

OPC ENERGY LTD

To:
Israel Securities Authority
www.isa.gov.il

To:
Tel Aviv Stock Exchange Ltd.
www.tase.co.il

29 October 2025

Re: CPV Group - Financial Close and Commencement of Construction Phase for the Basin Ranch Project (1.35 GW Power Plant in Texas, the Project) and Entry into Agreement to Purchase Remaining 30% Rights in the Project

Further to the company's reports regarding the Basin Ranch Project (the Project),¹ including the signing of the financing agreement with Bank Leumi and the TEF loan agreement as defined in the Previous Reports,² the company updates that on 28 October 2025, the financial closing for the Project was completed (the Financial Closing), within which, inter alia, the following agreements came into effect and actions were performed (upon fulfillment of the conditions precedent): (a) Provision of the full required equity commitment from the sponsors as required by the TEF loan (in cash, letters of credit (LC), credit, or any other form acceptable under the TEF loan); (b) Entry into the EPC agreement (as defined below) with the project's construction contractor (in addition to the project's equipment supply agreement, which was signed prior to the financial close); (c) Completion of the loan agreement with Leumi; and (d) Signing and completion of all TEF loan agreements, including the first drawdown from the TEF loan, all in accordance with the main terms detailed below in this report. At the date of the financial closing, a Notice to Proceed was given to the construction contractor for commencement of the construction phase, and additional project agreements came into effect, including commercial structure agreements and additional components related to construction and operation. As of the date of this report, the estimated expected cost of the Project construction is between approximately \$1.8 and \$2 billion USD.³

Also, on the same date, 28 October 2025, the CPV Group (through wholly owned subsidiaries⁴) (CPV) entered into a purchase agreement with the remaining partner in the Project (the Seller) to purchase the remaining 30% of the Seller's ownership rights in the Project (the Purchase Agreement⁵).

Below are details regarding the financial closing, the Purchase Agreement and the Project:

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¹ A gas-powered power station with an estimated capacity of approximately 1.35 GW in West Texas (ERCOT market), with future potential for carbon capture.

² Section 2 of the Board of Directors' Report of the company as of 30 June 2025, published on 13 August 2025 (Ref: 2025-01-059955), (hereinafter: Interim Report), Immediate report of the company dated 9 June 2025 (Ref: 2025-01-041243), Shelf offer report for the company's share offering and outcomes dated 11 June 2025 (Ref: 2025-01-041752 and 2025-01-042066), Immediate reports of the company dated 23 October 2025 (Ref: 2025-01-079215) and 28 October 2025 (Ref: 2025-01-080757), all referenced herein (collectively: the Previous Reports).

³ The expected estimated cost constitutes forward-looking information, which is uncertain as mentioned in this report below. The exchange rate for this report is the rate at the financial close date, being 3.26 NIS per 1 USD.

⁴ The CPV Group is a guarantor according to the purchase agreement below regarding future payments owed to the seller as detailed in this report.

⁵ According to the purchase agreement, a subsidiary of CPV will acquire (subject to conditions precedent) the seller's rights in the LLCs holding the power plant project and the carbon capture project (which is a separate potential future component, not part of the financial closing of the power plant project, as detailed in this report above).

1 Actions in connection with the project's financial close

Equity financing and provision of securities: At the date of the financial close, the project rights holders provided the required equity commitment for the project (in proportion (pro-rata) to each party's holdings at the financial close date), whereby CPV (holding 70%) provided a total cash amount of approximately \$470 million, of which \$300 million was provided via a loan from Leumi (for details, see the report dated 23 October 2025 mentioned above), and approximately \$170 million (including recognition of development investments and pre-financial close payments totaling approximately \$67 million⁶), was provided by the company via a bridge loan to equity for the remainder of the amount required until the investment process in equity with the additional limited partners holding in the CPV Group⁷ is completed. The company used part of the funds raised in the equity offering conducted in June 2025 for this purpose.

Additionally, further securities related to the project were provided by the project rights holders as part of the financial close of the TEF loan, with CPV's share of these additional securities being provided in the form of letters of credit totaling approximately \$140 million.⁸

Furthermore, CPV provided the amounts required as of this date per the purchase agreement with GE as stated in this report below. It should be noted that the project rights holders (as of the closing date) signed an amendment to the project company's formation agreement (LLCA), which may be further amended by CPV subject to and at the completion of the purchase agreement⁹.

EPC Agreement: At the financial close date, the project company entered into an Engineering Procurement and Construction Agreement (EPC Agreement) with a power plant construction contractor, an American company, regarding the construction of the project.¹⁰ As part of the EPC Agreement, the contractor undertook to provide comprehensive construction services, including integration of GEV equipment and procurement of other equipment (not purchased under the equipment agreement with GEV). The EPC Agreement includes standard terms and obligations common in such transactions (similar to other CPV gas-powered "energy transition" projects), such as the contractor's commitment to a timetable for completion; warranty periods; project acceptance tests; performance and availability obligations; various guarantees to secure the contractor's obligations and performance values under the agreement; agreed compensation for construction delays (subject to a cap); standard grounds for termination; insurances; limitation of contractor liability; and other relevant provisions for the project's construction and operation.

