UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-32347

ORMAT TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**88-0326081**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*
6884 Sierra Center Parkway, Reno, Nevada	**89511-2210**
(Address of principal executive offices)	*(Zip Code)*

(775) 356-9029

(Registrant's telephone number, including area code)

6140 Plumas Street, Reno, Nevada 89519-6075

(Former name, former address and former fiscal year, if changed from last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	ORA	NYSE

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☑	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☑ No

As of November 1, 2024, the number of outstanding shares of common stock, par value $0.001 per share, was 60,476,526.

ORMAT TECHNOLOGIES, INC.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2024

Certain Definitions

Unless the context otherwise requires, all references in this quarterly report to "Ormat", "the Company", "we", "us", "our company", "Ormat Technologies" or "our" refer to Ormat Technologies, Inc. and its consolidated subsidiaries.

ITEM 1. FINANCIAL STATEMENTS

ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	September 30, 2024	December 31, 2023
	(Dollars in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 88,129	$ 195,808
Restricted cash and cash equivalents (primarily related to VIEs)	88,646	91,962
Receivables:		
Trade less allowance for credit losses of $210 and $90 respectively (primarily related to VIEs)	153,074	208,704
Other	47,265	44,530
Inventories	47,408	45,037
Costs and estimated earnings in excess of billings on uncompleted contracts	31,345	18,367
Prepaid expenses and other	81,624	41,595
Total current assets	537,491	646,003
Investment in unconsolidated companies	126,767	125,439
Deposits and other	59,592	44,631
Deferred income taxes	199,010	152,570
Property, plant and equipment, net ($3,107,654 and $2,802,920 related to VIEs, respectively)	3,326,187	2,998,949
Construction-in-process ($390,703 and $376,602 related to VIEs, respectively)	847,048	814,967
Operating leases right of use ($12,823 and $9,326 related to VIEs, respectively)	30,205	24,057
Finance leases right of use (none related to VIEs)	2,843	3,510
Intangible assets, net	309,853	307,609
Goodwill	151,345	90,544
Total assets	$ 5,590,341	$ 5,208,279
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 217,927	$ 214,518
Short term revolving credit lines with banks (full recourse)	—	20,000
Commercial paper (less deferred financing costs of $25 and $29, respectively)	99,975	99,971
Billings in excess of costs and estimated earnings on uncompleted contracts	10,005	18,669
Current portion of long-term debt:		
Limited and non-recourse (primarily related to VIEs)	67,979	57,207
Full recourse	160,847	116,864
Financing liability	4,093	5,141
Operating lease liabilities	4,178	3,329
Finance lease liabilities	1,330	1,313
Total current liabilities	566,334	537,012
Long-term debt, net of current portion:		

Limited and non-recourse (primarily related to VIEs and less deferred financing costs of $8,375 and $7,889, respectively)	527,518	447,389
Full recourse (less deferred financing costs of $4,860 and $3,056, respectively)	846,183	698,187
Convertible senior notes (less deferred financing costs of $7,329 and $8,146, respectively)	469,108	423,104
Financing liability	216,476	220,619
Operating lease liabilities	22,348	19,790
Finance lease liabilities	1,589	2,238
Liability associated with sale of tax benefits	150,542	184,612
Deferred income taxes	77,487	66,748
Liability for unrecognized tax benefits	7,860	8,673
Liabilities for severance pay	10,234	11,844
Asset retirement obligation	126,980	114,370
Other long-term liabilities	42,843	22,107
Total liabilities	3,065,502	2,756,693
Commitments and contingencies (Note 9)		
Redeemable noncontrolling interest	10,856	10,599
Equity:		
The Company's stockholders' equity:		
Common stock, par value $0.001 per share; 200,000,000 shares authorized; 60,476,526 and 60,358,887 issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	61	60
Additional paid-in capital	1,630,335	1,614,769
Treasury stock, at cost (258,667 shares held as of September 30, 2024 and December 31, 2023, respectively)	(17,964)	(17,964)
Retained earnings	780,959	719,894
Accumulated other comprehensive income (loss)	(4,594)	(1,332)
Total stockholders' equity attributable to Company's stockholders	2,388,797	2,315,427
Noncontrolling interest	125,186	125,560
Total equity	2,513,983	2,440,987
Total liabilities, redeemable noncontrolling interest and equity	$ 5,590,341	$ 5,208,279

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

ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(Unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands, except per share data)		(Dollars in thousands, except per share data)	
Revenues:				
Electricity	$ 164,638	$ 157,212	$ 522,117	$ 482,846
Product	37,357	39,831	100,018	83,331
Energy storage	9,789	11,013	26,778	21,907
Total revenues	211,784	208,056	648,913	588,084
Cost of revenues:				
Electricity	114,941	107,166	342,186	311,348
Product	30,166	32,393	83,982	71,729
Energy storage	7,815	8,494	23,687	19,445
Total cost of revenues	152,922	148,053	449,855	402,522
Gross profit	58,862	60,003	199,058	185,562
Operating expenses:				
Research and development expenses	1,816	1,392	5,110	4,763
Selling and marketing expenses	4,248	4,682	13,541	13,999
General and administrative expenses	22,973	14,044	60,536	49,525
Other operating income	(6,250)	—	(6,250)	—
Write-off of long-lived assets	323	—	1,280	—
Write-off of unsuccessful exploration activities	77	2,318	1,456	2,318
Operating income	35,675	37,567	123,385	114,957
Other income (expense):				
Interest income	2,051	2,827	6,494	9,620
Interest expense, net	(34,822)	(25,054)	(99,506)	(73,078)
Derivatives and foreign currency transaction gains (losses)	2,046	(781)	132	(3,990)
Income attributable to sale of tax benefits	19,760	14,936	53,034	42,481
Other non-operating income, net	22	108	122	247
Income from operations before income tax and equity in earnings of investees	24,732	29,603	83,661	90,237
Income tax (provision) benefit	1,193	7,134	4,518	2,205
Equity in earnings (losses) of investees	(1,624)	(405)	437	1,862
Net income	24,301	36,332	88,616	94,304
Net income attributable to noncontrolling interest	(2,219)	(879)	(5,704)	(5,631)
Net income attributable to the Company's stockholders	$ 22,082	$ 35,453	$ 82,912	$ 88,673
Comprehensive income:				
Net income	24,301	36,332	88,616	94,304
Other comprehensive income (loss), net of related taxes:				
Change in foreign currency translation adjustments	4,914	(1,220)	2,485	(1,523)
Change in unrealized gains or losses in respect of the Company's share in derivatives instruments of an unconsolidated investment that qualifies as a cash flow hedge	(1,863)	673	(924)	1,063
Change in unrealized gains or losses in respect of a cross currency swap derivative instrument that qualifies as a cash flow hedge	(2,649)	(4,749)	(3,277)	(7,675)

Change in unrealized gains or losses in respect of an interest rate swap derivative instrument that qualifies as a cash flow hedge	(2,401)	—	(1,294)	—
Other changes in comprehensive income	11	12	36	40
Total other comprehensive income (loss), net of related taxes:	(1,988)	(5,284)	(2,974)	(8,095)
Comprehensive income	22,313	31,048	85,642	86,209
Comprehensive income attributable to noncontrolling interest	(3,071)	(655)	(5,992)	(5,266)
Comprehensive income attributable to the Company's stockholders	$ 19,242	$ 30,393	$ 79,650	$ 80,943
Earnings per share attributable to the Company's stockholders:				
Basic:	$ 0.37	$ 0.59	$ 1.37	$ 1.50
Diluted:	$ 0.36	$ 0.59	$ 1.37	$ 1.49
Weighted average number of shares used in computation of earnings per share attributable to the Company's stockholders:				
Basic	60,480	60,299	60,439	59,105
Diluted	60,770	60,570	60,726	59,494

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

ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited)

	The Company's Stockholders' Equity								
	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total	Noncontrolling Interest	Total Equity
	Shares	Amount							
	(Dollars in thousands, except per share data)								
Balance at December 31, 2022	56,096	$ 56	$ 1,259,072	$ (17,964)	$ 623,907	$ 2,500	$1,867,571	$ 153,404	$2,020,975
Stock-based compensation	—	—	2,990	—	—	—	2,990	—	2,990
Exercise of stock-based awards by employees and directors (*)	—	—	27	—	—	—	27	—	27
Issuance of common stock	3,600	4	297,117	—	—	—	297,121	—	297,121
Cash paid to noncontrolling interest	—	—	—	—	—	—	—	(2,360)	(2,360)
Cash dividend declared, $0.12 per share	—	—	—	—	(6,732)	—	(6,732)	—	(6,732)
Change in noncontrolling interest	—	—	1,239		—	—	1,239	(2,396)	(1,157)
Net income	—	—	—	—	29,029	—	29,029	4,235	33,264
Other comprehensive income (loss), net of related taxes:									
Currency translation adjustments	—	—	—	—	—	(306)	(306)	(390)	(696)
Change in unrealized gains or losses in respect of the Company's share in derivative instruments of an unconsolidated investment that qualifies as a cash flow hedge	—	—	—	—	—	(1,014)	(1,014)	—	(1,014)
Change in unrealized gains or losses in respect of a cross currency swap derivative instrument that qualifies as a cash flow hedge	—	—	—	—	—	(5,403)	(5,403)	—	(5,403)
Other	—	—	—	—	—	14	14	—	14
Balance at March 31, 2023	59,696	$ 60	$ 1,560,445	$ (17,964)	$ 646,204	$ (4,209)	$2,184,536	$ 152,493	$2,337,029

ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited)

Balance as of the beginning of the period	59,696	$ 60	$ 1,560,445	$ (17,964)	$ 646,204	$ (4,209)	$2,184,536	$ 152,493	$2,337,029
Stock-based compensation	—	—	4,311	—	—	—	4,311	—	4,311
Issuance of common stock	540	—	44,542	—	—	—	44,542	—	44,542
Cash paid to noncontrolling interest	—	—	—	—	—	—	—	(135)	(135)
Cash dividend declared, $0.12 per share	—	—	—	—	(7,229)	—	(7,229)	—	(7,229)
Net income	—	—	—	—	24,191	—	24,191	45	24,236
Other comprehensive income (loss), net of related taxes:									
Currency translation adjustment	—	—	—	—	—	144	144	249	393
Change in unrealized gains or losses in respect of the Company's share in derivative instruments of unconsolidated investment that qualifies as a cash flow hedge	—	—	—	—	—	1,404	1,404	—	1,404
Change in unrealized gains or losses in respect of a cross currency swap derivative instrument that qualifies as a cash flow hedge	—	—	—	—	—	2,477	2,477	—	2,477
Other	—	—	—	—	—	14	14	—	14
Balance at June 30, 2023	60,236	$ 60	$ 1,609,298	$ (17,964)	$ 663,166	$ (170)	$2,254,390	$ 152,652	$2,407,042
Balance as of the beginning of the period	60,236	$ 60	$ 1,609,298	$ (17,964)	$ 663,166	$ (170)	$2,254,390	$ 152,652	$2,407,042
Stock-based compensation	—	—	3,934	—	—	—	3,934	—	3,934
Exercise of stock-based awards by employees and directors (*)	118	—	—	—	—	—	—	—	—
Stock issuance costs reimbursement	—	—	8	—	—	—	8	—	8
Cash paid to noncontrolling interest	—	—	—	—	—	—	—	(348)	(348)
Cash dividend declared, $0.12 per share	—	—	—	—	(7,228)	—	(7,228)	—	(7,228)
Transaction with noncontrolling interest	—	—	(2,663)		—	—	(2,663)	(26,392)	(29,055)
Net income	—	—	—	—	35,453	—	35,453	506	35,959
Currency translation adjustment	—	—	—	—	—	(996)	(996)	(224)	(1,220)
Change in unrealized gains or losses in respect of the Company's share in derivative instruments of unconsolidated investment that qualifies as a cash flow hedge	—	—	—	—	—	673	673	—	673
Change in unrealized gains or losses in respect of a cross currency swap derivative instrument that qualifies as a cash flow hedge	—	—	—	—	—	(4,749)	(4,749)	—	(4,749)
Other	—	—	—	—	—	12	12	—	12
Balance at September 30, 2023	60,354	$ 60	$ 1,610,577	$ (17,964)	$ 691,391	$ (5,230)	$2,278,834	$ 126,194	$2,405,028

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited)

Balance at December 31, 2023	60,359	$ 60	$ 1,614,769	$ (17,964)	$ 719,894	$ (1,332)	$2,315,427	$ 125,560	$2,440,987
Stock-based compensation	—	—	4,769	—	—	—	4,769	—	4,769
Exercise of stock-based awards by employees and directors (*)	63	—	55	—	—	—	55	—	55
Cash paid to noncontrolling interest	—	—	—	—	—	—	—	(2,587)	(2,587)
Cash dividend declared, $0.12 per share	—	—	—	—	(7,243)	—	(7,243)	—	(7,243)
Net income	—	—	—	—	38,587	—	38,587	1,924	40,511
Other comprehensive income (loss), net of related taxes:									
Currency translation adjustments	—	—	—	—	—	(1,701)	(1,701)	(462)	(2,163)
Change in unrealized gains or losses in respect of the Company's share in derivative instruments of an unconsolidated investment that qualifies as a cash flow hedge	—	—	—	—	—	510	510	—	510
Change in unrealized gains or losses in respect of a cross currency swap derivative instrument that qualifies as a cash flow hedge	—	—	—	—	—	561	561	—	561
Change in unrealized gains or losses in respect of an interest rate swap derivative instrument that qualifies as a cash flow hedge	—	—	—	—	—	1,066	1,066	—	1,066
Other	—	—	—	—	—	53	53	—	53
Balance at March 31, 2024	60,422	$ 60	$ 1,619,593	$ (17,964)	$ 751,238	$ (843)	$2,352,084	$ 124,435	$2,476,519
Balance as of the beginning of the period	60,422	$ 60	$ 1,619,593	$ (17,964)	$ 751,238	$ (843)	$2,352,084	$ 124,435	$2,476,519
Stock-based compensation	—	—	5,077	—	—	—	5,077	—	5,077
Exercise of stock-based awards by employees and directors (*)	31	1	93	—	—	—	94	—	94
Cash paid to noncontrolling interest	—	—	—	—	—	—	—	(90)	(90)
Cash dividend declared, $0.12 per share	—	—	—	—	(7,344)	—	(7,344)	—	(7,344)
Net income	—	—	—	—	22,243	—	22,243	1,777	24,020
Other comprehensive income (loss), net of related taxes:									
Currency translation adjustment	—	—	—	—	—	(164)	(164)	(102)	(266)
Change in unrealized gains or losses in respect of the Company's share in derivative instruments of unconsolidated investment that qualifies as a cash flow hedge	—	—	—	—	—	429	429	—	429
Change in unrealized gains or losses in respect of a cross currency swap derivative instrument that qualifies as a cash flow hedge	—	—	—	—	—	(1,189)	(1,189)	—	(1,189)

Change in unrealized gains or losses in respect of an interest rate swap derivative instrument that qualifies as a cash flow hedge	—	—	—		—	41	41	—	41
Other	—	—	—	—	—	(28)	(28)	—	(28)
Balance at June 30, 2024	60,453	$ 61	$ 1,624,763	$ (17,964)	$ 766,137	$ (1,754)	$2,371,243	$ 126,020	$2,497,263
Balance as of the beginning of the period	60,453	$ 61	$ 1,624,763	$ (17,964)	$ 766,137	$ (1,754)	$2,371,243	$ 126,020	$2,497,263
Stock-based compensation	—	—	5,042	—	—	—	5,042	—	5,042
Exercise of stock-based awards by employees and directors (*)	24	—	—	—	—	—	—	—	—
Cash paid to noncontrolling interest	—	—	—	—	—	—	—	(1,948)	(1,948)
Cash dividend declared, $0.12 per share	—	—	—	—	(7,260)	—	(7,260)	—	(7,260)
Buyout of Class B membership in OPAL	—	—	530		—	—	530	(1,697)	(1,167)
Net income	—	—	—	—	22,082	—	22,082	1,959	24,041
Other comprehensive income (loss), net of related taxes:									
Currency translation adjustment	—	—	—	—	—	4,062	4,062	852	4,914
Change in unrealized gains or losses in respect of the Company's share in derivative instruments of unconsolidated investment that qualifies as a cash flow hedge	—	—	—	—	—	(1,863)	(1,863)	—	(1,863)
Change in unrealized gains or losses in respect of a cross currency swap derivative instrument that qualifies as a cash flow hedge	—	—	—	—	—	(2,649)	(2,649)	—	(2,649)
Change in unrealized gains or losses in respect of an interest rate swap derivative instrument that qualifies as a cash flow hedge	—	—	—	—	—	(2,401)	(2,401)	—	(2,401)
Other comprehensive income (loss)	—	—	—	—	—	11	11	—	11
Balance at September 30, 2024	60,477	$ 61	$ 1,630,335	$ (17,964)	$ 780,959	$ (4,594)	$2,388,797	$ 125,186	$2,513,983

(*) Resulted in an amount lower than $1,000.

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

ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited)	Nine Months Ended September 30,	
	2024	2023
	(Dollars in thousands)	
Cash flows from operating activities:		
Net income	$ 88,616	$ 94,304
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	192,813	164,905
Accretion of asset retirement obligation	5,839	4,644
Stock-based compensation	14,887	11,235
Income attributable to sale of tax benefits, net of interest expense	(24,365)	(23,896)
Equity in earnings of investees	(437)	(1,862)
Mark-to-market of derivative instruments	870	284
Disposal of property, plant and equipment	63	35
Write-off of unsuccessful exploration activities	1,456	2,318
Write-off of long-lived assets	1,280	—
Loss (gain) on severance pay fund asset	(43)	525
Loss (gain) on foreign currency exchange rates	(218)	—
Deferred income tax provision	(30,601)	(26,426)
Liability for unrecognized tax benefits	(813)	79
Changes in operating assets and liabilities, net of businesses acquired:		
Receivables	42,527	(48,805)
Costs and estimated earnings in excess of billings on uncompleted contracts	(12,978)	(9,361)
Long-term costs and estimated earnings in excess of billings on uncompleted contracts	(12,252)	—
Inventories	(2,371)	(22,012)
Prepaid expenses and other	(10,713)	(11,702)
Change in operating lease right of use asset	2,950	2,874
Deposits and other	(3,518)	(8,028)
Accounts payable and accrued expenses	7,022	32,774
Billings in excess of costs and estimated earnings on uncompleted contracts	(8,664)	1,834
Liabilities for severance pay	(1,610)	(1,742)
Change in operating lease liabilities	(5,730)	(2,497)
Other long-term liabilities	8,290	10,776
Net cash provided by operating activities	252,300	170,256
Cash flows from investing activities:		
Capital expenditures	(359,941)	(448,791)
Investment in unconsolidated companies	(1,815)	(9,600)
Buyout of Class B membership in Opal Geo	(9,800)	—
Cash paid for business acquisition, net of cash acquired	(274,632)	—
Decrease (increase) in severance pay fund asset, net of payments to retired employees	1,073	225
Net cash used in investing activities	(645,115)	(458,166)
Cash flows from financing activities:		
Proceeds from long-term loans, net of transaction costs	442,639	99,850
Proceeds from exercise of options by employees	150	27
Proceeds from issuance of convertible notes, net of transaction costs	44,203	—
Proceeds from revolving credit lines with banks	134,500	35,000
Repayment of revolving credit lines with banks	(154,500)	—

ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited)

Cash received from noncontrolling interest	12,251	7,341
Repayments of long-term debt	(164,616)	(175,860)
Proceeds from issuance of common stock, net of related costs	—	341,671
Cash paid to noncontrolling interest	(6,075)	(34,523)
Payments under finance lease obligations	(1,023)	(1,590)
Deferred debt issuance costs	(3,652)	(3,159)
Cash dividends paid	(21,847)	(21,189)
Net cash provided by financing activities	282,030	247,568
Effect of exchange rate changes	(210)	(67)
Net change in cash and cash equivalents and restricted cash and cash equivalents	(110,995)	(40,409)
Cash and cash equivalents and restricted cash and cash equivalents at beginning of period	287,770	226,676
Cash and cash equivalents and restricted cash and cash equivalents at end of period	$ 176,775	$ 186,267
Supplemental non-cash investing and financing activities:		
Change in accounts payable related to purchases of property, plant and equipment	$ (36,245)	$ 27,581
Right of use assets obtained in exchange for new lease liabilities	$ 9,045	$ 5,319

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

NOTE 1 — GENERAL AND BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements of Ormat Technologies, Inc. and its subsidiaries (collectively, the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements. Accordingly, they do not contain all information and notes required by U.S. GAAP for annual financial statements. In the opinion of management, these unaudited condensed consolidated interim financial statements reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of the Company's condensed consolidated financial position, the condensed consolidated statements of operations and comprehensive income, the condensed consolidated statements of cash flows and the condensed consolidated statements of equity for periods presented.

The financial data and other information disclosed in the notes to the condensed consolidated financial statements related to these periods are unaudited. The results for the periods presented are not necessarily indicative of the results to be expected for the year.

