capacity Auctions. Sale of Electricity on the PJM Market.

¹⁹⁰ For details on agreement for execution of a swap transaction with the remaining partner in the Maryland, see this Section 8.1.1.6 below the table. As of filing date there is no certainty as to the completion of such swap.

Project	Capacity (MW)	Rate of holdings by the CPV Group	Method of presentation in the Company's financial statements	Location	Type of project / technology	Year of commercial operation	Regulated market ¹⁸⁶	Commercial structure
					Combined cycle			The gas for the project is acquired based on market on the basis of market prices at the purchase point. For details regarding a framework agreement for acquisition of natural gas, see Section 8.14.9 below. From time to time, the project may enter into agreements to hedge the energy revenues. For further details, see Section 4D' of the Board of Directors Report.
CPV Shore Holdings, LLC ("Shore")	725	100% (as of Jan 2026) ¹⁹¹	Associate (as of December 31, 2025) ¹⁹²	New Jersey	Gas-fired Combined cycle	2016	PJM EMAAC	PJM Capacity Auctions. Sale of Electricity on the PJM Market. The gas for the project is acquired based on the market prices at the purchase point. For details regarding a framework agreement for acquisition of natural gas, see Section 8.14.9 below.

¹⁹¹ Holding interest in Shore was increased to approx. 89% in April 2025 following the closing of a purchase agreement dated February 4, 2025, with one of the partners in the project. Shore remained an associate company following that acquisition. Holding interest was increased to 100% in January 2026 following the closing of a purchase agreement dated October 2025 with the sole remaining partner in Shore. For additional information see Section 8.1.1.6 below the table herein and the Company's immediate report dated February 8, 2026 (Reference No. 2026-01-003378).

¹⁹² Following the closing of the acquisition in January 2026 Shore will be consolidated in the financial statement of the CPV Group and the Company. See Footnote 191.

Project	Capacity (MW)	Rate of holdings by the CPV Group	Method of presentation in the Company's financial statements	Location	Type of project / technology	Year of commercial operation	Regulated market ¹⁸⁶	Commercial structure
								From time to time, the project may enter into agreements to hedge the energy revenues. For further details, see Section 4D' of the Board of Directors Report.
CPV Valley Holdings, LLC ("Valley")	720	50%	Associate	New York	Gas-fired dual-fuel / Combined cycle	2018	NYISO Zone-G	Capacity payments from NYISO are based on the price set in the seasonal strip, seasonal monthly and/or SPOT capacity auctions (see Section 3.C' of the Board of Directors Report). The sale of electricity on the NYISO market is organized, supervised and administered by NYISO in accordance with the price offers of the electricity producers and in accordance with the market requirements. The gas for the project is acquired on the market on the basis of market prices in (at) the purchase points. For details regarding a framework agreement for acquisition of natural gas, see Section 8.14.9 below. From time to time, the project may enter into agreements to hedge the

Project	Capacity (MW)	Rate of holdings by the CPV Group	Method of presentation in the Company's financial statements	Location	Type of project / technology	Year of commercial operation	Regulated market ¹⁸⁶	Commercial structure
								energy revenues. For further details see Section 4D' of the Board of Directors Report.
CPV Three Rivers LLC ("Three Rivers") ¹⁹³	1,258	10%	Associate	Illinois	Natural gas Combined cycle	July 2023	PJM COMED	PJM Capacity Auctions. Sale of Electricity on the PJM Market. The gas for the project is purchased on the market on the basis of market prices at the purchase points, based on certain electricity and gas metrics. Regarding the framework agreement for acquisition of natural gas, see Section 8.14.9 below. From time to time, the project may enter into agreements to hedge the energy revenues. For further details, see Section 4D' of the Board of Directors Report.
Renewable Energy Projects (held by CPV Renewable)¹⁹⁴								
CPV Keenan II Renewable	152	66.7%	Associate	Oklahoma	Wind	2010	SPP (long-term PPA)	The project entered into a power purchase agreement (PPA) with a

¹⁹³ For details on the agreement for execution of a swap transaction for the holdings in Three Rivers, see this Section 8.1.1.6 below the table.

¹⁹⁴ As detailed in Section 8.14.10 below, during 2024, the CPV Group entered into an equity investment agreement with an investor, pursuant to which the investor was issued 33.33% of the equity interests in CPV Renewable. Upon the closing of the transaction, CPV Group ceased to consolidate CPV Renewable in its Financial Reports. The renewable energy projects (as detailed below) are held 100% by CPV Renewable and are consolidated in CPV Renewable's financial statements.

Project	Capacity (MW)	Rate of holdings by the CPV Group	Method of presentation in the Company's financial statements	Location	Type of project / technology	Year of commercial operation	Regulated market ¹⁸⁶	Commercial structure
Energy Company, LLC (<u>"Keenan"</u>)								utility company for the electricity generated up to 2030. For details regarding the PPA, see Section 8.14.9.
CPV Mountain Wind Holdings, LLC (<u>"Mountain Wind"</u>)	82 (in aggregate)	66.7%	Associate	Maine	Wind (4 wind power plants)	Between 2008 - 2017	ISO-NE	The 4 projects, which were acquired by the CPV Group in April 2023, sell all their electricity and renewable energy certificates (RECs) under separate PPAs, generally, for a period of 15 to 20 years from the acquisition of the projects by the CPV Group, while most of the capacity is sold under separate contracts for the next 12 years from the acquisition. For details regarding the PPAs, see Section 8.14.9 below.
CPV Maple Hill Solar LLC (<u>"Maple Hill"</u>)	126 MWdc	66.7% (subject to the tax equity partner's share ¹⁹⁵)	Associate	Pennsylvania	Solar	Second half of 2023	PJM MAAC + PA SRECs	PJM Capacity Auctions. Sale of Electricity on the PJM Market. Sale of 100% of its Solar Renewable Energy Credits (SRECs) for a period of 5 years through May 2027. Sale of 48% of the electricity generated by the facility is fixed in

¹⁹⁵ For additional details regarding Maple Hill's tax equity agreement, see Section 8.14.9 below.

Project	Capacity (MW)	Rate of holdings by the CPV Group	Method of presentation in the Company's financial statements	Location	Type of project / technology	Year of commercial operation	Regulated market ¹⁸⁶	Commercial structure
								accordance with a virtual PPA. The remaining electricity is used for supply to active customers, retail supply of electricity of the CPV Group and sold on the PJM Market. For additional details about the virtual PPA, see 8.14.9 below.
CPV Stagecoach Solar, LLC (" <u>Stagecoach</u> ")	102 MWdc	66.7% (subject to the tax equity partner's share ¹⁹⁶)	Associate	Georgia	Solar	First half of 2024	SERC, the project entered into a long-term PPA (including SRECs)	The project entered into a power supply agreement (PPA) with a utility company for the supply of all the electricity to be produced for a period of up to 30 years from the project's commercial operation date, at market prices. The project entered into a solar renewable energy (SREC) agreement with a global company to sell 100% of the project's SRECS for a period of 20 years from the date of commercial operation of the project. The SRECs are sold at a fixed price. For additional details, see Section 8.14.9 below.

¹⁹⁶ For additional details regarding Stagecoach's tax equity agreement, see Section 8.14.9 below.

Project	Capacity (MW)	Rate of holdings by the CPV Group	Method of presentation in the Company's financial statements	Location	Type of project / technology	Year of commercial operation	Regulated market ¹⁸⁶	Commercial structure
CPV Backbone Solar, LLC (<u>"Backbone"</u>)	179 MWdc ¹⁹⁷	66.7% (subject to the tax equity partner's share ¹⁹⁸)	Associate	Maryland	Solar	Q4 2025	PJM + MD SRECs	PJM Capacity Auctions. The project has signed an agreement with a global ecommerce company for a period of 10 years from the start of the commercial operation, for supply of approx. 81% of the 179 MWdc, in operation and sale of solar renewable energy certificates. The balance of the project, including the Backbone Expansion, will be used for supply to active customers, retail supply of electricity of the CPV Group or for the Sale of Electricity on the PJM Market.

¹⁹⁷ The Backbone project has an expansion of additional 36 MWdc (in addition to the current operating capacity of 179 MWdc) which is currently in construction and its commercial operation is expected in the second half of 2026 ("Backbone Expansion"). The above expected commercial operation date is forward-looking statement in accordance with the Securities Law and is subject to completion of construction and other conditions which are outstanding as of filing date. Such date may be delayed due to construction delays or in case of occurrence of one of more risk factors as set forth in section 8.21 below. Delays beyond expected commercial operation date may adversely effect the project, including with respect to tax benefits.

¹⁹⁸ For additional details regarding Backbone's tax equity agreement, see Section 8.14.9 below.

In 2025 the CPV Group continued implementing its strategy to increase its ownership stakes in existing operational Energy Transition assets, supporting the CPV Group's goal of investing in efficient and reliable energy supply for the U.S. market, while continuing to develop new power sources through renewable energy and natural gas with carbon capture future potential. The CPV Group believes that the current expected increase in electricity demand, as further detailed in Section 8.1.3.2 below, combined with a limited supply of reliable power plants to support such expected demand, created a market environment that supported increasing the CPV Group's ownership interests in existing Energy Transition assets. In this context following actions were taken or are considered as of the filing date:

1. During the first half of 2025, the CPV Group completed the purchase of additional 20% holding interest in Shore to increase its holding to approx. 89%, following the signing of a purchase agreement on February 4, 2025. For details regarding Shore's refinancing in February 2025, including terms relating to the equity injection in connection with the refinancing, see Section 8.17.4 below.
2. On October 28, 2025, CPV Group (through wholly owned subsidiary), entered into a purchase agreement with the remaining partner in Shore (the "Seller") for the acquisition of the Seller's approx. 11% ownership interest in Shore. Such acquisition closed in January 2026 and will result in consolidation of the project in CPV Group's and the Company's financial statements¹⁹⁹.
3. On March 2, 2026, CPV Group entered into an agreement with the remaining partner in Maryland²⁰⁰ (in this subsection: the "Partner") to carry out the transaction whereby in exchange for the Partner's holdings in Maryland (25%), CPV Group would transfer to the Partner its rights in the Three Rivers power plant (10%) in addition to an immaterial cash amount. The transaction includes customary terms for transactions of this type, taking into account that the CPV Group already holds the remainder of the rights in Maryland, and including customary conditions precedents, such as regulatory approvals and transition arrangements of asset management services. The completion of the transaction (to the extent completed) is expected to take place during the second quarter of 2026, subject to satisfaction of the conditions precedents. Subject to completion of the transaction and as of its completion date (if completed), CPV Group is expected to hold 100% of Maryland and, concurrently, to cease holding in the Three Rivers power plant. Accordingly, Maryland is expected to be consolidated in CPV Group financial statements and, as a result, in the Company's financial statements. As of the date of approval of the report, the Company is examining the accounting treatment arising from the foregoing, and in a preliminary review, the Company estimates that the acquisition will be accounted for as an asset acquisition and accordingly no gain from remeasurement is expected to be recognized as a result of the change from an equity-accounting method to a consolidation of Maryland. However, certain amounts which are included in the OCI of Maryland as of the transaction

¹⁹⁹ The financial statements of Shore were attached to previous Company's financial statements. For details regarding the financial statements of SHORE for the year 2024 and Q1 2025, see the Company's 2024 Annual Report and the Company's 2025 Q1 Financial Statements.

²⁰⁰ As of the approval date of the Report, the Maryland power plant is held by the CPV Group (75%) and an additional partner (25%), whereas the Three Rivers power plant is held by the CPV Group (10%) and by a number of additional partners (including the Partner).

4. completion date (mainly related to application of hedge accounting for energy margin and interest rate), are expected to be reclassified into Profit and Loss. In addition, as a result of the sale of the Three Rivers power plant, upon completion of the transaction (if completed) CPV Group is expected to recognize a capital gain in an amount that is estimated as of the date of this report, in approximately NIS 23 million (USD 8 m). The Company continues to examine the tax implications of the aforementioned transaction and its possible impact on the financial results.

It is clarified that the foregoing, regarding the completion of the transaction, its expected timing for closing and accounting and tax implications of the transaction includes forward-looking information, as defined in the Israeli Securities Law, 5728-1968, and there is no certainty that they will materialize. The accounting or tax implications estimates are not final and may change (including materially) as part of completion of the review of the accounting treatment and tax implications, and are subject to completion of the audit of the Company's auditors. Additionally, as of the date of the report there is no certainty as to the closing of the transaction or its timing, to the extent closed.

In addition, on the aforementioned date, CPV Group entered into a non-binding MOU with the Partner regarding mutual discussions and examination of a potential transaction to increase holdings in certain operating natural gas power plants currently held by CPV Group, in which the Partner is one of the other partners²⁰¹ (and in some of the power plants the asset manager), in exchange for certain rights in CPV Group (in scope to be agreed, if agreed) and future cooperation with the Partner to facilitate such potential swap transaction and its structure (the "MOU").

It is clarified that the MOU is non-binding, and the transaction contemplated thereby is subject to various examinations, discussions and key terms to be negotiated and agreed (if agreed), as well as to the internal approval process of each party. The period for such examinations and discussions under the MOU, is approx. 12 months (unless terminated earlier by either party). Accordingly, there is no certainty (especially considering this preliminary stage) that the transaction and cooperation contemplated thereunder will mature into advanced negotiations or binding transaction (which is also expected to be subject to conditions precedent).

Furthermore, as of the approval date of the Report, the CPV Group intention is to continue to examine additional transactions with the relevant partner/s in the projects held by CPV for purposes of increasing the holdings in its Energy Transition powered power plants (or any of them), including by means of formats of swap transactions or structural changes in such a manner that will maximize achievement of control and the potential synergy of the activities of the operating natural gas-fired power plants to the extent possible - this being subject to appropriate market conditions, formulation of terms and receipt of consents of third parties, which have not yet been formulated and there is no certainty that they will ultimately be formulated.

²⁰¹ Power plants which are held by additional third-party investors which are not part of the MOU.

(b) **Projects under construction** – Following are main details about projects under construction in the United States:²⁰²

Project	Capacity (MW)	Rate of holdings by the CPV Group	Method of presentation in the Company's financial statements	Location	Technology	Expected commercial operation date	Regulated market after PPA period	Expected commercial structure
Renewable Energy Projects								
CPV Rogue's Wind, LLC ("Rogue's Wind")	114 MWdc	66.7% (subject to the tax equity)	Associate	Pennsylvania	Wind Turbines	2026	PJM MAAC	Sale of Electricity on the PJM Market. In April 2021, the CPV Group signed an agreement for the sale of all the electricity and the benefits of the Rogue's Wind energy project (including Renewable Energy Certificates (RECs), benefits related to availability, and related expenses). The agreement was signed for a period of 10 years

²⁰² Details about the scope of the investments in the United States set forth in this Section 8.1.1.6 were translated from USD and presented in NIS based on the exchange rate on December 31, 2025 – USD 1 = **3.19**.

For details on the total net expected construction cost in respect of 100% of the projects and the tax equity expected investment in the projects, see Section 6C' of the Board of Directors Report.

The information provided below regarding projects under construction, including in relation to the expected commercial structure, the projected commercial operation date, the expected construction cost and/or engagement with a tax partner, the tax partner's investment prospects (as applicable) and/or carbon capture potential (as applicable), includes forward-looking information as defined in the Securities Law, and there is no certainty as to its materialization (in whole or in part). The information is based, among other things, on the CPV Group's estimates, as of the approval date of the Report, the materialization of which is uncertain, and which may not materialize due to factors such as: regulatory changes, government/regulatory policy applicable to such projects, or changes in legislation or regulation (and changes affecting the main suppliers of the project, and including changes in the energy sector or import tariffs to the US due to government changes in the US), delays in obtaining permits, increase in construction costs or financing costs, delays/difficulties in the execution of construction works and/or technical malfunctions or operational problems, difficulties or delays in the engagement in a grid interconnection agreement (including an increase in costs associated with interconnection) or an agreement for the connection of the project to transmission infrastructures or other infrastructures, an increase in costs due to commercial terms with key suppliers (such as equipment or contractors), difficulties in engagement in an investment agreement with a tax equity partner in respect of some of the project's costs and the utilization of any relevant tax benefits and the terms of the tax partner agreement, difficulties in the engagement in commercial agreements for the sale of the project's potential revenues, terms of the commercial agreements, conditions of the energy market, macroeconomic changes, unexpected expenses, weather events, delays, and an increase in costs related to supply chains, transport and rise in raw materials prices, etc. The completion of the projects in accordance with the aforesaid assessments is subject to the fulfillment of terms and conditions, which have not yet been met as of the approval date of the Report (all or some of them); therefore, there is no certainty that they will be completed in accordance with the aforesaid (or at all). Construction delays may also adversely affect projects and the CPV Group companies' ability to meet their obligations to third parties in connection with the projects (including in connection with the guarantees provided in favor of those third parties, including Authorities, financiers or customers). For details regarding risk factors embodied in the activity of the CPV Group, see Section 8.21 below.

Project	Capacity (MW)	Rate of holdings by the CPV Group	Method of presentation in the Company's financial statements	Location	Technology	Expected commercial operation date	Regulated market after PPA period	Expected commercial structure
		partner's share) ²⁰³						commencing on the commercial operation date. See Section 8.14.9 below. PJM Capacity Auctions.
Natural gas power plant project (with future potential for carbon capture)								
CPV Basin Ranch Holdings, LLC ("Basin Ranch")	1,350	100% (as of February 2026) ²⁰⁴	Associate as of December 31 2025	Ward County, Texas	natural gas project with carbon capture potential	2029	ERCOT – West	Sale of electricity in the ERCOT market (energy only). The project entered into agreements to hedge a material portion of the power plant's capacity for a period of 7 years from the commercial operation date as part of a plan to hedge approx. 75% of the capacity on the commercial operation date ²⁰⁵ .

²⁰³ In 2025, the tax equity partner agreement was executed. See Section 8.14.9 below.

²⁰⁴ Following the closing of the acquisition of the remaining 30% interest in the Project which occurred in February 2026. For details see this Section below. Prior to such closing Basin Ranch was an associate company.

²⁰⁵ As of the approval date of the Report, such agreements are gas netback agreements (including a pricing mechanism in which the price of gas paid by the electricity producer is derived from the price of electricity) and PPA's.

Basin Ranch - In the third quarter of 2024, the Basin Ranch natural gas power plant project in Texas was chosen by the Texas Energy Fund (“TEF”) to advance to the due diligence stage for receipt of a subsidized loan as (“TEF Loan”) – on the condition that the construction thereof begins by the end of 2025. As detailed below in October 2025 the TEF Loan was executed, financial closing of the Basin Ranch project was completed, including funding of equity, and construction stage commenced.

For details on the financing agreement to finance part of the equity for Basin Ranch project with Bank Leumi Ltd., see Section 8.17.6 below (the “Leumi Loan Agreement”). For details on the TEF Loan and for additional material agreements of the Basin Ranch project, see Sections 8.17.4 and 8.14.9 below. For details regarding the Basin Ranch project of its financial closing see the Company’s Immediate Reports dated June 9, 2025 (Ref No. 2025-01-041243), October 23, 2025 (Ref No. 2025-01-079215), October 28, 2025 (Ref No. 2025-01-080757), October 29, 2025 (Ref No. 2025-01-081169) and January 8, 2026 (Ref No. 2026-01-003374).

On October 28, 2025, the financial closing of the Basin Ranch project was completed (the “Financial Closing”), in the framework of which, among other things, the following agreements and actions became effective (after conditions precedent were fulfilled): (i) funding of the full equity commitment as required by the TEF Loan (in cash, LC’s, credit or other form acceptable under the TEF Loan); (ii) execution of the EPC Agreement (as defined in Section 8.14.9 below) with the Basin Ranch project’s construction contractor²⁰⁶; (iii) closing of the Leumi Loan Agreement in connection with a portion of the required equity; and (iv) execution and closing of the full TEF Loan agreements including the first withdraw of TEF Loan, all in accordance with key terms set forth below in this Report. Additional collaterals related to the Basin Ranch project were provided by the equity holders in the Basin Ranch project as of such date as part of the financial closing of the TEF loan²⁰⁷. At the Closing date a Notice to Proceed was issued to the construction contractor for the commencement of the construction phase and additional agreements of the Basin Ranch project became effective, including in respect of its commercialization (see above table), additional components of its construction and its operations. For the estimated expected cost of construction of the Basin Ranch project, see Section 6(B)(1) of the Board of Directors Report. For details regarding the GEV Equipment Agreement and EPC Agreement, see Section 8.14.9 below.

Furthermore, on the same date, October 28, 2025, CPV Group (through wholly owned subsidiaries²⁰⁸), entered into a purchase agreement with the remaining partner in the Basin Ranch project (the “Seller”) for the acquisition of the Seller’s remainder 30% ownership

²⁰⁶ Which is in addition to the equipment supply agreement of the Basin Ranch project detailed in Section 8.14.9 below which was executed prior to the Closing.

²⁰⁷ LC’s are backed by the Company’s guarantee and/or provided through the Company’s facilities. For details, see Section 7(A)(8) of the Board of Directors Report and Note 14B’7 of the financial statements.

²⁰⁸ CPV Group is a guarantor under the Purchase Agreement below, in respect of future payments due to the Seller as specified in this Report.

interest in the Basin Ranch project (the “Purchase Agreement”²⁰⁹), which was closed on February 2, 2026, following fulfillment of the conditions.

The amount required in connection with the acquisition under the Purchase Agreement totals approx. USD 371 million²¹⁰. According to the Purchase Agreement, CPV Group to provide such amount (through combination of cash and LC's, as applicable, and subject to the Purchase Agreement) on several dates starting from TEF Loan closing and in the interim period (approx. USD 65 million), closing of the acquisition under the Purchase Agreement (approx. USD 226 million primarily representing the provision of the equity required in connection with the TEF loan) and during the construction of the Basin Ranch project (approx. USD 80 million, payable in four equal installments of approx. USD 20 million each, commencing in 2026). The conditions precedent for the Purchase Agreement mainly included replacement of Seller's collaterals and amounts in connection with the TEF Loan.

In January 2026, the Leumi Financing (mentioned in Section 8.17.6 below) was increased by USD 130 million for the purpose of funding the acquisition. On February 2, 2026, the transaction under the Purchase Agreement was closed following funding through a combination of cash and LC's of the amounts required in accordance with the Purchase Agreement.

The acquisition under the Purchase Agreement will result in consolidation of the Basin Ranch project in CPV Group's financial statements and accordingly in the Company's financial statements.

For further details regarding the financing and equity funding involved in the financial closing of Basin Ranch and the Purchase Agreement, see Section 6(B)(1) of the Board of Directors Report.

Projects in development:

In addition to the Energy Transition power plants and renewable energy projects as described above, as of the approval date of the Report, the CPV Group has a backlog of renewable energy projects (solar and wind energy technologies) with an aggregate capacity of approx. 4,220 MWdc of which the CPV Group's share is approx. 2,815 MWdc and a backlog of Low Carbon Projects with an aggregate capacity of approx. 5,025 MW, of which the CPV Group's share is 4,395 MW, in each case, in various development stages²¹¹. The main development activities

²⁰⁹ Under the Purchase Agreement CPV Group's subsidiary purchased the Seller's interests in the LLC's holding the Basin Ranch power plant project and the Basin Ranch carbon capture project (which is a separate potential future component, which is not part of the financial closing of the power plant project, as stated in this Report above).

²¹⁰ In addition, the Seller will be entitled to its share (approx. USD 18 million) of the future outstanding development fees in the Basin Ranch Project which are payable on commercial operation date.

²¹¹ Capacity data is rounded and provided approximately and does not include the carbon capture component.

In general, in the Renewable Energy segment, the CPV Group considers projects that are in its estimation in up to two to three years before the start of construction, as projects in advanced development stage (there is no certainty that the projects under development, including projects in the advanced development stage, will be carried out) on the basis of an
(cont'd)

for a development project include, among other things, the following processes (as applicable depending on, among other things, the technology, location and market): securing land rights in the project; licensing and permitting procedures; receipt of regulatory approvals; regulatory zoning procedures and public hearings; environmental surveys; engineering studies and tests (including with respect to the potential carbon capture component of Low Carbon Projects, if developed); equipment testing, insurance procurement, ensuring of interconnection to the relevant transmission grids (including filing a request for interconnection agreement, qualifying for the relevant interconnection process/stages and execution of an interconnection agreement) and other infrastructures; signing of agreements with relevant tax equity partners or lenders and relevant suppliers (construction contractor, equipment and turbine contractors); and entering into a hedging agreement, commercialization framework and/or power purchase agreements (PPAs), Renewable Energy Certificates (RECs) certificates (as applicable based on the type of project). It is noted that certain activities during the development stage may include in addition to other development expense, providing collateral and taking obligations towards third parties in connection with the advancement of the projects.

For a summary of the backlog of projects in development in the various activities in the United States as of the date of the Report, see Section 6B of the Board of Directors Report.

For details on collaterals provided in relation to the projects under development, see Notes 14B'3 and 4 of the Financial Statements.

expected interconnection agreement and assessment of the project's maturity (commercial/project-based other factors) to reach construction within two years. In addition, the CPV Group considers projects for which land rights were secured, and the expected interconnection agreement is above two years or for which interconnection agreement has not yet been established, and with respect to which CPV Group is working to advance permitting for the establishment of the project, as early development stage. It is noted that the above-mentioned is effected, among other things, by the potential to satisfy the safe harbor conditions under the legislation in the United States (including additional regulatory changes and the tightening of regulation applicable to renewable energy projects), the scope of the project and the technology, and may change based on specific characteristics of a given project, as well as due to external circumstances that are relevant to the project, such as the expected market of activity, or additional regulatory circumstances. In this framework, projects intended to operate in the PJM Market are affected by the interconnection queue processes described in Section 8.1.2.2 below, and their progress may be delayed as a result of this proposed process; It is clarified that in the initial development stages (in particular) the scope of the projects and their characteristics are subject to changes, if and to the extent that they reach advanced stages.

In general, for Low Carbon Projects (Natural gas-fired power plants with future carbon capture potential), the CPV Group considers projects that are in its estimation up to three years before the start of construction (on the basis of outlook of interconnection agreement and formed commercial structure), as projects in advanced development stage (there is no certainty that the projects under development, including projects in the advanced development stage, will be carried out). The CPV Group considers projects for which land rights were secured, and the expected interconnection agreement is above three years or no interconnection outlook as early development stage. It is noted that the above-mentioned refers to the natural gas power plant aspect of the project and is effected, amongst other things, from the scope of the project, its location, expected market, relevant ISO, state and federal regulation and policies and may change based on specific characteristics of a given project, as well as due to external circumstances that are relevant to the project.

The information in this Report regarding the backlog of projects under development of the CPV Group, including the status of the development of the projects, key milestones dates (including expected construction/operation date), and/or their characteristics (such as capacity, development stage, technology, possibility of combining carbon capture, etc.), contains forward-looking information as defined in the Securities Law, and there is no certainty that it will materialize or how it will materialize. As of the date of the Report, there is no certainty regarding the actual execution of the projects under development (in full or in part), and their advancement may be subject, among other things and as the case may be, to completion of development and licensing procedures, gaining control of the land, signing agreements (such as equipment and construction agreements), performance of construction procedures, ensuring connection to the electrical grid, securing financing and/or obtaining regulatory approvals and various permits. In addition, advancement, development and construction of projects are subject to the discretion of the competent organization of the CPV Group and the Company. For information about the processes of interconnection to the PJM grid and other market developments which may affect the development processes, see Section 8.1.2.2(a) below.

For details on development of Low Carbon Projects, see Section 8.10 below.

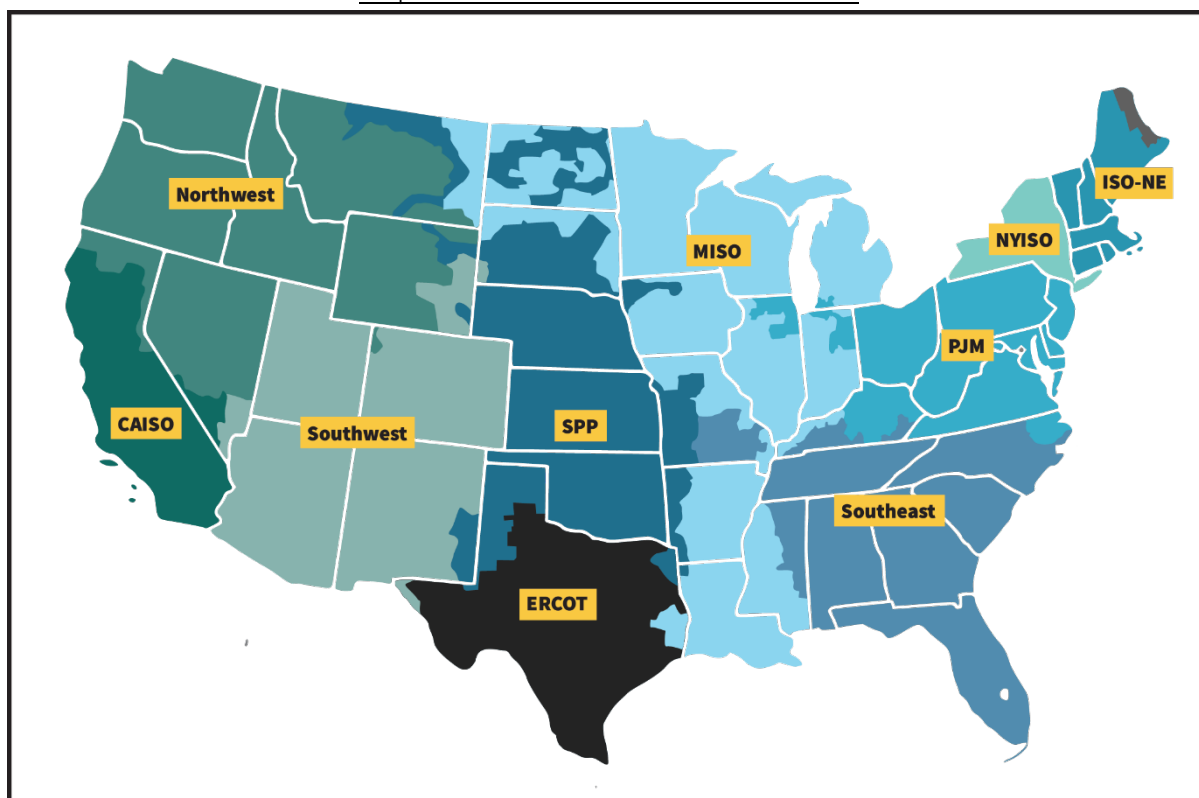
8.1.2 Structure of the areas of activity and changes occurring therein²¹²

8.1.2.1 Electricity regulations in the United States and major players in the electricity sector

The electricity market in the United States has both Federal (wholesale sale of electricity and interstate transmission) and State oversight (retail sale of electricity and distribution services to end consumers). The primary federal regulator is the Federal Energy Regulatory Commission (FERC), alongside state-level public service commissions exercising additional regulatory oversight. As can be seen on the map below, the electricity market in certain areas of the United States operates under regional or state market operators, known as Regional Transmission Organizations (RTO) or Independent System Operators (ISO). The ISOs and RTOs are responsible for the day-to-day operation of the transmission system, the administration of the wholesale markets in their respective regions, and for the long-term transmission planning and resource adequacy functions. In most cases the ISO's and RTO's powers are concentrated under a single entity. The RTOs and ISOs are regulated by FERC, except for ERCOT (the Texas electricity market in which CPV Basin Ranch project will operate subject to completion of construction), which is regulated by the Public Utility Commission of Texas, which in turn is subject to laws enacted by the Texas state legislature.

²¹² It is clarified that which is stated below regarding the electricity market in the United States is based on external sources and the Company has not made independent assessments thereof. Additionally, such external sources include forward-looking estimations on market electricity demand or other forecasts which are uncertain and are affected by factors which are not under the Company's control.

Map of ISOs and RTOs in the United States



Source: FERC

In addition to FERC at the wholesale level, states regulate the sale and distribution of electricity to retail customers, within each state, and the RTOs/ISOs, which are the key players in the wholesale electricity markets in the United States, in which the CPV Group operates, include other electricity producers and local utility companies that serve both wholesale and retail customers. Many of the other electricity producers (especially producers that joined recently), and local electricity companies operating in these wholesale markets, are privately-owned entities; however, those market players include a number of publicly-owned cooperatives, municipal utility companies, state power authorities and several federal regional power administrations established by the U.S. Congress.

- 8.1.2.2 Each of the ISOs and RTOs operates energy markets and related services with buyers and sellers submitting bids and offers to sell or supply electricity and related services, including energy, operating reserves, regulation service, etc. Some of the ISOs and RTOs also operate capacity markets. ISOs and RTOs operating in competitive markets use a demand-based electricity selling system, and a marginal price set by electricity producers to meet the regional consumption needs. In large parts of the United States, including the Southeast, Southwest and Northwest regions, the electricity management system has a more traditional structure where the local electric utility company is in charge of load management and the production mix. In these traditional markets, wholesale physical power trade typically occurs through bilateral transactions. As of the approval date of the Report, the CPV Group operates

mainly in competitive markets managed by ISOs or RTOs. Capacity is a payment made to generators and other suppliers designed to ensure that there are sufficient generating and supply resources to ensure the RTO can meet its reliability standard. The capacity markets typically pay electricity generators to participate in the energy market and for their ability to generate energy at the required times. This payment 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 payment component, as stated, including entitlement to a payment for seeing to availability of the electricity, including provisions regarding bonus or penalty payments, are (except with respect to ERCOT, which is not FERC-jurisdictional and as noted below does not have a capacity market) governed by the tariffs approved by the FERC. Accordingly, NYISO, PJM and ISO-NE operate capacity auctions to determine the capacity price. The impact of the capacity payments on the overall results of the CPV Group changes as a function of the capacity prices from these auctions. In the markets in which CPV Group operates, an increase in the capacity prices favorably impacts the CPV Group's results, and vice-versa. For the CPV Group's projects capacity payments see Section 3C of the Board of Directors Report. NYISO, PJM and ISO-NE publish clearing prices from capacity auctions.

In addition to revenues from the sale of energy, related services and capacity, in recent years, until certain changes imposed by Trump Administration since 2024 as described below, generators of renewable energy and of low-carbon energy benefitted from government mechanisms and incentives. Both federal and state governments offer incentives to suppliers to meet the state specified renewable energy targets. A number of states require the local electric utility company to acquire a certain quantity of Renewable Energy Credits (RECs) in accordance with the total consumption of their consumers. In addition, there are federal tax incentives in connection with production of and investment in renewable energy technologies and other low-carbon technologies, which also constituted a financial incentive to develop specific production technologies. For details regarding the Inflation Reduction Act that became effective in 2022 during the Biden Administration and benefits to renewable energy and carbon capture projects, see Section 8.1.5 below. Furthermore, each state has in place environmental protection regulations, which may provide incentives and encourage the closure of existing production facilities that use fossil fuels. For additional details of environmental protection regulation, see Section 8.1.4 below. It is noted that as a result of the change in the federal administration following the 2024 presidential elections, the scope of such benefits as described above was reduced or changed, mainly with respect to renewable energy, under the One Big Beautiful Bill Act (the "OBBBA") enacted in 2025 and other changes in the policy of the administration of President Trump, as further detailed in Section 8.1.3.1 below and Section 3D of the Board of Directors Report.

While each of the ISOs and RTOs has the same function on the federal level, there are significant regional differences between markets in terms of their government and market

structure; those differences may affect the execution and the economic feasibility of new projects and promote or delay investments in new projects.

Operating structure in the various markets:

(a) The PJM Market²¹³

The PJM Interconnection ("PJM") is an ISO and RTO that operates a wholesale electricity market and serves as an administrator of the electric transmission system which covers parts of thirteen states (Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia), and the District of Columbia, which services over 67 million residents. The PJM Market is the largest among the RTOs with approx. 182 GW of installed capacity as of the date of the Report. The PJM Market had a peak demand of approx. 160 GW for 2025 and its internal forecasts indicate a peak demand of approx. 156 GW for 2026.²¹⁴ PJM oversees the operation of more than 150,000 kilometers of transmission lines. The sale of electricity on the PJM Market is organized, supervised and administered by PJM to ensure the supply of electricity in accordance with the bids of the electricity producers.

The PJM is regulated by FERC and operates the PJM Market and transmission system pursuant to a FERC-approved tariff; it is financed by payments from market participants. PJM collects payments for capacity, electricity, transmission, accompanying services and other services required for operation of the electricity system from utilities and electricity distribution companies acting on behalf of consumers (households, commerce and industry), and distributes the payments to the generators and transmitters, by means of a variety of market mechanisms, including purchase of capacity (Forward Capacity Market) and the purchase of electricity in the Day-Ahead and Real-Time markets.

PJM Capacity Auctions

As a basic rule, the capacity price is determined in an annual auction for a delivery year three years in advance and is secured regardless of the actual electricity amount generated.²¹⁵ 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. Payments for electricity are made in respect of the actual amount of electricity generated and are determined on the basis of the marginal price on the market. In July 2024, the capacity auction results in PJM were published, with a significant increase in the prices to approx. USD 270 per MW per day for the

²¹³ Source: Quarterly State of the Market Report for PJM 2025 (Jan. – Sept.).

²¹⁴ Source: 2026 PJM Load Forecast Report (dated January 14, 2026).

²¹⁵ The 2026/2027 capacity auction was held in July 2025. The 2027/2028 capacity auction was held in December 2025.

2025/2026 period. For additional information on the capacity tariffs, see Section 3.3m of the Board of Directors Report.

For details regarding PJM's changes to the capacity auctions process and methodology and FERC's proceedings in connection therewith during 2023-2024, see Section 8.1.2.2 of 2024 Annual Report.

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 six month postponement of the auction that was originally scheduled for December 2024 in order to make changes, including, among others, inclusion of about 2 GW of RMR (Reliability Must Run) units as part of the offer.

In February 2025, FERC approved PJM's proposed modifications to the capacity market framework which were intended to reduce the volatility of pricing between the auctions. The revisions include (i) the continued use of the gas turbine as the index for the demand curve, (ii) the inclusion of Reliability Must Run units—resources scheduled to retire that are retained for reliability purposes—into the capacity market auctions as generic supply, (iii) setting of a uniform penalty rate for under-performance across all generation resources, (iv) increased flexibility in offer submissions and (v) elimination of the automatic must-offer exemptions for certain resource classes.

In April 2025, FERC approved a PJM proposal to establish upper and lower price collars of USD 329/MW-day and USD 177/MW-day, respectively, for the next two capacity auctions, subject to minor adjustments.

In July 2025, PJM published the results of capacity price auction for the period June 2026 and up to May 2027 where the price was determined based on the maximum price of USD 329.17/MW-day, which reflects an increase of about 22% compared with the capacity price in the prior auction for the 2025/2026 period. In addition, the capacity rating for the power plants was updated, resulting in a reduction in the available capacity provided for sale by the class of CPV Group's natural gas-fired power plants – from approx. 79% to around 74%. PJM recalculates these ratings annually for each asset class to measure how much a resource supports grid reliability during peak and extreme conditions, which determines the percentage of its capacity eligible for auction revenue. These ratings may shift from year to year due to updates to PJM's load forecasts, weather and outage assumptions and available resources.

In December 2025, PJM published the results of capacity price auctions for the period June 2027 and up to May 2028 where the price was determined based on the maximum price of USD 333.44/MW-day, which reflects the cap that was set under the above PJM collar decision. According to PJM's publications, the theoretical price derived from the results of the auction, with no maximum collar, which as stated was set in the auction, would have been USD 529.80/MW-day.

The available capacity provided for sale by the CPV Group's natural gas-fired power plants remained at 74% consistent with the prior auction for the 2026/2027 period.

The 2027/2028 Base Residual Capacity Auction (BRA) underscored the continuing trend of fast rising demand attributed to large data center load additions coupled with a shortage of supply entering the market due to slower build timelines and interconnection delays. PJM disclosed that the results of the 2027/2028 Base Residual Auction (BRA) cleared 5.6% (about 6,500 MW) short of PJM's target reserve margin, indicating the system is at higher risk than prior years. The 2026 Load Forecast published by PJM in January 2026 continued to show load growth over the planning horizon, albeit at a slightly slower initial pace than forecasted in the 2025 Load Forecast.²¹⁶

In January 2026, The National Energy Dominance Council, an advisory body within The White House, along with a group of State Governors, issued a statement of principles²¹⁷ urging PJM to expeditiously file for Tariff changes at the FERC, including to address the following:

- (i) Implement a Reliability Backstop Auction for the 2027/2028 planning year wherein the cost of any incremental capacity acquired be allocated to data centers that have not self-provided generation or agreed for their load to be curtailable,
- (ii) Extend existing price collars to the next two capacity auctions (2028/2029 and 2029/2030 planning years),
- (iii) Embark on a stakeholder process to reform capacity markets,
- (iv) Improve load forecasting to ensure large loads are verified, and
- (v) Accelerate ongoing generator interconnection studies.

It is noted that the National Energy Dominance Council does not have independent regulatory authority over PJM or FERC-jurisdictional tariff and while it may recommend actions to PJM it cannot direct PJM or FERC to embark on market reforms.

Based on public releases, in January 2026 PJM's Board took the recent capacity auction outcome as a clear signal that current trends within the market warrant corrective action to ensure that the region's supply/demand balance and reserve margins are restored to a level that ensures reliability for existing customers and new large load additions to the market. PJM's Board issued a letter to stakeholders on January 16, 2026²¹⁸ regarding the Critical Issue Fast Path ("CIFP") accelerated stakeholder process for large load additions. The PJM Board directed PJM Staff to implement, subject to FERC approval as applicable, the below transitional measures while the industry and the government work collectively to bring more supply to the system to meet unprecedented growth in demand (the "CIFP Outline"):

- (i) Implement load forecasting improvements to refine projections for the 2027 forecast, including state and 3rd party review of large load additions.

²¹⁶ Source: 2026 PJM Load Forecast Report (dated January 14, 2026).

²¹⁷ Source: US Department of Energy, Statement of Principals Regarding PJM (issued January 15, 2026).

²¹⁸ Source: PJM "Inside Lines" Press Release, Board Decisional Letter on Critical Issue Fast Path - Large Load Additions (issued January 16, 2026).

(ii) Pursue a Voluntary Bring Your Own New Generation (BYONG) and Expedited Interconnection Track wherein large loads bring their own incremental generation to the system to offset their requirements and provide for an alternative expedited path to be in place by August 2026. The expedited timing would allow certain shovel-ready resources to execute generation interconnection agreements (GIAs) and provide for a faster path to construction and network upgrade certainty.

(iii) Implement Connect and Manage (demand response) process by year end 2026 for large load customers.

(iv) Immediate initiation of Reliability Backstop Procurement to procure additional capacity to meet reliability requirements and ensure resource adequacy is met for the 2027/2028 capacity year.

(v) Perform a Comprehensive review of investment incentives in the PJM Market in the first half of 2026 to assess whether market design is appropriate to attract timely new supply to enter the market.

(vi) Request for written stakeholder comment regarding whether the administrative price collars in place for the 2026/2027 and 2027/2028 auctions should be extended for 2 additional auctions to 2028/2029 and 2029/2030.

On February 27, 2026, the PJM Board made a filing, subject to FERC approval, to extend the administrative price collar to 2028/2029 and 2029/2030 capacity auctions. The remaining steps are under review and consideration, including with respect to potential future capacity years under (iv) above. CPV Group is acting to advocate for its Low Carbon Projects to qualify for the Reliability Backstop Procurement, however, there is no certainty as to the outcome of the above initiatives, their terms or if the timeline will be adopted as planned. Therefore, at this stage there is no certainty as to the implications of the above initiatives on the capacity auctions in the long term or CPV Group's Low Carbon Projects.

Subject to changes in timetables, if any, as of the approval date of the Report, the next capacity auction of PJM for the 2028/2029 capacity year is planned for June 2026.

For additional information on the capacity tariffs, see Section 3C of the Board of Directors Report.

Interconnection Procedure

The increasing demand for renewable energy in recent years across the U.S., led to an increase in demand for connections to the grid and requests for connection surveys of projects to the grid. These demands cause overload and delays in processes for approving the connection and may affect the procedure and pace of advancing development projects. The PJM Interconnection Reform, which was designed to regulate the process of addressing the large backlog of interconnection applications by PJM, was approved by FERC (subject to conditions) and became effective January 2023. Under the current protocol, PJM holds a comprehensive, three-phased interconnection analysis procedure that applies to all

applicants who have filed an interconnection application within the relevant time frame. At the end of the three phases, there is a period during which entities are able to engage in interconnection agreements. However, projects that do not need grid upgrades are allowed to progress to the interconnection agreement phase after the first two stages.

In the opinion of the CPV Group, the outcomes of the interconnection analysis have caused or may cause a longer period (approx. 2-3 years) or delays in the development of certain projects in the PJM Market²¹⁹, and additional costs as may be required because of grid upgrades, in which also may affect the interconnection process timeline.²²⁰

It is noted, that in February 2025, FERC approved PJM's "Reliability Resource Initiative" ("RRI") which aims to address anticipated capacity shortfalls by accelerating the interconnection of up to 50 generating projects that meet certain criteria. Qualifying projects will be advanced into the next interconnection cycle, Transition Cycle #2. During 2025, the CPV Group submitted an application (including required collateral) for its Oregon Low Carbon Project (currently a project under development as detailed in Section 8.10(a) below) to be included under this accelerated interconnection process. Taking into account the interim results of the interconnection studies received during Q4 of 2025, at this stage and as of the approval date of the Report, the CPV Group did not advance the Oregon Project in the framework of an accelerated interconnection process. The CPV Group is continuing to examine various alternatives for advancement of the development project and there is no certainty as to their outcome at this stage.

(b) The NYISO market²²¹

The NYISO market has operated since 1999 and is one of the most advanced electricity markets in the United States and around the world. The NYISO market includes about 38 GW of generating capacity and more than 18,000 kilometers of transmission lines, serving 20 million residents with a peak demand forecast of approx. 32 GW for 2026. The market is divided into 11 pricing zones. The pricing of the electricity and capacity varies among the zones due to transmission constraints between zones and the available supply and demand. The NYISO electricity market includes a Day-Ahead and Real-Time market for the sale of electricity and other ancillary services. In addition, the NYISO has operated a capacity market

²¹⁹ For details about the backlog of projects under development by the CPV Group in the PJM Market (and which are affected by the grid connection processes and requests for grid connection surveys of projects as stated in section 8.1.2.2(a) above) see Section 6b of the Board of Directors Report.

²²⁰ The statements made above regarding PJM's reform, including the assessments as to time frames and processes, and in connection with the effects of PJM's reform on the CPV Group's projects, include forward-looking information as defined in the Securities Law, whose materialization and the manner materialization are uncertain, and which are dependent, among other things, on factors outside the Company's control. In practice interconnection procedure could materially affect development stages and costs of CPV's projects as a result of various factors (such as grid upgrades, volume of applications etc.).

²²¹ Source: 2025 Load & Capacity Data Report NYISO (dated April 2025).

since 2003 with capacity prices set through monthly spot auctions, and the ability to sell capacity forward across two six month seasonal auctions. Capacity payments are independent of the amount of electricity generated, although taking on a capacity obligation requires a resource to participate in the daily energy market. Similar to the PJM Market, the NYISO market capacity payments are made as part of a mechanism for centralized purchase of capacity. For additional details, see Section 3C of the Board of Directors Report. The electricity prices are determined on the basis of the marginal price on the market.

(c) The ISO-NE market²²²

ISO-NE is responsible for managing the day-to-day operation of the New England transmission system, as well as operating the wholesale electricity and capacity markets in New England. ISO-NE was created in 1997 to operate the wholesale power market under the direction of the New England Power Pool (“NEPOOL”). In 2005, ISO-NE became an independent RTO. NEPOOL became the exclusive stakeholder advisory organization to ISO-NE. ISO-NE has authority over the day-to-day operation of the power system, market administration, transmission planning, and resources adequacy. The ISO-NE oversees an area covering Connecticut, Massachusetts, New Hampshire, Rhode Island, Vermont, and most of Maine. The ISO-NE serves about 15 million residents, generating about 29 GW, with a peak demand of about 27 GW in summer 2025²²³. ISO-NE administers more than approx. 9,000 kilometers in transmission lines ranging from 115kv to 345kv and includes 13 transmission interconnections to neighboring control zones - New York, Quebec, and New Brunswick. ISO-NE is a non-profit FERC-regulated entity which operates pursuant to a tariff on file with FERC.

The ISO-NE market includes a Day-Ahead and Real-Time Energy Market for the sale of electricity, a Day-Ahead co-optimized reserve market, and a Forward Capacity Market with auctions that run three years in advance of the delivery period. Since the last capacity auction was held in February 2024 for the 2027-2028 delivery period (FCA 18), ISO-NE has received approval from FERC to suspend subsequent auctions as it redesigns its capacity market into a prompt auction, the first of which will be held in May 2028 for a June 2028/May 2029 delivery period. In December 2025, ISO-NE and NEPOOL filed with the FERC a proposal to permanently change its Forward Capacity Market design to a “prompt auction” design going forward. ISO-NE has announced plans to file further changes to its auction design to shift from an annual auction, to two six-month seasonal auctions, similar to NYISO’s strip auction design. Both components of this new design are expected to be implemented, subject to FERC approval,

²²² Source: ISO-NE website.

²²³ Source: ISO-NE Summer 2025 Quarterly Markets Report (dated November 12, 2025).

for the next capacity auction which is expected to run in May 2028, for the capacity supply period between June 2028 and May 2029.²²⁴

CPV Towantic, went into commercial operations in this market in 2018 and received a capacity obligation in the auction with a price that was fixed for seven years, subject to certain price escalators. That seven year price lock expired in May of 2025 and the plant is now subject to pricing obtained through future annual and monthly auctions, and potentially through bilateral agreements with the energy suppliers in the market. For additional information, see Section 8.1.3.6(c) below and Section 3C of the Board of Directors Report.

(d) ERCOT

The CPV Group's Basin Ranch project (which commenced its construction stage in Q4 2025) is expected to operate in the ERCOT market subject to and upon its completion. ERCOT manages the flow of electrical power to more than 27 million customers in the state of Texas, representing approx. 90% of Texas' electrical load. ERCOT schedules power on an electric grid that connects more than 54,100 miles of transmission lines and 1,250 generation units, including private use networks. ERCOT operates as an energy-only market with real-time, day-ahead, and ancillary service markets, and also performs financial settlement for the competitive wholesale bulk-power market and administers retail switching for 8 million premises in competitive choice areas. ERCOT is governed by a board of directors, subject to oversight from the Public Utility Commission of Texas and the Texas legislature. Its members include consumers, cooperatives, generators, power marketers, retail electric providers, investor-owned electric utilities (transmission and distribution providers) and municipal-owned electric utilities.^{225, 226}

ERCOT operates as an independent system operator (ISO) and is responsible for the reliability of the electricity grid and operation of the competitive wholesale electricity market. As noted above, ERCOT is singular in that it operates solely within the borders of Texas, under local Texas regulation (PUCT), and is not subject to the Federal Energy Regulatory Commission ("FERC") oversight. In general, ERCOT operates independently from electricity transmission systems in west and east Texas. ERCOT has a competitive wholesale electricity market, which includes a Day-Ahead market and a Real-Time market for sale of electricity and ancillary services. ERCOT does not operate a capacity market, in contrast with the markets in PJM,

²²⁴ Source: ISO-NE website.

²²⁵ Source: ERCOT website.

²²⁶ For further details regarding the Basin Ranch project, see Section 8.10(a) below.

NYISO and ISO-NE, instead relying on the higher volatility in energy prices to incent new resources where and when needed on the grid to maintain reliability.²²⁷

As of the approval date of the Report, there has been significant growth and continuing demand in the ERCOT electricity market – this being due to, among other things, a rapid increase in the population of Texas, expansion of the industrial activities, an increase in the demand for electricity from energy-intensive segments, such as, data centers, crypto miners, as well as significant efforts to electrify the oil and gas infrastructure primarily in the Permian Basin area in and around the location of Basin Ranch.

In recent years, the maximum demand for electricity in the ERCOT system reached new record highs, and the forecasts published by ERCOT indicate an average annual growth rate of 13.6% in the demand for energy up to 2031²²⁸.

Basin Ranch is expected to be exposed to risks relating to the energy prices and market conditions and is expected to enter into hedging agreements as further detailed in Section 8.1.1.6(b) of this report.

8.1.3 Changes in the sector's scope of activity and profitability

The energy sector in the United States is affected by global and domestic trends. Progress and expansion of energy-based technology (such as AI in 2025 and large expansion of data centers), electrification trends, disruptions to the supply chain, government levies and tariffs, exchange and interest rates, federal, state and ISO policies and regulation all affect the activity of the energy sector, as well as the pace and change trends to the energy infrastructures and the energy markets. For the discussion regarding factors and trends affecting the CPV Group, see Section 3 of the Board of Directors Report.

8.1.3.1 Policy and Regulatory Changes

The entry of the Trump administration in January 2025, introduced regulatory and tariff changes that impact the energy sector, particularly regarding reducing support to renewable energy and imposing increased tariffs on import of goods, equipment and raw materials to the U.S., which, among other things, are used to construct and maintain power plants and energy generation facilities.

Trump Administration Changes of Policy relating to Renewable Energy and Tax Benefits

²²⁷ Source: ERCOT website. For details regarding the risks related to the exposure to high volatility prices in this market, see Section 8.21 below.

²²⁸ Source: Report "Capacity, Demand and Reserves (CDR) in ERCOT Region" (dated December 19, 2025). It is noted that the assessment regarding demand growth in this market constitutes a forward-looking statement, which is uncertain and is affected by factors which are not under CPV Group's control.

Since assuming office the Trump Administration has issued executive orders to promote fossil fuel production and reduce support and permitting for renewable energy, unlike the former administration.

One Big Beautiful Bill Act (OBBBA)

On July 4, 2025, the OBBBA was passed into law, which includes, among other things, legislative changes relating to the set of federal tax benefits, which are relevant to the renewable energy activities of the CPV Group in the U.S. The OBBBA includes changes to the 2022 Inflation Reduction Act mentioned in Section 8.1.5 below.

In brief and as relevant, pursuant to the provisions of the OBBBA and the “safe harbor” rules (lenient threshold conditions), in order to comply with the applicable conditions for receipt of the tax benefits (ITC and PTC, see Section 8.1.4 below), renewable energy projects (solar and wind) will be required to start the construction (as this term was defined by the U.S. Internal Revenue Service, as detailed below) no later than July 4, 2026 (12 months from the date of enactment of the OBBBA) and to complete it no later than the end of the year that includes the fourth anniversary of when construction began or if their construction starts after July 4, 2026, to complete it no later than the end of 2027. The tax benefits for eligible projects could range between 30% and 50% of certain costs of the project.

In addition, the OBBBA provides new rules for a Foreign Entity of Concern (FEOC), which prevents receipt of tax benefits for projects that acquire equipment or operate under a financial structure that provides “effective control” to parties in the countries defined in the OBBBA (China, North Korea, Russia and Iran). These restrictions do not apply to projects the construction of which started before the end of 2025. The OBBBA restricts the possibility of transferring the credit to a third party (transferability) if the receiving party is considered an FEOC.

With respect to low carbon facilities, the OBBBA increases the value of the tax benefit under Section 45Q for re-use of carbon for purposes of increasing the production of crude oil or another generation process (“enhanced oil recovery”), from USD 60 to USD 85 per ton and left unchanged (at USD 85 per ton) the tax benefits for carbon dioxide that is separated out (for further details in connection with the benefits under the IRA – see Section 8.10 below). Also, the OBBBA restores the possibility of deducting as an expense the full cost of the investment in qualifying assets, as they are defined in the OBBBA, as a depreciation expense in respect of assets acquired or placed into service after January 19, 2025.

The OBBBA also made significant changes to the U.S. Department of Energy’s Loan Programs Office (LPO) and reshaped its role in energy infrastructure financing. In particular, the OBBBA reoriented the Section 1706 Energy Infrastructure Reinvestment program to support projects that did not previously qualify, including midstream fossil fuel infrastructure, baseload generation and grid stability resources.

Further to that stated above with reference to the entitlement to tax benefits for wind and solar projects pursuant to the OBBBA, on August 15, 2025, the U.S. Internal Revenue Service (IRS) published new guidelines regarding the term “commencement of construction” as part of the safe harbor rules for wind and solar projects where the start of their construction is expected to take place up to July 4, 2026. The guidelines, which entered into effect in September 2025, cancel, among other things, the possibility of relying on “the 5% test” (which allowed recognizing the commencement of construction when at least 5% of the project’s total costs have been incurred), but leaves in effect “the physical work test”, which requires performance of physical work of a significant nature – such as excavation, foundation work or manufacture or installation of certain significant parts – in order to comply with this definition. As of the approval date of the Report, the CPV Group has undertaken steps intended to satisfy the physical work test under the new guidelines with respect to several renewable development projects totaling approx. 1.9 GW.²²⁹

As of the date of approval of the report, the CPV Group has invested, and is expected to make additional investments, in an aggregate amount estimated at tens of millions of dollars in the aforementioned projects, primarily for the procurement of equipment. The CPV Group is continuing to monitor the changes being advanced by the Trump Administration and to examine their impacts. In the estimation of the CPV Group, as of the approval date of the Report: (A) regarding the activities of the CPV Group in the natural gas area, including future potential for addition of carbon capture, the said directives should have a positive impact on the general sentiment and the business environment; and (B) regarding the activities of the CPV Group in the renewable energy area, the OBBBA and the said directives are not expected to have a negative impact on its operational projects, its projects under construction and projects in the development stage projects that should be entitled to tax benefits under the new legislation as described above. Concerning development projects that will not be entitled to tax benefits under the new legislation, in the estimation of the CPV Group as of the approval date of the Report, continuing demand for electricity from renewable energy should support an increase in the electricity prices along with a possible decline in the equipment prices and possible changes in government policies, could fully or partly compensate for the impact of cancellation of the tax benefits and, thus, reduce the impact of the OBBBA on the economic worthwhileness of the said projects. Nonetheless, there could be delays in the development of projects in such a manner that the OBBBA could have an unfavorable impact on the projected start dates of the construction²³⁰.

²²⁹ This is forward-looking information that refers to projects under development that are subject to completion of development and construction.

²³⁰ That stated above, inter alia, regarding the “safe harbor” rules for renewable energy projects and the steps taken by the CPV Group (including expected investment amounts and the possibility of compliance with such rules in whole or in part at such capacity), regarding a positive impact on the general sentiment in the business environment of the CPV Group’s natural gas activities, the absence of a negative impact of the new legislation on the list of projects in construction and development stages that are expected to be eligible for tax benefits under the new legislation or as currently anticipated, and relating to the demand for renewable energy and an increase in prices (and scope) with respect to projects that are
(cont’d)

Trump Administration Changes of Policy Relating to Tariffs

In 2025, the Trump Administration introduced significant uncertainties into global trade and supply chains by imposing a range of tariffs on imports of equipment and raw materials used in energy projects, which has generally affected project costs, including those of CPV Group. In particular, President Trump invoked the International Emergency Economic Powers Act (“IEEPA”) to impose a series of sweeping tariffs, including: (1) tariffs ranging from 10% to 35% on certain imports from China, Canada, and Mexico, and (2) “reciprocal” or “baseline” tariffs of up to 50% on imports from virtually all countries. On February 20, 2026, the U.S. Supreme Court held that IEEPA does not authorize the President to impose tariffs under IEEPA. Notwithstanding this court ruling, at this time, the effect of existing and future tariffs remains uncertain.

In addition to the IEEPA tariffs, the Trump Administration has used Section 232 of the Trade Expansion Act of 1962 to impose sector-specific tariffs on several products, including many products used in energy projects. Section 232 allows the U.S. Department of Commerce (“Commerce”) to investigate imports that may give rise to national security concerns and provide recommendations to the president, who can then impose tariffs or other measures with respect to such imports. As of filing date, there are Section 232 tariffs of 50% on steel and aluminum products and their derivatives (subject to certain country-specific adjustments). “Derivatives” include a wide array of downstream products.

Tariffs or other restrictive measures imposed have effected CPV Group’s business and could have a direct or indirect negative impact on CPV Group’s business, as these measures increase the cost of imported products needed for energy projects. Additional tariffs are imposed on solar cells and modules from all countries under the Trade Act of 1974 which may impact costs of solar projects’ equipment and additional tariffs are imposed on import from China. Separately, Commerce and the International Trade Commission have in recent years imposed significant antidumping (“AD”) and countervailing (“CVD”) duties on imports from countries in Southeast Asia, which are intended to offset the value of dumping and/or subsidization by other countries and level the playing field for domestic industries. Commerce currently has active orders in place that impose AD/CVD duties on solar cells and modules from Cambodia, China, Malaysia, Taiwan, Thailand, and Vietnam, and there is an ongoing investigation into

not eligible for tax benefits, a possible decline in equipment prices and/or reduction of the impacts of the Law on renewable energy projects, constitutes “forward-looking” information as it is defined in the Securities Law, which is based on the estimates of the CPV Group, as of the approval date of the Report, and on an assumption regarding high demand for renewable energy on the part of significant consumers, and regarding which there is no certainty they will be realized or the manner of their realization. In addition, the projects are in development stages as stated above and there is no certainty as to their implementation. As of the approval date of the Report, the manner of the impact of the new legislation on the renewable energy sector in the U.S. has not yet been fully clarified or internalized at this stage. Therefore, as part of the process of internalizing the legislation (including updates, if any, or changes in other regulations), there could be changes in the sector the results of which will be different than the said estimates, including changes that could have a significant negative impact on the activities, including on projects of the CPV Group in the area. In addition, changes in federal and/or state policy, changes in legislation and regulation in the field, market conditions, price changes, demand, and continued investments in the field may affect the manner of realization of such estimates.

solar cells and modules from India, Indonesia, and Laos. AD/CVD duties have also been placed on large power transformers from South Korea.

At present, there is considerable uncertainty regarding the full extent of the impacts of the foregoing tariffs and duties, as well as new trade agreements and ongoing trade negotiations on the cost of equipment for energy projects. In general, Tariff changes have and could continue to affect the equipment costs (both in the areas of renewable-energy and natural-gas) and trigger disruptions in the supply chain and, ultimately, lead to an increase in the construction or maintenance costs of projects. For risks associated with changes in regulation, including as a result of tariffs, see Section 8.21. As of the approval date of the Report, the CPV Group is following the policy changes of the Trump Administration and any additional executive orders, if any, imposing of tariffs or other levies, as well as legal proceedings on these matters or macro events. As of the approval date of the Report, there is no certainty as to the entire scope of the policy change in practice or its full impact (which may be different than the above).²³¹

8.1.3.2 Trends in energy demand

The United States demand for electricity has started to increase after nearly a decade of limited or flat growth. In 2010 and 2020, total electricity consumption in the United States was approx. 3,900 TWh, whereas in 2026 it is expected to be approx. 4,200 TWh.²³² The system operators in areas in which CPV Group primarily operates, PJM, NYISO and ISO-NE, are expecting annualized growth rate between 0.7 -2.4% summer peak load growth over the next 10 to 20 years.²³³ PJM expects its summer peak to climb about 85,000 MW to 241,000 MW over the next 15 years. ERCOT forecasts indicate an average annual growth rate of 13.6% in the demand for energy up to 2031²³⁴. Load growth is increased mainly due to data centers and electrification of the economy. Industry estimations are that the US data center load is approx. 15 GW currently and expected to more than double by 2030 to approx. 35-45 GW. The higher load growth combined with fewer new dispatchable resources as discussed in Section 8.1.3.3 may affect the overall level of electricity prices and capacity and on the volatility in prices. Such increase and its implications on the electricity and capacity markets may be affected by technology or market developments relating to the energy needs of hyperscalers (major cloud service providers operating massive, scalable data center

²³¹ The statements made above regarding CPV Group estimations with respect to the effects of executive orders or other regulatory changes imposed by President Trump, constitute forward-looking information as defined in the Securities Law, whose materialization and the manner of materialization are uncertain, and which are dependent, among other things, on factors outside the Company's control and/or non-realization of any risk factor. In practice, such changes may be impacted by, among others, the policy of regulators and/or courts rulings, macro effects, effect on suppliers and/or the relevant characteristics of different projects/technologies.

²³² Source: U.S. Energy Information Administration, 2025 Annual Energy Outlook (dated April 2025).

²³³ Source: PJM Press Release (dated January 14, 2026).

²³⁴ Source: PJM (2026 Load Forecast Report, January 2026), ISO-NE (2025 Report of Capacity, Energy, Load and Transmission (CELT Report)), NYISO (2025 Load and Capacity Data (Gold Report)), ERCOT (2025 Capacity Demand and Reserves (CDR Report)).

infrastructures) which require reliable, firm 24/7 power in a tight geographical area. However, prices for electricity and capacity may also be adversely impacted by changes in technologies developments or changes in regulation, governmental policies, market reform or other factors intended to address or mitigate the drivers of such demand increase in electricity and their impact on the energy market.²³⁵

For details regarding PJM's CFP Outline which is intended to deal with the expected increasing demand resulting from hyperscalers see Section 8.1.2.2 above.

8.1.3.3 Trends in energy sources and renewable energy

The United States electricity market, in which the CPV Group operates, is the largest private electricity market in the world, with approx. 1,300 GW in installed capacity. The generation mix has changed significantly over the last several years. Coal comprised over 50% of the electricity supply since the 1980s. However, in 2016, natural gas overtook coal as the primary fuel source for electricity generation in the United States and remained the leading resource for generation capacity additions until 2019. Natural gas currently accounts for approx. 43% of the electric generating capacity in the United States. In 2020, both solar and wind outpaced gas-fired generation additions and since 2021 solar power has been the leading source of new utility-scale capacity in the United States. These changes have been driven by federal and state-level environmental policies, as well as the relative cost of the fuel sources and technological progress. These factors also have greatly contributed to the growth in renewable technologies over the last several years. In this context, it should be noted that alongside the demand for renewable energy (also as previously stated in Section 8.1.2.2(a)), environmental goals of large programmatic and commercial and industrial customers were driving demand for renewable energy.²³⁶

The transition in the United States to renewable energy and low-carbon emission generation has been accelerating in recent years. Hydroelectric generation was a mainstay of the industry from its early days, and certain parts of the country have a significant resource base thereto. During the past decade there has been a significant decrease in the less efficient, less flexible coal fired generation, mainly due to the introduction of more efficient power plants (combined cycle), while, as of the date of the Report, coal still accounts for approx. 15% of total electricity production in the United States. While in recent years there has been a significant increase in the capacity of power plants powered by wind and solar energy (which now account for approx. 12% and 10%, respectively, of the nation's electric generating capacity), firm, dispatchable capacity produced by combined cycle gas generation as well as other sources remain key to meeting the increasing energy demands as detailed above while

²³⁵ The above estimation on demand growth and effect on energy industry prices constitutes forward-looking information which is based on the current near terms projections which in practice may not materialize or may have different impacts on prices due to factors that are not within the CPV Group's control (such as regulation that will limit the effect of such increase on power generators).

²³⁶ Source: The American Public Power Association: 2025 Update (dated April 2025).

maintaining system reliability. A key factor driving the increase in renewable technologies are state policies supporting the decarbonization of the economy which includes energy, transportation, and heating. As of the date of the Report, 24 states plus the District of Columbia and Puerto Rico have enacted mandatory generation targets using renewable energy to support demand, and other states have policy targets aimed at reducing CO₂ emissions.²³⁷ Plans implemented by states for renewable energy development require local utility companies to acquire a certain percentage of electricity from renewable sources, and utilities commonly meet these obligations by acquiring and retiring renewable energy certificates (RECs) that represent renewable electricity generation and are tradable throughout the United States. In addition, in the years preceding Trump Administration, federal and state tax policies have incentivized investment in certain low or no carbon technologies through Production Tax Credits (PTC), which provide a tax benefit for every KW/h generated by renewables during a ten-year period and through Investment Tax Credits (ITC), which provide tax benefits based on the amount of investment made in a renewable or battery storage project; and tax credit for carbon emissions that either used or sequestered. In 2022 the Inflation Reduction Act (the “IRA”), which provided additional incentives for renewable energy and low emission generation projects, became effective. For additional discussion regarding the IRA and such arrangements, see Section 8.1.5 below. For details regarding the changes in such policies under the OBBBA, see Section 8.1.3.1 above.

Despite the general assumption that electricity production using renewable energy reflects lower variable costs, these means of production depend on production resources (wind or solar) that are not available 24/7 consecutively and are subject to uncontrollable nature conditions; therefore, to maintain a reliability of supply, there is a need to have in place means for storage of electricity or other means to produce electricity to support demand when production using wind or solar is not available. A change in the integration of resources in the United States is expected to affect both the overall level of electricity prices and capacity, but also the instability in prices as stated above.

Despite U.S. federal policy shifts and supply chain challenges, as of report date, CPV Group believes there is still demand for renewable energy in the US based on above trends.

The information of this section about trends in energy generation and supply, including the policy of regulators, applicable tax benefits, trends affecting demand, costs and prices, includes forward-looking information, as defined in the Securities Law, and there is no certainty as to its materialization; the above may be adversely affected, among other things, by changes in federal or state policy, changes in law and regulation, market conditions, change in prices, demands and continued investments in the field.

²³⁷ Source: The Clean Energy States Alliance (<https://www.cesa.org/projects/100-clean-energy-collaborative/guide/table-of-100-clean-energy-states/>).

8.1.3.4 Additional Trends affecting profitability in the area of Energy Transition

Electricity and natural gas prices are key factors in the profitability of the CPV Group, as well as capacity prices in the operating areas of the power plants of the CPV Group. A number of variables impact the profitability of the Energy Transition power plants of the CPV Group, including the price of various fuels, the weather, load increases and unit capacity, which cumulatively affect the gross margin and the profitability of the CPV Group.

The price of natural gas is significant in setting the price of electricity in most territories where the CPV Group has projects. Overall, some of the CPV Group's projects benefit from their locations on interstate pipelines to support increasing demand²³⁸. The natural gas prices are impacted by numerous variables, including demand in the industrial, residential and electricity sectors, productivity and supply of natural gas, natural gas production costs, location and changes in the pipeline infrastructure, international trade and the financial profile and the hedging profile of natural gas customers and producers. In addition, the price of imported liquefied natural gas affects the natural gas prices during the winter in New England and New York, which has a direct effect on the Towantic and Valley power plants.

In general, in 2025, the average natural gas prices in the markets of CPV's operating Energy Transition projects increased compared with average prices in 2024. In the opinion of the CPV Group, the increase arises, among other things, from relatively colder weather in the first and fourth quarter of 2025, which led to a rise in demand for natural gas and an increase in price in the regions in which CPV Group's power plants operate. For additional details on changes in the electricity and gas prices during the Report period in the markets in which CPV Group operates, see Section 3.3H of the Board of Directors Report.

In general, in the current generation mix of less efficient units compared to those of the CPV Group, the higher the gas prices on a continuing basis – the marginal energy prices of the CPV Group facilities are expected to be higher and to have a positive effect on the CPV Group's energy margins due to the efficiency of its power plants relative to other power plants operating in the relevant markets (the effect of gas prices may be different from the above for different projects due to their characteristics and location or in cases of short-term high volatility in natural gas prices).²³⁹ For details, see Section 3A' of the Board of Directors Report. This effect may be partially or fully offset by hedging plans in respect of some of the electricity and capacity margins, with the aim of moderating the volatility in the commodities market in general and the energy and natural gas prices in particular. During the reporting period,

²³⁸ It should be clarified that each power plant may be affected by additional factors in a way that will not manifest the aforementioned advantages.

²³⁹ The aforesaid regarding the effects of natural gas prices on the profitability of the CPV Group is forward-looking information as defined in the Securities Law, based on assessments of the CPV Group and certain assumptions in accordance with the characteristics of its operations as of the date of the Report only, and there is no certainty that it will materialize. The aforesaid may change due to various factors, including project characteristics, high volatility of gas prices and resulting from various circumstances and/or factors beyond the control of the CPV Group.

hedging agreements and future sale agreements are in place for the Energy Transition power plants for a portion of the output. For details on the amount of hedged energy for the year 2026 in Energy Transition power plants, see Section 4D' of the Board of Directors Report.²⁴⁰

Moreover, the profitability of the CPV Group is affected by the availability of the power plants, due to the ongoing operation and maintenance work, as well as scheduled and non-scheduled maintenance work or unplanned outages. For information in connection with the availability of the power plants, see Section 8.9 below and Section 3C' of the Board of Directors Report.

In addition, many of the components required for the purpose of building Energy Transition or renewable energy projects are dependent on global suppliers, and generally local supply options are unable to meet the demand. The energy sector, including the value and costs of the CPV Group's projects is affected by a policy whose objective is to increase local production (see the information about the IRA described in Section 8.1.5 below), by tariffs and levies placed on products required to build facilities, and by global disruptions to the supply chain. For more information, Including regarding tariffs on imports from various countries, see Section 8.1.3.1 above.

It should also be noted that reliability concerns and limited new conventional generation in certain areas are also effecting the trends in the Energy Transition segment.

8.1.3.5 Trends in energy prices

For information about average electricity and gas prices in each of the major markets in which the CPV Group's projects operate for 2024 and 2025 as well as the energy margins, see Section 4D' of the Board of Directors Report.

8.1.3.6 Capacity payments

(a) The PJM Market

In the PJM Market, capacity payments vary between sub-zones in the market, as a function of local supply and demand and transmission capabilities. In 2025 capacity payments in PJM increased significantly, based on the CPV Group's assessment, primarily due to an increase in the demand forecast as well as an increase in required reserve margin and a decrease in overall supply due to change in generation resource capability calculated by PJM to include their effective load carrying capability. For the capacity rates in the sub-zones relevant to the projects of the CPV Group and in the general market, see Section 3C' of the Board of Directors

²⁴⁰ The estimated scope of hedging and the electricity margins that are actually hedged may change due to new hedges and/or sales of capacity that are put in place or changes in market conditions. The aforesaid in relation to the hedging scope, the hedging periods, the hedging policy and their potential impact is forward-looking information as defined in the Securities Law, based on the CPV Group's assessments and forecasts only as of the date of the Report, the materialization of which is uncertain. The hedging policy and hedging transactions (current or future) are, subject to changes, in accordance with the CPV Group's business considerations, with the market conditions and the hedging parties' requirements.

Report. For details regarding capacity auctions, including updates therein, see Section 8.1.2.2(a) above.

(b) The NYISO market

Similar to the PJM Market, in the NYISO market, capacity payments are made as part of a centralized capacity purchase mechanism. The NYISO market has a number of sub-markets, which may have different capacity requirements as a function of local supply and demand and transmission capacities. NYISO holds seasonal auctions every spring for the coming summer (May to October), and in the fall for the coming winter (November to April). In addition, monthly supplementary auctions are held for the unsold capacity in the seasonal auctions. The power plants are permitted to guarantee the capacity payments in the seasonal and monthly auctions or through bilateral sales. The Valley power plant is located in Zone G (Lower Hudson Valley).

For the capacity prices set in the seasonal auctions held on the NYISO market, see Section 3C' of the Board of Directors Report.

(c) The ISO-NE market

Similar to the PJM Market, in the ISO-NE market capacity payments are made in the framework of a central mechanism for acquisition of capacity. The ISO-NE market has a number of sub-markets which may have different capacity requirements as a function of local supply and demand and transmission capacities. The Towantic power plant is located in the Mass Hub sub-market. Forward capacity auctions are held three years ahead for a given capacity year. In addition, monthly supplementary auctions are held for the unsold capacity in the forward auctions. For additional details, see Section 3C' of the Board of Directors Report.

It is noted that the ISO-NE market is in the midst of a comprehensive reform process with respect to the structure of the capacity market. For additional details on ISO-NE's and NEPOOL's proposal to change the Forward Capacity Market design, see Section 8.1.2.2(c) above.

8.1.4 Restrictions, legislation, standards, and special constraints applicable to the Group's areas of activity in the United States; restrictions and supervision on the corporation's activities

- (a) Generally speaking, the facilities of the CPV Group are regulated under local, state and federal regulation, including regulations dealing with protecting the environment and natural resources. The construction and operation of the CPV Group's Energy Transition power plants are subject to emission permits and restrictions in accordance with the federal Clean Air Act (hereinafter – "CAA"), in accordance with state laws and regulations that apply the CAA and in accordance with other federal and state environmental programs that may be applicable depending on the nature of the plants. Such state laws and regulations may be stricter than the provisions of the federal environmental statutes, depending on the state in which the power plant is based. Generally speaking, the CPV Group is required to hold major source

permits (that are mostly issued by environmental protection agencies in each state), prior to the commencement of the construction of a power plant as stated above. Depending on air quality in a certain region and its being in line with air quality standards in the region, the CPV Group may be required to obtain emission reduction credits in order to offset the potential emissions of each power plant (as is the case in connection with Energy Transition power plants that were or will be built by the CPV Group in New York, Connecticut and Illinois). Furthermore, the CPV Group's project companies are generally required to obtain Title V operating permits, in order to operate the said power plants. Such permits include regulatory standards that apply to air-polluting emissions for Energy Transition power plants, and relevant conditions that are to be met under the permits issued for those power plants. These standards include technology-based pollution control limitations, and also include restrictions on allowed emissions of SO₂ and/or NO_x on an annual basis or on the basis of "ozone" season for offsetting annual or ozone season emission, pursuant to the Federal Acid Rain Regulations (which applies in all states to annual SO₂ emissions from fossil-fuel fired power plants) and the Cross-State Air Pollution Rule. Most of the CPV Group's Energy Transition power plants are subject to the Cross-State Air Pollution Rule, which requires certain states in the eastern half of the United States ("upwind" states) to improve air quality by reducing NO_x and/or SO₂ emissions of power plants that cross state lines and contribute to smog and soot pollution in downwind states.

In 2015, the United States Environmental Protection Agency (the "EPA") revised its ozone gas standards and states were required to submit implementation plans by 2018 to comply with the new, more stringent standards. In February 2023, EPA disapproved of certain states' submissions; each of these states had proposed taking no action to revise their existing plans. In March 2023, EPA issued a federal implementation plan, called the "Good Neighbor Plan," covering 23 states which would impose requirements on fossil fuel-fired plants and industrial sources. The Good Neighbor Plan establishes an allowance-based NO_x emissions trading program for power plants in order to ensure that emissions from upwind states do not interfere with downwind states' ability to achieve and maintain compliance with the 2015 ozone national ambient air quality standard. There have been numerous lawsuits filed challenging the Good Neighbor Plan and related EPA actions and after the Supreme Court stayed implementation of the rule for those states which had sought such a stay, in November, 2024, the EPA issued an interim final rule staying enforcement of the Good Neighbor Plan with respect to all sources covered by the Good Neighbor Plan, not just those who were subject to prior judicial stays. On January, 27, 2026, the EPA proposed the first phase of its reconsideration of the Good Neighbor Plan. Under this rule, the EPA would approve eight state implementation plans that were previously disapproved under the previous administration's application of the Good Neighbor Plan. These eight states are: Alabama, Arizona, Kentucky, Minnesota, Mississippi, Nevada, New Mexico and Tennessee. Under this approach, these states will be deemed to have fulfilled their obligation to avoid interfering with other states' ability to meet the 2015 8-hour ozone standard. If the first phase of this plan is finalized, the EPA has indicated that it will approve the state implementation plans of five other states

(Arizona, Iowa, Kansas, New Mexico and Tennessee) which were previously disapproved by the prior administration.

- (b) Federal regulations require entities to report emission of greenhouse gases under the CAA. Furthermore, federal regulations are in place that impose restrictions on carbon dioxide emissions from new combined cycle power plants (whose construction commenced after January 8, 2014) or from renovated combined cycle power plants (whose renovation started after June 8, 2014). Some of the states may impose further regulations and restrictions in connection with emissions as stated above. For example, the CPV Group's natural gas-fired power plants in Connecticut, New York, New Jersey, and Maryland are subject to the Regional Greenhouse Gas Initiative (RGGI), that requires the CPV Group's natural gas power plants to hold a gas emission allowance, whether by auctions or through the market, in order to offset the carbon dioxide emissions of each facility. Regulated by the RGGI, an independent regulator that regulates auctions for carbon dioxide allowances, as well as activity in the secondary market, to ensure honesty and security in the market. For details regarding the 2025 RGGI prices, see Section 3B' of the Board of Directors Report.²⁴¹

A legal proceeding was held in the state of Pennsylvania regarding whether the sale of carbon dioxide allowances pursuant to Pennsylvania's carbon cap and trade budget program is an authorized "fee" or a "tax" that can only be imposed by the state legislature. On November 1, 2023, a Pennsylvania court ruled that the RGGI constitutes a tax that requires legislative processes in order to enter into effect. This decision cancels the Pennsylvania governor's plan to impose RGGI by means of an administrative decision. As of filing date, based on press release this initiative of Pennsylvania Governor was dropped at this stage.

- (c) In April 2024 the U.S. EPA published final rules (the "April 2024 GHG Rules") setting standards for greenhouse gases emissions' regulations in the framework of the CAA from existing coal-fired plants and new natural gas plants. Pursuant to the new rules, up to January 1, 2032, a reduction of emissions will be required at a carbon capture rate of 90% for coal-fired generation facilities that are expected to operate after 2039 and new baseload natural gas-fired generation facilities (that were not under construction as of May 2023). Less stringent requirements were provided for, among other things, existing coal-fired generation facilities that integrate natural gas fired generation that are expected to discontinue their operations prior to 2039. For new gas turbines, the regulations require that full baseload (as defined) generation through use of natural gas combustion will be executed with maximum utilization of efficient technologies in order to limit emissions to no more than 800 lbs. CO₂/MWh-gross until January 1, 2032, and thereafter a reduction to 100 lbs. CO₂/MWh-gross via 90% carbon capture or co-firing with hydrogen. Efficiency requirements and reduced emission restrictions were provided with respect to gas turbines that generate at a partial baseload or a low

²⁴¹ Source: The Regional Greenhouse Gas Initiative, Inc. RGGI Inc., a 501(c)(3) non-profit corporation set up in order to support the development and application of the RGGI. (https://www.rggi.org/sites/default/files/Uploads/Auction-Materials/60/PR060923_Auction60.pdf).

baseload. The various states would have two years to develop compliance plans for the existing coal plants but compliance for new natural gas plants (the construction of which started after 2023) is immediate. In July 2024, the U.S. Appeals Court rejected a request for an injunctive order filed by several state attorneys general with respect to the April 2024 GHG Rules, which was intended to stay their enforcement. In October 2024, the U.S. Supreme Court rejected a request to delay implementation of the April 2024 GHG Rules such that they would remain in effect so long as the court proceedings (deliberations) are ongoing. However, after commencing office, President Trump issued an executive order for all federal agencies, including the EPA, to review and identify existing regulations and policies that unduly burden domestic energy resources and develop and begin implementing plans to expeditiously suspend, revise or rescind the identified regulations and policies. Such reviews remain ongoing and it is not known what actions, if any, the EPA will take with respect to these rules. On June 11, 2025, the EPA proposed a rule that would repeal all greenhouse gas standards under Section 11 of the CAA applicable to the power sector, including the April 2024 GHG Rules.

To the extent is the April 2024 GHG Rules are implemented in the manner they were published, the development portfolio of the CPV Group, which includes wind energy and solar projects and Low Carbon Projects may benefit from a tailwind due to such regulation. In addition, in the estimation of the CPV Group its operational natural-gas powered power plants may have a competitive advantage under the said regulation in light of their high level of efficiency (as relatively new plants) along with entry barriers associated with the construction of new natural-gas powered power plants. If the proposed repeal is finalized, such effect on the CPV Group is uncertain at this time.²⁴²

As of the date of the Report, 24 states (including Maryland, New York, New Jersey, Connecticut and Illinois, states in which the CPV Group operates), the District of Columbia and Puerto Rico adopted legislative agendas and/or administrative orders in order to achieve carbon neutrality or 100% zero-emission electricity supply within the next 20-30 years.²⁴³ In its Title V application process, described in Section 8.1.4(j) below, Valley was required to address New York legislation on such matters.

²⁴² As of the approval date of the Report, there is no certainty regarding the actual impacts of the said regulation on the market and on the CPV Group, and the matter depends on, among other things, the policies and the manner of implementation of the rules (in whole or in part) by the relevant electricity authorities and entities, if implemented and as they will be from time to time, and/or on legal proceedings in connection therewith as well as operational factors and the scope of the executions of the CPV Group's development projects (if ultimately executed).

²⁴³ Source: The Clean Energy States Alliance (CESA), a bipartisan American coalition of state energy organizations that work together to promote the rapid introduction of clean energy technology and to spread the benefits of clean energy.

