

OPC Energy Ltd.

Monitoring | May 2026

This credit rating report is a translation of a report that was written in Hebrew for a debt issued in Israel.

The binding version is the one in the original language.

Contacts:

Robert Avdelimov

Senior Analyst, Lead Rating Analyst

robert.a@midroog.co.il

Alon Cohen

Analyst, Secondary Rating Analyst

alon.c@midroog.co.il

Iris Sade Or, Vice President

Head of Projects and Infrastructure

iris.s@midroog.co.il

OPC Energy Ltd.

Issuer Rating	A1.il	Rating Outlook: Positive
Series Rating	A1.il	Rating Outlook: Positive

Midroog affirms the A1.il issuer rating of OPC Energy Ltd. (hereinafter: “**OPC**” and/or “**the Company**” and/or “**the Group**”), as well as the same rating for the bonds (Series B, C and D) issued by the Company, and changes the rating outlook from Stable to Positive. The change in the rating outlook reflects the strengthening of the Company’s financial profile, against the background of a significant reinforcement of the equity base, alongside continued improvement in the results of the natural gas activity segment in the U.S.

Outstanding bonds rated by Midroog:

Bond Series	Security Number	Rating	Rating Outlook	Final Maturity Date
OPC Bonds B	1166057	A1.il	Positive	01.10.2028
OPC Bonds C	1180355	A1.il	Positive	01.09.2030
OPC Bonds D	1203264	A1.il	Positive	25.09.2034

Key rating considerations

The rating took into consideration, inter alia, the following factors: (1) Growth trend in the renewable energy sector in Israel and worldwide, supported by targets for the promotion of renewable energy, alongside regulatory changes following the change in administration in the U.S.; (2) The Company operates in the electricity generation sector through renewable energy and through natural gas, in Israel and the U.S., which are assessed by Midroog as carrying moderate risk; (3) Barriers to entry in the renewable-energy electricity generation sector are low compared with the natural-gas-based electricity generation sector, which is characterized by high barriers to entry stemming, inter alia, from significant capital investment, alongside technological and engineering complexity, exposure to changes in electricity prices, long development timelines, as well as extended lead times for equipment from leading suppliers (Top Tier); (4) A diverse geographical mix, including electricity sales in developed markets with supportive regulatory regimes and transparent regulation; (5) Wide deployment of power stations in Israel operating under various regulatory regimes, with a focus on the sale of electricity to private customers under long-term agreements; (6) Electricity demand in the U.S is expected to increase in the coming years, particularly due to the establishment of data centers, especially amid the expansion of artificial intelligence applications and transition to electric-based transportation. These trends, alongside growing challenges in maintaining electricity supply reliability, may, if demand forecast materialize, lead to supply-side shortages. This increase is expected to positively impact electricity prices, with high capacity prices already set for the coming years, while in the PJM market the price cap band has been extended through 2030, creating a high and meaningful level of long-term visibility relative to what is

customary in the market. In addition, there trends are expected to support expansion in electricity generation capacity and generation assets, including through the development of natural gas-fired power plants; (7) Revenues from a variety of activity segments and technologies, alongside the construction and development of future projects in Israel and the U.S., where the Company's revenue-generating capacity is assessed as good given the stability, profitability, and resilience of the projects held by the Company; (8) Exposure to macroeconomic data, interest rates, exchange rates, and the credit risks of the U.S. and Israel; (9) The Company has developed an investment plan that includes the construction and development of several material projects in Israel and the U.S., with Capex expenditures in 2026-2027 accordingly expected to range between NIS 3.5-5.7 billion per year; (10) The Company's coverage ratios are relatively long, in line with industry norms, against assets with long-term cash flows and matched to the average debt duration; (11) The Company's expected leverage is assessed by Midroog as low relative to peer companies in the sector, with the gross debt-to-CAP ratio expected to range in 2026-2027 between 58%-60% (under proportional consolidation of material associates); (12) Material cash balances, alongside the Company's board of directors' decision in March 2026 to suspend the Company's dividend distribution policy for at least two years; (13) The Company's controlling shareholder, who is considered to possess strong financial standing, has supported multiple equity issuances, including participation in some of them, which contributed positively to maintaining low leverage levels despite substantial investments; (14) In Midroog's estimation, the Company operates in a relatively safe business environment, with an emphasis on developed markets and countries characterized by low credit risk (Israel and the U.S.) and relative regulatory stability; (15) Structural and cash-flow subordination of the Company relative to senior debts at the project level of its holdings; (16) Supportive business environment in the U.S. electricity market; (17) The Company has moderate exposure to environmental risks, mitigated by its activity in projects that do not emit greenhouse gases. The Company has low exposure to social risks in the context of responsible generation and the need to maintain reliable electricity supply from its power stations. In addition, the Company is exposed to the trend of transition to green energy in place of fossil energy. In the context of its activity in renewable energy, the Company benefits from growing societal preference for renewable-energy projects worldwide, alongside Western countries' commitments to net-zero greenhouse gas emissions by 2050. In our estimation, the Company has low exposure to corporate governance risks.

Under Midroog's base scenario, which is based on adjustments to the financial statements using the proportional consolidation method for material affiliates, the annual EBITDA is expected to range between NIS 1.55-1.80 billion in 2026-2027, following the commercial operation of several additional projects in Israel and the U.S., alongside the Company's estimates of further growth in electricity spreads and capacity revenues at some of the U.S. plants. At the same time, the Company's gross debt-to-EBITDA

coverage ratio is expected to range between 8.0-9.2 in 2026-2027 (under proportional consolidation of material associates), while the EBIT-to-net-interest coverage ratio is expected to range between 1.6-2.0. We have assumed that the Company will develop the projects that are pre-financial close, and accordingly will require high Capex investments (expected to range in 2026-2027 between NIS 3.5-5.7 billion per year). We have also assumed that the gross debt-to-CAP ratio is expected to range between 58%-60% in 2026-2027. We note that the base scenario also takes into account that the Company will meet the schedule and budget framework for the development of projects under construction, alongside maintaining sufficient liquidity balances. In addition, we have assumed that most of the Company's revenue-generating projects will continue to meet high performance targets throughout the years of debt repayment at the project level, with no material disruptions.¹

Rating outlook

The positive rating outlook is supported by the significant reinforcement of the equity base, the ongoing improvement in the U.S. natural-gas segment, the Company's business position, a diverse and broad portfolio of revenue-generating assets, as well as adequate liquidity levels and a high degree of certainty regarding cash flows from electricity-generation assets.

