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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of September 2022  
Commission File Number: 001-35284

**Ellomay Capital Ltd.**

(Translation of registrant's name into English)

18 Rothschild Blvd., Tel Aviv 6688121, Israel  
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): \_\_\_\_

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- \_\_\_\_\_

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THE TEXT OF EXHIBITS 99.1 AND 99.2 OF THIS FORM 6-K IS HEREBY INCORPORATED BY REFERENCE INTO THE REGISTRANT'S REGISTRATION STATEMENTS ON FORM F-3 (NOS. 333-199696 AND 333-144171) AND FORM S-8 (NOS. 333-187533, 333-102288 AND 333-92491), AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS SUBMITTED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

This Report on Form 6-K of Ellomay Capital Ltd. consists of the following documents, which are attached hereto and incorporated by reference herein:

[Exhibit 99.1](#) [Condensed Consolidated Interim Financial Statements as at June 30, 2022 \(Unaudited\).](#)

[Exhibit 99.2](#) [Operating and Financial Review and Prospects for the six months ended June 30, 2022.](#)

Also attached hereto and furnished herewith as Exhibit 101 are the Condensed Consolidated Interim Financial Statements as at June 30, 2022 (Unaudited), formatted in XBRL (eXtensible Business Reporting Language), consisting of the following sub-exhibits:

<u>Exhibit Number</u>	<u>Document Description</u>
EX-101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
EX-101.SCH	Inline XBRL Taxonomy Extension Schema Document
EX-101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
EX-101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
EX-101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
EX-101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

**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.

Ellomay Capital Ltd.

By: /s/ Ran Fridrich  
Ran Fridrich  
Chief Executive Officer and Director

Dated: September 22, 2022

**Ellomay Capital Ltd.  
and its Subsidiaries**

**Condensed Consolidated Interim Financial Statements  
As at June 30, 2022  
(Unaudited)**

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**Condensed Consolidated Unaudited Interim Financial Statements**

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## Condensed Consolidated Unaudited Interim Statements of Financial Position

		June 30, 2022	December 31, 2021	June 30, 2022
		(Unaudited)	(Audited)	(Unaudited)
	Note	€ in thousands		Convenience Translation into US\$ in thousands**
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		59,951	41,229	62,287
Marketable securities	4	1,761	1,946	1,830
Short term deposits	4	-	28,410	-
Restricted cash	4	4,280	1,000	4,447
Receivable from concession project		1,786	1,784	1,856
Trade and other receivables	5	10,744	9,487	11,163
		<u>78,522</u>	<u>83,856</u>	<u>81,583</u>
<b>Non-current assets</b>				
Investment in equity accounted investee	6	32,410	34,029	33,673
Advances on account of investments		1,554	1,554	1,615
Receivable from concession project		25,991	26,909	27,004
Fixed assets	8	352,680	*340,897	366,424
Right-of-use asset		23,360	23,367	24,270
Intangible asset		4,418	4,762	4,590
Restricted cash and deposits	4	20,379	15,630	21,174
Deferred tax		23,723	12,952	24,648
Long term receivables	5	8,581	5,388	8,915
Derivatives	7	2,718	2,635	2,824
		<u>495,814</u>	<u>468,123</u>	<u>515,137</u>
<b>Total assets</b>		<u>574,336</u>	<u>551,979</u>	<u>596,720</u>
<b>Liabilities and Equity</b>				
<b>Current liabilities</b>				
Current maturities of long-term bank loans		12,306	126,180	12,786
Current maturities of other long-term loans		10,000	16,401	10,390
Current maturities of debentures		19,785	19,806	20,556
Trade payables		2,059	2,904	2,138
Other payables		20,120	20,806	20,904
Current maturities of derivatives		38,996	14,783	40,516
Current maturities of lease liabilities		675	4,329	701
		<u>103,941</u>	<u>205,209</u>	<u>107,991</u>
<b>Non-current liabilities</b>				
Long-term lease liabilities		16,206	15,800	16,838
Long-term bank loans		217,845	39,093	226,335
Other long-term loans		25,754	37,221	26,758
Debentures		93,973	117,493	97,635
Deferred tax		6,409	*9,044	6,659
Other long-term liabilities		3,324	3,905	3,454
Derivatives	7	24,198	10,107	25,141
		<u>387,709</u>	<u>232,663</u>	<u>402,820</u>
<b>Total liabilities</b>		<u>491,650</u>	<u>437,872</u>	<u>510,811</u>
<b>Equity</b>				
Share capital		25,605	25,605	26,603
Share premium		85,943	85,883	89,292
Treasury shares		(1,736)	(1,736)	(1,804)
Transaction reserve with non-controlling Interests		5,697	5,697	5,919
Reserves		(11,763)	7,288	(12,221)
Accumulated deficit		(8,121)	*(6,899)	(8,437)
Total equity attributed to shareholders of the Company		<u>95,625</u>	<u>115,838</u>	<u>99,352</u>
Non-Controlling Interest		(12,939)	*(1,731)	(13,443)
<b>Total equity</b>		<u>82,686</u>	<u>114,107</u>	<u>85,909</u>
<b>Total liabilities and equity</b>		<u>574,336</u>	<u>551,979</u>	<u>596,720</u>

\* Reclassified, please see Note 2C.

\* Convenience translation into US\$ (exchange rate as at June 30, 2022: EUR 1 = US\$1.039)

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

## Condensed Consolidated Unaudited Interim Statements of Profit or Loss and Other Comprehensive Income or Loss

	For the six months ended June 30,		For the year ended December	For the six months ended June 30, 2022
	2022	2021	31, 2021	June 30, 2022
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
	€ in thousands (except per share amounts)			
Revenues	29,196	*20,393	*45,721	30,334
Operating expenses	(13,132)	*(7,572)	*(17,590)	(13,644)
Depreciation and amortization expenses	(7,978)	*(7,076)	*(15,116)	(8,289)
<b>Gross profit</b>	<b>8,086</b>	<b>5,745</b>	<b>13,015</b>	<b>8,401</b>
Project development costs	(1,554)	(1,119)	(2,508)	(1,615)
General and administrative expenses	(3,297)	(2,572)	(5,661)	(3,425)
Share of profits (losses) of equity accounted investee	(602)	(772)	117	(625)
<b>Operating profit</b>	<b>2,633</b>	<b>1,282</b>	<b>4,963</b>	<b>2,736</b>
Financing income	4,439	1,716	2,931	4,612
Financing income (expenses) in connection with derivatives and warrants, net	338	(109)	(841)	351
Financing expenses	(6,958)	(7,745)	(28,974)	(7,230)
<b>Financing expenses, net</b>	<b>(2,181)</b>	<b>(6,138)</b>	<b>(26,884)</b>	<b>(2,267)</b>
<b>Profit (loss) before taxes on income</b>	<b>452</b>	<b>(4,856)</b>	<b>(21,921)</b>	<b>469</b>
Tax benefit (Taxes on income)	(1,087)	*(306)	*2,281	(1,129)
<b>Loss for the period</b>	<b>(635)</b>	<b>(5,162)</b>	<b>(19,640)</b>	<b>(660)</b>
<b>Profit (loss) attributable to:</b>				
Owners of the Company	(1,222)	*(5,252)	*(15,090)	(1,270)
Non-controlling interests	587	*90	*(4,550)	610
<b>Loss for the period</b>	<b>(635)</b>	<b>(5,162)</b>	<b>(19,640)</b>	<b>(660)</b>
<b>Other comprehensive loss items that after initial recognition in comprehensive income (loss) were or will be transferred to profit or loss:</b>				
Foreign currency translation differences for foreign operations	(3,683)	1,684	12,284	(3,826)
Effective portion of change in fair value of cash flow hedges	(31,942)	(5,202)	(13,429)	(33,186)
Net change in fair value of cash flow hedges transferred to profit or loss	821	(1,225)	(3,353)	853
<b>Total other comprehensive loss</b>	<b>(34,804)</b>	<b>(4,743)</b>	<b>(4,498)</b>	<b>(36,159)</b>
<b>Total other comprehensive loss attributable to:</b>				
Owners of the Company	(19,051)	(1,764)	3,124	(19,793)
Non-controlling interests	(15,753)	(2,979)	(7,622)	(16,366)
<b>Total other comprehensive loss</b>	<b>(34,804)</b>	<b>(4,743)</b>	<b>(4,498)</b>	<b>(36,159)</b>
<b>Total comprehensive loss for the period</b>	<b>(35,439)</b>	<b>(9,905)</b>	<b>(24,138)</b>	<b>(36,819)</b>
<b>Total comprehensive loss for the period attributable to:</b>				
Owners of the Company	(20,273)	(7,016)	(11,966)	(21,063)
Non-controlling interests	(15,166)	(2,889)	(12,172)	(15,756)
<b>Total comprehensive loss for the period</b>	<b>(35,439)</b>	<b>(9,905)</b>	<b>(24,138)</b>	<b>(36,819)</b>
<b>Basic net loss per share</b>	<b>(0.10)</b>	<b>*(0.41)</b>	<b>*(1.18)</b>	<b>(0.10)</b>
<b>Diluted net loss per share</b>	<b>(0.10)</b>	<b>*(0.41)</b>	<b>*(1.18)</b>	<b>(0.10)</b>

\* Reclassified, please see Note 2C.

\* Convenience translation into US\$ (exchange rate as at June 30, 2022: EUR 1 = US\$1.039)

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

## Condensed Consolidated Unaudited Interim Statements of Changes in Equity

	Attributable to shareholders of the Company							Non-controlling Interests	Total Equity	
	Share capital	Share premium	Accumulated deficit	Treasury shares	Translation reserve from foreign operations	Hedging Reserve	Interests Transaction reserve with non-controlling Interests			
							Total			
€ in thousands										
<b>For the six months ended June 30, 2022 (unaudited):</b>										
Balance as at January 1, 2022	25,605	85,883	(6,899)	(1,736)	15,365	(8,077)	5,697	115,838	(1,731)	114,107
Profit (loss) for the period	-	-	(1,222)	-	-	-	-	(1,222)	587	(635)
Other comprehensive loss for the period	-	-	-	-	(3,466)	(15,585)	-	(19,051)	(15,753)	(34,804)
Total comprehensive loss for the period	-	-	(1,222)	-	(3,466)	(15,585)	-	(20,273)	(15,166)	(35,439)
<b>Transactions with owners of the Company, recognized directly in equity:</b>										
Issuance of Capital note to non-controlling interest	-	-	-	-	-	-	-	-	3,958	3,958
Share-based payments	-	60	-	-	-	-	-	60	-	60
Balance as at June 30, 2022	25,605	85,943	(8,121)	(1,736)	11,899	(23,662)	5,697	95,625	(12,939)	82,686

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

## Condensed Consolidated Unaudited Interim Statements of Changes in Equity (cont'd)

	Attributable to shareholders of the Company							Non-controlling Interests	Total Equity	
	Share capital	Share premium	Retained earnings (Accumulated deficit)	Treasury shares	Translation reserve from foreign operations	Hedging Reserve	Interests Transaction reserve with non-controlling Interests			
							Total			
<b>€ in thousands</b>										
<b>For the six months ended June 30, 2021 (unaudited):</b>										
Balance as at January 1, 2021	25,102	82,401	8,191	(1,736)	3,823	341	6,106	124,228	798	125,026
Profit (loss) for the period	-	-	*(5,252)	-	-	-	-	(5,252)	*90	(5,162)
Other comprehensive income (loss) for the period	-	-	-	-	1,636	(3,400)	-	(1,764)	(2,979)	(4,743)
Total comprehensive income (loss) for the period	-	-	(5,252)	-	1,636	(3,400)	-	(7,016)	(2,889)	(9,905)
Transactions with owners of the Company, recognized directly in equity:										
Issuance of Capital note to non-controlling interest	-	-	-	-	-	-	-	-	8,682	8,682
Acquisition of shares in subsidiaries from non-controlling interests	-	-	-	-	-	-	(961)	(961)	961	-
Warrants exercise	454	3,348	-	-	-	-	-	3,802	-	3,802
Options exercise	22	-	-	-	-	-	-	22	-	22
Share-based payments	-	13	-	-	-	-	-	13	-	13
Balance as at June 30, 2021	<u>25,578</u>	<u>85,762</u>	<u>2,939</u>	<u>(1,736)</u>	<u>5,459</u>	<u>(3,059)</u>	<u>5,145</u>	<u>120,088</u>	<u>7,552</u>	<u>127,640</u>

\* Reclassified, please see Note 2C.