- (d) The CPV Group's Energy Transition projects are also subject to regulation under the federal Clean Water Act (hereinafter – "CWA") and related state laws in connection with any discharges of wastewater and storm water from these facilities. The CWA prohibits the discharge of pollutants into waters of the United States except pursuant to appropriate permits, including wastewater and storm water permits under the National Pollutant Discharge Elimination System (hereinafter – "NPDES"). The discharge of wastewater into public water sources may be subject to federal standards (depending on the source of the wastewater). For discharges from a facility that are directed to a publicly owned treatment works, the main regulator that regulates such discharges is, generally, a municipal authority that operates the system for treating the wastewater.
- (e) The projects of the CPV Group are also subject, as applicable, to requirements under federal and state laws governing the treatment, disposal and release of hazardous solid wastes and materials at or from its facilities, including the following laws (and related state laws): the federal Resource Conservation and Recovery Act (hereinafter – "RCRA") and the federal Comprehensive Environmental Response, Compensation, and Liability Act (hereinafter – "CERCLA"). RCRA requires owners and operators of facilities that generate and dispose of hazardous waste in third parties' sites to obtain facility identification numbers from the EPA and comply with the regulations that apply to storage and disposal of such waste. Facilities that store hazardous waste for periods longer than those set in the regulations, or which treat or dispose of the hazardous waste in the facility's site are required to hold such a permit and operate in accordance with the provisions of RCRA Subtitle C permits. It should be noted that as of the date of the Report the CPV Group's facilities are operated in a manner whereby they are not required to RCRA Subtitle C permits.
- (f) CERCLA, together with other state laws, stipulate that the current or previous owners, that operated facilities in which hazardous substances were discharged to the environment, or which transported waste containing hazardous substances to third parties' waste sites, might be held liable by the United States government, state agencies or private entities, in respect of response costs borne by such entities to investigate and treat pollution in the said sites, or that might be subject to orders to investigate and treat such pollution as issued by the EPA or state agencies (under state regulations). Parties that were found liable under the CERCLA might also be found liable to damages caused to natural resources as a result of discharge of waste as stated above. Generally, parties that were found liable under the CERCLA and similar state laws are not covered by the defense claim whereby they acted in accordance with the applicable law. Furthermore, the liability generally applies "jointly and severally"; that is to say, the liable party may be liable to a share of the response costs amount that is larger than its share in the disposal of waste in the relevant site.

- (g) The sites and operation of the CPV Group's renewable energy projects are subject to a variety of other federal environmental laws, including with respect to protection of threatened and endangered plant and animal species, such as the Endangered Species Act (ESA), the Migratory Bird Treaty Act, and the Bald and Golden Eagle Protection Act. These laws and their state and local equivalents provide for significant civil and criminal penalties for unpermitted activities that result in harm or nuisance to certain protected flora and fauna, including damage to their habitats. The CPV Group's operations in areas where there are threatened or endangered species, or in areas where there are critical natural habitats, may require certain permits or be subject to harsh restrictions or requirements to take protective measures in connection with these species. The CPV Group may also be prevented from developing projects in these areas. Furthermore, the CPV Group's Energy Transition projects are also subject to the said laws although to a lesser extent than wind and solar.
- (h) Projects that were awarded federal funding, or which are required to obtain a federal permit or other discretionary permit (except for a number of exceptions) are subject to the National Environmental Protection Act (hereinafter – "NEPA"), that requires federal agencies to assess the potential environmental impact of those permits and approvals. For example, if, due to the project's impact on the 'Waters of the U.S.', it is required to hold an 'Individual Section 404 Permit' issued by the United States Army Corps of Engineers (hereinafter – "ACOE"), which permits such an impact, then the project will be required to undergo an environmental impact survey under NEPA. The environmental impact survey might cause significant delays in the project's development, depending on the project's potential environmental impact. If a project is required to obtain federal approval, it will also be subject to the National Historic Preservation Act (hereinafter – "NHPA"), which requires federal agencies to consider the effects of federal projects on significant historic, cultural and archaeological resources. The CPV Group's project companies may be subject to other federal permits, licensing arrangements, approvals and other requirements by other federal agencies under various legislation, including the Advisory Council on Historic Preservation; the ACOE referred to above (in connection with the 'Waters of the U.S.');
- (i) The operations of the CPV Group are also subject to a number of federal and state laws and regulations designed to protect the safety and health of workers, including the Federal Occupational Safety and Health Act, and equivalent state laws.

- (j) Due to federal, state and local legislation and regulations, the CPV Group is required to obtain and hold various permits relating to power plant operations and environmental protection. These permits are required both due to the activities of the CPV Group's power plants involving generation based on natural gas and the impact of the generation process on the air and water around the facilities, and as a result of construction of the renewable energy facilities (wind farms and solar farms) that could constitute environmental hazards and adversely affect the area in which they are located. The main required permits or licenses (regardless of the different requirements of the various jurisdictions in which the power plants or facilities are located):²⁴⁴
- (1) The CPV Group's project companies are required to hold permits in order to operate and/or construct the power plants, the purpose of which is prevention or reduction of air pollution. The power plants may also be required to hold permits for discharging water and waste into the local sewer systems or into other water sources in the United States.
 - (2) Due to the height and location of the exhaust stacks and other components of the generation facilities, which could endanger air traffic, the power plants are required to hold a permit for construction of the stacks and additional components in the generation facilities. This permit is issued by the Federal Aviation Authority (FAA).
 - (3) Electricity production facilities using renewable energy are often required to hold coverage in accordance with general permits applicable to flood water and, the discharge of dredged and fill materials to the 'Waters of the U.S.'. Depending on the area of the affected site, these facilities may be required to obtain individual permits from ACOE in respect of those effects; however, generally, it is possible to build projects in places that will not require such permits.
 - (4) State and local permits for renewable energy facilities (the permit's requirements depend on the state in which the project is built and its location within the state).

As of the date of the Report, the CPV Group's operating power plants (except for Valley as detailed below), as well as those under construction, hold relevant valid permits for their operational and/or construction activities.

Valley commenced operations in January 2018 under a combined Air State Facility and a pre-construction Prevention of Significant Deterioration permit (hereinafter, jointly - the "ASF Permit"), among other permits and approvals. As a pre-condition for the ASF Permit and according to federal and state law, Valley was required to submit a Title V request (the "Title V Permit"; which is required to replace the ASF Permit) within one year of commencement of operation. Accordingly, on August 24, 2018, Valley filed its initial Title V Air Permit Application as required. Under the State Administrative Procedure Act of New York (SAPA) the ASF Permit was automatically extended and allowed Valley to continue its operation.

²⁴⁴ The general permit requirements are referring to renewable or Energy Transition power plants, if the CPV Group progresses the carbon capture component of the development projects, additional permits may be required.

On January 17, 2025, NYSDEC issued a “Notice of Complete Application” (NOCA) for Valley’s Title V Permit application along with a draft Title V Permit (for details regarding the process held preceding this notice, see Section 8.1.4(j) of Chapter A (Company’s Business Description) in the 2023 Annual Report). Following such notice, the remaining administrative permitting process includes several state and federal level procedures. The overall period of this process can reach approx. 18 (subject to any potential extensions).

During 2025 Valley achieved major permitting milestones required at the state level as follows: completion of legislative hearings; close of written public comment period; submission of comprehensive responses to public comments; confirmation by NYSDEC that no additional information was required; NYSDEC’s transmittal of the final draft permit to the EPA for federal review which took place on December 20, 2025. This initiates EPA’s 45-day review period, during which EPA’s review is focused on confirming that the proposed permit conditions comply with federal CCA requirements and that the permit conditions are federally enforceable. In case no objection, this EPA’s review is followed by a 60-day public petition period, currently expected through April 3, 2026.

During the 60-day public petition period third parties may request that EPA object to the Title V permit on defined scope. This step does not affect CPV Valley’s authority to continue operations. Following the public petition period, NYSDEC may issue the final Title V permit.

If the NYSDEC denies Valley’s Title V permit application (which, as of the filing date of the Report, CPV Group assumes as an unlikely result, based on its advisors), Valley is eligible to submit an administrative appeal on NYSDEC’s decision. If the appeal is submitted within the set timeframe, the relevant directive to the SAPA is expected to continue to apply and allow Valley to operate until the completion of the administrative process and determination in the administrative appeal. If an adverse decision is made after the administrative appeals process, Valley may appeal NYSDEC’s final decision to the New York Supreme Court. In this scenario, New York State law allows Valley to seek the court for an order allowing to continue its operation under the SAPA during the pendency of the court proceedings.

As of the date of the Report, Valley may continue to operate under the ASF Permit until a final determination (subject to the appeal process as explained above) is made regarding the Title V permit. Until the Title V permit is issued (if issued) the terms of the future financing agreements of Valley may be adversely affected (see Section 8.17 below regarding Valley’s financing agreement entered into in February 2026). As of the date of the Report, there is no certainty regarding receipt of the Title V permit or timing thereof.

It should be clarified that the assessments detailed above, including those regarding the actions of the NYSDEC in relation to the permit application, the timeline, the continued operation of Valley under the ASF permit, the expected impact on Valley, constitute forward-looking information as defined in the Securities Law, which is uncertain in terms of its

realization (in whole or in part). The information is based, among other things, on the assessments of the CPV Group as of the approval date of the Report, which are uncertain and may not materialize due to factors such as the discretion of the competent authorities, regulatory procedures, changes in government policy or legislation, and so forth.

- (k) Regulation regarding holding public utility companies: It is noted that a direct or indirect change in ownership or control of voting rights in a corporation providing utilities services (including part of the CPV Group project companies in the United States), or in any asset used for public utilities, may be subject to FERC approval, pursuant to the Federal Power Act. Such approval may also be required for the appointment of officers or directors in utility companies or certain other companies that provide financing or equipment for utility services. In addition, the FERC applies the requirements in the Public Utility Holding Company Act of 2005 to direct or indirect holders of 10% or more of the voting rights in companies that own or operate facilities that generate electricity, including renewable energy facilities. There is similar state regulation in several states that regulates ownership or control, directly or indirectly, of voting rights in public utility corporations. Therefore, the acquisition of 10% or more of the share capital of the Company or Kenon may be subject to the FERC's approval, and such direct or indirect acquisition may also be subject to the approval of state regulatory authorities in some states where the company has business operations.
- (l) Property taxes or community payments: In general, each CPV Group project company is subject to annual property tax paid to the local jurisdiction in which it is located. In some cases (Shore, Maryland, Valley, Towantic, Basin Ranch, Maple Hill, Backbone and Stagecoach), the projects have reached long-term payment arrangements instead of the regular assessment and taxation process or which recognizes certain exemption provisions in relevant laws or regulations. The long-term payment arrangements range between 20 and 35 years from the commercial operation date of each applicable project. In other cases (Fairview and Keenan), the projects are subject to an annual assessment on the value of their taxable property and then pay property taxes at the relevant jurisdiction's rates.
- (m) Certain project companies of the CPV Group (Fairview and Valley) entered into agreements for the benefit of community purposes in their respective local communities. The long-term payments by virtue of such agreements fund community entities or compensate the local community for impacts during construction. These payments are spread over periods of 20 to 30 years from commercial date of operation.
- (n) In November 2021, the United States Congress approved a bipartisan infrastructure law, signed by the President of the United States (hereinafter - the "Infrastructure Act"). The Infrastructure Act addressed many sectors of the United States economy, including transportation, construction, and energy. A significant part of the Infrastructure Act addresses the expansion of transmission infrastructure, research and development of technologies, including carbon capture and use of hydrogen, reinforcement of the grid, and energy efficiency. The Infrastructure Act adds funding to several programs in place that provide financing options through the Department of Energy aimed at supporting the development of low or zero-emission energy production projects.

8.1.5 The Inflation Reduction Act (IRA)

In August 2022, the IRA was signed into law by former President Biden. Among other things, this law created new and enhanced existing tax benefits to renewable energy and technologies aimed at reducing carbon emissions. One of the IRA's key objectives is to increase the production of electricity using renewable energy and to increase regulatory stability in this sector. As mentioned in Section 8.1.3.1 above, following changes of administrations after the 2024 elections and the enacting of the OBBBA the tax benefits under the IRA for wind and solar projects were limited. Under the OBBBA and the IRS "safe Harbor" rules the tax benefits for wind and solar projects detailed below will be applicable to those projects meeting the conditions of the Safe Harbor only while low carbon tax benefits were not adversely affected by the OBBBA.

Renewable Energy

The IRA includes a number of benefits available to renewable energy projects. The IRA extends the investment tax credit (ITC) and the production tax credit (PTC) for renewable energy projects that commenced construction before January 1, 2025. The base level for the investment tax credit is 6% and the base level for the production tax credit is 0.3 cents/KWh (adjusted for inflation). Projects that meet prevailing wage and registered apprenticeship requirements may be eligible for an investment tax credit of up to 30% or a production tax credit of up to 1.5 cents/KWh (adjusted for inflation). Bonus credit amounts, may be earned, increasing by 10% the PTC or 10 percentage points the ITC if the applicable project meets domestic steel, iron and manufactured products requirements. An additional bonus credit amounts may also be earned, increasing by 10% the PTC or 10 percentage points the ITC if the applicable project is located in specially designated energy communities, such as (i) brownfield sites, (ii) locations with above national average unemployment and oil, gas or and/or coal industry contributions to direct employment or local tax revenues above specified levels, and (iii) census tracts in or adjacent to those in which a coal mine has closed since December 31, 1999, or coal-fired power plant has closed since December 31, 2009.

Electric generation projects placed in service after December 31, 2024, that emit zero or less greenhouse gases are eligible for a technology neutral ITC or PTC established under IRA, at the same credit levels as described above for the existing ITC and. These tax credits are subject to phase out, starting from the later of 2034 and when United States greenhouse gas emissions from electricity generation equal or are less than 25% of 2022 electricity generation emissions levels. Projects eligible for these tax credits will also be eligible to use 5-year accelerated depreciation for project assets.

As of filing date, the CPV Group opted for an ITC for Maple Hill, Backbone and Rogue's Wind at the rate of 40%, and opted for a PTC for Stagecoach. For CPV's estimation on the potential applicability of the tax benefits on project under development, see Section 8.1.3.1 above.

8.1.6 Changes in suppliers and raw materials for the areas of activity

Supply Chains and Cost of Raw Materials and Equipment - Generally, in 2025, renewable energy solar panel prices have continued to decline compared to historical levels.

For natural gas projects, prices for EPC contracts and gas turbines have increased, under CPV's assumption, mainly attributed to tighter supply chains, higher material/labor costs, longer lead time and higher demand.

In 2025, the increasing demand for natural gas power plants and other generation facilities to support global electricity demand, in addition to other global supply chain issues, led to significant shortage of delivery slots and extended delivery dates for gas turbines and major electrical equipment for natural gas power plants and renewable facilities. Such schedule and supply constraints, have led to market trend of increased and non-refundable down payments and/or reservation fees to secure the delivery date, while other development milestones are still pending. This trend affects CPV's Low Carbon Projects under development and accordingly may require increased pre-construction non-refundable payments to secure delivery date for the equipment for the projects. In this context it is noted that as of the approval date of the report, the Shay project entered into an agreement for major electrical equipment and is expected to enter into an agreement in the near future for gas turbines with global equipment suppliers, with the payments in aggregate of several tens of million dollars. For further details on the Shay project (including forward-looking clarifications in connection with the above), see Section 8.10(a) below.

As detailed in Section 8.1.3.1 above, additional/increased tariffs levied on imports by the Trump administration from the beginning of 2025 led to increased costs for power plants and power generation facilities, including the CPV Group's equipment and construction costs as well as maintenance costs for operating projects (in all segments). For further details regarding the aforementioned tariffs, see Section 8.1.3.1 above.

It is noted that regional conflicts and geopolitical events impact ocean transport could lead to supply chain disruptions. As of the date of the Report, there is no certainty as to the duration or scope of the trend.

8.1.7 Critical success factors in the areas of activity

The Company believes that the ability to identify new projects in relevant energy markets, with price levels, commercialization structure, financing and liquidity that support the equity for new construction, is a significant success factor for development activities. In addition, for renewable energy projects, it is important that in the state or zone in which the CPV Group seeks to construct new projects, it is possible to generate additional revenue through the sale of renewable energy certificates (RECs) and capacity. For the carbon capture component in Low Carbon Projects, additional suitable conditions including physical and technological factors supporting such projects must be proven feasible. It is further noted that the CPV Group believes that other factors affecting development include obtaining adequate control of the land; the ability to connect to the electrical grid at a strategic connection point and at low cost within reasonable time; obtaining permits for construction of new projects, including

meeting all environmental requirements; and the ability to raise sufficient financing and capital for the construction of new projects.

8.1.8 Main entry and exit barriers of the areas of activity and the changes therein

Generally, the development of projects takes a number of years, and there are number of entry barriers that developers are required to overcome, including: (i) ensuring that sufficient financing is in place for the project's development and construction (including posting required collaterals); (ii) securing the commercial structure to support the cost of the projects; (iii) obtaining permits or other regulatory approvals, including environmental impact survey and permits; (iv) obtaining land control and building permits; (v) obtaining an interconnection agreement; and (vi) for Low Carbon Projects with carbon capture component (if developed), adequate storage or offtake for captured carbon.

The exit barriers include: (i) attractive market conditions in the energy sector; (ii) identifying a purchaser with sufficient equity; and (iii) receipt of the regulatory approvals required in connection with change in ownership.

8.1.9 Alternatives for the Company's products in the areas of activity and changes therein

Research and development activities are conducted in the U.S. energy sector on an ongoing basis with the aim of identifying alternative and more efficient energy generation technologies. Such alternatives include the generation of energy through various types of technologies, such as coal, oil, hydroelectric, nuclear, wind, solar and other types of renewable energy facilities; the alternatives also include improvements to traditional technologies and equipment, such as more efficient gas turbines. It is noted that expansion of the implementation of the alternatives or technological improvements (including technology development dealing with sources of demand for electricity) may affect CPV's operations (including adversely). For additional details on the CPV Group's competition in its area of activity including alternatives in the market, see Section 8.7 below.

8.1.10 Structure of the competition in the areas of activity and changes occurring therein

The main competitors in the field of energy supply are local electric utility companies, independent power producers, and other suppliers that produce decentralized electricity off the grid. For additional details on the CPV Group's competition in its area of activity, see Section 8.7 below.

8.2 Products and services

As of filing date, The CPV Group produces and supplies electricity through renewable energy, Energy Transition power plants. For information about the projects and their commercial structure, see Section 8.1.1.6 above. Additionally, since 2023, CPV Group operates as a retail electric provider for commercial and industrial customers, as detailed in Sections 8.1.1.5 above and 8.10(b) below.

8.3 Revenue segmentation in the group's areas of activity in the USA (CPV Group)

Set forth below is information regarding the revenues from electricity sales and availability (Constituting more than 10%) from the rate of the Company's total revenue broken down for associated companies based on a proportionate consolidation basis according to the rate of the holdings of the CPV Group therein (in NIS million; Non-GAAP;):

Presentation method in the company's consolidated financial statements	Revenues from electricity sales and availability	Rate of the total revenues of the group and Associate companies (proportionately according to the percentage of the holding) (Non-GAAP)*
Associate companies	3,083	51%

* Rate of the total revenues in the consolidated plus the group's share in the revenues of affiliated companies on a proportionate consolidation basis. For further details, see Note 25 to the Financial Statements.

8.4 Customers

The CPV Group's operating projects mainly sell electricity and capacity into the PJM, NYISO and ISO-NE wholesale markets. For more information regarding the CPV Group's project companies and the markets in which they operate, see Section 8.1.1.6 above.

CPV Renewable's operating projects - Keenan, Mountain Wind, Maple Hill, Stagecoach and Backbone entered into long term PPA's as described in Sections 8.1.1.6 above and 8.14.9 below.

The CPV Group's renewable projects under development are expected to sell their energy, capacity and Renewable Energy Credits (RECs) in the wholesale market or directly to consumers through long-term PPAs (with respect to the project under construction Rogue's Wind, see Section 8.14.9 below).

For details regarding the CPV Group's retail customers see Section 8.10(b) below.

In general, the payment terms of the Company's customers do not exceed 30 days from the date of the invoice. The CPV Group does not purchase customer credit insurance.

8.5 Marketing

The CPV Group's projects that sell their electricity and capacity to wholesale markets abide by the regulations applicable to the sale to those markets, which is regulated by ISOs or RTOs. Long-term PPAs and hedging agreements are marketed directly by the CPV Group's internal development team, which uses a range of methods to contact potential customers. Additionally, CPV Retail Energy uses various channels, including its website to contact potential customers for its services.

8.6 Order backlog

The activity of the CPV Group is based on sale of electricity and capacity in accordance with market demand of consumers; accordingly, there is no order backlog.

8.7 Competition

The CPV Group operates in a highly competitive market²⁴⁵. Natural gas, solar, and wind projects account for approx. 87% of new capacity under construction in the United States²⁴⁶, with significant competition among independent power producers and renewable project developers. Independent power producers compete with the CPV Group in selling electricity and capacity to the wholesale electrical grid. In addition, competitors can also sell electricity to third-party customers by entering into power purchase agreements (PPAs). Although CPV Group's Energy Transition power plants are considered more efficient compared with market average and hence they may have lower costs compared with other fossil fuel power plants, competition posed by other production sources, and the use of other technologies, might have an adverse effect on electricity prices and capacity, and as a result have a negative effect on the CPV Group's revenues. In the estimation of CPV Group, the CPV Group projects' share of the total capacity in their respective markets are not significant, and allowing for growth.

In addition, other competitors of the CPV Group in the United States energy market include generators of different technology types, such as coal, oil, hydroelectric, nuclear, wind, solar and other types of renewable energy. Some of the generation in different markets is owned and operated by traditional rate-regulated electricity companies, venture capital funds, banks and other financial entities.

It is noted that the large energy demand of hyperscalers, data centers, technology corporations may affect also the structure of the competition and market conditions for generation investment in the industry as some of them seek to purchase power through long-term power-purchase agreements to meet their energy and sustainability goals.

Within the companies competing with the CPV Group in the energy sector, there may be a difference in terms of capabilities, energy sources, nature of activity, depending, inter alia, on the relevant electricity market. Companies that compete with the CPV Group in the field of energy supply are mainly independent power companies engaged in the generation of energy, and other suppliers engaged in supply of energy.

²⁴⁵ The market is competitive with respect to CPV Group's main activities in renewable energy and Energy Transition projects, however, with respect to projects which include a potential carbon capture component (subject to development), according to CPV Group's assessments to the date of the Report, based on publicly available information, the CPV Group reasonably believes that it is a relatively early mover in the market. For additional details regarding the CPV Group's Low Carbon Projects and carbon capture technology, see Section 8.10(a) below.

²⁴⁶ America's Electricity Generating Capacity 2025 Update Report.

The CPV Group is investing in the development of new projects using a range of technologies in a range of markets while using various types of contracts in order to improve its ability to compete with existing producers and other competitors, and in order to diversify the risks. In addition, in CPV Group's opinion, it has internal organizational capabilities in all key areas of external and government relations, trade, finance, licensing, and operations that allow its strategy to develop rapidly and efficiently.

8.8 Seasonality

The revenues from electricity generation are seasonal and are materially impacted by the weather. In general, Energy Transition power plants offer higher profitability during seasons featuring the highest and lowest temperatures of the year, which often coincide with summer and winter. In view of the effects of seasonality as stated above, generally, the preference is to conduct maintenance works in power plants, to the extent possible, during the autumn and spring, in which demand for electricity is assumed to be relatively low. The profitability of renewable energy electricity production is subject to production volume and availability, which varies based on wind speed and solar operations' patterns, as well as electricity price, which tends to be higher in winter, unless the project is engaged in advance in a contract for a fixed price (the amounts below are presented in accordance with the USD exchange rate for the relevant period).

Energy Transition Projects (Natural Gas)	
Season	EBITDA for 2025 (Consolidated companies and associates) (associates - based on the stake therein)
First quarter (winter)	NIS 277 million (USD 77 million)
Second quarter (spring)	NIS 221 million (USD 62 million)
Third quarter (summer)	NIS 349 million (USD 102 million)
Fourth quarter (autumn)	NIS 253 million (USD 78 million)

Renewable Energy Projects	
Season	EBITDA for 2025 (Consolidated companies and associates) (associates - based on the stake therein)
First quarter (winter)	NIS 27 million (USD 7 million)
Second quarter (spring)	NIS 31 million (USD 9 million)
Third quarter (summer)	NIS 22 million (USD 7 million)
Fourth quarter (autumn)	NIS 25 million (USD 8 million)

8.9 Production capacity and availability

Below are details regarding the actual generation capacity of the active power plants:

	2024				2025			
	Potential electricity generation (GWh)	Net electricity generation (GWh)	Actual generation percentage (%)	Actual capacity rate (%)	Potential electricity generation (GWh)	Net electricity generation (GWh)	Actual generation percentage (%)	Actual capacity rate (%)
Energy Transition Projects (Natural Gas)								
<i>Shore</i>	6,130	3,612	56.9%	92.4%	6,115	3,828	60.6%	87.7%
<i>Maryland</i>	5,958	3,628	56.3%	90.3%	6,439	4,718	73.3%	95.9%
<i>Valley</i>	5,838	5,002	82.1%	89.1%	5,302	4,725	77.7%	83.5%
<i>Fairview</i>	8,601	7,610	82.1%	88.5%	8,758	7,513	81.5%	87.1%
<i>Towantic</i>	6,521	5,593	77.7%	89.9%	5,700	4,812	67.1%	78.5%
<i>Three Rivers</i>	9,792	6,366	59.9%	76.9%	9,911	6,456	60.1%	85.2%
Renewable Energy Projects								
<i>Keenan</i>	1,333	261	19.5%	95.8%	1,319	247	18.5%	95.8%
<i>Mountain Wind</i>	716	197	27.5%	91.7%	713	212	29.7%	97.1%
<i>Maple Hill</i>	878	164	18.7%	93.4%	859	157	18.0%	97.4%
<i>Stagecoach</i> ²⁴⁷	528	136	25.7%	98.1%	701	171	24.4%	90.2%

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. The net electricity generation is the gross generation during the period less the electricity consumed for the self-use of the power plants. The actual generation percentage is the net electricity produced by the power plants relative to the maximum generation capacity during the period; it is affected by unplanned outages or maintenance in the power plants, which are conducted in regular time intervals. Major planned maintenance normally takes 30 to 50 days and reduces the power plants' scope of production and capacity until maintenance is completed.²⁴⁸

The actual capacity rate (availability percentage), was reduced for Shore and Fairview due to unplanned outage events, and for Valley due to an extended planned outage. Towantic's decrease in 2025 compared with 2024 was mainly due to a planned major maintenance outage that was performed at the power plant in 2025. It is noted that as part of that maintenance a signification item of equipment was replaced²⁴⁹, that did not materially impact the actual capacity rate.

²⁴⁷ Stagecoach project commenced commercial operations in April 2024.

²⁴⁸ Based on industry requirements and best practices, overall each power plant undergoes a significant outage every 30,000 hours of operation on average. The above estimation on the planned maintenance period may change based on a specific project's circumstances and maintenance works.

²⁴⁹ The equipment is insured under the insurance policy covering the Towantic power plant, and as of the approval date of the Report, CPV Group has received insurance proceeds which cover most of the costs required for replacement and installation of the equipment.

It is emphasized that the CPV Group's projects may be under planned and unplanned maintenance (or experience production limitations or technical failures) from time to time, including as occurred in 2025. In this context it is stated that following 2025 autumn maintenance works in Fairview a malfunction occurred which caused an extended outage of the plant following which Fairview resumed partial operation of one unit out of two and is currently expected, based on CPV Group's current assumption of available information, to complete remediation works and resume full operation during 2027.²⁵⁰ For details, see Section 4 of the Board of Directors Report.

In 2026, in addition to immaterial planned maintenance outages, there is an expected major planned maintenance outage for Shore and Maryland.

Forward Capacity Obligations: it is noted that ISOs' and RTOs' capacity markets (including PJM) include "bonuses" and "penalties" imposed on generators based on operating performance of the facilities during pre-defined emergency events. If a facility is unavailable during the emergency event (which include also extreme weather events), penalties for non-availability could have a material negative financial impact on the project (and are not insured).

8.10. Additional Activities of the CPV Group

As described in Section 8.1 above, the CPV Group has additional activities (which are not thus far considered areas of activity, as of the date of the Report), including the development and construction of Low Carbon Projects currently in the PJM and ERCOT markets and retail power supply to commercial and industrial consumers.

- a) Construction and Development of Low Carbon Projects. Low Carbon Projects are based on development/construction of natural gas-fired power plants with carbon capture potential which is separate component developed in separate development and/or operation stages, based on various considerations such as relevant market and location, economic and commercialization considerations, development progress, technical and engineering factors and/or other considerations as determined by the CPV Group, which

²⁵⁰ The event and the impacted equipment are expected to be covered under the insurance policy for the Fairview power plant. As of the approval date of the Report, it is estimated that Fairview will receive monetary indemnification expected to cover most of the costs to repair or replace the equipment and business interruption subject to the insurance policy terms.

The statements made above in connection with the maintenances (including their planning, performance, scope) of the CPV Group's projects and regarding the expected return to full operation of Fairview, insurance coverage and expected indemnification (and its scope), constitutes forward-looking information as defined in the Securities Law; the information is an assessment that is based on the assessments as of the date of the Report. In practice, maintenances may be postponed and/or prolonged, as well as additional maintenance may be required (including in additional power plants), due to changes in schedules and/or in order to repair malfunctions or handling operational events. Outages, extended maintenances (planned and unplanned) or disruptions of availability of power plants may adversely affect CPV Group's activity and results. Additionally, as of the date of the Report, there is no certainty as to the receipt of insurance indemnity. Such indemnity may be delayed or may not be sufficient to cover all costs associated with the event (if received).

may result in a different schedule or suspension of development of carbon capture component.

Carbon Capture Technology - Carbon capture technology refers to a set of chemical processes that are designed to capture CO₂ from the exhaust gas stream of a fossil fuel power generation or industrial process, often referred to as point source carbon capture technology. The primary goal of the technology is to significantly reduce the release of CO₂ into the atmosphere. CO₂ capture post combustion is called post-combustion capture (PCC) technology. CO₂ capture can be done using a solvent, sorbent, or membrane, the CPV Group's projects are focused on amine-based solvent technology. The capture process is based on: 1) Absorption of the CO₂ in the exhaust gas, and 2) Desorption to release the CO₂. The resulting solvent is recirculated to continue the absorption cycle. The CO₂ captured is dried and compressed to a dense state to be transferable to a geologically suitable sequestration site. To the extent implemented, the carbon capture technology is aimed to allow up to 95% of the CO₂ in the exhaust gas to be captured. As of the approval date of the Report, such technologies and their implementation on the power plants is subject to the applicable development stages (for additional information regarding the development process, see the information below the table in Section 8.1.1.6(b) above).

Natural gas power plant project (with carbon capture potential) under construction:

In October 2025, Basin Ranch project reached financial closing with the execution of the TEF Loan and the EPC agreement and commenced construction stage. For details regarding the project's information see table in section 8.1.1.6(b) above. It is noted that the carbon capture process constitutes an additional, separate component of the natural gas projects currently under development/construction, which is subject to separate uncertainties and risks, and is expected to be developed or implemented (if implemented) on a different timeline. For information regarding its material agreements, see Sections 8.14.9 and 8.17.4 below.

Low Carbon Projects Pipeline under construction:

As of the approval date of the Report, the CPV Group has three Low Carbon Projects in development in Ohio and West Virginia²⁵¹.

²⁵¹ For development stages, see footnote 211 above. It is noted that in the opinion of the CPV Group, the above projects are located in areas where the burying of carbon could potentially be geologically feasible, based on preliminary analyses performed by third party contractors and subject to development which had not yet been carried out as of the date of approval of the report.

Project	State	MW ²⁵²	Development Stage ²⁵³
Shay	WV	2,100	Early
Oregon	OH	1,475	Early
Walker	OH	1,450	Early
Total		5,025	

As of the date of the Report, the CPV Group's share is 70% for the project in West Virginia and 100% for the projects in Ohio²⁵⁴.

As of the filing date of the Report, for the Shay project in West Virginia the CPV Group acquired land rights and has progressed licensing and interconnection processes and is performing surveys. In addition, CPV Group is advancing agreements with respect to the equipment for the Project as specified under section 8.1.6. For additional details, see Section 6B'2 of the Board of Directors Report.

As part of the development activities, the CPV Group is acting to, among other things, advance the appropriate commercial outline for each of the projects under development.

In connection with the Shay project, as of filing date, the CPV Group is exploring a potential commercial structure, such as gas net back arrangements, subsidized loan programs, such as the U.S. Department of Energy's Section 1706 loan program, which was reoriented by the OBBBA to support a broader range of energy generation technologies,²⁵⁵ and/or PJM capacity initiatives (such as the CIFP process to balance reliability with large load growth²⁵⁶), if adopted. At this stage, these options are in the preliminary stage of consideration and as of this date there is no certainty that such options (or any of them) will be available or applicable to the Shay project or their terms.

It is noted that in October 2025, the CPV Group signed an agreement for sale of rights in Mason Road project, early development stage project located in Michigan and having a capacity of about 1.4 GW (the share of the CPV Group – 70%) in exchange for a consideration that is not material, part of which was received on the signing date and a part is to be paid in the future subject to compliance with milestones relating to

²⁵² MW is presented based on operation as a natural gas power plant assuming operation of the power plants without carbon capture component.

²⁵³ See footnote 211 above.

²⁵⁴ According to the governance documents of the project which is not fully owned, the project is jointly controlled and therefore not consolidated in CPV's reports. With respect to projects that are fully owned (as of filing date) CPV Group may enter into additional joint development agreements (see Section 8.14.6 below) as part of the advancement of the development of such projects which will result in reduction of holding interest of CPV.

²⁵⁵ U.S. Department of Energy.

²⁵⁶ Source: PJM Inside Lines Press Release (dated September 17, 2025).

development of the project, which are not under the CPV Group's control and uncertainty exists regarding their fulfillment. In light of the said sale, as of the approval date of the Report, the project is not included in the above table.

Tax Benefits for Carbon Capture: In its current version, the IRA extends and expands the production tax credit available for carbon dioxide sequestration and/or use (for details on the IRA, see Section 8.1.5 above). For electricity generating facilities that install carbon capture technologies with the capacity to capture 75% or more of baseline carbon dioxide production, this production tax credit is available for the first 12 years after placement in service if the applicable electricity generation facility captures at least 18,750 metric tons of carbon dioxide per annum. The base credit amount is USD 17/metric ton of carbon dioxide that is captured and sequestered or injected for enhanced oil recovery (EOR) or utilized in another production process. Like the ITC and PTC for renewable energy, the carbon capture PTC can be increased if the project meets relevant wage and apprenticeship requirements. The maximum credit is USD 85/metric ton. In addition, the tax credit is eligible for direct pay for up to the first five years for carbon capture equipment placed in service after December 31, 2022.

What is stated in this section regarding the projects under development with potential strategy to reduce emissions or capture carbon, the scope of reducing emissions, the integration of advanced technologies and their feasibility, the adjustment of the geological and economic conditions, eligibility for benefits under the applicable legislation, the extent of the benefits under the such legislation, as well as regarding the overall characteristics of each of the projects including for the natural gas power plant project (including capacity), estimated construction costs, the development stage, expected commercial structure, holding percentage of CPV, completion of developments stages, entering into projects' related agreements, timing thereof and/or their terms, include forward-looking information as defined in the Securities Law, which is based on the estimates and plans of the CPV Group as of the date of the Report only and there is no certainty as to its realization or the manner of its realization. As of the date of the Report, the projects in development stages, and their progress as well as the pace of their progress, are subject to the fulfillment of various conditions (including securing interconnection within reasonable timeline and costs, availability of benefits, regulatory processes, obtaining approvals, licensing processes, completing the development of the project and completing the development of technological capabilities, securing financing and commercialization outline, finalizing final costs and commercialization, etc.) including those that are not within the control of the CPV Group, and which did not yet occurred as of the date of the Report. Also, the advancement of the projects and their approval is subject to the discretion of the authorized bodies of the CPV Group and the Company and the non-occurrence of one or more of the risk factors to which the CPV Group or the Company is exposed as stated in Section 8.21 below. Therefore, as of the

date of the Report, there is no certainty as to the implementation of the projects (all or some of them).

b) Retail Power Supply

In early 2023, the CPV Group established retail power supply activity through CPV Retail Energy, its subsidiary. CPV Retail Energy relies on the wholesale market and CPV Group's generation assets to support commercial and industrial businesses meet their energy needs and sustainability goals. During 2024 and 2025, CPV Retail Energy executed contracts with approx. 440 and 540 customers, respectively, and its total flowed sales volume increased from 0.5 to 1.5 TWh respectively, and CPV Retail Energy fixes the price of purchased power with hedging transactions.

CPV Retail Energy offers customers energy, including renewable energy to help meet the customer's energy goals and generally offers contract terms that range from 1 to 5 years (with the typical term being approx. 2 years). CPV Retail Energy utilizes a standard electricity supply agreement that allows customers to select whether standard cost components, such as energy or ancillary services, are fixed at a price or passed through at cost.

In August 2025, CPV Retail entered into an accounts receivable (A/R) financing agreement for a term of three years with a total commitment of up to USD 25 million, subject to eligible trade receivables and customary terms. As of December 31, 2025, CPV Retail had initial borrowings and posted collateral for an immaterial amount to the Company.

As of report date, in connection with the retail power supply activity, a corporate guarantee was granted to guarantee CPV Retail Energy's obligations up to an amount of USD 100 million.

8.11 Property, plant and equipment, land, and facilities

In general, the land on which the projects are situated (both the operational projects and the projects under construction) is held in a number of ways – ownership, lease with a use right, or under a permit and licenses. In some cases, the facilities themselves are located on owned land, where there are easements in land surrounding the facility for purposes of interconnection and transmission. In addition to the project lands, CPV Group leases office space for use by the headquarters in Silver Spring, Maryland, Sugar Land, Texas, and in Braintree, Massachusetts – pursuant to multiyear lease agreements.

Summary of main characteristics of the lands in respect of the operating projects:

Site	Location	Right to the property	Area and characteristics	Date on which right expires
Energy Transition Projects (Natural Gas)				
Shore				
	Middlesex County, New Jersey	Ownership	111,290 m ² (approx. 28 acres)	--
Maryland				
	Charles County, Maryland	Ownership / easements / licenses and permits / authorized	308,290 m ² (76 acres)	--
Valley				
	Wawayanda, Orange County, New York	Substantive ownership ²⁵⁷ , easements or permits	121,406 m ² (30 acres)	--
Towantic				
	New Haven County, Connecticut	Ownership / easements	107,242 m ² (26 acres)	--
Fairview				
	Cambria County, Jackson Township, Pennsylvania	Ownership / easements	352,077 m ² (87 acres)	--
Three Rivers				
	Grundy County, Illinois	Ownership / easements	445,154 m ² (110 acres)	--
Renewable Energy				
Keenan				
	Woodward County, Oklahoma	Contractual easements	Right of to land and the equipment	December 31, 2040
Mountain Wind				
Aggregated for the 4 wind farms of Mountain Wind	Franklin, Oxford and Waldo Counties, Maine	Contractual easements and leases	Approx. 15,000,000 m ² (3,700 acres)	Forty years (Thirty years for 20% of Spruce Mountain) Various 2046 – 2055
Maple Hill				

²⁵⁷ The land is held in favor of Valley, which is entitled to transfer it to its name.

Site	Location	Right to the property	Area and characteristics	Date on which right expires
	Cambria County, Jackson Township, Pennsylvania	Ownership / easements	Approx. 3,063,470 m ² (757 acres, of which 11 are leased)	With regard to the leased area - December 1, 2058
Stagecoach				
	Macon County, Georgia	Lease Agreement	Approx. 2,541,426 m ² (628 acres)	May 22, 2042 with option to extend for an additional 20 years
Backbone				
	Garrett County, Maryland	Lease Agreement	Approx. 5,463,256 m ² (1,350 acres)	Commencement of the operating period, plus an option to extend by five consecutive periods of seven years during operations.
Rogue's Wind				
	Cambria County and Clearfield County, Pennsylvania	Easements	Approx. 26,304,566 m ² (6,500 acres)	July 2, 2057 with option to extend term with two ten year renewal options.
Low Carbon				
Basin Ranch				
	Ward County, Texas	Ownership	1,323,500 m ² (327 acres)	--

8.12 Intangible assets

The intangible assets of the CPV Group primarily include lease agreements for projects and power purchase agreements as detailed above in this section.

8.13 Raw materials and suppliers

8.13.1 GSPA

The CPV Group's project companies that have Energy Transition power plants acquire natural gas from third parties in accordance with Gas Sale and Purchase Agreements (GSPA). For a general description of the provisions of the GSPA agreements into which each project

company entered and the Energy Transition power plants engaged in gas transmission agreement, see the relevant descriptions in Section 8.14.9 below.

8.13.2 Service agreements, equipment agreements and construction agreements (EPCs)

The operating projects mostly enter into long-term operating and maintenance agreements and services agreements with original equipment manufacturers and third-party suppliers for the maintenance and operation of the project facilities' equipment. In connection with the projects under construction, the CPV Group also enters into general purchase agreements and equipment supply agreements with original equipment manufacturers, as well as engineering and procurement contracts (EPC) for the construction of the power plant, including identifying and assembling special equipment in certain facilities. For a general description of the terms of key agreements into which the project companies entered, see Section 8.14.9 below.

In the Renewable Energy area of activity, on March 10, 2022, the CPV Group entered into a master agreement for the purchase of solar panels with a total capacity of 530 MWdc. Since its execution, the agreement has been amended to, amongst other things, reallocate the total volume of panels among the CPV Group's solar projects and amended the payment schedules. Furthermore, the agreement includes, among other things, provisions regarding the panels' quantities and model and the manner of their supply, as well as provisions regarding the termination of the agreement under certain conditions. On April, 2025, CPV Renewable signed an additional amendment to the agreement, to increase the total number of the solar panels as part of the agreement by additional approx. 140 MWdc, while reducing the price per unit, adjustment of the timetables for supply of the panels to the timetables of the development projects, update of the deposit provided by CPV Renewable and reduction of the scope of the compensation that will apply to CPV Renewable in a case of early termination of the agreement.

The total aggregate consideration in respect of the agreement as amended may amount to approx. USD 208 million, out of which, as of the filing date, USD 155 million was paid. The agreement is intended to serve the CPV Group solar projects up to the total capacity of 670 MW. In 2023, the CPV Group started receiving deliveries of the solar panels and, as of the filing date, received 425 MW and the remaining solar panels under the agreement were ordered for pipeline projects.²⁵⁸

²⁵⁸ The statements made above regarding the purchase of panels, including the purchase amount and cost involved includes forward-looking information as defined in the Securities Law, the materialization of which is uncertain. As of the date of the Report, the completion of the panel acquisition and the execution of the projects are subject, among other things, to the completion of the projects' construction stages, technical adjustments, no technical failures and no delays in supply or increased costs. In practice, the aforesaid may not materialize or materialize in a manner that is different than expected, including due to increased costs because of inflation and supply chain issues, delay in delivery or the realization of any of the other risk factors related to projects under construction.

For information about investments in relation to renewable energy projects in development, which are expected to comply with safe harbor rule, in particular procurement of equipment, see Section 8.1.3.1 above.

Generally, the CPV Group receives credit from most of its suppliers for a period of approx. 30 days.

8.14 **Material agreements in the areas of activity**

8.14.1 **Partnership agreements in the Energy Transition Project Companies**

Generally, each of the Energy Transition project companies which are not fully owned by the CPV Group entered into an agreement with all other owners of interests to the project, for the establishment of a limited liability company²⁵⁹. The agreement sets forth each partner's rights and obligations with respect to the applicable project (each, hereinafter - an "LLC Agreement"). Each LLC Agreement contains standard provisions for agreements of this type restricting the transfer of rights, including terms and conditions for permissible transfers, minimum equity percentage transfer requirements and rights of first offer. CPV Group is usually obliged, under the agreements, to maintain at least a minimum ten percent equity ownership in a Project Company for up to five years after closing of construction financing. Each Project Company is governed by a board of managers selected by each of the Partners in accordance with the LLC Agreement. Certain material decisions typically require unanimous approval by all partners, including, inter alia, declaring insolvency, liquidation, sale of assets or merger, entering into or amending material agreements, taking on debt, initiating or settling litigation, engaging critical service providers, approving the annual budget or making expenditures exceeding the budget, and adopting hedging strategies and risk management policies.

8.14.2 **Energy Transition projects activity**: All active Energy Transition projects trade and participate in the sale of capacity, electricity and ancillary services in their respective ISO or RTO. Typically, the CPV Group's project companies conduct daily projections and planning for the next operating day. After making preparations in terms of purchasing adequate natural gas to support the expected electricity generation activity, as needed, offers are submitted to the Day-Ahead market. In addition, revisions are made throughout the day for actual operations occurring that day (the real-time market), which include purchases and sales of natural gas and optimizing generation output based on the real-time market price.

²⁵⁹ As of the approval date of the Report, other than Shore which is fully owned, the operating projects in the Energy Transition area of activity have one to four partners or additional partners of CPV Group. For agreement entered into to acquire the remaining holding in Maryland in exchange for the holding interest in Three Rivers (in addition to immaterial amount) and a non-binding MOU for potential future transaction see Section 8.1.1.6 above.

- 8.14.3 Hedging Agreements: In order to integrate dynamic changes, for Energy Transition projects with hedging agreements that are designed to establish a margin and mitigate the effects of fluctuations in gas and electricity prices. For additional details, see Section 8.1.3.4 above.

For details regarding hedging agreements aimed to reduce exposure to energy prices volatility, see Section 4E' of the Board of Directors Report and Sections 8.1.3.4 and 8.21.2 hereof. With respect to Basin Ranch project, see Section 8.1.1.6(b) above.

- 8.14.4 Interconnection and Gas Transmission agreements: The CPV Group enters into interconnection agreements with transmission suppliers or electricity facilities, for the construction of substations, essential connection to the grid, and system upgrades in connection with transmission services for the project's commercial operation. Furthermore, the CPV Group engages in natural gas interconnection agreements for its natural gas fueled projects for the purpose of planning, building, owning, operating and managing the natural gas pipelines that supply gas to the project's facility.

- 8.14.5 O&M Agreements: The CPV Group enters into agreements for the operation and maintenance of certain facilities. The consideration generally includes fixed annual management fees, a performance based bonus and reimbursement of employment expenses, including, payroll and taxes, subcontractor costs and other costs as provided in the agreement. Generally, such agreements usually have an initial period of a few years from the construction completion date of the facility and include an extension/renewal clauses, unless one of the parties gives notice of termination of the agreement based on its terms.

- 8.14.6 Development agreements: During the development stage, the CPV Group's project companies normally enter into agreements with third parties that specialize in the provision of certain special services or in cooperation agreement intended to advance development of the project. Such agreements include, among other things: (i) agreements for the provision of advisory services with companies specializing in the provision of services relating to the environment to perform actions as soil surveys and perform the work required to prepare permit applications (tests, data collection, records analysis, permit inspections, etc.) permits assessments and other support services that assist the CPV Group in its dealings with licensing agencies, or taking part in meeting with stakeholders and officials; (ii) service agreements with engineering companies for the provision of support services as part of civil, mechanic and electric engineering surveys, and the preparation of supporting documents for permits and applications; (iii) agreements with market advisors that assist in the analysis of natural gas and electricity supply-side and demand-side data and (iv) joint development and cooperation agreements with strategic industry counterparties. Without derogating from the generality, such joint development agreements are expected to **provide for the** issuance of equity or other rights to such counterparty in the project company and **may be entered into in connection with** the currently fully owned Low Carbon pipeline projects mentioned in Section 8.10 above.

It should be noted that as part of the development and construction stages, some of CPV Group's projects under development or construction have signed and/or are expected to sign certain project's agreements including power purchase agreements and capacity agreements, Renewable Energy Credits (RECs) and in the framework of TEF Loan, which include sections relating to delays in commercial operation. If the delays are longer than certain periods, the other parties to the agreements may terminate the said agreements, and forfeit the collateral provided under the said agreements. For details on the cumulative amount of collateral (Including collaterals secured by the Company's guarantee) provided in connection with development projects (including pre-construction) which were provided due to various needs and purposes in the development stages (including interconnection and other purposes) and construction projects, as of the approval date of the Report, see Note 14B'3 of the Company's Financial Statements. The amount of collateral may increase or decrease pursuant to the terms of applicable agreements in connection with certain milestones being reached for the development projects.

8.14.7 Inter-company asset management and energy management agreements: Project companies normally enter into various inter-company agreements with other of the CPV Group's entities for the receipt of general services at the project level, with the exception of Fairview which is managed by another partner in the project. These inter-company agreements include asset management and energy management agreements, a general description thereof is provided in Section 8.18 below. For asset management and development service agreements of the CPV Group with CPV Renewable that were entered into as part of the equity investment in CPV Renewable during 2024, see Section 8.14.10 below.

8.14.8 Management Agreements: The CPV Group provides general asset management and energy management services for power plants in the United States using renewable energy and energy produced using conventional technologies such as natural gas, as applicable, in accordance with the management agreements. The asset management services and energy management services are provided in exchange for a fixed annual fee, an incentive-based payment, and reimbursement of certain expenses, including expenses related to construction management services (work hours of the construction workers, expenses incurred by third parties). Asset management services include, among other things: project management and compliance with regulations; supervision over project operation; project debt and credit management; management of agreements, licenses and contractual obligations; management of budgets and financial matters; project insurance and more, and the energy management services include specific RTO or ISO-related functions, which include, among other things: assessment and advice on RTO/ISO standards, communicating with RTOs and ISOs, coordinating RTO/ISO projects; and preparing periodic regulatory reports.

As of the filing date, such management services are provided to the CPV Group's own project companies.

8.14.9 Furthermore, the CPV Group's project companies that are commercially operational/under construction entered into the following material agreements:²⁶⁰

Energy Transition Projects – Natural Gas Fired	
Fairview	Fairview entered into a base contract for the purchase and transmission of natural gas of up to 180,000 MMBtu per day at a price linked to market prices as set in the agreement. Pursuant to the agreement, the gas supplier is responsible for transporting natural gas to the designated supply point and is permitted to supply ethane in place of natural gas up to a rate of 25% of the agreed supply quantity. The agreement term began upon activation of the facility and ended on May 31, 2025. The extension to this agreement began on June 1, 2025, and ends on March 31, 2027, and removed the option for the supplier to deliver ethane in place of Natural Gas.
	Fairview entered into a maintenance agreement with its original equipment manufacturer, for the provision of maintenance services for the combustion turbines. In consideration for the maintenance services, Fairview pays a fixed and a variable amount as of the date stipulated in the agreement. The agreement period is 25 years beginning in 2016 or earlier when specific milestones are reached on the basis of usage and wear and tear. On average, Fairview paid approx. USD 9 million (all-in costs) each year for the past two years.
	Fairview signed an RPO agreement to hedge the project's electricity margins. The RPO is intended to provide CPV a minimum margin for the term of the agreement. Calculation of the amount of the minimum margin is determined on the basis of a contractual year where the actual settlement dates take place every three months in respect of a partial amount and an annual adjustment is made to the calculation of the total annual margin each year. The RPO has an annual exercise price that covers an exercise period of a fiscal year. To calculate the minimum gross margin pursuant to the agreement, specific parameters are taken into account, such as utilization, heat rate, the expected generation levels, forward prices for electricity and gas, gas transmission costs and other specific project costs. The RPO ended on May 31, 2025.
Towantic	Towantic entered into a service agreement whereby it has a secured gas transmission of 2,500 MMBtu per day, at the AFT 1

²⁶⁰ The agreements mentioned in this Section, including asset management agreements and energy management agreements with companies in the CPV Group, provide the possibility of early termination of the agreements under the circumstances stipulated therein.

	tariff. On June 1, 2024, the agreement was extended to March 31, 2027.
	On November 30, 2022, Towantic entered into a new natural gas supply agreement. The agreement provides Towantic with a maximum of 125,000 MMBtus/day of firm natural gas at a price linked to market prices. The agreement has commenced on April 1, 2023, and the delivery period was extended through March 31, 2027.
	Towantic entered into a maintenance agreement with its original equipment manufacturer, for the provision of maintenance services for the combustion turbines. In consideration for the maintenance services, Towantic pays a fixed and a variable amount as of the date stipulated in the agreement. The agreement period is 20 years beginning in 2016 or earlier when specific milestones are reached on the basis of usage and wear and tear. On average, Towantic paid approx. USD 9 million (all-in costs) each year for the past two years.
Maryland	In October 2024, Maryland signed a firm agreement to replace its natural gas supplier. Pursuant to the agreement, the gas supplier will supply up to 132,000 MMBtu per day to Maryland, at a price linked to market prices. The term commenced on November 1, 2024, and was extended one year through October 31, 2026.
	Maryland signed a natural gas transmission agreement for a guaranteed capacity of up to 132,000 MMBtu/d. The agreement period is 20 years, which commenced on May 31, 2016, with an option for Maryland to extend it by an additional 5 years.
	Maryland entered into a maintenance agreement with its original equipment manufacturer, for the provision of maintenance services for the combustion turbines. In consideration for the maintenance services, Maryland pays a fixed and a variable amount as of the date stipulated in the agreement. The agreement period is 20 years beginning in 2014 or earlier when specific milestones are reached on the basis of usage and wear and tear. On average, Maryland paid approx. USD 6 million (all-in costs) each year for the past two years.
Shore	Shore entered into an agreement for the purchase of natural gas. According to the agreement, the gas supplier is to supply 120,000 MMBtu of gas per day at a price linked to the market price. The agreement is effective through October 31, 2026.

	Shore entered into two agreements with interstate pipeline companies for the use of their pipelines, the first of which has been active since 2015 and the other since late 2021. Pursuant to the agreements, natural gas connection and transmission services are provided to Shore by means of a single pipeline that is interconnected to two different interstate pipelines. Shore paid an advance to one of the gas pipeline companies in respect of the said services. The term of the gas transmission agreement for the pipeline is 15 years (until April 2030) for the pipeline active since 2015, with an option to extend the agreement for two additional ten year terms. The term for the pipeline agreement active since 2021 is 20 years (until September 2041), with an option to extend annually. During this first 20 year term, Shore pays approx. USD 10 million each year per the agreement.
	Shore entered into a maintenance agreement with its original equipment manufacturer, for the provision of maintenance services for the turbines. In consideration for the maintenance services, Shore pays a fixed and a variable amount as of the date stipulated in the agreement. The agreement period is 20 years beginning in 2014 or earlier when specific milestones are reached on the basis of usage and wear and tear. On average, Shore paid approx. USD 6 million (all-in costs) each year for the past two years.
Valley	Valley entered into an agreement to purchase natural gas of up to 127,200 MMBtu per day at a price linked to the market price, the supplier is responsible for transmission of natural gas to the designated supply point and the agreement ends on March 31, 2028.
	Valley signed an agreement with an interstate pipeline company for the licensing, construction, operation and maintenance of a pipe and measurement and regulating facilities, from the interstate pipeline system for transmission of natural gas up to the power plant, which commenced in April 2018. The supplier provides 127,200 MMBtu per day of firm natural gas delivery at an agreed price during a period ending March 31, 2033, with an option to extend by up to three further 5-year periods. Valley entered into an agreement for the provision of firm transmission services of 35,000 MMBtu per day, for a period of 15 years ending March 31, 2033, where under the supplier may supply gas from a location other than that specified in the above-mentioned firm transmission agreement. Valley also entered into an agreement for the provision of an additional 60,000 MMBtu per day of firm transmission service for a period from November 01, 2025, through March 31, 2028.

	Valley entered into a maintenance agreement with its original equipment manufacturer, for the provision of maintenance services for the combustion turbines. The consideration includes fixed and variable amounts. The agreement period is the earlier of (a) 132,800 equivalent base load hours; or (b) 29 years from 2015. On average, Valley paid approx. USD 7 million (all-in costs) each year for the past two years.
Three Rivers	Three Rivers entered into two agreements for the supply of natural gas. The agreements supply 139,500 MMBtu in natural gas per day to the facility, from the operation date of the facility for a period of five years, and a reduced quantity of 25,000 MMBtu per day from the fifth year of operation of the facility and up to the tenth year. The price of natural gas delivered under these agreements is linked to the day-ahead electricity prices within PJM. The agreements include an obligation to purchase the said fixed quantity of natural gas, with a right to resell surplus gas.
	Three Rivers entered into a Contract for Sale and Purchase of Natural Gas (GSPA) on December 15, 2022. The GSPA requires the supplier to provide gas supply of up to 200,000 MMBtu/day at a price indexed to market. The agreement had an initial term until January 31, 2023. The agreement is automatically renewed month-to-month unless one of the parties terminates by notification no less than 5 business days prior to the last day of the month. This agreement was terminated during 2025 and was replaced with a new agreement that currently runs through October 2026.
	Three Rivers entered into two connection agreements (for the transmission of gas), each sufficient to fulfill the entire demand of the facility. One agreement is an interconnection agreement with an interstate pipeline company for transmission of natural gas. The agreement sets forth the responsibility of the parties in connection with the design, construction, ownership, operation and management of a pipeline as well as the connection and pressure equipment. Based on the agreement, Three Rivers will bear the costs of all the facilities, which are included in its construction cost. The second agreement is an additional interconnection agreement with an interstate pipeline company for transmission of natural gas. Under the agreement, the counterparty is responsible for the design, construction and connection to the existing pipeline. The counterparty to the agreement will remain the owner of these facilities and will operate them, and Three Rivers will bear the

	development and construction costs, which are included in the construction cost of the power plant, as detailed in the Company's Q2 2023 Board of Directors Report as published on August 23, 2023 (Ref. No: 2023-01-078628). Three Rivers entered into an agreement for the transmission of gas with an interstate pipeline company and its Canadian affiliate, for firm transmission of natural gas from Alberta, Canada to the facility. The agreements include capacity of 36.2 MMcf per day, at agreed prices. The agreement period is 11 years from the signing date of the agreement on November 1, 2020; the counterparty may extend the agreement by an additional year with an advance notice of 12 months. Three Rivers entered into a maintenance agreement with its original equipment manufacturer, for the provision of maintenance services for the combustion turbines. In consideration for the maintenance services, Three Rivers pays a fixed and a variable amount as of the date stipulated in the agreement. The agreement period is 25 years beginning in 2020 or when specific milestones are reached on the basis of usage and wear and tear. On average, Three Rivers is expected to pay approx. USD 7 million (all-in costs) each year.
Renewable Energy Projects	
Keenan	Keenan entered into a wind power energy agreement for the sale of renewable energy which commenced on December 14, 2010. Pursuant to the terms and conditions of the agreement, the acquirer is to receive all of the electricity generated by the wind farm, credits, certificates, similar rights or other environmental allotments. The consideration includes a fixed payment. The agreement term is 20 years, ending in 2030. The acquirer is permitted, with proper notice, to extend the agreement for another five-year period, and to acquire an option to purchase the project at the end of the agreement period or renewal period at its fair market value, as defined in the agreement and pursuant to the terms and conditions stipulated therein. Keenan entered into a master service agreement and an operation agreement with its original equipment manufacturer for the operation, maintenance, and repair of the wind turbines. The consideration includes fixed annual fees, a performance-based bonus (or liquidated damages) and reimbursement of expenses for additional work. The agreements commenced in February 2016 and

	will expire in February 2031. On average, Keenan paid approx. USD 7 million (all-in costs) each year for the past two years.
Mountain Wind	Each Mountain Wind project has its own maintenance agreement with their respective original equipment manufacturers, with the exception of Beaver Ridge. Maintenance at Beaver Ridge is performed under an agreement by a third-party provider. The agreements for Saddleback Ridge and Canton Mountain were entered in 2016 and both have 20 years terms with a sunset date of September 16, 2035. The agreement for Spruce Mountain was entered in Dec 2023 and has an 8-year term. The Beaver Ridge agreement was entered in April 2023 and with an initial 2-year term and was extended through May 2, 2027. The projects are engaged in contracts to sell 100% of the electricity and RECs, under separate contracts (PPAs) with local utility companies and councils, generally for a period of 15 - 20 years from the acquisition of the projects by the CPV Group while most of the capacity is sold under separate contracts for the next 12 years from the acquisition of the projects by the CPV Group (the periods of the contracts may change according to termination clauses determined in each agreement).
Maple Hill	On May 12, 2023, CPV Group entered into tax equity partner investment agreement in the Maple Hill project. Pursuant to the agreement, the tax equity partner invested 100% of its tax equity into the project in an amount equal to USD 82 million. In consideration for its investment in the project corporation, the tax equity partner is expected to receive most of the project's tax benefits, including increased Investment Tax Credit (ITC) rate of 40% (following the IRA legislation), and participation in the distributable free cash flow from the project (at single rates and on a gradual basis as set out in the investment agreement). In addition, the tax equity partner is entitled to participate in the project's loss for tax purposes; in the first few years, the tax equity partner's share in such taxable income or loss for tax purposes is high. At the end of 6 years from the commercial operation date, the tax equity partner's share in such taxable income decreases significantly, and CPV Group has the option to acquire the tax equity partner's share in the project corporation within a certain period and in accordance with a mechanism and conditions set out in the agreement in connection therewith. As is generally accepted in engagements of this type, the agreement includes a guarantee provided by CPV Group, and an

	undertaking to indemnify the tax equity partner in connection with certain matters. Furthermore, the tax equity partner has certain veto rights, among other things, in respect of the creation of liens on the Maple Hill project Partnership's assets or the entry of the project corporation into additional material project agreements. In 2020 Maple Hill entered into an agreement to sell 100% of the Solar Renewable Certificates (SRECs) for the project by 2027 with a global energy company. The CPV Group provided collateral to secure its obligations in the agreement, which include making delivery of SRECs generated by the Project. In 2021 Maple Hill entered into a virtual PPA with a third party for the sale of 48% of the electricity generated; the electricity price is carried out based on financial netting between the parties for 10 years from the commercial operation date. In accordance with the agreement, a net calculation will be made of the difference between the variable price that Maple Hill receives from the System Operator, and which is published (the spot price) and the fixed price set with a third party. The CPV Group provided collateral to secure its obligations in the agreement, which include making certain payments to the other party as part of the settlement of the virtual PPA. This agreement includes an option to transition to a physical PPA with a fixed price on fulfillment of certain terms and conditions, which have yet to be met as of the date of the Report.
Stagecoach	In March 2022, Stagecoach entered into an agreement to sell 100% of non-firm energy to a utility company. The utility company is to receive all of the energy and ancillary services produced by Stagecoach. The agreement excludes tax attributes arising from the ownership of the solar project and any environmental attributes generated by the Stagecoach. The consideration is based on the hourly avoided energy rate for each hour of generation up to a maximum energy output as defined in the agreement. The agreement is for a period of 30 years from the commercial operation date of Stagecoach. In April 2022, Stagecoach entered into an agreement with a global company to sell 100% of the renewable solar energy credits produced by the solar project, along with a full hedge of the electricity price of the energy that will be generated and sold under the agreement with the utility company mentioned above, at a fixed price for 20 years from the commercial operation date.

Backbone

261

On May 13, 2024, Stagecoach entered into a tax equity agreement with a tax equity partner for an investment in respect of the Stagecoach project, for a total amount of approx. USD 52 million, which was completed on its signing date, after the project reached commercial operation in the second quarter of 2024. According to the provisions of the agreement and as of its completion date, the tax equity partner in the project funded an investment of approx. USD 43 million with the remainder to be funded over the term of the agreement as a function of the project's production pursuant to the terms and conditions set forth in the agreement. The agreement provides the CPV Group with the option to acquire the tax equity partner's share in the project within a certain period and in accordance with the terms and conditions set out in the agreement.

In consideration for its investment in the project, the tax equity partner is expected to benefit from most of the project's tax benefits, including a PTC, which awards a tax benefit for each KWh generated using renewable energy over a 10-year period, and will receive a portion of the distributable cash flow from the project (gradually, and at rates and for periods set in the agreement). Furthermore, the tax equity partner is entitled to most of the project's taxable income or loss for tax purposes subject to certain limitations. At the end of 9.5 years from the completion date, the tax equity partner's share in such taxable income and tax benefits decreases significantly and CPV Group will have the option to acquire the tax equity partner's share in the project in accordance with the terms and conditions set forth in the agreement.

As is generally accepted in engagements of this type, the agreement includes a guarantee provided by the CPV Group and an undertaking to indemnify the tax equity partner in connection with certain matters. Furthermore, the tax equity partner has certain veto rights, among other things, in respect of the creation of certain liens on the project's assets or the entry of the project company into additional material agreements.

In June 2023, Backbone entered into an EPC agreement with a construction contractor in respect of the construction of Backbone project which was amended and restated in October 2025 with respect to the construction of the expansion of the project. In accordance with the agreement, the contractor is required to plan, purchase, install, build, test, and operate the solar project in full, on

²⁶¹ Main part of the Project (179MW) reached commercial operation in December 2025. The expansion of the projected of 36 MWdc (described in Section 8.1.1.6(a) above) is under construction, as of the approval date of the Report.

a turnkey basis. As of the date of the Report, the consideration in the EPC agreement in an amount of approx. USD 193 million, of which approx. USD 183 million was paid in accordance with the milestones set in the EPC agreement for the main part of the Backbone project (which achieved commercial operations on November 26, 2025). The remaining cost to be paid are for close out items that will be paid in the coming months and the cost of the expansion in the amount of USD 35 million will be paid according to milestones set for the expansion of the Backbone project.

In 2023, Backbone entered into an agreement with a global company to sell approx. 81% of the renewable solar energy credits produced by the main part²⁷⁶ of the solar project, along with a hedge of the electricity price of the energy that will be generated and sold to PJM, at a fixed price for 10 years from the commercial operation date. The CPV Group provided collateral to secure its obligations in the agreement, which include making certain payments to the other party if certain milestones (including commencement of activities) in the project are not completed according to a specific schedule.

On October 10, 2024, Backbone entered into a binding tax equity agreement with a tax equity partner in respect of main part²⁷⁶ of the project for a total amount of approx. USD 120 million.

In accordance with the provisions of the agreement (and as is generally accept in agreements of this type), approx. 20% of the tax equity partner's investment in the project was provided on the project's mechanical completion date of October 2025, and the remaining balance was provided on the commercial operation date on December 19, 2025.

In October 2025, an agreement was signed to join the 36 MWdc expansion of the project to the tax equity partner agreement for a total amount of approx. USD 19 million, on conditions similar to those of the original agreement. In accordance with the provisions of the agreement, 100% of the tax equity partner's investment in the project will be provided on the commercial operation date (as such terms are defined in the agreement) subject to the terms and conditions set forth in the agreement.

In connection with its investment in the project, the tax equity partner is expected to benefit from most of the project's tax benefits, including the project's taxable income or its loss for tax purposes, an ITC, which is based on the investment in the project's compliance with the required conditions, subject to certain

	restrictions and for periods as set in the agreement, and to participate in the distributable cash flow from the project (gradually, and at rates and for periods set in the agreement). At the end of 5 years from the commercial operation date, the tax equity partner's share in such taxable income and tax benefits decreases significantly, and the CPV Group will have the option to acquire the tax equity partner's share in the project within a certain period and in accordance with the terms and conditions set forth in the agreement. As is generally accepted in engagements of this type, the agreement includes a guarantee provided by the CPV Group, and an undertaking to indemnify the tax equity partner with respect to certain matters. Furthermore, the tax equity partner will be entitled to rights in the Backbone project and to certain veto rights, among other things, in respect of the creation of certain liens on the project company's assets or the engagement of the project company in additional material agreements. In addition, the tax equity partner may be entitled to an under-delivery fee at a rate and under conditions set forth in the agreement.
Rogue's Wind (under construction)	In April 2021, the CPV Group signed an agreement for the sale of all the electricity and the environmental consideration of the Rogue's Wind energy project (including Renewable Energy Certificates (RECs), benefits related to availability, and related expenses). The agreement was signed for a period of 10 years commencing on the commercial operation date. The CPV Group has provided collateral to secure its obligations in the agreement, which include making execution of certain payments to the other party if certain milestones (including the commencement of date of the activities) in the project are not completed in accordance with the determined timetable. In August 2024, Rogue's Wind signed an EPC agreement with an international contractor and an equipment procurement agreement. Pursuant to the agreement, the contractor is to design, engineer, procure, install, construct, test, and commission the wind project on a turnkey, guaranteed-completion-date basis. The total consideration to be paid to the contractor is a fixed amount payable under a milestone schedule. For details regarding the project's costs, including EPC costs, see Section 8.1.1.6(b) above. In August 2024, Rogue's Wind signed an EPC switchyard agreement with an international contractor. Pursuant to the agreement, the contractor is to engineer, procure, install, construct, test, and commission the electrical switchyard on a turnkey, guaranteed-

	completion-date basis. The total consideration to be paid to the contractor is a fixed amount, subject to change orders, payable under a milestone schedule. The total consideration for both EPC agreements is expected to total approx. USD 113 million. In August 2024, Rogue's Wind signed a wind turbine supply agreement for the purchase of wind turbines with an international supplier. The total cost of the agreement is approx. USD 139 million. 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. In August 2025, the CPV Group signed an agreement with a tax partner (Equity Tax) in an ITC format in respect of about 40% of the cost of the project (approx. USD 160 million) and use of the tax credits that are available to the project (subject to appropriate regulatory arrangements) on terms that are customary for agreements of this type, similar to Backbone (including provision of a guarantee by the CPV Group for certain liabilities).
Low Carbon	
Basin Ranch (Under Construction ²⁶²)	Basin Ranch signed an agreement with the equipment supplier (that was until February 2026 (see Section 8.1.1.6 above) a partner in the project (GE Vernova)) for acquisition of the main equipment ("<u>GEV Equipment Agreement</u>"). The GEV Equipment Agreement includes specifications regarding the power generation equipment for the Basin Ranch project (H Class technology) including 2 gas turbines and 2 steam turbines. The said equipment agreement

²⁶² The information regarding the Basin Ranch, including regarding commercial structure (including regarding additional hedging agreements up and as of the COD), the total cost of the Project, expected construction and equipment costs includes forward-looking information as defined by the Israeli Securities Law, the materialization of which is uncertain (in whole or in part), including due to factors that are beyond the control of the CPV Group or the Company. The information may not materialize due to factors such as: regulatory changes or legislative changes (including changes affecting major suppliers of projects and/or import of equipment, including changes in energy market regulation or legislation or changes in import/customs tariffs of raw materials and products to the US), delays in interconnection or operation permits, increase in construction costs, delays in the execution of construction work and/or technical or operational failures, difficulty or delays in entering into an interconnect agreement or connecting the Project to transmission infrastructures or other infrastructures, difficulty in entering into additional commercial agreements, energy market conditions (including changes in the ERCOT market conditions at the expected commercial operation date), disruption in the supply/connection of natural gas, increase in finance expenses, unexpected expenses, macroeconomic changes, weather/nature events, delays and higher costs associated with supply chains, transport and higher raw material prices, etc. Construction delays may also affect the ability to meet undertakings towards third parties (including lender, suppliers and other counterparties) in connection with the Project and may result in actions initiated by such parties or collaterals forfeit.

includes, among other things, the dates and conditions for supply and payment, the manufacturer's warranty and specifications with respect to the equipment, and certain guarantees and liability (subject to caps).

On October 28, 2025, Basin Ranch entered into an Engineering Procurement and Construction Agreement ("EPC Agreement") with an U.S. based power plants construction company with respect to the construction of the Basin Ranch project²⁶³. Under the EPC Agreement, the contractor has committed to provide engineering and construction of the full facility including integration of the GEV equipment and procurement of the remainder of the equipment (which is not purchased under the GEV equipment agreement detailed above). The EPC agreement includes standard terms and commitments customary in transactions of this type (similar to other Energy Transition projects of CPV Group), such as the contractor's commitment to completion schedule; warranty period; performance tests; various guarantees to secure the contractor's obligations and performance values under the agreement; liquidated damages for delay (with applicable caps); standard grounds for termination of the agreement; insurances; liability of the contractor limited by cap and other relevant provisions for project construction and commissioning.

As described above, the main equipment for the Basin Ranch project is supplied under a separate equipment agreement, the GEV agreement²⁶⁴.

The consideration under the EPC Agreement and GEV Equipment Agreement will be paid overtime in accordance with the milestones set in each agreement and as of report date, is expected to total, in aggregate for both agreements (including additional equipment contracts), to approx. 1.4 billion USD. Both EPC and GEV Equipment Agreements include fixed consideration and in addition variable consideration payable by the Project Company for relevant tariff costs which are settled by the Basin Ranch project in accordance with arrangements set in each agreement²⁶⁵.

²⁶³ The Project will be the third gas fired project of CPV Group with this construction constructor, which is a professional party with extensive experience in executing projects in this field.

²⁶⁴ For details regarding collateral under the TEF loan in connection with the completion of construction, see Section 8.17.4 below.

²⁶⁵ The estimates regarding the expected overall costs of constructing the Project, including the costs of the EPC Agreement and the GEV Equipment Agreement and the duration of the construction period, constitute forward-looking information as defined under the Israeli Securities Law, the realization of which is uncertain and not solely within the Company's control. Such estimations may not materialize due to factors such as delays, increases in construction costs, changes in macroeconomic conditions or regulatory factors including increases in tariff rates or other taxes affecting the EPC
(cont'd)

	For details regarding the project's estimated costs, see Section 6B' to the Board of Directors Report.
	Basin Ranch entered into an agreement with the original equipment manufacturer for maintenance services for the Basin Ranch project's combustion turbines. The agreement will become effective on the Basin Ranch project's Substantial Completion date and will expire on the earlier of: (1) 25 years from its effective date; or (2) achievement of defined milestones based on equipment usage and wear. In accordance with the agreement, Basin Ranch will pay consideration comprised of a fixed component and a variable component. The expected cost over the term of the agreement, commencing on the Commercial Operation Date, is estimated at an average annual cost of approx. USD 11 million (all-in-costs) each year. ²⁶⁶ For additional information regarding Basin Ranch's equipment maintenance agreement, see Note ___ to the financial statements.
	For details on Basin Ranch hedging agreements, see Section 8.1.1.6(b) above.

For further details in connection with obligations with respect to development projects, see the information below the table in Section 8.1.1.6(b) above and Section 6B' of the Board of Directors report.

8.14.10 Agreements with Investor in CPV Renewable

On August 16, 2024, the CPV Group's respective subsidiaries entered into binding agreements with Harrison Street, a US private equity fund in the field of infrastructure (as used hereinafter in this section, the "Investor") pursuant to which the Investor will invest a total amount of USD 300 million (as used hereinafter in this section, the "Total Investment") in CPV Renewable²⁶⁷ for 33.33% of the ordinary interest in CPV Renewable (the "Investor interests"), in accordance with and subject to the main terms and conditions as follows (as used hereinafter in this

Agreement and the GEV Equipment Agreement and on the costs associated therewith, changes in the electricity market, and various regulatory changes relating to the electricity sector. In practice, the costs of such agreements (both or either of them, as well as other agreements related to the construction of the Project) may increase significantly as a result of such factors.

²⁶⁶ Projected amount subject to adjustments and therefore amounts may vary. Accordingly, the related estimated cost is forward-looking information, as defined in the Securities Law, which is based on the terms of the agreement as of the date of the report. Its realization is not certain and may change and be affected, among other things, by adjustments, to the extent such adjustments are made as described above, in accordance with the terms of the agreement.

²⁶⁷ Prior to closing of the Transaction: (1) CPV Renewable converted from a limited partnership to a limited liability company and (2) the holding interest in CPV Keenan LLC (which is part of renewable energy activity of CPV Group) was transferred to CPV Renewable. For further information including accounting and tax implications, see immediate reports of the Company dated August 8, 2024 (Ref. no. 2024-01-083868), October 1, 2024 (Ref. no. 2024-01-607258), October 29, 2024 (Ref. no. 2024-01-612352) and November 14, 2024 (Ref. no. 2024-01-615744) incorporated by reference.

section, the “Agreement” and the “Transaction”, as applicable²⁶⁸). On November 13, 2024 (as used hereinafter in this section, the “Closing Date”), following completion and fulfillment of the required actions and conditions, the Transaction was closed. At the Closing Date the Investor funded USD 200 million in CPV Renewable (out of the total investment amount of USD 300 million) and 33.33% of the ordinary interest in CPV Renewable was issued to the Investor, and the remaining USD 100 million of the Total Investment was funded as agreed until September 30, 2025.

The Shareholders Agreement, which became effective upon the closing of the Transaction, set forth the governances arrangements between the CPV Group and the Investor, which included, among other things, the following concepts: (1) board composition - initial board composition as of closing shall comprise of 4 members (2 directors appointed by each of CPV Group and the Investor²⁶⁹); (2) customary interest transfer restrictions²⁷⁰, subject to agreed terms and exclusions; (3) actions and decisions that require supermajority (which include the votes of Investor’s appointed board members²⁷¹); and (4) the CPV Group’s renewable activities will be conducted through CPV Renewable²⁷².

The Agreement further provides that CPV Group will provide development and asset management services to CPV Renewable pursuant to long term service agreements²⁷³, which include, among other things, obligation of the CPV Group to provide sufficient resources and qualified personnel for this purpose, in accordance with specific covenants²⁷⁴.

8.15 Legal proceedings

As of the date of the Report, there are no material legal proceedings pending against the CPV Group.

8.16 Insurance

²⁶⁸ Including the investment agreement (the “Investment Agreement”) the LLC Agreement (the “Shareholders Agreement”) and the development services and assets management agreements, which became effective on closing date (the “Service Agreements”). Pursuant to the Agreement, a certain return from CPV Renewable to CPV Group was set for investments in 2024.

²⁶⁹ Additional provisions are included to address changes in current ownership in CPV Renewable.

²⁷⁰ Including certain lock-up period.

²⁷¹ Such as (non-exhaustive list) - changes to corporate documents, mergers, issuance of securities, liquidation, future budgets (Shareholders Agreement includes arrangements to address budgets continuity), related parties transactions (including regarding the service agreements), certain engagements and material transactions etc., all subject to the applicable terms, thresholds and definitions under the Shareholders Agreement. Additionally, the replacement of CPV Renewable’s business lead will require the Investor’s consent as long as certain terms apply.

²⁷² With the exception circumstances as defined under the Shareholders Agreement.

²⁷³ Service agreements include early termination rights of CPV Renewable under certain circumstances.

²⁷⁴ Including covenants regarding qualified business lead and development team. Breach of some of such covenants (as applicable) may result in termination of service agreements and appointment of replacement as well as additional implications on the CPV Group’s rights under the Shareholders Agreement.

The CPV Group holds various insurance policies for purposes of reducing the damage that could be caused to it as a result of occurrence of certain risks, including “all risks” insurance. The existing insurance policies of the CPV Group may not cover certain damages or not cover the entire scope of the damage caused (and such policies include deductibles and exclusions as customary in the areas of activity). In addition, it is possible that the CPV Group will not be able to obtain insurance under similar terms and conditions in the future. The CPV Group could be adversely impacted if its projects suffer any damages that are not fully covered by the insurance policies.

8.17 Financing

8.17.1 Generally, as of filing date, CPV Group's operating projects have Senior project financing debt with similar outlines - per-project and per-asset financing (other than Maple Hill, Stagecoach, and Backbone arranged on a several project portfolio basis under the financing framework as stated below, and financing of the Mountain Wind also arranged on the basis of the Mountain Wind portfolio of projects), at non-recourse financing terms subject to specific terms and exceptions set for each project. On financial closing of each of such financing²⁷⁵, debt and equity capital were committed in an amount sufficient to cover the project's projected capital costs during construction, along with ancillary credit facilities. The ancillary credit facilities are provided by a subset of the project's lenders and in some cases by financial institutions who are not direct lenders to the relevant project and are comprised of letters of credit (LC), which support collateral obligations under the financing arrangements and commercial arrangements, and a working capital revolver facility, which supports the project's ancillary credit needs. The senior credit facilities are generally structured such that, subject to certain conditions precedent, they are converted from facilities to finance the construction phase (if relevant) to term facilities (term loans) with initial maturity dates often tied to the term of the applicable commercial arrangements anchoring expected operating cash flows of each project. For the Energy Transition projects, the term loans generally span the construction period plus 5-7 years after launch of commercial operation (hereinafter – “miniperm financing”). The miniperm financing is repaid based on a combination of (1) predetermined amounts per project in accordance with set end-of-quarter repayment dates, and (2) result-based metrics, which result in partial repayment of the loan on end-of quarter repayment dates (cash sweep), which result, in the aggregate, in partial repayment over the loan term and a balance payable or refinanced upon final repayment date. For additional details, see Section 9A of the Board of Directors Report. For details regarding TEF Loan (Texas state subsidized loan) for Basin Ranch project see in this section below.

8.17.2 The CPV Group seeks to take advantage of opportunities to refinance its credit facilities according to market conditions and, in any case, prior to the scheduled final repayment date. The credit facilities of the operating assets in place during construction are generally sourced

²⁷⁵ Excluding Mountain Wind financing agreement on acquisition of Mountain Wind.

from a consortium of international lenders (10-20 for each Energy Transition project, fewer for renewable energy projects with lower capital needs) and executed in the “Term Loan A” market, which is substantially comprised of commercial banks, investment banks, institutional lenders, insurance companies, international funds, and equipment suppliers’ credit affiliates. The CPV Group’s operating project companies have refinanced loans for Energy Transition projects on both the Term Loan A market and the Term Loan B market, the latter of which includes mainly institutional lenders, international funds, and a number of commercial banks. CPV will continue to assess opportunities to expand credit facilities at a corporate level.

- 8.17.3** While the credit facility terms and conditions have certain provisions specific to the project being financed, an overwhelming majority of the standard key terms and conditions (first lien security on assets and rights, covenants, events of default, equity cure rights, distribution restrictions, reserve requirements, etc.) are similar across the CPV project financings, as customary in the relevant markets considering the project and the market conditions. New variable credit facilities and refinancings of future debt bearing variable interest of the CPV Group project companies will have SOFR as their benchmark interest rate (with United States Prime interest as an alternative, in a manner that corresponds to the existing credit facilities of the CPV Group project companies). In each market and often within each project loan, lenders extended loans to the CPV group’s projects either according to a credit margin plus SOFR²⁷⁶, variable base interest rate or fixed interest. To minimize exposure to potential interest rate risk, CPV executes interest rate hedges for a significant portion of the main exposure at the project level, whereby the Project Companies pay the major financial institutions fixed interest and receive variable interest payments for certain terms, according to the terms and conditions of the project and loan.
- 8.17.4** Set forth below is a summary the main commercial terms and conditions of the senior debt facilities of the CPV Group’s main Project Companies. Total loans and credit facilities represent the total facility size as in accordance with the relevant financing agreement (or its applicable notable amendment date). The loan amounts under the term loans to the extent they are withdrawn and repaid, they may not be withdrawn again, whereas in general, and subject to the ancillary credit facilities terms, and the working capital facilities, may revolve by nature (for further details see Section 9 of the Board of Directors Report). Furthermore, in addition to the terms set forth in the table below for each project, the financing agreements include events of default and grounds for immediate repayment customary in these type of agreements, including among others, breach of representations and covenants that have a material adverse effect, non-compliance with certain obligations, various default events, non payment events, termination of the activities of the project or termination of significant parties in the project (as defined in the agreement), occurrence of certain events relating to the regulatory status of the project and maintaining government approvals, certain changes

²⁷⁶ It is noted that most of the individual Project Company debt facilities include an alternate base rate to SOFR, which is typically based on United States prime rate + a credit spread, but SOFR + credit spread is elected for substantially all borrowings.

in ownership of the project, certain events in connection with the project, existence of legal proceedings relating to the project, and a situation wherein the project is not entitled to receive payments for capacity and electricity – all in accordance with and subject to the terms and conditions, definitions and remediation periods detailed in the financing agreement.

Project	Financing ²⁷⁷
<i>Fairview</i>	Term Loan B refinancing completed on August 14, 2024 (and amended from time to time), with subsequent upsize and repricing amendment executed on October 7, 2025, under the following main terms: Total loans and facilities as of October 2025 – USD 775 million, as follows: Term loan (variable interest*) – USD 700 million Ancillary credit facilities (working capital, letters of credit) – USD 75 million Total balance and withdrawals – as of December 31, 2025, approx. USD 728 million as follows: Term loan (variable interest*) – approx. USD 696 million Working capital facilities – No funds have been drawn under the agreement Ancillary credit facilities – approx. USD 32 million *For details regarding interest rates (including repricing and update of the interest margin in 2025), see Section 11 of the Board of Directors Report. Final repayment of loans and ancillary facilities: Term loan: August 14, 2031, Ancillary credit facilities: August 14, 2030 (ancillary facilities). The rate and scope of the repayment of the term loan principal varies until the final repayment, in accordance with a combination of scheduled amortization and cash sweep repayment mechanisms (ranging from 25-75% depending on the leverage ratio). Other Notable Terms: Historical debt service coverage ratio of 1.1x during the last four quarters. As of the date of the Report, Fairview is in compliance with the covenant. A distribution is conditional on the project company meeting a number of terms and conditions, including compliance with the requirements for reserves (as stated in the agreement), and that there was no grounds for repayment or breach in accordance with the financing agreement.

²⁷⁷ For 100% of the project (for the holding rates of the CPV Group in the projects, see Section 8.1.1.6 above). It is noted that the main financing agreements include, among other things, non-standard terms and conditions that are customary in agreements for projects of this type, provisions regarding mandatory prepayments, various grounds for repayment, fees and commissions in respect of credit facilities, annual fees and commissions relating to the issuance of LC and additional customary terms and conditions. In addition, as part of the financing agreements, collateral and pledges were placed on substantially all of the project's assets including their rights. It is noted that, as of the date of the Report, there are no grounds for immediate repayment for any of the financing agreements.

