

---

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

---

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

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

OR

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

Date of event requiring this shell company report.....

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-35284

**ELLOMAY CAPITAL LTD.**

(Exact Name of Registrant as specified in its charter)

**ISRAEL**

(Jurisdiction of incorporation or organization)

**18 Rothschild Boulevard, 1<sup>st</sup> floor**

**Tel Aviv 6688121, Israel**

(Address of principal executive offices)

**Kalia Rubenbach, Chief Financial Officer**

**Tel: +972-3-797-1111; Facsimile: +972-77-344-6856**

**18 Rothschild Boulevard, 1<sup>st</sup> floor**

**Tel Aviv 6688121, Israel**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Ordinary Shares, par value NIS 10.00 per share	ELLO	NYSE American LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Title of Class

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Title of Class

---

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 12,852,585<sup>1</sup> ordinary shares, NIS 10.00 par value per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards<sup>†</sup> provided pursuant to Section 13(a) of the Exchange Act. ☐

<sup>†</sup> The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued ☒ Other ☐  
by the International Accounting Standards Board

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes ☐ No ☒

---

<sup>1</sup> Does not include a total of 258,046 ordinary shares held at that date as treasury shares under Israeli law, all of which were repurchased by Ellomay. For so long as such treasury shares are owned by Ellomay they have no rights and, accordingly, are neither eligible to participate in or receive any future dividends which may be paid to Ellomay's shareholders nor are they entitled to participate in, be voted at or be counted as part of the quorum for, any meetings of Ellomay's shareholders.

---

---

#### **EXPLANATORY NOTE**

In the financial statements included in this Report, comparative amounts of other comprehensive income were retrospectively classified in order to present the change in fair value of cash flow hedges transferred to profit or loss, which resulted in approximately €37.3 million and €21.8 million being reclassified for the years ended December 31, 2022 and 2021, respectively, from Effective portion of change in fair value of cash flow hedges to Net change in fair value of cash flow hedges transferred to profit or loss.

This retrospective classification did not have any effect on our profit (loss) and on our total other comprehensive income (loss) for these years.

---

## Table of Contents

	<b>Page</b>
<a href="#"><u>Introduction</u></a>	iii
<a href="#"><u>Forward-Looking Statements</u></a>	iv
<a href="#"><u>Summary of Risk Factors</u></a>	v
<b><u>Part I</u></b>	
Item 1: <a href="#"><u>Identity of Directors, Senior Management and Advisers</u></a>	1
Item 2: <a href="#"><u>Offer Statistics and Expected Timetable</u></a>	1
Item 3: <a href="#"><u>Key Information</u></a>	1
Item 4: <a href="#"><u>Information on Ellomay</u></a>	19
Item 4A: <a href="#"><u>Unresolved Staff Comments</u></a>	103
Item 5: <a href="#"><u>Operating and Financial Review and Prospects</u></a>	103
Item 6: <a href="#"><u>Directors, Senior Management and Employees</u></a>	129
Item 7: <a href="#"><u>Major Shareholders and Related Party Transactions</u></a>	147
Item 8: <a href="#"><u>Financial Information</u></a>	154
Item 9: <a href="#"><u>The Offer and Listing</u></a>	155
Item 10: <a href="#"><u>Additional Information</u></a>	155
Item 11: <a href="#"><u>Quantitative and Qualitative Disclosures about Market Risk</u></a>	172
Item 12: <a href="#"><u>Description of Securities Other than Equity Securities</u></a>	172
<b><u>Part II</u></b>	
Item 13: <a href="#"><u>Defaults, Dividend Arrearages and Delinquencies</u></a>	174
Item 14: <a href="#"><u>Material Modifications to the Rights of Security Holders and Use of Proceeds</u></a>	174
Item 15: <a href="#"><u>Controls and Procedures</u></a>	174
Item 16: <a href="#"><u>[Reserved]</u></a>	175
Item 16A: <a href="#"><u>Audit Committee Financial Expert</u></a>	175
Item 16B: <a href="#"><u>Code of Ethics</u></a>	175



Item 16C:	<a href="#">Principal Accountant Fees and Services</a>	175
Item 16D:	<a href="#">Exemptions from the Listing Standards for Audit Committees</a>	176
Item 16E:	<a href="#">Purchases of Equity Securities by the Company and Affiliated Purchasers</a>	176
Item 16F:	<a href="#">Change in Registrant’s Certifying Accountants</a>	176
Item 16G:	<a href="#">Corporate Governance</a>	176
Item 16H:	<a href="#">Mine Safety Disclosure</a>	177
Item 16I:	<a href="#">Disclosure regarding Foreign Jurisdictions that Prevent Inspections</a>	177
Item 16J:	<a href="#">Insider Trading Policies</a>	177
Item 16K:	<a href="#">Cybersecurity</a>	177
<b><a href="#">Part III</a></b>		
Item 17:	<a href="#">Financial Statements</a>	179
Item 18:	<a href="#">Financial Statements</a>	179
Item 19:	<a href="#">Exhibits</a>	179



## INTRODUCTION

The following is the Report on Form 20-F of Ellomay Capital Ltd., or the Report. Unless the context in which such terms are used would require a different meaning, all references to “Ellomay,” “us,” “we,” “our” or the “Company” refer to Ellomay Capital Ltd. and its consolidated subsidiaries.

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 relevant exchange rate as of December 31, 2023.

We prepare our consolidated financial statements in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB.

All trademarks, service marks, trade names and registered marks used in this Report are trademarks, trade names or registered marks of their respective owners.

Statements made in this Report concerning the contents of any agreement, contract or other document are summaries of such agreements, contracts or documents and are not complete description of all of their terms. If we filed any of these agreements, contracts or documents as exhibits to this report or to any previous filing with the Securities and Exchange Commission, or SEC, you may read the document itself for a complete understanding of its terms.

## INDUSTRY AND MARKET DATA

This Report contains and incorporates by reference market data, industry statistics, and other data that have been obtained from, or compiled from, information made available by third parties. Although we believe these third-party sources are reliable, we have not independently verified the information. Except as may otherwise be noted, none of the sources cited in this report has consented to the inclusion of any data from its reports, nor have we sought their consent. In addition, some data are based on our good faith estimates. Such estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as our own management’s experience in the industry, and are based on assumptions made by us based on such data and our knowledge of such industry and markets, which we believe to be reasonable. However, none of our estimates have been verified by any independent source. See “Forward-Looking Statements” below.

## FORWARD-LOOKING STATEMENTS

*In addition to historical information, this report on Form 20-F contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Some of the statements under “Item 3.D: Risk Factors,” “Item 4: Information on Ellomay,” “Item 5: Operating and Financial Review and Prospects” and elsewhere in this Report, constitute forward-looking statements. Forward-looking statements reflect our current view about future plans, intentions or expectations. These statements relate to future events or other future financial performance, plans strategies and prospects, and are identified by terminology such as “may,” “will,” “should,” “expect,” “scheduled,” “plan,” “intend,” “anticipate,” “believe,” “estimate,” “aim,” “potential,” or “continue” or the negative of those terms or other comparable terminology, but the absence of these words does not mean that a statement is not forward-looking.*

*The forward-looking statements contained in this Report are based on current expectations and beliefs concerning future developments and the potential effects on our business. There can be no assurance that future developments actually affecting us will be those anticipated. These forward-looking statements involve a number of risks, uncertainties or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements.*

*Assumptions included in this Report involve judgment with respect to, among other things, future economic, competitive and market conditions, and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond our control. In light of the significant uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives or plans will be achieved. Factors that could cause actual results to differ from our expectations or projections include the risks and uncertainties relating to our business described in this Report under “Item 3.D: Risk Factors,” “Item 4: Information on Ellomay,” “Item 5: Operating and Financial Review and Prospects” and elsewhere in this Report. In addition, new factors emerge from time to time, and it is not possible for management to predict all such factors, nor assess the impact of any such factor on our business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s analysis as of the date hereof. We undertake no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof, except as required by applicable law. In addition to the disclosure contained herein, readers should carefully review any disclosure of risks and uncertainties contained in other documents that we file from time to time with the SEC.*

*To the extent that this Report contains forward-looking statements (as distinct from historical information), we desire to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and we are therefore including this statement for the express purpose of availing ourselves of the protections of the safe harbor with respect to all forward-looking statements.*

## SUMMARY OF RISK FACTORS

Our business is subject to numerous risks and uncertainties, including those described in Item 3.D “Risk Factors.” You should carefully consider these risks and uncertainties when investing in our ordinary shares. Principal risks and uncertainties affecting our business include the following:

- risks related to projects that are in the development stage, among other issues due to the inability to obtain or maintain licenses or project finance;
- regulatory changes and government interventions impacting electricity prices and other changes in electricity prices, including their impact on the fair value of financial instruments and assets;
- weather conditions and various meteorological and geographic factors;
- our EPC contractors’ and our other contractors’, suppliers’ and service providers’ technical, professional and financial ability to construct, install, test and commission a renewable energy plant and to provide us with the required services and support, including operation and maintenance, or O&M, undertakings in connection with the development, construction and operation of our renewable energy plants;
- the availability of financial incentives, government subsidies and governmental regulations on our operating renewable energy projects and projects under development and the potential reduction or elimination, including retroactive amendments, of the government subsidies and economic incentives applicable to, or amendments to regulations governing the, renewable energy markets in which we operate or to which we may in the future enter;
- defects in the components of the renewable energy plants we operate or theft of various components;
- our ability to meet our obligations, undertakings and financial covenants under various financing agreements, including to our debenture holders, our ability to raise additional equity, debt or other types of financing in the future and the limitations imposed on us in the deeds of trust governing our debentures;
- risks due to our current debt, which has increased in recent years, and future debt;
- our inability to generate a positive cashflow from our operations;
- risks relating to operations in foreign countries, including cross currency movements, payment cycles and existing and changing tax arrangements, rules, requirements and international initiatives;
- our inability to locate land suitable or sufficient for the needs of the projects that we develop and potential disagreements with landowners;
- potential effects of the war and hostilities in Israel on our Israeli operations, projects under development and headquarters;
- natural disasters, terrorist attacks, other catastrophic events, cyber attacks and information technology or telecommunication system disruptions;
- changes in the prices of the components or raw materials required for the production of renewable energy;

- our dependency on revenues and cash flows from the Talasol PV Plant;
- risks in connection with our Waste-to-Energy, or WtE, plants in the Netherlands, including shortages, insufficient quality or changes in prices of raw materials, increase in delivery prices and environmental and other regulatory changes;
- risks relating to our Israeli operations, including the centralized electricity market and exposure to damages due to hostile attacks;
- the risks we are exposed to due to our holdings in Ellomay Luzon Energy Infrastructures Ltd. (f/k/a U. Dori Energy Infrastructures Ltd.), or Ellomay Luzon Energy and Dorad Energy Ltd., or Dorad, including risk factors generally applicable to electricity manufacturers and our joint control of Ellomay Luzon Energy and lack of control of Dorad, restrictions on our right to transfer our holdings in Ellomay Luzon Energy, regulatory changes applicable to Dorad, shortages of gas, exposure to changes in the Israeli consumer price index and exchange rates and involvement in legal proceedings;
- the market, economic and political factors in the countries in which we operate;
- our ability to maintain expertise in the energy market, and to track, monitor and manage the projects which we have undertaken, including the impact of competition and changes in the renewable energy markets;
- future disagreements with our partners who own a portion of our renewable energy plants;
- fluctuations in the value of currency and interest rates;
- risks related to our incorporation and location in Israel, including security risks and political risks;
- risks related to economic uncertainty and exposure to the impact of the military conflict between Russia and Ukraine;
- our plans with respect to the management of our financial and other assets and our ability to identify, evaluate and consummate additional suitable business opportunities and strategic alternatives;
- we are controlled by a small group of shareholders and, as a foreign private issuer, may rely on home country practices with respect to certain matters;
- the price, market liquidity and volatility of our ordinary shares, potential future dilutions and listing on two markets;
- dependency on key management and personnel;
- our inability to maintain effective internal controls over financial reporting;
- impact of provisions of Israeli law on our shareholders' ability to enforce US judgements on us, on the ability to acquire us or a controlling position in our company, on rights and obligations of shareholders; and
- exposure to legal and administrative proceedings and tax audits.

## PART I

### ITEM 1: Identity of Directors, Senior Management and Advisers

Not Applicable.

### ITEM 2: Offer Statistics and Expected Timetable

Not Applicable.

### ITEM 3: Key Information

#### A. [Reserved]

#### B. Capitalization and Indebtedness

Not Applicable.

#### C. Reasons for the Offer and Use of Proceeds

Not Applicable.

#### D. Risk Factors

*Investing in our securities involves significant risk and uncertainty. You should carefully consider the risks and uncertainties described below as well as the other information contained in this Report before making an investment decision with respect to our securities. If any of the following risks actually occurs, our business, financial condition, prospects, results of operations and cash flows could be harmed and could therefore have a negative effect on the trading price of our securities.*

*The risks described below are the material risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition, or results of operations in the future.*

#### Risks Related to our Business

##### *Risks Related to our Renewable Energy Operations*

**In recent years, we entered the development and entrepreneurship renewable energy market. These operations are exposed to regulatory and other development risks that may cause such projects not to enter the construction phase and other risks that may cause damages, delays and interruptions during the construction phase, and thereby cause the total or partial loss of the project development funds invested in the project.** We are currently active in several projects in various development and construction stages, including the construction of a 156 Mega Watt, or MW, pumped storage project in the Manara Cliff in Israel, or the Manara PSP, and the development of various PV projects in Italy, Spain, Israel and the United States. Projects in the development stages are exposed to various risks, including the inability to obtain or maintain regulatory permits and approvals and the inability to obtain financing (whether from lending institutions or tax equity partners, as applicable), upon terms economically beneficial or at all. Projects in the construction stage are exposed to various risks, including delays in the construction, interferences from third parties such as adjacent plot owners, residents living in the vicinity, governmental, municipal, environmental and other authorities, malfunctions in construction equipment, shortage in equipment or personnel required for the construction and damage caused by weather conditions and other factors that we cannot control. All projects in the development and construction stages are subject to additional risks, including changes to existing regulation that could reduce the potential profitability of such projects, potential disagreements and conflicts with partners, dependency on technical consultants, and risks associated with operations in foreign countries, as applicable. If any of these risks materialize, the entire project may be delayed or cancelled altogether, causing the loss of all part of the funds invested in the project development efforts and the impairment of some or all of the capitalized investments we made in connection with the project. Such impairment would have an adverse impact on our financial position. Even if we succeed in selling our rights in a project to third parties, the return of our project development expenses will likely be conditioned upon the continued development of the project by such third parties.

**Existing regulations, and changes to such regulations, may present technical, regulatory and economic barriers and restrictions to the construction and operation of renewable energy plants, which may adversely affect our operations.** The installation and operation of renewable energy plants is subject to oversight and regulation in accordance with international, European (to the extent applicable), national and local ordinances, building codes, zoning (or permitting), environmental protection regulation, including waste disposal regulations, utility interconnection requirements, security requirements and other rules and regulations. Any changes in applicable regulations that increase the burdens or restrictions on the operation of our renewable energy plants could increase our costs of operation and, as a result, adversely affect our results of operations. In addition, various governmental, municipal and other regulatory entities require the issuance and continued effectiveness of relevant permits, licenses and authorizations for the construction and operation of renewable energy plants. If such permits, licenses and authorizations are not timely issued, it could result in the interruption, cessation or abandonment of a newly constructed renewable energy plant or may require significant changes to such renewable energy plant, any of which may cause severe losses. In addition, if issued, these licenses and permits may be revoked by the authorities following their issuance in the event the authorities discover irregularities or deviations from the scope of the license or permit. Any revocation of existing licenses may obligate us to cease constructing or operating the relevant renewable energy plant for the period required to renew the relevant license or indefinitely and therefore will adversely affect our business and results of operations.

**Government interventions in response to high energy prices may negatively impact revenues or increase our tax burden.** European countries responded, during 2021 and 2022, to the increased energy prices experienced by adopting several measures aimed at reducing or limiting the profits of renewable energy manufacturers through taxes or other regulatory arrangements. For example, Spain introduced a reduction mechanism for excess remuneration resulting from the high price of natural gas during 2021-2022 and Italy introduced a set of laws aimed at reducing excess remuneration. This Spanish regulation mainly impacted our operating profit from the 300 MW photovoltaic plant in the municipality of Talaván, Cáceres, Spain, which was connected to the Spanish national grid in December 2020, or the Talasol PV Plant (with respect to the portion of revenues not subject to the financial power swap executed in connection with the Talasol PV Plant, or the Talasol PPA), and from our Spanish 28 MW photovoltaic plant, or the Ellomay Solar PV Plant. Although the electricity prices in Spain and Italy decreased during 2023, future changes and increases in electricity prices in Spain, Italy and other countries or areas in which our plants are located could cause local regulators to adopt new measures aimed at limiting the profitability of renewable energy manufacturers. These measures may include caps on energy prices, changes to price formulations and the proposal of windfall taxes on energy companies, including companies that generate renewable energy. It is possible these measures may intensify and be adopted by other countries in which we operate will operate in the future in which case it could materially affect our financial results.

**A drop in the price of energy may negatively impact our results of operations.** The revenue from the sale of energy produced by renewable energy plants is based on proceeds from the sale of electricity and gas produced in the electricity and gas market at market price and sometimes also includes incentives in the form of governmental subsidies or fixed tariffs. Previous revisions to the governmental subsidies' regime in several countries, including Spain, Italy and Israel, which reduced or eliminated the scope of the incentives paid by governments, increased the dependency of renewable energy plants on market prices or on tariffs determined in a public bid process. Many factors impact the prices of electricity, including demand, the cost of alternative energy, such as natural gas and fuel, introduction of competing manufacturers and technologies and regulatory changes imposing caps on prices or otherwise impacting the profitability of energy manufacturers. A decrease in the price of electricity and gas, particularly in the countries in which we operate and in which some of our revenues are based on the market price of electricity and gas, may negatively impact our profitability and our ability or interest to expand our renewable energy operations.

The success of our renewable energy plants, from their construction through their commissioning and ongoing commercial operation, depends to a large extent on the cooperation, reliability, solvency, and proper performance of the contractors we engage for the construction, operation and maintenance of our renewable energy plants, or the Contractors, and of the other third parties involved in the construction and operation of the plants, including technical consultants, subcontractors, local advisors, financing entities, land owners, suppliers of feedstock, suppliers of solar panels and other components of a PV system, the energy grid regulator, governmental agencies and potential purchasers of electricity. The construction and operation of a renewable energy plant requires timely input, often of a highly specialized technical nature, and cooperation from several parties, including the suppliers of the various system components (such as solar panels or CHP engine) and plant operators, other suppliers of relevant parts and materials (including replacement parts), feedstock suppliers, suppliers of solar panels and other components of a PV system, land owners, subcontractors, electricity brokers, financing entities (including tax equity partners) and governmental and related agencies (as subsidizers and as regulators). If we fail to obtain such input or cooperation, or fail to locate suitable suppliers, equipment, land or other components required in order to efficiently and timely construct or operation a renewable energy plant, the specific project and our results of operations may be materially adversely affected. In addition, as we use Contractors to construct and thereafter operate and maintain our renewable energy plants, we depend on the Contractors' expertise and experience, representations, warranties and undertakings regarding, *inter alia*: the construction quality, schedule of construction, operation, maintenance and performance of each of the plants, the use of high-quality materials, strict compliance with applicable legal requirements and the Contractors' financial stability. If the Contractors' representations, warranties or undertakings are inaccurate or untrue, or if any of the Contractors or other entities fail to perform their obligations properly, this could result in the interruption or cessation of construction or operations or abandonment of the relevant plant, or may require significant expenses to mitigate the damages or repair them, any of which may cause us severe losses.

**Our business is affected by the availability of financial incentives and supporting regulation. The reduction or elimination of government subsidies and economic incentives could reduce our profitability and our revenues.** Many countries, such as Spain, Italy, the Netherlands, Israel and the United States, previously introduced substantial incentives to offset the cost of renewable energy production, including photovoltaic power systems and WtE technologies, in the form of Feed-in-Tariff, or FiT, green certificates, tax credits or other incentives aimed at promoting the use of clean energy (including solar energy and biogas) and reducing dependence on other forms of energy. In addition, several countries encourage manufacturers and farmers to choose waste management methods that are more environmentally-friendly, either by establishing fines on non-environmentally friendly waste management methods or by payment of incentives. Certain of these government incentives were reduced or eliminated in the past years (for example with respect to photovoltaic installations in Italy and Spain) and the remaining incentives could potentially be reduced or eliminated in the future. If the governments in the countries in which we operate facilities that are entitled to incentives elect to revise the existing incentive schemes to reduce incentives, or in case of future deterioration in the financial position of the local governments resulting in partial or no payment or in regulatory changes, it may adversely affect our profitability from projects that receive incentives.

**The performance of our renewable energy plants depends on the quality of the equipment installed in such plants and on the reliability of the suppliers of spare and replacement parts.** The performance of our renewable energy plants depends on the quality of the components of the plants and the equipment installed in the plants. Any defects or deterioration in the quality of such components and equipment could harm our results of operations, and if we will not be able to quickly locate quality replacement parts or perform repairs, our results of operations could be adversely affected for a long period of time. For example, the performance of our photovoltaic plants, or the PV Plants, depends on the quality of the solar panels installed. Degradation in the performance of the solar panels above a certain level is guaranteed by the panel suppliers and we generally receive undertakings from the Contractors with respect to minimum performances. Therefore, a critical factor in the success of our PV Plants is the existence of reliable solar panel suppliers, who guarantee the performance and quality of the solar panels supplied and their ability to provide us with replacement and spare parts that are of sufficient quality. If the suppliers of solar panels do not meet their undertakings under the guarantees and no replacement panels are available at a reasonable price, it could result in the interruption, cessation or abandonment of the relevant PV Plant, or may require significant expenses to mitigate the damages or repair them, any of which may cause us severe losses.



**In the event we are unable to comply with the obligations and undertakings, including with respect to financial covenants, which we undertook in connection with the project financing of our renewable energy plants, our results of operations may be adversely affected.** In connection with the financing of some of our PV Plants, our WtE plants, and the Manara PSP, we entered into long-term agreements with various financing entities and may in the future enter into additional project finance agreements, for example, the projects currently under development in Italy. The financing agreements include, and future project finance agreements are expected to include, *inter alia*, undertakings and financial covenants, the majority of which are based on the ongoing income derived from the relevant plant, which may be adversely affected by the various risks detailed herein. If we fail to comply with any of these undertakings and covenants, we may be subject to penalties, future financing requirements, and the acceleration of the repayment of debt. These occurrences would adversely affect our financial position and results of operations and our ability to obtain outside financing for other projects.

**As a substantial part of our business is currently located in Europe, we are subject to additional risks that may negatively impact our operations.** We currently have substantial PV operations in Spain and in Italy and WtE operations in the Netherlands, all of which are held by our wholly-owned Luxembourg subsidiary, Ellomay Luxembourg Holdings S.à.r.l, or Ellomay Luxembourg, and may make additional investments in projects located in Europe, such as the development and construction of additional PV plants in Spain and Italy. Due to these existing operations and any additional future investments, we are subject to special considerations or risks associated with companies operating in other jurisdictions, including rules and regulations, cross currency movements, different payment cycles, tax issues, such as variations in tax laws as compared to Israel, cultural and language differences, crime, strikes, riots, civil disturbances, terrorist attacks and wars and deterioration of political and economic relations with Israel. Our European operations subject us to a number of these risks, as well as the requirement to comply with the local laws, such as the Spanish, Italian, Dutch and EU laws, which could be burdensome to our operations. We cannot assure you that we would be able to adequately address some or all of these risks. If we were unable to do so, our operations might suffer.

**We may not be able to source land sufficient or suitable for the development of our projects. We do not own the land on which a substantial portion of the projects in our portfolio are located.** The successful development of a renewable energy project requires obtaining rights, whether ownership or lease rights, to land suitable for the project, including among other features, its location, size, geological status and the ability to build, or proximity to, interconnection facilities and transmissions systems. Such land may not always be available to us at all or under acceptable terms and, if available, may require the execution of long-term leases or other long-term arrangements. The construction of our facilities requires substantial investments and efforts and as the majority of our projects are located on land owned by third parties, we are subject to risks in connection with such ownership, including disputes with landowners and with other third parties, such as creditors of the landowners. Any loss of rights to the land on which our projects are located or constructed could have a material adverse effect on our business, financial condition and results of operations.

**Natural disasters, terrorist attacks, or other catastrophic events could harm our operations.** Our worldwide operations could be subject to natural disasters, terrorist attacks, public health events and other business disruptions, which could harm our future revenue and financial condition and increase our costs and expenses. Among others, floods, storms, seismic turbulence and earth movements may damage our projects in operation or under construction. The insurance coverage we have for a portion of such risks may not cover the damage in full because these circumstances are sometimes deemed “acts of god.” In the event that an earthquake, fire, tsunami, typhoon, terrorist attack, or other natural, manmade or technical catastrophe were to damage or destroy any part of our plants or those of manufacturers on which we rely, destroy or disrupt vital infrastructure systems or interrupt our operations or services for any extended period of time, our business, financial condition and results of operations would be materially and adversely affected.

**An increase in the prices of components of a renewable energy plant may adversely affect our projects under development, our future growth and our business.** Installations of renewable energy plants have substantially increased over the past few years. The increased demand led to fluctuations in the prices of the components of the plants resulting from oversupply and undersupply. For example, the increased demand for solar panels resulted in substantial investments in solar panels production facilities, creating oversupply and a sharp continuing decrease in the prices of solar panels. However, the Covid-19 pandemic and its effects on global supply chains, since 2020, halted years of solar panel price cost reductions. The Covid-19 pandemic has put pressure on global supply chains with factory closures, import tariffs, shortages of raw materials and components, and shipping bottlenecks creating supply chain shortages and delays. It may take several years until solar module prices stabilize. Increased costs of replacing components in our existing plants and of constructing new plants, could potentially delay the commencement or completion of construction of new projects and may impact the profitability of constructing plants and our ability to expand our business. Also, shortage or delays to deliveries of vital components can result in construction and installations delays.

**The market for renewable energy is intensely competitive and rapidly evolving.** The market for renewable energy attracts many initiatives and therefore is intensely competitive. The changes in the renewable energy field, such as the adoption of additional supporting legislation, combined with the impact of shortage of natural gas and other sources of energy, raised additional awareness and interest in the field by many market participants, including private and public companies, investment funds, institutional investors and others. For example, in recent years the Israeli Electricity Authority commenced issuing licenses to photovoltaic installations in tender processes resulting in a substantial decrease in prices per KWh in the newly issued licenses and our competitors, who strive to construct new renewable energy plants and acquire existing plants, may offer lower prices per KWh in future tender processes. Existing and future competition may also impact our ability to obtain project finance for our facilities. Our competitors may have established more prominent market positions, may have greater resources and may have more experience in this field than us. Extensive competition may adversely affect our ability to continue to acquire and develop new plants.

**Our success depends in part on our senior management team and other key employees and our ability to attract, integrate and retain key personnel and qualified individuals.** We depend on the expertise of our senior management team and other key employees to help us meet our strategic objectives. The inability to maintain our senior management team and other key employees or to attract highly skilled personnel, may materially adversely affect the implementation of our development business plan and could ultimately adversely impact our business.

**We do not wholly-own a few of our operating projects and projects under development. Although we currently control these projects, disagreements with our partners could cause delays in the construction or development of the projects or affect decisions made in connection with operating plants.** We wholly-own all of our operating PV plants and the Netherlands' WtE plants, except the Talasol PV Plant, of which we hold 51%. We also own 83.333% of the Manara PSP and may in the future enter into projects that we do not wholly-own or introduce additional partners to the Manara PSP or other projects under development or to our operating plants. Although we control both the Talasol PV Plant and the Manara PSP, any disagreement with our partners could affect decisions made in connection with the Manara PSP and the Talasol PV Plant and may require management resources and attention. Any damages caused due to such disagreements could adversely affect our business plans and results of operations.

**We may be subject to disruptions or failures in information technology, telecommunication systems and network infrastructures that could have a material adverse effect on our business and financial condition.** Our renewable energy business relies, among other things, on information technology and on telecommunication services as we remotely monitor and control our assets and interface with regulatory agencies and wholesale power markets. Disruptions or failures in such systems may result due to various causes, including internal malfunctions in our systems or in the systems of third parties such as suppliers, governmental authorities, from employee error, theft or misuse, malfeasance, power disruptions, natural disasters or accidents and may also result from cyber-attacks or other breaches of information technology security. As a result of Israel's war with Hamas and recent hostilities with the Iranian regime, we also face increased cybersecurity risks associated with the ongoing conflict and the fact that our headquarters are located in Israel. Such disruptions and failures could have an adverse effect on our business operations, financial reporting, financial condition and results of operations.

**Fluctuations in energy prices and the resulting changes in the fair value of financial instruments and assets may impact our financial results.** Renewable energy manufacturers, such as our company, may execute financial power swaps or other offtake arrangements that fix the price of the all or part of the electricity manufactured by a plant. These instruments and the related assets or liabilities are recorded at fair value in our financial statements. Increases in market prices of electricity generally cause a significant change in the fair value of assets or liabilities recorded in connection with these instruments and result in decreases in our shareholders equity. For example, as of December 31, 2022, we recorded current maturities of derivatives in the amount of approximately €33.2 million as a result of the increase in the fair value of the liability resulting from the Talasol PPA and a similar reduction in our shareholders' equity. Although these changes do not impact our cash flow (as the revenues of Talasol Solar S.L.U, or Talasol, from the sale of electricity during the same period are expected to exceed its liability and payments to the PPA provider), there is an impact on our balance sheet and on the other comprehensive income (loss). Future material fluctuations in the market price of electricity could have a material adverse impact on our financial results and could further decrease our shareholders' equity.

#### *Risks Related to our PV Plants*

**Our ability to produce solar power depends upon the magnitude and duration of sunlight as well as other meteorological and geographic factors.** Solar power production has a seasonal cycle and requires prolonged and strong exposure to sunlight in order to meet the maximum production capacity. Adverse meteorological conditions, including sever weather conditions such as storms, extensive rain and winds, can damage our photovoltaic plants or materially impact the output of photovoltaic plants and result in production of electricity below expected output, which in turn could adversely affect our profitability. Lower electricity output due to changes in meteorological conditions and other geographic factors may adversely affect our profitability.

**The use of tax equity arrangements to finance projects will limit certain management rights and operational flexibility with respect to those projects, as well as our rights to tax credits generated by those projects.** We expect that our U.S. projects will have tax equity financing arrangements in place, which will require us to transfer all or some of the investment tax credits generated by each project to a tax equity investor. To the extent we want to incur project-level debt at a project in which we transferred the investment tax credits to a tax equity investor, we may be required to obtain the tax equity investor's consent prior to such incurrence. In addition, to avoid the recapture of investment tax credits, we are required to keep the project in an operational status for at least the first five years of operations and we cannot reduce our ownership of the project below a certain percentage during this period. As a result, compliance with our obligations to our tax equity investors may prevent us from making certain business decisions that would have improved our financial position and results of operations.

**We are exposed to the possibility of damages to, or theft of, the various components of our PV Plants. Such occurrences may cause disruptions in the production of electricity and additional costs.** Our PV Plants may suffer damages and disruption in the production of electricity due to theft of panels and other components, or due to bad weather and land conditions. Although such damages are generally covered by the PV Plants' insurance policies, under certain circumstances such occurrences may not be covered or may only be partially covered by the insurance and, if covered, utilization of the insurance may cause an increase in the premiums paid to our insurance companies, all of which may adversely affect our results of operations and profitability.

**In addition to the risks involved in the construction and operation of, and the regulatory risks applicable to, renewable energy plants in general, WtE plants are exposed to risks specific to this industry.** In addition to the risks detailed above under “Risks Related to our Renewable Energy Operations,” WtE plants are exposed to additional risks specific to this industry, including:

- As the raw materials used to produce energy in the WtE market are not freely available (as is the case with wind and solar energies), the success of a WtE plant depends, among other things, on the prices of feedstock required in order to maintain the optimal mix of feedstock necessary to maximize performance of the plants and meet a certain range of energy (gas, electricity or heat) production levels. To ensure a continuous supply of raw materials, both in terms of the quantity and the quality and composition of the raw materials, a WtE plant is required to enter into supply relationships with several feedstock suppliers, such as farmers, food manufacturers and other specialized feedstock suppliers and to continuously monitor the proposed transactions to locate the most efficient and beneficial offers. Any increase in the price of feedstock or shortage in the type or quality of feedstock required to produce the desired energy levels with the technology used by the plant could slow down or halt operations, causing a material adverse effect on the results of operations. The price and quality of the feedstock mix might also increase the plant’s operating costs, either due to the need to purchase a more expensive feedstock mix to meet the desired energy production levels, or due to an increase in residues and the resulting increase of surplus quantities that require removal. In addition to the impact of the quality of the feedstock on the production levels, maintaining and monitoring the feedstock quality is crucial for preventing malfunctions in the process, for example due to high levels of certain chemicals that might harm the CHP engines. Additionally, a wrong feedstock mix and/or low feedstock quality might create biology problems such as lower bacteria population, which directly adversely impacts biogas production. Therefore, any shortage of quality feedstock and changes in the feedstock mix available for use could have a material adverse effect on the results of operations of our WtE plants. As a result of the Russia-Ukraine military conflict, our WtE plants experienced a shortage of raw materials and feedstock, which impacted the composition of the materials used by the facilities and their production.
- The operation of WtE plants is highly complex and requires ongoing supervision and maintenance. Several factors may impact the efficiency of the facilities, including the availability and cost of feedstock, the composition of feedstock, malfunctions and damages. In addition, following a correction of malfunctions that disables the system, the plant does not generally return to maximum capacity immediately and the startup is implemented gradually. Although we have insurance policies that cover damages and loss of revenue upon certain events, these insurance policies may not cover all damages or be available to us in the future, on acceptable terms or at all.
- The expense level and profitability of WtE plants depends on many factors, many of which are not within our control. For example, the recent increase in fuel prices increased transportation costs and operating expenses of our WtE plants. Any future increase in expenses could materially impact the results of operations and financial condition of our WtE plants.
- The WtE industry is subject to many laws and regulations which govern the protection of the environment, quality control standards, health and safety requirements, and the management, transportation and disposal of different types of waste. Environmental laws and regulations may require removal or remediation of pollutants and may impose civil and criminal penalties for violations. The costs arising from compliance with environmental laws and regulations may increase operating costs for our WtE plants and we may be exposed to penalties for failure to comply with such laws and regulations. In addition, existing regulation governing waste management and waste disposal provide incentives to feedstock suppliers to use waste management solutions such as the provision of feedstock to WtE plants. Any regulatory changes that impose additional environmental restrictions on the WtE industry or that relieve feedstock suppliers from the stringent regulation concerning waste management and disposal could increase our operating costs, limit or change the cost of the feedstock available to us, and adversely affect our results of operations.

## *Risks Related to our Israeli Operations*

**The Talmei Yosef PV Plant and the Dorad Power Plant are located in the southern part of Israel, in proximity to the Gaza Strip and within range of missile and mortar bombs launched from the Gaza Strip. The Manara PSP is located the northern part of Israel, in proximity to the border with Lebanon. The war and hostilities in Israel, commencing October 7, 2023, may pose a risk to such operations.** The Talmei Yosef PV Project is located near the Gaza Strip border and the Dorad Power Plant is located in Ashkelon, a town in the southern part of Israel, in proximity to the Gaza Strip. In recent years, there has been an escalation in violence and missile attacks from the Gaza Strip to Southern and Central Israel. The Manara PSP is constructed in close proximity to Israel's border with Lebanon, in an area that has also been attacked by missiles in the past. Due to the location of the Dorad Power Plant, Dorad has implemented various security measures to enable continued operations of the Dorad Power Plant during attacks on its premises. However, any such further attacks to the area surrounding the Gaza Strip or the northern border of Israel or any direct damage to the location of the Dorad Power Plant or the Manara PSP may damage it and disrupt their operations, and may cause losses and delays. On October 7, 2023, the "Iron Swords" war broke out in Israel following an attack in Southern Israel by Hamas. The war and hostilities, including missile attacks, mainly on southern and northern Israel, have continued since then, further escalating with a drone and missile attack by the Iranian regime in early April 2024. As a result of the attacks in northern Israel, the construction works on the Manara PSP site were halted and have not yet been resumed. Although we expect to receive compensation for certain damages, there is no assurance that the compensation will be fully or timely received and, even if received, that it will cover all of our direct and indirect damages as a result of the delays. The continuation or future escalation of the war and hostilities in southern and northern Israel, including potential direct damage due to missile attacks, temporary or permanent cessation of operations and potential inability to access the sites, could materially adversely impact the Company's Israeli operations and projects under development and the Company's results of operations. In addition, any operations in Israel are impacted by the general security and economic conditions in Israel, any deterioration in the security or economic condition in Israel, including, but not limited to, due to war, terrorist attacks, recession or any other events that may cause a decrease in electricity consumption or electricity prices, may damage the facilities or the transmission of gas to the Dorad Power Plant or may adversely impact customers and may cause losses or delays. Although we executed an agreement to sell our holdings in the Talmei Yosef PV Plant on December 31, 2023, until the sale is consummated, we continue to be exposed to risks in connection with the Talmei Yosef PV Plant, including the risk that the conditions to closing will not be timely fulfilled and the transaction will not be consummated.

**The electricity sector in Israel is highly regulated. Any changes in the tariffs, system charges or applicable regulations may adversely affect our operations and results of operations. In addition, failure to obtain and maintain electricity production and supply licenses from the regulator could materially adversely affect our operations and results of operations.** The Israeli electricity sector is subject to various laws and regulations, such as the tariffs charged and paid by Noga – Electricity System Management Ltd., which is a newly-formed Israeli government company managing the national electricity system, or the System Manager, and the IEC, and the licensing requirement that apply to private manufacturers, such as Dorad, in which we indirectly hold 9.375%. The tariffs paid by Dorad in connection with the Dorad Power Plant to the System Manager for system operation services provided to Dorad and the fees received by Dorad from the System Manager for electricity sold to the IEC and for providing the IEC with energy availability, are all based on tariffs determined by the Israeli regulator. The updates and changes to the regulation and tariffs required to be paid to the IEC and to the System Manager by Dorad, or from the System Manager to Dorad, may not necessarily involve negotiations or consultations with Dorad and may be unilaterally imposed on it. Any changes in the tariffs, system charges or applicable regulations may adversely affect our operations and results of operations. In addition, a manufacturer of electricity in Israel, such as Dorad, the Manara PSP, the Talmei Yosef PV Plant and any other plant we may wish to develop, promote, construct, operate or acquire, is required to hold permanent licenses for production and supply, issued by the Israeli Electricity Authority, which include terms and conditions that could be revised in the future by the Israeli Electricity Authority, and which could be revoked under certain circumstances. In the event any manufacturer does not meet its obligations set forth in the licenses or in the event the Israeli Electricity Authority decides to impose additional restrictions or materially change the terms of the licenses, then, subject to its right to a hearing, such manufacturer may lose one or all of its licenses (production and supply) or their terms may be materially revised. Failure to maintain such licenses or a material revision to the terms of the licenses could adversely affect our results of operations.

**The electricity sector in Israel is highly centralized. The IEC controls and operates the electricity system and all stages of the transmission of electricity.** The electricity sector in Israel is dominated by the IEC, which controls and operates the supply, distribution and transmission of electricity, and also produces the majority of electricity in Israel. The System Manager, entered into an agreement with Dorad for the purchase of availability and electricity. The System Manager is also the only customer of the Talmei Yosef PV Plant and is subject to the requirement to pay a fixed tariff for the electricity manufactured by such plant. Similarly, it is currently expected that the sole customer of the Manara PSP will be the System Manager, who will be required to pay the Manara PSP for availability and electricity produced. The ability of the System Manager to pay the renewable energy manufacturers could be affected by financial instability of the System Manager. The inability of the System Manager to pay Dorad, Talmei Yosef, the Manara PSP or any energy project we may be involved in in Israel, may adversely affect our plan of operations and could have a material adverse effect on our profitability.