Operation "Lion's Roar," which began on February 28, 2026, has led to a series of consequences and restrictions including, inter alia, partial or full closure of businesses, the closure of civilian air traffic, restrictions on gatherings in workplaces and in the education system, as well as the call-up of reservists. These measures have caused a contraction in the activity of the Israeli economy and a decline in economic activity. In Midroog's estimation, this period is characterized by a high degree of uncertainty regarding the development of the war and its economic implications. Accordingly, Midroog may update the base scenario in the rating in line with developments.

Factors that could lead to a rating upgrade:

- Improvement in the Company's business profile, through the expansion of its activities and cash-flow sources
- Improvement in the Company's leverage levels and debt-coverage ratios

Factors that could lead to a rating downgrade:

- A material adverse change in the sector's risk profile, including a deterioration in the supportive regulatory environment
- A significant deterioration in leverage, financial strength, and debt-coverage ratios

¹ For the Company's U.S. projects, the holding rates used for the base scenario are the holding rates of the CPV Group in each project.

OPC Energy Ltd. – Key financial data, in NIS millions²

	31.12.2025	31.12.2024	31.12.2023	31.12.2022
Revenue	3,002	2,779	2,552	1,927
EBITDA ³	393	600	511	244
Share in profits of associates	523	166	242	286
Profit for the year	457	197	169	217
Cash and cash equivalents ⁴	2,913	962	1,007	974
Equity	8,007	6,421	5,242	4,366
Financial debt ⁵	5,628	4,722	5,804	4,209
Total balance sheet	14,987	12,067	12,618	9,532
Capex ⁶	1,585	1,997	2,424	952

Detailed analysis of the key rating considerations**The Company's activity in the electricity-generation and supply segment in Israel**

The Company operates in the natural-gas-based electricity-generation sector in the Israeli market, which is assessed by Midroog as having moderate risk, characterized, inter alia, by material capital investments, alongside high operating risks and considerable volatility in the generation component in recent years. According to the Electricity Sector Report⁷, in 2024 the actual electricity generated by private producers amounted to approximately 64% of total electricity generated in the market. The sector is characterized by “isolated-island economy” features and by demand that grows over time, in light of the fact that it constitutes an essential and basic service, influenced, inter alia, by the consistent growth of the Israeli population, which is highly correlated with electricity consumption. At the same time, as of the date of this report, the Israeli electricity market is in a supply shortage, with current forecasts indicating the need for several new power stations to meet future demand. In addition, the impact of the Ministry of Energy's policy to reduce electricity generation from coal-fired power stations is evident, with the process of converting the coal-fired power stations owned by Israel Electric Corporation Ltd. (hereinafter: “IEC”)⁸ to natural gas expected to be completed in the coming years, although the extension of the retention of certain gas-fired power stations as emergency reserves is being examined⁹. In its engagements with

² The data are presented in accordance with the Company's financial statements, without adjustments to proportional consolidation of associates.

³ The EBITDA figure does not include the Company's share in the profits of associates.

⁴ Includes unrestricted short-term deposits.

⁵ Adjusted for lease liabilities and net of debt-service reserves.

⁶ Adjusted for acquisitions of entities, investments in associates, and advances for the purchase of holdings.

⁷ [State of the Electricity Sector Report for 2024, Electricity Authority.](#)

⁸ Rated Aaa.il with a Stable Outlook.

⁹ [Policy Principles – Examination of the Scope and Manner of Extending the Retention of Electricity Generation Units 1–4 at the “Orot Rabin” Power Station – Ministry of Energy and Infrastructure, December 1, 2025.](#)

private customers, the Company charges the Time-of-Use tariff (hereinafter: “**TOU**”) less a discount from the generation component. Since the electricity price in engagements between Rotem, Hadera, and Gat (and the generation facilities) and their customers is directly affected by the generation component, and since the generation component is the basis for indexation of the natural gas price under the gas supply agreements of the Group’s companies in Israel, the Company is exposed to changes in the generation component. In the past, the generation component was affected, inter alia, by changes in IEC’s costs of generation and energy procurement, including the cost of gas and the price of coal.

In December 2025, the Electricity Authority published a decision updating the structure of the electricity tariff. The decision approved a comprehensive update to the generation tariff aimed at adapting the tariff to a competitive structure and increasing stability and certainty. Under the changes, the generation component is split into a fixed component and a variable component, with the starting point for both based on the 2025 tariffs. At this stage, the half-hourly market clearing price (MCP) has not yet been implemented; this issue will be examined during 2026. The tariff will be set on a three-year basis for the years 2026-2028 and will be updated automatically and semi-annually through indexation mechanisms to relevant indices, instead of the previous complex annual forecast calculations. The variable generation component will be linked to the Consumer Price Index, to the exchange rate, and to coal prices, while the fixed component will be linked to the index and to the risk-free interest rate, with adjustments for past returns, generation-unit availability, and netting of fines. In order to ensure that the tariff does not significantly deviate from actual costs, the Authority set a band designed to allow the tariff to be updated when cumulative differences arise of more than NIS 750 million for IEC and NIS 350 million for Noga, as well as additional bands for each activity segment and jointly for IEC and Noga. The Company’s activity in the natural-gas-based electricity-generation sector in Israel is carried out in accordance with the regulatory regimes set by the Electricity Authority. The Company’s power stations in Israel, in which it indirectly holds 80%, engage in the generation and supply of electricity and energy primarily to private customers, with the exception of the Tzomet power station, which under its regulatory regime sells availability and electricity to Noga.