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

## Condensed Consolidated Unaudited Interim Statements of Changes in Equity (cont'd)

	Attributable to shareholders of the Company							Non-controlling Interests	Total Equity	
	Share capital	Share premium	Retained earnings (Accumulated deficit)	Treasury shares	Translation Reserve from foreign operations	Hedging Reserve	Transaction reserve with non-controlling Interests			Total
<b>For the year ended December 31, 2021 (audited):</b>										
Balance as at January 1, 2021	25,102	82,401	8,191	(1,736)	3,823	341	6,106	124,228	798	125,026
Profit (loss) for the year	-	-	*(15,090)	-	-	-	-	(15,090)	*(4,550)	(19,640)
Other comprehensive income (loss) for the year	-	-	-	-	11,542	(8,418)	-	3,124	(7,622)	(4,498)
<b>Total comprehensive income (loss) for the year</b>	-	-	(15,090)	-	11,542	(8,418)	-	(11,966)	(12,172)	(24,138)
Transactions with owners of the Company, recognized directly in equity:										
Issuance of Capital note to non-controlling interest	-	-	-	-	-	-	-	-	8,682	8,682
Acquisition of shares in subsidiaries from non-controlling interests	-	-	-	-	-	-	(409)	(409)	961	552
Warrants exercise	454	3,419	-	-	-	-	-	3,873	-	3,873
Options exercise	49	-	-	-	-	-	-	49	-	49
Share-based payments	-	63	-	-	-	-	-	63	-	63
<b>Balance as at December 31, 2021</b>	<b>25,605</b>	<b>85,883</b>	<b>(6,899)</b>	<b>(1,736)</b>	<b>15,365</b>	<b>(8,077)</b>	<b>5,697</b>	<b>115,838</b>	<b>(1,731)</b>	<b>114,107</b>

\* Reclassified, please see Note 2C.

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

## Condensed Consolidated Unaudited Interim Statements of Changes in Equity (cont'd)

	Attributable to shareholders of the Company							Non-controlling Interests	Total Equity	
	Share capital	Share premium	Accumulated deficit	Treasury shares	Translation reserve from foreign operations	Hedging Reserve	Interests Transaction reserve with non-controlling Interests			
	Convenience translation into US\$*							Total		
<b>For the six months ended June 30, 2022 (unaudited):</b>										
Balance as at January 1, 2022	26,603	89,230	(7,167)	(1,804)	15,964	(8,392)	5,919	120,353	(1,799)	118,554
Profit (loss) for the period	-	-	(1,270)	-	-	-	-	(1,270)	610	(660)
Other comprehensive loss for the period	-	-	-	-	(3,601)	(16,192)	-	(19,793)	(16,366)	(36,159)
Total comprehensive loss for the period	-	-	(1,270)	-	(3,601)	(16,192)	-	(21,063)	(15,756)	(36,819)
Transactions with owners of the Company, recognized directly in equity:										
Issuance of Capital note to non-controlling interest	-	-	-	-	-	-	-	-	4,112	4,112
Share-based payments	-	62	-	-	-	-	-	62	-	62
Balance as at June 30, 2022	26,603	89,292	(8,437)	(1,804)	12,363	(24,584)	5,919	99,352	(13,443)	85,909

\* Convenience translation into US\$ (exchange rate as at June 30, 2022: EUR 1 = US\$1.039)

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

## Condensed Consolidated Unaudited Interim Statements of Cash Flows

	For the six months ended June 30,		For the year ended December 31, 2021	For the six months ended June 30, 2022
	2022 (Unaudited)	2021 (Unaudited)	(Audited)	(Unaudited)
	€ in thousands			
	Convenience Translation into US\$*			
<b>Cash flows from operating activities</b>				
Loss for the period	(635)	*(5,162)	*(19,640)	(660)
Adjustments for:				
Financing expenses, net	2,181	6,138	26,884	2,267
Profit from settlement of derivatives contract	-	(407)	(407)	-
Depreciation and amortization	7,978	*7,076	*15,116	8,289
Share-based payment transactions	60	13	63	62
Share of losses (profits) of equity accounted investees	602	772	(117)	625
Payment of interest on loan by an equity accounted investee	-	859	859	-
Change in trade receivables and other receivables	(2,579)	(2,124)	(1,883)	(2,680)
Change in other assets	53	(782)	(545)	55
Change in receivables from concessions project	(550)	757	1,580	(571)
Change in trade payables	(801)	(941)	154	(832)
Change in other payables	7,878	3,715	2,380	8,185
Income tax expense (tax benefit)	1,087	*306	*(2,281)	1,129
Income taxes paid	(3,255)	(15)	(94)	(3,382)
Interest received	922	921	1,844	958
Interest paid	(4,924)	(3,857)	(7,801)	(5,116)
Net cash provided by operating activities	<u>8,017</u>	<u>7,269</u>	<u>16,112</u>	<u>8,329</u>
<b>Cash flows from investing activities</b>				
Acquisition of fixed assets	(22,274)	(64,665)	(83,682)	(23,142)
Repayment of loan by an equity accounted investee	149	1,400	1,400	155
Loan to an equity accounted investee	-	(244)	(335)	-
Advances on account of investments	-	(8)	-	-
Settlement of derivatives contract	(528)	(252)	(976)	(549)
Investment in restricted cash, net	(8,241)	(185)	(5,990)	(8,562)
Proceeds from (investment in) short term deposit	27,645	8,533	(18,599)	28,722
Proceeds from (investment in) marketable securities	-	1,785	(112)	-
Net cash used in investing activities	<u>(3,249)</u>	<u>(53,636)</u>	<u>(108,294)</u>	<u>(3,376)</u>
<b>Cash flows from financing activities</b>				
Sale of shares in subsidiaries to non-controlling interests	-	1,400	1,400	-
Proceeds from options	-	22	49	-
Cost associated with long term loans	(8,958)	(197)	(2,796)	(9,307)
Payment of principal of lease liabilities	(4,000)	-	(4,803)	(4,156)
Proceeds from long term loans	196,189	32,476	32,947	203,835
Repayment of long-term loans	(143,095)	(3,390)	(18,905)	(148,672)
Repayment of Debentures	(19,764)	(30,730)	(30,730)	(20,534)
Repayment of SWAP instrument associated with long term loans	(3,290)	-	-	(3,418)
Proceeds from issue of convertible debentures	-	15,571	15,571	-
Proceeds from issuance of Debentures, net	-	25,465	57,717	-
Issuance / exercise of warrants	-	3,675	3,746	-
Net cash provided by financing activities	<u>17,082</u>	<u>44,292</u>	<u>54,196</u>	<u>17,748</u>
Effect of exchange rate fluctuations on cash and cash equivalents	(3,128)	2,489	12,370	(3,250)
Increase (decrease) in cash and cash equivalents	18,722	414	(25,616)	19,451
Cash and cash equivalents at the beginning of the period	41,229	66,845	66,845	42,836
<b>Cash and cash equivalents at the end of the period</b>	<u>59,951</u>	<u>67,259</u>	<u>41,229</u>	<u>62,287</u>

\* Reclassified, please see Note 2C.

\* Convenience translation into US\$ (exchange rate as at June 30, 2022: EUR 1 = US\$1.039)

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

**Notes to the Condensed Consolidated Unaudited Interim Financial Statements**

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**Note 1 - General**

Ellomay Capital Ltd. (hereinafter - the "Company"), is an Israeli company involved in the production of renewable and clean energy. As of June 30, 2022, the Company owns seven photovoltaic plants (each, a "PV Plant" and, together, the "PV Plants") that are operating and connected to their respective national grids as follows: (i) five photovoltaic plants in Spain with an aggregate installed capacity of approximately 35.9 MW, (ii) 51% of Talasol, which owns a photovoltaic plant with installed capacity of 300MW in the municipality of Talaván, Cáceres, Spain (hereinafter - the "Talasol Project") and (iii) one photovoltaic plant in Israel with an aggregate installed capacity of approximately 9 MW. In addition, the Company indirectly owns: (i) 9.375% of Dorad Energy Ltd. (hereinafter - "Dorad"), (ii) Ellomay Solar Italy One SRL and Ellomay Solar Italy Two SRL, that are constructing photovoltaic plants with installed capacity of 14.8 MW and 4.95 MW, respectively, in the municipality of Latina, Borgo Bainsizza, Lazio Region, Italy, (iii) Groen Gas Goor B.V., Groen Gas Oude-Tonge B.V. and Groen Gas Gelderland B.V., project companies operating anaerobic digestion plants in the Netherlands, with a green gas production capacity of approximately 3 million, 3.8 million and 9.5 million (with a license to produce 7.5 million) Nm<sup>3</sup> per year, respectively, and (iv) 83.333% of Ellomay Pumped Storage (2014) Ltd. (hereinafter - "Ellomay PS"), which is constructing a 156 MW pumped storage hydro power plant in the Manara Cliff, Israel (hereinafter - the "Manara PSP").

The ordinary shares of the Company are listed on the NYSE American and on the Tel Aviv Stock Exchange under the trading symbol "ELLO". The address of the Company's registered office is 18 Rothschild Blvd., Tel Aviv, Israel.

*Effects of the spreading of the coronavirus and of the military conflict between Russia and Ukraine*

Following the outbreak of the coronavirus (Covid-19) in China in December 2019, and the spreading of Covid-19 to many other countries since the beginning of 2020, creating the current pandemic situation, there was a decrease in economic activity in many areas around the world, including Israel, Spain and Italy. The spread of the virus has led, inter alia, to a disruption in the supply chain, a decrease in global transportation, restrictions on travel and work that were announced by the State of Israel and other countries around the world and a decrease in the value of financial assets and commodities on the markets in Israel and the world. In recent months, Spain, Italy, and Israel have experienced a resurgence in the number of Covid-19 cases, causing the local governments to renew restrictions and implement additional measures in order to attempt to curb the spread of the pandemic. Although the Company's operations have not thus far been materially adversely affected by the restrictions imposed by local governments and authorities in the countries in which the Company operates, in the event the restrictions continue, or new restrictions are imposed, the operations of the Company, including the projects under construction and development, may be adversely affected. Also, as a result of the Covid-19 pandemic, the electricity prices in the European markets declined during the beginning of the pandemic due to the decrease in demand, resulting in a slight decrease in the Company's revenues in Spain. Despite a decrease in the number and severity of Covid-19 cases in recent months compared to the first year of the pandemic, the impact and implications of the pandemic, including the delays in supply chains and the shortage of components, causing delays, and increases in costs and expenses, are still impacting the markets and industries worldwide and may also indirectly affect the operations of the Company, for example through changes in the prices of oil resulting in a decrease in the electricity prices, and through reduction in demand for electricity, delays in construction of projects due to curtailment of work, limited availability of components required in order to operate or construct new projects, regulatory changes by countries affected by the virus, including changes in subsidies, collection delays, delays in obtaining permits, limited availability or changes in terms of financing for future projects, limited availability of corporate financing and lower returns on potential future investments. As a result, the Company's business and operating results could be negatively affected.