These condensed unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. The condensed consolidated balance sheet data as of December 31, 2023 was derived from the Company's audited consolidated financial statements for the year ended December 31, 2023 but does not include all disclosures required by U.S. GAAP.

Dollar amounts, except per share data, in the notes to these financial statements are rounded to the closest $1,000.

Business combination - Enel purchase transaction

On January 4, 2024, the Company closed a purchase transaction with Enel Green Power North America ("EGPNA"), a subsidiary of Enel SpA (ENEL.MI) to acquire a portfolio of assets which includes two contracted geothermal power plants, one triple hybrid power plant which consists of geothermal, solar PV, and solar thermal units, two stand-alone solar power plants, and two greenfield development assets, for a total cash consideration of $274.6 million (including customary post-closing working capital adjustment to the purchase price, based on the levels of net working capital of the acquired companies) for 100% of the equity interests in the entities holding those assets.

The geothermal power plants include the Cove Fort power plant located in Beaver County, Utah, which sells electricity under a long-term power purchase agreement ("PPA") with Salt River Project, and the Salt Wells power plant located in Churchill County, Nevada, which sells electricity under a long-term PPA with NV Energy. The Stillwater triple hybrid geothermal, solar PV and solar thermal power plant is located in Churchill County, Nevada, and sells electricity to NV Energy under a PPA. The solar assets of Stillwater Solar PV II in Churchill County, Nevada, and Woods Hill in Windham County, Connecticut, sell their electricity under PPAs, respectively.

As a result of the acquisition, the Company expanded its overall generation capacity and expects to improve the profitability of the purchased assets through cost reduction, synergies and development of the greenfield assets. The Company accounted for the transaction in accordance with Accounting Standard Codification ("ASC") 805, Business Combinations, and following the transaction, the Company consolidates the power plants and all other assets included in the transaction in accordance with ASC 810, Consolidation.

In the first quarter of 2024, and during annual 2023, the Company incurred $1.3 million, and $1.1 million of acquisition-related costs, respectively. Such costs are included under "General and administrative expenses" in the consolidated statements of operations and comprehensive income for the respective periods. There were no such costs in the second and third quarters of 2024. Accounting guidance provides that the allocation of the purchase price may be adjusted for up to one year from the date of the acquisition to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. The primary area of the purchase price allocation that is not yet finalized is related to intangible assets, property, plant and equipment and certain tax matters and the related impact on goodwill.

The following table summarizes the purchase price allocation to the fair value of the assets acquired and liabilities assumed (in millions):

Trade receivables and others [1]	$ 4.4
Deferred income taxes	3.1
Property, plant and equipment and construction-in-process [2]	197.7
Operating lease right of use	1.2
Other long-term assets	0.2
Intangible assets [3]	23.6
Total assets acquired	$ 230.2
Accounts payable, accrued expenses and others	$ 1.5
Other current liabilities	1.8
Operating lease liabilities	1.2
Other long-term liabilities	5.0
Asset retirement obligation	6.8
Total liabilities assumed	$ 16.3
Total assets acquired, and liabilities assumed, net	$ 213.9
Goodwill [4]	$ 60.7

[1] The gross amount of trade receivables was fully collected subsequent to acquisition date.

[2] The fair value of Property, plant and equipment was estimated by applying the income approach and utilizing the discounted cash flow method. This methodology assesses the value of tangible assets by computing the anticipated cash flows expected to be generated by the respective assets.

[3] Intangible assets are related to the long-term electricity PPAs described above and are amortized over the term of those PPAs. The fair value of the intangible assets was estimated by applying the income approach and utilizing the With and Without method.

[4] Goodwill is primarily related to the expected synergies, potential cost savings in operations as a result of the purchase transaction as well as potential future development of the greenfield assets. The goodwill is allocated to the Electricity segment and is deductible for tax purposes.

For the three months ended September 30, 2024, the acquired portfolio of assets contributed $7.5 million to the Company's Electricity revenues, and $0.5 million to the Company's earnings which were included in the Company’s condensed consolidated statements of operations and comprehensive income for that period. For the period from acquisition date to September 30, 2024, the acquired portfolio of assets contributed $25.5 million to the Company's Electricity revenues, and $6.4 million to the Company's earnings which were included in the Company’s condensed consolidated statements of operations and comprehensive income for that period.

The following unaudited pro forma summary presents condensed consolidated information of the Company as if the business combination had occurred on January 1, 2023. The pro forma results below include the impact of certain adjustments related to the depreciation of property, plant and equipment, amortization of intangible assets, transaction-related costs, and the related income tax effects. This pro forma presentation does not include any impact from transaction synergies or any other material, nonrecurring adjustments directly attributable to the business combination.

	Pro forma for the Three Months Ended September 30,		Pro forma for the Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in millions)		(Dollars in millions)	
Electricity revenues	$ 164.6	$ 165.3	$ 522.1	$ 508.9
Total revenues	$ 211.8	$ 216.1	$ 648.9	$ 614.1
Net income attributable to the Company's stockholders	$ 22.1	$ 32.8	$ 84.3	$ 80.1

Hapoalim 2024 Loan

Concurrently with the purchase transaction with EGPNA, on January 2, 2024, the Company entered into a definitive loan agreement (the "BHI Loan Agreement 2024") with Hapoalim Bank. The BHI Loan Agreement 2024 provides for a loan by Hapoalim Bank to the Company in an aggregate principal amount of $75 million (the “Hapoalim 2024 Loan”). The outstanding principal amount of the Hapoalim 2024 Loan will be repaid in 32 quarterly payments of $2.3 million each, commencing on April 1, 2024. The duration of the Hapoalim 2024 Loan is 8 years and it bears interest of 6.6%, payable every three months. The BHI Loan Agreement 2024 includes various affirmative and negative covenants, including a requirement that the Company maintain (i) a financial debt to adjusted EBITDA ratio not to exceed 6.0, (ii) a minimum equity capital amount of not less than $750 million, and (iii) an equity capital to total assets ratio of not less than 25%. The BHI Loan Agreement includes other customary affirmative and negative covenants, including nonpayment and noncompliance events of default.

HSBC Bank 2024 Loan

Concurrently with the purchase transaction with EGPNA, on January 2, 2024, the Company entered into a definitive loan agreement (the "HSBC Loan Agreement 2024") with HSBC Bank. The HSBC Loan Agreement 2024 provides for a loan by HSBC Bank to the Company in an aggregate principal amount of $125 million (the “HSBC Bank 2024 Loan”). The outstanding principal amount of the HSBC Bank 2024 Loan will be repaid in 7 semi-annual payments of $12.5 million each, commencing on July 1, 2024, and an additional final principal payment on January 1, 2028 of $37.5 million. The duration of the HSBC Bank 2024 Loan is 4 years and it bears interest of 3-month Secured Overnight Financing Rate ("SOFR") plus 2.25%, payable quarterly. The HSBC Loan Agreement 2024 includes various affirmative and negative covenants, including a requirement that the Company maintain (i) a financial debt to adjusted EBITDA ratio not to exceed 6.0, (ii) a minimum equity capital amount of not less than $750 million, and (iii) an equity capital to total assets ratio of not less than 25%. The HSBC Loan Agreement 2024 includes other customary affirmative and negative covenants, including nonpayment and noncompliance events of default.

Interest Rate Swap

Concurrently with the issuance of the HSBC Bank 2024 Loan, the Company entered into a long-term interest rate swap ("IR Swap") transaction with the objective of hedging the variable interest rate fluctuations related to the HSBC Bank 2024 Loan at a fixed 3-month SOFR of 3.9%. The terms of the IR Swap match those of the HSBC Bank 2024 Loan, including the notional amount of the principal and interest payment dates. The Company designated the IR Swap as a cash flow hedge as per ASC 815, Derivatives and Hedging, and accordingly measures the IR Swap instrument at fair value. The changes in the IR Swap fair value are initially recorded in Other Comprehensive Income (Loss) and reclassified to Interest expense, net in the same period or periods during which the hedged transaction affects earnings. The hedged transaction and the IR Swap effect in earnings are presented in the same line item in the consolidated statements of operations and comprehensive income.

Mammoth Senior Secured Notes

On March 28, 2024, Mammoth Pacific, LLC (the “Issuer”), a wholly-owned indirect subsidiary of the Company, entered into a note purchase agreement with the Prudential Insurance Company of America, pursuant to which the Issuer issued approximately $135.1 million principal amount of senior secured notes (the “Mammoth Senior Secured Notes”). The note purchase agreement also includes an approximately $9 million tranche of floating rate notes to be issued in the event of a shortfall in debt service with respect to the Mammoth Senior Secured Notes. The Issuer shall pay a commitment fee on the revolving note tranche at a rate of 0.5% per annum. If drawn, the revolving notes shall bear interest at a rate equal to Term SOFR plus 1.25%. The Mammoth Senior Secured Notes are secured by the equity interests in the Issuer, and by the Issuer’s 100% ownership interests in its project subsidiaries including four geothermal power plants known as the Mammoth G1, G2, G3 and Casa Diablo 4 (“CD4”) projects. The remaining classes of ownership interests in CD4 are owned by an unrelated third party and are not part of the collateral security package for the Mammoth Senior Secured Notes. The Mammoth Senior Secured Notes will be repaid in 46 semi-annual payments, commencing on November 30, 2024. The Mammoth Senior

Secured Notes bear interest at a fixed rate of 6.73% per annum and have a final maturity date of July 14, 2047. The Company has provided a limited guarantee with respect to certain obligations of the Issuer as a member of CD4.

There are various restrictive covenants under the Mammoth Senior Secured Notes, including limitations on additional indebtedness of the Issuer and its subsidiaries. Failure to comply with these and other covenants will, subject to customary cure rights, constitute an event of default by the Issuer. In addition, there are restrictions on the ability of the Issuer to make distributions to its shareholders. Among other things, the distribution restrictions include both a historical and projected minimum debt service coverage ratio requirement. As part of the security package, the note purchase agreement states the Issuer shall establish and maintain customary reserve accounts which include a debt service reserve account, a make-up well reserve account and a maintenance reserve account.

DEG 4 Loan

On April 4, 2024, the Company, through one of its wholly owned subsidiaries, entered into a new $30 million subordinated loan agreement with Deutsche Investitions-und Entwicklungsgesellschaft mbH ("DEG") and on April 18, 2024, it completed a drawdown of the full loan amount of $30 million (the "DEG 4 Loan"). The DEG 4 Loan bears a fixed interest rate of 7.9% and will be repaid in 6 equal semi-annual principal installments commencing on December 21, 2028, with a final maturity date of June 21, 2031.

Discount 2024 Loan

On May 22, 2024, the Company entered into a definitive loan agreement (the "Discount 2024 Loan Agreement") with Israel Discount Bank Ltd. ("Discount Bank"). The Discount 2024 Loan Agreement provides for a loan by Discount Bank to the Company in an aggregate principal amount of $31.8 million (the "Discount 2024 Loan"). The outstanding principal amount of the Discount 2024 Loan will be repaid in 32 quarterly payments of $1 million each, commencing on August 22, 2024. The duration of the Discount 2024 Loan is 8 years and it bears an annual interest of 6.75%. The Discount 2024 Loan Agreement includes various affirmative and negative covenants, including a requirement that the Company maintain (i) a financial debt to adjusted EBITDA ratio not to exceed 6, (ii) a minimum equity capital amount of not less than $750 million, and (iii) an equity capital to total assets ratio of not less than 25%. The Discount 2024 Loan Agreement includes other customary affirmative and negative covenants, including payment and covenant events of default.

The Dominica Project

In December 2023, the Company entered into agreements with the Commonwealth of Dominica to build and operate a 10 MW binary geothermal power plant in the Caribbean country of Dominica. Under these agreements, the Company will construct the power plant, operate, and sell its generated energy to Dominica Electricity Services Limited (presently the only electricity utility in the Commonwealth of Dominica) over a period of 25 years at the end of which ownership of the power plant will be transferred to the Government of the Commonwealth of Dominica. The Company accounted for this transaction under the guidance of ASC 853, Service Concession Arrangements ("ASC 853"), which directs a reporting entity to apply ASC 606, Revenue from Contracts with Customers ("ASC 606").

Under the aforementioned accounting guidance, the Company identified the construction and the operation of the power plant as two distinct performance obligations, and accordingly allocated the total transaction price to these separate performance obligations in the arrangement, based on their estimated stand-alone selling price. The Company concluded that the performance obligations are satisfied over time. Additionally, starting the second quarter of 2024, in conjunction with the power plant start of construction, the Company started recognizing revenues relating to the construction performance obligation based on an input method using costs incurred to total costs expected in the project.

Tax Investigation in Kenya

On April 23, 2024, the Company's branch in Kenya received a Letter of Preliminary Investigation Findings ("Letter") from the Kenya Revenue Authority ("KRA") relating to tax years 2017 to 2022. The Letter sets forth a demand for approximately $79.0 million before any potential interest and penalties. On July 8, 2024, the KRA informed the Company that its investigation was concluded and closed and that the initial demand for $79.0 million would be reduced to zero, and as a result, no additional taxes, interest or penalties would be due.

Additional 2.50% Senior Convertible Notes due 2027

On July 15, 2024, the Company issued an additional $45.2 million aggregate principal amount of its 2.50% Convertible Senior Notes due 2027 (the “Additional Notes”). The Additional Notes were issued as additional notes pursuant to the indenture, dated June 27, 2022, as supplemented by the first supplemental indenture, dated July 15, 2024, between the Company and U.S. Bank Trust Company, National Association, as trustee (the “Indenture”). The Additional Notes constitute a further issuance of, and form a single series with, the $431.3 million aggregate principal amount of the Company’s outstanding 2.5% Convertible Senior Notes due 2027 originally issued in June 2022 (the “Original Convertible Notes” and together with the Additional Notes, the “Notes”). The Additional Notes will have substantially identical terms to the Existing Convertible Notes, except that the Additional Notes have a different issuance date and will initially trade under a different restricted CUSIP number than the Existing Convertible Notes until such time as the Additional Notes are no longer required to bear restrictive legends under the Indenture and have an unrestricted CUSIP. The aggregated proceeds received from the issuance of the Additional Notes were $44.2 million, net of discount and fees.

Opal Geo tax monetization buyout

On July 31, 2024, the Company entered into an agreement with the third-party investor in Opal Geo, a wholly-owned limited liability company formed solely for purpose of monetization of federal production tax credits and certain other tax benefits, to purchase 100% of the Class B membership interests in Opal Geo for a total of $9.8 million. As a result, the Company became the sole owner and beneficiary of all the economic benefits in Opal Geo, and continued to consolidate Opal Geo in its condensed consolidated financial statements. The purchase of the Class B membership interest in Opal Geo was recorded as an equity transaction resulting in a reduction to the remaining balance of the related liability associated with sale of tax benefits, and the related noncontrolling interest of $1.7 million. The surplus of $0.5 million was charged to additional paid-in capital.

Discount 2024 II Loan

On September 26, 2024, the Company entered into a definitive loan agreement (the "Discount 2024 II Loan Agreement") with Discount Bank of New York (“Discount NY Bank”). The Discount 2024 II Loan Agreement provides for a loan by Discount NY Bank to the Company in an aggregate principal amount of $50.0 million (the “Discount 2024 II Loan”). The outstanding principal amount of the Discount 2024 II Loan will be repaid in 15 quarterly payments of $1.56 million each, commencing on December 31, 2024, with a final 16th payment equal to the remaining unpaid principal amount of the loan of $26.6 million. The duration of the Discount 2024 II Loan is 4 years, unless extended by the Company under certain conditions for an additional period of up to 4 years. The Discount 2024 II Loan bears an annual interest of 3-month Term SOFR plus 2.35%, with a SOFR floor of 2.5%. The Discount 2024 II Loan Agreement includes various affirmative and negative covenants, including a requirement that the Company maintain (i) a financial debt to adjusted EBITDA ratio not to exceed 6, (ii) a minimum equity capital amount of not less than $750 million, and (iii) an equity capital to total assets ratio of not less than 25%. The Discount 2024 II Loan Agreement includes other customary affirmative and negative covenants, including payment and covenant events of default.

Settlement Agreement

On August 1, 2024, the Company entered into a settlement agreement, effective April 2024, (the “Agreement”) with a third-party battery systems supplier (the “Supplier”). Under the Agreement, the Supplier paid to the Company $35.0 million as a recovery of damages, such as significant loss of potential profit due to project delays, as well as additional cost related to locating and purchasing substitute battery solutions from alternative vendors, incurred by the Company (the “Recovery of Damages”) to settle the dispute. On August 16, 2024, the Company received the Recovery of Damages payment contingent upon certain conditions which the Company expects to be met, on a pro-rata basis, during the period until March 31, 2026. The Company accounted for the Recovery of Damages amount under the guidance of ASC 450, Contingencies, and ASC 705, Cost of Sales and Services, and as a result, deemed $25.0 million as a recovery of damages, which will be recognized as income once contingency conditions are met, and $10.0 million as a reduction to the cost of battery systems to be purchased under the Agreement. During the three and nine months ended September 30, 2024, the Company recognized income of $6.3 million under “Other operating income” in the condensed consolidated statements of operations and comprehensive income. This amount represents the non-refundable portion of the recovery of damages for which contingency conditions have been met.

War in Israel

On October 7, 2023, Hamas terrorists and members of other terrorist organizations infiltrated Israel’s southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets, including widespread killings and kidnappings. They also launched extensive rocket attacks on the Israeli civilian population. Shortly following the attack, Israel declared war against Hamas. The majority of the Company's senior management and its main Product segment production and manufacturing facilities are located in Israel approximately 26 miles from the border with the Gaza Strip. More recently, the Houthi movement, which controls parts of Yemen, launched a number of attacks on marine vessels in the Red Sea. The Red Sea is an important maritime route for international trade. Additionally, since the beginning of the war, Israel has faced hostilities with militant terrorist groups in the West Bank, Hezbollah and other Iranian proxy forces have exchanged fire with Israel around Israel's borders, and Iran and Israel have been engaged in a conflict involving direct attacks on each other's soil for the first time in history, including two widescale Iranian missile attacks on military and civilian infrastructure in Israel's largest cities. In the second half of 2024, after almost a year of missile attacks by Hezbollah on northern Israel and widespread resulting displacement of Israel's northern residents, Israel began airstrikes and other military operations on Hezbollah targets in Lebanon, culminating in ground operations in southern Lebanon aimed at removing Hezbollah's weapons infrastructure. Iran, Hezbollah, and other proxy forces and terrorist organizations have threatened to escalate the fighting throughout Israel, including targeting major infrastructure facilities. These disruptions so far have had minimal impact on the Company's operations, but may result in delayed deliveries of several key components used in the manufacturing of the Company's products, and could impact its ability to timely deliver products to its customers under the Product Segment. In addition, they may slow the Company's ability to execute its Electricity segment growth plans. This has also resulted in an increase in insurance premium costs for shipments into and out of the seaport.

As of the date of these condensed consolidated financial statements, none of the Company's facilities or infrastructure have been damaged nor have its supply chains been significantly impacted since the war broke out. However, a prolonged war could result in further military reserve duty call-ups as well as irregularities to the Company's supply chain and to its ability to ship its products from Israel, which could disrupt the operations of the Company's Product segment and potentially delay some of its growth plans in the Electricity segment. Management continuously monitors the effect of the war on the Company's financial position and results of operations.

Equity Offering

On March 14, 2023, the Company entered into an underwriting agreement with Goldman Sachs & Co. LLC, as the sole underwriter (the "Underwriter"), in connection with a public offering, pursuant to which the Company agreed to issue and sell 3,600,000 shares of common stock, par value $0.001 per share, and the Underwriter agreed to purchase these shares at a price of $82.60 per share. In addition, the Company granted the Underwriter a 30-day option to purchase up to an additional 540,000 shares of common stock at the same price per share, which was fully exercised by the Underwriter on April 3, 2023. The total net proceeds from the offering, including the option, were approximately $341.7 million, after deducting offering expenses.

Write-off of long-lived assets

The write-off of long-lived assets for the three and nine months ended September 30, 2024 of $0.3 million, and $1.3 million, respectively, is related to the termination of the waste heat agreement between the Company's wholly-owned subsidiary, OREG 4, and Highline Electric Association, Inc., effective May 2024.

Write-offs of unsuccessful exploration activities

The write-off of unsuccessful exploration activities for the three and nine months ended September 30, 2024 of $0.1 million, and $1.5 million, respectively, is related to exploration activities that the Company decided to no longer pursue.

Reconciliation of cash and cash equivalents and restricted cash and cash equivalents

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents as reported on the balance sheet to the total of the same amounts shown on the statement of cash flows:

	September 30, 2024	December 31, 2023
	(Dollars in thousands)	
Cash and cash equivalents	$ 88,129	$ 195,808
Restricted cash and cash equivalents	88,646	91,962
Total Cash and cash equivalents and Restricted cash and cash equivalents	$ 176,775	$ 287,770

Concentration of credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of cash investments and accounts receivable.