Below are details regarding the financial closing, the Purchase Agreement and the Project:

⁶ Additionally, CPV was credited with a Development Fee of approximately \$28 million as part of the equity commitment.

⁷ As of this report, the company indirectly holds approximately 70% of the CPV Group and the remainder is held by additional limited partners (for further details about the other limited partners of the CPV Group, see Section 14.2.2 of Part A of the company's periodic report for 2024, published on March 12, 2025 (Reference: 2025-01-016318) and Note 23A3 to the financial statements attached to it). As of this reporting date, the company and said limited partners are in process, among other things, concerning the financing of the remaining equity for the project and the purchase of the remaining 30% pursuant to the purchase agreement, all according to the provisions of the partnership agreement between the parties. It is clarified that, as of the reporting date, the process has not yet been completed and there is no certainty regarding its terms or its completion (including the extent of participation of the said partners or which ones).

⁸ The letters of credit are backed by a corporate guarantee and/or through company credit facilities. For further details on the letters of credit facilities, see Note 6A2 to the financial statements attached to the interim report. It should be noted that the aforementioned credit facilities have increased after the date of the financial statements.

⁹ The aforementioned amended LLCA agreement regulates the rights and obligations of the parties holding the project in relation to the project company and their rights therein. The LLCA agreement includes provisions regarding, among other things, transfer of the parties' holdings (subject to permitted transfers), board representation, arrangements regarding participation in equity investments and provision of shareholder loans (including provisions regarding defaults on such obligations), protective rights concerning certain decisions and actions requiring a special majority, including materiality thresholds set for this purpose.

¹⁰ The project will be the third gas-powered project operated by CPV with this construction contractor, who is a professional entity with extensive experience executing projects in this field.

As described in previous reports, the main equipment for the project is supplied under a separate equipment agreement with an affiliate of GEV (the equipment agreement).¹¹ The equipment agreement includes specifications regarding the electricity generation equipment for the project (H Class technology), including two gas turbines and two steam turbines, certain guarantees and warranties (subject to caps) as well as product warranty.

The consideration under the EPC agreement and the equipment agreement will be paid over time, according to the milestones specified in each agreement, and is expected to total, cumulatively for both agreements (and additional equipment agreements), approximately \$1.4 billion. Both the EPC and equipment agreements include a fixed consideration and, additionally, a variable consideration paid by the project company for the relevant customs tariffs, which will be paid by the project in accordance with the arrangements specified in each agreement.¹²

2 The Purchase Agreement¹³

According to the Purchase Agreement, completion of the purchase (to the extent completed) will take place, subject to the fulfillment of conditions precedent, no later than February 28, 2026.¹⁴ The conditions precedent to completion mainly include the exchange of amounts and seller securities in connection with the TEF loan (as defined in the company's report dated October 28, 2025, mentioned above).

The amount required in connection with the purchase under the Purchase Agreement totals approximately \$371 million USD, and includes among other things, the seller's pre-financial closing investments as of the date of the Purchase Agreement plus an additional consideration, as well as the amounts related to the provision of equity and securities (LC) required in connection with the TEF loan and sponsor commitments related to the project with regard to the 30% stake currently held by the seller as of this reporting date.¹⁵ Under the Purchase Agreement, CPV will provide this amount (potentially through a combination of cash and letters of credit, as applicable and subject to the provisions of the agreement) at a number of dates: starting from the TEF loan closing and the interim period (approximately \$65 million¹⁶), at the closing of the purchase under the agreement (approximately \$226 million), primarily representing the equity required in connection with the TEF loan as stated, and during the project's construction period (approximately \$80 million in four equal payments of about \$20 million starting in 2026).

Below are details regarding the financial close, the Purchase Agreement and the Project:

¹¹ For details about securities for the benefit of the TEF loan in connection with project completion, see the report on the closing of the TEF loan dated October 28, 2025, mentioned above, in the credit table (under the section Additional Main Terms of the Table).

¹² The assessments regarding expected project construction costs, including the costs of the EPC agreement, equipment agreement, and the duration of the construction period, are forward-looking information as defined in the Securities Law, 1968 (the Securities Law), the realization of which is not certain and is not under the sole control of the company. These assessments may not be realized due to factors such as delays, increased construction costs, operational/mechanical failures, changes in macroeconomic factors or regulatory factors including increases in customs tariffs or other taxes affecting the EPC and equipment agreements and the costs involved, changes in the electricity market, and various regulatory changes relevant to the electricity sector. In practice, the costs of such agreements (both or each of them, as well as other agreements involved in project construction) may rise significantly as a result of these factors.

¹³ The CPV Group is a guarantor under the purchase agreement in relation to the performance of future payments due to the seller as stated in this report.