**We have joint control in Ellomay Luzon Energy, who, in turn, holds a minority stake in Dorad. Therefore, we do not control the operations and actions of Dorad.** We currently hold 50% of the equity of Ellomay Luzon Energy (f/k/a U. Dori Energy Infrastructures Ltd.), who, in turn, holds 18.75% of Dorad and accordingly our indirect interest in Dorad is 9.375%. Although we entered into a shareholders' agreement, or the Ellomay Luzon Energy Shareholders Agreement, with Ellomay Luzon Energy and the other shareholder of Ellomay Luzon Energy, Amos Luzon Entrepreneurship and Energy Group Ltd. (f/k/a U. Dori Group Ltd.), or the Luzon Group, providing us with joint control of Ellomay Luzon Energy, should differences of opinion as to the management, prospects and operations of Ellomay Luzon Energy arise, such differences may limit our ability to direct the operations of Ellomay Luzon Energy. Moreover, Ellomay Luzon Energy holds a minority stake in Dorad and as of the date hereof is entitled to nominate only one director in Dorad, which, according to the Ellomay Luzon Energy Shareholders Agreement, we are entitled to nominate. As we have one representative on the Dorad board of directors, which has a total of seven directors, we do not control Dorad's operations. Therefore, as we have joint control over Ellomay Luzon Energy and limited control over Dorad, we may be unable to prevent certain developments that may adversely affect their business and results of operations. Since July 2015, several of Dorad's direct and indirect shareholders, including Ellomay Clean Energy Limited Partnership, or Ellomay Energy LP, a limited partnership directly and indirectly wholly-owned by us that holds Ellomay Luzon Energy's shares, are involved in various legal proceedings, all as more fully described in "Item 4.B: Business Overview" below. In addition, to the extent our interest in Ellomay Luzon Energy is deemed an investment security, as defined in the Investment Company Act of 1940, or the Investment Company Act, we could be deemed to be an investment company under the Investment Company Act, depending on the value of our other assets. Please see "We may be deemed to be an "investment company" under the Investment Company Act of 1940, which could subject us to material adverse consequences" below.

**The Ellomay Luzon Energy Shareholders Agreement contains restrictions on our right to transfer our holdings in Ellomay Luzon Energy, which may make it difficult for us to terminate our involvement with Ellomay Luzon Energy.** The Ellomay Luzon Energy Shareholders Agreement contains several restrictions on our ability to transfer our holdings in Ellomay Luzon Energy, including a right of first refusal. The aforesaid restrictions may make it difficult for us to terminate our involvement with Ellomay Luzon Energy should we elect to do so and may adversely affect the return on our investment in Ellomay Luzon Energy.

**Our holdings in Ellomay Luzon Energy are pledged to the holders of our Series E Secured Debentures, which may limit our ability to sell such holdings or perform other actions that may be beneficial to us.** On February 1, 2023, we issued a new series of secured nonconvertible debentures due March 31, 2029, or the Series E Secured Debentures. The Series E Debentures are secured by pledges on the shares of Ellomay Luzon Energy held by Ellomay Energy LP and on Ellomay Energy LP's rights and agreements in connection with shareholder's loans (and capital notes) provided by Ellomay Energy LP to Ellomay Luzon Energy. The Deed of Trust governing the Series E Secured Debentures includes several limitations and requirements applicable to our holdings in Ellomay Luzon Energy and additional provisions that may limit our ability to sell our holdings in Ellomay Luzon Energy or to revise arrangements with Ellomay Luzon Energy. For further information concerning the Deed of Trust governing our Series E Secured Debentures, issued on February 1, 2023, see "Item 5.B: Liquidity and Capital Resources" under "Series E Secured Debentures" and "Item 10.C: Material Contracts."

**Dorad, which is the only substantial asset held by Ellomay Luzon Energy, operates the Dorad Power Plant, whose successful operations and profitability depends on a variety of factors, some of which are not within Dorad's control.** Dorad's only substantial asset is the Dorad Power Plant, situated on the premises of the Eilat-Ashkelon Pipeline Company, or EAPC, located south of Ashkelon, Israel. The Dorad Power Plant is subject to various complex agreements with third parties (the IEC, the operations and maintenance contractor, suppliers, private customers, etc.) and to regulatory restrictions and guidelines in connection with, among other issues, the tariffs to be paid by the IEC to Dorad for the energy it produces. Various factors and events may materially adversely affect Dorad's results of operations and profitability and, in turn, have a material adverse effect on Ellomay Luzon Energy's and on our results of operations and profitability. These factors and events include:

- Electricity tariffs, which are determined and updated solely by the Israeli Electricity Authority, have a material impact on the results of operations of Dorad.
- The operation of the Dorad Power Plant is highly complex and depends upon the continued ability: (i) to operate the various turbines, and (ii) to turn the turbines on and shut them down quickly based on demand. The profitability of Dorad also depends on the accuracy of the proprietary forecasting system used by Dorad. Any defects or disruptions, or inaccuracies in forecasts, may result in an inability to provide the amount of electricity required by Dorad's customers or in over-production, both of which could have a material adverse effect on Dorad's operations and profitability.
- Dorad's operations depend upon the expertise and success of its operations and maintenance contractor, who is responsible for the day-to-day operations of the Dorad Power Plant. If the services provided by such contractor will cause delays in the production of energy or any other damage to the Dorad Power Plant or to Dorad's customers, Dorad may be subject to claims for damages and to additional expenses and losses and therefore Dorad's profitability could be adversely affected. Dorad also depends on certain sole suppliers for services, including the IEC, which distributes the electricity manufactured by Dorad to Dorad's customers and Israel Natural Gas Lines Ltd., who delivers the gas required for Dorad's operations. Any disagreement or disruption of these services could adversely impact Dorad's operations.
- Significant equipment failures may limit Dorad's production of energy. Although damages from equipment failures generally covered by insurance policies, any such failures may cause disruption in the production, may not all be covered by the insurance and the correction of such failures may involve a considerable amount of resources and investment and could therefore adversely affect Dorad's profitability.
- Dorad's operations depend on the availability and accurate function of its information technology, communications and data retrieval and analysis systems. As such, Dorad is exposed to risks of cyber-attacks, either directed specifically at Dorad or at infrastructure or Israeli sites in general. The occurrence of a cyber-attack may halt Dorad's operations and result in damages to Dorad's financial results and reputation.
- The construction of the Dorad Power Plant was mainly financed by a consortium of financing entities pursuant to a long-term credit facility and such credit facility provides for pre-approval by the consortium of certain of Dorad's actions and contracts with third parties and further includes a list of events that may enable the lenders to demand immediate repayment of the credit facility. Changes in the credit ratings of Dorad and its shareholders, non-compliance with financing and other covenants, delays in provision of required pre-approvals or disagreements with the financial entities, material changes in Dorad's licenses or a loss of license by Dorad and additional factors may trigger certain rights granted to the lenders under the financing documents and may adversely affect Dorad's operations and profitability.

- Dorad entered into a long-term natural gas supply agreement, or the Tamar Agreement, with the partners in the “Tamar” license located in the Mediterranean Sea off the coast of Israel, or Tamar. This agreement includes a “take or pay” mechanism, subject to certain restrictions and conditions that may result in Dorad paying for natural gas not actually required for its operations. In addition, in November 2022, Dorad started purchasing natural gas from Energean Israel Ltd., or Energean. Dorad’s operations depend on the timely, continuous and uninterrupted supply of natural gas from Tamar and Energean and on the existence of sufficient reserves throughout the term of the agreements with Tamar and Energean. Any disruptions in the gas supply, could adversely impact Dorad’s operations and results of operations. In addition, the price of natural gas under the supply agreements with Tamar and Energean is linked to production tariffs determined by the Israeli Electricity Authority but cannot be lower than the “final floor price” included in the agreements. In the event of future reductions in the production tariff, the price of gas may reach the “floor price” and thereafter will not be further reduced. Any delays, disruptions, increases in the price of natural gas under the agreement, or shortages in the gas supply from Tamar or Energean will adversely affect Dorad’s results of operations.
- The Dorad power plant is subject to environmental regulations, aimed at increasing the protection of the environment and reducing environmental hazards, including by way of imposing restrictions regarding noise, harmful emissions to the environment and handling of hazardous materials. Currently the costs of compliance with the foregoing requirements are not material. Any breach or other noncompliance with the applicable laws may cause Dorad to incur additional costs due to penalties and fines and expenses incurred in order to regain compliance with the applicable laws, all of which may have an adverse effect on Dorad’s profitability and results of operations.
- Due to the agreements with contractors of the Dorad Power Plant and the indexation included in the gas supply agreement, Dorad is exposed to changes in the exchange rates of the U.S. dollar against the NIS. In addition, due to the indexing to the Israeli consumer price index under Dorad’s credit facility, Dorad is exposed to fluctuations in the Israeli CPI, which may adversely affect its results of operations and profitability. Dorad from time to time executes forward transactions to purchase U.S. dollars against the NIS and other hedging transactions to minimize these risks.
- Dorad is involved in several arbitration and court proceedings initiated by Dorad’s shareholders, including Ellomay Luzon Energy. Disagreements and disputes among shareholders may interfere with Dorad’s operations and specifically with Dorad’s business plan and potential growth.
- The electricity production sector in Israel has expanded and evolved during recent years, with the introduction of privately held electricity production facilities. Dorad is subject to competition from existing or new electricity producers, who will attempt to sell electricity directly to private customers, including Dorad’s customers or potential customers. The added competition may reduce the rates received by Dorad and therefore decrease its revenues and profitability.
- Dorad is required to make payments to various third parties, including the financing consortium, the gas suppliers, the O&M contractor and the gas transmission service provider. In the event Dorad will not have sufficient liquidity to comply with its payment obligations, its operations and financial results may be materially adversely impacted.



#### *Risks Related to the Manara PSP*

**The Manara PSP currently holds a conditional license. Such conditional license may be revoked for various reasons, such as non-compliance with milestones stipulated in the conditional license.** The Manara PSP currently holds a conditional license for the construction of a 156 MW pumped storage project, or the Manara PSP Conditional License, issued to it on June 17, 2020. Conditional licenses issued by the Israeli Electricity Authority include several milestones, and deadlines for completing such milestones, including the completion of the construction works of the pumped storage power plant. The Israeli Electricity Authority could revoke the Manara PSP Conditional License if Ellomay Pumped Storage (2014) Ltd., the project company of the Manara PSP, or Ellomay PS, does not timely meet the milestones included in it. Any such attempted revocation is subject to a written notice from the Israeli Electricity Authority, which is required to include the reasons for the proposed revocation, and to a hearing of Ellomay PS before the Israeli Electricity Authority. If the Manara PSP Conditional License will be revoked in the future, that could prevent the completion of the Manara PSP, resulting in a loss of some or all the funds invested in the Manara PSP.

**The construction of the Manara PSP is a complex and unique engineering challenge.** The construction process of the Manara PSP includes planning and conducting of a comprehensive investigation to characterize the variety of soils and rocks at the construction sites. In accordance with the infrastructure characteristics and the seismic risks that exist on site, stability calculations need to be performed on the basis of which instructions are given for the planning and execution of the reservoirs. Any complications during the construction period of the Manara PSP could cause delays in the construction and could expose the Manara PSP to non-compliance with the terms of the Manara PSP Conditional License issued to it by the Israeli Electricity Authority and could otherwise materially adversely affect our results of operations in connection with the Manara PSP.

#### *Risks Related to our Operations and our Structure*

**We depend on the Talasol PV Plant for a substantial portion of our revenues and cash flows.** We depend on the Talasol PV Plant, and expect to continue to depend on the Talasol PV Plant and other relatively large projects, for a substantial portion of our revenues and cash flows. The Talasol PV Plant accounted for approximately 51.1% and 61.4% of our revenues for the years ended December 31, 2023 and 2022, respectively. As new projects reach commercial operation, our dependency on the Talasol PV Plant is expected to reduce. However, this project, as well as other large projects such as the Manara PSP, are still expected to account for a substantial portion of our revenues and cash flows in the future. Consequently, any damage or loss in connection with the Talasol PV Plant could materially reduce our revenues and cash flows and, as a result, have a material adverse effect on our business, financial condition and results of operations.

**Our ability to leverage our operations and increase our operations depends, *inter alia*, on our ability to obtain attractive project and corporate financing from financial entities or to enter into other financing arrangements, including tax equity arrangements.** Our ability to obtain attractive financing and the terms of such financing, including interest rates, equity to debt ratio requirement and timing of debt availability will significantly impact our ability to leverage our investments and enhance our operations and to fulfill our development plans. Although we have financing agreements with respect to several of our PV Plants, WtE plants and the Manara PSP and although we raised significant funds in Israel through the issuance of debentures, there is no assurance we will be able to procure additional project financing or financing from tax equity partners, as applicable, for projects under development or any operations we will acquire or projects we wish to advance in the future, or to obtain additional corporate financing, on terms favorable to us or at all. In recent years, the global markets as well as the market in Israel have experienced significant increases in interest rates, which impact the interest rates applicable to public and private debt financings. In addition, adverse developments that affect financial institutions, such as events involving liquidity that are rumored or actual, have in the past and may in the future lead to bank failures and market-wide liquidity problems. The results of events or concerns that involve one or more of these factors could include a variety of material and adverse impacts on our ability to obtain financing, and on our current and projected business operations and our financial condition and results of operations. Any instability in the banking and financing markets could limit the availability of funds for financing activities or result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. An increase in interest rates may also adversely impact the profitability and return on projects we consider, and may cause us to decide not to pursue certain business opportunities. In addition, we recently entered into the US solar PV market. We expect that our US PV projects will rely on third-party tax equity funding, obtained through the sale of available tax incentives. No assurance can be given that tax equity investors will be available or willing to provide financing on acceptable terms, that we will be able to sell the tax incentives through other markets or that the tax incentives and benefits that are needed to make tax equity financing available will remain in place. Even if we locate a tax equity partner, we may be required to provide them with certain rights with respect to the relevant project, which include rights to a portion of the projects' cash flows. Our inability to obtain additional financing, through financing entities, tax equity funding or otherwise, on favorable terms, or at all, may adversely affect our ability to leverage our investments and to procure the equity required in order to execute one or more projects or increase and further develop our operations and execute our business plan.

**Our ability to freely operate our business is limited due to certain restrictive covenants contained in the deeds of trust of our Debentures.** The deeds of trust governing our Series C Debentures, Series D Convertible Debentures, Series E Secured Debentures and Series F Debentures, or, together, the Deeds of Trust and the Debentures, respectively, contain restrictive covenants that limit our operating and financial flexibility. These covenants include, among other things, a “negative pledge” with respect to a floating pledge on all of our assets. The Deeds of Trust also contain covenants regarding maintaining certain levels of financial ratios and criteria, including as a condition to the distribution of dividends, as a trigger for an obligation to pay additional interest and as a cause for immediate repayment, and other customary immediate repayment conditions, including, under certain circumstances, in the event of a change of control, a default under the deed of trust of the other debentures issued by us, a change in our field of operations or a disposition of a substantial amount of assets. Our ability to continue to comply with these and other obligations depends in part on the future performance of our business. Such obligations may hinder our ability to finance our future operations or the manner in which we operate our business. In particular, any non-compliance with performance-related covenants and other undertakings of the Debentures could result in increased interest payments for some or all of the Debentures or a demand for immediate repayment of the outstanding amount under the Debentures and restrict our ability to obtain additional funds, which could have a material adverse effect on our business, financial condition or results of operations.

**Our debt increases our exposure to market risks, may limit our ability to incur additional debt that may be necessary to fund our operations and could adversely affect our financial stability.** As of December 31, 2023, our total indebtedness in connection with corporate and project financing (including the Talasol PV Plant, of which we hold 51% and the Manara PSPs, of which we hold approximately 83.33%) was approximately €442 million, including principal and interest expected repayments, financing related swap transactions and excluding any related capitalized costs. The Deeds of Trust permit us to incur additional indebtedness, including by issuing additional debentures of the existing series of Debentures and issuing additional series of debentures, subject to maintaining certain financial ratios and covenants. Our debt, including the Debentures, and any additional debt we may incur, could adversely affect our financial condition by, among other things:

- increasing our vulnerability to adverse economic, industry or business conditions and cross currency movements and limiting our flexibility in planning for, or reacting to, changes in our industry and the economy in general;
- requiring us to dedicate a substantial portion of our cash flow from operations to service our debt, thus reducing the funds available for operations and future business development; and
- limiting our ability to obtain additional financing to operate, develop and expand our business.

**We may incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.** We may be able to incur substantial additional indebtedness, including additional issuances of debentures and secured indebtedness, in the future. Although the Deeds of Trust governing our Debentures contain conditions that may affect our ability to incur additional debt, mainly through the issuance of additional debentures of the existing series of the Debentures, these conditions are limited and we will be able to incur additional debt and enter into leveraged transactions, so long as we do not breach the financial covenants and meet these conditions. If new debt is added to our existing debt levels, the related risks that we face would intensify and we may not be able to meet all our debt obligations, including the obligations in connection with repayment of the Debentures.

**We cannot assure you that our business will generate cash flow from operations or future borrowings from other sources in an amount sufficient to enable us to service our indebtedness, including the Debentures, or to fund our other liquidity needs.** To service our indebtedness, we require a significant amount of cash. Our ability to make payments on, and to refinance our indebtedness, including the Debentures, to fund planned capital expenditures and to maintain sufficient working capital depends on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors beyond our control. As such, we may be unable to generate sufficient cash to service the Debentures or our other indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, such as reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance all or a portion of our indebtedness, including the Debentures, on or before the maturity thereof. These efforts may not be successful and such failure could have a material adverse effect on our operations. We cannot assure you that we will be able to refinance any of our indebtedness, including the Debentures, on commercially reasonable terms or at all, or that the terms of that indebtedness will allow any of the above alternative measures or that these measures would satisfy our scheduled debt service obligations. If we are unable to generate sufficient cash flow to repay or refinance our debt on favorable terms, it could significantly adversely affect our financial condition, the value of our outstanding debt, including the Debentures, and our ability to make any required cash payments under our indebtedness, including the Debentures. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at that time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations.

**Our business results may be affected by currency and interest rate fluctuations and the hedging transactions we enter into from time to time in order to manage currency and interest rate related risks.** We hold cash and cash equivalents, restricted cash and marketable securities mainly in euro and NIS. Our holdings in our PV Plants located in Spain and Italy and in the WtE plants located in the Netherlands are denominated in euro and our holdings in the Talmei Yosef PV Plant and in Ellomay Luzon Energy are denominated in NIS. Our Debentures and the project finance obtained in connection with the Talmei Yosef PV Plant and the Manara PSP are denominated in NIS and the interest and principal payments are to be made in NIS. The financing for several of our PV Plants bears interest based on EURIBOR rate. Therefore, our repayment obligations and undertakings may be affected by adverse movements in the exchange and interest rates. Although we attempt to manage these risks by executing various swap interest and currency transactions as more fully explained in “Item 11: Quantitative and Qualitative Disclosures About Market Risk” below, we cannot ensure we will succeed in eliminating these risks in their entirety. These swap transactions may also impact the results of our operations due to fluctuations in their value based on changes in the relevant exchange or interest rate.

**We are incorporated and headquartered in Israel, and some of our operations and projects under development are located in Israel, and therefore we are subject to potential adverse impact of political, economic and military instability in Israel and its region.**

We are incorporated under the laws of the State of Israel, our principal offices are located in central Israel and our headquarters and management, and most of our employees are located in Israel. In addition, all of the funding raised by us through equity or debt issuances was raised in the Israeli market and from Israeli investors and several of our projects under development, as well as the Talmei Yosef PV Plant, are located in Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect our business and prospects. Any armed conflicts, terrorist activities or political instability in the region would likely negatively affect business conditions and could harm our results of operations.

In recent years, Israel has been engaged in sporadic armed conflicts with Hamas, an Islamist terrorist group that controls the Gaza Strip, with Hezbollah, an Islamist terrorist group that controls large portions of southern Lebanon, and with Iranian-backed military forces in Syria. In addition, Iran attacked Israel and may be developing nuclear weapons. Some of these hostilities were accompanied by missiles being fired from the Gaza Strip, Lebanon and Syria against civilian targets in various parts of Israel, including areas in which our headquarters, operations and projects under development are located. Any hostilities involving Israel, regional political instability or the interruption or curtailment of trade between Israel and its trading partners could materially and adversely affect our business and results of operations. On October 7, 2023, the “Iron Swords” war broke out in Israel following an attack in Southern Israel by Hamas. The war and hostilities, including missile attacks, mainly on southern and northern Israel, have continued since then, further escalating with a drone and missile attack by the Iranian regime in early April 2024. In addition to the impact of the war on our operating facilities and projects under development as set forth above under “Risks Related to our Israeli Operations,” we may be exposed to other risks related to the war due to the location of our headquarters in Israel, including the impact of the war on currency exchange rates, interest rates, the Israeli economy and consumer price index and potential trade curtailments, reputational damage, the labor market in Israel and adverse impact on our business relationship with foreign contractors, suppliers, partners, financing entities and other third-parties.

In addition, prior to the commencement of the hostilities and war in Israel, the Israeli government was pursuing extensive changes to Israel’s judicial system. In response to the foregoing developments, individuals, organizations and institutions, both within and outside of Israel, have voiced concerns that the proposed judicial changes, if adopted, may negatively impact the business environment in Israel, including due to reluctance of foreign investors to invest or conduct business in Israel, as well as to increased currency fluctuations, downgrades in credit rating, increased interest rates, increased volatility in securities markets, and other changes in macroeconomic conditions. In addition, since the announcement of the proposed changes, large protests have taken place and continue to take place in many cities in Israel. The proposed judicial changes may also adversely affect the labor market in Israel or lead to political instability or civil unrest. At this stage, where the proposed legislation has not become effective, and its scope is not fully determined, we cannot assess the possible impacts of these changes and their likelihood, however, to the extent that any of these negative developments do occur, they may have an adverse effect on our business, financial condition, results of operations and prospects and the market price of our shares, as well as on our ability to raise additional capital.

**We are currently operating in a period of economic uncertainty and capital markets disruption, which has been significantly impacted by geopolitical instability. Our business, financial condition and results of operations may be materially and adversely affected by any negative impact on the global economy and capital markets resulting from the conflict in Ukraine or any other geopolitical tensions.** U.S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions. On February 24, 2022, a full-scale military invasion of Ukraine by Russian troops was reported. This invasion led to global sanctions that have impacted the international economy, to a shortage and ensuing increase in price of natural gas and other forms of energy and electricity, shortages in raw materials, including in the materials comprising the feedstock used by our WtE plants, supply chain delays and an increase in the cost of transportation, impacting the cost of operations of our WtE plants, which depend on transportation of feedstock and residues. We cannot anticipate the length and continued impact of the ongoing military conflict. We are continuing to monitor the situation globally and assessing its potential impact on our business.

Additionally, Russia's prior annexation of Crimea, recent recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and subsequent military interventions in Ukraine have led to sanctions and other penalties being levied by the United States, European Union and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so-called Donetsk People's Republic, and the so-called Luhansk People's Republic, including agreements to remove certain Russian financial institutions from the Society for Worldwide Interbank Financial Telecommunication payment system. Additional potential sanctions and penalties have also been proposed and/or threatened. Russian military actions and the resulting sanctions could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, potentially making it more difficult for us to obtain additional funds.

The continued military conflict between Russian and the Ukraine may adversely impact our operations in the future, including through the implementation of new regulation in the countries in which we operate, changes in the financial markets and availability of funds in Europe, shortages in raw materials and continued increase in delivery prices.

**Our inability to effectively hedge interest rate, currency and other market-related risks may adversely affect our profitability.** We use hedging instruments from time to time to manage interest rate, currency and other market-related risks. If any of the variety of instruments we use to hedge our exposure to these various types of risk is not effective, we may incur losses, which may have an adverse effect on our financial condition. The majority of our derivative contracts are OTC derivatives, i.e., derivative contracts that are not transacted on an exchange. These derivatives are entered into under ISDA Master Agreements. If a counterparty defaults on these contracts, the underlying exposure would no longer be effectively hedged, which could result in losses. In addition, there can be no assurance that we will continue to be able to hedge risks related to current or future assets or liabilities in an efficient manner or at all. Disruptions such as market crises and economic recessions may put a strain on the availability and effectiveness of hedging instruments. For example, the expected transition away from LIBOR and similar benchmark rates may have a different impact on the hedged item and the hedging instrument, which could cause some of our hedge to become ineffective, resulting in potential losses.

**Our corporate structure and intercompany arrangements are subject to increasingly complex tax laws of various jurisdictions and expose us to the enactment of legislation implementing changes in taxation of international business activities, or other changes in tax legislation or policies, which could adversely affect our business, financial condition, and results of operations.**

We are an Israeli company and therefore subject to Israeli corporate income tax. Our operating subsidiaries are mostly registered outside of Israel. Therefore, we are also subject to taxation in several other jurisdictions around the world.

Tax laws in Israel and these other jurisdictions have grown increasingly complex, and the application thereof can be uncertain. In addition, we are subject to a variety of bilateral and multilateral tax treaties, which can change at any time, eliminating or reducing the tax treatment we currently enjoy. We utilize a variety of tax planning services to address this complexity, but there can be no assurance that we will remain in compliance in the jurisdictions in which we operate, which could subject us to the risk of tax enforcement actions.

The amount of taxes we pay in these jurisdictions could also increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents. For example, the Organization for Economic Co-operation and Development (OECD), has put forth two proposals - Pillar One and Pillar Two, which revise the existing profit allocation and nexus rules (profit allocation based on location of sales versus physical presence) and ensure a minimal level of taxation, respectively. As of the date of this Report, more than 140 countries, including Israel and other countries in which we operate, have agreed to enact legislation on Pillar Two and to enforce a minimum global tax rate of 15%. Many countries are expected to implement such legislation in 2024, but it is currently unclear when Israel will do so. These changes, when enacted by various countries in which we do business, may increase our taxes in these countries. As the Pillar Two solution is subject to implementation by each member country, the timing and ultimate impact of any such changes on our tax obligations is uncertain.

Such legislative initiatives may materially and adversely affect our plans to expand and further develop our operations and may increase our tax liability and administrative expenses and may materially adversely affect our financial condition and results of operations.

**If we do not conduct an adequate due diligence investigation of a target project or if certain events beyond our control occur, we may be required to subsequently take write-downs or write-offs, restructuring, and impairment or other charges that could have a significant negative effect on our financial condition, results of operations and our stock price.** We must conduct a due diligence investigation of target projects that we intend to acquire or purchase an interest in. Intensive due diligence is time consuming and expensive due to the cost of the technical, accounting, finance and legal professionals involved in the due diligence process. Even if we conduct extensive due diligence on a target business, we cannot assure you that this due diligence will reveal all material issues that may affect a particular target project, or that factors outside the control of the target project and outside of our control will not later arise. If our due diligence review fails to identify issues specific to a target project, industry or the environment in which the target project operates, or if certain events or circumstances occur that are beyond our control, we may be forced to later write-down or write-off assets, restructure our operations, or incur impairment or other charges that could result in losses. Even though these charges may be non-cash items and may not have an immediate impact on our liquidity, the fact that we report charges of this nature could contribute to negative market perceptions about us or our ordinary shares.

**Tax audits may result in an obligation to make material payments to tax authorities at the conclusion of these audits.** We conduct our business globally (currently in Israel, Luxembourg, Italy, Spain, the Netherlands and the USA). Our domestic and international tax liabilities are subject to the allocation of revenues and expenses in different jurisdictions and the timing of recognizing revenues and expenses. Additionally, the amount of income taxes paid is subject to our interpretation of applicable laws in the jurisdictions in which we file. Not all of the tax returns of our operations in other countries and in Israel are final and we may be subject to further audit and assessment by the applicable tax authorities. Such audits often result in proposed assessments and any estimation of the potential outcome of an uncertain tax issue is a matter for judgment, which can be subjective and highly complex. While we believe we comply with applicable tax laws and that we provided adequately for any reasonably foreseeable outcomes related to the tax audit, there can be no assurance that a governing tax authority will not have a different interpretation of the law and assess us with additional taxes, as a result of which our future results may be adversely affected. Although we believe our estimates to be reasonable, the ultimate outcome of such audits, and of any related litigation, could differ materially from our provisions for taxes, which may have a material adverse effect on our consolidated financial statements.

**Our failure to maintain effective internal controls over financial reporting could materially adversely affect our reported financial information and the market price of our ordinary shares.** We are characterized as an “accelerated filer” under the US Securities Law. Among other things, this characterization imposes a requirement that our registered public accounting firm issue an attestation report as to our internal control over financial reporting in connection with the filing of the Annual Report on Form 20-F for each fiscal year. Our efforts to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 have resulted in increased general and administrative expenses and a diversion of management time and attention, and we expect these efforts to require the continued commitment of resources. We cannot predict the outcome of our testing in future periods. If we fail to maintain the adequacy of our internal controls, we may not be able to ensure that we or our registered public accounting firm can conclude on an ongoing basis that we have effective internal controls over financial reporting. Failure to maintain effective internal controls over financial reporting could result in investigation or sanctions by regulatory authorities, and could have a material adverse effect on our operating results, investor confidence in our reported financial information, and the market price of our ordinary shares.

**We are subject to risks associated with legal or administrative proceedings that could materially affect us.** We are subject to risks and costs associated with lawsuits, claims or administrative proceedings. The result and costs of defending any such proceedings or claims, regardless of the merits and eventual outcome, may be material. Any such proceedings or claims could also materially delay our ability to complete construction of a project in a timely manner or at all or could otherwise materially adversely affect a completed project’s operations. Further, we have little control over whether third-party claims will be brought by one or more third parties, including public and private landowners, purchasers of electricity or green certificates, equipment suppliers, construction firms, labor unions, and O&M and other service providers or their employees or contractors. Defending litigation, delays caused by litigation, and the costs of settling or other unfavorable outcomes, including judgments for monetary damages, injunctions, or denial or revocation of permits, could have a material adverse effect on our business, financial condition and results of operations.

**We may be deemed to be an “investment company” under the Investment Company Act of 1940, which could subject us to material adverse consequences.** We could be deemed to be an “investment company” under the Investment Company Act if we invest more than 40% of our assets in “investment securities,” as defined in the Investment Company Act. Investments in securities of majority owned subsidiaries (defined for these purposes as companies in which we control 50% or more of the voting securities) are not “investment securities” for purposes of this definition. As our interest in Ellomay Luzon Energy is not considered an investment in majority owned securities, unless we maintain the required portion of our assets under our control, limit the nature of the requisite portion of our investments of our cash assets to cash and cash equivalents (which are generally not “investment securities”), succeed in making additional strategic “controlling” investments and continue to monitor our investment in Ellomay Luzon Energy, we may be deemed to be an “investment company.” We do not believe that our holdings in our PV Plants or WtE plants would be considered “investment securities,” as we control our PV Plants (other than the Talasol PV Plant) and our WtE plants via wholly-owned subsidiaries. In addition, despite minority holder protective rights granted to the minority shareholders of the Talasol PV Plant and the Manara PSP, including several rights which effectively require the unanimous consent of all shareholders, we believe that our interests in the Talasol PV Plant and the Manara PSP do not constitute “investment securities” given, among other things, our majority shareholder and board membership status in the project companies. We do not believe that the current fair value of our holdings in Ellomay Luzon Energy (all as more fully set forth under “Business” below) and other relevant assets, all of which may be deemed to be “investment securities,” would result in our being deemed to be an “investment company.” If we were deemed to be an “investment company,” we would not be permitted to register under the Investment Company Act without an order from the SEC permitting us to register because we are incorporated outside of the United States and, prior to being permitted to register, we would not be permitted to publicly offer or promote our securities in the United States. Even if we were permitted to register, it would subject us to additional commitments and regulatory compliance. Investments in cash and cash equivalents might not be as favorable to us as other investments we might make if we were not potentially subject to regulation under the Investment Company Act. We seek to conduct our operations, including by way of investing our cash and cash equivalents, to the extent possible, so as not to become subject to regulation under the Investment Company Act. In addition, because we are actively engaged in exploring and considering strategic investments and business opportunities, and in fact the majority of our investments to date (mainly in the Italian, Spanish and Israeli photovoltaic power plants markets and in the Netherlands’ WtE market) were made through a controlling investment, we do not believe that we are currently engaged in “investment company” activities or business. These strategies may force us to pursue less than optimal business strategies or forego business arrangements and to forgo certain cash management strategies that could have been financially advantageous to us and to our financial situation and business prospect.

**We may be characterized as a passive foreign investment company. Our U.S. Holders may suffer adverse tax consequences.** Under the passive foreign investment company or “PFIC” rules, for any taxable year that our passive income or our assets that produce passive income exceeds specified levels, we will be characterized as a PFIC for U.S. federal income tax purposes. This characterization could result in adverse U.S. tax consequences for our U.S. Holders (as defined below), which may include having certain distributions on our ordinary shares and gains realized on the sale of our ordinary shares treated as ordinary income, rather than as capital gains income, and having potentially punitive interest charges apply to the proceeds of sales of our ordinary shares and certain distributions.

Certain elections may be made to reduce or eliminate the adverse impact of the PFIC rules for our U.S. Holders, but these elections may be detrimental to such U.S. Holders under certain circumstances. The PFIC rules are extremely complex and U.S. Holders are urged to consult independent tax advisers regarding the potential consequences to them of our classification as a PFIC.

Based on our income and/or assets, we believe that we were a PFIC with respect to any U.S. Holder that held our shares in 2008 through 2012. We also believe, based on our income and assets, that it is likely that we were not a PFIC with respect to U.S. Holders that initially acquired our ordinary shares in 2013-2023. However, the Internal Revenue Service may disagree with our determinations regarding our prior or present PFIC status and, depending on future events, we could become a PFIC in future years.

For a more detailed discussion of the consequences of our being classified as a PFIC, see “Item 10.E: Taxation” below under the caption “U.S. Tax Considerations Regarding Ordinary Shares.”

#### ***Risks Relating to our Ordinary Shares and Ownership Structure***

**We are controlled by a small number of shareholders, who may make decisions with which you may disagree and which may also prevent a change of control via purchases in the market.** Currently, a group of investors comprised of Kanir Joint Investments (2005) Limited Partnership, or Kanir, and S. Nechama Investments (2008) Ltd., or Nechama Investments, hold an aggregate of approximately 44.6% of our outstanding ordinary shares. Shlomo Nehama, our Chairman of the Board who controls Nechama Investments holds directly an additional approximately 3.6% of our outstanding ordinary shares and Ms. Anat Raphael, which holds a majority of the outstanding shares of Kanir Investments Ltd., or Kanir Ltd., the general partner of Kanir, holds an additional approximately 2% of our outstanding ordinary shares. Therefore, acting together, these shareholders could exercise significant influence over our business, including with respect to the election of our directors and the approval of a change in control and other material transactions. This concentration of control may have the effect of delaying or preventing changes in control or changes in management, or limiting the ability of our other shareholders to approve transactions that they may deem to be in their best interest. In addition, due to this concentration of control, we are deemed a “controlled company” for purposes of NYSE American LLC rules and as such we are not subject to certain NYSE American LLC corporate governance rules. Moreover, our Second Amended and Restated Articles includes the casting vote provided to our Chairman of the Board under certain circumstances and the ability of members of our Board to demand that certain issues be approved by our shareholders, requiring a special majority, all as more fully described in “Memorandum of Association and Second Amended and Restated Articles” below may have the effect of delaying or preventing certain changes and corporate actions that would otherwise benefit our shareholders.

**You may have difficulty enforcing U.S. judgments against us in Israel.** We are organized under the laws of Israel and our headquarters are in Israel. All of our officers and directors reside outside of the United States. Therefore, it may be difficult to effect service of process upon us or any of these persons within the United States. In addition, you may not be able to enforce any judgment obtained in the U.S. against us or any of such persons in Israel and in any event will be required to file a request with an Israeli court for recognition or enforcement of any non-Israeli judgment. Subject to certain time limitations, executory judgments of a United States court for liquidated damages in civil matters may be enforced by an Israeli court, provided that: (i) the judgment was obtained after due process before a court of competent jurisdiction, that recognizes and enforces similar judgments of Israeli courts and according to the rules of private international law currently prevailing in Israel, (ii) adequate service of process was effected and the defendant had a reasonable opportunity to be heard, (iii) the judgment and its enforcement are not contrary to the law, public policy, security or sovereignty of the State of Israel, (iv) the judgment was not obtained by fraud and does not conflict with any other valid judgment in the same matter between the same parties, (v) the judgment is no longer appealable, and (vi) an action between the same parties in the same matter is not pending in any Israeli court at the time the lawsuit is instituted in the foreign court. If a foreign judgment is enforced by an Israeli court, it will be payable in Israeli currency. You may not be able to enforce civil actions under U.S. securities laws if you file a lawsuit in Israel.

**We may rely on certain Israeli “home country” corporate governance practices which may not afford shareholders the same protection afforded to stockholders of U.S. companies.** As a foreign private issuer for purposes of U.S. securities laws, NYSE American LLC rules allow us to follow certain Israeli “home country” corporate governance practices in lieu of the corresponding NYSE American LLC corporate governance rules. Such home country practices may not afford shareholders the same level of rights or protections in certain matters as those of stockholders of U.S. domestic companies. To the extent we are entitled to elect to follow Israeli law and practice rather than corresponding U.S. law or practice, such as with regard to the requirement for shareholder approval of changes to option plans, our shareholders may not be afforded the same level of rights they would have under U.S. practice.

**The rights and responsibilities of our shareholders are governed by Israeli law and differ in some respects from the rights and responsibilities of shareholders under U.S. law.** We are incorporated under Israeli law. The rights and responsibilities of holders of our ordinary shares are governed by our memorandum and articles of association and Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical U.S. corporations. In particular, each shareholder of an Israeli company has a duty to act in good faith in exercising his or her rights and fulfilling his or her obligations toward the company and other shareholders and to refrain from abusing his power in the company, including, among other things, in voting at the general meeting of shareholders on certain matters. Israeli law provides that these duties are applicable in shareholder votes on, among other things, amendments to a company’s articles of association, increases in a company’s authorized share capital, mergers and interested party transactions requiring shareholder approval. In addition, a controlling shareholder of an Israeli company or a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or who has the power to appoint or prevent the appointment of a director or officer in the company has a duty of fairness toward the company. However, Israeli law does not define the substance of this duty of fairness. Because Israeli corporate law has undergone extensive revisions in recent years, there is little case law available to assist in understanding the implications of these provisions that govern shareholder behavior.

**You may be diluted by the future issuance of additional ordinary shares, among other reasons, for purposes of carrying out future acquisitions, financing needs, and also as a result of our incentive and compensation plans.** We have two series of options (Series 1 and 2) and one series of convertible debentures (Series D) listed on the Tel Aviv Stock Exchange, or TASE, to purchase an aggregate of 1,780,757 ordinary shares. In the event some or all of our Series 1 Options or Series 2 Options are exercised, or some or all of our Series D Convertible Debentures are converted, you may experience dilution of your percentage of holdings in our ordinary shares. We may also choose to raise additional equity capital in the future for various reasons and purposes. The issuance of any additional ordinary shares in the future, or any securities that are exercisable for or convertible into our ordinary shares, will have a dilutive effect on our shareholders as a consequence of the reduction in percentage ownership.

**Our ordinary shares are listed on two markets, and this may result in price variations that could affect the trading price of our ordinary shares.** Our ordinary shares are listed on the NYSE American LLC and on the TASE, both under the symbol “ELLO.” Trading in our ordinary shares on these markets is made in different currencies (U.S. dollars on the NYSE American LLC and New Israeli Shekels on the TASE), and at different times (due to the different time zones, different trading days and different public holidays in the United States and Israel). The trading prices of our ordinary shares on these two markets may differ due to these and other factors. Any decrease in the trading price of our ordinary shares on one of these markets could cause a decrease in the trading price of our ordinary shares on the other market.

**We have not paid a cash dividend or executed a buyback of a substantial number of shares since 2016 and there is no assurance we will do so in the future.** We have not paid any cash dividends or announced a share buyback plan since 2016. Future dividends or future share buyback plans will depend on our earnings, if any, capital requirements, general financial condition and applicable legal and contractual constraints in connection with distribution of profits, and will be within the discretion of our then-board of directors. There can be no assurance that any additional dividends will be paid or share buyback programs adopted, as to the timing or the amount of the dividends or share buyback programs, or as to whether our Board of Directors will elect to distribute our profits by means of share repurchases or a distribution of a cash or other dividend. In addition, the terms of the deeds of trust governing our Debentures restrict our ability to make “distributions” (as such term is defined in the Israeli Companies Law, 1999, as amended, or the Companies Law, which includes cash dividends and repurchase of shares). For more information see “Item 5.B: Liquidity and Capital Resources” and “Item 8.A: Financial Information; Consolidated Statements and Other Financial Information; Dividends” below.