Cash investments:

The Company places its cash investments with high credit quality financial institutions located in the United States ("U.S.") and in foreign countries. At September 30, 2024 and December 31, 2023, the Company had deposits totaling $24.5 million and $43.2 million, respectively, in ten U.S. financial institutions that were federally insured up to $250,000 per account. At September 30, 2024 and December 31, 2023, the Company's deposits in foreign countries amounted to approximately $51.9 million and $57.5 million, respectively.

Account receivables:

At September 30, 2024 and December 31, 2023, accounts receivable related to operations in foreign countries amounted to approximately $102.3 million, and $152.2 million, respectively. At September 30, 2024 and December 31, 2023, accounts receivable from the Company's primary customers, which each accounted for revenues in excess of 10% of total consolidated revenues for the related period, amounted to approximately 54% and 57% of the Company's trade receivables, respectively. The aggregate amount of notes receivable exceeding 10% of total receivables as of September 30, 2024 and December 31, 2023 is $102.0 million, and $161.0 million, respectively.

The Company's revenues from its primary customers as a percentage of total revenues are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Southern California Public Power Authority ("SCPPA")	17.9 %	18.7 %	20.9 %	22.0 %
Sierra Pacific Power Company and Nevada Power Company	13.5	14.0	15.0	16.5
Kenya Power and Lighting Co. Ltd. ("KPLC")	13.5	13.1	12.9	14.0

The Company has historically been able to collect on substantially all of its receivable balances. As of September 30, 2024, the amount overdue from KPLC in Kenya was $29.8 million of which $7.8 million was paid in October 2024. The Company believes it will be able to collect all past due amounts from KPLC. This belief is supported by the fact that in addition to KPLC's obligations under its power purchase agreement, the Company holds a support letter from the Government of Kenya that covers certain cases of KPLC non-payment (such as non-payments that are caused by government actions and/or political events).

In Honduras, as of September 30, 2024, the total amount overdue from Empresa Nacional de Energía Eléctrica ("ENEE") was $24.2 million of which $1.1 million was paid in October 2024. In addition, due to the financial situation in Honduras, the Company may experience further delays in collection. The Company believes it will be able to collect all past due amounts from ENEE.

Allowance for credit losses

The Company performs an analysis of potential credit losses related to its financial instruments that are within the scope of ASU 2018-19, Codification Improvements to Topic 325, Financial Instruments – Credit Losses, primarily cash and cash equivalents, restricted cash and cash equivalents, investment in marketable securities, receivables (excluding those accounted for under lease accounting) and costs and estimated earnings in excess of billings on uncompleted contracts, based on classes of financing receivables which share the same or similar risk characteristics such as customer type and geographic location, among others. The Company estimates the expected credit losses for each class of financing receivables by applying the related corporate default rate which corresponds to the credit rating of the specific customer or class of financing receivables. For trade receivables, the Company applied this methodology using aging schedules reflecting how long the receivables have been outstanding. The Company has also considered the existence of credit enhancement arrangements that may mitigate the credit risk of its financial receivables in estimating the applicable corporate default rate.

The following table describes the changes in the allowance for expected credit losses for the three and nine months ended September 30, 2024 and 2023 (all related to trade receivables):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands)		(Dollars in thousands)	
Beginning balance of the allowance for expected credit losses	$ 200	$ 90	$ 90	$ 90
Change in the provision for expected credit losses for the period	10	—	120	—
Ending balance of the allowance for expected credit losses	$ 210	$ 90	$ 210	$ 90

Revenues from contracts with customers

Contract assets related to our Product segment reflect revenue recognized and performance obligations satisfied in advance of customer billing. Contract liabilities related to the Company's Product segment reflect payments received in advance of the satisfaction of performance under the contract. The Company receives payments from customers based on the terms established in the contracts. Total contract assets and contract liabilities as of September 30, 2024 and December 31, 2023 are as follows:

	September 30, 2024	December 31, 2023
	(Dollars in thousands)	
Contract assets (*)	$ 31,345	$ 18,367
Contract liabilities (*)	$ (10,005)	$ (18,669)

(*) Contract assets and contract liabilities are presented as "Costs and estimated earnings in excess of billings on uncompleted contracts" and "Billings in excess of costs and estimated earnings on uncompleted contracts", respectively, on the condensed consolidated balance sheets. The contract liabilities balance at the beginning of the year was not yet fully recognized as product revenues during the nine months ended September 30, 2024 as a result of performance obligations having not been fully satisfied yet as of September 30, 2024. Additionally, as of September 30, 2024, long-term costs and estimated earnings in excess of billings on uncompleted contracts related to the Dominica project in the amount of $12.3 million is included under “Deposits and other” in the condensed consolidated financial statements due its long-term nature.

On September 30, 2024, the Company had approximately $162.6 million of remaining performance obligations not yet satisfied or partly satisfied related to our Product segment. The Company expects to recognize approximately 100% of this amount as Product revenues during the next 24 months.

Disaggregated revenues from contracts with customers for the three and nine months ended September 30, 2024, and 2023 are disclosed under Note 8 - Business Segments, to the condensed consolidated financial statements.

Leases in which the Company is a lessor

The table below presents lease income recognized as a lessor:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands)		(Dollars in thousands)	
Lease income relating to lease payments from operating leases	$ 131,441	$ 129,903	$ 407,962	$ 392,665

Derivative instruments

Derivative instruments (including certain derivative instruments embedded in other contracts) are measured at their fair value and recorded as either assets or liabilities unless exempted from derivative treatment as normal purchase and sale transactions. Changes in the fair value of derivatives not designated as hedging instruments are recognized in earnings. Changes in the fair value of derivatives designated as cash flow hedging instruments are initially recorded in "Other comprehensive income (loss)", and a corresponding amount is reclassified out of "Accumulated other comprehensive income (loss)" to earnings to offset the remeasurement of the underlying hedge transaction which also impacts the same line item in the condensed consolidated statements of operations and comprehensive income.

The Company maintains a risk management strategy that may incorporate the use of swap contracts, put options, forward exchange contracts, interest rate swaps, and cross-currency swaps to minimize significant fluctuation in cash flows and/or earnings that are caused by oil and natural gas prices, exchange rate or interest rate volatility.

Transferable production and investment tax credits

The Inflation Reduction Act ("IRA") was signed into law in August 2022 and introduces a transferability provision for certain tax credits related to the clean production of energy. Under this provision, a reporting entity can monetize such credits through sale to a third party. The option for transferability of credits applies to taxable years beginning after December 31, 2022. Several of the Company's projects, which are not currently part of a tax monetization transaction, generate eligible tax credits, such as investment tax credits ("ITCs") and production tax credits ("PTCs"), that are eligible to be transferred to a third-party under the provisions of the IRA. The Company accounts for ITCs under ASC 740 through the "Income tax (provision) benefit" line in the condensed consolidated statement of operations and comprehensive income. PTCs are accounted similarly to refundable or direct-pay credits outside of the "Income tax (provision) benefit" line with income recognized in the "Income attributable to sale of tax benefits" line in the condensed consolidated statement of operations and comprehensive income. Income recognized related to the expected sale of such transferable PTCs during the three and nine months ended September 30, 2024, was $7.1 million and $15.1 million, net of discount, respectively, and $2.4 million and $6.9 million, net of discount, for the three and nine months ended September 30, 2023, respectively. Tax benefits recognized under Income tax (provision) benefit related to transferable ITCs during the three and nine months ended September 30, 2024, was $9.6 million and $27.3 million, net of discount, respectively, and $6.6 million and $17.2 million, net of discount, for the three and nine months ended September 30, 2023, respectively.

In September 2024, the Company entered into a tax credit purchase agreement with a third-party under which it sold PTCs in the amount of $14.2 million in cash to the third party. These PTCs were generated by the Company's eligible geothermal power plants.

NOTE 2 — NEW ACCOUNTING PRONOUNCEMENTS

New accounting pronouncements effective in future periods

Improvements to Reportable Segments Disclosures

In November 2023, the FASB issued ASU 2023-07 "Segment Reporting–Improvements to Reportable Segments Disclosures (Topic 280)" to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in this ASU (1) require that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss; (2) require that a public entity disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition; (3) require that a public entity provide all annual disclosures about a reportable segment's profit or loss and assets currently required by Topic 280 in interim periods; (4) clarify that if the CODM uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of those additional measures; and (5) require that a public entity disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure or measures of segment profit or loss in assessing segment performance and deciding how to allocate resources. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and should be applied retrospectively to all periods presented. Early adoption is permitted. The Company is currently in the process of evaluating the impact of the adoption of these amendments on its consolidated financial statements.

Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topic 740)–Improvements to Income Tax Disclosures" to enhance the transparency and decision usefulness of income tax disclosures, primarily related to the rate reconciliation and income taxes paid information. The amendments in this ASU require that public entities, on an annual basis, disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. This ASU also requires that all entities disclose, on an annual basis, (1) the amount of income taxes paid disaggregated by federal, state, and foreign taxes, (2) the amount of income taxes paid disaggregated by individual jurisdictions in which income taxes paid is equal to or greater than five percent of total income taxes paid, (3) income or loss from continuing operations before income tax expense or benefit disaggregated between domestic and foreign, and (4) income tax expense or benefit from continuing operations disaggregated by federal, state, and foreign. The amendments in this ASU are effective for annual periods beginning after December 15, 2024, and should be applied on a prospective basis with the option to apply retrospectively. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the impact of the adoption of these amendments on its consolidated financial statements.

NOTE 3 — INVENTORIES

Inventories consist of the following:

	September 30, 2024	December 31, 2023
	(Dollars in thousands)	
Raw materials and purchased parts for assembly	$ 22,607	$ 20,588
Self-manufactured assembly parts and finished products	24,801	24,449
Total inventories	$ 47,408	$ 45,037

NOTE 4— FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value measurement guidance clarifies that fair value is an exit price, representing the amount that would be received upon selling an asset or paid upon transferring a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the fair value measurement guidance are described below:

Level 1 — unadjusted observable inputs that reflect quoted prices for identical assets or liabilities in active markets;

Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly;

Level 3 — unobservable inputs.

The following table sets forth certain fair value information at September 30, 2024 and December 31, 2023 for financial assets and liabilities measured at fair value by level within the fair value hierarchy, as well as cost or amortized cost. As required by the fair value measurement guidance, assets and liabilities are classified in their entirety based on the lowest level of inputs that is significant to the fair value measurement.

		September 30, 2024			
		Fair Value			
	Carrying Value at September 30, 2024	Total	Level 1	Level 2	Level 3
		(Dollars in thousands)			
Assets:					
Current assets:					
Cash equivalents (primarily restricted cash accounts)	$ 50,686	$ 50,686	$ 50,686	$ —	$ —
Interest rate swap [3]	371	371	—	371	—
Currency forward contracts [2]	536	536	—	536	—
Liabilities:					
Current liabilities:					
Cross-currency swap [1]	(3,808)	(3,808)	—	(3,808)	—
Long term liabilities:					
Interest rate swap [3]	(1,254)	(1,254)	—	(1,254)	—
Cross-currency swap [1]	(14,194)	(14,194)	—	(14,194)	—
	$ 32,338	$ 32,338	$ 50,686	$ (18,348)	$ —

		December 31, 2023			
		Fair Value			
	Carrying Value at December 31, 2023	Total	Level 1	Level 2	Level 3
		(Dollars in thousands)			
Assets:					
Current assets:					
Cash equivalents (primarily restricted cash accounts)	$ 53,877	$ 53,877	$ 53,877	$ —	$ —
Currency forward contracts [2]	1,406	1,406	—	1,406	—
Liabilities:					
Current liabilities:					
Cross- currency swap [1]	(3,686)	(3,686)	—	(3,686)	—
Long-term liabilities:					
Cross-currency swap [1]	(8,137)	(8,137)	—	(8,137)	—
	$ 43,461	$ 43,461	$ 53,877	$ (10,416)	$ —

1. These amounts relate to cross-currency swap contracts valued primarily based on the present value of the cross-currency swap future settlement prices for U.S. Dollar ("USD") and New Israeli Shekel ("NIS") zero yield curves and the applicable exchange rate as of September 30, 2024 and December 31, 2023, as applicable. These amounts are included within "Accounts payable and accrued expenses" or "Other long-term liabilities", as applicable, in the condensed consolidated balance sheets on September 30, 2024 and December 31, 2023. Cash collateral deposits in the amount of $23.0 million and $10.6 million as of September 30, 2024, and December 31, 2023, respectively, are presented under "Other receivables" in the condensed consolidated balance sheets.

2. These amounts relate to currency forward contracts valued primarily based on observable inputs, including forward and spot prices for currencies, net of contracted rates and then multiplied by notional amounts, and are included within “Receivables, other” or “Accounts payable and accrued expenses”, as applicable, in the condensed consolidated balance sheets on September 30, 2024 and December 31, 2023, with the corresponding gain or loss being recognized within “Derivatives and foreign currency transaction gains (losses)” in the condensed consolidated statements of operations and comprehensive income.

3. This amount relates to interest rate swap contracts valued primarily based on the present value of the interest rate swap settlement prices and the future 3-month SOFR prices based on USD zero yield curve as of September 30, 2024. This amount is included within “Receivables, other” or “Other long-term liabilities”, as applicable, in the condensed consolidated balance sheets on September 30, 2024.

The following table presents the amounts of gain (loss) recognized in the condensed consolidated statements of operations and comprehensive income on derivative instruments (in thousands):

Derivative instruments	Location of recognized gain (loss)	Amount of recognized gain (loss) Three Months Ended September 30,		Amount of recognized gain (loss) Nine Months Ended September 30,	
		2024	2023	2024	2023
		(Dollars in thousands)		(Dollars in thousands)	
Derivatives not designated as hedging instruments					
Currency forward contracts [1]	Derivative and foreign currency transaction gains (losses)	$ 735	$ (1,090)	$ 222	$ (3,817)
Derivatives designated as cash flow hedging instruments					
Cross currency swap [2]	Derivative and foreign currency transaction gains (losses)	$ 2,460	$ (7,011)	$ (2,903)	$ (17,564)
Interest rate swap [2]	Interest expense, net	$ 412	$ —	$ 1,302	$ —

1. The foregoing currency forward transactions were not designated as hedge transactions and were marked to market with the corresponding gains or losses recognized within “Derivatives and foreign currency transaction gains (losses)” in the condensed consolidated statements of operations and comprehensive income.

2. The foregoing cross-currency and interest rate swap transactions were designated as a cash flow hedging instruments. The changes in the cross currency swap fair value are initially recorded in “Other comprehensive income (loss)” and a corresponding amount is reclassified out of “Accumulated other comprehensive income (loss)” to “Derivatives and foreign currency transaction gains (losses)” to offset the remeasurement of the underlying hedged transaction which also impacts the same line item in the condensed consolidated statements of operations and comprehensive income. The changes in the interest rate swap fair value are initially recorded in “Other comprehensive income (loss)” and a corresponding amount is reclassified out of “Accumulated other comprehensive income (loss)” to “Interest expenses, net” to offset the remeasurement of the underlying hedged transaction which also impacts the same line item in the condensed consolidated statements of operations and comprehensive income.

There were no transfers of assets or liabilities between Level 1, Level 2 and Level 3 during the three and nine months ended September 30, 2024 and 2023.

The following table presents the effect of derivative instruments designated as cash flow hedges on the condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended September 30, 2024, and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands)		(Dollars in thousands)	
Cash flow hedges:				
Balance in Accumulated other comprehensive income (loss) beginning of period	$ 162	$ 994	$ (318)	$ 3,920
Gain or (loss) recognized in Other comprehensive income (loss):				
Cross currency swap	(189)	2,262	(6,179)	9,888
Interest rate swap	(1,989)	—	8	—
Amount reclassified from Other comprehensive income (loss) into earnings				
Cross currency swap	(2,460)	(7,011)	2,903	(17,564)
Interest rate swap	(412)	—	(1,302)	—
Balance in Accumulated other comprehensive income (loss) end of period	$ (4,889)	$ (3,756)	$ (4,889)	$ (3,756)

The estimated net amount of existing gain (loss) that is reported in "Accumulated other comprehensive income (loss)" as of September 30, 2024 that is expected to be reclassified into earnings within the next 12 months is immaterial. The maximum length of time over which the Company is hedging its exposure to the variability in future cash flow is from the transaction commencement date through June 2031.

The fair value of the Company's long-term debt approximates its carrying amount, except for the following:

	Fair Value		Carrying Amount (*)	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
	(Dollars in millions)		(Dollars in millions)	
Hapoalim 2024 Loan	$ 72.1	$ —	$ 70.3	$ —
HSBC Bank 2024 Loan	118.5	—	112.5	—
Mammoth Senior Secured Notes	158.2	—	135.1	—
Discount 2024 Loan	31.5	—	30.8	—
Discount 2024 II Loan	50.0	—	50.0	—
Mizrahi Loan	58.1	61.4	56.3	60.9
Mizrahi Loan 2023	49.5	52.0	46.9	50.0
Convertible Senior Notes	497.8	444.6	476.4	431.3
HSBC Loan	27.3	33.8	28.6	35.7
Hapoalim Loan	69.1	75.0	71.4	80.4
Hapoalim Loan 2023	88.1	99.7	85.0	95.0
Discount Loan	59.0	69.9	62.5	75.0
Finance liability - Dixie Valley	220.7	207.2	220.6	225.8
Olkaria III Loan - DFC	105.0	116.4	107.2	120.7
Olkaria III plant 4 Loan - DEG 2	19.9	21.6	20.0	22.5
Olkaria III plant 1 Loan - DEG 3	17.5	19.0	17.5	19.7
DEG 4 Loan	31.9	—	30.0	—
Platanares Loan - DFC	64.7	71.3	65.5	71.7
OFC 2 LLC ("OFC 2")	122.5	134.2	131.1	142.5
Don A. Campbell 1 ("DAC 1")	49.5	52.3	53.6	57.4
USG Prudential - NV	22.1	22.3	23.4	23.9
USG Prudential - ID Refinancing	49.8	54.1	55.9	58.9
USG DOE	27.4	30.0	27.4	30.2
Senior Unsecured Bonds	177.2	202.8	188.7	220.6
Senior Unsecured Loan	136.0	150.4	141.2	158.0
Other long-term debt	4.8	6.8	5.0	7.7

(*) The carrying amount value of the loans excludes the related deferred financing costs.

The fair value of the long-term debt is determined by a valuation model, which is based on a conventional discounted cash flow methodology and utilizes assumptions of current borrowing rates, except for the fair value of the Convertible Senior Notes for which the fair value was estimated based on a quoted bid price of the Notes in an over-the-counter market on the last trading day of the reporting period. A hypothetical change in the quoted bid price will result in a corresponding change in the estimated fair value of the Notes. The carrying value of the deposits, the short-term revolving credit lines with banks and the commercial paper approximate their fair value.

Recently interest rates for both short-term and long-term debt have increased sharply which may have a direct impact on the fair value of the Company's long-term debt presented above, should this trend continue.

The following table presents the fair value of financial instruments as of September 30, 2024:

	Level 1	Level 2	Level 3	Total
		(Dollars in millions)		
Hapoalim 2024 Loan	$ —	$ —	$ 72.1	$ 72.1
HSBC Bank 2024 Loan	—	—	118.5	118.5
Mammoth Senior Secured Notes	—	—	158.2	158.2
Discount 2024 Loan	—	—	31.5	31.5
Discount 2024 II Loan	—	—	50.0	50.0
Mizrahi Loan	—	—	58.1	58.1
Mizrahi Loan 2023	—	—	49.5	49.5
Convertible Senior Notes	—	497.8	—	497.8
HSBC Loan	—	—	27.3	27.3
Hapoalim Loan	—	—	69.1	69.1
Hapoalim Loan 2023	—	—	88.1	88.1
Discount Loan	—	—	59.0	59.0
Finance liability - Dixie Valley	—	—	220.7	220.7
Olkaria III Loan - DFC	—	—	105.0	105.0
Olkaria III plant 4 Loan - DEG 2	—	—	19.9	19.9
Olkaria III plant 1 Loan - DEG 3	—	—	17.5	17.5
DEG 4 Loan	—	—	31.9	31.9
Platanares Loan - DFC	—	—	64.7	64.7
OFC 2 Senior Secured Notes	—	—	122.5	122.5
DAC 1 Senior Secured Notes	—	—	49.5	49.5
USG Prudential - NV	—	—	22.1	22.1
USG Prudential - ID	—	—	49.8	49.8
USG DOE	—	—	27.4	27.4
Senior Unsecured Bonds	—	—	177.2	177.2
Senior Unsecured Loan	—	—	136.0	136.0
Other long-term debt	—	—	4.8	4.8
Deposits	19.9	—	—	19.9

The following table presents the fair value of financial instruments as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
		(Dollars in millions)		
Mizrahi Loan	$ —	$ —	$ 61.4	$ 61.4
Mizrahi Loan 2023	—	—	52.0	52.0
Convertible Senior Notes	—	444.6	—	444.6
HSBC Loan	—	—	33.8	33.8
Hapoalim Loan	—	—	75.0	75.0
Hapoalim Loan 2023	—	—	99.7	99.7
Discount Loan	—	—	69.9	69.9
Financing Liability - Dixie Valley	—	—	207.2	207.2
Olkaria III Loan - DFC	—	—	116.4	116.4
Olkaria IV - DEG 2	—	—	21.6	21.6
Olkaria IV - DEG 3	—	—	19.0	19.0
Platanares Loan - DFC	—	—	71.3	71.3
OFC 2 Senior Secured Notes	—	—	134.2	134.2
DAC 1 Senior Secured Notes	—	—	52.3	52.3
USG Prudential - NV	—	—	22.3	22.3
USG Prudential - ID	—	—	54.1	54.1
USG DOE	—	—	30.0	30.0
Senior Unsecured Bonds	—	—	202.8	202.8
Senior Unsecured Loan	—	—	150.4	150.4
Other long-term debt	—	—	6.8	6.8
Deposits	20.9	—	—	20.9

NOTE 5 — STOCK-BASED COMPENSATION

In March 2024, the Company granted certain members of its management and employees an aggregate of 209,563 restricted stock units ("RSUs") and 61,197 performance stock units ("PSUs") under the Company's 2018 Incentive Compensation Plan. The RSUs and PSUs have vesting periods of between 1 to 3 years from the grant date.

