
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 2021
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- _____

THE IFRS FINANCIAL RESULTS INCLUDED IN EXHIBIT 99.1 OF THIS FORM 6-K AND THE TEXT OF EXHIBITS 99.2 AND 99.3 OF THIS FORM 6-K ARE 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333-102288 AND 333-92491), AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS SUBMITTED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.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](#) ["Ellomay Capital Reports Results for the Three and Six Months Ended June 30, 2021," dated September 30, 2021.](#)

[Exhibit 99.2](#) [Condensed Consolidated Interim Financial Statements as at June 30, 2021 \(Unaudited\).](#)

[Exhibit 99.3](#) [Operating and Financial Review and Prospects for the six months ended June 30, 2021.](#)

Also attached hereto and furnished herewith as Exhibit 101 are the Condensed Consolidated Interim Financial Statements as at June 30, 2021 (Unaudited), formatted in XBRL (eXtensible Business Reporting Language), consisting of the following sub-exhibits:

<u>Exhibit Number</u>	<u>Document Description</u>
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
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
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 30, 2021



Ellomay Capital Reports Results for the Three and Six Months Ended June 30, 2021

Tel-Aviv, Israel, September 30, 2021 – **Ellomay Capital Ltd.** (NYSE American; TASE: ELLO) (“**Ellomay**” or the “**Company**”), a renewable energy and power generator and developer of renewable energy and power projects in Europe and Israel, today reported its unaudited financial results for the three and six month periods ended June 30, 2021.

Financial Highlights

- Revenues were approximately €19.5 million for the six months ended June 30, 2021, compared to approximately €4.2 million for the six months ended June 30, 2020. The increase in revenues is mainly attributable to the achievement of PAC (preliminary acceptance certificate) of the photovoltaic plant held by Talasol Solar S.L. (the “**Talasol PV Plant**”) on January 27, 2021, upon which the Company commenced recognition of revenues. The increase is also attributable to the acquisition of the Groen Gas Gelderland B.V. biogas facility (the “**Gelderland Biogas Plant**”), in December 2020 and to improved operational efficiency at the Company’s biogas plants in the Netherlands.
- Operating expenses were approximately €7.5 million for the six months ended June 30, 2021, compared to approximately €2.1 million for the six months ended June 30, 2020. The increase in operating expenses is mainly attributable to the achievement of PAC of the Talasol PV Plant on January 27, 2021 and the acquisition of the Gelderland Biogas Plant in December 2020. Depreciation expenses were approximately €7.1 million for the six months ended June 30, 2021, compared to approximately €1.4 million for the six months ended June 30, 2020.
- Project development costs were approximately €1.1 million for the six months ended June 30, 2021, compared to approximately €2.3 million for the six months ended June 30, 2020. The decrease in project development costs is mainly due to capitalization of expenses in connection with the project to construct a 156 MW pumped storage hydro power plant in the Manara Cliff, Israel.
- General and administrative expenses were approximately €2.6 million for the six months ended June 30, 2021, compared to approximately €2.2 million for the six months ended June 30, 2020. The increase is mostly due to increased D&O liability insurance costs and to the Talasol PV Plant's expenses following the achievement of PAC of the Talasol PV Plant on January 27, 2021.
- Company’s share of loss of equity accounted investee, after elimination of intercompany transactions, was approximately €0.8 million for the six months ended June 30, 2021, compared to a profit of approximately €0.9 million in the six months ended June 30, 2020. The decrease in the Company’s share of profit of equity accounted investee is mainly attributable to the decrease in revenues of Dorad Energy Ltd. (“**Dorad**”) and higher financing expenses incurred by Dorad for the period as a result of the CPI indexation of loans from banks.
- Financing expenses, net was approximately €6.2 million for the six months ended June 30, 2021, compared to approximately €1.1 million for the six months ended June 30, 2020. The increase in financing expenses, net, was mainly due to €0.8 million of expenses in connection with the early repayment of the Company’s Series B Debentures and financing expenses in connection with the Talasol PV Plant previously capitalized to fixed assets that are recognized in profit and loss starting from PAC, including approximately €1.1 million of interest on bank loans, €0.6 million of swap related payments, €0.7 million of expenses in connection with the Talasol PV Plant project finance and approximately €0.9 million of interest accrued on shareholder loans granted by the minority shareholders of Talasol.
- Taxes on income was approximately €0.1 million for the six months ended June 30, 2021 and 2020.
- Net loss was approximately €5.8 million for the six months ended June 30, 2021, compared to approximately €4.3 million for the six months ended June 30, 2020.
- Total other comprehensive loss was approximately €4.7 million for the six months ended June 30, 2021, compared to a loss of approximately €9.2 million for the six months ended June 30, 2020. The change was mainly due to changes in fair value of cash flow hedges and from foreign currency translation differences on NIS denominated operations, as a result of fluctuations in the euro/NIS exchange rates.

- Total comprehensive loss was approximately €10.5 million for the six months ended June 30, 2021, compared to approximately €13.5 million for the six months ended June 30, 2020.
- EBITDA was approximately €7.5 million for the six months ended June 30, 2021, compared to negative EBITDA of approximately €(1.6) million for the six months ended June 30, 2020.
- Net cash provided by operating activities was approximately €6.4 million for the six months ended June 30, 2021, compared to net cash used in operating activities of approximately €1.9 million for the six months ended June 30, 2020. The increase in net cash from operating activities is mainly attributable to the achievement of PAC of the Talasol PV Plant on January 27, 2021, upon which the Company commenced recognition of revenues and expenses.
- As of September 1, 2021, the Company held approximately €72.5 million in cash and cash equivalents and approximately €7.2 million in restricted short-term and long-term cash.

Second Quarter 2021 CEO Review

Ran Fridrich, CEO and a board member of the Company, provided the following CEO review:

The results of the first half reflect the continuation of the Company's projected business plan and are in line with the Company's forecasts. The main efforts of the Company are in three levels: (a) operation and improvement of the existing asset portfolio, (b) supervision and management of the construction of the various projects (pumped storage in the Manara Cliff, Israel and a 28 MW photovoltaic plant in Spain) and (c) development of new projects, mainly photovoltaic projects in Italy, Spain and Israel (in the aggregate of approximately 450 MW in advanced stages and approximately 800 MW in the preliminary stages).

Operation of the Existing Asset Portfolio

Revenues in the photovoltaic segments exceeded the Company's forecasts. The revenues of the Spanish portfolio under government subsidy (approximately 7.9 MW) were higher by 6.6% higher than the forecast, the revenues of the Talasol PV Plant (including income derived during the period before the achievement of PAC) were 3% higher than the forecast and the revenues of the Talmei Yosef PV Plant (under the fixed asset model) were 4% higher than the forecast.

Revenues of the biogas segment in the Netherlands were 4% lower than the forecast mainly due to the subsidy method used in the Netherlands, which is paid based on the average price in the year preceding the year of payment. The low gas prices in 2020 caused a deduction of approximately €1 million from revenues in 2021. In light of gas prices in 2021, the Company expects that in 2022 the subsidy will increase and will be paid in accordance with the forecasts. Despite the impact on the subsidy in the first half of 2021, the Company estimates that the revenue gap will decrease during the remainder of 2021.

The Dorad Power Station contributed a loss of €0.7 million in the first half of 2021 compared to a profit of €0.8 million in the corresponding half last year. The majority of the loss is attributed to an increase in financing expenses due to the linkage of the debt to the Israeli consumer price index. In addition, a regulatory change that increased the fines for deviating from the production plan requires Dorad to exercise caution in assessing the demand of existing customers, thereby reducing payments from the Israel Electric Company. Moreover, the majority of Dorad's profit is derived during July and August, and this is expected to be the case this year as well. The total operating expenses of the various projects were 4.5% lower than forecast.

Projects under Construction

Pumped Storage Project in the Manara Cliff, Israel: The construction of the project is progressing as planned. Excavation of the main access tunnel is expected to begin in the coming days and extensive earthworks are being carried out in the area of the upper and lower reservoirs and in the area designated for the transformation station.

Ellomay Solar 28 MW PV Project in Spain: Construction work began a few months ago and is progressing as planned. The connection to the grid is expected at the end of 2021.

Projects under Development

Advanced Stage Development of 450 MW PV in Italy: The development of the projects is progressing as planned, a tender is currently being completed for contractors to carry out the first 3 projects with a total capacity of approximately 120 MW. The current estimate for the commencement of construction is the first quarter of 2022. In parallel, the licensing process of the remainder of the portfolio continues, which is expected to mature in 2022 and 2023 (the price of a quality license ready for construction in Italy is more than €200,000 per MW).

Initial Stage Development of 800 MW PV in Italy and Spain: the development of these projects continues.

Development of PV plus Storage PV Projects in Israel: land contracts have been executed and the projects are in licensing process with the relevant regulatory authorities.

Financing Expenses

The financing expenses item includes for the first time the financing expenses of the Talasol PV Plant in the amount of approximately €3.3 million (including the cost of an interest swap transaction in the amount of €0.6 million and interest on the shareholders' loan of the minority shareholders in the amount of €0.9 million (a non-cash expenses that creates a tax shield for the project). The financing expenses item also includes a one-time expense of approximately €0.8 million on early redemption of the Series B Debentures, which is expected to be returned to the Company through the interest savings achieved in the transition to Series C Debentures).

The financing expenses of the Company in connection with Debentures (excluding expenses in connection with the early repayment of Series B Debentures) were approximately €1.9 million.

Adjusted EBITDA and Adjusted FFO

The Adjusted EBITDA for the six month period ended June 30, 2021 was €13 million and the Adjusted FFO for the six month period ended June 30, 2021 was €9.6 million.

Use of NON-IFRS Financial Measures

EBITDA, Adjusted EBITDA and Adjusted FFO are non-IFRS measures. EBITDA is defined as earnings before financial expenses, net, taxes, depreciation and amortization and Adjusted FFO is calculated by deducting interest expenses on bank loans and debentures from the Adjusted EBITDA. The Company uses the terms “Adjusted EBITDA” and “Adjusted FFO” to highlight the fact that in the calculation of these Non-IFRS financial measures the Company presents the revenues from the Talmei Yosef PV Plant under the fixed asset model and not under IFRIC 12, presents its share in Dorad based on distributions of profit and not on the basis of equity gain using the equity method and includes the financial results of the Talasol PV Plant for the period prior to achievement of PAC that were not recognized in the profit and loss statement based on accounting rules. The Company presents these measures in order to enhance the understanding of the Company’s operating performance and to enable comparability between periods. While the Company considers these non-IFRS measures to be important measures of comparative operating performance, these non-IFRS measures should not be considered in isolation or as a substitute for net income or other statement of operations or cash flow data prepared in accordance with IFRS as a measure of profitability or liquidity. These non-IFRS measures do not take into account the Company’s commitments, including capital expenditures and restricted cash and, accordingly, are not necessarily indicative of amounts that may be available for discretionary uses. In addition, Adjusted FFO does not represent and is not an alternative to cash flow from operations as defined by IFRS and is not an indication of cash available to fund all cash flow needs, including the ability to make distributions. Not all companies calculate EBITDA, Adjusted EBITDA or Adjusted FFO in the same manner, and the measures as presented may not be comparable to similarly-titled measures presented by other companies. The Company’s EBITDA, Adjusted EBITDA and Adjusted FFO may not be indicative of the Company’s historic operating results; nor is it meant to be predictive of potential future results. The Company uses these measures internally as performance measures and believes that when these measures are combined with IFRS measures they add useful information concerning the Company’s operating performance. A reconciliation between results on an IFRS and non-IFRS basis is provided on page 13 of this press release.