**Notes to the Condensed Consolidated Unaudited Interim Financial Statements**

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**Note 1 - General (cont'd)**

The military conflict between Russia and Ukraine impacted European and other markets and caused delays in supply and shortages in supply, including natural gas supply. Since the commencement of the military conflict between Russia and Ukraine and the gas shortage caused by such conflict, the electricity prices in the European markets have significantly increased and are currently higher than were in effect prior to the pandemic. The war in Ukraine also caused shortages in certain raw materials and an increase in delivery prices, impacting our biogas operations in the Netherlands. The supply of raw materials has since been renewed. In connection with the increases in electricity prices that commenced prior to the military conflict between Russia and the Ukraine but were enhanced significantly since the commencement of the conflict, the Spanish government implemented RDL 17/2021 that establishes the reduction, initially until March 31, 2022, of returns on the electricity generating activity of Spanish production facilities that do not emit greenhouse gases accomplished through payments of a portion of the revenues by the production facilities to the Spanish government. RDL 17/2021 was thereafter extended and applied until June 30, 2022. The continued military conflict between Russia and the Ukraine may adversely impact our operations in the future, including through the implementation of new regulation in the countries in which we operate, changes in the financial markets and availability of funds in Europe, shortages in raw materials and continued increase in delivery prices.

The extent to which the Covid-19 pandemic and the military conflict between Russia and Ukraine impacts the business of the Company will depend on future developments, which are highly uncertain and cannot be predicted.

*Increase in Annual Interest Rate of the Company's Series C Debentures*

On June 6, 2022, the holders of the Company's Series C Debentures approved an amendment to the Series C Deed of Trust, which provides for certain revisions to the financial covenants and for the increase of the annual interest rate payable on the principal of the Series C Debentures by 0.25% from 3.3% to 3.55%, commencing on June 6, 2022.

**Note 2 - Basis of Preparation and Significant Accounting Policies**

The accounting policies applied by the Company in these condensed consolidated unaudited interim financial statements are the same as those applied by the Company in its annual financial statements for 2021.

**A. Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and do not include all of the information required for full annual financial statements. They should be read in conjunction with the Company's financial statements as at and for the year ended December 31, 2021 (hereinafter – "the annual financial statements").

These condensed consolidated interim financial statements were authorized for issue on September 22, 2022.

## Notes to the Condensed Consolidated Unaudited Interim Financial Statements

## Note 2 - Basis of Preparation and Significant Accounting Policies (cont'd)

**B. Use of estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to exercise judgment when making assessments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the principal assumptions used in the estimation of uncertainty were the same as those that applied to the annual financial statements.

**C. Initial application of new standards, amendments to standards and interpretations****Amendment to IAS 16, Property, Plant and Equipment ("the Amendment") –**

The Amendment annuls the requirement by which in the calculation of costs directly attributable to fixed assets, the net proceeds from selling certain items that were produced while the Company tested the functioning of the asset should be deducted (such as samples that were produced when testing the equipment). Instead, such proceeds shall be recognized in profit or loss and the cost of the sold items will be measured according to the measurement requirements of IAS 2, *Inventories*.

The Amendment is applied retrospectively, including an amendment of comparative data, only with respect to fixed asset items that have been brought to the location and condition required for them to operate in the manner intended by management subsequent to the earliest reporting period presented at the date of initial application of the Amendment.

The cumulative effect of the Amendment was included in the opening balance of retained earnings for the earliest reporting period presented.

As a result of applying the Amendment the Company recognized an increase in the balance of fixed assets against a corresponding increase in retained earnings and the deferred tax in 2021. Please see the tables below:

	December 31, 2021		
	€ in thousands		
	As previously reported	Application effect IAS16- Amendment	As reported in these financial statements
	Audited	Unaudited	Unaudited
Fixed assets	340,065	832	340,897
Deferred tax	8,836	208	9,044
Accumulated deficit	(7,217)	318	(6,899)
Non-Controlling Interest	(2,037)	306	(1,731)
Revenues	44,783	938	45,721
Operating expenses	(17,524)	(66)	(17,590)
Depreciation and amortization expenses	(15,076)	(40)	(15,116)
Tax benefit (Taxes on income)	2,489	(208)	2,281
<b>Profit (loss) attributable to:</b>			
Owners of the Company	(15,408)	318	(15,090)
Non-controlling interests	(4,856)	306	(4,550)
Basic loss per share	(1.20)	0.02	(1.18)
Diluted loss per share	(1.20)	0.02	(1.18)

## Notes to the Condensed Consolidated Unaudited Interim Financial Statements

## Note 2 - Basis of Preparation and Significant Accounting Policies (cont'd)

## C. Initial application of new standards, amendments to standards and interpretations (cont'd)

Amendment to IAS 16, *Property, Plant and Equipment* (“the Amendment”) (cont'd) –

	June 30, 2021		
	€ in thousands		
	As previously reported	Application effect IAS16- Amendment	As reported in these financial statements
	Unaudited		
Fixed assets	312,983	852	313,835
Deferred tax	8,124	213	8,337
Accumulated deficit	2,613	326	2,939
Non-Controlling Interest	7,239	313	7,552
Revenues	19,455	938	20,393
Operating expenses	(7,506)	(66)	(7,572)
Depreciation and amortization expenses	(7,056)	(20)	(7,076)
Tax benefit (Taxes on income)	(93)	(213)	(306)
<b>Profit (loss) attributable to:</b>			
Owners of the Company	(5,578)	326	(5,252)
Non-controlling interests	(223)	313	90
Basic loss per share	(0.44)	0.03	(0.41)
Diluted loss per share	(0.44)	0.03	(0.41)

Amendment to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets – Costs of Fulfilling a Contract* (“the Amendment”) –

According to the Amendment, when assessing whether a contract is onerous, the costs of fulfilling a contract that should be taken into consideration are costs that relate directly to the contract, which include the following:

- Incremental costs; and
- An allocation of other costs that relate directly to fulfilling a contract (such as depreciation expenses for fixed assets used in fulfilling that contract and other contracts).

The Amendment is applied retrospectively as from January 1, 2022, in respect of contracts where the entity has not yet fulfilled all its obligations.

Application of the Amendment did not have a material effect on the financial statements.

**Notes to the Condensed Consolidated Unaudited Interim Financial Statements****Note 3 - Seasonality**

Solar power production has a seasonal cycle due to its dependency on the direct and indirect sunlight and the effect the amount of sunlight has on the output of energy produced. Thus, low radiation levels during the winter months decrease power production.

**Note 4 - Restricted Cash, Deposits and Marketable Securities**

	June 30, 2022	December 31, 2021
	€ in thousands	
	Unaudited	Audited
Marketable securities (1)	1,761	1,946
Short-term restricted cash (2)	4,280	1,000
Short-term deposits	-	28,410
Long-term restricted non-interest-bearing bank deposits (2)	20,379	15,630

1. During 2021, the Company invested in a traded Corporate Bond with a coupon rate of 3.255%.
2. Deposits used to secure obligations towards the Israeli Electricity Authority for the license for the pumped-storage project in the Manara Cliff in Israel in 2021 and to secure obligations under loan agreements.

**Note 5 - Trade and Other Receivables**

	June 30, 2022	December 31, 2021
	€ in thousands	
	Unaudited	Audited
<b>Current Assets:</b>		
<b>Trade and other receivables:</b>		
Government authorities	1,524	1,602
Income receivable	3,366	3,794
Interest receivable	14	3
Current tax	-	76
Trade receivable	3,287	598
Inventory	547	640
Derivatives (Note 7)	55	639
Prepaid expenses and other	1,951	2,135
	<u>10,744</u>	<u>9,487</u>
<b>Non-current Assets:</b>		
<b>Long term receivables</b>		
Loans to others	554	568
Annual rent deposits	48	33
Prepaid expenses associated with long term loans (1)	7,927	4,787
Other	52	-
	<u>8,581</u>	<u>5,388</u>

- (1) Prepaid commission expenses paid in connection with the Talasol Project's project finance obtained from financing entities as at December 31, 2021 and prepaid commission expenses paid in connection with the Manara PSP project finance obtained from financing entities as at June 30, 2022.

**Notes to the Condensed Consolidated Unaudited Interim Financial Statements**

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**Note 6 - Investee Companies and Other Investments****Information about investee companies and other investments****A. U. Dori Energy Infrastructures Ltd. (“Dori Energy”)-**

The Company, through its wholly owned subsidiary, Ellomay Clean Energy Ltd. (“Ellomay Energy”), entered into an Investment Agreement (the “Dori Investment Agreement”) with Amos Luzon Entrepreneurship and Energy Group Ltd. (the “Luzon Group”), and Dori Energy, with respect to an investment in Dori Energy. Dori Energy holds 18.75% of the share capital of Dorad, which owns an approximate 860 MW bi-fuel operated power plant in the vicinity of Ashkelon, Israel (the “Dorad Power Plant”). Dorad holds production and supply licenses, both expiring in May 2034 and commenced commercial operation in May 2014.

Dorad provided guarantees in favor of the Israeli Electricity Authority, the Israel Electric Corporation and Israel Natural Gas Lines Ltd. These guarantees were provided through Dorad’s shareholders at their proportionate holdings, as required by the financing agreements executed by Dorad. As of June 30, 2022, total performance guarantees provided by Dorad amounted to approximately NIS 147,000 thousand (approximately €40,425 thousand). The Company’s indirect share of guarantees that Dorad provided through its shareholders is approximately NIS 13,780 thousand (approximately €3,790 thousand).

Dorad and its shareholders are involved in several legal proceedings as follows:

Petition to Approve a Derivative Claim filed by Dori Energy and Ran Fridrich and Third Party Notices

In connection with the description of the petition to approve a derivative claim filed by Dori Energy and Hemi Raphael (replaced by Ran Fridrich) and related third party notices included in Note 6.A to the annual financial statements, the parties filed several motions in connection with the discovery process, the evidentiary hearings and expert opinions. Additional evidentiary hearings were held in March-May 2021. On May 19, 2022, summaries were submitted and during June and July 2022 several hearings were held to complete the oral arguments. The arbitrator informed the parties that he will issue an arbitration award in the first quarter of 2023.

The Company estimates (after consulting with legal counsel), that at this stage it is not yet possible to assess the outcome of the proceeding. With respect to the third party notices filed in connection with the derivative claim against Dori Energy and other parties, the Company estimates (after consulting with legal counsel) that if the main (Derivative) claim is dismissed then the third party notices will be redundant, whereas if the main claim is accepted, it is more likely than not that the third party notices shall be rejected, as they are based on arguments similar to those raised by the defendants in their statements against of defense filed against the main claim.