**Our stock price has been very volatile in the past and may in the future be volatile, which could adversely affect the market liquidity of our ordinary shares and our ability to raise additional funds. The market liquidity and analyst coverage of our ordinary shares is limited.** Our ordinary shares have experienced substantial price volatility in the past, particularly during periods of very limited volume of trading in our ordinary shares resulting in every transaction performed significantly influencing the market price. Although our ordinary shares are listed both on the NYSE American LLC and on the TASE, there is still limited liquidity, and combined with the general economic and political conditions, these circumstances cause the market price for our ordinary shares to continue to be volatile. The continuance of such factors and other factors relating to our business may materially adversely affect the market price of our ordinary shares in the future and could result in lower prices for our ordinary shares than might otherwise prevail and in larger spreads between the bid and asked prices for our ordinary shares. These issues could materially impair our ability to raise funds through the issuance of our ordinary shares in the securities markets.

**Provisions of Israeli law may delay, prevent or make difficult an acquisition of Ellomay or a controlling position in Ellomay, which could prevent a change of control and, therefore, depress the price of our shares.** Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to these types of transactions. Furthermore, Israeli tax considerations may make potential transactions unappealing to us or to some of our shareholders. These provisions of Israeli law may delay, prevent or make difficult an acquisition of Ellomay, which could prevent a change of control and therefore depress the price of our shares.

#### **ITEM 4: Information on Ellomay**

##### **A. History and Development of Ellomay**

Our legal and commercial name is Ellomay Capital Ltd. Our office is located at 18 Rothschild Boulevard, 1<sup>st</sup> floor, Tel-Aviv 6688121, Israel, and our telephone number is +972-3-7971111. Our registered agent in the United States is CT Corporation System, 111 Eight Avenue, New York, New York 10011.

We were incorporated as an Israeli corporation under the name Nur Advertisement Industries 1987 Ltd. on July 29, 1987. On August 1, 1993, we changed our name to NUR Advanced Technologies Ltd., on November 16, 1997 we again changed our name to NUR Macroprinters Ltd. and on April 7, 2008, in connection with the closing of the sale of our business to HP, we again changed our name to Ellomay Capital Ltd. Our corporate governance is controlled by the Companies Law.

Our ordinary shares are currently listed on the NYSE American LLC and are also listed on the Tel Aviv Stock Exchange under the trading symbol “ELLO” pursuant to the Israeli regulatory “dual listing” regime that provides companies whose securities are listed both in the NYSE American LLC and the TASE certain reporting leniencies.

##### **Recent Developments**

##### ***The “Iron Swords” War in Israel***

On October 7, 2023, the “Iron Swords” war broke out in Israel following an attack in Southern Israel by Hamas. The war and hostilities, including missile attacks, mainly on southern and northern Israel, have continued since then, further escalating with a drone and missile attack by the Iranian regime in early April 2024. The substantial majority of the Company’s operating facilities, which serve as the Company’s main sources of liquidity, are located outside of Israel, in Spain, Italy and the Netherlands. The substantial majority of the projects under development of the Company are also located outside of Israel, in Italy and in the USA. These facilities and projects have not been impacted by the war and hostilities in Israel. The Company’s headquarters are located in Tel Aviv, which is in central Israel, and the Company’s headquarter work continued uninterrupted throughout the initial war and hostilities.

The Company has three assets that are currently operating or under construction in Israel: (i) the Talmei Yosef PV Plant (100% owned by the Company, in southern Israel), (ii) the Pumped Storage Project in the Manara Cliff (83.34% owned by the Company, in northern Israel), and (iii) the Dorad power plant (9.375% owned by the Company, in southern Israel). The Talmei Yosef PV Plant and the Dorad power plant have not been materially impacted by the war and are currently fully operational. For a discussion of the impact on the Manara PSP, see below under “*Projects under Development or Construction; The Manara PSP.*” *The continuation or future escalation of the war and hostilities in southern and northern Israel, including potential direct damage due to missile attacks, temporary or permanent cessation of operations and potential inability to access the sites, could materially adversely impact the Company’s Israeli operations and projects under development and the Company’s results of operations.*



## ***Projects under Development or Construction***

### ***The Manara PSP***

The construction of the Manara PSP commenced in April 2021. We and Ampa Ltd., the Manara PSP's other shareholder invested the equity required for the Manara PSP (not including indexation), with the remainder of the funding received from a consortium of lenders led by Mizrahi Tefahot Bank Ltd., at a scope of approximately NIS 1.27 billion. This aggregate amount is linked to a synthetic composite index comprising a weighted average of the indices and currencies applicable to the Manara PSP's construction costs.

Due to the "Iron Swords" war situation, which also affects the northern area of Israel in proximity to the Lebanon border, works on the Manara PSP site were suspended in early October 2023. Efforts are currently being focused on accelerating design activities to mitigate potential delays, while manufacturing of the main equipment, including electro-mechanical equipment, is proceeding as planned. The State of Israel protects the project in situations that may be considered force majeure, such as the current war. This protection is provided under the framework of the tariff regulation (financing support standards). The project is expected to receive remedies for schedule or budget overruns caused by such situations. Originally, the project was planned to become commercially operational in the first half of 2027. However, due to the ongoing war, the operation date will be delayed. Currently, it is impossible to estimate when construction will end and when commercial operation will commence. As a result of the delays due to the war, the Israeli Electricity Authority has approved a 10-month extension to the project schedule, and the Company anticipates receiving additional extensions as needed, considering the ongoing situation.

For more information, see "Item 4.B: Business Overview" under the heading "Pumped Storage Project in the Manara Cliff in Israel."

***The construction of the Manara PSP and the connection of this project to the grid are subject to risks and uncertainties. For more information concerning these and other risks see under "Item 3.D: Risk Factors - Risks Related to our Business."***

### ***PV Projects under Development***

#### ***Italian PV Portfolio***

Our Italian PV Portfolio includes our wholly-owned Italian subsidiaries: (i) Ellomay Solar Italy Two SRL, which owns a fully constructed PV Plant with installed capacity of 4.95 MW, which was connected to the grid in February 2024, (ii) Ellomay Solar Italy One SRL, which owns a fully constructed PV Plant with installed capacity of 14.8 MW that is expected to be connected to the grid within a few weeks, and (iii) Ellomay Solar Italy Four SRL (15.06 MW), Ellomay Solar Italy Five SRL (87.2 MW), Ellomay Solar Italy Seven SRL (54.77 MW), Ellomay Solar Italy Nine SRL (8 MW) and Ellomay Solar Italy Ten SRL (18 MW), which are developing PV plants that have reached Ready to Build. All of these projects are located in the Lazio Region, Italy. The cost of construction of the Italian PV Portfolio, including related expenses, is currently estimated at €150 million - €200 million and the expected average construction period of each facility is approximately 18 months.

We also have additional approximately 302 MW PV projects in Italy under advanced development stages.

#### ***Israeli PV Portfolio***

We are advancing the following PV projects in Israel:

- (i) the Klahim and Komemiyut projects, each intended for 21 MW PV and 50 MW / hour batteries. The projects obtained approvals for connection to the grid and are in the process of receiving a building permit. Construction is planned to commence during 2024. These projects were initially planned to receive a tariff based on a tender we previously won for PV plus storage in Israel, however, we waived our rights in connection with the tender and elected to transition to the regulation that enables direct sale to end customers through private suppliers;
- (ii) the Talmei Yosef project, intended for 10 MW PV and 22 MW / hour batteries. The request for zoning approval was approved in the fourth quarter of 2023;
- (iii) the Talmei Yosef storage project in batteries, which obtained zoning intended for approximately 400 MW / hour. The project is designed for the regulation of high voltage storage; and
- (iv) there are additional 46 MW PV that are under preliminary planning stages.

#### *Texas, USA, PV Portfolio*

During 2023, we commenced development of PV projects in the vicinity of Dallas, Texas. Each PV project under development is expected to have a capacity of approximately 10-14 MW. There are currently two projects under construction with an aggregate capacity of approximately 27.36 MW (the Fairfield and Malakoff projects), and two projects ready for construction with an aggregate capacity of approximately 21.5 MW (the Mexia and Talco projects). All four projects are expected to be connected to the grid during 2024. The aggregate cost of development and construction of these projects is expected to be approximately €58 million, and the projects are expected to be funded partially through a tax equity arrangement covering approximately 36% of the expenses.

#### *Additional PV Projects under Early Development*

In addition to the Italian PV Portfolio and the portfolio of Israeli and US PV projects, we have PV projects under early development stages – approximately 800 MW in Italy, USA, Spain and Israel.

*The advancement and development of these and other projects is subject to the projects reaching several milestones, including receipt of regulatory approvals and authorizations, procurement of land rights, obtaining financing, commencement and completion of construction and connection to the grid, and to various risks and uncertainties applicable to projects under development and construction as more fully set forth under “Item 3.D: Risk Factors” above. There can be no assurance as to how many projects, if any, will reach the final stage of connection to the grid and operational status and, even if projects reach certain milestones, there is no assurance that we will decide to advance the projects. We may advance some or all of the projects with partners and therefore we may not wholly-own such projects in the future.*

#### **Agreement to Sell the Talmei Yosef PV Plant**

On December 31, 2023, we executed an agreement, or the Talmei Yosef Sale Agreement, to sell our holdings in the 9 MW PV plant located in Talmei Yosef, Israel, or the Talmei Yosef PV Plant.

The Talmei Yosef Sale Agreement provides for the sale of our holdings in the Talmei Yosef PV Plant to Greenlight Fund Limited Partnership and Doral Group Renewable Energy Resources Ltd., in equal parts, in consideration for NIS 44.75 million (approximately €11.2 million), with an additional potential payment of up to NIS 4 million (approximately €1 million) in the event the Talmei Yosef PV Plant will produce more than 18 million Kwh during 2024. The Talmei Yosef Sale Agreement provides for a cutoff date of June 30, 2023 and at closing the parties will determine whether an adjustment to the purchase price is required to reflect our entitlement to revenues (net of expenses) up to such date, taking into account the results and the cash held by the project company. We do not expect a material adjustment to the purchase price.

The Talmei Yosef Sale Agreement includes customary representations and indemnification undertakings in connection with breaches of representations, which, other than with respect to customary exceptions, are subject to a cap of NIS 9 million and limited to a period of 18 months from the closing date.

The consummation of the sale is subject to various customary conditions to closing, including receipt of regulatory approvals and the consent of the financing entity of the Talmei Yosef PV Plant. All conditions to closing were originally required to be fulfilled within an initial period of 90 days from execution of the Talmei Yosef Sale Agreement, which can be extended to up to 150 days under certain circumstances. On April 2, 2024, an addendum to the Talmei Yosef Sale Agreement was executed, providing for a 45-day extension of the deadline until May 15, 2024 for fulfillment of the closing conditions.

The Talmei Yosef PV Plant is located in southern Israel. One of the conditions to closing is the end of the “war” status in southern Israel for a pre-determined period (based on the official definitions published by the Israeli Authorities) and that the Talmei Yosef PV Plant is physically accessible. Based on the circumstances as of the date hereof, this condition is currently fulfilled but there can be no assurance that it will continue to be fulfilled on the expected closing date. The closing of the sale is currently expected during the second quarter of 2024. The Talmei Yosef Sale Agreement further provides that in the event that due to the current war and hostilities in Israel the facility will be damaged or its output will decrease, the buyers are not required to consummate the acquisition.

Following consummation of the sale, we will maintain the rights to the two projects under development located in the vicinity of the Talmei Yosef PV Plant as noted under “Israeli PV Portfolio” above.

*As noted above, the consummation of the transactions contemplated by the Talmei Yosef Sale Agreement is subject to the fulfilment of the conditions to closing as of the date of the closing. These conditions to closing are mostly not within our control or the buyers’ control. There can be no assurance as to whether or when the conditions to closing will be satisfied and as to the impact of the war and hostilities in Israel on the ability to consummate the sale and on the final purchase price.*

### *Series F Debentures and Series 2 Options Public Offering in Israel*

On January 16, 2024, we issued in an Israeli public offering units consisting of an aggregate principal amount of NIS 170 million of our newly issued Series F Debentures, due March 31, 2030 and the Series 2 Options to purchase an aggregate of 1,020,000 ordinary shares at a price per share of NIS 80 (subject to customary adjustments), which expire on January 5, 2028. The net proceeds of the offering, net of related expenses such as consultancy fee and commissions, were approximately NIS 165 million (approximately €40 million as of the issuance date). In the event all of the Series 2 Options are exercised prior to their expiration date, we will receive additional gross proceeds of NIS 81.6 million.

The Series F Debentures are not secured by any collaterals. The Series F Debentures and the Series 2 Options are traded on the TASE.

The principal amount of Series F Debentures is repayable in four non-equal installment on March 31 in each of the years 2027 to 2030 (inclusive) as follows: in each of the principal payments in the years 2027 and 2028 a rate of 30% of the principal will be paid, in the principal payment in the year 2029 a rate of 25% of the principal will be paid and in the principal payment in the year 2030 a rate of 15% of the principal will be paid. The Series F Debentures bear a fixed interest at the rate of 5.5% per year (that is not linked to the Israeli CPI or otherwise), payable semi-annually on March 31 and September 30, commencing March 31, 2024 through March 31, 2030 (inclusive).

The Series F Deed of Trust includes customary provisions, including (i) a negative pledge such that we may not place a floating charge on all of our assets, subject to certain exceptions and (ii) an obligation to pay additional interest for failure to maintain certain financial covenants, with an increase of 0.25% in the annual interest rate for the period in which we do not meet each standard and up to an increase of 0.75% in the annual interest rate. The Series F Deed of Trust does not restrict our ability to issue any new series of debt instruments, other than in certain specific circumstances, and enables us to expand the Series F Debentures provided that: (i) we are not in default of any of the immediate repayment provisions included in the Series F Deed of Trust or in breach of any of our material obligations to the holders of the Series F Debentures pursuant to the terms of the Series F Deed of Trust, (ii) the expansion will not harm our compliance with the financial covenants for purposes of the immediate repayment provision included in the Series F Deed of Trust and (iii) to the extent the Series F Debentures are rated at the time of the expansion, the expansion will not harm the rating of the existing Series F Debentures.

The Series F Deed of Trust includes a number of customary causes for immediate repayment, including a default with certain financial covenants for the applicable period, and as noted above a mechanism for the update of the annual interest rate in the event we do not meet certain financial covenants. The financial covenants are as follows:

- a. Our Series F Adjusted Balance Sheet Equity (as such term is defined in the Series F Deed of Trust, which, among other exclusions, excludes changes in the fair value of hedging transactions of electricity prices, such as the PPA executed in connection with the Talasol PV Plant, and interest rates), on a consolidated basis, shall not be less than €77 million for two consecutive quarters for purposes of the immediate repayment provision and shall not be less than €82 for purposes of the update of the annual interest provision;
- b. The ratio of (a) the short-term and long-term debt from banks, in addition to the debt to holders of debentures issued by us and any other interest-bearing financial obligations provided by entities who are in the business of lending money (excluding financing of projects and other exclusions as set forth in the Series F Deed of Trust), net of cash and cash equivalents, short-term investments, deposits, financial funds and negotiable securities, to the extent that these are not restricted (with the exception of a restriction for the purpose of securing any financial debt according to this definition), or, together, the Series F Net Financial Debt, to (b) our Adjusted Balance Sheet Equity, on a consolidated basis, plus the Series F Net Financial Debt, or our Series F CAP, Net, to which we refer herein as the Series F Ratio of Net Financial Debt to Series F CAP, Net, shall not exceed the rate of 65% for three consecutive quarters for purposes of the immediate repayment provision and shall not exceed a rate of 60% for purposes of the update of the annual interest provision; and
- c. The ratio of (a) our Series F Net Financial Debt, to (b) our earnings before financial expenses, net, taxes, depreciation and amortization, where the revenues from our 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 occurred in the four quarters that preceded the test date will be calculated based on Annual Gross Up (as such terms are defined in the Series F Deed of Trust), based on the aggregate four preceding quarters, or our Series F Adjusted EBITDA, to which we refer to herein as the Series F Ratio of Net Financial Debt to Series F Adjusted EBITDA, shall not be higher than 12 for three consecutive quarters for purposes of the immediate repayment provision and shall not be higher than 11 for purposes of the update of the annual interest provision.

The Series F Deed of Trust further provides that we may make distributions (as such term is defined in the Companies Law, e.g. dividends), to our shareholders, provided that: (a) we will not distribute more than 60% of the distributable profit, (b) we will not distribute dividends based on profit due to revaluation (for the removal of doubt, negative goodwill will not be considered a revaluation profit), (c) we are in compliance with all of our material undertakings to the holders of the Series F Debentures, (d) on the date of distribution and after the distribution no cause for immediate repayment exists and (e) we will not make a distribution for as long as a “warning sign” (as such term is defined in the Israeli Securities Regulations) exists. We are also required to maintain the following financial ratios (which are calculated based on the same definitions applicable to the financial covenants set forth above) after the distribution: (i) Series F Adjusted Balance Sheet Equity not lower than €94 million, (ii) Series F Ratio of Net Financial Debt to Series F CAP, Net not to exceed 58%, and (iii) Series F Ratio of Net Financial Debt to Series F Adjusted EBITDA, shall not be higher than 9, and not to make distributions if we do not meet all of our material obligations to the holders of the Series F Debentures and if on the date of distribution and after the distribution a cause for immediate repayment exists.

For further information concerning the Series F Deed of Trust, see “Item 10.C: Material Contracts” and the Series F Deed of Trust included as Exhibit 4.24 under “Item 19: Exhibits.”

#### ***Series F Debentures Private Placement in Israel***

On April 17, 2024, we issued NIS 40 million par value of our unsecured non-convertible Series F Debentures, in a private placement to Israeli classified investors for an aggregate gross consideration of approximately NIS 37.8 million, reflecting a price of NIS 0.946 per NIS 1 principal amount of the Series F Debentures. Following completion of the private placement, the aggregate outstanding par value of the Company’s Series F Debentures is NIS 210 million.

#### **Principal Capital Expenditures and Divestitures**

In the last three fiscal years, our principal capital expenditures were mainly the development and construction of the Manara PSP and of various PV projects in Italy, Spain, Israel and the United States. For information regarding our projects under development and construction, please see above under “Recent Developments,” below under “Business Overview,” “Item 5: Operating and Financial Review and Prospects” and Note 6 to our annual financial statements included elsewhere in this Report.

The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding registrants that we file electronically with the SEC. These SEC filings are also available to the public from commercial document retrieval services. Our website is <http://www.ellomay.com>. The information on our website is not incorporated by reference into this annual report.

#### **B. Business Overview**

We are involved in the initiation, development, construction and production of renewable and clean energy projects in Europe, USA and Israel. We indirectly own eight PV plants that are operating and connected to their respective national grids as follows: (i) five PV plants in Spain with an aggregate installed capacity of approximately 35.9 MWp, (ii) 51% of Talasol, which owns a PV plant with an installed capacity of 300 MW in the municipality of Talaván, Cáceres, Spain, (iii) one PV plant in Israel with an installed capacity of approximately 9 MWp and (iv) Ellomay Solar Italy Two SRL, that owns a PV Plant with installed capacity of 4.95 MW in the Lazio Region, Italy. In addition, we indirectly own: (i) 9.375% of Dorad, which owns an approximate 850MWp dual-fuel operated power plant in the vicinity of Ashkelon, Israel, (ii) Ellomay Solar Italy One SRL, that owns a PV plant with installed capacity of 14.8 MW in the Lazio Region, Italy, which is ready for connection to the grid, (iii) Ellomay Solar Italy Four SRL (15.06 MW), Ellomay Solar Italy Five SRL (87.2 MW), Ellomay Solar Italy Seven SRL (54.77 MW), Ellomay Solar Italy Nine SRL (8 MW) and Ellomay Solar Italy Ten SRL (18 MW) that are developing PV projects in the Lazio Region, Italy that have reached “ready to build” status, (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 Normal Cubic Meter, or Nm<sup>3</sup>, per year, respectively, (v) 83.333% of Ellomay Pumped Storage (2014) Ltd., which is constructing the Manara PSP, a 156 MW pumped storage hydro power plant in the Manara Cliff, (vi) Fairfield Solar Project, LLC, Malakoff Solar I LLC and Malakoff Solar II, LLC that are constructing PV projects with installed capacity of 13.44 MW, 6.96 MW and 6.96 MW, respectively, in the Dallas Metropolitan area, Texas, and (v) Mexia Solar I, LLC, Mexia Solar II, LLC and Talco Solar, LLC that are developing PV projects with installed capacity of 5.6 MW, 5.6 MW and 10.3 MW, respectively, in the Dallas Metropolitan area, Texas, and have reached “ready to build” status. We also initiate and develop additional PV projects in Italy, Spain, USA and Israel.

## PV Plants

### *Photovoltaic Industry Background*

Clean electricity generation accounts for a growing share of electric power. While a majority of the world's current electricity supply is still generated from fossil fuels such as coal, oil and natural gas, these traditional energy sources face a number of challenges including fluctuating prices, security concerns over dependence on imports from a limited number of countries, and growing environmental concerns over the climate change risks associated with power generation using fossil fuels. As a result of these and other challenges facing traditional energy sources, governments, businesses and consumers are increasingly supporting the development of alternative energy sources, including solar energy, the fastest-growing source of renewable energy.

By extracting energy directly from the sun and converting it into an immediately usable form, either as heat or electricity, intermediate steps are eliminated.

### *Global Trends in the Industry*

#### *Europe*

##### *European Climate Goals*

In June 2021 the EU established the European Climate Law based on the RED II Directive, in which the previously adopted CO<sub>2</sub> reduction goals are made legally binding for the EU member states. The European Climate Law includes the obligation for Europe's economy and society to become climate-neutral by 2050 and also provides the intermediate target for a 55% cut in greenhouse gas emissions in 2030 compared to 1990 levels (also known as the "Fit for 55" package). On February 4, 2024, the EU published its recommendation for a 90% reduction in net greenhouse gas emissions by 2040 intermediate as a new intermediate goal. On October 9, 2023, the EU Council adopted the amended Renewable Energy Directive ("RED III"), which forms part of the "Fit for 55" package. The RED III increases the renewable energy target share out of overall EU energy consumption from the initial 32% under the RED II Directive, which was increased to 40% in July 2021 to 42.5% by 2030, with an indicative target of an additional 2.5%. RED III also includes specific targets for EU Member States in certain sectors as follows: (i) industry – including a 1.6% annual increase in renewable energy usage, (ii) transport – including a requirement that each EU Member State choose between reaching at least 29% renewables in the energy consumption of the sector by 2030 or reducing greenhouse gas intensity in the sector by 14.5% by 2030, and (iii) building (district heating and cooling) – setting an indicative target of at least 49% share of renewable energy in buildings by 2030 and gradually increasing renewable targets for heating and cooling systems. The RED III Directive also requires EU Member States to further streamline the administrative permit-granting procedures to eliminate unnecessary administrative burden for the purpose of establishing renewable energy projects and related grid infrastructure projects and determine the maximum timeframe for the permit-granting procedures in renewable acceleration areas and in other areas. The RED III Directive became effective on November 20, 2023, and EU members states were granted 18 months to amend their national laws accordingly, with a shorter deadline of July 2024 for some provisions related to permitting for renewables. In this regard, the European Commission has established, as part of the REPowerEU program, measures to increase the target to 45% by 2030. This program furthermore focuses on saving energy, producing clean energy and diversifying the EU's energy supplies.

##### *European Installed Capacity*

Overcoming severe supply chain bottlenecks and Covid-19 related restrictions, 41.4 GW of new solar PV capacity was connected to the grid in 2022 throughout EU Member States, a 47% increase compared to 2021. This follows the substantial addition of 41% in 2021. The total solar capacity of EU Member States reached 208.9 GW in 2022, an increase of 25% from 2021. 2023 marked another record year for solar PV in the EU, with approximately 56 GW installed, showing a 40% growth from 2022.

According to "SolarPower Europe's" base case scenario, additional annual PV installations between 2023-2027 are forecasted to be 56 GW, 62 GW, 74 GW and 85 GW, respectively. Furthermore, "SolarPower Europe" expects the total solar capacity of the EU to reach 920 GW by 2030 in their base case scenario, surpassing the 750 GW target set by the REPowerEU by 24%.

## *Israel*

In October 2020, the Israeli government approved a plan to increase its solar capacity by 15 GW and raise its target proportion of national electricity drawn from renewables from 17% to 30% by 2030. The 2025 target was set at 20%. According to the Israeli Electricity Authority's 2023 Annual Conference, the total installed renewable energy capacity is expected to be 9.6 GW by the end of 2025, of which 4.5 GW will be in dual-use photovoltaic systems and 2.6 GW will be from land photovoltaic systems. This is expected to constitute 35% of the total capacity expected in Israel at that time. Furthermore, the Israeli Electricity Authority forecasts that the total installed renewable energy capacity will be 16 GW by the end of 2030.

According to the 2022 Annual Renewable Energy Report of the Israeli Electricity Authority, Israel's total installed renewable energy capacity reached approximately 4.8 GW by the end of 2022, representing 21% of the total capacity in the Israeli electricity market and reflecting an average increase of 37% per annum during the years 2018-20. The report shows that solar energy contributed 3.3 GW out of the total 4.8 GW, with 2 GW from dual-use photovoltaic systems and 1.3 GW from land photovoltaic systems. This report also reveals an increase in the installations during recent years with a monthly average of 43 MW, 78 MW and 96 MW during 2020, 2021 and 2022, respectively. In addition, the report highlights that the actual consumption rate of renewable energy in Israel crossed the 10% threshold for the first time in 2022, with renewable energy representing 10.1% of the actual electricity consumed during the year.

For more information, see below under "*Material Effects of Government Regulations on the Israeli PV Plant*".

## *United States*

Commencing January 2021, the United States has actively committed to addressing climate change through a series of ambitious goals, actions and legislations. These acts include rejoining the Paris Agreement, a global initiative aimed at limiting temperature increases to below 2 degrees Celsius, and forming the US National Climate Task Force which included the US Secretary of Treasury and the US Secretary of Defense. The Climate Task Force outlined nation-wide climate goals that include reducing the US greenhouse emissions by 50%-52% compared to 2005 levels by 2030, achieving 100% carbon pollution-free electricity by 2035 and achieving a net-zero emissions economy by 2050.

### ***Anatomy of a Solar Power Plant***

*Solar power systems* convert the energy in sunlight directly into electrical energy within solar cells based on the photovoltaic effect. Multiple solar cells, which produce DC power, are electrically interconnected into solar panels. A typical solar panel may have several dozens of individual solar cells. Multiple solar panels are electrically wired together and are electrically wired to an inverter, which converts the power from DC to AC and interconnects with the utility grid.

*Solar electric cells* convert light energy into electricity at the atomic level. The conversion efficiency of a solar electric cell is defined as the ratio of the sunlight energy that hits the cell divided by the electrical energy that is produced by the cell. In recent years, effort in the industry has been directed towards the development of solar cell technology that reduces per watt costs and increases conversion efficiency. Solar electric cells today are getting better at converting sunlight to electricity, but commercial panels still harvest only part of the radiation they are exposed to. Scientists are working to improve solar panels' efficiency using various methods.

*Solar electric panels* are composed of multiple solar cells, along with the necessary internal wiring, aluminum and glass framework, and external electrical connections.

*Inverters* convert the DC power from solar panels to the AC power distributed by the electricity grid. Grid-tie inverters synchronize to utility voltage and frequency and only operate when utility power is stable (in the case of a power failure these grid-tie inverters shut down to safeguard utility personnel from possible harm during repairs). Inverters also operate to maximize the power extracted from the solar panels, regulating the voltage and current output of the solar array based on sun intensity.

*Monitoring.* There are two basic approaches to access information on the performance of a solar power system. The most accurate and reliable approach is to collect the solar power performance data locally from the counters and the inverter with a hard-wired connection and then transmit that data via the internet to a centralized database. Data on the performance of a system can then be accessed from any device with a web browser, including personal computers and cell phones. As an alternative to web-based remote monitoring, most commercial inverters have a digital display on the inverter itself that shows performance data and can also display this data on a nearby personal computer with a hard-wired or wireless connection.

#### *Tracker Technology vs. Fixed Technology*

Some of our PV Plants use fixed solar panels while others use panels equipped with single or dual axis tracking technology. Tracking technology is used to minimize the angle of incidence between the incoming light and a photovoltaic panel. As photovoltaic panels accept direct and diffuse light energy and panels using tracking technology always gather the available direct light, the amount of energy produced by such panels, compared to panels with a fixed amount of installed power generating capacity, is higher. As the double axis trackers allow the photovoltaic production to stay closer to maximum capacity for many additional hours, an increase of approximately 20% (single) - 30% (dual) of the photovoltaic modules plane irradiation can be estimated. On the other hand, tracker technology requires more complex and expensive operations and maintenance and, as this is a more sophisticated technology, it is exposed to more defects.

#### *Energy Storage Solutions*

According to a study published by the European Commission in 2020, innovative energy storage solutions will play an important role in ensuring the integration of renewable energy sources into the grid in the EU at the lowest cost. This will help the EU reach its 2050 de-carbonization objectives under the European Green Deal while ensuring Europe's security of energy supply. This independent study, titled "Energy Storage Study - Contribution to the security of electricity supply in Europe", analyzes the different flexibility energy storage options that will be needed to reap the full potential of the large share of variable energy sources in the power system. This study notes that the main energy storage reservoir in the EU at the moment is pumped hydro storage. However, as prices fall, new battery technology projects are emerging - such as lithium-ion batteries and behind-the-meter storage.

Looking ahead in 2024, TrendForce anticipates the global energy storage installed capacity to reach 71GW/167GWh, marking a 36% and 43% year-on-year increase, respectively, and maintaining a robust growth trajectory.

### ***Solar Power Benefits***

The direct conversion of light into energy offers the following benefits compared to conventional energy sources:

- Reliability - Solar energy production does not require fossil fuels and is therefore less dependent on this limited natural resource with volatile prices. Although there is variability in the amount and timing of sunlight over the day, season and year, a properly sized and configured system can be designed to be highly reliable while providing long-term, fixed price electricity supply.
- Convenience - Solar power systems can be installed on a wide range of sites, including small residential roofs, the ground, covered parking structures and large industrial buildings. Most solar power systems also have few, if any, moving parts and are generally guaranteed to operate for 20-25 years, resulting in low maintenance and operating costs and reliability compared to other forms of power generation.
- Cost-effectiveness - While solar power has historically been more expensive than fossil fuels, there are continual advancements in solar panel technology which increase the efficiency and lower the cost of production, thus making the production of solar energy even more cost effective.
- Environmental - Solar power is one of the cleanest electric generation sources, capable of generating electricity without air or water emissions, noise, vibration, habitat impact or waste generation. In particular, solar power does not generate greenhouse gases that contribute to global climate change or other air pollutants, as power generation based on fossil fuel combustion does, and does not generate radioactive or other wastes as nuclear power and coal combustion do. It is anticipated that environmental protection agencies will limit the use of fossil fuel based electric generation and increase the attractiveness of solar power as a renewable electricity source.
- Security - Producing solar power improves energy security both on an international level (by reducing fossil energy purchases from hostile countries) and a local level (by reducing power strains on local electrical transmission and distribution systems).

These benefits impacted our decision to enter into the solar photovoltaic market. We believe the fluctuations in fuel costs, environmental concerns and energy security make it likely that the demand for solar power production will continue to grow. Many countries, including Italy and Spain, have put incentive programs in place to spur the installation of grid-tied solar power systems. For further information please see “Material Effects of Government Regulations on the PV Plants.”

### ***Measuring the Performance of Solar Power Plants***

One of the main factors for measuring the efficiency and quality of a power plant is the performance ratio (PR). The performance ratio is stated as percent and describes the relationship between the actual and theoretical energy outputs of the PV plant. This calculation provides the proportion of the energy that is actually available for export to the electricity grid after deduction of any energy losses and of energy consumption for the operation of the PV plant. The performance ratio can be used to compare PV plants at different locations as the calculation is independent of the location of a PV plant. The closer the performance ratio is to 100%, the more efficient the relevant PV plant is operating, however a PV plant cannot reach a performance ratio of 100% as there are inevitable losses and use of energy of the PV plant. High-performance PV plants can however reach a performance ratio higher than 80%.

There are several risk factors associated with the photovoltaic market. See “Item 3.D: Risk Factors - Risks Related to our Business.”



## Our Operating Photovoltaic Plants



The following table includes information concerning our operating PV Plants:

Name	Installed Production / Capacity <sup>1</sup>	Location	Type of Plant	Connection to Grid	Fixed Tariff	Revenue in the year ended December 31, 2022 (in thousands) <sup>2</sup>	Revenue in the year ended December 31, 2023 (in thousands) <sup>2</sup>
“Rinconada II”	2,275 kWp	Municipality of Córdoba, Andalusia, Spain	PV – Fixed Panels	July 2010	N/A	€ 946	€ 835
“Rodríguez I”	1,675 kWp	Province of Murcia, Spain	PV – Fixed Panels	November 2011	N/A	€ 684	€ 576
“Rodríguez II”	2,691 kWp	Province of Murcia, Spain	PV – Fixed Panels	November 2011	N/A	€ 1,109	€ 951
“Fuente Librilla”	1,248 kWp	Province of Murcia, Spain	PV – Fixed Panels	June 2011	N/A	€ 525	€ 429
“Talasol” <sup>4</sup>	300,000 kWp	Talaván, Cáceres, Spain	PV – Fixed Panels	December 2020	N/A	€ 32,740	€ 24,971
“Ellomay Solar”	28,000 kWp	Talaván, Cáceres, Spain	PV – Fixed Panels	June 2022	N/A	€ 3,5975	€ 4,051

1. The actual capacity of a photovoltaic plant is generally subject to a degradation of approximately 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 regulation and in the climate and the degradation of the solar panels.
3. The Talasol PV Plant is 51% owned by us and the revenues included in the table reflect 100% ownership.
4. As the Ellomay Solar PV Plant was connected to the Spanish national grid during June 2022, no revenues were recorded in connection with this PV Plant during the year ended December 31, 2022 until connection to the national grid.

The table does not include information about the Talmei Yosef PV Plant, which we have treated as a discontinued operation in connection with its expected sale. The total proceeds from the sale of electricity of the Talmei Yosef PV Plant were approximately €0.7 million and €1.1 million for the years ended December 31, 2023 and 2022, respectively. As a result of the accounting treatment of the Talmei Yosef PV Plant as a financial asset, if the results of the Talmei Yosef PV Plant would have been recorded as continuing operations, we would have recorded revenues in the amount of approximately €49.5 million and €53.4 million for the years ended December 31, 2023 and 2022, respectively. The initial tariff for the Talmei Yosef PV Plant was NIS 0.9631/kWh, fixed for a period of 20 years and updated once a year based on changes to the Israeli CPI of October 2011. The tariff was NIS 0.9946/kWh in 2021, NIS 1.0185/kWh in 2022 and NIS 1.0722/kWh in 2023.

### ***Photovoltaic Plants***

The construction and operation of photovoltaic plants entail the engagement of Contractors, in order to build, assemble, install, test, commission, operate and maintain the photovoltaic power plants, for the benefit of our wholly-owned subsidiaries.

Each of the PV Plants is constructed and operates on the basis of the following main agreements:

- Development Agreement with a local experienced developer for the provision of development services with respect to photovoltaic greenfield projects from initial processing, obtaining of approvals and clearances with the aim of reaching “ready to build” status;
- An Engineering, Procurement & Construction projects Contract, or an EPC Contract, which governs the installation, testing and commissioning of a photovoltaic plant by the respective Contractor;
- An Operation and Maintenance (O&M) Agreement, which governs the operation and maintenance of the photovoltaic plant by the respective Contractor; and
- A number of ancillary agreements, including:
  - o one or more “surface rights agreements” or “lease agreements” with the land owners, which provide the terms and conditions for the lease of land on which the photovoltaic plants are constructed and operated;
  - o optionally, one or more “project financing agreements” with financing entities, as were already executed with respect to several of the PV Plants and as more fully described below, and as may be executed in the future with respect to one or more of the remaining PV Plants; and
  - o a stock purchase agreement in the event we acquire an existing company that owns a photovoltaic plant that is under construction or is already constructed.

With respect to our Spanish PV Plants:

- Standard “power distribution agreements” with the applicable Spanish power distribution grid company such as Endesa Distribución Eléctrica, S.L.U., or Endesa, or Iberdrola Distribución Eléctrica, S.A.U., or Iberdrola, regarding the rights and obligations of each party, concerning, inter alia, the evacuation of the power generated in the plant to the grid;
- Standard “representation agreements” with an entity that will act as the energy sales agent of the PV Plant in the energy market, in accordance with Spanish Royal Decree 436/2004; and
- Assignment Contract (“contrato de encargo de proyecto”) and the Technical Access Contract (“Contrato técnico de acceso a la red de transporte”) with Red Eléctrica de España (the Spanish grid operator, or REE).

With respect to our Israeli PV Plant:

- A power purchase agreement with the IEC for the purchase of electricity by the IEC with a term of 20 years commencing on the date of connection to the grid.

With respect to Italian PV Plants to be developed or held in the future:

- One or more “power purchase agreements” with GSE, specifying the power output to be purchased by GSE for resale and the consideration in respect thereof or, alternatively, a “power purchase agreements” with a private energy broker, specifying the power output to be purchased for resale and the consideration in respect thereof;
- One or more “interconnection agreements” with the Enel Distribuzione S.p.A, or ENEL, the Italian national electricity grid operator, which provide the terms and conditions for the connection to the Italian national grid; and
- To the extent the FiT or any other incentive will be applicable – standard “incentive agreements” with GSE, Italy’s energy regulation agency responsible, inter alia, for incentivizing and developing renewable energy sources in Italy and purchasing energy and re-selling it on the electricity market. Under such agreements, it is anticipated that GSE will grant the applicable FiT governing the purchase of electricity (FiTs are further detailed in “Material Effects of Government Regulations on the Italian PV Plants”).

With respect to the US PV Plants developed in the vicinity of Dallas, Texas:

- One or more agreements to acquire the solar modules from the manufacturers;
- One or more “interconnection agreements” with Oncor Electric Delivery Company LLC or Texas-New Mexico Power Co., the local electricity grid operator;
- One or more service agreements with a Qualified Scheduling Entity, or QSE, registered with the Electric Reliability Council of Texas, Inc., or ERCOT, which enables the participation in the ERCOT real-time and day-ahead markets; and
- Potentially, one or more agreements with tax equity partners in connection with investment tax credits purchase.

The summaries below describe the material terms of the O&M Agreements executed in connection with our operating PV Plants.

## ***Operation and Maintenance Agreements***

### ***General***

As mentioned above, each of the PV Plants is operated and maintained by a local contractor pursuant to an O&M Agreement executed between such Contractor and our subsidiary that owns the PV Plant, or the PV Principal. Each O&M Agreement sets out the terms under which each of the Contractors is to operate and maintain the PV Plant.

In our Talmei Yosef PV Plant and Talasol PV Plant, a technical adviser, or the Technical Advisor, was appointed by the Financing Entity, to monitor the performance of the services. Our current Technical Advisers in Spain and Israel is a leading technical firm which appears in the banks' whitelist.

We expect that, if required, we could replace some or all of our current O&M Contractors with other contractors and service providers. However, we cannot ensure that if such replacement shall take place we will receive the same terms and warranties from the new contractor. In addition, to the extent the relevant PV Plant received financing from a bank or other financing institution, the applicable financing agreement generally requires that we obtain the financing institution's approval for the replacement of an O&M contractor.

### ***The Services***

Each O&M Agreement governs the provision of the following services: (i) Subscription Services, which include Preventive Maintenance Services (maintenance services such as cleaning of panels and taking care of vegetation, surveillance, remote supervision of operation and full operational status of the PV Plant) and Corrective Maintenance Services (services to correct incidents arising at the PV Plant or to remedy any anomaly in the operation of the PV Plant), and (ii) Non-Subscription Services, which are all services outside the scope of the Subscription Services. In some cases, certain engagement agreements are executed by us directly with service providers (such as internet, security services, etc.).

### ***The Consideration***

Based on the range of services offered by the Contractor, the annual consideration for the Subscription Services in our operating PV Plants in Spain, other than Ellomay Solar and Talasol, varies from €12,800 to €20,700 per MWp (linked to the local Consumer Price Index) for each of the PV Plants, paid on a quarterly basis. The annual consideration for the Talasol O&M services amounts to approximately €2 million, paid on a monthly basis. The annual consideration for the Ellomay Solar O&M services amounts to approximately €0.2 million, paid on a monthly basis. The annual consideration for the Talmei Yosef O&M services amounts to approximately NIS 0.5 million (approximately €0.12 million based on the average exchange rate for converting the NIS to euro during the year ended December 31, 2023), paid on a quarterly basis. The Subscription Services fee is fixed, and the Contractor is not entitled to request an increase in the price due to the occurrence of unforeseen circumstances. This annual consideration does not include the price of the insurance policies to be obtained by the PV Principal, including all risk insurance policies.