We note that the Company manages the electricity sales from the Rotem, Hadera, and Gat power stations and the virtual-supply activity (and, upon completion of their construction, also through behind-the-meter generation facilities on customers’ premises) in a manner designed to maximize synergy within the segment. Thus, inter alia, some of the stations operate under a unified-supply model whereby the sale of electricity generated at the Group’s facilities to end customers is carried out through a Group company holding an appropriate supply license.

In addition, the Company is advancing the construction of the Ramat Beka project using PV technology combined with storage, with a capacity of approximately 0.5 GW and approximately 3.8 GWh of storage.

The Ramat Beka project, which is expected to operate under the market-model regulation, forms part of the Group's strategy to expand its activity in the electricity generation and supply field in Israel, and constitutes a foothold in the field of solar generation and storage in Israel in general, and in renewable energy in particular. Furthermore, the Company is advancing the development of Hadera 2 project, an approximately 850 MW combined-cycle natural gas fired power plant, which is expected to be located adjacent to the Hadera power station. Hadera 2 is expected to be established under Resolution No. 69407 – Regulation of Conventional Generation Units.

Continued positive developments in the U.S. electricity market

The U.S. electricity market is regulated both at the federal and the state level. The principal federal regulator is the Federal Energy Regulatory Commission (hereinafter: “FERC”), alongside additional regulatory oversight at the state level by separate state public commissions. The electricity market in certain regions of the U.S. operates within regional or state market operators known as Regional Transmission Organizations (hereinafter: “RTO”) or Independent System Operator (hereinafter: “ISO”). The day-to-day operation of the transmission system, the management of the wholesale markets in the activity regions, long-term transmission planning, and resource-adequacy functions are performed by the ISOs and RTOs.¹⁰

The Company operates in the four principal electricity markets in the U.S.: PJM, NYISO, ISO-NE, and ERCOT. The PJM market¹¹ is an ISO and RTO covering a region of 13 states in the eastern U.S. with approximately 177 GW, and is responsible, among other things, for the capacity-auction mechanism, electricity purchases in the market, electricity supply, transmission, and ancillary services. Capacity auctions are generally held as an annual auction, typically for a period three years forward. On April 14, 2025, FERC approved PJM's application of a price-cap mechanism, under which capacity-auction prices may range between \$175-\$325 per MW-day for the capacity auctions for 2026-2027 and 2027-2028. We note that in the capacity auctions for 2024-2025, capacity prices ranged between \$28-\$55 per MW-day. During 2024-2025, the results of the capacity auctions for the 2026-2027 and 2027-2028 delivery years were published at prices of \$329 per MW-day and \$333 per MW-day, respectively. It should be noted that, according to PJM publications, the theoretical prices implied by the auction results, absent the price cap, would have amounted to approximately \$389 and 530\$ per MW-day, respectively. In April 2026, FERC approved PJM's request to extend the price caps for two additional capacity auctions for the periods 2028-2029 and 2029-2030 at a price of \$325 per MW-day. In Midroog's estimation, the price-cap mechanism is expected to contribute to the certainty of revenues of the active projects in the PJM

¹⁰ Except for the Texas region, which is supervised by the Public Utility Commission.

¹¹ Rated Aa2, stable outlook by Moody's.

region. In addition, PJM published in the same month an initial proposal for an RBP mechanism¹² to procure additional capacity supply at an initial scope of approximately 15 GW, intended to address an anticipated capacity shortage, including a two-stage framework of bilateral engagements and long-term centralized procurement. The Company, through the CPV Group, is examining the possibility of designate some of its development projects, and in particular the SHAY project, as suitable for participation in the mechanism, to the extent it is implemented and subject to its final design

The NYISO market covers New York in the eastern U.S., and its capacity auctions are held every month, in auctions of up to six months ahead. The ISO-NE market covers the New England region in the eastern U.S. Since the most recent capacity auction held in February 2024 for the 2027-2028 delivery period, ISO-NE has received approval from FERC to suspend subsequent auctions while it redesigns the capacity market to a prompt auction, the first of which will be held in May 2028 for a delivery period covering June 2028 through May 2029. Subsequently, in December 2025, ISO-NE submitted a proposal to permanently change the future capacity-market design to move from an annual auction to two seasonal six-month auctions, similar to NYISO. These changes are expected to be implemented subject to FERC approval.

The ERCOT market covers most of the State of Texas and is not subject to FERC oversight. ERCOT has a competitive wholesale electricity market, which does not operate a capacity market and instead relies on greater volatility in energy prices.

The Company's revenue-generating power stations operate in the PJM, NYISO, and ISO-NE regions and participate in public capacity auctions, and also sell electricity to the system operator at the market price. The stations' revenues are materially affected by electricity prices and capacity prices, which depend on demand, on available generation capacity, and on the market price of natural gas in the relevant region, in accordance with each station's gas agreements. In addition, the stations' profitability is affected, inter alia, by the electricity spread (Spark Spread), which is the difference between the electricity price in the relevant region and the cost of the natural gas used to generate the electricity in the relevant region. In Midroog's estimation, the Company's activity in the U.S. electricity market is supported by a developed and regulated industry environment, characterized by stable demand and even by anticipated growth over the medium-to-long term, inter alia due to the rise in electricity consumption from the data-center and electrification of transportation.

¹² Reliability Backstop Procurement.

Growth trend in the renewable energy sector in Israel and worldwide, supported by targets for the promotion of renewable energy, alongside regulatory changes following the change in administration in the U.S.