Petition to Approve a Derivative Claim filed by Edelcom

Please see above under “Petition to Approve a Derivative Claim filed by Dori Energy” for updates in connection with the petition to approve a derivative claim filed by Edelcom Ltd., one of the shareholders of Dorad (“Edelcom”), included in Note 6.A to the annual financial statements as this proceeding is also conducted in the framework of the above-mentioned arbitration. As noted above, the arbitration award is expected to be issued during the first quarter of 2023. The Company estimates (after consulting with legal counsel), that the chances of the petition to be approved are lower than the chances that it will be rejected.

**Notes to the Condensed Consolidated Unaudited Interim Financial Statements**

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**Note 6 - Investee Companies and Other Investments (cont'd)****A. U. Dori Energy Infrastructures Ltd. ("Dori Energy") (cont'd)-**Opening Motion filed by Zorlu

In connection with the description of the opening motion filed by Zorlu Enerji Elektrik Uretim A.S., one of the shareholders of Dorad ("Zorlu") included in Note 6.A to the annual financial statements, as per which Zorlu asked the court to instruct Dorad to convene a shareholders meeting and to include a discussion and a vote on the planning and construction of an additional power plant adjacent to the existing power plant (the "Dorad 2 Project"), on the agenda of this meeting, in June 2021, a ruling was handed in which the court ordered Dorad to convene a special shareholders meeting, on whose agenda will be the planning and construction of the "Dorad 2 Project". Following the said ruling, Dorad's board resolved that Dorad's management will continue to examine the feasibility of the "Dorad 2 Project" and its implications and bring its decisions to the board's approval. Dorad's board of directors further resolved that to the extent it will approve the Dorad 2 Project, the decision will be presented to Dorad's shareholders for approval. On July 27, 2021, a shareholders meeting of Dorad was held. In accordance with the court ruling, the agenda for such meeting included two resolutions (1) the planning and construction of the Dorad 2 Project – a resolution that Dori Energy and Eilat-Ashkelon Infrastructure Services Ltd. ("EAIS"), which holds 37.5% of Dorad, supported and Edelcom and Zorlu rejected; and (2) approval of the aforementioned resolution of the Dorad board of directors – a resolution which Dori Energy and EAIS supported and with respect to which Edelcom and Zorlu abstained. Following such shareholders meeting, correspondence was exchanged between Dorad and Edelcom concerning, among other issues, the implications of the aforementioned resolutions. Dorad estimates (after consulting with legal counsel) that by convening the aforementioned shareholders meeting Dorad complied with the court ruling and therefore the opening motion process ended. To the Company's knowledge, the Dorad 2 Project is currently under initial internal examination by Dorad. On July 13, 2020, Dorad submitted to the National Infrastructure Committee, or NIC, plans for public objections, on January 11, 2021, the NIC decided to postpone the final decision and on December 27, 2021, the NIC decided to conditionally raise the construction of another power plant to a government decision. There can be no assurance as to if, when and under what terms it will be advanced or promoted by Dorad.

**B. Manara Pumped Storage Project –**

On December 31, 2020, Ellomay PS, the Company's 83.333% owned subsidiary, received the tariff approval for the project from the Israeli Electricity Authority that regulates the tariffs and formulas for purchasing capacity and energy from a pumped storage producer connected to the transmission grid for a period of 20 years beginning on the date of receipt of the permanent production license, upon construction completion and commercial operation. The tariff approval became effective following the financial closing of the Manara PSP in February 2021.

On February 11, 2021, the Manara PSP project finance reached financial closing. The Manara PSP project finance is provided by a consortium of Israeli banks and institutional investors, arranged and led by Mizrahi-Tefahot Bank Ltd. as further included in Note 6 and Note 11 to the annual financial statements. On January 31, 2022, Ellomay PS completed all the preliminary conditions for the first withdrawal under the Manara PSP project finance and executed the first withdrawal in the amount of approximately NIS 75,000 thousand (approximately €21,000 thousand). This amount was drawn from the Senior Secured Tranche and the Subordinated Secured B Tranche pro-rata. The amount drawn from the Senior Secured Tranche was approximately NIS 69,133 thousand (approximately €19,390 thousand) at an interest rate of 2.75% during the construction period and 1.9% as from the date of commercial operation. The amount drawn from the Subordinated Secured B Tranche was approximately NIS 5,867 (approximately €1,610 thousand) at an interest rate of 4.45% during the construction period and 4% as from the date of commercial operation.

**Notes to the Condensed Consolidated Unaudited Interim Financial Statements**

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**Note 6 - Investee Companies and Other Investments (cont'd)****B. Manara Pumped Storage Project (cont'd) –**

Prior to the first withdrawal, the company requested a waiver in connection with the financial covenants required for the first withdrawal, so that instead of maintaining a projected ratio of minimum debt service cover (PROJECTED ADSCR) and LLCR as defined in the Finance Agreement of 1.35:1.00 for the Senior Secured Tranche, the projected ratio would be 1.34:1.00. In addition, considering the Subordinated Secured B Tranche, the company requested that instead of maintaining a projected minimum debt service coverage ratio and LLCR as defined under the Finance Agreement of 1.23:1.00, the ratio would be 1.24:1.00. The Lenders agreed to the request.

As part of the Manara PSP Project Finance, as of June 30, 2022, Ellomay PS paid upfront, agency and commitment fees in the accumulated amount of approximately NIS 30,600 thousand (approximately €8,415), which were included as other long-term receivables.

**C. Ellomay Solar 28MW Photovoltaic Plant in Spain –**

In June 2022, the photovoltaic plant constructed by Ellomay Solar S.L., a wholly-owned subsidiary of the Company (“Ellomay Solar”), in the municipality of Talaván, Cáceres, Spain, with a peak capacity of 28MW, was connected to the electricity grid and electricity production commenced. The Ellomay Solar PV Plant achieved PAC (Provisional Acceptance Certificate) in July 2022.

**D. Development of PV Projects in Italy**

In connection with the Framework Agreement executed in December 2019 and further detailed in Note 6.C to the annual financial statements, development of photovoltaic greenfield projects in Italy is progressing as planned. As of the reporting date, the first two photovoltaic plants with an aggregate capacity of approximately 20 MW entered into engineering, procurement & construction agreements (the “EPC Agreements”) with METKA EGN Italy S.r.l., a 100% indirect subsidiary of MYTILINEOS S.A., under the Renewables & Storage Development Business Unit. The EPC Agreements provide a fixed and lump-sum aggregate amount of approximately €16,030 thousand for the complete execution and performance of the works defined in the EPC Agreements. The works include the engineering, procurement and construction of the PV Plants and the ancillary facilities for injecting power into the grid and early O&M services (until the day immediately preceding the Provisional Acceptance Date). The EPC Agreements include additional customary provisions, including with respect to liquidated damages in connection with delays and performance, performance guarantees, suspension and termination. A notice to proceed was issued to the EPC contractor in May 2022 and construction works began. The construction period is expected to be 10 months.

In addition to the aforementioned PV Plants currently under construction, projects with an aggregate capacity of 100 MW reached RTB (“ready to build”) status, projects with an aggregate capacity of 70 MW received applicable licenses and are expected to reach RTB status within approximately 4 months when their appeal period ends, and projects with an aggregate capacity of 250 MW are under advances development stages.

**Notes to the Condensed Consolidated Unaudited Interim Financial Statements**

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**Note 6 - Investee Companies and Other Investments (cont'd)****E. The Talmei Yosef 9MW Photovoltaic Plant in Israel –**

In April 2022, Talmei Yosef entered into a tax assessment agreement with the Israeli Tax Authority for the fiscal years 2015-2020, as per which the tax treatment of the Talmei Yosef Plant was determined to follow IFRIC 12 – Service Concession Agreements. As a result of the tax assessment agreement part of the deferred tax recorded in connection with the Talmei Yosef Plant were converted into current income tax (timing differences of payable income tax) and an amount of approximately EUR 3,200 thousand advance payment of income tax was made.

**F. The Talasol Project –**

In December 2021, the Talasol Project entered into a New Facilities Agreement in the aggregate amount of €175 million with European institutional lenders (the “Talasol New Facilities Agreement”). Financial closing of the Talasol New Facilities Agreement was achieved in January 2022. The Talasol New Facilities Agreement provides for the provision of two tranches:

- A. a term loan in the amount of €155 million of which the final maturity date is June 30, 2044, and
  - B. a term loan in the amount of €20 million of which the final maturity date is December 31, 2042.
- Principal and interest repayment are made on a semi-annual basis, end of June and end of December.

The weighted average life of the New Talasol Financing is approximately 11.5 years, and it bears a fixed annual interest rate at a weighted average of approximately 3%.

More information regarding the New Talasol Financing included in Note 11 A to the annual financial statements.

## Notes to the Condensed Consolidated Unaudited Interim Financial Statements

## Note 7 - Financial Instruments

## Fair value

## (1) Financial instruments - the composition of the derivatives

	June 30, 2022	December 31, 2021
	€ in thousands	
	Unaudited	Audited
<b>Derivatives presented under current assets</b>		
Currency swap	55	639
	<u>55</u>	<u>639</u>
<b>Derivatives presented under non-current assets</b>		
Swap contracts	997	-
Currency swap	1,721	2,635
	<u>2,718</u>	<u>2,635</u>
<b>Derivatives presented under current liabilities</b>		
Swap contracts	(25)	(3,431)
Financial power swap	(38,971)	(11,352)
	<u>(38,996)</u>	<u>(14,783)</u>
<b>Derivatives presented under non-current liabilities</b>		
Financial power swap	(24,198)	(9,542)
Swap contracts	-	(565)
	<u>(24,198)</u>	<u>(10,107)</u>

## Notes to the Condensed Consolidated Unaudited Interim Financial Statements

## Note 7 - Financial Instruments (cont'd)

## Fair value (cont'd)

## (2) Financial instruments measured at fair value for disclosure purposes only

The carrying amounts of certain financial assets and liabilities, including cash and cash equivalents, trade receivables, other receivables, other short-term investments, deposits, derivatives, bank overdraft, short-term loans and borrowings, trade payables and other payables are the same or proximate to their fair value.

The fair values of the other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

June 30, 2022					
Carrying amount	Fair value			Valuation techniques for determining fair value	Inputs used to determine fair value
	Level 1	Level 2	Level 3		
€ in thousands					
<b>Non-current liabilities:</b>					
Debentures	113,758	109,412	-	-	
Loans from banks and others (including current maturities)				Discounting future cash flows by the market interest rate on the date of measurement.	Discount rate of Euribor+ 1.76%-2.75% with a zero floor, Euribor+ 5.27% fixed rate for 5 years of 2.9%-3.55% and 3%-4.65% and linkage to consumer price index in Israel.
	265,905	-	247,350	-	
	379,663	109,412	247,350	-	
December 31, 2021					
Carrying amount	Fair value			Valuation techniques for determining fair value	Inputs used to determine fair value
	Level 1	Level 2	Level 3		
€ in thousands					
<b>Non-current liabilities:</b>					
Debentures	137,299	140,293	-	-	
Loans from banks and others (including current maturities)				Discounting future cash flows by the market interest rate on the date of measurement.	Discount rate of Euribor+ 1.76%-2.75% with a zero floor, Euribor+ 5.27%, fixed rate for 5 years 2.9%-3.55% and 4.65% and linkage to consumer price index in Israel
	218,895	-	223,287	-	
	356,194	140,293	223,287	-	

## Notes to the Condensed Consolidated Unaudited Interim Financial Statements

## Note 7 - Financial Instruments (cont'd)

## Fair value (cont'd)

## (3) Fair value hierarchy of financial instruments measured at fair value

The table below presents an analysis of financial instruments measured at fair value on the temporal basis using valuation methodology in accordance with hierarchy fair value levels. The various levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3: inputs that are not based on observable market data (unobservable inputs).