Project	Financing ²⁷⁷
<i>Towantic</i>	Term Loan A refinancing completed on June 27, 2024, under the following main terms: Total loans and facilities as of June 2024 – approx. USD 363 million, as follows: Term loan (variable interest*) – approx. USD 265 million Ancillary credit facilities (working capital, letters of credit etc.) – approx. USD 98 million Total balance and withdrawals as of December 31, 2025 - approx. USD 263 million as follows: Term loan – approx. USD 223 million Ancillary credit facilities – approx. USD 40 million *For details regarding interest rates, see Section 11 of the Board of Directors Report. Final repayment of loans and ancillary facilities: June 30, 2029. The rate and scope of the repayment of the term loan principal varies until the final repayment, in accordance with a combination of scheduled amortization and a targeted debt balance cash sweep repayment mechanism resulting in an aggregate ~30.5% over the debt term. In addition, an additional cash sweep mechanism (up 25% to 100%) shall become effective during the time to the extent Towantic fails to meet the minimum incremental hedged revenue requirement under the financing agreement²⁷⁸. Other Notable Terms: Execution of a distribution is subject to the Project Company's compliance with several terms and conditions, including compliance with a minimum debt service coverage ratio of 1.2x during the four quarters that preceded the distribution, compliance with reserve requirements (as stated in the financing agreement), compliance with the target debt balances defined in the agreement, and that there was no ground for repayment or breach in accordance with the financing agreement.
<i>Maryland</i>	Term Loan B refinancing completed in May 2021 (and amended from time to time) Total loans and facilities as of May 2021 – USD 450 million, as follows: Term loan (variable interest*) – USD 350 million Ancillary credit facilities (working capital, letters of credit) – USD 100 million Total balance and withdrawals as of December 31, 2025 - approx. USD 246 million as follows: Term loan (variable interest*) – approx. USD 215 million Ancillary credit facilities – approx. USD 31 million. *For details regarding interest rates, see Section 11 of the Board of Directors Report. Final repayment of loans and ancillary facilities: Term loan: May 11, 2028; Ancillary credit facilities: November 11, 2027. The rate and scope of the repayment of the term loan principal varies until the final repayment, in

²⁷⁸ As of the reporting date, Towantic expects to meet such revenue hedging requirements. It should be clarified that CPV Group's estimation above contains forward-looking information as defined in the Securities Law, which there is no certainty as to its materialization, and which its materialization depends on the market conditions, energy prices, the availability of hedging transactions, and other factors beyond the control of the CPV Group. In practice, the scope of cash sweep requirements may fully apply, and an increase in the margin may also apply.

Project	Financing ²⁷⁷
	accordance with a combination of amortization and cash sweep repayment mechanisms (ranging from 50-75% depending on the leverage ratio). Other Notable Terms: Historical debt service coverage ratio of 1.1x during the last four quarters. As of the date of the Report, Maryland is in compliance with the covenant, see Section 9 of the Board of Directors Report. A distribution is conditional on the project company meeting a number of terms and conditions, including compliance with the requirements for reserves (as stated in the agreement), and that there was no grounds for repayment or breach in accordance with the financing agreement.
Shore	Term Loan B refinancing completed on February 4, 2025. Total loans and facilities as of February 2025 – USD 436 million, as follows: Term loan (variable interest*) – USD 325 million Ancillary credit facilities (working capital, letters of credit including USD 61 million “Term LC” facility) – USD 111 million Total balance and withdrawals as of December 31, 2025 - approx. USD 352 million as follows: Term loan (variable interest*) – approx. USD 295 million Ancillary credit facilities – approx. USD 57 million. *For details regarding interest rates, see Sections 9a and b of the Board of Directors Report. Final repayment of loans and ancillary facilities: Term loan and Term LC facility: February 4, 2032; Ancillary facilities: February 4, 2030. The rate and scope of the repayment of the term loan principal varies until the final repayment, in accordance with a combination of amortization and cash sweep repayment mechanisms (ranging from 75% to 100% depending on the leverage ratio). Other Notable Terms: Historical debt service coverage ratio of 1.1x during the last four quarters. As of the date of the Report, Shore is in compliance with the covenant. A distribution is conditional on the project company meeting a number of terms and conditions, including compliance with the requirements for reserves (as stated in the agreement), and that there was no grounds for repayment or breach in accordance with the financing agreement. It should be noted that, in connection with the closing of the Shore’s refinancing, an amount of approx. USD 80 million was provided to Shore by all of its equity holders (“<u>Deleverage Amount</u>”), with the CPV Group’s share, including with respect to holding increase, which was completed in April 2025 after the refinancing, as stated in Section 8.1.1.6 above in the Deleveraging Amount equal to approx. USD 71 million.

Project	Financing ²⁷⁷
<i>Valley</i>	Original Term Loan A financing agreements from 2015 was amended and extended in 2023²⁷⁹ with an adjusted maturity date in May 2026. Term Loan B refinancing completed on February 17, 2026 (“<u>Valley Term Loan B</u>”). Total loans and facilities as of February 2026 – USD 425 million (excluding the shareholders’ loan discussed below, which was repaid in full upon close of the Valley Term Loan B), as follows: Term loan (variable interest*) – USD 325 million Ancillary credit facilities (working capital, letters of credit) – USD 100 million Total balance and withdrawals as of February 2026 which was repaid under previous financing agreement - approx. USD 289 million as follows: Term loan (variable interest*) – approx. USD 235 million Ancillary credit facilities – approx. USD 54 million. *For details regarding interest rates under the Valley Term Loan B, see Section 11 of the Board of Directors Report. Final repayment of loans and ancillary facilities for Valley Term Loan B: Term loan: February 17, 2033 for Term Loan; Ancillary credit facilities: February 17, 2032. The rate and scope of the repayment of the Term Loan B principal varies until the final repayment, in accordance with a combination of amortization and cash sweep repayment mechanism (ranging from 25-75% depending on the leverage ratio). Other Notable Terms: Historical debt service coverage ratio of 1.1x during the last four quarters. As of the date of the Report, Valley is in compliance with the covenant, see Section 9 of the Board of Directors Report. A distribution is conditional on the project company meeting a number of terms and conditions, including compliance with the requirements for reserves (as stated in the agreement), and that there was no grounds for repayment or breach in accordance with the financing agreement.

²⁷⁹ For details regarding the 2023 amendment and extension of Valley financing agreement see Section 8.1.4(j) of the 2024 annual report.

Project	Financing ²⁷⁷
<i>Three Rivers</i>	Original Term Loan A financing agreement was completed in August 2020 (as amended from time to time) Total loans and facilities as of August 2020 – USD 875 million, as follows: Term loan (variable interest tranche) – USD 650 million Term loan (fixed interest tranche) – USD 100 million Ancillary credit facilities (working capital, letters of credit) – USD 125 million Interest Rate and Total balance and withdrawals as of December 31, 2025 – approx. USD 645 million as follows: Term loan (variable interest) – approx. USD 517 million Term loan (fixed interest*) – approx. USD 86 million Ancillary credit facilities (variable interest) – approx. USD 42 million - see Section 9 of the Board of Directors Report. Final repayment of loans and ancillary facilities: June 30, 2028. The rate and scope of the repayment of the term loan principal varies until the final repayment, in accordance with a combination of amortization and cash sweep repayment mechanisms. Other Notable Terms: Execution of a distribution is subject to the Project Company compliance with several terms and conditions, including compliance with a minimum debt service coverage ratio of 1.2x during the four quarters that preceded the distribution, compliance with reserve requirements (as stated in the financing agreement), compliance with the target debt balances defined in the agreement, and that there was no grounds for repayment or breach in accordance with the financing agreement.
<i>Keenan</i>	In August 2021, Keenan and a number of financial entities entered into a USD 120 million financing agreement, comprising a USD 104 million loan term and ancillary credit facilities (working capital and letters of credit) totaling USD 16 million (hereinafter - the "<u>Keenan Financing Agreement</u>"). It should be noted that the Keenan Financing Agreement includes, among other things, and as customary in agreements of this type, provisions regarding mandatory prepayments, fees in respect of credit facilities, annual fees and commissions relating to the issuance of letters of credit and additional customary terms and conditions, including hedging of the base interest rate in respect of 70% of the loan. Total loans and facilities as of August 2021 – approx. USD 120 million, as follows: Term loan (variable interest*) – USD 104 million Ancillary credit facilities (working capital, letters of credit) – approx. USD 16 million Total balance and withdrawals as of December 31, 2025 – approx. USD 56 million as follows: Term loan (variable interest*) – approx. USD 17 million Term Loan (fixed interest*) – approx. USD 39 million

Project	Financing ²⁷⁷
	Ancillary credit facilities (variable interest*) – approx. USD 14 million *For details regarding interest rates, see Section 11 of the Board of Directors Report. Final repayment of loans and ancillary facilities: December 31, 2030 Other Notable Terms: Execution of a distribution is subject to the project company's compliance with several terms and conditions, including compliance with a minimum debt service coverage ratio of 1.15 during the four quarters that preceded the distribution, and that no grounds for repayment or breach event exist (as defined in the financing agreement).
<i>Mountain Wind</i>	Financing agreement was completed on April 6, 2023. Total loans and facilities as of April 2023 – USD 92 million, as follows: Term loan (variable interest tranche²⁸⁰) – USD 19 million Term loan (fixed interest tranche) – USD 56 million Ancillary credit facilities (working capital, letters of credit) – USD 17 million Interest Rate and Total balance and withdrawals as of December 31, 2025 - approx. USD 62.4 million as follows: Term loan (variable interest) – approx. USD 15.6 (net of swaps) million Term loan (fixed interest*) – approx. USD 46.8 million Final repayment of loans and ancillary facilities: April 6, 2028 Other Notable Terms: Execution of a distribution is subject to the project company's compliance with several terms and conditions, including compliance with a minimum debt service coverage ratio of 1.20 during the preceding 12-month period that preceded the distribution, and that no grounds for repayment or breach event exist (as defined in the financing agreement).
<i>Rogue's Wind</i>	Financing agreement was completed on August 16, 2024. Total loans and facilities as of August 2024 – USD 257 million, as follows: Construction Term loan (will be converted into a loan on the commercial operation date, hereinafter: the "<u>Loan Conversion Date</u>") (variable interest) – Up to approx. USD 89 million Ancillary credit facilities (variable interest*) – Up to approx. USD 28 million Bridge Loan (for the investment of the tax equity partner) (variable interest*) – Up to approx. USD 157 million Total balance and withdrawals as of December 31, 2025 - Construction Term Loan: USD 54 million and Bridge Loan: USD 67 million ** The withdrawal of the credit facilities is subject to compliance with the capital requirements as defined in the Financing Agreement. Construction Term Loan interest: SOFR + 1.75% Term Loan interest: SOFR + 1.85% Bridge Loan interest: SOFR + 1.5%

²⁸⁰ It should be noted that the CPV Group hedged the exposure to changes in variable SOFR interest by entering into an interest rate swap in respect of 75% of the balance of the Loan and opted to apply cash flow hedge accounting.

Project	Financing ²⁷⁷
	Final repayment of loans and ancillary facilities: 3 years from the Loan Conversion Date. The loan's principal shall be paid in semi-annual payments in accordance with pre-defined amortization schedule and amounts, over a period of three years after the Loan Conversion Date. Final repayment date of the bridge loan (for the investment of the tax equity partner): In principle, the date is in line with the Loan Conversion Date. Other Notable Terms: Execution of distributions is conditional upon the project's compliance with certain conditions, including compliance with a minimum debt service coverage ratio of 1.20 during the four quarters that preceded the distribution (proportionately to the measurement period which is less than four quarters), and a condition whereby no grounds for repayment or default event exist (as defined in the Financing Agreement).
<i>Basin Ranch (under construction)</i>	<u>TEF Loan Agreement</u>²⁸¹ The Borrower: Basin Ranch project company (CPV Basin Ranch, LLC). Lender: Public Utility Commission of Texas (PUCT) Financing Closing occurred on October 28, 2025. Total Loan Commitment: Approx. USD 1.1 billion, amount drawn as of December 31, 2025 = approx. USD 190.8 million. Interest rate: fixed annual interest rate of 3%. Repayment schedule of principal and interest: Final Repayment date is September 30, 2045, which is approx. 20 years from Financial Closing/first draw which occurred on October 28, 2025. The loan principal will be repaid in quarterly principal repayments commencing on March 31, 2031, equal to 0.25% per quarter through March 31, 2032. thereafter: mortgage style repayments through maturity. Interest payments are payable on the last business day calendar quarterly during construction and on the last business day calendar quarterly following the commercial operations date ("<u>COD</u>") with the first post COD interest payment due after the first full calendar quarter following COD²⁸². Pledge: First, senior secured and fixed pledge on the Basin Ranch project, its assets and the rights therein.

²⁸¹ TEF Loan is comprised of several agreements (including Equity Contribution Agreement - ECA) CPV Group provided the equity through credit for payment/recognition of expenses up to financial closing, cash, and letters of credit (LC), subject to the ECA conditions.

²⁸² The Project's expected COD include forward-looking information, as defined in the Israeli Securities Law, the realization of which (in whole or in part) is uncertain and may be delayed or may not materialize at all. This is due, among other things, to factors beyond the Company's control, including g, commercial changes or changes in financing terms, delays in obtaining project permits, delays in construction works and/or technical or operational failures, difficulties or delays in entering into or implementing an interconnection agreement or connecting the project to transmission or other infrastructure, energy market conditions (including changes in ERCOT market conditions as of the expected commercial operation date), disruptions in natural gas supply/connection, unexpected expenses, macroeconomic changes, weather/natural events, and delays or increased costs related to supply chains, transportation, or higher raw material prices, among other factors.

Project	Financing ²⁷⁷
	Default Covenants: • Historic 12 months DSCR of 1.10x commencing one year from COD, measured quarterly after COD. • Projected 5-year Contracted DSCR 1.20x at COD and contracts sufficient to pass 5-year DSCR test have to be extended/replaced 2 years prior to expiry on a rolling basis. As noted in the Previous Reports, as part of its commercialization, the Basin Ranch project entered into 7-year post COD hedging arrangements for a material portion of its capacity which comply with this covenant. • Trailing 12 months project performance based covenant, measured monthly commencing on and after the date which is 12 full calendar months after COD, specifying minimum availability factor of 85% and maximum outage factor of 15% curable by corrective action plan and rolling 12 months of funded plan reserve. Other notable terms (including certain collaterals): • Distributions are subject to customary definitions and conditions and additionally to the following (i) complying with projected rolling four quarters Contracted DSCR of 1.20x, or all cashflow DSCR of 1.35x; and (ii) trailing 12-month performance based tests (outages/availability) with certain conditions to allow distribution even if the tests are not met. • Additional commitments at Sponsors level²⁸³ (100%) totaling approx. USD 191 million, including: collateral in the form of letters of credit (LCs)²⁸⁴ or other acceptable collateral (such as cash) to secure certain matters relating to key agreements and project cost as well as collateral to secure completion of construction, which may be drawn after exhaustion of the contingency reserve; and to secure the interconnection of the Basin Ranch project to the grid within 4 years, subject to potential extension (with release in accordance with such date). • Additional project level security obligations applicable as of the COD include cash reserves or LCs to secure projected DSR and operational expenses. • Additional obligations and events of default include, among others, cases considered as “change of control” that include in case CPV Power Holdings, LP²⁸⁵ cease to hold and control at least 50% of the Borrower and in case CPV Group cease to hold and control at least 50% of CPV Power Holdings LP (as applicable under relevant provisions), customary events of default such as non-payment, non-performance of certain obligations, breach of reps and covenants, bankruptcy, regulatory and legal proceedings – all in accordance

²⁸³ Direct and indirect equity holders of the Borrower (CPV Basin Ranch, LLC) are parties to the Equity Contribution Agreement (ECA) in connection with their commitment to provide the equity portion of the capital commitment for the Basin Ranch project. At Financial Closing, CPV Group (indirectly through its affiliate CPV Basin Ranch Investment, LLC) held 70% of the equity interest in the Basin Ranch project. Coincidentally with CPV Group's February 2, 2026 acquisition of the remaining 30% interest via its affiliate CPV Basin Ranch Investment 2, LLC, CPV Basin Ranch Investment 2, LLC became party to the ECA, such that, as of the approval date of the Report, CPV Group ownership increased to 100%.

²⁸⁴ As of the approval date of the Report, the letters of credit in respect of CPV Group's share are backed by the Company's guarantee or were provided from the Company's credit facilities. For additional details regarding facilities and additional guarantees provided by the Company to CPV Group as mentioned, see Note 14B'7 to the Company's Financial Statements.

²⁸⁵ See the ownership structure chart in Section 2.3.1 above.

Project	Financing ²⁷⁷
	and subject to the conditions and cure periods (as applicable) stipulated under the TEF Loan. For additional details, see the Company's immediate report dated October 28, 2025 (Ref. no: 2025-01-080757).

For details of the financial adjusted debt as of December 31, 2025, divided to fixed debt and SOFR linked debt, see Section 11 of the Board of Directors Report.

For additional details about the LC arrangements, see Section 14B'7 of the Company's Financial Statements and Section 7 of the Board of Directors Report. The LC's are secured by collateral as required by the issuing corporations (including a guarantee by the Company or cash deposit, as the case may be).

8.17.5 Financing framework agreement for construction in the Renewable Energy segment On August, 2023, the CPV Group (through subsidiaries) entered into a financing agreement with several financing corporations for a total amount of approx. USD 370 million; (hereinafter - the "Total Financing Commitment") for the purpose of financing and providing collaterals required for the construction and initial operating period of qualifying²⁸⁶ projects in the field of renewable energy in the United States (hereinafter in this Section - the "Financing Agreement"). As of the date of the Report, the Maple Hill, Stagecoach and Backbone projects are qualifying projects (hereinafter, jointly - the "Qualifying Projects")²⁸⁷.

Out of the Total Financing Commitment, a total of approx. USD 181 million was earmarked for the financing of the projects' construction and initial commercial operation period subject to the terms and conditions detailed below (hereinafter – "Financing of Construction"); a total of approx. USD 39 million was earmarked for the provision of letters of credit (LCs) for the projects (hereinafter - "Letters of Credit") and a total of approx. USD 150 million to be advanced as a bridge loan for the project following its engagement with a "tax equity partner" (hereinafter - the "Bridge Loan").

As of December 31 2025, a total of approx. USD 123 million was withdrawn by the CPV Group from the Total Financing Commitment as part of Financing of Construction and financing of initial activation. It should be noted that the CPV Group hedged the exposure to changes in variable SOFR interest by entering into an interest rate swap in respect of approx. 75% of the balance of the loans and opted to apply cash flow hedge accounting rules. A total of USD 18.5 million of LC were issued for Stagecoach, Maple Hill and Backbone. As of December 31, 2025, the Bridge Loan was fully repaid and the Bridge Loan commitment cancelled and the term loan

²⁸⁶ The classification as a "qualifying project" is based on the fact that the project meets the accepted conditions for senior debt financing as part of project financing.

²⁸⁷ The addition of additional Qualifying Projects, accompanied by an increase in the scope of financing within the loan agreement, is possible subject to the approval of the financiers.

commitment was reduced to the outstanding balance. The following are key terms of the Financing Agreement:

Lenders	International and Israeli banking corporations (with an option to expand the group of lenders by way of syndication) (hereinafter in this section - the " <u>Financing Entities</u> ").
Financing of construction	On the signing date of the financing agreement (hereinafter - the " <u>Financial Closing Date</u> "), the above maximum Financing of Construction amount was set in accordance with the projects' compliance with the scope of leveraging principles, such that each project is required to meet a projected minimum DSCR ratio of 1.3 for contracted revenue ²⁸⁸ and 1.8 for uncontracted revenue (hereinafter - the " <u>Leveraging Ratios</u> ") ²⁸⁹ over a 20 year period. It should be noted that for each project, the compliance with the Leveraging Ratios will be assessed on the date of the first withdrawal (and as a condition thereof), and at the end of the completion of construction work (hereinafter - the " <u>Conversion Date</u> "). The Financing of Construction amount that may be converted on the Conversion Date (if any) into financing for the initial commercial operation period shall be determined in accordance with the assessment of the compliance with the Leveraging Ratios as of that date. As of December 31, 2025, the Backbone construction project achieved its conversion date and accordingly there are no longer financings of construction under this facility.
Final repayment date	December 19, 2026 is the final repayment date, which is one year from the Backbone Conversion Date (the third qualifying project).
Interest	The loans for each project bear annual interest based on SOFR plus a margin as follows: Term loan approx. 2.75% Letters of credit: Issued for fees as is generally accepted for facilities of this type.

²⁸⁸ The ratio between the free cash flow for debt service and the principal and interest payments for the relevant period.

²⁸⁹ The Financing of Construction amount, as of the financial closing date, will meet the leverage ratios as of that date. If a project shall not comply with the leverage ratios at the first withdrawal date of the Financing of Construction or at the above-mentioned Conversion Date, as the case may be, the total Financing Commitment allocated thereto will be reduced to the level at which it will comply with the Leveraging Ratios described above.

Early repayment (principal and interest)	Repayment of principal: • For each project, starting on the conversion date of each project (if it is converted), in quarterly installments in accordance with the amortization schedule set in the Financing Agreement, and on the loan repayment date - a single installment of the outstanding principal balance. • For each project, a cash-sweep mechanism will apply to 50% of the quarterly free cash flow after debt service (the remaining 50% shall be retained as a reserve and may be utilized for another qualifying project subject to compliance with certain conditions). The interest will be repaid in monthly or quarterly installments, subject to the Borrower's discretion.
Additional material terms and conditions	• The financing agreement includes grounds for immediate repayment that are standard in project financing agreements of this type, including, inter alia – breach of representations and commitments that have a material adverse effect, default events, non-compliance with certain obligations, various insolvency events, winding down of the project or termination of significant parties in the project (as defined in the agreement), occurrence of certain events relating to the regulatory status of the project and holding regulatory approvals, certain changes in ownership of the project, certain events in connection with the project, existence of legal proceedings relating to the project, and a situation wherein the project is not entitled to receive payments for capacity and electricity – all in accordance with and subject to the terms and conditions, definitions and remediation periods detailed in the financing agreement. • The three projects are pledged in favor of the lenders in order to secure the undertakings under the Financing Agreement, and a cross default provision is in place between the projects.
Collateral, pledges, guarantees	Collaterals and liens are provided in favor of the Financing Entities on all of the projects' assets and the rights arising therefrom, and in respect of which a withdrawal was made or credit letters were provided (and in respect of each qualifying asset that will be added). CPV Group provided a guarantee to secure certain undertakings in connection with the Financing Agreement, including an undertaking to bear the expenses that will apply to the project as a result of changes to the law in connection with the tax benefits that will arise from the projects, in respect of costs pertaining to breach of a warranty claim by the solar panels supplier, in respect of costs incurred by the projects (if any) in connection with customs payable with respect to the solar panels, and the Maple Hill project's failure to meet the dates-related undertakings to the tax equity partner, all in accordance with and subject to the conditions set in the Financing Agreement.

8.17.6 CPV Group - Bank Leumi Loan Agreement

In connection with funding portion of the equity for financial closing of Basin Ranch and the acquisition of the remainder of interest in the project, CPV Group entered into a financing agreement (as amended) with Bank Leumi, which was initially completed on October 28, 2025. The following are key terms of the Financing Agreement:

The Borrower	CPV Group
Total loans and facilities	as of October 2025 – USD 300 million. increased by USD 130 million on January, 2026 (total of USD 430 million). ²⁹⁰ Total amount was provided through 50/50 cash/LC's.
Total balance and withdrawals	as of December 31, 2025 – USD 300 million.
Interest Rate (annual)	Term Loan: SOFR-based interest rate plus a spread ranging from 2.8% to 3.4%. Finance guarantee fee (through the LC as mentioned above): ranging from 1.3% to 2%.
Repayment dates principal and interest	The interest on the loan shall be payable each quarter starting on March 31, 2027, with the interest accrued until the first payment to be added to the loan principal; The loan principal (including said accrued interest) is payable starting on March 31, 2027, in accordance with the amortization schedule, as follows: 2027-2029: 5% per annum 2030-2031: 25% per annum 2032: 35%. Notwithstanding the foregoing, if the commercial operation of the Basin Ranch project commences during 2029, an adjustment will be made to the principal payment rates (increase from 1.25% per quarter to 6.25% per quarter) starting the first quarter after the date of commercial operation, such that the entire loan is repaid no later than December 31, 2032.
Default Financial Covenants	Financial covenants applicable to the Borrower: • Total equity attributable to shareholders: greater than USD 750 million; • Adjusted net debt to adjusted EBITDA ratio of less than 7.0.²⁹¹ The financial covenants will be examined on a quarterly basis and shall be subject to the terms and conditions (as well as pre-agreed cure periods) and testing mechanisms as specified in the Financing Agreement. As of December 31, 2025, the covenants calculation results are: USD 1.6 billion and ratio of 3.0x, respectively.
Collateral	Subject to the relevant statutory provisions and terms of the financing agreements (including the TEF Loan), the Lender will be entitled to a lien on the account into which the dividends are paid from the project companies directly to the Borrower, all in accordance with the terms and conditions specified in the Financing Agreement; In addition, a commitment to a negative pledge was provided by the Borrower, with the exclusion of: (i) existing and future project financing or provision of liens

²⁹⁰ CPV Group has entered into an amendment with Bank Leumi to increase the Leumi Financing by an additional amount of USD 130 million for the purpose of providing part of the amounts required in connection with the acquisition of the remaining holdings in the Basin Ranch project as described in section 8.1.1.6(b) above, under the terms of the Leumi Financing as stated in the above table (the "Additional Financing Amount"). The Additional Financing Amount was provided partly in cash and partly by way of a letter of credit (LC).

²⁹¹ Generally, the defined terms are based on the definitions set forth in the Company's subsidiary, OPC Israel's Financing Agreement with Israeli banking corporations, including Bank Leumi (for details, see Note 14B1 to the Company's Financial Statements), and are based on the proportionate consolidation method with required adjustments and changes such as the inclusion of the Project for this purpose will start six months following COD.

	as part of financing the portfolio assets of the Borrower and/or its subsidiaries and/or its associated companies; (ii) other existing and future ordinary course of business permitted liens as specified in the Financing Agreement.
Other Notable Terms and Conditions	Additional conditions, undertakings and the repayment grounds (as applicable), include certain limitations with respect to the Borrower and/or its subsidiaries and/or associated companies in connection with: (i) taking on debt, as determined by the Financing Agreement, excluding taking on permitted debt (as defined in the Financing Agreement and subject to conditions predetermined with respect to the Borrower's leverage and liquidity levels) in connection with the areas of activity of the Borrower and/or its subsidiaries and/or associated companies (such as taking on non-recourse project financing for a new project and/or refinancing of an existing project or portfolio financing of existing/new projects without recourse, the incurrence of corporate debt by the Borrower under the conditions set forth in the Financing Agreement, taking on and/or extending certain credit facilities, etc.); (ii) limitations on the sale of assets, except those meeting predetermined conditions set in the Financial Agreement with respect to the Borrower's leverage and liquidity levels or which are immaterial to the borrower's business activity and/or its subsidiaries and/or associated companies; (iii) restrictions on investments not made in the ordinary course of business, funded from the Borrower's free cash flow, in cases where (i) the covenant net debt to EBITDA ratio (as detailed above) exceeds a value set forth in the Financing Agreement; or (ii) the occurrence of certain events of default in the project and/or the occurrence of other continuing events of default in the project that have not been remedied within the cure periods stipulated in the Financing Agreement; and (iv) additional undertakings, events of default and repayment events as customary in agreements of this type, including: restrictions on change of control over the Borrower (including the Company and its controlling shareholders); limitations on a change in the Borrower's area of business activity; cross-acceleration as defined by the Financing Agreement, non-payment, bankruptcy events, legal/regulatory proceedings/matters as defined in the Financing Agreement, breach of covenants and obligations (subject to cure periods), cross default to certain events associated to the project (including certain Material Adverse Effect events as defined in the Financing Agreement, breach of the obligation to repay the TEF Loan or its acceleration, bankruptcy, and event of abandonment), non-payments of debt of the Borrower or the Basin Ranch project exceeding certain threshold, all in accordance and subject to the definitions, cure periods and other conditions stipulated under the Financing agreement. For additional details, see the Company's immediate report dated October 23, 2025 (Ref. no: 2025-01-079215).

8.18 Human Resources

As of the date of the Report, breakdown of employees in the CPV Group by department or position:

Department / title	December 31, 2024	December 31, 2025
Senior management (CEO, President and CFO)	3	3
Finance	21	22
IT Systems	12	12
Asset management / operations	10	9
Energy Management	22	22
Legal Counsel	5	6
Business development	23	23
Bookkeeping	33	33
Human Resources	6	6
Regulation / External Affairs	7	8
Construction and Engineering	12	15
Retail	13	16
Total	167	175

As of the approval date of the Report, the total number of employees of CPV Group is 175.

In April 2021 the allocation of 6.5% (increased to 7.5% in 2024) of the participation rights in profits was approved in the CPV Group to the CPV Group employees and certain officers (hereinafter in this section - the “Offerees”) as part of a long-term equity-based compensation, and in accordance with arrangements set in the CPV Group partnership agreement (“2021 Incentive Plan”). The Offerees’ participation rights are relative to the profits and appreciation net investment amounts and subject to vesting periods that may be accelerated in certain cases, such as merger, sale of operations, termination of employment subject to certain circumstances, etc. The deeds of allotment granted to the Offerees stipulate, among other things, events upon the occurrence of which CPV Group will buy the Offerees’ rights. Included in that stated above, subject to the vesting as, as stated, the Offerees are entitled to require CPV to acquire their rights on exercise dates that fall after either two and four, or three and five years (as applicable) from the grant date at the rates and under the conditions defined, and in certain cases of sale of rights by the Company (including a change of control). In addition, CPV will be entitled to purchase the rights of the Offerees under certain circumstances such as termination of employment and when five years will have elapsed, all-in accordance with and subject to the terms and conditions of the Partnership agreement.

In March 2024, a partial exercise was carried out of the participation units awarded to the CPV Group employees as detailed in Section 8.18 of the 2024 Annual Report. In March 2026, exercise

notices in relation to all of the outstanding units were provided by the Offerees under the 2021 Incentive Plan which results in a payout amount (for all offerees) of approx. USD 70 million. For more information about the said equity compensation plan, see Note 16C of the Company's Financial Statements.

New incentive participation units are expected to be granted under a new incentive plan ("New Plan"), which is expected to be based on similar terms as the 2021 Incentive Plan with certain changes such as removal of partial exercise prior to the end of 5 years (except in certain circumstances such as change of control as will be defined under the New Plan) and certain hurdle rate added to investments amounts. The New Plan was approved and the grant thereunder is expected to be issued by the end of Q2 2026 (vesting as of January 2026) and the aggregate grant is expected to reflect 5.8% (as of the grant date) of the participation rights in profits.

Normally, the CPV Group does not engage in employment agreements with its employees. All of the CPV Group's employees are at-will employees, and are not normally present at the project companies' facilities. That is to say, the day-to-day operating of the project's facilities is conducted by contractors, who are directly employed by the relevant providers of operating and maintenance services.

On January 1, 2025, Mr. Sherman Knight (previously President and Chief Commercial Officer) entered the position of CEO of the CPV Group replacing Mr. Gary Lambert, who entered the position of Executive Vice Chairman of the Board of CPV Group until January 26, 2026. In 2025, Mr. Mike Resca was appointed to Executive Vice President, Head of Renewable (replacing Sean Finnerty who was the president of Renewable). David Vickerman, the chief financial officer of CPV Group, announced his departure from the company in Q1 2026 and will work through a planned transition period.

8.19 Environmental risks and management thereof

The CPV Group's activity is subject to strict environmental protection legislation and regulation of federal, regional, state and local agencies. These laws and regulations normally pertain to carbon emissions, discharge of wastewater, decontamination of pollutants and waste management. The relevant legislation and regulations are described in Section 8.1.4 above, and the CPV Group monitors developments in connection with the said issues.

As the key entity providing project's facilities with day-to-day activities and services, the CPV Group requires providers of the operating and maintenance services to implement specific compliance plans and procedures, whose objective is to ensure compliance with the applicable

environmental protection laws and regulations; the CPV Group regularly monitors the activities of the service providers in accordance with the provisions of the applicable operating and maintenance agreements. Furthermore, the CPV Group's project companies enter into emergency response and environmental protection services agreements in the event of environmental incidents.

For details regarding environmental risks associated with the construction and operation of power plants, such as renewable energy power plants (including wind and solar), and compliance with environmental regulations, see Sections 8.1.4 above and 8.21.8 below.

8.20 **Strategy and expected development of the CPV Group in the coming year**

As of the date of the Report, the CPV Group's strategy focuses on promoting the Energy Transition in the United States on several levels:

- (1) Expand and increase position in Energy Transition and Low Carbon Projects for dispatchable reliable electricity generation:
 - Advancing business opportunities with respect to increasing the CPV Group's holdings in operational power plants, subject to formulation of appropriate terms with the other holders in the said power plants and formulation of additional appropriate terms; and
 - Continuing to develop Low Carbon Projects to support demand increase projections while maintaining grid reliability with focus on the Shay project and its development milestones including interconnection and commercialization with the intention to reach construction within the next approx. two years.
- (2) Developing and operating renewable energy projects:
 - Developing and constructing new renewable projects especially projects that qualify under the "safe harbor" rules; and
 - Continue to developing the activity in markets where renewable demand is high and there is a supportive regulatory environment.
- (3) Vertical integration: Growing retail electric sales to commercial and industrial customers by supplying from the CPV Group's projects or the market.

In addition, the CPV Group will continue developing and implementing ESG goals consistent with its business strategy and driving alignment between financial goals and company values. For

additional details regarding the overall strategy of the Company (including CPV), see Section 8.1.1.6(a) above.

The intentions and strategy of the CPV Group, as detailed in this Section, including regarding expansion of its activities, developments or acquisitions and/or potential projects, reflects the policy and intentions of the Company and of the CPV Group as at date of the Report only, and there is no certainty that the matters (all or some of them) will materialize in accordance with the said expectations, and in addition the said intentions and strategy are subject to, among other things, the discretion of the competent authorities of the Company and of the CPV Group. The above-mentioned assessments might not materialize or may materialize in a manner different than forecast due to various factors, among others, a change in the conditions in the market in which the CPV Group operates, factors dependent on third parties or occurrence of one or more of the risk factors that its activities are exposed to, as detailed in Section 8.21 below.

8.21. Risk Factors

In addition to the discussions mentioned in Section 8.1.8 of the Report, the CPV Group's activities are exposed to risk factors as follows:

- 8.21.1 Energy market risks and federal and local regulation (including changes in regulation and rules applicable to electricity producers operating in the United States, compliance with license terms and conditions and with permit requirements, incentive policies and tax benefits, etc.) – as a group operating in the area of electricity generation (gas-fired energy, low carbon and renewable energy) in the United States, the CPV Group's activities are exposed to risk factors associated with United States regulation and legislation, mainly in connection with the energy industry, the electricity market and the natural gas market, as well as to steps affecting United States businesses in general (such as tariffs/levies). The CPV Group's activity is exposed to regulatory policies and to changes applicable to markets in which it operates. Such regulation, including the applicable regulatory standards and enforcement policy, may be impacted, from time to time, by changes in political and governmental policies at the federal, state and local levels. In that respect, the CPV Group's projects may be adversely affected by changes in legislation, enhanced licensing requirements, including public hearings, regulatory or government inquiries or administrative proceedings in connection with its businesses and projects. For implications regarding Valley Title V outstanding process see Section 8.1.4(j) above. Regulatory restrictions applicable to the CPV Group's activity or projects, or to the holdings in the CPV Group, could adversely affect or impact the Group's permits' requirements, activity or results (see Section 8.1.4 above).

In addition, the CPV Group's activity is affected by the policies of and the decisions made by the RTOs/ISOs in the market in which it operates or considering operating. Changes in such policies or decisions may affect the operating projects (for example, the capacity prices auctions and/or

imposition of fines or penalties on availability) and/or projects under development (for example, steps pertaining to interconnection process and transmission agreements). Such regulation and changes thereto might adversely affect the CPV Group's activity and results. For additional information see Sections 8.1.2.2 and 8.1.4 above.

Furthermore, as a group operating in the area of renewable energy and development of projects with future carbon capture potential, the CPV Group's results and advancement of projects under development in these segments are impacted by governmental policies (federal and state) relating to encouragement and incentivizing of renewable energy and carbon capture, as well as from the various permits required for such projects, including regulatory permits. In case such incentives are minimized or revoked, such change may adversely affect the profitability of such projects and the worthwhileness of their execution. For details on the effects of the changes in the U.S. federal administration, the enactment of the OBBBA (which reduced certain support for renewable energy and related projects) and their implications, see Sections 8.1.3.1 and 8.1.5 above. As of the approval date of the Report, there is no certainty to the full future scope of such changes on the industry or any potential effect in case of future regulatory changes.

Changes in regulation or governmental policies regarding import tariffs or other measures relating to global or domestic trade, or changes imposing monetary liabilities, levies, taxes or other duties adversely affect CPV's costs of operation, maintenance or construction of power generation facilities directly or indirectly (for example through their effect on key suppliers). For details regarding tariffs, see Section 8.1.3.1 above. For details regarding RGGI regulation, see Section 8.1.4(b) above.

- 8.21.2. **Exposure to energy price fluctuations** - The operation results of the CPV Group are exposed to market risks, including inflation and price fluctuations, mainly related to prices of electricity, capacity, natural gas, emission allowances and Renewable Energy Certificates (RECs). In addition, the CPV Group is exposed to fluctuations in the price indices associated with the projects' hedging agreements. The projects work to enter into commodity price hedging agreements to mitigate some of the exposure to price fluctuations and/or to ensure minimum cash flows as an inherent part of the activities; however, the hedging agreements may not always be available (or may be in non-profitable terms, involving high costs or strict requirements for collaterals) and may not assure full protection, due to, among other things, hedging less than the total amount of electricity being sold, the delivery point or prices in the hedge agreement being different than the delivery points in the CPV Group's project operations, and create obligations regardless if the underlying facility is either operating or available.

The hedging agreements may not be renewed or may be renewed on different terms and conditions and/or the hedge counterparty may not fulfill its financial obligations due to financial

distress or other factors. It is noted that hedging may also offset the energy margins of the CPV Group derived of market conditions and hedging conditions.

It is noted, that the ERCOT market, in which the Basin Ranch project is expected to operate, is characterized by price volatility that is relatively higher compared to other markets in which the CPV Group operates and does not include guaranteed capacity payments. Accordingly, upon commencement of its commercial operation, the Basin Ranch project is expected to be more exposed to risks associated with energy prices and market conditions and in order to reduce exposure, the Basin Ranch project entered and it is expected to further enter during construction term into hedging agreements. It is further clarified that the volatility of the ERCOT markets could be potentially higher, such that any unplanned downtime of the Basin Ranch project (such as due to extreme weather, malfunctions, etc.) may be highly material in terms of Basin Ranch project's performance and its results.²⁹²

In addition, the CPV Group is exposed to changes in the capacity payments which are determined by auctions in the operating markets and to changes in the methodology of the capacity auctions (see Section 8.1.2.2(a) above), such that there is no assurance that the projects of the CPV Group will be cleared at the auctions as well as no assurance as to the results of the auctions or the capacity payments which may vary according to market terms and maybe affected by methodology or market circumstances which are beyond the control of CPV (such as the other players or market projections).

In this context it should be noted that decrease in electricity demand (in general or electricity demand relevant for CPV's projects) or demand projections for any reason (such as weather, technology changes/developments, geopolitical events etc.) or regulatory measures affecting demand sources can have material adverse effect on electricity or capacity prices and therefore on CPV's results.

Furthermore, the CPV Group is affected by inflation and interest rates as discussed in Section 8.1.3.1 above and Section 11 of the Board of Directors Report.

8.21.3 Geopolitical Events, Terrorist attacks and Disasters – local, national or global wars, disasters, terrorist attacks, catastrophic failure of infrastructure on which the CPV Group's facilities depend (such as gas pipeline system, grid, RTO or ISO systems) and other extreme events, pose a threat

²⁹² As stated above, unplanned downtimes of the Project may have a material adverse effect on the Project and its results (in such a case, significant costs may be incurred under the Project's hedging agreements and other agreements and result in non-compliance with obligations towards third parties, which may result in costs and/or sanctions) and even the results of the CPV Group and the Company. For details regarding the ERCOT market, see Section 8.1.2.2 above. For further details regarding the ERCOT market and the risk factors to which CPV Group is exposed, see Sections 8.21 and 19 below and above, respectively.

to the CPV Group's facilities and to their proper operation. Disasters and terrorist attacks (including global) may affect third parties with which the CPV Group collaborates in a manner that will also have an impact on its financial results. In addition, such events may affect the ability of the CPV Group's personnel to meet the O&M agreement it entered for the operation and maintenance of the facilities or to perform additional tasks necessary for their proper operation. Disasters and terrorist attacks (including global) may also disrupt capital market and financial market activity and, consequently, the CPV Group's ability to raise financing for its activity and operate with financial entities.

8.21.4 The effect of an epidemic outburst or public emergency situations-

Pandemics or other public emergency situations, may have an adverse effect on the results of the CPV Group's operations results, its financial condition and cash flow, following, among other factors, a continuous slowdown in sectors of the economy, changes in the demand or supply of goods, significant changes in legislation or regulatory policies dealing with the pandemic, a decrease in demand for electricity (especially from commercial or industrial customers), negative impacts on the health or availability on the CPV Group's workforce and the workforce of its service providers, and the inability of the CPV Group's contractors, suppliers, and other business partners to complete their contractual obligations.

8.21.5 Malfunctions, Accidents and Technical Failures – CPV's facilities are exposed to operational risks and accidents. malfunctions such as mechanical breakdowns, technical disruption, operational failure, malfunctions in CPV's power plants, the electricity and natural gas transmission systems and interconnection infrastructure, malfunctions in electricity connections, gas transmission connections etc., fuel supply issues, malfunctions in the equipment of the renewable energy projects, accidents, safety events or disruptions of the facilities' activity or of the infrastructures on which they operate could adversely affect (even materially) the reliability and efficiency of the CPV power plants, on availability of the operating or construction projects, on schedule or the compliance with obligations towards third parties and market operators, to increase operating and equipment acquisition costs, impose penalties (including material penalties for unavailability) or impose compensations/remediation costs, trigger ground for immediate repayment of debt or the forfeit of collaterals or other costs and revenue loss due to lack of availability, and adversely affect the CPV Group's results and operations, even materially in case of continuing outage or delays in remediation.

8.21.6 Risks to technological systems; information security and cyber security - The CPV Group uses IT, communication and data processing systems extensively for its operating activities. Physical, reputational or logical damage to such administrative and/or operational systems for any reason whatsoever (including as a result of a geopolitical cyberattack) may expose the CPV Group to delays and disruptions in its business activities, including, but not limited to, the supply of natural

gas and delivery of electricity, including causing damage to property, IT systems, or theft of information. In addition, the CPV Group may need to incur significant costs to protect against IT vulnerabilities, as well as in order to repair physical or reputational damage caused by such vulnerabilities as they occur, including, for example, establishing internal defense systems, implementing additional safeguards against cyber threats, cyberattack protection, payment of compensation or taking other corrective measures against third parties. CPV may also be adversely affected by such cyberattacks on third parties working with CPV. Risks relating to cyberattacks may be enhanced by geopolitical reasons or emerging technologies, such as AI and quantum computing, that facilitate cyberattacks.

It is noted that CPV is subject to risks regarding compliance with cybersecurity standards and that cyberattacks in the industry may lead to additional regulation, compliance requirements and costs in connection with therewith.

The CPV Group takes measures to boost information security - including by using network monitoring and control systems, hardening of hardware and operating systems, backups, written policies and procedures, access restrictions, employee training, etc. In addition, the CPV Group employs a full-time employee accountable for overseeing its cybersecurity program at its power generating facilities and corporate offices, focusing on security for enterprise applications and OT networks. Notwithstanding the aforementioned, there is no certainty as to its ability to prevent cyberattacks (including material attacks) or vulnerabilities on the Group's IT systems.

- 8.21.7 Impact of external suppliers (including transmission systems) on the CPV Group's operations** – the CPV Group's operations and results are impacted by external factors related to its activities, such as, construction contractors for projects under construction, main equipment suppliers, maintenance contractors, suppliers of natural gas and capacity of the natural gas transmission grid, and natural gas projects are exposed to risks involving securing uninterrupted transmission of natural gas. Global and macro events, such as an increase in demand for raw materials, equipment and related services, which contribute to increase in costs of raw materials, equipment and freight and supply delays may adversely affect the operations and results of the CPV Group. Prices of equipment and contractors contracts and supply schedules are affected by increase of demand for new generation and by tariffs (including those introduced by the Trump administration) which may result in increased costs to CPV Group. In addition, natural gas projects are dependent on availability and factors affecting natural gas market conditions and its transmission to the specific power plants and their costs. CPV's projects are dependent on main suppliers, in a manner that termination of engagement, change of its terms, or termination of operations of the supplier may materially affect the projects and their results. A decline or performance failure in provision of the services or equipment by the suppliers (including due to

malfunctions), as stated, could adversely affect the activities of the CPV Group (operational and development activities in all segments) and its results.

8.21.8 Environmental risks associated with the construction and operation of power plants, including renewable energy power plants (such as wind and solar), and compliance with environmental regulations – the environmental effects of the CPV Group’s activity include, amongst others, the emission of pollutants into the air, including greenhouse gases; discharge of wastewater; storage and use of petroleum products and hazardous substances; production and disposal of hazardous waste; and as applicable, potential effects on threatened, endangered or otherwise protected species, wetlands and waters of the United States, and cultural resources. The CPV Group is subject to federal, state and local laws and regulations that regulate the aforesaid aspects. Such regulation may become stricter in the future, for example due to ESG trends and promotion of policy aimed to deal with climate change (including setting objectives in the field) and environmental dangers. Compliance with environmental protection laws and regulations may cause significant costs arising from investments required for adjusting the facilities and for operating activities which will support the obligating standards, including requirements to install controls over air pollution or discharge of wastewater, or requirements to mitigate the environmental effects of building electricity projects.

The CPV Group is also required to obtain permits and licenses for the development, construction and operation of its facilities, permits that often include specific emission restrictions, and pollution control requirements. The CPV Group’s operating permits need to be renewed periodically depending upon the permit requirements.

Failure to obtain the required permits and to meet their terms and conditions on an ongoing basis might prevent the CPV Group from constructing and/or operating its projects. Failure to meet the requirements of the environmental protection standards or regulations, or deviations therefrom and/or failure to meet the terms and conditions of the permits issued might result with administrative or civil significant penalties, or, in extreme cases, criminal liability, which might have an adverse effect on the CPV Group’s activity and results, and/or might prevent the promotion of projects under development.

Certain environmental protection laws²⁹³ place strict liability, jointly and severally, for the costs of cleaning-up and restoring sites where hazardous substances have been dumped or discharged.

²⁹³ The most prominent such law is the federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), also known as the Superfund law. CERCLA serves as a source for financing the clean-up of uncontrolled hazardous waste sites. In addition, CERCLA provides federal and state environmental officials with the legal authority to investigate and remediate contaminated sites and to recover the costs relating to such work against current and former owners of contaminated property and other persons who arranged for the disposal of or transported hazardous substances at or to such locations. Alternatively, CERCLA provides governmental agencies with the authority to order potentially liable parties to undertake such work. CERCLA
(cont’d)

The CPV Group (and the Company) may be liable to all undertakings related to any environmental pollution in the site in which its power plants are located. These undertakings may include the costs of cleaning-up any soil or groundwater pollution, regardless of whether the pollution was caused by prior activities or by third parties.

Environmental protection laws and regulations are often changed or amended, and these developments often result in the imposition of stricter requirements. Amendments to wastewater discharge restrictions, air pollution control regulations or stricter national air quality standard might require the CPV Group to make further material investments in order to ensure compliance with such standards.

Expansion of regulation on greenhouse gases poses a particular risk to the CPV Group's gas-fired power plants, although it also encourages the growth of renewable energy projects and potentially new natural gas-fired generation with carbon capture or co-firing hydrogen.

Certain states, including states in which the CPV Group operates, also legislate laws for dealing with global warming, and such laws might impact the operation of the CPV Group's Energy Transition power plants. A significant law in that context is the New York's Climate Leadership and Community Protection Act, which requires the promulgation of regulations aimed to achieve a 40% reduction in greenhouse gases emission in New York by 2030, zero greenhouse gases emission by 2050, and 100% carbon-free electricity by 2040. Such regulations may require the CPV Group to limit emissions, purchase emission credit to offset carbon emissions, or reduce or shutdown the activity.

A potentially significant environmental risk in connection with construction and operation of renewable energy projects pertain to the potential impact on endangered species, migratory birds and golden eagles. Harming such species may result in significant civil and criminal penalties. However, the risk of such a liability is mitigated if projects are located in suitable places, an assessment of the potential effects was conducted, and the recommendations of federal and state agencies in charge of protecting wildlife were implemented as part of the development of the project. However, there is no certainty that said reduction actions will prevent exposure to said penalties.

8.21.9 Risks associated with construction and development of power plants – as a group engaged in development, construction and management of power plants, the activities of the CPV Group are subject to development and construction risks in all aspects relating to construction of power plants (can be complex facilities with massive infrastructure requirements), including obtaining

also provides for private rights of action and contribution for recovery against liable parties for all or a portion of the costs incurred by a private party to investigate and remediate contaminated sites.

the required financing, receiving the required permits and passing regulatory procedures, connection of the facility to transmission and distribution grids, meeting timelines, dependency on teams and dependency on properness and availability of suitable technical equipment, and for the carbon capture component in Low Carbon Projects, dependency on forming adequate storage or offtake for captured carbon, having the required technical feasibility and access to capital required for development and construction costs. Securing interconnection remains a material risk for projects under development which may cause delays and/or affect projects' economic terms and/or development costs. Additionally development and construction stages may require deposit of collaterals or non-refundable down payments (such as collaterals securing interconnection or down payments to equipment suppliers) in connection with certain elements required for the advancement of development or securing construction risks/delays (such as the LC's provided in connection with Basin Ranch project, see Section 8.17.4 above). Failure or delay in any of the aforesaid factors may result, inter alia, in delays in project completion, increase in costs, forfeit of collaterals or other pre-operation investments, the execution of development projects, and adversely affect the CPV Group's operating results and its strategy materialization.

Another potential risk related to the construction of renewable energy projects is the ability to obtain any needed federal approvals and permits. At this time, there is no certainty as to when federal permitting of these types of projects will resume.

8.21.10 Impact of severe weather conditions on the CPV Group's operations and its financial results -

Severe or extreme weather conditions, natural disasters and other natural phenomena (such as hurricanes, tornadoes, or severe rain/snow events) could materially adversely affect the CPV Group's profits, revenues, operations, compliance with obligations and results. Such severe weather conditions could also affect suppliers and the pipelines supplying natural gas to gas-fired facilities and as a result affect CPV's projects. In addition, severe weather conditions could cause damage to facilities, increase repair costs and loss of revenue if CPV fails to supply electricity to the markets in which it operates or exposes the CPV Group to increased costs, penalties imposed by relevant RTOs and ISOs, payments under hedging arrangements and liquidated damages to counterparties (or trigger ground for default under financing agreements). To the extent that these losses are not covered by the CPV Group's insurance or are not recovered by CPV through electricity prices, this could have a materially adverse effect on the financial results, operating results and cash flows of the CPV Group.

8.21.11 Difficulty obtaining financing and not meeting financing agreements terms – the CPV Group's

results and business plans are materially impacted by the Group's ability to obtain financing on attractive terms, to comply with the terms and conditions of the financing agreements entered into by the projects or the Group and its ability to refinance existing debt and credit. In the absence of a debt refinance, repayment of the original financing will be required, in a way that

may adversely affect the Group's results. In addition, the CPV Group's financing agreements include restrictions, covenants and obligations that limit distributions or require or accelerate making of repayments upon occurrence of certain events (such as cash sweeps provisions) which are activated as of the date of the Report. Difficulty in obtaining financing or refinancing under inferior conditions may adversely affect the ability of the CPV Group to refinance existing financing agreements and/or carry out projects under development and ultimately effecting whether projects are economically worthwhile. In addition, difficulty in complying with the terms and conditions of financing agreements may require the provision of financial support or collateral and additional guarantees in favor of the entities providing financing to the CPV Group or the investors in the projects, and under certain circumstances - even the calling for immediate repayment of the credit and realization of collateral given to lenders (projects assets, projects rights and guarantees, as applicable), thus adversely affecting the CPV Group's results and its financial strength.

8.21.12 Renewal of the CPV Group's agreements – most of the CPV group's material agreements (including hedging agreements, financing agreements, gas supply agreements, gas transmission agreements and asset management agreements) are for the short to medium terms, as is customary in the market in which it operates. Difficulties in renewing or extending agreements that are close to expiration and/or entering into new undertakings on inferior commercial terms could adversely affect the results and activities of the CPV Group.

8.21.13 Funds for realization of growth plans – Realization of the growth plans in the areas of activity (including Low Carbon), depends on the ability to raise the required capital for the development, construction or acquisition of projects. Construction of power generation facilities require significant equity. Difficulty in ensuring the required capital in the required sums (that are material considering the scope of projects developed by the CPV Group) may mean that the CPV Group will not be able to execute its plans and strategy, at all or with a considerable delay or under different terms than expected. Additionally, raising the required capital may include terms which are unfavorable (economic/legal/governance, as applicable) or impose other limitations on CPV.

8.21.14 Table of risk factors

For interest and inflation exposures of the CPV Group, see Section 11 of the Board of Directors Report. For additional risk factors of the entire Group, see Section 19 of the Report.

The table below presents the risk factors described above - divided into macroeconomic risks, industry-specific risks and specific risks. It is noted that the Company's assessments below concerning the extent to which a risk factor affects the Company reflects the level of impact of such risk factor presuming materialization of the relevant risk factor, and this will not be

interpreted as an assessment, nor will it give any weight to the chances that the risk factor will materialize. In addition, the order in which the risk factors appear above and below is not according to the risk embodied in each risk factor or the probability of its occurrence.

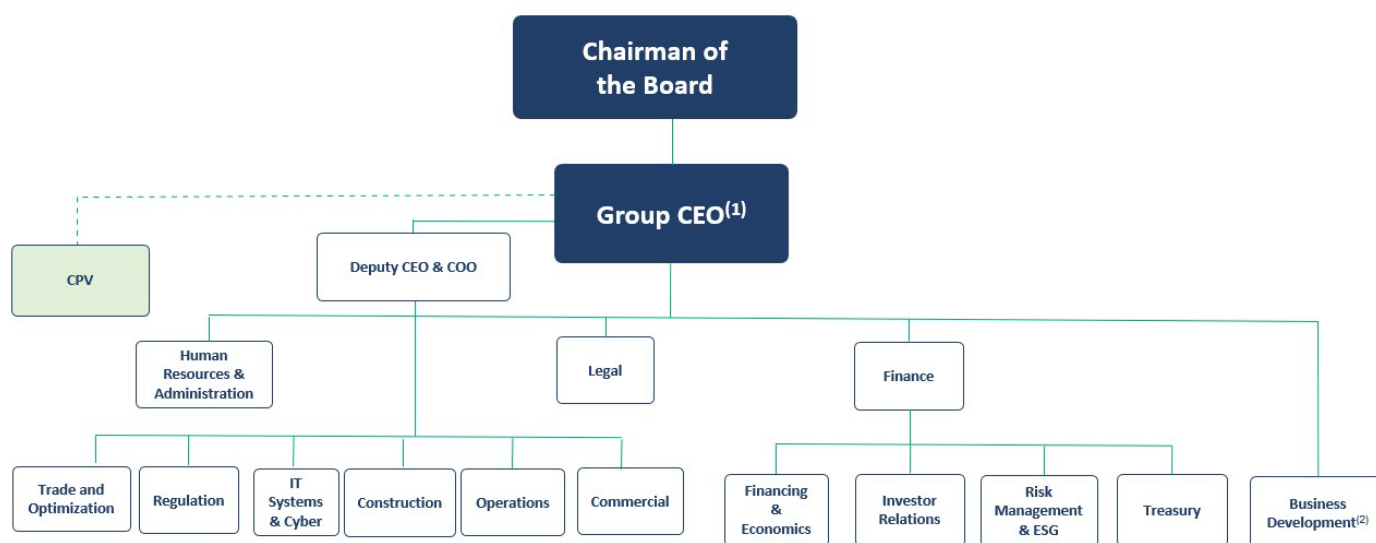
		Major effect	Moderate effect	Minor effect
Macroeconomic risks	Energy market risks, and federal and local regulation	X		
	Exposure to energy price fluctuations	X		
	Terrorist attacks and disasters		X	
	The effect of an epidemic outburst			X
Industry-specific risks	Malfunctions, accidents and technical failures	X		
	Risks to technological systems; information security and cyber security	X		
	Impact of external suppliers (including transmission networks) on the CPV Group's operations	X		
	Environmental risks associated with the construction and operation of power plants, including renewable energy power plants (such as wind and solar), and compliance with environmental regulations	X		
Company-specific risks	Risks associated with construction and development of power plants	X		
	Impact of severe weather conditions on the CPV Group's operations and its financial results	X		
	Difficulty obtaining financing and not meeting financing agreements terms	X		
	Renewal of the CPV Group's agreements		X	
	Funds for realization of growth plans	X		

Part 4 | Matters Concerning the Company as a Whole

9. Human Capital

9.1. Organizational structure

Below is an organizational chart of the Company's headquarters in Israel as of the approval date of the report:



(1) Serves as Chairman of the Board of Directors of subsidiaries, including CPV.

(2) Area led by the Company's CEO.

It is clarified that, due to the geographic concentration, the description in this Human Resources section refers to both employees employed by Company and employees employed by OPC Israel and its subsidiaries in Israel, collectively, without providing specific data for each company, unless explicitly noted. For details regarding the human capital of the Company's US operations under CPV, see Section 8.18 to the Report.

9.2. Status of workforce in Company's head office and in Israel

9.2.1. As of the Report approval date, OPC Israel and its subsidiaries and the Company's head office in Israel have approx. 99 and approx. 76 employees, respectively.²⁷²

Company's head office staff: The Company's head office staff includes the departments as detailed in the table below.

²⁷² In this context, it is noted that, as of the report date, the Company has an internal auditor who is not an employee of the Company.

Unofficial translation for convenience purpose only

Following is the breakdown of the Company's head office staff in Israel and OPC Israel as of December 31, 2024 and 2025:²⁷³

Department / title	December 31, 2025	December 31, 2024
Head office staff		
Chairman, CEO and Administration	5	7
Deputy CEO & COO	1	1
Finance (including Financing and Economics, Investor Relations, Accountancy, SOX, Risk Management and ESG)	23	24
Legal (including the Company's Secretariat)	5	5
Human Resources	4	4
Business development	8	8
IT systems and cybersecurity	6	5
Commercial	8	9
Operations	100	97
Regulation	1	1
Economy and commerce	6	7
Construction	6	6
Total for headquarters and OPC Israel	173	174

9.2.2. Material personnel changes in the reporting year

During the reporting year, there was no material change in the Company's workforce in Israel.

As of the Report date, the Company is not dependent on any of its employees.

9.3. The Company's investments in training and instruction

The Company has in place annual training programs customized to the characteristics of the various positions in the Group, in order to develop and retain professional, skilled and safety-oriented human capital.

In this context, since the operation and maintenance work at the power plants requires professional accreditations, knowledge and skills, a dedicated training program is implemented for the operative workers, which is individually tailed to each employee in accordance with the knowledge, experience and skills required to perform their role. Under the above, an annual training program is implemented throughout the year, which sets targets for training and learning hours and includes professional accreditations and skill refreshers, such as high-altitude work, enclosed space work, safety, emergency teams and training first-aid responders, along with professional training for developing and enhancing professional expertise, including courses for boiler operators, welders, restricted electrical workers and crane operators.

²⁷³ It is noted that the Company has service providers and human resource contractors in a negligible scope that are not included in the table.

Unofficial translation for convenience purpose only

Furthermore, the Company maintains regular training programs for all of its employees, including an onboarding and structured training program for new employees, workshops and enrichment activities across the Company's various areas of activity and roles, and in various areas of interest in line with the Company's values, including employee well-being activities and community outreach schemes.

Under its efforts to strengthen the organizational culture and responsible management, among other things, the Company offers to its employees and officers training and refresher courses regarding the Code of Ethics, internal compliance programs focusing on competition and securities laws, and periodic training on ethics and work environment, including the prevention of bribery and corruption, embezzlement and fraud, sexual harassment, and privacy protection.

Furthermore, and in accordance with the Company's policy, during the reporting year the Company continued to implement management development plans for managers and for those who have the potential to become ones, while assessing and analyzing their professional and personal skills, in order to strengthen the management succession pool and ensure organizational continuity.

9.4. **Employee compensation plans and the nature of employment agreements**

The Company's executives and headquarter employees in Israel are employed under personal employment agreements that regulate their terms of employment in accordance with their role, education, experience and skills. The employment agreements include provisions regarding employees' salary, social benefits (such as executive insurance, pension fund, provident fund, advanced education fund and severance pay, as a rule, in accordance with Section 14 of the Severance Pay Law, 1963, entitlement to paid leave, recreation and sick pay, advance notice period, gifts on holidays, etc.

It is the Company's practice to award, from time to time, employees who are employed under personal employment agreements a pay raise or update, at the Company's discretion, as well as an annual bonus at its discretion, in accordance with the employee's performance and the Company's business results. In addition, the Company awards, from time to time, equity compensation to certain employees (in addition to Company officers), with the aim of awarding long-term compensation that links the shareholders to the employees (for details regarding officers, see Section 9.5 to the Report). It is noted that in 2025, the Company allocated (non-executive) employees equity compensation comprising 271,186 options, in accordance with the Equity Compensation Plan adopted by the Company (for details regarding the equity compensation allocation for officers, see Section 9.5 to the Report).

For details regarding the main points of the employment contracts in CPV Group, see Section 8.18 to the Report.

Collective agreements

In the Rotem Power Plant - approx. 75% of the operative workers are employed under collective bargaining agreements as of November 19, 2019, which was extended until March 2027. The agreement determines and regulates the group to which the agreement applies and those who are excluded therefrom, and the various provisions applicable to the employee from his/her hiring by the Company up until his/her termination. The agreement defines the terms for hiring employees, the probation period, compensation and salary payable upon hiring, annual rates of pay rises and annual bonuses, entitlement to annual leave, recreation and sick leave, social benefits, disciplinary rules and termination process, as well as a mechanism for resolving disputes between management and employees' representative body. The agreement also stipulates that Rotem's employees to whom it applies shall be awarded a pay raise and an annual bonus in respect of each calendar year during the agreement period. It is noted that the salary expenses in respect of the above are not expected to be material.

At the Hadera Power Plant, the collective agreement applicable to the Company (with respect to approx. 75% of the employees) is in effect through the end of March 2026, and the Company has notified the relevant parties of its intention to commence negotiations for its renewal.

Furthermore, following the Histadrut's announcement regarding the establishment of an employee representative body at Zomet, negotiations are underway to reach a collective bargaining agreement for the power plant's employees who are members of this body, constituting approx. 50% of the power plant's employees.

9.5. **Additional information regarding compensation paid to Group's officers and members of management in Israel**

The officers and members of the Company's management are employed under personal employment agreements. Company's officers are entitled to a monthly salary, which also includes global compensation for overtime.

Furthermore, Company's officers are usually entitled to related benefits as is customary in the Company, and as detailed above, as well as a company car (with the Company bearing the costs of maintaining the car), 13th salary, annual bonuses and adaptation period, all subject to the Company's discretion and in accordance with the Company's Compensation Policy.

As stated above, from time to time, the Company awards an equity compensation to Group managers and employees. Equity compensation is carried out in accordance with an equity compensation plan the Company had approved and in line with the Compensation Policy. During 2025, 1,018,664 options were allocated to officers of the Company (including the Chairman of the Board and the CEO). For details regarding disposals pursuant to the Company's equity compensation plan in Israel and the cost of the benefit implicit in the allotted securities, see Note 16B to its Financial Statements.

Officers' compensation is set in accordance with the Company's Compensation Policy. For details regarding the Company's Officer Compensation Policy, see the Company's immediate report dated June 20, 2024 (Ref. No.: 2024-01-062839), which is hereby incorporated by way of reference. For further details regarding generally accepted service terms of the Group's senior officers and interested parties, see Regulation 21 in Chapter D to the Periodic Report (Additional Information chapter).

10. Financing

- 10.1. **General** - As a rule, the Group finances its operating activities from its equity (free cash flow as well as capital raising), from debentures issued to the public as well as private credit from banks and non-bank entities. For details regarding the key financing characteristics of the Group's activity in Israel and in the US, including corporate and project finance agreements in effect during the reporting year and negotiations were held for project finance for projects under advanced development in Israel, see Sections 7.18 and 8.18 to the Report, respectively. In addition, for details regarding capital raising rounds carried out by the Company in the past two years, see Note 20 to the Financial Statements.
- 10.2. **Interest rates for loans** - As of the report date, the Group has obtained various types of credit facilities in Israel and the US. Some of the credit facilities are designated to finance operational projects and projects under construction, including with regard to the Basin Ranch project, whose construction commenced during the Reporting Period, and some credit facilities are not designated for specific use; this is specifically the case with respect to Debentures (Series B-D) issued by the Company (on a standalone basis) and credit facilities from banking corporations as detailed in Notes 14 and 15 to the Financial Statements and below. For further details regarding interest rates in respect of the aforesaid agreements and additional agreements of the Group, see Sections 7 and 11 to the Report of the Board of Directors.
- 10.3. **Restrictions placed on the Group with respect to credit it receives**
- 10.3.1. **General** - As of the Report date, the Company has undertakings towards debenture holders, which include generally accepted provisions, including, among other things, undertakings regarding negative pledge, undertakings to meet financial ratios, causes for cross-default, restrictions on dividend distribution, restrictions on change of control, restrictions on changes to the nature of the activity, etc. In addition, similar provisions apply to the Group Companies (both in Israel and the US) as part of their undertakings towards financing entities, as well as provisions regarding restrictions on liens (except for certain permitted liens as defined, including for the purpose of existing or future (if any) project finance under the defined terms), Group companies' undertaking not to take on credit (except with regard to the exceptions detailed in Note 14 to the Financial Statements), etc. For details regarding such undertakings of the Group companies in Israel and the US (including with respect to the corporate finance agreements of OPC

Unofficial translation for convenience purpose only

Israel, the project finance agreement between Bank Leumi and the CPV Group, the project finance agreement in Hadera, the Basin Ranch project finance agreement, credit facilities provided, and negotiations for additional project finance agreements in Israel (Hadera 2 and Ramat Beka), see Sections 7.18 and 8.17.4 to the Report and Note 14 to the Financial Statements).

- 10.3.2. Credit restrictions ("borrower group") - as a rule, Israeli banks are subject to restrictions with respect to the maximum amount in credit they may provide to a group of borrowers (as this term is defined in the Bank of Israel's Proper Conduct of Banking Business Directives regarding Limitations on Indebtedness of Individual Borrowers and Groups of Borrowers). Consequently, if the amount of credit provided by Israeli banks (including corporations under their control) to the Group or its controlling shareholders and affiliates increases, Group companies may be subject to restrictions of the maximum amount of credit they will receive because of the overall scope of credit provided to the Group, its controlling shareholder and companies under its control (or companies related thereto). To the best of the Company's knowledge, even institutional entities' investments, both through equity and through debt, may be subject to restrictions on providing credit to a certain borrower or borrowers.
- 10.3.3. For further details, see Notes 14 and 15 to the Financial Statements and Sections 7 and 11 to the Report of the Board of Directors.

10.4. **Material loan agreements between the Group and third parties**

Following are details regarding material credit in the Group, including²⁷⁴ the corporate finance agreements of OPC Israel, the Bank Leumi finance agreement for the CPV Group, and the finance agreement and TEF loan for the construction of the Basin Ranch project.

Loan No.	Loan	Date on which the loan was taken / loan term	Type of loan	Further details
Israel				
1	Banking finance agreements in OPC Israel	For details regarding finance agreements with 3 Israeli banking corporations (one of which is not classified as reportable credit and is presented for the sake of completeness), see Note 14B1 to the Financial Statements.		
United States				
3	Finance agreement with Bank Leumi in the CPV Group	For details regarding the finance agreement (as amended) between the CPV Group and Bank Leumi, see Section 18.7.6 to the Report and Note 14B3 to the Financial Statements.		
4	Senior debt agreement for the Basin Ranch project	For details, see Section 8.17.4 to the Report and Note 14B4 to the Financial Statements.		

10.5. **Credit facilities and borrowings subject to cross-default provisions**

10.5.1. As of the Report approval date, the Company engaged in binding credit facilities agreements at an aggregate amount of approx. NIS 300 million (for details regarding utilized balances see Note 16 to the Financial Statements), and other binding credit facilities for CPV Group for the purpose of providing guarantees (mainly letters of credit and bank guarantees) amounting to a total of approx. USD 165 million (approx. NIS 545 million), to finance the development activity of CPV Group and with respect to the financial closing of the Basin Ranch Project (see Section 8.17 to the Report). Furthermore, the Company provided guarantees in respect of binding credit facilities provided to CPV Group for the purpose of providing guarantees and letters of credit for these needs totaling approx. USD 170 million (approx. NIS 562 million). For details regarding credit facilities of the Group Companies in Israel, see Section 7.18.1 to the Report and Note 14B6 to the Financial Statements.

²⁷⁴ It is noted that as of the Report Date, each of the Company's Debentures (Series B-D) does not constitute a material loan on a standalone basis (except for the purposes of Regulation 10(b)(13) of the Reports Regulations with respect to separate (solo) financial data); however, they are classified as loans with a material cross-default provision, as detailed in Section 10.5.4 to the Report. For details regarding the debentures as stated above, see Note 15 to the Financial Statements and Sections 9 and 10 to the Report of the Board of Directors. For details regarding additional credit for which cross-default conditions apply, see Section 10.5.4 to the report.

- 10.5.2. Furthermore, the Group has non-binding credit facilities from Israeli banks and non-banking entities, both in Israel and abroad, which it mainly uses to provide guarantees. For details, see Note 14B6 and 7 to the Financial Statements.
- 10.5.3. The letters of commitment to the banking corporations, which provided credit facilities to the Group, include generally accepted provisions and undertakings as detailed in Section 10.3 to the Report.
- 10.5.4. As stated above, it is noted that most of the binding credit facilities includes a cross-acceleration or cross-default causes (as the case may be) with respect to the Company and the debts or liabilities of the Company and OPC Israel, as the case may be, the amounts of which vary from facility to facility. Furthermore, the said credit facilities include financial covenants - which apply to the Company and OPC Israel, as the case may be, as detailed in Note 14B6 to the Financial Statements - all of which are met by the Group as of the report date. It is also noted that: (a) The terms of the Deeds of Trust of the Company's Debentures (Series B, C and D) include cross-default grounds (see Note 15 to the Financial Statements); (b) OPC Israel's finance agreements with banks and the letters of commitment towards financing entities, which provided credit facilities, include a cross-default condition upon the fulfillment of certain conditions; (c) under the Hadera project finance agreement, cross-default grounds were included with respect to said financing in the event that a debt of the shareholders in the subsidiary or of the entity that provided a guarantee was called for immediate repayment. For details regarding the Hadera project finance, see also Note 14B2 to the Financial Statements; and (d) The finance agreement with Bank Leumi in CPV Group includes cross acceleration and cross default provisions regarding certain events pertaining to the Basin Ranch project, all in accordance with and subject to the definitions, remediation periods and other conditions set in the finance agreement (for details see Note 14B3 to the Financial Statements. In view of the above, as of the Report date, the Group has credit at an aggregate amount of approx. NIS 4.7 billion, which is subject to cross-default provisions.²⁷⁵

10.6. **Restrictions on distribution**

- 10.6.1. For details regarding distribution restrictions in accordance with the terms of the Company's Debentures (Series B, C and D) see Note 15C4 to the Financial Statements. For details regarding distribution restrictions in accordance with the credit facilities

²⁷⁵ It should be clarified, that the above amount is with respect to total borrowings to which a cross-default provision apply directly. It does not include borrowings amounts that may be put up for immediate repayment on other grounds under certain circumstances, such as "significant deterioration", which are assessed on a case by case basis.

extended to the Company, see Note 14B7 to the Financial Statements. For details regarding the dividend policy and its suspension, see Section 4.3 to the Report.

10.6.2. Key distribution restrictions that apply to Group companies in Israel and in CPV Group

For details regarding restrictions on distributions by the Group Companies in Israel and the CPV Group pursuant to the finance agreement with Bank Leumi, see Note 14B to the Financial Statements. For further details regarding distribution restrictions for the CPV Group, see Section 8.17.4 to the Report as well as Notes 14B3 and 14B4 to the Financial Statements.

10.7. Liens and collateral

10.7.1. General - The Company and Group Companies provided guarantees and bank guarantees to various parties for various undertakings of Group companies, including guarantees to various government authorities (Israeli Electricity Authority, ILA, System Operator, etc.), guarantees to secure CPV's undertakings with respect to projects under construction and development, etc. For details regarding bank guarantees provided, see Note 14C to the Financial Statements.

10.7.2. Negative pledge undertaking pursuant to the trust deeds - the Company has not undertaken to grant liens or guarantees pursuant to the trust deeds. As part of its undertakings as per the deeds of trust for the debentures, the Company has provided an undertaking not to place a general floating charge (general negative floating charge). For details, see Note 15C to the Financial Statements.

10.7.3. Liens and guarantees by investees

For details regarding guarantees of Group companies extended by Israeli Group companies, see Note 14C to the Financial Statements.

For details regarding the CPV Group's pledges and guarantees, see Section 8.17.4 to the Report as well as Notes 14B3 and 14B4 to the Financial Statements.

10.8. Credit rating

As of the Report approval date, the Company's Debentures (Series B, C and D) and the Company are rated by: (a) Standard & Poor's Maalot at ratings of iIA+ and iIA, respectively (as updated in May 2025), with a stable outlook; and (b) Midroog Ltd. at a rating of A1.il (with an identical rating for the Company) with a stable rating outlook. For further details, see the Company's immediate reports dated May 19, 2025 and May 26, 2025 (Ref. Nos.: 2025-01-034798 and 2025-01-037288, respectively), the details of which are included herein by way of reference.

10.9. Credit received from the date of the financial statements through shortly before its publication

During the first quarter of 2026 and through the Report date, the Group did not receive material credit which was not detailed in the Report above.

10.10. Variable interest credit

Some of the credit taken by OPC Israel bears variable interest (Prime interest plus a spread within a set range). In addition, certain binding short-term credit facilities bear variable interest, and credit made available to CPV Group includes interest based on SOFR. For further details regarding credit at variable interest, see Section 11 to the Report of the Board of Directors and Note 14B to the Financial Statements.

10.11. Intercompany loans

For details regarding intercompany loans, see Note 7 to the separate financial information ("Solo Report"), and Regulations 11 and 12 to Chapter D (the Additional Details on the Corporation chapter). Furthermore, Group companies have debt balances in respect of employees' salaries and reimbursement of expenses.

10.12. Raising additional funding resources

With respect to the Group's strategy to expand its activities, including, among other things, as stated in Sections 17 and 18 to the Report, for the purpose of achieving further growth in the Company and advancing its projects under development and/or potential transactions and/or for the purpose of strengthening the capital structure, from time to time the Company assesses the option of raising capital and/or debt through various formats in accordance with the Group's needs, the activity markets and the relevant market conditions, including during the forthcoming year. It is clarified that, as of the Report approval date, there is no certainty that the Company will raise any additional debt or capital, which depend, among other things, on the circumstances prevalent from time to time, such as the Company's needs and business plans, specifically advancement of projects under development in Israel and the US, adequate market conditions, the interest rate, etc.

11. Working capital

For details regarding the Company's working capital as of December 31, 2025 and 2024, see Section 9 to the Report of the Board of Directors.

The range of credit days for the Group's suppliers and customers in Israel in 2025 is generally up to EOM+30, and in exceptional cases longer. In general, most of the CPV Group's suppliers extend it credit for approx. 30 days, and the Group's US customers' payment terms do not exceed 30 days of the invoice date.

12. Taxation

For further details regarding the tax laws applicable to the Company and tax assessments, see Note 17 to the Financial Statements.

For details regarding the Israel Tax Authority's decision to dismiss the objection filed by the Company regarding the purchase tax assessment, which was received with respect to some of the areas of the Ramat Beka Project, and the filing of an appeal against the dismissal of the objection, see Note 10B5 to the Financial Statements.

13. Environmental risks and means of management thereof

13.1. Corporate environmental risk management and climate policy

The Company considers itself committed to taking measures to protect the environment and reduce environmental hazards, and it seeks to promote environmental protection and mitigate the environmental impact of its operations. The principles of the Company's environmental policy include integration of environmental considerations in all its areas of operation; compliance with environmental regulation; incorporating environmental protection aspects in planning and operation of the facilities; informed use of raw materials and natural resources; integration of space considerations in planning new facilities and maintaining existing facilities. Under its areas of activity, the Company works to implement compliance plans or procedures designed to support such policies.

The Company takes into account climate considerations and environmental risks in its enterprise risk management, asset planning, capital expenditures and operational protocols, beginning at the project's initial planning and development stage (including when selecting a suitable site for the construction of the facility) and subsequently - throughout the activation phase. In order to bolster its operational strength, various preparations and moderation measures have been adopted, including planning adjustments, periodic inspections and seasonal preparations in Israel and the US.

On the one hand, the **Company** recognizes the abovementioned climate risks and on the other hand - the opportunities they may present for the Company, and works to properly and effectively manage them, through, among other things, effective oversight by the Company's management of its climate strategy, including through enterprise risk management, regular updates on climate issues, preventive maintenance plans, appointment of a dedicated Board of Directors committee, which focuses on ESG issues, etc. Moreover, the Company takes measures to keep up-to-date with the applicable regulatory measures and adjusts its activities accordingly, as needed.

For details regarding the ESG policy adopted by the Company, including environmental aspects, see Section 17.2 to the Report. It is emphasized that despite the Company's environmental risk management policy and steps it takes in this regard, the Company's activity is exposed to environmental risks, which may have an adverse affect (and potentially a material adverse effect) on the Company's activity and its results.

In addition, the Company's **operations** in Israel and the US are subject to the provisions of laws and to permit requirements relating to various aspects of environmental protection, non-compliance with which may lead to measures and (criminal or civil) sanctions being imposed and could adversely affect the Company's operations. For details regarding environmental risks and management thereof in the Company's activity in Israel, see Section 7.20 to the Report. For details regarding environmental risks and management methods of the Company's areas of activity in the US, see Section 8.19 to the Report.

14. Material agreements

Following are details regarding material agreements to which the Company is a party outside the Company's ordinary course of business, which were not described above and are in effect as of report approval date. It should be clarified that the reference to the Company in this Section 14 applies only to the Company; it does not include its subsidiaries (the material agreements of those companies were described in the relevant sections of the Report and according to their materiality to the Company).

14.1. OPC Israel's shareholders agreements

As stated in Section 2.1.4 of the report, in January 2023 the Veridis transaction was completed. On that date, a shareholders' agreement between the Company and Veridis regarding OPC Israel entered into force (hereinafter in this section - the "**Shareholders' Agreement**").

The Shareholders' Agreement regarding OPC Israel includes terms and conditions that are generally accepted in shareholders' agreements, including, among other things, regarding general meetings, rights to appoint directors (such that the Company, as the controlling shareholder, has the right to appoint the majority of directors), shareholders' rights in case of share allocation or transfer, defined areas of activity, etc.

The **Shareholders' Agreement** places, among other things, certain restrictions regarding the transfer of OPC Israel's shares (other than to authorized transferees), including a right of first refusal to the parties with respect to 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 shareholder agreement with respect to each of the arrangements.

According to the Shareholders' Agreement, the board of directors of OPC Israel will appoint up to 7 directors, with the Company having the right to appoint up to 5 directors from among them (including the Chairman of the Board), and Veridis has the right to appoint up to 2 directors from among them.²⁷⁶ Furthermore, the Shareholders' Agreement stipulates that decisions on certain topics require a special majority (of 87.5% in a shareholders meeting, and the consent of at least one director representing Veridis on the Board of Directors), as long as Veridis' stake does not fall below the threshold set in the Shareholders' Agreement, including decisions pertaining to certain interested party transactions, a merger, or liquidation, entering into a new area of activity, and investments in projects at certain amounts and subject to the terms and conditions set. Furthermore, arrangements were set for executing dividend distributions by OPC Israel from the defined free cash flow, non-compete arrangements²⁷⁷ as well as arrangements with respect to the provision of further funds to OPC Israel by its shareholders with respect to its business needs, including a dilution mechanism, under the terms and conditions set for that purpose.

For details regarding the Veridis transaction, see immediate report dated January 10, 2023 (Ref. No.: 2023-01-004438), as well as Note 23A1 to the Financial Statements.

14.2. **Limited partnership agreement of OPC Power Ventures LP**

In October 2020, shortly before engaging in the agreement to acquire CPV, the Company engaged with three financial investors in a partnership agreement and related documents (in this section - the "**Partnership Agreement**"), according to which the parties will invest in OPC Power Ventures (hereinafter in this Section - the "**Partnership**") - a special-purpose partnership for executing the acquisition of CPV Group companies (through CPV Group, which is owned by the Partnership) and for carrying out other investments in CPV and in the US power and electricity sector (other than in coal-fired plants or nuclear energy facilities). Following is a summary of key provisions of the Partnership Agreement:

14.2.1. **Ownership in the Partnership and the partners' investment commitments:** The limited partners in the Partnership as of the signing of the Partnership Agreement (the rates below do not include profit participation rights allocated to CPV Group executives, as set out in Section 8.18 of the Report and the revised holding stake following the increases in the investment commitment until the report approval date, as stated below): The Company (directly or through a subsidiary) - 70%; institutional investors of Clal Insurance Group - 12.75%; institutional investors of Migdal Insurance Group -

²⁷⁶ Subject to Veridis' maintaining certain holding rates. As of the approval date of the report, two directors serve in OPC Israel, who were appointed by Veridis and, to the best of the Company's knowledge are officers in Veridis Environment Ltd. (publicly-traded company).

²⁷⁷ 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.

12.75%; a corporation of the Poalim Capital Markets Group - 4.5% (the foregoing three investors will hereinafter be referred to as - the “**Financial Investors**”).

As of the Report approval date, the process of increasing the partners' investment undertakings to fund its investment in the CPV Group was completed with respect to the financial closing of the Basin Ranch project and transactions to increase holding stakes in the operational gas-fired power plants by a total of approx. USD 502 million (a total of approx. USD 232 million in respect of securing letters of credit, which were provided/promised by the Company, with respect to the construction of the Basin Ranch project). As of the report date, taking into account the additional commitment amounts and the acquisition of an additional immaterial stake by the Company from one of the financial investors – the Company's (indirect) holding stake in the CPV Group is approx. 70.69% and approx. 71.09% to the Report approval date. For further details, see Note 23A3 to the Financial Statements.

For details regarding the total investment commitments, equity investments in the Partnership, and the provision of shareholder loans, as well as regarding the outstanding amounts as of the Report date and immediately prior to the Report approval date, see Note 23A3 to the Financial Statements.

14.2.2. The Partnership's management: A wholly-owned Company subsidiary serves as the Partnership's general partner, and is, as a rule, vested with the power to manage the Partnership's business. Approval of certain material actions will require approval by an ordinary or special majority (as the case may be) of the investors in the Partnership. These material actions include, among other things, interested party transactions, the sale of the CPV Group in its entirety or a public offering thereof (which do not meet certain minimum threshold requirements set in the Partnership Agreement), and a sale of a significant portion of CPV Group's assets during the course of a calendar year, subject to the terms and conditions set forth. Furthermore, as long as the Company is the controlling shareholder of the Partnership's general partner, any separate activity by the Company in the area of activity of the Partnership in the US (as defined above) shall require approval by a special majority of the partners. Furthermore, the investors were given the right to receive annual and quarterly financial statements of the CPV Group, as well as valuations and other information, and the right to appoint an observer in CPV Group's Board of Directors.

The Partnership Agreement sets out the General Partner's right to receive management fees at a rate of the investments made by the Partnership, as well as the right to receive carried interest, which depends on the return on investment achieved by the Partnership.

- 14.2.3. Transferability of the rights in the Partnership: The Partnership Agreement sets out various provisions regarding restrictions on the transfer of rights in the Partnership, including a tag-along right to the Financial Investors in certain cases where the Company sells rights in the Partnership, right of first refusal to the Company and the Financial Investors in certain cases where rights are sold by the other party, and drag along rights, all under the terms and the exclusions set out in the Partnership Agreement.
- 14.2.4. Options with respect to holdings in the Partnership: The Company and the Financial Investors entered into agreements whereby the Company awarded to the said entities a put option, and they awarded the Company a call option (as long as the put option is not exercised), in respect of the such entities' holdings in the Partnership. After 10 years will have elapsed from the date on which the CPV Group (i.e. in January 2031) was acquired and provided the holdings in the Partnership shall not be listed for trade on a well-recognized stock exchange as defined in the Partnership Agreement, the said mutual options will come into effect. The consideration with respect to the exercise of the options will be determined in accordance with the arrangements agreed upon regarding the value measurement method. The Company shall have the right to pay the exercise price (at its discretion) in Company shares based on their average price on the stock exchange immediately prior to the exercise. For further details, see Note 23A3 to the Financial Statements.
- 14.2.5. Misc.: The Partnership Agreement sets provisions regarding the partners' right to replace the General Partner under certain circumstances, including among other things, if the Company's stake in the Partnership falls below 30%. Furthermore, the Partnership Agreement sets other generally accepted provisions and mechanisms relating to various issues, including the management of the Partnership by the Company in its capacity as the General Partner, and its liability in respect thereof.