The renewable-energy sector has experienced accelerated growth in recent years, characterized by consistent and significant increases in installed generation capacity and in investments primarily in photovoltaic and wind projects. This has been accompanied by a decline in construction, operating, and maintenance costs, stemming, inter alia, from technological progress. According to the International Energy Agency report, total installed renewable-energy capacity worldwide is expected to grow by approximately 4,600 gigawatts by 2030, representing a decrease of approximately 5% compared with the forecast published the previous year. The downward revision of the forecast reflects changes in policy, regulation, and market conditions since October 2024. Nevertheless, renewable energy is expected to replace coal as the largest energy source in 2026. At the same time, as part of a global trend to reduce greenhouse gases, many countries are encouraging electricity generation from renewables through regulatory and tariff support. The U.S. administration and the European Union have set a target of net-zero greenhouse gas emissions by 2050. In our estimation, the scale of electricity generation from renewable energy is expected to continue to grow in the coming years.¹³

In October 2020¹⁴, the Israeli government decided to raise the target for electricity generation from renewable sources to 30% by 2030, in place of a previous target of 17%, including an interim target of 20% by 2025. In July 2021¹⁵, a national target was set to reduce greenhouse gas emissions in Israel by 2050, such that total emissions in that year would be reduced by 85% compared with the amount measured in 2015. In addition, for the first time in Israel a carbon tax was imposed in order to internalize the damage caused by greenhouse gas emissions¹⁶. In our estimation, this policy is expected to continue to support electricity generation from renewable energy in Israel in the coming years. According to the report of the Public Utility Authority – Electricity (hereinafter: “**Electricity Authority**”) for 2024¹⁷, total electricity generation from renewables out of total electricity consumption in the economy stood at approximately 14.6% in 2024, compared with approximately 12.5% and approximately 10.4% in 2023 and 2022, respectively.

In 2022, the U.S. administration approved, inter alia, the extension of the eligibility period for tax benefits on renewable energy projects through 2032, and raised the benefit rate from 26% to 30% (hereinafter: “**IRA**”), while setting additional tax benefits subject to meeting certain conditions. However, the Trump

¹³ [International Energy Agency Report, October 2025.](#)

¹⁴ [Government Resolution No. 465, dated 25.10.2020, “Promotion of Renewable Energy in the Electricity Sector and Amendment of Government Resolution.”](#)

¹⁵ [Government Resolution on a Low-Carbon Economy, dated July 25, 2021.](#)

¹⁶ [Government Resolution on the Pricing of Greenhouse Gas Emissions, dated 01.08.2021.](#)

¹⁷ [Electricity Sector Annual Summary Report for 2024, September 2025, Electricity Authority.](#)

administration taking office in January 2025 marked a change in energy-policy direction, with reduced support for renewables and the promotion of energy generation from fossil fuels, through executive orders. In July 2025, Congress approved the OBBBA Act¹⁸, under which changes were made to the benefits eligibility period such that projects connected to the electricity grid by 31.12.2027 will be entitled to the full benefits. In addition, a “Safe Harbor” mechanism was established whereby photovoltaic projects will be entitled to the full tax-benefit rate provided that they meet the following cumulative conditions: (1) The project commenced the construction phase within 12 months of the adoption of the law (July 2026); (2) The project is connected to electricity within four years from the start of its construction, i.e., no later than December 31, 2030. Accordingly, the CPV Group has taken steps aimed at meeting the Safe Harbor conditions in connection with several renewable-energy development projects with a total capacity of approximately 1.9 GW.

Revenues from a variety of activity segments and technologies, alongside the construction and development of future projects in Israel and the U.S.

As of the date of this report, the Company holds revenue-generating projects with a total capacity of approximately 5.8 GW, of which the Company’s share¹⁹ is approximately 3.6 GW, with approximately 1.1 GW of the total installed capacity in Israel and approximately 4.7 GW in the U.S. The Company operates in a variety of activity segments within the electricity-generation sector, including natural-gas-based power stations, PV facilities²⁰, and wind farms. In our estimation, the broad range of the Company’s activity segments strengthens its business profile in comparison with other companies in the peer group. According to the Company’s reports, in its Israel activity segment construction of the Sorek 2 power station, with a capacity of approximately 87 MW, has been substantially completed; commercial operation of the facility is expected during 2026, subject to the completion of site conditions and works, which were affected, inter alia, by the security situation. In addition, the Company is advancing the construction of the Ramat Beka project using PV technology combined with storage, with a capacity of approximately 0.5 GW and approximately 3.8 GWh of storage. In addition, on August 10, 2025, the Israeli government approved National Infrastructure Plan 20B²¹ for the construction of the Hadera 2 power station for natural-gas electricity generation. The Hadera 2 power station is expected to have a capacity of approximately 850 MW, and in the Company’s estimation construction is expected to commence by the second quarter of 2026. In the Company’s U.S. activity, the completion of the expansion of the Backbone project (solar) in the United States, with a capacity of approximately 36 MW

¹⁸ One Big Beautiful Bill Act.

¹⁹ The projects in Israel are presented according to the Company’s proportional share, and the U.S. projects are presented according to the CPV Group’s proportional share in each project.

²⁰ Photovoltaic.

²¹ National Infrastructure Plans.

in addition to the existing 179 MW, is expected to be completed in the second half of 2026. At the same time, the start of commercial operation of the Rogue's Wind project (wind), with a capacity of approximately 114 MW, is expected during 2026. Concurrently, through the CPV Group, the Company is advancing the Basin Ranch project, a natural-gas project with future potential for carbon capture in western Texas, U.S., with a capacity of approximately 1.35 GW, with commercial operation expected in 2029. In addition, the Company has several material projects in early development stages²², including the Intel project, a power station with a capacity of at least 450 MW, expected to supply electricity to Intel's facilities in Israel, and the SHAY project in the U.S. with a capacity of approximately 2.1 GW in West Virginia, in the PJM market.