### ***O&M Contractor's Obligations, Representations and Warranties***

The Contractor's obligations under the O&M Agreement include, *inter alia*, the duty to diligently perform the operation and maintenance services in compliance with the applicable law and permits in a workmanlike manner and using the most advanced technologies, to manage the spare parts and replenish the inventory as needed, and to assist the PV Principal and the Financing Entity in dealing with the authorities by providing the necessary information required by such authorities. The Contractor represents and warrants, *inter alia*, that it holds the necessary permits and authorizations, and that it has the necessary skills and experience to perform the services contemplated by the O&M Agreement.

### *Termination*

Each party may terminate the O&M Agreement (to the extent applicable, after obtaining the approval of the financing entity) if the other is in breach of any of its obligations that remain uncured for 30 days following written notice thereof.

The O&M Agreement is terminated if the Contractor is liquidated or becomes bankrupt or insolvent, and on other similar grounds, unless the PV Principal is willing to continue the O&M Agreement.

The O&M Agreement also provides the parties the option to withdraw from the agreement other than in the event of a breach by the other party, subject to certain circumstances and advance notice requirements.

### ***The Talasol PV Plant***

The Talasol PV Plant is a 300 MW photovoltaic plant in the municipality of Talaván, Cáceres, Spain, which was connected to the Spanish national grid in December 2020 and of which we indirectly own 51%.

In June 2018, Talasol executed the Talasol PPA in respect of approximately 80% (75% based on P-50) of the output of a prospective photovoltaic plant for a period of 10 years. The Talasol PPA was executed with a leading international energy company with a solid investment grade credit rating and a pan-European asset base, which is active in more than forty countries and has a proven track record in financial hedges. The power produced by the Talasol PV Plant is sold in the open market for the then current market power price. The Talasol PPA is expected to hedge the risks associated with fluctuating electricity market prices by allowing Talasol to secure a certain level of income for the power production included under the Talasol PPA. The hedging provides that if the market price goes below a price underpinned by the Talasol PPA, the Hedging Provider will pay Talasol the difference between the market price and the underpinned price, and if the market price is above the underpinned price, Talasol will pay the Hedging Provider the difference between the market price and the underpinned price. The hedge transaction became effective in March 2019.

In April 2019, we sold 49% of our holdings in Talasol to two entities and therefore our current ownership interest in the Talasol PV Plant is 51%.

The Talasol PV Plant reached mechanical completion in September 2020 and was connected to the electricity grid and electricity production commenced at the end of December 2020.

### *Agreements with Partners in Talasol*

On April 17, 2019, Ellomay Luxembourg executed a Credit Facilities Assignment and Sale and Purchase of Shares Agreement, or the Talasol SPA, with GSE 3 UK Limited and Fond-ICO Infraestructuras II, FICC, or, together, the Talasol Partners, pursuant to which it agreed to sell to each of the Talasol Partners 24.5% of its holdings in Talasol.

The transactions contemplated under the Talasol SPA were consummated in April 2019. The aggregate purchase price paid by the Talasol Partners, in the amount of approximately €16.1 million, represented 49% of the amounts withdrawn and interests accrued from and by Talasol under its shareholder development costs credit facility in connection with the Talasol PV Plant's financing as of the closing date of the Talasol SPA (approximately €4.9 million), plus a payment for 49% of Talasol's shares (approximately €4.9 million) plus a premium of approximately €6.1 million. Of such aggregate purchase price, the payment of €1.4 million was deferred until the achievement of a preliminary acceptance certificate, or PAC, under the EPC agreement of the Talasol PV Plant. Following the achievement of PAC on January 27, 2021, the deferred payment amount of €1.4 million was received by Ellomay Luxembourg.

On the closing date of the Talasol SPA, Ellomay Luxembourg and the Talasol Partners entered into a Partners' Agreement, or the Talasol PA, setting forth the relationship between the prospective shareholders of Talasol, the governance and management of Talasol, the funding and financing of Talasol and the mechanism for future transfers of Talasol's shares. The Talasol PA provides that all matters brought for a vote at a partners' meeting, other than specific reserved matters, will be adopted by the majorities set forth in the Spanish Companies Act. The Talasol PA includes minority rights for the Talasol Partners and provides that we will appoint the majority of the board members and that all matters brought for a vote at a board of directors meeting will be adopted by a simple majority of the directors, other than specific matters.

The Talasol PA further provides that Ellomay Luxembourg will be entitled to receive a management fee from Talasol in consideration for the administrative, support and management services to be provided to Talasol by Ellomay Luxembourg. The Talasol PA includes restrictions on transfer of the shares of Talasol by Ellomay Luxembourg and any of the Talasol Partners, which is prohibited for a certain period (other than in connection with certain customary permitted transfers) and thereafter is subject to a right of first offer, tag along rights granted to the Talasol Partners on sales by Ellomay Luxembourg and a drag along right granted to Ellomay Luxembourg.

#### *Talasol PV Plant Project Finance*

The Talasol PV Plant obtained project financing in connection with the commencement of its construction. During January 2022, Talasol refinanced its previous financing. For more information concerning the refinancing and the new financing of Talasol, see "Item 5.B: Liquidity and Capital Resources."

*The Talasol PV Plant and the Ellomay Solar PV Plant are in their operational stage, which entails several risks and uncertainties. For more information concerning these and other risks see under "Risk Factors – Risks Related to our Business."*

#### ***Ellomay Solar***

On February 26, 2021, Ellomay Solar entered into an engineering, procurement & construction agreement in connection with the Ellomay Solar PV Plant with METKA EGN Spain S.L.U., a 100% indirect subsidiary of MYTILINEOS S.A., under the Renewables & Storage Development Business Unit.

The Ellomay Solar EPC Agreement provided for a fixed and lump-sum amount of €15.82 million for the complete execution and performance of the works defined in the EPC Agreement. The works included the engineering, procurement and construction of the Ellomay Solar PV Plant and the ancillary facilities for injecting power into the grid and performance of two years of O&M services. The EPC Agreement contained additional standard provisions, including liquidated damages in connection with delays and performance, performance guarantees, suspension and termination.

In June 2022, the Ellomay Solar PV Plant was connected to the electricity grid and commenced production of electricity.

### **Israeli PV Projects under Development**

For information concerning PV projects under development in Israel see “Item 4.A: History and Development of Ellomay” under “Recent Developments.” On July 19, 2020, we were notified that we were one of the winners of a first-in-kind quota tender process published by the Israeli Electricity Authority for combined photovoltaic and electricity storage facilities in Israel. The tariff per kWh determined in the tender process is NIS 0.199 for a quota of 20 MW. This tariff is linked to the Israeli CPI and is valid for a period of 23 years commencing on the commercial operation of each relevant plant. In connection with such tender, we commenced development of the Klahim and Komemiyut projects, each intended for 21 MW PV and 50 MW / hour batteries. The projects obtained approvals for connection to the grid and are in the process of receiving a building permit. Construction is planned to commence during 2024. However, we thereafter waived our rights in connection with the tender and elected to transition to the regulation that enables direct sale to end customers through private suppliers.

We have additional projects under development in Israel is set forth under “Item 4.A: History and Development of Ellomay” under “Recent Developments.”

*The continued development and construction of the facilities depends upon various factors, including, but not limited to, the Company’s ability to locate sites for construction, enter into EPC agreements and obtain project finance and all other required approvals, all upon terms acceptable to us. Therefore, there is no assurance as to whether and when such process will be completed.*

### **Framework Agreement for the Development of PV Projects in Italy**

In December 2019, Ellomay Luxembourg executed a Framework Agreement, or the Framework Agreement, with an established and experienced European developer. Pursuant to the Second Framework Agreement, the developer will provide Ellomay Luxembourg with development services with respect to photovoltaic greenfield projects in Italy in the scope of 350 MW with the aim of reaching an aggregate “ready to build” authorized capacity of at least 265 MW over a period of forty-one months.

The Framework Agreement provides that the developer will offer all projects identified during the term of the Framework Agreement exclusively to Ellomay Luxembourg and that, with respect to each project acquired by Ellomay Luxembourg, the developer will be entitled to provide development services until it reaches “ready to build” status. The parties agreed on a development budget including a monthly development service consideration, to be paid to the developer and all other payments for the tasks required to bring the projects to a ready to build. In addition, Ellomay Luxembourg undertook to pay a success fee to the developer with respect to each project that achieves a “ready to build” status. Currently development is progressing as planned.

In April 2021, the Framework Agreement was amended and the target of reaching an aggregate “ready to build” authorized capacity of at least 265 MW was increased to 365 MW.

Our Italian PV Portfolio (as more fully described under “Item 4.A: History and Development of Ellomay,” under “Recent Developments”) was developed under the Framework Agreement.

*The advancement and development of projects that will become part of the Framework Agreement is subject to various conditions, including receipt of regulatory approvals and authorizations and procurement of land rights. There can be no assurance as to the aggregate capacity of projects that will be identified by the developer and that will thereafter reach the “ready to build” status, and as to our decision and success in completing construction of any of such projects. Any future decision of the Company with respect to the continued development of projects will be subject to the relevant circumstances existing at the time such decision will be made. In addition, projects in the construction stage are exposed to several risks, including delays in supply of equipment and defaults by contractors as noted under “Item 3.D: Risk Factors” above.*

In November 2019, Ellomay Luxembourg executed a Framework Agreement with the aim of reaching an aggregate authorized capacity of at least 250 MW over a three-year period. In connection with the execution of this agreement, Ellomay Luxembourg paid the developer an advance payment of approximately €1.6 million, based on the target aggregate project capacity of 250 MW, and undertook to pay an additional advance payment per each project when the project submits its environmental impact assessment application. As the target aggregate capacity was not achieved, the advance payment including interest in the aggregate amount of approximately €1.9 million was refunded in August 2023.

### ***US PV Market Joint Development Agreement***

On March 14, 2023, we entered into a Joint Development Agreement, or the JDA, for the development of solar photovoltaic projects in the State of Texas. The JDA was executed with a project development company experienced in the development of energy projects, site acquisition, capital markets and commercial management. Construction on the first two PV projects under the JDA, with an aggregate capacity of approximately 27.36 MW, commenced in March 2024. Construction on two additional projects with an aggregate capacity of approximately 21.5 MW is expected to commence during the third quarter of 2024. All four projects are expected to be connected to the grid by the end of 2024.

The projects to be developed under the JDA will be subject to the ERCOT Distributed Generation, or DG, Scheme for projects of up to 10 MW AC capacity. Under the DG Scheme, ERCOT (the electricity regulator of the State of Texas), allows owners of generation assets to sell electricity through Qualified Scheduling Entities (QSE's) at market rates under Real Time or Day Ahead prices at the local nodes where the projects are located and/or to designated "Behind the Meter" clients under Power Purchase Agreements.

### ***Competition***

Our competitors are mostly other entities that seek land and contractors to construct new power plants on their behalf or seek to purchase existing photovoltaic power plants. The competition in the Israeli photovoltaic sector concentrates on the ability to receive licenses from the Israeli Electricity Authority for the construction of new photovoltaic plants, which is subject to a quota as more fully described below and the ability to acquire existing plants that were already granted an electricity production license. The market for solar energy is intensely competitive and rapidly evolving, and many of our competitors who strive to construct new solar power plants have established more prominent market positions and are more experienced in this field. Our competitors in this market include Etrion Corporation (TSX, TO:ETX), Sunflower Sustainable Investments Ltd. (TASE:SNFL), Nofar Energy Ltd. (TASE:NOFR), Doral Group Renewable Energy Resurcs Ltd. (TASE:DORL), Meshek Energy-Renewable Energies Ltd. (TASE:MSKE), Shikun & Binui Energy Ltd. (TASE:SBEN), Enlight Renewable Energy Ltd. (NASDAQ, TASE:ENLT), Energixs Renewable Energies Ltd. (TASE:ENRG), Allerion Clean Power S.p.A. (ARN.MI), NextEra Energy Partners (NYSE:NEP), NRG Yield (NASDAQ:NYLD), TransAlta Renewables (TSX:RNW), Pattern Energy Group (NASDAQ:PEGI), Abengoa Yield PLC (NASDAQ:ABY), NextEnergy Solar Fund Limited (LSE:NESF), Bluefield Solar Income Fund Limited (LSE:BSIF), Infinis Energy PLC (LSE:INFI), The Renewables Infrastructure Group Limited (LSE:TRIG) and TerraForm Power, Inc. (NASDAQ:TERP). If we fail to attract and retain ongoing relationships with solar plants developers, we will be unable to reach additional agreements for the development and operation of additional solar plants, should we wish to do so.

### ***Customers***

The customers of our PV Plants are generally the local operators of the national grid and our PV Plants do not provide electricity or enter into power purchase agreements with private customers. The agreements with the customers include customary termination provisions, including in connection with breaches of the electricity producer and in the event the plant causes disruptions with the grid.

### ***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. We produce a substantial amount of our PV Plants' energy during the summer months when sunlight conditions tend to be most favorable. Although we received the technical calculation of the average production recorded in the area of each of our PV Plants from our technical advisors and incorporated such data into our financial models, adverse meteorological conditions, including climate change and extreme weather conditions, can have a material impact on the PV Plants' output and could result in production of electricity below expected output.



### ***Sources and Availability of Components of the Solar Power Plant***

As noted above, the construction of our PV Plants entails the assembly of solar panels and inverters purchased from third party suppliers. A critical factor in the success of our PV Plants is the existence of reliable panel suppliers, who guarantee the performance and quality of the panels supplied. Degradation in such performance above a certain minimum level, generally 90% during the initial ten-year period and 80% during the following ten-fifteen years period, is guaranteed by the panel suppliers. However, if any supplier is unreliable or becomes insolvent, it may default on warranty obligations.

There are currently sufficient numbers of solar panel manufacturers at sufficient quality and we are not currently dependent on one or more specific suppliers. Silicon is a dominant component of the solar panels and inverters are also a material component of the photovoltaic systems, and although manufacturing abilities of silicon have increased over-time, any shortage of silicon, or any other material component necessary for the manufacture of the solar panels, or any shortage of other components, including inverters, may adversely affect our business. Shortages in materials may also impact the ability to construct batteries designated for energy storage.

### ***Material Effects of Government Regulations on the PV Plants and Projects***

The development, construction and operation of a photovoltaic plant is subject to complex legislation covering, *inter alia*, building permits, licenses, the governmental long-term incentive scheme and security considerations. The following is a brief summary of the regulations applicable to our PV Plants.

#### ***Material Effects of Government Regulations on Italian PV Plants***

The regulatory framework surrounding photovoltaic plants located in Italy consists of legislation at the Italian national and local level. Relevant European legislation has been incorporated into Italian legislation, as described below.

##### ***Authorization Procedure***

##### **Environmental Impact Assessment (*Valutazione di Impatto Ambientale – VIA*)**

According to Legislative Decree no. 152 of 3 April 2006, or Legislative Decree no. 152/2006, regulating environmental matters:

- (i) PV projects with an overall power capacity exceeding 1 MW are subject to the Environmental Impact Assessment screening procedure, or EIA Screening, performed by the relevant region. At the end of the EIA Screening procedure, the competent authority determines whether or not the PV project should be subject to the ordinary Environmental Impact Assessment procedure, or EIA; and
- (ii) PV projects with an overall power capacity exceeding 10 MW are subject to the EIA performed by the state.

The authorization procedure follows different procedures depending on whether the project falls under the EIA procedure of the state or of the relevant region, namely:

- (i) PV projects falling within EIA procedure of the regions (*i.e.*, PV projects with a power capacity between 1 MW and 10 MW) are authorized by means of ***Provvedimento Autorizzatorio Unico Regionale***, or PAUR, pursuant to Article 27-*bis* of the Legislative Decree no. 152/2006, which includes the EIA and the ***Autorizzazione Unica*** (“Single Authorization”), or AU, pursuant to Article 12 of Legislative Decree no. 387 of December 29, 2003, or Legislative Decree no. 387/2003, and all other permits / nihil obstat / opinions necessary for the implementation of the PV project; and
- (ii) PV projects falling within EIA procedure of the state (*i.e.*, PV projects with a power capacity exceeding 10 MW) are authorized by means of the AU which includes the EIA decree.

#### Authorizations for the construction and operation of PV Plants

##### a. Authorization for the construction and operation of PV Plants (*Autorizzazione Unica*)

The construction and operation of a PV plant is subject to receipt of the AU pursuant to Article 12 of Legislative Decree no. 387/2003.

The AU is an authorization issued by the relevant region (or, as the case may be, the province delegated by the region) which contains all permits, authorizations and opinions that would otherwise be necessary to start the construction works (such as, building licenses, landscape authorizations, permits for the interconnection facilities, etc.).

The AU is issued following a procedure called *Conferenza di Servizi* ("Steering Committee") in which all relevant entities and authorities participate. Such procedure is to be completed within 90 days of the filing of the relevant application. With Decree-Law no. 13/2023 (*Decreto Semplificazioni PNRR*) converted into Law no. 4 of April 21, 2023, the AU procedure was partially amended by providing that, when required, the VIA shall also be included in the AU procedure. The timeline remained 90 days when no environmental assessment is required, while, in other cases, it is reduced to 60 days, plus the time required for the relevant environmental assessment procedure.

##### b. PAUR

According to Article 27-*bis* of Legislative Decree no. 152/2006, in case of PV projects falling within EIA procedure of the region, the interested party shall submit to the region (or, as the case may be, the province delegated by the region) the PAUR application.

Under the PAUR procedure, all authorizations, understandings, concessions, licenses, opinions, concerts, *nihil obstat* and consents, however denominated, necessary for the implementation and operation of the same project are issued, including the EIA and AU.

##### c. PAS

Article 6 of Legislative Decree no. 28 of March 3, 2011, or Legislative Decree no. 28/2011, introduced a simplified authorization procedure, or PAS, and aimed at authorizing certain typologies of renewable energy power plants. According to the PAS procedure, an applicant can start the construction works of the PV project after 30 days of the filing of the application with the competent municipality provided that the latter has in that time not raised objections and/or requested integrations.

In connection with the PAS procedure, Decree-Law no. 13/2023 has provided that after the elapse of the 30 day period without any objection and/or requested integrations by the competent Municipality, the applicant can request publication of the PAS application in the regional official bulletin (BUR). Such publication entails the benefit to provide certainty to the PAS and also sets the date from which the term for appeals before the administrative Court shall run.

With Law No. 34/2022 (which has converted Decree no. 17/2022, so-called "*Decreto Energia*") the application of the PAS procedure has been further expanded and now also applies to:

- (i) the construction of PV plants of up to 10 MW located in so called "suitable areas" (*aree idonee*) (which are to be identified on the basis of the criteria set out in Legislative Decree no. 199 of November 8, 2021, as detailed below); and
- (ii) agri-photovoltaic plants located less than 3 km away from industrial, productive or commercial areas (with no power limitation).

Under the circumstances described in (i) and (ii) above, the threshold for the subjection of in the applicable guidelines, including, for example, areas of significant cultural interest or protected areas pursuant to applicable legislation, certain agricultural areas, areas of tourist attraction and areas that perform functions for the conservation of biodiversity.

Decree-Law no. 13/2023 has provided that also ground based PV plants located in industrial or commercial areas, dismissed dumps and quarries, not subject to landscape restrictions (*vincoli paesaggistici*) shall be qualified as ordinary maintenance and not be subject to any permit or authorizations. Furthermore, in connection with agro-photovoltaic plants the Decree has provided that plants located in agricultural areas not placed in protected areas shall be considered “items instrumental to agricultural activity” (*manufatti strumentali all’attività agricola*) and therefore freely installable if: (i) they are made by farmers or companies jointly owned by farmers and electricity producers; (ii) the panels are at least 2 meters from the ground; (iii) the panels are not supported by concrete foundations or hardly removable; (iv) the intervention is carried out in such a way as to ensure integration with agricultural activities.

d. DILA

Furthermore, in relation to PV plants, non-substantial modifications can be authorized through the so called *Dichiarazione di Inizio Lavori Asseverata*, or DILA, i.e., a self-declaration confirmed by a qualified surveyor based on which the relevant works can start immediately. Specifically, pursuant to Article 6-bis of Legislative Decree no. 28/2011, interventions on existing plants and changes to authorized projects that do not entail an increase in the surface area occupied by the plants and the related connection works, and regardless of the resulting electric power following the intervention, may be carried out with DILA without the need to submit such changes to environmental and landscape assessments or to obtain any act of consent from the competent administrations.

In particular, works on ground-mounted PV plants may be carried out with DILA if, also as a result of the modification of the technological solution used, through the replacement of modules and other components and the modification of the layout of the system, they entail a variation of the maximum height from the ground not exceeding 50%.

e. Free building activity (*Attività di edilizia libera*)

According to Law Decree no. 13/2023 (still to be converted into law) the construction and operation of PV plants:

- (i) in areas for industrial, productive or commercial use;
- (ii) in closed and restored landfills or landfill lots; or
- (iii) in quarries or lots of quarries that cannot be exploited further, for which the competent authority for the issue of the authorization has certified the completion of the recovery and environmental restoration activities envisaged in the authorization title in compliance with the regional regulations in force;

is considered an ordinary maintenance activity and is not subject to the acquisition of permits, authorizations or acts of consent, however denominated.

Furthermore, the installation of PV plants on buildings is qualified as ordinary maintenance and is not subject to any permit or authorizations (*edilizia libera*), with the exception of buildings considered of public interest.

Suitable areas

On November 8, 2021, Legislative Decree no. 199, or Legislative Decree no. 199/2021 or Red II Decree, has been issued, implementing the EU RED II (Renewable Energy Directive, no. 2018/2001) on the promotion of the use of energy from renewable sources.

Article 20 of the Legislative Decree no. 199/2021 provides for the regulations for the identification of surfaces and areas suitable for the installation of renewable energy plants. In particular, the aforementioned provision provided that ministerial decrees to be adopted by Ministry of the Environment and Energy Safety, or the MASE, in consultation with the Ministry of Culture, or MC, and after agreement in the Unified Conference must establish uniform principles and criteria for the identification of areas suitable and unsuitable for the installation of renewable source plants having a total capacity at least equal to that identified as necessary by the National Integrated Energy and Climate Plan, or the PNIEC.

Subsequently, each region (within a further 180 days of the adoption of the ministerial decrees) has to identify by specific regional laws the suitable areas, in compliance with the principles and criteria established in the ministerial decrees. The decrees have not yet been issued, however, Legislative Decree no. 199/2021:

- (i) provided that pending the identification of suitable areas by the regions no moratoria or suspensions of the terms of authorization procedures may be ordered; and
- (ii) identified some suitable areas.

Pursuant to Article 20 of the Legislative Decree no. 199/2021, as recently modified and supplemented, the following areas are to be considered as suitable areas:

- (i) the sites where plants of the same source are already installed and where non-substantial modification works are carried out, as well as, for PV plants only, the sites where, on the date of entry into force of the provision, there are photovoltaic plants on which, without change in the occupied area or otherwise with changes in the occupied area within the limits referred to in (vi)(a) below, substantial modification work is carried out for refurbishment, repowering or complete reconstruction, including with the addition of storage systems with a capacity not exceeding 8 MWh for each MW of power of the photovoltaic plant;
- (ii) the areas of sites undergoing reclamation;
- (iii) quarries and mines that have ceased, not reclaimed or abandoned or are in an environmentally degraded condition;
- (iv) sites and facilities at the disposal of Italian State Railways Group companies and rail infrastructure managers as well as highway concession companies;
- (v) sites and facilities in the availability of the airport management companies within the perimeter of relevance of the airports of the smaller islands subject to the necessary technical verifications by the National Civil Aviation Authority;
- (vi) exclusively for photovoltaic plants, including those with ground-mounted modules, in the absence of constraints under Part Two of the Legislative Decree no. 42 of January 22, 2004, or the Cultural Heritage and Landscape Code:
  - a) areas classified as agricultural, enclosed within a perimeter whose points are not more than 500 meters from areas of industrial, artisanal and commercial use, including sites of national interest, as well as quarries and mines;
  - b) areas within industrial plants and establishments, as defined in Legislative Decree no. 152/2006, as well as classified agricultural areas enclosed within a perimeter whose points are no more than 500 meters from the same plant or establishment; and
  - c) the areas adjacent to the highway network within a distance not exceeding 300 meters; and
- (vii) without prejudice to the provisions of points above, areas that are not included in the perimeter of property subject to protection under the Cultural Heritage and Landscape Code, nor fall within the buffer zone of property subject to protection under Part Two or Article 136 of the same Legislative Decree. The buffer strip shall be determined by considering a distance from the perimeter of protected property of 500 metres for photovoltaic plants.

In order to further facilitate authorization procedures in suitable areas, Article 22 of the Legislative Decree no. 199/2021 provided that:

- (i) in procedures for the authorization of power production facilities powered by renewable sources on suitable areas, including those for the adoption of the environmental impact assessment resolution, the competent authority for landscape matters shall express a mandatory non-binding opinion. After the time limit for the expression of the non-binding opinion has expired, the competent authority shall in any case take action on the permit application; and
- (ii) the time limits for permit procedures for plants in suitable areas shall be reduced by one-third.

Such rules shall also apply, where they fall on suitable areas, to the electrical infrastructure for the connection of plants for the production of energy from renewable sources and those necessary for the development of the national electricity transmission grid, if strictly functional to the increase of energy that can be produced from renewable sources.

#### *Connection to the National Grid*

The procedures for the connection to the national grid are provided by the Regulatory Authority for Energy, Networks and Environment (*Autorità di Regolazione per Energia Reti e Ambiente*, or ARERA). Currently, the procedure to be followed for the connection is regulated by ARERA Resolution no. 99 of 2008 (*Testo Integrato delle Connessioni Attive*, or TICA), as subsequently integrated and amended.

According to TICA, an application for connection must be filed, depending on the power capacity of the PV plant, with the competent local / national grid operator, after which the latter issues in favor of the applicant the connection estimate for the connection costs of the PV project, including the *Soluzione Tecnica Minima Generale*, or STMG. Depending on the grid operator, the STMG shall be accepted within 45 or 120 days of its issuance. However, for the authorization to the connection to become definitive, all relevant authorization procedures (such as easements, ministerial *nulla osta*, etc.) must be successfully completed.

There are three alternative modalities to sell electricity:

- (i) by way of sale on the electricity market (Italian Power Exchange - IPEX), the so called “Borsa Elettrica”;
- (ii) through bilateral contracts with wholesale dealers; and
- (iii) via the so-called “Dedicated Withdrawal” introduced by ARERA Resolution no. 280/07 and subsequent amendments. This is the most common way of selling electricity, as it affords direct and quick negotiations with the national energy handler (GSE), which will in turn deal with energy buyers on the market.

#### *The Incentive Tariff System for PV Plants*

##### a. FER1 Incentives

The Italian government promotes renewable energies by providing certain incentives. In the past, these incentives were provided mainly through granting of a fixed Feed-in Tariff, or FiT, for a period of 20 years from the entry into operation of a PV plant. The FiT was determined with reference to the nominal power of the PV plant, the characteristics of the plant (plants were divided into non-integrated, partially integrated and architecturally integrated) and the year on which the plant has been connected to the grid.

On July 4, 2019, the Italian Ministry for Economic Development issued a decree setting out a new incentive scheme for renewable energy plants including PV plants (Decree 4 July 2019, or the FER1 Decree). With reference to PV plants, the FER1 Decree divides the PV plants eligible for incentives into two groups according to type, renewable energy source and category of intervention:

<b>Group A</b>	Includes PV plants of new construction.
<b>Group A-2</b>	includes PV plants of new construction whose modules are installed to replace roofs of buildings and farm buildings on which asbestos or fibre cement is completely removed.

With respect to PV plants, the FER1 Decree provides incentives that are determined mainly based on the PV plant capacity. Additional bonuses are granted to plants below 1 MWp installed as replacement of asbestos rooftops (included in group called “A-2” as set forth above) and to plants with power below 100 kW installed on buildings provided that the amount of self-consumed energy is equal at least to 40% of the total net production (€10/MWh). Below is a table summarizing the amount of the applicable reference tariff:

<b>Plant Type</b>	<b>Power level (kW)</b>	<b>Reference Tariff (€/MWh)</b>	<b>A-2 plants Bonus (€/MWh)</b>	<b>Bonus for self-consumption (€/MWh)</b>
<b>Group A</b>	20 <P ≤100	99.75	-	10
	100 <P ≤1000	85.50	-	-
	P ≥1000	66.50	-	-
<b>Group A-2</b>	20 <P ≤100	105.00	12	10
	100 <P ≤1000	90.00	12	-

There are two different ways of accessing the incentives depending on the power of the PV plant and the group to which it belongs:

- (i) Enrolment in Registers – PV plants with a power capacity of more than 20 kW and less than 1 MW that belong to Groups A and A-2 must be enrolled in the Registers, through which the available power quota is allocated on the basis of specific priority criteria. With respect to plants below 1 MW, the first criterion is the installation of the plant in areas such as closed dumps or mines, or (for A-2 plants) on public buildings such as schools or hospitals. This is aimed at giving preference to environment-friendly plants and therefore, for the avoidance of doubt, such plants will be preferred to other plants even if the tariff reduction set out in the application is lower.
- (ii) Participation to Auction Procedures – PV plants with a power capacity greater than or equal to 1 MW that belong to Groups A must participate in the Auction Procedures, through which the available power quota is allocated, according to the highest discount offered on the incentive level and, at equal discount, applying further priority criteria. Incentives are awarded for a period of 20 years at the outcome of seven tenders held between September 2019 and September 2021, whereby the effective granted tariff will be equal to the reference tariff as reduced by the percentage reduction offered by the applicant. With respect to plants above 1 MW, the first criterion is instead the tariff percentage reduction.

There are two different incentive mechanisms, depending on the power of the plant:

- (i) the All-in Tariff (*Tariffa Onnicomprensiva*, or TO) consisting of a single tariff, corresponding to the incumbent tariff, which also remunerates the electricity withdrawn by the GSE; and
- (ii) an incentive calculated as the difference between the incumbent tariff and the hourly zonal energy price, since the energy produced remains at the operator’s disposal.

For plants above 250 KW, the incentive is paid by GSE as positive balance between the tariff and the energy price (*i.e.* the zonal hourly price); if the balance is negative, GSE is entitled to receive the relevant amount from the producer. For plants below 250KW, the producer can also request that GSE pay the incentive as All-in Tariff (*Tariffa Onnicomprensiva*). The incentives provided by the FER1 Decree cannot be cumulated with the ones provided under the various *Conto Energia* (the laws governing the previous incentive regime in Italy) and are in any case subject to achievement of an overall cap equal to an annual medium cost for incentives of €5.8 billion per year.

b. Red II Decree Incentives

The Red II Decree has set-up the framework for new incentives in the PV industry that will have to be implemented through detailed legislation, which is still to be adopted. In particular, it has been provided that different incentives will be granted depending on the type of plant, and the main distinction is implemented between “small plants” (with capacity up to 1 MW) and “big plants” (with capacity higher than 1MW):

- (i) as to small plants with a power capacity equal to or less than 1 MW, incentives will be awarded:
  - a) as to plants with market competitive generation costs and plants belonging to energy communities or self-consumption configuration, through direct access to incentives; and
  - b) as to innovative plants and plants with higher generation costs, through tender procedures.
- (ii) as to big plants, with power capacity above a threshold of at least 1 MW, incentives will be awarded through downward auction procedures.

According to the RED II Decree, procedural simplifications and priority for the access to incentives are contemplated for PV plants, including *inter alia*:

- (i) the combination of renewables with storage systems is promoted, so as to enable greater programmability of sources, also in coordination with mechanisms for the development of centralized storage capacity;
- (ii) priority access is established for PV plants to be built on suitable areas (*aree idonee*), with the same economic offers; and
- (iii) participation in incentives is facilitated for those who install PV plants following asbestos removal, with bonus facilities and the widest possible participation modalities.

In respect of the procedural simplifications required under the RED II Decree, after issuance of Law 34/2022, for suitable areas the applicable procedure will be: (i) DILA procedure for plants with power up to 1 MW, (ii) PAS procedure for plants with power higher than 1 MW and up to 10 MW and (iii) AU procedure for plants with power higher than 10 MW. In addition, Decree-Law no. 13/2023 has identified some new criteria as well as reduced the minimum distance from protected areas required for the installation of the plants.

Furthermore, with specific regard to PV plants located in suitable areas and included in programs already approved by local authorities in the field of the so-called VAS procedure (*Valutazione strategica ambientale*) Decree-Law no. 13/2023 has excluded, until June 30, 2024, the VIA procedure in relation to (i) projects of PV plants with total power up to 30 MW and, (ii) projects for the reconstruction, upgrading or integral reconstruction of existing PV plants, which do not involve variation of the occupied area with total power up to 50 MW.

The amount of the incentives, as well as the financial commitment allocated thereto, shall be defined by future implementing decrees.

Decree-Law no. 181/2023 (*Nuovo Decreto Energia*) has introduced a fund aimed at promoting the construction of PV plants in suitable areas and new provisions aimed at supporting energy-intensive businesses (*imprese energivore*) to install renewable energy source systems.

The Red II Decree has also set up an *ad hoc* definition of long-term power purchase agreements, defined as the contract by which a person or entity undertakes to purchase renewable sources electricity directly from an electricity producer. In that respect, the aim of the Red II Decree is to promote the utilization of power purchase agreements, and in this respect, within 180 days of entry into force thereof, the following actions have been planned:

- (i) the creation of an online information board with the aim to facilitate the alignment of demand and offer;
- (ii) the setting-up of a platform for the conclusion of power purchase agreements (as already provided in previous legislation);
- (iii) the definition of tender schemes for the supply of renewable source energy to public administration through power purchase agreements; and
- (iv) issuance of an *ad hoc* regulation in order to inform final customers as to power purchase agreements, also in order to facilitate use thereof by consumers in aggregate shape.

In this respect, in November 2023 the European Commission approved, under EU State aid rules, a €1.7 billion Italian scheme to support agrivoltaic installations proposed by the Italian Minister of the Environment and Energy Security with Decree dated April 14, 2023. Under such scheme, effective until December 31, 2024, the aid will be granted to agricultural producers, cumulatively, in the form of (i) grants up to 40% of the eligible investment costs, and (ii) incentive tariffs, to be paid during the project operations for a 20-year period. The projects will be selected through transparent and non-discriminatory bidding procedures, where beneficiaries will compete on the basis of reverse auctions for the incentive tariff. In order to benefit from the scheme, beneficiaries must start operations before June 30, 2026.

In November 2023, the European Commission also approved another €5.7 billion Italian scheme to support renewable electricity self-production and self-consumption (including through energy communities) proposed by the Minister of the Environment with Decree dated February 23, 2023. Part of the scheme will be effective until December 31, 2025, while the remaining part will be effective until December 31, 2027. The scheme supports the construction of renewable power generation installations, as well as the expansion of existing ones. Beneficiaries are projects up to 1 MW and can access the scheme on first come first served basis. The aid is composed of two measures: an incentive on the electricity consumed by self-consumers and renewable energy communities and, for projects located in municipalities with less than 5,000 inhabitants, a grant of up to 40% of the eligible costs.

#### *Retention from Incentives for Panel Disposal*

As part of the implementation of legislative decree 49/2014, in December 2015, GSE published the guidelines regarding disposal of PV panels that benefit from incentives. In particular, the decree had established that GSE was entitled to retain a certain amount from payment of incentives as a guarantee for the cost of disposal of the panels installed on PV plants and GSE set out the determination of such retention.

The guidelines provide that the retention shall start from the 11<sup>th</sup> year of incentive and shall be calculated, for plants with nominal capacity higher than 10 kWp, on the basis of the following formula:

$$[2 * (n - i + 1) / n * (n + 1)] * total\ quota$$

where “*n*” is equal to 10, “*i*” is the year in which the retention is applied, and “*total quota*” is *n*\*number of panels (GSE has however reserved to amend the value of “*n*” after further assessment of disposal costs).

For example, for a plant with 100 panels, based on the above formula the retention is equal to €181.82 for the first year and an aggregate amount of €1,000 for a ten-year period (assuming a duration of the incentive of 20 years).

The retention will be held by GSE in an interest-bearing escrow account and is to be returned to producers after evidence is provided to GSE that the panels have been disposed correctly. If such evidence is not provided, GSE will proceed by itself to the disposal of the panels and not return the retention to the producer.



The guidelines clarify that the retention shall apply also in the case that the incentive-related receivables have been the object of assignment (as is applicable to our financed projects). PV plants subject to the Fourth and Fifth Conto Energia (except for certain specific type of plants) are exempt from the retention provided that the relevant panel producers are enrolled with consortia/institutions listed in an ad hoc register held by GSE.

Furthermore, in 2021 GSE provided that as an alternative to the retention, PV plant owners can provide a financial guarantee for the dismantling by joining an *ad hoc* set-up collective system. In this respect, with Decree n. 54/2022 the Ministry of Ecological Transition (now, MASE) has approved new operating instructions defined by GSE. The new guidelines provide clarifications on operational issues and set out the timeframe (within ten years of commencement of operations) to join collective systems as an alternative to retention.

*New provisions regarding determination of cadastral value and so called “super-depreciation”*

Art. 21 of Law 208/2015 (2016 Italian Budget Law) set out new criteria concerning the determination of the cadastral value of immovable assets with so called special and particular destination (i.e., those belonging to cadastral categories “D” and “E”). PV plants fall within the scope of such provision. Following issuance of the law, on February 1, 2016, the Italian Tax Office (*Agenzia delle Entrate*) published official clarifications to the scope of said provision. In connection with ground PV plants, the Italian Tax Office pointed out that, on the basis of the new provision, modules and inverters shall not be accounted in the determination of the associated cadastral value, which should entail a significant reduction in the calculation of the related tax burden.

With circular dated March 30, 2017, the Italian Tax Office further clarified that PV plants can be characterized as movable assets and particularly, as a result, will be subject to the so called “super-depreciation”, which allows them to increase the actual cost of the investment in PV plants by 40%, with associated significant fiscal benefits. During subsequent years such fiscal benefit has been partially amended; for 2022 a tax credit equal to 6% of the capital expenditure (up to a maximum of 2 million euros) has been provided.

*Renewables energy cap*

“Extra-profits” Measure (Law No. 25 of 28 March 2022)

By means of Article 15-bis, Law Decree no. 4 of January 27, 2022, or Law Decree no. 4/2022 (converted into Law no. 25/2022 “Extra-profits Measure”), the Italian Government introduced a two-ways offset mechanism aimed at annulling the extra revenues that incentivized PV plants and in general plants for the production of energy from renewable sources, to deal with the ongoing increase in energy prices.

From February 1, 2022 and originally until December 31, 2022, a rebalancing mechanism in the form of a “cap” was applied by the GSE on the price of electricity injected into the grid by:

- (i) PV plants with an output exceeding 20 kW that benefit from fixed feed-in tariffs under the Conto Energia scheme, which do not depend on market prices (i.e., First, Second, Third and Fourth Conto Energia); and
- (ii) plants powered by solar, hydroelectric, geothermal and wind power sources with an output exceeding 20 kW that do not benefit from incentive mechanisms, entered into operation before January 1, 2010 (any grid parity plant commissioned before December 31, 2009).

In particular, GSE shall calculate the difference between: (a) a benchmark price (“Benchmark Price” or “Cap”) indicated under Chart 1 of the Decree with reference to each market zone (Center-North: Eur 58/MWh; Center-South: Eur 57/MWh; North: Eur 58/MWh; Sardinia: Eur 61/MWh; Sicily: Eur 75/MWh; Eur 56/MWh) and (b) a market price equal to: for plants mentioned above under point (i) and for plants mentioned above under point (ii) from solar, wind, geothermal and hydro sources, the hourly zonal market price of electricity or, with regard to fixed price power purchase agreements entered into before January 27, 2022, the price indicated in such power purchase agreements, or, for plants mentioned under point (ii) above, different from those indicated under point (i) above, the monthly arithmetic average of the hourly zonal electricity market prices or, with regard to fixed price power purchase agreements entered into before January 27, 2022, the price indicated in such power purchase agreements.

If the difference is positive, GSE shall pay the relevant amount to the producers. Conversely, should the difference be negative, the GSE shall set-off, or request payment of the corresponding amount from the producer.

The above does not apply to electricity sold under power purchase agreements executed before January 27, 2022, unless they are linked to the price resulting from the electricity spot markets and do not provide an average price exceeding 10% of the hourly zonal Benchmark Price. ARERA, by means of Resolution. 266/2022/R/EEL dated June 21, 2022 has issued implementing provisions.