15. Legal proceedings

For details regarding legal proceedings and other contingent liabilities, see Section 7.16 to the Report and Note 26A to the Financial Statements.

16. Managing information security and cybersecurity risks

The Group uses IT, communication and data processing systems for its operating activities.

The Company seeks to implement various safeguards to protect its IT systems and generation facilities against cybersecurity attacks with the support of a chief security officer, and furthermore, it takes action against cybersecurity attacks from time to time, with the assistance of professional system protection consultants. In addition, the Company regularly updates its various safeguards from time to time.

The Company's protection mechanism implementation operation includes, inter alia: user management, including an orderly employee onboarding and departure process; access to Company folders authorization management; locking and blocking users, as necessary; the duty to use protective systems in all Company computers and servers; using multiple protection systems; systems to protect the cloud environment; protecting the network using a Next Generation Firewall on laptops; e-mail and mobile device protection mechanisms; and the systems in place to protect devices, including EDR, disk encryption, anti-virus software, safe surfing, and content screening.

For the Israeli power plants it owns, the Company takes a multidimensional approach to defense, including protection against external attackers, i.e., infiltrations (as a rule, it is impossible to connect to the power plants from the outside) and protection against attacks from the inside, by perpetrators with access to the power plants' control and command networks (suppliers, technicians, etc.), and developing the capacity to monitor and identify cybersecurity incidents in real time. In that context, it should be noted that during the reporting year and during the War in Israel, the Group had implemented - on an ongoing basis - the adjustments required to mitigate the exposure to cybersecurity risks, and because of the War, the state of alert is high in light of the concern that the security situation will expose the Company to more attempts at cybersecurity attacks. For details regarding the operational continuity of the power plants see Sections 4C and 4D to the Report of the Board of Directors.

It is noted that the activity of the Company's power plants in Israel is subject to instructions issued by the Ministry of Energy's Security and Cybersecurity Division, with regard to cybersecurity in power plants. These instructions are based on a procedure that established provisions, which set different security levels according to the power plant's capacity.

The Company is working to improve its data protection and prevent cybersecurity attacks, including through network monitoring and control systems, hardware and operating systems hardening, backups, access restrictions, employee training, penetration testing, and so on.

Information security and cybersecurity of the Company's headquarters' and activity in Israel are overseen by OPC Israel's CISO, reporting directly to the Information Security and Cybersecurity Manager, who is a member of the IT systems team. As part of the Company's information security activity in recent years, it drew up, among other things, an internal audit report (with the assistance of external consultants) regarding cybersecurity; in addition, a cybersecurity risk survey was conducted, based on which the Company is developing and revising a plan to mitigate exposures and prepares an annual work plan to address cybersecurity risks. In addition, in the reporting year, the Company continued to expand its activities in this area; this included upgrading the information security incidents monitoring system and implementing audit recommendations. In addition, from time to time the Company implements hacking and attack scenarios, and cybersecurity training tutorials. In addition, over 2024, the Company sought to

become ISO 27001 compliant and obtained certification in January 2025, which it is working to extend as is the common practice.

For details regarding the CPV Group's security and cybersecurity risk management, see Section 8.21.6 to the Report.

Even though the Company is taking action to enhance its protection against cybersecurity incidents in its organizational networks and power plants, it is uncertain how much the Company would be able to prevent cybersecurity attacks or damage to the Company's and Group Companies' IT and data systems. Such physical, technical, or logical damage to the administrative and/or operational systems, for any reason whatsoever, may expose the Company to harm and disruptions in the Company's electricity production and supply, and/or cause harm to IT systems or data theft or leaks (including private information), and/or harm the Group's reputation. In addition, a lack of compatibility between IT systems, management and business departments and the existence of technological gaps, increase cybersecurity risks. It is noted that the fact that the Company is an Israeli company puts it at a higher risk of cybersecurity attacks (among other things on the back of the War). Notwithstanding the defense systems, cyberattacks may occur, and insofar as the Company (or any of the subsidiaries in Israel or the US) is subject to a material cyberattack, this may have an effect (potentially even a material effect) on the Company's activity and reputation. In addition, the Company may incur costs to protect itself against damage to its IT systems and rectify any such damage, if it occurs, including, for example, system recovery, protection against legal action following from a cybersecurity attack, paying damages, or taking other corrective measures toward third parties. In addition, misalignment between the IT systems, management and business departments and technological gaps or the emergence of technological developments before adequate safeguards are put in place, increase cybersecurity risks.

For further details regarding information security and cybersecurity risks, see Sections 8.21.6 and 19.1.9 to the Report.

17. The Company's Business Objectives and Strategy

- 17.1. It is the Company's vision to continue to strengthen its position as a leading global independent power producer (IPP) operating, as of the Report approval date, in two key markets - Israel and the US - which, as of the Report approval date, are characterized by demand for electricity and tailwind from the business and regulatory environment. In this context, the Group: (a) works to expand its activities and global standing, by, among other things, further developing energy projects in the US, including by increasing its holding stakes in certain operational gas-fired projects, while periodically assessing opportunities to expand its activities in the field of electricity generation and supply in additional geographic regions beyond Israel and the US (such as Europe), and which are consistent with the Company's strategy and area of activity in terms

of technology types, scope, etc.; (b) operates under a hybrid mode which aims to effectively and optimally combine natural gas, renewable energy and energy storage in order to ensure reliable electricity supply while supporting a clean energy future. The Group seeks to take part in the global effort to promote energy transition, through a variety of energy production and supply solutions. These solutions include advanced conventional means of natural gas-fired production characterized by high efficiency, continuity and reliability, as well as renewable energy sources (solar, wind and storage). The Group's activity is based on the values of high professional standards, transparency, fairness, reliability, operational and organizational excellence, technological innovation, and environmental commitment, and is carried out in partnership with all its stakeholders and out of commitment to their evolving needs, specifically customers, employees, communities, investors and credit providers; (c) the Group is active across the entire value chain of its activity - from the initiation, development and construction phases of projects through the operation and production phases, up to the supply phase, while seeking to optimally utilize the synergies generated between its areas of activity.

The Company operates on the assumption that the independent electricity market in general, and in Israel and the US in particular, is expected to continue to expand. This assumption is supported, as of the Report date, by public forecasts of various entities, according to which the growing demand for electricity is expected to continue, among other things, due to the increase in demand for server farms, artificial intelligence (AI) applications, electrified transportation and policy of transition to a low-carbon economy that encourages electrification, as detailed in Sections 6.6 and 8.1.2 to the Report, as well as in Section 2 and 3 to the Report of the Board of Directors. It is clarified that this assumption is influenced by various factors that are beyond the Company's control.

To realize the Company's vision of becoming a leader in its field, and out of a commitment to principles of responsible conduct and high standards in the areas of climate and environment, society and corporate governance (ESG),²⁷⁸ the Company seeks to focus, among other things, on achieving competitive advantages in the following aspects:

- 17.1.1. Initiating, developing and building electricity generation facilities using a range of technologies - through both conventional and renewable sources - by leveraging accumulated experience and using leading technologies, and by providing unique valuable solutions to existing and potential customers.
- 17.1.2. Continuing to establish global activity that combines stability resulting from flows arising from contractual agreements in a growing market and a balanced profit profile throughout the business cycle.

²⁷⁸ The Company publishes an annual ESG report, which reviews these aspects of the Group's activity.

- 17.1.3. Promoting initiatives and transactions to maximize the Company's positioning in line with demand trends in its markets of activity.
- 17.1.4. Operating and maintaining the Group's power plants - by virtue of its experience, in a professional and reliable manner, while upholding its commitment to the environment and meeting high professional standards to achieve maximum efficiency and availability.
- 17.1.5. Optimizing and creating synergy in the function responsible for energy sales to customers, through a range of generation sources and ancillary operational and commercial arrangements, as well as optimizing natural gas procurement, while entering into a range of contracts to ensure continuity of supply at a competitive price.

17.2. The Company's objectives include:

- 17.2.1. Acting to expand the generation capacity in Israel and the US through further development and construction of new projects and assessing relevant acquisition or investment opportunities (according to market adequate conditions and discretion of the Company's organs).

The Company is committed to further expansion of its activity both in Israel and in the US using innovative and effective conventional means (natural gas) combined with renewable energies, while establishing its position and experience in project execution; this approach reflects the understanding that combining the technologies is essential to the promotion of cleaner and low-emission energy (energy transition) alongside a non-interruptible, reliable and efficient electricity supply.

- 17.2.2. Acting to identify and realize business opportunities for the acquisition of further holding stakes in operational natural gas-fired projects in the US so as to increase holding stakes and exhaust the business synergies embodied in this area of activity, subject to reaching consent and adequate market conditions (if any).
- 17.2.3. To further diversify the Company's customer mix in the supply area and to diversify the exposure mix between revenues from long-term agreements (at fixed prices or with relatively low volatility) versus revenues exposed to market volatility.

The Company's Board of Directors adopted an organization-wide ESG policy that is incorporated synergistically into the business strategy and targets detailed above, with the aim of promoting the Group's commitment to environmental, social and corporate governance principles, in accordance with the international standards in this field, and in a manner that reflects the Group's continued commitment to all stakeholders, specifically customers, employees, investors, partners and the communities in which the Group operates. With the support of a global consultancy firm, the Company has begun implementing a multi-year work plan based on the policy, focusing on the material topics it has identified and on achieving the established target. In addition, the Board of Directors appointed a dedicated ESG Committee, which supports

and monitors the process of implementing the ESG values and compliance with the targets set across all areas of activity and reports to the Company's Board of Directors.

As to the Report date, the Company operates in Israel and in the US. From time to time, the Company may explore possibilities for expanding its activities in the electricity and energy generation and supply segment, including by constructing and/or acquiring active power plants (including those using renewable energy and storage) - whether they are under construction or under development, in additional territories around the world, as well as project development for such projects that are found suitable and are consistent with the Company's business plans, as they may be from time to time.

It is hereby clarified that the above objectives reflect the Company's strategy from the perspective of the Group as a whole. For additional highlights relating to the CPV Group's activities, see also Section 8.20 to the Report.

The Company's intentions, objectives, associated market trends, advancement of transactions, competitive advantages and strategy, as detailed in this section - including with respect to the expansion of its activity, potential projects, transactions, activity growth, growing demand trends, its plans in the supply area and/or the ESG targets, reflect the Company's assessments, policies and intentions only as of the Report approval date, and there is no certainty that they will materialize in accordance with the said expectations; the said intentions and strategy may change, inter alia, at the Company organs' discretion, according to suitable market conditions, changes in demand trends and regulations in the markets of operation and/or the materialization of one or more of the risk factors to which the Company is exposed.

18. Expected developments in the forthcoming year

18.1. In the coming year, the Company intends to focus on promoting the following projects:

- 18.1.1. Promoting final investment decisions (FIDs) for projects under advanced development in Israel (Hadera 2 and Ramat Beka).
- 18.1.2. Further developing backlog of natural gas projects (with future carbon capture potential) in the US by the CPV Group, including through acquisitions or development of additional projects, in particular the Shay project (a CCGT in West Virginia with a capacity of 2.1 GW), with respect to major agreements - including equipment and EPC agreements, a grid connection agreement, promotion of required permits and a commercial framework (including subject to regulatory developments), and the promotion of project financing options, including the equity needed for its construction. Additionally, the Group will continue to consider entering into development agreements for the generation and supply of electricity for data centers.

- 18.1.3. Further review of transactions to increase holding stakes in the CPV Group's gas-fired power plants, subject to agreement on appropriate commercial terms with the other holders in the relevant power plants and formulating an optimal transaction(s) structure to achieve this (if any), and subject to adequate market conditions.
- 18.1.4. Further execution of projects under construction in Israel and the US as of the Report approval date (in particular the Basin Ranch project).
- 18.1.5. Continued promotion, development and construction of other substantial electricity generation projects in Israel - both in the field of natural gas and renewable energy co-located with energy storage - in accordance with regulatory developments in this area of activity while maximizing the synergy embodied in the Group's current activity, specifically the customer mix in the supply activity, and identifying additional projects in strategic locations and/or for substantial consumers.
- 18.1.6. As part of the continued optimization and diversification of the Company's customer mix in Israel, including in view of the future projects being developed by the Company, during the past year the Company contracted with a number of server farms, and as such it has been examining a significant expansion of the contractual engagement with these consumers and/or with additional server farms.
- 18.1.7. Continuing to advance the development of renewable energy projects in the US, with an emphasis on projects intended to comply with the Safe Harbor requirements while prioritizing markets where CPV Group believes it has a competitive commercial and strategic advantage.

The Company's expectations regarding the developments described in this Section 18, including all components, constitute forward-looking information, as defined by the Securities Law, which relies on the Company's plans, objectives and strategy for 2026. The Company's expectations, as described above, may not materialize (in whole or in part), or may materialize differently than predicted, due to various factors, including a change in market conditions in the territories the Group operates in, regulatory requirements in the markets of operation, geopolitical events, change in government policies, operational factors, formulation of transactions, agreements and approvals by third parties, terms and conditions of commercial agreements and financing options, or the materialization of one or more of the risk factors affecting the Company's activity, as detailed in Section 19 of the Report. It should be noted that new projects or promoting additional business measures, particularly those developed outside Israel, involve uncertainties and risk factors, including those related to the activity markets, relevant regulation and financing.

19. Discussion of risk factors

The Company's activity is affected by various risk factors arising in its areas of operation. Following are the main risk factors which may affect the Company's activity. For further details on risk factors to which the CPV Group is exposed, see Section 8.21 to the Report. The Company is affected by the following risk factors, among others:

19.1. Macroeconomic risks

19.1.1. Foreign exchange rates (especially with respect to the USD): As detailed in Section 7.2.3 to the Report, Section 11 to the Report of the Board of Directors and Note 21 to the Financial Statements, the Company is exposed to changes in exchange rates, mainly with respect to the USD. Changes in the exchange rate may adversely affect, or even materially affect, the Company's results.

As part of its operations in Israel, the Company is exposed to fluctuations in the USD exchange rate, both directly and indirectly, among other things - due to, on the one hand, the linkage of a substantial portion of its revenues to the generation tariff (which is partially affected by changes in the USD exchange rate), and, on the other hand, from natural gas purchases - some of which are linked to the USD exchange rate and/or denominated in USD; these gas purchase agreements are also linked to the generation tariff and include USD-denominated minimum prices. Therefore, an increase in the USD exchange rate raises the cost of the natural gas purchased by the Company. In accordance with the Revision of the Tariff Structure prescribed by the Israeli Electricity Authority, the Generation Component is updated semi-annually based on a defined set of metrics and an orderly methodology that also reflects exchange-rate movements during the relevant period; accordingly, timing differences or other differences may arise between the effect of an appreciation in the USD exchange rate on the current cost of gas and its effect on the Company's gross margin. The said differences may have an adverse effect on the Company's profitability and current cash flow, at least in the short term.

Furthermore, from time to time, the Company has entered, and enters from time to time, into material construction and maintenance contracts in various currencies, specifically the USD and EUR. Accordingly, the Company is exposed to changes in the exchange rate of such currencies.

With respect to the Company's investment in CPV Group - which operates in the US and whose functional currency is the USD - a decrease in the USD exchange rate may adversely affect the value of the Company's USD-denominated investment, as well as the Company's net income and equity, which are translated into the Company's functional and reporting currency - the NIS (for further details regarding the Company's functional currency, see Note 2B to the Financial Statements). On the other hand, if

there is a need to raise NIS-denominated sources in Israel to fund the investments in CPV Group's backlog of projects under development, an increase in the USD exchange rate may lead to an increase in the amount to implement those investments. For further details, see Section 11 to the Report of the Board of Directors and Note 21 to the Financial Statements.

- 19.1.2. Inflation (specifically the Consumer Price Index): As stated in Sections 2 and 11 to the Report of the Board of Directors and in Note 21A6 to the Financial Statements, the Company is exposed to changes in the Consumer Price Index. The Company's activities in Israel expose it, directly and indirectly, to changes in the consumer price index, mainly because a substantial portion of its revenues is linked to the Generation Tariff (which is partly linked to the consumer price index). On the other hand, natural gas purchases are linked to the generation tariff and include, as stated, a USD-denominated floor price, as well as some of the Company's CPI-linked costs and capital expenses, directly or indirectly.

Furthermore, the Company is exposed to changes in the consumer price index, which, as of the Report Date, originate mostly in the terms and conditions of Debentures (Series B), and in a portion of Hadera's project finance agreement (in respect of which no hedging transactions were entered into, as detailed in Note 23 to the Financial Statements). Accordingly, an increase in the CPI raises the Company's liabilities and finance costs.

- 19.1.3. Interest rates (NIS and USD): The Group has loans and obligations bearing variable interest, which is based mainly on Prime or SOFR interest rates plus a spread (see, inter alia, Section 8.17.3 to the Report, Section 11 to the Report of the Board of Directors and Note 21 to the Financial Statements). An increase in variable interest rates is expected to lead to higher finance costs for the Group, both in respect of existing debt and in connection with new debt raised for refinancing and/or growth purposes. Furthermore, an increase in interest rates is expected to affect the discount rates used for the Group's projects (whether operational, under construction, or in development) and could result in certain projects no longer being economically viable for further development or acquisition; this, in turn, may slow the Company's growth rate and lead to indications of impairment and/or recording of impairment losses in the financial statements. Therefore, such changes in the interest rates have an adverse effect on the Company's operations and results.

- 19.1.4. The political and security situation: A deterioration in the political and security environment in Israel and around the world may disrupt the Company's operations and adversely affect its assets on various levels, thereby adversely impacting its operations and results. Security and political events, such as war or terrorist attacks in the markets of operation, may damage the facilities used by the Group, including the Company's

power plants and projects under construction, as well as its IT systems; such events may also result in shortages of labor and foreign experts, disruption or damage to the natural gas transmission system and the electrical grid, and cause damage to the Company's material suppliers - including natural gas suppliers or its material customers; these effects could harm the continuous, reliable and high-quality supply of electricity (for further details regarding the Company's material suppliers, see Sections 7.14 and 8.13 of the Report) In addition, a deterioration in the political and security environment or increased political instability in Israel could negatively impact Israel's economy, including its sovereign credit rating and the stability of its financial system (banks and institutional entities) and, in turn, adversely affect the Company's ability to promote new projects, secure financing for its activities, and pursue further projects. Furthermore, such deterioration may have an adverse effect on electricity demand and on the consumption patterns and/or financial position of the Company's customers in Israel, which, in turn, may adversely affect the Company's results A deterioration in the Company's results may adversely affect its ability to meet its obligations under the finance agreements and deeds of trust, specifically - its compliance with the financial covenants applicable thereto, as well as its liquidity, debt repayment capacity and debt recycling (including the extension of short-term credit facilities). In addition, negative developments in the political and security environment in Israel may result in boycotts by various parties or in claims by contractual counterparties that their obligations under agreements with the Company have been terminated or suspended due to force majeure, reducing the availability of certain professional experts. In addition, workforce availability may be impacted, as certain of the Group's employees in Israel may be mobilized for reserve duty, and their absence may affect the Company's activities. Furthermore, security developments may impede the execution of maintenance and construction work and may adversely impact the supply chain and the availability of components - due to geopolitical tensions, ongoing risks to trade routes, and intermittent reductions in airline operations. Such impacts may impair the timely arrival in Israel of equipment and foreign personnel necessary for the execution of maintenance and construction work at the Group's sites and may disrupt the schedules. Despite the fact that certain damages resulting from war or terrorist attacks are covered under the Property Tax and Compensation Fund Law, as well as under covenants and insurance policies subject to the liability limits agreed with the insurers, there can be no assurance in such cases that the Company will be compensated (whether fully or partially) for direct or indirect damages it may incur. In this context, it should be noted that, in light of the increasing risks and the security events that have materialized in recent years, insurance terms and conditions have become more costly and generally provide lower coverage limits than in the past or exceptions, and may continue to deteriorate and may hinder the Company's ability to renew its insurance policies or even

restrict the extent of available coverage under similar terms and conditions if any (see also Section 19.2.10 of the Report).

It is noted that changes in the political conditions in the US or security or global geopolitical events may affect the Company's activity in the US, including natural gas and energy prices, as well as government policies in the field of energy or other fields affecting the energy domain (such as trade policies) and prices of equipment needed for power plants and facilities for electricity generation. Security or political events in the US or around the world may adversely affect the Group's activities (in the US and Israel), including in aspect of supply chains (such as project schedules and equipment pricing), electricity and gas supply and demand dynamics, heightened cybersecurity risks, reduced activity, and macroeconomic effects.

- 19.1.5. Climate, natural disasters, weather events and fires: global climate changes pose physical and transition risks to the Group's facilities affecting the Group's operations, which include, among other things, gas power plants, solar fields and wind farms. In this context, the intensification of extreme climatic events and their increased frequency, including heat waves, cold snaps, extreme rain events, flooding and strong winds may harm the supply chain, the availability of the energy generation facilities in Israel and the US, the continuity of the electricity supply and its reliability, and impose increased operating and maintenance costs on the Company. At the same time, climate change may also give rise to opportunities, including, among other things, due to an expected increase in long-term demand for electricity and an increase in demand for and prices of renewable energy.

Intense rain events and floods may affect the Company's sites, including the Hadera Power Plant, which is located near the stream. To handle the risk of flooding, the site was built at an altitude above the Hadera Stream. Furthermore, an increase in extreme temperatures and heat waves may affect the safety and operational efficiency of the Company's sites; thus for example, in the Rotem Power Plant located in the Negev and CPV power plants in the southern US, there is a risk of an increase in the frequency and intensity of extreme heat events. In the US, some of the Company's sites are also exposed to the risks of cold snaps that could impair their maintenance and operation. Furthermore, changes in wind patterns could affect the performance of the Company's wind energy facilities in the US, including the scope of electricity generation and long-term stability of revenues, as well as the operation of equipment at gas-based power plants in Israel. In response to such events, and to incidents involving gales, measures are implemented in advance, such as the installation of wind screens and the implementation of a monitoring system and a network of industrial fans, which cool hot air and convert it into water; in addition, periodic inspections are conducted and additional cooling measures are added in sensitive areas. As a rule, the Company's facilities are deployed in a manner that mitigates - to some extent - the risk associated

with climate change, extreme weather events, and naturally occurring damage, and the Company purchases insurance coverage for its property against physical damage and loss of income as a result of such damage, including from risks of naturally occurring damage - subject to exclusions, indemnity caps and customary terms and conditions of such insurance policies. At the same time, the aforementioned safeguards or the additional actions taken by the Company do not fully guarantee protection against exposure to these risks.

In addition, in view of the nature of the Company's activity - including its use of flammables, work involving high temperatures and pressures and storage of fuels - the Company's facilities are exposed to fire and explosion risks, and as a result - to environmental hazards as well. If the Group's facilities are damaged because of natural disasters or fires, restoration may require substantial resources and an extended period, which could lead to a full or partial shutdown of the affected power generation facilities and result in a loss of revenue. The Group purchases insurance policies intended to cover risks associated with its operations, inter alia, as required under its licenses and pursuant to the finance agreements to which it is a party; however, such insurance policies do not cover all events or damages which may be incurred. Accordingly, there can be no assurance that, in such circumstances, the Company will be able to recover compensation for its losses (in whole or in part), and because of such events, the Company's operations and results may be adversely affected, potentially materially. It should also be noted that such events may adversely affect suppliers, customers, and infrastructure used by the Company's facilities (primarily electricity and gas infrastructure), and may thereby indirectly adversely affect the Company's operations and results. For further details regarding weather risks to which the Company's operations in the US are exposed, see Section 8.21.10 of the Report.

- 19.1.6. Instability in global markets and global geopolitical environment: Instability in global markets or other economic instability due to various factors, including instability in the banking system in the markets of operation, economic instability, including concerns regarding a recession or slowdown and uncertainty in the geopolitical environment, may affect, among other things, the supply chain, availability of financing sources, credit and liquidity, prices and availability of the Group's raw materials, and gas and electricity tariffs, cost and availability of the Group's workforce in the power plants, availability and financial stability of its suppliers, project construction schedules (as a result, among other things, of delays in the supply chain and availability of foreign experts and contractors), financial strength of the Group's customers and credit providers - causing disruption in the development, construction and maintenance of the generation facilities and power plants as well as the Group's activity as a whole. Furthermore, instability in global markets, including disruptions to supply chains, adversely affect the Group's projects that are under development or construction in Israel and the US

(including equipment costs and supply schedules), as well as the Group's ability to secure the financing required for such projects and to continue the related construction or development activities.

It is noted that the global geopolitical environment (including the war between Russia and Ukraine, tensions between the US and China, the Iron Swords War, Operation Rising Lion, Operation Lion's Roar, increasing risks embodied in maritime trade routes, etc.) has been unstable. The ongoing instability outlined above and its effect on global economic relations and trade routes, etc. gives rise to wide-ranging macroeconomic consequences, which may manifest in, inter alia, energy price volatility, heightened economic uncertainty, higher import taxes, disruptions and delays in supply chains, increases in equipment and commodity prices, and constraints on their availability, etc. As of the Report approval date, such factors have affected equipment prices around the world, including the Group's. Considering the uncertainty characterizing these effects, there is no certainty as to the scope and duration of those trends and their long-term implications.

- 19.1.7. Outbreak of pandemics or public health and safety events: Pandemics (such as the coronavirus (Covid-19)) or other public health or safety events may lead governments to impose restrictions on trade, movement and business activity, the effects of which may be felt globally. An outbreak of a pandemic, including infections at the Group's power plants and other sites, or a material impact on key suppliers (such as natural gas suppliers and construction and maintenance contractors) or on the Group's principal customers, may adversely affect the Company's operations and performance, as well as its ability to complete projects under construction on schedule or at all, and/or to execute future projects. In addition to the above, such events may result in restrictions on mobility and business activity, disruptions and congestion in global supply chains for commodities and raw materials, delays in the delivery of equipment, and cost overruns in projects under construction and in development.
- 19.1.8. Regulation regarding ties with hostile entities and anti-corruption laws: As part of a group operating in Israel and the US, the Group Companies are subject to Israeli and US laws and regulations governing business relationships with hostile entities or countries (such as Iran or other entities black-listed by compliance bodies), as well as to anti-corruption, anti-bribery and anti-money laundering legislation - any violation of which may result in the imposition of civil, administrative or criminal sanctions in Israel and other jurisdictions and cause reputational damage. Given the extensive scope of the Group's operations (including its controlling shareholders - which comprises the Company, the investees, and their holding entities), the Group faces potential exposure to damages arising from ties or regulatory non-compliance.

19.1.9. Information security, cyberattacks, damage to ICT systems: The Group is exposed to the risks associated with cyberattacks or disruptions to IT systems. For details, see Section 16 to the Report and Section 8.21.6. It should be noted that, in the reporting year, it has become evident that the use of various AI platforms has increased. As of the Report date, despite its rapid expansion, the use of AI remains in a learning and development phase, and its full risks and implications for the market, the industry and the Company's operations have not yet been fully clarified. Such use may expose the Company to increased cybersecurity risks, and to various risks pertaining to leakage of sensitive information, competitive disadvantage, or to disruptions in the information provided to the Company due to misuse or incorrect implementation of AI platforms.

19.2. Industry-specific risks

19.2.1. Changes in electricity tariffs or in the tariff structure: A reduction in electricity tariffs, or changes in the tariff structure or its components - as determined by the Israeli Electricity Authority - particularly the Generation Component, may have a material adverse effect on the Company's profits and operating results. A decrease in the Generation Component tariff leads to a deterioration in the Company's operating results. As stated in Section 7.2.3 to the Report, changes in the electricity Generation Component tariff (including changes in the structure of the Generation Component) - as published by the Israeli Electricity Authority (due various reasons, such as exchange rates, changes in the cost of fuels used by the IEC, changes in the allocation of costs to the Generation Component or systemic costs, sale of power plants, policy changes, or broader changes in the electricity sector, modification of methodologies or policies) will affect the Company's revenues from sales to private customers, since, as a rule, the electricity prices under the Company's customer agreements are directly linked to the Generation Component. Furthermore, the cost of sales will also be affected, since, as of the Report approval date, the Generation Component serves as the basis for the linking the natural gas price under the gas purchase agreements. furthermore, as detailed in Section 7.14 of the Report, the gas pricing formula under the Group's gas purchase agreements includes a minimum price, such that in periods in which the gas price is at the minimum price level, a decrease in the Generation Component will not result in a reduction in the natural gas cost but will erode the Company's margins and negatively impact its profit rates. In addition, fundamental changes to the structure of the Generation Component and to the methodology by which it is determined (including changes in demand hour clusters or modification of various components or their weights with respect to electricity tariffs) involve uncertainty and may adversely affect the Company's revenues in Israel, whether due to the setting of lower tariffs than those currently in effect or due to uncertainty regarding the parameters used in determining the Generation Component.

As part of its operations in the US, the Company is significantly exposed to changes in electricity prices and capacity rates in the US, such that a decline in these rates (or in factors affecting them, such as electricity demand) would adversely affect the Company's operating results. For details regarding this risk factor, see Section 8.1.3 to the Report and Section 3 to the Report of the Board of Directors.

- 19.2.2. Temporary or continued interruption to regular supply of fuels (natural gas or diesel fuel) and fuel prices: The Group's power generation activity depends on regular supply of fuels (natural gas or diesel fuel). Fuel shortages and disruptions of the supply or transmission of natural gas - including an increase in prices because of the above - may disrupt the electricity generation activity and adversely affect the Company's operating results. Continued interruption to the supply of natural gas requires the Company to generate electricity by using an alternative fuel as far as possible (in Israel, the main alternative is diesel fuel). It should be noted that, in light of the interpretive position expressed by the Israeli Electricity Authority, Covenant 125 - which is intended to regulate compensation in the event of natural gas shortages in Israel - may not apply to Rotem; if this position is implemented, no compensation arrangements applicable to other producers would apply to Rotem.

Furthermore, in the event that the Group Companies are required to procure natural gas in excess of the quantities stipulated in their existing binding agreements (for example, for new projects or in the event of maintenance or a disruption in the operations of existing gas suppliers, including shutdowns or damage during a state of emergency) there is no certainty as to the price of natural gas that the Company will be required to pay for such additional or alternative gas. It is noted that the cost of natural gas has a material effect on the Group's margins.

With regard to CPV Group, natural gas purchases are based on market prices, and therefore - the results of CPV Group are affected by the market price of natural gas, as set out in Section 8.1.3.4 to the Report. For the effects of natural gas prices in the US on the Company's activity, see Section 3 to the Report of the Board of Directors. Given the significance of natural gas pricing to the Group, factors affecting natural gas prices may materially impact the Company.

Generally, there is no certainty that the Company will be able to mitigate the material effect on its activity of disruptions to the supply of natural gas or natural gas prices on its operations, and such effect depends, among other things, on factors which are beyond the Company's control.

- 19.2.3. Legislation, regulation, licensing procedures and changes in regulatory arrangements: The Group's operations are subject to the electricity and energy sector's regulatory regime, in addition to the general regulatory framework applicable to the business sector. The electricity generation and supply sector is affected by government policies

and is subject to extensive regulatory and governmental oversight, given the central role of electricity and energy pricing in the economies of the markets in which the Group operates. The Group is exposed to changes in regulations to which it is subject as part of its activity, and to changes in regulations applicable to areas related to its activity. Various regulatory processes may have an adverse effect on the Company's activity and its results and on its terms of engagement with third parties, such as customers and suppliers, including natural gas suppliers. Furthermore, regulatory processes may lead to delays in obtaining permits and licenses (see, for example, in Section 8.1.4(j) to the Report with respect to the pending proceeding of Valley's Title V permit), imposition of financial sanctions, filing of criminal indictments or instigation of administrative proceedings against the Company and its management, and even damage to the Company's reputation. In recent years, the sector in which the Company operates has been subject to frequent regulatory changes, and the Company believes that additional changes to the regulatory framework applicable to the sector may occur in the coming years, among other things due to the continued development of the independent power generation market in Israel - in line with the government's targets, and government policies in Israel and the US. In addition, regulatory changes may be introduced in response to shifts in electricity demand, increased regulatory intervention, or enforcement of competition laws, including measures aimed at enhancing market competition. Regulatory changes, changes in regulators' policies or in their interpretation of the regulations may have various impacts on the power plants owned by the Company or the power plants it intends to develop (as well as on the economic viability of the construction of new power plants) or the economic viability of taking part in tenders in this area of activity. Regulatory developments pertaining to the Company or other players in the Company's operating segments and changes in the regulatory schemes applicable to the Company or its competitors may have an adverse effect (including a material adverse effect) on the Company's results and competitive position. Furthermore, the Company's activities are subject to environmental laws and regulations aimed at enhancing environmental protection and reducing the impact of environmental hazards, including, inter alia, by setting restrictions relating to noise, pollutant emissions and treating hazardous substances. Failure to identify new or amended legislation, to appropriately interpret the provisions of applicable laws, objection procedures filed by various parties with respect to the Company's projects, failure to control and monitor implementation and adherence to legal and regulatory requirements - including license terms and conditions - failure to obtain or renew required permits or licenses or imposition of more stringent licensing terms and conditions, regulatory changes, application of stricter regulation to independent power producers, or non-compliance therewith, may cause the Company to incur substantial costs or significant capital expenses, prevent the development of projects and could have a material adverse effect on its operating results.

- 19.2.4. Compliance with ESG standards and targets: In recent years, awareness has grown, mostly around the world but also in Israel - among investors and other stakeholders, specifically credit providers, customers, employees, etc. - of the climate and environmental effects of various activities. Furthermore, regulatory involvement in this area of activity is increasing, and various ESG-related provisions are imposed under various frameworks.

As part of this trend, existing and potential investors, as well as other stakeholders (including customers), consider ESG considerations relating to environmental, social and corporate governance aspects, as part of their investment and business policies, including with respect to the provision of financing. This trend may manifest itself in various ways, including subjecting investments and/or provision of credit to compliance with ESG standards, implementation of policies by investors - including in the capital market, increase in finance costs, difficulty in hiring employees, etc. In addition, the adoption or tightening of regulatory provisions applicable to the Company's area of activity - especially environmental requirements - may entail substantial costs. These trends may have an adverse effect on the Group's business and financial position, including loss of customers (specifically due to possible preference for electricity from renewable sources), restricting its ability to implement its growth plan, impairment of assets, increase in the price of its debt, erosion of the Company's value, and an adverse effect on the Group's positioning in its areas of activity.

- 19.2.5. Dependence on infrastructure, on securing capacity on the electrical grid and on infrastructure providers: The power plants owned by the Group (including future projects) use the electrical grid for supplying electricity (transmission and distribution networks) and therefore depend on the IEC and System Operator in Israel and on the electrical grid and regulators in the relevant operating markets in the US. Unavailability of or disruptions to the operation of grid infrastructure or insufficient grid capacity, may harm the Group's facilities and impair its ability to transmit the electricity generated at its power plants to the electrical grid, which could have a material adverse effect on the Company's business. By the same token, overloads in the transmission and distribution networks (including due to the introduction of renewable energies), and delays in the development of infrastructure that will support electricity generation and demand, may have an adverse effect on the operation of the Group's existing generation facilities, on schedules and on the development phases of new projects. In Israel, the power plants and projects under development are exposed to system management, regulation of generation sources by the System Operator and prioritization of other generation facilities over those of the Group. The power plants and projects under development depend on the ability to secure the outflow of electricity from sites and capacity on the grid, and the execution of projects (as well as projects' costs and schedules) may be adversely affected by the ability to secure such connection to the grid. In the US, the

Company's development operations are dependent on securing grid connection agreements and natural gas transmission agreements for the power plants and projects. Connection processes involve applications that may be rejected or delayed, may impede the advancement of projects, and require the provision of collateral and the incurrence of costs to facilitate or secure the connection. Additionally, the Group's operations also depend on the proper functioning and availability of the natural gas transmission and distribution. In this context, the Company is dependent on natural gas suppliers in Israel and on INGL, which is in charge of its transmission. Failure in the gas transmission network or failure in the electrical grid may interrupt the electricity supply from the Group's power plants, and there is no certainty that the Company will be compensated for some or all the damages it may sustain in the event of a failure in those systems. The power plants and projects under development depend on the ability to secure the outflow of electricity from sites and capacity on the grid, and the execution of projects (as well as projects' costs and schedules) may be impacted by the ability to secure such connection to the grid. Furthermore, the power plants owned by the Company use water in the process of their operation, such that a continued water supply malfunction may halt the operation of the power plants; therefore, the Group is dependent on Mekorot (Israel's national water utility). The power plants and projects under development are exposed to the system management, regulation of generation sources by the System Operator and prioritization of other generation facilities over those of the Group.

- 19.2.6. Competition: The policy of the governments in the Group's countries of operation is, as aforesaid, to open the electricity market to competition. In recent years, the policy in Israel has been to increase the number of electricity producers and intensify competition in the Israeli electricity generation and supply sector, which may have an adverse effect on the Company's competitive position and execution of the Company's projects according to plan, if any. Furthermore, it is noted that the Israeli Electricity Authority's regulations or various regulatory initiatives in the US may set quotas or limit the number of eligible projects (in Israel - such as the regulation for the Hadera 2 Project and the one for the Ramat Beka Project), which raises the level of competition between the relevant actors where there is no guarantee that the quota requested by the Company will be granted. Regulations set by the Israeli Electricity Authority and further regulation (or amendments to the currently applicable market regulation) affecting electricity producers and consumers in Israel also intensify competition in the supply segment; this trend is expected to be on the rise in the next few years. A substantial increase in competition in the supply to customers segment in Israel may have an adverse effect on the Company with respect to its terms of engagement with customers. This trend may further intensify in the coming years. Furthermore, the activity of the CPV Group is also exposed to competition in the markets in which it operates and growth in its areas of

activity. To mitigate this risk, the Company is working to maximize its competitive advantages and its experience in developing and leading power plants; however, there is no certainty that this will prevent or mitigate the impact of the competitive risks on the Company and its operating results.

- 19.2.7. Critical equipment failure: Disruptions, defects, accidents, and technical malfunctions in critical equipment of the Group's generation facilities and inability to maintain inventory levels and quality as well as a sufficient level of spare parts may damage the Group's ongoing operations and its ability to maintain power generation or construction continuity, causing, among other things, delays in the electricity generation, difficulties in fulfilling contractual obligations, loss of income and excess expenses, thus adversely affecting the Company's profits, if not covered under its insurance policies or liability of contractors or equipment suppliers. There can be no assurance that the Company will be able to prevent damage or shutdowns resulting from such disruptions or malfunctions, which may adversely affect the operations of the Company's facilities (whether operational or under construction) and its results, including loss of revenues and/or capacity payments and/or incurrence of costs (which could be material) arising from repairs, and which may not be fully recoverable from relevant counterparties, whose contractual arrangements may include liability caps, deductibles, or exclusions for certain types of damages, as the case may be).
- 19.2.8. Exit barriers: Exit barriers, including lack of adequate market conditions, high exit costs or objections by various interested parties, may make it difficult for the Company to dispose of various assets or companies it owns. The principal exit barrier is the requirement to obtain third-party approvals for the transfer of control or for maintaining a specified level of shareholding in a company operating in the electricity generation sector. Furthermore, finance agreements and other agreements place on Group companies restrictions with respect to transfer of control (including by virtue of guarantees provided by the Company). Such restrictions, including those applicable to companies under the Company's control, to agreements with partners and to the ownership structure of the power plants in the US, may restrict the Company's ability to dispose - in various ways - of certain assets, and may have a material effect on the Company.
- 19.2.9. Professionally trained workforce: The Company needs professionally-trained and skilled workforce in order to manage the Company's operating activities, execute the projects it owns and provide services to customers, suppliers and other parties. The services provided by the Company require special training; therefore, the Company is required to employ workers and experts with relevant qualifications. During the construction phase of power plants, the majority of the personnel required - including employees, experts, and consultants (engaged either directly or as external service providers) are highly specialized professionals typically recruited by the Company from multiple

countries. Difficulties in locating experts and employing skilled workers, lack of knowledge and specific professional capabilities, shortage of manpower, high employment costs and failures in HR management (employees and managers retention and development, knowledge conservation, etc.); all those may lead to loss of essential knowledge, failure to meet the Company's objectives, failure by the Company to adapt its workers' placement needs and provide infrastructure that are in line with the Company's growth rate. Furthermore, the travel restrictions placed during the Covid-19 crisis (or a pandemic or natural disaster) or in the event of deterioration or escalation in the political and/or security situation, may lead to shortage of expert employees, and this, in turn, may lead to delays in the construction of the power plants and have an adverse effect on the Company's activity and results of operations. To mitigate these risks, where there is a shortage of professionally trained employees, the Company will be required to find alternative employees, adapt the required training or find other solutions by using external service providers; however, there is no certainty that the alternatives will fully meet the Company's needs.

Similarly, the success of the CPV Group rests on its ability to recruit and retain talented and skilled employees, both for technical and operative positions and for headquarters and management positions. The CPV Group depends, to a certain extent, on key employees for the development, implementation and execution of its business strategy. Difficulties in recruiting and retaining talented and skilled employees, difficulties in effective transfer of the expertise and knowhow of the employees to new team members once those employees retire, or unexpected resignation or retirement of key employees may have an adverse effect on the performance of the CPV Group. In addition, in recent years there has been increasing competition for professional, skilled personnel - driven, among other things, by industry competition and growth in data centers and advanced technology activity (including AI) - which may further exacerbate the shortage of qualified experts in the field (in Israel and the US), raise employment costs required for retention, and impair the Company's ability to retain employees and key personnel (including project development specialists). As a company operating in the US market (a large and highly competitive market), the Company may face increased risks relating to the recruitment and retention of qualified professional personnel.

19.2.10. Insurance: the Company and its subsidiaries are seeking to enter various insurance policies that cover various damages as is generally accepted in their area of activity. However, not all risks and/or potential exposures are covered and/or may be covered by the various insurance policies; furthermore, insurance policies place coverage limits for certain risks, undertaking for deductibles and/or exclusions, because of which any insurance benefits that will be received by the Company, if any, will not necessarily cover the full extent of the potential damages and/or losses and/or liabilities. The insurance policies include exclusions and deductibles that may limit coverage and prevent full

recovery of potential losses, and, in general, timing gaps may arise even where an event is covered under applicable insurance policies. In addition, the insurance policies do not cover the full damage that may be sustained by the Group. The decision as to the type and scope of the insurance is made considering, among other things, the cost of the insurance, its nature and scope, regulatory and contractual requirements (including by virtue of the finance agreements), and the ability to obtain adequate coverage in the insurance market. The Company may not be able to renew or take out insurance policies to cover a certain risk; this includes uncertainty as to the Company's ability to renew policies that cover war and terror risks in Israel due to the geopolitical uncertainty (and it may take out new policies whose terms and conditions are inferior to those of its existing ones). Damages that are not fully or partially covered by the Company's (or its investees') insurance policies may adversely affect the Company, and there can be no assurance that the Company will receive full compensation under its existing policies in the event of damage. In addition, the Company's failure to renew insurance policies may constitute a breach of Group companies' licenses and/or of finance agreements.

19.2.11. Health, safety and environmental risks: The Group's operating activities involve various safety risks, such as safety risks pertaining to construction, operation and the equipment required to operate the Company's power plants; in addition, the power plants use chemical substances, some of which are toxic and/or flammable. Safety incidents may cause damage, injuries and even loss of life among employees and subcontractors' employees, and the Company may be exposed to criminal procedures or lawsuits in respect of bodily injury or other damages, consequently incurring reputational damage. Naturally, the expansion of the Company's activities into the construction and operation of additional power plants and generation facilities increases the likelihood that such risks will materialize. The Company has implemented reporting procedures and operational measures for handling safety incidents, which are addressed by the relevant functions in accordance with its internal procedures; however, these measures do not guarantee that no damage will occur because of such incidents, nor can they fully prevent exposure to safety incidents. In addition, the Company's insurance coverage does not guarantee full recovery of the damage that may be caused because of such events, if any. In addition, external contractors whose operations are exposed to safety risks partake in some of the Company's projects. Although external contractors should be liable for the safety aspects of their operations, the Company may be indirectly exposed in the event of a safety failure arising from their operations.

Furthermore, Group companies' activity is subject to environmental, safety and business licensing laws and regulations that change on a regular basis. Legislative changes and stricter environmental standards in these areas may affect the facilities of the Group companies and the associated costs. Furthermore, deficiencies and/or non-compliance with the provisions of environmental and safety laws and the terms of permits and

licenses granted to the Company thereunder may expose the Company and its management to criminal and administrative sanctions, including the imposition of penalties and sanctions, issuance of closure orders to facilities, and exposure to expenses associated with cleaning and remediation of environmental damages, which may have an adverse effect on the activity and operating results of Group companies.

19.2.12. Labor relations: As stated in Section 9.4 to the Report, as of the Report date, most of Rotem Power Plant's operative workers and most of the Hadera Power Plant workers are employed under collective bargaining agreements. Similar to Zomet (as described in Section 9.4 of this Report), other employee organizations may lead to additional collective bargaining agreements. The collective bargaining agreements may restrict management's operational flexibility and may give rise to additional costs for the Company. Furthermore, difficulties in renewing collective bargaining agreements or the occurrence of labor disputes may adversely affect the Company's operations in Israel and its operating results.

19.2.13. Legal proceedings: Legal disputes and proceedings, including proceedings with regulators, tax authorities (including real estate tax authorities), the system operator (including disputes arising under PPAs and regulations applicable to projects and in the US - proceedings involving the ISO and the exercise of its powers), and/or the ILA, are inherently uncertain, and judgments or outcomes may differ materially from the Company's expectations, including with respect to operating results and/or the amount of financial compensation awarded, if any Failure to prevail in legal proceedings and negative findings of investigations may cause significant financial damages, including indemnity payments, or preventive relief that may have an adverse effect on the Company's ability to manage its businesses and have a materially adverse effect on its financial position and operating results or on the projects' viability. The calculation of the provision for income tax and indirect taxes of the Group as well as of the tax payment component in the cost of the Company's assets is based on Company's estimates and assessments regarding various tax positions which are not necessarily certain. Furthermore, such legal proceedings and investigations may involve significant legal expenses and other financial, organizational and administrative resources, each of which may have a material adverse effect on the Company's businesses, its reputation, financial position, operating results or liquidity.

19.3. Company-specific risks

19.3.1. Changes in the electricity market and technological changes: The Company is engaged in electricity generation and supply activities based on a range of technologies, including conventional technologies (primarily natural gas) and renewable energy in the US, as well as projects under development and construction, including carbon capture and construction projects in the US. The Company is working to expand its renewable energy

activities in Israel and the US, and in the US - while incorporating technologies involving carbon capture. A delay or failure in adopting new generation technologies, as well as a failure to effectively manage and lead other innovation processes or to adapt to developments in the supply chain, may result in the Company missing business opportunities, impair its ability to position itself as an industry leader, and lead to a decline in its market share. It should be noted that the growing share of renewable energy in Israel's generation mix, together with government targets and standards for emission reduction, may lead to a decline in conventional generation, including at the Company's generation facilities, and may also reduce the operating output of the Rotem Power Plant (inter alia due to its location). In addition, a significant shift by the Company's customers toward renewable energy sources (whether existing or potential) may adversely affect demand for the Company's gas-fired power plants and its operating results. Moreover, technological innovations that directly or indirectly reduce demand for electricity generated by the Company's projects, or innovations affecting factors that drive electricity demand (such as data centers and AI), may adversely affect the Company's operations and results.

- 19.3.2. Material customers: As of the Report date, the Company has a number of customers whose electricity consumption represents a significant portion of its total generation capacity in Israel. The Company's revenues from electricity sales in Israel are highly sensitive to the consumption levels of its material customers; accordingly, the termination or non-renewal of an agreement with a material customer, a reduction or cessation in such customer's electricity demand, a breach of obligations by a material customer - including payment default or commercial disputes - or a failure by the Company to meet its own contractual obligations may have a material adverse effect on the Company's revenues and operating results (for further details regarding the Company's material customers as of the Report approval date, see Section 7.6.6 to the Report). There is no certainty that the Company will be able to renew agreements with material customers, nor is there certainty as to the terms of such agreements if they are, indeed, renewed (among other things, due to the intensification of competition in the markets in which the Company operates). Furthermore, the Company is exposed to collection risks and/or consumption risks with respect to material customers. It is also noted that Hadera is dependent on Infinya as a consumer of steam. Should Hadera Paper discontinue to consume steam, this will have a material effect on Infinya's ability to benefit from the arrangements set for electricity producers using cogeneration technology. A material change in the electricity consumption profile of the Company's customers, including of its material customers - compared the production capacity of the Group's generation facilities, power plants and tariffs may prevent the Company from maximizing its profitability. It should also be noted that the Group's companies are exposed to the financial strength of the System Operator.

- 19.3.3. Restrictions on the expansion of Company's activity in Israel: Existing regulation, such as competition laws, current regulations under the Market Concentration Law or regulations under the Electricity Sector Law with respect to the scope of generation or supply activity, may lead to the imposition of certain restrictions - including on maximum capacity or scope of sales to consumers, which may limit the expansion of the Company's activity in Israel (for additional information regarding such regulations, see, among other things, Sections 6.4, 7.2.5, 7.2.6 and 7.3 to the Report). Thus, as of Report approval date and to the best of the Company's knowledge, the capacity set in the generation licenses (in accordance with conditional and permanent generation licenses) of entities which are considered related parties of the Company is deemed to be held by a single "person". As of report approval date, to the best of the Company's knowledge, the held capacity attributed to the Company under the Market Concentration Regulations is approx. 1,500 MW with respect to natural gas (for details regarding the expiration of the Market Concentration Regulations, see Section 7.2.6). Furthermore, in accordance with the relevant regulation, a stake of 5% or more in the Company or its Israeli investees (including Veridis's holdings in OPC Israel) may attribute the Company the capacity set in the licenses of the holder of such a stake (or its shareholders). Therefore, the held capacity attributed to the Company (plus the capacity attributed to entities that may be considered related parties for that purpose) may constitute a barrier and prevent the Company from making certain purchases or executing certain projects, thereby limiting the Company's ability to expand its activity in Israel. Furthermore, as of the report approval date, the Group is included in the list of concentrated entities and, accordingly, is subject to the restrictions applicable to concentrated entities and significant non-financial corporations (see Sections 7.2.5 and 7.2.6 to the Report).
- 19.3.4. Entering into new markets and completing the merger process of acquired operations: The Company's entry into additional markets and geographic regions exposes it to market-specific risk factors, including local regulatory frameworks and the economic and political environments therein. Furthermore, operations in new markets depend on a variety of factors, including familiarity with the relevant markets, the ability to identify suitable transactions, performance of comprehensive due diligence, recruitment of qualified personnel, and securing of the required financing. Failure in one or more of the aforementioned factors may adversely affect the success of projects in those markets and, consequently, the Company's operations and results. Furthermore, the integration of significant newly acquired operations into the Company's existing activities may involve failures in various processes, including internal control and information-flow processes, implementation of management procedures, alignment of financial reporting formats, successful absorption of the new operations and their personnel, as well as the Company's understanding of the markets in which the acquired activities operate, and

the integration of their business strategies and development plans. Failure in one or more of the aforementioned factors may adversely affect the realization of the acquired operations' potential.

- 19.3.5. Key supplier (construction contractors, suppliers of equipment and maintenance services, suppliers of infrastructure services): Generally, the power plants and generation facilities built or operated by the Group are fully reliant on long-term construction and/or maintenance agreements with suppliers of key equipment with respect to maintenance and servicing of the power plant and facilities, including maintenance of generators and gas and steam turbines. In the event of failure to comply with performance targets, or if the key suppliers' undertakings under the construction, equipment, or maintenance agreements are breached, their liability in respect of compensation shall be limited in amount and direct damages, as is generally accepted in agreements of this type. Any disruptions and technical malfunctions in the continued operation, construction and maintenance of the power plants, or any equipment failure may lead to delays in the construction of projects, disruption to electricity generation, shutdowns, loss of income and lower the Company's profitability. The foregoing also applies to the construction of additional projects that will reach commercial operation, including with respect to maintenance during the operational period. For details regarding reduced capacity operations resulting from a defect in Zomet, see Section 7.11.1 of this Report. Projects under construction and development depend on construction contractors in all matters pertaining to the completion of the project, the project's performance, and the Company's ability to fulfill its undertakings as of the relevant commercial activation dates in accordance with agreements or the regulation applicable to the project. In addition, development and construction projects depend on the equipment manufacturer and the terms of the equipment supply agreement. During the reporting year, there was a trend toward tighter pricing and delivery schedules among equipment manufacturers supplying power plant equipment and electricity generation facilities (for details, see Sections 7.15.1 and 8.1.5 of this Report). A delay or failure by the construction contractor to meet its undertakings or any other difficulties it faces in the construction or equipment of the project, may have an adverse effect, potentially even a material one, on the Company. Furthermore, the Company is dependent on infrastructure suppliers such as INGL and IEC in Israel and on suppliers of electricity and gas infrastructure in the US.
- 19.3.6. Limits under the gas agreements, including take or pay limits (or similar limits): In accordance with the gas agreements, Group companies may be required to consume minimum quantities of gas as defined by the parties to the agreement (a take-or-pay undertaking), or to undertake to purchase gas from the gas supplier. Failure to withdraw the minimum quantities of gas may be caused, among other things, by an operational malfunction because of which electricity generation is not possible, or a material

decrease in generation needs, including due to lower generation quantities prescribed by the System Operator. The purchase of gas quantities lower than those required under the contractual obligation may expose the companies party to the gas agreements to additional payments to the gas suppliers. It is noted that, as from the commercial operation date of the Karish Reservoir, the total take-or-pay undertaking to Energean and Tamar by Rotem and Hadera is expected to be higher than the obligation prior to the operation of the Karish Reservoir, and a utilization or sale of the gas surpluses may, to a certain extent, offset such obligations. In addition, the gas supply agreements include provisions specifying periods during which the supplier is not obligated to deliver gas, which may require the Company to procure gas at prices higher than those set forth in the agreement.

- 19.3.7. The power plants' deviation from the PPAs' provisions, regulatory arrangements, terms and conditions of the generation license, or relevant covenants or unavailability of the power plants: Unavailability of the power plants contrary to the terms and conditions of the PPAs, applicable regulatory arrangements (for example, with respect to the Zomet Power Plant), the terms and conditions of the generation license, or relevant covenants, may expose Group companies to excess payments, breaches of their obligations, disputes with the System Operator, the regulator, or impair their ability to benefit from applicable arrangements (as the case may be). The Group's facilities in the US may be subject to penalties in the event of unavailability under certain circumstances, inter alia, as described in Sections 8.21.1 and 8.21.5 of this Report.
- 19.3.8. Construction and development risk: Projects under construction or development are associated with specific risks in addition to general or industry-specific risk factors, especially since Zomet is a project under construction or at a preliminary development phase. The construction of a power plant involves a range of construction risks, such as risks associated with the development phases and advancement of the planning procedures, in supply chains and global demand trends for power plants' equipment and renewable energy facilities, the construction contractor and its financial strength, the supply of key equipment and its proper functioning - including increases in equipment and material prices, transport costs and supply schedules thereof, the proper functioning of the facilities and their underlying systems, execution of the work at the required quality and on time, obtaining the services required for the construction of the power plant and its connection to the electrical grid and other infrastructures, the applicable regulations and obtaining the permits required for the planning and operating phases (including a commercial outline), for execution of the work and operation of the power plant, including obtaining the necessary permits for the planning procedures, connection to the grid and infrastructures, construction of the facility, shipping of the equipment, environmental permits, including emission permits and other licenses, and compliance with their terms and conditions. Such development and

construction risks may affect the cost for construction workers of the projects, the project's construction costs and budget, the construction completion schedule - causing potential delays, etc. Such risks are also relevant to similar projects in other geographic regions, including the Company's regions of activity in Israel and those of the CPV Group. The materialization of any such construction risks may, among other things, adversely impact the Company's operating results and its operations due to an increase in construction expenses compared to the projected budget, impair the contractor's ability to complete the project and/or pay compensation to the Company in respect of its inability to complete the project, or cause delays in the project, loss of profits due to the delays in the completion of the project and its commercial operation, compensation to customers, non-compliance with commitments towards third parties (including financing entities) with respect to the execution schedule, forfeiture of guarantees, advance payments and collateral provided to secure the development and construction phases and/or cancellation of the projects and loss of investments in the Company. It is noted that the provisions regarding the compensation of the Company by construction and equipment contractors for under-performance of the power plants and for delay are normally capped; therefore, there is no certainty that the Company will be able to receive full compensation for direct and indirect damages it sustains.

Such construction risks and failure to comply with performance requirements and meet deadlines may have an adverse effect on the Company's businesses and activity, including its liabilities to financing entities, authorities and customers and on collateral the Company has provided in their benefit.

In addition, projects under development may be exposed to risks that involve, among other things, objections to the projects by the public or other parties, unsuitability of the project's planned site, infrastructure, or technology, delays in approval or refusal to approve statutory plans, as well as a lack of permits or consents required to advance the projects. The materialization of those factors may result in the cancellation or delay in the execution of projects under development and an increase in the Company's development expenses. In addition, projects under development are more exposed to risks associated with the potential loss of development expenditures required to advance the project (for example, entering into equipment procurement agreements and making advance payments), which are incurred at a stage when not all conditions for construction have yet been satisfied. For details regarding the need to secure the supply of equipment for projects under development, see Sections 7.3.17 and 8.1.5 above.

It should be noted that, in connection with the Company's efforts to implement its strategy to expand operations, during the reporting year and in the coming years the Company is pursuing the development and construction of several significant projects concurrently. The concurrent advancement of multiple large-scale projects may expose

the Company to heightened development and construction risks, inter alia, due to the complexity of managing such projects and the significant capital at risk (potentially in full), given that the projects have not yet reached commercial operation. Loss of development expenses may affect and even materially affect the Company.

19.3.9. Project finance agreements: Project finance agreements (such as those of the active projects of CPV, Hadera, Zomet, and Gat) include various undertakings, such as compliance with the terms of licenses and permits, compliance with performance targets, and other terms and conditions (including the terms attached to the withdrawal of facilities), failure to comply with which may limit the funding amount or distributions and may even give rise to a call for repayment. In addition, such agreements include terms and conditions which, if met, the projects will be required to transfer the cash flows to lenders, and provisions under which the lenders' consent is required to execute certain actions relating to the commercial plan, the projects' activity or their holdings as well as to publish various reports. Failure to comply with the aforesaid conditions and restrictions, or failure to obtain the lenders' consent may, among other things, have an adverse effect on the financing extended (and even establish grounds for the lenders to call for repayment), increase the equity required for the project, lead to a demand that the lenders provide financial support and consequently raise costs, delay or prevent the completion of the project (if it is a project under construction), adversely affect the project's commercial operation, delay or prevent the execution of certain measures and have a material adverse effect on the Company.

19.3.10. Dependency on dividends from subsidiaries: As part of its operations, the Company holds project companies; as of the Report approval date, the Company itself does not have a material, independent power generation operation other than its investments in the companies it owns. Therefore, the Company is dependent on cash flows from the companies it owns (in the form of dividends or repayment of shareholder loans) in order to meet its various liabilities. The Company's ability to receive such cash flows may be limited due to various factors, including operating results that hinder distributions or restrictions placed on distributions under agreements with the financing entities of the Group companies (including provisions requiring payments to lenders in accordance with the agreements). For details regarding such restrictions in Israel, see Note 14 to the Financial Statements. For details regarding such restrictions applicable to CPV Group's projects and the existence of cash-sweep mechanisms that restrict the distribution of the projects' cash flows, see Sections 4D2 and 7 to the Report of the Board of Directors and Section 8.17 to the Report. A decrease, decline or harm to the free cash inflows from the projects, or limits on the Company's ability to receive those cash flows, may have an adverse effect on the Company's operating results and its ability to meet its obligations.

- 19.3.11. Restrictions on receiving credit: The Group may be limited in the amount of credit it may receive in Israel due to regulatory restrictions imposed on financial institutions with respect to credit extended to a “single borrower” and a “group of borrowers,” because of the group of companies to which the Company and its controlling shareholder belong (or entities related thereto). Similar restrictions may also apply to non-banking entities with respect to their investments or credit they provide. Furthermore, various investment entities adopt investment policies that include ESG targets which may limit the financing amounts available to the Company (for details regarding the application of the Company's ESG, see Section 17.2 to the Report).
- 19.3.12. Engagement in new PPAs and renewal of existing PPAs: As of the Report approval date, a substantial portion of the energy sold by the Company in Israel is sold to private customers under PPAs for defined periods. When the PPAs signed by the Company expire for any reason whatsoever, the Company will need to sign such agreements with other customers or renew the existing ones. There can be no assurance that the Company will be able to enter into new PPAs with customers having an optimal credit or risk profile, for appropriate periods, or renew existing PPAs upon their expiration - for various reasons or enter into new PPAs on terms that are at least as favorable as those expired, inter alia, due to changes in market or competitive conditions. If the Company fails to engage in PPAs at terms and conditions which are favorable for the Company, its operating results may be adversely affected.
- 19.3.13. Compliance with financial covenants and undertakings as part of the Group's finance agreements (including equity subscription agreements): The deeds of trust for the Company's debentures and the finance agreements of Group companies include undertakings to comply with certain financial ratios and various other undertakings to debenture holders and/or the financing entities. Furthermore, interest rates may increase under certain circumstances, such as downgrading of credit rating or failure to comply with financial covenants; in addition, distributions may be subject to compliance with certain financial covenants (including repayment of shareholder loans). In addition, the finance agreements impose certain restrictions with respect to a change of control in the Company, expiration of licenses, termination or modification of material agreements, etc. Failure to comply with these covenants or the occurrence of any of the events set out in the agreements may restrict distributions by the Group companies, increase finance costs, accelerate the transfer of funds to the financing entities, require higher collateral or equity, and, under certain circumstances - trigger a demand by the lenders for immediate repayment and exercise of collateral, including guarantees provided by the Company. In addition, in the event of such breaches or the occurrence of events specified in the relevant agreements (with respect to the TEF loan, see Section 8.17), the Company may be required to provide additional capital. Calls for immediate repayment or collateral exercise or debt collection procedures may have an adverse

effect on the Company's activity and results of operations and liquidity (including due to the inclusion of cross-default provisions in Group companies' finance agreements).

19.3.14. Guarantees: Most of the Company's activity is carried out by special-purpose project companies. From time to time, the Group has provided guarantees in favor of entities associated with its project companies (in Israel and the US) or customer-sited generation facilities, including to obtain the consent of financing entities as part of financing arrangements, and in favor of system operators or market authorities in the US, major suppliers, consumers, and governmental authorities. The Projects' failure to fulfill the undertakings secured by the Company's guarantees may expose the Company to the forfeiture of those guarantees. For details regarding bank guarantees, see Note 14C to the Financial Statements. In addition, the Group is also exposed to an overall credit risk, which includes the ability to obtain facilities at sufficient amounts in order to be issued the above guarantees. A possible credit downgrading of the financial institutions issuing the guarantees may result in non-compliance with the terms and conditions of the guarantees demanded by the beneficiary.

19.3.15. Projects or holdings which are not wholly-owned or controlled by the Company: The Company does not hold and/or will not hold all the rights to all of the Group's projects or holdings (including OPC Israel, OPC Power and projects and activity of Renewable of the CPV Group; for details, see also the shareholders' agreements to which the Group is a party in Sections 8.14.10 and 14 to the Report). Non-exclusive ownership or control may limit the Company's operational flexibility and be subject to the terms of agreements with other interest holders and may also restrict the Company's ability to fully realize the rewards and exercise the same degree of control as it would under exclusive ownership or control.

19.3.16. Liquidity and difficulty in securing the funding resources required to achieve the Group's future strategic plans (including exposure to high leverage levels): As an entity engaged, among other things, in the initiation, development and acquisition of projects in its areas of activity, the Group may be required to raise large amounts of funds in the next few years with respect to the execution of its future strategic plans. Group companies' finance agreements, including the Company's debentures, restrict the amount of debt that the Group may undertake and its ability to provide collateral to secure such credit. In addition, the raising of debt by Group companies involves risks pertaining to high leveraging levels and finance costs. High leverage levels of the Group companies expose them to the inherent risks of leverage and may have an adverse effect on their credit ratings, their ability to obtain credit and its scope, their operating results and businesses, and their capacity to repay their liabilities and/or to comply with the terms and conditions of the finance agreements and distribute dividends; it may also require the Company to provide additional collateral or guarantees with respect to the investees' credit. In order to execute its plans, the Company may also need to raise capital from

investors (in addition to, or instead of, credit), both at the Company level and at the level of its investees. The raising of capital may trigger dilution of shareholders' stakes and involve a discount on the share price of the Company raising the capital; capital raising also entails capital raising costs. There is no certainty as to the Group's ability to secure the amounts that shall be required and/or the format and terms under which those funds will be raised; the aforesaid is affected, among other things, by the existence of suitable market conditions, the provisions of the Group companies' finance agreements and their debt structure, investors' willingness to participate in capital raising (including the Company's shareholders), and the Group's operating results. Difficulties with securing the required financing and/or failure to maintain an optimal debt structure may have an adverse effect on the Company's ability to execute its future strategic plans, on its financial strength, on its compliance with the terms of its finance agreements and on its operating results. The materialization of the risk factors described above may result in increased financing and liquidity requirements and may exacerbate the Group's financing and liquidity challenges, as well as its exposure to credit risks, as detailed above.

Table of risk factors

The table below presents the risk factors described above broken-down by type - macroeconomic risks, industry-specific risks and Company-specific risks. It is noted that the Company's assessments below regarding the extent to which a risk factor affects the Company reflect the level of impact of such risk factor, assuming the materialization of the relevant risk factor, and should not be interpreted as an assessment of, nor give any weight to, the likelihood that the risk factor will materialize. In addition, the order in which the risk factors appear above and below does not reflect the level of risk inherent in each risk factor or the probability of its materialization.

		Major effect	Moderate effect	Minor effect
Macroeconomic risks	Exchange rates (especially against the USD)		X	
	Inflation (including the Consumer Price Index)		X	
	Interest rates (in NIS and USD)		X	
	The political and security situation	X		
	Natural disasters, weather events and fires	X		
	Instability in global markets and in the global geopolitical environment	X		
	Outbreak of pandemics or health/public safety incidents			X
	Regulation affecting contacts with hostile entities and anti-corruption legislation			X
	Information security, cybersecurity attacks, damage to communication and IT systems	X		
Industry-specific risks	Changes in electricity tariffs or tariff structure	X		
	Temporary or continued interruption to regular supply of fuels (natural gas or diesel fuel) and fuel prices	X		
	Legislation, regulation of licensing procedures and changes to regulatory arrangements	X		
	Compliance with ESG standards and targets		X	
	Dependence on infrastructure, securing space on the grid and utilities	X		
	Competition	X		
	Failure of critical equipment	X		
	Exit barriers		X	
	Professionally trained workforce	X		
	Insurance		X	
	Safety, hygiene, and the environment	X		
	Labor relations			X
	Legal proceedings		X	
Company-specific risks	Changes in the electricity market and technological changes		X	
	Material customers		X	
	Restrictions on the expansion of the Company's operations in Israel		X	
	Entering into new markets and completing the integration processes of acquired operations		X	
	Key supplier (construction contractors, suppliers of equipment, providers of maintenance services, and utilities providers)	X		
	Limitations under the gas agreements including take or pay (or similar limitations)		X	
	Power plants' deviation from the provisions of the PPAs, regulatory schemes, terms and conditions of the generation license, or relevant covenants, or unavailability in accordance therewith		X	
	Construction and development risk	X		
	Project finance agreements			X
	Dependence on subsidiaries' dividends	X		
	Restrictions on access to credit		X	
	Executing new PPAs and renewal of existing PPAs		X	
	Compliance with financial covenants and undertakings under the Group's finance agreements (including equity subscription agreements)	X		
	Guarantees	X		
	Projects or holdings not under exclusive control		X	
	Difficulty in securing the sources and funding needed to achieve the Group's future strategic plans (including exposure to high leverage levels).	X		

The Company's assessments regarding the above risk factors, including their impact on the Company, constitute forward-looking information, as defined by the Securities Law. These assessments are based, among other things, on the experience the Company has accumulated as of the Report date, including its familiarity with the markets in which it operates, the regulatory and business environment that characterize its areas of activity, and the risk assessments it conducts from time to time, etc. These factors change and evolve - some even dynamically - in a manner that may alter the characterization of the risk factors applicable to the Company and their impact on its operations, whether by increasing the Group's exposure to a particular risk factor or by reducing such exposure, including in a way that changes the types of applicable risk factors. Accordingly, the Company's assessments of the risk factors and the extent of their impact may differ in practice, potentially materially, depending, among other things, on market trends in the markets in which it operates, regulatory developments, the performance of third-party obligations toward the Group, and other factors.

OPC Energy Ltd.

Unofficial 2025 Board of Directors Report and Financial Statements (excluding the accompanying notes)

Unofficial English translation of certain sections of the Company's 2025 Annual Report, **for convenience purposes only.**

The complete and binding report is the official Hebrew Annual Report published by the Company on the Tel Aviv Stock Exchange website. In case of any discrepancy, the official and full Hebrew report shall prevail.

This unofficial translation does not constitute an offer, advice or invitation to make any transaction in the Company's securities.

---Unofficial translation for convenience purposes---

OPC ENERGY LTD.

Report of the Board of Directors on the State of the Company's Affairs for the year ended December 31, 2025

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, 2025 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, 2025 (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 Summary¹

A. Brief description of the areas of activity

The Company is a public company the securities of which are listed for trading 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 and energy in three main activity areas (that constitute reportable segments in the financial statements), as briefly described below:

- (1) Israel (by means of OPC Power Israel Ltd.²) (OPC Israel) – as part of this area of activities, the Group is engaged in the generation and supply of electricity and energy, mainly to private customers and to Noga Electricity System Management Ltd. (“the System Operator”), as well as in initiation, development, construction and operation of natural-gas fired power plants and renewable generation facilities in Israel;
- (2) Energy transition in the U.S. (by means of the CPV Group³) – as part of this area of activities⁴, the Group is engaged in the operation of natural gas-fired power plants in the U.S., which efficiently and reliably supply electricity to the grid.
- (3) Renewable Energy in the U.S. (by means of the CPV Group) – as part of this area of activities⁵, the Group is engaged in initiation, development, construction and operation of renewable generation facilities in the U.S. (mainly solar and wind) and supply of electricity from renewable sources to customers.

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 they will materialize and the readers are directed to the detail presented in the relevant sections.

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 70.69% of the shares of CPV and as at the approval date of the report the Company holds, indirectly, about 71.09% (after the investment commitment in the first quarter of 2026 and acquisition by the Company of an immaterial amount). The remaining interest is held, indirectly, by three institutional financial investors from Israel.

⁴ As at the date of the report, all the power plants operating in this area are held by associated companies at various holding rates (which are not consolidated in the CPV Group’s financial statements and, in turn, are also not consolidated in the Company’s financial statements). Subsequent to the date of the report, a transaction was completed for acquisition of the remaining 11% in the Shore power plant, and starting from this date the project is 100% held by the CPV Group and is consolidated in the Company’s financial statements. As at the approval date of the report, an agreement was signed for acquisition of the remaining interest in the Maryland power plant, which subject to the completion thereof, which is expected in the second quarter of 2026, will also be consolidated in the Company’s financial statements.

⁵ Which is consolidated by a company held by the CPV Group at the rate of about 66.7% (starting from November 2024) and that constitutes an associated company (which is not consolidated in the CPV Group’s financial statements and, in turn, is also not consolidated in the Company’s financial statements).

OPC Energy Ltd.
Report of the Board of Directors

1. Executive Summary¹ (Cont.)

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

In addition, through the CPV Group, the Group is involved in additional activities in the U.S. which, as of the date of the report, in accordance with IFRS, do not constitute reportable segments in the financial statements):

- (1) Initiation, development and construction of highly-efficient natural gas-fired projects with integration of future carbon-capture potential^{6,7};
- (2) Retail activities, which are intended to supplement the generation activities of the CPV Group.

B. Main financial parameters (in millions of shekels)

		For the Year Ended December 31			For the Three Months Ended December 31		
		2025	2024	%	2025	2024	%
<u>Consolidated</u>	EBITDA after proportionate consolidation	1,591	1,208	32%	336	228	47%
	Net income	457	197	132%	124	123	1%
	Adjusted net income (loss)	373	115	225%	62	(47)	234%
	FFO (Funds From Operations)	1,295	718	80%	468	154	204%
<u>Israel</u>	EBITDA	611	639	(4%)	89	98	(9%)
	FFO (Funds From Operations)	494	420	18%	100	45	122%
<u>U.S.</u>	EBITDA after proportionate consolidation	1,005	589	71%	255	137	86%
	FFO (Funds From Operations)	855	339	152%	373	111	236%
	EBITDA after proportionate consolidation – Energy Transition	1,099	588	87%	252	141	79%
	EBITDA after proportionate consolidation – Renewable Energies	105	112	(6%)	25	28	(11%)

* EBITDA, EBITDA after proportionate consolidation, adjusted net income and FFO (Funds From Operations) are non-IFRS financial measures – for definitions and the manner of their calculation – see Sections 4A(3) and 4B below.

⁶ Some of the projects in this area are being developed by associated companies. Regarding the Basin Ranch power plant, which is presently under construction, as at the date of the report the project is held by an associated company. Subsequent to the date of the report, a transaction was completed for acquisition of the remaining 30% in the project, and starting from this date it is 100% held by the CPV Group and is consolidated in the Company's financial statements.

⁷ It is noted that the carbon capture process constitutes an additional separate component of the natural gas projects under development/construction, which are subject to separate uncertainty and risks and is expected to be developed or executed (if ultimately executed) according to a different timetable.

OPC Energy Ltd.
Report of the Board of Directors

1. Executive Summary¹ (Cont.)

As detailed in the above table, 2025 was characterized by an improvement of the financial parameters compared with 2024.

The consolidated EBITDA after proportionate consolidation increased by about 32%, mainly as a result of a sharp increase of about 71% in the EBITDA after proportionate consolidation in the United States, primarily due to an increase in the energy margins and the capacity prices in the PJM market, as well as due to an increase in the holding rates in the Maryland and Shore power plants. In Israel the EBITDA was relatively stable declining by about 4%, mainly due to planned maintenance work and upgrades at the Rotem power plant and restriction of operational availability at the Zomet power plant.

The adjusted net income in 2025 also rose sharply by about 225% over 2024, driven primarily by the increase in EBITDA after proportionate consolidation due to an increase in the holding rates in the Maryland and Shore power plants offset by higher depreciation and financing expenses.

In 2025, the FFO (Funds From Operations) climbed by about 80% mostly due to the sharp rise in the consolidated EBITDA after proportionate consolidation, primarily in the U.S., as stated above.

Main developments in 2025 and thereafter

Israel

Hadera 2 project in advanced development (combined cycle) with a capacity of 850 megawatts – on August 10, 2025, the government of Israel approved National Infrastructures Plan 20B (NIP 20B) regarding construction of an additional power plant in Hadera. The Company is taking action to sign the project agreements (construction, equipment and financing) and to obtain the required approvals and permits. For details – see Section 6A(2) below.

Ramat Beka project in advanced development (solar with a capacity of 550 megawatts with integrated storage of 3,850 megawatts/hr.) – in January 2026, the plan was approved by the National Infrastructures Committee and it is awaiting final approval. The Company is taking action to sign the project agreements (construction, equipment and financing) and to obtain the required approvals and permits. For details – see Section 6A(2) below.

Intel project in initial development (combined cycle with a capacity of 600 megawatts) – in March 2025, government consent was received for advancement of the plan on the National Infrastructures Committee. The Company is taking action to obtain the necessary approvals and permits for advancement of the project and is carrying on negotiations with respect to signing of a binding PPA agreement with Intel. For details see Section 6A(3) below.

Continuing increase in the pipeline of projects under development in the area of renewable energy – in addition to the Ramat Beka project, as at the approval date of the report the portfolio of the pipeline projects in the renewable energy area with integrated storage is estimated at about 0.5 gigawatts and 2.5 gigawatt-hours. For details see Section 6A(3) below.

OPC Energy Ltd.
Report of the Board of Directors

1. Executive Summary¹ (Cont.)

Main developments in 2025 and thereafter (Cont.)

Israel (Cont.) Corporate financing in Israel – in 2025, OPC Israel signed bank financing agreements, in the aggregate amount of NIS 700 million, on terms similar to those of the agreements it signed in 2024. The loans were used for refinancing long-term debt in OPC Israel and the Company's share is mainly for repayment of its debentures. For details see Section 7A(2) below.

Update of the structure of the electricity tariff for consumers of Israel Electric Company – in December 2025, the Electricity Authority published a decision regarding update of the structure of the electricity tariff, which provides, among other things, that assuming a shekel/dollar exchange rate of 3.3 in 2026 the tariff will be 28.90 agurot and it will be for three-years (2026–2028) subject to updates and after being linked to the relevant indices. For details – see Section 2A below.

Performance of upgrading and planned maintenance work at the Rotem power plant and limitation of the availability at the Zomet power plant – in the fourth quarter of 2025, the Rotem power plant was shut down for planned upgrades and maintenance work. In addition, in 2025 the operating availability of the Zomet power plant was limited, and from this date the power plant is operating partially. For details – see Section 4C(1) below.

Natural gas activities with carbon capture potential in the U.S. Financial close and start of construction of the Basin Ranch power plant in Texas (a combined cycle power plant with a capacity of 1.35 gigawatts) – in October 2025, the financial close was completed for the project with an estimated aggregate construction cost of about \$1.8 – \$2.0 billion, wherein the project was granted a subsidized loan from the Texas Energy Fund, in the amount of about \$1.1 billion, and the CPV Group received a corporate loan from Bank Leumi, in the amount of about \$300 million, for financing part of the shareholders' equity. For details – see Section 6B(1) below.

Acquisition of the remaining rights (30%) in the Basin Ranch power plant for an aggregate consideration of about \$371 million – further to the signing of the agreement from October 2025, in February 2026 the acquisition was completed and starting from this date the project will be consolidated in the CPV Group's and the Company's financial statements. In this regard, after the date of the report the corporate loan from Bank Leumi was increased by about \$130 million. For details – see Section 6B(1) below.

The CPV Group is taking action with respect to accelerated advancement of the Shay flagship project in the PJM market (combined cycle with a capacity of 2.1 gigawatts in West Virginia – share of CPV 70%). For details – see Section 6B(2) below.

OPC Energy Ltd.
Report of the Board of Directors

1. Executive Summary¹ (Cont.)

Main developments in 2025 and thereafter (Cont.)

**Energy
Transition in
the U.S.**

Execution of the strategy to increase the holdings and obtain control over natural gas-fired power plants: (1) acquisition of the remaining rights (11%) in the Shore power plant (a combined cycle power plant with a capacity of 725 megawatts in PJM) in January 2026, in exchange for an immaterial amount; and (2) signing of an agreement, which as at the approval date of the report had not yet been completed, for acquisition of the remaining interest (25%) in the Maryland power plant (combined cycle with a capacity of 745 megawatts in PJM) in exchange for sale of the rights (10%) in the Three Rivers power plant (combined cycle with a capacity of 1,258 megawatts in PJM) and payment of an immaterial amount. In addition, a non-binding memorandum of understanding for examination of a potential transaction to increase the holdings in additional active power plants in exchange for certain rights in the CPV Group, as will be discussed by the parties.

Refinancing of the Shore power plant – in February 2025, the refinancing transaction for the Shore power plant was completed, such that the margin was updated to 3.75% and \$80 million were invested in Shore by the partners (the CPV Group's share – about \$72 million). For details – see Section 7A(5) below.

Refinancing of the Fairview power plant (combined cycle with a capacity of 1,050 megawatts in PJM) – in October 2025, a transaction was completed for revision of the financing terms such that the margin was reduced to 2.5% and a dividend was distributed to the partners, in the aggregate amount of about \$217 million (the CPV Group's share – about \$54 million).

Refinancing of the Valley power plant (combined cycle with a capacity of 720 megawatts in New York) – in February 2026, a refinancing transaction was completed whereby the margin was reduced to 2.75%, the cash sweep rate was reduced from 100% to a leverage-based mechanism as is customary in the TLB market, and a dividend was distributed to the partners / shareholders' loans were repaid, in the amount of about \$100 million (the CPV Group's share – about \$50 million). For additional details – see Section 7A(6) below.

Capacity auctions and regulatory processes in PJM – two capacity auctions for the period from June 1, 2026 through May 31, 2028 were published at a price of about \$330 for megawatts/day, which reflects the ceiling for the price range that was approved by the FERC. In February 2026, PJM submitted a request to FERC for approval of extension of the maximum and minimum limits (collar) for two additional capacity auctions from June 1, 2028 through May 31, 2030, which as at the approval date of the report had not yet been approved. At the same time, in the PJM regulatory processes are being considered with the goal of assuring a balance between supply and demand and maintaining reliability of the electricity grid, in light of the new significant additional energy demand expected to enter the market, particularly existence of emergency capacity auctions (Reliability Backstop Auctions) up to September 2026 that will include capacity prices for a period of up to 15 years. For details – see Section 3C below.

OPC Energy Ltd.
Report of the Board of Directors

1. Executive Summary¹ (Cont.)

Main developments in 2025 and thereafter (Cont.)

**Renewable
Energies in the
U.S.** Commercial operation of the Backbone project (a solar project with a capacity of 179 megawatts) – in December 2025, construction of the Backbone project was completed and the amount of about \$120 million was received from the project's tax partner. For details – see Section 5E below.

Investment agreement with the tax partner in the Rogues Wind project (a wind project under construction with a capacity of 114 megawatts) – in August 2025, a binding investment agreement was signed with a tax partner for investment in the Rogues Wind project, the aggregate amount of about \$163 million.

Legislation of the “One Big Beautiful Bill” and change of the tax benefit arrangements in the energy area, including reduction of the benefits for renewable energies, and update of the U.S. income tax guidelines regarding the Safe Harbor rules for purposes of entitlement to tax benefits for the renewables – for details – see Section 3D below. As at the approval date of the report, the CPV Group assured compliance with the Safe Harbor rules for the projects in the scope of 1.9 gigawatts.

**Group
headquarters** Raising of capital – in 2025, the Company completed a capital raise with gross proceeds of about NIS 2,090 million. The proceeds of the issuances was earmarked mainly for provision of part of the share of the CPV Group in the shareholders' equity required for construction of the Basin Ranch power plant and the continued growth and development of the Company's business.

Increase of the investment commitment in the CPV Group – in March 2026, a process was completed of increase of the investment commitment of the Company and the other partners in the CPV Group in connection with the financial close of the Basin Ranch power plant and transactions for increasing the holdings in the natural gas-fired power plants, in the aggregate amount of about \$502 million. For details – see Note 23A(2) to the financial statements.

Credit rating for the Company of A1.il with a stable rating outlook – in May 2025, Midroog determined an initial rating of A1.il with a stable rating outlook for the Company and its debentures. In addition, in May 2025 S&P Maalot raised the Company's credit rating to ilA with a stable rating outlook and the credit rating of its debentures to ilA+. For details – see Section 7B below.

Issuance of debentures by means of expansion of the debentures (Series D) – in November 2025, the Company made an additional issuance of debentures (Series D) by way of an expansion of an existing series, in the amount of NIS 500 million (gross) in order to refinance existing debts and for use in current ongoing business activities. For details – see Section 7A(13) below.

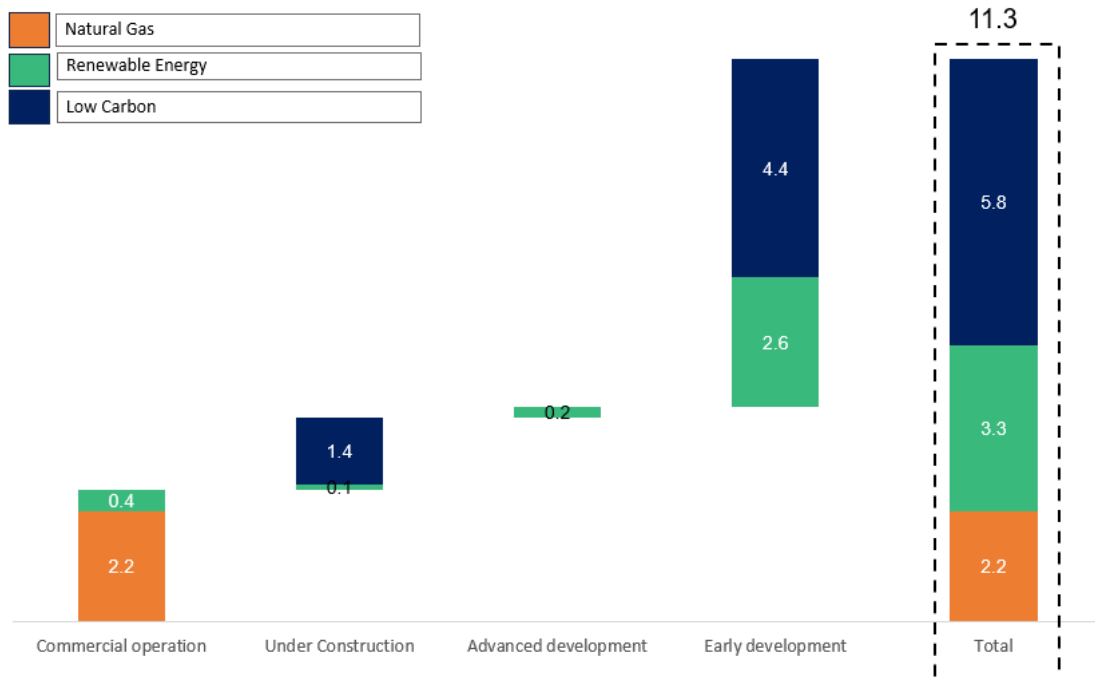
Early partial redemption (prepayment) of the debentures (Series B) – on September 30, 2025, the Company made an early partial prepayment of the debentures (Series B), in the total amount of about NIS 302 million.