¹⁴ It should be noted that in the event the transaction is not completed under the agreement by the aforementioned date, the agreement will terminate pursuant to the termination arrangements set therein.

¹⁵ Of the stated amount, about \$80 million constitutes payment to the seller for selling its rights in the project. Additionally, the seller is entitled to its share (about \$18 million) in the remaining future development fees for the project, which are expected to be paid upon commercial operation.

¹⁶ This amount includes the provision of a security for the project in the amount of approximately \$7 million, expected during the interim period.

3. Additional Details Regarding the Project

3 Additional Details Regarding the Project

As of the date of financial closing, the project entered into commercial agreements to hedge a substantial portion of the power plant's output for a period of 7 years from the date of commercial operation, as part of a plan to hedge about 75% of the output at the time of commercial operation.¹⁸ The project also entered into agreements regarding the facility's operation, including an asset management agreement (with a corporation from the CPV Group), an operation and maintenance (O&M) agreement, and other customary project agreements similar to other CPV projects.

Subject to the completion of construction and operation as planned, the CPV Group estimates that the project's commercial operation date is expected during 2029.

Information regarding the project, including its commercial structure (including additional hedging agreements and the extent of hedging up to and at the time of commercial operation), estimated output, expected commercial operation date, total project cost, expected construction and equipment costs, and total equity requirements, includes forward-looking information as defined in the Securities Law, whose realization is not certain (in whole or in part), including due to factors beyond the control of the CPV Group or the company. This information may not materialize due to factors such as: regulatory or legislative changes (including changes affecting key suppliers of projects and/or equipment import, including changes in energy market regulations or legislation or changes in import/customs rates of raw materials and products to the USA), delays in obtaining connection or operating permits, increases in construction costs, delays in construction works and/or technical or operational failures or shutdowns (including force majeure), difficulties or delays in entering into a connection agreement or connecting the project to infrastructure.

Below are details regarding the financial closing, purchase agreement, and the project:

¹⁷ These credit lines are credit lines of the company or are backed by a guarantee from the company.

¹⁸ As of the date of the report, the project has entered into gas netback agreements (including a pricing mechanism whereby the price of gas paid by the electricity producer is derived from the power price) and electricity sales agreements.

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Transmission or other infrastructures, difficulty in entering into additional commercial and hedging agreements, energy market conditions (including changes in the ERCOT market conditions at the expected date of commercial operation), disruption in the supply/connection of natural gas, increase in financing expenses, unexpected expenses, macro-economic changes, weather/natural events, delays and higher costs related to supply chains, transportation and higher raw material prices, etc. Completion of the project according to these said assessments is subject to the fulfillment of terms and conditions, which have not yet been met (in whole or in part) as of the report date; therefore, there is no certainty that they will be completed as mentioned above or at all. Construction delays as such may also affect the ability to meet obligations to third parties (including lenders, suppliers, and other counterparties) in connection with the project, and may lead to actions being taken by these parties or the forfeiture of securities.

It is further clarified that the establishment of the project and its operation are subject to various risk factors which are characteristic of natural gas projects in the energy transition sector (including construction risks and exposure to market risks (including significant price volatility and exposure to hedging positions), operational risks (including malfunctions or extreme weather or natural events), disruption in the supply of natural gas, which could entail, among other things, financial exposure (including due to weather and force majeure events), commercial and/or regulatory risks (including by virtue of legislation, regulation and/or ERCOT requirements)). As noted, among other places, in the company's immediate report dated June 9, 2025, the ERCOT market is characterized by higher price volatility compared to other markets in which the CPV Group operates and does not include guaranteed availability payments. Accordingly, upon its commercial operation the project is expected to be more exposed to risks related to energy prices and market conditions, where, in order to reduce the exposure, the project has entered and is expected to continue entering into hedging agreements during the construction period as mentioned above and as stated in the previous report dated June 9, 2025. In this context, it is clarified that price volatility in the ERCOT market is significantly higher, such that unplanned outages (such as due to extreme weather, malfunctions, etc.) could be very material to the project's performance and results¹⁹, and in addition, in the case of gas supply failure or extreme weather events, the project may be exposed to significant costs. For more information regarding the risk factors applicable to the activity of CPV Group, see section 8.21 in part A of the periodic report for 2024. For more information regarding the ERCOT market, see section 8.1.2.2 of the periodic report, and for additional risk factors associated with the ERCOT market, see previous reports.

Sincerely,
OPC ENERGY LTD

By: Giora Almogi, CEO
and Nurit Traorik, Chief Legal Counsel

¹⁹ As mentioned, unplanned outages 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 as well as lead to non-compliance with obligations to third parties, which may result in costs and/or the taking of actions) and also on the results of the CPV Group and the company. For details about the ERCOT market, see section 8.1.2.2 of the periodic report. For more details about the ERCOT market and the risk factors to which CPV is exposed, see sections 8.21 and 19 in chapter A of the periodic report.