Article 11 of law decree no. 115/2022 extended this mechanism to June 30, 2023, in relation to power purchase agreements executed before August 5, 2022.

Several energy operators have challenged the Extra-profits Measure before the Regional Administrative Court of Milan requesting the Court to raise (i) before the Constitutional Court a question of compatibility of this law with the Italian Constitution and/or (ii) before the EU Court of Justice a question of compatibility with the EU laws. The Regional Administrative Court of Lombardia – Milan, after the hearing of November 23, 2022, annulled the ARERA resolution implementing the Extra-profits Measure. Based on the ruling of the Court, dated February 9, 2023, the ARERA Resolution is flawed on the preparatory and motivational level, because it has unreasonably failed to identify on the technical level and to enhance on the regulatory level all the factors that lead to the definition of the economic matches functional to the emergence of the inframarginal profit actually realized by the operators affected by the measure. The Court pointed out that it is up to ARERA to identify the relevant economic items for the purpose of surfacing the actual inframarginal profit received by the relevant producers. Thus, a complex set of elements affecting the accrual of actual profit was submitted to ARERA, starting with costs that are necessarily incurred by producers, such as environmental compensation measures, concession fees, imbalance fees, energy purchase costs for auxiliary plants, regional water derivation fees, and any tax levies that already affect the inframarginal profit earned. In addition, it was pointed out that it is necessary to consider the different sizes, spatial locations, and operating times of plants of the same type, which, because of these differences, are called upon to incur different operating costs. However, the Court has not raised questions before the Constitutional Court / EU Court of Justice. ARERA filed appeals against such ruling, which are still pending.

#### New price cap (Italian Budget Law of December 29, 2022, no. 197)

##### a. Price cap on revenues

The Italian Budget Law of December 29, 2022, no. 197, also taking into account the Council Regulation (EU) 2022/1854 of October 6, 2022, provided that as of December 1, 2022 and until June 30, 2023, a cap is applied on market revenues obtained from the production of electricity, through a one-way compensation mechanism, with reference to electricity fed into the grid by:

- (i) renewable source plants not covered by Article 15-bis of Decree-Law No. 4 of January 27, 2022, converted, with amendments, by Law No. 25 of March 28, 2022 (i.e., renewable source plants not subject to the “Extra-profits” Measure discussed above);
- (ii) plants powered by non-renewable sources.

The cap on revenues shall apply to any market revenues of producers of electricity generated by the above-mentioned plants and, if any, of intermediaries participating in wholesale electricity markets on behalf of such producers, regardless of the time horizon of the market in which the transaction generating the revenue takes place and whether the electricity is traded bilaterally or in a centralized market.

##### b. Calculation method

For this purpose, the GSE calculates the difference between the following values:

- (i) a reference price equal to 180 euros per MWh or, for sources with generation costs higher than the aforementioned price, to a value per technology established in accordance with criteria defined by ARERA, taking into account investment and operating costs and a fair return on investment. To this end, in the case of plants incentivized with one-way mechanisms other than those substituting green certificates, the reference price is equal to the maximum value between the amount of 180 euros per MWh and the tariff payable;

- (ii) a market price equal to the monthly average of the hourly zonal market price, calculated as a weighted average for non-programmable plants, based on the production profile of the individual plant, and as an arithmetic average for programmable plants, or, for supply contracts entered into before the date of this law that do not fall in the exclusion cases, at the price indicated in the contracts themselves.

If this difference is negative, the GSE shall equalize or request from the producer the corresponding amount. The producers concerned, upon request by the GSE, shall transmit to the GSE, within thirty days of such request, a statement attesting to the information necessary for the calculation.

ARERA shall regulate the implementation modalities of the aforementioned provisions also in continuity with the operational modalities defined in relation to the Extra-profits Measures. ARERA has not issued the implementing regulations yet.

c. Exclusions

Thus price cap does not apply:

- (i) to plants with a capacity of up to 20 kW;
- (ii) to electricity falling under the scope of Article 5-bis of Decree-Law No. 14 of February 25, 2022 (i.e., coal- and oil-fired thermoelectric plants);
- (iii) to energy subject to supply contracts concluded before December 1, 2022, provided that they are not linked to the price trend of the energy spot markets and that, in any case, they are not entered into at an average price higher than the value as calculated according to the calculation method described above, limited to the period of duration of such contracts;
- (iv) to electricity subject to withdrawal contracts concluded by the GSE pursuant to Article 16-bis of Decree-Law No. 17 of March 1, 2022, and that, in any case, are not stipulated at an average price higher than the value as calculated according to the calculation method described above, limited to the period of duration of the aforesaid contracts; and
- (v) to renewable source plants with active incentive contracts that are regulated with a two-way mechanism, renewable source plants with contracts that provide for the withdrawal at an all-inclusive fixed tariff of electricity by the GSE as well as electricity shared within energy communities and self-consumption configurations.

No similar provisions have been introduced so far for the period beyond June 30, 2023.

*Capacity Market*

At the beginning of February 2018, the EU Commission approved the scheme presented by the Italian government for the setting up of the so-called “capacity market”. This has been approved for a period of ten years and will allow producers of electric energy (including from PV sources) to participate in auctions whereby they will obtain additional remuneration for providing availability to produce electric energy.

After consultation with the EU institutions and green light by the latter, the capacity market has been implemented through Decree issued by the Ministry of Economic Development on June 28, 2019. However, the remuneration provided therein is not compatible with GSE incentives. Therefore, if a photovoltaic plant benefits from GSE incentives it cannot also benefit from incentives under the capacity market remuneration.

On September 3, 2019, ARERA by means of Resolution 363/2019/R/EEL, set the technical and economic parameters for the capacity auctions:

- (i) price cap for new capacity at €75k/MW;
- (ii) price cap for existing capacity at €33k/MW;
- (iii) formula for the calculation of the strike price to be applied to the de-rated capacity production in the Ancillary Services Markets, or ASM.

On September 6, 2019, Terna announced the procedure and the requirements of the tenders for 2022 and 2023. Subsequently, with Decree issued by the Ministry of Ecologic Transition of October 28, 2021, the regulatory framework of the Capacity Market formulated by Terna for the delivery year 2024 (according to ARERA guidelines) has been approved. Thereafter, Terna formally issued the approved regulatory framework. ARERA, by means of Resolution no. 498/2021/R/eel of November 16, 2021, approved the Capacity Market procedure and technical rules proposed by Terna.

On November 23, 2021, Terna announced the procedure and requirements of the tenders for the 2024 auction and on February 21, 2022 Terna published the results of the 2024 auction. On September 7, 2022, the EU Court of Justice confirmed the compliance of the Capacity Market scheme with the EU state aid rules.

#### *Material Effects of Government Regulations on Spanish PV Plants*

##### *The Spanish general legal framework applicable to renewable energies*

###### *Law 24/2013, of December 27, 2013, of the Power Sector*

The Spanish general legal framework applicable to renewable energies is contained in Law 24/2013, of December 27, 2013, of the Power Sector, or Law 24/2013, which sets forth the regulatory framework of the power sector with the objective of guaranteeing the electricity supply with an adequate level of quality, at the least possible cost, while ensuring the economic and financial sustainability of the system and pursuing effective competition in the power sector. At the same time, the principle of environmental sustainability is considered.

The economic and financial sustainability is the guiding principle for both the Spanish Public Administration and the agents acting under the scope of Law 24/2013, with a view to avoid the accumulation of new tariff deficits. According to Law 24/2013, incomes must be enough to cover expenses and, on the other hand, tariffs and charges must be automatically reviewed in case of overcoming certain established thresholds.

In accordance with Royal Decree-law 9/2013, dated July 12, 2013, which adopts several urgent measures in order to ensure the financial stability of the power system, or RDL 9/3013, Law 24/2013 regulates the new remuneration scheme of those renewable energy installations entitled to a regulated income, or the so called “Specific Remuneration,” in addition to the market price. Law 24/2013 sets forth the principle of reasonable profit for the sake of which the parameters to determine the regulated income are reviewed every six years.

In addition, Law 24/2013 establishes the priority access and dispatching of RES and high efficiency Combined Heat and Power in line with the EU Directives, and further develops the general criteria for access and dispatching by reinforcing the principles of objectivity and non- discrimination. Thereby, the reasons to refuse access are based on technical criteria exclusively.

Moreover, Law 24/2013 develops a specific regulatory framework for self-consumption. Law 24/2013 defines three different categories of self-consumption and obliges those installations connected to the grid to contribute to the costs and services of the system in the same conditions of the other customers. It also defines the activity of “recharging managers” (for electric vehicles).

#### *Royal Decree Law 15/2018*

The Spanish general legal framework applicable to renewable energies includes Royal Decree Law 15/2018, of October 5, 2018, or RDL 15/2018, of urgent measures for energy transition and consumer protection. RDL 15/2018 includes, among others, the following:

- (i) It introduces three principles in the activity of self-consumption: (i) the right to self-consume electricity without charges; (ii) the right to shared self-consumption by one or more consumers to take advantage of economies of scale; and (iii) administrative and technical simplification.
- (ii) Any consumer – whether or not a direct consumer of the market – may acquire energy through bilateral contracting with a producer.
- (iii) Regarding access and connection permits: (i) the validity of the access and connection permissions granted prior to the entry into force of Law 24/2013 is extended and the aforementioned permits will expire if they have not obtained the authorization of exploitation, on the later of: (a) before March 31, 2020, or (b) five years from the obtaining of the right of access and connection; (ii) the guarantees to be placed for the access and connection permits are increased from €10/kW to €40/kW; (iii) with regards to the actions carried out in the transport or distribution networks by the owners of the access and connection permits which must be developed by the grid operator or distributor, the promoter must advance 10% of the total investment value to be undertaken within a period not exceeding 12 months. Once the aforementioned amount has been paid and the administrative authorization for the generation plant has been obtained, its holder shall, within four months, enter into an Assignment Contract with the transportation grid operator or distributor; otherwise, the validity of the access and connection permits will expire.

#### *Royal Decree-law 17/2019*

On November 24, 2019, Royal Decree-law 17/2019, of November 22, or RDL 17/2019, enacted urgent measures for the necessary adaptation of remuneration parameters affecting the electricity system and responding to the process of cessation of activity of thermal generation plants. Among others, this new regulation updates the remuneration parameters of generation plants entitled to a specific remuneration for the regulatory period starting January 1, 2020, as further explained below.

#### *Royal Decree-law 23/2020*

On June 25, 2020, Royal Decree-Law 23/2020 of June 23, 2020, or RD-law 23/2020, came into force, approving measures in the energy sector and other sectors for the reactivation of the economy and introducing a series of new provisions focused on overcoming the obstacles identified in the energy transition process and established an attractive framework for renewable energy investments in Spain.

As a novelty, and in connection with the expiry of access and connection to the grid permits, RD-law 23/2020 established certain permitting milestones to be achieved by the promoters. Failure to do so, will result in expiration of the permits (except when the environmental permit was not granted for reasons not attributable to the promoter). The milestones set up in RD-law 23/2020 were modified by Royal Decree-Law 29/2021, of December 21, 2021, or RD-law 29/2021, Royal Decree-Law 5/2023, of June 28, 2023, or RD-Law 5/2023, and Royal Decree-Law 8/2023 of December 27, 2023, or RD-law 8/2023, as further explained below.

#### *Royal Decree-law 29/2021*

On December 23, 2021, RD-law 29/2021 came into force, approving urgent measures in the energy field for the promotion of electric mobility, self-consumption, and the deployment of renewable energies.

As a novelty, and in connection with self-consumption, RD-law 29/2021 establishes that installations associated with a self-consumption modality with a surplus installed power not exceeding 100 kW are exempt from presenting the guarantee unless they are part of a group whose power exceeds 1 MW. Likewise, RD-Law 29/2021 adopts measures to facilitate collective or shared self-consumption-- in which several self-consumers benefit from a single installation-- and extends this possibility to high voltage.

Finally, the RD-law 29/2021 modifies the milestones established in RD-law 23/2020. In this sense, the dates foreseen in RDL 23/2020 for the intermediate milestones related to the Environmental Impact Statement (EIS), the prior administrative authorization (PAA) and the construction authorization (CAA) have been extended for an additional nine months. All this, without extending the total period of five years for the final milestone of obtaining the administrative exploitation authorization. As noted below, RD-law 8/2023 extends the deadlines for the achievement of the CCA and AEA for projects that have obtained the access and connection permits between January 1, 2018 and December 28, 2023.

#### Impact on the Talasol PV Plant

The exploitation authorization is required to be granted within five years from the entry into force of RD-law 23/2020 (i.e., by June 25, 2025) as modified by RD-law 29/2021 and was already granted.

#### Impact on the Ellomay Solar 28 MW Project

The exploitation authorization is required to be granted within five years from the entry into force of RD-law 23/2020 (i.e., by June 25, 2025) as modified by RD-law 29/2021 and was granted on January 23, 2022.

#### Impact on future PV projects in Spain

Once the access permit is granted to a project, the below milestones will apply (the starting date is the date the permit access was granted):

- Request of connection permit required in 6 months.
- Valid request of Prior Administrative Authorization required in 6 months.
- Obtention of environmental permit required in 31 months.
- Obtention of Prior Administrative Authorization required in 34 months.
- Obtention of Construction Administrative Authorization required in 37 months.
- Obtention of Exploitation Authorization required in 5 years.

As noted below, RD-law 8/2023 revised these deadlines for certain projects.

#### Impact on operating facilities

The above regulation does not affect our existing and operating facilities.

#### *Royal Decree 1183/2020*

Royal Decree-law 1183/2020, or RD 1183/2020, entered into force on December 31, 2020. RD 1183/2020 regulates in detail the procedure for obtaining access and connection permits. RDL 23/2020 established a moratorium by virtue of which it was not possible to request new access and connection permits until the regulation establishing the procedure for obtaining these was approved, and was then further extended until the available capacities in accordance with the new criteria established by the Spanish National Commission on Markets and Competition (CNMC) in Circular 1/2021 (as defined below) are published. The moratorium was released on July 1, 2022. In addition, the approval of RD 1183/2020 determines the entry into force of art. 33.8 of Law 24/2013, which sets a validity of five (5) years of the access and connection permits.

RD 1183/2020 also regulates the access capacity tenders in certain nodes of the transmission grid for the integration of renewable energies.

#### *CNMC Circular 1/2021*

The CNMC Circular 1/2021, or Circular 1/2021, establishing the methodology and conditions for access and connection to the electricity transmission and distribution networks, was published on January 22, 2021. Circular 1/2021 completes the regulation process related to access and connection to the electricity transmission and distribution networks. The regulation has been developed through the Resolution of May 20, 2021, explained further below.

*Resolution of May 20, 2021, of the CNMC, which establishes the detailed specifications for the determination of the generation access capacity to the transmission network and distribution networks*

Resolution of May 20, 2021, contains the detailed specifications for the determination of the access capacity of generation to the transmission grid and distribution networks.

The purpose of the detailed specifications for the determination of the access capacity to the transmission grid for generation is to establish the particular aspects of criteria and methodology for the calculation of the access capacity to the transmission grid for generation or storage facilities, new or existing, which change their declared conditions, with direct connection to the transmission grid or with connection in distribution with influence on the transmission grid.

The detailed specifications for the determination of the generation access capacity to the distribution networks determine the criteria and methodology for the calculation of the access capacity to the distribution networks, the calculation of the access capacity to the distribution network in the processing of requests for access of generation or transmission requests for access of generation or storage facilities, whether new or existing that change their technical characteristics or existing facilities that change their significant technical characteristics.

#### *Law 7/2021 of climate change and energy transition*

Law 7/2021 of May 20, 2021 on climate change and energy transition, or Law 7/2021, establishes objectives for 2030 which include the reduction of greenhouse gas emissions of the Spanish economy by at least 23% compared to 1990; the penetration of renewable energies in final energy consumption of at least 42%; achieving an electricity system with at least 74% of generation from renewable energies and reduction of primary energy consumption by at least 39.5%. It also establishes that Spain must achieve climate neutrality by 2050 at the latest. The energy transition promoted by Law 7/2021 enables the mobilization of more than 200 billion euros of investment over the decade 2021-2030.

#### *Royal Decree-Law 17/2021, of September 14*

Royal Decree-Law 17/2021, of September 14, or RDL 17/2021, entered into force on September 16, 2021. From the entry into force of RDL 17/2021, a temporary adjustment in the remuneration of certain generation facilities is foreseen, in proportion to the higher income obtained by such facilities due to the internalization in the price of electricity in the wholesale market of the increase in the price of natural gas in international markets by the marginal emitting technologies. The adjustment does not apply to certain, mainly smaller, plants and to the part of the energy produced by generation facilities which is subject to a fixed price (physical or financial) PPA under certain conditions (which included the Talasol PPA). Such adjustment was initially foreseen until March 31, 2022, but has been amended and extended until December 31, 2023 and is now no longer in effect.

#### *Royal Decree-law 6/2022*

Royal Decree-law 6/2022, of March 29, 2022, or RDL 6/2022, establishes a range of urgent measures within the framework of the National Plan for Response to the Economic and Social Consequences of the War in Ukraine. In particular, in the renewable energy field it adopts several measures, among others: (i) the mechanism for reducing excess electricity market remuneration due to the high quotation price of natural gas in international markets, which was introduced under RDL 17/2021 and which is no longer in effect as explained above; (ii) it foresees the exceptional update of the specific remuneration parameters for 2022, as will be further detailed below; (iii) it establishes certain particularities in the environmental assessment to accelerate the permitting process; and (iv) it extends the suspension of the generation tax (a 7% tax imposed on certain electricity generating facilities, including the Company's PV Plants in Spain) until December 31, 2023. Please see below for a description of the relevant modifications introduced by RD-law 8/2023.

#### *Royal Decree-law 11/2022*

Royal Decree-law 11/2022, dated June 25, 2022, adopts certain measures to respond to the economic and social consequences of the war in Ukraine and to address situations of social and economic vulnerability. In particular, it extends the mechanism for reducing excess electricity market remuneration due to the high quotation price of natural gas in international markets, until December 31, 2022.

#### *Royal Decree-law 17/2022*

Royal Decree-law 17/2022, dated September 22, 2022, modifies Article 115 of the Royal Decree 1955/2000 and adopts measures to allow cogeneration installations to recover their operating costs - due to the price situation in the energy markets - through a new type of voluntary waiver of the specific remuneration scheme so that they can apply for inclusion in the adjustment mechanism. It also introduces measures to promote the processing, commissioning and evacuation of renewable energy. Firstly, one of the requirements to obtain administrative authorization for construction, or AAC, without the need for a new prior administrative authorization, or AAP, in case of modifications to generation facilities that have already obtained AAP, is modified. Therefore, the requirement that the installed power, after the modifications, does not exceed by more than 10% the power defined in the original project, is amended so that the resulting installed power does not exceed the original one by more than 15%. This is without prejudice to the implications that this excess power may have for the purposes of access and connection permits. One of the requirements established regarding the consideration of non-substantial modifications is also revised to provide that a substantial modification in basic technical characteristics will be measured at more than 10% of the capacity and not 5%. Deadlines for the approval of the execution project are also reduced under certain circumstances. RD-law 17/2022 also modifies RD 413/2014 in relation to the prior registration of electricity production facilities and creates an active demand response service.

#### *Royal Decree-law 18/2022*

Royal Decree-Law 18/2022, of October 18, 2022, or RDL 18/2022, establishes a wide range of measures aimed at: (i) the protection of gas and electricity consumers, (ii) the promotion of renewable gases and digitalization, (iii) the promotion of self-consumption, (iv) the rapid injection of energy into the network, and (v) administrative simplification for electricity production facilities, among others. This RDL 18/2022 further extended the mechanism for reducing excess electricity market remuneration due to the high quotation price of natural gas in international markets until December 31, 2023.

In addition, regarding the procedure for holding capacity tenders, the nodes reserved for contest by Resolution of the Secretary of State for Energy will remain reserved regardless of whether the capacity reserved for competition has been reduced below the limit of 100 MW for nodes of the peninsular electricity system or 50 MW for those located in non-peninsular territory, and that the conditions contained in Article 18.2 of Royal Decree 1183/2020, of December 29, 2020 are no longer met after the resolution.



This Royal Decree-law introduces several measures in the energy field, among others, (i) an exceptional and transitory procedure for the determination of the environmental affection of generation projects from renewable energy sources and the specific authorization procedures for those projects that have obtained a favorable opinion; and (ii) with regard to grid capacity, the suspension of certain permitting procedures related to knots in which there is capacity that has been reserved for grid capacity tenders (in any case, this does not affect those projects for which access and connection has already been requested).

#### *Remuneration of Renewable Energy Plants*

The remuneration of electricity generation activity includes the following concepts: (i) the electric energy negotiated through the daily and intraday markets, remunerated on the basis of the price resulting from the balance between the supply and the demand of electric energy offered in them (i.e., spot price), (ii) adjustment services, including non-frequency services and system balance services, necessary to ensure adequate supply to the consumer, (iii) where appropriate, the remuneration for capacity mechanism, (iv) where appropriate, the additional remuneration for the production of electric energy in the electrical systems of non-peninsular territories, which the government may apply to cover the difference between the investment and operational costs and the incomes of these plants, and (v) where appropriate, the specific remuneration for the production of electric energy from renewable energy sources, high efficiency cogeneration and waste.

The legal and regulatory framework applicable to the production of electricity from renewable energy sources in Spain was modified by RDL 9/2013, due to the adoption of several urgent measures in order to ensure the financial stability of the power system, eliminating the former “Special Regime” and feed-in-tariff established by Royal Decree 661/2007 and Royal Decree 1578/2008 and establishing the basis of the current remuneration scheme applicable to renewable energies called the “Specific Remuneration” regime.

Specific Remuneration includes two components to be paid in addition to the electricity market price: (i) an “**investment retribution**” sufficient to cover the investment costs of a so-called “standard facility” – provided that such costs are not fully recoverable through the sale of energy in the market, and (ii) an “**operational retribution**” sufficient to cover the difference, if any, between the operational income and costs of a standard plant that participates in the market.

The Specific Remuneration provides that commencing July 13, 2013 all PV plants currently in operation, including our Spanish PV Plants, were no longer entitled to receive the applicable feed-in-tariff for renewable installations but rather became entitled to receive the Specific Remuneration.

The basic concept of the Specific Remuneration contained in RDL 9/2013 was confirmed by the current Power Act (Law 24/2013) and further developed by the following regulations:

1. Royal Decree 413/2014 which regulates electricity generation activity using renewable energy sources, cogeneration and waste, or RD 413/2014.

2. Order IET/1045/2014 approving the retribution parameters for certain types of generation facilities of electricity from renewable energy sources, cogeneration and waste facilities, or Order 1045/2014.
3. Order ETU/130/2017 updating the retribution parameters for certain types of generation facilities of electricity from renewable energy sources, cogeneration and waste facilities, for the purposes of their application to the Regulatory Semi-period beginning on January 1, 2017 and ending on December 31, 2019, or Order 130/2017.
4. RDL 17/2019, adopting urgent measures for the necessary adaptation of remuneration parameters affecting the electricity system and responding to the process of cessation of activity of thermal generation plants.
5. Order TED/171/2020, updating the retribution parameters for certain types of generation facilities of electricity from renewable energy sources, cogeneration and waste facilities, for the purposes of their application to the Regulatory Period beginning on January 1, 2020, or Order 171/2020.
6. RDL 6/2022, of March 29, 2022, adopting urgent measures within the framework of the National Plan for the response to the economic and social consequences of the war in Ukraine.
7. Order TED/1232/2022, of December 2, 2022, which updates the remuneration parameters for its application to the year 2022, or Order 1232/2022.
8. Royal Decree-Law 5/2023 of June 28, 2023, adopting and extending certain measures in response to the economic and social consequences of the war in Ukraine, support for the reconstruction of the island of La Palma and other situations of vulnerability; transposing European Union Directives on structural modifications of commercial companies and reconciliation of family and professional life for parents and carers; and on the implementation and enforcement of European Union law.
9. Order TED/741/2023, of June 30, 2023, updating the remuneration parameters of the applicable type installations to determinate installations of production of electrical energy from renewable energy sources, cogeneration and waste, that applies to the regulatory semi-period that begins on January 1, 2023 and ends December 31, 2025.

Pursuant to the above regulations, the calculation of the Specific Remuneration is performed as follows:

- a) The Specific Remuneration is calculated by reference to a “*standard facility*” during its “*useful regulatory life*”. Order 1045/2014 characterized the existing renewable installations into different categories (referred to as IT-category). These categories were created taking into account the type of technology, the date of the operating license and the geographical location of renewable installations.

The Specific Remuneration is not calculated independently for each power installation. It is calculated based on the inclusion of each existing installations in one of the formulated IT-categories and, as a result of such inclusion, is based on the retribution parameters assigned to that particular IT-category.

- b) According to RD 413/2014, the calculation of the Specific Remuneration of each IT-category shall be performed taking into account the following parameters:
- (i) the standard revenues for the sale of energy production, valued at the production market prices (currently set at €54.42/MWh, €52.12/MWh and €48.82/MWh for 2020, 2021 and 2022, respectively);
  - (ii) the standard exploitation costs; and
  - (iii) the standard value of the initial investment. For this calculation, only those costs and investments that correspond exclusively to the electricity production activity will be taken into account. Furthermore, costs or investments determined by administrative rules or acts that do not apply throughout Spanish territory will not be taken into account.
- c) Order 1045/2014 established the relevant parameters applicable to each IT-category. Therefore, to ascertain the total amount of the Specific Remuneration applicable to a particular installation it is necessary to (i) identify the applicable IT-category and (ii) integrate in the Specific Remuneration formula set forth in RD 413/2014 the economic parameters established by Order 1045/2014 for the relevant IT-category and the relevant update regulation (i.e., Order 171/2020).
- d) The Specific Remuneration is calculated for regulatory periods of six years, each divided into two regulatory semi-periods of three years. The first Regulatory Period commenced July 14, 2013 and terminated on December 31, 2019. The second Regulatory Period commenced January 1, 2020 and terminates December 31, 2025 (the corresponding first Regulatory Semi-Period ends December 31, 2022).
- e) The Specific Remuneration is designed to ensure a “reasonable rate of return” or profitability that during the first regulatory period (i.e., until December 2019) shall be equivalent to a Spanish 10-year sovereign bond calculated as the average of stock price in the stock markets during the months of April, May and June 2013, increased by 300 basis points (7.398% for plants prior to RDL 9/2013). RDL 17/2019 has fixed the reasonable rate of return for the second Regulatory Period at 7.09%. However, for plants prior to RDL the reasonable rate of return will remain at 7.398% if the conditions set forth in RDL 17/2019 are met (mainly to withdraw from any arbitration procedure, or to renounce any compensation, in connection with the regulatory changes in Spain that modified the remuneration regime).
- f) Pursuant to RD 413/2014, the revenues from the Specific Remuneration are set based on the number of operating hours reached by the installation in a given year and adjusted to electricity market price deviations. Furthermore, the economic parameters of the Specific Remuneration might be reviewed by the Spanish government at the end of a regulatory period or semi-period, however the standard value of the initial investment and the useful regulatory life will remain unchanged for the entire Regulatory Useful Life of the installation, as determined by Order 1045/2014.

The update of the Specific Remuneration is carried out by reference to the IT-categories with the sole exception of the adjustment of annual revenues from the Specific Remuneration as a result of the number of Equivalent Operating Hours. This update is made installation by installation by the National Markets and Competition Commission.

The Talasol PV Plant is a “merchant” facility, i.e., will not be entitled to feed-in-tariff, “specific remuneration” or other similar regulatory incentives.

*Special considerations for January 1, 2023 to December 31, 2025*

Royal Decree-Law 5/2023 of June 28, 2023 updates the remuneration parameters of the standard installations for the regulatory half-period between January 1, 2023 and December 31, 2025 and provides that it will be carried out considering the following in relation to the estimate of the electricity market price:

- The estimate for the year 2023 is 109.31 €/MWh.
- The estimate for the year 2024 is 108.86 €/MWh and for the year 2025 is 89.37 €/MWh. For the years 2026 and beyond, the value obtained for the year 2025 will be used.
- For the calculation of the adjustment value for deviations in the market price for the year 2023 that will be applied in the updating of the remuneration parameters for the regulatory half-period starting on January 1, 2026, the weighted average value of the basket of electricity market prices for the year 2023 will be the minimum value between this value and the average annual price of the daily and intraday market in the year 2023.

Order TED/741/2023 establishes the same estimated values for 2023, 2024 and 2025.

*The obligation to finance the tariff deficit*

Pursuant to Law 24/2013, renewable installations are required to finance future tariff deficits whereas pursuant to the former Power Act, the tariff deficit was only financed by five vertically integrated companies (Iberdrola, Endesa, E.On, Gas Natural Fenosa and Hidrocarburo). Therefore, in the event there is a temporary deviation between revenues and costs of the electricity system on any given monthly settlement, this deviation shall be borne by all the companies participating in the settlement system (including renewable facilities).

*Taxation of the income from generation of electricity*

In December 2012, the Spanish Parliament enacted the 15/2012 on fiscal measures for the sustainability of the energy sector, which entered into force on January 1, 2013. Law 15/2012 sets forth a tax on energy generation of 7% from the total amount received for the production of electricity. RDL 15/2018 suspended this tax with respect to the electricity produced and injected to the grid during a period of six months commencing October 6, 2018 through March 31, 2019. The suspension has been extended several times, the last one by Royal Decree-law 20/2022, dated December 27, 2022, until December 31, 2023. RD-law 8/2023 regulates the determination of the taxable base and the amount of the instalments of the tax on the value of electricity production for the year 2024.

### *Removal of the Generation Access Toll*

The CNMC approved Circular 3/2020, which was published in the Official State Gazette on January 24, 2020, by which the electricity generators are exempted from paying the toll to access the grid. This means the removal of the €0.5/MWh access toll that was established for electricity generators under Royal Decree – Law 14/2010 of December 23, 2010.

### *Royal Decree-Law 3/2023*

Royal Decree-Law 3/2023, of March 28, 2023, extended the production cost adjustment mechanism to reduce the price of electricity in the wholesale market regulated in Royal Decree-Law 10/2022, of May 13, 2022 under the so-called “Iberian mechanism” until December 31, 2023.

With respect to the reference value for gas, which was set in RD-L 10/2022 at 40 €/MWh for six months, after which this value would be increased by 5 €/MWh for each calendar month until the end of the mechanism. RD-L 3/2023 has established a lineal path starting at 55 €/MWh and up to 65 €/MWh in December 2023, thus ending with the same level of natural gas price that would have been reached in May 2023 if the extension of the Iberian mechanism had it not been carried out.

In addition, and taking into account that RD-L 10/2022 envisaged a scheme for exemption from payment of the adjustment for those energy volumes which, through forward contracting instruments, had been hedged against the volatility of daily and intraday market prices (e.g., PPAs) and that this regulation was conceived as a single declaration scheme, a new period of fifteen working days from the entry into force of RD-L 3/2023, which takes place the day after its publication in the BOE, was established for the declaration of those forward contracting instruments which, subscribed prior to March 7, 2023, extend their effects from June to December 2023.

### *Royal Decree-Law 5/2023*

Royal Decree-Law 5/2023 of June 28, 2023, which adopted multiple measures and regulatory modifications in various areas and affected multiple sectors, included certain provisions affecting PV projects in Spain, mainly:

- Adaptation of administrative milestones to the supply chain situation for installations that have obtained access permits since January 1, 2018: RDL 5/2023 extends by 6 months the deadline for accreditation of the fourth milestone corresponding to obtaining the Construction Administrative Authorization for holders of access permits obtained after December 31, 2017 and prior to the entry into force of RDL 5/2023 as follows:
  - If the access permit was obtained after December 31, 2017 and before the entry into force of RDL 23/2020: 43 months from June 25, 2020 (i.e., January 24, 2024); and
  - If the access permit was obtained after June 25, 2020 and before the entry into force of RDL 5/2023: 43 months from the date of obtaining the access permit.

- Updating of the remuneration parameters of installations under the specific remuneration regime. In relation to the specific remuneration regime, it is established for the regulatory half-period starting on January 1, 2023 and ending on December 31, 2025. The estimate of the electricity market price for the year 2023 was made considering the values of the daily market between January 1 and May 31, 2023 and the values of futures traded in said period for the energy delivered between June 1 and December 31, 2023. The estimate of the electricity market price for the year 2024 and subsequent years will be made based on the futures markets. Based on these guidelines, the estimate of the electricity market price for the year 2023 is €109.31/MWh and the estimated electricity market price for the year 2024 is 108.86 €/MWh and for the year 2025 is 89.37 €/MWh. For the years 2026 and thereafter, the value obtained for 2025 will be used. These estimated prices replace the prices estimated in application of article 22 of RD 413/2014.

For the calculation of the adjustment value for deviations in the market price for the year 2023, provided for in article 22 of RD 413/2014, which will be applicable in the update of the remuneration parameters of the regulatory half-period that has its beginning on January 1, 2026, the weighted average value of the basket of electricity market prices for the year 2023 will be the minimum value between said value, as defined in article 22 of RD 413/2014, and the average annual price of the daily and intraday market in the year 2023.

#### *Royal Decree-Law 8/2023*

RD-law 8/2023, of December 27, 2023 adopted measures to face the economic and social consequences derived from the conflicts in Ukraine and the Middle East, as well as to alleviate the effects of the drought in Spain contains many provisions affecting the energy sector in general.

For example, for those new projects that have obtained the access and connection permits between January 1, 2018 and December 28, 2023, certain administrative milestones may be extended as follows:

- the Construction Administrative Authorization shall be obtained by (i) July 25, 2024 if the access and connection permits were granted after December 31, 2017 and prior to June 25, 2020, or (ii) within 49 months as from the date of the access and connection permits (if they were granted on or after June 25, 2020).
- the deadline for the obtention of the Exploitation Authorization may be extended up to 8 years, if certain requirements are met. The 8 years' deadline shall be calculated in the same way as the deadline for the Construction Administrative Authorization.

Other special rules are included to address the issue of unavailability of grid connection infrastructure for the permitting process of renewable energy projects.

Additionally, RD-law 8/2023 contains new rules for access and connection tenders, such as (i) release of capacity which was reserved for self-consumption, (ii) new criterion to evaluate tenders and (iii) incorporation of capacity auctions on the demand side and provides that from January 1, 2024 until March 31, 2024, Electricity Special Tax will be levied at the rate of 2.5%, and from April 1, 2024 until June 30, 2024, at the rate of 3.8%.

Finally, RD-law 8/2023 extends certain measures adopted at the time to counteract the economic and social consequences of the war in Ukraine and also introduces certain measures on provisional and definitive operational notifications.

#### *Material Effects of Government Regulations on Texas, USA, PV Plants*

##### *Texas PV Market and Regulation*

###### *Inflation Reduction Act*

In August 2022, the Inflation Reduction Act, or IRA, was enacted. The IRA is widely recognized as the most significant climate legislation in the history of the United States, and signifies a monumental step toward fostering a sustainable future. This groundbreaking legislation allocates substantial funding, introduces impactful programs, and provides incentives aimed at accelerating the transition to a clean energy economy. The multifaceted approach of the IRA underscores the US government's unwavering commitment to combating climate change and underscores the importance of collaborative efforts in addressing this global challenge.

The "IRA" ushered in a transformative era by extending and modifying the Investment Tax Credits, or "ITC", outlined in section 48 of the Internal Revenue Code of 1986 (as amended). This landmark legislation introduces a comprehensive framework that grants taxpayers a tax credit for a significant portion of the expenditures incurred when placing energy properties in service. The ITC for a taxable year equals the product of multiplying the energy percentage established by the IRA by the basis of the energy property placed in service during that year (i.e., for renewable energy facilities, the eligible construction costs during the relevant year).

The IRA establishes a base ITC rate of 30% for projects commencing construction before January 1, 2025. This rate is contingent upon satisfying the Prevailing Wage and Apprenticeship requirements stipulated within the IRA, commonly referred to as the "IRA Wage Requirements." Assuming compliance with these requirements, renewable energy projects gain the potential to qualify for additional incentives such as the Domestic Content Adder, which accounts to a 10% ITC bonus, the Energy Community Adder, which offers a similar bonus for those meeting its specified criteria and the Low-Income Community Adder, which offers an even more substantial bonus ranging from 10% to 20%. A project can be rewarded each adder directly and the receipt of a particular adder is not contingent on the receipt of another adder.

The IRA introduced a new way of monetizing the tax credits by allowing eligible taxpayers, excluding tax-exempt entities, to transfer either the entirety or a portion of certain tax credits to an unrelated party. This flexibility not only encourages collaboration but also serves as a strategic mechanism for maximizing the utilization of available tax benefits and is expected to increase the availability of third-party tax equity financing arrangements.

In 2023, pursuant to Section 46 of House Bill 1500, Texas repealed the Public Utility Regulatory Act, or PURA § 39.904, Goal for Renewable Energy, which was the statutory basis for the renewable portfolio standard, or RPS, mandate in the state. However, Section 53 of HB 1500 required the Public Utility Commission of Texas, or PUCT, to adopt rules to implement a new RPS only for PV resources and phase it out so that it terminates on September 1, 2025. HB 1500 also added PURA § 39.9113, which requires ERCOT to maintain a voluntary renewable energy credits, or RECs, trading program to maintain accreditation and a banking system to award and track RECs to facilitate voluntary contractual obligations and verify claims regarding environmental attributes of renewable energy production in Texas.

Unlike many states across the USA, Texas does not have a Power Siting Board and does not require project developers to obtain approval for the siting or construction of a new PV plant. The PUCT has the authority to oversee power generation companies; however, it lacks the capability to grant permits or certificates for the construction of new electric generating plants or to directly regulate the building process of individual electric generating plants. At the local level, Texas counties have restricted control over specific elements of the construction process, such as the utilization of county roads, but they do not have the authority to regulate the development and construction of PV projects. While the authorization of electric generating facilities in Texas does not necessitate state or county permits, these projects still require general construction permits such as the General Permit for Storm Water Discharges from Construction Activities required under the Clean Water Act and the Texas Water Code. Other permits may be required for specific components of a project, such as access driveways and utility line crossings, or when new water wells, septic systems or concrete batch plants will be installed, but such permits are generally ministerial and can be obtained in the ordinary course of business.

According to the ERCOT protocols, a PV facility generating 10 MWac or less is considered a Distributed Generation facility. The owner of a Distributed Generation facility that generates electricity intended to be sold at the ERCOT wholesale market must register with the PUCT as a Power Generation Company and submit an Emergency Operations Plan to the PUCT and ERCOT. Furthermore, the Distributed Generation facility must interconnect with the local distribution utility through executing the standard Distributed Generation Interconnection Agreement. All of the Company's US PV projects are considered Distributed Generation facilities.

In addition to the registrations required by the PUCT, the owner of the Distributed Generation facility must register with ERCOT as a Resource Entity. Additionally, the owner of the Distributed Generation can choose to be registered as a Settlement Only Distributed Generator which enables the facility to be settled for exported energy only without participating in the ERCOT Ancillary Services market, Reliability Unit Commitment, and Security-Constrained Economic Dispatch. A Settlement Only Distributed Generator must engage and designate a Qualified Scheduling Entity who will be responsible for financial settlements on its behalf.

Lastly, in order for a Distributed Generation facility to sell the Solar Renewable Energy Certificates (SREC) that are generated from the operations of the facility, the facility must register with ERCOT for a Texas Renewable Energy Certificates account and with the PUCT as a Renewable Energy Credit Generator.



### *Texas Market Structure*

Utility-scale projects, particularly wind and solar farms, stand as the backbone of the renewable energy capacity of Texas. These projects generate electricity and interface with the ERCOT grid, which operates independently, overseeing the majority of the state's electric power flow. The integration of utility-scale renewable energy projects into ERCOT has significantly reshaped the state's energy landscape.

Within the ERCOT market, utility-scale renewable energy generators engage in the competitive wholesale electricity market through participating in the Real-Time energy market or in the Day-Ahead energy market. Real-time transactions driven by supply and demand dynamics set the market-clearing price, establishing a dynamic framework for electricity trading. As utility-scale projects contribute substantial capacity to the grid, they play a vital role in influencing these market dynamics.

Retail customers may purchase power from retail electricity providers, or REPs, that may procure renewable electricity in the ERCOT wholesale electric market. Renewable energy plans offered by REPs enable consumers to make choices aligned with their sustainability goals.