OPC Energy Ltd.
Report of the Board of Directors

1. Executive Summary¹ (Cont.)

Portfolio of about 15.1 GW and about 6.4 GWh of storage (for details – see Section 6 below)

United States (1)



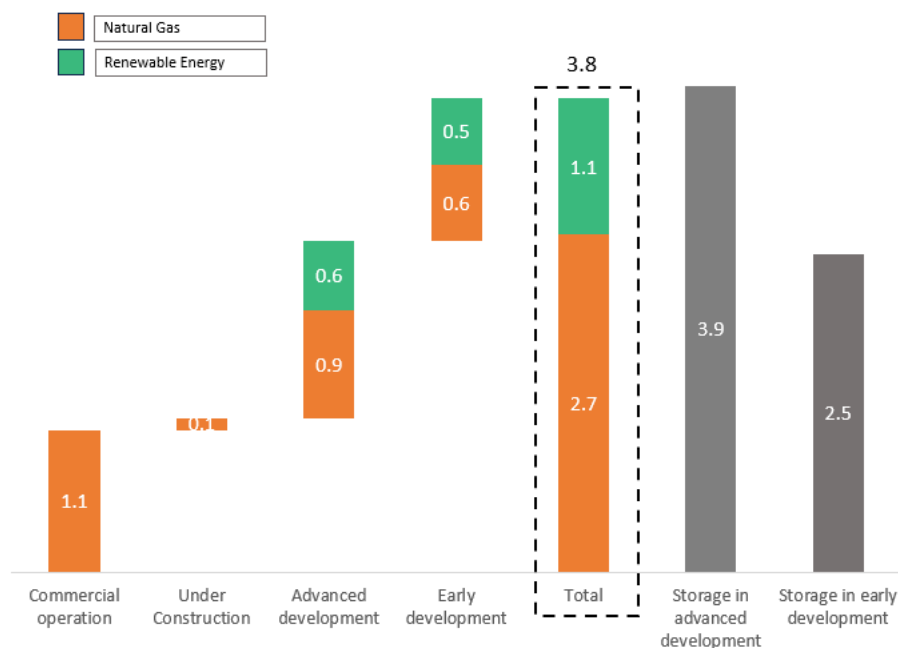
- (1) The projects are presented according to the CPV's Group relative ownership interest in each project.
- (2) The Basin Ranch (under construction) and Shore (active) power plants are presented at 100%, which is the rate of ownership of the CPV Group as at the approval date of the report.

**OPC Energy Ltd.
Report of the Board of Directors**

1. Executive Summary¹ (Cont.)

Portfolio of about 15.1 GW and about 6.4 GWh of storage (for details – see Section 6 below) (Cont.)

Israel



That stated with respect to the development stages, capacities and/or expectations regarding construction of the development (pipeline) projects in Israel and in the U.S. constitutes “forward-looking” information as it is defined in the Securities Law, 1968 (“the Securities Law”), which is based on the Company’s estimates at the approval 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 or changes 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 pipeline 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.

For definitions of the development stages – see Section 6 below.

**OPC Energy Ltd.
Report of the Board of Directors**

2. Main Developments in the Business and Regulatory Environment in Israel

A. Electricity tariff for consumers of Israel Electric Company

1. Structure of the tariff of the generation component

The Electricity Authority determines, among other things, the tariffs including the electricity generation component tariff that is collected by Israel Electric Company (“the generation component”) in the year of the report, based on the cost principle and the other factors provided in the Electricity Sector Law. In this regard, the generation component is based on, among other things, the Electric Company’s fuel costs, which for 2025 are composed mainly of the natural-gas costs (and coal at a diminishing rate), the costs involved with acquiring electricity from private generators, the Electric Company’s capital costs, operating costs and the policies of the Electric Company with respect to classification of costs between the generation component and system costs⁸.

As at the date of the report, most of the Company’s revenues in Israel derives from agreements covering sale of electricity, primarily to industrial and commercial consumers, as well as to household consumers via agreements with marketing entities, where the balance of the weighted-average period⁹ of the agreements with the industrial and commercial consumers is about 8 years and with the entities that market to household consumers it is about 6 years. In general, in the undertakings with the private customers, as stated, the Company collects the TAOZ tariff¹⁰ from the consumer (which is impacted primarily by the generation component tariff) less a discount relating to the generation component. The price of the electricity changes based on the season (summer, winter and transition) and the charge hour – the hourly demand brackets (peak and low). In general, the electricity tariffs in Israel in the summer and the winter are higher than those in the transition seasons and, accordingly, the Company’s revenues are impacted by seasonality.

Therefore, the results of the Group’s activities in Israel are materially impacted by changes in the generation component tariff in such a manner that an increase in the generation component has a positive impact on the Group’s results, and vice-versa¹¹.

⁸ System costs are costs collected from all the consumers in the economy. These costs include services for balancing the system, collection services, accompanying arrangements in the electricity sector and administrative costs (“the system costs”). It is noted that the electricity tariff that is published by the Electricity Authority includes a number of components, including, transmission infrastructure, distribution infrastructure, a system component and a generation component. To the best of the Company’s knowledge, except for the generation component (which is usually collected with a certain discount and which remains with the private electricity generators or suppliers), all the rest of the components are collected at the same rate that is published by the Electricity Authority and are transferred directly to Israel Electric Company.

⁹ The average balance of the period does not include agreements for short periods that are signed from time to time, for a period of up to about 3 months. The agreements include the possibility of early termination and “exit” points that are customary in agreements of this type.

¹⁰ A burden and time-of-use tariff, which is determined by the Electricity Authority and which is based on various electricity prices in accordance with the season of the year and different time brackets during the 24-hour period.

¹¹ That stated regarding the impact of changes in the generation component on the Company’s results, is subject to changes, among other things, as a result of determination of the periodic generation component and/or the manner of its application between the hourly demand hours’ brackets, operational factors and/or existence of one or more of the risk factors to which the Company is exposed, as stated in Section 19.2 of Part A of the Periodic Report.

**OPC Energy Ltd.
Report of the Board of Directors**

2. Main Developments in the Business and Regulatory Environment in Israel (Cont.)

A. Electricity tariff for consumers of Israel Electric Company (Cont.)

1. Structure of the tariff of the generation component (Cont.)

Decision of the Electricity Authority regarding the structure of the generation component tariff

In December 2025, the Electricity Authority published a decision regarding the matter of “Update of the Tariff Structure for Electricity for Consumers of Israel Electric Company”, in the framework of which it was determined, among other things, that update of the tariff will be made automatically every six months and the structure of the generation component will change such that starting from January 1, 2026 the generation component will be split into a fixed component and a variable component based on the tariff costs for 2025 less non-recurring adjustments. Regarding the tariffs for the starting point of each of the two components, a linkage and advancement mechanism was provided that conforms to the costs that compose it and their characteristics. The variable component is linked to the exchange rate of the dollar, the CPI, the carbon emissions tax cost and the price of coal and the fixed component is linked to the CPI and the risk-free inflation-adjusted interest rate. The tariff will be a three-year tariff (2026–2028), where during the period the tariff will be linked to relevant indices and prices, as stated. It is noted that in the Company’s estimation, in general, in the present format for the generation component, a change of 1 agura per kilowatt hour in the generation component has an impact of about NIS 30 million on the EBITDA in Israel. It is further noted that in the Company’s estimation, based on past experience and assuming the said update mechanism in the next three years, the generation component tariff is relatively stable over the long run with respect to the relative volatility that characterizes the electricity prices in the U.S.¹²

2. Update of the tariff of the generation component for 2025–2026

In January 2025, a decision of the Electricity Authority entered into effect regarding update of the generation tariff for 2025, whereby the weighted-average generation component was updated to 29.39 agurot per kilowatt hour – a decline of about 2.4% in the generation component with reference to the average that prevailed in 2024 and about 2.2% compared with the generation component in effect at the end of 2024, 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.

In December 2025, the generation component for 2026 was set (subject to a periodic update as stated above) at 28.90 agurot per kilowatt hour (assuming a shekel/dollar exchange rate of U.S.\$1 = NIS 3.3), a decline of 1.66% compared with the average generation component for 2025.

¹² The Company’s estimates regarding the impact of changes in the generation component on the EBITDA and the relative stability of the generation component are “forward-looking” information as it is defined in the Securities Law, regarding which there is no certainty it will materialize. Ultimately, the impact might be different due to, among other things, the market conditions, changes impacting the components of the tariff, regulatory changes/factors that impact the electricity market and/or the final arrangements that will be determined if they enter into effect, which are not dependent on the Company.

**OPC Energy Ltd.
Report of the Board of Directors**

2. Main Developments in the Business and Regulatory Environment in Israel (Cont.)

A. Electricity tariff for consumers of Israel Electric Company (Cont.)

2. Update of the tariff of the generation component for 2025–2026

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

<u>Period</u>	<u>2025</u>	<u>2024</u>	<u>Change</u>
January–December average	29.39	30.10	(2.4%)
October–December average	29.39	30.07	(2.2%)

In the Company's estimation, a significant impact on its results due to the above-mentioned Hearing is not expected¹³.

3. The natural gas price and carbon emissions tax

Natural gas serves as the main raw material for generation of electricity in the area of activities (usually, with diesel oil as a backup). For purposes of its activities, the Group has signed long-term agreements¹⁴ for acquisition of natural gas for the active power plants, where most of the gas purchased from the Karish Tanin reserve (which is held by Energean) and from the Tamar Group.

The price of the natural gas determined as part of the said agreements is denominated in or linked to the dollar (subject to a minimum graduated dollar price), as applicable in accordance with each agreement, and is also linked to the weighted-average generation component (subject to a minimum price) in such a manner that if the natural-gas price pursuant to the agreements stands at the minimum price, a decline in the generation component will not trigger a decrease in the cost of the natural gas. It is noted that the purchase price of the natural gas is not impacted by the seasonality of the TAOZ tariff or the hourly demand brackets. In light of that stated, in the Company's estimation, the Group's natural gas cost in Israel is (relatively) stable over time, compared with the relative volatility characterizing the natural-gas prices in the U.S.

¹³ The Company's estimates with respect to the impact of the Decision is "forward-looking" information as it is defined in the Securities Law, for which there is no certainty of their realization. Ultimately, the impacts could be different due to, among other things, the market conditions, changes impacting the components of the tariffs, regulator changes/factors that impact the electricity market and/or final arrangements that will be determined, should they enter into effect, which do not depend on the Company.

¹⁴ The Energean agreements are in effect up to 2033 and 2038 for the Rotem and Hadera power plants, respectively, and the Tamar agreements are in effect up to 2028 for the Rotem and Gat power plants and 2029 for the Hadera power plant. There is an option to extend the said agreements for a period of up to two years on the terms provided in the agreements.

OPC Energy Ltd.
Report of the Board of Directors

2. Main Developments in the Business and Regulatory Environment in Israel (Cont.)

A. Electricity tariff for consumers of Israel Electric Company (Cont.)

3. The natural gas price and carbon emissions tax (Cont.)

In September 2024, the amendment to the Excise Tax on Fuel Order (“the Amended Order”) took effect, such that starting from January 1, 2025 the excise tax rate imposed on natural gas will increase in a graduated manner from 2025 and up to 2030 (in 2025 increased from NIS 19 per ton to NIS 33 per ton, in 2026 will increase to NIS 54 per ton and gradually up to a maximum excise tax of NIS 192 in 2030, CPI linked). The said increase is expected to raise the Group’s natural-gas cost in Israel, where in the Company’s estimation part of this impact could decline due to, among other things, 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 at the approval date of the report, the Company is unable to estimate the full impact of the Amended Order on its results over time due to the uncertainty embedded in the manner of determination of the tariff, in general, and the generation component, in particular, over the long run and on the manner of the further application of the decision, as well as in light of the possible impacts of conclusion of significant natural gas agreements in the economy. Regarding 2026, the Company estimates that the Amended Order is not expected to have a significant impact on its results¹⁵.

4. Capacity revenues

In addition to the revenues from sale of energy, some of the active power plants in Israel, mainly the Zomet power plant, are entitled to capacity revenues that are paid by the System Operator. The capacity tariff in the Zomet and Gat power plants is fixed (based on tariff approvals for each power plant, and broken down by the hourly-demand brackets as determined by the System Operator) and is linked to the CPI (and with respect to Gat – also including an annual ceiling).

¹⁵ That stated above with respect to the Company’s estimates regarding the relative stability of the gas price in the area of activities in Israel and/or regarding the Company’s estimate with respect to the impact of the amended Excise Tax Order and the possibility of the reduction of its scope, constitutes “forward-looking” information as it is defined in the Securities Law, which is based on the Company’s estimates as at the date of the report. Ultimately, the gas price could be impacted by various factors, and the impacts of the amended Excise Tax Order might not have a positive impact on the generation component that will be reflected in the Company’s revenues – this being due to, among other things (and as applicable), certain operative factors, the terms of the gas agreements, factors relating to the gas suppliers with which the Company has contracted (particularly Energean), disruptions in the supply of natural gas, regulatory changes, items impacting the generation component and the Company’s revenues, including, macro-economic factors, or the occurrence of one or more of the risk fact to which the Company is exposed, as stated in Section 19 of the Part A of the Periodic Report.

**OPC Energy Ltd.
Report of the Board of Directors**

2. Main Developments in the Business and Regulatory Environment in Israel (Cont.)

A. Electricity tariff for consumers of Israel Electric Company (Cont.)

5. Supply to customers

As part of implementation of the reform in the electricity sector in Israel, in recent years the Electricity Authority has taken action to advance the competition in the supply market by means of entry and integration of private suppliers and acceleration of the transition of consumers to receipt of services from those suppliers. Based on the Report of the Israeli Economic Sector for 2025, the market share of the private suppliers reached about 35% of the economy's entire consumption, where most of the undertakings are mainly with customers having significant electricity consumption (mostly industrial and commercial consumers with high- and medium-voltage connections). Regarding consumers with low-voltage connections, including, among others, most of the household consumers, as at June 2025, only 9% are serviced by private suppliers. It is noted that in order to increase the ability to transfer household consumers to private electricity suppliers, starting from January 2024 household consumers that do not have a "smart" meter are permitted to contract with a private supplier. At the present time, the Company supplies private electricity consumers (indirectly through PPA agreements with two marketers), while in the Company's estimation, up to the end of 2026 the scope of the sales to household consumers through the said marketers is expected to continue to rise.

In addition, as part of the continuing optimization and diversity of the mix of the Company's customers in Israel, including from the standpoint of the future projects being developed by the Company, as detailed in Section 6A below, during the past year the Company contracted with a number of server farms, including examination of significant expansion of the undertakings with these consumers and/or with additional server farms¹⁶.

B. Security, Political and Geopolitical Developments in Israel

Commencing from 2023, Israel has been characterized by significant geopolitical and defense instability, along with considerable regional escalation – due to both internal political events and the events occurring on October 7, 2023, as well as the defense/security issues arising from the outbreak of the "Iron Swords" war in the Gaza Strip. During 2024–2025, the combat and tensions increased in certain areas, particularly in the northern part of the State as well as with the Houthis group in Yemen and with the country of Iran, where on June 12, 2025 a broad-scoped military confrontation started between Israel and Iran (the "Rising Lion" military operation). On June 24, 2025, a ceasefire was declared with Iran and in October 2025 an agreement was signed for a ceasefire in the Gaza Strip.

¹⁶ The Company's estimates with respect to the developments in the electricity market, including regarding the scope of the Company's sales and its customer portfolio, constitutes "forward-looking" information as it is defined in the Securities Law, and there is no certainty regarding its realization in the short run or in the long run, and which depends on, among other things, the scope of the activities of the marketers through which the Company operates, the extent of the transition of household consumers to private suppliers, changes in the market conditions or the competition therein, the composition of the consumption of the Company's customers, PPA agreement execution and/or or the occurrence of one or more of the risk fact to which the Company is exposed.

OPC Energy Ltd.
Report of the Board of Directors

2. Main Developments in the Business and Regulatory Environment in Israel (Cont.)

B. Security, Political and Geopolitical Developments in Israel (Cont.)

The fighting that started in 2026, following the combat that took place in the period of the report, had varying external impacts that included, among other things, disruptions in the shipping routes due to attacks on commercial and transport vessels and contraction (sometimes even significant) of the activities of the foreign airline companies in Israel. From time to time, these events impacted (and may continue to impact, as stated below) the arrival of equipment and foreign work teams in Israel (including those needed for purposes of maintenance and construction at the Group's activity sites in Israel). The said fighting and the "Rising Lion" military operation did not have a material impact on the activities in Israel in the period of the report.

Subsequent to the date of the report, on February 28, 2026, there was a significant escalation in the regional geopolitical situation upon the outbreak of an additional serious military confrontation between Israel and the United States versus Iran, which according to the reporting also includes attacks by Iran on additional Middle-Eastern countries (the "Lion's Roar" Operation). As a consequence of the "Lion's Roar" military operation, among other things, Israeli airspace was closed and a general emergency situation was announced for the Israeli home front in such a manner that significantly limits the activities (traffic/movement) in public areas – this being together with a large mobilization of military reserves.

The above-mentioned events involve significant uncertainty and could impact the macro-economic environment, including an adverse impact on the strength of the Israeli economy. The said military/defense situation and/or a worsening thereof could negatively affect the Company's activities in Israel as well as the activities of its customers and suppliers in Israel, and could also have an unfavorable effect on the results of the Company's operations, its generation capacity and the cost of the capital and financing sources required for the Group's activities. During the "Lion's Roar" Operation, all the natural gas rigs (platforms) were shut down (including the Karish reservoir) for varying periods of time (as at the date of the report – only for several days), while at the approval date of the report the Tamar reservoir is operating whereas the Karish and Leviathan reservoirs have not yet resumed their operations. As at the approval date of the report, the operation of the Tamar reservoir has supplied all the Company's natural-gas needs. Nonetheless, some of the gas was purchased at a price higher than the alternative price from the Karish reservoir with only an immaterial impact as at the approval date of the report. The Company is preparing for a possible continuation of the impact of the military operation on the natural gas platforms, including temporary use of diesel oil at the Company's power plants, as necessary. In addition, in light of the emergency situation announced in the Israeli economy there has been a certain decline in demand, however the full extent of the impacts on the Company's customers (if any) has not yet been ascertained. Furthermore, *force majeure* notifications have been received from suppliers and contractors along with limited availability of foreign work teams and experts at the activity sites in Israel, including at the Sorek 2 site (which is undergoing acceptance tests) and the Hadera site (which is performing unplanned maintenance).

As at the approval date of the report, taking into account the close succession of the "Lion's Roar" Operation following the preceding events, there is no complete certainty regarding the full impacts and consequences of the said Operation on the Group's activities, if any, and at this point the Group is not able to assess them.

For additional details – see Section 6.1.1 of Part A of the Periodic Report.

**OPC Energy Ltd.
Report of the Board of Directors**

3. Main Developments in the Business and Regulatory Environment in the U.S.

A. 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 (supply) and the natural gas price in the area in which the power plant operates.

Electricity supply and demand trends

The electricity prices in the U.S. are continuing to be impacted by supply and demand trends in the activity markets of the CPV Group's power plants, particularly the PJM and ERCOT markets (the location of the Basin Ranch power plant which is under construction).

In the year of the report, electricity demand continued to rise, with an expectation of significant further growth. This trend is driven primarily by ongoing electrification in transportation, real estate and industry sectors, expansion of industrial activities – particularly due to increased energy requirements in the data center sector following the transition to cloud computing and the growth in artificial intelligence (AI) applications, as well as an increase in the demand for electricity in energy-intensive industries, such as, cryptocurrency mining. In the United States, available generation capacity is expanding as new natural gas, solar, and wind installations more than offset the retirement of older, less efficient, and more polluting conventional power plants, particularly coal-fired facilities¹⁷. Nevertheless, according to the U.S. Energy Information Administration's Annual Energy Outlook 2025 projections of electricity demand and generation capacity through 2035, long-term energy trends indicate a rising power demand and shifts in the generation sources that will entail significant additional investments in new generation and infrastructures in order to meet the future needs¹⁸.

It is noted that in June 2025, the PJM region recorded a record demand for electricity, which reached about 160 gigawatts – the highest level recorded in the last decade. The exceptional increase in the demand stemmed from a combination of weather conditions (extreme heat wave and high humidity) that triggered an increase in electricity consumption for air conditioning, along with structural trends as detailed above. Per PJM's most recent load forecast, the summer peak is projected to reach 222 GW in 2036, an increase of over 60 GW in 10 years, driven in large part by the rising energy demand from data centers¹⁹.

¹⁷ Americas Generation Capacity 2025 Update from April 2025:

(<https://www.publicpower.org/system/files/documents/Americas-Electricity-Generation-Capacity-2025-Update.pdf>)

¹⁸ U.S. Energy Information Administration's Annual Energy Outlook 2025 from April 2025

(<https://www.eia.gov/outlooks/aeo>)

¹⁹ Source: "PJM Load Forecast Report 2026" dated January 14, 2026.

**OPC Energy Ltd.
Report of the Board of Directors**

3. Main Developments in the Business and Regulatory Environment in the U.S. (Cont.)

A. Electricity and natural gas prices (Cont.)

Electricity supply and demand trends (Cont.)

In the estimation of the CPV Group, this record demand, together with the unusual winter demand recorded in January 2025 along with the demand forecasted for the winter of 2026¹⁹, emphasize PJM's need to system-wide preparations in order to, among other things, cope with extreme weather conditions, additional investments in generation and storage capability along with a re-examination of the availability and reliability resources at times of record-high demand.

It is further noted that the peak summer demand for electricity in the ERCOT system reached over 83 GW in 2025²⁰. Based on the forecasts published by ERCOT as at the approval date of the report, the summer peak is projected to reach 126 GW by 2031, reflecting an average annual growth rate of 13.6% in the demand for energy from 2026 to 2030²¹.

Fluctuations

In general, in the United States, the electricity prices are impacted by the demand for electricity and the prices of natural gas, which are generally high in periods in which the weather is cold or hot compared with the annual average and depending on the weather (usually in the summer and winter seasons).

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.

Natural gas prices

With respect to the "energy transition" activities, in general, the price of natural gas is significant in determination of the price of the electricity, as gas-fired generation is frequently the marginal (price-setting) resource in most of the competitive wholesale markets in which the CPV Group operates. Accordingly, in the existing production mix, over time, to the extent the natural-gas prices are higher in a continuing manner, the marginal energy prices will also be higher, and would be expected to 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 or in cases of sharp fluctuations in the natural gas prices, for example, upon the occurrence of extreme weather events)²².

²⁰ Source: "ERCOT Monthly Operational Overview for August 2025, dated September 22, 2025.

²¹ Source: Report "Capacity, Demand and Reserves (CDR) in ERCOT Region, 2026-2030", dated December 19, 2025.

It should be noted that the foregoing regarding trends in the electricity market, growth in demand, or consumption forecasts constitutes forward-looking information based on the assessments of the CPV Group in accordance with publicly available data, which may change due to factors that are not under its control.

²² That stated constitutes merely a general estimate that could be subject to changes due to projects characteristics or factors and events that are not under the control of the CPV Group.

**OPC Energy Ltd.
Report of the Board of Directors**

3. Main Developments in the Business and Regulatory Environment in the U.S. (Cont.)

A. Electricity and natural gas prices (Cont.)

Natural gas prices (Cont.)

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			For the Three Months Ended December 31		
	2025	2024	Change	2025	2024	Change
Texas Eastern M-3 (Shore, Valley – 70%)	3.69	2.07	78%	3.66	2.37	54%
Transco Zone 5 North (Maryland)	3.70	2.51	47%	3.76	2.38	58%
Dominion South Pt (Valley – 30%)	2.78	1.67	66%	2.96	1.97	50%
Algonquin City Gate (Towantic)	6.23	3.03	106%	7.37	4.42	67%
Texas Eastern M-3 and Texas Eastern M-2 (Fairview)**	3.03	1.71	77%	3.66	1.99	84%
Chicago City Gate (Three Rivers)	3.25	2.12	53%	3.36	2.21	52%
Waha (Basin Ranch)***	0.58	0.05	1,060%	(0.94)	0.65	(245%)

* 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.

** Commencing from the third quarter of 2025, Fairview has started acquiring natural gas that is priced based on the Texas Eastern M-3 transmission region. The above table presents Fairview's combined gas price, which constitutes the gas price up to June 2025 based on the Texas Eastern M-2 transmission region, and starting from July 2025 the gas price based on the Texas Eastern M-3 transmission region. For additional details – see Appendix A below.

***The Basin Ranch project is under construction. For details – see Section 6B(1) below.

In the estimation of the CPV Group, the significant increase in the natural gas prices in the period of the report and in the fourth quarter of 2025, compared with the corresponding periods last year, is mainly due to the weather conditions described above, which led to a significant rise in demand for natural gas and an increase in the prices in the regions in which the CPV Group's power plants operate.

Regarding the distribution region for natural gas in Waha Texas, which is expected to serve as the supply source for the Basin Ranch power plant, which as noted is under construction, is characterized by variable levels of production of natural gas as a function of the desired levels of production of the crude oil by the producers, which are impacted by the competitive environment in the fuel market (the natural gas constitutes a by-product), and transmission and transport limitations of natural gas from the region. The corresponding periods last year were characterized by a significant surplus supply of natural gas against the background of the scope of the fuel production and transport limitations as stated (which were resolved in part in the period of the report due to operation of a new natural gas pipeline in the region) and, in turn, low price-levels compared with the other power plants of the CPV Group. Therefore, the rate of increase of the natural gas prices in the period of the report compared with the corresponding period last year, when measured against the other power plants of the CPV Group, is unusually high. In the fourth quarter of 2025, against the background of the significant supply surpluses of natural gas, negative gas prices were recorded, which led to a sizable decrease in the natural-gas prices compared with the corresponding period last year. It is noted that the Basin Ranch project has signed Netback gas agreements and fixed-price agreements for sale of electricity. These arrangements hedge the electricity margins for a substantial portion of the Basin Ranch power plant's capacity thereby limiting the project's exposure to gas price volatility. For details – see Section 6B(1), below.

OPC Energy Ltd.
Report of the Board of Directors

3. Main Developments in the Business and Regulatory Environment in the U.S. (Cont.)

A. Electricity and natural gas prices (Cont.)

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 (Power Plant)	For the Year Ended December 31			For the Three Months Ended December 31		
	2025	2024	Change	2025	2024	Change
PJM West (Shore, Maryland)	50.24	33.83	49%	57.89	34.71	67%
New York Zone G (Valley)	62.37	37.64	66%	68.18	46.26	47%
Mass Hub (Towantic)	67.98	41.47	64%	78.80	54.49	45%
PJM AEP Dayton (Fairview)	45.13	30.73	47%	48.52	32.48	49%
PJM ComEd (Three Rivers)	36.64	25.55	43%	37.36	24.58	52%
ERCOT West Hub (Basin Ranch)**	33.73	28.94	17%	34.34	25.18	36%

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

** The Basin Ranch power plant, the construction of which commenced in October 2025. For details – see Section 6B(1) below.

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 transmission constraints, local cost of electricity generation, local demand for electricity, loss of electricity in the transmission lines and additional factors.

The following table presents the average Power Basis data for each power plant (the prices are denominated in dollars for megawatts per hour):

Power Plant	For the Year Ended December 31	
	2025	2024
Shore	(8.47)	(6.25)
Maryland	4.90	3.59
Fairview	(3.11)	(2.18)
Valley	(1.33)	(1.00)
Towantic	(4.44)	(2.77)
Three Rivers	(2.00)	(1.01)

In the period of the report and in the fourth quarter of 2025, there was a significant increase in the electricity prices compared with the corresponding periods last year, which in the estimation of the CPV Group derives mainly from an increase in the natural-gas prices due to lower-than-average temperatures in the first and fourth quarters of 2025 along with higher-than-average temperatures in the second and third quarters of 2025 in the areas in which the power plants of the CPV Group are located. In addition, as detailed above the demand for electricity continued to rise in the activity areas of the CPV Group's power plants.

**OPC Energy Ltd.
Report of the Board of Directors**

3. Main Developments in the Business and Regulatory Environment in the U.S. (Cont.)

A. 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 4D(3) 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)*:

Power Plant ²³	For the Year Ended December 31			For the Three Months Ended December 31		
	2025	2024	Change	2025	2024	Change
Shore	24.78	19.55	27%	32.64	18.36	78%
Maryland	24.71	16.51	50%	31.95	18.29	75%
Valley	38.79	24.19	60%	44.38	30.74	44%
Towantic	27.49	21.78	26%	30.90	25.76	20%
Fairview	25.45	19.62	30%	24.73	19.55	27%
Three Rivers	15.52	11.77	32%	15.52	10.22	52%
Basin Ranch**	29.96	28.62	5%	40.45	20.96	93%

* Based on electricity prices as shown in the above table, with assuming a 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, Fairview, Towantic and Basin Ranch. 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 in the above table based on the assumption of generation in all the hours of the 24-hour period).

** The Basin Ranch power plant is under construction. For details – see Section 6B(1) below.

In the period of the report and in the fourth quarter of 2025, there was a significant increase in the electricity margins (Spark Spread) in all the active power plants of the CPV Group, compared with the corresponding periods last year, stemming from a combination of unusual weather conditions – temperatures lower than the average in the first and fourth quarters of 2025, along with temperatures higher than the average in the second and third quarters of 2025, plus a continuing increase in the demand for electricity in the areas in which the power plants of the CPV Group are located.

²³ For additional details regarding the energy margin of the CPV Group – see Section 4D(3) below.

**OPC Energy Ltd.
Report of the Board of Directors**

3. Main Developments in the Business and Regulatory Environment in the U.S. (Cont.)

A. Electricity and natural gas prices (Cont.)

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

The electricity margins in the ERCOT market were impacted, to a moderate degree, by natural-gas price trends. This is primarily because electricity pricing in the ERCOT West Hub region is not directly linked to natural gas prices in the WAHA region, which experienced significant impacts, as stated above, from surplus supply and transmission constraints in the corresponding periods last year.

CPV Group uses hedging strategies for its natural gas-fired power plants that are 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 related to the electricity margin at CPV Group's active power plants – see Section 4D(3) below. Regarding the Netback gas agreements and fixed-price electricity sales, which hedge a significant portion of the Basin Ranch power plant's capacity – see Section 6B(1), below).

For the EOX Company's 2026-2028 electricity and natural gas price forecast details – see Appendix A below.

B. Carbon Emissions Tax – Regional Greenhouse Gas Initiative (RGGI)

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. For additional details regarding the RGGI regulation – 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 auctions. In general, the auctions 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		
	2025	2024	Change	2025	2024	Change
Price of carbon emission tax in the RGGI auctions (\$ per short ton / 2,000 pounds)*	20.42	19.42	5%	22.25	25.75	(14%)
Cost of the carbon emission tax (in terms of gas cost) (\$ per MMBtu)**	1.22	1.16	5%	1.32	1.53	(14%)

* The prices of the carbon emissions tax are presented under the assumption that the price of the auction that is held prior to a certain quarter represents the price of the carbon emissions tax for the subsequent quarter. For example, the auction held in December 2025 will represent the price for the first quarter of 2026. It is noted that the actual price of the carbon emissions tax could be different than the auction 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 natural gas-fired power plants.

**OPC Energy Ltd.
Report of the Board of Directors**

3. Main Developments in the Business and Regulatory Environment in the U.S. (Cont.)

B. Carbon Emissions Tax – Regional Greenhouse Gas Initiative (RGGI) (Cont.)

During the reporting period, the RGGI prices remained relatively stable, with only a moderate increase compared to the corresponding period last year. It is noted that from time to time, usually for short periods, the RGGI market could experience price volatility stemming mainly from regulatory factors and supply and demand with respect to emissions' permits.

C. Capacity revenues

Capacity is an additional significant income component of the CPV Group's active power plants that operate in the PJM, NYISO and ISO-NE markets, wherein an increase in the capacity prices has a favorable impact on 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 taking into account the fact 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. In general, the capacity auctions are made once a year for an annual supply period (June – May) in a format of three years in advance. Due to regulatory delays, the current schedule includes an auction once every six months, with the goal of returning to annual auctions in 2027 – subject to regulatory changes. 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).

<u>Sub-region</u>	<u>CPV Power Plants</u>	<u>⁽³⁾2027/2028</u>	<u>⁽²⁾2026/2027</u>	<u>⁽¹⁾2025/2026</u>	<u>2024/2025</u>	<u>2023/2024</u>
PJM RTO		333.44	329.17	269.92	28.92	34.13
PJM COMED	Three Rivers	333.44	329.17	269.92	28.92	34.13
PJM MAAC	Fairview, Maryland,	333.44	329.17	269.92	49.49	49.49
	Maple Hill					
PJM EMAAC	Shore	333.44	329.17	269.92	54.95	49.49

Source: PJM

- ⁽¹⁾ Estimated additional revenues for the CPV Group for the period of the auction compared with the corresponding period last year of about \$98 million²⁴.
- ⁽²⁾ Estimated additional revenues for the CPV Group for the period of the auction compared with the corresponding period last year of about \$18 million²⁴.
- ⁽³⁾ Estimated additional revenues for the CPV Group for the period of the auction compared with the corresponding period last year of about \$2 million²⁴.

²⁴ That stated in this section with respect to 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 change (even significantly) as a result of, among other things, regulatory changes, operational factors, regulatory arrangements applicable to capacity regarding fines or bonuses, changes in the business environment and/or the occurrence of one or more of the risk factors the CPV Group is exposed to.

**OPC Energy Ltd.
Report of the Board of Directors**

3. Main Developments in the Business and Regulatory Environment in the U.S. (Cont.)

C. Capacity revenues (Cont.)

It is noted that the capacity prices set in the 2026/2027 and 2027/2028 auctions, as shown above, were determined in accordance with the ceiling prices approved by PJM and confirmed by the FERC or for these two capacity auctions (with the necessary adjustments). In addition, the capacity coefficients for combined cycle gas plants were updated which led to a decrease in the availability capacity that is provided for sale by the CPV Group's natural-gas power plants of this type from about 96% to about 79% (in the 2025/2026 auction) and from about 79% to about 74% (in the 2026/2027 auction and thereafter). It is further noted that based on PJM publications, the theoretical prices derived from the results of the auctions, had it not been for the said ceiling, would have been about \$389 and about \$530 per megawatt/day, respectively.

Subject to additional changes in the timetables, if any, as at the approval date of the report, the next PJM capacity auction for the 2028/2029 capacity year is planned for June 2026.

The significant increase in the capacity tariffs in the latest auctions, as shown in the table above, relates to, among other things, a continuing increase in electricity demand, anticipated growth in future demand, higher reserve requirements, and a decline in the aggregate supply due to a change in the methods used to calculate capacities and demand capability of PJM's generation sources.

Critical Issue Fast-Track Process (CIFP) – in January 2026, the PJM Council published a letter whereby it determined that the results of the latest capacity auctions reflect a continually increasing disparity between supply and demand, which requires taking corrective measures in order to maintain the reliability of the system, against the background of a quick increase in energy demand, including new large load connections. Accordingly, in January 2026, PJM's management was directed to advance an accelerated process (CIFP) and to examine a series of interim steps, subject to regulatory approvals, including improvement of the demand forecasts, advancements of avenues for accelerated connection of new generation (including a "Bring Your Own Generation" model), expansion of demand-related response mechanisms, operation of an RBP emergency mechanism for procurement of additional capacity as a reliability back-up for the 2027/2028 period, examination of extension of maximum ceilings and minimum floors (collar) for two additional auctions, and broad examination of investment incentives and market design. For additional details – see Section 1.2.1.8A of Part A of the Periodic Report.

At the end of February 2026, PJM filed a request at FERC to extend the administrative price collars for the 2028/2029 and 2029/2030 capacity auctions. The tariff revisions will require FERC approval to be implemented, which as at the date of the report had not yet been received.

Separately, in the "Statement of Principles regarding PJM" document published by authorities in the Federal government and by a number state governors, PJM was called on to comply with the Reliability Backstop Auction (an emergency capacity auction for purposes of backing up the system's reliability) no later than September 2026 for new resources, including long-term reliability contracts covering a period of up to about 15 years. Pursuant to the results of the latest auction, the minimum requirement for additional available capacity in the PJM market, in order to ensure the system's reliability, is estimated at about 6.5 gigawatts. Nonetheless, in light of the continuing rise in the demand for electricity, the scope of the new capacity in the PJM market in the upcoming years could well be considerably higher.

At this stage, these measures are under review, and there is no certainty regarding the manner of their implementation, their scope, or their timetable. Therefore, their long-term impact on the availability market and on the results of future tenders cannot be fully assessed.

**OPC Energy Ltd.
Report of the Board of Directors**

3. Main Developments in the Business and Regulatory Environment in the U.S. (Cont.)

C. Capacity revenues (Cont.)

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 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 prices are denominated in dollars per megawatt per day):

Sub-Area	CPV Power Plants	Winter 2025/2026	Summer 2025	Winter 2024/2025	Summer 2024
NYISO Rest of the Market	—	89.83	153.26	66.30	168.91
Lower Hudson Valley	Valley	89.83	153.26	66.30	168.91

Source: NYISO – Converted from dollars for kilowatt per month to dollars for megawatt per day.

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.

**OPC Energy Ltd.
Report of the Board of Directors**

3. Main Developments in the Business and Regulatory Environment in the U.S. (Cont.)

C. 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 applied up to May 2025.

In general, 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. For details regarding the planned reform in the capacity market – see Section 8.1.2.1C of Part A of the Periodic Report.

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.

D. Changes in the government’s policies (including with respect to Customs duty (tariffs)) and legislation of the One Big Beautiful Bill in the U.S. – the commencement of the new Trump administration has introduced recent policy changes that have created uncertainty along with significant opportunities in the U.S. energy sector. Since January 2025, orders and directives have been issued and legislation has been enacted supporting reduction of the government’s support in the area of renewable energy, including matters related to eligibility for tax incentives (ITC and PTC), among other things, as detailed below and in Section 8.1.3.1 of Part A of the Periodic Report.

Furthermore, President Trump has imposed tariffs (some of which have been updated and are expected to continue to be updated later on) on imported equipment and raw materials (including, steel and solar panels) into the U.S., and is carrying on negotiations with respect to new trade agreements with foreign countries, in such a manner that there is uncertainty regarding the full extent of the impacts of the said orders or new trade agreements on the costs of the equipment for the projects. It is noted that the said update of the tariffs leads to an increase in the equipment costs (both in the areas of renewable-energy and natural-gas) and to disruptions in the supply chain and could, ultimately, lead to an increase in the construction or maintenance costs of projects²⁵.

²⁵ 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. The policies (present or additional) of the U.S. government could have a negative impact (even a significant one) on advancement and/or benefits with respect to renewable energy projects and the costs of equipment, services and shipping for the projects and power plants in the U.S. In addition, such changes could have macro impacts on the Company’s activity markets.

**OPC Energy Ltd.
Report of the Board of Directors**

3. Main Developments in the Business and Regulatory Environment in the U.S. (Cont.)

D. Changes in the government's policies (including with respect to Customs duty (tariffs)) and legislation of the One Big Beautiful Bill in the U.S (Cont.)

On February 20, 2026, the U.S. Supreme Court ruled that the President does not have general authority to impose the said tariffs and, therefore, their future validity and scope are not certain at this stage. Along with that stated, various sectorial tariffs are continuing to apply, including tariffs at a rate of up to 50% on certain categories of steel, aluminum and their products.

On July 4, 2025, a comprehensive federal law known as the “One Big Beautiful Bill” (hereinafter in this Section – “the Law”) was passed into law, which includes, among other things, legislative changes in all that relating to the set of federal tax benefits, which are mainly relevant to the renewable energy activities of the CPV Group in the U.S. regarding the entitlement to ITC and PTC. For details regarding the Law, the “safe harbor” rules and U.S. income tax (IRS) provisions regarding the term “start of the construction” in the framework of these items – see Section 8.1.3.1 of Part A of the Periodic Report.

In the estimation of the CPV Group, as at the approval date of the report: (A) regarding the activities of the CPV Group in the natural gas area, including future potential for addition of carbon capture, the said directives should have a positive impact on the general sentiment, the business environment and the feasibility of the investments; and (B) regarding the activities of the CPV Group in the renewable energies area, the Law and the said directives are not expected to have a negative impact on its active projects, its projects under construction, projects in the advanced development stage and some of the projects in the initial development stage, which in the estimation of the CPV Group should be entitled to tax benefits under the new legislation. Concerning projects in the initial development stage that will not be entitled to tax benefits under the new legislation, in the estimation of the CPV Group as at the approval date of the report, continuing demand for electricity from renewable energy should support an increase in the electricity prices along with a possible decline in the equipment prices and possible changes in government policies, could fully or partly compensate for the impact of cancellation of the tax benefits and, thus, reduce the impact of the Law on the economic worthwhileness of the said projects. Nonetheless, there could be delays in the development of projects in such a manner that the Law could have an unfavorable impact on the projected start dates of the construction²⁶. For additional details – see Section 6C(2) below.

The CPV Group is continuing to monitor the changes being advanced by the Trump Administration and to examine their impacts. For additional details – see Sections 8.1.3.1 and 8.1.40 of Part A of the Periodic Report.

²⁶ That stated above regarding the absence of a negative impact of the new legislation on the list of projects in the advanced development stage, and relating to the demand for renewable energies and an increase in prices (and scope), a decline in the equipment prices and/or reduction of the impacts of the Law on renewable energy projects, constitutes “forward-looking” information as it is defined in the Securities Law, which is based on the estimates of the CPV Group as at the approval date of the report and on an assumption regarding high demand for renewable energies on the part of significant consumers, and regarding which there is no certainty they will be realized or the manner of their realization. As part of the process of internalizing the legislation (including updates, if any, or changes in other regulations) there could be changes in the sector the results of which will be different than the said estimates, including changes that could have a significant negative impact, including on projects of the CPV Group in the area. As at the approval date of the report, the said estimates are subject to changes (including due to specific circumstances of the projects on the list of the awaiting projects of the CPV Group).

OPC Energy Ltd.
Report of the Board of Directors

4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS)

A. Consolidated statement of income

Section	For the Year Ended December 31	
	*2025	2024
Revenues from sales and provision of services (1)	3,002	2,779
Cost of sales and provision of services (without depreciation and amortization) (2)	(2,263)	(1,931)
Depreciation and amortization	(232)	(317)
Gross profit	507	531
Share in earnings of associated companies	523	166
Compensation for lost revenues	16	44
Administrative and general expenses	(365)	(263)
Business development expenses	(14)	(45)
Gain on loss of control in the renewable energies segment in the U.S.	–	259
Other income (expenses), net	95	(56)
Operating income	762	636
Financing expenses, net	(218)	(252)
Loss from extinguishment of financial liabilities	–	(49)
Income before taxes on income	544	335
Taxes on income expenses	(87)	(138)
Net income for the year (3)	457	197
<u>Attributable to:</u>		
The Company's shareholders	346	111
Holders of non-controlling interests	111	86

* Commencing from November 2024, as a result of deconsolidation of CPV Renewable and transition to the equity method of accounting, the Company has discontinued consolidation in the consolidated financial statements of the results of the renewable energy segment in the U.S.

OPC Energy Ltd.
Report of the Board of Directors

4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS)
(Cont.)

A. Consolidated statement of income (Cont.)

(1) Changes in revenues:

Revenues	For the Year Ended December 31		Board's Explanations
	2025	2024	
<u>Revenues in Israel</u>			
Revenues from sale of energy to private customers	1,271	1,368	A decrease, in the amount of about NIS 68 million, stemming from a decline in the consumption of customers compared with last year, among other things in light of the "Rising Lion" operation and an additional decline, of about NIS 47 million, stemming from a decrease in the tariff for the generation component compared with the corresponding period last year.
Revenues from sale of energy to the System Operator and to other suppliers	181	165	
Revenues in respect of capacity payments	143	171	Most of the decrease compared with last year stems from a decline in the availability of the Zomet power plant. For additional details – see Section 4C(1) below.
Revenues from sale of energy at cogeneration tariff	76	83	
Revenues from sale of steam	57	57	
Other revenues	2	23	Most of the decrease derives from discontinuance of the consolidation of Gnrgy at the end of second quarter of 2024.
Total revenues from sale of energy and others in Israel (without infrastructure services)	1,730	1,867	
Revenues from private customers in respect of infrastructure services	591	445	The increase stems mainly from an average increase in the tariffs at the rate of 40%.
Total revenues in Israel	2,321	2,312	
<u>Revenues in the U.S.</u>			
Revenues from sale of electricity from renewable energy	–	195	The decrease derives mainly from discontinuance of consolidation of the renewable energies segment in November 2024, and transition to the equity method of accounting.
Revenues from sale of electricity (Retail) activities	470	145	The increase stems mainly from an increase in the scope of the retail activities.
Revenues from provision of services and others	211	127	Most of the increase stems from a transition to the equity method of accounting in the renewable energies area and an increase in revenues from provision of asset-management services (which were previously eliminated in the consolidation).
Total revenues in the U.S.	681	467	
Total revenues	3,002	2,779	

OPC Energy Ltd.
Report of the Board of Directors

4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS)
(Cont.)

A. Consolidated statement of income (Cont.)

(2) Changes in the consolidated 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
	2025	2024	
<u>Cost of sales in Israel</u>			
Natural gas and diesel oil	596	645	Most of the decrease is against the background of planned upgrading and maintenance work at the Rotem power plant in the fourth quarter of 2025.
Expenses in respect of acquisition of energy	274	320	Most of the decrease stems from a decline in customer consumption compared with the corresponding period last year due to, among other things, the "Rising Lion" operation and the impact of planned and unplanned maintenance at the power plants in the period of the report and in the corresponding period last year.
Cost of transmission of gas	52	55	
Salaries and related expenses	43	46	
Operating expenses	117	120	
Other expenses	–	18	Most of the decrease stems from discontinuance of the consolidation of Gnrgy at the end of the second quarter of 2024.
Total cost of sales in Israel without infrastructure services	1,082	1,204	
Expenses in respect of infrastructure services	591	445	For details – see the explanation of the change in the revenues in respect of infrastructure services.
Total cost of sales in Israel	1,673	1,649	
<u>Cost of sales and services in the U.S.</u>			
Cost of sales in respect of sale of electricity from renewable energy	–	60	The decrease stems from discontinuance of consolidation of the renewable energies segment in November 2024 and transition to the equity method of accounting.
Cost of sales in respect of sale of electricity (Retail) and others	436	130	The increase stems mainly from an increase in the scope of the retail activities.
Cost of sales in respect of provision of services and others	154	92	Most of the increase stems from a transition to the equity method of accounting in the renewable energies area and an increase in costs related to the provision of asset-management services (which were previously eliminated in the consolidation).
Total cost of sales and provision of services in the U.S.	590	282	
Total cost of sales and provision of services	2,263	1,931	

OPC Energy Ltd.
Report of the Board of Directors

**4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS)
(Cont.)**

A. Consolidated statement of income (Cont.)

(3) Consolidated net income and consolidated adjusted net income

1. Definitions

Adjusted net income or loss – 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.

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.

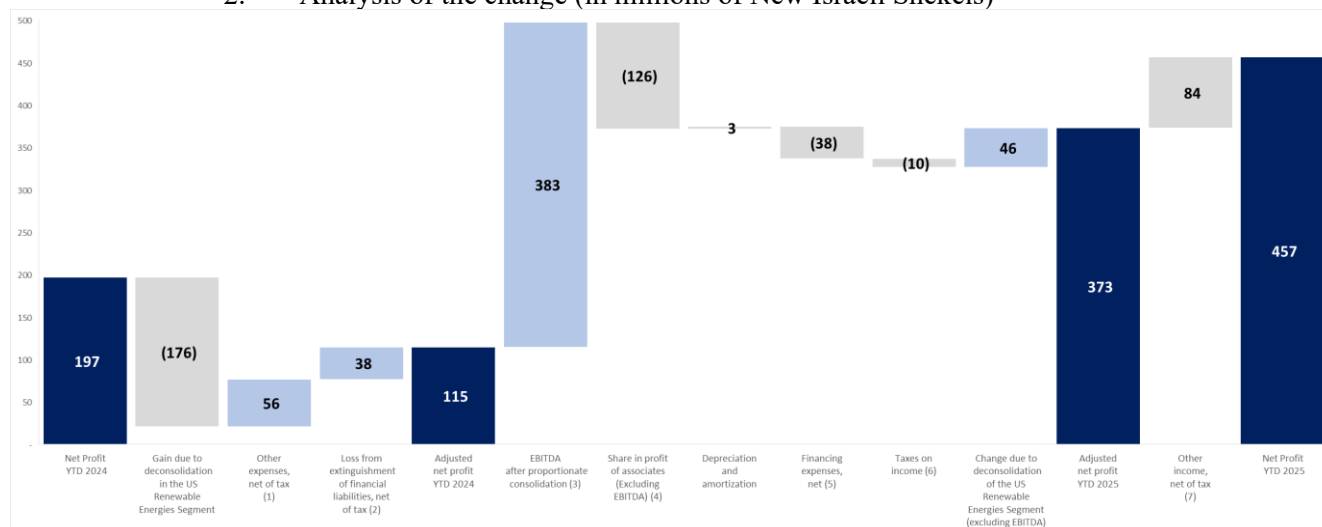
OPC Energy Ltd.
Report of the Board of Directors

4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS) (Cont.)

A. Consolidated statement of income (Cont.)

(3) Consolidated net income and consolidated adjusted net income (Cont.)

2. Analysis of the change (in millions of New Israeli Shekels)



- (1) Mainly, a loss from impairment in value of the investment in Gnrgy in the corresponding period last year, in the amount of about NIS 21 million, of which there was an impairment loss in Hadera 2, in the amount of about NIS 31 million, in light of the government's original decision to reject the plan.
- (2) Including non-recurring financing expenses in respect of repayment of the project credit in Zomet and Gat, in the amount of about NIS 49 million (about NIS 38 million, net of tax).
- (3) For an analysis of the change in the EBITDA after proportionate consolidation in the various segments in the period of the report compared with the corresponding period last year, see Sections B - E below.
- (4) Most of the increase stems from additional depreciation and financing expenses, in the amount of about NIS 172 million, due to increase in the rate of holdings in the Shore and Maryland power plants in the fourth quarter of 2024 and in the beginning of the second quarter of 2025. This increase was partly offset, in the amount of about NIS 30 million, as a result of translation of the results of the associated companies from dollars into shekels (the Company's functional currency), due to a decline in the average shekel/dollar exchange rate in the period of the report compared with the corresponding period last year.
- (5) Most of the increase stems from an increase in the financing expenses as a result of the impact of the changes in the shekel/dollar exchange rate, in the amount of about NIS 83 million: (A) an increase in the financing expenses in the period of the report, in the amount of about NIS 39 million; and (B) a decrease in the financing income, in the amount of about NIS 44 million, recognized in the corresponding period last year. On the other hand, there was an increase in the financing income of about NIS 36 million due to an increase in interest on bank deposits and a decrease in financing expenses of about NIS 15 million mainly due to a decline in the expenses stemming from linkage differences in respect of the debentures (Series B).
- (6) The increase in the tax expenses derives mainly from higher taxable income compared with the corresponding period last year.
- (7) (A) Cancellation of an impairment loss recognized by Hadera 2 in the third quarter of 2025, in the amount of about NIS 31 million, in light of plan approval by the government and (B) income, in the amount of about \$15 million (about NIS 51 million), in respect of development fees for the Basin Ranch power plant.

OPC Energy Ltd.
Report of the Board of Directors

**4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS)
(Cont.)**

B. EBITDA, FFO (Funds From Operations) and net cash flows after debt service

1. Definitions

– **EBITDA indices**

“EBITDA in the consolidated financial statements”²⁷: 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.

– “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.

– “Net cash flows after service of debt” – the “FFO” less/plus payment of principal in respect of financial debt 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.

The said non-IFRS measures are not recognized 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.

It is noted that the EBITDA indices are not 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.

²⁷ It is clarified that income in respect of lost profits is included in EBITDA in the consolidated statements.

OPC Energy Ltd.
Report of the Board of Directors

4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS) (Cont.)

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

1. Definitions (Cont.)

The Company believes that the data items “EBITDA after proportionate consolidation” and “FFO”²⁸ 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 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 Company’s dividend distribution policy²⁹).

²⁸ It is noted that other companies might define EBITDA and FFO indices differently.

²⁹ Pursuant to the Company’s dividend distribution policy, which was adopted by a decision of the Company’s Board of Directors in July 2017, it was determined that the Company will distribute, subject to the provisions of law and the discretion of the Board of Directors, an annual dividend at the rate of at least 50% of the net after-tax income. In 2024, the Company’s Board of Directors decided to suspend implementation of the dividend distribution policy for a period of two years, in light of the Company’s growth strategy and the targets for expansion of its activities, while taking into account its business needs and preservation of its financial strength. In the decision of the Company’s Board of Directors in March 2026, the suspension of the dividend distribution policy was extended for an additional at least two years, that is, up to March 2028, where at the end of this period the Board of Directors will consider restarting of the said policy and the conformance thereof to the circumstances as they will be.

OPC Energy Ltd.
Report of the Board of Directors

4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS)
(Cont.)

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

2. Calculation of EBITDA

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

	For the Year Ended December 31	
	2025	2024
Revenues from sales and provision of services	3,002	2,779
Cost of sales (without depreciation and amortization)	(2,263)	(1,931)
Share in income of associated companies	523	166
Compensation for lost revenues	16	44
Administrative and general expenses (without depreciation and amortization)	(348)	(247)
Business development expenses	(14)	(45)
Consolidated EBITDA	916	766
Elimination of the share in income of associated companies	(523)	(166)
Plus – Group’s share of the proportionate EBITDA of associated companies in the Energy Transition segment	1,093	592
Plus – Group’s share of the proportionate EBITDA of activities in the renewable energies segment in the U.S.*	105	16
EBITDA after proportionate consolidation	1,591	1,208

* Due to completion of an investment transaction in the area of renewable energies in the U.S. in November 2024, starting from this date the data of this segment is calculated on the basis of a proportionate consolidation (instead of a full consolidation up to that time) where the CPV Group’s share is about 66.7%.

OPC Energy Ltd.
Report of the Board of Directors

4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS)
(Cont.)

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

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 debt data (in NIS millions):

Main projects in operation	Basis of presentation in the Company's financial statements	For the year ended December 31, 2025			For the year ended December 31, 2024		
		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) (2)}	Consolidated	622	629	581	670	557	485
Business development costs, headquarters in Israel and other costs ⁽³⁾	Consolidated	(11)	(135)	(98)	(31)	(137)	(73)
Total Israel ⁽⁴⁾		611	494	483	639	420	412
Total operating projects ⁽⁵⁾	Associated	1,098	819	334	592	385	388
Other expenses	Consolidated	1	(10)	(12)	(4)	(14)	(14)
Total energy transition in the U.S.		1,099	809	322	588	371	374
Total operating projects ⁽⁶⁾	Associated	125	69	11	142	74	14
Business development and other costs	Associated	(20)	(24)	(24)	(30)	(23)	(23)
Total renewable energy in the U.S.		105	45	(13)	112	51	(9)
Total activities as part of the "others" segment ⁽⁷⁾	Consolidated	(18)	(26)	(9)	(22)	(22)	(22)
Headquarters in the United States ^{(8) (9) (10)}	Consolidated	(181)	27	27	(89)	(61)	(61)
Total United States		1,005	855	327	589	339	282
Company headquarters (not allocated to the segments) ^{(4) (8)}	Consolidated	(25)	(54)	(76)	(20)	(41)	(37)
Total consolidated ⁽¹¹⁾		1,591	1,295	734	1,208	718	657

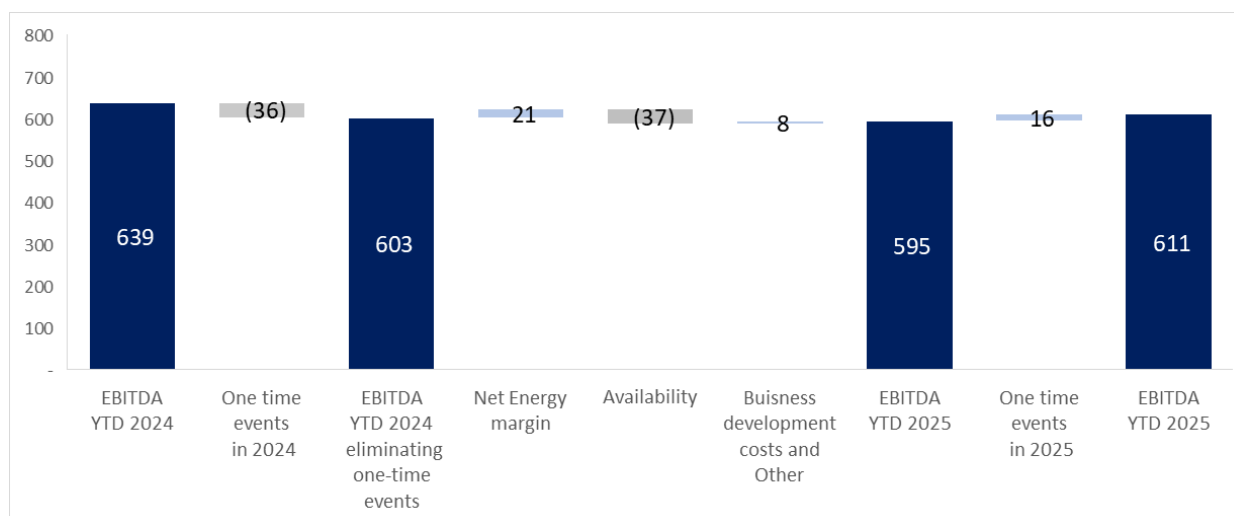
- (1) The accompanying business activities in Israel include mainly virtual supply activities through OPC Israel, and sale/purchase of natural gas, including with third parties through OPC Natural Gas.
- (2) In the period of the report and in the corresponding period last year, the EBITDA of the active projects in Israel included non-recurring events. For additional details – see Section 4C(1) below.
- (3) For purposes of comparison, the FFO and cash-flow data after debt service for the activities in Israel were updated in the comparative data, such that the financial data for the headquarters in Israel includes payments of interest and principal of the project credit in Zomet and Gat up to the early repayment date and refinancing of corporate credit in Israel during the third quarter of 2024.
- (4) Not including intercompany activities between the headquarters and the subsidiaries in Israel.
- (5) For details regarding active projects in the Energy Transition segment in the U.S. – see Section 4D(2) below.
- (6) 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 66.7%.
- (7) Includes mainly business development and other costs in the area of initiation and development of high-efficiency natural gas-fired power plants, with future carbon capture potential, and the results of the retail activities in the U.S.
- (8) After elimination of management fees between the CPV Group and the Company, in the amounts of about NIS 35 million and about NIS 32 million for the years ended December 31, 2025 and 2024, respectively.
- (9) Most of the change in the EBITDA in 2025 compared with 2024, in the amount of about NIS 115 million, relates to changes in the fair value of a profit participation plan for employees of the CPV Group, which fully vested in January 2026 (at the end of five years from the acquisition date of the CPV Group), and is expected to be completed at the end of the first quarter of 2026, in the amount of about \$70 million (about NIS 223 million). In addition, the CPV Group intends to adopt a new remuneration plan with terms substantially similar to those of the prior plan (with certain adjustments). For additional details – see Note 16C to the financial statements.
- (10) Most of the change in the FFO stems from development fees in the Basin Ranch power plant that were received in the fourth quarter of 2025.
- (11) In the year of the report, the consolidated FFO without adjustments for changes in the working capital was about NIS 1,171 million (last year – about NIS 682 million).

**OPC Energy Ltd.
Report of the Board of Directors**

**4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS)
(Cont.)**

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

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



Energy margin – the increase stems mainly from optimization of the trade receivables, in the amount of about NIS 31 million, and a decline in the natural-gas price, in the amount of about NIS 21 million, mainly due to the weakening of the dollar against the shekel. On the other hand, there was a decrease of about NIS 31 million as a result of a decline in the generation component tariff.

Availability (operational) – (A) Zomet power plant – for purposes of reducing the risk of an operating failure due to a technical defect discovered and in coordination with the contractor, as part of the process of clarifying and repairing the defect in 2025, the availability of the power plant was partially limited and maintenance work was performed along with gradual replacement of the generation units (for details – see Section 4C(2) below). These factors had a negative impact on the power plant’s availability and, in turn, on its financial results. As at the approval date of the report, the Company estimates that the process of clarification and repair of the defect, including replacement of the generation units, is expected to be mostly completed by the end of 2026, and it also estimates that the said partial capacity, which is expected to be 65%–70% of the power plant’s capacity (similar to the capacity in 2025), will negatively affect the EBITDA in 2026³⁰. (B) Rotem power plant - During the fourth quarter of 2025, the Rotem power plant was shut down for planned upgrading and maintenance work, at an estimate cost of about NIS 133 million. As a result, Rotem’s operating results were negatively impacted. (C) In the corresponding period last year the Rotem, Hadera and Gat power plants were shut down for various periods of time for purposes of planned and unplanned maintenance work that had a negative impact on their results in the corresponding period last year.

³⁰ The aforesaid regarding rectification of the defect (including the duration thereof) and/or the estimate of the scope of the partial capacity and its impact constitutes “forward-looking” information as defined in the Securities Law. In practice, delays or difficulties may occur in completing the examination and/or the required rectifications beyond the aforementioned timelines and/or additional operational limitations/shutdowns (full or partial) may occur, inter alia, as a result of technical factors, operational failures, factors related to the contractor, the transportation of equipment and/or the performance of work, and accordingly may affect the availability (capacity) of the station in such a manner that could increase the scope of the partial capacity limitation, the removal of capacity limitations and the completion of the rectification, the duration of the rectification and/or the impact of the availability limitation on the Company’s EBITDA. For further details regarding the implications of the availability limitation, see Section 7.13 of Part A of the Periodic Report

OPC Energy Ltd.
Report of the Board of Directors

4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS) (Cont.)

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

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

Non-recurring events – (A) In 2025, mainly insurance compensation for lost profits at the Gat and Hadera power plants in prior years, in the aggregate amount of about NIS 16 million; (B) in 2024, mainly in respect of compensation from the construction contractor of the Zomet power plant, in the amount of about NIS 26 million (about \$7 million); in respect of lost profits caused by a delay in the date of the commercial operation and non-recurring compensation from the insurers of Hadera power plant, in the amount of about NIS 18 million (about \$5 million) in connection with lost profits preceding the commercial operation.

- (2) Set forth below is detail regarding the generation at the power plants in the Israel segment:

	For the Year Ended December 31, 2025					For the Year Ended December 31, 2024			
	Capacity (MW)	Potential electricity generation (GWh)	Net electricity generation (GWh)	Actual generation percentage (%)	Actual calculated availability percentage (%)	Potential electricity generation (GWh)	Net electricity generation (GWh)	Actual generation percentage (%)	Actual calculated availability percentage (%)
Rotem (A)	466	3,736	3,073	82.3%	83.7%	3,736	3,332	89.2%	95.1%
Hadera (B)	144	1,019	970	95.2%	96.1%	1,048	943	90.0%	92.6%
Gat (C)	75	620	503	81.1%	91.6%	616	397	64.4%	64.4%
Zomet (C)	396	3,171	291	9.2%	67.1%	3,268	428	13.1%	83.6%

Definitions:

- The generation potential is the net generation capability adjusted for temperature and humidity.
- The actual net generation in the period.
- The actual generation percentage is the net electricity generated divided by the generation potential.

Significant operating events³¹:

- A. During the fourth quarter of 2025, the Rotem power plant was shut down for planned upgrading and maintenance work.
- B. In 2026, a planned shutdown is anticipated for part of the power plant for purposes of upgrading and maintenance work that is expected to last for about a month. In addition, Hadera is taking action to repair the technical defect found in the power plant proximate to the approval date of the report, where at this stage and up to completion of the repair, generation of the electricity at the power plant is continuing while utilizing most of the generation capability. Hadera is taking action to repair the defect in the upcoming months, where the said event is not expected to have a significant long-term impact on Hadera's results, taking into account the insurance coverage under the power plant's policy.
- C. In 2026, a planned shutdown is anticipated for the power plant for purposes of upgrading and maintenance work that is expected to last for about a month.
- D. The generation potential presented in the above table does not include the temporary generation limitation that applied in the period of the report to each of the generation units. In addition, in the period of the

³¹That stated regarding expected maintenance. completion thereof (including repair of the defect at Hadera, its impact and/or the insurance coverage) and/or the period of time required for the completion thereof constitutes "forward-looking" information as it is defined in the Securities Law, regarding which there is no certainty it will materialize. Ultimately, maintenance, as stated (and unplanned maintenance that could be caused), could continue beyond the expected date, this being as a result of, among other things, operating factors, technical breakdowns, constraints relating to maintenance and equipment contractors and the timetables for receipt (arrival) of the relevant equipment. Delays and/or failures in completion of the maintenance have a negative impact on the power plant's operating results.

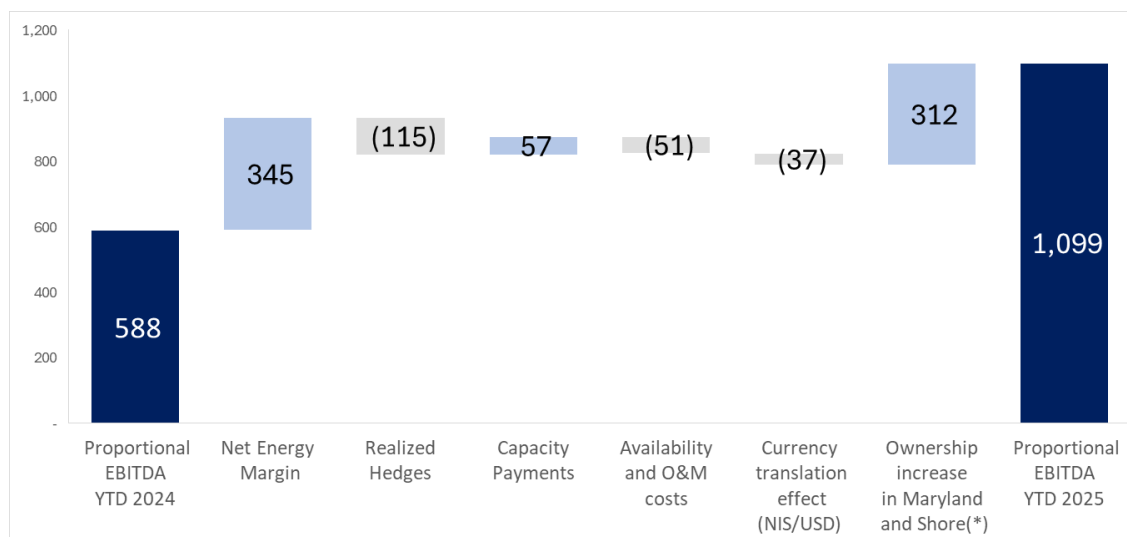
OPC Energy Ltd.
Report of the Board of Directors

report some of the generation units were replaced due to the maintenance work. For details – see Section 4C(1) above.

4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS) (Cont.)

D. Analysis of the change in EBITDA, the generation data, energy hedges and capacity – Energy Transition segment in the U.S.

- (1) 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):



Energy and hedging margins – as detailed in Section 3A above, in the period of the report there was a significant increase in the electricity margins compared with the corresponding period last year and, accordingly, there was an increase in the energy margins of the CPV Group (without the impact of the increase in the holdings in the Maryland and Shore power plants), which was partly offset by hedges realized at a lower margin in the period of the report compared with the corresponding period last year.

Capacity revenues – most of the increase stems from an increase in the capacity tariff in the PJM market starting from June 2025. This increase was partly offset by a decrease in the capacity tariff of the Towantic power plant starting from June 2025 – this being as a result of conclusion of the fixed-rate (of seven years) wherein the capacity tariff was fixed in advance from Towantic's operation date. For details – see Section 3C above.

Operating and capacity expenses (operational) – most of the increase stems from planned maintenance work at the Valley power plant in the fourth quarter of 2025.

Increase in the rate of holdings – reflects the impact of the increase in the holdings in the fourth quarter of 2024 in the Maryland and Shore power plants and in the beginning of the second quarter of 2025 in the Shore power plant. It is noted that subsequent to the date of the report, a transaction was completed for acquisition of the remaining 11% of the Shore power plant, and after its completion the CPV Group holds 100% of the ownership rights in Shore.

OPC Energy Ltd.
Report of the Board of Directors

4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS)
(Cont.)

D. Analysis of the change in EBITDA, the generation data, energy hedges and capacity – Energy Transition segment in the U.S. (Cont.)

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

For the year ended December 31, 2025	Fairview	Towantic	Maryland*	Shore* (1)	Valley	Three Rivers	Total
Rate of holdings of the CPV Group	25%	26%	75%	89%	50%	10%	
Revenues from sales of energy	275	310	766	520	528	91	2,490
Cost of natural gas	127	199	321	275	198	49	1,169
Carbon emissions tax (RGGI)	–	36	117	86	70	–	309
Cost of sales – other expenses (without depreciation and amortization)	2	4	17	14	9	1	47
Gain (loss) on realization of transactions hedging the electricity margins	3	(14)	(37)	19	(24)	9	(44)
Net energy margin	149	57	274	164	227	50	921
Revenues from capacity payments	40	63	100	118	58	19	398
Other income	3	24	24	17	3	3	74
Gross profit	192	144	398	299	288	72	1,393
Fixed costs (without depreciation and amortization)	15	22	51	67	79	14	248
Administrative and general expenses (without depreciation and amortization)	5	5	10	12	8	2	42
Loss from revaluation of unrealized hedging transactions	(1)	–	(1)	–	–	(3)	(5)
Group's share in EBITDA after proportionate consolidation in the Energy Transition segment	171	117	336	220	201	53	1,098
Group's share in FFO	140	99	293	78	167	42	819
Group's share in net cash flows after service of project debt	(3)271	105	135	(2)(223)	16	30	334

(1) At the Shore power plant – gas transmission costs (totaling in the period of the report of about NIS 46 million) are classified in accordance with IFRS 16 as depreciation expenses and, accordingly, are not included in the EBITDA.

(2) The net cash flows after service of the project debt in Shore includes partial repayment of debt that was made as part of the refinancing made in February 2025. For additional details – see Section 7A(5) below.

(3) The net cash flows after debt service in Fairview include additional project financing as part of the financing agreement amendment in the fourth quarter of 2025, as detailed in Section 7A(3) below, which was distributed as a dividend to the partners in the project. The CPV Group's share amounted to about \$54 million (about NIS 179 million).

(4) The financing agreements for the CPV Group include “cash sweep” mechanisms, in 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 for each long-term loan. This mechanism allows for faster repayments if certain events occur and also places restrictions on distributions to shareholders.

(*) In line with the Company's strategy to gain control over some of the active power plants of the CPV Group, transactions were completed in the fourth quarter of 2024 and in the second quarter of 2025 that led to an increase in the rates of holdings in the Maryland power plant (from 25% to 75%) and the Shore power plant (from 38% to 89%) as at the date of the report and to 100% after the date of the report.

OPC Energy Ltd.
Report of the Board of Directors

4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS)
(Cont.)

D. Analysis of the change in EBITDA, the generation data, energy hedges and capacity – Energy Transition segment in the U.S. (Cont.)

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

For the year ended December 31, 2024	Fairview	Towantic	Maryland	Shore (1)	Valley	Three Rivers	Total
Rate of holdings of the CPV Group	25%	26%	75%	68	50%	10%	
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	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	⁽²⁾ 289	65	8	17	(1)	10	388

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

(2) The net cash flows after debt service in Fairview include additional project financing as part of a refinancing made in the third quarter of 2024 which was distributed as a dividend to the partners in the project. The CPV Group's share amounted to about NIS 246 million.

(3) It is noted that the increase in the rates of holdings in the Shore power plant (from about 37.5% to about 68.8%) and in the Maryland power plant (from about 25% to about 75%) in the fourth quarter of 2024, did not have a significant impact on the results of the Energy Transition segment in the U.S. in 2024.

OPC Energy Ltd.
Report of the Board of Directors

4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS) (Cont.)

D. Analysis of the change in EBITDA, the generation data, energy hedges and capacity – Energy Transition segment in the U.S. (Cont.)

(3) 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 are designed to reduce the fluctuations in the electricity margins. In addition, the capacity revenues for the nominal capacity of the natural gas-fired power plants are determined for certain future periods, as detailed in Section 3A above.

Set forth below is the scope of the hedging for 2026 as at the date of the report³²:

	<u>2026</u>
Expected generation (MWh) *	12,126,000
Net scope of the hedged energy margin (% of the expected generation of the power plants) **	73%
Net hedged energy margin (millions of \$)	≈ 165 (≈ NIS 570 million)
Net hedged energy margin (\$/MWh)	18.6
Net market prices of energy margin (\$/MWh) ***	19.4

* The expectation for the generation including adjustments in respect of planned and unplanned maintenance work, including the Fairview power plant. Loss of the said generation is expected to be mostly covered by insurance. For additional details – see Section 4 below.

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

*** 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 3A above. The market prices of the net energy margin are based on future contracts for electricity and natural gas.

³² The estimated percentages and the actual hedged energy margins could change due to the execution of new hedges, capacity sales, changes in market conditions, or modifications to the CPV Group's hedging policy. **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.**

OPC Energy Ltd.
Report of the Board of Directors

4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS)
(Cont.)

D. Analysis of the change in EBITDA, the generation data, energy hedges and capacity – Energy Transition segment in the U.S. (Cont.)

(3) 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 2026 as at the date of the report:

	<u>2026</u>
Scope of the secured capacity revenues (% of the power plant's capacity)	88%
Capacity receipts (millions of \$)	≈ 151 (≈ NIS 521 million)

(*) Most of the non-guaranteed capacity receipts relates to the Valley power plant that operates in the NYISO market. For details regarding the capacity auctions in this market – see Section 3C above.

It is noted that the data detailed in the above tables includes the increase in the holdings in the Shore power plant, at the rate of about 11%, which was completed in January 2026, as well as the increase in the holdings in the Maryland power plant, at the rate of about 25%, and sale of the rights in the Three Rivers power plant, which as at the date of the report is held at the rate of 10%. Completion of the exchange transaction is expected to take place in the second quarter of 2026 and is subject to conditions that have not yet been fulfilled and there is no certainty regarding their fulfillment.

**OPC Energy Ltd.
Report of the Board of Directors**

**4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS)
(Cont.)**

D. Analysis of the change in EBITDA, the generation data, energy hedges and capacity – Energy Transition segment in the U.S. (Cont.)

(4) Set forth below is detail regarding the generation of the power plants in the Energy Transition segment in the U.S.

	Capacity (MW)	For the Year Ended December 31, 2025				For the Year Ended December 31, 2024			
		Potential electricity generation (GWh)	Net electricity generation (GWh)	Actual generation percentage (%)	Actual availability percentage (%)	Potential electricity generation (GWh)	Net electricity generation (GWh)	Actual generation percentage (%)	Actual availability percentage (%)
		Energy transition projects (natural gas)							
Shore	725	6,115	3,828	60.6%	87.7%	6,130	3,612	56.9%	92.4%
Maryland	745	6,439	4,718	73.3%	95.9%	5,958	3,628	56.3%	90.3%
Valley (A)	720	5,302	4,725	77.7%	83.5%	5,838	5,002	82.1%	89.1%
Towantic (B)	805	5,700	4,812	67.1%	78.5%	6,521	5,593	77.7%	89.9%
Fairview (C)	1,050	8,758	7,513	81.5%	87.1%	8,601	7,610	82.1%	88.5%
Three Rivers	1,258	9,911	6,456	60.1%	85.2%	9,792	6,366	59.9%	76.9%

Definitions

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

Significant operating events

- A. A decrease in the power plant's capacity stemming mainly from performance of planned maintenance work in the fourth quarter of 2025.
- B. In the second quarter of 2025, planned maintenance was performed at the power plant, as part of which a significant item of equipment was replaced. The said item is insured under the insurance policy covering the power plant, and as at the date of the report, a cash compensation was received that covers most of the costs required for its replacement and installation.
- C. In December 2025, as part of planned maintenance work, a malfunction occurred in one of the generation units, as a result of which the power plant's generation capacity was temporarily limited to about 50% of its full capacity. In the estimation of the CPV Group, as at the approval date of the report, the power plant is expected to return to full operation in 2027³³. As at the approval date of the report, Fairview has submitted a claim under the power plant's insurance policy, both in respect of the direct costs to repair the damage and for loss of the expected profits.

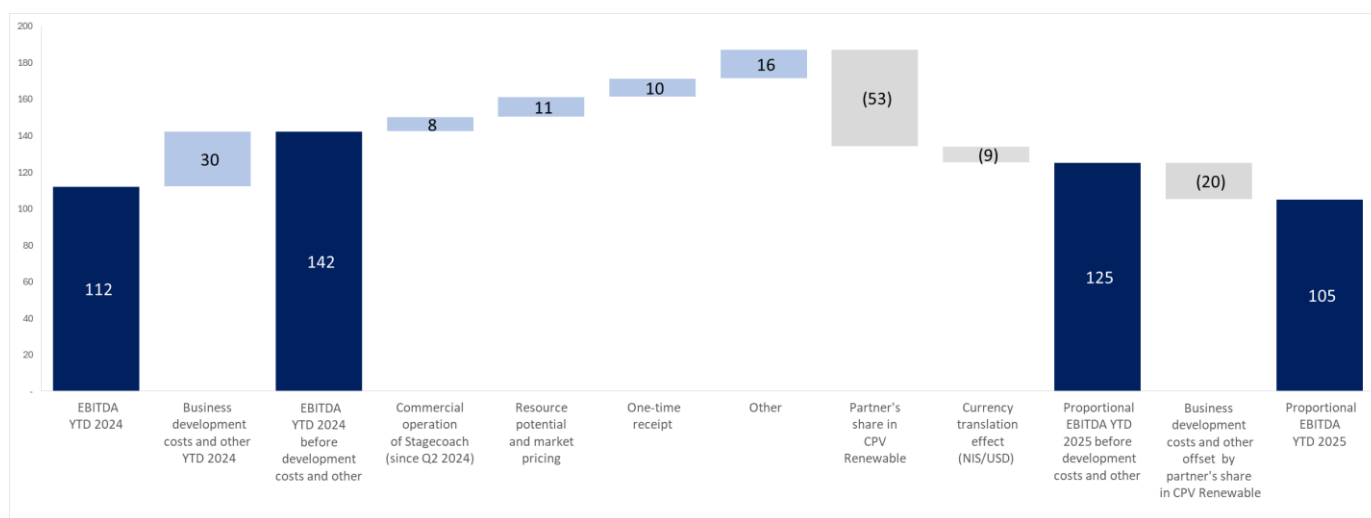
³³ That said regarding the expectation of return to the power plant's full activities and/or the results of the claim under the insurance policy constitutes "forward-looking" information regarding which there is no certainty it will be realized. Ultimately, there could be delays or breakdowns due to operational factors, delays or breakdowns in the course of performance of the work and/or delays in arrival of conforming equipment. It is noted that in the usual course of things, extended maintenance (planned or unplanned) has a negative impact on the power plant's results. In addition, as at the approval date of the report there is no certainty regarding the insurance compensation in accordance with the claim and the timing date thereof.

OPC Energy Ltd.
Report of the Board of Directors

**4. Analysis of the results of operations for the Year Ended December 31, 2025 (in millions of NIS)
(Cont.)**

E. Analysis of the change in EBITDA after proportionate consolidation – Renewable Energies segment in the U.S.

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



Entry of a partner in CPV Renewable – as a result of completion of the investment transaction in the area of renewable energies in the U.S. in November 2024, starting from this date this segment's data is calculated on the basis of a proportionate consolidation, where the share of the CPV Group is 66.7%.

OPC Energy Ltd.
Report of the Board of Directors

5. Analysis of the results of operations for the Three Months Ended December 31, 2025 (in millions of NIS)

A. Consolidated statement of income

Section	For the Three Months Ended December 31	
	*2025	2024
Revenues from sales and provision of services (1)	746	589
Cost of sales and provision of services (without depreciation and amortization) (2)	(620)	(438)
Depreciation and amortization	(52)	(72)
Gross profit	74	79
Share in earnings of associated companies	100	16
Compensation for lost revenues	16	—
Administrative and general expenses	(70)	(72)
Business development expenses	(4)	(12)
Gain on loss of control in the renewable energies segment in the U.S.	—	259
Other income (expenses), net	76	(6)
Operating income	192	264
Financing expenses, net	(55)	(52)
Income before taxes on income	137	212
Taxes on income	(13)	(89)
Net income for the period (3)	124	123
<u>Attributable to:</u>		
The Company's shareholders	92	28
Holders of non-controlling interests	32	95

* Commencing from November 2024, as a result of exit from the consolidation of CPV Renewable and transition to the equity method of accounting, the Company has discontinued consolidation in the consolidated financial statements of the results of the renewable energy segment in the U.S.