About Ellomay Capital Ltd.

Ellomay is an Israeli based company whose shares are registered with the NYSE American and with the Tel Aviv Stock Exchange under the trading symbol “ELLO”. Since 2009, Ellomay Capital focuses its business in the renewable energy and power sectors in Europe and Israel.

To date, Ellomay has evaluated numerous opportunities and invested significant funds in the renewable, clean energy and natural resources industries in Israel, Italy and Spain, including:

- Approximately 7.9MW of photovoltaic power plants in Spain and a photovoltaic power plant of approximately 9MW in Israel;
 - 9.375% indirect interest in Dorad Energy Ltd., which owns and operates one of Israel’s largest private power plants with production capacity of approximately 860MW, representing about 6%-8% of Israel’s total current electricity consumption;
 - 51% of Talasol, which owns a photovoltaic plant with installed capacity of 300MW in the municipality of Talaván, Cáceres, Spain;
-

- 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) Nm³ per year, respectively;
- 83.333% of Ellomay Pumped Storage (2014) Ltd., which is involved in a project to construct a 156 MW pumped storage hydro power plant in the Manara Cliff, Israel.

For more information about Ellomay, visit <http://www.ellomay.com>.

Information Relating to Forward-Looking Statements

This press release contains forward-looking statements that involve substantial risks and uncertainties, including statements that are based on the current expectations and assumptions of the Company's management. All statements, other than statements of historical facts, included in this press release regarding the Company's plans and objectives, expectations and assumptions of management are forward-looking statements. The use of certain words, including the words "estimate," "project," "intend," "expect," "believe" and similar expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The Company may not actually achieve the plans, intentions or expectations disclosed in the forward-looking statements and you should not place undue reliance on the Company's forward-looking statements. Various important factors could cause actual results or events to differ materially from those that may be expressed or implied by the Company's forward-looking statements, including the impact of the Covid-19 pandemic on the Company's operations and projects, including in connection with steps taken by authorities in countries in which the Company operates, changes in the market price of electricity and in demand, regulatory changes, changes in the supply and prices of resources required for the operation of the Company's facilities (such as waste and natural gas) and in the price of oil, and delays, technical and other disruptions in the operations or construction of the power plants owned by the Company or in the development efforts of the projects under development by the Company. These and other risks and uncertainties associated with the Company's business are described in greater detail in the filings the Company makes from time to time with Securities and Exchange Commission, including its Annual Report on Form 20-F. The forward-looking statements are made as of this date and the Company does not undertake any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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Condensed Consolidated Statements of Financial Position

	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)	June 30, 2021 (Unaudited) Convenience Translation into US\$ in thousands*
	€ in thousands		
Assets			
Current assets			
Cash and cash equivalents	67,259	66,845	79,943
Marketable securities	-	1,761	-
Short term deposits	-	8,113	-
Restricted cash	4,216	-	5,011
Receivable from concession project	1,589	1,491	1,889
Trade and other receivables	9,761	9,825	11,62
	<u>82,825</u>	<u>88,035</u>	<u>98,445</u>
Non-current assets			
Investment in equity accounted investee	30,126	32,234	35,807
Advances on account of investments	2,445	2,423	2,906
Receivable from concession project	25,014	25,036	29,731
Fixed assets	312,983	264,095	372,008
Right-of-use asset	22,944	17,209	27,271
Intangible asset	4,506	4,604	5,356
Restricted cash and deposits	6,023	9,931	7,159
Deferred tax	5,785	3,605	6,876
Long term receivables	861	2,762	1,023
Derivatives	2,276	10,238	2,705
	<u>412,963</u>	<u>372,137</u>	<u>490,842</u>
Total assets	<u>495,788</u>	<u>460,172</u>	<u>589,287</u>
Liabilities and Equity			
Current liabilities			
Current maturities of long term bank loans	13,204	10,232	15,694
Current maturities of long term loans	3,549	4,021	4,218
Debentures	12,815	10,600	15,232
Lease liability short term	8,288	**490	9,851
Trade payables	2,692	12,387	3,202
Other payables	11,461	**7,422	13,617
	<u>52,009</u>	<u>45,152</u>	<u>61,814</u>
Non-current liabilities			
Lease liability	15,524	17,299	18,452
Liabilities to banks	149,789	134,520	178,038
Other long-term loans	51,871	49,396	61,653
Debentures	80,661	72,124	95,873
Deferred tax	8,124	7,806	9,656
Other long-term liabilities	4,512	513	5,363
Derivatives	6,297	8,336	7,485
	<u>316,778</u>	<u>289,994</u>	<u>376,520</u>
Total liabilities	<u>368,787</u>	<u>335,146</u>	<u>438,334</u>
Equity			
Share capital	25,578	25,102	30,402
Share premium	85,762	82,401	101,936
Treasury shares	(1,736)	(1,736)	(2,063)
Transaction reserve with non-controlling Interests	5,145	6,106	6,115
Reserves	2,400	4,164	2,853
Retained earnings	2,613	8,191	3,106
Total equity attributed to shareholders of the Company	<u>119,762</u>	<u>124,228</u>	<u>142,349</u>
Non-Controlling Interest	<u>7,239</u>	<u>798</u>	<u>8,604</u>
Total equity	<u>127,001</u>	<u>125,026</u>	<u>150,953</u>
Total liabilities and equity	<u>495,788</u>	<u>460,172</u>	<u>589,287</u>

* Convenience translation into US\$ (exchange rate as at June 30, 2021: EUR 1 = US\$ 1.189)

** Reclassified

Condensed Consolidated Statements of Comprehensive Income (in thousands, except per share data)

	For the three months ended June 30,		For the six months ended June 30		For the year ended December 31,	For the six months ended June 30,
	2021	2020	2021	2020	2020	2021
	Unaudited		Unaudited		Audited	Unaudited
	€ in thousands		€ in thousands		€ in thousands	Convenience Translation into US\$*
Revenues	12,255	2,271	19,455	4,214	9,645	23,124
Operating expenses	(4,289)	(1,085)	(7,506)	(2,146)	(4,951)	(8,922)
Depreciation and amortization expenses	(4,005)	(721)	(7,056)	(1,447)	(2,975)	(8,387)
Gross profit	3,961	465	4,893	621	1,719	5,815
Project development costs	(614)	(584)	(1,119)	(2,338)	(3,491)	(1,330)
General and administrative expenses	(1,309)	(1,123)	(2,572)	(2,204)	(4,512)	(3,057)
Share of profits (losses) of equity accounted investee	(1,389)	(481)	(772)	850	1,525	(918)
Other income	-	-	-	-	2,100	-
Operating profit (loss)	649	(1,723)	430	(3,071)	(2,659)	510
Financing income	850	378	1,716	886	2,134	2,040
Financing income (expenses) in connection with derivatives and warrants, net	15	145	(109)	1,099	1,094	(130)
Financing expenses	(3,680)	(1,220)	(6,806)	(3,095)	(6,862)	(8,090)
Interest expenses on minority shareholder loan	(557)	-	(939)	-	-	(1,116)
Financing expenses, net	(3,372)	(697)	(6,138)	(1,110)	(3,634)	(7,296)
Loss before taxes on income	(2,723)	(2,420)	(5,708)	(4,181)	(6,293)	(6,786)
Tax benefit (Taxes on income)	(412)	16	(93)	(88)	125	(111)
Loss for the period	(3,135)	(2,404)	(5,801)	(4,269)	(6,168)	(6,897)
Loss attributable to:						
Owners of the Company	(3,509)	(2,055)	(5,578)	(3,472)	(4,627)	(6,630)
Non-controlling interests	374	(349)	(223)	(797)	(1,541)	(267)
Loss for the period	(3,135)	(2,404)	(5,801)	(4,269)	(6,168)	(6,897)
Other comprehensive income (loss) items that after initial recognition in comprehensive income (loss) were or will be transferred to profit or loss:						
Foreign currency translation differences for foreign operations	1,122	113	1,684	(86)	(482)	2,002
Effective portion of change in fair value of cash flow hedges	(3,273)	(23,401)	(5,202)	(9,289)	2,210	(6,183)
Net change in fair value of cash flow hedges transferred to profit or loss	(221)	87	(1,225)	190	555	(1,456)
Total other comprehensive income (loss)	(2,372)	(23,201)	(4,743)	(9,185)	2,283	(5,637)
Total other comprehensive income (loss) attributable to:						
Owners of the Company	(652)	(11,638)	(1,764)	(4,737)	881	(2,096)
Non-controlling interests	(1,720)	(11,563)	(2,979)	(4,448)	1,402	(3,541)
Total other comprehensive income (loss)	(2,372)	(23,201)	(4,743)	(9,185)	2,283	(5,637)
Total comprehensive loss for the period	(5,507)	(25,605)	(10,544)	(13,454)	(3,885)	(12,534)
Total comprehensive loss for the period attributable to:						
Owners of the Company	(4,161)	(13,693)	(7,342)	(8,209)	(3,746)	(8,726)
Non-controlling interests	(1,346)	(11,912)	(3,202)	(5,245)	(139)	(3,808)
Total comprehensive loss for the period	(5,507)	(25,605)	(10,544)	(13,454)	(3,885)	(12,534)
Basic net loss per share	(0.28)	(0.17)	(0.44)	(0.29)	(0.38)	(0.52)
Diluted net loss per share	(0.28)	(0.17)	(0.44)	(0.29)	(0.38)	(0.52)

* Convenience translation into US\$ (exchange rate as at June 30, 2021: EUR 1 = US\$ 1.189)

	Attributable to shareholders of the Company								Non-controlling Interests	Total Equity
	Share capital	Share premium	Retained earnings	Treasury shares	Translation reserve from foreign operations	Hedging Reserve	Interests Transaction reserve with non-controlling Interests	Total		
	€ in thousands									
For the six months ended June 30, 2021 (unaudited):										
Balance as at January 1, 2021	25,102	82,401	8,191	(1,736)	3,823	341	6,106	124,228	798	125,026
Loss for the period	-	-	(5,578)	-	-	-	-	(5,578)	(223)	(5,801)
Other comprehensive loss for the period	-	-	-	-	1,636	(3,400)	-	(1,764)	(2,979)	(4,743)
Total comprehensive loss for the period	-	-	(5,578)	-	1,636	(3,400)	-	(7,342)	(3,202)	(10,544)
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	25,578	85,762	2,613	(1,736)	5,459	(3,059)	5,145	119,762	7,239	127,001

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

	Attributable to shareholders of the Company								Non-controlling Interests	Total Equity
	Share capital	Share premium	Retained earnings	Treasury shares	Translation reserve from foreign operations	Hedging Reserve	Interests Transaction reserve with non-controlling Interests	Total		
For the six months ended June 30, 2020 (unaudited):										
Balance as at January 1, 2020	21,998	64,160	12,818	(1,736)	4,356	(1,073)	6,106	106,629	937	107,566
Loss for the period	-	-	(3,472)	-	-	-	-	(3,472)	(797)	(4,269)
Other comprehensive loss for the period	-	-	-	-	(98)	(4,639)	-	(4,737)	(4,448)	(9,185)
Total comprehensive loss for the period	-	-	(3,472)	-	(98)	(4,639)	-	(8,209)	(5,245)	(13,454)
Transactions with owners of the Company, recognized directly in equity:										
Issuance of ordinary shares	1,935	11,253	-	-	-	-	-	13,188	-	13,188
Share-based payments	-	20	-	-	-	-	-	20	-	20
Balance as at June 30, 2020	23,933	75,433	9,346	(1,736)	4,258	(5,712)	6,106	111,628	(4,308)	107,320