	June 30, 2022				Valuation techniques for determining fair value
	Level 1	Level 2	Level 3	Total	
	€ in thousands				
Marketable securities	1,761	-	-	1,761	Market price
Swap contracts	-	972	-	972	Fair value is measured by discounting the future cash flows, over the period of the contract and using market interest rates appropriate for similar instruments, including the adjustment required for the parties' credit risks.
Currency swap	-	1,776	-	1,776	Fair value is measured by discounting the future cash flows, over the period of the contract and using market interest rates appropriate for similar instruments, including the adjustment required for the parties' credit risks.
Dori Energy loan	-	-	8,863	8,863	Fair value is measured by discounting the expected future loan repayments and using market interest rates appropriate for similar instruments, including the required adjustments for the specific loan. The discounting rate was estimated at approximately 11% and the expected annual change of Israeli Consumer Price Index, during the expected lifetime of the loan, was estimated at approximately 2.5%.
Financial power swap	-	-	(63,169)	(63,169)	Fair value is measured by discounting the future fixed and assessed cash flows, over the period of the contract and using market interest rates appropriate for similar instruments. The value is adjusted for the parties' credit risks.

There have been no transfers from any Level to another Level during the six months ended June 30, 2022.

## Notes to the Condensed Consolidated Unaudited Interim Financial Statements

## Note 7 - Financial Instruments (cont'd)

## Fair value (cont'd)

## (3) Fair value hierarchy of financial instruments measured at fair value (cont'd)

	December 31, 2021				Valuation techniques for determining fair value
	Level 1	Level 2	Level 3	Total	
	€ in thousands				
Marketable securities	1,946	-	-	1,946	Market price
Swap contracts					Fair value is measured by discounting the future cash flows, over the period of the contract and using market interest rates appropriate for similar instruments, including the adjustment required for the parties' credit risks.
Currency swap	-	(3,996)	-	(3,996)	Fair value is measured by discounting the future cash flows, over the period of the contract and using market interest rates appropriate for similar instruments, including the adjustment required for the parties' credit risks.
Dori Energy loan	-	3,274	-	3,274	Fair value is measured by discounting the expected future loan repayments and using market interest rates appropriate for similar instruments, including the adjustment required for the parties' credit risks. The discounting rate was estimated at approximately 11% and the expected annual change of Israeli Consumer Price Index, during the expected lifetime of the loan, was estimated at approximately 1%.
Financial power swap	-	-	8,495	8,495	Fair value is measured by discounting the future fixed and assessed cash flows, over the period of the contract and using market interest rates appropriate for similar instruments. The value is adjusted for the parties' credit risks.
	-	-	(20,894)	(20,894)	

## (4) Level 3 financial instruments carried at fair value

The table hereunder presents a reconciliation from the beginning balance to the ending balance of financial instruments carried at fair value in level 3 of the fair value hierarchy:

	<u>Financial assets</u> <u>Dori Energy loan</u> <u>€ in thousands</u>
Balance as at December 31, 2021	8,495
Repayment of loan to an equity accounted investee	(149)
Loan to an equity accounted investee	-
Total income recognized in profit or loss	208
Interest	592
Foreign Currency translation adjustments	(283)
Balance as at June 30, 2022	8,863

**Notes to the Condensed Consolidated Unaudited Interim Financial Statements**

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**Note 7 - Financial Instruments (cont'd)****Fair value (cont'd)****(4) Level 3 financial instruments carried at fair value (cont'd)**

	<u>Financial assets</u> <u>Financial</u> <u>power swap</u> <u>€ in thousands</u>
Balance as at December 31, 2021	(20,894)
Total loss recognized in other comprehensive income (loss)	<u>(42,275)</u>
Balance as at June 30, 2022	(63,169)

## Notes to the Condensed Consolidated Unaudited Interim Financial Statements

## Note 8 - Fixed assets

	Photovoltaic Plants	Pumped storage	Biogas installations	Office furniture and equipment	Total
	€ in thousands				
<b>Cost</b>					
Balance as at January 1, 2022	251,027	78,892	35,192	190	365,301
Additions	4,999	13,714	431	14	19,158
Effect of changes in exchange rates	-	-	-	(1)	(1)
Balance as at June 30, 2022	<u>256,026</u>	<u>92,606</u>	<u>35,623</u>	<u>203</u>	<u>384,458</u>
Balance as at January 1, 2021	223,626	16,607	34,107	180	274,520
Additions	27,401	62,285	1,085	8	90,779
Effect of changes in exchange rates	-	-	-	2	2
Balance as at December 31, 2021	<u>251,027</u>	<u>78,892</u>	<u>35,192</u>	<u>190</u>	<u>365,301</u>
<b>Depreciation</b>					
Balance as at January 1, 2022	17,297	-	6,952	155	24,404
Depreciation for the period	5,868	-	1,497	10	7,375
Effect of changes in exchange rates	-	-	-	(1)	(1)
Balance as at June 30, 2022	<u>23,165</u>	<u>-</u>	<u>8,449</u>	<u>164</u>	<u>31,778</u>
Balance as at January 1, 2021	6,286	-	4,002	137	10,425
Depreciation for the year	11,011	-	2,950	16	13,977
Effect of changes in exchange rates	-	-	-	2	2
Balance as at December 31, 2021	<u>17,297</u>	<u>-</u>	<u>6,952</u>	<u>155</u>	<u>24,404</u>
<b>Carrying amounts</b>					
As at June 30, 2022	<u>232,861</u>	<u>92,606</u>	<u>27,174</u>	<u>39</u>	<u>352,680</u>
As at December 31, 2021	<u>233,730</u>	<u>78,892</u>	<u>28,240</u>	<u>35</u>	<u>340,897</u>

## Notes to the Condensed Consolidated Unaudited Interim Financial Statements

## Note 9 - Operating Segments

The basis of segmentation and the measurement basis for the segment profit or loss are the same as that presented in Note 22 regarding operating segments in the annual financial statements. Segment assets consist of current assets, fixed assets and intangible assets, as included in reports provided regularly to the chief operating decision maker.

	PV							Total reportable segments	Reconciliations	Total consolidated	
	Italy	Spain	Ellomay Solar	Talasol	Israel <sup>1</sup>	Bio Gas	Dorad				Manara
For the six months ended June 30, 2022											
€ in thousands											
Revenues	-	2,081	327	20,402	2,246	5,830	26,756	-	57,642	(28,446)	29,196
Operating expenses	-	(100)	(191)	(7,088)	(214)	(5,539)	(20,769)	-	(33,901)	20,769	(13,132)
Depreciation expenses	-	(452)	-	(5,655)	(1,268)	(1,607)	(3,240)	-	(12,222)	4,244	(7,978)
<b>Gross profit (loss)</b>	-	1,529	136	7,659	764	(1,316)	2,747	-	11,519	(3,433)	8,086
Project development costs											(1,554)
General and administrative expenses											(3,297)
Share of profits of equity accounted investee											(602)
<b>Operating profit</b>											2,633
Financing income											4,439
Financing expenses in connection with derivatives and warrants, net											338
Financing expenses											(6,958)
<b>Income before taxes on Income</b>											452
<b>Segment assets as at June 30, 2022</b>	7,273	15,376	21,684	267,090	36,404	31,661	108,718	120,906	609,112	(34,776)	574,336

<sup>1</sup> The Talmei Yosef PV Plant located in Israel is presented under the fixed asset model and not under the financial asset model as per IFRIC 12.

## Notes to the Condensed Consolidated Unaudited Interim Financial Statements

## Note 9 - Operating Segments (cont'd)

	PV							Total reportable segments	Reconciliations	Total consolidated	
	Italy	Spain	Ellomay Solar	Talasol	Israel <sup>1</sup>	Bio Gas	Dorad				Manara
	For the six months ended June 30, 2021										
	€ in thousands										
<b>Revenues</b>	-	1,534	-	12,140	2,130	6,129	22,940	-	44,873	(24,480)	20,393
Operating expenses	-	(423)	-	(2,054)	(170)	(4,925)	(18,049)	-	(25,621)	18,049	(7,572)
Depreciation expenses	-	(451)	-	(4,836)	(1,151)	(1,552)	(2,685)	-	(10,675)	3,599	(7,076)
<b>Gross profit (loss)</b>	-	660	-	5,250	809	(348)	2,206	-	8,577	(2,832)	5,745
Project development costs											(1,119)
General and administrative expenses											(2,572)
Share of profits of equity accounted investee											(772)
<b>Operating profit</b>											1,282
Financing income											1,716
Financing expenses in connection with derivatives and warrants, net											(109)
Financing expenses											(7,745)
<b>Loss before taxes on Income</b>											(4,856)
<b>Segment assets as at June 30, 2021</b>	833	15,130	5,589	243,076	35,548	34,903	106,164	90,300	531,543	(34,903)	496,640

<sup>1</sup> The Talmei Yosef PV Plant located in Israel is presented under the fixed asset model and not under the financial asset model as per IFRIC 12.

## Notes to the Condensed Consolidated Unaudited Interim Financial Statements

## Note 9 - Operating Segments (cont'd)

	PV							Total reportable segments	Reconciliations	Total consolidated	
	Italy	Spain	Ellomay Solar	Talasol	Israel <sup>1</sup>	Bio Gas	Dorad				Manara
	For the year ended December 31, 2021										
	€ in thousands										
<b>Revenues</b>	-	2,587	-	29,432	4,255	12,686	51,630	-	100,590	(54,869)	45,721
Operating expenses	-	(472)	-	(6,305)	(367)	(10,446)	(39,175)	-	(56,765)	39,175	(17,590)
Depreciation expenses	-	(904)	-	(10,586)	(2,374)	(3,135)	(5,539)	-	(22,538)	7,422	(15,116)
<b>Gross profit (loss)</b>	-	1,211	-	12,541	1,514	(895)	6,916	-	21,287	(8,272)	13,015
Project development costs											(2,508)
General and administrative expenses											(5,661)
Share of loss of equity accounted investee											117
<b>Operating profit</b>											4,963
Financing income											2,931
Financing expenses in connection with derivatives and warrants, net											(841)
Financing expenses, net											(28,974)
<b>Loss before taxes on Income</b>											(21,921)
<b>Segment assets as at December 31, 2021</b>	1,715	13,841	14,456	247,004	38,809	34,570	118,435	107,678	576,508	(24,529)	551,979

<sup>1</sup> The Talmei Yosef PV Plant located in Israel is presented under the fixed asset model and not under the financial asset model as per IFRIC 12.