The Company has a large number of customers in Israel and abroad, and as of the date of the report it has several material customers characterized by a high consumption share of total generation capacity in Israel (of whom two material customers accounted for approximately 13% and approximately 10% of the Company's total revenue in 2025). The Company's revenues from electricity generation in the Israel activity segment are highly sensitive to consumption by material customers, and in the event of non-payment by such customer, the Company's revenues from this segment may be significantly harmed, however, these customers are considered to have strong financial standing. In addition, the Hadera power station is dependent on Infinya as the exclusive consumer of steam and a material consumer of electricity from the Hadera power station. The loss of Infinya as a customer for electricity and steam may materially affect Hadera's ability to benefit from the arrangements in place for cogeneration electricity producers. In the U.S., the CPV Group's projects sell electricity and capacity to the U.S. wholesale markets (PJM, NYISO, ISO-NE), with electricity sales in the markets carried out in accordance with the electricity producers' price bids and market requirements. In addition, the green-energy projects in the U.S. have entered into long-term PPA agreements.

Exposure to macroeconomic data and to the credit risks of the countries of operation

Changes in the macroeconomic environment, in inflation, and in exchange rates (in particular the USD vs. the NIS, and changes in interest rates) may affect the Group's activities in various ways, including the electricity generation component (and consequently the Company's natural-gas revenues and costs), index-linked revenues, fixed expenses, maintenance costs, and project construction costs, equipment-procurement costs (both in Israel and in the U.S.), as well as financing expenses on loans and bonds taken by the Group's companies (which bear a variable interest rate and/or are linked to the index). In addition, changes in the interest rate may affect the viability of projects under development, the discount rates used

²² Projects for which there is land tenure (or which are in processes of consolidating it) or where government approval has been received for the advancement of approval of a national infrastructure plan, and the Group is acting to obtain the permits and approvals required for their construction.

to determine the value of projects, and financing costs on the assumption of new debt. In our estimation, the risk of exposure to exchange rates is mitigated, to some extent, by natural hedging in projects (where revenues, expenses, and debt are in the same currency), and by the Company's operations in different currencies in accordance with the relevant area of activity. We further note that the Company's activity abroad and the implementation of existing agreements also expose the Company to the credit risks of Israel²³ and the U.S.²⁴

Increase in holdings in natural-gas-fired power stations in the U.S., alongside a significant investment plan, expected to enable the Company's continued growth

As part of the implementation of the Company's expansion strategy in the U.S., in October 2025 the CPV Group entered into an agreement to acquire the remaining rights (approximately 11%) in the Shore power station for an immaterial cash amount. In January 2026, the acquisition transaction was completed, so that the CPV Group holds 100% of the ownership rights in Shore. In addition, in March 2026 the CPV Group entered into an acquisition agreement with a partner holding 25% of the remaining rights in the Maryland power station. Under the agreement, in consideration for the partner's holdings in Maryland, the CPV Group will transfer to the partner its holdings (10%) in the Three Rivers power station, in addition to an immaterial cash amount. According to the Company's reports, the transaction was completed on May 12, 2025. Upon completion of the transaction, CPV holds all of the rights in the Maryland power station, and at the same time has ceased to hold rights in the Three Rivers power station. The Company has a significant investment plan, which includes the construction and development of several projects in Israel and the U.S. The investment plan is expected to result in a material increase in Capex expenditures in the coming years. Capex expenditures in 2026-2028 are expected to range between NIS 3.5-5.7 billion per year, compared with approximately NIS 1.6 billion in 2025. In this regard, we note that the Company's Capex-to-PPE ratio is expected to range between 15%-30% in 2026-2028, compared with approximately 15% in 2025. The Company's cash balances, project-level debt raises that are in advanced stages, and additional fund raises, whether equity or debt, are expected to support the investment needs. In this context, it should be noted that in March 2026, the company completed an equity raising of approximately NIS 800 million. The proceeds from the offering are intended to support the continued growth and development of the Company's business.

The Company's debt ratios

In 2025, the Company's EBITDA²⁵ (under accounting consolidation) was estimated at approximately NIS 393 million, compared with approximately NIS 600 million in 2024. The decline in EBITDA is

²³ Rated Baa1 with a stable outlook by Moody's.

²⁴ Rated Aa1 with a stable outlook by Moody's.

²⁵ The EBITDA figure does not include the Company's share in the profits of associates.

attributed, inter alia, to a share-based payment of approximately NIS 149 million in 2025. The gross debt-to-EBITDA ratio was estimated at approximately 14.3 in 2025, compared with approximately 7.9 in the corresponding period last year, and the EBIT-to-net-financing-expense interest-coverage ratio amounted to approximately 0.7, compared with 0.9 in 2024. Under Midroog's base scenario, which is examined under proportional consolidation of all the projects in which the Company holds rights according to its holding share, the annual EBITDA is expected to range between NIS 1.55-1.80 billion in 2026-2027, compared with EBITDA under proportional consolidation of approximately NIS 1.59 billion in 2025. The growth in EBITDA is attributed to the commercial operation of several additional projects in Israel and the U.S., alongside the Company's estimates of further growth in electricity spreads and capacity revenues at some of the U.S. stations. At the same time, the gross debt-to-EBITDA ratio is expected to range between 8.0-9.2 in 2026-2027, compared with an adjusted proportional-consolidation ratio of approximately 6.0 in 2025, and the EBIT-to-financing-expense interest-coverage ratio is expected to range between 1.6-2.0. The increase in the gross debt-to-EBITDA ratio is attributed to the drawdown of material debts for projects that are under construction and for which contribution has not yet commenced.