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

	Attributable to shareholders of the Company								Non-controlling Interests	Total Equity
	Share capital	Share premium	Retained earnings	Treasury shares	Translation Reserve from foreign operations	Hedging Reserve	Transaction reserve with non-controlling Interests	Total		
	€ in thousands									
For the year ended December 31, 2020 (audited):										
Balance as at January 1, 2020	21,998	64,160	12,818	(1,736)	4,356	(1,073)	6,106	106,629	937	107,566
Profit (loss) for the year	-	-	(4,627)	-	-	-	-	(4,627)	(1,541)	(6,168)
Other comprehensive loss for the year	-	-	-	-	(533)	1,414	-	881	1,402	2,283
Total comprehensive loss for the year	-	-	(4,627)	-	(533)	1,414	-	(3,746)	(139)	(3,885)
Transactions with owners of the Company, recognized directly in equity:										
Issuance of ordinary shares	3,084	18,191	-	-	-	-	-	21,275	-	21,275
Options exercise	20	-	-	-	-	-	-	20	-	20
Share-based payments	-	50	-	-	-	-	-	50	-	50
Balance as at December 31, 2020	25,102	82,401	8,191	(1,736)	3,823	341	6,106	124,228	798	125,026

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

	Attributable to shareholders of the Company								Non-controlling Interests	Total Equity
	Share capital	Share premium	Retained earnings	Treasury shares	Translation reserve from foreign operations	Hedging Reserve	Interests Transaction reserve with non-controlling Interests	Total		
	Convenience translation into US\$*									
For the six months ended June 30, 2021 (unaudited):										
Balance as at January 1, 2021	29,836	97,942	9,736	(2,063)	4,544	405	7,257	147,657	951	148,608
Loss for the period	-	-	(6,630)	-	-	-	-	(6,630)	(267)	(6,897)
Other comprehensive loss for the period	-	-	-	-	1,945	(4,041)	-	(2,096)	(3,541)	(5,637)
Total comprehensive loss for the period	-	-	(6,630)	-	1,945	(4,041)	-	(8,726)	(3,808)	(12,534)
Transactions with owners of the Company, recognized directly in equity:										
Issuance of Capital note to non-controlling interest	-	-	-	-	-	-	-	-	10,319	10,319
Buy of shares in subsidiaries from non-controlling interests	-	-	-	-	-	-	(1,142)	(1,142)	1,142	-
Warrants exercise	540	3,979	-	-	-	-	-	4,519	-	4,519
Options exercise	26	-	-	-	-	-	-	26	-	26
Share-based payments	-	15	-	-	-	-	-	15	-	15
Balance as at June 30, 2021	30,402	101,936	3,106	(2,063)	6,489	(3,636)	6,115	142,349	8,604	150,953

* Convenience translation into US\$ (exchange rate as at June 30, 2021: EUR 1 = US\$ 1.189)

Condensed Consolidated Unaudited Interim Statements of Cash Flows

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,	For the six months ended June 30
	2021	2020	2021	2020	2020	2021
	Unaudited		Unaudited		Audited	Unaudited
						Convenience Translation into US\$*
	€ in thousands					
Cash flows from operating activities						
Profit for the period	(3,135)	(2,404)	(5,801)	(4,269)	(6,168)	(6,897)
Adjustments for:						
Financing expenses, net	3,372	697	6,138	1,110	3,634	7,296
Profit from settlement of derivatives contract	-	-	(407)	-	-	(484)
Depreciation and amortization	4,005	721	7,056	1,447	2,975	8,387
Share-based payment transactions	6	6	13	20	50	15
Share of losses (profits) of equity accounted investee	1,389	481	772	(850)	(1,525)	918
Payment of interest on loan from an equity accounted investee	859	-	859	582	582	1,021
Change in trade receivables and other receivables	(942)	(461)	(2,124)	127	(3,868)	(2,525)
Change in other assets	(812)	(19)	(782)	(234)	179	(929)
Change in receivables from concessions project	536	503	757	704	1,426	900
Change in trade payables	(559)	(350)	(941)	(35)	190	(1,118)
Change in other payables	2,119	642	3,715	368	(1,226)	4,416
Income tax expense (tax benefit)	412	(16)	93	88	(125)	111
Income taxes paid	(15)	-	(15)	-	(119)	(18)
Interest received	494	428	921	869	2,075	1,095
Interest paid	(2,651)	(1,685)	(3,857)	(1,853)	(3,906)	(4,584)
Net cash from (used in) operating activities	5,078	(1,457)	6,397	(1,926)	(5,826)	7,604
Cash flows from investing activities						
Acquisition of fixed assets	(38,140)	(39,866)	(63,793)	(81,280)	(128,420)	(75,824)
Acquisition of subsidiary, net of cash acquired	-	-	-	-	(7,464)	-
Repayment of loan by an equity accounted investee	1,400	-	1,400	1,923	1,978	1,664
Loan to an equity accounted investee	(131)	-	(244)	-	(181)	(290)
Advances on account of investments	(8)	-	(8)	-	(1,554)	(10)
Settlement of derivatives contract	-	-	(252)	-	-	(300)
Proceeds (investment) in restricted cash, net	(639)	(5)	(185)	22,580	23,092	(220)
Proceeds (investment) in short term deposit	-	-	8,533	-	(1,323)	10,142
Proceeds from marketable securities	-	-	1,785	-	1,800	2,122
Acquisition of marketable securities	-	(5)	-	-	(1,481)	-
Compensation as per agreement with Erez Electricity Ltd	-	1,418	-	1,418	1,418	-
Net cash used in investing activities	(37,518)	(38,453)	(52,764)	(55,359)	(112,135)	(62,716)
Cash flows from financing activities						
Sale of shares in subsidiaries to non-controlling interests	-	-	1,400	-	-	1,664
Proceeds from options	-	-	22	-	20	26
Cost associated with long term loans	-	-	(197)	-	(734)	(234)
Proceeds from long term loans	5,415	39,661	32,476	80,584	111,357	38,601
Repayment of long-term loans	(2,933)	(1,994)	(3,390)	(2,804)	(3,959)	(4,029)
Repayment of Debentures	(8,853)	(4,761)	(30,730)	(26,923)	(26,923)	(36,525)
Issuance of ordinary shares	-	-	-	13,188	21,275	-
Proceeds from issue of convertible debentures	-	-	15,571	-	-	18,508
Proceeds from issuance of Debentures, net	-	-	25,465	-	38,057	30,267
Issuance / exercise of warrants	-	-	3,675	320	2,544	4,368
Net cash from (used in) financing activities	(6,371)	32,906	44,292	64,365	141,637	52,646
Effect of exchange rate fluctuations on cash and cash equivalents	1,050	471	2,489	(357)	(1,340)	2,958
Increase (decrease) in cash and cash equivalents	(37,761)	(6,533)	414	6,723	22,336	492
Cash and cash equivalents at the beginning of the period	105,020	57,765	66,845	44,509	44,509	79,451
Cash and cash equivalents at the end of the period	67,259	51,232	67,259	51,232	66,845	79,943

* Convenience translation into US\$ (exchange rate as at June 30, 2021: EUR 1 = US\$ 1.189)

Operating Segments

	Italy	Spain	PV Ellomay Solar ³	Talasol	Israel ¹	Bio Gas	Dorad	Manara	Total reportable segments	Reconciliations	Total consolidated
For the six months ended June 30, 2021											
€ in thousands											
Revenues	-	1,534	-	11,202 ²	2,130	6,129	22,940	-	43,935	(24,480)	19,455
Operating expenses	-	(423)	-	(1,988)	(170)	(4,925)	(18,049)	-	(25,555)	18,049	(7,506)
Depreciation expenses	-	(451)	-	(4,816)	(1,151)	(1,552)	(2,685)	-	(10,655)	3,599	(7,056)
Gross profit (loss)	-	660	-	4,398	809	(348)	2,206	-	7,725	(2,832)	4,893
Project development costs											(1,119)
General and administrative expenses											(2,572)
Share of loss of equity accounted investee											(772)
Operating profit											430
Financing income											1,716
Financing expenses in connection with derivatives and warrants, net											(109)
Financing expenses, net											(7,745)
Loss before taxes on Income											(5,708)
Segment assets as at June 30, 2021	833	15,130	5,589	242,224	35,548	34,903	106,164	90,300	530,691	(34,904)	495,787

¹ 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.

² Not including an amount of approximately €1 million of proceeds from the sale of electricity prior to January 27, 2021 (the date in which the Talasol PV Plant achieved PAC).

³ Ellomay Solar, S.L., the developer of a 28 MW solar project near the Talasol PV Plant.

Reconciliation of Loss to EBITDA (in thousands)

	For the three months ended June 30,		For the six months ended June 30,		For the year ended December 31,	For the six months ended June 30,
	2021	2020	2021	2020	2020	2021
	Unaudited					
	€ in thousands					Convenience Translation into US\$*
Loss for the period	(3,135)	(2,694)	(5,801)	(4,269)	(6,168)	(6,897)
Financing expenses, net	3,372	782	6,138	1,110	3,634	7,296
Taxes on income	412	(18)	93	88	(125)	111
Depreciation	4,005	808	7,056	1,447	2,975	8,387
EBITDA	4,654	(1,122)	7,486	(1,624)	316	8,897

* Convenience translation into US\$ (exchange rate as at June 30, 2021: EUR 1 = US\$ 1.189)

Reconciliation of Loss to Adjusted EBITDA and to Adjusted FFO

	For the six months ended June 30, 2021
	Unaudited
	€ in thousands
Loss for the period	(5,801)
Financing expenses, net	6,138
Taxes on income	93
Depreciation	7,056
Adjustment to the Share of loss of equity accounted investee to include the Company's share in distributions	3,031
Adjustment to the revenues of the Talmei Yosef PV Plant due to calculation based on the fixed asset model	1,540
Adjustment to include the financial revenues of the Talasol PV Plant for the period prior to achievement of PAC that were not recognized in the profit and loss statement based on accounting rules	895
Adjusted EBITDA	12,952
Interest expenses on bank loans and debentures	(3,405)
Adjusted FFO	9,547

Information for the Company's Debenture Holders

Pursuant to the Deeds of Trust governing the Company's Series C and Series D Debentures (together, the "**Debentures**"), the Company is required to maintain certain financial covenants. For more information, see Item 5.B of the Company's Annual Report on Form 20-F submitted to the Securities and Exchange Commission on March 31, 2021 and below.

Net Financial Debt

As of June 30, 2021, the Company's Net Financial Debt, (as such term is defined in the Deeds of Trust of the Company's Debentures), was approximately €28.6 million (consisting of approximately €237.9³ million of short-term and long-term debt from banks and other interest bearing financial obligations, approximately €95.9⁴ million in connection with the Series C Debentures issuances (in July 2019, October 2020 and February 2021) and Series D Debentures issuance (in February 2021), net of approximately €67.3 million of cash and cash equivalents, short-term deposits and marketable securities and net of approximately €237.9⁵ million of project finance and related hedging transactions of the Company's subsidiaries).

³ Short-term and long-term debt from banks and other interest bearing financial obligations amount provided above, includes an amount of approximately €11.7 million costs associated with such debt, which was capitalized and therefore offset from the debt amount that is recorded in the Company's balance sheet.

⁴ Debentures amount provided above, includes an amount of approximately €2.4 million associated costs, which was capitalized and therefore offset from the debentures amount that is recorded in the Company's balance sheet.

⁵ The project finance amount deducted from the calculation of Net Financial Debt includes project finance obtained from various sources, including financing entities and the minority shareholders in project companies held by the Company (provided in the form of shareholders' loans to the project companies).