## Notes to the Condensed Consolidated Unaudited Interim Financial Statements

## Note 10 - Leases

## 1. Material lease agreements entered into during the period

Ellomay Solar Italy One and Ellomay Solar Italy Two each lease land in the municipality of Latina, Borgo Bainsizza, Lazio Region, Italy from private lessors for a period of 31 years, on which they are constructing photovoltaic facilities. The contractual period of the aforesaid lease agreements ends in May 2053. A right-of-use asset in the amount of €1,335 thousand has been recognized in the statement of financial position in May 2022 in respect of leases of land. A lease liability in the amount of €1,335 thousand has been recognized in the statement of financial position in May 2022 in respect of such leases of land, out of which an amount of €17 thousand has been recognized in short term liabilities.

## 2. Right-of-use assets

	<u>Italy</u>	<u>Spain</u>	<u>Talasal</u>	<u>Israel</u>	<u>Bio Gas</u>	<u>Manara</u>	<u>Total</u>
	€ in thousands						
<b>Cost</b>							
Balance as at January 1, 2022	-	2,755	7,587	1,503	170	11,352	23,367
Additions	1,335	-	-	36	-	97	1,468
Depreciation for the period	(5)	(58)	(202)	(59)	(110)	(237)	(671)
Disposals	-	(394)	-	-	-	-	(394)
Effect of changes in exchange rates	-	-	-	(48)	-	(362)	(410)
Balance as at June 30, 2022	<u>1,330</u>	<u>2,303</u>	<u>7,385</u>	<u>1,432</u>	<u>60</u>	<u>10,850</u>	<u>23,360</u>

## 3. Lease liability

## Maturity analysis of the company's lease liabilities

	<u>June 30, 2022</u>
	€ in thousands
Less than one year	675
One to five years	2,840
More than five years	<u>13,366</u>
<b>Total</b>	<u>16,881</u>
Current maturities of lease liability	<u>675</u>
Long-term lease liability	<u>16,206</u>

**Notes to the Condensed Consolidated Unaudited Interim Financial Statements**

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**Note 11 - Subsequent events**

In order to manage the currency risk resulting from the Series C Debentures, which are denominated in NIS, the Company executed currency swap transactions in March 2021. The Company exchanged Series C Debentures NIS denominated notional principal in the aggregate amount of NIS 100,000 thousand with a euro notional principal. Such currency swap transactions qualified for hedge accounting.

On August 17, 2022, the company closed the currency swap transaction at a mark to market price of approximately EUR 3.8 million and recorded the proceeds to be received in the same amount against the hedging reserve. The hedging reserve will be recorded as financing expenses over the life of Series C Debentures.

## Operating and Financial Review and Prospects

*The following discussion and analysis is based on and should be read in conjunction with our condensed consolidated interim financial statements for the six month period ended June 30, 2022 (unaudited) furnished herewith as Exhibit 99.2 and in conjunction with our consolidated financial statements, including the related notes, and the other financial information included in our annual report on Form 20-F for the year ended December 31, 2021, or the Annual Report, filed with the Securities and Exchange Commission, or SEC, on March 31, 2022. The following discussion contains forward-looking statements that reflect our current plans, estimates and beliefs and involve risks and uncertainties. Our actual results may differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and in the Annual Report.*

*All references to “€,” “euro” or “EUR” are to the legal currency of the European Union, or EU, all references to “NIS” or “New Israeli Shekel” are to the legal currency of Israel and all references to “\$,” “dollar,” “US\$,” “USD” or “U.S. dollar” are to the legal currency of the United States of America. Other than as specifically noted, all amounts translated into a different currency were translated based on the exchange rate as of June 30, 2022.*

### IFRS

Our financial statements have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the IASB, which differ in certain respects from U.S. Generally Accepted Accounting Principles, or U.S. GAAP.

### Overview

We are involved in the production of renewable and clean energy. We own seven PV Plants that are operating and connected to their respective national grids as follows: (i) five photovoltaic plants in Spain with an aggregate installed capacity of approximately 35.9 MWp, (ii) 51% of Talasol, which owns a photovoltaic plant with an installed capacity of 300 MW in the municipality of Talaván, Cáceres, Spain that was connected to the Spanish electricity grid in the end of December 2020, and (iii) one photovoltaic plant in Israel with an installed capacity of approximately 9 MWp. In addition, we indirectly own: (i) 9.375% of Dorad Energy Ltd., or Dorad, (ii) Ellomay Solar Italy One SRL and Ellomay Solar Italy Two SRL, that are constructing photovoltaic plants with installed capacity of 14.8 MW and 4.95 MW, respectively, in the municipality of Latina, Borgo Bainsizza, Lazio Region, Italy, (iii) Groen Gas Goor B.V., Groen Gas Oude-Tonge B.V. and Groen Gas Gelderland B.V., project companies operating anaerobic digestion plants in the Netherlands, with a green gas production capacity of approximately 3 million, 3.8 million and 9.5 million (with a license to produce 7.5 million) Nm<sup>3</sup> per year, respectively, and (iv) 83.333% of Ellomay Pumped Storage (2014) Ltd., which is constructing a 156 MW pumped storage hydro power plant in the Manara Cliff, Israel, or the Manara PSP.

The following table includes information concerning our revenues per facility:

Name	Installed/ production Capacity <sup>1</sup>	Location	Type of Plant	Connection to Grid	Fixed Tariff	Revenue in the six months ended June 30, 2021 (in thousands) <sup>2</sup>	Revenue in the six months ended June 30, 2022 (in thousands) <sup>2</sup>
"Rinconada II"	2,275 kWp	Municipality of Córdoba, Andalusia, Spain	PV – Fixed panels	July 2010	N/A	€423	€601
"Rodríguez I"	1,675 kWp	Province of Murcia, Spain	PV – Fixed panels	November 2011	N/A	€314	€442
"Rodríguez II"	2,691 kWp	Province of Murcia, Spain	PV – Fixed panels	November 2011	N/A	€539	€716
"Fuente Librilla"	1,248 kWp	Province of Murcia, Spain	PV – Fixed panels	June 2011	N/A	€258	€322
"Talmei Yosef"	9,400 kWp	Talmei Yosef, Israel	PV – Fixed panels	November 2013	1.0185 <sup>3</sup> (NIS/kWh)	€590 <sup>4</sup>	€556 <sup>4</sup>
"Talasol"	300,000 kWp	Talaván, Cáceres, Spain	PV – Fixed panels	December 2020	N/A	€12,140 <sup>5</sup>	€20,402
"Ellomay Solar"	28,000 kWp	Talaván, Cáceres, Spain	PV – Fixed panels	June 2022	N/A	-	€327 <sup>6</sup>
"Groen Gas Goor"	3 million Nm <sup>3</sup> per year	Goor, the Netherlands	Biogas	November 2017	N/A	€1,727	€1,354
"Goren Gas Oude-Tonge"	3.8 million Nm <sup>3</sup> per year	Oude-Tonge, the Netherlands	Biogas	June 2018	N/A	€1,552	€1,417
"Groen Gas Gelderland"	7.5 million Nm <sup>3</sup> per year <sup>7</sup>	Gelderland, the Netherlands	Biogas	April 2017	N/A	€2,850	€3,059

- The actual capacity of a photovoltaic plant is generally subject to a degradation of 0.5%-0.7% per year, depending on climate conditions and quality of the solar panels.
- These results are not indicative of future results due to various factors, including changes in the climate and the degradation of the solar panels.
- The initial tariff of NIS 0.9631/kWh was fixed for a period of 20 years and is updated once a year based on changes to the Israeli CPI of October 2011. The tariff was NIS 0.9946/kWh in 2021 and increased to NIS 1.0185/kWh in 2022.
- As a result of the accounting treatment of the Talmei Yosef project as a financial asset, out of total proceeds from the sale of electricity of approximately €2.3 million for the six months ended June 30, 2021 and 2022, only revenues related to the ongoing operation of the plant in the amount of approximately €0.6 million for each of the six month periods ended June 30, 2021 and 2022, are recognized as revenues.
- The Talasol PV Plant is 51% owned by us. It was connected to the Spanish national grid at the end of December 2020 and achieved PAC (Preliminary Acceptance Certificate) on January 27, 2021. Revenues were recorded commencing the connection to the grid.
- This plant was connected to the Spanish national grid in June 2022 and achieved PAC on July 20, 2022. Revenues were recorded commencing the connection to the grid in June 2022.
- This plant's permit enables it to produce approximately 7.5 million Nm<sup>3</sup> per year, however the actual production capacity of the plant is approximately 9.5 million Nm<sup>3</sup> per year.

Our ordinary shares are listed on the NYSE American and on the Tel Aviv Stock Exchange under the symbol ELLO. The address of our registered office is 18 Rothschild Blvd., 1<sup>st</sup> Floor, Tel Aviv 6688121, Israel.

## Operating Results

### Segments

Our reportable segments, which form our strategic business units, are as follows: (i) photovoltaic power plants presented per geographical areas (Spain, Israel and Italy), (ii) 9.375% indirect interest in Dorad, (iii) anaerobic digestion plants (Bio Gas) in the Netherlands (iv) pumped storage hydro power plant in Manara, Israel (v) Talasol and (vi) Ellomay Solar. For more information see note 9 of our condensed consolidated interim financial statements as at June 30, 2022.

### Results of Operations

Six Months Ended June 30, 2022 Compared with Six Months Ended June 30, 2021

#### Revenues

Revenues were approximately €29.2 million for the six months ended June 30, 2022, compared to approximately €20.4 million for the six months ended June 30, 2021. This increase is mainly attributable to the substantial increase in electricity prices in Spain.

#### Revenues by Segments

(Euro in thousands)	Six months ended June 30,		June 30, 2022 vs. June 30, 2021 Change	
	2022	2021	€	%
Spanish PV segment	2,081	1,534	547	36%
Ellomay Solar PV segment	327	-	327	100%
Talasol PV Segment	20,402	12,140	8,262	68%
Israeli PV segment	2,246	2,130	116	5%
Netherlands biogas segment	5,830	6,129	(299)	(5)%
Dorad segment	26,756	22,940	3,816	17%

*Spanish PV Segment.* Revenues from our Spanish PV segment were approximately €2.1 million for the six months ended June 30, 2022, compared to approximately €1.5 million for the six months ended June 30, 2021. The increase mainly resulted from the increase in electricity prices in Spain.

*Ellomay Solar PV Segment.* Revenues from our Ellomay Solar PV segment were approximately €0.3 million for the six months ended June 30, 2022, compared to 0 for the six months ended June 30, 2021. The Ellomay Solar PV Plant was connected to the Spanish national grid on June 11, 2022 and therefore no revenues were generated or recognized prior to such date.

*Talazol PV Segment.* Revenues from our Talazol PV segment were approximately €20.4 million for the six months ended June 30, 2022, compared to approximately €12.1 for the six months ended June 30, 2021. The increase resulted from the increase in electricity prices in Spain.

*Israeli PV Segment.* The segment results for our PV Plant located in Israel are presented under the fixed asset model and not under the IFRIC 12 financial asset model as applied in our financial statements. Proceeds for electricity produced by our Israeli PV segment were approximately €2.3 million for the six months ended June 30, 2022, compared to approximately €2.1 million for the six month period ended June 30, 2021. The increase in revenues is due to the translation from NIS to Euro resulting from the strengthening of the NIS against the Euro.

*Netherlands Biogas Segment.* Revenues from our Netherlands biogas segment were approximately €5.8 million for the six months ended June 30, 2022, compared to approximately €6.1 million for the six months ended June 30, 2021. The decrease in revenues is due to malfunctions in the production process that were repaired after the balance sheet date.