The fair value of each RSU and PSU on the grant date was $64.9 and $64.0, respectively. The Company calculated the fair value of each RSU and PSU on the grant date using the complex lattice, tree-based option-pricing model, and the Monte Carlo simulation, based on the following assumptions:

Risk-free interest rates	4.27%	–	4.94%
Expected life (in years)	1	–	3
Dividend yield		0.73%	
Expected volatility (weighted average)	28.0%	–	34.0%

In March 2023, the Company granted certain members of its management and employees an aggregate of 174,422 RSUs and 35,081 PSUs under the Company's 2018 Incentive Compensation Plan. The RSUs and PSUs have vesting periods of between 1 to 4 years from the grant date.

The fair value of each RSU and PSU on the grant date was $79.9 and $79.6, respectively. The Company calculated the fair value of each RSU and PSU on the grant date using the complex lattice, tree-based option-pricing model based on the following assumptions:

Risk-free interest rates	3.86%	–	4.68%
Expected life (in years)	2	–	5.75
Dividend yield	0.59%		
Expected volatility (weighted average)	36%	–	42.20%

In May 2023, the Company granted its directors and employees an aggregate of 11,852 RSUs under the Company's 2018 Incentive Compensation Plan. The RSUs have vesting periods 1 year from the grant date.

The fair value of each RSU on the grant date was $82.9. The Company calculated the fair value of each RSU and PSU on the grant date using the complex lattice, tree-based option-pricing model based on the following assumptions:

Risk-free interest rates	4.70%
Expected life (in years)	1
Dividend yield	0.56%
Expected volatility (weighted average)	34.8%

There were no other significant grants that were made by the Company during the nine months ended September 30, 2024 and 2023.

NOTE 6 — INTEREST EXPENSE, NET

The components of interest expense are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands)		(Dollars in thousands)	
Interest related to sale of tax benefits	$ 5,119	$ 5,304	$ 14,358	$ 12,255
Interest expense	33,461	24,362	96,206	74,144
Less — amount capitalized	(3,758)	(4,612)	(11,058)	(13,321)
Total interest expense, net	$ 34,822	$ 25,054	$ 99,506	$ 73,078

NOTE 7 — EARNINGS PER SHARE

Basic earnings per share attributable to the Company's stockholders is computed by dividing net income or loss attributable to the Company's stockholders by the weighted average number of shares of common stock outstanding for the period. The Company does not have any equity instruments that are dilutive, except for employee stock-based awards and convertible senior notes ("Notes").

The table below shows the reconciliation of the number of shares used in the computation of basic and diluted earnings per share (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Weighted average number of shares used in computation of basic earnings per share:	60,480	60,299	60,439	59,105
Additional shares from the assumed exercise of employee stock awards	290	271	287	389
Weighted average number of shares used in computation of diluted earnings per share	60,770	60,570	60,726	59,494

The number of stock-based awards that could potentially dilute future earnings per share and that were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive was 29.5 thousand, and 85.4 thousand for the three months ended September 30, 2024 and 2023, respectively, and 42.3 thousand, and 21.4 thousand for the nine months ended September 30, 2024 and 2023, respectively.

As per ASU 2020-06, the if-converted method is required for calculating any potential dilutive effect from convertible instruments. For the three and nine months ended September 30, 2024, the average price of the Company's common stock did not exceed the per share conversion price of the Notes of $90.27, and other requirements for the Notes to be convertible were not met and as such, there was no dilutive effect from the Notes in respect with the aforementioned periods.

NOTE 8 — BUSINESS SEGMENTS

The Company has three reporting segments: the Electricity segment, the Product segment and the Energy Storage segment. These segments are managed and reported separately as each offers different products and serves different markets.

- Under the Electricity segment, the Company builds, owns and operates geothermal, solar PV and recovered energy-based power plants ("REG") in the United States and geothermal power plants in foreign countries, and sells the electricity generated by those power plants.
- Under the Product segment, the Company designs, manufactures and sells equipment for geothermal and recovered energy-based electricity generation and provide services relating to the engineering, procurement and construction ("EPC") of geothermal and recovered energy-based power plants.
- Under the Energy Storage segment, the Company provides battery energy storage systems ("BESS") as a service as well as other related services.

Transfer prices between the operating segments are determined based on current market values or cost-plus markup of the seller’s business segment. Summarized financial information concerning the Company’s reportable segments is shown in the following tables, including the Company's disaggregated revenues from contracts with customers:

	Electricity	Product	Energy Storage	Consolidated
	(Dollars in thousands)			
Three Months Ended September 30, 2024:				
Revenues from external customers:				
United States [(1)]	$ 116,914	$ 3,202	$ 9,789	$ 129,905
Foreign [(2)]	47,724	34,155	—	81,879
Net revenue from external customers	164,638	37,357	9,789	211,784
Intersegment revenues [(4)]	—	26,273	—	—
Operating income (loss)	30,977	3,034	1,664	35,675
Segment assets at period end [(3) (*)]	5,001,907	189,824	398,610	5,590,341
* Including unconsolidated investments	126,767	—	—	126,767

Three Months Ended September 30, 2023:				
Revenues from external customers:				
United States (1)	$ 108,762	$ 2,099	$ 11,013	$ 121,874
Foreign (2)	48,450	37,732	—	86,182
Net revenue from external customers	157,212	39,831	11,013	208,056
Intersegment revenues (4)	—	6,747	—	—
Operating income (loss)	34,787	2,374	406	37,567
Segment assets at period end (3) (*)	4,481,600	190,157	339,055	5,010,812
* Including unconsolidated investments	128,218	—	—	128,218
Nine Months Ended September 30, 2024:				
Revenues from external customers:				
United States (1)	$ 380,424	$ 5,693	$ 26,778	$ 412,895
Foreign (2)	141,693	94,325	—	236,018
Net revenue from external customers	522,117	100,018	26,778	648,913
Intersegment revenues (4)	—	73,777	—	—
Operating income (loss)	119,072	4,902	(589)	123,385
Segment assets at period end (3) (*)	5,001,907	189,824	398,610	5,590,341
* Including unconsolidated investments	126,767	—	—	126,767
Nine Months Ended September 30, 2023:				
Revenues from external customers:				
United States (1)	$ 337,382	$ 5,793	$ 21,907	$ 365,082
Foreign (2)	145,464	77,538	—	223,002
Net revenue from external customers	482,846	83,331	21,907	588,084
Intersegment revenues (4)	—	27,437	—	—
Operating income (loss)	120,457	(1,429)	(4,071)	114,957
Segment assets at period end (3) (*)	4,481,600	190,157	339,055	5,010,812
* Including unconsolidated investments	128,218	—	—	128,218

(1) Electricity segment revenues in the United States are all accounted for under lease accounting except for $33.9 million, and $116.2 million in the three and nine months ended September 30, 2024, respectively, and $27.3 million, and $90.2 million in the three and nine months ended September 30, 2023, respectively, that are accounted for under ASC 606. Product and Energy Storage segment revenues in the United States are accounted for under ASC 606, Revenue from Contracts with Customers ("ASC 606"), except for Energy Storage revenues of $0.7 million, and $2.1 million for the three and nine months ended September 30, 2024, respectively, and none for the three and nine months ended September 30, 2023, that are accounted for under lease accounting.

(2) Electricity segment revenues in foreign countries are all accounted for under lease accounting. Product segment revenues in foreign countries are all accounted for under ASC 606.

(3) Electricity segment assets include goodwill in the amount of $146.7 million, and $85.6 million as of September 30, 2024 and 2023, respectively. Energy Storage segment assets include goodwill in the amount of $4.6 million and $4.6 million as of September 30, 2024 and 2023, respectively. No goodwill is included in the Product segment assets as of September 30, 2024 and 2023.

(4) Intersegment revenues are fully eliminated in consolidation.

Reconciling information between reportable segments and the Company's consolidated totals is shown in the following table:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands)		(Dollars in thousands)	
Revenues:				
Total segment revenues	$ 211,784	$ 208,056	$ 648,913	$ 588,084
Intersegment revenues	26,273	6,747	73,777	27,437
Elimination of intersegment revenues	(26,273)	(6,747)	(73,777)	(27,437)
Total consolidated revenues	$ 211,784	$ 208,056	$ 648,913	$ 588,084
Operating income:				
Operating income	$ 35,675	$ 37,567	$ 123,385	$ 114,957
Interest income	2,051	2,827	6,494	9,620
Interest expense, net	(34,822)	(25,054)	(99,506)	(73,078)
Derivatives and foreign currency transaction gains (losses)	2,046	(781)	132	(3,990)
Income attributable to sale of tax benefits	19,760	14,936	53,034	42,481
Other non-operating income, net	22	108	122	247
Total consolidated income before income taxes and equity in income of investees	$ 24,732	$ 29,603	$ 83,661	$ 90,237

NOTE 9 — COMMITMENTS AND CONTINGENCIES

On July 29, 2024, a former employee filed a class action in Imperial County, California against the Company alleging violations of the California Labor Code, to act in a representative capacity for other Ormat employees in California alleging violations of California wage and hour regulations. The complaint was amended on September 12, 2024 to add companion Private Attorneys General Act claims. The complaint seeks recovery of various damages as well as equitable relief. The Company has filed an answer denying the material allegations of the complaint, and has removed the matter from state to federal court. The parties have filed a joint motion to stay pending mediation. No amounts have been accrued for potential losses under this matter, as the Company cannot reasonably predict the outcome of the proceedings, which is inherently uncertain, or any potential losses

From time to time, the Company is named as a party to various lawsuits, claims and other legal and regulatory proceedings that arise in the ordinary course of the Company's business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, labor or employment actions or property damage, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to such lawsuits, claims and proceedings, the Company accrues reserves when a loss is probable, and the amount of such loss can be reasonably estimated. It is the opinion of the Company's management that the outcome of these proceedings, individually and collectively, will not be material to the Company's consolidated financial statements as a whole.

Other matters

As previously disclosed, on March 2, 2021, the Company's Board of Directors established a special committee of independent directors to investigate, among other things, certain claims made in a report published by a short seller regarding the Company's compliance with anti-corruption laws. The Company provided information as requested by the SEC and the Department of Justice related to the claims. On October 22, 2024, the Company was notified by the staff of the SEC that the SEC has concluded its investigation as to the Company and does not intend to recommend an enforcement action against the Company. The notice was provided under the guidelines set out in the final paragraph of Securities Act Release No. 5310.

NOTE 10 — INCOME TAXES

The Company's effective tax rate benefit for the three months ended September 30, 2024 and 2023 was 4.8% and 24.1%, respectively. The Company's effective tax rate benefit for the nine months ended September 30, 2024 and 2023 was 5.4% and 2.4%, respectively. The effective rate differs from the federal statutory rate of 21% primarily due to the generation of investment tax credits, and the jurisdictional mix of earnings at differing tax rates.

On August 16, 2022, the IRA was signed into law in the United States. The Company believes that the construction and operation of its geothermal power plants, recovered energy-based power plants, battery energy storage systems and solar PV will benefit in the future from the IRA and enhance the economic feasibility of projects in the United States. PTCs can be generated from 2.75 cents per kWh, once the Wages & Apprenticeship rules are met, and if bonus credit requirements are met the credit could rise up to 3.30 cents per kWh. ITCs can be earned on investments from 30.0%, once the Wages & Apprenticeship rules are met, and if bonus credit requirements are met the credit could rise up to 50.0%. Battery Energy Storage Systems are eligible for ITC for projects placed-in-service after December 31, 2022. In addition, the Company can now monetize PTCs and ITCs earned by transferring the credits to a third party without having to enter into a tax equity transaction. The Company views the enactment of the IRA as favorable for the overall business climate for its sector.

The Organization for Economic Co-operation and Development ("OECD") has a framework to implement a global minimum corporate tax of 15% for companies with global revenues and profits above certain thresholds (referred to as Pillar 2), with certain aspects of Pillar 2 becoming effective January 1, 2024, and other aspects becoming effective January 1, 2025. Currently, the Company does not meet the revenue threshold requirements. The Company does anticipate being subject to Pillar 2 in the near future years based on its anticipated growth projections. We will continue to evaluate the impact of proposed and enacted legislative changes to our effective tax rate and cash flows as new guidance becomes available.

Additionally, see Note 1 to the condensed consolidated financial statements for tax investigation in Kenya.

NOTE 11 — SUBSEQUENT EVENTS

Cash Dividend

On November 6, 2024, the Board of Directors of the Company declared, approved and authorized payment of a quarterly dividend of $7.2 million ($0.12 per share) to all holders of the Company's issued and outstanding shares of common stock on November 20, 2024, payable on December 4, 2024.

SEC Investigation

As further described under Note 9 to the condensed consolidated financial statements, and in respect with certain claims made in a report published by a short seller regarding the Company's compliance with anti-corruption laws, on October 22, 2024, the Company was notified by the staff of the SEC that the SEC has concluded its investigation as to the Company and does not intend to recommend an enforcement action against the Company. The notice was provided under the guidelines set out in the final paragraph of Securities Act Release No. 5310.

ITEM 2. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

Cautionary Note Regarding Forward-Looking Statements

This quarterly report on Form 10-Q includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this quarterly report that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our projections of annual revenues, expenses and debt service coverage with respect to our debt securities, future capital expenditures, business strategy, competitive strengths, goals, development or operation of generation assets, market and industry developments and the growth of our business and operations, are forward-looking statements. When used in this quarterly report on Form 10-Q, the words "may", "will", "could", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "projects", "potential", "contemplate", or "target" or the negative of these terms or other comparable terminology are intended to identify forward-looking statements, although not all forward-looking statements contain such words or expressions. The forward-looking statements in this quarterly report are primarily located in the material set forth under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Risk Factors", and "Notes to Condensed Consolidated Financial Statements", but are found in other locations as well. These forward-looking statements generally relate to our plans, objectives and expectations for future operations and are based upon management's current estimates and projections of future results or trends. Although we believe that our plans and objectives reflected in or suggested by these forward-looking statements are reasonable, we may not achieve these plans or objectives. You should read this quarterly report on Form 10-Q completely and with the understanding that actual future results and developments may be materially different from what we expect attributable to a number of risks and uncertainties, many of which are beyond our control.

These forward-looking statements are made only as of the date hereof, and, except as legally required, we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

A summary of the risks that may cause actual results to differ from our expectations include, but are not limited to the following:

Risks Related to the Company's Business and Operation

- Our financial performance depends on the successful operation of our geothermal, REG, solar PV power plants under the Electricity segment as well as our energy storage facilities, which are subject to various operational risks.
- Our exploration, development, and operation of geothermal energy resources are subject to geological risks and uncertainties, which may result in insufficient prospects to support our growth, decreased performance or increased costs for our power plants.
- We may decide not to implement, or may not be successful in implementing, one or more elements of our multi-year strategic plan, and the plan may not achieve its goal of enhancing shareholder value.
- Our investments in BESS technology involves new technologies and expected advanced technologies with relatively limited history with respect to reliability and performance and may not perform as expected. In addition, our investments and profitability may be negatively affected by a number of factors, including increases in storage costs, risk of fire and volatility in merchant prices.
- Concentration of customers, specific projects and regions may expose us to heightened financial exposure.
- Our international operations expose us to risks related to the application of foreign laws and regulations.
- Political, economic and other conditions in the emerging economies where we operate, including Israel, may subject us to greater risk than in the developed U.S. economy.
- Conditions in and around Israel, where the majority of our senior management and our main production and manufacturing facilities are located, including the ongoing military conflicts on the borders of Israel, may adversely affect our operations and may limit our ability to produce and sell our products, and support our Electricity segment.
- Responses in various countries where we have business operations to Israel's ongoing war with Hamas and military conflicts on some of its borders or future similar conflicts may adversely affect our operations and may limit our ability to produce and sell our products.
- Reduction in our Products segment backlog may affect our ability to fully utilize our main production and manufacturing facilities.

- Some of our leases will terminate if we do not extract geothermal resources in "commercial quantities" or if we fail to comply with the terms or stipulations of such leases or any of the provisions of the Geothermal Steam Act or if the lessor under any such lease defaults on any debt secured by the relevant property, thus requiring us to enter into new leases or secure rights to alternate geothermal resources, none of which may be available on terms as favorable to us as any such terminated lease, if at all.
- Our business development activities may not be successful and our projects under construction or facilities undergoing enhancement and repowering may encounter delays.
- Our future growth depends, in part, on the successful enhancement of a number of our existing facilities.
- We rely on power transmission facilities that we do not own or control.
- Our use of joint ventures may limit our flexibility with jointly owned investments.
- Our operations could be adversely impacted by climate change.
- We could be negatively impacted by regulatory and other responses to climate change.
- We may not be able to successfully complete acquisitions, and we may not be able to successfully integrate, or realize anticipated synergies from, companies that we have acquired and may acquire in the future.
- We encounter intense competition from electric utilities, other power producers, power marketers, developers and third-party investors.
- Changes in costs and technology may significantly impact our business by making our power plants and products less competitive, resulting in our inability to sign new or recontracted PPAs for our Electricity segment and new supply and EPC contracts for our Products segment.
- Our intellectual property rights may not be adequate to protect our business.
- We may experience difficulties implementing and maintaining our new enterprise resource planning system.
- We may experience a cyber-incident, cyber security breach, severe natural event or physical attack on our operational networks and information technology systems.

Risks Related to Governmental Regulations, Laws and Taxation

- Our financial performance could be adversely affected by changes in the legal and regulatory environment affecting our operations.
- Pursuant to the terms of some of our PPAs with investor-owned electric utilities and publicly-owned electric utilities in states that have renewable portfolio standards, the failure to supply the contracted capacity and energy thereunder may result in the imposition of penalties.
- If any of our domestic power plants lose their current Qualifying Facility status under the U.S. Public Utility Regulatory Policies Act of 1978 ("PURPA"), or if amendments to PURPA are enacted that substantially reduce the benefits currently afforded to Qualifying Facilities, our domestic operations could be adversely affected.
- The reduction, elimination or inability to monetize government incentives could adversely affect our business, financial condition, future results and cash flows.
- We are a holding company and our cash depends substantially on the performance of our subsidiaries and the power plants they operate, most of which are subject to restrictions and taxation on dividends and distributions.
- The costs of compliance with federal, state, local and foreign environmental laws and our ability to obtain and maintain environmental permits and governmental approvals required for development, construction and/or operation may result in liabilities, costs and delays in construction (as well as any fines or penalties that may be imposed upon us in the event of any non-compliance or delays with such laws or regulations).
- We could be exposed to significant liability for violations of hazardous substances laws because of the use or presence of such substances at our power plants.
- U.S. federal, state and foreign country income tax reform could adversely affect us.

Risks Related to Economic and Financial Conditions

- We may be unable to obtain the financing we need on favorable terms to pursue our growth strategy and any future financing we receive may be less favorable to us than our current financing arrangements.

- We have incurred substantial indebtedness that may decrease our business flexibility, access to capital, and/or increase our borrowing costs, and we may still incur substantially more debt, which may adversely affect our operations and financial results.
- Our debt obligations may adversely affect our ability to raise additional capital and will be a burden on our future cash resources, particularly if we elect to settle these obligations in cash upon conversion or upon maturity or required repurchase.
- The capped call transactions, into which we entered in connection with the issuance of the June 2022 convertible notes, may affect the value of the Notes and our common stock and we are subject to counterparty risk with respect to the capped call transactions.
- Our foreign power plants and foreign manufacturing operations expose us to risks related to fluctuations in currency rates, which may reduce our profits from such power plants and operations.
- Our power plants have generally been financed through a combination of our corporate funds and limited or non-recourse project finance debt and lease financing. If our project subsidiaries default on their obligations under such limited or non-recourse debt or lease financing, we may be required to make certain payments to the relevant debt holders, and if the collateral supporting such leveraged financing structures is foreclosed upon, we may lose certain of our power plants.
- We may experience fluctuations in the costs of construction, raw materials, commodities and drilling.
- Our commodity derivative activity may limit potential gains, increase potential losses, result in earnings volatility and involve other risks.
- We are exposed to swap counterparty credit risk.