Information for the Company's Series C Debenture Holders.

The Deed of Trust governing the Company's Series C Debentures includes an undertaking by the Company to maintain certain financial covenants, whereby a breach of such financial covenants for two consecutive quarters is a cause for immediate repayment. As of June 30, 2021, the Company was in compliance with the financial covenants set forth in the Series C Deed of Trust as follows: (i) the Company's shareholders' equity was approximately €127 million (ii) the ratio of the Company's Net Financial Debt (as set forth above) to the Company's CAP, Net (defined as the Company's consolidated shareholders' equity plus the Net Financial Debt) was 18.4%, and (iii) the ratio of the Company's Net Financial Debt to the Company's Adjusted EBITDA⁶, was 2.3.

The following is a reconciliation between the Company's loss and the Adjusted EBITDA (as defined in the Series C Deed of Trust) for the four-quarter period ended June 30, 2021:

	For the four quarter period ended June 30, 2021
	Unaudited
	€ in thousands
Loss for the period	(7,700)
Financing expenses, net	8,662
Taxes on income	(120)
Depreciation	8,584
Adjustment to revenues of the Talmei Yosef PV Plant due to calculation based on the fixed asset model	3,039
Share-based payments	43
Adjusted EBITDA as defined the Series C Deed of Trust	12,508

⁶ The term "Adjusted EBITDA" is defined in the Series C Deed of Trust as earnings before financial expenses, net, taxes, depreciation and amortization, where the revenues from the Company's operations, such as the Talmei Yosef PV Plant, are calculated based on the fixed asset model and not based on the financial asset model (IFRIC 12), and before share-based payments. The Series C Deed of Trust provides that for purposes of the financial covenant, the Adjusted EBITDA will be calculated based on the four preceding quarters, in the aggregate. The Adjusted EBITDA is presented in this press release as part of the Company's undertakings towards the holders of its Series C Debentures. For a general discussion of the use of non-IFRS measures, such as EBITDA and Adjusted EBITDA see above under "Use of NON-IFRS Financial Measures."

Information for the Company's Series D Debenture Holders

The Deed of Trust governing the Company's Series D Debentures includes an undertaking by the Company to maintain certain financial covenants, whereby a breach of such financial covenants for the periods set forth in the Series D Deed of Trust is a cause for immediate repayment. As of June 30, 2021, the Company was in compliance with the financial covenants set forth in the Series D Deed of Trust as follows: (i) the Company's Adjusted Shareholders' Equity (as defined in the Series D Deed of Trust) was approximately €126.6 million (ii) the ratio of the Company's Net Financial Debt (as set forth above) to the Company's CAP, Net (defined as the Company's consolidated shareholders' equity plus the Net Financial Debt) was 18.4%, and (iii) the ratio of the Company's Net Financial Debt to the Company's Adjusted EBITDA⁷ was 1.2.

The following is a reconciliation between the Company's loss and the Adjusted EBITDA (as defined in the Series D Deed of Trust) for the four-quarter period ended June 30, 2021:

	For the four quarter period ended June 30, 2021
	Unaudited
	€ in thousands
Loss for the period	(7,700)
Financing expenses, net	8,662
Taxes on income	(120)
Depreciation	8,584
Adjustment to revenues of the Talmei Yosef PV Plant due to calculation based on the fixed asset model	3,039
Share-based payments	43
Adjustment to data relating to projects with a Commercial Operation Date during the four preceding quarters ⁸	10,457
Adjusted EBITDA as defined the Series D Deed of Trust	22,965

⁷ The term "Adjusted EBITDA" is defined in the Series D Deed of Trust as earnings before financial expenses, net, taxes, depreciation and amortization, where the revenues from the Company's operations, such as the Talmei Yosef PV Plant, are calculated based on the fixed asset model and not based on the financial asset model (IFRIC 12), and before share-based payments, when the data of assets or projects whose Commercial Operation Date (as such term is defined in the Series D Deed of Trust) occurred in the four quarters that preceded the relevant date will be calculated based on Annual Gross Up (as such term is defined in the Series D Deed of Trust). The Series D Deed of Trust provides that for purposes of the financial covenant, the Adjusted EBITDA will be calculated based on the four preceding quarters, in the aggregate. The Adjusted EBITDA is presented in this press release as part of the Company's undertakings towards the holders of its Series D Debentures. For a general discussion of the use of non-IFRS measures, such as EBITDA and Adjusted EBITDA see above under "Use of NON-IFRS Financial Measures."

⁸ The adjustment is based on the results of the Talasol Project since January 27, 2021 and of the biogas plant in Gelderland since January 1, 2021. The results of the biogas plant in Gelderland were not included in the profit and loss statement of the Company for the year ended December 31, 2020.

**Ellomay Capital Ltd.
and its Subsidiaries**

**Condensed Consolidated Interim Financial Statements
As at June 30, 2021
(Unaudited)**

Condensed Consolidated Unaudited Interim Financial Statements

Contents

	Page
<u>Condensed Consolidated Unaudited Interim Statements of Financial Position</u>	F-2
<u>Condensed Consolidated Unaudited Interim Statements of Comprehensive Income (Loss)</u>	F-3
<u>Condensed Consolidated Unaudited Interim Statements of Changes in Equity</u>	F-4 - F-7
<u>Condensed Consolidated Unaudited Interim Statements of Cash Flows</u>	F-8
<u>Notes to the Condensed Consolidated Unaudited Interim Financial Statements</u>	F-9 - F-25

Condensed Consolidated Unaudited Interim Statements of Financial Position

		June 30, 2021 (Unaudited)	December 31, 2020 (Audited)	June 30, 2021 (Unaudited) Convenience Translation into US\$ in thousands*
	Note	€ in thousands		
Assets				
Current assets				
Cash and cash equivalents		67,259	66,845	79,943
Marketable securities	4	-	1,761	
Short term deposits	4	-	8,113	-
Restricted cash	4	4,216	-	5,011
Receivable from concession project		1,589	1,491	1,889
Trade and other receivables	5	9,761	9,825	11,602
		82,825	88,035	98,445
Non-current assets				
Investment in equity accounted investee	6	30,126	32,234	35,807
Advances on account of investments		2,445	2,423	2,906
Receivable from concession project		25,014	25,036	29,731
Fixed assets	8	312,983	264,095	372,008
Right-of-use asset		22,944	17,209	27,271
Intangible asset		4,506	4,604	5,356
Restricted cash and deposits	4	6,023	9,931	7,159
Deferred tax		5,785	3,605	6,876
Long term receivables	5	861	2,762	1,023
Derivatives	7	2,276	10,238	2,705
		412,963	372,137	490,842
Total assets		495,788	460,172	589,287
Liabilities and Equity				
Current liabilities				
Current maturities of long term bank loans		13,204	10,232	15,694
Current maturities of long term loans		3,549	4,021	4,218
Debentures		12,815	10,600	15,232
Lease liability short term		8,288	** 490	9,851
Trade payables		2,692	12,387	3,202
Other payables		11,461	** 7,422	13,617
		52,009	45,152	61,814
Non-current liabilities				
Lease liability		15,524	17,299	18,452
Liabilities to banks		149,789	134,520	178,038
Other long-term loans		51,871	49,396	61,653
Debentures		80,661	72,124	95,873
Deferred tax		8,124	7,806	9,656
Other long-term liabilities		4,512	513	5,363
Derivatives	7	6,297	8,336	7,485
		316,778	289,994	376,520
Total liabilities		368,787	335,146	438,334
Equity				
Share capital		25,578	25,102	30,402
Share premium		85,762	82,401	101,936
Treasury shares		(1,736)	(1,736)	(2,063)
Transaction reserve with non-controlling Interests		5,145	6,106	6,115
Reserves		2,400	4,164	2,853
Retained earnings		2,613	8,191	3,106
Total equity attributed to shareholders of the Company		119,762	124,228	142,349
Non-Controlling Interest		7,239	798	8,604
Total equity		127,001	125,026	150,953
Total liabilities and equity		495,788	460,172	589,287

* Convenience translation into US\$ (exchange rate as at June 30, 2021: EUR 1 = US\$ 1.189)

**Reclassified

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

Condensed Consolidated Unaudited Interim Statements of Comprehensive Income (Loss)

	For the six months ended June 30,		For the year ended December 31,	For the six months ended June 30,
	2021	2020	2020	2021
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
	€ in thousands (except per share amounts)			Convenience Translation into US\$*
Revenues	19,455	4,214	9,645	23,124
Operating expenses	(7,506)	(2,146)	(4,951)	(8,922)
Depreciation and amortization expenses	(7,056)	(1,447)	(2,975)	(8,387)
Gross profit	4,893	621	1,719	5,815
Project development costs	(1,119)	(2,338)	(3,491)	(1,330)
General and administrative expenses	(2,572)	(2,204)	(4,512)	(3,057)
Share of profits (losses) of equity accounted investee	(772)	850	1,525	(918)
Other income	—	—	2,100	—
Operating profit (loss)	430	(3,071)	(2,659)	510
Financing income	1,716	886	2,134	2,040
Financing income (expenses) in connection with derivatives and warrants, net	(109)	1,099	1,094	(130)
Financing expenses	(6,806)	(3,095)	(6,862)	(8,090)
Interest expenses on minority shareholder loan	(939)	—	—	(1,116)
Financing expenses, net	(6,138)	(1,110)	(3,634)	(7,296)
Loss before taxes on income	(5,708)	(4,181)	(6,293)	(6,786)
Tax benefit (Taxes on income)	(93)	(88)	125	(111)
Loss for the period	(5,801)	(4,269)	(6,168)	(6,897)
Loss attributable to:				
Owners of the Company	(5,578)	(3,472)	(4,627)	(6,630)
Non-controlling interests	(223)	(797)	(1,541)	(267)
Loss for the period	(5,801)	(4,269)	(6,168)	(6,897)
Other comprehensive income (loss) items that after initial recognition in comprehensive income (loss) were or will be transferred to profit or loss:				
Foreign currency translation differences for foreign Operations	1,684	(86)	(482)	2,002
Effective portion of change in fair value of cash flow hedges	(5,202)	(9,289)	2,210	(6,183)
Net change in fair value of cash flow hedges transferred to profit or loss	(1,225)	190	555	(1,456)
Total other comprehensive income (loss)	(4,743)	(9,185)	2,283	(5,637)
Total other comprehensive income (loss) attributable to:				
Owners of the Company	(1,764)	(4,737)	881	(2,096)
Non-controlling interests	(2,979)	(4,448)	1,402	(3,541)
Total other comprehensive income (loss)	(4,743)	(9,185)	2,283	(5,637)
Total comprehensive loss for the period	(10,544)	(13,454)	(3,885)	(12,534)
Total comprehensive loss for the period attributable to:				
Owners of the Company	(7,342)	(8,209)	(3,746)	(8,726)
Non-controlling interests	(3,202)	(5,245)	(139)	(3,808)
Total comprehensive loss for the period	(10,544)	(13,454)	(3,885)	(12,534)
Basic loss per share	(0.44)	(0.29)	(0.38)	(0.52)
Diluted loss per share	(0.44)	(0.29)	(0.38)	(0.52)

* Convenience translation into US\$(exchange rate as at June 30, 2021: EUR 1 = US\$1.189)