OPC Energy Ltd.
Report of the Board of Directors

5. Analysis of the results of operations for the Three Months Ended December 31, 2025 (in millions of NIS) (Cont.)

A. Consolidated statement of income (Cont.)

(1) Changes in revenues:

Revenues	For the Three Months Ended December 31		Board's Explanations
	2025	2024	
<u>Revenues in Israel</u>			
Revenues from sale of energy to private customers	285	247	An increase, in the amount of about NIS 25 million, stemming mainly from an increase in the consumption of customers, compared with the corresponding quarter last year.
Revenues from sale of energy to the System Operator and to other suppliers	23	19	
Revenues in respect of capacity payments	33	44	Most of the decrease compared with the corresponding quarter last year stems from a decline in the availability of the Zomet power plant. For additional details – see Section 4C(1) above.
Revenues from sale of energy at cogeneration tariff	20	41	The decrease is due to optimization in light of maintenance at the Rotem power plant in the fourth quarter of 2025
Revenues from sale of steam	13	13	
Total revenues from sale of energy and others in Israel (without infrastructure services)	374	364	
Revenues from private customers in respect of infrastructure services	158	113	The increase derives mainly from the increase in the average tariffs at a rate of about 40%.
Total revenues in Israel	532	477	
<u>Revenues in the U.S.</u>			
Revenues from sale of electricity from renewable energy	–	31	The decrease stems from discontinuance of the consolidation of the renewable energies segment in November 2024 and transition to the equity method of accounting.
Revenues from sale of electricity from (Retail)	139	63	The increase stems mainly from an increase in the scope of the retail activities.
Revenues from provision of services and others	75	18	Most of the increase stems from a transition to the equity method of accounting in the renewable energies area and an increase in revenues from provision of asset-management services (which were previously eliminated in the consolidation).
Total revenues in the U.S.	214	112	
Total revenues	746	589	

OPC Energy Ltd.
Report of the Board of Directors

5. Analysis of the results of operations for the Three Months Ended December 31, 2025 (in millions of NIS) (Cont.)

A. Consolidated 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		Board's Explanations
	2025	2024	
<u>Cost of sales in Israel</u>			
Natural gas and diesel oil	94	150	Most of the decrease is against the background of planned upgrading and maintenance work at the Rotem power plant in the fourth quarter of 2025.
Expenses in respect of acquisition of energy	138	40	Most of the stems from planned upgrading and maintenance work performed at the Rotem power plant in the fourth quarter of 2025.
Cost of transmission of gas	14	14	
Salaries and related expenses	10	13	
Operating expenses	29	33	
Total cost of sales in Israel without infrastructure services	285	250	
Expenses in respect of infrastructure services	158	113	For details – see the explanation of the change in the revenues in respect of infrastructure services.
Total cost of sales in Israel	443	363	
<u>Cost of sales and services in the U.S.</u>			
Cost of sales in respect of sale of electricity from renewable energy	–	7	
Cost of sales in respect of sale of electricity (Retail)	127	46	The increase stems mainly from an increase in the scope of the retail activities.
Cost of sales in respect of provision of services and others	50	22	Most of the increase stems from a transition to the equity method of accounting in the renewable energies area and an increase in costs related to the provision of asset-management services (which were previously eliminated in the consolidation).
Total cost of sales and provision of services in the U.S.	177	75	
Total cost of sales and provision of services	620	438	

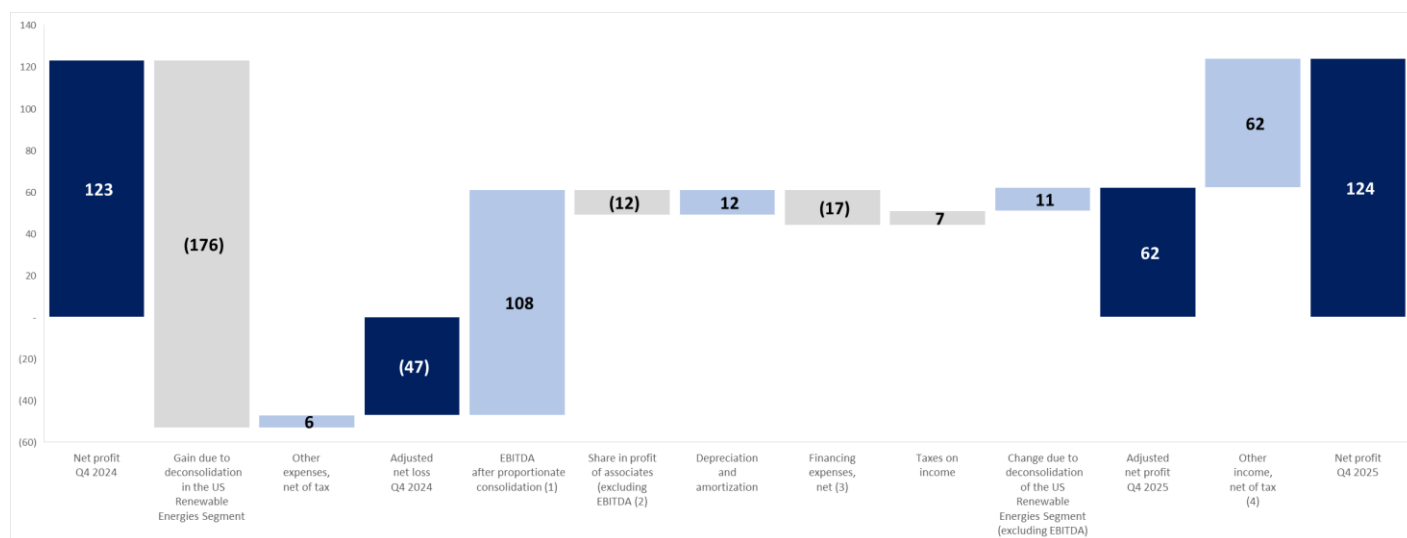
OPC Energy Ltd.
Report of the Board of Directors

5. Analysis of the results of operations for the Three Months Ended December 31, 2025 (in millions of NIS) (Cont.)

A. Consolidated statement of income (Cont.)

(3) Consolidated net income and consolidated adjusted net income

Analysis of the change (in millions of NIS)



- (1) For an analysis of the change in the EBITDA after proportionate consolidation in the various segments in the fourth quarter of 2025 compared with the corresponding quarter last year – see Sections B – E below.
- (2) Most of the increase stems from additional depreciation and financing expenses, in the amount of about NIS 29 million, due to increase in the rate of holdings in the Shore and Maryland power plants in the fourth quarter of 2024 and in the beginning of the second quarter of 2025. This increase was partly offset, in the amount of about NIS 14 million, due to the impact of translation of the results of the associated companies included from dollars into shekels (the Company's functional currency), against the background of a decline in the average shekel/dollar exchange rate in the period of the report compared with the corresponding period last year.
- (3) Most of the increase derives from an increase in the financing expenses as a result of changes in the shekel/dollar exchange rate, in the amount of about NIS 19 million.
- (4) Mainly in respect of revenues from development fees and development of the Basin Ranch power plant.

OPC Energy Ltd.
Report of the Board of Directors

5. Analysis of the results of operations for the Three Months Ended December 31, 2025 (in millions of NIS) (Cont.)

B. EBITDA, FFO (Funds From Operations) and net cash flows after debt service

1. Calculation of EBITDA

EBITDA in the consolidated statement and EBITDA after proportionate consolidation (in millions of NIS)

	For the Three Months Ended December 31	
	2025	2024
Revenues from sales and provision of services	746	589
Cost of sales and provision of services (without depreciation and amortization)	(620)	(438)
Share in income of associated companies	100	16
Compensation for lost revenues	16	-
Administrative and general expenses (without depreciation and amortization)	(66)	(68)
Business development expenses	(4)	(12)
Consolidated EBITDA	172	87
Elimination of the share in income of associated companies	(100)	(16)
Plus – Group’s share of the proportionate EBITDA of associated companies in the Energy Transition segment	239	141
Plus – Group’s share of the EBITDA after proportionate consolidation of activities of the Renewable Energies segment in the U.S.*	25	16
EBITDA after proportionate consolidation	336	228

* 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 (instead of a full consolidation) where the share of the CPV Group is 66.7%.

OPC Energy Ltd.
Report of the Board of Directors

5. Analysis of the results of operations for the Three Months Ended December 31, 2025 (in millions of NIS) (Cont.)

B. EBITDA, FFO (Funds From Operations) and net cash flows after debt service

2. Breakdown of EBITDA after proportionate consolidation, FFO and cash flows after debt service by segments (in millions of NIS)

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 millions of NIS):

Main projects in operation	Basis of presentation in the Company's financial statements	For the three months ended December 31, 2025			For the three months ended December 31, 2024		
		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⁾⁽²⁾	Consolidated	91	128	116	106	72	61
Business development costs, headquarters in Israel and other costs	Consolidated	(2)	(28)	39	(8)	(27)	(28)
Total Israel ⁽³⁾		89	100	155	98	45	33
Total operating projects ⁽⁴⁾	Associated	244	294	362	141	114	63
Other costs	Consolidated	8	11	9	–	(12)	(12)
Total energy transition in the U.S.		252	305	371	141	102	51
Total operating projects ⁽⁵⁾	Associated	29	5	–	38	15	8
Business development and other costs	Associated	(4)	3	3	(10)	10	10
Total renewable energy in the U.S.		25	8	3	28	25	18
Total activities as part of the “others” segment ⁽⁶⁾	Consolidated	(6)	(7)	(2)	(4)	(4)	(4)
Headquarters in the United States ⁽⁷⁾⁽⁸⁾⁽⁹⁾	Consolidated	(16)	67	67	(28)	(12)	(12)
Total United States		255	373	439	137	111	53
Company headquarters (not allocated to the segments) ⁽⁷⁾	Consolidated	(8)	(5)	91	(7)	(2)	(2)
Total consolidated ⁽¹⁰⁾		336	468	685	228	154	84

(1) The accompanying business activities in Israel include mainly virtual supply activities through OPC Israel, and sale/purchase of natural gas, including with third parties through OPC Natural Gas.

(2) In the current quarter, the EBITDA of the active projects in Israel includes non-recurring events. For details – see Section 5C(1) below.

(3) Not including intercompany activities between the Company, the headquarters in Israel and the subsidiaries in Israel.

(4) For details regarding active projects in the Energy Transition segment in the U.S. – see Section 5D(2) below.

(5) 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 (instead of a full consolidation) where the share of the CPV Group is 66.7%.

(6) Includes mainly business development and other costs in the area of initiation and development of high-efficiency natural gas-fired power plants, with future carbon capture potential, and the results of the retail activities in the U.S.

(7) After elimination of management fees between the CPV Group and the Company, in the amounts of about NIS 9 million and about NIS 8 million for the fourth quarter 2025 and 2024, respectively.

(8) Most of the change in the EBITDA in the fourth quarter of 2025 compared with the corresponding quarter last year, in the amount of about NIS 12 million relates to changes in the fair value of a profit participation plan for employees of the CPV Group. For additional details – see Section 4B(2) above.

(9) Most of the change in the FFO stems from development fees in the Basin Ranch power plant that were received in the fourth quarter of 2025.

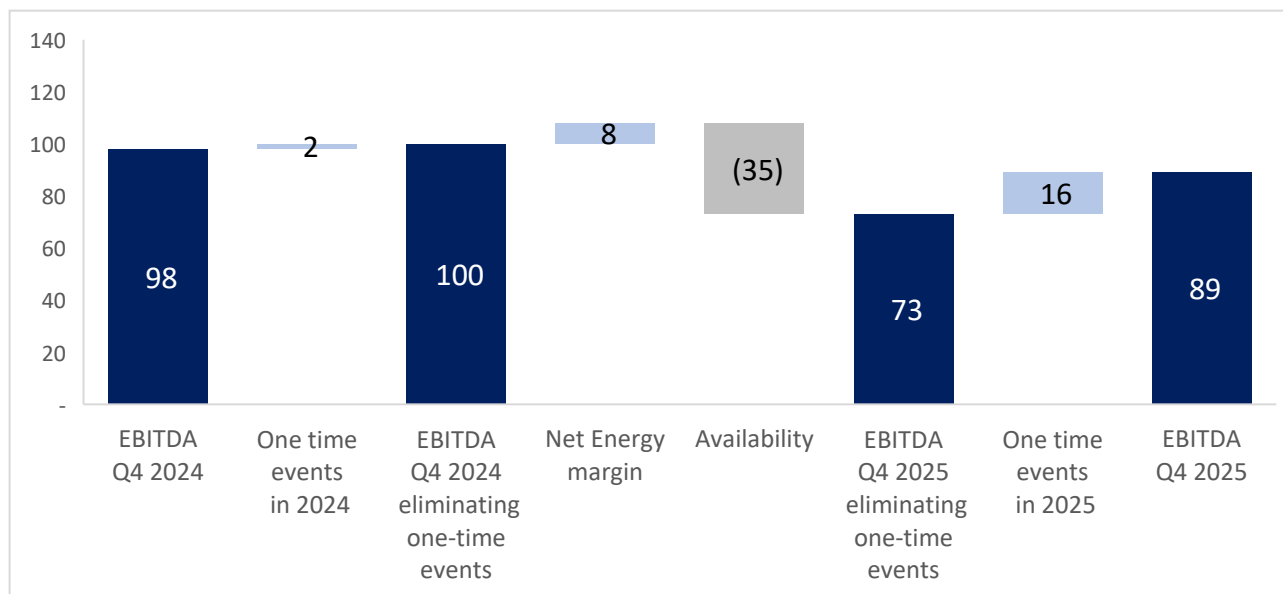
(10) In the fourth quarter of 2025, the consolidated FFO without adjustments for changes in the working capital was about NIS 321 million (in the corresponding period last year – about NIS 94 million).

**OPC Energy Ltd.
Report of the Board of Directors**

5. Analysis of the results of operations for the Three Months Ended December 31, 2025 (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 the Israel segment in the fourth quarter of 2025 compared with the corresponding quarter last year (in NIS millions):



Availability (operational) – mainly in light of performance of planned upgrading and maintenance work at the Rotem power plant in the fourth quarter of 2025 and limitation of the capacity and continued performance of maintenance work at Zomet, as detailed in Section 4C(1) above.

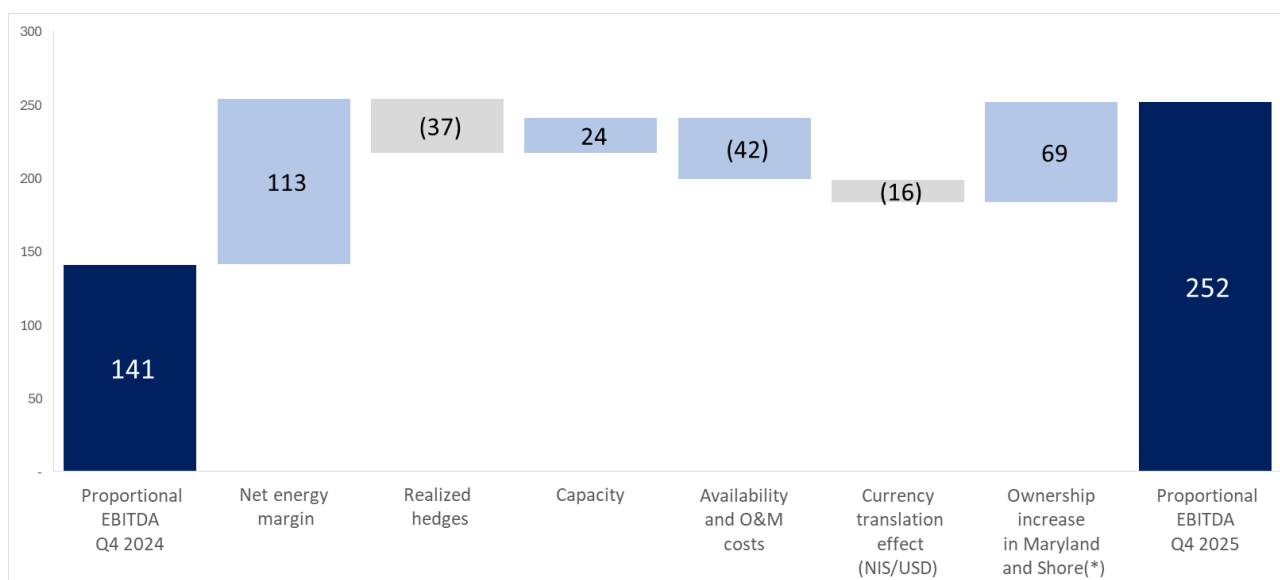
One-time events – in the fourth quarter of 2025, mainly in respect of insurance compensation in respect of lost profits at the Gat and Hadera power plants in respect of prior years.

**OPC Energy Ltd.
Report of the Board of Directors**

5. Analysis of the results of operations for the Three Months Ended December 31, 2025 (in millions of NIS) (Cont.)

D. Analysis of the change in EBITDA after proportionate consolidation – Energy Transition segment in the U.S.

- (1) 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 2025 compared with the corresponding quarter last year (in millions of NIS):



For details – see Section 4D(1) above.

OPC Energy Ltd.
Report of the Board of Directors

5. Analysis of the results of operations for the Three Months Ended December 31, 2025 (in millions of NIS) (Cont.)

D. Analysis of the change in EBITDA after proportionate consolidation – Energy Transition segment in the U.S. (Cont.)

- (2) Analysis of the Group's share in the proportionate EBITDA, FFO (Funds From Operations) 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, 2025	Fairview	Towantic	Maryland*	Shore* (1)	Valley	Three Rivers	Total
Rate of holdings of the CPV Group	25%	26%	75%	89%	50%	10%	
Revenues from sales of energy	44	80	213	150	97	20	604
Cost of natural gas	21	59	81	80	29	11	281
Carbon emissions tax (RGGI)	–	7	28	29	10	–	74
Cost of sales – other expenses (without depreciation and amortization)	1	1	5	4	2	–	13
Gain (loss) on realization of transactions hedging the electricity margins	(2)	(5)	(27)	(1)	(8)	2	(41)
Net energy margin	20	8	72	36	48	11	195
Revenues from capacity payments	9	5	35	42	13	7	111
Other income	–	12	6	6	1	1	26
Gross profit	29	25	113	84	62	19	322
Fixed costs (without depreciation and amortization)	6	8	11	18	31	3	77
Administrative and general expenses (without depreciation and amortization)	1	1	2	3	2	1	10
Income (loss) from revaluation of unrealized hedging transactions	–	1	(1)	–	–	(1)	(1)
Group's share in EBITDA after proportionate consolidation in the Energy Transition segment	22	17	99	63	29	14	244
Group's share in FFO	28	52	112	42	42	18	294
Group's share in free cash flows after service of project debt	(2)207	54	61	20	(1)	21	362

(1) At the Shore power plant – gas transmission costs (totaling in the fourth quarter of 2025 about NIS 12 million) are classified in accordance with IFRS 16 as depreciation expenses and, accordingly, are not included in the EBITDA.

(2) The free cash flows after debt service in Fairview include additional project financing, as part of the financing agreement amendment in the fourth quarter of 2025, as detailed in Section 7A(3) below, which was distributed as a dividend to the project's partners, where the share of the CPV Group amounted to about \$54 million (about NIS 179 million).

(3) The CPV Group's financing agreements include "cash sweep" mechanisms, in 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 for each long-term loan. This mechanism allows for faster repayments if certain events occur and also places restrictions on distributions to shareholders.

* In line with the Company's strategy to gain control over some of the active power plants of the CPV Group, transactions were completed in the fourth quarter of 2024 and in the second quarter of 2025 that led to an increase in the rates of holdings in the Maryland power plant (from 25% to 75%) and the Shore power plant (from 38% to 89%) as at the date of the report and to 100% after the date of the report.

OPC Energy Ltd.
Report of the Board of Directors

5. Analysis of the results of operations for the Three Months Ended December 31, 2025 (in millions of NIS) (Cont.)

D. Analysis of the change in EBITDA after proportionate consolidation – Energy Transition segment in the U.S. (Cont.)

- (2) Analysis of the Group's share in the proportionate EBITDA, FFO (Funds From Operations) 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	(1) Shore	Valley	Three Rivers	Total
Rate of holdings of the CPV Group	25%	26%	75%	68%	50%	10%	
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 EBITDA after proportionate consolidation in the Energy Transition segment	33	46	16	6	33	7	141
Group's share in FFO	16	49	17	14	13	5	114
Group's share in free cash flows after service of project debt	19	27	6	13	(2)	–	63

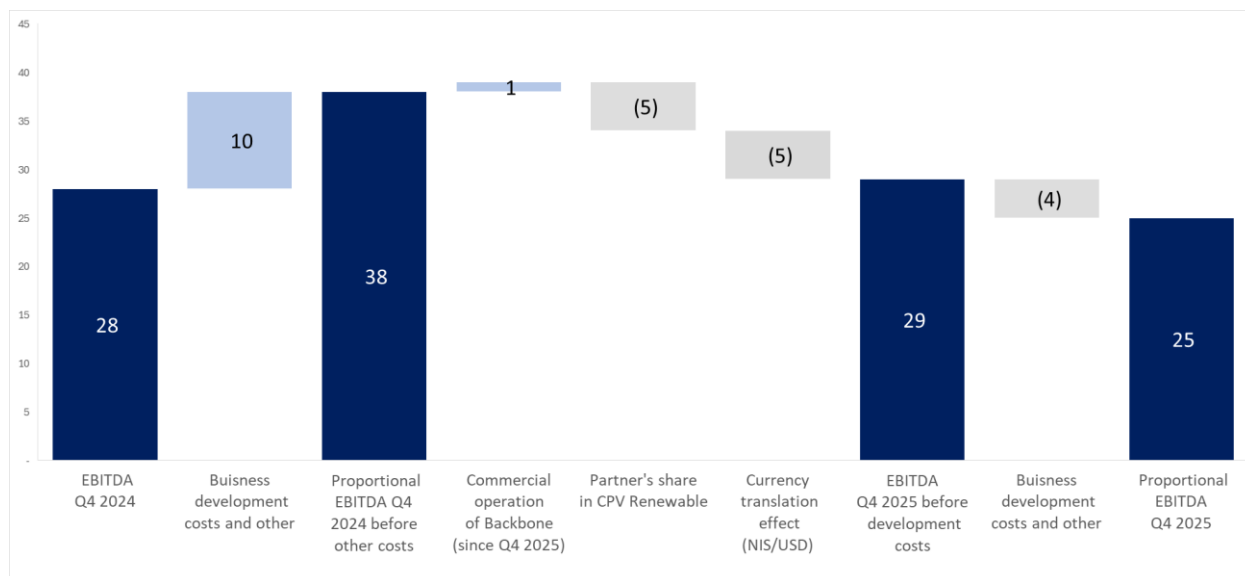
- (1) At the Shore power plant – gas transmission costs (totaling in the fourth quarter of 2024 about NIS 6 million) that are classified in accordance with IFRS 16 as depreciation expenses and, accordingly, are not included in the EBITDA.
- (2) It is noted that the increase in the rates of holdings in the Shore power plant (from about 37.5% to about 68.8%) and in the Maryland power plant (from about 25% to about 75%) in the fourth quarter of 2024, did not have a significant impact on the results of the Energy Transition segment in the U.S. in 2024.

OPC Energy Ltd.
Report of the Board of Directors

5. Analysis of the results of operations for the Three Months Ended December 31, 2025 (in millions of NIS) (Cont.)

E. Renewable energies segment in the U.S.

- (1) 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 2025 compared with the corresponding quarter last year (in millions of NIS):



Entry of a partner in CPV Renewable – as a result of completion of the investment transaction in the area of renewable energies in the U.S. in November 2024, starting from this date this segment's data is calculated on the basis of a proportionate consolidation, where the share of the CPV Group is 66.7%.

Commercial operation of Backbone – in December 2025, construction of the Backbone solar power plant located in the state of Maryland was completed (the PJM market), with an installed capacity of about 179 megawatts and a construction cost that totaled about \$328 million and its commercial operation commenced. The project has an investment agreement with a tax partner, in the amount of about \$120 million, which had been provided in full as at the date of the report. Also, the project has a commercial agreement for sale of about 81% of the energy generated and the renewable energy certificates for 10 years from the commercial operation date. The EBITDA expected in the first full year of the project's operation is estimated at about \$16 million (about NIS 55 million)³⁴.

In addition, in the fourth quarter of 2025 work commenced to expand the project in a scope of an additional 36 megawatts, at an anticipated construction cost of about \$56 million. Completion of the expansion work is expected to take place in 2026. With respect to expansion of the project, there is a binding investment agreement with a tax partner on terms similar to the project's agreement. The EBITDA expected in the first full year of operation of the expansion of the project is estimated at about \$4 million (a NIS 14 million)³⁴.

³⁴ That stated above in connection with the expected commercial operation of the expansion of the Backbone project constitutes "forward-looking" information as it is defined in the Securities Law, regarding which there is no certainty it will materialize. Ultimately, there could be delays and/or breakdowns with respect to completion of the project's construction and operation deriving from, among other things, operating factors, completion of the construction and connection work, technical breakdowns and/or the occurrence of one or more of the risk factors the CPV Group is exposed to. It is noted that a delay in the commercial operation beyond the expected

OPC Energy Ltd.
Report of the Board of Directors

6. Initiation and Construction Projects

A. Israel segment – projects under construction and pipeline projects (held at 100% ownership by OPC Israel³⁵:

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

date, as stated above, could have an unfavorable impact on liabilities to third parties and its entitlement to benefits.

³⁵ That stated in connection with projects that have not yet reached operation, including with reference to the development stages, expected operation/construction date, the anticipated technologies, regulation, quota or commercial format, capacity and project characteristics, undertakings in the project agreements (financing, equipment, construction), receipt of relevant approvals and/or the costs involved in the projects, including the anticipated cost of the investment and costs of agreements, 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 completion of the construction and connection work, assurance of connection to the network and output of electricity from the project sites and/or connection to the infrastructures (including the electricity grid and gas infrastructures), receipt of permits, completion of planning processes and licensing, application of relevant regulation, obtaining a quota and/or formulation of a commercial format, completion of construction work, final costs in respect of development, construction, equipment and acquisition of rights in land, the proper functioning of the equipment, *force majeure* events 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 and/or other changes 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, the War and its impacts), regulatory, licensing or planning risks, environmental factors, macro-economic changes, delays in receipt of permits, delays/problems regarding performance of acceptance tests or assurance of connection to the networks and infrastructures, delays and increased costs due relating to the supply chain, factors relating to main suppliers and financing costs, changes in raw-material prices and etc. For additional details regarding risk factors – see Section 19 of Section A of the Periodic Report. Accordingly, there is no certainty regarding actual execution of development and construction projects (or any of them). It is further clarified that delays in completion of the projects beyond the date originally planned for this or a failure to enter them into operation for whatever reason, involve an increase in costs or loss of expenses and payments (including by force of agreements the projects have signed) and/or 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, consumers, suppliers and others, in connection with the projects, and/or cause a charge for additional costs, payment of compensation (including foreclosure of guarantees or deposits) or starting of proceedings (including under guarantees provided).

OPC Energy Ltd.
Report of the Board of Directors

6. Initiation and Construction Projects (Cont.)

A. Israel segment – projects under construction and pipeline projects (held at 100% ownership by OPC Israel³⁵: (Cont.)

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

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, 2025 (NIS millions)
OPC Sorek 2 Ltd. ("Sorek 2")	Acceptance tests after completion of the construction	≈ 87	On the premises of the Sorek B seawater desalination facility	Powered by natural gas, cogeneration	2026	Yard consumers and the System Operator	³⁶ ≈ 230	≈ 222

The timetables and construction costs of Sorek 2 were negatively impacted by the defense situation and the war in Israel, as detailed in Section 2B above. For additional details – see Section 7.15.1.2 of Part A of the Periodic Report.

Regarding development and construction activities with respect to facilities for generation of electricity located on the yards (premises) of the consumers, as at the approval date of the report, facilities have been operated with an aggregate capacity of about 45 megawatts (of which about 10 megawatts are in various test-run and operation stage) and additional facilities with an aggregate capacity of about 10 megawatts are in various stages of construction with an expectation of commercial operation in 2026. As at the date of the report, the total construction costs of the said capacity (about 55 megawatts) are estimated at about NIS 175³⁷ million. For additional details– see Section 7.3.10 of Part A of the Periodic Report. It is noted that as at the approval date of the report, the Company is carrying on a process wherein it is examining possibilities for sale of the said activities, however a decision has not yet been formulated by the Company regarding this matter, including in connection with the terms of the sale, and there is no certainty regarding the results of this examination, the timing thereof or its conditions.

³⁶ Not including a charge for headquarters costs and financing for the Company and the headquarters in Israel.

³⁷ Not including a charge for headquarters costs and financing.

OPC Energy Ltd.
Report of the Board of Directors

6. Initiation and Construction Projects (Cont.)

A. Israel segment – projects under construction and pipeline projects (held at 100% ownership by OPC Israel³⁵: (Cont.)

2. Main details with reference to projects in the advanced development stage³⁸ in Israel³⁹:

Project	Capacity (megawatts)	Location	Expected construction date	Total expected construction cost	Expected regulation	Additional developments in the project
Ramat Beka (photovoltaic with integrated storage)	About 550 megawatts plus storage capacity estimated at up to about 3,850 megawatt-hours ⁴⁰ .	Local Industrial Council Naot Hovav (the land will be leased from Israel Lands Administration for a period of 24 years and 11 months).	Up to the end of 2026	About NIS 4.3 billion.	Decision No. 71101 – Bilateral Market Regulation for Generation and Storage Facilities Connected to or Integrated in the Transmission Grid Content: From January 1, 2026, renewable energy generation facilities with integrated storage (which are required to comply with a storage capacity to installed generation capacity ratio that does not exceed 7) that will receive tariff approval up to June 1, 2027 or up a total quota of 2,000 megawatts. Main conditions: Signing of capacity transactions with virtual suppliers, which will give the supplier a right to purchase energy at the half-hour market price “SMP” in every hour up to a ceiling of the capacity certificate the supplier acquired from the generator. The capacity stated in the capacity certificate for a renewable energy facility with integrated storage of 4 and 5 hours of unloading, will receive tariff approval as part of the first quota of the regulation, at the rates of 60% and 67%, respectively, up to 2036.	The Company is taking action to sign project agreements (construction, equipment and financing) and to obtain all the required approvals and permits: (1) in March 2025, after receipt of government consent for advancement of a plan for construction of the project by the National Infrastructures Committee, the plan was deposited. In January 2026, the plan was approved by the National Infrastructures Committee and is awaiting final approval which is expected to be received in the upcoming weeks; (2) in December 2024, the Group signed an agreement for supply of solar panels for the project with an international supplier; (3) in January 2026, the Group signed an EPC agreement for a substation and a switching station which were intended to conform the electricity that will be generated in the project to the grid. In addition, the Company is taking action to sign additional project agreements, including an agreement with the construction contractor of the photovoltaic facilities, in an estimated scope of about NIS 500 million; (4) the Group is negotiating with Bank Hapoalim regarding provision of financing for construction of the project; (5) as at the date of the report, the Group paid Israel Lands Authority about NIS 275 million (20% of the total consideration in respect of the main areas), the balance (80%), in the amount of about NIS 1.2 billion is expected to be paid within 90 days from the final approval of the project which, as noted, is expected to be received in the upcoming weeks.

³⁸ Natural gas projects which, in the Company’s estimation, are in a period of up to about two years or up to about three years before the start of construction (taking into account the projects’ characteristics, such as relevant regulation, required regulatory approvals, commercial arrangements for sale of energy from the facility, etc.) are considered projects in advanced development. Renewable energy projects which, in the Company’s estimation, are expected to reach construction within about two years, taking into account, among other things, the relevant regulation, connection to the electricity grid, statutory plans and required regulatory approvals, are considered projects in advanced development.

³⁹ “Forward-looking” information – for details see footnote 35 above.

⁴⁰ As at the approval date of the report, the Company is making a technical feasibility examination along with economic optimization based on the possibility of increasing the solar capacity up to 600 megawatts plus storage capacity estimated at up to 4,200 megawatts per hour. If the said increase is made, the expected cost of the project is about NIS 4.6 billion. **That stated in this table regarding the Ramat Beka project is forward-looking” information – see footnote 35 above.**

**OPC Energy Ltd.
Report of the Board of Directors**

6. Initiation and Construction Projects (Cont.)

A. Israel segment – projects under construction and pipeline projects (held at 100% ownership by OPC Israel³⁵: (Cont.)

2. Main details with reference to projects in the advanced development stage in Israel³³:

Project	Capacity (megawatts)	Location	Expected construction date	Total expected construction cost	Expected regulation	Additional developments in the project
Hadera 2 project (natural gas combined cycle) ⁴¹	About 850 megawatts	Hadera adjacent to the Hadera power plant	Up to the end of 2026	About NIS 4.8 to NIS 5.2 billion.	Decision No. 69407 – Regulation for Conventional Generation Units Content: Four generation units that will reach a financial close up to the end of June 2027 (as at the approval date of the report, 2 units had reported on a financial close in accordance with this regulation, and to the best of the Company's knowledge there are two additional plans that are under consideration for Hadera 2). Main conditions: A capacity tariff was set that will apply for 25 years from the date of the financial close in the following manner: financial close up to June 2026 will receive a capacity tariff of 3.31 agurot, up to December 2026, 3.18 agurot and up to June 2027 3.05 agurot. Sale of energy at the half-hour "SMP" market price, with a future possibility (contingent on regulatory approval) of transition to a model of sale of capacity to virtual suppliers (similar to that stated above with respect to the Ramat Beka project).	The Company is taking action to sign project agreements (construction, equipment and financing) and is advancing the obtaining of all the required approvals and permits (including assurance of connection to the grid): (1) on August 10, 2025, the Israeli government approved National Infrastructure Plan 20B (NIP 20B) (a plan for construction of the Hadera 2 power plant for generation of electricity through use of natural gas); (2) as at the approval date of the report, the Company has signed a binding agreement for supply of equipment with the main equipment supplier for an aggregate consideration constituting about 20% of the project's estimated cost, which is to be paid on payment dates some of which occurred as at the approval date of the report. For details – see Section 7.15.3.1 of Part A of the Periodic Report; (3) the Group is carrying on negotiations with Bank Leumi L'Israel in connection with provision of financing for construction of the project; and (4) the Company is carrying on negotiations with Infinia for acquisition of the rights in the project's lands (and the lands of the Hadera power plant) in exchange for an aggregate consideration of about NIS 450 million – this being in place of the option agreement and the lease agreements, where as at the approval date of the report there is no certainty regarding completion of the said transaction.

For additional information regarding Ramat Beka and the Hadera 2 – see Sections 7.3.12.2 and 7.3.12.1, respectively, of Part A of the Periodic Report.

⁴¹ The information regarding the Hadera 2 project in this table includes "forward-looking" information – for details see footnote 35 above.

**OPC Energy Ltd.
Report of the Board of Directors**

6. Initiation and Construction Projects (Cont.)

A. Israel segment – projects under construction and pipeline projects (held at 100% ownership by OPC Israel³⁵: (Cont.)

3. Main details with reference to projects in the initial development stage⁴² in Israel⁴³:

Project	Technology	Location	Additional details
Intel	Natural gas combined cycle (about 450 to 650 megawatts, in the Company's estimation as at the approval date of the report about 600 megawatts).	Kiryat Gat (land leased from Intel)	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"). The parties are taking action 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 in March 2025 government consent was received for advancement of the plan by the National Infrastructures Planning Board. In addition, the Company is carrying on negotiations with Intel for signing a PPA agreement in connection with the project. As at the approval date of the report, the Company estimates that projected construction cost of the project will be in the range of about NIS 4.0 – 4.5 billion (depending on the size of the project), and subject to completion of the planning and development processes the project is expected to reach the construction stage in the second half of 2027.

⁴² Natural gas projects with respect to which there is a tie to (right in) the land (or that are in the midst of processes for the formulation thereof) and/or government consent has been received for approval of a National Infrastructure Plan and the Group is taking action to obtain the permits and approvals required for their construction, are considered projects in initial development. Renewable energy projects with respect to which the Group has a tie to (right in) the land, and the Group is taking action to obtain the permits and approvals required for their construction, are considered projects in initial development.

⁴³ That stated above and below regarding the Intel project and solar and storage projects with integrated storage includes "forward-looking" information – for details see footnote 35 above.

**OPC Energy Ltd.
Report of the Board of Directors**

6. Initiation and Construction Projects (Cont.)

A. Israel segment – projects under construction and pipeline projects (held at 100% ownership by OPC Israel³⁵: (Cont.)

3. Main details with reference to projects in the initial development stage⁴² in Israel⁴³: (Cont.)

Project	Technology	Location	Additional details
Solar and storage projects with integrated storage	Photovoltaic with integrated storage	Rural areas – kibbutzim and communities	The Company has signed agreements with holders of rights in lands (communities located in the periphery – kibbutzim and joint communities) that hold rights in potential land sites for solar projects with integrated storage. As at the approval date of the report, agreements had been signed for construction of solar facilities estimated at a cumulative about 0.5 gigawatts and about 2,500 megawatts per hour of storage. In August 2025, the government's consent was received for advancement of a plan estimated at about 0.15 gigawatts and about 0.75 gigawatts per hour of storage by the National Infrastructures Planning Board.

For additional details regarding the Intel project and solar projects with integrated storage – see Sections 7.3.12.3 and 7.3.12.4, respectively of Part A of the Periodic Report.

**OPC Energy Ltd.
Report of the Board of Directors**

6. Initiation and Construction Projects (Cont.)

B. Development and construction of natural gas (with potential for carbon capture) in the U.S.⁴⁴:

1. Main details regarding the Basin Ranch power plant that is in the construction stage (which is held as at the approval date of the report at the rate of 100% by the CPV Group (1))⁴⁵

⁴⁴ Projects in the construction and development stage are held at holding rates of 100% or 70% by the CPV Group, where a project that is not wholly owned is developed under joint development agreements with the equipment manufacturer and the partner in some of the projects is GE Vernova, and the CPV Group will also likely sign joint development agreements, as stated, with respect to additional projects. It is noted that potential carbon capture is a separate component that is subject to various development stages than development of the natural-gas power plant and it is not included under the characteristics of the projects below. It is further noted that as at the approval date of the report, there is no certainty regarding development of the carbon capture component or the timing thereof.

The information with respect to projects under construction and development projects of the CPV Group, including regarding the expected commercial structure, the expected date of construction / commercial operation, the expected construction cost, characteristics (including capacity), ownership structure, financial results, entitlement to benefits, and carbon capture potential 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). The information is based on, among other things, the estimates of the CPV Group as at the approval date of the report, regarding which there is no certainty they will be realized and that might not be realized due to various factors, such as: regulatory changes, changes in government/regulatory policies applicable to the projects, as stated, or changes in legislation or regulation (and changes impacting the main suppliers of the projects, and including changes in the area of energy or import tariffs into the U.S. due to the policies of the present administration in the U.S.), delays in receipt of permits, an increase in the construction or financing costs, delays in performance of the construction work and/or technical or operational breakdowns, difficulties or delays in signing an agreement for connection to the grid (including an increase in the connection-related costs) or connection of the project to the transmission or other infrastructures, an increase in costs due to the commercial terms with the main suppliers (such as equipment and the construction contractor), difficulties in signing commercial agreements for sale of the project’s potential revenues, terms of the commercial agreements, conditions in the energy market, unforeseen expenses, macro-economic changes, weather events, delays and an increase in costs relating to supply chains, transport (shipping), increases in raw-material prices, etc. Completion of the projects pursuant to the said estimates is subject to existence of conditions which, as at the approval date of the report, have not yet occurred (in whole or in part) and, therefore, there is no certainty regarding their completion in accordance with that stated (if at all). Delays in the construction or commercial operation could also negatively impact projects, as stated, and the ability of companies in the CPV Group to comply with their obligations to third parties in connection with the project (including with respect to collaterals provided in favor of third parties, as stated (including financiers) and/or loss of payments made in the course of development and construction). For additional details regarding the risk factors involved in the activities of the CPV Group – see Section 8.21 to Part A of the Periodic Report.

⁴⁵ The information presented below, the projected commercial operation date, the expected construction cost, the expected commercial format and signing of hedge agreements, the total senior financing and/or the expected results of the activities for the first full calendar year (revenues, EBITDA, and cash flows after service of the senior debt) constitutes “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 as stated in footnote 44 above. A delay or other difficulties (particularly significant ones) relating to completion of the project in accordance with that stated are expected to have an unfavorable impact on the CPV Group and the Company. See footnote 44 above.

OPC Energy Ltd.
Report of the Board of Directors

6. Initiation and Construction Projects (Cont.)

B. Development and construction of natural gas (with potential for carbon capture) in the U.S.⁴⁴:

1. Main details regarding the Basin Ranch power plant that is in the construction stage (which is held as at the approval date of the report at the rate of 100% by the CPV Group (1))⁴⁵

Project	Capacity (MW)	Location	Expected start of the commercial operation	Expected commercial structure	Regulated market	Total expected construction cost	Total construction cost as at December 31 2025	Total senior financing	Expectation for the first full year of operation	
									EBITDA	Cash flows after service of senior debt
CPV Basin Ranch Holdings, LLC ("Basin Ranch")	1,350	Ward County, Texas	2029	Sale of electricity in the ERCOT market (energy only), where the project is expected to sign commercial agreements to hedge about 75% of the power plant's capacity for a period of 7 years from the commercial operation date ⁴⁶	ERCOT - West	NIS 5.7-6.4 billion (\$1.8-2.0 billion)	NIS 1.1 billion (\$0.36 billion)	≈ NIS 3.5 billion (≈ \$1.1 billion)	≈ NIS 1.0 billion (≈ \$0.275 billion)	≈ NIS 0.9 billion (≈ \$0.25 billion)

- (1) In February 2026, upon completion of a transaction for acquisition of the remaining 30% of the ownership rights in the project from the remaining partner in the project (GE Vernova) and from the date of its completion, the CPV Group holds 100% of the project and it will be consolidated in the Company's financial statements, starting from the first quarter of 2026. The total scope of the transaction is estimated at about \$371 million (about NIS 1.2 billion). This amount includes the shareholders' equity required in respect of the rights being acquired, in the amount of about \$228 million (of which the amount of about NIS 58 million was paid as an advance deposit on the signing date of the agreement in October 2025), performance guarantees, in the amount of about \$63 million, and the balance, in the amount of about \$80 million, that is to be paid to the seller in four equal annual payments in 2026–2029. The sources for completion of the transaction included debt granted directly to the CPV Group by Bank Leumi, in the amount of about \$130 million (for details – see Section 7A(9) below), frameworks for letters of credit provided, in the amount of about \$63 million and a combination of cash from the activities of the CPV Group and investment of capital by the partners (stakeholders) in the CPV Group.
- (2) For additional details regarding provision of sources for the project's financial close in October 2025 – see Section 7A(8) below.

⁴⁶ As at the approval date of the report, hedging of the exposure to market prices is expected by means of: gas agreements of the Netback type (which includes a pricing mechanism whereby the gas price paid by the generator of the electricity derives from the electricity price) and agreements for sale of electricity at a fixed price. In addition, as at the approval date of the report, a substantial portion of the agreements has been signed and some of them are expected to be signed up to the commercial operation date.

**OPC Energy Ltd.
Report of the Board of Directors**

6. Initiation and Construction Projects (Cont.)

B. Development and construction of natural gas (with potential for carbon capture) in the U.S.⁴⁴:

2. Set forth below is a summary of the pipeline (awaiting) natural gas project with carbon capture potential in the U.S.⁴⁷, as at the approval date of the report⁴⁸:

Project	Location	Regulated market	Status	Capacity (megawatts)	Rate of holdings	Share of the CPV Group
Shay (1)	West Virginia	PJM	Initial	2,100	70%	1,470
Oregon	Ohio	PJM	Initial	1,475	100%	1,475
Walker	Ohio	PJM	Initial	1,450	100%	1,450
Total				5,025		4,395

- (1) Pursuant to the Group's strategy, advancement of natural-gas projects with carbon capture potential is continuing with the goal of meeting the anticipated increase in electricity demand and maintaining grid reliability, while focusing on, at this stage, the Shay project. As at the approval date of the report, the CPV Group has accelerated its advancement of the project's development, including the processes for licensing and PJM grid interconnection, and has secured significant equipment. In this regard, the CPV Group has signed an agreement for major electrical equipment and is expected to enter into a turbine (slot) reservation agreement with global equipment suppliers (which is also a partner in the project). These undertakings (agreements) include payment of non-refundable advance deposits, in the total amount of millions of dollars. In the estimation of the CPV Group, the initial estimate of the cost of the power plant (100%) is about \$4 billion⁴⁹. In addition, possible commercial and regulatory formats are being considered, including "Gas Net Back" arrangements, subsidized financing plans and regulatory initiations for encouraging the increase available capacity in the PJM market, to the extent they will be applicable, as detailed in Section 3C above. At this stage, the said alternatives are in the examination stage, some of which merely preliminary examination, and there is no certainty regarding the manner of their implementation or their feasibility. The Group intends to advance commencement of construction of the project, subject to completion of all the development processes, particularly finalizing the commercial format, within a period of about two years⁵⁰.

⁴⁷ The information stated above regarding the projects in the development stage of the CPV Group, the scope thereof and their additional characteristics, such as, carbon capture potential and the stages of development of the project constitute "forward-looking" information as it is defined in the Securities Law, and regarding which there is no certainty it will be realized, including due to the stages of development that have not yet been completed (as described in Section 10.8A of Part A of the Periodic Report) and/or a lack of certainty regarding the feasibility of assimilating the carbon capture technology in the development projects of the CPV Group and/or relevant costs. In addition, advancement of the projects, as stated, is subject to uncertainty and conditions, as noted in footnote 44 above.

⁴⁸ In general, regarding natural gas with future carbon capture potential, the CPV Group views projects that have an expectation of connection to the grid within three years and a commercial format has been formulated for the project, as projects in the advanced development stage, and projects for which a tie to (a right in) the land exists and there is an expectation of an agreement for connection to the grid of more than three years or a connection expectation has not yet been formulated, as projects in the initial stage.

That stated regarding the stage of development is impacted by, among other things, the scope of the project, its location, the anticipated activity market, the relevant ISO, regulation and policies of the federal and local governments, and could change based on a given project's specific characteristics, as well as due to the project's relevant external circumstances.

⁴⁹ Not including financing expenses in the construction period.

⁵⁰ That stated regarding the Shay project, including in connection with an expected undertaking in an agreement for reserving generation capacity, constitutes "forward-looking" information, regarding which there is no certainty it will materialize. For details – see footnote 44 above. As at the approval date of the report, there is no certainty regarding fulfillment of the conditions for advancement of the project.

OPC Energy Ltd.
Report of the Board of Directors

6. Initiation and Construction Projects (Cont.)

C. Renewable energies segment in the U.S. – projects under construction and development projects (100% held by CPV Renewable which is held at the rate of 66.7% by the CPV Group⁵¹:

1. Main details regarding a project under construction using wind technology (the data presented in the table below are in respect of 100% of each project)⁵²:

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, 2025 (NIS millions)	Expectation for a first full calendar year in the period of the PPA agreements		
									Revenues ³⁶ (NIS millions)	EBITDA ⁵³ (NIS millions)	Cash flows after tax partner (NIS millions)
CPV Rogues Wind, LLC ("Rogues")	114	Pennsylvania	2026	Long-term PPA ⁵⁴ (including green certificates)	PJM MAAC	≈ 1,164 (≈ \$365 million)	≈ 520 (≈ \$163 million) ⁵⁵	≈ 962 (≈ \$302 million)	≈ 82 (≈ \$24 million)	≈ 63 (≈ \$18 million)	≈ 51 (≈ \$15 million)

⁵¹ For details regarding expansion of the Backbone project, which is in the construction stage – see Section 5E.

⁵² 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, 2025 – \$1 = NIS 3.19. **The information presented below in this report regarding projects under construction and development, including with respect to the expected commercial structure, the projected commercial operation date, the expected construction cost, an undertaking with a tax partner (if relevant) 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, as applicable) 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's policies), 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 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, if at all. Construction delays could even impact the ability to comply with liabilities of the project and the CPV Group to third parties in connection with the projects (including based on guarantees provided in favor of those third parties) or to detract from the entitlement to tax benefits or to trigger forfeiture of guarantees and advance payments.**

⁵³ It is clarified that the expected revenues and the EBITDA presented in the above table do not include the tax benefits, even though the project is expected to comply with conditions for their receipt.

⁵⁴ In April 2021, the project signed an agreement for sale of all the electricity (as amended from time to time) and the environmental consideration (including Renewable Energy Certificates (RECs), benefits relating to availability and accompanying services), the terms of which were improved in 2024. 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.

⁵⁵ 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. In August 2025, the CPV Group signed 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) on terms that are customary for agreements of this type (including provision of a guarantee by the CPV Group for certain liabilities).

OPC Energy Ltd.
Report of the Board of Directors

6. Initiation and Construction Projects (Cont.)

- C. Renewable energies segment in the U.S. – projects under construction and development projects (100% held by CPV Renewable which is held at the rate of 66.7% by the CPV Group⁵¹:

2. Set forth below is a summary of the scope of the pipeline projects (in megawatts) in the United States as at the approval date of the report⁵⁶.

Renewable energy	Advanced development⁵⁷	Initial development	Total
PJM market			
Solar	70	1,540	1,610
Wind	–	130	130
Total PJM market (2)	70	1,670	1,740
Other markets			
Solar	240	1,050	1,290
Wind	–	1,200	1,200
Total other markets	240	2,250	2,490
Total renewable energy (1)	310	3,920	4,230
Share of the CPV Group (66.67%)	205	2,610	2,815

⁵⁶ The information presented in the report regarding the backlog (pipeline) of development projects of the CPV Group, including with respect to the scope of the backlog, status of the projects and/or their characteristics (capacity, technology, integration possibilities with carbon capture potential, expected construction date, etc.), and assessments regarding entitlement to benefits and/or potential compliance with the safe harbor rules, constitutes “forward-looking” information as it is defined in the Securities Law. For details – see footnote 55 above.

⁵⁷ In general, in the area of renewable energies, the CPV Group views projects that in its estimation are in a period of up to two 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) – this being based on the expectation of a connection agreement to the grid within two to three years depending on the status of the connection request and assessment of the viability (commercial/project etc.) of reaching construction within two years. Also, the CPV Group views projects wherein there is a tie to (a right in) the land together with an expectation of connection to the grid of more than two years or where a connection agreement has not yet been formulated and the CPV Group is taking action to advance the approvals required for construction of the project, as projects in the initial development stage.

That stated regarding the development stage is impacted by, among other things, potential compliance with the safe harbor rules under the legislation in the U.S. (including additional regulatory changes and stricter regulations applying to renewable energy), 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 additional regulatory circumstances. In general, projects that are designated to operate in the PJM market could be impacted by the connection processes as described in Section 8.1.2.1(A) of Part A to the Periodic Report for 2024, and their progress could be delayed as a result of these proposed processes. 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.

**OPC Energy Ltd.
Report of the Board of Directors**

6. Initiation and Construction Projects (Cont.)

C. Renewable energies segment in the U.S. – projects under construction and development projects (100% held by CPV Renewable which is held at the rate of 66.7% by the CPV Group: (Cont.)

2. Set forth below is a summary of the scope of the pipeline projects (in megawatts) in the United States as at the approval date of the report⁵⁶. (Cont.)
 - (1) As at the approval date of the report, all the advanced development projects and certain projects in the initial development, with an aggregate scope of about 1.9 gigawatts (in terms of 100% – the share of the CPV Group is about 1.3 gigawatts), are expected to comply with the Safe Harbor rules (lenient threshold conditions that must be complied with in order to receive the tax benefits, ITC and PTC). As at the approval date of the report, the CPV Group has invested and is expected to make additional investments in an aggregate scope estimated at tens of millions of dollars in the said projects, particularly procurement of equipment. For additional details regarding the policies of the U.S. government with respect to renewable energies and legislation of the “One Big Beautiful Bill” law in the U.S., which gradually cancels the tax benefits and provides directives and dates and in connection with the Safe Harbor rules – see Section 3D above.
 - (2) It is noted that the process with respect to requests for connection to the grid in the PJM market (Interconnection Queue), which constitutes a significant milestone in a project’s development stages, lengthy can be and could continue on average 2–3 years, and in the estimation of the CPV Group delays in this process have occurred and may continue to cause delays in the timetables for development of certain projects, taking into account, among other things, the required costs for upgrading the network and their position in the connection process and in the costs of the connection process in a case where upgrades are necessary⁵⁸.

⁵⁸ That stated above in connection with the impacts of the processes with respect to the connection agreements of PJM on the projects of the CPV Group, includes “forward-looking” information as it is defined in the Securities Law. For details – see footnote 55 above.

OPC Energy Ltd.
Report of the Board of Directors

7. Adjusted financial debt, net

A. Compositions of the adjusted financial debt, net⁵⁹

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.

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

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

<u>As at December 31, 2025⁽¹⁾⁽²⁾</u>	<u>As at December 31, 2024⁽³⁾</u>
2.9	5.2

(1) After elimination of debt under construction in respect of the Basin Ranch power plant in the U.S. of about NIS 231 million, and for the Rogues Wind project, in the amount of about NIS 245 million, as detailed in the following table. With reference to the Backbone project, the construction of which has been completed and acquisition of additional holdings in the Shore power plant in the U.S. in 2025, the representative EBITDA was calculated as follows: Shore based on the rate of holdings as at the date of the report with respect to the actual results in 2025; and Backbone based on the representative EBITDA for the first full year of operation.

(2) As at December 31, 2025, the adjusted financial debt, net, includes a cash balance of about NIS 2,261 million, in the headquarters company, as detailed in the following table, the source of which is, among other things, issuances of capital made during 2025 that are being used for financing of part of the shareholders’ equity required for construction of the Basin Ranch power plant, as well as for continued growth and development of the Company’s business.

(3) 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 segment in the U.S. (“the Additional Acquisitions”) and regarding loss of control in the Renewable Energies segment (“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.

⁵⁹ It is clarified that these are indices that are not defined in accordance with IFRS and are not audited, however Company management believes that they are capable of assisting investors in understating the Company’s financial position and its results. It is noted that different companies are likely to define these indices differently.

OPC Energy Ltd.
Report of the Board of Directors

7. 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, 2025 (in millions of NIS)⁶⁰:

Name of project	Method of presentation in the Company's financial statements	Gross debt			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
		Debt (including interest payable and deferred expenses)	Weighted-average interest rate	Final repayment date of the loan			
Hadera	Consolidated	548	4.9%	2037	68	41	439
Headquarters and others in Israel (2)	Consolidated	2,300	6.3%–6.4%	2033	220	–	2,080
Total Israel		2,848	6.1%		288	41	2,519
Active renewable energy projects	Associated (66.7%)	502	5.3%	2026–2030	12	4	486
Financing of construction of Rogues Wind	Associated (66.7%)	249	5.1%	2029	2	2	245
Renewable energies headquarters	Associated (66.7%)	–	–		85	–	(85)
Total renewable energy		751	5.3%		99	6	646
Fairview (3) (Cash Sweep 32%)	Associated (25%)	539	6.2%	2030–2031	13	(1)	527
Towantic (Cash Sweep 8%)	Associated (26%)	179	7.9%	2029	30	(3)	152
Maryland (4) (Cash Sweep 53%)	Associated (75%)	625	5.8%	2028	62	3	560
Shore (5) (Cash Sweep 96%)	Associated (89%)	821	7.8%	2030–2032	7	(5)	819
Valley (6) (Cash Sweep 100%)	Associated (50%)	459	9.8%	May 2026	101	–	358
Three Rivers (Cash Sweep 37%)	Associated (10%)	202	5.2%	2028	15	8	179
Total energy transition (7)		2,825	7.2%		228	2	2,595
Basin Ranch loan (8) TEF	Associated (70%)	421	3.0%	2045	190	–	231
Headquarters and others – U.S. (9)	Consolidated	489	7.1%	2032	886	–	(397)
Total U.S.		4,486			1,403	8	3,075
Total energy headquarters (11)		1,890	2.5%–6.2% (weighted-average 3.1%)	2028–2034	2,261	–	(371)
Total		9,224			3,952	49	5,223

- (1) Includes restricted cash, in the amount of about NIS 40 million in Hadera, about NIS 157 million in the Energy Transition segment and about NIS 482 million in the headquarters in the U.S. designated for the construction of the Basin Ranch power plant.
- (2) For details regarding an undertaking in financing agreements with additional entities in 2025 for provision of loans in the cumulative amount of NIS 700 million on terms similar to the financing agreements of the prior entities – see Note 14B(1) to the Financial Statements.
- (3) In February 2025, Fairview's financing agreement was amended such that the interest margin on the long-term loan was reduced from 3.5% to 3.0%. In October 2025, the financing agreement was amended again such that the long-term loan principal (Term Loan B) increased from about \$491 million to about \$700 million (the share of the CPV increased from about \$52 million (NIS 172 million)) and the interest margin on the loan was reduced from 3.0% to 2.5%. Upon completion of the transaction, the amount of about \$217 million (NIS 717 million) was distributed as a dividend to the partners holding the project, where the share of the CPV is about \$54 million (NIS 179 million).
- (4) In March 2025, Maryland's financing agreement was amended, such that the interest-rate margin on the long-term loan was reduced from 3.75% to 3.25%.

⁶⁰ In addition, the Group has a liability to holders of non-controlling interests, the balance of which as at December 31, 2025 is about NIS 440 million.

OPC Energy Ltd.
Report of the Board of Directors

7. Adjusted financial debt, net (Cont.)

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

- (5) On February 4, 2025, Shore completed an undertaking in a new financing agreement in the framework of which the interest margin on the long-term loan was updated to 3.75% and for purposes of its completion, the amount of about \$80 million (NIS 286 million) was granted to Shore by all of its equity holders (CPV's share – about \$72 million).
- (6) Subsequent to the date of the report, in February 2026, Valley completed an undertaking in a new financing agreement, wherein the interest margin on the loan was significantly reduced to 2.75% and the Cash Sweep rate was updated from 100% to a gradual mechanism based on a leverage ratio, such that if the leverage ratio declines, the Cash Sweep rate will be gradually reduced from a rate of 75% to 50% and down to a rate of 25%. Upon completion of the new financing agreement in the aggregate amount of about \$425 million (of which about \$325 million is in respect of a long-term Term Loan), about \$100 million was used for repayment of shareholders' loans and distribution of dividends, where the share of the CPV Group is about \$50 million.
- (7) The rate (%) of the Cash Sweep mechanism is in accordance with the estimate of the CPV Group and it could change from time to time based on the provisions of the financing agreements of the projects.
- (8) On October 28, 2025, an agreement was signed and entered into effect for financing the Basin Ranch power plant with Texas Energy Fund (TEF), whereby debt will be provided in the aggregate amount of about \$1.1 billion (about NIS 3.5 billion), where the amount of the debt presented in the table above represents the balance that has been withdrawn as at the date of the report (for details – see Note 14B(4) to the financial statements. It is noted that pursuant to the terms of the TEF loan, on the date of the financial close the CPV Group provided a commitment for the shareholders' equity required for the project (proportionately (pro rata) to the holdings on the date of the financial close), in the aggregate cash amount of about \$470 million, of which about \$300 million was provided by means of a loan from Bank Leumi and about \$170 million (which includes recognition of development investments and payments made prior to the financial close in the amount of about \$67 million), was provided by the Company by means of a bridge loan for equity with reference to the balance of the amount required. Subsequent to the date of the report, upon completion of the process of investment in equity together with the additional limited partners that are stakeholders in the CPV Group, the bridge loan was converted into equity. The Company used part of the monies raised in the equity issuance made in June 2025 for this purpose.
- In addition, additional collaterals relating to the project were provided by the holders of the rights in the project as part of the financial closing of the TEF loan, where as at the approval date of the report the share of the CPV Group in the said collaterals was provided by means of letters of credit, in the amount of about \$232 million (upon completion of acquisition of the share of the partner in the project, as detailed in Section 6B(1) above).
- (9) In October 2025, the CPV Group signed an agreement for financing part of the shareholders' equity provided for construction of the Basin Ranch power plant, in the amount of about \$300 million, which was increased in February 2026 (upon completion of acquisition of the partner in the project), to the aggregate amount of about \$430 million. For additional details – see Note 14B(3) to the financial statements.
- (10) As part of some of the financing agreements, financial covenants were determined for the projects. As at the date of the report, all the companies in the Group (including the associated companies) are in compliance with all the financial covenants. For additional details regarding financial covenants of the subsidiaries – see Note 14B(7) to the financial statements.
- (11) Includes balances of debt and cash in the Company and cash in ICG Energy Inc.
- (12) On September 30, 2025, the Company made partial early repayment (debt prepayment), in the amount of about NIS 256 million, of the par value of the debentures (Series B). The amount of the redemption in respect of the partial early repayment (debt prepayment), including linkage differences, is about NIS 302 million.
- (13) In November 2025, the Company made an expansion of the debentures (Series D), in the amount of about NIS 458 million par value. The proceeds from the issuance amounted to about NIS 500 million (gross), which was designated for purposes of refinancing existing debts and current business activities.
- (14) As at the approval date of the report, the Company is examining the possibility of taking out additional long-term debt, as well as refinancing (including early redemption) and existing long-term debt to extend the weighted average maturity. As at the approval date of the report, there is no certainty regarding the above, the timing thereof or its terms, which are subject to market conditions and the discretion of the Company's competent organs.

OPC Energy Ltd.
Report of the Board of Directors

7. 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, 2024 (in millions of NIS):

	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
Hadera	Consolidated	585	72	44	469
Headquarters and others – Israel	Consolidated	1,649	16	–	1,633
Total Israel		2,234	88	44	2,102
Active renewable energy projects	Associated (66.7%)	323	5	16	302
Financing construction of renewable energy projects	Associated (66.7%)	426	69	9	348
Renewable energies headquarters	Associated (66.7%)	–	216	–	(216)
Total renewable energy		749	290	25	434
Fairview	Associated (25%)	482	–	2	480
Towantic	Associated (26%)	215	9	(1)	207
Maryland	Associated (75%)	891	80	15	796
Shore	Associated (69%)	1,114	235	–	879
Valley	Associated (50%)	686	104	–	582
Three Rivers	Associated (10%)	252	14	17	221
Total energy transition		3,640	442	33	3,165
Headquarters and others – U.S.	Consolidated	–	264	–	(264)
Total U.S.		4,389	996	58	3,335
Total Energy headquarters		1,891	664	–	1,227
Total		8,514	1,748	102	6,664

B. 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 details regarding the covenants for violation, relating to significant loans and debentures – see Notes 14B(6) and 15C to the financial statements⁶¹.

In May 2025, Midroog determined an initial rating of A1.il with a stable rating outlook for the Company and its debentures (Series B, C and D). In addition, in May 2025, S&P Maalot raised the Company's credit rating to ilA with a stable rating outlook and of its debentures to ilA+, due to an improvement in the business profile and the financial ratios.

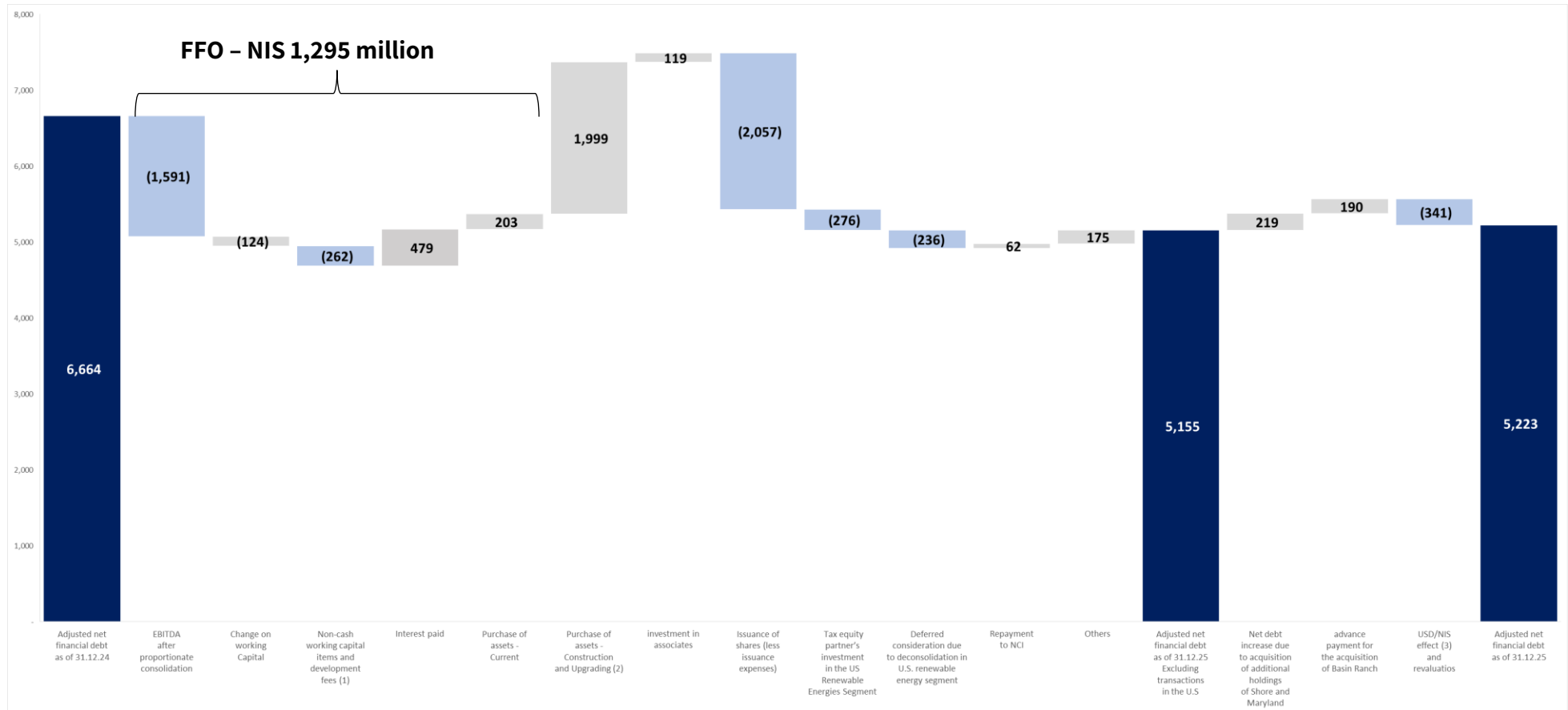
⁶¹ For a description of the main provisions of material loans of the Company and the investee companies – see Note 14 to the annual Financial Statements.

---Unofficial translation for convenience purposes---

**OPC Energy Ltd.
Report of the Board of Directors**

7. Adjusted financial debt, net (Cont.)

Movement in the adjusted financial debt, net, for the period ended December 31, 2025 (in NIS millions):



- (1) Includes mainly adjustments in respect of the fair value of the profit participation plan for employees of the CPV Group, in the amount of about NIS 141 million, where the date of its payment is in the first quarter of 2026, as detailed in Section 4B above.
- (2) Includes an amount of about NIS 68 million for upgrade works carried out at the Rotem power plant in the fourth quarter of 2025, as detailed in Section 4C(1) above.
- (3) Mainly in respect of translation of the net financial debt of the U.S., which is denominated in dollars, into shekels.

OPC Energy Ltd.
Report of the Board of Directors

8. Financial Position as at December 31, 2025 (in millions of NIS)

Category	12/31/2025	12/31/2024	Board's Explanations
Current Assets			
Cash and cash equivalents	2,913	962	For details – see Section 9 below.
Trade receivables	437	293	An increase, in the amount of about NIS 68 million, stems from an increase in the balances of receivables from customers in Israel mainly due to an increase in customer consumption, an increase in the tariff for infrastructure services and an increase in the balances of receivables from customers in the U.S., in the amount of about NIS 76 million, mainly due to an increase in sales of electricity (Retail).
Receivables and debit balances	206	90	An increase, in the amount of about NIS 110 million, stems from reclassification of a short-term loan to Valley. The balance of the loan was paid after the date of the report as part of the refinancing of Valley.
Total current assets	3,556	1,345	

OPC Energy Ltd.
Report of the Board of Directors

8. Financial Position as at December 31, 2025 (in millions of NIS) (Cont.)

Category	12/31/2025	12/31/2024	Board's Explanations
Non-Current Assets			
Long-term deposits and restricted cash	522	60	Most of the increase stems from deposit of restricted cash designated for construction of the Basin Ranch power plant. For additional details – see Section 6B(1) above.
Long-term receivables and debit balances	377	162	Most of the increase, in the amount of about NIS 201 million, stems from an advance deposit in respect of acquisition of the remaining interest (30%) in the Basin Ranch power plant, an increase, in the amount of about NIS 121 million, relating to the balance of the development fees receivable from the Basin Ranch power plant. On the other hand, there was a decrease of about NIS 110 million from reclassification of a subordinated loan to Valley from long-term to short-term.
Investments in associated companies	5,186	5,320	Most of the decrease derives from a decline in shekel/dollar exchange rate, in the amount of about NIS 713 million, dividends distributed to the CPV Group by associated companies, in the amount of about NIS 482 million, and an other comprehensive loss from associated companies, in the amount of about NIS 265 million, stemming mainly from transactions hedging the electricity margins. The said decrease was offset by an investment in Shore, in the amount of about NIS 318 million, for purposes of refinancing the project debt, an investment in the Basin Ranch power plant, in the amount of about NIS 641 million, and the income of associated companies, in the amount of about NIS 523 million. For additional details regarding the results of associated companies – see Sections 4D and 4E above.
Long-term derivative financial instruments	42	44	
Property, plant and equipment	4,402	4,238	Most of the increase stems from an increase, in the amount of about NIS 363 million, in respect of investments in Israel. On the other hand there was a decrease of about NIS 214 million deriving from depreciation expenses.
Right-of use assets and long-term deferred expenses	636	637	
Intangible assets	266	261	
Total non-current assets	11,431	10,722	
Total assets	14,987	12,067	

OPC Energy Ltd.
Report of the Board of Directors

8. Financial Position as at December 31, 2025 (in millions of NIS) (Cont.)

Category	12/31/2025	12/31/2024	Board's Explanations
Current Liabilities			
Loans and credit from banks and financial institutions (including current maturities)	131	82	Most of the increase stems from update of the current maturities of the loans of OPC Israel.
Current maturities of debt from holders of non-controlling interests	—	14	
Current maturities of debentures	244	212	
Trade payables	404	213	Most of the increase stems from an increase in the balance with the System Operator deriving mostly from timing differences and seasonality and a rise in the tariff for infrastructure services.
Payables and other credit balances	369	123	Most of the increase, in the amount of about NIS 220 million, stems from reclassification of current maturities of liabilities in respect of a profit participation plan for employees of the CPV Group and due to an increase in the said liability as a result of an increase in the fair value of the plan.
Total current liabilities	1,148	644	

OPC Energy Ltd.
Report of the Board of Directors

8. Financial Position as at December 31, 2025 (in millions of NIS) (Cont.)

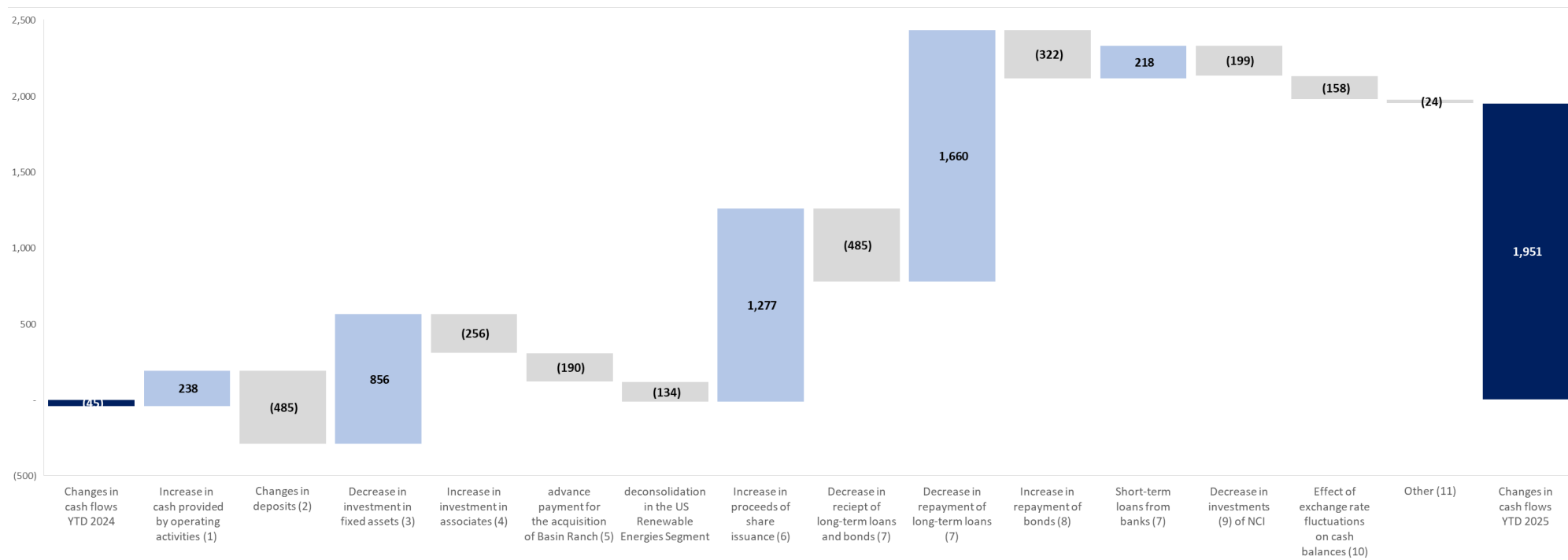
Category	12/31/2025	12/31/2024	Board's Explanations
Non-Current Liabilities			
Long-term loans from banks and financial institutions	3,203	2,150	Most of the increase derives from taking out a loan, in the amount of NIS 700 million, in OPC Israel in the period of the report and a loan taken out from Bank Leumi by the CPV Group, in the amount of about NIS 495 million (about \$150 million) for financing the Basin Ranch power plant.
Long-term debt from holders of non-controlling interests	440	500	Most of the decrease in the amount of about NIS 60 million, stems from repayment of loans from holders of non-controlling interests in OPC Israel.
Debentures	1,626	1,663	Most of the decrease, in the amount of about NIS 515 million, derives from repayment of debentures, including a partial early repayment, in the amount of about NIS 302 million of the debentures (Series B). On the other hand, there was an increase of about NIS 500 million (gross) stemming from expansion of the debentures (Series D).
Long-term lease liabilities	21	31	
Long-term derivative financial instruments	3	—	
Other long-term liabilities	15	115	See explanation in the “other payables and credit balances” section above.
Liabilities for deferred taxes	524	543	
Total non-current liabilities	5,832	5,002	
Total liabilities	6,980	5,646	
Total equity	8,007	6,421	Most of the increase stems from issuance of shares, net, in the amount of about NIS 2,057 million, and the net income, in the amount of about NIS 457 million. On the other hand, there was a decrease as the result of an other comprehensive loss, in the amount of about NIS 926 million (deriving mainly from a sharp decline in a translation reserve shekel/dollar exchange rate).

---Unofficial translation for convenience purposes---

OPC Energy Ltd.
Report of the Board of Directors

9. 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):



OPC Energy Ltd.
Report of the Board of Directors

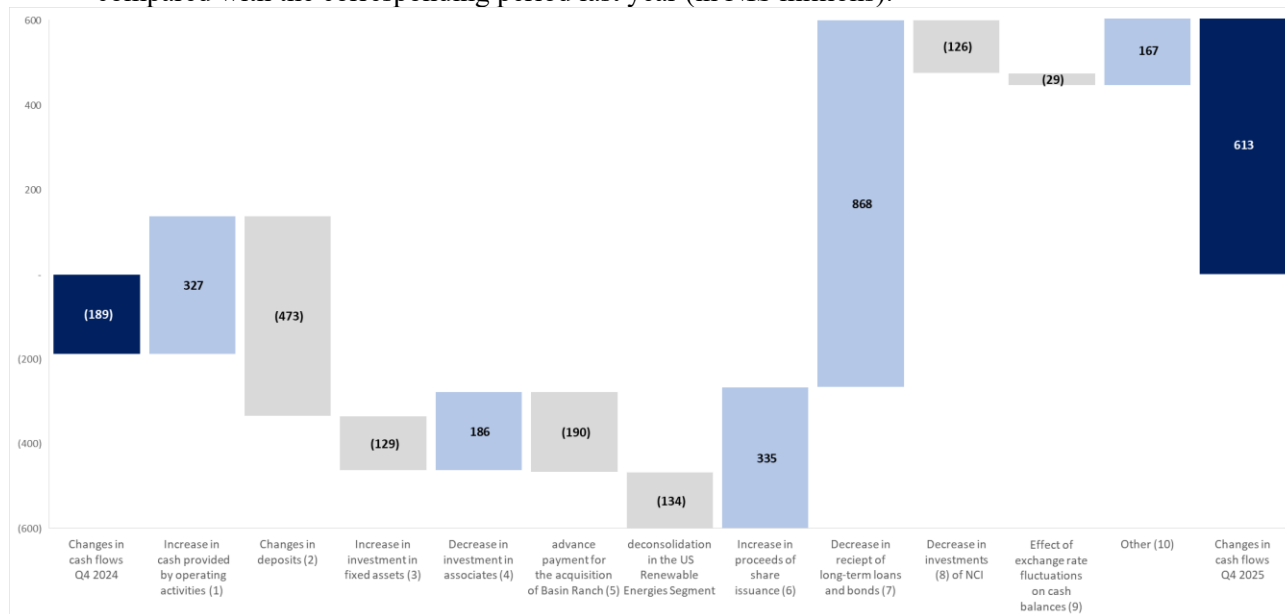
9. Liquidity and sources of financing (Cont.)

- (1) Most of the increase in the cash flows provided by operating activities stems from an increase in dividends from associated companies in the U.S., in the amount of about NIS 99 million, a decrease, in the amount of about NIS 52 million, in the tax payments, mainly as a result of transition to the equity method of accounting in CPV Renewable in the corresponding period last year, and a receipt in respect of development fees from the Basin Ranch power plant, in the amount of about NIS 92 million (about \$29 million).
- (2) Most of the increase derives from deposit of restricted cash designated for construction of the Basin Ranch power plant. For additional details regarding the project – see Section 6B(1) above.
- (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.
- (4) Most of the increase stems from: (A) an increase in the rate of holdings in the Shore Power plant and an additional investment in the Shore power plant in the period of the report as part of a refinancing executed in February 2025; (B) investments in the Basin Ranch power plant; and (C) acquisition of additional rights in the Shore and Maryland power plants, in the corresponding period last year.
- (5) For additional details regarding acquisition of the remaining interest in the Basin Ranch power plant – see Section 6B(1) above.
- (6) For additional details regarding an issuance of shares in the period of the report and in the corresponding period last year – see Note 18B to the financial statements.
- (7) For additional details – see Notes 14 and 15 to the financial statements.
- (8) For additional details regarding a partial early redemption (prepayment) of the debentures (Series B) – see Note 15 to the financial statements.
- (9) The decline stems from a decrease in the investments of the non-controlling interests in the U.S. and repayment of loans to non-controlling interests in Israel. For additional details – see Note 23D and 23A(3) to the financial statements.
- (10) The decrease stems mainly from the impact of the sharp decline in the shekel/dollar exchange rate on the balances of the cash and cash equivalents in the period of the report.
- (11) Includes mainly: (A) interest paid, in the amount of about NIS 47 million, and a decrease in the investments of the tax partner, in the amount of about NIS 152 million – this being due to the exit of CPV Renewable from the consolidation in the fourth quarter of 2024; and (B) an increase in receipts due to repayment of partnership capital, in the amount of about NIS 52 million.

OPC Energy Ltd.
Report of the Board of Directors

9. Liquidity and sources of financing (Cont.)

Set forth below is an analysis of significant changes in the cash flows in the fourth quarter of 2025 compared with the corresponding period last year (in NIS millions):



- (1) Most of the increase in the cash flows provided by operating activities stems from an increase in the cash-basis income, in the amount of about NIS 83 million, an increase in dividends from associated companies in the U.S., in the amount of about NIS 101 million and, on the other hand, a decrease, in the amount of about NIS 56 million, in the tax payments, mainly as a result of transition to the equity method of accounting for CPV Renewable in the corresponding period last year and a receipt in respect of initiation and development fees from the Basin Ranch power plant, in the amount of about NIS 92 million (about \$29 million).
- (2) Most of the increase derives from deposit of restricted cash designated for construction of the Basin Ranch power plant. For additional details regarding the project – see Section 6B(1) above.
- (3) Most of the increase stems from an increase in investments in Israel (particularly upgrading and maintenance work performed at the Rotem power plant in the fourth quarter of 2025 and advance payment in respect of main equipment of Hadera 2).
- (4) Most of the decrease stems from acquisition of additional rights in the Shore and Maryland power plants in the corresponding quarter last year and, on the other hand, investments in the Basin Ranch power plant in the fourth quarter of 2025.
- (5) For additional details regarding acquisition of the remaining interest in the Basin Ranch power plant – see Section 6B(1) above.
- (6) For additional details regarding an issuance of shares in the fourth quarter of 2025 – see Note 18B to the financial statements.
- (7) For additional details – see Notes 14 and 15 to the financial statements.
- (8) The decrease derives from a decline in the investments of the non-controlling interests in the U.S. – see Note 23A(3) to the financial statements.
- (9) The decrease stems mainly from the sharp decline in the shekel/dollar exchange rate on the balances of cash and cash equivalents in the fourth quarter of 2025.
- (10) Includes mainly an increase in receipts from repayment of partnership capital in Fairview as part of the amendment of the financing agreement in the fourth quarter of 2025, and distribution of cash balances to the project's partners.

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

OPC Energy Ltd.
Report of the Board of Directors

9. Liquidity and sources of financing (Cont.)

As at December 31, 2025 and December 31, 2024, the Group's working capital (current assets less current liabilities) amounted to about NIS 2,408 million and about NIS 701 million, respectively.

As at December 31, 2025, 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 by the Company.

10. Debentures (Series B, C and 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	In May 2025, Midroog determined an initial rating of A1.il with a stable rating outlook for the Company and its debentures (Series B, C and D). In addition, in May 2025, S&P Maalot raised the Company's credit rating to ilA+, due to an improvement in the business profile and 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, C and D are material.

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.

OPC Energy Ltd.
Report of the Board of Directors

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.

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 activities⁶². 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 (in 2026–2028 once every six months in accordance with a predetermined linkage mechanism), 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 for that period. Timing differences, as stated, could have a negative effect on the Company's current profit and cash flows – at least in the short run.

⁶² 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.

OPC Energy Ltd.
Report of the Board of Directors

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

Currency (particularly the dollar) (Cont.)

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.

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 pipeline 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.

Set forth below is data with reference to the currency exchange rate:

Dollar/shekel exchange rate*	2025	2024	Change
On December 31	3.190	3.647	(12.5%)
On September 30	3.306	3.710	(10.9%)
Average January – December	3.453	3.699	(6.7%)
Average October – December	3.249	3.692	(12.0%)

* The dollar/shekel exchange rate shortly before the approval date of the report (on March 9, 2026) is 3.115.

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. Also, part of the Company's capital costs and investments and part⁶³ 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.

⁶³ 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.

OPC Energy Ltd.
Report of the Board of Directors

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

Consumer Price Index (CPI) (inflation) (Cont.)

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), generally, once a year (in 2026–2028 once every six months in accordance with a predetermined linkage mechanism), 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 for that period.

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.

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.

Set forth below are details regarding changes in the interest in the period of the report and thereafter:

In Israel, in November 2025, Bank of Israel decided to lower the interest by 0.25% and to set it at 4.25%. In January 2026, Bank of Israel decided to make another interest rate reduction of 0.25% and to set it at 4.00%. Pursuant to the latest forecast published by Bank of Israel, the interest rate is expected to decline to an average of 3.50% in the fourth quarter of 2026.

In the U.S., in September, October and December 2025, the U.S. Federal Reserve Bank decided to lower the interest by 0.25% (in each decision) to the level of 3.50%–3.75%, where this rate prevailed as at the date of the report. Pursuant to the latest projection published by the U.S. Federal Reserve Bank, the interest rate is expected to decline to an average in the range of 2.9%–3.6% during 2026.

OPC Energy Ltd.
Report of the Board of Directors

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.)

It is noted that the changes and the geopolitical tensions in and outside of Israel also have an impact on the macro-economic environment, including on Bank of Israel's policy decisions (among other things with respect to the circumstances of the war), as detailed in Section B2. above, and events of this type could have an impact on inflationary aspects and interest rates.

Set forth below is data relating to the Consumer Price Index (CPI) in Israel and in the U.S., interest rates of Bank of Israel and interest rates of the U.S. Federal Reserve Bank:

	Israeli CPI	U.S. CPI	Bank of Israel Interest Rate	Federal interest rate
On March 9, 2026	117.5	325.2	4.00%	3.50%–3.75%
On December 31, 2025	117.3	324.1	4.25%	3.50%–3.75%
On September 30, 2025	118.5	324.0	4.5%	4.00%–4.25%
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%
Change in 2025	1.9%	2.7%	(0.25%)	(0.75%)
Change in 2024	3.4%	2.7%	(0.25%)	(1.0%)
Change in the fourth quarter of 2025	(1.0%)	0%	(0.25%)	(0.50%)
Change in the fourth quarter of 2024	(0.1%)	0.2%	0%	(0.50%)

For details with respect to credit linked to the CPI or the prime interest rate – see this Section below and Note 14B to the financial statements.

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.

OPC Energy Ltd.
Report of the Board of Directors

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

Interest and linkage bases

Set forth below are tables detailing the adjusted financial debt as at December 31, 2025 and 2024 (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, 2025	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 2025
		Total	Interest	Total	Interest	Total	Interest	
The Company (debentures)	1,889	1,364	4.4%	525	2.8%	—	—	3.9%
OPC Israel (bank)	2,300	—	—	—	—	2,300	6.25%–6.4%	6.25%–6.4%
Hadera (bank)	548	459	5.3%	89	3.5%	—	—	4.9%

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	969	3.3%	922	2.8%	—	—	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%

OPC Energy Ltd.
Report of the Board of Directors

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

Interest and linkage bases (Cont.)

Set forth below are tables detailing the adjusted financial debt as at December 31, 2025 and 2024 (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, 2025	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 2025
				Total	Interest	Total	Interest	
Active renewable energy projects	66.7%	502	1.24%— 2.85%	333	5.1%	169	5.9%	5.3%
Financing of construction of Rogues Wind	66.7%	249	1.50%— 1.75%	202	5.0%	47	5.6%	5.1%
Fairview*	25%	539	2.50%	269	6.0%	270	6.4%	6.2%
Towantic	26%	179	3.75%	129	8.0%	50	7.7%	7.9%
Maryland	75%	625	3.25%	385	5.1%	240	6.9%	5.8%
Shore	89%	821	3.75%	417	7.8%	404	7.8%	7.8%
Valley*	50%	459	5.50%	—	—	459	9.8%	9.8%
Three Rivers	10%	202	3.75%	173	4.7%	29	7.9%	5.2%
Basin Ranch	70%	421	—	421	3.0%	—	—	3.0%
CPV Group	100%	489	3.08%	—	—	489	7.1%	7.1%

(*) For details regarding an undertaking in a new financing agreement after the date of the report, including reduction of the interest margin on the loan to 2.75% – see Section 7A(6) above.

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%

**OPC Energy Ltd.
Report of the Board of Directors**

12. Material Valuations

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 and an annual examination of impairment of value, as at the 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 is the lowest level at which the goodwill is monitored for internal management purposes.

Details of the valuation:

Subject matter of the Valuation	Determination of the recoverable amount of the Cash Generating Units for purposes of an annual impairment of value of goodwill examination in accordance with the provisions of IAS 36.
Date of the Valuation	Effective date of the valuation: December 31, 2025. Approval date of the valuation: March 11, 2026.
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 4.9 billion. The recoverable amount of the Rotem power plant alone exceeds the book value of the entire Cash-Generating Unit and, therefore, it is not necessary to recognize a loss from impairment of value in the Company’s books.
Identity of the appraiser and its 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 only based on the 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 plant: – Forecast years – represent the period between 2026 and 2043, and are based on an estimate of the economic life of the 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 – based on market forecasts received from external independent information sources. – Long-term annual inflation rate of 2.2%. – Weighted-average cost of capital (WACC) – 7% which was determined by an external, independent appraiser.