Risks Related to Force Majeure

- The existence of a prolonged force majeure event or a forced outage affecting a power plant, or the transmission systems could reduce our net income.
- Threats of terrorism may impact our operations in unpredictable ways and could adversely affect our business, financial condition, future results and cash flow.

Risks Related to Ownership of our Common Stock

- Future equity issuances, including through our current or any future equity compensation plans, could result in dilution, which could cause the price of our shares of common stock to decline.
- A substantial percentage of our common stock is held by stockholders whose interests may conflict with the interests of our other stockholders.
- The price of our common stock may fluctuate substantially, and your investment may decline in value.
- We may issue additional shares of our common stock in connection with conversions of the Notes, and thereby dilute our existing stockholders and potentially adversely affect the market price of our common stock.
- The fundamental change provisions of the Notes may delay or prevent an otherwise beneficial takeover attempt of us.

Investors are cautioned that these forward-looking statements are inherently uncertain. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described herein. Other than as required by law, we undertake no obligation to update forward-looking statements even though our situation may change in the future. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

The following discussion and analysis of our financial condition and results of operations should be read together with our condensed consolidated financial statements and related notes included elsewhere in this quarterly report and the “Risk Factors” section of our Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Annual Report”) and any updates contained herein as well as those set forth in our reports and other filings made with the SEC.

Company Contact and Sources of Information

Our website is www.ormat.com. Information contained on our website is not part of this quarterly report. Information that we furnish to or file with the SEC, including our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to, or exhibits included in, these reports are made available for download, free of charge, through our website as soon as reasonably practicable. Our SEC filings, including exhibits filed therewith, are also available directly on the SEC's website at www.sec.gov.

We may use our website as a distribution channel of material Company information. Financial and other important information regarding the Company is routinely posted on and accessible through our website at www.ormat.com. Accordingly, investors should monitor this channel, in addition to following our press releases, SEC filings and public conference calls and webcasts.

General

Overview

We are a leading vertically integrated company that is primarily engaged in the geothermal energy power business. We leverage our core capabilities and global presence to expand our activity in recovered energy generation and into different energy storage services and solar PV (including hybrid geothermal and solar PV as well as Solar plus Energy Storage). Our objective is to become a leading global provider of renewable energy and help to mitigate climate change by providing a replacement to carbon-intensive energy sources. We have adopted a strategic plan to focus on several key initiatives to expand our business.

We currently conduct our business activities in three business segments:

- *Electricity Segment*. In the Electricity segment, we develop, build, own and operate geothermal, solar PV and recovered energy-based power plants in the United States and geothermal power plants in other countries around the world and sell the electricity they generate. In the three months ended September 30, 2024, we derived 71.0% of our Electricity segment revenues from our operations in the United States and 29.0% from the rest of the world.
- *Product Segment*. In the Product segment, we design, manufacture and sell equipment for geothermal and recovered energy-based electricity generation and provide services relating to the engineering, procurement and construction of geothermal and recovered energy-based power plants. In the three months ended September 30, 2024, we derived 8.6% of our Product segment revenues from our operations in the United States and 91.4% from the rest of the world.
- *Energy Storage Segment*. In the Energy Storage segment, we own and operate grid connected In Front of the Meter BESS, which provide capacity, energy and/or ancillary services directly to the electric grid. In the three months ended September 30, 2024, we derived all of our Energy Storage segment revenues from our operations in the United States.

Our current generating portfolio of approximately 1.4 GW includes geothermal power plants in the United States, Kenya, Guatemala, Honduras, Guadeloupe and Indonesia, as well as energy storage facilities, recovered energy generation and Solar PV power plants in the United States.

Recent Developments

The most significant developments in our Company and business since January 1, 2024 are described below.

- In October 2024, we announced the successful commencement of commercial operations for our largest energy storage facility, the Bottleneck project. This 80MW/320MWh Battery Energy Storage System ("BESS"), located in the Central Valley of California, will provide ancillary services to San Diego Gas & Electric ("SDG&E") under the 15-year Tolling Agreement signed in 2022.
- In October 2024, we announced that we successfully secured multiple land parcels in Nevada's Annual Bureau of Land Management (BLM) Auction. We believe that these lease acquisitions will significantly support Ormat's ongoing exploration and expansion efforts in the state, further strengthening the Company's commitment to advancing renewable energy solutions and meeting Nevada's increasing demand for sustainable energy.
- In August 2024, we signed two seven-year tolling agreements with Equilibrium Energy for the Lower Rio 60MW/120MWh and Bird Dog 60MW/120MWh Energy Storage facilities in Texas. The Lower Rio project is expected to come online in the second quarter of 2025, while the Bird Dog facility is anticipated to be operational in the fourth quarter of 2025. Both projects are entitled to receive a 40% investment tax credit under the Inflation Reduction Act. The tolling agreements secure fixed revenues for the energy and ancillary services provided by the facilities.
- In July 2024, we issued an additional $45.2 million aggregate principal amount of our 2.50% Convertible Senior Notes due 2027. The Additional Notes were issued as additional notes pursuant to the indenture, dated June 27, 2022, as supplemented by the first supplemental indenture, dated July 15, 2024. The proceeds were used for refinancing current debt.
- In July 2024, we announced the signing of a 15-year Resource Adequacy Purchase and Sale Agreement ("RA Agreement") with the City of Riverside, for the 80MW/320MWh Shirk Battery Energy Storage System (BESS) located in Visalia, California. The RA Agreement includes a guaranteed commercial operation date ("COD") for March 1, 2026, that we believe can be achieved by the end of 2025.
- In the second quarter of 2024, we commenced the operation of the 6MW Beowawe Repower geothermal power plant.

- On March 4, 2024, we announced the signing of a 30-year PPA with Electricité de France ("EDF") for the development of a new 10MW geothermal power plant on the island of Guadeloupe, in which we own a 63.75% equity interest. The new plant development will be added to Ormat's existing 15MW Bouillante geothermal power plant. The project's field development is completed with resource secured and is expected to be operational by the end of 2025.
- On February 12, 2024, we announced that the Hawai`i Public Utilities Commission ("HPUC") approved two final amendments to the PPA between our subsidiary, Puna Geothermal Venture ("PGV"), and Hawaiian Electric. This decision enables PGV to contribute up to an additional 8 megawatts of clean, dispatchable renewable power to the Island of Hawai`i, elevating the contract maximum capacity to 46 MW, with a minimum contracted capacity set at 30 MW. The approval follows PGV's completion and submission of its final Environmental Impact Study ("EIS") for operations in Puna, Hawai`i. The EIS was a condition set by the HPUC for approval of an amended and restated PPA that was submitted to the HPUC in December 2019.
- On January 4, 2024 we announced the closing of the acquisition of a portfolio of geothermal and solar assets from Enel Green Power North America ("EGPNA"), a subsidiary of Enel SpA (ENEL.MI, LLC), that was announced in October 2023. Under the agreement, Ormat paid $272 million for 100% of the equity interest in the portfolio assets. The acquired portfolio includes two contracted operating geothermal power plants and one triple hybrid geothermal, solar PV and solar thermal power plant with a total geothermal capacity of approximately 40 MW and Solar PV of 20MW, two Solar assets with a total nameplate capacity of 40 MW, and two greenfield development assets.

Trends and Uncertainties

Different trends, factors and uncertainties may impact our operations and financial condition, including many that we do not or cannot foresee. However, we believe that our results of operations and financial condition for the foreseeable future will be primarily affected by trends, factors and uncertainties discussed in our 2023 Annual Report under "Part II - Item 7 – Management Discussion and Analysis of Financial Condition and Results of Operation", in addition to the information set forth in this quarterly report. These trends, factors and uncertainties are, from time to time, also subject to market cycles.

Revenues

For the nine months ended September 30, 2024, 91.9% of our Electricity segment revenues were from PPAs with fixed energy rates, which are not affected by fluctuations in energy commodity prices. We have a variable price PPA in Hawai`i, which provides for payments based on the local utilities' avoided cost, which is the incremental cost that the power purchaser avoids by not having to generate such electrical energy itself or purchase it from others. In Hawai`i, the prices paid for electricity pursuant to the 25 MW PPA for the Puna Complex in Hawai`i change primarily as a result of variations in the price of oil as well as other commodities. In 2019, we signed a new PPA related to Puna with fixed prices, increased capacity and extended the term until 2052. In February 2024, the HPUC approved two final amendments to the PPA that we expect will be in effect by the end of 2026.

To comply with obligations under their respective PPAs, certain of our project subsidiaries are structured as special purpose, bankruptcy remote entities and their assets and liabilities are ring-fenced. Such assets are not generally available to pay our debt, other than debt at the respective project subsidiary level. However, these project subsidiaries are allowed to pay dividends and make distributions of cash flows generated by their assets to us, subject in some cases to restrictions in debt instruments, as described below.

Electricity segment revenues are also subject to seasonal variations and are affected by higher-than-average ambient temperatures, as described below under "Seasonality".

Revenues attributable to our Product segment are based on the sale of equipment, engineering, procurement and construction contracts and the provision of various services to our customers, or as related to the Dominica project, under a BOT agreement with the Commonwealth of Dominica. Product segment revenues vary from period to period because of the timing of our receipt of purchase orders and the progress of our equipment manufacturing and execution of the relevant project.

Revenues attributable to our Energy Storage segment are generated by several grid-connected BESS facilities that we own and operate that sell energy, capacity and/or ancillary services in merchant markets like PJM Interconnect, ISO New England, ERCOT and CAISO. The revenues fluctuate over time since a large portion of such revenues are generated in the merchant markets, where price volatility is inherent.

The following table sets forth a breakdown of our revenues for the periods indicated:

	Revenue				Increase (decrease)			
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024		2024	
	(Dollars in thousands)		(Dollars in thousands)					
Revenues:								
Electricity	$ 164,638	$ 157,212	$ 522,117	$482,846	$ 7,426	4.7 %	$ 39,271	8.1 %
Product	37,357	39,831	100,018	83,331	(2,474)	(6.2)%	16,687	20.0 %
Energy storage	9,789	11,013	26,778	21,907	(1,224)	(11.1)%	4,871	22.2 %
Total	$ 211,784	$ 208,056	$ 648,913	$588,084	$ 3,728	1.8 %	$ 60,829	10.3 %

	% of Revenues for Period Indicated			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Electricity	77.7 %	75.6 %	80.5%	82.1 %
Product	17.6	19.1	15.4	14.2
Energy storage	4.6	5.3	4.1	3.7
Total	100.0 %	100.0 %	100.0%	100.0 %

The following table sets forth the geographic breakdown of the revenues attributable to our Electricity, Product and Energy Storage segments for the periods indicated:

	Revenue				Increase (decrease)			
	Three Months Ended September 30,		Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023	2024		2024	
	(Dollars in thousands)		(Dollars in thousands)					
Electricity Segment:								
United States	$ 116,914	$ 108,762	$ 380,424	$ 337,382	$ 8,152	7.5 %	$43,042	12.8 %
Foreign	47,724	48,450	141,693	145,464	(726)	(1.5)	(3,771)	(2.6)
Total	$ 164,638	$ 157,212	$ 522,117	$ 482,846	$ 7,426	4.7 %	$39,271	8.1 %
Product Segment:								
United States	$ 3,202	$ 2,099	$ 5,693	$ 5,793	$ 1,103	52.5 %	$ (100)	(1.7)%
Foreign	34,155	37,732	94,325	77,538	(3,577)	(9.5)	16,787	21.7
Total	$ 37,357	$ 39,831	$ 100,018	$ 83,331	$ (2,474)	(6.2)%	$16,687	20.0 %
Energy Storage Segment:								
United States	$ 9,789	$ 11,013	$ 26,778	$ 21,907	$ (1,224)	-11.1 %	$ 4,871	22.2 %
Total	$ 9,789	$ 11,013	$ 26,778	$ 21,907	$ (1,224)	-11.1 %	$ 4,871	22.2 %

	% of Revenues for Period Indicated			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Electricity Segment:				
United States	71.0%	69.2 %	72.9%	69.9 %
Foreign	29.0	30.8	27.1	30.1
Total	100.0%	100.0 %	100.0%	100.0 %
Product Segment:				
United States	8.6%	5.3 %	5.7%	7.0 %
Foreign	91.4	94.7	94.3	93.0
Total	100.0%	100.0 %	100.0%	100.0 %
Energy Storage:				
United States	100.0%	100.0 %	100.0%	100.0 %
Total	100.0%	100.0 %	100.0%	100.0 %

In the nine months ended September 30, 2024 and 2023, 36% and 38% of our total revenues, respectively, were derived from foreign locations. In the three months ended September 30, 2024 and 2023, 39% and 41% of our total revenues, respectively, were derived from foreign locations. Our foreign operations had higher Electricity gross margins than our U.S. operations in each of those periods. A substantial portion of Electricity segment foreign revenues came from Kenya and to a lesser extent, from Honduras, Guadeloupe and Guatemala. Our operations in Kenya contributed disproportionately to gross profit and net income. The contribution to combined pre-tax income of our domestic and foreign operations within our Electricity segment and Product segment differ in a number of ways, as summarized below.

Electricity Segment. Our Electricity segment domestic revenues were approximately 73% and 70% of our total Electricity segment revenues for the nine months ended September 30, 2024 and 2023, respectively, and 71% and 69% of our total Electricity segment revenues for the three months ended September 30, 2024 and 2023. Our Electricity segment foreign revenues were approximately 27% and 30% of our total Electricity segment revenues for the nine months ended September 30, 2024 and 2023, respectively, and 29% and 31% of our total Electricity segment revenues for the three months ended September 30, 2024 and 2023. However, domestic operations have higher costs of revenues and expenses than our foreign operations. Our foreign power plants are located in lower-cost regions, like Kenya, Guatemala, Honduras and Guadeloupe, which favorably impact payroll, maintenance expenses and other items. Our power plants in foreign locations are also newer than most of our domestic power plants and therefore tend to have lower maintenance costs and higher availability factors than our domestic power plants. Consequently, in the nine months ended September 30, 2024 and 2023, our foreign operations of the segment accounted for 40% and 49% of our total gross profits, 80% and 76% of our net income (assuming the majority of corporate operating expenses and financing are recorded under our domestic jurisdiction) and 31% and 39% of our EBITDA, respectively.

Product Segment. Our Product segment foreign revenues were approximately 94% and 93% of our total Product segment revenues for the nine months ended September 30, 2024 and 2023, respectively.

Energy Storage Segment. Our Energy Storage segment domestic revenues were 100% of our total Energy storage segment revenues for each of the three and nine months ended September 30, 2024 and 2023.

Seasonality

Electricity generation from some of our geothermal power plants is subject to seasonal variations. In the winter, our power plants produce more energy primarily attributable to the lower ambient temperature, which has a favorable impact on the energy component of our Electricity segment revenues as the prices under many of our contracts are fixed throughout the year with no time-of-use impact. The prices paid for electricity under the PPAs for the Mammoth Complex and the North Brawley power plant in California, the Raft River power plant in Idaho, the Neal Hot Springs power plant in Oregon and the Dixie Valley power plant in Nevada are higher in the months of June through September. The higher payments payable under these PPAs in the summer months partially offset the negative impact on our revenues from lower generation in the summer attributable to a higher ambient temperature. As a result, we expect the revenues and gross profit in the winter months to be higher than the revenues and gross profit in the summer months and in general we expect the first and fourth quarters to generate higher revenues than the second and third quarters.

Breakdown of Cost of Revenues

The principal cost of revenues attributable to our three segments are discussed in our 2023 Annual Report under “Part II - Item 7 – Management Discussion and Analysis of Financial Condition and Results of Operation”.

Critical Accounting Estimates and Assumptions

A comprehensive discussion of our critical accounting estimates and assumptions is included in our 2023 Annual Report under “Part II — Item 7 — Management Discussion and Analysis of Financial Condition and Results of Operation.”

New Accounting Pronouncements

See Note 2 to our condensed consolidated financial statements set forth in Item 1 of this quarterly report for information regarding new accounting pronouncements.

Results of Operations

Our historical operating results in U.S. dollars and as a percentage of total revenues are presented below. A comparison of the different years described below may be of limited utility due to (i) our recent construction of power plants or enhancement of power plants; and (ii) fluctuation in revenues related to our Product segment.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands, except per share data)		(Dollars in thousands, except per share data)	
Statements of Operations Historical Data:				
Revenues:				
Electricity	$ 164,638	$ 157,212	$ 522,117	$ 482,846
Product	37,357	39,831	100,018	83,331
Energy storage	9,789	11,013	26,778	21,907
Total Revenues	211,784	208,056	648,913	588,084
Cost of revenues:				
Electricity	114,941	107,166	342,186	311,348
Product	30,166	32,393	83,982	71,729
Energy storage	7,815	8,494	23,687	19,445
Total cost of revenues	152,922	148,053	449,855	402,522
Gross profit				
Electricity	49,697	50,046	179,931	171,498
Product	7,191	7,438	16,036	11,602
Energy storage	1,974	2,519	3,091	2,462
Total gross profit	58,862	60,003	199,058	185,562
Operating expenses:				
Research and development expenses	1,816	1,392	5,110	4,763
Selling and marketing expenses	4,248	4,682	13,541	13,999
General and administrative expenses	22,973	14,044	60,536	49,525
Other operating income	(6,250)	—	(6,250)	—
Write-off of long-lived assets	323	—	1,280	—
Write-off of unsuccessful exploration activities	77	2,318	1,456	2,318
Operating income	35,675	37,567	123,385	114,957
Other income (expense):				
Interest income	2,051	2,827	6,494	9,620
Interest expense, net	(34,822)	(25,054)	(99,506)	(73,078)
Derivatives and foreign currency transaction gains (losses)	2,046	(781)	132	(3,990)
Income attributable to sale of tax benefits	19,760	14,936	53,034	42,481
Other non-operating income, net	22	108	122	247
Income from operations before income tax and equity in earnings (losses) of investees	24,732	29,603	83,661	90,237
Income tax (provision) benefit	1,193	7,134	4,518	2,205
Equity in earnings (losses) of investees	(1,624)	(405)	437	1,862
Net income	24,301	36,332	88,616	94,304
Net income attributable to noncontrolling interest	(2,219)	(879)	(5,704)	(5,631)
Net income attributable to the Company's stockholders	$ 22,082	$ 35,453	$ 82,912	$ 88,673

Earnings per share attributable to the Company's stockholders:				
Basic:	$ 0.37	$ 0.59	$ 1.37	$ 1.50
Diluted:	$ 0.36	$ 0.59	$ 1.37	$ 1.49
Weighted average number of shares used in computation of earnings per share attributable to the Company's stockholders:				
Basic	60,480	60,299	60,439	59,105
Diluted	60,770	60,570	60,726	59,494

Operating results as a percentage of total revenues:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Statements of Operations Data:				
Revenues:				
Electricity	77.7 %	75.6 %	80.5 %	82.1 %
Product	17.6	19.1	15.4	14.2
Energy storage	4.6	5.3	4.1	3.7
Total Revenues	100.0	100.0	100.0	100.0
Cost of revenues:				
Electricity	69.8	68.2	65.5	64.5
Product	80.8	81.3	84.0	86.1
Energy storage	79.8	77.1	88.5	88.8
Total cost of revenues	72.2	71.2	69.3	68.4
Gross profit				
Electricity	30.2	31.8	34.5	35.5
Product	19.2	18.7	16.0	13.9
Energy storage	20.2	22.9	11.5	11.2
Total gross profit	27.8	28.8	30.7	31.6
Operating expenses:				
Research and development expenses	0.9	0.7	0.8	0.8
Selling and marketing expenses	2.0	2.3	2.1	2.4
General and administrative expenses	10.8	6.8	9.3	8.4
Other operating income	(3.0)	—	(1.0)	—
Write-off of long-lived assets	0.2	—	0.2	—
Write-off of unsuccessful exploration activities	—	1.1	0.2	0.4
Operating income	16.8	18.1	19.0	19.5
Other income (expense):				
Interest income	1.0	1.4	1.0	1.6
Interest expense, net	(16.4)	(12.0)	(15.3)	(12.4)
Derivatives and foreign currency transaction gains (losses)	1.0	(0.4)	—	(0.7)
Income attributable to sale of tax benefits	9.3	7.2	8.2	7.2
Other non-operating income, net	—	0.1	—	—
Income from operations before income tax and equity in earnings (losses) of investees	11.7	14.2	12.9	15.3
Income tax (provision) benefit	0.6	3.4	0.7	0.4
Equity in earnings (losses) of investees	(0.8)	(0.2)	0.1	0.3
Net income	11.5	17.5	13.7	16.0
Net income attributable to noncontrolling interest	(1.0)	(0.4)	(0.9)	(1.0)
Net income attributable to the Company's stockholders	10.4 %	17.0 %	12.8 %	15.1 %

Comparison of the Three Months Ended September 30, 2024 to the Three Months Ended September 30, 2023

Total Revenues

The table below compares revenues for the three months ended September 30, 2024 to the three months ended September 30, 2023.