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

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	Treasury shares	Translation reserve from foreign operations	Hedging Reserve	Interests Transaction reserve with non-controlling Interests	Total		
	€ in thousands									
For the six months ended June 30, 2020 (unaudited):										
Balance as at January 1, 2020	21,998	64,160	12,818	(1,736)	4,356	(1,073)	6,106	106,629	937	107,566
Loss for the period	-	-	(3,472)	-	-	-	-	(3,472)	(797)	(4,269)
Other comprehensive loss for the period	-	-	-	-	(98)	(4,639)	-	(4,737)	(4,448)	(9,185)
Total comprehensive loss for the period	-	-	(3,472)	-	(98)	(4,639)	-	(8,209)	(5,245)	(13,454)
Transactions with owners of the Company, recognized directly in equity:										
Issuance of ordinary shares	1,935	11,253	-	-	-	-	-	13,188	-	13,188
Share-based payments	-	20	-	-	-	-	-	20	-	20
Balance as at June 30, 2020	23,933	75,433	9,346	(1,736)	4,258	(5,712)	6,106	111,628	(4,308)	107,320

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	Treasury shares	Translation Reserve from foreign operations	Hedging Reserve	Transaction reserve with non-controlling Interests	Total		
€ in thousands										
For the year ended December 31, 2020 (audited):										
Balance as at January 1, 2020	21,998	64,160	12,818	(1,736)	4,356	(1,073)	6,106	106,629	937	107,566
Profit (loss) for the year	-	-	(4,627)	-	-	-	-	(4,627)	(1,541)	(6,168)
Other comprehensive loss for the year	-	-	-	-	(533)	1,414	-	881	1,402	2,283
Total comprehensive loss for the year	-	-	(4,627)	-	(533)	1,414	-	(3,746)	(139)	(3,885)
Transactions with owners of the Company, recognized directly in equity:										
Issuance of ordinary shares	3,084	18,191	-	-	-	-	-	21,275	-	21,275
Options exercise	20	-	-	-	-	-	-	20	-	20
Share-based payments	-	50	-	-	-	-	-	50	-	50
Balance as at										
December 31, 2020	25,102	82,401	8,191	(1,736)	3,823	341	6,106	124,228	798	125,026

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	Treasury shares	Translation reserve from foreign operations	Hedging Reserve	Interests Transaction reserve with non-controlling Interests	Total		
	Convenience translation into US\$*									
For the six months ended June 30, 2021 (unaudited):										
Balance as at January 1, 2021	29,836	97,942	9,736	(2,063)	4,544	405	7,257	147,657	951	148,608
Loss for the period	-	-	(6,630)	-	-	-	-	(6,630)	(267)	(6,897)
Other comprehensive loss for the period	-	-	-	-	1,945	(4,041)	-	(2,096)	(3,541)	(5,637)
Total comprehensive loss for the period	-	-	(6,630)	-	1,945	(4,041)	-	(8,726)	(3,808)	(12,534)
Transactions with owners of the Company, recognized directly in equity:										
Issuance of Capital note to non-controlling interest	-	-	-	-	-	-	-	-	10,319	10,319
Buy of shares in subsidiaries from non-controlling interests	-	-	-	-	-	-	(1,142)	(1,142)	1,142	-
Warrants exercise	540	3,979	-	-	-	-	-	4,519	-	4,519
Options exercise	26	-	-	-	-	-	-	26	-	26
Share-based payments	-	15	-	-	-	-	-	15	-	15
Balance as at June 30, 2021	30,402	101,936	3,106	(2,063)	6,489	(3,636)	6,115	142,349	8,604	150,953

* Convenience translation into US\$ (exchange rate as at June 30, 2021: EUR 1 = US\$ 1.189)

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,	For the six months ended June 30,
	2021	2020	2020	2021
	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
	€ in thousands			Convenience Translation into US\$*
Cash flows from operating activities				
Loss for the period	(5,801)	(4,269)	(6,168)	(6,897)
Adjustments for:				
Financing expenses, net	6,138	1,110	3,634	7,296
Profit from settlement of derivatives contract	(407)	-	-	(484)
Depreciation and amortization	7,056	1,447	2,975	8,387
Share-based payment transactions	13	20	50	15
Share of losses (profits) of equity accounted investees	772	(850)	(1,525)	918
Payment of interest on loan by an equity accounted investee	859	582	582	1,021
Change in trade receivables and other receivables	(2,124)	127	(3,868)	(2,525)
Change in other assets	(782)	(234)	179	(929)
Change in receivables from concessions project	757	704	1,426	900
Change in trade payables	(941)	(35)	190	(1,118)
Change in other payables	3,715	368	(1,226)	4,416
Income tax expense (tax benefit)	93	88	(125)	111
Income taxes paid	(15)	-	(119)	(18)
Interest received	921	869	2,075	1,095
Interest paid	(3,857)	(1,853)	(3,906)	(4,584)
Net cash provided by (used in) operating activities	<u>6,397</u>	<u>(1,926)</u>	<u>(5,826)</u>	<u>7,604</u>
Cash flows from investing activities				
Acquisition of fixed assets	(63,793)	(81,280)	(128,420)	(75,824)
Acquisition of subsidiary, net of cash acquired	-	-	(7,464)	-
Repayment of loan by an equity accounted investee	1,400	1,923	1,978	1,664
Loan to an equity accounted investee	(244)	-	(181)	(290)
Advances on account of investments	(8)	-	(1,554)	(10)
Settlement of derivatives contract	(252)	-	-	(300)
Proceeds (investment) in restricted cash, net	(185)	22,580	23,092	(220)
Proceeds (investment) in short term deposit	8,533	-	(1,323)	10,142
Proceeds from marketable securities	1,785	-	1,800	2,122
Acquisition of marketable securities	-	-	(1,481)	-
Compensation as per agreement with Erez Electricity Ltd.	-	1,418	1,418	-
Net cash used in investing activities	<u>(52,764)</u>	<u>(55,359)</u>	<u>(112,135)</u>	<u>(62,716)</u>
Cash flows from financing activities				
Sale of shares in subsidiaries to non-controlling interests	1,400	-	-	1,664
Proceeds from options	22	-	20	26
Cost associated with long term loans	(197)	-	(734)	(234)
Proceeds from long term loans	32,476	80,584	111,357	38,601
Repayment of long-term loans	(3,390)	(2,804)	(3,959)	(4,029)
Repayment of Debentures	(30,730)	(26,923)	(26,923)	(36,525)
Issuance of ordinary shares	-	13,188	21,275	-
Proceeds from issue of convertible debentures	15,571	-	-	18,508
Proceeds from issuance of Debentures, net	25,465	-	38,057	30,267
Issuance / exercise of warrants	3,675	320	2,544	4,368
Net cash from financing activities	<u>44,292</u>	<u>64,365</u>	<u>141,637</u>	<u>52,646</u>
Effect of exchange rate fluctuations on cash and cash equivalents	2,489	(357)	(1,340)	2,958
Increase in cash and cash equivalents	414	6,723	22,336	492
Cash and cash equivalents at the beginning of the period	66,845	44,509	44,509	79,451
Cash and cash equivalents at the end of the period	<u>67,259</u>	<u>51,232</u>	<u>66,845</u>	<u>79,943</u>

* Convenience translation into US\$ (exchange rate as at June 30, 2021: EUR 1 = US\$ 1.189)

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

Notes to the Condensed Consolidated Unaudited Interim Financial Statements

Note 1 - General

Ellomay Capital Ltd. (hereinafter - the "Company"), is an Israeli company operating in the business of renewable energy and a power generator and developer of renewable energy and power projects in Europe and Israel. As of June 30, 2021, the Company owns six photovoltaic plants (each, a "PV Plant" and, together, the "PV Plants") that are connected to their respective national grids and operating as follows: (i) four photovoltaic plants in Spain with an aggregate installed capacity of approximately 7.9 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 S.L.U., that is constructing a photovoltaic plant with installed capacity of 28 MW in the municipality of Talaván, Cáceres, Spain (hereinafter – the "Ellomay Solar Project"), (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) Nm³ 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.

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., 1st Floor, Tel Aviv, Israel.

Effects of the spreading of the coronavirus

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 due to the decrease in demand, resulting in a slight decrease in the Company's revenues in Spain. The electricity prices in the European markets have since increased and are currently higher than were in effect prior to the pandemic. The spread of Covid-19 and its implications 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. The extent to which the Covid-19 pandemic impacts the business of the Company will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of Covid-19 and the actions to contain Covid-19 or treat its impact, among others. These potential effects could last until a vaccine or successful treatment plan are implemented worldwide.

Notes to the Condensed Consolidated Unaudited Interim Financial Statements

Note 1 – General (cont'd)

Material events in the reporting period

- a. On February 23, 2021, the Company issued additional Series C Debentures in a public offering in Israel in an aggregate principal amount of NIS 100,939 thousand (approximately €25,442 thousand). The gross proceeds from the offering were NIS 102,400 thousand and the net proceeds of the offering, net of related expenses such as consultancy fee and commissions, were approximately NIS 101,500 thousand (approximately €25,622 thousand).
- b. On February 23, 2021, the Company issued our new Series D Convertible Debentures in a public offering in Israel in the aggregate principal amount of NIS 62,000 thousand (approximately €15,627). The principal amount of the Series D Debentures is repayable in one installment on December 31, 2026. The Series D Debentures bear a fixed interest at the rate of 1.2% per year (that is not linked to the Israeli CPI or otherwise), payable semi-annually on June 30 and December 31 commencing June 30, 2021 through December 31, 2026 (inclusive). The Series D Debentures are convertible into the Company's ordinary shares, NIS 10.00 par value per share, at a conversion price of NIS 165 (approximately €42.6 based on the Euro /NIS exchange rate as of June 30, 2021), subject to adjustments upon customary terms. The Series D Debentures are not rated. The gross proceeds from the offering were approximately NIS 62,600 thousand and the net proceeds of the offering, net of related expenses such as consultancy fee and commissions, were approximately NIS 61,800 thousand (approximately €15,577 thousand).
- c. On February 28, 2021, the Company announced that it will fully repay the Series B Debentures and on March 18, 2021, the Series B Debentures were repaid in full. Pursuant to the terms of the deed of trust governing the Series B Debentures, the early repayment amount consisted of a principal payment in the amount of approximately NIS 86,300 thousand (approximately €21,500 thousand), accrued interest in the amount of approximately NIS 700 thousand (approximately €160 thousand) and a prepayment charge of approximately NIS 3,400 thousand (approximately €860 thousand), amounting to an aggregate repayment amount of approximately NIS 90,400 thousand (approximately €22,500 thousand).
- d. During January and February 2021, Israeli institutional investors who purchased the Company's ordinary shares and warrants convertible into ordinary shares in a private placement consummated in February 2020, exercised all of the warrants issued to them in such private placement. As a result of the exercises, the Company issued an aggregate of 178,750 ordinary shares, at a price per ordinary share of NIS 80 (approximately €20.3), and received gross proceeds of NIS 14,300 thousand (approximately €3,635 thousand).
- e. The Talasol Project achieved PAC (preliminary acceptance certificate) on January 27, 2021, upon which the Company commenced recognition of revenues and expenses.

Notes to the Condensed Consolidated Unaudited Interim Financial Statements

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 2020.

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, 2020 (hereinafter – "the annual financial statements").

These condensed consolidated interim financial statements were authorized for issue on September 30, 2021.

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

Amendments to IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments: Recognition and Measurement*, IFRS 7, *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16, *Leases*, *Interest Rate Benchmark Reform – Phase 2* ("the Amendments")-

The Amendments include practical expedients regarding the accounting treatment of modifications in contractual terms that are a result of the interest rate benchmark reform (a reform that in the future will lead to the replacement of interest rates such as the Libor and Euribor). Thus, for example:

- When certain modifications are made in the terms of financial assets or financial liabilities as a result of the reform, the entity shall update the effective interest rate of the financial instrument instead of recognizing a gain or loss.
- Certain modifications in lease terms that are a result of the reform shall be accounted for as an update to lease payments that depend on an index or rate.
- Certain modifications in terms of the hedging instrument or hedged item that are a result of the reform shall not lead to the discontinuance of hedge accounting.