### *Material Effects of Government Regulations on Israeli PV Plants*

#### *The Israeli Electricity Market*

The Israeli electricity market is dominated by the IEC, which manufactures and sells most of the electricity consumed in Israel and by the Palestinian Authority and had an installed capacity of approximately 10.5 GW as of the end of 2022. According to such report, in 2022 the installed capacity of the IEC represented 48% of the total installed capacity in the Israeli market, the actual electricity production of the IEC represented 51% of the actual electricity production in the Israeli market and the IEC's market share in the supply segment represented 69% of the supply segment of the Israeli market, with the remainder represented by the independent power producers. The IEC controls both the transmission network (for long-distance transmittal of electricity) and the distribution network (for transmittal of electricity to the end users). Unless otherwise noted, the information concerning the Israeli electricity market included in this Report is derived from the Israeli Electricity Sector Annual Report for 2022, published by the Israeli Electricity Authority in September 2023.

#### *Israeli Regulation*

The regulatory framework applicable to the production of electricity by the private sector in Israel is provided under the Israeli Electricity Law, and the regulations promulgated thereunder, including the Electricity Market Regulations (Terms and procedures for the granting of a license and the duties of the Licensee), 1997, the Electricity Market Principles (Transactions with the supplier of an essential service), 2000, and the Electricity Market Regulations (Conventional Private Electricity Manufacturer), 2005, or the Electricity Market Regulations. In addition, standards, guidelines and other instructions published by the Israeli Electricity Authority (established pursuant to Section 21 of the Electricity Law) and/or by the Israeli Electric Company also apply to the production of electricity by the private sector in Israel. The operations of photovoltaic plants in Israel are also subject to various licensing, permitting and other regulations and requirements, issued and supervised by the relevant municipality, the Israeli Land Authority and various governmental entities including the Ministry of Energy, the Ministry of Agriculture, the Ministry of Interior and the Ministry of Defense.

In June 2018, the Israeli Government issued resolution no. 3859 for the reform of the electricity market and a structural change in the IEC. In July 2018, Amendment No. 16 to the Electricity Law was adopted. This amendment implements the reform of the Israeli electricity market and the reduction of the IEC's monopolistic power by providing arrangements for the removal of the system management authorities from the IEC, maintaining the transmission and part of the distribution facilities with the IEC, increasing the competition in the production segment by forcing the IEC to sell some of the power plants it owns and opening up the supply segment to competition.

The Israeli Electricity Authority operates in accordance with the Israeli Electricity Law and the policies of the Israeli government and the Minister of Energy and Infrastructures, or the Minister of Energy. As part of its authorities, the Israeli Electricity Authority, among other roles, grants licenses and supervises the compliance with the provisions of the Israeli Electricity Law and the licenses issued thereunder, sets the tariffs and the methods for updating them and determining standards for the quality, nature and level of the services provided by the holders of essential service supplier licenses in relation to their customers and other electricity manufacturers, including in connection with electricity consumption, grid connections, supply reliability, infrastructure services and the purchase of electricity from licensees.

As part of the 2018 reform referred to above, the Israeli government separated the system management unit from the IEC and transitioned it to a separate government company (the System Manager). The System Manager is responsible for planning and development of the electricity market and maintaining the balance between the supply and demand for electricity and ensuring survivability of the electricity production and transmission systems, managing the transmission of the energy from the power plants through the grid to substations with the requisite reliability and quality, timing of maintenance works in the production units and transmission system, managing the trade in electricity under competitive, equal and beneficial terms, including entering into agreements to purchase energy availability from manufacturers and the design of development of the transmission and transformation system.

During 2020, the Minister of Energy instructed that the coal-based production units of the IEC gradually transition to manufacturing electricity using natural gas, commencing in 2022 and through 2025. On the basis of this decision, in 2019 the IEC sold its production units in Alon Tavor, in 2020 its production units in Ramat Hovav, and in 2022 its production units in Hagit Mizrach (effective June 2022). In addition, the IEC published a procedure (PQ) for the sale of its production units in Eshkol in order to sell them to private parties in 2023 and announced the buyer in November 2023. The sale process is currently expected to be completed during 2024. Upon completion of the sale of said production units, the IEC's market share in the electricity production segment in Israel will be below 50%. In November 2023, the IEC published a tender for the BOT construction and operation (for a 25 year period) of a new power plant to be fueled by natural gas with installed capacity of 600-900 MW in Sorek (in central Israel).

As noted above, the System Manager was established in connection with the implementation of the 2018 reform in the electricity sector. The System Manager began operating at the end of 2020 and the planning, development and technology unit, as well as the statistics unit, were transferred to it. In November 2021, the system management unit was also transferred to the System Manager as described above, and it began to operate fully. Commencing its full operation, the System Manager manages the planning and development of the electricity system and the operation of the electricity production units in Israel. Based on the Israeli Electricity Sector Report, published by the Israeli Electricity Authority in September 2023, as of the end of 2022, the IEC owned approximately 48% of the production capacity and the remainder is owned by the private electricity producers. In addition, the System Manager is responsible for managing the electricity market in Israel.

### *Renewable Energy in Israel*

On August 6, 1998, the Israeli government approved the resolution of the Committee of Ministers for Environment and Hazardous Materials “to act to advance the development of technologies for efficient use of renewable energies in order to reduce the dependency on imported fuel and reduce the contamination of the environment.” Commencing in 2009, the Israeli government adopted a number of decisions intended to achieve the integration of renewable energies into the local electricity market, including the adoption of a roadmap for the market in July 2011 and setting targets for renewable energy manufacturing.

The current targets for manufacturing electricity from renewable sources were set by the Israeli government in September 2015, as follows: 10% in 2020, 13% in 2025 and 30% in 2030. These targets were set as part of the Israeli government’s efforts to reduce greenhouse gas emissions in Israel. During 2022, the actual consumption of electricity from renewable energy represented 10.4% of the consumption and the installed capacity (DC) of renewable energy as of the end of 2022 was 4.8 GW, compared to 3.65 GW as of the end of 2021.

In August 2017, Amendment no. 14 to the Electricity Sector Law, or Amendment no. 14, was published. Amendment no. 14 is in effect until December 31, 2030. Amendment no. 14 requires that the Israeli Minister of Energy formulate a perennial work plan in connection with production of electricity from renewable energy, which will include action items per year in order to meet the targets for renewable energy manufacturing determined by the Israeli government. Amendment no. 14 further provides that an inter-ministerial committee will be established, which will be required to submit its recommendations to the Israeli Minister of Energy regarding the advancement of electricity manufacturing from renewable energy, including recommendation with respect to: (i) methods for minimizing or eliminating obstructions for manufacturing of electricity from renewable energy, including in connection with planning and financing and (ii) methods for minimizing or eliminating obstructions for the construction of facilities for manufacturing electricity from renewable energy. Amendment no. 14 also requires the general manager of the Ministry of Energy to provide an annual report to the Economic Committee of the Israeli parliament on meeting the targets for manufacturing electricity from renewable energy and with respect to the implementation of Amendment no. 14 and the perennial work plan.

### *Photovoltaic Plants*

The Israeli Electricity Authority determines the quotas for various traditional and renewable energy manufacturers in Israel. In the past, the Israeli Electricity Authority determined quotas for photovoltaic installations. The previous quota of 300 MWp for medium installations, connected to the distribution grid, and 200 MWp for large installations, connected to the transmission grid, have been fully utilized.

Israeli government resolution no. 2117, approved in October 2014, provides for a shift of thermo-solar, wind and bio-gas quotas in aggregate of 340 megawatt to solar quotas to be equally divided between plants connected to the transmission network and plants connected to the distribution network and further providing that the total quotas will not exceed 114 megawatt per year.

On October 10, 2016, The Israeli Electricity Authority published a hearing concerning the development of new photovoltaic plants with a total capacity ranging between 800-1700 megawatts as will be determined by the Israeli Electricity Authority, or the Publication. According to the Publication, the licenses to construct new photovoltaic plants under the new quotas shall be granted on the basis of a competitive bidding process, in which the bidders shall propose the applicable tariffs they expect to be paid for each KW/h supplied to the electric grid. The Publication provides that bidders who submit the lowest proposals that collectively fall within the quota limits will be entitled to develop a photovoltaic plant and sell electricity to the grid at a price equal to the lowest tariff proposal amongst the unsuccessful bids. Consequently, all successful bidders shall eventually sell electricity at the same tariff.

The final tariff will be valid for a period of 23 years for plants connected to the distribution grid, and 22 years for plants connected to the transmission grid, starting from the date of commercial operation or upon receiving a permanent license to produce electricity and the commencement of commercial operation, as shall be determined in accordance with the then applicable licensing regulation.

In November 2017, the Minister of Energy approved an additional quota of 1,600 MWp for photovoltaic installations that will be allocated between small rooftop installations and medium installations.

During the years 2017-2019, several tenders were conducted. The results of the fourth tender related to land-mounted medium installations that were published in November 2019, set a price per KWh of NIS 0.1798 for an aggregate production capacity of 236 MWp to be constructed by the end of 2020. The results of the second tender related to rooftop and water reservoir mounted installations, also published in November 2019, set a price per KWh of NIS 0.2307 for an aggregate production capacity of 68 MWp. During 2020, the Israel Electricity Authority conducted additional tenders and on December 28, 2020 the results of the most recent tender were published, with an aggregate installed capacity allocated of 609 MW and price per KWh set at NIS 0.1745, which is 12% lower than the price set in the previous tender. In a tender held at the end of 2021 in connection with a 300 MW plant in Dimona, Israel, with 210 MW storage, the price determined was 0.0857 per KWh.

In addition, the Israeli Electricity Authority approved a quota of 200 MWp for tenders to be published in conjunction with the Israel Land Authority for the construction of photovoltaic installations, of which winners were announced in connection with 136 MWp.

#### *Licensing*

The Israeli Electricity Authority regulated the establishment of photovoltaic plants, in several categories as noted above. Medium photovoltaic plants, such as the Israeli PV Plant, are governed by the Israeli Electricity Authority's decision no. 284, or Decision 284. Decision 284 provides that it will apply until the earlier of reaching a quota of 300 megawatt in Israel or until the end of 2017.

An entity wishing to construct and operate a photovoltaic plant in Israel is required to obtain a conditional license, subject to the fulfillment of several threshold conditions set forth in Decision 284. A conditional license is generally valid for 42 months and the licensee, after meeting the milestones included in the conditional license, may be granted a conditional tariff approval based on the prevailing tariff, which is valid until the earlier of: (i) 90 days following its issuance and (ii) receipt of financing for the construction of the photovoltaic plant. In the event the licensee obtains financing during the 90 day period, it is issued the conditional tariff becomes permanent and is linked to the Israeli Consumer Price Index for a period of 20 years commencing upon commercial operation of the plant. Thereafter, subject to fulfillment of certain conditions, a permanent production license is granted.

#### *National Outline Plan and Permits*

In December 2010, the Israeli National Committee for Planning and Construction approved National Outline Plan 10/d/10, or the Outline Plan, for regulating photovoltaic plants from small rooftop mounted installations through photovoltaic plants on land plots up to a size of 0.29 square miles. The Outline Plan provides for the construction of photovoltaic plants in two routes: permit and plan. Permits are available for rooftop mounted installations and for land installations on specific lands, depending on their designation in the National Outline Plan and a plan route requires the licensee to file a plan with the relevant planning authority and such a plan cannot be filed with respect to certain lands that are designated as forests, national parks or reservations. The Outline Plan provides that preference will be given to the construction of photovoltaic plants in areas designated for construction and development. The Outline Plan permits planning authorities to approve the construction of photovoltaic plants in certain areas in northern and southern Israel in larger scopes than other areas.

#### *Transfer of Rights in a Photovoltaic Plant*

Any change of control in a photovoltaic plant that received a production license from the Israeli Electricity Authority requires amending the license and the approval of the Israeli Electricity Authority. Therefore, in the event we execute an agreement to acquire or sell an Israeli PV plant, such acquisition or sale, among other things, will be conditioned upon receipt of these approvals and the amendment of the relevant license.

### **Ellomay Luzon Energy and the Dorad Power Plant**

#### ***General***

Ellomay Luzon Energy is an Israeli private company in which we currently hold 50%. The remaining 50% is currently held by the Luzon Group (f/k/a the Dori Group). The Luzon Group is an Israeli publicly traded company, whose shares and debentures are traded on the Tel Aviv Stock Exchange. Ellomay Luzon Energy's main asset is its holdings of 18.75% of Dorad.

#### ***Ellomay Luzon Energy***

On November 25, 2010, Ellomay Energy Ltd., our wholly-owned subsidiary, entered into an Investment Agreement, or the Dori Investment Agreement, with the Dori Group and Ellomay Luzon Energy, with respect to an investment by Ellomay Energy Ltd. in Ellomay Luzon Energy. Pursuant to the terms of the Dori Investment Agreement, Ellomay Energy Ltd. invested a total amount of NIS 50 million (approximately €10 million) in Ellomay Luzon Energy, and received a 40% stake in Ellomay Luzon Energy's share capital. The transaction contemplated by the Dori Investment Agreement, or the Dori Investment, was consummated in January 2011, or the Dori Closing Date.

Ellomay Energy Ltd. was also granted an option to acquire additional shares of Ellomay Luzon Energy, or the Dori Option, which, if exercised, will increase Ellomay Energy Ltd.'s percentage holding in Ellomay Luzon Energy to 49% and, subject to the obtainment of certain regulatory approvals – to 50%. The exercise price of the options was NIS 2.4 million for each 1% of Ellomay Luzon Energy's issued and outstanding share capital (on a fully diluted basis). In May 2015, we exercised the first option and in May 2016, we exercised the second option, accordingly, we currently hold 50% of Ellomay Luzon Energy and our indirect ownership of Dorad is 9.375%. The aggregate amount paid in connection with the exercise of such options amounted to approximately NIS 2.8 million (approximately €0.7 million), including approximately NIS 0.4 million (approximately €0.1 million) required in order to realign the shareholders loans provided to Ellomay Luzon Energy by its shareholders with the new ownership structure.

Concurrently with the execution of the Dori Investment Agreement, Ellomay Energy Ltd., Ellomay Luzon Energy and Dori Group also entered into the Ellomay Luzon Energy Shareholders Agreement that became effective upon the Dori Closing Date. The Ellomay Luzon Energy Shareholders Agreement provides that each of Dori Group and Ellomay Energy Ltd. is entitled to nominate two directors (out of a total of four directors) in Ellomay Luzon Energy for as long as the ratio of holdings between the two shareholders is in the range of 1:1 to 1:1.5 and thereafter such number of directors based on the ratio of holdings of the parties. The Ellomay Luzon Energy Shareholders Agreement also grants each of Dori Group and Ellomay Energy Ltd. with equal rights to nominate directors in Dorad, provided that in the event Ellomay Luzon Energy is entitled to nominate only one director in Dorad, such director shall be nominated by Ellomay Energy Ltd. for so long as Ellomay Energy Ltd. holds at least 30% of Ellomay Luzon Energy. The Ellomay Luzon Energy Shareholders Agreement further includes customary provisions with respect to restrictions on transfer of shares, a reciprocal right of first refusal, tag along, limitations on pledging of Ellomay Luzon Energy's shares, principles for the implementation of a BMBY separation mechanism, special majority rights, etc.

Following the Dori Closing Date, the holdings of Ellomay Energy Ltd. in Ellomay Luzon Energy were transferred to Ellomay Energy LP, an Israeli limited partnership whose general partner is Ellomay Energy Ltd. and whose sole limited partner is us. Ellomay Energy LP replaced Ellomay Energy Ltd. with respect to the Dori Investment Agreement and the Ellomay Luzon Energy Shareholders Agreement.

Ellomay Luzon Energy's representative on Dorad's board of directors is currently Mr. Ran Fridrich, who is also our CEO and a member of our Board of Directors.

Ellomay Energy LP and Ellomay Luzon Energy entered into a loan agreement and capital notes agreements, effective December 31, 2022, which provide for the conversion of approximately NIS 23.5 million of the then outstanding shareholders' loans to capital notes, payable not less than 60 months after the date of their execution, at the sole discretion of Ellomay Luzon Energy, with the remaining balance of shareholders' loans (NIS 10 million), linked to the Israeli CPI and bearing an annual interest equal to the interest payable on Dorad's senior debt plus 3%, with a repayment date of December 31, 2023. The Luzon Group entered into a similar loan agreement and capital notes with respect to its portion of the shareholders' loans. During the year ended December 31, 2023, Ellomay Luzon Energy repaid all outstanding shareholders' loans.

To the best of our knowledge, since February 2018, the holdings and rights of the Luzon Group in Ellomay Luzon Energy (including the shares of Ellomay Luzon Energy held by the Luzon Group and the shareholders' loans provided by the Luzon Group to Ellomay Luzon Energy) are pledged to the holders of debentures issued by the Luzon Group to the public in Israel. We provided pledges on our holdings in Ellomay Luzon Energy and the shareholder's loans provided to Ellomay Luzon Energy in connection with the issuance of our Series E Secured Debentures. For more information see Item 5.B: Liquidity and Capital Resources" and "Item 10.C: Material Contracts."

#### ***The Dorad Power Plant***

*Other than information relating to Ellomay Luzon Energy, the disclosures contained herein concerning the Dorad Power Plant are based on information received from Dorad and other publicly available information.*

Dorad currently operates a combined cycle power plant based on natural gas, with a license to produce approximately 860 MW, located south of Ashkelon, or the Dorad Power Plant. The Dorad Power Plant was constructed as a turnkey project, with the consideration denominated in US dollars, and commenced commercial operations in May 2014. The electricity produced by the Dorad Power Plant is sold to end-users throughout Israel and to the Israeli National Electrical Grid. The transmission of electricity to the end-users is done via the existing transmission and distribution grid, in accordance with the provisions of the Israeli Electricity Market Law, 1996, or the Electricity Law, and its regulations, and the standards and the tariffs determined by the Israeli Electricity Authority. The existing transmission and the majority of the existing distribution lines are operated by the Israeli Electric Company, or IEC, which is the only entity that holds a transmission license in Israel.

The Dorad Power Plant is a combined cycle power plant based on natural gas, with a license to produce approximately 860 MW. The production capacity of the Dorad Power Plant is subject to degradation and is currently approximately 850 MW.

The Dorad Power Plant is based on combined cycle technology using natural gas. The combined cycle configuration is a modern technology to produce electricity, where gas turbines serve as the prime mover. After combustion in the gas turbine to produce electricity, the hot gases from the gas turbine exhaust are directed through an additional heat exchanger to produce steam. The steam powers a steam turbine connected to a generator, which produces additional electric energy. The Dorad Power Plant is comprised of twelve natural gas turbines, each with an installed capacity of 50 MWp and two steam turbines, each with an installed capacity of 100 MWp. These turbines can be turned on and off quickly, with no material losses in energy efficiency, which provides operational flexibility in accordance with the expected needs of customers and the IEC, calculated based on a proprietary forecasting system implemented by Dorad.

The other shareholders in Dorad are Eilat Ashkelon Infrastructure Services Ltd., or EAIS (37.5%), an Israeli private company owned by Eilat-Ashkelon Pipeline Company Ltd., or EAPC, Edelcom Ltd., or Edelcom, (18.75%), an Israeli private company indirectly owned by Mr. Ori Edelsburg, and Zorlu Enerji Elektrik Uretim A.S., or Zorlu, (25%), a publicly traded Turkish company. Dorad's shareholders, including Ellomay Luzon Energy, are parties to a shareholders agreement dated November 2010 that includes customary provisions including provisions in connection with the holdings of Dorad's shares, the investments in Dorad, its financing and management, restrictions of transfer of shares, including a right of first refusal, pre-emption rights, arrangements in connection with the financing of Dorad's operations and mechanisms that will be implemented in the event any of Dorad's shareholders does not meet its financing obligations, including dilution mechanisms, certain special shareholder or board, as applicable, majority requirements (either a 66% majority or for certain resolutions a unanimous vote requirement) and the right of each shareholder holding 10% of Dorad's shares to nominate, replace or terminate the service of one member to Dorad's Board of Directors, providing that shareholders may aggregate holdings for purposes of appointment of a director and that each director will be entitled to the voting rights determined based on a division of the holdings of the shareholder that appointed such director by the number of directors appointed by such director. As noted below, pursuant to the shareholders' agreement among Ellomay Luzon Energy's shareholders and Ellomay Luzon Energy, or the Ellomay Luzon Energy Shareholders Agreement, we are currently entitled to recommend the nomination of the Dorad board member on behalf of Ellomay Luzon Energy.

#### *"Iron Swords" War*

Due to the location of the Dorad Power Plant, Dorad has implemented various security measures in order to enable continued operations of the Dorad Power Plant during attacks on its premises.

During the "Iron Swords" war, which commenced on October 7, 2023, thousands of rockets were launched towards the State of Israel, and shrapnel landed several times in the area of the Dorad Power Plant and caused immaterial damage to property and equipment, but did not impact the ongoing operation of the power plant.

The security situation resulted in a decrease in the scope of economic and business activity in Israel and caused, among other things, a disruption in the supply and production chain, a decrease in the scope of national transportation, a shortage of personnel, a decrease in the value of financial assets and an increase in the exchange rate of foreign currencies relative to the NIS.

Due to the war and in accordance with notifications provided by the Israeli Ministry of Energy to the operator of the "Tamar" natural gas field, the natural gas extraction from the reservoir was temporarily halted and thereafter renewed. This did not have a material impact on Dorad's operations, which continued operating the power plant based on natural gas purchased from Energean.

Dorad estimated, based on the information it had as of February 29, 2024 (the date of approval of Dorad's financial statements as of December 31, 2023), that the current events and the security escalation in Israel have an impact on its results but that the impact on its short-term business results will be immaterial. Dorad further notes that as this event is not under the control of Dorad, and factors such as the continuation of the war and hostilities or their cessation may affect Dorad's assessments, as of the date of the financial statements, Dorad had no ability to assess the extent of the impact of the war on its business activity and its medium and long-term results. Dorad continues to regularly monitor the developments and examine the effects on its operations and the value of its assets.

#### *Dorad Credit Facility*

Dorad entered into a credit facility agreement with a consortium led by Bank Hapoalim Ltd. as the arranger of the debt and Clal Credit and Financing Ltd. of the Clal Insurance Company Ltd. group as the organizer of the institutional lenders' consortium, or the Dorad Credit Facility, and financial closing of the Dorad Power Plant was reached in November 2010, with the first drawdown received in January 2011. The Dorad Credit Facility provides that the consortium will fund up to NIS 3.85 billion, indexed to the Israeli CPI, which in any event will not be more than 80% of the cost of the project, with the remainder to be funded by Dorad's shareholders and that guarantees will be provided to third parties in accordance with the project's documents.

The funding is linked to the Israeli consumer price index and bears interest at a rate that is subject to updates every three years based on Dorad's credit rating. As of December 31, 2023, the effective interest rate is approximately 5.1%. Dorad received an "investment grade" rating (AA-), on a local scale, from S&P Ma'alot. On April 4, 2023, Dorad received an update of its debt rating forecast to ilAA-/Negative and on April 9, 2024, Dorad received a ratification of its debt rating of ilAA- with a "Stable" forecast. In the event Dorad's rating will be lowered, the interest rate will increase to approximately 5.5%.

The funding is repaid (interest and principal) in semi-annual payments (on May 26 and November 26 of each year), commencing six months of the commencement of operations of the Dorad Power Plant and for a period of 17 years thereafter. Dorad is also required to pay annual commissions in the aggregate amount of approximately \$0.17 million. The Dorad Credit Facility further includes customary provisions, representations and warranties, including early repayment under certain circumstances and floating and fixed charges on Dorad's assets and rights in connection with the Dorad Power Plant, whereby a breach of representations and warranties is likely to lead, among others, to a demand for immediate repayment, a breach of Dorad's undertakings under its licenses and potentially the termination of the licenses.

The Dorad Credit Facility requires Dorad to comply with the following financial standards: (i) a debt coverage ratio of 1.10:1 over two consecutive calculation periods, and a debt coverage ratio of 1.05:1 over the entire calculation period, and (ii) a minimal loan life coverage ratio of 1.10:1. Dorad is required to examine compliance with these standards as of May 27 and November 27 of each year. Dorad is in compliance with these financial standards as of December 31, 2023 (based on the compliance examination conducted as of November 27, 2023).



As noted above, Dorad's senior loan facility is linked to the Israeli CPI. As the production tariff is partially linked to the Israeli CPI, the exposure is minimized. However, as the production tariff is published in delay with respect to the actual changes in the CPI, Dorad executed derivative transactions on the Israeli CPI. In connection with the Dorad Credit Facility, Dorad's shareholders (including Ellomay Luzon Energy) undertook to provide guarantees to the IEC and to various suppliers and service providers of Dorad and also undertook to indemnify Dorad and the consortium in connection with certain expenses, including certain environmental hazards. During 2023, the Israeli CPI increased by approximately 3.3%.

The aggregate investment of Dorad in the construction of the Dorad Power Plant was approximately NIS 4.7 billion (equivalent to approximately €1.1 billion). The Dorad Credit Facility provides for the establishment of the project's accounts and determines the distribution of the cash flows among the accounts. In addition, the Dorad Credit Facility includes terms and procedures for executing deposits and withdrawals from each account and determines the minimum balances in each of the capital reserves. In connection with the Dorad Credit Facility, Dorad also provided pledges on its properties, including fixed, floating and real property pledges.

As of December 31, 2023, the outstanding balance of the Dorad Credit Facility was approximately NIS 2.29 billion. As of December 31, 2023, no additional withdrawals are permitted under the Dorad Credit Facility.

In connection with the Dorad Credit Facility, Dorad executed an accounts agreement that regulates the opening of the project accounts and the distribution of cash flows between the accounts. In addition, the agreement provides conditions and procedures for making deposits and withdrawals from each account, determines the total minimum balances in each of the reserve funds, regulates the order of priorities for payments between the accounts and other conditions in connection with the management of the accounts, including regarding transfers between accounts. The reserve funds include a fund for debt service, a fund for heavy maintenance, a fund for distribution and a fund for regulatory fines. As of December 31, 2023, the remaining deposits in respect of the aforementioned reserve funds are in the aggregate amount of approximately NIS 522 million.

The Dorad Credit Facility includes limitations on distributions by Dorad based on compliance with financial covenants and certain undertakings. For the purposes of the Dorad Credit Facility, a "distribution" includes also the repayment of shareholders' loans. A distribution that is not in compliance with the Dorad Credit Facility is a cause for immediate repayment of the financing obtained by Dorad.

In connection with the Dorad Credit Facility, Dorad's shareholders executed an equity injection agreement and subordinated loan agreement with Dorad and the financing entities. These agreements include undertakings by Dorad's shareholders to inject, separately and each according to their relative share, from time to time and simultaneously with each withdrawal request from the Dorad Credit Facility, a total of up to 20% cash, whether as equity or by way of shareholders' loans, which in any case will be subordinated and pledged to Dorad's obligations towards the financing entities, in accordance with the terms of the agreements. In accordance with the capital injection agreement and to guarantee the shareholders' obligations to provide their relative share of funding, the shareholders provided at that time cash and bank guarantees in the amount of their commitment net of any amounts transferred to Dorad prior to such date. The capital injection agreement includes representations and undertakings in relation to Dorad's shareholders and the project, the violation of which may, among other things, cause a demand for immediate repayment of the Dorad Credit Facility, a breach of Dorad's undertakings under its licenses and potentially the termination of the licenses. In accordance with the subordinated loan agreement, commencing on the financial closing date, any amount that will be designated as a loan will be linked to the Israeli CPI and will bear an annual interest rate of 10%, and it is also determined that any distribution to Dorad's shareholders, including loan repayment, will be possible subject to compliance with financial standards as detailed in the financing agreements (see above). As part of the Dorad Credit Facility, all of Dorad's issued share capital is pledged in favor of Poalim Trust Services Ltd., as trustee for the financing entities.

As of December 31, 2023, we (through Ellomay Luzon Energy) provided guarantees to the Israeli Electricity Authority, to the System Manager, to the Israeli Electricity Authority and to Israel Natural Gas Lines Ltd. in the aggregate amount of approximately NIS 15 million. The guarantees were provided pursuant to a Guarantee Provision Agreement between Ellomay Luzon Energy and an Israeli bank, which includes customary provisions and also undertakings of the Company to comply with certain financial standards and an agreement of the shareholders of Ellomay Luzon Energy that upon the occurrence of certain events, including non-compliance with the financial standards, an event of default under the Dorad Credit Facility, a breach by the Luzon Group, the Company, Ellomay Energy, Ellomay Energy LP or Ellomay Luzon Energy of undertakings to the bank and a change of control of the Luzon Group, the Company, Ellomay Energy and/or Ellomay Energy LP, the shareholders' loans provided to Ellomay Luzon Energy will be subordinated to amounts due from Ellomay Luzon Energy to the bank under this agreement and Ellomay Luzon Energy will not be permitted to distribute any dividends or make any payments to its shareholders. Ellomay Luzon Energy is in compliance with the financial covenants included in the Guarantee Provision Agreement.

The Dorad Power Plant commenced operations in May 2014, following the receipt of the permanent production and supply licenses discussed under "Material Effects of Government Regulations on Dorad's Operations" below.

Dorad previously entered into an operation and maintenance agreement with Eilat-Ashkelon Power Plant Services Ltd., or EAPPS, a wholly-owned subsidiary of EAIS, which holds 37.5% of Dorad. Certain of the obligations under such agreement were subcontracted to Zorlu, which holds 25% of Dorad. During 2013, EAPPS entered into an agreement with Edeltech O&M Ltd. (f/k/a Ezom Ltd.), or Edeltech O&M, which, to our knowledge, is 75% owned by the controlling shareholder of Edelcom (which holds 18.75% of Dorad) with the remainder held by a company controlled by Zorlu, for the provision of sub-contracting services to EAPPS. Despite the assignment and subcontracting agreement, EAPPS remained liable to Dorad for all obligations under the agreement. In December 2017, Dorad and Edeltech O&M executed an operation and maintenance agreement for the Dorad Power Plant, or the Dorad O&M Agreement, replacing EAPPS by Edeltech O&M as the O&M contractor of the Dorad Power Plant under the same terms. On November 29, 2022, the agreement between Dorad and EAPPS was assigned to EAIS. On August 22, 2022, the operating contractor informed Dorad that 25% of the ordinary shares and voting rights in the maintenance contractor were transferred to Edeltech Holdings 2006 Ltd., or Edeltech Holdings, which from that date owns 100% of the issued and paid-up share capital of the maintenance contractor.

The Dorad O&M Agreement is for a period of 24 years and 11 months commencing upon receipt of a permanent license by Dorad, and in no event for a period that is longer than the period of the lease of the Dorad Power Plant premises. Pursuant to the O&M agreement, Dorad receives operation and maintenance services, including purchase of spare parts and repairs in consideration for a fixed and variable (depending on production during the period) monthly payment.

In 2008, Dorad executed a lease with respect to the land on which the Dorad Power Plant is located (approximately 18.5 acres) with EAIS (one of Dorad's shareholders who leases the land from the Israel Land Authority) for the construction period and for a period of 24 years and 11 months following the commencement of commercial operations of the Dorad Power Plant. The lease agreement was executed by the Israel Land Authority in April 2015 and expires on May 20, 2039. The annual payment under the lease agreement is approximately NIS 3.7 million, linked to the Israeli CPI. Dorad undertook to indemnify EAPC and EAIS for payments and expenses paid or to be paid by EAIS, including the improvement, tax payments, fines for expenses and other payments, in respect of the land due to the construction of the power plant. In addition, Dorad's shareholders signed a guarantee in favor of EAPC (which transferred its lease right to EAIS) to fulfill Dorad's obligations as stated above to indemnify EAIS. The liability of Dorad's shareholders according to the guarantee will be up to their holdings in Dorad's share capital (pro rata).

## *Dividends*

On May 6, 2021, Dorad's Board of Directors approved the distribution of a dividend in the amount of NIS 100 million (approximately €25.4 million) and such dividend was distributed during May 2021. In connection with such dividend distribution, Ellomay Luzon Energy received an amount of approximately NIS 18.8 million (approximately €4.5 million) and repaid an amount of approximately NIS 9 million (approximately €2.3 million) loan to us. In August 2023, Dorad's board of directors approved the distribution of a dividend in the amount of NIS 70 million (approximately €17 million) and such dividend was distributed during August and September 2023. In connection with such dividend distribution, Ellomay Luzon Energy received an amount of approximately NIS 13 million (approximately €3.2 million) and repaid an amount of NIS 6.5 million to us. On December 28, 2023, Dorad's board of directors approved the distribution of an additional dividend in the amount of NIS 70 million (approximately €17.4 million) and such dividend was distributed during December 2023 and January 2024. In connection with such dividend distribution, Ellomay Luzon Energy received an amount of approximately NIS 13 million (approximately €3.3 million) and repaid an amount of approximately NIS 5 million to us, thereby repaying the shareholders' loans in full. In addition, in December 2023 Ellomay Luzon Energy declared and paid its shareholders a dividend in the amount of NIS 3 million, of which we received NIS 1.5 million.

## *Legal Proceedings*

We and Ellomay Luzon Energy, and several of the other shareholders of Dorad and their representatives and Dorad, are involved in various litigations as follows:

### *Petition to Approve a Derivative Claim filed by Ellomay Luzon Energy and Hemi Raphael*

During April 2015, Ellomay Luzon Energy approached Dorad in writing, requesting that Dorad take legal steps to demand that Zorlu, Wood Group Gas Turbines Ltd., the engineering, procurement & construction contractor of the Dorad Power Plant, or Wood Group, and the representatives of Zorlu on the Dorad Board of Directors disclose details concerning the contractual relationship between Zorlu and Wood Group. In its letters, Ellomay Luzon Energy notes that if Dorad will not act as requested, Ellomay Luzon Energy intends to file a derivative suit in the matter.

Following this demand, in July 2015, Ellomay Luzon Energy and Ellomay Luzon Energy's representative on Dorad's Board of Directors, who is also a member of our Board of Directors, filed a petition, or the Petition, for approval of a derivative action on behalf of Dorad with the Economic Department of the Tel Aviv-Jaffa District Court. The Petition was filed against Zorlu, Zorlu's current and past representatives on Dorad's Board of Directors and Wood Group and several of its affiliates, all together, the Defendants. The petition requested, inter alia, that the court instruct the Defendants to disclose and provide to Dorad documents and information relating to the contractual relationship between Zorlu and Wood Group, which included the transfer of funds from Wood Group to Zorlu in connection with the EPC agreement of the Dorad Power Plant. For the sake of caution, Plaintiffs further requested to reserve their rights to demand, on behalf of Dorad, monetary damages in a separate complaint after Dorad receives the aforementioned information and documents.

At a hearing held in April 2016, Ori Edelsburg (a director in Dorad) and affiliated companies were added as additional respondents.

In December 2016, an arbitration agreement was executed pursuant to which this proceeding, as well as the petition to approve a derivative claim filed by Edelcom mentioned below will be arbitrated before Judge (retired) Hila Gerstel. A statement of claim, or the Claim, was filed by Ellomay Luzon Energy and Mr. Raphael on behalf of Dorad against Zorlu, Mr. Edelsburg, Edelcom and Edeltech Holdings, which owns Edelcom, or Edeltech, and, together with Mr. Edelsburg and Edelcom, the Edelsburg Group, on February 23, 2017 in which they repeated their claims included in the amended Petition and in which they required the arbitrator to obligate the defendants, jointly and severally, to pay an amount of \$183,367,953 plus interest and linkage to Dorad. During March 2017, the respondents filed two motions with the arbitrator as follows: (i) to instruct the plaintiffs to resubmit the statement of claim filed in connection with the arbitration proceedings in a form that will be identical to the form of the statement of claim submitted to the court, with the addition of the monetary demand only or, alternatively, to instruct that several sections and exhibits will be deleted from the statement of claim and (ii) to postpone the date for filing their responses by 45 days from the date the motion set forth under (i) is decided upon. The plaintiffs filed their objection to both motions and some of the respondents filed their responses to the objection. In April 2017, the Defendants filed their statements of defense. Within the said statements of defense, Zorlu attached a third party notice against Dorad, Ellomay Luzon Energy and the Luzon Group, in the framework of which it repeated the claims on which its defense statement was based and claimed, among other claims, that if the plaintiffs' claim against Zorlu was accepted and would negate Zorlu's right receive compensation and profit from its agreement with Dorad and therefore Zorlu should be compensated in the amount of approximately NIS 906.4 million (approximately €218.3 million). Similarly, also within their statement of defense, Edelcom, Mr. Edelsburg and Edeltech filed a third-party notice against Ellomay Luzon Energy claiming for breaches by Ellomay Luzon Energy of the duty to act in good faith in contract negotiations and that any amount ruled will constitute unlawful enrichment.

In October 2017, EAIS, which holds 37.5% of Dorad's shares, filed a statement of claim in this arbitration proceeding. In its statement of claim, EAIS joins Ellomay Luzon Energy's and Mr. Raphael's request as set forth in the Claim and raises claims that are similar to the claims raised by Ellomay Luzon Energy and Mr. Raphael in the Claim.

In December 2017, Zorlu filed a request in connection with the Ellomay Luzon Energy statement of claim to the extent it is directed at board members serving on behalf of Zorlu and in January 2018 the arbitrator provided its ruling that the legal validity of the actions or inactions of board members of Dorad will be attributed to the entities that are shareholders of Dorad on whose behalf the relevant board member acted and the legal determinations, if any, will be directed only towards the shareholders of Dorad. During January 2018, Mr. Edelsburg, Edelcom and Zorlu filed their statement of defense in connection with the claim filed by EAIS and also filed third party notices against EAIS, Ellomay Luzon Energy and the Luzon Group claiming that EAIS and the Luzon Group enriched themselves at Dorad's account without providing disclosure to the other shareholders and requesting that, should the position of Ellomay Luzon Energy and EAIS be accepted in the main proceeding, the arbitrator, among other things, obligate EAIS to refund to Dorad all of the rent paid to date and determine that Dorad is not required to pay any rent in the future or determine that the rent fees be reduced to their market value and refund Dorad the excess amounts paid by it to EAIS, to determine that the board members that represent EAIS and Ellomay Luzon Energy breached their fiduciary duties towards Dorad and obligate EAIS and Ellomay Luzon Energy to pay the amount of \$140 million, plus interest in the amount of \$43 million, which is the amount Zorlu received for the sale of its rights under the Dorad EPC agreement, and to rule that in connection with the engineering and construction works performed by the Luzon Group, the Luzon Group and Ellomay Luzon Energy are required to refund to Dorad or compensate the defendants in an amount of \$24 million, plus interest and linkage and, alternatively, to determine that Mr. Edelsburg, Edelcom and Zorlu are entitled to indemnification from the third parties for the entire amount they will be required to pay.

In May 2019, a new arbitrator was appointed, and dates were set for the discovery process. On February 15, 2021, the arbitrator approved replacing the late Mr. Hemi Raphael as the claimant with Mr. Ran Fridrich.

On June 28, 2023, an arbitration award was issued in connection with the arbitration proceeding described in Section 1.16 as follows:

- *Petition to Approve a Derivative Claim filed by Ellomay Luzon Energy and Hemi Raphael* - The arbitration award accepts the majority of the claims made by the Plaintiffs and the arbitrator ruled that the defendants, severally and jointly, are required to: (i) pay Dorad an amount of \$100 million, bearing interest pursuant to applicable law from January 1, 2013 until the payment date, (ii) bear the expenses of the plaintiffs, including Ellomay Luzon Energy, in an aggregate amount of NIS 20 million, plus VAT, and (iii) bear 80% of the expenses of Dorad in the proceeding (while the Plaintiffs will bear the remaining 20%).
- *Third-Party Notices and Counterclaims submitted by Zorlu and Edelcom* - The arbitration award provides that due to the ruling accepting the derivative petition as detailed above, the third-party notices and counterclaim are rejected.
- *Petition to Approve a Derivative Claim filed by Edelcom* - The arbitration award provides, inter alia, that the entrepreneurship agreement was not breached and therefore there is no basis for approving a derivative claim.

On July 4, 2023 and July 5, 2023, the parties to the arbitration (other than Dorad) approached the retired judge named in the arbitration agreement as the agreed appeal arbitrator asking him to agree to rule on the appeal concerning the arbitration award. On July 6, 2023, the judge notified the parties that he agrees to rule on the appeal.

In November 2023, appeals were submitted by the plaintiffs and the respondents against the arbitration award. In their appeal, the plaintiffs claimed, inter alia, that the arbitrator was mistaken in his arbitration award decisions and requested alternative rulings either accepting the appeal and cancelling the entire financial payment decision included in the arbitration award or a partial cancellation of the financial payment decision included in the arbitration award and a relative decrease of the interest and expenses obligation imposed on the plaintiffs. In their appeal, the defendants appealed the financial payment decision and claimed that the amount ruled should have been higher and also appealed the interest rate determined with respect to the financial payment and the scope of expenses reimbursement. The parties filed responses to the appeals in February 2024 and the last date for submission of answers to the responses was scheduled for May 2024. A preliminary hearing was scheduled for May 30, 2024.