*Dorad Segment.* Our share in the revenues of Dorad was approximately €26.8 million (approximately NIS 95.7 million) for the six months ended June 30, 2022, compared to approximately €22.9 million (approximately NIS 90.3 million) for the six months ended June 30, 2021. The increase in Dorad's revenues is mainly due to increased production and an increase in tariff and in the electricity sold to Dorad's customers for the six months ended June 30, 2021.

#### **Operating Expenses and Depreciation Expenses**

Operating expenses were approximately €13.1 million for the six months ended June 30, 2022, compared to approximately €7.6 million for the six months ended June 30, 2021. The increase in operating expenses is mainly attributable to the introduction of the Spanish RDL 17/2021 that established the reduction, until June 30, 2022, of returns on the electricity generating activity of Spanish production facilities that do not emit greenhouse gases accomplished through payments of a portion of the revenues by the production facilities to the Spanish government. The increase in operating expenses also resulted from the biogas operations in the Netherlands that was impacted by the war in Ukraine causing shortages in certain raw materials and an increase in delivery prices. Depreciation and amortization expenses were approximately €8 million for the six months ended June 30, 2022, compared to approximately €7.1 million for the six months ended June 30, 2021. The increase in depreciation and amortization expenses is mainly attributable to the recognition of results of the Talazol PV Plant for the entire first half of 2022, compared to a partial recognition (commencing upon the achievement of PAC of the Talazol PV Plant on January 27, 2021) in 2021.

## Operating Expenses by Segments

(Euro in thousands)	Six months ended June 30,		June 30, 2022 vs. June 30, 2021 Change	
	2022	2021	€	%
Spanish PV segment	100	423	(323)	(76)%
Ellomay Solar PV segment	191	-	191	100%
Talasol PV Segment	7,088	2,054	5,034	245%
Israeli PV segment	214	170	44	25%
Netherlands biogas segment	5,538	4,925	613	12%
Dorad segment	20,769	18,049	2,720	15%

*Spanish PV Segment.* Operating expenses in connection with our Spanish PV segment were approximately €0.1 million for the six months ended June 30, 2022, compared to approximately €0.4 million for the six months ended June 30, 2021. The decrease resulted from repair works carried out at the Rinconada II PV Plant due to damage caused by theft in 2021. We received indemnification for such damage from the insurance company in 2022.

*Ellomay Solar PV Segment.* Operating expenses in connection with our Ellomay Solar PV segment were approximately €0.2 million for the six months ended June 30, 2022, compared to 0 for the six months ended June 30, 2021. The Ellomay Solar PV Plant was connected to the Spanish national grid on June 11, 2022 and therefore no operating expenses were recognized prior to such date.

*Talasol PV Segment.* Operating expenses in connection with our Talasol PV segment were approximately €7.1 million for the six months ended June 30, 2022, compared to approximately €2.1 million for the six months ended June 30, 2021. The increase resulted mainly from the introduction of the Spanish RDL 17/2021 that established the reduction, until June 30, 2022, of returns on the electricity generating activity of Spanish production facilities that do not emit greenhouse gases accomplished through payments of a portion of the revenues by the production facilities to the Spanish government.

*Israeli PV Segment.* Operating expenses in connection with our Israeli PV segment were approximately €0.2 million for each of the six month periods ended June 30, 2022 and 2021.

*Netherlands Biogas Segment.* Operating expenses in connection with our Netherlands biogas segment were approximately €5.5 million for the six months ended June 30, 2022, compared to approximately €4.9 million for the six months ended June 30, 2021. The increase is mainly attributable to the impact of the war in Ukraine causing shortages in certain raw materials and an increase in delivery prices.

*Dorad Segment.* Operating expenses in connection with our Dorad segment were approximately €20.8 million (approximately NIS 74.3 million) for the six months ended June 30, 2022, compared to approximately €18 million (approximately NIS 71 million) for the six months ended June 30, 2021. The increase in Dorad's operating expenses is mainly due to an increase in gas consumption and increased tariff.

### **Project Development Costs**

Project development costs were approximately €1.6 million for the six months ended June 30, 2022, compared to approximately €1.1 million for the six months ended June 30, 2021. The increase in project development costs is mainly due to expenses in connection with the advancing development of photovoltaic projects in Italy.

### **General and Administrative Expenses**

General and administrative expenses were approximately €3.3 million for the six months ended June 30, 2022, compared to approximately €2.6 million for the six months ended June 30, 2021. The increase is mostly due to increased D&O liability insurance costs, increase in the management fee paid pursuant to the new Management Services Agreement effective July 1, 2021, and an increase in salaries paid to employees.

### **Share of Losses of Equity Accounted Investee**

Our share of losses of equity accounted investee, after elimination of intercompany transactions, was approximately €0.6 million for the six months ended June 30, 2022, compared to a loss of approximately €0.8 million in the six months ended June 30, 2021.

### **Financing Expenses, Net**

Financing expenses, net was approximately €2.2 million for the six months ended June 30, 2022, compared to approximately €6.1 million for the six months ended June 30, 2021. The decrease in financing expenses, net, was mainly due to the following:

- income resulting from exchange rate differences amounting to approximately €2.6 million in the six months ended June 30, 2022, mainly in connection with the NIS cash and cash equivalents and the Company's NIS denominated debentures caused by the 3.3% appreciation of the euro against the NIS during the six months ended June 30, 2022, compared to expenses in the amount of approximately €0.2 million for the six months ended June 30, 2021, caused by the 0.8% devaluation of the euro against the NIS during the six months ended June 30, 2021;
- income resulting from indexation to the increases in the Israeli consumer price index (CPI); and
- expenses recorded in 2021 amounting to approximately €0.8 million in connection with the early repayment of the Company's Series B Debentures.

### **Taxes on Income**

Taxes on income were approximately €1.1 million for the six months ended June 30, 2022, compared to approximately €0.3 million for the six months ended June 30, 2021. The increase is mainly due to the substantial increase in electricity prices in Spain, resulting in higher taxable income of our Spanish subsidiaries.

## **Loss**

Loss was approximately €0.6 million for the six months ended June 30, 2022, compared to a loss of approximately €5.2 million for the six months ended June 30, 2021.

## **Total Other Comprehensive Loss**

Total other comprehensive loss was approximately €34.8 million for the six months ended June 30, 2022, compared to approximately €4.7 million for the six months ended June 30, 2021. The increase in total other comprehensive loss mainly resulted from changes in fair value of cash flow hedges, including a material reduction in the fair value of the financial power swap, or PPA, that covers approximately 80% of the output of the Talasol PV Plant. The PPA experienced a high volatility due to the substantial increase in electricity prices in Europe since the commencement of the military conflict between Russia and Ukraine. In accordance with hedge accounting standards, the changes in the PPA's fair value are recorded in our shareholders' equity through a hedging reserve and not through the accumulated deficit/retained earnings. The changes do not impact our consolidated net profit/loss or our consolidated cash flows. As we control Talasol, the total impact of the changes in fair value of the PPA (including the minority share) is consolidated into our financial statements and total equity. Alongside the decrease in fair value of the PPA, the increase in the electricity prices has a positive impact on Talasol's revenues from the sale of the capacity that is not subject to the PPA, resulting in an expected increase in Talasol's net income and cash flows.

## **Total Comprehensive Loss**

Total comprehensive loss was approximately €35.4 million for the six months ended June 30, 2022, compared to approximately €9.9 million for the six months ended June 30, 2021.

## ***Impact of Fluctuation of Currencies***

We hold cash and cash equivalents, marketable securities and restricted cash in various currencies, mainly in euro and NIS. Our investments in our Spanish PV Plants, in the WtE Plants and in the Talasol PV Plant are denominated in euro and our investments in Dori Energy, in the Talmei Yosef PV Plant and in Manara PSP are denominated in NIS. Our Debentures are denominated in NIS and the interest and principal payments are made in NIS, the financing of the Talmei Yosef PV Plant and the Manara PSP is denominated in NIS and the financing we and Talasol have obtained in connection with our Spanish PV Plants is denominated in euro and bears interest that is based on EURIBOR rate and the Talasol New Financing is denominated in Euro. We therefore are affected by changes in the prevailing euro/NIS exchange rates and previously, prior to the change in our presentation currency were affected by changes in the prevailing euro/U.S. dollar and euro/NIS exchange rates. We entered into various swap transactions to minimize our currency risks. We cannot predict the rate of appreciation/depreciation of the NIS against the euro in the future, and whether these changes will have a material adverse effect on our finances and operations.

The table below sets forth the annual and semi-annual rates of appreciation (or depreciation) of the NIS against the Euro.

	Year ended December 31,		Six months ended June 30,	
	2021	2020	2022	2021
Appreciation (Devaluation) of the euro against the NIS	(10.8)%	1.7%	3.3%	(1.8)%

The representative NIS/euro exchange rate was NIS 3.6364 for one euro on June 30, 2022 and NIS 3.875 for one euro on June 30, 2021. The average exchange rates for converting NIS to euro during the six-month periods ended June 30, 2022 and 2021 were NIS 3.577 and NIS 3.936 for one euro, respectively. The exchange rate as of September 1, 2022 was NIS 3.3690 for one euro.

***Governmental Economic, Fiscal, Monetary or Political Policies or Factors that have or could Materially Affect our Operations or Investments by U.S. Shareholders***

*Governmental Regulations Affecting the Operations of our PV Plants and other Facilities*

Our PV Plants and other energy manufacturing plants are subject to comprehensive regulation and we sell the electricity and energy produced for rates determined by governmental legislation and to local governmental entities. Any change in the legislation that affects plants such as our plants could materially adversely affect our results of operations. An economic crisis in Europe and specifically in Spain, the Netherlands and Italy, whether related to the Covid-19 pandemic or otherwise or continued financial distress of the IEC could cause the applicable legislator to reduce benefits provided to operators of PV plants or other privately-owned energy manufacturing plants or to revise the incentive regimes that currently governs the sale of electricity in Spain, the Netherlands, Israel and Italy.

For more information see “Item 3.D: Risk Factors - Risks Related to our Renewable Energy Operations,” “Item 3.D: Risk Factors - Risks Related to our Investment in Dori Energy,” “Item 3.D: Risk Factors - Risks Related to our Other Operations”, “Item 4.B: Material Effects of Government Regulations on the PV Plants,” “Item 4.B: Material Effects of Government Regulations on Dorad’s Operations,” “Item 4.B: The Netherlands Waste-to-Energy Market and Regulation” and “Item 4.B: Material Effects of Government Regulations on The Manara PSP” of our Annual Report.

**Liquidity and Capital Resources**

***General***

As of September 1, 2022, we held approximately €49.9 million in cash and cash equivalents, approximately €1.8 million in marketable securities, approximately €19.5 million in long term deposits and approximately €25 million in restricted short-term and long-term cash.

Although we now hold the aforementioned funds, we may need additional funds if we seek to acquire certain new businesses and operations and if we seek to implement our project development plans and to advance large development projects that require substantial funds. If we are unable to raise funds through public or private financing of debt or equity, we will be unable to fund certain projects, investments or business combinations that could ultimately improve our financial results. We cannot ensure that additional financing will be available on commercially reasonable terms or at all.