The Amendments are applicable retrospectively as from January 1, 2021 by amending the opening balance of equity for the annual reporting period in which the amendment was adopted without a restatement of comparative data.

Application of the Amendments did not have a material effect on the Company's financial statements.

Notes to the Condensed Consolidated Unaudited Interim Financial Statements

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

D. New standards, amendments to standards and interpretations not yet adopted

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, the proceeds from selling the items and the cost of the sold items shall be recognized in profit or loss.

The Amendment is effective for annual periods beginning on or after January 1, 2022. Early application is permitted. The Amendment shall be applied on a retrospective basis, 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 will adjust the opening balance of retained earnings for the earliest reporting period presented.

Application of the Amendments is not expected to have a material effect on the Company's 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, 2021	December 31, 2020
	€ in thousands	
	Unaudited	Audited
Marketable securities ⁽¹⁾	-	1,761
Short-term restricted cash ⁽²⁾	4,216	-
Short-term deposits ⁽³⁾	-	8,113
Long-term restricted non-interest bearing bank deposits ⁽²⁾	617	2,138
Restricted cash, long-term bank deposits ⁽²⁾	5,406	7,793
Long-term restricted cash and deposits	6,023	9,931

1. The Company invested in a traded Corporate Bond (rated Baa3 by Moody's) with a coupon rate of 4.435% and a maturity date of December 30, 2020 and in 5.8% WACHOVIA Fixed Interest Float. The Company sold all of its Marketable securities in 2021.
2. Bank deposits used to secure obligations under loan agreements.
3. Bank deposits with annual interest rate as of December 31, 2020 of 0.27%.

Notes to the Condensed Consolidated Unaudited Interim Financial Statements

Note 5 - Trade and Other Receivables

	June 30, 2021	December 31, 2020
	€ in thousands	
	Unaudited	Audited
Current Assets:		
Trade and other receivables:		
Government authorities	1,723	3,232
Income receivable	3,707	3,420
Interest receivable	47	36
Current tax	47	32
Trade receivable	2,167	382
Inventory	322	306
Derivatives	42	78
Prepaid expenses and other	1,706	2,339
	<u>9,761</u>	<u>9,825</u>
Non-current Assets:		
Long term receivables		
Prepaid expenses associated with long term loans ⁽¹⁾	829	2,731
Annual rent deposits	30	30
Other	2	1
	<u>861</u>	<u>2,762</u>

(1) Prepaid commission expenses paid in connection with the Talasol Project's project finance obtained from financing entities as at December 31, 2020 and Prepaid commission expenses paid in connection with the Manara Pumped Storage project finance obtained from financing entities as at June 30, 2021.

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. (formerly - Dori 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, 2021 total performance guarantees provided by Dorad amounted to approximately NIS 170,000 thousand (approximately €43,873 thousand). The Company's indirect share of guarantees that Dorad provided through its shareholders is approximately NIS 16,000 thousand (approximately €4,129 thousand).

Notes to the Condensed Consolidated Unaudited Interim Financial Statements

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

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 Dory 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. Following the parties' request for approval of a procedural arrangement regarding the submission of written summaries and the possible supplemental oral argument in all proceedings subject to arbitration, the arbitrator approved the various dates for submitting summaries, ending in May 2022.

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, 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 description of the petition to approve a derivative claim filed by Edelcom Ltd., one of the shareholders of Dorad ("Edelcom"), included in Note 6 to the annual financial statements. This proceeding is also conducted in the framework of the above-mentioned arbitration.

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.

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 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, subsequent to the balance sheet date, 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.

Notes to the Condensed Consolidated Unaudited Interim Financial Statements

Note 6 - Investee Companies and Other Investments (cont'd)

Information about investee companies and other investments (cont'd)

B. Manara Pumped Storage Project ("Manara PSP") –

On December 31, 2020 Ellomay Pumped Storage (2014) Ltd. ("Ellomay PS"), the Company's 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 will be provided by a consortium of Israeli banks and institutional investors, arranged and led by Mizrahi-Tefahot Bank Ltd. The Manara PSP Project Finance is in the aggregate amount of NIS 1.18 billion (approximately €305 million based on the Euro/NIS exchange rate as of June 30, 2021), and includes: (i) a Senior Secured Tranche at a fixed rate of interest for each drawdown, with base interest rate equal to the yield to maturity of Israeli treasury bonds with like duration of the loan drawdown, plus a spread of 3.25% per-annum during the Construction Period of the Project and a spread of 2.40% per-annum from the Actual Completion Date of the Project which proceeds the Commercial Operation Date of the Project. The Senior Secured Tranche is linked to the Israeli Consumer Price Index and is to be repaid over a period of 19.5 years from the commercial operation date; and (ii) a Subordinated Secured B Tranche at a floating rate of interest, with the base interest being the Bank of Israel rate, plus a spread of 4.35% per-annum during the Construction Period and a spread of 3.90% per-annum from the Actual Completion Date. The stated maturity of the Tranche B loan is one year less than the maturity of the Senior Secured Loan with a cash sweep mechanism that shortens its maturity to approximately 12 years from the Commercial Operation Date under the Base Case Financial Model.

In connection with the Manara PSP Project Finance that occurred on February 2021, and based on the A.R.Z. Settlement Agreement, A.R.Z. was required to provide its indirect share of equity investment and financing to the Manara PSP. Due to the failure to provide the required funds, Ellomay Water Plants Holdings (2014) Ltd., the Company's wholly-owned subsidiary that holds 75% of Ellomay PS, seized E.R.Z.'s holdings in Sheva Mizrakot (33%) and, as a result, the Company's indirect holdings in the Manara PSP increased from 75% to 83.333% in January 2021. Accordingly, the Company imputed the difference between the consideration and the minority interest to the Transaction reserve with non-controlling Interests in the amount of €961 thousand.

During the first six months ended June 30, 2021, the Company and the minority owners of the Manara PSP provided loans in the aggregate amount of NIS 220,209 thousand (approximately €56,830 thousand). In order to comply with the conditions to the financial closing of the Manara PSP Project Finance, a portion of the total outstanding loans in an aggregate amount of approximately NIS 153,741 thousand (approximately €39,293 thousand) was converted to capital notes, out of which, an amount of €8,682 thousand belong to the minority. The issued capital notes do not bear interest, linkage differences or exchange rate differences for any foreign currency. The repayment of the capital notes is subordinated to any other obligation of the Manara PSP and is takes precedent only to the distribution of the surplus assets of the Manara PSP upon liquidation. Also, the repayment of the capital notes is at the sole discretion of the Manara PSP and therefore they have been presented as part of the total equity.

Notice to commence the construction works was issued to Electra Infrastructure Ltd., the engineering, procurement and construction contractor of the Manara PSP in April 2021. Construction period of the Manara PSP is expected to be 62.5 months.

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, 2021	December 31, 2020
	€ in thousands	
	Unaudited	Audited
Derivatives presented under current assets		
Currency swap	42	12
Forward contracts	-	66
	42	78
Derivatives presented under non-current assets		
Financial power swap	1,592	10,238
Currency swap	684	-
	2,276	10,238
Derivatives presented under current liabilities		
Swap contracts	(1,336)	(1,378)
Financial power swap	(1,195)	-
	(2,531)	(1,378)
Derivatives presented under non-current liabilities		
Currency swap	-	(144)
Swap contracts	(6,297)	(8,192)
	(6,297)	(8,336)

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, 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					
Non-current liabilities:						
Debentures	93,476	95,992	-	-	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%, fix rate for 5 years 2.9%-3.55% and 4.65% Linkage to Consumer price index in Israel.
Loans from banks and others (including current maturities)						
	218,413	-	220,045	-		
	311,889	95,992	220,045	-		
December 31, 2020						
	Carrying amount	Fair value			Valuation techniques for determining fair value	Inputs used to determine fair value
		Level 1	Level 2	Level 3		
	€ in thousands					
Non-current liabilities:						
Debentures	82,724	84,814	-	-	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%, fix rate for 5 years 2.9%-3.55% and 4.65% Linkage to Consumer price index in Israel
Loans from banks and others (including current maturities)						
	198,169	-	209,005	-		
	280,893	84,814	209,005	-		

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, 2021				Valuation techniques for determining fair value
	Level 1	Level 2	Level 3	Total	
	€ in thousands				
Swap contracts	-	(7,633)	-	(7,633)	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	-	726	-	726	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	-	-	7,408	7,408	The 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 10% and the expected yearly change of Israeli Consumer Price Index, during the expected lifetime of the loan, was estimated at approximately 1%.
Financial power swap	-	-	397	397	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, 2021.

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, 2020				Valuation techniques for determining fair value
	Level 1	Level 2	Level 3	Total	
	€ in thousands				
Marketable securities	-	1,761	-	1,761	Market price
Forward contracts	-	66	-	66	Fair value measured on the basis of discounting the difference between the forward price in the contract and the current forward price for the residual period until redemption using market interest rates appropriate for similar instruments, including the adjustment required for the parties' credit risks.
Swap contracts	-	(9,570)	-	(9,570)	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	-	(132)	-	(132)	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	-	-	8,745	8,745	The 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 10% and the expected yearly change of Israeli Consumer Price Index, during the expected lifetime of the loan, was estimated at approximately 1%.
Financial power swap	-	-	10,238	10,238	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.

Notes to the Condensed Consolidated Unaudited Interim Financial Statements

Note 7 - Financial Instruments (cont'd)

Fair value (cont'd)

(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</u> <u>loan</u> <u>€ in thousands</u>
Balance as at December 31, 2020	8,745
Repayment of loan to an equity accounted investee	(2,259)
Loan to an equity accounted investee	244
Total income recognized in profit or loss	125
Interest	450
Foreign Currency translation adjustments	<u>103</u>
Balance as at June 30, 2021	7,408

	<u>Financial assets</u> <u>Financial power</u> <u>swap</u> <u>€ in thousands</u>
Balance as at December 31, 2020	10,238
Total loss is recognized in other comprehensive income	<u>(9,841)</u>
Balance as at June 30, 2021	397

Notes to the Condensed Consolidated Unaudited Interim Financial Statements

Note 8 - Fixed assets

	Photovoltaic Plants	Pumped storage	Biogas installations	Office furniture and equipment	Leasehold Improvements	Total
	€ in thousands					
Cost						
Balance as at January 1, 2020	102,784	-	19,588	147	52	122,571
Additions	120,842	16,607	558	38	-	138,045
New companies	-	-	17,233	-	-	17,233
Disposals	-	-	-	-	(52)	(52)
Effect of changes in exchange rates	-	-	-	(5)	-	(5)
Balance as at December 31, 2020	<u>223,626</u>	<u>16,607</u>	<u>37,379</u>	<u>180</u>	<u>-</u>	<u>277,792</u>
Balance as at January 1, 2021	<u>223,626</u>	<u>16,607</u>	<u>37,379</u>	<u>180</u>	-	<u>277,792</u>
Additions	<u>17,896</u>	<u>36,864</u>	<u>620</u>	<u>2</u>	-	<u>55,382</u>
Balance as at June 30, 2021	<u>241,522</u>	<u>53,471</u>	<u>37,999</u>	<u>182</u>	-	<u>333,174</u>
Depreciation						
Balance as at January 1, 2020	5,456	-	2,545	129	52	8,182
Depreciation for the year	830	-	1,457	12	-	2,299
New companies	-	-	3,272	-	-	3,272
Disposals	-	-	-	-	(52)	(52)
Effect of changes in exchange rates	-	-	-	(4)	-	(4)
Balance as at December 31, 2020	<u>6,286</u>	<u>-</u>	<u>7,274</u>	<u>137</u>	<u>-</u>	<u>13,697</u>
Balance as at January 1, 2021	<u>6,286</u>	-	<u>7,274</u>	<u>137</u>	-	<u>13,697</u>
Depreciation for the period	<u>5,028</u>	-	<u>1,459</u>	<u>7</u>	-	<u>6,494</u>
Balance as at June 30, 2021	<u>11,314</u>	<u>-</u>	<u>8,733</u>	<u>144</u>	<u>-</u>	<u>20,191</u>
Carrying amounts						
As at December 31, 2020	<u>217,340</u>	<u>16,607</u>	<u>30,105</u>	<u>43</u>	<u>-</u>	<u>264,095</u>
As at June 30, 2021	<u>230,208</u>	<u>53,471</u>	<u>29,266</u>	<u>38</u>	<u>-</u>	<u>312,983</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.