As Edelcom did not appeal the arbitrator's decision with respect to the petition to approve a derivative claim filed by Edelcom in connection with the entrepreneurship fees, the arbitration award remains unchanged with respect to this petition and claim.

As of the date hereof, in light of the preliminary stage of the appeals and based on the advice of legal counsel of Ellomay Luzon Energy, it is too early to estimate the outcome of the appeals. Based on advice from its legal counsel, Dorad did not include the impact of the arbitration award in its financial statements for the year ended December 31, 2023.

For more information see Note 6 to our annual financial statements included elsewhere in this Report.

*Petition to Approve a Derivative Claim filed by Edelcom*

In February 2016 the representatives of Edelcom, which holds 18.75% of Dorad, and Ori Edelsburg sent a letter to Dorad requesting that Dorad file a claim against Ellomay Energy, our wholly-owned subsidiary that holds Ellomay Luzon Energy's shares, the Luzon Group and Ellomay Luzon Energy referring to an entrepreneurship agreement that was signed in November 2010 between Dorad and the Luzon Group, pursuant to which the Luzon Group received payment in the amount of approximately NIS 49.4 million (approximately €11.9 million) in consideration for management and entrepreneurship services. Pursuant to this agreement, the Luzon Group undertook to continue holding, directly or indirectly, at least 10% of Dorad's share capital for a period of 12 months from the date the Dorad Power Plant is handed over to Dorad by the construction contractor. The Edelcom Letter claims that as a consequence of the management rights and the options to acquire additional shares of Ellomay Luzon Energy granted to us pursuant to the Dori Investment Agreement, the holdings of the Dori Group in Dorad have fallen below 10% upon execution of the Dori Investment Agreement. The Edelcom Letter therefore claims that Dori Group breached its commitment according to entrepreneurship agreement. The Edelcom Letter requests that Dorad take all legal actions possible against the Dori Group, Ellomay Luzon Energy, Ellomay Energy and Mr. Hemi Raphael to recover the amounts it paid in accordance with the entrepreneurship agreement and also notify Ellomay Luzon Energy that, until recovery of the entrepreneurship fee, Dorad shall withhold the relevant amount from any amount Ellomay Luzon Energy is entitled to receive from Dorad, including repayments of shareholders' loans and dividend distributions. In July 2016, Edelcom filed a petition for approval of a derivative action against Ellomay Energy, the Luzon Group, Ellomay Luzon Energy and Dorad. In November 2016, Ellomay Energy and Ellomay Luzon Energy filed a joint petition requesting that this application be transferred to the same judges who will be adjudicating the petition filed by Ellomay Luzon Energy and Hemi Raphael mentioned above and in November 2016, Edelcom filed an objection to this request. As noted above, in December 2016, an arbitration agreement was executed pursuant to which this proceeding, as well as the proceeding mentioned above will be arbitrated before Judge (retired) Hila Gerstel and the proceeding before the court was deleted. On February 23, 2017, Edelcom submitted the petition to approve the derivative claim to the arbitrator. On April 30, 2017, Ellomay Energy filed its response to the petition and on May 1, 2017 the Luzon Group filed its response to the petition. For more information see above under "Petition to Approve a Derivative Claim filed by Ellomay Luzon Energy and Hemi Raphael".

*Opening Motion filed by Zorlu*

On April 8, 2019, Zorlu filed an opening motion with the District Court in Tel Aviv against Dorad and the directors serving on Dorad's board on behalf of Ellomay Luzon Energy and EAIS. In the opening motion, Zorlu asked the court to instruct Dorad to convene a shareholders meeting and to include on the agenda of this meeting a discussion and a vote on the planning and construction of an additional power plant adjacent to the existing power plant, or the Dorad 2 Project. Zorlu claimed that although the articles of association of Dorad provides that the planning and construction of an additional power plant requires a unanimous consent of the Dorad shareholders, and while Zorlu and Edelcom are opposed to this project, including due to the current disagreements among Dorad's shareholders, Dorad continued taking actions to advance the project, which include spending substantial amounts of Dorad's funds. Zorlu further claims that the representatives of Ellomay Luzon Energy and EAIS on the Dorad board have acted to prevent the convening of a shareholders meeting as requested by Zorlu. Edelcom thereafter joined the opening motion as an additional respondent that opposes the advancement of the project at this stage. In addition, Ellomay Luzon Energy and EAIS were joined as additional respondents. On June 28, 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 Dorad's board approval. Dorad's Board of Directors further resolved that to the extent it will approve the Dorad 2 Project, the decision will be presented to Dorad's shareholders for approval. On July 27, 2021, a shareholders meeting of Dorad was held. In accordance with the court ruling, the agenda for such meeting included two resolutions (1) the planning and construction of the Dorad 2 Project – a resolution that Ellomay Luzon Energy and EAIS supported and Edelcom and Zorlu rejected; and (2) approval of the aforementioned resolution of the Dorad Board of Directors – a resolution which Ellomay Luzon 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.

*Potential Expansion of the Dorad Power Plant*

As noted above, Dorad is examining the possibility of constructing an additional power plant within the area of the existing Dorad Power Plant, that will become part of the existing plant. On July 13, 2020, Dorad submitted to the National Infrastructure Committee, or NIC, plans for public objections, on January 11, 2021, the NIC decided to postpone the final decision and on December 27, 2021, the NIC decided to raise the construction of another power plant to a government decision. The NIC's decision includes conditions to the issuance of the building permit.

On May 28, 2023, the Israeli Government approved the national infrastructures plan (NIP 11/b) which governs, among other issues, the expansion of the power plant owned by Dorad by approximately 650 MW.

On July 12, 2023, Dorad received a copy of a petition submitted by O.P.C Hadera Expansion Ltd., or OPC, concerning the approval of the Israeli Government. On July 19, 2023, the Israeli Supreme Court rejected the petition submitted by OPC due to non-exhaustion of proceedings. On July 24, 2023, Dorad received a copy of OPC's letter to the Israeli Government, through the Secretary of the Government, requesting an urgent response to OPC's letter dated July 3, 2023 and noting that to the extent the Government does not act accordingly, OPC will have no other recourse and will file a new petition with the court. Furthermore, on July 17, 2023, Dorad received a copy of a petition submitted by Reindeer Energy Ltd., or Reindeer, concerning the same approval of the Israeli Government. On July 19, 2023, the Israeli court resolved that Reindeer is required to notify the court by July 24, 2023 why its petition should not be deleted as it is premature, without an order to pay legal expenses and while reserving its claims until a final resolution is adopted in the matter. On July 25, 2023, Dorad received a copy of Reindeer's response, claiming that the petition is not premature and that without the court's interference at this stage, the possibility to compete over building a power plant in Central Israel will be eliminated until 2035, therefore, Reindeer claims that the court's suggestion does not maintain its rights but eliminates them and harms the public interest, which requires a discussion of the petition. On July 27, 2023, the court rejected Reindeer's petition resolving that it is premature and that under the circumstances there is no justification to discuss it at this time because it is unclear what the recommendation of the National Infrastructure Committee will be after another discussion and what will be the final resolution of the Israeli Government and the basis of the resolution.

On January 16, 2024, Dorad received a letter from Edelcom stating that Edelcom, as a shareholder of Dorad, objects to the proposal to expand the power plant.

Following the approval of NIP 11/b, Dorad approached the NIC for a building permit, however, on January 11, 2024, Dorad was informed in an e-mail message from the NIC that its position is that as long as NIP 20/B or NIP 91 are not definitively rejected, it is not possible to issue a building permit for the new power plant, based on a legal opinion of legal advisers in the NIC and in the planning administration, which were sent to Dorad on January 15, 2024. On February 7, 2024, Dorad, through its legal counsel, sent a letter, among other addressees to the legal advisers of the NIC and the planning administration that prepared the aforesaid legal opinion, arguing that the NIC's refusal to grant Dorad a building permit is illegal and contrary to the proper interpretation of NIP 11/B. On February 26, 2024, Dorad received a response from the NIC, which stands by its position that the issuance of building permits for the expansion of the power plant should not be promoted. In Dorad's opinion, the NIC's opposition and conduct in refusing to issue building permits is illegal. In March 2024, Dorad filed a petition with the Israeli Supreme Court requesting the issuance of a conditional order to the NIC instructing it to provide the reasons for its refusal to attend to the request for issuance of building permits for the construction of the "Dorad 2" power plant, which was approved by the Israeli government as aforementioned. Dorad also requested that following the issuance of this order, the order will become a permanent order instructing the NIC to attend to the issuance of the building permits. A response to the petition is due to be filed in May 2024.

On February 19, 2024, Dorad received a planning survey to receive the expansion of the power plant from the System Manager, which allows electricity to be taken out commencing October 2028.

The expansion of the Dorad Power Plant by building the Dorad 2 facility in a combined cycle technology, will result in an aggregate capacity of the Dorad Power Plant of approximately 1,500 MW and the approved plan also enables adding batteries with a capacity of approximately 80 MW. The Company expects that if the Dorad 2 plan will materialize and the expansion will be completed, the expansion of the power plant will increase the revenues and income of Dorad. *The expansion has not yet been approved by Dorad and its approval and construction are subject to various conditions, including, among others, receipt of corporate and other approvals and permits, obtaining financing, receipt of licenses from the Israeli Electricity Authority, regulatory changes and market terms and condition, all of which are not within the control of Dorad or the Company. As of the date of this report, Dorad has not yet reached a final decision with respect to Dorad 2 and there can be no assurance as to if, when and under what terms it will be advanced or promoted by Dorad. As of the date of this report, Dorad has not yet reached a final decision with respect to Dorad 2 and there can be no assurance as to if, when and under what terms it will be advanced or promoted by Dorad.*

### **Competition**

Dorad competes with the IEC and other private electricity manufacturers with respect to sales to potential customers directly.

As long as the regulation remains unchanged, as the IEC controls the transmission and the majority of the delivery lines and the connection of the private power plants to the Israeli national grid, Dorad and the other private manufacturers are dependent on the IEC for their operations and may also be subject to unilateral actions on the part of IEC's employees.

As of December 31, 2023, there are several private power plants operating in Israel for the production and supply of electricity. To the best of the Company's knowledge and according to public information, in addition to those stations sold by the IEC to private parties as mentioned below, in 2012 the OPC Rotem Ltd. Power plant, which is a private plant located in the Rotem Plain that produces electricity using turbines that consume natural gas in the combined cycle technology, with a capacity of about 440 MW began operating. In September 2015, Dalia Energy Power Ltd. began operating a private power plant operated by natural gas with a production capacity of approximately 900 MW, at the Tzafit site, located adjacent to the "Tzafit" power plant of the IEC and in the jurisdiction of the Yoav Regional Council. At the beginning of 2021, the IPM company began operating a private power plant with a production capacity of approximately 450 MW, in the industrial area of Be'er Tuvia. In addition, commencing the end of 2015, a number of additional private plants operate through cogeneration (which is the use of steam as part of industrial processes) with an aggregate capacity of approximately 1,000 MW. Based on the Israeli Electricity Sector Report, published by the Israeli Electricity Authority in September 2023, the private power producers owned a market share in the production segment of approximately 43% of the installed electricity capacity in Israel.

## *Customers*

Dorad entered into electricity supply agreements with various commercial consumers for the entire production capacity of the Dorad Power Plant (assuming maximal consumption by all customers in the summer season, characterized by peaks of demand from customers). The majority of the agreements are for ten years terms and may be extended for an additional five years, and the agreements do not obligate the customers to purchase a minimum quantity of electricity. The end-users include the Israeli Ministry of Defense, Mekorot (Israel's water utility and supply company), Israeli food manufacturers (Ossem and Strauss), Israeli hotel chain (Isrotel), and others. The electricity supply agreements are, mainly, based on a reduced rate compared to the rate applicable to electricity consumers in the general market, as determined by the Israeli Electricity Authority. There is no regulatory or contractual limit on the discount rate at which electricity can be sold by Dorad. Dorad's supply agreements, with the exception of agreements executed prior to the extension of the supply license) are required to include an exit right for the customer no later than five years from the date of the start of electricity supply.

The Covid-19 crisis affects Dorad's customers (which, as noted above, include hotels and other industrial customers), and during 2020 Dorad reported a certain decrease in consumption of electricity by its customers and by the IEC due to the Covid-19 crisis and its implications on the tourism industry, the industrial entities and electricity consumption in general. During the first quarter of 2022, Dorad reported an increase in the use of electricity of several of its customers compared to the same period in 2021.

In addition to the provision of electricity to specific commercial consumers, in August 2010, Dorad entered into an agreement with the IEC, which governs the provision of infrastructure services and electricity from the IEC to Dorad, provides that Dorad will supply availability and energy to the IEC based on a production plan determined by the Israeli Electricity Authority, on IEC's requirements and on the tariffs determined by the Israeli Electricity Authority. According to the aforementioned agreement, the IEC connected Dorad's power plant to the electricity grid, and also provides Dorad with infrastructure, backup and ancillary services that are required to enable the supply of electricity by Dorad to the private consumers at the time and in consideration for the prices that will be determined according to the standards applicable to Dorad, as determined from time to time by the Israeli Electricity Authority. In the agreement, provisions were established, among other things, regarding the equipment, materials and assets used and intended for use to connect the Dorad Power Plant to the electricity grid, their operation by the IEC, their inspection and the provision of maintenance services for them.

According to the agreement of Dorad with the System Manager, Dorad undertook to provide the System Manager with variable availability at the level of power that is not intended for Dorad's end customers, in accordance with a production plan whose format is determined by the Israeli Electricity Authority, and to sell to the System Manager the electricity that it will seek to purchase out of the variable availability provided to it. The System Manager committed to purchase availability and energy capacity from Dorad in accordance with the Electricity Market Regulations (Conventional Private Electricity Manufacturer), 2005, for a period of twenty years commencing on the date of commercial operation. In the event that Dorad does not sell any electricity to private customers, Dorad will be entitled for payments from the System Manager for all its free availability capacity. It was also determined that in exchange for the sale of energy, the System Manager will pay Dorad the price at which Dorad offered to sell to the System Manager, but no more than the maximum price set by the Israeli Electricity Authority in accordance with the standards applicable to Dorad and in accordance with Dorad's tariff approval.

In connection with the establishment of Noga, the new System Manager, Dorad's agreement with the IEC was assigned by the IEC to the System Manager during 2021.



## *Seasonality*

The demand for electricity by Dorad's customers is seasonal and is affected by, among other factors, the climate prevailing in that season. Until December 31, 2022, the months of the year were split into three seasons as follows: the summer season – the months of July and August; the winter season – the months of December, January and February; and intermediate seasons – (spring and autumn), the months from March to June and from September to November. There is a higher hourly demand for electricity during the winter and summer seasons, and the average electricity consumption per hour is higher in these seasons than in the intermediate seasons and is even characterized by peak demands due to extreme climate conditions of heat or cold. In addition, Dorad's revenues are affected by the Taoz Tariff (an electricity tariff that varies across seasons and across the day in accordance with demand hour clusters), as, on average, the Taoz Tariff is higher in the summer season than in the intermediate and winter seasons. Commencing January 1, 2023, changes in the Taoz Tariff and the composition of the summer season became effective. For more information concerning the changes, see "Material Effects of Government Regulations on Dorad's Operations – Tariffs" below.

Changes in the climate have an effect on electricity consumption of Dorad's customers, which is increased and/or more prolonged during periods of heat or cold that are more extreme than in previous years (in the summer and winter seasons) and could have a material impact on Dorad and its financial results.

## *Sources and Availability of Raw Materials for the Operations of the Dorad Power Plant*

As described above, the Dorad Power Plant is a dual-fuel plant. However, the cost of running on diesel oil is expensive and the use of diesel oil increases the level of emissions into the air (compared to gas-based operation). In accordance with applicable regulatory requirements, Dorad maintains a stock of diesel oil intended for use as backup for operating the plant for 100 hours at full load, in the event of inability to operate the plant with gas. In accordance with the standards published by the Israeli Electricity Authority, the tariff approval granted to Dorad, the agreement between Dorad and the IEC and the existing agreements between Dorad and its customers, in the event of a gas shortage (either due to a lack of supply or the ability to transport the gas, as described above) Dorad will purchase the energy it requires in order to meet its obligations towards its customers from the IEC and will sell it to its customers at the retail price (that is, without the discount included in these agreements). During 2023 Dorad did not have a significant diesel oil use.

Pursuant to the Israeli Electricity Sector Report, published by the Israeli Electricity Authority in September 2023, natural gas is currently being used for the production of approximately 68% of the electricity produced in Israel.

## *Agreement with Tamar*

On October 15, 2012, Dorad entered into the Tamar Agreement with Tamar, which is one of the suppliers of natural gas for the Israeli electricity market. Pursuant to information received from Dorad, Dorad purchases natural gas from Tamar for purposes of operating the Dorad Power Plant and the main terms of the Tamar Agreement are as follows:

- a. Tamar has committed to supply natural gas to Dorad in an aggregate quantity of up to approximately 11.2 billion cubic meters (BCM), or the Total Contract Quantity, in accordance with the conditions set forth in the Tamar Agreement.
- b. The Tamar Agreement will terminate on the earlier to occur of: (i) sixteen (16) years following the commencement of delivery of natural gas to the Dorad power plant or (ii) the date on which Dorad will consume the Total Contract Quantity in its entirety. Each of the parties to the Tamar Agreement has the right to extend the Tamar Agreement until the earlier of: (i) an additional year provided certain conditions set forth in the Tamar Agreement were met, or (ii) the date upon which Dorad consumes the Total Contract Quantity in its entirety.
- c. Dorad has committed to purchase or pay for ("take or pay") a minimum annual quantity of natural gas in a scope and in accordance with a mechanism set forth in the Tamar Agreement. The Tamar Agreement provides that if Dorad did not use the minimum quantity of gas as committed, it shall be entitled to consume this quantity every year during the three following years and this is in addition to the minimum quantity of gas Dorad is committed to.
- d. The Tamar Agreement grants Dorad the option to reduce the minimum annual quantity so that it will not exceed 50% of the average annual gas quantity that Dorad will actually consume in the three years preceding the notice of exercise of the option, subject to adjustments set forth in the Tamar Agreement. The reduction of the minimum annual quantity will be followed by a reduction of the other contractual quantities set forth in the Tamar Agreement. The option described herein is exercisable during the period commencing as of the later of: (i) the end of the fifth year after the commencement of delivery of natural gas to Dorad in accordance with the Tamar Agreement or (ii) January 1, 2020, and ending on the later of: (i) the end of the seventh year after the commencement of delivery of natural gas to Dorad in accordance with the Tamar Agreement or (ii) December 31, 2022. In the event Dorad exercises this option, the quantity will be reduced at the end of a one year period from the date of the notice and until the termination of the Tamar Agreement. This option was exercised by Dorad (see below for additional details).

- e. The natural gas price set forth in the Tamar Agreement is linked to the production tariff as determined from time to time by the Israeli Electricity Authority, which includes a “final floor price.” Any delays, disruptions, increases in the price of natural gas under the agreement, or shortages in the gas supply from Tamar will adversely affect Dorad’s results of operations. In addition, as future reductions in the production tariff will not affect the price of natural gas under the agreement with Tamar, Dorad’s profitability may be adversely affected.
- f. Dorad may be required to provide Tamar with guarantees or securities in the amounts and subject to the conditions set forth in the Tamar Agreement.
- g. The Tamar Agreement includes additional provisions and undertakings as customary in agreements of this type such as compensation mechanisms in the event of shortage in supply, the quality of the natural gas, limitation of liability, etc.

As a result of the indexation included in the gas supply agreement, Dorad is exposed to changes in exchange rates of the U.S. dollar against the NIS. To minimize this exposure Dorad executed forward transactions to purchase U.S. dollars against the NIS.

On April 2, 2019, Dorad entered into an addendum to the Tamar Agreement according to which the gas quantities specified in the addendum to the Tamar Agreement that Dorad purchases from Tamar will not be included for the purpose of calculating the quantities of gas at the time of the reduction of the purchases from Tamar, in accordance with the instructions of the Tamar Agreement and in accordance with the layout instructions for increasing the quantity of natural gas produced from the Tamar natural gas field and rapid development of natural gas fields Leviathan, Karish and Tanin and additional fields, dated August 16, 2015.

On March 22, 2021, Dorad entered into an addendum to the Tamar Agreement according to which the parties agreed on the amount of gas that Dorad will purchase from Tamar commencing January 1, 2022, and Dorad exercised the option set forth in section (d) above, resulting in an update to the amounts and prices of gas purchased by Dorad from Tamar, which is beneficial to Dorad. This addendum also provides that Dorad will be entitled to compensation in the amount specified in the addendum, which was received in the third quarter of 2021.

On April 5, 2021, Dorad entered into an additional gas purchase agreement with Tamar, or the Additional Tamar Agreement, pursuant to which Dorad is entitled to purchase additional quantities of gas from Tamar during a period of four years ending on April 5, 2025. As part of the Additional Tamar Agreement, Dorad will receive a grant that depends, among other things, on the amount of gas consumption quantities determined in the Additional Tamar Agreement. Dorad received 50% of the grant in the first quarter of 2022 and expects to receive the remainder on the date of termination of the Additional Dorad Agreement pursuant to the conditions set forth therein.

The addendums to the Tamar Agreement and the Additional Tamar Agreement were subject to certain conditions precedent that were met on July 14, 2021.

#### *Natural Gas Purchase Agreement with Energean*

In October 2017, Dorad executed an agreement with Energean regarding the acquisition of natural gas, in a cumulative volume of approximately 6 BCM over a period of 14 years, from the Karish and Tanin reserves held by them and whose completion was initially expected to be by the second half of 2021. Based on the agreement, Dorad will purchase about half of the gas required to operate the Dorad Power Plant and the rest of the demand will continue to be supplied by Tamar. According to the agreement with Energean, if Dorad does not actually consume the minimum quantity it has undertaken, it will be forced to consume this quantity. In November 2018, all the suspending conditions included in the agreement with Energean were fulfilled. During 2020-2022, Energean updated the forecast date for the initial gas flow several times due to the impact of the Covid-19 crisis on the Energean production facilities. Due to these delays, Dorad continued to purchase gas from Tamar at a higher price than the price set in the agreement with Energean. In February 2022, Dorad approached Energean demanding that it meet the timeline set forth in the agreement and compensate Dorad for the delays. Energean began to flow gas to Dorad at the beginning of November 2022.

#### *Agreement with Alon Gat*

On March 6, 2019, Dorad signed a memorandum of understanding with Alon Energy Centers LP, or Alon Gat, which currently operates a private power plant for the production of electricity in Kiryat Gat, Israel, with a capacity of approximately 73 MW. This memorandum provides that Alon Gat will provide Dorad with the full availability of the aforementioned power plant and will sell the electricity produced at the power plant to Dorad, which will serve as supplier in consideration for payment for availability and electricity, for an initial term of six years. On November 12, 2019, commercial operation of the Alon Gat power plant began and the implementation of the memorandum of understanding became effective. The memorandum contained termination provisions, including in the event of regulatory changes that materially impair the implementation of the understandings between the parties. On January 8, 2023, Alon Gat informed Dorad of the termination of the agreement, effective March 31, 2023, due to certain regulatory changes that enabled Alon Gat to terminate the agreement with Dorad, including the change in production tariff and demand hours cluster.

#### *Delivery of Natural Gas*

The natural gas is supplied through Israel Natural Gas Lines Ltd., currently the sole operator of a natural gas transportation system in Israel. The ability to deliver natural gas depends on the extent of the capacity of gas that can be transported in the pipeline.

In November 2010, Dorad executed a standard agreement with Israel Natural Gas Lines Ltd., a governmental company, which was approved by the Israeli Gas Authority, according to which the Dorad Power Plant was connected to the natural gas pipeline. Dorad paid connection fees in the amount of NIS 47 million and is obligated to pay Israel Natural Gas Lines Ltd. a fixed monthly payment for the capacity in the pipeline and a variable payment for gas flowing through the pipeline.

Tamar carried out a project to add compressors aimed at increasing the amount of gas passing through the transmission pipeline. The agreements between Israel Natural Gas Lines Ltd. and its customers (including Dorad), include, among other things, the maximum capacity that the customer may purchase. As of December 31, 2023, the maximum capacity established in the agreement between Israel Natural Gas Lines Ltd. and Dorad is sufficient for the full production capacity of the Dorad Power Plant. In extreme conditions, there may be a shortage in the supply of natural gas. However, Dorad estimates that even if such a shortage occurs, for example due to extreme weather conditions, it is expected to last only a few hours. In Dorad's estimation, no material financial impact is expected on Dorad if such a shortage arises.

### ***Material Effects of Government Regulations on Dorad's Operations***

As noted above under “Material Effects of Government Regulations on the Israeli PV Plant,” the regulatory framework applicable to the production of electricity by the private sector in Israel is provided under the Electricity Law, regulations promulgated thereunder, and other standards, guidelines and instructions published by the Israeli Electricity Authority and the IEC. In addition, the gas transportation system in Israel is regulated by the Israeli Gas Authority, and by the regulation and decisions of the Ministry of Energy and the Israeli Gas Authority on these issues.

### ***Licenses***

The Israeli Electricity Market Law provides that certain actions in the electricity market, including generation of electricity and supply of electricity, require a license. In May 2014, the Israeli Electricity Authority resolved to grant Dorad production licenses for a period of twenty years (which can be extended for an additional ten year period under certain conditions) and a supply license for a period of one year. In August 2014, Dorad filed a request to extend the supply license for an additional period of nineteen years and the long-term supply license was executed in July 2015.

In accordance with the terms of Dorad's production licenses, the sale to the System Manager is conducted using the method of available capacity and energy. The production licenses impose on Dorad an obligation to comply with a minimum level of availability, regularity and efficiency in the operation of the license, an obligation to carry out inspections of the power plant and maintenance work therein, and an obligation to report to the Israeli Electricity Authority, including in connection with malfunctions and inspections carried out at the power plant. In accordance with the terms of the supply license, Dorad may sell electricity to consumers who have a continuous electricity meter installed that stores consumption data (only). In addition, in accordance with the terms of the supply license, it is required that Dorad's equity not be less than a certain percentage of the normative cost of the power plant (according to the definition of the relevant term therein).

The licenses cannot be transferred, encumbered or seized, directly or indirectly, and the production licenses also provide that it is not possible to sell or pledge any property used for the execution of the licenses, all except with the prior approval of the Minister. In addition, the licenses state, among other things, that the approval of the Minister of Energy is required for the transfer or encumbrance of control of Dorad. In the event that the transfer of control also includes a change in the terms of the license, the approval of the Israeli Electricity Authority is also required. In addition, the licenses include restrictions and requirements in connection with transfers of rights, directly or indirectly, in Dorad.

Subject to the right of hearing and the rules applicable to it, the Israeli Electricity Authority may, with the approval of the Minister, change the conditions of the licenses granted to Dorad, add to them or subtract from them, if there have been changes in the suitability of Dorad, in the general environment of the electricity market (or in the technology relevant to the license, in relation to the production license), or if the changes are required to ensure competition in the electricity market (in relation to the production license) or the level of services to be provided. The Israeli Electricity Authority is also entitled to terminate the licenses or suspend them before the end of their term, subject to the right of the license holder for a hearing, for example in the event of a violation of the terms of the license or non-compliance with the eligibility conditions for receiving the licenses, all in accordance with the conditions specified in the licenses and according to the provisions of applicable law. The Israeli Electricity Law provides that in addition to revocation or suspension of a license due to non-compliance, the Israeli Electricity Authority may also revoke, suspend or modify a license based on other considerations, including the contribution of the license to the level of services to the public, the benefit of the consumers and the contribution of the license to the competition in the electricity market. The Israeli Electricity Law further provides that other than due to non-compliance or loss of eligibility, the revocation, suspension or modification of certain licenses, which licenses of the scope held by Dorad, requires the approval of the Minister.

As a condition for receiving the licenses, Dorad provided guarantees to ensure compliance with the conditions of the licenses as well as to compensate and indemnify the State of Israel for damages caused to it as a result of breach of these conditions or as a result of termination, limiting or suspension of the licenses. In addition, Dorad must provide a guarantee in favor of the System Manager in the amount of 70% of the average monthly bill payment of its customers in the summer season according to their consumption in the corresponding period of the previous year. In accordance with the terms of the licenses granted to Dorad, Dorad is not allowed to carry out actions that may cause a reduction in competition in the electricity market or harm it. These licenses also include provisions regarding the insurance that Dorad must maintain during the licenses period.

As of December 31, 2023, Dorad is in compliance with the terms of the licenses granted to it.

#### *Tariffs and Payments*

As noted above, the Israeli Electricity Authority determines the tariffs in the electricity sector, including the Taoz Tariff, which is the tariff for electricity consumers above a certain size, based on the costs of production, infrastructure, transmission, distribution and system costs, which changes according to the seasons and according to clusters of demand hours during the day, or the Taoz Tariff. The Taoz Tariff creates a direct link between the costs of electricity production and its supply at different times and the price paid by the customer. In each season, three clusters of hours were determined: peak (hours with the highest demand), high (hours with an average demand) and low (hours with low demand). The price of electricity at peak is the highest, at high is at an intermediate level, and at low is the lowest. These rates have a material effect on the results of Dorad's operations.

On August 28, 2022, the Israeli Electricity Authority issued a decision in which, among other things, a change in the clusters of demand hours was established, according to the decision the "high" cluster was eliminated, peak hours will be shifted in some seasons from noon to evening hours and the number of months in the summer season will be expanded to 4 months (June – September instead of July and August). The decision became effective on January 1, 2023.

The Israeli Electricity Authority determined the method and tariffs for the provision of availability and electricity by private electricity producers to the System Manager in the event not all of the capacity of such manufacturers was sold directly to customers. The Israeli Electricity Authority's decision provides that the System Manager will pay for the availability even in the event electricity was not actually used by end customers depending on the amount of electricity made available to the System Manager. This decision further provides that in the event the System Manager purchases electricity from the private manufacturer, the tariff paid for the electricity will not be higher than the tariff determined in the tariff approval issued to the private manufacturer.

For the purpose of guaranteeing the tariffs that electricity producers are entitled to receive from the Israeli Electricity Authority, they are granted a "tariff approval" by the Israeli Electricity Authority, which includes, among other things, tariffs arising from the tariff arrangements in the standards in connection with force majeure and insurance, warranty, replacement fuel and tariffs for the manufacturer in connection with the purchase of electricity, purchase of availability and energy or the purchase of related services. In September 2010, Dorad received a tariff approval from the Israeli Electricity Authority that sets forth the tariffs applicable to the Dorad Power Plant throughout the period of its operation, valid for a period of 20 years from the date of receipt of the production license (i.e., until May 2034), which is updated according to mechanisms set forth therein and includes, among other things as described above, tariffs for the sale of availability and energy to the System Manager, and in October 2013, Dorad received a revised tariff approval pursuant to the Tamar Agreement.

On December 27, 2020, the Israeli Electricity Authority published a decision regarding “2021 Annual Update to the Electricity Rate,” which, among other things, provided for a decrease of approximately 5.7% in the average production component commencing January 1, 2021 and effective throughout 2021.

On January 31, 2022, the Israeli Electricity Authority published a decision regarding “Electricity Rates for Customers of IEC in 2022” which provided for an increase in the average production component of approximately 13.6% commencing from February 1, 2022.

On April 12, 2022, the Israeli Electricity Authority published a decision, which became effective May 1, 2022, regarding an annual update to the 2022 electricity tariff pursuant to which, among other things, the production component increased by approximately 9.4% compared to the 2021 tariff.

On July 28, 2022, the Israeli Electricity Authority published a decision titled “Annual Electricity Rate Update 2022,” which, among other things, provided for an increase in the average production component of approximately 24.3% compared to the 2021 tariff, applicable from August 1, 2022, that will remain in effect through the end of 2022.

On December 26, 2022, the Israeli Electricity Authority published a decision regarding “Annual Update of 2023 Electricity Rates for Customers of the IEC” which provided for a decrease in the average production component of approximately 0.7% from January 1, 2023 through the end of 2023. On January 26, 2023, the Israeli Electricity Authority published a decision regarding “Annual Update of 2023 Electricity Rates for Customers of the IEC” which provided for a decrease in the average production component of approximately 1.2% from February 1, 2023 through the end of 2023. On March 27, 2023, the Israeli Electricity Authority published a decision regarding “Ongoing Update to Electricity Rates for Customers of IEC,” which provided for a decrease in the average production component of approximately 1.4% from April 1, 2023, which was in effect through the end of January 2024.

On January 29, 2024, the Israeli Electricity Authority published a decision regarding “Annual Update of 2024 Electricity Rates for Customers of the IEC,” which provided for a decrease in the average production component of approximately 1% from February 1, 2024.

In October 2021, the Israeli Electricity Authority published a decision regarding the dates of payment and invoices, which regulates the payment dates so that all suppliers in the market will pay the System Manager on one fixed date, followed by all service providers (manufacturers and network providers) receiving the payment from the System Manager for their services at another fixed date. The purpose of the said resolution was to assist the System Manager with minimizing the cash flow required for its operations as well as to regulate the conduct of all parties in the electricity sector with respect to the dates of payments and receivables. In connection with the initial implementation of the aforementioned decision, Dorad had to advance a payment to the System Manager in the amount of approximately NIS 40 million, after which the continuation of payments will be made according to the updated payment dates.

### *Consumption Plans and Deviations*

In August 2019, the Israeli Electricity Authority published a proposed resolution that is subject to a public hearing concerning an amendment to the standards governing deviations from consumption plans. These standards regulate the accounting mechanism in the event the actual consumer consumption is different than the consumption plan submitted by the electricity manufacturers (such as Dorad) and include a mechanism protecting the manufacturers from random deviations in actual consumption volumes. Based on the Israeli Electricity Authority's publication, which includes a call for public comments (the hearing process), the Israeli Electricity Authority proposed revoking the protections included in the aforementioned standards, claiming that the manufacturers are misusing the protections and regularly submit plans and forecasts that deviate from the actual expected consumption, and also seeks to impose financial sanctions on the manufacturers, which may be in material amounts upon the occurrence of certain deviation events. On January 27, 2020, the Israeli Electricity Authority issued a resolution amending the standards and imposing financial sanctions in cases of certain extraordinary events that may add up to significant sums. The resolution entered into effect commencing September 1, 2020. Dorad is preparing to reduce the implications of the resolution and the implementation of the resolution does not have a material effect on the financial results of Dorad.

On November 22, 2020, the IEC filed a third-party notice against Dorad in connection with a class action submitted against the IEC claiming that the IEC was negligent in overseeing the private electricity manufacturers thereby damaging the electricity consumers. The claim against the IEC alleges that the private electricity manufacturers provided false reports in the consumption plans they submitted to the System Manager, based on the standards set by the Israeli Electricity Authority. On October 31, 2021, a hearing was held on the request to send notices to third parties, but no decision has yet been given on the request. Dorad and other third parties submitted their responses (and objections) to the class action and the claimant notified the court that he does not object to the third-party notices. On April 10, 2023, the court decided to reject the request submitted by the IEC to send the third-party notice to Dorad. On June 11, 2023, the IEC submitted an appeal on the court's decision. The respondents submitted written responses to the appeal and a hearing date is scheduled for May 6, 2024. At this point, based on the advice of legal counsel, Dorad cannot estimate the outcome of this legal proceeding.

### *Permits and Environmental Laws*

The Dorad Power Plant is subject to a variety of Israeli environmental laws and regulations, including limitations concerning noise, emissions of pollutants, handling hazardous materials, including storage, transport and disposal, electromagnetic field radiation, and water pumping. In the event of non-compliance with environmental laws, Dorad could be subject to financial and criminal sanctions, denial of permits or licenses, suspension of activity and/or an increase in Dorad's expenses due to damages, to the extent that they are caused as a result of non-compliance with environmental laws.

Dorad is required to obtain and maintain various licenses and permits from local and municipal authorities for its operations. Dorad holds a business license, a discharge permit into the sea, a toxic permit and an emission permit according to the Israeli Clean Air Law, 2008.

In connection with Dorad's financing, Dorad's shareholders undertook to indemnify Dorad and/or the financing entities in connection with environmental hazards in the event that Dorad bears any cost or expense or liability, among other events in connection with environmental hazards or pollution and deviations from the business plan related to seawater absorption. To the extent that indemnification is provided as stated above, the indemnification amounts will not be considered part of the equity that Dorad's shareholders have committed to provide to Dorad as part of the financing of the project.

In March 2022, the Israeli Electricity Authority published its resolution providing for a market model for private manufacturers and renewable energy on the transmission grid. The purpose of the resolution is to create a uniform set of rules and a possibility for better control of the System Manager over the loads on the network, especially in view of the massive entry of renewable energies into the market. This resolution preserves the ability of manufacturers operating under a different regulation, including Dorad, to continue operating in a format of physical loading (production according to the predicted customer consumption and selling excess electricity to the System Manager), and also allows those manufacturers to decide, every month, at their discretion, to switch to a central loading format that will entitle them to energy payments in accordance with the mechanisms established in the resolution and in parallel to purchase the electricity required by their customers from the System Manager at market price (SMP). This arrangement became effective commencing January 1, 2024. Dorad is examining the impact of the resolution on its operations and may, at any time and from time to time, elect to switch to the proposed central loading mechanism in the event it resolves that the change will have a positive impact on its financial results.

#### Waste-to-Energy (Biogas) Projects



Plant Title	Installed/ production Capacity	Location	Connection to Grid	Revenue in the year ended December 31, 2022 (in thousands)	Revenue in the year ended December 31, 2023 (in thousands)
"Groen Gas Goor"	3 million Nm3 per year	Goor, the Netherlands	November 2017	€ 3,207	€ 4,345
"Groen Gas Oude-Tonge"	3.8 million Nm3 per year,	Oude-Tonge, the Netherlands	June 2018	€ 3,100	€ 5,269
"Groen Gas Gelderland"	7.5 million Nm3 per year <sup>1</sup>	Gelderland, the Netherlands	April 2017	€ 6,333	€ 7,407

1. This plant's permit provides for a subsidy in connection with production of approximately 7.5 million Nm3 per year, however the actual production capacity of the plant is approximately 9.5 million Nm3 per year.

#### The Goor Plant

##### General

We indirectly wholly-own Groen Gas Goor B.V., or Groen Goor, a project company operating an anaerobic digestion plant, with a green gas production capacity of approximately 375 Nm3/h, in Goor, the Netherlands, or the Goor Plant and the land on which the Goor Plant is located.

The Goor Plant commenced operations in December 2017. The overall capital expenditure in connection with the Goor Plant was approximately €10.8 million, including bank financing. We provided approximately €2.1 million in shareholder's loans to Groen Goor. The Goor Plant is currently operated by Groen Goor, who recruited experienced employees for this purpose. During 2019 we added a centrifuge decanter and a dry silo system for the Goor Plant. In October 2016, Groen Goor executed offtake agreements for selling its produced gas, electricity, green gas certificates and green electricity certificates.



### ***The Oude Tonge Plant***

We indirectly wholly-own Groen Gas Oude-Tonge B.V., or Oude Tonge, which owns an anaerobic digestion plant, with a green gas production capacity of approximately 475 Nm<sup>3</sup>/h, in Oude Tonge, the Netherlands, or the Oude-Tonge Plant. The Oude Tonge Plant commenced operations in June 2018. We provided approximately €1.7 million in shareholder's loans to Oude Tonge.

The Oude Tonge Plant is currently operated by Oude Tonge, who recruited experienced employees for this purpose and the senior management provides services both to the Oude Tonge Plant and to the Goor Plant. During 2019, we added a centrifuge decanter for the Oude Tonge Plant. In May 2017, Oude Tonge executed offtake agreements for selling its produced gas and green gas certificates.

### ***The Gelderland Plant***

On December 1, 2020, we acquired all issued and outstanding shares of Groen Gas Gelderland B.V., or GG Gelderland, through our wholly-owned subsidiary, Ellomay Luxembourg. We paid €1.567 million for the shares and the repayment of shareholder loans. An additional shareholder loan of approximately €5.9 million was granted to GG Gelderland by Ellomay Luxembourg on December 1, 2020. GG Gelderland owns an operating anaerobic digestion plant in Gelderland, the Netherlands, with a permit that provides for a subsidy in connection with production of approximately 7.5 million Nm<sup>3</sup> per year. The actual production capacity of the plant is approximately 9.5 million Nm<sup>3</sup> per year.