	Three Months Ended September 30,		
	2024	2023	Change
	(Dollars in millions)		
Electricity segment	$ 164.6	$ 157.2	4.7 %
Product segment	37.4	39.8	(6.2)
Energy Storage segment	9.8	11.0	(11.1)
Total revenues	$ 211.8	$ 208.1	1.8 %

Electricity Segment

Revenues attributable to our Electricity segment for the three months ended September 30, 2024 were $164.6 million, compared to $157.2 million for the three months ended September 30, 2023. This increase of $7.4 million was mainly attributable to: (i) $7.5 million related to the geothermal and solar power plants included in the Enel purchase transaction which were consolidated by the Company starting the first quarter of 2024; (ii) $1.8 million related to the Heber 1 power plant which resumed operations in May 2023 after a temporary shutdown due to a fire incident that occurred in February 2022; and (iii) $7.4 million related to the Puna power plant due to its higher power generation in 2024. This increase was partially offset by lower revenues of $4.2 million in the Dixie Valley power plant due to an unscheduled outage during the period in 2024, $1.8 million in the Guadeloupe power plant due to maintenance issues, as well as decreases in power generation in lesser amounts at a number of other power plants.

Power generation in our power plants increased by 1.4% from 1,651,880 MWh in the three months ended September 30, 2023 to 1,675,164 MWh in the three months ended September 30, 2024. The increase in the quarter was primarily due to the inclusion of the new projects acquired early in the year, the contribution of the Heber complex repowering and the improved operation at our Puna power plant. This increase was offset by curtailments in our Olkaria complex and lower generation at Dixie Valley as a result of an unplanned outage.

Product Segment

Revenues attributable to our Product segment for the three months ended September 30, 2024 were $37.4 million, compared to $39.8 million for the three months ended September 30, 2023. This decrease of $2.5 million, or 6.2%, is primarily related to the progress in our projects and timing of when revenues are recognized during the period. During the three months ended September 30, 2024, Product revenues included projects primarily in New Zealand and Dominica, and during the three months ended September 30, 2023, Product revenues included projects primarily in New Zealand and Indonesia.

Energy Storage Segment

Revenues attributable to our Energy Storage segment for the three months ended September 30, 2024 were $9.8 million compared to $11.0 million for the three months ended September 30, 2023. This decrease is primarily related to lower prices in Texas in the third quarter of 2024 due to mild weather conditions, partially offset by the East Flemington energy storage facility which commenced commercial operations in the first quarter of 2024.

Total Cost of Revenues

The table below compares cost of revenues for the three months ended September 30, 2024 to the three months ended September 30, 2023.

	Three Months Ended September 30,		
	2024	2023	Change
	(Dollars in millions)		
Electricity segment	$ 114.9	$ 107.2	7.3 %
Product segment	30.2	32.4	(6.9)
Energy Storage segment	7.8	8.5	(8.0)
Total cost of revenues	$ 152.9	$ 148.1	3.3 %

Electricity Segment

Total cost of revenues attributable to our Electricity segment for the three months ended September 30, 2024 was $114.9 million, compared to $107.2 million for the three months ended September 30, 2023. This increase of $7.8 million was primarily attributable to $6.9 million related to the geothermal and solar power plants included in the Enel purchase transaction which were consolidated by the Company starting the first quarter of 2024, and $1.5 million related to the Puna power plant due to its higher power generation in 2024. This increase was partially offset by lower costs across the Company's other power plants in the three months ended September 30, 2024, compared to the same period in the previous year.

Our total Electricity segment cost of revenues for the three months ended September 30, 2024 was 69.8% of Electricity segment revenues, compared to 68.2% for the three months ended September 30, 2023. The cost of revenues attributable to our international power plants for the three months ended September 30, 2024 was 16.9% of our total Electricity segment cost of revenues for this period compared to 16.6% for the same period in the prior year.

Product Segment

Total cost of revenues attributable to our Product segment for the three months ended September 30, 2024 was $30.2 million, compared to $32.4 million for the three months ended September 30, 2023, which represented a 6.9% decrease. This decrease is primarily attributable to the decrease in Product segment revenues, as discussed above. As a percentage of total Product segment revenues, total cost of revenues attributable to our Product segment for the three months ended September 30, 2024, and 2023, was 80.8% and 81.3%, respectively, which results from the different profitability of the different projects included in each period.

Energy Storage Segment

Cost of revenues attributable to our Energy Storage segment for the three months ended September 30, 2024 were $7.8 million compared to $8.5 million for the three months ended September 30, 2023. This decrease is primarily related to timing of incurring certain expenses.

Research and Development Expenses, Net

Research and development expenses for the three months ended September 30, 2024 were $1.8 million, compared to $1.4 million for the three months ended September 30, 2023. The increase in research and development expenses, net is primarily related to the timing of when we allocate resources to research and development projects.

Selling and Marketing Expenses

Selling and marketing expenses for the three months ended September 30, 2024 were $4.2 million compared to $4.7 million for the three months ended September 30, 2023. Selling and marketing expenses for the three months ended September 30, 2024 and 2023 constituted 2.0% and 2.3% of total revenues, respectively.

General and Administrative Expenses

General and administrative expenses for the three months ended September 30, 2024 were $23.0 million compared to $14.0 million for the three months ended September 30, 2023. General and administrative expenses for the three months ended September 30, 2024 and 2023 constituted 10.8% and 6.8% of total revenues, respectively. The increase in general and administrative expenses is primarily attributable to consulting fees related to a settlement agreement with a third-party battery systems supplier of $4.8 million, insurance costs, amortization of stock-based awards, and timing of when we incur services from our vendors.

Other Operating Income

Other operating income for the three months ended September 30, 2024 was $6.3 million compared to none for the three months ended September 30, 2024. Other operating income represents the non-refundable portion of the recovery of damages received from a third-party battery systems supplier as part of a settlement agreement entered into in August 2024, for which contingency conditions have been met.

Write-off of long-lived assets

Write-off of long-lived assets for the three months ended September 30, 2024 was $0.3 million compared to none for the three months ended September 30, 2023. The write-off of long-lived assets is related to the termination of the waste heat agreement between the Company's wholly-owned subsidiary, OREG4, and Highline Electric Association, Inc., effective May 2024.

Write-off of unsuccessful exploration activities

Write-off of unsuccessful exploration activities for the three months ended September 30, 2024 was $0.1 million compared to $2.3 for the three months ended September 30, 2023. This write-off is related to exploration activities that the Company decided to no longer pursue.

Interest Income

Interest Income for the three months ended September 30, 2024 was $2.1 million, compared to $2.8 million for the three months ended September 30, 2023. Interest income is primarily related to interest earned on cash and cash equivalents held by the Company during the period. The decrease in interest income is primarily related to lower balances of cash and cash equivalents period over period.

Interest Expense, Net

Interest expense, net for the three months ended September 30, 2024 was $34.8 million, compared to $25.1 million for the three months ended September 30, 2023. This increase of $9.8 million was primarily attributable to interest expense relating to loan agreements entered into subsequent to the third quarter of 2023 such as: (i) the Mizrahi 2023 Loan entered into in November 2023; (ii) the short-term commercial paper entered into in October 2023; (iii) the Hapoalim 2024 Loan and the HSBC Bank 2024 Loan entered into in January 2024; (iv) the Mammoth Senior Secured Notes entered into in March 2024; (v) the DEG 4 Loan entered into in April 2024; and (vi) the Discount 2024 Loan entered into in May 2024. This increase was partially offset by lower interest expenses on other existing loans as a result of scheduled payments.

Derivatives and Foreign Currency Transaction Gains (Losses)

Derivatives and foreign currency transaction gains and losses for the three months ended September 30, 2024 was a gain of $2.0 million, compared to a loss of $0.8 million for the three months ended September 30, 2023. Derivatives and foreign currency transaction gains (losses) primarily includes losses from foreign currency forward contracts which were not accounted for as hedge transactions, and the impact of changes in foreign currency exchange rate against the U.S. Dollar.

Income Attributable to Sale of Tax Benefits

Income attributable to the sale of tax benefits for the three months ended September 30, 2024 was $19.8 million, compared to $14.9 million for the three months ended September 30, 2023. This income primarily represents the value of production tax credits (“PTCs”) and taxable income or loss generated by certain of our power plants which are allocated to investors under tax equity transactions, and to income related to the expected sale of transferable production tax credits under the new IRA regulations. This increase of $4.8 million is primarily attributable to the Heber 1 power plant which resumed operations in May 2023, and to the Beowawe Repower power plant which commenced operations in the second quarter of 2024.

Other Non-Operating Income (Expense), Net

Other non-operating income (expense), net for the three months ended September 30, 2024 was income of $0.0 million, compared to $0.1 million for the three months ended September 30, 2023.

Income Taxes

Income tax benefit for the three months ended September 30, 2024 was $1.2 million compared to income tax benefit of $7.1 million for the three months ended September 30, 2023. Our effective tax rate for the three months ended September 30, 2024 and 2023, was (4.8)% and (24.1)%, respectively. The effective rate differs from the federal statutory rate of 21% primarily due to the generation of investment tax credits of $9.6 million, and $6.6 million for the three months ended September 30, 2024 and 2023, respectively, and the jurisdictional mix of earnings at differing tax rates.

Equity in Earnings (losses) of Investees, Net

Equity in earnings of investees, net for the three months ended September 30, 2024 was losses of $1.6 million, compared to losses of $0.4 million for the three months ended September 30, 2023. Equity in earnings (losses) of investees, net is derived from our 12.75% share in the earnings or losses in the Sarulla Consortium ("Sarulla") and our 49% share in the earnings or losses in the Ijen geothermal project. In the second quarter of 2022, Sarulla agreed with its banks on a framework that will enable it to perform remediation works that are aimed to restore the power plants' performance. The first phase of the recovery plan included the drilling of an additional production well that was successful, and certain modifications to surface equipment that are still underway. Following the positive indications from the first phase, during the second quarter of 2024, Sarulla commenced discussions with the banks towards implementation of the additional phases. As we determined that the current situation and circumstances related to our equity method investment in Sarulla are temporary, no impairment testing was required for the period.

Net Income Attributable to the Company's Stockholders

Net income attributable to the Company's stockholders for the three months ended September 30, 2024 was $22.1 million, compared to $35.5 million for the three months ended September 30, 2023, which represents a decrease of $13.4 million. This decrease is attributable to a decrease of $12.0 million in net income which was affected by the explanations described above, and an increase of $1.3 million in net income attributable to noncontrolling interest in the three months ended September 30, 2024, compared to the three months ended September 30, 2023, which is primarily related to the noncontrolling share in the net results of the Puna and Guadaloupe power plants.

Comparison of the Nine Months Ended September 30, 2024 to the Nine Months Ended September 30, 2023

Total Revenues

The table below compares revenues for the nine months ended September 30, 2024 to the nine months ended September 30, 2023.

	Nine Months Ended September 30,		
	2024	**2023**	**Change**
	(Dollars in millions)		
Electricity segment	$ 522.1	$ 482.8	8.1 %
Product segment	100.0	83.3	20.0
Energy Storage segment	26.8	21.9	22.2
Total revenues	$ 648.9	$ 588.1	10.3 %

Electricity Segment

Revenues attributable to our Electricity segment for the nine months ended September 30, 2024, were $522.1 million, compared to $482.8 million for the nine months ended September 30, 2023. The increase of $39.3 million in our Electricity segment revenues was mainly attributable to: (i) $25.5 million related to the geothermal and solar power plants included in the Enel purchase transaction which were consolidated by the Company starting the first quarter of 2024; (ii) $12.3 million related to the Heber 1 power plant which resumed operations in May 2023 after a temporary shutdown due to a fire incident that occurred in February 2022; (iii) $16.7 million related to the Puna power plant due to its higher generation in 2024; and (iv) $3.5 million related to the North Valley power plant which started commercial operations in May 2023. This increase was partially offset by lower revenues of $7.4 million in the Dixie Valley power plant due to an unscheduled maintenance, and $3.7 million in the Guadeloupe power plant due to maintenance issues, both during the period in 2024, as well as additional decreases in lower amounts at a number of other power plants.

Power generation in our power plants increased by 7.9% from 5,258,274 MWh in the nine months ended September 30, 2023 to 5,671,532 MWh in the nine months ended September 30, 2024.

Product Segment

Revenues attributable to our Product segment for the nine months ended September 30, 2024 were $100.0 million, compared to $83.3 million for the nine months ended September 30, 2023. This increase of $16.7 million, or 20.0%, is primarily related to the progress in our projects which results in the timing of when revenues are recognized. During the nine months ended September 30, 2024, Product revenues included projects primarily in New Zealand and Dominica, and during the nine months ended September 30, 2023, Product revenues primarily included projects in New Zealand, Indonesia and the Philippines.

Energy Storage Segment

Revenues attributable to our Energy Storage segment for the nine months ended September 30, 2024 were $26.8 million compared to $21.9 million for the nine months ended September 30, 2023. The increase of $4.9 is mainly related to the new energy storage facilities which commenced commercial operation during 2023, primarily Bowling Green in May 2023, Andover and Upton in June 2023, and Pomona 2 in July 2023, as well as the East Flemington energy storage facility which commenced commercial operations during the first quarter of 2024. This increase was partially offset by lower prices in Texas due to mild weather conditions in the area in 2024 compared to 2023, and specifically during the third quarter, year over year.

Total Cost of Revenues

The table below compares cost of revenues for the nine months ended September 30, 2024 to the nine months ended September 30, 2023.

	Nine Months Ended September 30,		
	2024	2023	Change
	(Dollars in millions)		
Electricity segment	$ 342.2	$ 311.3	9.9 %
Product segment	84.0	71.7	17.1
Energy Storage segment	23.7	19.4	21.8
Total cost of revenues	$ 449.9	$ 402.5	11.8 %

Electricity Segment

Total cost of revenues attributable to our Electricity segment for the nine months ended September 30, 2024 was $342.2 million, compared to $311.3 million for the nine months ended September 30, 2023. This increase of $30.8 million is primarily attributable to: (i) $19.3 million related to the geothermal and solar power plants included in the Enel purchase transaction which were consolidated by the Company starting the first quarter of 2024; (ii) $6.3 million of income from business interruption insurance proceeds related to the Puna power plant as a result of the damage caused by the Kilauea volcano eruption in May 2018, which were included in cost of revenues in 2023, compared to none in 2024; (iii) $2.9 million related to maintenance issues in the Guadeloupe power plant; and (iv) $3.1 million related to the start of commercial operation of the North Valley power plant in May 2023. This increase was partially offset by lower cost of revenues in other power plants.

Our total Electricity segment cost of revenues for the nine months ended September 30, 2024 was 65.5% of Electricity revenues, compared to 64.5% for the nine months ended September 30, 2023, including the impact from business interruption insurance proceeds described above. The cost of revenues attributable to our international power plants for the nine months ended September 30, 2024 was 18.0% of our total Electricity segment cost of revenues for this period, compared to 17.5% for the same period in the prior year.

Product Segment

Total cost of revenues attributable to our Product segment for the nine months ended September 30, 2024 was $84.0 million, compared to $71.7 million for the nine months ended September 30, 2023, which represented a 17.1% increase. This increase was primarily attributable to the increase in Product segment revenues as discussed above. As a percentage of total Product segment revenues, our total cost of revenues attributable to our Product segment for the nine months ended September 30, 2024, and 2023, was 84.0% and 86.1%, respectively, which results from the different profitability of the different projects included in each period.

Energy Storage Segment

Cost of revenues attributable to our Energy Storage segment for the nine months ended September 30, 2024 was $23.7 million compared to $19.4 million for the nine months ended September 30, 2023. This increase is related to the new storage facilities and corresponding increase in Energy Storage revenues as described above.

Research and Development Expenses, Net

Research and development expenses for the nine months ended September 30, 2024 were $5.1 million, compared to $4.8 million for the nine months ended September 30, 2023. The increase in research and development expenses is mainly attributable to the timing of research and development projects that took place during the nine months ended September 30, 2024 compared to the corresponding period in 2023.

Selling and Marketing Expenses

Selling and marketing expenses for the nine months ended September 30, 2024 were $13.5 million compared to $14.0 million for the nine months ended September 30, 2023. Selling and marketing expenses for the nine months ended September 30, 2024, constituted 2.1% of total revenues for such period, compared to 2.4% for the nine months ended September 30, 2023.

General and Administrative Expenses

General and administrative expenses for the nine months ended September 30, 2024 were $60.5 million compared to $49.5 million for the nine months ended September 30, 2023. The increase of $11.0 million in general and administrative expenses is primarily attributable to consulting fees related to a settlement agreement with a third-party battery systems supplier of $4.8 million, insurance costs, amortization of stock-based awards, and the timing of when we incur services from our vendors.

Other Operating Income

Other operating income for the nine months ended September 30, 2024 was $6.3 million compared to none for the nine months ended September 30, 2023. Other operating income represents the non-refundable portion of the recovery of damages received from a third-party battery systems supplier as part of a settlement agreement entered into in August 2024, for which contingency conditions have been met.

Write-off of long-lived assets

Write-off of long-lived assets for the nine months ended September 30, 2024 was $1.3 million compared to none for the three months ended September 30, 2023. The write-off of long-lived assets is related to the termination of the waste heat agreement between the Company's wholly-owned subsidiary, OREG4, and Highline Electric Association, Inc., effective May 2024.

Write-off of Unsuccessful Exploration Activities

Write-off of unsuccessful exploration activities for the nine months ended September 30, 2024 was $1.5 million, compared to $2.3 million for the nine months ended September 30, 2023. This write-off is related to accumulated costs of geothermal exploration projects that the Company decided to no longer pursue.

Interest Income

Interest Income for the nine months ended September 30, 2024 was $6.5 million, compared to $9.6 million for the nine months ended September 30, 2023. Interest income is primarily related to interest earned on cash and cash equivalents held by the Company during the period. The decrease in interest income is primarily related to lower balances of cash and cash equivalents period over period.

Interest Expense, Net

Interest expense, net for the nine months ended September 30, 2024 was $99.5 million, compared to $73.1 million for the nine months ended September 30, 2023. This increase of $26.4 million is primarily due to loan agreements entered into during, or subsequent to, the first nine months of 2023 such as: (i) the Mizrahi 2023 Loan entered into in November 2023; (ii) the Hapoalim 2023 Loan entered into in February 2023; (iii) the short-term commercial paper entered into in October 2023; (iv) the Hapoalim 2024 Loan entered into in January 2024; (v) the HSBC Bank 2024 Loan entered into in January 2024; (vi) the Mammoth Senior Secured Notes entered into in March 2024; (vii) the DEG 4 Loan entered into in April 2024; and (viii) the Discount 2024 Loan entered into in May 2024. This increase was partially offset by lower interest expenses on other long-term loans as a result of regular principal payments.

Derivatives and Foreign Currency Transaction Gains (Losses)

Derivatives and foreign currency transaction gains (losses) for the nine months ended September 30, 2024 were a gain of $0.1 million, compared to a loss of $4.0 million for the nine months ended September 30, 2023. Derivatives and foreign currency transaction gains (losses) primarily includes losses from foreign currency forward contracts which were not accounted for as hedge transactions, and the impact of changes in the foreign currency exchange rate related to foreign locations where the Company operates in, against the U.S. Dollar.

Income Attributable to Sale of Tax Benefits

Income attributable to the sale of tax benefits for the nine months ended September 30, 2024 was $53.0 million, compared to $42.5 million for the nine months ended September 30, 2023. This income primarily represents the value of PTCs and taxable income or loss generated by certain of our power plants which are allocated to investors under tax equity transactions, and to income related to the expected sale of transferable production tax credits under the new IRA regulations. This increase of $10.6 million in income attributable to the sale of tax benefits is primarily attributable to the Heber 1 power plant which resumed operations in May 2023, and to the Beowawe Repower power plant which commenced operations in the second quarter of 2024.

Other Non-Operating Income (Expense), Net

Other non-operating income (expense), net for the nine months ended September 30, 2024 was $0.1 million, compared to $0.2 million for the nine months ended September 30, 2023.

Income Taxes

Income tax benefit for the nine months ended September 30, 2024 was $4.5 million compared to income tax benefit of $2.2 million for the nine months ended September 30, 2023. Our effective tax rate for the nine months ended September 30, 2024 and 2023, was (5.4)% and (2.4)%, respectively. The effective rate differs from the federal statutory rate of 21% for the nine months ended September 30, 2024 primarily due to the generation of investment tax credits of $27.3 million, compared to $17.2 million for the nine months ended September 30, 2023, and the jurisdictional mix of earnings at differing tax rates.

Equity in Earnings (losses) of Investees, Net

Equity in earnings (losses) of investees, net for the nine months ended September 30, 2024 was earnings of $0.4 million, compared to earnings of $1.9 million for the nine months ended September 30, 2023. Equity in earnings (losses) of investees, net is mainly derived from our 12.75% share in the earnings or losses in the Sarulla consortium and our 49% share in the earnings or losses from the Ijen geothermal project. The increase in equity in earnings of investees is primarily related to increase in net income generated by the Ijen project. In the second quarter of 2022, Sarulla agreed with its banks on a framework that will enable it to perform remediation works that are aimed to restore the power plants' performance. The first phase of the recovery plan included the drilling of an additional production well that was successful, and certain modifications to surface equipment that are still underway. Following the positive indications from the first phase, during the second quarter of 2024, Sarulla commenced discussions with the banks towards implementation of the additional phases. As we determined that the current situation and circumstances related to our equity method investment in Sarulla are temporary, no impairment testing was required for the period.