	Italy	Spain	PV Ellomay Solar	Talasol	Israel	Bio Gas	Dorad	Manara	Total reportable segments	Reconciliations	Total consolidated
For the six months ended June 30, 2021											
€ in thousands											
Revenues	-	1,534	-	11,202	2,130	6,129	22,940	-	43,935	(24,480)	19,455
Operating expenses	-	(423)	-	(1,988)	(170)	(4,925)	(18,049)	-	(25,555)	18,049	(7,506)
Depreciation expenses	-	(451)	-	(4,816)	(1,151)	(1,552)	(2,685)	-	(10,655)	3,599	(7,056)
Gross profit (loss)	-	660	-	4,398	809	(348)	2,206	-	7,725	(2,832)	4,893
Project development costs											(1,119)
General and administrative expenses											(2,572)
Share of profits of equity accounted investee											(772)
Operating profit											430
Financing income											1,716
Financing expenses in connection with derivatives and warrants, net											(109)
Financing expenses, net											(6,806)
Interest expenses on minority shareholder loan											(939)
Loss before taxes on Income											(5,708)
Segment assets as at June 30, 2021	833	15,130	5,589	242,224	35,548	34,903	106,164	90,300	530,691	(34,904)	495,787

Notes to the Condensed Consolidated Unaudited Interim Financial Statements

Note 9 - Operating Segments (cont'd)

	PV						Total reportable segments	Reconciliations	Total consolidated	
	Italy	Spain	Israel	Talasol	Bio Gas	Dorad				Manara
For the six months ended June 30, 2020										
€ in thousands										
Revenues	-	1,241	2,060	-	2,437	28,836	-	34,574	(30,360)	4,214
Operating expenses	-	(227)	(154)	-	(1,765)	(22,841)	-	(24,987)	22,841	(2,146)
Depreciation expenses	-	(453)	(1,174)	(28)	(726)	(2,600)	-	(4,981)	3,534	(1,447)
Gross profit (loss)	-	561	732	(28)	(54)	3,395	-	4,606	(3,985)	621
Project development costs										(2,338)
General and administrative expenses										(2,204)
Share of profits of equity accounted investee										850
Other income, net										-
Operating loss										(3,071)
Financing income										886
Financing income in connection with derivatives and warrants, net										1,099
Financing expenses, net										(3,095)
Loss before taxes on Income										(4,181)
Segment assets as at June 30, 2020	518	15,841	37,096	190,768	18,395	110,970	2,318	375,906	(14,280)	361,626

Notes to the Condensed Consolidated Unaudited Interim Financial Statements

Note 9 - Operating Segments (cont'd)

	PV							Total reportable segments	Reconciliations	Total consolidated
	Italy	Spain	Israel	Talasol	Biogas	Dorad	Manara			
	For the year ended December 31, 2020									
	€ in thousands									
Revenues	-	2,577	4,089	-	6,002	57,495	-	70,163	(60,518)	9,645
Operating expenses	-	(463)	(379)	-	(4,109)	(44,489)	-	(49,440)	44,489	(4,951)
Depreciation and amortization expenses	-	(905)	(2,310)	-	(1,457)	(5,674)	-	(10,346)	7,371	(2,975)
Gross profit (loss)	-	1,209	1,400	-	436	7,332	-	10,377	(8,658)	1,719
Project development costs										(3,491)
General and administrative expenses										(4,512)
Share of profits (loss) of equity accounted investee										1,525
Other income, net										2,100
Capital gain (loss)										-
Operating profit (loss)										(2,659)
Financing income										2,134
Financing income (expenses) in connection with derivatives, net										1,094
Financing expenses, net										(6,862)
Profit (loss) before taxes on Income										(6,293)
Segment assets as at December 31, 2020	503	17,574	36,521	232,955	36,253	109,983	21,925	455,714	4,458	460,172

Notes to the Condensed Consolidated Unaudited Interim Financial Statements

Note 10 - Leases

1. Material lease agreements entered into during the period

The Company leases land in Israel from private lessors for a period of approximately 25 years, on which is constructing the Manara PSP. A right-of-use asset in the amount of €10,629 thousand has been recognized in the statement of financial position in April 2021 in respect of leases of land. A lease liability in the amount of €10,629 thousand has been recognized in the statement of financial position in April 2021 in respect of such leases of land, out of which an amount of €7,616 thousand has been recognized in short term liabilities, as it is expected to be paid at the first withdrawal of the Manara PSP project finance, which closed on February 11, 2021.

2. Right-of-use assets

	Gelderland	Manara	Spain	Ellomay Solar € in thousands	Talasol	Talmei Yosef	Total
Cost							
Balance as at January 1, 2021	355	-	1,235	1,789	12,686	1,672	17,737
Additions	-	10,666	-	-	-	-	10,666
Disposals	-	-	-	-	(4,526)	(17)	(4,543)
Effect of changes in exchange rates	-	100	-	-	-	25	125
Balance as at June 30, 2021	355	10,766	1,235	1,789	8,160	1,680	23,985
Depreciation							
Balance as at January 1, 2021	-	-	150	-	169	209	528
Depreciation for the period	93	106	37	22	202	53	513
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance as at June 30, 2021	93	106	187	22	371	262	1,041
Carrying amounts							
As at December 31, 2020	355	-	1,085	1,789	12,517	1,463	17,209
As at June 30, 2021	262	10,660	1,048	1,767	7,789	1,418	22,944

3. Lease liability

Maturity analysis of the company's lease liabilities

	June 30, 2021 € in thousands
Less than one year	8,288
One to five years	2,584
More than five years	12,940
Total	23,812
Current maturities of lease liability	8,288
Long-term lease liability	15,524

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, 2021 (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, 2020, or the Annual Report, filed with the Securities and Exchange Commission, or SEC, on March 31, 2021. 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, 2021.

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 six photovoltaic plants, or PV Plants, that are operating and connected to their respective national grids as follows: (i) four photovoltaic plants in Spain with an aggregate installed capacity of approximately 7.9 MW, (ii) 51% of Talasol Solar S.L., or Talasol, which owns a photovoltaic plant with 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 MW. In addition, we indirectly own: (i) 9.375% of Dorad Energy Ltd., or Dorad, which owns an approximate 860 MW dual-fuel operated power plant in the vicinity of Ashkelon, Israel, (ii) 83.333% of Ellomay Pumped Storage (2014) Ltd., which is constructing a 156 MW pumped storage project in the Manara Cliff in Israel, or the Manara PSP, (iii) Ellomay Solar S.L.U. that is constructing a photovoltaic plant with installed capacity of 28MW in the municipality of Talaván, Cáceres, Spain, or Ellomay Solar, and (iv) 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) Nm³ per year, respectively.

The following table includes information concerning our revenues per facility:

Name	Installed/ production Capacity ¹	Location	Type of Plant	Connection to Grid	Fixed Tariff	Revenue in the six months ended June 30, 2020 (in thousands) ²	Revenue in the six months ended June 30, 2021 (in thousands) ²
"Rinconada II"	2,275 kWp	Municipality of Córdoba, Andalusia, Spain	PV – Fixed panels	July 2010	N/A	€347	€423
"Rodríguez I"	1,675 kWp	Province of Murcia, Spain	PV – Fixed panels	November 2011	N/A	€257	€314
"Rodríguez II"	2,691 kWp	Province of Murcia, Spain	PV – Fixed panels	November 2011	N/A	€427	€539
"Fuente Librilla"	1,248 kWp	Province of Murcia, Spain	PV – Fixed panels	June 2011	N/A	€210	€258
"Talmei Yosef"	9,400 kWp	Talmei Yosef, Israel	PV – Fixed panels	November 2013	0.9857 ³ (NIS/kWh)	€536 ⁴	€590
"Talasol"	300,000 kWp	Talaván, Cáceres, Spain	PV – Fixed panels	December 2020	N/A	- ⁵	€11,202 ⁵
"Groen Gas Goor"	3 million Nm ³ per year	Goor, the Netherlands	Biogas	November 2017	N/A	€1,492	€1,727
"Goren Gas Oude-Tonge"	3.8 million Nm ³ per year	Oude-Tonge, the Netherlands	Biogas	June 2018	N/A	€945	€1,552
"Groen Gas Gelderland"	7.5 million Nm ³ per year ⁶	Gelderland, the Netherlands	Biogas	April 2017	N/A	- ⁷	€2,850

1. 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.

2. These results are not indicative of future results due to various factors, including changes in the climate and the degradation of the solar panels.

3. The tariff of NIS 0.9631/kWh is 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 increased from NIS 0.976/kWh in November 2013 to NIS 1.005/kWh in 2020 and decreased to NIS 0.9946/kWh in 2021.

4. 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 €2.2 million for the six months ended June 30, 2020 and 2021, only revenues related to the ongoing operation of the plant in the amount of approximately €0.5 million and approximately €0.6 million for the six month periods ended June 30, 2020 and 2021, respectively, are recognized as revenues.

5. The Talasol PV Plant is 51% owned by us. As it was connected to the Spanish national grid at the end of December 2020 and achieved PAC (Preliminary Acceptance Certificate) on January 27, 2021, no revenues were recorded in connection with this PV Plant for the six months ended June 30, 2020 and until PAC was achieved in January 2021. Revenues generated during January 2021 and until achievement of PAC (in the amount of approximately €0.9 million) were capitalized to fixed assets.

6. This plant's permit enables it to produce approximately 7.5 million Nm³ per year, however the actual production capacity of the plant is approximately 9.5 million Nm³ per year.

7. This plant was acquired on December 1, 2020, therefore revenues for the period prior to the acquisition are not reflected herein.

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., 1st Floor, Tel Aviv 6688121, Israel.

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, 2021, are those that require management's more significant judgments and estimates used in the preparation of our condensed consolidated interim financial statements.

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, 2021.

Results of Operations

Six Months Ended June 30, 2021 Compared with Six Months Ended June 30, 2020

Revenues were approximately €19.5 million for the six months ended June 30, 2021, compared to approximately €4.2 million for the six months ended June 30, 2020. This increase is mainly attributable to the achievement of PAC of the Talasol PV Plant on January 27, 2021, upon which we commenced recognition of revenues. The increase is also attributable to the acquisition of the Groen Gas Gelderland B.V. biogas facility, or the Gelderland Biogas Plant, in December 2020 and to improved operational efficiency at our biogas plants in the Netherlands.