Low balance-sheet leverage level relative to peer companies

The Company's leverage level is low compared with similar companies operating in the sector. The financing structure of the Company's U.S. projects is based primarily on project finance, which is characterized by relatively high leverage levels, generally ranging between 60%-80%. However, the Company's revenue-generating stations in Israel, except for the Hadera power station, are financed through corporate financing (at the OPC Israel level). As of 2025, the gross debt-to-total-capital (CAP) ratio stood at approximately 39.7% (under accounting consolidation), compared with approximately 40.4% in 2024. According to Midroog's base scenario, examined under proportional consolidation of all the material projects in which the Company holds rights, the gross debt-to-CAP ratio is expected to range between 58%-60% in 2026-2027.

Conservative financial policy

In our estimation, the Company's financial policy is conservative and is characterized, inter alia, by low leverage levels, high liquidity levels, and a dividend distribution policy consistent with the Company's investment plan. As of December 31, 2025, the Company's cash balances on a consolidated basis amounted to approximately NIS 2.9 billion (and approximately NIS 1.9 billion on a stand-alone basis), compared with approximately NIS 1.0 billion (approximately NIS 219 million on a stand-alone basis) in the corresponding period last year. In this context, it should be noted that in March 2026, the company completed an equity raising of approximately NIS 800 million. The proceeds from the offering are intended to support the continued growth and development of the Company's business. In our estimation, cash balances will remain relatively high in the coming years as well. The Company has a dividend

distribution policy whereby a dividend of at least 50% of the Company's net profit is distributed in each calendar year, with the Company's board of directors entitled at any time to change the dividend rate or to decide not to distribute it at all, taking into account the Company's business needs. In this context, we note that in March 2026 the Company's board of directors decided to suspend the Company's dividend distribution policy for at least two years. After said suspension period, the board of directors will discuss the resumption of the dividend distribution policy and its adaptation to the circumstances as they then prevail. In addition, as of the date of the report, the Group and its subsidiaries are in compliance with all the financial covenants set out in their financing agreements and trust deeds. Maintaining these liquidity balances, together with the current dividend policy, supports the Company's rating, particularly in the coming years, which are characterized by a substantial investment plan.

Additional rating considerations

Company's policy of maintaining material liquidity balances for debt service

The Company's financial policy includes, inter alia, maintaining material liquidity balances that will ensure, at the minimum, the Company's ability to meet bond repayments (principal only) in a scope that covers bond debt service for 12 consecutive months. In addition, the Group has signed and unused credit facilities totaling approximately NIS 600 million. In our estimation, maintaining material liquidity balances for debt-service needs supports the Company's rating.

The Company's control structure allows an appropriate balance between bondholders and shareholders

The principal shareholder and controlling shareholder of the Company is Kenon Holdings Ltd. (hereinafter: "**Kenon**"), which holds approximately 45.80% of the Company's total shares. In recent years, the controlling shareholder of the Company has enabled material equity raises, which contributed to maintaining low leverage levels despite the execution of material investments. During 2025 and in the first quarter of 2026, the Company raised equity in two offerings totaling approximately NIS 2.9 billion, with the controlling shareholder contributing its share in some of these raises. In addition, in our estimation, the controlling shareholder does not expect dividends in the coming years. To the extent that the policy of the Company's controlling shareholders remains consistent, it is expected to continue to support the Company's investment plan and to reinforce its continued growth, while maintaining an appropriate debt-to-equity ratio.

Group activity in stable markets

In Midroog's estimation, the Company operates in a relatively safe business environment, with an emphasis on developed markets and on countries characterized by low credit risk (Israel and the U.S.) and relative regulatory stability. However, material changes in government policy, regulatory updates, or

changes in the market structure in those territories could adversely affect the Company's profitability and its operating conditions in the principal markets in which it operates.

Structural and cash-flow subordination of the Company relative to the projects in which it holds rights

The Company has structural and cash-flow subordination due to its holdings in project companies with senior debt, in particular in its U.S. activity, similar to other companies operating in the sector. In our estimation, in the Company's Israel activity, most projects are not subordinated to the same extent, excluding Hadera power station. The underlying assets of these companies, including the cash flows arising from them, are pledged with a first-priority lien in favor of the financiers of the senior debt. In addition, distributions of retained earnings from the project companies will be permitted subject to compliance with the distribution conditions. In this context, it is worth noting that the debts are within the framework of non-recourse project finance and that the project-level coverage ratios provide a sufficient margin relative to the conditions for distributing surpluses to the Company. In our estimation, this risk is mitigated in part by the cash-flow certainty and the relatively high project-level debt-coverage ratios at these projects, by the type and number of generation units in each project, and at the same time by the maintenance of material liquidity balances at the stand-alone level, as described above.

Supportive business environment in the U.S. electricity market

The Company stands out relative to peer companies, inter alia, thanks to its distinctive activity in natural-gas-fired power stations in the U.S. This segment is benefiting from positive market trends, primarily growth in electricity demand stemming from the accelerated expansion of data centers, developments in the field of artificial intelligence, and the gradual transition to electricity-based transportation. Against this background, and given a limited pace of additional supply, there is a material and continuous improvement in market conditions, supporting the expansion of electricity spreads. In our estimation, these trends are expected to continue to contribute significantly to improving the Company's results in the coming years.

Environmental, social, and governance (ESG) considerations

The Company's exposure to environmental risks is moderate. On the one hand, greenhouse gas emissions in the process of electricity generation through natural gas are significantly lower than generation through coal. Therefore, in the medium term, energy generation through natural gas supports the government's policy of developing and integrating renewable-energy generation, alongside plans to increase electricity generation through natural gas in the Israeli energy market, together with plans to close and/or convert the coal-fired power stations to gas-based generation in the coming years. However, in the long term, this policy may create some adverse exposure, to the extent that generation from renewables replaces

dependence on gas. This exposure is mitigated to some extent by the Company's activity in the development and maintenance of projects based on photovoltaic energy, which do not emit greenhouse gases. In addition, the Company has indirect exposure to climate risks, such as large-scale wildfires in the regions where it operates. In examining social risks, we estimate that the Company's exposure is low in the context of responsible generation and the need to maintain reliable electricity supply from its power stations. In addition, the Company is exposed to the trend of transition to green energy in place of fossil energy. This risk is mitigated by the positive operational history of the power stations in which the Company holds rights. In the context of its renewable-energy activity, the Company benefits from growing societal preference for renewable-energy projects worldwide, alongside Western countries' commitments to net-zero greenhouse gas emissions by 2050. In examining corporate-governance risks, we estimate that the Company's exposure is low. The Company operates in developed markets while maintaining adequate risk management.