Net Income Attributable to the Company's Stockholders

Net income attributable to the Company's stockholders for the nine months ended September 30, 2024 was $82.9 million, compared to $88.7 million for the nine months ended September 30, 2023, which represents a decrease of $5.8 million. This decrease was attributable to the decrease of $5.7 million in net income which was affected by the explanations described above, as well as an increase of $0.1 million in net income attributable to noncontrolling interest, which is primarily related to the noncontrolling share in the net results of the Puna and Guadaloupe power plants.

Liquidity and Capital Resources

Our principal sources of liquidity have been derived from cash flows from operations, proceeds from third party debt such as borrowings under our credit facilities, private or public offerings and issuances of debt or equity securities, project financing and tax monetization transactions, short term borrowing under our lines of credit, and proceeds from the sale of equity interests in one or more of our projects. We have utilized this cash to develop and construct power plants, fund our acquisitions, pay down existing outstanding indebtedness, and meet our other cash and liquidity needs.

As of September 30, 2024, we had access to (i) $88.1 million in cash and cash equivalents, of which $46.2 million is held by our foreign subsidiaries; and (ii) $440.2 million of unused corporate borrowing capacity under existing committed lines for credit and letters of credit with different commercial banks.

Our estimated capital needs for the remainder of 2024 include $143.0 for capital expenditures on new projects under development or construction including energy storage projects, exploration activity and maintenance capital expenditures for our existing projects. In addition, $45.5 million will be needed for long-term debt repayment.

We expect to finance these requirements with: (i) the sources of liquidity described above; (ii) positive cash flows from our operations; and (iii) future project financings and re-financings (including construction loans and tax equity transactions). Management believes that, based on the current stage of implementation of our strategic plan, the sources of liquidity and capital resources described above will address our anticipated liquidity, capital expenditures, and other investment requirements.

As of September 30, 2024, we continue to maintain our assertion to no longer indefinitely reinvest foreign funds held by our foreign subsidiaries, and have accrued the incremental foreign withholding taxes. Accordingly, during the nine months ended September 30, 2024, we included a foreign income tax expense of $1.2 million related to foreign withholding taxes on accumulated earnings of all of our foreign subsidiaries.

As described under Note 1 to the condensed consolidated financial statements, the Company entered into new loan agreements as follows: (i) on January 2, 2024, the Company entered into two definitive loan agreements with Hapoalim Bank and with HSBC Bank under which these banks provided for two separate loans in an aggregate principal amount of $75 million, and $125 million, respectively; (ii) on March 28, 2024, a wholly-owned indirect subsidiary of the Company entered into a note purchase agreement with the Prudential Insurance Company of America, pursuant to which it issued $135.1 million principal amount of senior secured notes; (iii) on April 4, 2024, the Company, through one of the its fully owned subsidiaries, entered into a new $30 million subordinated loan agreement with DEG, and on April 18, 2024, it completed a drawdown of the full loan amount of $30 million; (iv) on May 22, 2024, the Company entered into a definitive loan agreement with Discount Bank for an aggregated amount of $31.8 million; (v) on July 15, 2024, the Company issued an additional $45.2 million aggregate principal amount of its 2.50% Convertible Senior Notes due 2027; and (vi) on September 26, 2024, the Company entered into a definitive loan agreement with Discount Bank NY for an aggregated amount of $50.0 million.

Letters of Credits Under Credit Agreements

Some of our customers require our project subsidiaries to post letters of credit in order to guarantee their respective performance under relevant contracts. We are also required to post letters of credit to secure our obligations under various leases and licenses and may, from time to time, decide to post letters of credit in lieu of cash deposits in reserve accounts under certain financing arrangements. In addition, our subsidiary, Ormat Systems, is required from time to time to post performance letters of credit in favor of our customers with respect to orders of products.

Credit Agreements	Amount Issued	Issued and Outstanding as of September 30, 2024	Termination Date
	(Dollars in millions)		
Committed lines for credit and letters of credit	$ 533.0	$ 92.8	December 2024-November 2025
Committed lines for letters of credit	155.0	81.9	October 2024-August 2025
Non-committed lines	—	76.8	October 2024
Total	$ 688.0	$ 251.5	

Restrictive Covenants

Our obligations under the credit agreements, the loan agreements, and the trust instrument governing the bonds described above, are unsecured, but we are subject to a negative pledge in favor of the banks and the other lenders and certain other restrictive covenants. These include, among other things, restraints on: (i) creating any floating charge or any permanent pledge, charge or lien over our assets without obtaining the prior written approval of the lender; (ii) guaranteeing the liabilities of any third party without obtaining the prior written approval of the lender; and (iii) selling, assigning, transferring, conveying or disposing of all or substantially all of our assets, or a change of control in our ownership structure. Some of the credit agreements, the term loan agreements, and the trust instrument contain cross-default provisions with respect to other material indebtedness owed by us to any third party. In some cases, we have agreed to maintain certain financial ratios, which are measured quarterly, such as: (i) equity of at least $750 million and in no event less than 25% of total assets; and (ii) 12-month debt, net of cash, cash equivalents, and short-term bank deposits to Adjusted EBITDA ratio not to exceed 6. As of September 30, 2024: (i) total equity was $2,514.0 million and the actual equity to total assets ratio was 45.0% and (ii) the 12-month debt, net of cash, cash equivalents, to Adjusted EBITDA ratio was 4.07. During the nine months ended September 30, 2024, we distributed interim dividends in an aggregate amount of $21.8 million. The failure to perform or observe any of the covenants set forth in such agreements, subject to various cure periods, would result in the occurrence of an event of default and would enable the lenders to accelerate all amounts due under each such agreement.

As described above, we are currently in compliance with our covenants with respect to the credit agreements, the loan agreements and the trust instrument (except as described below), and believe that the restrictive covenants, financial ratios and other terms of any of our full-recourse bank credit agreements will not materially impact our business plan or operations.

As of September 30, 2024, we did not meet the dividend distribution criteria related to the DAC 1 Senior Secured Notes, which resulted in certain equity distribution restrictions from this related subsidiary. Additionally, as of September 30, 2024, we were not in compliance under the “Platanares Loan” with DFC, as we did not meet the Debt Service Coverage Ratio, primarily due to the increase in accounts receivable, as further described under Note 1 to the condensed consolidated financial statements, which resulted in certain equity distribution restrictions from this related subsidiary. Additionally, the related subsidiary informed DFC regarding it’s late submittal of the quarterly financial statements due to technical reasons, and coordination with DFC of a waiver for the same is ongoing. Notwithstanding ENEE’s late payments under the PPA, we have paid in full all debt service payments due under the “Platanares Loan”.

Future minimum payments

Future minimum cash payments under long-term obligations (including long-term debt, lease obligations and financing liability), as of September 30, 2024, are as follows:

		(Dollars in thousands)
Year ending December 31:		
2024	$	47,414
2025		251,025
2026		253,552
2027		724,904
2028		275,671
Thereafter		942,218
Total	$	2,494,783

Third-Party Debt

Our third-party debt consists of (i) non-recourse and limited-recourse project finance debt or acquisition financing debt that we or our subsidiaries have obtained for the purpose of developing and constructing, refinancing or acquiring our various projects; (ii) full-recourse debt incurred by us or our subsidiaries for general corporate purposes; (iii) financing liability related to the business combination purchase transaction of the Terra-Gen geothermal assets; (iv) convertible senior notes; (v) commercial paper; and (vi) short term revolving credit lines with banks which may be drawn as needed.

Non-Recourse and Limited-Recourse Third-Party Debt

Loan	Amount Issued	Amount Outstanding as of September 30, 2024	Interest Rate	Maturity Date	Related Project	Location
	(Dollars in millions)					
Mammoth Senior secure Notes	$135.1	$135.1	6.73%	2047	Mammoth Complex	U.S.
OFC 2 Senior Secured Notes – Series A	151.7	58.3	4.67%	2032	McGinness Hills phase 1 and Tuscarora	U.S.
OFC 2 Senior Secured Notes – Series B	140.0	72.8	4.61%	2032	McGinness Hills phase 2	U.S.
Olkaria III Financing Agreement with DFC – Tranche 1	85.0	29.5	6.34%	2030	Olkaria III Complex	Kenya
Olkaria III Financing Agreement with DFC – Tranche 2	180.0	60.9	6.29%	2030	Olkaria III Complex	Kenya
Olkaria III Financing Agreement with DFC – Tranche 3	45.0	16.8	6.12%	2030	Olkaria III Complex	Kenya
Don A. Campbell Senior Secured Notes	92.5	53.6	4.03%	2033	Don A. Campbell Complex	U.S.
Idaho Refinancing Note (1)	61.6	55.9	6.26%	2038	Neal Hot Springs and Raft River	U.S.
U.S. Department of Energy Loan (2)	96.8	30.2	2.60%	2035	Neal Hot Springs	U.S.
Prudential Capital Group Nevada Loan	30.7	22.4	6.75%	2037	San Emidio	U.S.
Platanares Loan with DFC	114.7	65.5	7.02%	2032	Platanares	Honduras

Géothermie Bouillante[3]	8.9	2.3	1.52%	2026	Géothermie Bouillante	Guadeloupe
Géothermie Bouillante[3]	8.9	2.7	1.93%	2026	Géothermie Bouillante	Guadeloupe
Total	**$1,150.9**	**$606.0**				

(1) Secured by equity interest.
(2) Secured by the assets.
(3) Loan issued in total aggregate amount of EUR 8.0 million.

Full-Recourse Third-Party Debt

Loan	Amount Issued	Amount Outstanding as of September 30, 2024	Interest Rate	Maturity Date
	(Dollars in millions)			
Hapoalim 2024 Loan	75.0	70.3	6.60%	January 2032
HSBC Bank 2024 Loan [1]	125.0	112.5	6.15%	January 2028
Mizrahi Loan	75.0	56.3	4.10%	April 2030
Mizrahi 2023 Loan	50.0	46.9	7.15%	October 2031
Hapoalim Loan	125.0	71.4	3.45%	June 2028
Hapoalim Loan 2023	100.0	85.0	6.45%	February 2033
HSBC Loan	50.0	28.6	3.45%	July 2028
Discount Loan	100.0	62.5	2.90%	September 2029
Discount 2024 Loan	31.8	30.8	6.75%	May 2032
Discount 2024 II Loan [2]	50.0	50.0	SOFR+2.35%	September 2028
Senior Unsecured Bonds Series 4 [3]	289.8	188.7	3.35%	June 2031
Senior unsecured Loan 1	100.0	70.6	4.80%	March 2029
Senior unsecured Loan 2	50.0	35.3	4.60%	March 2029
Senior unsecured Loan 3	50.0	35.3	5.44%	March 2029
DEG 2 Loan	50.0	20.0	6.28%	June 2028
DEG 3 Loan	41.5	17.5	6.04%	June 2028
DEG 4 Loan	30.0	30.0	7.9%	June 2031
Total	**$1,393.1**	**$1,011.7**		

(1) Interest rate includes the effect of the IR Swap as further described under Note 1 to the condensed consolidated financial statements.

(2) The Discount 2024 II Loan bears an annual interest of 3-month Term SOFR plus 2.35%, but not less than Term SOFR of 2.5%

(3) Bonds issued in total aggregate principal amount of NIS 1.0 billion.

Financing Liability

The financing liability is related to the sale and lease back transaction of the Dixie Valley power plant which was acquired as part of the business combination transaction of the Terra-Gen geothermal assets in July 2021. The financing liability outstanding amount as of September 30, 2024 is $220.6 million. The financing liability bears a fixed interest rate of 6.11% per annum, principal and interest are payable semi-annually, and it matures in June 2038.

Convertible Senior Notes

The Original Convertible Notes due 2027 were issued in June 2022 in a single series of a $431.3 million aggregate principal amount. The Original Convertible Notes bear annual interest at a rate of 2.5%, payable semiannually in arrears on January 15 and July 15 of each year, beginning on January 15, 2023. The Original Convertible Notes mature on July 15, 2027, unless earlier converted, redeemed or repurchased. On July 15, 2024, the Company issued an additional $45.2 million aggregate principal amount of its 2.50% Original Convertible Notes, as further described under Note 1 to the condensed consolidated financial statements. The outstanding aggregate amount of the Notes as of September 30, 2024 is $476.4 million.

Short-term Commercial Paper

On October 23, 2023, the Company completed the issuance of the commercial paper in the aggregate amount of $73.2 million, and subsequently on December 11, 2023, the Company issued an additional amount of $26.8 million, under the same terms of the commercial paper framework agreement (together, the "Commercial Paper"). The Commercial Paper was issued for a period of 90 days and extends automatically for additional 90-day periods for up to five years, unless the Company notifies the participants otherwise or a notice of termination is provided by the participants in accordance with the provisions of the Commercial Paper Agreement. The Commercial Paper bears an annual interest of three months SOFR +1.1% which will be paid at the end of each 90-day period with a 5.3% base rate. The aggregate outstanding amount of the Commercial Paper as of September 30, 2024 is $100.0 million.

Liquidity Impact of Uncertain Tax Positions

The Company has a liability associated with unrecognized tax benefits and related interest and penalties in the amount of approximately $7.9 million as of September 30, 2024. This liability is included in long-term liabilities in our condensed consolidated balance sheet because we generally do not anticipate that settlement of the liability will require payment of cash within the next twelve months. We are not able to reasonably estimate when we will make any cash payments required to settle this liability.

Dividends

The following are the dividends declared by us since September 30, 2022:

Date Declared	Dividend Amount per Share		Record Date	Payment Date
November 2, 2022	$	0.12	November 16, 2022	November 30, 2022
February 22, 2023	$	0.12	March 8, 2023	March 22, 2023
May 9, 2023	$	0.12	May 23, 2023	June 6, 2023
August 2, 2023	$	0.12	August 16, 2023	August 30, 2023
November 8, 2023	$	0.12	November 22, 2023	December 6, 2023
February 21, 2024	$	0.12	March 6, 2024	March 20, 2024
May 8, 2024	$	0.12	May 22, 2024	June 5, 2024
August 6, 2024	$	0.12	August 20, 2024	September 3, 2024
November 6, 2024	$	0.12	November 20, 2024	December 4, 2024

Historical Cash Flows

The following table sets forth the components of our cash flows for the periods indicated:

	Nine Months Ended September 30,	
	2024	2023
	(Dollars in thousands)	
Net cash provided by operating activities	$ 252,300	$ 170,256
Net cash used in investing activities	(645,115)	(458,166)
Net cash provided by financing activities	282,030	247,568
Translation adjustments on cash and cash equivalents	(210)	(67)
Net change in cash and cash equivalents and restricted cash and cash equivalents	$ (110,995)	$ (40,409)

For the Nine Months Ended September 30, 2024

Net cash provided by operating activities for the nine months ended September 30, 2024 was $252.3 million, compared to $170.3 million for the nine months ended September 30, 2023, representing an increase of $82.0 million. Net cash provided by operating activities for the nine months ended September 30, 2024 was primarily attributable net income of $88.6 million, adjusted for certain non-cash items such as depreciation and amortization, and deferred income provision, among others, and primarily by: (i) a cash inflow related to the net decrease in trade receivables of $42.5 million, due to timing of collection from our customers; (ii) an increase in other long-term liabilities of $8.3 million primarily related to recovery of damages received from a third-party battery systems supplier as part of a settlement agreement, for which contingency conditions have not yet been met; and (iii) a net increase in accounts payable and accrued expenses of $7.0 million as a result of timing of payments to our suppliers, and $22.5 million of the recovery of damages received from a third-party battery systems supplier as part of a settlement agreement, for which contingency conditions have not yet been met, and which is presented in the short-term. This increase was partially offset by (i) a net increase of $33.9 million in costs and estimated earnings in excess of billings on uncompleted contracts and billings in excess of costs and estimated earnings on uncompleted contracts, as a result of timing of billing to our customers; and (ii) an increase in prepaid expenses and other of $10.7 million, primarily related to timing of prepayments to suppliers and governmental authorities. Net cash provided by operating activities for the nine months ended September 30, 2023 was primarily attributable to net income of $94.3 million for the period, adjusted for certain non-cash items, such as depreciation and amortization, and deferred income provision, among others, and primarily by: (i) a net increase in accounts payable and accrued expenses of $32.8 million, primarily as a result of timing of payments to our suppliers; and (ii) a net increase of $10.8 million in other long-term liabilities primarily related to a prepayment made by one of our customers. This was partially offset by (i) an increase in inventories of $22.0 million, primarily related to timing of allocating costs to projects under construction; (ii) a net increase in receivables of $48.8 million, primarily related to timing of collection from our customers; (iii) a net increase of $7.5 million in costs and estimated earnings in excess of billings on uncompleted contracts and billings in excess of costs and estimated earnings on uncompleted contracts, as a result of timing of billing to our customers; and (iv) an increase in prepaid expenses and others, and deposits and other of $11.7 million, and $8.0 million, respectively, due to timing of prepayments to suppliers and governmental authorities and making deposits for various projects.

Net cash used in investing activities for the nine months ended September 30, 2024 was $645.1 million, compared to $458.2 million for the nine months ended September 30, 2023. The principal factors that affected our net cash used in investing activities during the nine months ended September 30, 2024 and 2023 were: (i) cash paid for the business acquisition of Enel of $274.6 million during the nine months ended September 30, 2024, compared to none in the same period of the prior year, as further described under Note 1 to the condensed consolidated financial statements; and (ii) capital expenditures of $359.9 million during the nine months ended September 30, 2024, compared to $448.8 million, in the same period of the prior year, primarily for our facilities under construction that support our growth plan.

Net cash provided by financing activities for the nine months ended September 30, 2024 was $282.0 million, compared to $247.6 million for the nine months ended September 30, 2023. The principal factors that affected the net cash provided by financing activities during the nine months ended September 30, 2024 were: (i) net proceeds of $442.6 million from long-term loans entered into during the period such as the Hapoalim 2024 Loan, the HSBC 2024 Loan, the Mammoth Senior Secured Notes, the DEG 4 Loan, the Discount 2024 Loan, and the Discount 2024 II Loan; (ii) net proceeds of $44.2 million related to proceeds from issuance of the Additional Notes; and (iii) cash received from noncontrolling interest in the amount of $12.3 million. These cash inflows were partially offset by: (i) scheduled repayments of long-term debt in the amount of $164.6 million; (ii) cash dividend payment of $21.8 million; (iii) cash paid to noncontrolling interest of $6.1 million; and (iv) net repayments of revolving credit lines with banks of $20.0 million. The principal factors that affected our net cash provided by financing activities during the nine months ended September 30, 2023 were: (i) net proceeds of $99.9 million from the Hapoalim 2023 Loan; (ii) proceeds from issuance of common stock, net of $341.7 million; (iii) proceeds from revolving credit lines with banks of $35.0 million; and (iv) cash received from noncontrolling interest in the amount of $7.3 million. These cash inflows were partially offset by: (i) scheduled repayments of long-term debt in the amount of $175.9 million; (ii) cash paid to noncontrolling interest of $34.5 million; and (iii) cash dividend payment of $21.2 million.

Non-GAAP Measures: EBITDA and Adjusted EBITDA

We calculate EBITDA as net income before interest, taxes, depreciation, amortization and accretion. We calculate Adjusted EBITDA as net income before interest, taxes, depreciation, amortization and accretion, adjusted for (i) mark-to-market gains or losses from accounting for derivatives not designated as hedging instruments; (ii) stock-based compensation, (iii) merger and acquisition transaction costs; (iv) gain or loss from extinguishment of liabilities; (v) cost related to a settlement agreement; (vi) non-cash impairment charges; (vii) write-off of unsuccessful exploration activities; and (viii) other unusual or non-recurring items. We adjust for these factors as they may be non-cash, unusual in nature and/or are not factors used by management for evaluating operating performance. We believe that presentation of these measures will enhance an investor's ability to evaluate our financial and operating performance. EBITDA and Adjusted EBITDA are not measurements of financial performance or liquidity under accounting principles generally accepted in the United States, or U.S. GAAP, and should not be considered as an alternative to cash flow from operating activities or as a measure of liquidity or an alternative to net earnings as indicators of our operating performance or any other measures of performance derived in accordance with U.S. GAAP. Our Board of Directors and senior management use EBITDA and Adjusted EBITDA to evaluate our financial performance. However, other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do.

Net income for the three and nine months ended September 30, 2024 was $24.3 million, and $88.6 million, respectively, compared to $36.3 million, and $94.3 million, for the three and nine months ended September 30, 2023, respectively.

Adjusted EBITDA for the three and nine months ended September 30, 2024 was $137.7 million, and $405.0 million, respectively, compared to $118.3 million, and $342.7 million, for the three and nine months ended September 30, 2023, respectively.