**OPC Energy Ltd.
Report of the Board of Directors**

12. Material Valuations (Cont.)

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 490 million).
A decrease of 5% in the generation component tariff (about NIS 395 million).

Examination of attachment of the valuation

Notwithstanding that the valuation meets the quantitative thresholds for “Very Significant Valuations”, as determined in the Position of the Securities Authority 105-23 “Parameters for Examination of the Significance of the Valuation”, since here a periodic examination of impairment of value of goodwill is involved without there having been signs of impairment, and in the Company’s estimation, based on sensitivity analyses performed by it, as at the date of the report, whereby every possible reasonable change in the key assumptions used in determination of the recoverable amount of the cash-generating unit would not lead to recognition of a significant loss from impairment of value, instead of attaching the Valuation it is permissible to disclose the Valuation as a “Significant Valuation” pursuant to Regulation 8(I) of the Securities Regulations (Periodic and Immediate Reports), 1970⁶⁴.

⁶⁴ 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”.

OPC Energy Ltd.
Report of the Board of Directors

12. Material Valuations (Cont.)

Discontinuance of consolidation of the renewable energies segment in the U.S. and transition to the equity method of accounting

Further to that stated in Note 23 to the financial statements regarding a transaction involving entry of an investor into CPV Renewable Power LP ("CPV Renewable"), discontinuance of consolidation in the Company's financial statements and transition to application of the equity method of accounting, as at the completion date of the transaction, in November 2024, an initial valuation was performed to determine the fair value of the assets and liabilities of CPV Renewable, by means of an independent, external appraiser (EY). The valuation was finished in the fourth quarter of 2025, without there having been a significant impact on the financial statements.

Details of the valuation:

Subject matter of the Valuation	Allocation of the fair value of the investment in CPV Renewable on the date of the transition from consolidation to significant influence to the share of the CPV Group in the identifiable assets and liabilities of CPV Renewable.
Date of the Valuation	Effective date of the valuation: October 31, 2024. Approval date of the valuation: March 8, 2026.
Value of the identifiable assets and liabilities and the amount of the goodwill as at the date of the valuation	The fair value of CPV Renewable amounts to about NIS 3.4 billion (about \$892 million), the share of the CPV Group (66.7%) amounts to about NIS 2.2 billion (about \$595 million).
Identity of the appraiser and its characteristics	The valuation was performed by a team headed by Mr. Guy Feibish, CPA, partner in the area of valuations and economic models (VME) of the international firm of Certified Public Accountants EY (Ernst & Young). Mr. Feibish is a Certified Public Accountant (CPA) in Israel and holds a bachelor's degree (BA) in economics with specialization in accounting from Ben-Gurion University in the South, Beer Sheva. As part of his position, Mr. Feibish runs projects for leading public and private companies in their areas of activities – in and outside of Israel, and accompanies domestic and foreign transactions, directs complicated valuations having a range of targets, including financial reporting, taxation, regulatory compliance and raising of capital, in a variety of sectors, including, real estate, retail, industry, energy and communications. In addition, as part of his position, Mr. Feibish accompanies companies in planning and assimilation of business strategy and processes. Also, Mr. Feibish has experience in issuance of economic opinions for purposes of legal proceedings and/or commercial disputes.

OPC Energy Ltd.
Report of the Board of Directors

12. Material Valuations (Cont.)

Discontinuance of consolidation of the renewable energies segment in the U.S. and transition to the equity method of accounting (Cont.)

Valuation model

The fair value of the projects was estimated using the following methodology:

- A. With reference to projects in commercial operation or under construction – using the DFC (discounted cash flows) method by discounting the future cash flows of each project, at the after-tax weighted-average cost of capital (WACC).
- B. With reference to the projects in interim and advanced development stages – based on an estimate of the fair value per kilowatt and the probability rates with respect to realization depending on the stage of the development.
- C. With reference to pipeline projects in initial development stage – based on cost.

Assumptions according to which the appraiser performed the valuation

Set forth below are the main assumptions used in determination of the fair value of the projects:

- The weighted-average cost of capital (WACC) – was calculated for each significant active and under construction project separately and ranged between about 6.25% and about 7%.
- Market prices and capacity – the market prices (electricity, capacity, RECs, etc.) are based on PPA agreements and market forecasts received from external and independent information sources, taking into account the relevant area (region) and market for each project as well as the relevant regulation.
- Forecast years – represent the period between 2024 and 2054, and are based on an estimate of the economic life of the power plants and their value at the end of the forecast period.
- Estimate of the construction cost of the projects and the entitlement to tax benefits in respect of projects under construction (ITC or PTC, as applicable).
- A long-term rate of inflation of 2.2%.

OPC Energy Ltd.
Report of the Board of Directors

Corporate Governance

13. Directors having Accounting and Financial Expertise

As at the date of this report, seven 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, Yosef Tene, Sarit Sagiv, Shirly Mashkif and Itay Makov 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 Tene and Shirly Mashkif, the directors Sarit Sagiv and Itay Makov, 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 required proportion of the independent directors.

OPC Energy Ltd.
Report of the Board of Directors

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.
Compliance with legal requirements	To the best of the Company’s knowledge, according to the declaration of the Internal Auditor, the Internal Auditor 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.
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.
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. 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.

OPC Energy Ltd.
Report of the Board of Directors

15. Internal Auditor (Cont.)

The work plan

The audit work plan for 2025, 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 risks' survey for purposes of the internal audit work that was performed by the Internal Auditor, 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: August 10, 2025; November 16, 2025; December 30, 2025 and March 9, 2026.

During 2025, the Internal Auditor performed audits of the CPV Group, this being in place of monitoring the existence and appropriateness of the work of the party providing internal audit services in the CPV Group as was done up to 2024 (inclusive). The audit plan, including with respect to the CPV Group, is submitted to the Board of Directors of the CPV Group and to the Company's Audit Committee and is 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.

OPC Energy Ltd.
Report of the Board of Directors

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 regarding his 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, that the internal audit is in compliance with all the requirements provided in the said standards.

Access to information	The Internal Auditor 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 2025 amounted to about NIS 271 thousand, this being based on a work scope of 1,085 audit hours (including 400 work hours in respect of the CPV Group).

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*	Total
235	450	400	1,085

* As stated, in 2025 an audit plan was implemented in the CPV Group by the Internal Auditor, in such a manner that rendered superfluous the activities of the provider of external internal audit services in the CPV Group.

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.

OPC Energy Ltd.
Report of the Board of Directors

16. Details regarding the auditing CPAs

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

16.2 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 and is approved by the Company's Board of Directors after the Balance Sheet Committee has examined the scope of its work and his fee and has submitted its recommendations to the Board of Directors. 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.

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

For the Year Ended December 31			
2025		2024	
Audit services (1)	Other services (2)	Audit services (1)	Other services (2)
7.3	0.9	12.1	0.8

⁽¹⁾ Audit services including services related to the audit and tax services related to the audit. Of the said amount for 2025 and 2024, the amounts of about NIS 5 million and about NIS 10 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.

OPC Energy Ltd.
Report of the Board of Directors

17. Contributions policy

In addition to the Company's regular contributions' policy as stated below, upon the outbreak of the "Rising Lion" operation, the Company's Board of Directors approved an increase in the contributions' budget of about NIS 2 million, for recipients relating to restoration and support due to events relating to the war. In this framework, the Company contributed NIS 1 million for restoration of the Soroka Medical Center in Beer Sheva⁶⁵.

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 year of the report amounted to about NIS 3 million (including the contribution to Soroka as stated above).

Set forth below is detail of contributions in the year of the report 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 corporations in which officers serving as directors of the Company hold positions (including from the Israel Corporation Group and its controlling shareholders). The Company's CEO is a representative of the project's Steering Committee without compensation.
"Rahashei Lev" Society	150	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.
Droma Tzafona Tikum Olam Ltd.	100	It is noted that the Company's CEO serves as a director of the public benefit company.
"Running to Give" Society	50	It is noted that a relative of the Company's CEO serves as Chairman of the Society without compensation.

Yair Caspi
Chairman of the Board of Directors

Giora Almogy
CEO

Date: March 11, 2026

⁶⁵ The Company was informed that parties related directly or indirectly to the Company's controlling shareholder also contributed (as well as other parties in the economy) to restoration of the Soroka Hospital. Increase of the contributions' budget, including making of the above-mentioned contributions, was approved by the Company's Board of Directors after approval of the Contributions Committee (the members of which are members of the Audit Committee).

**OPC Energy Ltd.
Report of the Board of Directors**

Appendix A

Additional Information regarding the Natural-Gas Power Plants in the U.S.

EOX Forecast of Natural Gas and Electricity Prices for the Years 2026–2028

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 (Mid-Market) in the regions in which the power plants of the CPV Group in the Energy Transition segment in the U.S. operate, and in the region of the planned activities of the Basin Ranch power plant, which is under construction, which were prepared by the EOX Company⁶⁶ 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, Fairview and Basin Ranch.

It should be noted that there may be material differences between the actual electricity and natural gas prices at CPV Group's power plants and the prices presented in the table below, due, among other things, to the existence of bid-ask spreads, power basis, and the like. Accordingly, the actual electricity margins of CPV Group's power plants may differ materially from the margins presented in the table below.

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 segment, 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.

⁶⁶ 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.

**OPC Energy Ltd.
Report of the Board of Directors**

Appendix A (Cont.)

Appendix A

Additional Information regarding the Natural-Gas Power Plants in the U.S.

EOX Forecast of Natural Gas and Electricity Prices for the Years 2026–2028

Power Plant	2026	2027	2028
<u>Fairview</u>			
Gas price (Texas Eastern M3)	3.71	4.05	3.97
Electricity price (AEP Dayton (AD))	51.53	55.80	54.80
Electricity margin	27.40	29.45	28.98
<u>Towantic</u>			
Gas price (Algonquin City Gate)	6.15	6.03	5.66
Electricity price (Mass Hub)	73.34	70.35	64.69
Electricity margin	33.39	31.14	27.93
<u>Maryland</u>			
Gas price (Transco Zone 5)	4.62	4.72	4.45
Electricity price (PJM West Hub)	60.71	65.03	63.66
Electricity margin	28.85	32.47	32.94
<u>Shore</u>			
Gas price (Texas Eastern M3)	3.71	4.05	3.97
Electricity price (PJM West Hub)	60.71	65.03	63.66
Electricity margin	35.09	37.06	36.26
<u>Valley</u>			
Gas price (Texas Eastern M3 – 70%, Dominion South Pt – 30%)	3.46	3.75	3.65
Electricity price (New York Zone G)	69.35	69.18	63.79
Electricity margin	45.45	43.32	38.64
<u>Three Rivers</u>			
Gas price (Chicago City Gate)	3.51	3.79	3.65
Electricity price (PJM ComEd)	44.96	48.50	47.35
Electricity margin	22.16	23.85	23.60
<u>Basin Ranch (under construction)</u>			
Gas price (Waha)	1.01	3.00	2.95
Electricity price (ERCOT West Pk)	54.14	60.56	61.59
Electricity margin	47.56	41.06	42.41

---Unofficial translation for convenience purposes---

**OPC Energy Ltd.
Report of the Board of Directors**

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

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
112.11	128.56	37.23	51.78	49.99	60.90	67.66	83.64	01/01/2026
95.01	107.49	33.83	45.25	44.74	53.09	54.07	65.52	01/02/2026
54.40	64.02	27.73	35.48	40.89	46.49	44.82	51.94	01/03/2026
44.45	49.96	22.55	36.74	40.38	48.72	42.87	53.37	01/04/2026
39.12	50.89	24.24	42.10	34.35	50.75	35.89	55.19	01/05/2026
41.72	63.93	28.90	53.42	34.99	58.37	36.78	62.98	01/06/2026
61.51	91.94	42.15	80.31	46.72	80.92	48.37	91.96	01/07/2026
50.30	76.60	35.52	64.19	39.09	69.07	40.95	78.03	01/08/2026
38.07	52.17	30.38	51.72	36.46	56.49	37.97	60.66	01/09/2026
42.24	51.22	29.71	45.79	42.69	54.76	45.49	58.59	01/10/2026
56.42	64.28	27.36	47.17	43.74	55.89	46.20	59.99	01/11/2026
82.85	95.63	39.60	53.77	54.15	63.90	59.12	71.52	01/12/2026
117.94	128.91	58.46	71.22	69.80	80.94	82.43	95.63	01/01/2027
92.61	113.13	46.04	58.47	58.27	68.94	69.99	83.06	01/02/2027
57.80	67.48	26.60	40.57	44.43	51.77	48.07	58.10	01/03/2027
44.86	51.32	26.67	40.10	41.52	51.31	43.98	56.63	01/04/2027
40.39	49.49	23.49	40.99	34.83	51.77	36.84	57.39	01/05/2027
40.21	59.80	24.26	54.17	35.35	60.79	36.71	65.57	01/06/2027
53.93	95.17	36.98	83.90	45.84	87.70	47.96	98.21	01/07/2027
49.20	75.24	33.11	72.57	41.85	70.97	43.91	80.19	01/08/2027
39.10	52.33	31.69	47.98	37.33	56.12	38.84	61.27	01/09/2027
41.83	49.76	33.09	48.22	45.65	54.53	49.03	59.75	01/10/2027
53.85	61.95	26.50	45.91	46.03	55.54	48.05	60.66	01/11/2027
79.47	92.86	37.75	53.46	51.74	65.17	56.96	72.31	01/12/2027
98.26	112.07	57.05	69.85	71.65	80.52	81.23	92.94	01/01/2028
91.45	102.06	47.77	63.45	63.82	70.30	73.34	83.11	01/02/2028
52.01	60.09	30.94	42.17	43.62	49.34	48.78	57.26	01/03/2028
41.43	49.27	25.58	38.54	37.87	48.97	41.01	54.52	01/04/2028
37.87	48.78	16.17	34.48	35.41	49.88	38.09	55.56	01/05/2028
39.31	56.30	20.82	47.43	35.02	57.76	37.14	63.02	01/06/2028
53.68	82.95	33.36	84.27	42.50	87.33	45.89	93.09	01/07/2028
49.55	74.23	29.76	74.09	38.91	76.11	42.16	82.01	01/08/2028
37.53	52.54	26.23	48.90	35.10	54.94	37.79	60.09	01/09/2028
40.45	44.09	31.29	46.24	40.93	51.70	43.72	56.72	01/10/2028
45.52	53.93	31.63	42.45	42.40	53.62	46.56	59.65	01/11/2028
72.96	88.92	40.76	51.63	52.08	64.04	58.24	71.51	01/12/2028

---Unofficial translation for convenience purposes---

**OPC Energy Ltd.
Report of the Board of Directors**

Waha	Transco Zn5 Dlvd	Chicago CG	Algonquin CG	Dominion S Pt	Texas Eastern M- 3	ERCOT West OPk	ERCOT West Pk	Mass Hub OPk	Mass Hub Pk	Contract Date
0.93	8.09	4.70	16.18	3.99	7.63	48.84	52.85	134.48	145.34	01/01/2026
1.14	6.10	4.00	13.15	3.21	5.90	56.27	55.39	116.98	125.67	01/02/2026
-0.52	3.60	2.90	5.71	2.64	2.86	36.79	34.85	62.59	69.23	01/03/2026
-0.57	3.61	2.96	3.31	2.53	2.67	36.65	39.20	44.15	50.72	01/04/2026
-0.20	3.95	2.92	2.84	2.41	2.58	41.68	46.32	38.58	49.00	01/05/2026
0.33	3.98	3.09	3.38	2.53	2.71	44.81	54.56	41.37	63.54	01/06/2026
1.30	4.22	3.31	4.07	2.82	3.10	59.66	78.42	58.47	91.20	01/07/2026
1.61	4.23	3.37	4.03	2.85	3.16	75.49	137.48	46.37	74.53	01/08/2026
1.36	3.80	3.25	3.02	2.52	2.60	51.47	63.73	40.85	49.72	01/09/2026
1.29	3.79	3.30	3.06	2.38	2.54	43.35	47.87	42.87	47.24	01/10/2026
2.15	3.87	3.69	4.90	2.97	3.29	45.98	46.30	59.13	67.18	01/11/2026
3.32	6.17	4.61	10.11	3.76	5.51	56.41	51.69	99.10	107.96	01/12/2026
3.95	8.63	5.33	14.50	4.02	8.17	77.64	72.06	126.79	137.11	01/01/2027
3.52	7.39	4.96	12.97	3.71	7.41	72.05	70.87	101.45	115.46	01/02/2027
2.61	4.59	3.49	6.41	3.13	3.40	42.72	46.90	60.27	71.24	01/03/2027
2.26	3.88	3.22	3.89	2.82	2.99	40.66	46.95	45.61	51.91	01/04/2027
2.21	3.89	3.12	3.23	2.65	2.87	44.05	48.01	39.65	47.21	01/05/2027
2.61	3.86	3.23	3.36	2.70	2.99	48.08	53.93	38.03	58.01	01/06/2027
3.09	4.01	3.43	4.32	2.88	3.16	73.93	89.16	53.88	93.03	01/07/2027
3.10	3.86	3.48	4.12	2.82	3.07	78.85	132.93	48.50	73.35	01/08/2027
2.89	3.62	3.39	3.07	2.56	2.72	53.42	62.53	39.80	50.79	01/09/2027
2.97	3.59	3.47	3.31	2.54	2.85	47.30	48.45	44.42	49.12	01/10/2027
3.10	3.77	3.71	4.69	2.94	3.42	44.51	46.97	54.00	64.06	01/11/2027
3.69	5.56	4.68	8.53	3.67	5.61	56.43	60.94	84.44	101.89	01/12/2027
4.11	8.82	5.39	14.06	4.09	8.55	83.54	76.22	118.66	127.85	01/01/2028
3.65	7.48	5.00	12.36	3.71	7.60	80.95	74.02	108.55	118.08	01/02/2028
2.47	4.16	3.47	5.22	3.10	3.60	47.10	47.17	51.36	55.68	01/03/2028
2.13	3.54	3.06	3.66	2.63	2.81	42.33	46.87	39.29	47.58	01/04/2028
2.19	3.59	2.94	3.08	2.40	2.68	41.43	44.86	34.89	44.56	01/05/2028
2.36	3.47	3.03	3.19	2.54	2.79	48.83	53.14	35.30	52.14	01/06/2028
2.87	3.49	3.22	3.60	2.55	2.81	73.19	94.31	46.50	82.35	01/07/2028
3.03	3.35	3.29	3.43	2.62	2.76	74.64	126.00	43.19	72.43	01/08/2028
2.87	3.27	3.23	2.93	2.37	2.56	55.05	62.17	35.04	47.91	01/09/2028
2.82	3.22	3.27	3.21	2.41	2.70	49.96	49.09	39.95	45.28	01/10/2028
3.14	3.63	3.51	4.61	2.75	3.30	46.77	48.32	47.02	56.82	01/11/2028
3.74	5.42	4.44	8.52	3.45	5.51	54.59	62.73	75.30	90.66	01/12/2028

OPC Energy Ltd.

Consolidated Financial Statements As of December 31, 2025

Unofficial English translation of certain sections of the Company's 2025 Annual Report, **for convenience purposes only.**

The complete and binding report is the official Hebrew Annual Report published by the Company on the Tel Aviv Stock Exchange website. In case of any discrepancy, the official and full Hebrew report shall prevail.

This unofficial translation does not constitute an offer, advice or invitation to make any transaction in the Company's securities.

Consolidated Financial Statements as of December 31, 2025

Table of Contents

	<u>Page</u>
Independent Auditors' Report	3-9
Consolidated Statements of Financial Position	10-11
Consolidated Statements of Income	12
Consolidated Statements of Comprehensive Income or Loss	13
Consolidated Statements of Changes in Equity	14-15
Consolidated Statements of Cash Flow	16-19
Notes to the Consolidated Financial Statements	20-139



Somekh Chaikin
Millennium Tower KPMG
17 Ha'arba'a St., P.O.B. 609
Tel Aviv 6100601
+972-3-684-8000

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

We have audited the consolidated financial statements of OPC Energy Ltd. (hereinafter - the "**Company**"), which include the consolidated statement of financial position as of December 31, 2025 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position as of December 31, 2025, and the consolidated financial results and the consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and the provisions of the Securities Regulations (Annual Financial Statements), 2010.

Basis for Opinion

We conducted our audit in accordance with generally accepted auditing standards in Israel, including those prescribed by the Certified Public Accountants (Modus Operandi of Certified Public Accountant) Regulations, 1973. Our responsibilities under those standards are described in the Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section in this report. We are independent of the Company and its consolidated companies in accordance with the statutory provisions applicable in Israel regarding the independent auditor's independence and prevention of conflict of interest in Israel. In addition, we fulfilled our other ethical responsibilities in accordance with the Auditors Law, 1955 and the regulations promulgated thereunder. We believe that the audit evidence we obtained is appropriate and sufficient to provide a basis for our opinion.

Key audit matters

The key audit matters listed below are those matters which 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 Consolidated 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, 2025 is approx. NIS 221 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 3G1 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, 2025. The Company's management reached the conclusion that it is not required to recognize an impairment loss in the Financial Statements for 2025.

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.

Responsibilities of Board of Directors and Management for the Consolidated Financial Statements

The Board of Directors and management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and the provisions of the Securities Regulations (Annual Financial Statements), 2010; they are also responsible for such internal control deemed necessary by the Board of Directors and management to enable the preparation of consolidated financial statements which are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters pertaining to going concern and implementing the going concern basis of accounting unless the Board of Directors and management either intend to liquidate the Company or to cease its operations, or have no realistic alternative but to do so.

Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report which includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are deemed material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In an audit conducted in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore, we:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement arising from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, malicious misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures which are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and management.
- Reach a conclusion regarding the appropriateness of the Board of Directors' and management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists regarding events or conditions which may cast significant doubts on the Company's ability to continue as a going concern. If we concluded that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the relevant disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained through the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner which achieves fair presentation.

---Unofficial translation for convenience purposes---

We communicate to the Board of Directors and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which we identify during the audit.

In addition, we provide the Board of Directors and management with a statement to the effect that we have complied with relevant ethical requirements regarding our independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the safeguards implemented to eliminate identified threats to our independence.

From the matters communicated to the Board of Directors and management, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our independent auditor's report unless law or regulation precludes public disclosure of the matter.

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 as of December 31, 2025, 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, 2026 included an unqualified opinion on the effectiveness of internal control over the Company's financial reporting.

The engagement partner of the audit, which is the subject matter of the independent auditor's report is Ran Zuriel.

Somekh Chaikin
Certified Public Accountants

March 11, 2026

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
+972-3-684-8000

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

We have audited internal control over financial reporting of OPC Energy Ltd. and its subsidiaries (hereinafter, jointly - the "**Company**") as of December 31, 2025. 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 evaluating the effectiveness of the internal control over financial reporting which is included in the attached Report of the Board of Directors and Management with regard to internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) in the United States regarding audit of internal control over financial reporting, as adopted by the Institute of Certified Public Accountants in Israel. 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 (including removal from possession) of the Company's assets that could have a material effect on the financial statements.

Due to 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 maintained, in all material respects, effective internal control as of December 31, 2025, based on criteria established in the Internal Control - Integrated Framework published by COSO.

---Unofficial translation for convenience purposes---

We have also audited, in accordance with generally accepted auditing standards in Israel, the consolidated statements financial position of the Company as of December 31, 2025 and for the year then ended and our report dated March 11, 2026 includes an unqualified opinion on the abovementioned financial statements, with no departures from the standard wording.

Somekh Chaikin
Certified Public Accountants

Tel Aviv, Israel

March 11, 2026

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
+972-3-684-8000

March 11, 2026

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 dated March 11, 2026 on the Company's Consolidated Financial Statements as of December 31, 2025 and for the year then ended.

Report of the independent auditors of March 11, 2026 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, 2025 and for the year then ended.

Report of the independent auditors of March 11, 2026 regarding the audit of internal control over financial reporting of the Company as of December 31, 2025.

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

		2025	2024
	Note	NIS million	NIS million
Current assets			
Cash and cash equivalents	5	2,913	962
Trade receivables		437	293
Other receivables and debit balances	7	206	90
Total current assets		3,556	1,345
Non-current assets			
Long-term restricted deposits and cash	6	522	60
Long-term receivables and debit balances	8	377	162
Investments in associates	24	5,186	5,320
Long-term derivative financial instruments	21	42	44
Property, plant & equipment	9	4,402	4,238
Right-of-use assets and deferred expenses	10	636	637
Intangible assets	11	266	261
Total non-current assets		11,431	10,722
Total assets		14,987	12,067

		2025	2024
	Note	NIS million	NIS million
Current liabilities			
Loans and credit from banking corporations and financial institutions (including current maturities)	14	131	82
Current maturities of debt from non-controlling interests	23D	-	14
Current maturities of debentures	15	244	212
Trade payables		404	213
Payables and credit balances	12	369	123
Total current liabilities		1,148	644
Non-current liabilities			
Long-term loans from banking corporations and financial institutions	14	3,203	2,150
Long-term debt from non-controlling interests	23D	440	500
Debentures	15	1,626	1,663
Long-term lease liabilities	10	21	31
Long-term derivative financial instruments	21	3	-
Other long-term liabilities	13	15	115
Deferred tax liabilities	17	524	543
Total non-current liabilities		5,832	5,002
Total liabilities		6,980	5,646
Equity			
	18		
Share capital		3	3
Share premium		6,082	3,993
Capital reserves		(185)	532
Retained earnings		570	224
Total equity attributable to the Company's shareholders		6,470	4,752
Non-controlling interests		1,537	1,669
Total equity		8,007	6,421
Total liabilities and equity		14,987	12,067

Yair Caspi
Chairman of the Board

Giora Almogy
Chief Executive Officer

Ana Bernstein Schwartzman
Chief Financial Officer

Approval date of the financial statements: March 11, 2026.

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

Consolidated Income Statement for the Year Ended December 31

		2025	2024	2023
	Note	NIS million	NIS million	NIS million
Revenues from sales and provision of services	19A	3,002	2,779	2,552
Cost of sales and services (excluding depreciation and amortization)	19B	(2,263)	(1,931)	(1,827)
Depreciation and amortization		(232)	(317)	(288)
Gross profit		507	531	437
Share in profits of associates	24	523	166	242
Compensation in respect of loss of income	19E	16	44	41
General and administrative expenses	19C	(365)	(263)	(212)
Business development expenses	19D	(14)	(45)	(58)
Other revenues (expenses), net	19F	95	(56)	(16)
Gain on deconsolidation of the US Renewable Energies Segment	23F	-	259	-
Operating profit		762	636	434
Finance expenses	19G	(298)	(339)	(240)
Finance income	19G	80	87	43
Loss from extinguishment of financial liabilities	19G	-	(49)	-
Finance expenses, net		(218)	(301)	(197)
Profit before taxes on income		544	335	237
Income tax expenses	17	(87)	(138)	(68)
Profit for the year		457	197	169
Attributable to:				
The Company's shareholders		346	111	144
Non-controlling interests		111	86	25
Profit for the year		457	197	169
Earnings per share attributable to the Company's owners	20			
Basic and diluted earnings per share (in NIS)		1.26	0.46	0.63

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

	2025	2024	2023
	NIS million	NIS million	NIS million
Profit for the year	457	197	169
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	(6)	42	(40)
Net change in fair value of derivatives used to hedge cash flows carried to the cost of the hedged item	-	-	(5)
Net change in fair value of derivative financial instruments used to hedge cash flows transferred to profit and loss	(3)	(11)	(20)
Group's share in other comprehensive income (loss) of associates, net of tax	(215)	13	(48)
Foreign currency translation differences in respect of foreign operations	(*) (762)	(8)	126
Tax on other comprehensive income (loss) items	60	(6)	1
Other comprehensive income (loss) for the year, net of tax	(926)	30	14
Total comprehensive income (loss) for the year	(469)	227	183
Attributable to:			
The Company's shareholders	(344)	121	169
Non-controlling interests	(125)	106	14
Total comprehensive income (loss) for the year	(469)	227	183

(*) Mainly due to a decrease of approx. 12.5% in the USD/NIS exchange rate during 2025.

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

Consolidated Statements of Changes in Equity

	Attributable to the Company's shareholders								Non-control- ling interests NIS million	Total equity NIS million
	Share capital	Share premium	Capital reserves	Hedge fund	Foreign operations translation reserve	Retained earnings	Total			
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million			
For the year ended December 31, 2025										
Balance as of January 1, 2025	3	3,993	247	49	236	224	4,752	1,669	6,421	
Issuance of shares (less issuance expenses)	*-	2,057	-	-	-	-	2,057	-	2,057	
Investments by holders of non-controlling interests in equity of subsidiary	-	-	-	-	-	-	-	50	50	
Share-based payment	-	-	7	-	-	-	7	1	8	
Exercised and expired options and RSUs	*-	32	(32)	-	-	-	-	-	-	
Dividend to non-controlling interests	-	-	-	-	-	-	-	(60)	(60)	
Other	-	-	(2)	-	-	-	(2)	2	-	
Other comprehensive loss for the year, net of tax	-	-	-	(145)	(545)	-	(690)	(236)	(926)	
Profit for the year	-	-	-	-	-	346	346	111	457	
Balance as of December 31, 2025	3	6,082	220	(96)	(309)	570	6,470	1,537	8,007	
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 options and RSUs	*-	4	(4)	-	-	-	-	-	-	
Other	-	-	(4)	-	-	-	(4)	(7)	(11)	
Other comprehensive income (loss) 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							Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserves	Hedge fund	Foreign operations translation reserve	Retained earnings (retained loss)	Total		
	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 Statement of Cash Flows for the year ended December 31

	2025	2024	2023
	NIS million	NIS million	NIS million
Cash flows from operating activities			
Profit for the year	457	197	169
Adjustments:			
Depreciation and amortization	249	333	303
Diesel fuel consumption	26	12	32
Finance expenses, net	218	301	197
Income tax expenses	87	138	68
Share in profits of associates	(523)	(166)	(242)
Other expenses, net	(95)	56	16
Gain on deconsolidation of the US Renewable Energies Segment	-	(259)	-
Proceeds in respect of development fees from the Basin Ranch Power Plant	92	-	-
Share-based compensation transactions	149	35	(7)
	660	647	536
Changes in trade and other receivables	(231)	(64)	(22)
Changes in trade payables, service providers, payables and other long-term liabilities	258	14	(25)
	27	(50)	(47)
Dividends received from associates ⁽¹⁾	334	235	13
Income taxes paid ⁽²⁾	(18)	(67)	(7)
	316	168	6
Net cash provided by operating activities	1,003	765	495
Cash flows from investing activities			
Interest received	70	35	35
Change in restricted deposits and cash, net ⁽³⁾	(473)	(8)	173
Provision of short-term collateral, net	-	14	110
Acquisition of subsidiaries, net of cash acquired	-	-	(1,172)
Investment in associates ⁽⁴⁾	(993)	(737)	(29)
Subordinated long-term loans to Valley	-	-	(87)
Purchase of property, plant, and equipment, intangible assets and deferred expenses	(402)	(1,260)	(1,223)
Deconsolidation of the US Renewable Energies Segment	-	134	-
Advance payment in respect of acquisition of the remaining ownership stakes in Basin Ranch	(190)	-	-
Proceeds for repayment of partnership capital from associates ⁽¹⁾	148	95	11
Other	40	15	16
Net cash used for investing activities	(1,800)	(1,712)	(2,166)

(1) For further details regarding capital and dividend distributions from associates of the CPV Group - see Note 24.

(2) Taxes paid during 2024 include taxes paid for restructuring. For further details, see Note 23F.

(3) In the reporting period in respect of balances designated for the construction of the Basin Ranch project.

(4) In the reporting period, mainly includes investments in Basin Ranch and Shore totaling approx. NIS 550 million and approx. NIS 318 million, respectively. In 2024 - mainly including investments in the Maryland and Shore power plants; for further details see Note 23E2.

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

Consolidated Statement of Cash Flows for the year ended December 31

	2025	2024	2023
	NIS million	NIS million	NIS million
Cash flows for financing activities			
Proceeds of share issuance, less issuance expenses ⁽¹⁾	2,057	780	-
Proceeds of debenture issuance, less issuance expenses	495	198	-
Receipt of long-term loans from banking corporations and financial institutions, net ⁽²⁾	1,169	1,951	1,242
Receipt of long-term debt from non-controlling interests	16	104	110
Investments by holders of non-controlling interests in equity of subsidiary	50	175	231
Proceed in respect of restructuring - share exchange and investment transaction with Veridis	-	-	452
Short term loans from banking corporations, net	14	(204)	231
Tax equity partner's investments in US Renewable Energies projects	-	152	304
Interest paid	(180)	(228)	(152)
Dividend paid to non-controlling interests	(60)	-	-
Repayment of long-term loans from banking corporations and others ⁽²⁾	(95)	(1,755)	(144)
Repayment of long-term loans as part of the acquisition of Gat	-	-	(303)
Repayment of long-term loans from non-controlling interests	(62)	(76)	(123)
Repayment of debentures ⁽³⁾	(515)	(193)	(31)
Other	6	(13)	-
Net cash provided by financing activities	2,895	891	1,817
Net increase (decrease) in cash and cash equivalents	2,098	(56)	146
Balance of cash and cash equivalents as of the beginning of the year	962	1,007	849
Effect of exchange rate fluctuations on cash and cash equivalent balances	(147)	11	12
Balance of cash and cash equivalents at the end of the year	2,913	962	1,007

(1) For further details – see Note 18B.

(2) For further details – see Note 14B1.

(3) For details regarding the partial early redemption of Debentures (Series B) in the third quarter of 2025, see Note 15C2.

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-controlling interests	Debentures	Financial instruments designated for hedging
	NIS million			
Liabilities (assets) as of January 1, 2025	2,234	514	1,891	(43)
<u>Changes arising from cash flows:</u>				
Proceeds for derivative financial instruments	-	-	-	(1)
Receipt of loans, net from transaction costs	1,171	16	495	-
Repayment of debentures and loans	(95)	(62)	(515)	-
Short term loans from banking corporations, net	14	-	-	-
Interest paid	(129)	(2)	(47)	-
Total changes arising from cash flows from financing activities	961	(48)	(67)	(1)
Changes in foreign currency exchange rates	(6)	(59)	-	-
Interest expenses	157	33	52	5
Linkage differences	9	-	22	(7)
Changes in fair value, hedge accounting and other	(18)	-	(8)	5
Total changes arising from non-cash activity	142	(26)	66	3
Liabilities (assets) as of December 31, 2025	3,337	440	1,890	(41)
	Loans from banking corporations and financial institutions	Loans from non-controlling interests	Debentures	Financial instruments designated for hedging
	NIS million			
Liabilities (assets) as of January 1, 2024	3,259	454	1,853	(52)
<u>Changes arising from cash flows:</u>				
Payment 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 from financing activities	(150)	25	(36)	7
Changes in foreign currency exchange rates	25	1	-	-
Interest expenses	250	34	57	5
Linkage differences	14	-	32	(11)
Deconsolidation	(1,163)	-	-	(4)
Changes in fair value, hedge accounting and other	(1)	-	(15)	12
Total changes arising from non-cash activity	(875)	35	74	2
Liabilities (assets) as of December 31, 2024	2,234	514	1,891	(43)

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

Consolidated Statement of Cash Flows for the year ended December 31

	Loans from banking corporations and financial institutions	Loans from non-controlling interests	Debentures	Financial instruments designated for hedging
	NIS million			
Liabilities (assets) as of January 1, 2023	1,817	437	1,854	(57)
<u>Changes arising from cash flows:</u>				
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 from financing activities	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)

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

Notes to the Consolidated Financial Statements as of December 31, 2025

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 Power Israel Ltd. (hereinafter - **"OPC Israel"**), in which the Company has an 80% stake), US Energy Transition and US Renewable Energies (the US operations - through CPV Group, in which the Company has a 70.69% stake).

In addition, the Company is engaged, through CPV Group, in a number of business activities in the US, which - as of the Report date - do not constitute reportable operating segments in the financial statements: For further details – see Note 25.

State of war in Israel

Since 2023, the State of Israel has been experiencing substantial geopolitical and security instability in addition to significant regional escalation, both against the backdrop of domestic events and following the events of October 7, 2023, due to security developments, with the outbreak of the Iron Swords War in the Gaza Strip (hereinafter - the **"War"**). During 2024-2025 fighting and security tensions intensified in other fronts, especially in Northern Israel and against the Houthis and Iran, when on June 12, 2025, a large-scale military conflict broke out between Israel and Iran (hereinafter - **"Operation Rising Lion"**). On June 24, 2025, a ceasefire was declared with Iran, and during October 2025 an agreement was signed which led to a ceasefire in the Gaza front.

Since the outbreak of the War in 2023 through the reporting date, the War has had external impacts of varying intensity, which include, among other things, disruption of marine shipping routes due to attacks on merchant and shipping vessels and considerably less flights by foreign airlines to and from Israel. Such events have affected, from time to time (and may continue to affect, due to the following) the arrival in Israel of equipment and foreign personnel (including those necessary for the execution of maintenance and construction work at the Group's sites in Israel).

The said war and Operation Rising Lion have not had a material effect on the operating results in Israel in the Reporting Period.

Subsequent to the Report date, on February 28, 2026, there was a significant escalation in regional geopolitical conditions, upon the outbreak of a substantial large-scale military conflict between Israel and US military forces on the one hand and Iran on the other hand, which - according to reports - also involves Iranian attacks on other countries in the Middle East (hereinafter - **"Operation Lion's Roar"**). As part of the Operation, inter alia, air routes in Israel were suspended, a general state of emergency was declared across the Israeli home front - limiting activities in the public sphere, and a large-scale reserve mobilization was carried out.

The abovementioned events involve significant uncertainty and may adversely affect the macroeconomic environment, including adversely affect the Israeli economy's robustness. The deterioration in the security situation 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 1 – GENERAL (cont.)

State of war in Israel (cont.)

During Operation Lion's Roar, all gas rigs (including the Karish Reservoir) were shut down for varying periods of time; as of the Report approval date, the Tamar Reservoir is active, while the Karish and Leviathan reservoirs have not yet resumed operations. As of the Report approval date, the Tamar Reservoir has supplied all of the Company's gas needs. However, some of the gas was purchased at a higher price than the alternative price from a Karish Reservoir, which has not had a material effect as of the Report approval date. The Company is making preparations for a possible impact on the activity of the gas rigs, including the temporary use of diesel fuel by the Company's power plants where necessary. Additionally, in view of the state of emergency declared in Israel, demand has declined to a certain extent; however, the full effects of the operation on the Company's material customers (if any) are not yet clear. In addition, force majeure notices were received from suppliers and contractors alongside limited availability of work teams and foreign experts at the activity sites in Israel, including for Sorek 2 (which is currently under delivery inspections) and the Hadera site (which is currently undergoing unscheduled maintenance work).

As of the Report approval date, given that Operation Lion's Roar has only recently started, there is no full certainty as to its full effects and implications on the Group's activity, if any.

Definitions

1. The Company - OPC Energy Ltd.
2. The Group - the Company and its investees.
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 Power Israel (hereinafter - "**OPC Israel**"), OPC Hadera Expansion Ltd. (hereinafter - the "**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**"), OPC Gat Power Plant - Limited Partnership (hereinafter - the "**Gat Partnership**"), and OPC Solar Ramat Beka Ltd. (hereinafter - "**OPC Ramat Beka**"). (2) In the US, 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**"), CPV Basin Ranch Holdings, LLC (hereinafter - "**Basin Ranch**") and CPV Renewable Power, LLC (hereinafter - "**CPV Renewable**").

It is noted that the Shore and Basin Ranch power plants will be consolidated for the first time as from the first quarter of 2026. For further details, see Note 23E.

6. Related parties - as defined in IAS 24 (2009), Related Party Disclosures.
7. 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

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, 2026.

B. Functional and presentation currency

During the reporting period, the currency that represents the primary economic environment in which the Company operates is the new Israeli shekel (hereinafter - “**NIS**”). Accordingly, the NIS served as 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.

It is noted that in view of developments pertaining to the activity in the United States, which took place recently and continue into 2026 (as detailed, among other things, in Note 23E), as from January 1, 2026, the functional currency representing the primary economic environment in which the Company operates changed from NIS to US Dollar (hereinafter - “**USD**”), and as of the Report approval date, the Company has submitted to the Israel Securities Authority a pre-ruling application on the matter, and subject to receipt of the ISA’s Position on the matter, it intends to switch to reporting in USD as its functional currency as from the financial statements of the first quarter of 2026.

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.

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, revenues 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

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

E. Use of estimates and judgments (cont.)

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 3F.

Change in the estimated useful life of property, plant & equipment

At the end of the reporting period, upon completion of a major overhaul in the Rotem Power Plant during the fourth quarter of 2025, the Company assessed the estimated useful life of the Rotem Power Plant. Based on the opinion of an independent external expert, the useful life of the Rotem Power Plant has been extended by 10 years. The effect of the change in the estimate is accounted for prospectively, and therefore the annual depreciation expenses of the Rotem Power Plant from 2026 onwards will decline by approx. NIS 19 million per year.

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 estimating 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.

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.

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 Note 11B.

Notes to the Consolidated Financial Statements as of December 31, 2025

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

E. Use of estimates and judgments (cont.)

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. Seasonality

The results of Group companies in Israel are based on the load and time tariff (hereinafter - the “**DSM Tariff**”), as published from time to time by the Israeli Electricity Authority, with a certain discount with respect to the generation component. The DSM Tariff is determined given two daily demand hours clusters - on-peak and off-peak and given the seasons such that the summer season covers June to September, the transition season covers March to May and October to November, and the winter season covers January, February and December.

In the USA, as a rule, the CPV Group is subject to seasonality. In gas-fired power plants, profitability tends to be higher during periods in which the weather is either colder or hotter than the annual average, which often occurs in summer and winter. 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. Whereas in solar projects, solar radiation tends to be higher during the spring and summer months and lower during fall and winter.

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. Business combinations

The Group applies the acquisition method to all business combinations.

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.

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.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 in a subsidiary, 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 23F.

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.

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 revenues 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.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

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

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

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 Note 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.

3. Increase in the holding stake in companies accounted for by the equity method while losing significant influence and assuming control (hereinafter - "Step Acquisition")

Under the acquisition of additional interests in the Shore and Basin Ranch power plants subsequent to the reporting period and assuming control therein (for further details, see Note 23E), the Parent Company assessed whether the acquisition of the interests constitutes a business combination transaction or an asset acquisition transaction.

To this end, the Company implemented the concentration test. Accordingly, the Company reached the conclusion that the acquisitions constitute asset acquisition transactions. On the completion date of the transactions for the acquisition of the Shore and Basin Ranch power plants and assuming control therein, the implementation of the equity method was discontinued, and their assets and liabilities were consolidated into the Company's Consolidated Financial Statements. The acquisition cost of the Shore and Basin Ranch power plants includes the carrying amounts of previously-held interests, the consideration paid for the acquisition of the additional interests and transaction costs directly attributable to the acquisition.

On the completion date of the acquisition transactions, the acquisition cost was allocated to the identifiable assets and liabilities acquired. Assets and liabilities which are not initially measured at cost in accordance with the relevant IFRSs were measured in accordance with the provisions of the specific applicable standard, and the balance was allocated to the other assets, mainly property, plant, and equipment (including, in Basin Ranch, the right to receive a loan under favorable terms) and a right-of-use asset - based on their relative fair value on the acquisition date. Subsequent to such allocation, the assets and liabilities are measured in accordance with the applicable IFRS.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 operation

The Group has investments in investees in the US, 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 revenues 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 – “**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 from exchange rate differences arising from these monetary items are included in the investment in the foreign operation, net, and are recognized in other comprehensive income and stated in equity under the translation reserve.

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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Financial instruments (cont.)

2. Derivative financial instruments, including hedge accounting (cont.)

Derivatives used for hedge accounting (cont.)

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.

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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. Financial instruments (cont.)

3. Derecognition of total financial liabilities (cont.)

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.

4. Government loan at a preferential interest rate

When the Group receives loans from government entities bearing interest lower than the market interest rate, such loans are initially recognized at fair value in accordance with the provisions of IFRS 9. The difference between the fair value of the loans at initial recognition and the amount received constitutes a government grant. Where the grant pertains to the acquisition, construction or financing of an asset, it is accounted for as an asset grant and is systematically recognized in profit or loss over the useful life of the relevant asset, subject to compliance with the terms and undertakings set with respect to the loan.

Subsequent to initial recognition, the loan is measured at amortized cost in accordance with IFRS 9, using the effective interest method.

For details regarding the receipt of a loan at a preferential interest rate from TEF with respect to the Basin Ranch project, see Note 14B4.

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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

E. Property, plant & equipment (cont.)

1. Recognition and measurement (cont.)

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.

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. On 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	3 – 15 years
Roads and buildings	23 - 30 years
Back up diesel fuel by consumption	
Freehold land is not depreciated.	

For details regarding extending the estimated useful life of the Rotem Power Plant, see Note 2E1.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

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 Note 11B.

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 life 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.

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**").

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

G. Impairment (cont.)

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.

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. For further details, see Note 16C to the Financial Statements.

I. Revenues

The Group recognizes revenues when the customer gains control over the promised goods or services. The revenue 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

I. Revenues (cont.)

The Group has three main types of revenues:

1. Revenues from the sale of electricity and steam to private customers 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. Revenues from the sale of electricity to the System Operator are recognized upon its transmission into the electrical grid.
3. Revenues from provision of power plants' availability to the System Operator 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 revenues 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.

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 IEC 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 revenues 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.

Profits and losses from 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).

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. Finance income and expenses (cont.)

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. Income tax expenses

Income tax includes 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.

Current taxes

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.

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.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

K. Income tax expenses (cont.)

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.

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 - 24-49 years and other assets - 12-16 years.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (cont.)

N. 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 income statement. 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 income statement are 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 commodity contracts (primarily natural gas and electricity), is determined using quotes for the relevant future commodity 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: loans from banks, financial institutions and others 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.

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 (which is based, in general, on an independent appraisal), and the base mechanism 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 5 - CASH AND CASH EQUIVALENTS

	Nominal interest December 31, 2025	As of December 31	
		2025	2024
		NIS million	NIS million
Current account balances		1,021	746
Deposits		1,892	216
	3.9%	2,913	962

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 sensitivity analyses, see Note 21.

NOTE 6 - LONG-TERM CASH AND RESTRICTED DEPOSITS WITH BANKING CORPORATIONS

	Nominal interest December 31, 2025	As of December 31	
		2025	2024
		NIS million	NIS million
Long-term restricted cash and deposits in the US (1)	3.9%	482	-
Long-term restricted cash and deposits in Israel (2)	4.0%	40	60
		522	60

(1) Balances designated for the construction of the Basin Ranch project For further details regarding the Project, see Note 23E1.

(2) For further details, see Note 14B2.

For further details regarding the Group's exposure to credit, interest and foreign currency risks and sensitivity analyses, see Note 21.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 7 – RECEIVABLES AND DEBIT BALANCES

	As of December 31	
	2025	2024
	NIS million	NIS million
Prepaid expenses	45	40
Government authorities	41	39
Subordinate loans to Valley power plant (1)	110	-
Other	10	11
	206	90

(1) Subordinated loans advanced by the project partners in previous years, and repaid subsequent to the Report date under the refinancing of the Valley power plant completed in February 2026.

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 sensitivity analyses, see Note 21.

NOTE 8 – LONG-TERM PREPAID EXPENSES AND OTHER RECEIVABLES

	As of December 31	
	2025	2024
	NIS million	NIS million
Receivable development fees from the Basin Ranch project	121	-
Advance payment for the acquisition of the remaining partner in the Basin Ranch (1) project	186	-
Subordinate loans to Valley power plant (2)	-	117
Payments to customers	25	24
Deferred tax assets	32	10
Other	13	11
	377	162

(1) For details regarding the agreement to acquire the remaining ownership rights in the Basin Ranch project (30%), see Note 23E1.

(2) As of December 31, 2025, the balance was classified as short-term. For details, see Note 7.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 9 – PROPERTY, PLANT & EQUIPMENT

A. Composition

	Active power plants and ancillary equipment	Power plants under construction and development	Land and other assets (1)	Total
	NIS million	NIS million	NIS million	NIS million
Cost				
Balance as of January 1, 2024	5,649	1,052	571	7,272
Additions	74	913	59	1,046
Diesel fuel consumption	-	-	(12)	(12)
Derecognitions	(24)	-	(3)	(27)
Classification from assets under construction due to commercial operation	401	(401)	-	-
Impairment (2)	-	(31)	-	(31)
Deconsolidation (3)	(1,588)	(1,267)	(30)	(2,885)
Effect of changes in exchange rates	41	28	-	69
Balance as of December 31, 2024	4,553	294	585	5,432
Additions	152	187	61	400
Diesel fuel consumption	-	-	(26)	(26)
Derecognitions	(1)	-	(21)	(22)
Classification from assets under construction due to commercial operation	55	(55)	-	-
Reversal of impairment (2)	-	31	-	31
Effect of changes in exchange rates	-	(1)	(1)	(2)
Balance as of December 31, 2025	4,759	456	598	5,813
Accumulated depreciation				
Balance as of January 1, 2024	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
Depreciation per year	203	-	15	218
Derecognitions	-	-	(1)	(1)
Balance as of December 31, 2025	1,310	-	101	1,411
Amortized balance as of December 31, 2025	3,449	456	497	4,402
Amortized balance as of December 31, 2024	3,446	294	498	4,238
Amortized balance as of January 1, 2024	4,700	1,052	491	6,243

(1) Includes land owned by the Gat Power Plant totaling approx. NIS 84 million.

(2) For details regarding impairment loss in the Hadera 2 Project in 2024 and its reversal during the reporting period, see Note 10B4.

(3) For details regarding deconsolidation and transition to the equity method in the fourth quarter of 2024 with respect to the investment in CPV Renewable, see Note 23F.

Notes to the Consolidated Financial Statements as of December 31, 2025

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

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

In the years ended December 31, 2025 and 2024, non-cash property, plant and equipment was purchased in the amount of approx. NIS 26 million for each year.

C. Significant scheduled maintenance work

During the year ended December 31, 2025, scheduled upgrading and maintenance work was carried out at the Rotem Power Plant at a total cost of approx. NIS 133 million.

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

D. Projects under construction - material construction and equipment agreements

1. Sorek 2 Project in Israel (construction completed, undergoing delivery inspections)

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 2 site, whereby Sorek 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

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

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

1. Sorek 2 Project in Israel (construction completed, undergoing delivery inspections) (cont.)

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.

In 2023, the construction contractor served Sorek 2 with a force majeure notice following the outbreak of the War. In 2024-2025, following an escalation in the state of war and due to Operation Rising Lion, notices were received regarding the evacuation from Israel of the contractors' foreign workers. 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 make an increase in project costs beyond the expected costs.

As of the Report approval date, the construction of the power plant has been essentially completed and its commercial operation is subject to the fulfillment of conditions and factors which have not yet been met and, including operational and technical factors associated with delivery inspections.

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.

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

Notes to the Consolidated Financial Statements as of December 31, 2025

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

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

2. Ramat Beka Project in Israel (in advanced development)

A. 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 160 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.

B. In February 2026, OPC Ramat Beka entered into an engineering, procurement and construction agreement (EPC) for the construction of a substation (private substation) and a switching station with a total capacity of approx. 970 MW, designed to convert the voltage of the electricity generated in the Ramat Beka Project to the electrical grid, at a total of approx. NIS 310 million.

The Agreement includes customary provisions for agreements of this type, including collateral, payment execution terms and conditions, the work schedule, warranty periods, and limitations on the contractor’s liability.

Furthermore, it was stipulated that OPC Ramat Beka may terminate the Agreement before a notice to proceed was issued, and the contractor may terminate the Agreement if a notice to proceed was not issued within the period set in the Agreement, all subject to a certain payment to the contractor, as stipulated in the Agreement and in accordance with the circumstances.

The commencement of the construction work depends, among other things, on the completion of the project’s financial closing, receipt of the required permits and regulatory approvals, and fulfillment of additional conditions as detailed in the Agreement. As of the Report approval date, there is no certainty as to the completion of the abovementioned processes.

3. Hadera 2 Project in Israel (in advanced development)

In February 2026, Hadera 2 and GE Vernova (hereinafter in this section - the **“Supplier”**) entered into an agreement for the supply of the Hadera 2 power plant’s primary equipment, including the gas and steam turbines and ancillary equipment (hereinafter in this section - **“Equipment Supply Agreement”**) and a maintenance agreement with respect to the abovementioned equipment. Under the Equipment Supply Agreement, the Supplier undertook, inter alia, to supply the main equipment in accordance with the agreed timetable and terms. Furthermore, the Equipment Supply Agreement includes certain provisions regarding the equipment’s performance, guarantees, caps and limitation of liability and Supplier warranty in respect of the equipment (which are capped and subject to the prescribed circumstances, terms and conditions). In accordance with the Equipment Supply Agreement, Hadera 2 undertook to pay - on scheduled dates, some of which had already been made as of the Report approval date (with the total amount paid estimated at tens of millions of euros) - a total consideration estimated at approx. 20% of the estimated cost of the project (which is estimated - as of the Report approval date - at approx. NIS 4.8-5.2 billion).

Notes to the Consolidated Financial Statements as of December 31, 2025

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

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

4. Basin Ranch Project in the US (under construction, will be consolidated in the Company's reports as from Q1/2026)

At the financial closing date of the Project, in October 2025, an engineering procurement and construction agreement (hereinafter - the "**EPC Agreement**") and an agreement to acquire the project's principal equipment (hereinafter - the "**Equipment Purchase Agreement**") came into effect. In accordance with the EPC Agreement, the construction contractor undertook to provide full construction services, which include a combination of the equipment acquired under the Equipment Purchase Agreement and procurement of the remaining equipment (which was not acquired under the Equipment Purchase Agreement). The EPC Agreement includes standard terms and conditions and undertakings generally accepted in such transactions (similar to CPV's other energy transition projects), such as the contractor's undertaking to complete within set schedules; warranty periods; project acceptance tests; performance and availability undertakings; various guarantees to secure the contractor's undertakings and performance metrics under the agreement; agreed (capped) compensation for a delay in project delivery; standard grounds for agreement termination; insurance; contractor liability limitation and other provisions, which are relevant for the project's construction and operation.

The project's principal equipment is supplied by an affiliate of a project partner, as of the financial closing date, under the Equipment Purchase Agreement. The Equipment Purchase Agreement includes specifications regarding the project's power generation equipment (H Class technology) including two gas turbines and two steam turbines, certain guarantees and liability (subject to caps) and product warranty.

The consideration under the EPC Agreement and Equipment Purchase Agreement will be paid over time, in accordance with the milestones set in each agreement and is expected to total approx. NIS 4.6 billion (approx. USD 1.4 billion) (as of the signing date of the Agreements) with respect to both agreements and additional EPC agreements. The agreements include fixed consideration and a variable component in respect of relevant customs tariffs, which will be paid by the project in accordance with the arrangements set forth in the agreements, and which may affect the overall expected cost.

Notes to the Consolidated Financial Statements as of December 31, 2025

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

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

	Land (b)	Other (1)	Long-term deferred expenses (2)	Total
	NIS million	NIS million	NIS million	NIS million
Balance as of January 1, 2024	334	88	209	631
Additions	-	-	193	193
Derecognitions	-	(2)	-	(2)
Depreciation	(13)	(13)	(5)	(31)
Deconsolidation (3)	(159)	-	-	(159)
Effect of changes in exchange rates	5	-	-	5
Balance as of December 31, 2024	167	73	397	637
Additions	-	-	29	29
Depreciation	(8)	(11)	(6)	(25)
Derecognitions	(1)	(2)	-	(3)
Effect of changes in exchange rates	-	(2)	-	(2)
Balance as of December 31, 2025	158	58	420	636

- (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 US.
- (2) Mainly in respect of payments in respect of infrastructure for electricity transmission lines, and payments in respect of the Ramat Beka project's land, as described in Section B5 below.
- (3) For details regarding deconsolidation and transition to the equity method in the fourth quarter of 2024 with respect to the investment in CPV Renewable, see Note 23F.

For details regarding maturity analysis of land lease liabilities, see Note 21B2.

B. Main 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. 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

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

B. Main agreements in Israel (cont.)

3. Zomet Power Plant

In January 2020, the Israel Lands Authority (hereinafter - 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 order to complete the land transaction, the Joint Corporation paid the ILA approx. NIS 154 million in capitalization fees based on land value (excluding development expenses) set in a final assessment. During the reporting period, final netting was made with the ILA for an immaterial amount, and Zomet was refunded the guarantee provided to ILA during the assessment proceedings, totaling approx. NIS 58 million (before linkage differences).

4. Hadera 2 Project (in advanced development)

Hadera 2 has an agreement with Infinyta 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 2025, Hadera 2 renewed the option in respect of 2026 and paid approx. NIS 4 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 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 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 of approx. NIS 31 million under other expenses, net.

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%).

Notes to the Consolidated Financial Statements as of December 31, 2025

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

B. Main agreements in Israel (cont.)

4. Hadera 2 Project (in advanced development) (cont.)

In June 2024, subsequent to the said government resolution, Hadera 2 filed a petition with the High Court of Justice, and in August 2025, in an additional hearing held by the Israeli government, the latter decided to approve the plan. In view of the above, in the third quarter of 2025 the Company reversed the impairment loss, which was recognized following the rejection of the plan in 2024, and recognized a NIS 31 million revenue under the other revenues, net line item.

5. The Ramat Beka renewable energy project (in advanced development)

In 2023-2024, it was announced that the Group through OPC Power Plants (hereinafter - the “**Winner**”) won tenders issued by 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 in the Neot Hovav Industrial Local Council, according to the following breakdown:

- (1) On May 10, 2023, the Group was announced the winning bidder with respect to three compounds, with an aggregate area of approx. 2,270 dunams (hereinafter – the “**First Tender**”). The Group’s bids in the First Tender totaled approx. NIS 484 million, in the aggregate, for all three Compounds.
- (2) On June 30, 2024, the Group was announced the winning bidder with respect to two compounds with an aggregate area of approx. 1,617 dunams located in proximity to the compounds won by the Group in the First Tender (hereinafter - the “**Second Tender**”). The Group’s bids in the Second Tender total approx. NIS 890 million, in the aggregate, for the two compounds.

In accordance with the terms of the First and Second Tenders, in August 2023 and September 2024, respectively, OPC Power Plants completed the first payment for the two tenders totaling approx. NIS 275 million (which constitutes 20% of the total consideration for the tenders’ areas). Upon authorizing a new outline plan, under which the project may be constructed (to the extent that it is authorized), 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.

Subsequent to the Reporting date, in January 2026, the National Infrastructures Committee approved a plan for a consolidated project for both tenders, pending final approval. The remaining 80% of the bid amount totaling approx. NIS 1.2 billion is expected to be paid 90 days after the plan’s final approval date.

On July 23, 2024 OPC Power Plants received purchase tax assessments in connection with the First Tender amounting to approx. NIS 29 million. During the reporting period, OPC Power Plants filed an appeal against the decision of the Israel Tax Authority, which rejected the appeal. Consequently, OPC Power Plants filed an appeal against the ruling with the Appeals Committee.

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 “land ownership interest”. As of the Report date, the Company believes – based on the opinion of its legal counsel – that since the likelihood of its position being accepted is higher than the likelihood of its being rejected; therefore, the Company did not make a provision in its financial statements.

Notes to the Consolidated Financial Statements as of December 31, 2025

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

B. Main agreements in Israel (cont.)

6. Land in Rotem 2 (under construction)

Rotem 2 has a lease agreement for plots with a total area of approx. 55 dunam. 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, the Company received from the ILA an extension for the land development period under the lease agreement until March 9, 2025, in consideration for 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 and there is no certainty it will be given.

C. Main agreements in the US

1. Shore power plant (will be consolidated in the Company's financial statements as from the first quarter of 2026)

The Shore Power Plant has a gas pipeline connected to two separate interstate transmission lines as detailed below:

Shore entered into agreements with Transcontinental Gas Pipeline Company, LLC (hereinafter - "Transco") for transmission services and an agreement for the connection, construction and operation of a natural gas delivery point. In accordance with the abovementioned agreements, Transco provides Shore with gas-system connection services and firm-capacity natural gas transmission services through a dedicated lateral pipeline, which connects Transco's existing interstate pipeline to the power plant's connection point. The term of the agreements is 15 years (until April 2030), with two additional 10-year extension options, which CPV Group believes are reasonably certain to be exercised, such that the term of the agreements will be extended until April 2050. The annual consideration during the First Agreement Term totals approx. USD 6 million (approx. NIS 21 million).

On December 19, 2018, Shore entered into an agreement with Texas Eastern Transmission LP (hereinafter - "Tetco") for transmission services and an agreement for the connection, construction and operation of a natural gas delivery point. Pursuant to the agreement, Tetco provides Shore with connection services and firm-capacity natural gas transmission services, through a lateral pipeline, which connects Tetco's interstate transmission system to the power plant's connection point. The lateral pipeline was completed and commissioned on September 28, 2021. The term of the agreement is 20 years (until September 2041), after which the agreement will be renewed for renewable annual periods, subject to the right to terminate the agreement by giving a one-year advance notice. The annual consideration during the First Agreement Term totals approx. USD 10 million (approx. NIS 34 million).

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 11 – INTANGIBLE ASSETS

A. Composition

	<u>Goodwill (1)</u>	<u>PPA</u>	<u>Other</u>	<u>Total</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
Cost				
Balance as of January 1, 2024	697	495	110	1,302
Additions	-	-	25	25
Derecognitions	-	-	(2)	(2)
Impairment loss in respect of Gnrgy (2)	(19)	-	(4)	(23)
Deconsolidation (3)	(471)	(510)	(72)	(1,053)
Effect of changes in exchange rates	14	15	2	31
Balance as of December 31, 2024	221	-	59	280
Additions	-	-	11	11
Balance as of December 31, 2025	221	-	70	291
Amortization				
Balance as of January 1, 2024	-	118	19	137
Depreciation per year	-	41	8	49
Derecognitions	-	-	(2)	(2)
Reclassification	-	5	(5)	-
Deconsolidation (3)	-	(166)	(1)	(167)
Effect of changes in exchange rates	-	2	-	2
Balance as of December 31, 2024	-	-	19	19
Depreciation per year	-	-	6	6
Balance as of December 31, 2025	-	-	25	25
Amortized balance as of December 31, 2025	221	-	45	266
Amortized balance as of December 31, 2024	221	-	40	261
Amortized balance as of January 1, 2024	697	377	91	1,165

- (1) As of December 31, 2025, 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 221 million.
- (2) A goodwill impairment loss recognized in respect of the investment in Gnrgy prior to its sale in the third quarter of 2024 . For further details, see Note 23A4.
- (3) For details regarding deconsolidation and transition to the equity method in the fourth quarter of 2024 with respect to the investment in CPV Renewable, see Note 23F.

Notes to the Consolidated Financial Statements as of December 31, 2025

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 221 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, 2025, was carried out at the level of the cash-generating unit comprising the three power plants (Rotem, Hadera and Gat) (hereinafter - the "**cash-generating units**"), 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 2026 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 2.2%.
- D. Weighted average cost of capital (WACC) calculated by an independent external appraiser - 7%.

As of December 31, 2025, the recoverable amount of the Rotem Power Plant alone is estimated at approx. NIS 4.9 billion, which exceeds the carrying amount of the cash-generating unit by approx. NIS 2.7 billion, and accordingly, no impairment loss was recognized.

NOTE 12 – PAYABLES AND CREDIT BALANCES

	As of December 31	
	2025	2024
	NIS million	NIS million
Profit-sharing plan for CPV Group employees (1)	221	-
Employees and institutions for salaries	58	63
Government authorities	44	18
Interest payable	23	20
Current maturities of lease liabilities	8	14
Other	15	8
	369	123

(1) For details, see Note 16C.

For further details regarding the Group's exposure to liquidity and foreign currency risks and sensitivity analyses, see Note 21.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 13 – OTHER LONG-TERM LIABILITIES

	As of December 31	
	2025	2024
	NIS million	NIS million
Profit-sharing plan for CPV Group employees (1)	-	105
Liabilities for evacuation, decommissioning, and removal	7	3
Other liabilities	8	7
	15	115

(1) As of December 31, 2025, the balance was classified as short-term. For details, see Note 16C.

Notes to the Consolidated Financial Statements as of December 31, 2025

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	
	2025	2024
	NIS million	NIS million
Current maturities of long-term loans in Israel	117	80
Short-term credit in Israel	-	2
Short-term credit in the US (a)	14	-
	131	82

(2) Long-term loans from banking corporations and financial institutions:

	As of December 31	
	2025	2024
	NIS million	NIS million
Loans to OPC Israel (b)	2,303	1,650
Loans to Hadera (b)	556	592
Loan to CPV (c)	484	-
Total from banking corporations and financial institutions	3,343	2,242
Net of deferred finance costs	(23)	(12)
Net of current maturities of long-term loans in Israel	(117)	(80)
	3,203	2,150

- A. With respect of utilization of a credit facility to finance receivable balances under CPV Group's retail activity.
- B. For details regarding long-term loan agreements and interest rates in Israel, see Section B1 and 2 below.
- C. For details regarding the Bank Leumi loan agreement with the CPV Group in the US, see Section B3 below.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Further details regarding finance agreements

1. Corporate finance agreements in Israel

On August 11, 2024 OPC Israel (hereinafter - the “**Borrower**”) engaged in a finance agreement with Bank Hapoalim Ltd. and a finance 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 Zomet’s project finance - totaling approx. NIS 1,144 million (including approx. NIS 10 million in accrued interest and approx. NIS 8 million as an early repayment fee) - and Gat’s project finance totaling 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 Finance 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 2024, 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).

In January and July 2025, the Borrower entered into finance agreements with Israel Discount Bank Ltd. and Bank Hapoalim Ltd. for the provision of loans totaling NIS 700 million, under conditions similar to those of the finance agreements described above and as detailed below, which were used by the Borrower to repay shareholder loans (including the full and final repayment of the shareholder loan advanced to Rotem as detailed in Note 23D(1)a), the restructuring of a long-term debt and a dividend distribution (it is noted that the Company used its share mainly to repay debentures).

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Further details regarding finance agreements in Israel (cont.)

1. Corporate finance agreements in Israel (cont.)

Following are the key principles of the Finance Agreements

Loan provision date	Various dates during 2024-2025
Principal terms	A total of NIS 2,350 million under three separate (bilateral) finance agreements. ³ 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.
Outstanding balance of principal as of December 31, 2025	Approx. NIS 2,303 million.
Interest terms	The Finance Agreements bear annual interest at a rate based on Prime interest + a spread ranging from 0.25% 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 Finance 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 Finance 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 Finance Agreements, mostly for the purpose of existing and/or future project finance (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 Finance 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 settlement agreements of the Borrower as set forth in the Finance 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 Finance 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 finance 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 finance 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.

³ The Finance Agreements are separate and independent of each other; however, considering their similar characteristics, they are described collectively, where relevant.

⁴ In accordance with the Finance 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.).

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Further details regarding finance agreements in Israel (cont.)

1. Corporate finance agreements in Israel (cont.)

Following are the key principles of the Finance Agreements (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 Finance 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) <u>Net financial debt</u> - 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 Finance 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. <u>Financial assets</u> - 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) <u>A financial debt designated for the construction of projects which have not yet started generating EBITDA</u> - (1) Financial debt provided to a special-purpose corporation as part of project credit; or (2) In an unpledged project - 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) <u>Adjusted EBITDA</u> - 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 EBITDA⁶ 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) <u>Equity capital</u> - 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) <u>Total assets</u> - 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 Finance 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 Finance 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, 2025, see Section 7 below.

⁵ For details regarding the shareholder loan advanced to Rotem see Note 23D.

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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Further details regarding finance agreements in Israel (cont.)

2. Project finance 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.
Outstanding balance of principal as of December 31, 2025	Approx. NIS 556 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). ⁷ <u>Linkage mechanism</u> : 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	<u>The agreements prescribe certain restrictions and liabilities as is generally accepted in agreements of this type, including:</u> - 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;⁸ - 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 finance, 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); - Various restrictions on deviation from the project budgets; - Restrictions on distribution and interested party transactions; - Undertakings to provide confirmations of compliance with the terms of the agreement, including financial covenants; - Prohibition on making material changes such as a merger; - Undertaking to obtain rating for the project under circumstances set forth; - Cross-default clauses are in place under certain conditions and circumstances set forth;

⁷ A voluntary early repayment of the entire debt will be possible subject to advance notice as is generally accepted in agreements of this type, provided that on that date all existing loans will be fully repaid and all undertakings to senior lenders will be canceled in full and all hedging liabilities will be paid and the positions closed. As of the end of the seventh year from the Commercial Operation Date, early repayment will involve the payment of an immaterial fee.

⁸ In Hadera, a debt service reserve was allocated, totaling two consecutive quarterly debt payments (as of the Report date - approx. NIS 40 million).

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Further details regarding finance agreements in Israel (cont.)

2. Project finance agreement in Hadera (cont.)

Conditions for distribution	A distribution by Hadera, as defined in the finance 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 equity 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 equity 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")⁹ are required to comply with certain covenants.

3. Finance agreements relating to the financial closing of the Basin Ranch project (under construction as of the Report date)

On October 28, 2025, the financial closing of the Basin Ranch project (hereinafter - the "**Project**"). As of the Financial Closing Date, CPV Group had a 70% holding stake in the Project and a partner had a 30% holding stake (for details regarding the acquisition of the partner's interests subsequent to the Report date, see Note 23E1).

Under the financial closing, inter alia: (a) the equity undertaking of the Project's interest holders was met in full, in accordance with the requirements of the TEF Loan agreements, as detailed in Section A below; (b) the loan agreement with Bank Leumi was finalized, as detailed in Section A below; (d) the TEF Loan agreements were finalized, as detailed in Note 14B4.

A. Equity financing and provision of collateral:

At the Financial Closing Date, the project's interest holders provided the entire equity required for the project relative to their holding stakes as of the Financial Closing Date. For this purpose, the CPV Group (70%) provided a total amount of approx. NIS 1.5 billion (approx. USD 470 million), of which approx. NIS 1 billion (approx. USD 300 million) was provided by way of a loan from Bank Leumi as detailed below, and approx. NIS 562 million (approx. USD 170 million)¹⁰ was provided by the Company through an equity bridge loan until the equity investment process with the additional partners at OPC Power is completed; it was completed in March 2026 (for details, see Note 23A3). To provide the bridge loan, the Company used some of the funds raised in the share issuance in June 2025, as detailed in Note 18B.

⁹ 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.

¹⁰ The amount includes recognition of pre-financial closing development investments totaling approx. NIS 221 million (approx. USD 67 million).

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

- B. Further details regarding finance agreements in Israel (cont.)
- 3. Finance agreements relating to the financial closing of the Basin Ranch project (under construction as of the Report date) (cont.)

A. Equity financing and provision of collateral:

Moreover, additional collateral in connection with the project was provided by the project's interest holders as part of the TEF Loan's financial closing. The CPV Group's share (70%) in the additional collateral, which was provided by way of letters of credit, totals approx. NIS 446 million (approx. USD 135 million), as detailed in Note 14C.

B. Finance agreement with Bank Leumi in the CPV Group

On October 22, 2025, the CPV Group and Bank Leumi le-Israel B.M. signed a finance agreement (hereinafter - the "**Finance Agreement**" and the "**Lender**", or "**Bank Leumi**", respectively) for a loan totaling USD 300 million (approx. NIS 1 billion), to finance part of the CPV Group's share in the equity required for the Basin Ranch project (hereinafter in this section - the "**Project**"). The agreement was completed on October 28, 2025, upon the financial closing of the TEF Loan. In view of the engagement in an agreement for the acquisition of the remaining ownership interests in the Project as stated in Note 23E, which was completed in February 2026, in January 2026, CPV Group and Bank Leumi entered into an amendment to the finance agreement, whose main purpose is to increase the Loan Amount by additional USD 130 million (approx. NIS 0.4 billion).

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Further details regarding finance agreements in Israel (cont.)

3. Finance agreements relating to the financial closing of the Basin Ranch project (under construction as of the Report date) (cont.)

B. Finance Agreement with Bank Leumi in the CPV Group (cont.)

Borrower	CPV Group
Loan amount (principal)	USD 430 million (approx. NIS 1.4 billion).
Loan provision date	USD 300 million in October 2025 (as of the Report date - approx. USD 150 million had been withdrawn in cash and an additional USD 150 million had been made available as letters of credit (LCs)) Additional USD 130 million in January 2026 (as of the Report approval date, approx. USD 65 million were withdrawn in cash and additional approx. USD 65 million were provided as letters of credit) Under the terms of the finance agreement, by the end of 2026 the letters of credit will be converted to cash withdrawals.
Interest rate (annual)	Long-term loan: Interest based on SOFR plus a 2.8% to 3.4% spread. Financial guarantee fee (through the abovementioned letters of credit): 1.3% to 2%.
Repayment dates principal and interest	The interest on the loan principal shall be payable each quarter starting on March 31, 2027, with the interest accrued until the first payment date is added to the loan principal; The loan principal (including said accrued interest) is payable by March 31, 2027 in accordance with the amortization schedule, as follows: 2027-2029: 5% per annum 2030-2031: 25% per annum 2032: 35%. Notwithstanding the foregoing, if the commercial operation of the Project commences during 2029, an adjustment will be made to the principal payment rates (an increase from 1.25% per quarter to 6.25% per quarter) as of the first quarter after the commercial operation date, all such that the entire loan is repaid no later than December 31, 2032.
Default financial covenants	Financial covenants applicable to Borrower: - Total equity attributable to the shareholders of the CPV Group: More than USD 750 million; - Adjusted net debt to adjusted EBITDA ratio of the CPV Group is less than 7.0. The financial covenants will be examined each quarter and will be subject to the terms and provisions (as well as to agreed-upon remediation periods) and testing mechanisms as shall be set forth in the Finance Agreement. For details regarding the actual amounts and/or ratios in respect of the abovementioned covenants as of December 31, 2025, see Section 7 below.
Collateral	Subject to the relevant statutory provisions and the terms of the project's finance agreements (including the TEF Loan described in Note 14B4), the Lender will be entitled to a lien on the account to which the dividends from the project companies are paid directly to the Borrower, all as stipulated in the Finance Agreement; Furthermore, the Borrower undertook to have in place a negative pledge, except under the following circumstances: (a) Existing and future project finance or the provision of liens under the financing of the portfolio assets of the Borrower and/or its subsidiaries and/or associates; (b) other existing and future permitted liens, in the ordinary course of business, all as stipulated under the Finance Agreement.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Further details regarding finance agreements in Israel (cont.)

3. Finance agreements relating to the financial closing of the Basin Ranch project (under construction as of the Report date) (cont.)

B. Finance Agreement with Bank Leumi in the CPV Group (cont.)

Additional material terms and conditions	Additional terms, undertakings and grounds for repayment (if applicable), include (as the case may be) certain restrictions on the Borrower and/or its subsidiaries and/or associates, with respect to: (a) Undertaking debt as stipulated in the Finance Agreement, except for the undertaking of a permitted debt (as defined in the Finance Agreement and under pre-determined conditions as to the Borrower's level of leveraging and liquidity) with respect to the areas of activity of the Borrower and/or its subsidiaries and/or associates (such as undertaking non-recourse project finance for a new project and/or the refinancing a debt of an existing project or the financing of a portfolio of existing/ new projects through non-recourse financing, the Borrower's undertaking corporate debts under the conditions stipulated in the Finance Agreement, undertaking and/or extending certain credit facilities, etc.); (b) Restrictions on the sale of assets, except for assets, which meet the pre-determined conditions set in the finance agreement as to the Borrower's level of leveraging and liquidity or assets, or assets which are immaterial to the business activities of the Borrower and/or its subsidiaries and/or associates; (c) Restrictions on investments outside the normal business activities originating from the Borrower's free cash flow, where (i) the net debt to EBITDA ratio covenant (as detailed above) exceeds the value stipulated in the Finance Agreement; or (ii) the occurrence of certain default events in the project and/or other ongoing default events in the project, which were not remediated within the remediation periods stipulated in the Finance Agreement; (d) Other undertakings, default events and grounds for repayment as is generally accepted in agreements of this type, including: Restrictions on change of control in the Borrower (including the Company and its controlling shareholders); restrictions on changes to the Borrower's area of activity; cross acceleration as defined in the Finance Agreement; non-payment; default events; legal or regulatory proceedings/matters as defined in the Finance Agreement; breach of covenants and undertakings (subject to remediation periods); cross-default for certain events pertaining to the project (including material adverse effect events as defined in the Finance Agreement, breach of an undertaking to repay a TEF Loan or its acceleration, bankruptcy and abandonment event); non-payment of a debt of the Borrower or the project above a certain threshold, all in accordance with the definitions, remediation periods and other conditions set in the Finance Agreement.
Payments to the Borrower's shareholders	As from March 31, 2027, dividend distributions and repayment of shareholder loans¹¹ are subject to the following financial covenants (as defined above): • Total equity attributable to the shareholders of the CPV Group: More than USD 1 billion; • Adjusted net debt to adjusted EBITDA ratio of the CPV Group is less than 4.0 up to 12 months subsequent to the project's commercial operation date (COD) and less than 5.0 thereafter. Furthermore, under certain adverse circumstances defined in the Finance Agreement, such payments and additional payments to shareholders (such as management fees) will not be permitted even if the abovementioned financial covenants are met.
Fees	Provisions have been set regarding fees, including upfront-fees and non-utilization fees, as is generally accepted in finance agreements, as well as early repayment fees. It is clarified that the loan's early repayment fees (except with respect to financial damage, if incurred) were set at declining levels over the loan term, such that after a set number of years no early repayment fees will apply.

¹¹ Except for certain shareholder loans defined in the agreement, the repayment of which is not conditional on compliance with covenants.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Further details regarding finance agreements in Israel (cont.)

4. TEF Loan Agreement (senior debt in Basin Ranch project (under construction, will be consolidated in the Company's financial statements as from the first quarter of 2026))

In October 2025, the Financial Closing Date of the Basin Ranch Project, a senior loan agreement with Texas Energy Fund (hereinafter - “TEF”), managed by the Public Utility Commission of Texas (hereinafter - “PUCT”), was entered into to finance the project’s construction (hereinafter - the “TEF Loan”)

Following is a summary of the main terms of the TEF Loan:

Borrower	Basin Ranch
Amount of loan to the Project Company (100%)	Approx. USD 1.1 billion (approx. NIS 3.6 billion).
Loan provision date	As from October 2025, in a number of tranches in accordance with the percentage of completion of the project’s construction. As of the Report date a loan principal of approx. USD 191 million was withdrawn).
Interest rate	Annual interest at a fixed rate of 3%.
Amortization schedule of the principal and interest	Final repayment date: September 30, 2045. The loan principal will be repaid in quarterly principal payments as from March 31, 2031, at a rate equal to 0.25% per quarter, through March 31, 2032. Thereafter, repayments of principal and interest in accordance with an amortization schedule in a mortgage format (hereinafter - “Spitzer”). Interest payments will be paid every quarter, including during the construction period.
Pledges	A first degree, senior, fixed and secured pledge on the project, its assets and the rights arising therefrom.
Default financial covenants	• A historical 12-month debt service coverage ratio (DSCR) of 1.10x, which shall be measured on a quarterly basis starting one year after the commercial operation date (COD), as defined in the loan agreement. • Expected 5-year contracted DSCR of 1.20x on COD; the contracts for compliance with this ratio should be renewed or replaced two years before their termination date, on a rolling basis. The project entered into hedging arrangements¹² for a substantial portion of the project's capacity, which comply with this requirement. • Performance-based project covenants for the past 12 months, which will be measured monthly as from the date on which full 12 calendar months will elapse after COD. The covenants set minimum uptime of 85% and maximum downtime of 15%, which may be remediated by presenting a remedial action plan and a reserve to finance the plan for the next 12 months.
Other key conditions (including certain collateral)	• Distributions are subject to generally accepted definitions and conditions and to the following: (a) Compliance with contracted DSCR of 1.20x over 4 consecutive quarters, or a DSCR of 1.35x based on the total cash flow; and (b) a performance test (downtime/uptime) for the past 12 months, which includes certain conditions, which allow distribution even if the criteria are not met. • Additional undertakings of the project interest holders (100%) totaling approx. NIS 191 million. These undertakings include collateral in the form of letters of credit (LCs) or other generally acceptable collateral (such as cash) to secure certain matters pertaining to key agreements and the cost of the project, and to secure completion of construction (which can be forfeited after exhausting a budget contingency); and to secure the project’s connection to the grid within 4 years, subject to an extension option (with the collateral released in accordance with the abovementioned date). For further details regarding the balance of the guarantees provided by the Group in favor of the project as of the Report date and the report approval date, see Note 14C. • Additional project-level undertakings pertaining to collateral include, among other things, cash reserves or letters of credit on COD to secure expected DSR and operating expenses. • Other undertakings and default and repayment events include, among other things, events that are deemed “change of control” including circumstances where CPV Power Holdings, LP (a wholly owned subsidiary partnership of the CPV Group) no longer holds and controls at least 50% of the Borrower, and circumstances where the CPV Group no longer holds or controls at least 50% of CPV Power Holdings, LP (as applicable in accordance with the relevant provisions), and generally accepted immediate repayment grounds such as non-payment, failure to comply with certain undertakings, breach of representations, undertakings and covenants, default events, regulatory and legal proceedings – all in accordance with the conditions and the remediation periods (as applicable) set in the loan agreement.

¹² The project entered into Gas Netback commercial agreements (including a pricing mechanism under which the gas price paid by the electricity producer is derived from the price of electricity) and fixed-price power purchase agreements in order to hedge a substantial portion of the power plant's capacity for a period of 7 years from the commercial operation date under a plan aiming to hedge approx. 75% of the power plant's capacity as of the commercial operation date.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Further details regarding finance agreements in Israel (cont.)

5. Project finance agreement (senior debt)¹³ in the Shore project (will be consolidated in the Company's financial statements as from the first quarter of 2026)

In the first quarter of 2025, Shore completed an engagement in a refinance agreement, under which the total amount of undertakings was approx. NIS 1.39 billion (approx. USD 436 million). With respect to the completion of the New Refinance Agreement, all equity holders in the Shore power plant provided a total of approx. USD 80 million for the purpose of deleveraging (CPV Group's share, including in respect of the additional acquisition detailed in Note 23E, was approx. USD 71 million). Following are the main terms of the finance agreement:

Loan provision date	February 4, 2025
Amount of loan to the Project Company (100%)	Term Loan B - a long-term loan totaling USD 325 million. Ancillary credit facilities: Term Loan C - letters of credit totaling USD 61 million Revolving credit facility totaling USD 50 million As of the Report date, the outstanding balance of the long-term loan (Term Loan B) totals approx. USD 290 million, and the utilized balance of the letters of credit facility totals approx. USD 57 million (withdrawals were made from the revolving credit facility).
Interest rate	Long-term loan: Interest based on SOFR plus a 3.75% spread.
Amortization schedule of the principal and interest	The frequency and scope of repayment of the long-term loan principal vary until the final repayment date, in accordance with a combination of a mandatory amortization schedule (1% per year) and a leverage-based repayment mechanism, with a cash sweep of 100% to 75%. Final repayment date of the loan and the credit facilities: Term Loan B and Term Loan C - February 4, 2032 Revolving credit facility: February 4, 2030
Pledges	A first degree, senior, fixed and secured pledge on the project, its assets and the rights arising therefrom.
Default financial covenants	The finance agreement includes grounds for repayment that are standard in agreements of this type, including, inter alia – breach of representations and commitments that have a material adverse effect, non-payment events, non-compliance with certain obligations, various default events, winding down of the project or termination of significant parties in the project (as defined in the agreement), occurrence of certain events relating to the regulatory status of the project and holding government approvals, certain changes in ownership of the project, certain events in connection with the project, existence of legal proceedings relating to the project, and a situation wherein the project is not entitled to receive payments for availability and electricity – all in accordance with and subject to the terms and conditions, definitions and remedial periods detailed in the amendment to the finance agreement. Furthermore, it is required to maintain a historical debt service coverage ratio (DSCR) of 1:1 over the past 12 months. The ratio will be assessed for the first time as of December 31, 2025 (adjusted on a pro rata basis as from the agreement's effective date), and subsequently at the end of each calendar quarter. As of the Report date, the historical debt service coverage ratio stands at x2.4.
Other key conditions (including certain collateral)	In accordance with the finance agreement, it is required to hedge the interest rate with respect of at least 50% of the projected nominal loan balance for a period of three years from the completion date.

¹³ Non-recourse financing, as accepted in agreements of this type in the US.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Further details regarding finance agreements in Israel (cont.)

6. Short-term credit facilities

As of the report approval date, the Company and OPC Israel have binding short-term credit facilities from Israeli banking corporations in effect as of various dates, most of which are during the second half of 2026. 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 7 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 and/or cross-acceleration causes which vary from one facility to another.

OPC Israel's credit facilities are subject to compliance with financial covenants as detailed in Section 7 below and to generally accepted provisions and undertakings, which are similar to those of the Corporate Finance Agreements in Israel as detailed in Section B1 above.