Rating matrix^[1]

		As of 31.12.25 – LTM ²⁶		Midroog forecast ²⁷	
Category	Parameters	Measure	Score	Measure	Score
Business environment	Cash-flow certainty	---	A.il	---	A.il
	Barriers to entry	---	Aa.il	---	Aa.il
	Regulatory framework	---	A.il	---	A.il
Business profile	Total balance sheet	Approx. NIS 15.0 billion	Aa.il	NIS 23.5-31.0 billion	Aaa.il
	Quality of geographic dispersion	---	Aa.il	---	Aa.il
	Quality and diversity of products and activity segments	---	Aa.il	---	Aa.il
	Capex/PPE	19%	A.il	15%-30%	A.il
Financial profile	Gross debt / EBITDA	14.3	Baa.il	8.0-9.2	A.il
	EBIT / Int	0.7	Ba.il	1.6-2.0	Baa.il
	Gross debt / CAP	39.7%	Aa.il	58%-60%	A.il
	Financial policy	---	A.il	---	A.il
Indicative rating					A2.il
Actual rating					A1.il

[1] The metrics presented in the table are after Midroog adjustments and are not necessarily identical to those presented by the Company. The Midroog forecast includes Midroog's estimates with respect to the issuer in accordance with Midroog's base scenario, and not the issuer's estimates.

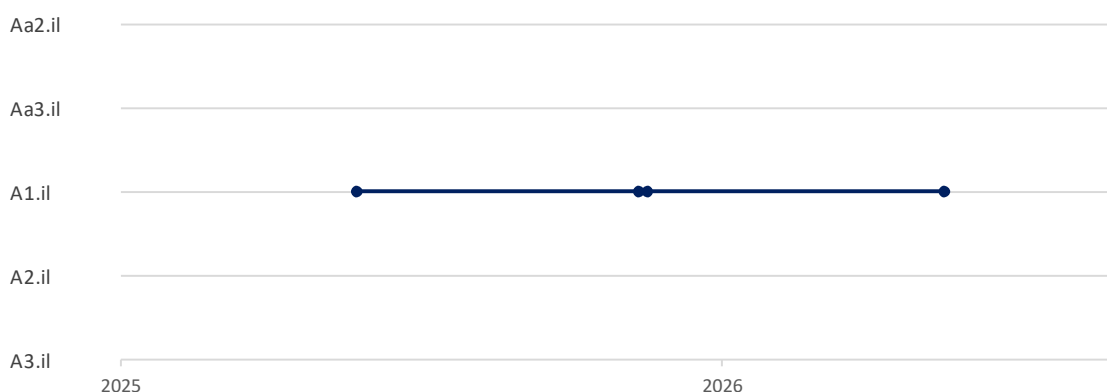
²⁶ The data are presented under accounting consolidation, without consolidating the associates.

²⁷ The forecast is presented under proportional consolidation.

About the Company

OPC Energy Ltd. was incorporated in 2010 as a private company and in 2017 its shares were first offered to the public. The Company and its subsidiaries are engaged in the initiation, development, financing, construction, and operation of power stations and energy generation facilities from renewable and conventional sources, and the supply of electricity and energy. The Company is held 45.80% by Kenon, 21.62% by institutional bodies and funds, with the remainder held by the public. As of the date of this report, the Company operates in Israel and the U.S. in three principal activity segments: the construction and operation of power stations and energy-generation facilities using natural gas and renewable energy combined with storage in Israel; the operation and construction of conventional power stations in the U.S.; and the operation and construction of electricity-generation facilities using renewable energy in the U.S. (mainly solar and wind).

Rating history



Related reports

[OPC Energy Ltd. – Related reports](#)

[Rating of Electricity Producers – Methodology Report, January 2023](#)

[Developments in the Energy Companies Sector – Special Report, February 2026](#)

[Adjustments to Financial Statements and Presentation of Key Financial Metrics in Corporate Ratings – Methodology Report, December 2024](#)

[Structural Considerations in Rating Debt Instruments in Corporate Finance – Methodology Report, September 2019](#)

[Guidelines for the Examination of Environmental, Social, and Corporate Governance Risks within Credit Ratings – Methodology Report, February 2022](#)

[Affiliations and Holdings Table](#)

[Midroog Rating Scales and Definitions](#)

The reports are published on the Midroog website at www.midroog.co.il

General information

Rating report date:	May 19, 2026
Date of most recent rating update:	November 19, 2025
Date rating was first published:	May 18, 2025
Name of rated entity:	OPC Energy Ltd.
Name of party that paid for the rating:	OPC Energy Ltd.

Information From The Issuer

Midroog relies in its ratings inter alia on information received from competent personnel at the issuer.