The following table reconciles net income to EBITDA and Adjusted EBITDA for the three and nine months period ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(Dollars in thousands)		(Dollars in thousands)	
Net income	$ 24,301	$ 36,332	$ 88,616	$ 94,304
Adjusted for:				
Interest expense, net (including amortization of deferred financing costs)	32,771	22,227	93,012	63,458
Income tax provision (benefit)	(1,193)	(7,134)	(4,518)	(2,205)
Adjustment to investment in unconsolidated companies: our proportionate share in interest expense, tax and depreciation and amortization in Sarulla and Ijen	5,903	3,794	12,673	10,826
Depreciation, amortization and accretion	65,885	56,749	190,244	162,084
EBITDA	$ 127,667	$ 111,968	$ 380,027	$ 328,467
Mark-to-market (gains) or losses from accounting for derivative	(409)	(307)	870	284
Stock-based compensation	5,042	3,934	14,887	11,235
Allowance for bad debts	121	—	342	—
Write-off of long-lived assets	323	—	1,280	—
Merger and acquisition transaction costs	80	418	1,379	418
Legal fees related to a settlement agreement	4,750	—	4,750	—
Write-off of unsuccessful exploration activities	77	2,318	1,456	2,318
Adjusted EBITDA	$ 137,651	$ 118,331	$ 404,991	$ 342,722

In May 2014, the Sarulla consortium ("SOL") closed $1,170 million in financing through SOL. As of September 30, 2024, the SOL credit facility had an outstanding balance of $717.6 million. Our proportionate share in the SOL credit facility is $91.5 million. In the second quarter of 2022, Sarulla agreed with its banks on a framework that will enable it to perform remediation works that are aimed to restore the power plants' performance. The first phase of the recovery plan included the drilling of an additional production well that was successful, and certain modifications to surface equipment that are still underway. Following the positive indications from the first phase, during the second quarter of 2024, Sarulla commenced discussions with the banks towards implementation of the additional phases. As we determined that the current situation and circumstances related to our equity method investment in Sarulla are temporary, no impairment testing was required for the period.

Capital Expenditures

Our capital expenditures primarily relate to: (i) the development and construction of new power plants, (ii) the enhancement of our existing power plants; and (iii) investment in activities under our strategic plan.

The following is an overview of projects that are fully released for construction:

Zunil Upgrade (Guatemala). We are expanding the Zunil geothermal power plant in Guatemala to add 5MW of additional capacity. We are planning to sell the electricity generated under the existing PPA with the local utility, Institute Nacional de Electrification or “INDE”. Construction has been completed and drilling is still ongoing. Commercial operation is expected in 2025.

Beowawe Solar (Nevada). We are currently developing a Solar PV power plant adjacent to our geothermal Beowawe power plant in Nevada. The project is expected to generate approximately 6MW that will be used for the ancillary needs of the geothermal power plant and will free a similar amount of MW to be sold from the geothermal resource under its PPA. Construction is ongoing and we expect completion at the end of 2024, but generation is not allowed under the geothermal PPA until January 2025.

Bouillante repowering (Guadeloupe). We are currently in the process of upgrading the Bouillante project and planning to install a new Ormat energy converter that will add net capacity of 10MW. Major equipment shipped and construction commenced. The PPA was recently signed. We expect commercial operation in the second quarter of 2026.

Topp 2 (New Zealand). We are developing the 50MW Topp 2 geothermal power plant in New Zealand which was recently released for construction. We signed an agreement with Eastland Generation Limited (EGL), under which the Company will design, build, commission and own the power plant. EGL will operate and maintain the power plant under a separate services arrangement. As part of the development agreement with EGL, the Company has granted EGL a contractual option to purchase the power plant at an agreed purchase price, subject to certain conditions. Construction is ongoing. We expect commercial operation by the fourth quarter of 2025.

Puna Expansion (Hawai`i). We are replacing the old power plant equipment with state-of-the-art Ormat equipment. In addition, we are planning to add 8MW. The HPUC recently approved a new PPA for the Puna complex that carries fixed energy and capacity rates, increases the contracted capacity and extends the duration. Engineering, procurement and manufacturing is ongoing. We expect commercial operation in the second half of 2026.

Cove Fort Upgrade. We are upgrading the power plant that was purchased in January 2024 to add 7MW. Engineering and procurement is ongoing and we expect commercial operation by the end of 2025.

Still Water Upgrade. We are upgrading the power plant that was purchased in January 2024 to add 5MW. Engineering and procurement is ongoing and we expect commercial operation by the end of 2025.

Salt wells Upgrade. We are upgrading the power plant that was purchased in January 2024 to add 5MW. Engineering and procurement is ongoing and we expect commercial operation in the first quarter of 2026.

In addition, we are in the process of repowering the Ormesa, Neal Hot Springs, Puna and Desert Peak power plants.

In the **Energy Storage segmen**t, we commenced operations of two assets since the beginning of the year including the 20MW/20MWh East Flemington project in the first quarter of 2024 and recently the 80MW/320MWh Bottleneck project. We are currently in the process of constructing several facilities as detailed below:

Project Name	Size	Location	Customer	Expected COD
Montague	20MW/20MWh	NJ	PJM	Q1 2025
Lower Rio	60MW/120MWh	TX	ERCOT	Q2 2025
Arrowleaf	35MW/140MWh	CA	SDCP	Q4 2025
Bird Dog	60MW/120MWh	CA	SDCP	Q4 2025
Shirk	80MW/320MWh	CA	CAISO	End of 2025
Louisa	100MW/200MWh	TX	ERCOT	End of 2026

We have budgeted approximately $378.0 million in capital expenditures for the construction of new projects and enhancements to our existing power plants in the Electricity segment, of which we had invested $154.0 million as of September 30, 2024. We expect to invest approximately $40.0 million in the rest of 2024 and the remaining amount of approximately $184.0 million thereafter.

In addition, we estimate approximately $103.0 million in additional capital expenditures in 2024 to be allocated as follows: (i) approximately $15.0 million for the exploration, drilling and development of new projects and enhancements of existing power plants that are not yet released for full construction; (ii) approximately $10.0 million for maintenance capital expenditures for our operating power plants; (iii) approximately $75.0 million for the construction and development of energy storage projects; and (iv) approximately $3.0 million for enhancements to our production facilities.

In the aggregate, we estimate our total capital expenditures for the last quarter of 2024 to be approximately $143.0 million.

Exposure to Market Risks

Based on current conditions, we believe that we have sufficient financial resources to fund our activities and execute our business plans. However, the cost of obtaining financing for our project needs may increase significantly or such financing may be difficult to obtain.

We, like other power plant operators, are exposed to electricity price volatility risk. Our exposure to such market risk is currently limited (except for the 25 MW PPA for the Puna complex) because the majority of our long-term PPAs have fixed or escalating rate provisions that limit our exposure to changes in electricity prices. Our energy storage projects sell primarily on a "merchant" basis and are exposed to changes in the electricity market prices.

The Puna Complex is currently benefiting from energy prices which are higher than the floor under the 25 MW PPA for the Puna Complex as a result of higher fuel costs that impact HELCO's avoided cost. We signed a new PPA for Puna that was recently approved by the HPUC that carries fixed energy and capacity rates and de-links it from oil prices, as discussed above.

As of September 30, 2024, 97.8% of our consolidated long-term debt was at fixed interest rates, and therefore not subject to interest rate volatility risk. Our short-term commercial paper, which was issued on October 23, 2023, bears an annual interest rate of three months SOFR plus 1.1%, therefore presenting an exposure to interest rate volatility. The outstanding amount of the short-term commercial paper as of September 30, 2024 was $100.0 million.

Our cash equivalents are subject to interest rate risk. We currently maintain our surplus cash in short-term, interest-bearing bank deposits, money market funds, corporate bonds and debt securities that are classified as available for sale (with a minimum investment grade rating of A+ by Standard & Poor’s Ratings Services).

We are also exposed to foreign currency exchange risk, in particular the fluctuation of the U.S. dollar versus the New Israeli Shekels ("NIS") in Israel and the Euro. Risks attributable to fluctuations in currency exchange rates can arise when we or any of our foreign subsidiaries borrow funds or incur operating or other expenses in one type of currency but receive revenues in another. In such cases, an adverse change in exchange rates can reduce such subsidiary's ability to meet its debt service obligations, reduce the amount of cash and income we receive from such foreign subsidiary, or increase such subsidiary's overall expenses. In Kenya, the tax related asset and liability are recorded in Kenyan Shillings ("KES"), therefore, any change in the exchange rate in the KES versus the U.S. dollar has an impact on our financial results. Risks attributable to fluctuations in the foreign currency exchange rates can also arise when the currency denomination of a particular contract is not the U.S. dollar. Substantially all of our PPAs in the international markets are either U.S. dollar-denominated or linked to the U.S. dollar except for our operations on Guadeloupe, where we own and operate the Boulliante power plant which sells its power under a Euro-denominated PPA with Électricité de France S.A. Our construction contracts from time to time contemplate costs which are incurred in local currencies. The way we often mitigate such risk is to receive part of the proceeds from the contract in the currency in which the expenses are incurred. Currently, we have forward and cross-currency swap contracts in place to reduce our NIS/U.S. dollar currency exposure and expect to continue to use currency exchange and other derivative instruments to the extent we deem such instruments to be the appropriate tool for managing such exposure.

On July 1, 2020, we concluded an auction tender and accepted subscriptions for senior unsecured bonds comprised of NIS 1.0 billion aggregate principal amount (the "Senior Unsecured Bonds - Series 4"). The Senior Unsecured Bonds - Series 4 were issued in New Israeli Shekels and converted to approximately $290 million using a cross-currency swap transaction shortly after the completion of such issuance.

In June 2022, we issued $431.3 million aggregate principal amount of our 2.5% convertible senior notes due in 2027. The Existing Convertible Notes bear annual interest at a rate of 2.5%, payable semiannually in arrears, and mature on July 15, 2027, unless earlier converted, redeemed or repurchased. On July 15, 2024, the Company issued an additional $45.2 million aggregate principal amount of its 2.50% Original Convertible Notes, as further described under Note 11 to the condensed consolidated financial statements.

We performed a sensitivity analysis on the fair values of our long-term debt obligations, commercial paper and foreign currency exchange forward contracts. The foreign currency exchange forward contracts listed below principally relate to trading activities. The sensitivity analysis involved increasing and decreasing forward rates at September 30, 2024 and December 31, 2023 by a hypothetical 10% and calculating the resulting change in the fair values.

At this time, the development of our strategic plan has not exposed us to any additional market risk. However, as the implementation of the plan progresses, we may be exposed to additional or different market risks.

The results of the sensitivity analysis calculations as of September 30, 2024 and December 31, 2023 are presented below:

	Assuming a 10% Increase in Rates		Assuming a 10% Decrease in Rates		
Risk	**September 30, 2024**	**December 31, 2023**	**September 30, 2024**	**December 31, 2023**	**Change in the Fair Value of**
	(Dollars in thousands)				
Foreign Currency	$ (2,630)	$ (3,191)	$ 3,215	$ 3,901	Foreign Currency Forward Contracts
Interest Rate	(4,605)	—	4,860	—	Mammoth Senior Secured Notes
Interest Rate	(529)	(754)	536	769	Mizrahi Loan
Interest Rate	(923)	(1,090)	952	1,127	Mizrahi Loan 2023
Interest Rate	(715)	(1,080)	728	1,105	Hapoalim Loan
Interest Rate	(1,820)	(2,142)	1,880	2,216	Hapoalim Loan 2023
Interest Rate	(1,385)	—	1,427	—	Hapoalim 2024 Loan
Interest Rate	(315)	(462)	321	473	HSBC Loan
Interest Rate	(1,291)	—	1,312	—	HSBC Bank 2024 Loan
Interest Rate	(761)	(1,067)	776	1,093	Discount Loan
Interest Rate	(647)	—	668	—	Discount 2024 Loan
Interest Rate	(943)	—	967	—	Discount 2024 II Loan
Interest Rate	9,426	(3,292)	10,048	3,401	Financing Liability
Interest Rate	(2,810)	(3,158)	2,908	3,271	OFC 2 Senior Secured Notes
Interest Rate	(1,964)	(2,532)	2,020	2,617	DFC Loan
Interest Rate	(3,705)	(4,593)	3,828	4,762	Senior Unsecured Bonds
Interest Rate	(259)	(379)	264	390	DEG 2 Loan
Interest Rate	(1,154)	(1,334)	1,199	1,392	DAC 1 Senior Secured Notes
Interest Rate.	(2,488)	(3,230)	2,555	3,337	Migdal Loan and the Additional Migdal Loan and the Second Addendum Migdal Loan
Interest Rate	(837)	(913)	887	971	San Emidio Loan
Interest Rate	(577)	(667)	596	691	DOE Loan
Interest Rate	(2,093)	(2,239)	2,240	2,399	Idaho Refinancing Loan
Interest Rate	(1,613)	(1,854)	1,675	1,929	Platanares DFC Loan
Interest Rate	(212)	(313)	216	321	DEG 3 Loan
Interest Rate	(169)	(151)	171	152	Commercial paper
Interest Rate	(25)	(54)	25	55	Other long-term loans

Effect of Inflation

We have seen an increase in overall operating and other costs since early 2022 as the result of higher inflation rates, in particular in the United States. To address the possibility of rising inflation, some of our contracts include certain provisions that mitigate inflation risk.

In connection with the Electricity segment, none of our U.S. PPAs, including the SCPPA Portfolio PPA, are directly linked to the Consumer Price Index ("CPI"). Inflation may directly impact an expense we incur for the operation of our projects, thereby increasing our overall operating costs and reducing our profit and gross margin. The negative impact of inflation would be partially offset by price adjustments built into some of our PPAs that could be triggered upon such occurrences. In addition to part of the Puna rates that are impacted by higher commodity prices, the energy payments pursuant to our PPAs for some of our power plants such as the Brady power plant, the Steamboat 2 and 3 power plants and the McGinness Complex increase every year through the end of the relevant terms of such agreements, although such increases are not directly linked to the CPI or any other inflationary index. Lease payments are generally fixed, while royalty payments are generally calculated as a percentage of revenues and therefore are not significantly impacted by inflation. In our Product segment, inflation may directly impact fixed and variable costs incurred in the construction of third-party power plants, thereby lowering our profit margins at the Product segment. We are more likely to be able to offset long term, all or part of this inflationary impact through our project pricing. With respect to power plants that we build for our own electricity production, inflationary pricing may impact our operating costs which may be partially offset in the pricing of the new long-term PPAs that we negotiate.

Interest rate increases for both short-term and long-term debt have increased sharply. Although our outstanding debt mostly bears fixed interest rates, as we refinance it, or borrow additional amounts, we may incur additional interest expense versus expiring loans.

In recent months, we saw a slowdown in increases in inflation rates and increases in raw materials costs that we believe have begun to return to normal levels.

Contractual Obligations and Commercial Commitments

We have various contractual obligations, which are recorded as liabilities in our consolidated condensed financial statements. Other items are not recognized as liabilities in our consolidated condensed financial statements but are required to be disclosed. There have been no material changes, outside of the ordinary course of business, to our contractual obligations as previously disclosed in our 2023 Annual Report.

Concentration of Credit Risk

Our credit risk is currently concentrated with the following major customers: Sierra Pacific Power Company and Nevada Power Company (subsidiaries of NV Energy), SCPPA and KPLC. If any of these electric utilities fail to make payments under its PPAs with us, such failure would have a material adverse impact on our financial condition. Also, as we implement our multi-year strategic plan we may be exposed, by expanding our customer base, to different credit profile customers than our current customers.

The Company's revenues from its primary customers as a percentage of total revenues are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Sierra Pacific Power Company and Nevada Power Company	13.5 %	14.0 %	15.0 %	16.5 %
Southern California Public Power Authority (“SCPPA”)	17.9 %	18.7 %	20.9 %	22.0 %
Kenya Power and Lighting Co. Ltd. ("KPLC")	13.5 %	13.1 %	12.9 %	14.0 %

The Company has historically been able to collect on substantially all of its receivable balances. As of September 30, 2024, the amount overdue from KPLC in Kenya was $29.8 million of which $7.8 million was paid in October 2024. The Company believes it will be able to collect all past due amounts from KPLC. This belief is supported by the fact that in addition to KPLC's obligations under its power purchase agreement, the Company holds a support letter from the Government of Kenya that covers certain cases of KPLC non-payment (such as non-payments that are caused by government actions and/or political events).

In Honduras, as of September 30, 2024, the total amount overdue from Empresa Nacional de Energía Eléctrica ("ENEE") was $24.2 million of which $1.1 million was paid in October 2024. In addition, due to the financial situation in Honduras, the

Company may experience further delays in collection. The Company believes it will be able to collect all past due amounts from ENEE.

Government Grants and Tax Benefits

A comprehensive discussion on government grants and tax benefits is included in our 2023 Annual Report.

ITEM 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

The information appearing under the headings "Exposure to Market Risks" and "Concentration of Credit Risk" in Part I, Item 2 of this quarterly report on Form 10-Q is incorporated by reference herein.

ITEM 4. *CONTROLS AND PROCEDURES*

a. Evaluation of disclosure controls and procedures

We maintain disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our CEO (principal executive officer) and CFO (principal financial officer), as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act, we carried out an evaluation, under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of our disclosure controls and procedures as of September 30, 2024. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of September 30, 2024 to provide the reasonable assurance described above.

b. Changes in internal control over financial reporting

There were no changes in our internal controls over financial reporting in the third quarter of 2024 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. *LEGAL PROCEEDINGS*

The information required with respect to this item can be found under “Commitments and Contingencies” in Note 9 of notes to the unaudited condensed consolidated financial statements contained in this quarterly report and is incorporated by reference into this Item 1.

ITEM 1A. *RISK FACTORS*

A comprehensive discussion of our other risk factors is included in the “Risk Factors” section of our annual report on Form 10-K for the year ended December 31, 2023 which was filed with the SEC on February 23, 2024. The risks described in our Form 10-K are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. During the period covered by this quarterly report on Form 10-Q, there have been no material changes in our risk factors previously disclosed in our 2023 Annual Report.

ITEM 2. *UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS*

None.

ITEM 3. *DEFAULTS UPON SENIOR SECURITIES*

None.

ITEM 4. *MINE SAFETY DISCLOSURES*

None.

ITEM 5. *OTHER INFORMATION*

(a) None.

(b) None

(c) During the fiscal quarter ended September 30, 2024, none of our directors or officers adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

We hereby file, as exhibits to this quarterly report, those exhibits listed on the Exhibit Index below.

EXHIBIT INDEX

Exhibit No.	Document
4.1	First Supplemental Indenture, dated July 15, 2024, between Ormat Technologies, Inc. and U.S. Bank Trust Company, National Association, as trustee, incorporated by reference to Exhibit 4.2 to Ormat Technologies, Inc,'s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 18, 2024.
4.2	Form of additional 2.50% Senior Convertible Note due 2027, incorporated by reference to Exhibit 4.3 to Ormat Technologies, Inc,'s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 18, 2024.
31.1*	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2*	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32.1#	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
32.2#	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
101.SC*	Inline XBRL Taxonomy Extension Schema Document.
101.CA*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DE*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LA*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PR*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit 101)

*	Filed herewith
#	Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ORMAT TECHNOLOGIES, INC.

By: /s/ ASSAF GINZBURG

Name: Assaf Ginzburg

Title: Chief Financial Officer and Authorized Signatory

Date: November 7, 2024

Exhibit 31.1

Ormat Technologies, Inc.

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Doron Blachar, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2024 of Ormat Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ DORON BLACHAR
Doron Blachar
Chief Executive Officer
(Principal Executive Officer)

Date: November 7, 2024

Exhibit 31.2

Ormat Technologies, Inc.

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Assaf Ginzburg, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2024 of Ormat Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ ASSAF GINZBURG
Assaf Ginzburg
Chief Financial Officer
(Principal Financial Officer)

Date: November 7, 2024

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Doron Blachar, certify, pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the quarterly report of Ormat Technologies, Inc. on Form 10-Q for the quarter ended September 30, 2024 (i) fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and (ii) that information contained in such quarterly report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Ormat Technologies, Inc. This written statement is being furnished to the Securities and Exchange Commission as an exhibit accompanying such quarterly report and shall not be deemed filed pursuant to the Exchange Act.

By: /s/ DORON BLACHAR
Name: Doron Blachar
Title: Chief Executive Officer
(Principal Executive Officer)

Date: November 7, 2024

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Assaf Ginzburg, certify, pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the quarterly report of Ormat Technologies, Inc. on Form 10-Q for the quarter ended September 30, 2024 (i) fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act and (ii) that information contained in such quarterly report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Ormat Technologies, Inc. This written statement is being furnished to the Securities and Exchange Commission as an exhibit accompanying such quarterly report and shall not be deemed filed pursuant to the Exchange Act.

By: /s/ ASSAF GINZBURG
Name: Assaf Ginzburg
Title: Chief Financial Officer
(Principal Financial Officer)

Date: November 7, 2024