Following is information regarding short-term binding 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, 2026)	Utilization as of the Report date ⁽¹⁾	Utilization immediately prior to the report approval date (March 3, 2026)
Company	300	-	-
OPC Israel	300	4	4
The Company for CPV Group ⁽²⁾	526 (approx. USD 165 million)	196	303
CPV Group ⁽²⁾	542 (approx. USD 170 million)	502	489
Total binding facilities	1,668	702	796

(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 shortly before 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 349 million and approx. NIS 361 million, and in the US - totaling approx. NIS 226 million and approx. NIS 223 million (backed by the Company's guarantee), 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 14 – LOANS FROM BANKING CORPORATIONS AND FINANCIAL INSTITUTIONS (cont.)

B. Further details regarding finance agreements in Israel (cont.)

7. Financial covenants:

	Breach ratio	Actual value
<u>Covenants applicable to OPC Israel with respect to the corporate finance agreements¹⁴</u>		
OPC Israel's equity capital	Will not fall below NIS 1,100 million	Approx. NIS 2,107 million
OPC Israel's equity to asset ratio	Will not fall below 20%	36%
OPC Israel's ratio of net debt to EBITDA	Will not exceed 8	4.1
<u>Covenants applicable to Hadera in connection with the Hadera Finance Agreement</u>		
Minimum expected DSCR (1)	1.10	1.13
Average expected DSCR (1)	1.10	1.68
LLCR (2)	1.10	1.59
<u>Covenants applicable to the Company in connection with binding credit facilities with Israeli banking corporations¹⁵</u>		
The Company equity capital (separate)	Will not fall below NIS 1,200 million	Approx. NIS 6,471 million
The Company's equity to asset ratio (separate)	Will not fall below 30%	77%
The Company's net debt to EBITDA ratio	Will not exceed 12	3.2
<u>Covenants applicable to the CPV Group in connection with a finance agreement with Bank Leumi</u>		
Equity attributable to the shareholders of the CPV Group	No less than USD 750 million	Approx. USD 1.6 billion
CPV group's net debt to EBITDA ratio	Will not exceed 7	3.0

(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 finance 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 finance agreement.

As of the reporting date, the Group companies comply with all of the financial covenants.

¹⁴ Additionally, OPC Israel has short-term bank credit facilities, which include financial covenants identical to the abovementioned financial covenants.

¹⁵ Additionally, the Company has financial covenants applicable by virtue of the Hadera Equity Subscription Agreement, which are not stricter than the abovementioned covenants.

Notes to the Consolidated Financial Statements as of December 31, 2025

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	
	2025	2024
	NIS million	NIS million
For operating projects in Israel (mostly Rotem, Hadera, Zomet and Gat) (1)	189	249
For projects under construction and development in Israel (Sorek 2 and consumers' premises) (2)	91	74
In respect of the filing of a bid in the Sorek tender (3)	50	100
For virtual supply activity in Israel	33	21
In respect of projects under construction and development in the US (CPV Group) (4)*	158	339
For the Basin Ranch Project* (5)	700	-
In respect of operating projects in the US Renewable Energies and Other Segment*	66	22
	<u>1,287</u>	<u>805</u>

* Out of the Company's facilities or guaranteed by the Company.

- (1) As of the Report date, mainly in respect of: bank guarantees of approx. NIS 109 million (CPI-linked) provided by OPC Israel for Rotem and Hadera in favor of Noga - Independent System Operator Ltd. (hereinafter - the "**System Operator**") as required under the PPAs and/or covenants of the Israeli Electricity Authority. As of December 31, 2024, includes a bank guarantee of approx. NIS 67 million (approx. NIS 58 million, CPI-linked) provided by OPC Israel for Zomet in favor of the ILA, which was released in the reporting period (for further details, see Note 10B3).
- (2) Mainly in respect of a bank guarantee of approx. NIS 53 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, during the reporting period, the guarantee was reduced to a total of NIS 50 million.
- (4) The decrease is mainly due to the sale of the Mason Road project for a consideration, which is immaterial to the Company, the transition of the Backbone project to commercial operation in the fourth quarter of 2025 and the transition to utilizing bank guarantees of the Rogue's Wind project at the project level (instead of utilizing the credit guarantees of CPV Group, which are backed by the Company's guarantee).
- (5) Arises mainly from the provision of bank guarantees with respect to the financial closing of the TEF Loan as detailed in Note 14B4.

Furthermore, the Company and the Group companies provide, from time to time, corporate guarantees to secure Group companies' undertakings in connection with their activity.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 15 – DEBENTURES

A. Composition

	As of December 31	
	2025	2024
	NIS million	NIS million
Marketable debentures	1,870	1,875
Less current maturities	(244)	(212)
	<u>1,626</u>	<u>1,663</u>

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 15 – DEBENTURES (cont.)

B. Additional details regarding the Company's marketable debentures as of the Report date

Series	Original issuance date	p.v. on issuance dates (2)	Nominal value as of the Report date	Fair value as of December 31, 2025 (3)	Nominal annual 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 442 million (approx. NIS 518 million after linkage)	Approx. NIS 525 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 the 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	September 9, 2021	Approx. NIS 851 million	Approx. NIS 664 million	Approx. NIS 636 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 (1)	Approx. NIS 658 million	Approx. NIS 658 million	Approx. NIS 723 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) In addition to their original issuance date, Series B and D were expanded in October 2020 and December 2025, respectively.

(2) As of the issuance date of Debentures (Series B, C and D), the issuance costs amounted to approx. NIS 11 million, approx. NIS 9 million, and approx. NIS 7 million, respectively.

(3) The fair value is based on the closing price quoted on the stock exchange.

(4) As of December 31, 2025, the balance of interest payable in respect of the Debentures (Series B, C and D) amounts to approx. NIS 20 million.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 15 – DEBENTURES (cont.)

C. Additional details

1. Issue of Debentures (Series D)

In January 2024, the Company issued Debentures (Series D) at a par value of approx. NIS 200 million (hereinafter – “**Debentures (Series D)**”). The debentures are listed for trading on the TASE, are not linked to the CPI and bear an annual interest (coupon) of 6.2%. The issuance expenses totaled approx. NIS 2 million.

In November 2025, the Company issued Debentures (Series D) by way of a series expansion at a par value of approx. NIS 458 million, with the proceeds of the issuance totaling approx. NIS 500 million. The effective interest rate is approx. 4.8%. The issuance expenses totaled approx. NIS 5 million.

The issuances proceeds were designated for the refinancing of existing debts and for the Group’s operating business activities. For details regarding principal and interest repayments see Section B above.

2. Partial early redemption of Debentures (Series B)

On September 30, 2025, the Company repaid, by way of partial early redemption, approx. NIS 256 million par value in Debentures (Series B) in addition to the fixed payment in accordance with the amortization schedule of Debentures (Series B) as of that date. The total amount redeemed with respect to the partial early redemption, including linkage, is approx. NIS 302 million.

3. Rating of Debentures (Series B, C and D)

In May 2025, Midroog assigned an initial rating of A1.il with a stable outlook for the Company and its debentures. In addition, in May 2025, Ma’alot S&P upgraded the Company's credit rating to ilA with a stable outlook and the rating of its debentures to ilA+, following an improvement in business profile and financial ratios.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 15 – DEBENTURES (cont.)

C. Additional details (cont.)

4. Additional terms of the debentures

The deeds of trust of Debentures (Series 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 statements 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 other than in accordance with the Companies Regulations (Expedients in Transactions with an Interested Party), 2000 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 Deeds of Trust being met; (8) Distribution in breach of the provisions of the Deeds 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 Trustee Company Ltd.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 15 – DEBENTURES (cont.)

C. Additional details (cont.)

4. Additional terms of the debentures (cont.)

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:

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)	3.2
The Company equity capital (separate)	Will not fall below NIS 250 million (for distribution purposes - NIS 350 million)	<u>With respect to Debentures (Series C):</u> will not fall below NIS 1 billion (for distribution purposes – NIS 1.4 billion) <u>With respect to Debentures (Series D):</u> will not fall below NIS 2 billion (for distribution purposes – NIS 2.4 billion)	Approx. NIS 6,470 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%)	77%
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, 2025, the Company complies with the said financial covenants.

In addition, the Deeds 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 Deeds of Trust; everything shall be according to the terms stipulated in the Deeds 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 15 – DEBENTURES (cont.)

C. Additional details (cont.)

4. Additional terms of the debentures (cont.)

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 US. The amount recognized as an expense in 2025 is approx. NIS 14 million (in 2024 and 2023 - approx. NIS 13 million).

It is 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 “**Option 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, for the options received by the offeree under the plan, other than a yield benefit component, if any, determined on the allocation/grant date.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 16 – EMPLOYEE BENEFITS (cont.)

B. Equity compensation plan in Israel (cont.)

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 three or 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

Following is information regarding allocation of offered securities in accordance with the option plan:

Offerees and allocation dates	No. of options at the grant date (in thousands)	Average fair value of each option at the award date (1) (in NIS)	Exercise price per option (in NIS, unlinked)	No. of unvested options as of December 31, 2024 (in thousands)	No. of unvested options as of December 31, 2025 (in thousands)	Risk-free interest rate (2)
Officer, May 2020	99	7.76	25.81	50	-	0.36% - 0.58%
Chairman of the Board, January 2021	367	13.07	32.78	367	-	0.20% - 0.40%
CEO, April 2021	1,253	9.54	34.46	1,253	-	0.35% - 0.59%
Officer, January 2022	272	9.91	33.21	272	68	0.47% - 0.75%
Managers and officer, May 2022	1,649	10.42	36.60	1,177	288	1.84% - 2.05%
Officer, September 2022	254	15.70	39.86	254	64	2.93% - 2.94%
Executives, March 2024	497	9.77	25.19	497	295	3.81% - 3.91%
Chairman of the Board, November 2024	204	10.21	30.78	204	153	4.13% - 4.19%
Executives, March 2025	441	11.80	31.98	N/A	441	4.09% - 4.15%
CEO, July 2025	646	19.84	43.39	N/A	646	3.93% - 3.94%
Officer, March 2026 (*)	37	37.91	94.67	N/A	N/A	3.46% - 3.51%
				4,074	1,955	

(*) In addition, 4,431 RSUs were granted

- (1) The share's standard deviation in all awards is within the range of 30%-36% based on the historical volatility of the Company's share over the option's expected life through the 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 16 – EMPLOYEE BENEFITS (cont.)

B. Equity compensation plan in Israel (cont.)

(1) Exercise of options and issuance of shares

- A. Issuance of shares - In the years ended December 31, 2025, 2024, and 2023, following the vesting of the RSUs, the Company issued approx. 7, approx. 14 thousand, and approx. 14 thousand ordinary shares of the Company of NIS 0.01 par value, respectively.
- B. Exercise of options - in the years ended December 31, 2025, 2024 and 2023, the Company issued approx. 450 thousand, approx. 12 thousand and approx. 8 thousand ordinary shares of the Company of NIS 0.01 par value, respectively, following a notice on the exercise of approx. 2,823 thousand, approx. 72 thousand and approx. 23 thousand options, respectively. Of which, during the Reporting Period, the Company's CEO – Mr. Giora Almogy – exercised approx. 1,253 thousand options into approx. 161 thousand Company shares and the Chairman of the Board of Directors – Mr. Yair Caspi – exercised approx. 184 thousand options into approx. 35 thousand Company shares. The weighted average price per share on the exercise dates of the options was NIS 46.26, NIS 18.84, and NIS 24.42, respectively.

(2) Expiry of options

In the years ended December 31, 2025, 2024, and 2023 - approx. 384, 608, and 542 thousand options expired, respectively, inter alia following exits of Company employees. Out of which, during the reporting period, approx. 184 thousand options awarded to the Chairman of the Board, Mr. Yair Caspi, expired.

(3) Allotments

The value of the benefit implicit in the allocation of securities in the years ended December 31, 2025 and 2024 is approx. NIS 18 million and approx. NIS 7 million, respectively. This amount will be recorded in profit and loss over the vesting period.

(4) Expenses recognized

In the years ended December 31, 2025, 2024, and 2023, the Company recognized an expense in the amount of approx. NIS 8 million, approx. NIS 8 million, and approx. NIS 10 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 in this note - the “**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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 16 – EMPLOYEE BENEFITS (cont.)

C. Profit-sharing plan for CPV Group employees (cont.)

In 2024, CPV Group approved a 1% increase in the profit participation rights and the allocation to a CPV Group officer.

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 entire plan vested in January 2026 (at the end of five years from CPV Group's acquisition date), and according to the exercise notices received, a total of approx. NIS 223 million (approx. USD 70 million) is expected to be paid to the CPV Group's employees and executives at the end of the first quarter of 2026. The balance of the liability in respect of the plan was included under the other payables and credit balances line item.

Subsequent to the Report date, a new compensation plan was approved, under which the award of new participation units is expected (hereinafter – the “**New Plan**”); the New Plan is based mainly on conditions similar to those of the 2021 Plan, mutatis mutandis, including, among other things, the cancellation of the option of partial exercise before the end of five years (except under certain circumstances such as a change of control, as defined in the New Plan), and the addition of a certain hurdle rate to the investment amounts. The New Plan is expected to be allocated by the end of Q2 2026 (with a vesting date in January 2026), and the total award is expected to represent approx. 5.8% of the profit participation rights (as of the New Plan Approval Date).

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 2023 and 2025 is 23%.

US

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 US 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 US 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 17 – TAXES ON INCOME (cont.)

A. Information about the tax environment in which the Group operates (cont.)

1. Corporate tax rate (cont.)

US (cont.)

The US tax laws include a limit on finance expenses that may be deducted. The expenses are capped at 30% of the Adjusted Taxable Income (hereinafter – "**ATI**"); in 2022-2024 the ATI calculation is based on EBIT (without depreciation and amortization) and as from 2025 the ATI calculation is based on EBITDA. 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 - In 2023 and 2024 the accelerated depreciation rate is 80% and 60%, respectively. As from 2025, the accelerated depreciation rate will be 100%. 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 US or constructed at certain sites (hereinafter – the "**Brownfield Sites**").
- Production tax credit (hereinafter – "**PTC**") - A tax credit in respect of revenues 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.

On July 4, 2025, the federal law known as the One Big Beautiful Bill was enacted, which eliminated, among other things, the ITC and PTC tax benefits with respect to projects whose construction has not yet commenced. In accordance with the provisions of the law and the safe harbor rules (lenient threshold conditions), renewable energy projects (sun and wind) will be required to commence construction (as this term was defined by the IRS) by July 4, 2026 and to complete it no later than the end of 4 years, or if their construction will commence after July 4, 2026 to complete it no later than the end of 2027 in order to comply with the conditions for receipt of the tax benefits.

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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 17 – TAXES ON INCOME (cont.)

A. Information about the tax environment in which the Group operates (cont.)

2. Benefits under the Law for Encouragement of Industry (Taxes), 1969 (hereinafter – the “Encouragement of Industry Law”) (cont.)

“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 (except Rotem and Hadera) have tax assessments that are considered final up to and including the 2020 tax year (subject to reservations stipulated in the law). Rotem and Hadera were issued with final tax assessments through the 2023 tax year.

ICG Energy is subject to taxation in several US jurisdictions. Tax year 2021 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		
	2025	2024	2023
	NIS million	NIS million	NIS million
Current tax expenses - for the current period	7	2	11
Current tax expenses - for previous years	10	-	-
Current tax expenses - restructuring in the US Renewable Energies Segment prior to the investment transaction (see Note 23F)	-	53	-
Deferred tax expenses	70	83	57
Income tax expenses	87	138	68

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 17 – TAXES ON INCOME (cont.)

D. Adjustments between theoretical profit tax before taxes and tax expenses:

	For the year ended December 31		
	2025	2024	2023
	NIS million	NIS million	NIS million
Profit before taxes on income	544	335	237
Statutory tax rate of the Company	23%	23%	23%
Tax calculated at the statutory tax rate of the Company	125	77	55
Additional tax (savings) for:			
Non-controlling interests' share in profits of tax transparent entities	(18)	(22)	-
Temporary differences and losses for tax purposes for which deferred taxes were not created (1)	(17)	20	2
Effect of the creation of deferred taxes at a tax rate that is different from the main tax rate	9	12	2
Effect of restructuring and loss of control in the US Renewable Energies Segment (2)	-	40	-
Other	(12)	11	9
Income tax expenses	87	138	68

(1) During the reporting period mainly includes the effects of reversal of an impairment loss for Hadera 2 and in 2024 mainly includes the effects of impairment losses in Gnrgr and Hadera 2. For details, see Notes 23A4 and 10B4.

(2) For details, see Note 23F.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 17 – TAXES ON INCOME (cont.)

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, 2024	Carried to profit and loss	Carried to other comprehensive income	Effect of changes in exchange rates	As of December 31, 2025
NIS million					
Property, plant, and equipment, right-of-use assets and intangible assets	(659)	(16)	-	2	(673)
Carryforward losses and deductions for tax purposes	552	73	-	(55)	570
Investments in transparent companies	(445)	(113)	49	60	(449)
Other	19	(14)	60	(5)	60
	<u>(533)</u>	<u>(70)</u>	<u>109</u>	<u>2</u>	<u>(492)</u>

Balance of deferred tax asset (liability)	As of December 31, 2023	Carried to profit 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, right-of-use assets 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
	<u>(441)</u>	<u>(83)</u>	<u>(7)</u>	<u>(1)</u>	<u>(1)</u>	<u>(533)</u>

(2) Deferred taxes are recognized in the statement of financial position as follows:

	As of December 31	
	2025	2024
	NIS million	NIS million
Under non-current assets (under the 'other long-term receivables' line item)	32	10
Under non-current liabilities	(524)	(543)
Deferred taxes, net	<u>(492)</u>	<u>(533)</u>

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 17 – TAXES ON INCOME (cont.)

E. Deferred tax assets and liabilities (cont.)

(3) Loss carryforwards for tax purposes:

- A. **The Company** - As of the Report date, the Company has loss carryforwards totaling approx. NIS 236 million, in respect of some of which no deferred taxes were recognized.
- B. **Israel (through OPC Israel and subsidiaries)** - as of the Report Date, the Group's companies in Israel have loss carryforwards totaling approx. NIS 620 million, for which deferred taxes were recorded.
- C. **US (through ICG Energy)** - In the US, as of the Report Date, ICG Energy has loss carryforwards totaling approx. NIS 2,063 million (approx. USD 647 million) at the federal level. Out of the said losses, no deferred tax assets were recognized with respect to a total of approx. NIS 284 million (approx. USD 89 million), since these losses are subject to compliance with the provisions 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 900 million, in respect of which deferred tax assets were recognized.

NOTE 18 – EQUITY

A. Composition

	As of December 31, 2025		As of December 31, 2024	
	Authorized	Issued and paid up	Authorized	Issued and paid up
No. of shares				
Ordinary shares of NIS 0.01 par value	<u>500,000,000</u>	<u>301,753,383</u>	<u>500,000,000</u>	<u>255,713,977</u>

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 18 – EQUITY (cont.)

B. Share issuances

Transaction date	Transaction type	Scope of the transaction	Transaction consideration (in NIS million)	Issuance costs (in NIS million)
July 2024 (1)	Shares issuance	31,250,000 shares	800	20
June 2025 (2)	Shares issuance	21,303,200 shares	850	23
August 2025 (3)	Shares issuance	18,750,000 shares	900	6
November 2025 (4)	Shares issuance	5,529,322 shares	340	4

(1) A public offering in which it submitted bids in the tender and 16,707,400 ordinary shares of the Company were issued to it.

(2) A public offering in which the parent company submitted bids in the tender and 7,923,600 ordinary shares of the Company were issued to it.

(3) An issuance for qualified investors, including Migdal Insurance and Financial Holdings Ltd., Phoenix Financial Ltd. and Phoenix Investment House Ltd., Menora Mivtachim Holdings Ltd. and Harel Insurance Investments & Financial Services Ltd. (which are interested parties in the Company as of the issuance date).

(4) An issuance for qualified investors, including Phoenix Financial Ltd. and Phoenix Investment House Ltd., Menora Mivtachim Holdings Ltd. and Harel Insurance Investments & Financial Services Ltd. (which are interested parties in the Company as of the issuance date).

As of the Report date, and subsequent to the completion of the above capital raising, the Parent Company holds approx. 47.04% of the Company's share capital.

For details regarding the changes in the Company's equity arising from an equity compensation plan in Israel, see Note 16B.

C. Dividend

From 2023 to 2025, 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 18 – EQUITY (cont.)

C. Dividend (cont.)

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.

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. In March 2026, the Company's Board of Directors reiterated its decision to suspend the Company's dividend distribution policy for at least another two years. After the said suspension period, the Board of Directors will discuss again the renewal of the dividend distribution policy and its adjustment to the circumstances as they will be at that time.

D. Shelf prospectus

During the Reporting Period, the Company's shelf prospectus was extended through May 30, 2026.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 19 – DATA ON INCOME STATEMENT ITEMS

A. Revenues

	For the year ended December 31		
	2025	2024	2023
	NIS million	NIS million	NIS million
Revenues from sale of electricity in Israel:			
Revenues from the sale of energy to private customers	1,271	1,368	1,424
Revenues from energy sales to the System Operator and other suppliers	181	165	120
Revenues for availability services	143	171	59
Revenues from the sale of energy to the System Operator, at cogeneration tariff	76	83	82
Revenues from sale of steam in Israel	57	57	59
Other revenues in Israel	2	23	59
Total revenues from sale of energy and others in Israel (excluding infrastructure services)	1,730	1,867	1,803
Revenues from private customers for infrastructure services	591	445	480
Total revenues in Israel	2,321	2,312	2,283
Revenues from sale of electricity from renewable energy (1)	-	195	136
Revenues from sale of retail electricity	470	145	12
Revenues from provision of services and other in the US	211	127	121
Total revenues in the US	681	467	269
Total revenues	3,002	2,779	2,552

(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 details, see Note 23F.

Following are details regarding the total sales of the Group to material customers in Israel and the rate out of the Company's total revenues (in NIS million):

Customer	For the year ended December 31					
	2025		2024		2023	
	Total revenues	% of the Company's revenues	Total revenues	% of the Company's revenues	Total revenues	% of the Company's revenues
Customer 1	394	13.1%	370	13.3%	262	10%
Customer 2	311	10.4%	368	13.2%	369	14.4%
Customer 3	-	-	-	-	291	11.4%

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 19 – DATA ON INCOME STATEMENT ITEMS (cont.)

B. Cost of sales (less depreciation and amortization)

	For the year ended December 31		
	2025	2024	2023
	NIS million	NIS million	NIS million
Cost of sales in Israel:			
Natural gas and diesel fuel (1)	596	645	663
Energy acquisition expenses	274	320	303
Gas transmission costs	52	55	41
Salaries and related expenses	43	46	37
Operating expenses	117	120	87
Other expenses	-	18	65
Total cost of sales in Israel (excluding the cost of infrastructure services)	1,082	1,204	1,196
Infrastructure services expenses	591	445	480
Total cost of sales in Israel	1,673	1,649	1,676
Cost of sales and provision of services in the US:			
Cost of sales in respect of revenues from the sale of electricity from renewable energy (2)	-	60	49
Cost of sales with respect of the sale of electricity (retail)	436	130	12
Cost of sales in respect of provision of services and others	154	92	90
Total cost of sales in the US	590	282	151
Total cost of sales	2,263	1,931	1,827

(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 details, see Note 23F.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 19 – DATA ON INCOME STATEMENT ITEMS (cont.)

C. General and administrative expenses

	For the year ended December 31		
	2025	2024	2023
	NIS million	NIS million	NIS million
<u>General and administrative expenses at headquarters and in Israel:</u>			
Salaries and related expenses	33	37	51
Directors' fees	5	5	4
Professional services	6	11	10
Depreciation	11	10	9
Office maintenance	12	10	8
Other	8	8	10
Total general and administrative expenses at headquarters and in Israel	75	81	92
<u>General and administrative expenses in the U.S.:</u>			
Salaries and related expenses	71	71	49
Professional services	21	30	38
Depreciation	6	6	6
Office maintenance	20	17	16
Other	23	23	18
Total general and administrative expenses in the U.S.	141	147	127
	216	228	219
Share-based payment expenses (revenues) (*)	149	35	(7)
Total general and administrative expenses	365	263	212

(*) In 2025, expenses totaling approx. NIS 141 million (2024 - expenses totaling approx. NIS 28 million and revenues of approx. NIS 17 million in 2024 and 2023, respectively) 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		
	2025	2024	2023
	NIS million	NIS million	NIS million
Business development in Israel	6	11	19
Business development in the US (1)	8	34	39
	14	45	58

(1) In 2024 and 2023 mainly with respect to renewable energy. As from November 2024, the results of the US Renewable Energies Segment are presented under the 'share in profits of associates' line item. For details, see Note 23F.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 19 – DATA ON INCOME STATEMENT ITEMS (cont.)

E. Compensation in respect of loss of income

1. In 2025 - includes compensation from the insurers of the Hadera and Gat power plants with respect to loss of income due to malfunctions which occurred in previous periods.

In 2024 - includes compensation from the insurers of the Hadera Power Plant totaling approx. NIS 18 million (USD 5 million) and from the construction contractor of the Zomet Power Plant totaling approx. NIS 26 million (approx. USD 7 million), with respect to loss of income prior to the power plants' COD.

2. In 2023 - includes compensation from the construction contractor of the Hadera Power Plant with respect to loss of income prior to the power plant's COD.

F. Other income (expenses), net

	For the year ended December 31		
	2025	2024	2023
	NIS million	NIS million	NIS million
Development fees from the Basin Ranch project	68	-	-
Impairment (reversal of impairment) of Hadera 2 (see Note 10B4)	31	(31)	-
Impairment of Gnrgy's goodwill	-	(19)	(23)
Other	(4)	(6)	7
	<u>95</u>	<u>(56)</u>	<u>(16)</u>

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 19 – DATA ON INCOME STATEMENT ITEMS (cont.)

G. Finance income and expenses

	For the year ended December 31		
	2025	2024	2023
	NIS million	NIS million	NIS million
Finance income			
Exchange rate differences	-	39	3
Interest revenues from deposits	71	35	35
Subordinate loan to an associate (Valley)	8	8	4
Other	1	5	1
	<u>80</u>	<u>87</u>	<u>43</u>
Finance expenses			
Exchange rate differences	39	-	-
Interest expenses for debentures	74	89	80
Interest expenses for loans from banks and financial institutions	165	203	170
Interest expense for loans from non-controlling interests	33	34	26
Interest expenses in respect of deferred consideration in the acquisition of the Gat Power Plant	-	-	14
Interest expenses in respect of tax equity partner in the US	-	18	-
Fees and commissions and others	17 -	22 -	30
Capitalization of borrowing costs for assets under construction	(30)	(27)	(80)
	<u>298</u>	<u>339</u>	<u>240</u>
Loss from extinguishment of financial liabilities, net (1)	-	49	-
Finance expenses, net, recognized in the income statement (2)	<u>218</u>	<u>301</u>	<u>197</u>

(1) For details regarding early repayment of the Zomet and Gat finance agreements, see Note 14B1.

(2) Including linkage differences in respect of debentures and CPI-linked loans totaling approx. NIS 24 million (approx. NIS 36 million and approx. NIS 37 million in 2024 and 2023, respectively).

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 20 – EARNINGS PER SHARE

Information used in the calculation of the basic and diluted earnings per share:

	For the year ended December 31		
	2025	2024	2023
Profit for the year attributable to shareholders of the Company (in NIS million)	346	111	144
Weighted average number of shares used for the basic and diluted calculation	275,258	238,758	224,461
Basic and diluted earnings per share (in NIS)	1.26	0.46	0.63

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). In order to mitigate the exposure to these risks, the Group takes various actions; specifically, the Group uses derivative financial instruments, including forward transactions (mainly foreign currency forwards) and index swaps; in associates (and companies which will be consolidated as from the first quarter of 2026) held by CPV Group in the United States - the Group uses interest rate swaps, transactions to hedge electricity prices in the renewable energy segment and futures to hedge the spark spreads in gas-fired power plants.

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, investment houses and global trade companies, noting the financial resilience of these entities. Therefore, in the Group's estimation, no significant credit risk is expected in respect of them.

Notes to the Consolidated Financial Statements as of December 31, 2025

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 finance) 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

As of the Report Date, 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.

The CPV Group enters into agreements mainly in the USD and therefore, its activity 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 revenues 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 revenues 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 annually (and in 2026-2028 - every six month in accordance with a preset linkage mechanism); 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 as of that period.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

A. Financial risk management (cont.)

5. Currency risk (cont.)

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 equipment procurement, EPC and LTSA agreements by the use of forward transactions. Generally, contracts entered into to hedge equipment procurement and EPC agreements as stated above are designated as hedges for the purpose of implementing cash flow hedge accounting.

With respect to the Company's investment in CPV Group, which operates in the US, and whose functional currency is the USD, generally, a depreciation of the USD 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 appreciation of the USD 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 revenues to the generation tariff (which is partly affected by changes in the CPI). In addition, the purchase price of natural gas is linked to the generation tariff, which - as stated above - is linked in part to the generation component. 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 revenues 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 consolidated companies and 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 and enters into loans bearing fixed interest rate swaps (such as the TEF Loan). These hedging transactions are designated as hedged for the purpose of application of cash flow hedge accounting principles.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 21 – FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (cont.)

A. Financial risk management (cont.)

8. Other market price risks - electricity margins and prices

From time to time, the CPV Group (through consolidated companies and associates) hedges a certain portion of the capacity of the power plants in the US Energy Transition Segment, which changes from one project to another, in order to hedge the fluctuations in spark spreads for 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.

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 general rule, these transactions are designated as hedging instruments for the purposes of applying cash flow hedge accounting.

The Basin Ranch power plant, which will be consolidated into the Company's financial statements as from the first quarter of 2026, signed commercial agreements which include a gas netback mechanism, under which up to 165,000 MMBtu per day will be supplied at a price derived from the electricity price; the power plant also signed PPAs for the sale of electricity at a fixed price. These agreements are designed to hedge a substantial portion of the power plant's capacity for a period of 7 years from the COD.

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, and 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	
	2025	2024
	NIS million	NIS million
Trade receivables in Israel	306	239
Trade receivables in the US	131	54
	437	293

As of December 31, 2025 and 2024, trade receivables arise from trade receivables not in arrears.

For details regarding credit risk management, see above.

Notes to the Consolidated Financial Statements as of December 31, 2025

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, 2025				
	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	404	404	404	-	-	-
Payables and credit balances	12	12	12	-	-	-
Debt from non-controlling interests (including interest payable)	440	507	-	-	507	-
Debentures (including interest payable)	1,890	2,189	310	302	1,002	575
Lease liability (including interest payable)	29	43	9	23	2	9
Loans from banking corporations and financial institutions (including interest payable)	3,337	4,236	291	318	1,354	2,273
Total financial liabilities	6,112	7,391	1,026	643	2,865	2,857

		As of December 31, 2024				
	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	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	692	1,950
Total financial liabilities	4,905	6,096	729	538	2,413	2,416

- (1) In 2028, including a total of approx. NIS 465 million and a total of approx. NIS 507 million for debentures and debt from non-controlling interests, respectively.
- (2) Excluding a short-term liability in respect of a profit participation plan for CPV Group employees totaling approx. USD 70 million, whose payment is due at the end of the first quarter of 2026; for details, see Note 16C.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

B. Financial instruments (cont.)

2. Liquidity risk (cont.)

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 variable interest liabilities (presented in the above table using spot interest rates as of the Report date) may vary from the amounts presented in the above table.

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		Total
	CPI-linked	Non-linked	USD (*)	Other	
			NIS million		
December 31, 2025					
Assets					
Cash and cash equivalents	-	1,792	1,120	1	2,913
Restricted deposits and cash	-	40	482	-	522
Trade receivables	-	300	137	-	437
Other receivables and debit balances	-	4	237	-	241
Total financial assets	-	2,136	1,976	1	4,113
Liabilities					
Trade payables	-	(269)	(128)	(7)	(404)
Payables and credit balances	-	(2)	(10)	-	(12)
Debentures	(525)	(1,365)	-	-	(1,890)
Lease liabilities	(12)	-	(17)	-	(29)
Debt from non-controlling interests	-	-	(440)	-	(440)
Loans from banking corporations and financial institutions	(382)	(2,466)	(489)	-	(3,337)
Total financial liabilities	(919)	(4,102)	(1,084)	(7)	(6,112)
Total financial instruments	(919)	(1,966)	892	(6)	(1,999)

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

(1) Financial instruments (cont.)

3. Market risk (cont.)

CPI and currency risks (cont.)

	NIS		Foreign currency		Total
	CPI-linked	Non-linked	USD (*)	Other	
	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)

(*) The balances as of December 31, 2025 and 2024 include a net asset totaling approx. NIS 886 million and of approx. NIS 366 million, respectively, in respect of the Group's activity in the USA (mainly CPV Group), whose functional currency is the USD.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

B. Financial instruments (cont.)

3. Market risk (cont.)

CPI and currency risks (cont.)

The Group hedges some of the currency risks with derivative financial instruments as follows:

As of December 31, 2025						
In NIS million	Currency / linkage receivable	Currency / linkage payable	Amount receivable	Amount payable	Expiration dates	Fair value
Forwards on exchange rates (*)	USD	NIS	<u>317</u>	<u>1,002</u>	2026-2028	<u>(2)</u>
As of December 31, 2024						
In NIS million	Currency / linkage receivable	Currency / linkage payable	Amount receivable	Amount payable	Expiration date	Fair value
Forwards on exchange rates	USD	NIS	<u>1</u>	<u>3</u>	2025	<u>-</u>

(*) Mainly includes contracts for hedging expected payments with respect to development projects in Israel. These contracts will be designated as hedged for the purpose of application of cash flow hedge accounting principles.

The Group hedges some of the CPI risks with derivative financial instruments as follows:

As of December 31, 2025					
	Linkage receivable	Interest payable	Expiration date	Amount of the linked principal	Fair value
				NIS million	
CPI swap contracts	Index	1.76%	2036	250	41
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

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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

B. Financial instruments (cont.)

3. Market risk (cont.)

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, 2025			
	Effect on total comprehensive income (loss) and capital			
	10% decrease	5% decrease	5% increase	10% increase
	NIS million	NIS million	NIS million	NIS million
<u>Non-derivative instruments USD/NIS</u>				
US (mainly CPV Group) (*)	(66)	(33)	33	66
Israel	-	-	-	-
	<u>(66)</u>	<u>(33)</u>	<u>33</u>	<u>66</u>
<u>Derivative instruments - USD/NIS</u>				
Israel (**)	(74)	(37)	37	76
	<u>(74)</u>	<u>(37)</u>	<u>37</u>	<u>76</u>
	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
<u>Non-derivative instruments USD/NIS</u>				
US (mainly CPV Group) (*)	(27)	(13)	13	27
Israel	4	2	(2)	(4)
	<u>(23)</u>	<u>(11)</u>	<u>11</u>	<u>23</u>

(*) Changes in the exchange rate of the USD in connection with the US activity will be carried to other comprehensive income (loss).

(**) A change in the USD exchange rate with respect to hedging of expected payments with respect to development projects in Israel will be carried to other comprehensive income (loss).

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

C. Financial instruments (cont.)

3. Market risk (cont.)

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 Report Date. The analysis is based on the assumption that all other variables, in particular the interest rates, remained constant.

	As of December 31, 2025			
	Effect on total comprehensive income (loss) and capital			
	2% decrease	1% decrease	1% increase	2% increase
	NIS million			
Long-term loans	6	3	(3)	(6)
Debentures	10	5	(5)	(10)
CPI swap contracts	(4)	(2)	2	4
	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	6	3	(3)	(6)
Debentures	18	9	(9)	(18)
CPI swap contracts	(4)	(2)	2	4

Notes to the Consolidated Financial Statements as of December 31, 2025

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	
	2025	2024
	NIS million	NIS million
Financial liabilities (*)	904	1,334
	(904)	(1,334)

Fixed interest instruments not linked to the CPI:

	As of December 31	
	2025	2024
	NIS million	NIS million
Financial assets	3,105	762
Financial liabilities	1,954	1,643
	1,151	(881)

(*) Includes a total of approx. NIS 250 million and approx. NIS 272 million as of December 31, 2025 and 2024, respectively, which were converted into non-linked loans through a CPI swap.

Variable interest instruments:

	As of December 31	
	2025	2024
	NIS million	NIS million
Financial assets	1	210
Financial liabilities	2,787	1,645
	(2,786)	(1,435)

Analyses of sensitivity to variable interest (Prime and SOFR):

A change of 1% or 2% in the Prime and SOFR variable 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, 2025			
	Effect on total comprehensive income (loss) and capital			
	2% decrease	1% decrease	1% increase	2% increase
	NIS million			
Long-term loans - Prime interest (Israel)	35	17	(17)	(35)
Long-term loans - SOFR interest (US)	8	4	(4)	(8)

	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 - Prime interest (Israel)	25	13	(13)	(25)

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 21 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont.)

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.

Below is the fair value of financial liabilities and the carrying amount presented in the statement of financial position:

	As of December 31, 2025		
	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)	3,337	3,382	5.0%-5.4%
Loans from non-controlling interests (Level 2)	440	447	6.3%
Debentures (Level 1)	1,890	1,885	4.5%-4.8%
	<u>5,667</u>	<u>5,714</u>	

	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%
	<u>4,639</u>	<u>4,550</u>	

(*) Includes current maturities and interest payable.

Notes to the Consolidated Financial Statements as of December 31, 2025

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	
	2025	2024
	NIS million	NIS million
<u>Financial assets (financial liabilities)</u>		
<u>Derivatives used for hedge accounting</u>		
CPI swap contracts (Level 2) (1)	41	43
Forwards on exchange rates (Level 2)	(2)	-
	39	43

(1) The nominal NIS discount interest rate range in the value calculations is 3.9%-4.5% and the real discount interest rate range is 1.3%-2.1%.

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.

Notes to the Consolidated Financial Statements as of December 31, 2025

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					
	2025		2024		2023	
	No. of people	NIS million	No. of people	NIS million	No. of people	NIS million
Employee benefits	6	25	6	23	9	23
Share-based payment	6	18	6	9	9	4
		<u>43</u>		<u>32</u>		<u>27</u>

Compensation and benefits for non-employee directors in the Group:

	For the year ended December 31					
	2025		2024		2023	
	No. of people	NIS million	No. of people	NIS million	No. of people	NIS million
Total benefits for non-employee directors in the Group	<u>10</u>	<u>2</u>	<u>9</u>	<u>2</u>	<u>10</u>	<u>2</u>

The following are further details regarding the compensation of key management personnel:

1. 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, 2025 stood at approx. NIS 214 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 22 – RELATED AND INTERESTED PARTIES (cont.)

A. Compensation and benefits for key management personnel (including directors) (cont.)

The following are further details regarding the compensation of key management personnel: (cont.)

1. (cont.)

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 2025 in the amount of approx. NIS 2,454 thousand (in 2024 - approx. NIS 2,545 thousand).

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, 2025 stood at approx. NIS 143 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 22 – RELATED AND INTERESTED PARTIES (cont.)

B. Balances with related and interested parties

	As of December 31	
	2025	2024
	NIS million	NIS million
Balances in Israel (including ICG Energy):		
Cash and cash equivalents (1)	347	447
Trade receivables (2)	3	4
Trade payables (3)	(3)	-
Other payables - benefits to key management personnel and directors	(15)	(14)
Balances in the US:		
Cash and cash equivalents (1)	86	16
Trade receivables (4)	46	15
Other receivables (including long-term) - subordinated loans to an associate (5)	110	117
Other long-term receivables - development fees receivable from the Basin Ranch project	121	-
Other payables - benefits to key management personnel (for details, see Note 16C)	(34)	(30)
Debt from non-controlling interests (6)	(191)	(196)

C. Transactions with related parties and interested parties (*)

	For the year ended December 31		
	2025	2024	2023
	NIS million	NIS million	NIS million
Transactions in Israel (including ICG Energy):			
Sales (2)	21	42	37
Cost of sales (3) (7)	(26)	-	(10)
General and administrative expenses - reimbursement of expenses from the parent company	1	2	-
Compensation in respect of loss of income	4	-	-
Other revenues, net	3	-	-
Finance income, net (1)	24	17	22
Transactions in the US:			
Revenues from provision of services (4)	187	91	80
Other revenues – development fees from Basin Ranch project	68	-	-
Finance income - associates (5) (8)	12	8	4
Other finance income (1)	2	-	-
Interest expenses in respect of a debt from non-controlling interests (5)	(14)	(12)	(10)

(*) Transactions with interested and related parties are carried out in the ordinary course of business and at fair market value (FMV).

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 22 – RELATED AND INTERESTED PARTIES (cont.)

C. Transactions with related parties and interested parties (cont.)

1. The Group enters into agreements - during the ordinary course of business and at fair market value - with Mizrahi Tefahot Bank Group Ltd. for a wide range of banking transactions, including management of cash and deposits, binding credit facilities (totaling approx. NIS 200 million, effective until June 2026), and short-term, non-binding credit facilities, etc.

2. PPA

In 2016, Hadera entered into a PPA with Migdal Insurance Company Ltd.¹⁶ (hereinafter - “**Migdal**”); 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. The agreement term, which was revised in the reporting period, ends in February 2031. 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 availability rates for the power plant.

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 2025 stood at approx. NIS 21 million (in 2024 - approx. NIS 42 million, and in 2023 approx. NIS 37 million).

Partnership agreement with the Migdal Group for the development of power plants

During the reporting period, OPC Israel entered into an agreement with corporations of the Migdal Group to found a limited partnership that is held (indirectly) by OPC Israel and Migdal, with holding stakes of 51% and 49%, respectively, while OPC Israel indirectly holds the full rights to the General Partner of the Partnership. The Partnership works to develop, build and operate natural gas power plants in the areas stipulated in the Agreement. In accordance with the Partnership Agreement, OPC Israel will be given priority to purchase the power generated by the power plants. The Agreement also governs equity subscription for the purpose of covering the development and construction expenses, the activity in the Agreed Area and Migdal’s right of first refusal in another which is not in this area. The Agreement also includes customary provisions regarding management fees and development fees, restrictions on the transfer of rights, decisions requiring a special majority and information rights.

Under certain circumstances, including the introduction of an investor into OPC Israel, the parties shall have the right to convert Migdal's share in the partnership into an equity stake in OPC Israel, subject to the terms and conditions set forth.

In addition, an option agreement was signed with Migdal to lease a plot it owns in the Agreed Area, with the potential to build a gas-fired power plant thereon. The option is for an aggregate period of 9 years with early termination rights under set circumstances. The exercise of the option and the transfer of possession are subject to the fulfillment of certain conditions, including conditions dependent on third parties. If the option is exercised, a lease agreement will be entered into for a term equivalent to the land-lease period with the ILA.

¹⁶ A subsidiary of Migdal Insurance and Financial Holdings Ltd., which - as of the Report date - is an interested party in the Company.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 22 – RELATED AND INTERESTED PARTIES (cont.)

C. Transactions with related parties and interested parties (cont.)

3. On May 18, 2025, Rotem – following approval of the Company's Board of Directors – entered into an agreement for the purchase of energy and capacity from Dead Sea Works Ltd. (hereinafter – "**Dead Sea Works**"), which – to the best of the Company's knowledge – is wholly-owned by ICL Group Ltd. The agreement is for a period ending on March 31, 2030 with the parties having an early termination option by giving a 12-month advance notice. As part of the agreement, Dead Sea Works undertook to provide Rotem with quantities of energy and capacity up to a maximum of 40 MW/h, with a discount on the demand side management tariff (DSM Tariff), with Rotem undertaking to consume a certain annual quantity (ToP), divided by seasons and demand hours clusters as agreed between the parties (hereinafter - "**Minimum Annual Quantity**").

In addition, the agreement includes generally accepted provisions in agreements for the purchase of energy and capacity, including, among other things, the purchase of electricity beyond the Minimum Annual Quantity in some of the demand hours clusters and beyond the maximum quantity regarding all hours, arrangements regarding the quantities of electricity purchased below the Minimum Annual Quantity, Dead Sea Works' obligations to meet the minimum availability rates, grounds for termination which are generally acceptable in agreements of this type alongside grounds for termination, which will establish for Rotem the right to compensation in accordance with the terms set out in the agreement.

The Company's Audit Committee determined that the abovementioned engagement does not constitute an extraordinary transaction, within the meaning of this term in the Companies Law, 1999, since such engagements are conducted in the Company's ordinary course of business, at fair market value, and are not likely to have a material effect on the Company's profitability, assets and liabilities.

In 2025, energy acquisitions stood at approx. NIS 22 million.

4. As part of the asset and energy management operations, CPV Group provides management, initiation, development and maintenance services to specific associates. Most of the increase in the reporting period arises from the transition to the equity method in the US Renewable Energies Segment, and accordingly - an increase in revenues from asset management services (which were previously eliminated under the consolidation).
5. Subordinated loans advanced to Valley by the CPV Group in April 2021 and June 2023 total approx. NIS 107 million. This amount was used by Valley mainly for the purpose of extending its finance agreement in June 2023. The loans were repaid subsequent to the Report date under the refinancing of the Valley power plant completed in February 2026.
6. 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.
7. In 2023, the Company entered into engagements for the sale and purchase of natural gas surpluses of immaterial scope with ICL Group Ltd.
8. The Group provides bank guarantees for development and construction projects in the United States held by associates.
9. From time to time, institutional investors, which are interested parties in the Company, also purchase marketable debentures of the Company.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 22 – RELATED AND INTERESTED PARTIES (cont.)

C. Transactions with related parties and interested parties (cont.)

10. Further to Note 18B regarding the capital raising carried out by the Company in June 2025, the Parent Company participated in the institutional tender carried out with respect to the abovementioned capital raising. The Company's Audit Committee discussed and approved, among other things, the payment of an early subscription fee to the Parent Company, on terms identical to those set for all Qualified Investors, which participated in the institutional tender, and at a customary rate and market terms. The early subscription fee paid to Kenon totaled approx. NIS 6.4 million.
11. The Group has additional transactions with other related parties in Israel, which were classified as negligible transactions.

NOTE 23 – SUBSIDIARIES

A. Material Group subsidiaries

Following are details regarding the Group's material subsidiaries (directly and indirectly held):

	Main location of the Company's operations	The Group's ownership rights in the subsidiary	
		As of December 31	
		2025	2024
Company			
OPC Israel (1)	Israel	80%	80%
OPC Power Plants (2)	Israel	80%	80%
CPV Group LP (3)	US	70.69%	70.46%

(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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 23 – SUBSIDIARIES (cont.)

A. Material Group subsidiaries (cont.)

(1) OPC Israel (cont.)

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.¹⁷ 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 which will remain with the Company.

As of the Transaction Completion Date as stated above, a shareholders agreement between the Company and Veridis entered into effect, which pertained to 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;¹⁸ (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.

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.

¹⁷ 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.

¹⁸ 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 23 – SUBSIDIARIES (cont.)

A. Material Group subsidiaries (cont.)

(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, among other things, the subsidiaries Rotem, Hadera, Zomet, Gat, Mevuzarot, Sorek 2 and Hadera Operations Company. In January 2023 and as part of the share exchange and investment transaction with Veridis, as detailed in Section A1 above, investments in 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 US. 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 holding stakes of the Limited Partners in the Partnership are as follows: the Company (through a subsidiary) holds approx. 70.69% (subsequent to the Report date, the Company increased its holding stake by an unsubstantial rate under the acquisition of ownership interests from one of the Financial Investors); three Financial Investors which are: Institutional investors from the Clal Insurance Group - holding 12.59%; Institutional investors from the Migdal Insurance Group - holding 12.75%; a corporation of the Poalim Capital Markets Group - holding 3.97% (the three abovementioned investors will be hereinafter referred to as the - "**Financial Investors**"). It is noted that the holding stakes do not include profit participation rights allocated to managers in CPV Group, as detailed in Note 16C. A wholly-owned company of the Company serves as the General Partner of the Partnership and manages its business. As long as the Company controls the General Partner, any separate activity by the Company in the United States in the Partnership's area of activity is subject to approval by a special majority of the other Partners.

The following is information regarding investment undertakings and loan provision of OPC Power partners (in USD million):

	<u>To the report approval date</u>	<u>As of December 31, 2025</u>	<u>As of December 31, 2024</u>
Total investment undertakings and loan provision ^{(a) (b)}	1,805	1,535	1,535
Utilization ^(c)	<u>(1,805)</u>	<u>(1,535)</u>	<u>(1,455)</u>
Balance of investment undertakings and loan provision	-	-	80

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 23 – SUBSIDIARIES (cont.)

A. Material Group subsidiaries (cont.)

(3) The CPV Group (cont.)

OPC Power Ventures LP (cont.)

- A. Subsequent to the Report date, following the construction commencement of the Basin Ranch project, completion of transactions for the acquisition of ownership interests in the Basin Ranch and Shore power plants, and the signing of an agreement to increase ownership interests in the Maryland power plant as described in Note 23E2, the investment undertakings and the shareholder loans undertakings of all partners were increased by approx. USD 270 million.
- B. Excluding (1) 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, for a total of approx. USD 75 million. (2) Investment undertakings approved subsequent to the Report date totaling approx. USD 232 million (in addition to those stated in Section A above), which may be exercised through June 2031, in respect of securing letters of credit provided by the Company/backed by a Company guarantee with respect to the construction of the Basin Ranch project as described in Note 14C.
- C. To acquire additional interests in projects held by the CPV Group and to fund additional investments, during 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 61 million and approx. USD 19 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, the Company's share in the total investments in Partnership's equity and the outstanding balance of the loans (including accrued interest) amount to approx. NIS 2,647 million (approx. USD 830 million), and approx. NIS 1,061 million (approx. USD 333 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 success fee (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 rights to force a sale (drag along rights).

The Company and the financial investors also signed agreements during the Reporting Year and subsequent thereto, 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 23 – SUBSIDIARIES (cont.)

A. Material Group subsidiaries (cont.)

(4) Gnrgy

In 2021, the Company acquired (through several acquisitions) 51% of the share capital of Gnrgy, a privately-held company operating in the field of electric-vehicle charging infrastructure and the construction of charging stations for electric vehicles, at a total cost of approx. NIS 67 million, and as from the fourth quarter of 2021 it started to consolidate Gnrgy's financial statements. In 2024, the sale of Gnrgy shares by OPC Israel was completed and, as from that date, the Company deconsolidated 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 and 14B2 and Section A(1) above. For details regarding significant restrictions applicable to the CPV Group, Shore and Basin Ranch, see Note 14B3b, 14B5 and 14B4, respectively. 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 23 – SUBSIDIARIES (cont.)

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.

	As of December 31	
	2025	2024
	NIS million	NIS million
Current assets	604	320
Non-current assets	5,277	5,138
Current liabilities	512	383
Non-current liabilities	3,262	2,877
Non-controlling interests	421	439
Total assets, net	1,686	1,759

Data on results:

	For the year ended December 31		
	2025	2024	2023
	NIS million	NIS million	
Sales	2,321	2,312	2,283
Profit for the year	211	76	129
Total comprehensive income	203	74	122
Profit attributable to the non-controlling interests	42	13	22

Cash flow data:

	For the year ended December 31		
	2025	2024	2023
	NIS million	NIS million	
Cash flows from operating activities	742	631	631
Cash flows from investing activities	(372)	(424)	(278)
Cash flows for financing activities	(160)	(498)	(286)
Total increase in cash and cash equivalents	210	(291)	67

Dividend distribution

During the reporting period, OPC Israel distributed dividends totaling NIS 238 million to the Company and NIS 60 million to Veridis.

During 2024 and 2023, no dividends were distributed by OPC Israel.

Notes to the Consolidated Financial Statements as of December 31, 2025

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. 29.31% that are material to the Group.

	As of December 31	
	2025	2024
	NIS million	NIS million
Current assets	691	424
Non-current assets	6,024	5,485
Current liabilities	919	87
Non-current liabilities	1,989	1,658
Non-controlling interests	1,116	1,230
Total assets, net	2,691	2,934

Data on results:

	For the year ended December 31		
	2025	2024	2023
	NIS million	NIS million	NIS million
Sales	681	467	269
Profit for the year*	234	239	9
Total comprehensive income (loss)*	(31)	290	(107)
Profit attributable to the non-controlling interests*	69	73	3

(*) The OPC Power partnership does not file tax returns; therefore - its results are presented before income tax effects.

Cash flow data:

	For the year ended December 31		
	2025	2024	2023
	NIS million	NIS million	NIS million
Cash flows from operating activities (used for operating activities)	257	21	(72)
Cash flows from investing activities	(1,482)	(1,602)	(1,295)
Cash flows for financing activities	1,394	1,475	1,495
Effect of exchange rate fluctuations on cash and cash equivalent balances	(30)	18	(15)
Total increase (decrease) in cash and cash equivalents	139	(88)	113

Dividend distribution

During 2023-2025, no dividends were distributed by OPC Power.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 23 – SUBSIDIARIES (cont.)

D. Loans from non-controlling interests

1. Composition

	As of December 31	
	2025	2024
	NIS million	NIS million
Loans from non-controlling interests (1)	440	514
Current maturities	-	(14)
	<u>440</u>	<u>500</u>

(1) Loans from non-controlling interests:

	As of December 31	
	2025	2024
	NIS million	NIS million
Loan to Rotem	-	13
Loan to OPC Power (see Section A3 above)	440	452
Debt to OPC Israel (see Section A below)	-	49
	<u>440</u>	<u>514</u>

- A. 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 shareholders 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.

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 plus 0.35% or interest in accordance with Section 3(j) to the Income Tax Ordinance.

During the reporting period, the liabilities were repaid in full.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 23 – SUBSIDIARIES (cont.)

E. Transactions to acquire additional interests in US-based power plants

1. Acquisition of the remaining ownership interests in the Basin Ranch project (under construction)

On October 28, 2025, the Financial Closing Date of the Basin Ranch power plant, the CPV Group (through a wholly-owned subsidiary) entered into an agreement with the remaining partner in the project (hereinafter - the “**Seller**”) to acquire the remaining 30% stake in the project (hereinafter - the “**Acquisition Agreement**”), such that following the completion of the transaction, the CPV Group shall wholly own (100%) the project. Subsequent to the Report date, in February 2026, the acquisition transaction was completed, and as from the first quarter of 2026, the project will be consolidated in the CPV Group’s and Company’s Consolidated Financial Statements.

The total amount set in the Acquisition Agreement is approx. NIS 1.22 billion (approx. USD 371 million¹⁹), payable and/or provided in the following manner and on the following dates:

- In October 2025, approx. USD 59 million was paid for the seller’s investments in the project made as of the Transaction Completion Date.
- At the Transaction Completion Date, a total of approx. USD 169 million was provided by way of cash and/or letters of credit (LCs) in respect of the equity required in connection with the TEF Loan. Moreover, additional collateral were provided by way of letters of credit (LCs) required to secure shareholders’ liabilities related to the project in the amount of approx. USD 63 million. It is noted that the said letters of credit were provided out of the Company’s facilities and/or facilities guaranteed by the Company, as detailed in Note 14C above.
- During the project’s construction PERIOD, an additional consideration will be paid to the Seller totaling approx. USD 80 million, in four equal annual installments from 2026 TO 2029.

The Company opted to account for the acquisition transaction as an asset acquisition transaction. For further details, see Note 3B3.

Following is the allocation of the total cost of investment in Basin Ranch totaling NIS 1,095 million (approx. USD 353 million) (*) to assets and liabilities which will be consolidated for the first time in the first quarter of 2026:

	<i>NIS million</i>
Cash and cash equivalents	408
Property, plant & equipment	1,343
Loan from TEF	(434)
Other long-term liabilities	(168)
Other liabilities, net	(54)
Total	1,095

(*) The total said investment cost includes the consideration paid for the acquisition of the remaining stake (30%) in the Basin Ranch power plant and the balance of investment therein (70%) as of the transaction completion date.

¹⁹ Under the Acquisition Agreement, the CPV Group serves as the guarantor for future payments payable to the seller subsequent to the completion of the transaction. Furthermore, the seller is entitled to their share in the balance of future development fees in respect of the Project totaling approx. NIS 59 million (approx. USD 18 million), which are expected to be paid on the Project’s commercial operation date.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 23 – SUBSIDIARIES (cont.)

E. Transactions to acquire additional interests in US-based power plants (cont.)

2. Acquisition of the remaining ownership interests in the Shore and Maryland power plants

A transaction for the acquisition of 25% of the ownership interests in the Maryland power plant was completed in October 2024, and an acquisition of additional 25% was completed in December 2024, such that CPV Group's holding stake increased to 75%. Furthermore, a transaction for the acquisition of 31% of the ownership interests in the Shore power plant was completed in December 2024, such that CPV Group's holding stake increased to approx. 69%.

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 (which was completed in the first quarter of 2025) and totaled approx. USD 80 million (for 100% of the interests) - totaled approx. US 213 million (approx. NIS 770 million).

On April 1, 2025, an agreement was completed to acquire an additional 20% of the Shore Power Plant, such that upon its completion, the holding rose to 89%. At the transaction completion date, the CPV Group paid the seller an immaterial consideration amount, in addition to injecting the Partner's share on Shore Power Plant's refinancing date during the first quarter of 2025 (for details, see Note 14B5 above).

Considering the interests of the remaining partners in the Shore and Maryland power plants, the Company continued to account for its investments therein according to the equity method.

On October 28, 2025, the Company entered into an agreement to acquire the remaining ownership interests (approx. 11%) in the Shore power plant from the remaining partner in consideration for an immaterial amount. Subsequent to the Report date, in January 2026, the Acquisition Transaction was completed, such that as of the Report approval date CPV Group holds 100% of the ownership interests in Shore. Accordingly, as of the financial statements for the first quarter of 2026, the power plant will be consolidated in the financial statements of CPV Group and, accordingly, in the Company's financial statements.

The Acquisition Transaction was accounted for as an asset acquisition transaction; for further details see Note 3B3. Following is the allocation of the total investment cost in Shore (*) to assets and liabilities which will be consolidated for the first time in the first quarter of 2026:

	<i>NIS million</i>
Property, plant & equipment	1,650
Right-of-use asset	422
Bank loans	(938)
Lease liability	(543)
Derivative financial instruments	(51)
Other assets, net	10
Total	550

(*) The total investment cost includes the consideration paid for the acquisition of the remaining stake (approx. 11%) in the Shore power plant and the balance of investment therein (approx. 89%) as of the transaction completion date.

Furthermore, on the Acquisition Transaction's completion date, the Company is expected to recognize a (pre-tax) loss totaling approx. USD 15 million (approx. NIS 47 million) due to reclassification of capital reserves from other comprehensive income (mainly in respect of hedging of the spark spread) to profit or loss.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 23 – SUBSIDIARIES (cont.)

E. Transactions to acquire additional interests in US-based power plants (cont.)

3. Signing an agreement for the acquisition of the remaining ownership interests in Maryland and disposal of the investment in Three Rivers

Subsequent to the Report date, in March 2026, CPV Group entered into an acquisition agreement with the partner holding 25% of the remaining ownership interests in the Maryland power plant. In accordance with the agreement, in consideration for the partner's ownership interests in Maryland, CPV Group will transfer to the partner its ownership interests (10%) in the Three Rivers power plant and a cash amount, which is immaterial. The completion of the transaction is subject to generally accepted conditions precedent, including obtaining regulatory approvals, which have yet to be completed as of the Report approval date.

Upon completion of the transaction (if it is indeed completed) CPV Group will hold the entire ownership interests in the Maryland power plant and at the same time will cease to hold the Three Rivers power plant; as from that date the Maryland power plant will be consolidated into the CVP Group and Company's Financial Statements.

As of the report approval date, the Company is assessing the transaction's accounting treatment, and specifically the effect on profit and loss, if any, of the Maryland power plant's transition from an associate to a consolidated company. After completing an initial assessment, the Company estimates that the acquisition of the share of the remaining partner in the Maryland power plant will be accounted for as an asset acquisition transaction (rather than as a business combination), and accordingly it is not expected that it will recognize a gain from the revaluation of the investment in Maryland due to the transition from an equity-accounted investment to a consolidated entity in the Financial Statements. However, balances recognized in other comprehensive income in respect of the investment in Maryland through the transaction completion date (if it is completed), are expected to be reclassified to profit and loss.

Furthermore, as a result of the sale of the Company's holding stake in Three Rivers, upon completion of the transaction (if it is completed), the Group is expected to recognize a post-tax capital gain, which is estimated at approx. NIS 23 million (approx. USD 8 million) as of the Report approval date.

F. Deconsolidation in the US Renewable Energies Segment and transition of significant influence

Transaction for investment of capital in CPV Renewable

In November 2024, an investment transaction was entered into between the CPV Group and Harrison Street, an American private equity fund operating in the field of infrastructures (hereinafter - the "Investor"), whereunder a total of USD 300 million was invested (USD 200 million as of the Transaction Completion Date and an additional USD 100 million during 2025) in CPV Renewable Power LP (hereinafter - "CPV Renewable")²⁰ in consideration for allocating 33.33% of the ordinary interests in CPV Renewable (hereinafter - the "Investor's Interest") at the Transaction Completion Date. The Transaction reflected a pre-money valuation of approx. USD 600 million for CPV Renewable.

²⁰ 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 23 – SUBSIDIARIES (cont.)

F. Deconsolidation in the US Renewable Energies Segment and transition of significant influence (cont.)

The interest holders agreement, which was signed by the parties and 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).

Furthermore, the parties agreed that CPV Group shall provide development and asset management services to CPV Renewables in accordance with a long-term services agreement,²¹ 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.²²

In view of the arrangements put in place between the interest holders as detailed above, as from the transaction completion date CPV Group and the Company ceased to consolidate the financial statements of CPV Renewable and started implementing the equity method to this investment. Accordingly, in the fourth quarter of 2024, a one-off gain from the loss of control totaling approx. NIS 259 million and income tax expenses totaling approx. NIS 83 million were recognized: (1) Approx. NIS 12 million in tax expenses in respect of restructuring carried out in respect of the transfer of investment in CPV Keenan LLC (which is under CPV Group's renewable energy segment) to CPV Renewable (the abovementioned tax expenses include approx. NIS 53 million in current tax expenses and approx. NIS 41 million in deferred tax income). And; (2) Deferred tax expenses totaling approx. NIS 71 million arising from remeasurement of the investment to fair value at the time of loss of control.

It is noted that CPV Group paid taxes totaling approx. NIS 64 million in respect of the abovementioned restructuring.

The fair value of CPV Renewable, based on the transaction price, amounts to approx. NIS 3,356 million (approx. USD 897 million); CPV Group's share (66.67%) amounted to approx. NIS 2,225 million (approx. USD 595 million). On the transaction completion date, in November 2024, an initial appraisal was conducted for the purpose of determining the fair value of CPV Renewable's assets and liabilities; the appraisal was conducted by an external independent appraiser (EY). The appraisal was completed in the fourth quarter of 2025 and did not have a material effect on the Financial Statements.

²¹ The service agreements include provisions in connection with early termination by CPV Renewable under certain circumstances.

²² 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 23 – SUBSIDIARIES (cont.)

F. Deconsolidation in the US Renewable Energies Segment and transition of significant influence (cont.)

Following is a breakdown of 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:

	NIS million
Cash and cash equivalents	670
Receivables in respect of deferred consideration from the partner in CPV Renewable	243
Property, plant & equipment	2,579
Goodwill	99
Bank loans	(967)
Other long-term liabilities	(293)
Other liabilities, net	(106)
Total	2,225

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.

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. 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%.
- C. Market prices and capacity - market prices (electricity, availability, 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.
- D. 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.
- E. Estimated construction costs of the projects, and entitlement to tax benefits in respect of projects under construction (ITC or PTC, as applicable).
- F. An annual long-term inflation rate of 2.2%.

Notes to the Consolidated Financial Statements as of December 31, 2025

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 23F, 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.

Condensed financial information on the financial position as of December 31, 2025:

	Fairview	Maryland (2)	Shore (1)	Towantic	Valley	Three Rivers (3)	Basin Ranch (1)	CPV Renewable	Other investments	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Holding rate	25.0%	75.0%	88.8%	26.0%	50.0%	10.0%	70.0%	66.7%		
Current assets	115	80	58	250	334	172	271	662	4	
Non-current assets	2,692	2,007	2,565	2,595	1,887	3,899	1,426	4,066	121	
Total assets	2,807	2,087	2,623	2,845	2,221	4,071	1,697	4,728	125	
Current liabilities	125	191	205	329	1,136	220	123	936	3	
Non-current liabilities	2,181	751	1,540	698	284	1,926	776	1,558	-	
Total liabilities	2,306	942	1,745	1,027	1,420	2,146	899	2,494	3	
Net assets	501	1,145	878	1,818	801	1,925	798	2,234	122	
Company's share	125	859	779	473	401	193	559	1,489	57	4,935
Excess costs and other adjustments	239	(13)	(387)	83	(2)	28	(71)	374	-	251
Carrying amount of investment	364	846	392	556	399	221	488	1,863	57	5,186
Dividends and capital distributions in 2025	247	129	7	80	-	19	-	-	-	482

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 24 – ASSOCIATES (cont.)

Condensed financial information on the operating results for the year ended December 31, 2025:

	Fairview	Maryland (2)	Shore (1)	Towantic	Valley	Three Rivers (3)	Basin Ranch (1)	CPV Renewable (2)	Total
	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million	NIS million
Total revenues	1,276	1,140	767	1,427	1,135	1,745	-	239	
Operating expenses (excluding depreciation and amortization)	(591)	(692)	(510)	(941)	(732)	(1,216)	(6)	(292)	
Depreciation and amortization	(120)	(75)	(135)	(138)	(89)	(118)	-	106	
Operating income (loss)	565	373	122	348	314	411	(6)	53	
Finance expenses, net	(105)	(64)	(131)	(63)	(138)	(130)	2	(80)	
Net income (loss) (3)	460	309	(9)	285	176	281	(4)	(27)	
Other comprehensive income (loss) (3)	(117)	(84)	(84)	(55)	(117)	(108)	-	(22)	
Comprehensive income (loss)	343	225	(93)	230	59	173	(4)	(49)	
Company's share in net income (loss)	115	232	-	74	88	28	(3)	(18)	516
Deductions of profit and loss in respect of adjustments to fair value made on the acquisition dates	(9)	-	24	(4)	-	-	-	(4)	7
Share in the profits (losses) of associates	106	232	24	70	88	28	(3)	(22)	523
Company's share in other comprehensive income (loss)	(29)	(64)	(75)	(14)	(59)	(11)	-	(14)	(266)

- (1) For details regarding the acquisition of the remaining ownership interests in Shore and Basin Ranch subsequent to the Report date, see Note 23E above.
- (2) For details regarding the signing of an agreement for the acquisition of the remaining ownership interests in Maryland subsequent to the Report date under a transaction for the exchange of rights in Three Rivers, see Note 23E3 above.
- (3) It should be noted that the associates do not file tax returns and therefore their results do not reflect the tax effect.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 24 – ASSOCIATES (cont.)

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
Dividends and capital distributions in 2024	278	6	-	46	-	-	-	-	330

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 24 – ASSOCIATES (cont.)

Condensed financial information on the operating results for the year ended December 31, 2024:

	Fairview NIS million	Maryland (1) NIS million	Shore (1) NIS million	Towantic NIS million	Valley NIS million	Three Rivers NIS million	CPV Renewable (2) NIS million	Other investments NIS million	Total NIS million
Total revenues	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 net income (loss)	95	6	(91)	115	27	4	(3)	(1)	152
Excess costs and other adjustments	(6)	3	16	3	-	-	(2)	-	14
Share in the profits (losses) of associates	89	9	(75)	118	27	4	(5)	(1)	166
Company's share in other comprehensive income (loss)	6	48	15	(9)	(47)	(4)	4	-	13

(1) For details regarding the acquisition of additional interests in the reporting period and fourth quarter of 2024 - see Note 23E2.

(2) For details regarding deconsolidation and transition to the equity method with respect to the investment in CPV Renewable, see Note 23F above.

(3) It should be noted that the associates do not file tax returns and therefore their results do not reflect the tax effect.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 24 – ASSOCIATES (cont.)

A. 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:

	<u>Fairview</u>	<u>Maryland</u>	<u>Shore</u>	<u>Towantic</u>	<u>Valley</u>	<u>Three Rivers</u>
	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>	<u>NIS million</u>
Ownership stake as of the Report date	25.0%	75.0%	88.8%	26.0%	50.0%	10.0%
Investments in 2025	43	33	26	75	24	28
Investments in 2024	57	55	22	39	28	43

B. Attachment of financial statements of a material associate

The Company includes in its Financial Statements as of December 31, 2025, Maryland's financial statements. The financial statements of Maryland are drawn up in accordance with US GAAP, which vary, in some respects, from IFRS. For information regarding adjustments made to Maryland's 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 material associates, and the attached financial statements were approved by the competent organs, and an opinion of the independent auditors was attached thereto.

Maryland's functional and presentation currency is the USD. As of the Report date, the exchange rate is NIS 3.190 per USD.

Notes to the Consolidated Financial Statements as of December 31, 2025

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, 80%)** - Under this operating segment, the Group 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 co-located with storage in Israel.
- **US Energy Transition Segment (through CPV Group, approx. 70.69%)** - in this segment, the Group is engaged in the operation of conventional energy power plants (gas-fired), which supply efficient and reliable electricity, and in the generation and supply of electricity and energy, mostly to the grid. The active power plants in this area of operation are held through associates. As from the first quarter of 2026, the Shore power plant will be consolidated into the Company's Financial Statements. Furthermore, subsequent to the Report approval date, an agreement was signed to acquire the remaining ownership interests in the Maryland power plant, which, subject to its expected completion in the second quarter of 2026, will result in the consolidation of Maryland in the Company's Financial Statements.
- **US Renewable Energies Segment (through CPV Group, approx. 70.69%)** - in this area of operation, the Group engages in the initiation, development, construction and operation of renewable energy electricity generation facilities (mostly solar and wind) in the USA, and the supply of electricity from renewable sources to customers. The activity in this segment is carried out through an associate in which CPV Group has an interest of approx. 66.7%.

Furthermore, the Group is engaged - through CPV Group - in several business activities in the United States which, as of the Report date and in accordance with IFRS, do not constitute reportable segments in the Financial Statements:

(1) Development and construction of high-efficiency conventional energy (natural gas) projects in combination with future carbon capture potential; and (2) retail activity for the sale of electricity to commercial customers.

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 one-off revenues (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 used in internal management reports, and accordingly in this note, to the equity method in accordance with IFRS.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 25 – SEGMENT REPORTING (cont.)

	For the year ended December 31, 2025					Consolidated - total
	Israel	US Energy Transition	US Renewable Energies	Other activities in the US	Adjustments to consolidated	
In NIS million				(Audited)		
Revenues from sales and provision of services	<u>2,321</u>	<u>2,898</u>	<u>185</u>	<u>470</u>	<u>(2,872)</u>	<u>3,002</u>
Cost of sales and provision of services	<u>(1,673)</u>	<u>(1,750)</u>	<u>(44)</u>	<u>(436)</u>	<u>1,640</u>	<u>(2,263)</u>
EBITDA after proportionate consolidation¹	<u>611</u>	<u>1,099</u>	<u>105</u>	<u>(18)</u>	<u>(1,198)</u>	<u>599</u>
<u>Adjustments:</u>						
Share in profits of associates						523
General and administrative expenses at US headquarters (not allocated to US segments)						(181)
General and administrative expenses at Company headquarters (not attributed to the operating segments)						(25)
Total EBITDA						916
Depreciation and amortization						(249)
Finance expenses, net						(218)
Other expenses, net						95
						(372)
Profit before taxes on income						544
Income tax expenses						(87)
Profit for the period						457

The total EBITDA generated by the Group's activities in the US (including the associates) in 2025 amounts to approx. NIS 1,005 million.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 25 – SEGMENT REPORTING (cont.)

	For the year ended December 31, 2024					Consolidated - total
	Israel	US Energy Transition	US Renewable Energies	Other activities in the US	Adjustments to consolidated	
In NIS million				(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
<u>Adjustments:</u>						
Share in profits of associates						166
General and administrative expenses at US headquarters (not allocated 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 in the US Renewable Energies Segment						259
Other expenses, net						(56)
						(431)
Profit before taxes on income						335
Income tax expenses						(138)
Profit for the year						197

The total EBITDA generated by the Group's activities in the US (including the associates) in 2024 amounts to approx. NIS 589 million.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 25 – SEGMENT REPORTING (cont.)

In NIS million	For the year ended December 31, 2023					Consolidated - total
	Israel	US Energy Transition	US Renewable Energies	Other activities in the US	Adjustments to consolidated	
	(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
<u>Adjustments:</u>						
Share in profits of associates						242
General and administrative expenses at US headquarters (not allocated 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
Income tax expenses						(68)
Profit for the year						169

The total EBITDA generated by the Group's activities in the US (including the associates) in 2023 amounts to approx. NIS 564 million.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD

A. Lawsuits and other contingent liabilities

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 31 million (excluding a purchase tax assessment, as stated in Note 10B5).

B. Maintenance and service agreements

1. Agreement for the Rotem Power Plant

On June 27, 2010, Rotem entered into an agreement with Mitsubishi²³ 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, 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 “**Original Maintenance Agreement**”). In accordance with the Original Maintenance Agreement, Mitsubishi will carry out maintenance work in the power plant and provide new or refurbished spare parts as required. 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 Original 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 (hereinafter - the “**New Maintenance Agreement**”). The New Maintenance Agreement has superseded the Original Maintenance Agreement described above, which expired in 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 Rotem's Original 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).

²³ 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.).

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

B. Maintenance and service agreements (cont.)

2. Agreement for the Hadera Power Plant

In June 2016, Hadera entered into a long-term service agreement with two companies of the GE Group²⁴ (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.

3. Agreement for the Zomet Power Plant

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. Zomet may terminate the Zomet Maintenance Agreement after a period of 5 years from the power plant’s delivery date. The cost of the Service Agreement is estimated at approx. USD 35 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 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.

²⁴ General Electric International Inc. and with GE Global Parts & Products GmbH.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

B. Maintenance and service agreements (cont.)

4. Agreement for the Gat Power Plant

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 set terms and conditions.

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 9D1.

6. Operation and maintenance agreements for the Shore power plant (consolidated as of Q1/2026)

Shore entered into a maintenance agreement with its original equipment manufacturer for turbine maintenance services. In consideration for the maintenance services, Shore pays a fixed and variable payment as from the date set in the agreement. The term of the agreement is 20 years from 2014 or earlier if specific milestones will be achieved, which are based on use and wear and tear. The expected total cost from 2026 through the end of the agreement term is estimated at approx. NIS 153 million (approx. USD 48 million).

In addition, Shore entered into an operating and maintenance agreement of the power plant, which commenced in 2016. The consideration includes fixed annual management fees, a performance-based payment and reimbursement of employment expenses, including employee salary costs, payroll taxes, subcontractor costs and additional costs as detailed in the agreement. The agreement includes an automatic extension/renewal mechanism for a period of one year, unless one of the parties to the agreement serves a non-renewal notice in accordance with the provisions of the agreement. As of the Report approval date, the agreement is under the one-year automatic annual renewal option. In the last two years, the payments in respect of this agreement amounted to immaterial amounts.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

B. Maintenance and service agreements (cont.)

7. Operation and maintenance agreements for the Basin Ranch power plant (project under construction, consolidated as of Q1/2026)

Basin Ranch entered into a services agreement with GE Vernova International, LLC, for the provision of spare parts and scheduled and unscheduled maintenance services for the project's combustion turbines. The agreement will come into effect on the project's substantial completion date and will end on the earlier of: (1) 25 years from its effective date; or (2) achievement of defined milestones based on the scope of use and wear and tear of the equipment. According to the agreement, Basin Ranch will pay a consideration composed of a fixed component and a variable component. The total cost expected throughout the agreement term, as from the COD, is estimated at approx. approx. NIS 670 million (approx. USD 210 million).

In addition, Basin Ranch entered into an operating and maintenance (O&M) agreement for the power plant. The agreement term is five years from the commercial operation date; subsequently, the agreement will be renewed automatically for additional one-year periods, unless one of the parties to the agreement serves a non-renewal notice in accordance with the provisions of the agreement.

For details regarding the construction agreement and main equipment purchase agreement for the project, see Note 9D4.

C. Agreements for acquisition of natural gas

1. Agreement between the Tamar Group and the Rotem Power Plant

In November 2012, Rotem entered into an agreement, (as amended from time to time),²⁵ with the Tamar Group 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 or until the Total Contractual Quantity is consumed - the earlier of the two. 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.

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 unconsumed quantities until 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, in May 2022 Rotem exercised an option to reduce the contractual quantities (daily, annual, total and ToP quantities) to a certain rate stipulated in the Agreement, which entered into force at the end of May 2023 after the commercial operation of the Energean Reservoir.

²⁵ 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

C. Agreements for acquisition of natural gas (cont.)

1. Agreement between the Tamar Group and the Rotem Power Plant (cont.)

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.

2. Agreement between the Tamar Group and the Hadera Power Plant

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. In addition, if at the end of the 14th year Hadera has not utilized the quantity of gas agreed upon out the total contractual quantity, both parties have the right to extend the agreement until the earlier of the utilization of the total contractual quantity or additional two 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.

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. In June 2022, Hadera exercised an option to reduce some of the contractual quantities (daily, annual and total quantities) to a certain rate as stipulated in the agreement, which entered into force in March 2023 immediately prior to the commercial operation of the Energean Reservoir.

3. Agreements between Energean and the Rotem and Hadera power plants

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.²⁶ 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.

²⁶ 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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

C. Agreements for acquisition of natural gas (cont.)

3. Agreements between Energean and the Rotem and Hadera power plants (cont.)

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 - **“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.

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); it depends mainly on the electricity generation component, the increase of the quantities as specified below and the volume of gas consumed.

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.

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 in 2024 and recognized in the cost of sales line item.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

C. Agreements for acquisition of natural gas (cont.)

4. Agreement between Leviathan and the Sorek 2 Power Plant

Under Sorek 2's agreement with IDE (as detailed in Note 9D1), a mechanism was set for the supply of natural gas to Sorek 2 by virtue of the Gas Agreements signed between IDE and holders of interests in the Leviathan natural gas field (hereinafter in this section – the "**Leviathan Gas Agreement**"), for a period of 24 years and 11 months starting from the commercial operation of the desalination facility; under the agreement, Sorek 2 assumed IDE's rights and obligations under the Leviathan Gas Agreement on a back-to-back basis, except for the obligation to provide collateral or guarantees under the Gas Agreements. It was also determined that IDE retains independent rights regarding the exercise of rights, including its right of early termination of the Gas Agreement and engagement in a new Gas Agreement, provided that these conditions will not have a material adverse effect on the Company, while adjusting the consideration for the electricity in the event of a gas price reduction. Reporting, billing, payment and dispute resolution mechanisms were also provided for, as was the Company's right to reject off-specification gas

The gas price under the Leviathan Gas Agreement is denominated in USD for the entire term of the agreement and includes price adjustment mechanisms that may be activated in the event of a breach of the commercial balance. The agreement includes a Take-or-Pay (ToP) mechanism pursuant to which Sorek 2 is required to pay for a minimum quantity of natural gas, calculated from the annual contract quantity as defined therein; the agreement also establishes arrangements for reducing this quantity in accordance with the guidance of the Israel Water Authority and its Water Desalination Administration with respect to the operation of the desalination plant at the site. The Leviathan Gas Agreement includes additional provisions and arrangements customary in natural gas purchase agreements, including with regard to maintenance, mechanisms regarding gas quality, limitation of liability, dispute resolution, maintenance and operating mechanisms. Furthermore, the agreements include provisions regarding restrictions on the sale of gas to third parties, who are not related parties and cases which give rise to an early termination right.

5. Natural gas acquisition agreement with a third party

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.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 26 – CONTINGENT LIABILITIES AND COMMITMENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD (cont.)

C. Agreements for the acquisition of natural gas (cont.)

6. 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 2026, the Company estimates that the amended Excise Tax order is not expected to have a material impact on its results

D. Agreement for the sale of surplus electricity for the Rotem Power Plant

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.

For details regarding the agreement to purchase energy and power from Dead Sea Works, see Note 22C3.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 27 – SUBSEQUENT EVENTS

1. For details regarding the engagement in the EPC agreement for the construction of a substation in the Ramat Beka project in Israel, see Note 9D2B.
2. For details regarding entering into an equipment supply agreement and a maintenance agreement in connection with the Hadera 2 Project, see Note 9D3.
3. For details regarding the vesting of the profit participation plan for CPV Group employees in January 2026 and the amounts expected to be paid by virtue thereof, as well as the new plan approved subsequent to the Report date, see Note 16C.
4. For details regarding the provision of an additional amount of USD 130 million to the CPV Group in January 2026, as part of the finance agreement with Bank Leumi with respect to the Basin Ranch project, see Note 14B3.
5. For details regarding the increase in investment undertakings and the provision of shareholder loans by the Partners in OPC Power, see Note 23A2.
6. For further details regarding the completion of transactions for the acquisition of the remaining stakes in the Shore and Basin Ranch projects, see Note 23E.
7. For details regarding entering into the agreement to acquire the remaining interests in the Maryland Power Plant and disposal of the investment in the Three Rivers Power Plant, see Note 23E3.

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF A MATERIAL ASSOCIATE

Maryland

Statement of Financial Position:

		As of December 31, 2025		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Cash and cash equivalents	D	43	4,756	4,799
Restricted cash	D	4,759	(4,756)	3
Property, plant & equipment	A, C	550,687	45,390	596,077
Intangible assets	C	12,242	(12,242)	-
Other assets		53,290	-	53,290
Total assets		621,021	33,148	654,169
Accounts payable and deferred expenses	A	13,929	(1,898)	12,031
Other liabilities		287,337	(3,978)	283,359
Total liabilities		301,266	(5,876)	295,390
Partners' equity	A	319,755	39,024	358,779
Total liabilities and equity		621,021	33,148	654,169

		As of December 31, 2024		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Cash and cash equivalents	D	34	4,800	4,834
Restricted cash	D	4,800	(4,800)	-
Property, plant & equipment	A, C	567,685	41,156	608,841
Intangible assets	C	12,641	(12,641)	-
Other assets		76,181	(1)	76,180
Total assets		661,341	28,514	689,855
Accounts payable and deferred expenses	A	11,770	(1,375)	10,395
Other liabilities		336,376	(2,784)	333,592
Total liabilities		348,146	(4,159)	343,987
Partners' equity	A	313,195	32,673	345,868
Total liabilities and equity		661,341	28,514	689,855

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF A MATERIAL ASSOCIATE (cont.)

Maryland (cont.)

Statements of Income and Other Comprehensive Income:

		For the year ended December 31, 2025		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Revenues		330,334	(274)	330,060
Operating expenses	A	225,359	(7,522)	217,837
Depreciation and amortization	A	1,904	1,171	3,075
Operating profit		103,071	6,077	109,148
Finance expenses	B	19,673	(10)	19,663
Profit for the period		83,398	6,087	89,485
Other comprehensive loss	B	(24,488)	263	(24,225)
Comprehensive income for the period		58,910	6,350	65,260
		For the year ended December 31, 2024		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Revenues		234,641	(835)	233,806
Operating expenses	A	185,058	(6,050)	179,008
Depreciation and amortization	A	18,721	1,381	20,102
Operating profit		30,862	3,834	34,696
Finance expenses	B	23,513	(18)	23,495
Profit for the year		7,349	3,852	11,201
Other comprehensive income	B	19,340	817	20,157
Comprehensive income for the year		26,689	4,669	31,358

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF A MATERIAL ASSOCIATE (cont.)

Maryland (cont.)

Material adjustments to the statement of cash flows:

		For the year ended December 31, 2025		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Profit for the period	A, B	83,398	6,087	89,485
Net cash provided by operating activities		115,159	-	115,159
Net cash provided by (used for) investing activities	D	(2,011)	3,034	1,023
Net cash used for financing activities		(116,215)	-	(116,215)
Net decrease in cash and cash equivalents		(3,067)	3,034	(33)
Balance of cash and cash equivalents as of the beginning of the period	D	34	4,798	4,832
Balance of restricted cash as of the beginning of the period	D	29,039	(29,039)	-
Balance of cash and cash equivalents at the end of the period	D	<u>43</u>	<u>4,756</u>	<u>4,799</u>
Balance of restricted cash as of the end of the period	D	<u>25,963</u>	<u>(25,963)</u>	<u>-</u>
		For the year ended December 31, 2024		
		US GAAP	Adjustments	IFRS
		In USD thousand	In USD thousand	In USD thousand
Profit for the year		7,349	3,852	11,201
Net cash provided by operating activities		22,178	-	22,178
Net cash used for investing activities	D	(8,882)	336	(8,546)
Net cash used for financing activities		(13,180)	-	(13,180)
Net decrease in cash and cash equivalents		116	336	452
Balance of cash and cash equivalents as of the beginning of the year	D	41	4,341	4,382
Balance of restricted cash as of the beginning of the year	D	28,917	(28,917)	-
Balance of cash and cash equivalents at the end of the year	D	<u>34</u>	<u>4,800</u>	<u>4,834</u>
Balance of restricted cash as of the end of the period	D	<u>29,040</u>	<u>(29,040)</u>	<u>-</u>

Notes to the Consolidated Financial Statements as of December 31, 2025

NOTE 28 - ATTACHMENT OF FINANCIAL STATEMENTS OF A MATERIAL ASSOCIATE (cont.)

Maryland (cont.)

Following is a breakdown of the key adjustments between US GAAP and IFRS in Maryland

- 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.