Long-Term Rating Scale

Aaa.il	Issuers or issues rated Aaa.il are those that, in Midroog's judgment, have highest creditworthiness relative to other local issuers.
Aa.il	Issuers or issues rated Aa.il are those that, in Midroog's judgment, have very strong creditworthiness relative to other local issuers.
A.il	Issuers or issues rated A.il are those that, in Midroog's judgment, have relatively high creditworthiness relative to other local issuers.
Baa.il	Issuers or issues rated Baa.il are those that, in Midroog's judgment, have relatively moderate credit risk relative to other local issuers, and could involve certain speculative characteristics.
Ba.il	Issuers or issues rated Ba.il are those that, in Midroog's judgment, have relatively weak creditworthiness relative to other local issuers, and involve speculative characteristics.
B.il	Issuers or issues rated B.il are those that, in Midroog's judgment, have relatively very weak creditworthiness relative to other local issuers, and involve significant speculative characteristics.
Caa.il	Issuers or issues rated Caa.il are those that, in Midroog's judgment, have extremely weak creditworthiness relative to other local issuers, and involve very significant speculative characteristics.
Ca.il	Issuers or issues rated Ca.il are those that, in Midroog's judgment, have extremely weak creditworthiness and very near default, with some prospect of recovery of principal and interest.
C.il	Issuers or issues rated C are those that, in Midroog's judgment, have the weakest creditworthiness and are usually in a situation of default, with little prospect of recovery of principal and interest.

Note: Midroog appends numeric modifiers 1, 2, and 3 to each rating category from Aa.il to Caa.il. The modifier '1' indicates that the obligation ranks in the higher end of its rating category, which is denoted by letters. The modifier '2' indicates that it ranks in the middle of its rating category and the modifier '3' indicates that the obligation ranks in the lower end of that category, denoted by letters.

Copyright © All rights reserved to Midroog Ltd. (hereinafter: “Midroog”).

This document, including this paragraph, is copyrighted by Midroog, and is protected by copyright and by intellectual property law. This document may not be copied, or otherwise scanned, amended repackaged, further transmitted, transferred, disseminated, redistributed, duplicated, displayed, translated, resold, or stored for subsequent use for any such purpose, in whole or in part, in any form or manner or by any means whatsoever, by any person, without advance written consent from Midroog.

Caveat regarding the limitations of a rating and the risks of relying on a rating, and caveats and reservations in respect to the activity of Midroog Ltd. and the information appearing on its website

Ratings and/or publications issued by Midroog are or contain Midroog’s subjective opinions about the relative future credit risk of entities, credit obligations, debts and/or debt-like financial instruments, that apply on the date of their publication, and as long as Midroog has not changed the rating or withdrawn it. Midroog's publications may contain assessments based on quantitative models of credit risks, as well as related opinions. Ratings and publications by Midroog do not constitute a statement about the accuracy of the facts at the time of the publication or in general. Midroog makes use of rating scales to issue its opinions, according to definitions detailed in the scale itself. The choice of a symbol to reflect Midroog’s opinion with respect to credit risk reflects solely a relative assessment of that risk. Midroog’s ratings are issued on a national scale and, as such, are opinions of the relative creditworthiness of issuers and financial obligations within Israel. National scale ratings are not designed to be compared between countries; rather, they address relative credit risk within a given country.

Midroog defines credit risk as the risk that an entity may fail to meet its contractual financial obligations on schedule and the estimated financial loss in the event of default. Midroog's ratings do not address any other risk, such as risks relating to liquidity, market value, change in interest rates, and fluctuation in prices or any other element that influences the capital market.

The ratings and/or publications issued by Midroog do not constitute a recommendation to buy, hold, and/or sell bonds and/or other financial instruments and/or make any other investment and/or forgo any of these actions.

Nor do the ratings and/or publications issued by Midroog constitute investment advice or financial advice, nor do they address the appropriateness of any given investment for any specific investor. Midroog issues ratings on the assumption that anybody making use of the information therein and of the ratings will exercise due caution and make his own assessment (himself and/or through authorized professionals) of the merit of any investment in a financial asset that he is thinking of buying, holding or selling. Every investor should obtain professional advice in respect to his investments, to the applicable law, and/or to any other professional issue.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MIDROOG IN ANY FORM OR MANNER WHATSOEVER.

Midroog’s credit ratings and publications are not intended for use by retail investors and it would be reckless and inappropriate for retail investors to use Midroog’s credit ratings or publications when making an investment decision. If in doubt you should contact your financial or other professional adviser.

All the information contained in Midroog ratings and/or publications, and on which it relied (hereinafter: "the Information") was delivered to Midroog by sources (including the rated entity) that it considers

credible. Midroog is not responsible for the accuracy of the Information and presents it as provided by the sources. Midroog exercises reasonable means, to the best of its understanding, so that the Information is of sufficient quality and that it originates from sources Midroog considers to be credible, including information received from independent third parties, if and when appropriate. However, Midroog does not carry out audits and cannot therefore verify or validate the Information.

The provisions of any Midroog publication other than one expressly stated as a methodology do not constitute part of any Midroog methodology. Midroog may change its position regarding the content of such publications at any time.

Subject to applicable law, Midroog, its directors, its officers, its employees and/or anybody on its behalf involved in the rating shall not be held responsible under law, for any damage and/or loss, financial or other, direct, indirect, special, consequential, associated or related, incurred in any way or in connection with the Information or a rating or a rating process, including not issuing a rating, including if they were advised in advance of the possibility of damage or a loss as said above, including but not confined to (a) any loss of profit in present or future, including the loss of other investment opportunities; (b) any loss or damage caused consequential to holding, acquisition and/or selling of a financial instrument, whether it is a subject of a rating issued by Midroog or not; (c) any loss or damage caused consequential to the relevant financial asset, that was caused, *inter alia* and not exclusively, as a result of or in respect to negligence (except for fraud, a malicious action or any other action for which the law does not permit exemption from responsibility) by directors, officers, employees and/or anybody acting on Midroog's behalf, whether by action or omission.

Midroog maintains policies and procedures in respect to the independence of the rating and the rating processes.

A rating issued by Midroog may change as a result of changes in the information on which it was based and/or as a result of new information and/or for any other reason. Updates and/or changes in ratings are presented on Midroog's website at <http://www.midroog.co.il>.