Talasol PV Segment. Revenues from our Talasol PV segment were approximately €11.2 million for the six months ended June 30, 2021, compared to 0 for the six months ended June 30, 2020. The increase resulted from the achievement of PAC of the Talasol PV Plant on January 27, 2021, upon which we commenced recognition of revenues.

Spanish PV Segment. Revenues from our Spanish PV segment were approximately €1.5 million for the six months ended June 30, 2021, compared to approximately €1.2 million for the six months ended June 30, 2020. The increase mainly resulted from an adjustment pursuant to Article 22 of the Spanish Royal Decree 413/2014 due to upper and lower limits market price estimations defined in the calculation of the remuneration parameters, applied to reduce uncertainty resulting from deviations in the market price. Article 22 provides that when the annual average price of the daily and intraday market is outside these limits, a positive or negative adjustment is applied to the annual remuneration calculation.

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 €2.1 million for each of the six month periods ended June 30, 2021 and 2020.

Dorad Segment. Our share in the revenues of Dorad was approximately €22.9 million (approximately NIS 90.3 million) for the six months ended June 30, 2021, compared to approximately €28.8 million (approximately NIS 111.3 million) for the six months ended June 30, 2020. The decrease in Dorad's revenues is mainly due to a decrease in tariff and in the electricity sold to Dorad's customers for the six months ended June 30, 2021.

Netherlands Biogas Segment. Revenues from our Netherlands biogas segment were approximately €6.1 million for the six months ended June 30, 2021, compared to approximately €2.4 million for the six months ended June 30, 2020. The increase in revenues is due to the acquisition of the Gelderland Biogas Plant in December 2020 and to improved operational efficiency at our other biogas plants in the Netherlands.

Operating expenses were approximately €7.5 million for the six months ended June 30, 2021, compared to approximately €2.1 million for the six months ended June 30, 20. The increase in operating expenses is mainly attributable to the achievement of PAC of the Talasol PV Plant on January 27, 2021 and the acquisition of the Gelderland Biogas Plant in December 2020.

Talasol PV Segment. Operating expenses in connection with our Talasol PV segment were approximately €2 million for the six months ended June 30, 2021, compared to 0 for the six months ended June 30, 2020. The increase resulted from the achievement of PAC of the Talasol PV Plant on January 27, 2021, upon which we commenced recognition of revenues and operating expenses.

Spanish PV Segment. Operating expenses in connection with our Spanish PV segment were approximately €0.4 million for each of the six month periods ended June 30, 2021, compared to approximately €0.2 million for the six months ended June 30, 2020. The increase resulted from repair works carried out at the Rinconada II PV Plant due to damage caused by theft. We expect to receive indemnification for such damage from the insurance company in the coming months.

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, 2021 and 2020.

Dorad Segment. Operating expenses in connection with our Dorad segment were approximately €18 million (approximately NIS 71 million) for the six months ended June 30, 2021, compared to approximately €22.9 million (approximately NIS 88.2 million) for the six months ended June 30, 2020. The decrease in Dorad's operating expenses is mainly due to a decrease in production and in gas prices.

Netherlands Biogas Segment. Operating expenses in connection with our Netherlands biogas segment were approximately €4.9 million for the six months ended June 30, 2021, compared to approximately €1.7 million for the six months ended June 30, 2020. The increase is mainly attributable to the acquisition of the Gelderland Biogas Plant in December 2020.

Project development costs were approximately €1.1 million for the six months ended June 30, 2021, compared to approximately €2.3 million for the six months ended June 30, 2020. The decrease in project development costs is mainly due to capitalization of expenses in connection with the Manara PSP commencing the fourth quarter of 2020.

General and administrative expenses were approximately €2.6 million for the six months ended June 30, 2021, compared to approximately €2.2 million for the six months ended June 30, 2020. The increase is mostly due to increased D&O liability insurance costs and to the Talasol PV Plant's expenses following the achievement of PAC of the Talasol PV Plant on January 27, 2021.

Our share of profits of equity accounted investee, after elimination of intercompany transactions, was a loss of approximately €0.8 million for the six months ended June 30, 2021, compared to a profit of approximately €0.9 million in the six months ended June 30, 2020. The decrease in the Company's share of profit of equity accounted investee is mainly attributable to the decrease in Dorad's revenues and higher financing expenses incurred by Dorad for the period as a result of the CPI indexation of loans from banks.

Financing expenses, net was approximately €6.2 million for the six months ended June 30, 2021, compared to approximately €1.1 million for the six months ended June 30, 2020. The increase in financing expenses, net, was mainly due to €0.8 million of expenses due to the early repayment of our Series B Debentures and financing expenses in connection with the Talasol PV Plant previously capitalized to fixed assets that are recognized in profit and loss starting from PAC, including approximately €1.1 million of interest on bank loans, €0.6 million of swap related payments, €0.7 million of expenses in connection with the Talasol PV Plant project finance and approximately €0.9 million of interest accrued on shareholder loans granted by the minority shareholders of Talasol.

Taxes on income were approximately €0.1 million for the six months ended June 30, 2021 and 2020.

Net loss was approximately €5.8 million for the six months ended June 30, 2021, compared to approximately €4.3 million for the six months ended June 30, 2020.

Total other comprehensive loss was approximately €4.7 million for the six months ended June 30, 2021, compared to a profit of approximately €9.2 million for the six months ended June 30, 2020. The change was mainly due to changes in fair value of cash flow hedges and from foreign currency translation differences on NIS denominated operations, as a result of fluctuations in the euro/NIS exchange rates.

Total comprehensive loss was approximately €10.5 million for the six months ended June 30, 2021, compared to approximately €13.5 million for the six months ended June 30, 2020.

Impact of Inflation and 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 the Talasol PV Plant, in our Spanish PV Plants and in the Waste-to-Energy Projects 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 is denominated in NIS and the financing we have obtained in connection with our Spanish PV Plants (including the Talasol PV Plant) is denominated in euro and bears interest that is based on EURIBOR rate. 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,	
	2020	2019	2021	2020
Appreciation (Devaluation) of the euro against the NIS	1.7%	(9.6%)	(1.8)%	0.1%

The semi-annual rate of inflation in Israel was 1.6% in the six months ended June 30, 2021, compared to an inflation rate of approximately (0.7%) in the six months ended June 30, 2020.

The representative NIS/euro exchange rate was NIS 3.875 for one euro on June 30, 2021 and NIS 3.883 for one euro on June 30, 2020. The average exchange rates for converting NIS to euro during the six-month periods ended June 30, 2021 and 2020 were NIS 3.936 and NIS 3.861 for one euro, respectively. The exchange rate as of September 1, 2021 was NIS 3.784 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 facilities 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 facilities such as our facilities could materially adversely affect our results of operations. A continued economic crisis in Europe and specifically in Italy and Spain or continued financial distress of the Israel Electric Corporation could cause the applicable legislator to reduce benefits provided to operators of PV plants or other privately-owned energy manufacturing facilities or to revise the incentive regimes that currently governs the sale of electricity in Italy, Spain and Israel.

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 Israeli Operations”, Item 3.D: Risk Factors - Risks Related to the Manara PSP,” “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.

Effective Israeli Corporate Tax Rate

Israeli companies are generally subject to company tax on their taxable income. The Israeli corporate tax rate was reduced from 26.5% to 25% as of January 1, 2016. On December 22, 2016, the Knesset plenum passed the Economic Efficiency Law (Legislative Amendments for Achieving Budget Objectives in the Years 2017 and 2018) – 2016, by which, inter alia, the corporate tax rate would be reduced from 25% to 23% in two steps. The first step was a rate of 24% as from January 2017 and the second step was a rate of 23% as from January 2018.

Liquidity and Capital Resources

As of September 1, 2021, we held approximately €72.5 million in cash and cash equivalents and approximately €7.2 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 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. In January 2014 and June 2014 we issued the Series A Debentures, which were repaid by us in full in January 2020. In March 2017 we issued the Series B Debentures, which were repaid by us in full in March 2021. In July 2019, October 2020 and February 2021 we issued the Series C Debentures and in February 2021 we issued the Series D Convertible Debentures. In addition, in February 2021, the Manara PSP Project Finance reached financial closing. The Talmei Yosef PV Plant, our PV Plants in Spain and our Biogas Plants also obtained project financing. We will require additional funds in order to advance the projects that are currently under development or that will be developed in the future. In addition, during 2020 we issued ordinary shares and warrants in private placements to Israeli classified investors and issued a tradable series of options' to purchase our ordinary shares. For more information concerning our financing activities, see "Item 5.B. Liquidity and Capital Resources" of our Annual Report.

As of June 30, 2021, we had working capital of approximately €30.8 million. In our opinion, our working capital is sufficient for our present requirements.

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

As of June 30, 2021, we held approximately €67.3 million in cash and cash equivalents and approximately €10.2 million in short-term and long-term restricted cash, compared with approximately €66.8 million was in cash and cash equivalents, approximately €1.8 million in marketable securities, approximately €8.1 million in short-term deposits and €9.9 million long-term restricted cash and deposits we held at December 31, 2020. The change in cash and cash equivalents is mainly due to 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, the principal repayment of our Series C Debentures and expenditure in connection with the Manara PSP.

From 2017 through September 1, 2021, we made capital expenditures of an aggregate amount of approximately NIS 48.6 million (approximately €12.5 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, 2021 were approximately NIS 235.6 million (approximately €60.6 million as per the exchange rate as of June 30, 2021). From 2017 through September 1, 2021, capital expenditures incurred by the project companies in connection with the Waste-to-Energy projects in the Netherlands was approximately €33.6 million. From 2017 through March 15, 2021, we made aggregate capital expenditures of approximately €221.2 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 the general and administrative expenses, was approximately €9.7 million.

Cash flows

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

	Six months ended June 30,	
	2021	2020
	(euro in thousands)	
Net cash from (used in) operating activities	6,397	(1,926)
Net cash used in investing activities	(52,764)	(55,359)
Net cash from financing activities	44,292	64,365
Exchange differences on balances of cash and cash equivalents	2,487	(357)
Increase in cash and cash equivalents	414	6,723
Cash and cash equivalents at beginning of period	66,845	44,509
Cash and cash equivalents at end of period	67,259	51,232

Operating activities

In the six months ended June 30, 2021, we had a net loss of approximately €5.8 million. Net cash from operating activities was approximately €6.4 million.

In the six months ended June 30, 2020, we had a net loss of approximately €4.3 million. Net cash used in operating activities was approximately €1.9 million.

Investing activities

Net cash used in investing activities was approximately €52.7 million in the six months ended June 30, 2021, primarily due to the Talasol PV Plant and the Manara PSP.

Net cash used in investing activities was approximately €55.4 million in the six months ended June 30, 2020, primarily due to the acquisition of fixed assets in connection with the Talasol Project and investment in restricted cash due to the financing and investment in the Talasol Project in April 2019.

Financing activities

Net cash from 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.

Net cash from financing activities in the six months ended June 30, 2020 was approximately €64.4 million, resulting mainly from withdrawals under the project finance agreement of the Talasol Project, in an aggregate amount of €80.4 million.

As of June 30, 2021, 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, 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.

As of June 30, 2020, our total current assets amounted to approximately €66.2 million, of which approximately €51.2 million was in cash and cash equivalents and approximately €2.2 million was in marketable securities, compared with total current liabilities of approximately €18.8 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.

Contractual Obligations

As of June 30, 2021, except as detailed above there have been no material changes to the contractual obligations we disclosed in our Annual Report.

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 euro 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 euro 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, 2021.

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, 2021 for additional disclosure in connection with the Covid-19 pandemic. 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.