We entered into various project finance agreements in connection with the financing of our Spanish PV Plants, including the Talasol PV Plant, the Talmei Yosef PV Plant, the Netherlands Biogas Plants and of the Manara PSP. In March 2017 we issued the Series B Debentures, which were repaid by us in full in March 2021. In July 2019, October 2020, February 2021 and October 2021 we issued the Series C Debentures and in February 2021 we issued the Series D Convertible Debentures. In addition, during January and February 2021, Israeli institutional investors exercised warrants previously issued to them in a private placement. We will require additional funds in order to advance the projects that are currently under development or that will be developed in the future. For more information concerning our financing activities, see “Item 5.B. Liquidity and Capital Resources” of our Annual Report.

On June 6, 2022, the holders of our Series C Debentures approved an amendment to the Series C Deed of Trust, which provides for certain revisions to the financial covenants and for the increase of the annual interest rate payable on the principal of the Series C Debentures by 0.25% from 3.3% to 3.55%, commencing on June 6, 2022.

As of June 30, 2022, we had working capital deficiency of approximately €25.4 million. The working capital deficiency as of June 30, 2022 resulted from the recording of current maturities of derivatives in the amount of approximately €39 million as a result of the decrease in the fair value of the PPA executed in connection with the Talasol PV Plant. These current maturities do not impact our cash flows. Taking into account the nature of the current maturities, in our opinion our working capital is sufficient for our present requirements.

Upon the issuance of our Debentures, we undertook to comply with the “hybrid model disclosure requirements” as determined by the Israeli Securities Authority and as described in the Israeli prospectuses published in connection with the public offering of our Debentures. This model provides that in the event certain financial “warning signs” exist in our consolidated financial results or statements, and for as long as they exist, we will be subject to certain disclosure obligations towards the holders of our Debentures.

One possible “warning sign” is the existence of a working capital deficiency (if the board of directors of the company does not determine that the working capital deficiency is not an indication of a liquidity problem). In examining the existence of warning signs as of June 30, 2022, our Board of Directors noted the working capital deficiency as of June 30, 2022. Our board of directors reviewed our financial position, outstanding debt obligations and our existing and anticipated cash resources and uses and determined that the existence of a working capital deficiency as of June 30, 2022 does not indicate a liquidity problem. In making such determination, our board of directors noted the following: (i) the deficiency in working capital resulted from the recording of current maturities of derivatives in the amount of approximately €39 million as a result of the decrease in the fair value of the PPA executed in connection with the Talasol PV Plant, which does not impact our cash flow as Talasol’s revenues from the sale of electricity are expected to exceed its liability and payments to the PPA provider, (ii) pursuant to the applicable accounting rules, we are required to recognize the fair value of expected future payments to the PPA provider as a liability but do not recognize the expected revenues from the Talasol PV Plant as assets, resulting in an increase in current liabilities and a working capital deficiency, and (iii) our operating subsidiaries generated a positive cash flow during the year ended December 31, 2021 and the six month periods ended June 30, 2022 and 2021.

We currently invest our excess cash in cash and cash equivalents that are highly liquid and in marketable securities.

As of June 30, 2022, we held approximately €60 million in cash and cash equivalents, approximately €1.8 million in marketable securities and approximately €24.7 million in short-term and long-term restricted cash, compared with approximately €41.2 million was in cash and cash equivalents, approximately €1.9 million in marketable securities, approximately €28.4 million in short-term deposits and approximately €16.6 million long-term restricted cash and deposits we held at December 31, 2021. The change in cash and cash equivalents is mainly due to the refinancing of Talasol's debt.

From 2017 through September 1, 2022, we made capital expenditures in an aggregate amount of approximately NIS 48.6 million (approximately €14.4 million) in connection with the acquisition of the Talmei Yosef PV Plant. The aggregate capital expenditures in connection with the Manara PSP through September 1, 2022 were approximately NIS 337 million (approximately €92.6 million as per the exchange rate as of June 30, 2022). From 2017 through September 1, 2022, capital expenditures incurred by the project companies in connection with the Waste-to-Energy projects in the Netherlands was approximately €35.8 million. From 2017 through September 1, 2022, we made aggregate capital expenditures of approximately €256.9 million in connection with our operating Spanish PV Plants. Our aggregate capital expenditures in connection with PV Plants under development and construction in Europe and Israel, including amounts recorded in project development costs, was approximately €8.5 million.

## Cash flows

The following table summarizes our cash flows for the periods presented:

	Six months ended June 30,	
	2022	2021
	(euro in thousands)	
Net cash provided by operating activities	8,017	7,269
Net cash used in investing activities	(3,249)	(53,636)
Net cash provided by financing activities	17,082	44,292
Exchange differences on balances of cash and cash equivalents	(3,128)	2,489
Increase in cash and cash equivalents	18,722	414
Cash and cash equivalents at beginning of period	41,229	66,845
Cash and cash equivalents at end of period	59,951	67,259

### Operating activities

In the six months ended June 30, 2022, we had a loss of approximately €0.6 million. Net cash provided by operating activities was approximately €8 million. The net cash provided by operating activities for the six months ended June 30, 2022 included a nonrecurring advance payment of income tax as per a tax assessment agreement (timing differences of payable income tax) to the Israeli Tax Authority in connection with the Talmei Yosef PV Plant in the amount of approximately €3.2 million.

In the six months ended June 30, 2021, we had a loss of approximately €5.2 million. Net cash provided by operating activities was approximately €7.3 million.

### Investing activities

Net cash used in investing activities was approximately €3.2 million in the six months ended June 30, 2022, primarily due to investments in the Ellomay Solar PV Plant and the Manara PSP, partially offset by proceeds from short term deposits.

Net cash used in investing activities was approximately €53.6 million in the six months ended June 30, 2021, primarily due to the Talasol PV Plant and the Manara PSP.

### Financing activities

Net cash provided by financing activities in the six months ended June 30, 2022 was approximately €17.1 million, resulting mainly from proceeds from long term loans from banks and others, including the refinancing of Talasol's debt, offset by the repayment of the previous financing of the Talasol PV Plant and repayments made on account of our Debentures.

Net cash provided by financing activities in the six months ended June 30, 2021 was approximately €44.3 million, resulting mainly from proceeds from long term loans from banks and others, proceeds from the exercise of warrants and from the issuance of our Series C and Series D Debentures, offset by the early repayment of our Series B Debentures and the partial principal repayment of our Series C Debentures.

As of June 30, 2022, we were not in default of any financial covenants for immediate repayment under the various financing agreements we executed or under the Deeds of Trust for our outstanding Debentures.

As of June 30, 2022, our total current assets amounted to approximately €78.5 million, of which approximately €60 million was in cash and cash equivalents, compared with total current liabilities of approximately €103.9 million. Our assets held in cash equivalents are held in money market accounts and short-term deposits, substantially all of which are highly liquid investments readily convertible to cash with original maturities of three months or less at the date acquired.

As of June 30, 2021, our total current assets amounted to approximately €82.8 million, of which approximately €67.3 million was in cash and cash equivalents, compared with total current liabilities of approximately €52 million. Our assets held in cash equivalents are held in money market accounts and short-term deposits, substantially all of which are highly liquid investments readily convertible to cash with original maturities of three months or less at the date acquired.

#### **Certain Critical Accounting Policies and Estimates**

Our discussion and analysis of our financial condition and results of operations are based on our condensed consolidated interim financial statements (unaudited), which have been prepared in accordance with IFRS. While all the accounting policies impact the financial statements, certain policies may be viewed to be critical. These policies are most important for the fair portrayal of our financial condition and results of operations and are those that require our management to make difficult, subjective and complex judgments, estimates and assumptions, based upon information available at the time that they are made, historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the condensed consolidated interim financial statements, as well as the reported amounts of expenses during the periods presented. Actual results could differ from those estimates.

The critical accounting policies described in Item 5 of our Annual Report, in note 2 of our consolidated annual financial statements and in note 2 of our condensed consolidated interim financial statements as at June 30, 2022, are those that require management's more significant judgments and estimates used in the preparation of our condensed consolidated interim financial statements.

#### **Disclosure about Market Risk**

We are exposed to a variety of risks, including foreign currency fluctuations and changes in interest rates. We regularly assess currency and interest rate risks to minimize any adverse effects on our business as a result of those factors and periodically use hedging transactions in order to attempt to limit the impact of such changes.

We hold cash and cash equivalents, marketable securities and restricted cash in various currencies, including euro and NIS. Our holdings in the Italian and Spanish PV Plants and in the Netherlands Biogas Projects are denominated in euros and our holdings in the Talmei Yosef PV Plant and in Dori Energy are denominated in NIS. The financing we have in connection with our Italian PV Plants and the Netherlands Biogas Projects is denominated in euros and the financing we have in connection with our Italian PV Plants bears interest that is based on EURIBOR rate. Our Debentures and the project finance debt of the Talmei Yosef PV Plant are denominated in NIS and are to be repaid (principal and interest) in NIS.

### *Inflation and Fluctuation of Currencies*

As detailed in our Annual Report, we previously utilized forward transactions to manage the foreign exchange risk resulting from our euro based operations and we entered into a Cross Currency Swap transaction in connection with the issuance of our Series C Debentures.

### *Interest Rate*

As detailed in our Annual Report, we utilize interest rate swap derivatives to convert certain floating-rate debt to fixed-rate debt. Our interest rate swap derivatives involve an agreement to pay a fixed-rate interest and receive a floating-rate interest, at specified intervals, calculated on an agreed notional amount that matches the amount of the original loan and paid on the same installments and maturity dates. In the future, we may enter into additional interest rate swaps or other derivatives contracts to further hedge our exposure to fluctuations in interest rates.

For more information concerning hedging transaction, including transactions entered into in connection with the project finance agreement of the Talasol Project, see note 7 of our condensed consolidated interim financial statements as at June 30, 2022.

On August 17, 2022 the company closed the currency swap transaction at a mark to market price of approximately EUR 3.8 million and recorded the proceeds to be received in the same amount against the hedging reserve. The hedging reserve will be recorded as financing expenses over the life of Series C Debentures.

### **Forward-Looking Statements**

With the exception of historical facts, the matters discussed in this report and the financial statements attached hereto are forward-looking statements. Forward-looking statements may relate to, among other things, future actions, future performance generally, business development activities, future capital expenditures, strategies, the outcome of contingencies such as legal proceedings, future financial results, financing sources and availability and the effects of regulation and competition. When we use the words “believe,” “intend,” “expect,” “may,” “will,” “should,” “anticipate,” “could,” “estimate,” “plan,” “predict,” “project,” or their negatives, or other similar expressions, the statements which include those words are usually forward-looking statements. When we describe strategy that involves risks or uncertainties or include statements that do not relate strictly to historical or current facts, we are making forward-looking statements.

Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Please see Item 3.D. “Risk Factors” in our Annual Report, in which we have identified important factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by us; any such statement is qualified by reference to the following cautionary statements. Please see also note 1 of our condensed consolidated interim financial statements as at June 30, 2022 for additional disclosure in connection with the Covid-19 pandemic and the military conflict between Russia and Ukraine. You should understand that it is not possible to predict or identify all risk factors. Consequently, you should not consider the said section to be a complete discussion of all potential risks or uncertainties. Readers are cautioned not to place undue reliance on these forward-looking statements.

We warn you that forward-looking statements are only predictions. Actual events or results may differ as a result of risks that we face. Forward-looking statements speak only as of the date they were made and we undertake no obligation to update them.