During 2023, we assessed the recoverable amount of its Biogas plants in the Netherlands in light of operating losses suffered by these projects in recent years and lower results than forecasted for 2023. The examination was conducted based on the net consideration (net of expected estimated indemnification) included in a binding offer received for the sale of the Biogas plants. The examination concluded that the fair value (net of transaction costs) of each of the plants is higher than the carrying value of such plant and therefore there is no need for an impairment provision.

### ***Waste-to-Energy Technologies***

The process of energy recovery from non-recyclable waste is often referred to as waste-to-energy or energy-from-waste. The waste-to-energy market includes various treatment processes and technologies used to generate a usable form of energy while reducing the volume of waste, including combustion, gasification, pyrolyzation, anaerobic digestion and landfill gas recovery. The resulting energy can be in the form of electricity, gas, heating and/or cooling, or conversion of the waste into a fuel for future use.

Gasification in the waste-to-energy market is the process of converting organic carbonaceous materials into carbon monoxide, hydrogen and carbon dioxide (CO<sub>2</sub>) by reacting the material at high temperatures (>700 °C), without combustion, with a controlled amount of oxygen and/or steam. This process produces a gas mixture called synthetic gas or syngas or producer gas and is itself a fuel. The organic materials used in the gasification process are a variety of biomass and waste-derived feedstocks, including wood pellets and chips and waste wood.

Anaerobic digestion is a biological process that produces a gas (also known as biogas) principally composed of methane (CH<sub>4</sub>) and carbon dioxide (CO<sub>2</sub>). These gases are produced from organic waste such as livestock manure and food processing waste and from agro-residues. Depending on the type of feedstock used and the system design, biogas is typically 55%-75% pure methane. The biogas is emitted during the digestion process of the substrates by specific combinations of bacteria. As there is a relatively wide range of feedstock mix that can be used in the process, the plants in the Netherlands are designed to allow flexibility that is expected to reduce dependency on certain feedstock mix or the feedstock supplier. Biogas is used to produce green gas, or bio-methane, with properties close to natural gas that is injected into the natural gas grid.

The anaerobic digestion process leaves an organic residue, the digestate. The digestate can be used as a fertilizer and soil improver and the WtE plant is required to find solutions for the proper disposal of the digestate. The ability to dispose of digestate is subject to the relevant regulation in the target countries with respect to the amounts and timing of disposal of digestate as a fertilizer in such country. In the event restrictions and regulation does not permit disposal in a certain country, the WtE plant is required to dispose of the digestate in more distant locations or to store the digestate, which increases the costs of the disposal of digestate.

#### *Benefits of Waste-to-Energy*

Waste-to-energy generates clean, reliable energy from a renewable fuel source, thus expected to reduce dependency on “traditional” energy production methods, such as fossil fuels, oil and other similar raw materials that are less friendly to the environment. The use of waste assists in the on-going management of waste in a manner that is more environmentally-friendly than other waste management solutions, such as landfilling. We believe that by processing waste in waste-to-energy facilities, greenhouse gas emissions and the risk of contamination of ground water will be reduced.

#### *Sources and Availability of Raw Materials for the Operations of the WtE Plants*

As noted above, the anaerobic digestion process requires continuous input of raw materials such as: manure, glycerin, mix grain and corn, all of which are not freely available (as is the case with wind, solar and hydro energies).

The success of a WtE plant depends on its ability to procure and maintain sufficient levels of the waste applicable and suitable to the WtE technology the plant uses, to meet a certain of range of energy (gas, electricity or heat) production levels. Both Groen Goor and Oude Tonge initially executed long term feedstock agreements with feedstock suppliers. These agreements were terminated due to disagreements with the suppliers. To ensure continuous supply of raw materials, both in terms of the quantity and the quality and composition of the raw materials, our WtE plants started working with a large number of waste suppliers, such as farmers, food manufacturers and other specialized waste suppliers in order to continuously monitor the proposed sales and try to locate the most efficient and beneficial offers.

#### *The Netherlands Waste-to-Energy Market and Regulation*

##### *Dutch Climate Goals*

According to EU law, the production rate of energy from renewable sources for the Netherlands by the year 2030 must be 39%. In addition, the Dutch government’s goal is to have at least 16% renewable energy by 2023 and an almost fully sustainable energy supply in 2050.

In July 2019, the national Climate Act (“*Klimaatwet*”) was adopted. The Climate Act contains several national climate goals. As a result of the European Climate Law, the CO<sub>2</sub> emission reduction in the Climate Act targets were amended in July 2023 to 55% by 2030 and climate-neutral by 2050, aiming for negative emissions after 2050. In addition, pursuant to the Coalition Agreement (“*Coalitieakkoord*”) of December 2021, the Dutch government is *aiming* for a CO<sub>2</sub> reduction of 60% by 2030, 70% by 2035 and 80% by 2040, compared to 1990 levels. Furthermore, the Dutch government mentions investments in research and innovation of climate neutral technology and emphasizes the importance of a sustainable energy supply.

The Climate Act does not contain any direct obligations for citizens and businesses; it provides the national government with a framework to establish further legislation in order to reach the national climate goals and renewable energy goals. In this regard the Climate Act requires the Dutch government to draft a so-called National Energy and Climate Plan (NECP). The Climate Plan covers a period of ten years, is adjusted every five years based on actual insights and contains the most important decisions and measures in the field of climate policy and energy saving management for the next five years. The first NECP (“*Integraal Nationaal Energie en Klimaatplan 2021-2030*”) was presented on November 1, 2019 and mainly refers to the headlines and various goals set – in broad outline – in the aforementioned Climate Act. It also provides an overview of the current and upcoming Dutch legislation in the field of climate policy. In June 2022, the Dutch government presented the draft NECP (“*Ontwerp Beleidsprogramma Klimaat en Energie*”). This program complements the Climate Plan and elaborates on the climate policy from the Coalition Agreement. In December 2023, in connection with the RED III Decree, the European Commission issued recommendations under the European Climate Law to the Netherlands on their submitted draft NECP. The recommendations reflected that, based on projections, the contribution of the Netherlands to (amongst other) renewable energy, energy efficiency and reduction of greenhouse gas emissions is significantly below the EU target. These recommendations have to be taken into account in the final NECP, which is due by June 30, 2024.

Another mechanism introduced in the Climate Act is the Climate and Energy Outlook (“*Klimaat en Energieverkenning*”), which is regarded as one of the accountability instruments of the Dutch climate and energy policy. Based on the Climate and Energy Outlook published in 2023, the Dutch greenhouse gas emissions are expected to decrease by 46%-57% in 2030 compared to 1992. The Climate and Energy Outlook mentions that the main reason for the delay in reaching the 55% reduction target is the need for more rapid implementation of existing plans and formulation of additional policies. In addition, parts of the abovementioned NECP are not yet sufficiently detailed and several policy programs, such as the REPowerEU, are still being negotiated by the European Commission. The Climate and Energy Outlook is accompanied with a Climate Memorandum (“*Klimaatnota*”). The 2023 Climate Memorandum contains, amongst others, an updated climate and energy legislative and policy program regarding emission reduction, energy infrastructure, energy efficiency, the implementation of EU legislation, etc.

In order to have a fully sustainable energy supply or circular economy in 2050, the Dutch government established the National Circular Economy Program 2023-2030 ("*Nationaal Programma Circulaire Economie 2023-2030*") in February 2023. The intermediate target for 2030 is 50% less use of raw materials compared to 2016 levels, but with the reservation that a final decision on the intermediate target will be made in 2024. The National Circular Economy Program 2023-2030 introduces four general measures: reducing raw material usage, substituting raw materials (by, for example bio-based materials), extending product lifetime and high-grade processing, which focuses on recycling (raw) materials. For the most impactful product groups, within the five supply chains with the most harmful environmental impact, concrete targets have been formulated and specific policy has been developed. This is, for instance, the case for companies producing/manufacturing wind farms, solar PV systems and climate control systems. The other categories are consumer goods, plastics, construction and biomass & foodstuffs (which latter category fall under the transition agenda for circular agriculture). The National Circular Economy Program 2023-2030 sums up several measures of government intervention (mostly of voluntary nature) to reach the targets, such as pricing measures (for instance levies), regulatory measures and stimulating measures (e.g., subsidies), encouraging companies to take possible and/or necessary measures in order to reach the targets set out in the Program.

The Dutch government also introduced a policy program concerning "green gas" (biomethane) in December 2022 ("*Programma Groen Gas*"). Green gas is gas from renewable energy sources, such as biomethane. Through this program, the government aims for a significant scale-up of the production of green gas in the Netherlands, particularly within the chemical industry sector. The program entails (amongst others) the introduction of targets and regulations for a so-called blending obligation regarding green gas and for "gasification" (*vergassing*) of biogenic residual streams. The Dutch Minister of Economic Affairs and Climate published draft legislation in July 2023 in this regard.

The legislation regarding the blending obligation is expected to introduce an administrative obligation for energy suppliers of gas to provide a certain amount of green gas to the end users concerned (all part of ETS2: urban environment, agriculture and any industry not regulated by the ETS1) as part of the total gas supply. Compliance with this obligation can (exclusively) be proven by the existing 'green gas certificates', so-called Guarantees of Origin (*Garanties van Oorsprong*, GvO's), which can be traded through the VertiCer register (the organization responsible for issuing and managing the Guarantees of Origin). The GvOs are valid for a year after receiving them. The blending obligation will therefore also introduce tradable green gas units ("*groengaseenheden*", GGE), issued originally by the Dutch Emission Authority (*Nederlandse Emissieautoriteit*, Nea). The GGEs can be traded on the market between producers and suppliers (also between themselves) and do not have a determined validity period.

By imposing the obligation on the gas suppliers, the government hopes to create a sufficiently high market price, thereby stimulating new (necessary) investments in the production capacity of green gas (such as the manufacturing of production installations, but also cooperation within the chain). The blending obligation does not follow directly from European regulations, but will be incorporated in Dutch law, in the Environmental Protection Act (which already contains several obligations regarding renewable energy). The obligation is however in line with EU ambitions and policies, such as the ambition in the REPowerEU-plan to produce 35 bcm of green gas (biomethane) in 2030.

A consultation round was open until September 2023. The results of the consultations and further developments are currently reviewed and processed in order to establish the definite proposals for further legislation. In February 2024, the Dutch Minister of Economic Affairs and Climate informed Parliament that the entry-into-force of the blending obligation will be postponed to January 2026.

In addition to the blending obligation, the Dutch government aims to increase the use of non-biogenic gas streams for gasification (*vergassing*), in particular for waste streams that are unsuitable for recycling. In this regard, the government opened a subsidy scheme in mid-February 2024 for "demonstration projects" regarding installations (partially) meant for gasification of biogenic or mixed (with non-biogenic) residual streams into renewable energy carriers (such as green gas and biofuels). The subsidy scheme is open until August 29, 2024 and has a total possible budget of €30 million per demonstration project.

The Dutch Ministry of Finance and the Dutch Ministry of Economic Affairs and Climate are currently exploring whether new climate legislation or other measures can stimulate the contribution of financial companies to the climate transition. The Dutch government has therefore opened a consultation round for the draft version of the Act on Climate Measures Financial Sector (“*Consultatie klimaatmaatregelen financiële sector*”), aiming to capture all the possible advantages and disadvantages of new legislation, also with respect to other possible (legal and non-legal) measures, European developments, the possible impact of the legislation for the financial sector on financing Dutch businesses and on the international competitiveness of the Netherlands and its businesses. The consultation round was open until February 15, 2024. As the Dutch Cabinet that executed the Coalition Agreement is expected to be replaced during the coming months, it is more difficult to predict if and to what extent the current targets and established (national) policies regarding climate and energy goals will be continued, however the EU climate and energy directives are binding on the Netherlands therefore provisions and policies implementing EU climate and energy legislation are likely to remain in effect.

#### *Permits*

As of January 1, 2024, various regulations on environment and spatial planning are implemented in the Dutch Environmental and Planning Act (“*Omgevingswet*”) and underlying legislation. This includes the former Dutch Environmental Permitting Act (“*Wet algemene bepalingen omgevingsrecht*”), the Dutch Water Act (“*Waterwet*”), the Dutch Spatial Planning Act (“*Wet ruimtelijke ordening*”), the Activities Decree on Environmental Management (“*Activiteitenbesluit*”) and several parts of the Dutch Environmental Protection Act (“*Wet milieubeheer*”).

The legislator of the Environmental and Planning Act has stated that the Act has a policy neutral character and the Environmental and Planning Act and underlying regulations are not materially different than the prior regulation. One difference is that under the new legal system, it is not the operator of a certain facility/business but the performer of any environmentally impactful activity that has to comply with the applicable regulations.

In practice, permits obtained under former legislation are and will stay valid. Any permit applications that have been submitted before the Dutch Environment and Planning Act entered into force, are assessed in accordance with the former legislation.

Under former legislation, a permit is required to operate a waste treatment plant in the Netherlands for its (now-called) environmentally impactful activities. In addition to this permit, a permit might be required for discharging waste (water) into sewage systems or surface water as well as permits for activities regulated under the local zoning plan (“*omgevingsplan*”) or local ordinances (“*Algemene Plaatselijke Verordening*”). The need for these permits depends on the (physical) scale of the waste treatment plant and its impact on the nearby environment. A permit is, in principal, issued without a time limit, but the competent authorities are allowed to include provisions regarding limitations or conditions under which the activities performed by the waste treatment plant need to be carried out. To ensure compliance, the authorities may withdraw a permit in case of significant violations of restrictions and/or applicable environmental regulations. Moreover, changing circumstances, as a consequence of new operational activities on-site, new developments nearby or new (EU) legislation, may require the permit to be revised.

Furthermore, the operation of a waste treatment plant must be in line with the designated use in the applicable zoning plan as established by the municipality. In case the plant/operation is not in line with the provisions in the zoning plan, either the zoning plan has to be adapted or a permit has to be obtained under the aforementioned Environmental Planning Act (thereby allowing deviation from the applicable designated use). New zoning plans may amend or prohibit the designated use that allows the operation of an existing plant.

For the operation of a waste treatment plant in the Netherlands, a permit under the Dutch Environment and Planning Act is required as well for any environmentally impactful activities that might negatively affect designated Natura 2000-areas (“*Natura 2000-gebieden*”), in particular by causing deposition of nitrogen. Furthermore, as of July 1, 2021, the Dutch Nitrogen and Nature Improvement Act (“*Wet stikstofreductie en natuurverbetering*”) establishes provisions targeting a more structural solution in regard to the (both ecological and political) nitrogen issue in the Netherlands due to the annulment of the so-called ‘Integrated Approach to Nitrogen’ (“*Programma Aanpak Stikstof*”) by the highest Dutch Administrative Court in May 2019. This approach, which provided exemptions to the permit obligation and entailed the idea that through nature restoration measures and source-directed measures, a general autonomous reduction of nitrogen depositions/emissions could be created (only) in favor of (more) economic developments, was ruled to be unlawful in regard to EU law. As a result, permits regarding nitrogen deposition are only issued if the nitrogen deposition is practically nil. Hence, in general it is rather difficult to obtain a permit under the Dutch Nature Protection Act, for both the construction and the operation of a (modified/new) waste treatment plant. Under the Dutch Nitrogen and Nature Improvement Act, the (outgoing) Dutch government published the Program for Nitrogen Reduction 2022-2035. The main goal of this Program is to determine which measures are necessary to achieve the reduction of nitrogen deposition on nitrogen-sensitive Natura 2000-areas (40% in 2025, 50% in 2030 and 74% in 2035). Furthermore, the Act obliges the Dutch government to legalize nitrogen reports and calculations, based on the abovementioned Integrated Approach to Nitrogen, via a ‘legalization program’. However, due to the same issues mentioned above, this program is still under negotiation and not in place yet.

#### *Energy saving/supply*

The Netherlands waste treatment sector is subject to strict regulatory obligations, requiring that approximately 10% of the market is processed. As a result, facilities that produce waste (such as the industry sector farms) are expected and encouraged to seek more appropriate solutions for waste management. As part of the Climate Act, the (outgoing) Dutch government has intensified the enforcement of the legal obligation for operators of facilities to take energy saving measures under the Decree on Environmental Activities (“*Besluit activiteiten leefomgeving*”) (and earlier under the Activities Decree). In short, the obligations require operators of facilities that consume > 50,000 kWh of electricity and/or 25,000 m<sup>3</sup> of natural gas per year to implement all (statutory designated) possible energy saving measures with a payback period of five (5) years or less. In order to support this effort, the (outgoing) Dutch government has drafted and updated in April 2020 a so called ‘recognized measures’ list, intended to simplify compliance with the energy saving obligation. This list is available as an annex to the Environmental Activities Decree. Since 2023, these facilities are obliged to also take energy saving measures whenever the measures do not save energy but do reduce CO<sub>2</sub> emissions. These energy saving measures include generating renewable energy and switching to an energy carrier with lower CO<sub>2</sub> emissions. In order to monitor these obligations, the operator of the plant has an obligation to inform and report to the competent authorities which energy saving measures are taken/implemented on site. This information report was required to be submitted to the State Department for Entrepreneurship by December 1, 2023 at the latest and, subsequently, this has to be repeated every 4 years. This information duty does not apply if a permit for the operation of a plant already stipulates certain energy saving obligations or when it has already an audit obligation under the European Energy Efficiency Directive (EED).

In January 2022, the amended Chapter 9.7 of the Dutch Environmental Protection Act (“*Wet milieubeheer*”) entered into force (along with the underlying amended Dutch Energy Transport Decree (“*Besluit energie vervoer*”) and Dutch Energy Transport Regulation (“*Regeling energie Vervoer*”). These amendments are part of the implementation of the national Climate Act and the RED II. In July 2021 the European Commission proposed an amendment of the RED II, as part of the package to deliver on the European Green Deal. In short, the regulation in Chapter 9.7 of the Dutch Environmental Protection Act (“*Wet milieubeheer*”) holds the obligation for a fuel supplier to meet a certain reduction of non-sustainable fuels, by for example compensating their oil supply with sustainable biofuels (or electricity produced from renewable sources). In May 2023, the new Renewable Energy Directive (RED III) entered into force, which contains stricter obligations to become climate neutral in 2050. In September 2023, the (outgoing) Dutch government published draft legislation regarding the implementation of RED III and further draft legislation, such as additional amendments regarding the Dutch Environmental Protection Act and the Dutch Energy Transport Decree and enactment of the amendments is expected in Q2-Q4 of 2024. All the adjustments will mainly, in brief, focus on the encouragement of renewable hydrogen, both in the industry as the transport sector. All (upcoming) draft legislation still needs to be discussed and approved by the Dutch Parliament and Senate.

To accelerate the energy transition (from fossil to sustainable energy) in the Netherlands, the Dutch Electricity Act (“*Elektriciteitswet*”) obliges network operators to provide priority to facilities that produce renewable energy in the connection to the electricity grid. This Act also sets rules and requirements regarding the connection point’s allocation, the method of connection and the distribution of ‘connection costs’ between network operator and the plant’s operator. Due to a considerable growth of renewable energy developments (e.g., the rise of wind and solar power projects onshore), congestion on the electricity grid is an issue of increasing size and legal complexity in several parts of the Netherlands. In January 2021, the revised version of the Dutch investment plan and quality of electricity and gas Decree (“*Besluit investeringsplan en kwaliteit elektriciteit en gas*”) entered into force. This Decree determines among others that the reserve capacity of the high-voltage grid will be dedicated to energy generated by renewable energy sources. The (outgoing) Dutch government has submitted a draft for the so-called Dutch Energy Act (“*Energiewet*”), which aims to substitute the current Dutch Electricity Act (“*Elektriciteitswet*”) and the Dutch Gas Act (“*Gaswet*”). The Dutch Energy Act offers a modern and updated regulatory framework that supports and stimulates the energy transition in the Netherlands and contributes to the goal of a clean energy supply that is safe, reliable, affordable and takes into account spatial planning. The Dutch Energy Act will retain the current ordering of the gas and electricity market, but at the same time contains adjustments to support the transition to a climate neutral energy supply. It also implements the European ‘Clean Energy Package’ (being the latest update in the European energy policy framework) as well.

The current subsidy scheme for renewable energy in the Netherlands is called SDE++ (“*Stimulerende Duurzame Energieproductie en Klimaattransitie*” or Stimulating Renewable Energy Production and Climate Transition). The SDE++ program stimulates the further rollout of renewable energy and focuses on stimulating CO<sub>2</sub> emissions reduction techniques, by compensating the so-called unprofitable top margin of these techniques. The SDE++ program provides for various categories of biomass technologies for which subsidy can be requested, for example heat generation and gas extraction from biomass. Under the SDE++ program, subsidies are granted on the basis of the quantity of renewable energy that has been produced or CO<sub>2</sub> emissions that have been prevented. The subsidy is equal to the difference between the cost price of reduction of CO<sub>2</sub> emissions or renewable energy, and the profits that have been/will be made (defined as the ‘unprofitable top margin’). Subsidy applications under the SDE++ program are handled on the basis of increasing maximum subsidy need per phase. Consequently, projects with a lower subsidy need shall be given priority when granting subsidies. The subsidy is granted for a period of 12 to 15 years. Throughout the term part of the subsidy is provided via an advance payment based on the expected market prices established by November 1 of the previous year. After the end of the calendar year, from April onwards, an adjustment of the advance payment based on the actual market prices and production is made.

In November 2022, the (outgoing) Dutch government notified the Parliament that the advance payments were considerably too high and that, currently, the Dutch government should not pay subsidies for as many categories and projects, thereby also taking into account the high energy prices (and high profits). The waste-to-energy plants may keep these profits and will, during the subsidy term, receive subsidy again when energy prices drop (which may create the unprofitable top margin again). The (outgoing) Dutch government furthermore stated that it wants to prevent subsidized projects from realizing excess profits over the entire duration of the subsidized project as the aim of the SDE++ is to compensate the unprofitable top margin and not to facilitate excess profits. In that regard the (outgoing) Dutch government noted that it is investigating the possibility of adapting the SDE ++ program, for example into a system where subsidies are only paid after any previous excess profits are taken into account. The outcome of this investigation is not known yet, but as no exclusions to these adaptations are contemplated, it is expected that these changes will have an impact on waste-to-energy plants.

In most cases the SDE++ program allows ‘banking’. This means that in case less sustainable energy is produced than predicted, one can make up for this difference in the following years (forward banking). When, on the other hand, the production exceeds the subsidized annual production, one can counterbalance this in the following years (backward banking), though with a maximum of 25% of the subsidized annual energy production, except for the wind category.

The SDE++ program is determined annually. The round of application for the SDE++ program in 2023 closed on October 6. The total requested amount of subsidy was €8.3 billion. The majority of the budget has been requested for renewable heat. The applications are currently being assessed and the final results of the 2023 SDE++ program are not presented yet.

The SDE++ program will continue in 2024 and 2025 and will be open for subsidy applications from September 10 2024 until October 7, 2024. The budget amounts to €11.5 billion. Some modifications in the subsidy allocation system have been made since 2023, in order to stimulate certain techniques that are currently insufficiently addressed but essentially to the energy transition. A budget of €1 billion is reserved per specific field and when the budget within the relevant field is not fully used (because too few applications were made), the remaining budget will be transferred to another field. The determined fields are: (a) low-temperature heat, (b) high-temperature heat and (c) molecules (including green gas, advanced renewable fuels and hydrogen production). The category ‘air-to-water heat pump’ was added to the SDE++ program. Finally, some categories will not fall under the SDE++ program in 2023, such as green gas from residual waste and hydrogen from bio-based raw materials, because these techniques are not yet deemed profitable by the (outgoing) Dutch government.



In the abovementioned Coalition Agreement, the (outgoing) Dutch government announced the introduction of a new climate and transition fund of €35 billion for the upcoming ten years, in addition to the SDE++ program. This fund has taken shape in the Temporary Climate Fund Act ("*Tijdelijke wet Klimaatfonds*"), which was approved by the Dutch parliament in December 2023 and published in February 2024. The Act is yet to enter into force and the date is currently unknown. The objectives of the Climate Fund are: (a) greenhouse gas-neutral energy supply by 2050; (b) encouraging the implementation of energy efficiency techniques and promoting the use of renewable energy and other greenhouse gas-reducing techniques and measures in the industry; (c) stimulating the implementation of energy efficiency techniques and renewable energy in the built environment. Measures in all economic sectors, including the circular economy, are eligible for funding, provided that these measures meet the abovementioned objectives. The Climate Fund is a budgetary fund and intended to reserve available resources that can be used for specific purposes in the future. Commencing 2023, a multiannual climate funding program ("*Meerjarenprogramma Klimaatfonds*") will be published on an annual basis, which provides information on achieving the financial obligations and purposes of the Climate Fund.

One of the expected concrete spending targets of the Climate Fund is the National Investment Scheme for Climate Projects Industry ("*Nationale Investeringsregeling Klimaatprojecten Industrie*", in short: "*NIKI*"). The NIKI subsidy scheme is intended to apply in addition to the SDE++ program, and will subsidize larger-scale sustainable investments relating to green chemistry and electrification. The NIKI subsidy scheme is currently expected to open during 2024.

#### *Taxes*

In January 2021, the Industry CO<sub>2</sub> Tax ("*Wet CO<sub>2</sub>-heffing industrie*") entered into force. The rationale behind this tax is that the big polluters, in general the larger industrial facilities such as industry falling under the Industrial Emissions Directive and European Emissions Trading System ("*EU ETS*") and waste incineration plants, have to pay their fair share in reducing CO<sub>2</sub> emissions in the Netherlands. Furthermore, the Industry CO<sub>2</sub> Tax aims at ensuring that the reduction target for industry as agreed in the Climate Agreement is achieved, while the level playing field with neighboring countries is affected as little as possible. This tax is connected with the EU ETS system as provided for in the European Directive 2003/87/EC; if emission prices within that system rise, the Industry CO<sub>2</sub> Tax falls and vice versa. Facilities are granted an exemption for part of the CO<sub>2</sub> emissions, on which they do not have to pay any tax (dispensation rights). The exemption is determined by comparing the plant's CO<sub>2</sub> emissions with the most efficient facilities in the same industry in Europe. The more efficient the plant produces, the less Industry CO<sub>2</sub> Tax it is required to pay on balance, because that tax is levied on the emitted CO<sub>2</sub> that is in excess of the dispensation rights. The levy will increase in the coming years to encourage facilities to produce more efficiently, from €30 per ton CO<sub>2</sub> in 2021 up to €125 in 2030 (though in 2023 the levy has not increased). At the same time, the dispensation rights will be decreasing throughout the years. In addition, since January 1, 2023, a second tariff has been in place due to the Minimum CO<sub>2</sub>-price Industry Act ("*Wet minimum CO<sub>2</sub>-prijs industrie*"). This tariff ensures that a minimum CO<sub>2</sub> price applies as well to emissions for which a company has dispensation rights under the Industry CO<sub>2</sub> Tax. The tariff for 2024 is €74.17 per ton CO<sub>2</sub>, and will gradually increase to €128 in 2030.

Furthermore, in March 2022 the Dutch Minimum CO<sub>2</sub>-price Electricity Generation Act (“*Wet minimum CO<sub>2</sub>-prijs elektriciteitsopwekking*”) entered into force. The minimum price covers greenhouse gas emissions from electricity generation at companies covered by the EU ETS. More specifically, this Act introduces an annually modified CO<sub>2</sub> tax, because the tax is based on the difference between the annual national CO<sub>2</sub> price and the EU ETS price. The tax is based on the number of tons of carbon dioxide released into the air in accordance with the plant’s electricity emission report. This means that, for instance, no tax will be levied on companies that generate electricity with windmills or solar panels. This tax can impact the biogas facilities, if they fall under the EU ETS system and emit CO<sub>2</sub> while generating electricity.

Dutch tax laws also provide for an Energy Investment Allowance (“*EIA*”), a tax advantage for companies in the Netherlands that invest in energy-efficient technology allowing a deduction of 40% (in 2024) of the investment costs from the corporate income, on top of the usual depreciation. The right to the EIA is declared with the tax return, provided the investment is timely reported to the Dutch Enterprise Agency (“*RVO*”). The net EIA benefit is about 11% of the investment costs. The EIA can be claimed for all assets included in the annual Energy List (as published by *RVO*). The 2024 Energy List was published in January 2024. The EIA can also be claimed for customized investments that result in substantial energy savings, as far as these investments meet the saving standards of the EIA. The EIA budget used to be around €150 million, but is increased up to €249 million for 2023. It has been agreed that the EIA program will primarily be focused on energy efficiency investments. A renewable energy project that is eligible for an SDE++ subsidy is not eligible for the EIA tax advantage (the latter only relates to new projects and projects that have already obtained rights to tax advantages).

In January 2023, the (outgoing) Dutch government published a draft for the ‘Temporary Inframarginal Electricity Tax Act’ (“*Tijdelijke wet Inframarginale Elektriciteitsheffing*”). This Act implements the recently established EU regulation containing ‘an emergency intervention to address high energy prices.’ In short, the Act introduces a retroactive levy for market revenues in the period December 2022 – June 2023, insofar the market revenues rise above an exempt amount per megawatts. The tax/levy is levied on the sum of the taxable market revenues per calendar month. A producer is obliged to keep records of its generated electricity per month in the abovementioned period. The market revenues can follow from three types of revenues, namely: (i) income from electricity sales agreements regarding the Dutch electricity markets, (ii) negative income from agreements to purchase electricity on this market, to comply with selling obligations under the agreements referred to under (i), and (iii) negative and positive income from contracts such as power purchase agreements. The levy will be imposed on electricity producers in the Netherlands with a production installation of an installed capacity of 1 MW or more (e.g., +/- 3.000 solar panels or more). The producer will receive an invitation from the Tax Administration (*Belastingdienst*) to file a tax return. If the tax period is not extended by the European Union, the latest date of filing the tax return is June 30, 2024. The draft Act was approved by the Dutch Parliament on February 15, 2024 and is yet to be discussed and voted on by the Dutch Senate.

There are generally two types of electricity on the Dutch electricity market: (i) grey electricity, which is less environmentally friendly because it is made from sources such as gas and coal, and (ii) green electricity, which is made from renewable energy sources, such as sun, wind water and certain forms of biomass. Both types of electricity eventually end up on the same energy grid, but only electricity with a 'green power certificate' (in the Netherlands also known as a Guarantee of Origin) is treated as sustainable. In the Netherlands, the organization CertiQ is responsible for issuing and managing these certificates. A producer can register an electricity production installation, for example a waste-to-energy plant, with CertiQ – and is obliged to register the plant if a subsidy for SDE ++ has been issued by the government. One certificate covers 1 MWh and is valid for one year after the month in which the energy has been generated. A green certificate can also be obtained if the plant generates sustainable heat. If an installation generates both heat and electricity, it must be registered twice. If electricity is generated with sun, water or wind, the grid operator sends the production data to CertiQ. If electricity is generated with a biomass installation or the installation generates heat, simultaneously with the registration a measurement protocol, which must be approved by a recognized measurement company, is submitted to CertiQ.

The green certificates are booked by CertiQ on the account of a trader, which has been chosen by the producer. This trader does not have to be the (contracted) energy supplier of the plant. The issuance of green power certificates happens across Europe and the trader can sell the certificates on the European market through the platform of the Association of Issuing Bodies ("AIB"). The Netherlands may only import and export Guarantees of Origin made by an AIB member, which country must also belong to the European Economic Area. This means that, for example, exporting certificates to the United Kingdom is not allowed. Green certificates give consumers and companies more insight into what exactly takes place in energy generation and therefore they can choose more consciously what type of energy they want to consume. The increase in demand for energy and the government policies to offset the GHG emission is also major factor for the growth of the green certificates market. For more information see "Dutch Climate Goals" above.

### **Pumped Storage Project in the Manara Cliff in Israel**

The current ownership structure of Ellomay PS is as follows: (i) 75% is owned by Ellomay Water Plants Holdings (2014) Ltd., or Ellomay Water, which we wholly own, and (ii) 25% is owned by Sheva Mizrakot Ltd., an Israeli private company, or Sheva Mizrakot. 66.667% of Sheva Mizrakot is owned by Ampa Investments Ltd., or Ampa, and the remaining 33.333% are owned by Ellomay Water. Accordingly, we hold (through our direct holdings in Ellomay PS and through our holdings in Sheva Mizrakot) 83.333% of the Manara PSP, and the remaining 16.667% of the Manara PSP are held by Ampa through its holdings in Sheva Mizrakot.

The Manara PSP is projected to cost approximately NIS 1.64 billion (excluding future indexation) (approximately €410 million). This amount includes a reevaluation of the project CAPEX according to actual basket of indices applicable to such CAPEX for the period since financial close and until December 2023 when an updated financial model was submitted. On March 7, 2021, the Manara PSP received the approval of the Israeli Electricity Authority that the conditions for Financial Close under the applicable regulations were met. In April 2021, a notice to commence the construction works (NTC) was issued to Electra Infrastructures Ltd., the EPC contractor of the Manara PSP, and construction of the Manara PSP commenced. The construction period of the Manara PSP was initially expected to be 62.5 months from such date. Due to the "Iron Swords" war situation, which also affects the northern area of Israel in proximity to the Lebanon border, works on the Manara PSP site were suspended in early October 2023. Efforts are currently being focused on accelerating design activities to mitigate potential delays, while manufacturing of the main equipment, including electro-mechanical equipment, is proceeding as planned. The State of Israel fully protects the project in situations that may be considered force majeure, such as the current war. This protection is provided under the framework of the tariff regulation (financing support standards). The project is expected to receive full remedies for schedule or budget overruns caused by such situations. Originally, the project was planned to become commercially operational in the first half of 2027. However, due to the ongoing war, the operation date will be delayed. Currently, it is impossible to estimate when construction will end and when commercial operation will commence. As a result of the delays due to the war, the Israeli Electricity Authority has approved a 10-month extension to the project schedule, and the Company anticipates receiving additional extensions as needed, considering the ongoing situation.

### *Manara PSP Project Finance*

On February 11, 2021, we announced the financial closing of the project finance of the Manara PSP, or the Manara PSP Project Finance. The Manara PSP Project Finance is provided by a consortium of Israeli banks and institutional investors, arranged and led by Mizrahi-Tefahot Bank Ltd. As of the date of the financial closing, the Manara PSP Project Finance was in the aggregate amount of NIS 1.27 billion (excluding future indexation) (approximately €338 million based on the euro/NIS exchange rate as of December 31, 2022). This amount is subject to reevaluation to an actual basket of indices similar to the CAPEX as described above.

For more information see “Item 5.B: Operating and Financial Review and Prospects – Liquidity and Capital Resources” and Notes 6 and 11.A to our annual financial statements included elsewhere in this Report.

### *Manara PSP EPC Agreement*

On February 14, 2021, we also announced the execution of the EPC agreement for the construction of the Manara PSP, or the Manara PSP EPC Agreement, under a “turnkey” contract with Electra Infrastructure Ltd., or Electra Infrastructure, one of Israel’s largest construction companies. The aggregate consideration payable to Electra Infrastructure under the Manara PSP EPC Agreement is expected to be approximately NIS 1.13 billion (excluding future indexation) (approximately €301 million based on the exchange rate as at December 31, 2022). The majority of this amount is linked to the actual change in the Israel Residential Construction Index. In accordance with the Manara PSP EPC Agreement Voith Hydro, the world’s leading manufacturer of hydroelectric turbines, or Voith Hydro, was nominated as the subcontractor that will be providing the electro-mechanical equipment to the Manara PSP.

### *Manara PSP O&M Agreement*

In parallel to the execution of the Manara PSP EPC Agreement, Ellomay PS also executed an O&M agreement, or the Manara PSP O&M Agreement, with Mekorot Israel National Water Co., the Israeli national water company, or Mekorot (which is fully owned by the Israeli Government), Voith Hydro and Verbund Hydro, one of the largest hydroelectric companies in Europe with extensive expertise in the operation of hydroelectric power plants, or, together, the Manara PSP O&M Contractors. The Manara PSP O&M Agreement provides that the Manara PSP O&M Contractors will be involved in the construction process through a mobilization period and that O&M services will be provided for a twenty year period, during which Mekorot, Voith Hydro and Verbund will provide O&M services for the initial three years, with Mekorot providing O&M services exclusively for the remaining 17 years.

### **Background**

The development of the Manara PSP began in 2007, and the Manara PSP, which was under different ownership at the time, was granted a conditional license in 2009 for a capacity of 200 MW, or the First Conditional License. The First Conditional License expired in 2011 and thereafter the previous owner applied for a new conditional license, but before the application was approved, the Israeli Electricity Authority rendered a decision, in 2012, prohibiting cross ownership in pumped storage projects (at the time, the then-owner of Manara PSP was also a shareholder in the Gilboa PSP), thus forcing the sale of Manara PSP to a new owner.

In January 2014, we entered into an agreement with Ortam Sahar Engineering Ltd., or Ortam, an Israeli publicly traded company, pursuant to which we acquired (a) Ortam’s holdings (24.75%) in Agira Sheuva Electra, L.P., or the Partnership, an Israeli limited partnership that had been promoting the Manara PSP; and (b) Ortam’s holdings: (i) in Chashgal Elyon Ltd., or the GP, an Israeli private company, which is the general partner in the Partnership (holding 25% in the Partnership), and (ii) in the engineering, procurement and construction contractor of the aforementioned project (50%). On May 20, 2014, our indirectly wholly-owned subsidiary, Ellomay Manara (2014) Ltd., or Ellomay Manara, entered into an agreement, or the Electra Agreement, with Electra Ltd., or Electra, an Israeli publicly traded company. Pursuant to the Electra Agreement, Ellomay Manara acquired Electra’s holdings (24.75%) in the Partnership, as well as Electra’s holdings in the GP (25%).

In addition, we, Ellomay Manara and Electra agreed that: (i) on the closing date of the transactions contemplated under the Electra Agreement, Ellomay Manara shall transfer to subsidiaries of Electra all of its then holdings in the engineering, procurement and construction contractor of the aforementioned project, or the EPC, (50%), which will be acquired at closing by us from another partner in the Partnership pursuant to a conditional agreement we entered into, resulting in Electra's subsidiaries holding 100% of the EPC; and (ii) each of Electra (through its subsidiaries) and us (together with Ellomay Manara) was granted an eighteen-month put option and call option, respectively, with respect to the entire holdings in the EPC.

In addition to the aforementioned agreements, in January 2014 we entered into an agreement with Galilee Development Cooperative Ltd., an Israeli cooperative, or the Cooperative, pursuant to which, subject to the fulfillment of certain conditions, we shall acquire the Cooperative's holdings (24.75%) in the Partnership as well as its holdings in: (i) the GP (25%), and (ii) the EPC (50%).

In November 2014, Ellomay Manara consummated the acquisition of 75% of the limited partnership rights in the Partnership, as well as 75% of the holdings in the GP, from Electra, Ortam and the Cooperative. The remaining 25% of the holdings in the Partnership and in the GP are held by Sheva Mizrakot. We and Ellomay Manara did not pay any consideration upon the acquisition. On the same date, Ellomay Manara acquired Ortam's holdings (50%) in the EPC and, as set forth above, immediately transferred such holdings to a subsidiary of Electra, which, following such transfer now holds 100% of the EPC. According to the various agreements executed in connection with the Manara PSP, we and Ellomay Manara are liable, jointly and severally, to all the monetary obligations set forth in said agreements.

In February 2023, the trustees of the entity that sold the rights in the Manara PSP to us filed a petition with the Israeli court requesting the following: (1) payment of NIS 1.5 million (approximately €0.374 million based on the Euro/NIS exchange rate at that time) in connection with a claimed debt of a third party, and (2) payment of linkage and interest differences in an amount of approximately NIS 0.672 million (approximately €0.168 million based on the Euro/NIS exchange rate at that time) with respect to an amount that was already paid to the seller and to Electra, claiming that the payment was delayed due to disagreements between the seller and Electra and missing approvals. Based on the parties' agreement, a mediation process is ongoing. In light of the preliminary stage of the proceedings and based on the advice of our legal counsel, it is too early to estimate the outcome of the mediation process and the legal proceedings.

In December 2018, we executed a settlement agreement, or the A.R.Z. Settlement Agreement, with A.R.Z. Electricity Ltd., or A.R.Z. Electricity, an Israeli private company that at the time held 33.33% of Sheva Mizrakot Ltd. The A.R.Z. Settlement Agreement resolves a claim made by A.R.Z. Electricity and Mr. Raanan Aloni against us and our affiliates, in connection with the Manara PSP, and other disputes between such parties concerning the Manara PSP. In connection with the Manara PSP Project Finance and based on the A.R.Z. Settlement Agreement, A.R.Z. Electricity 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, overtook A.R.Z. Electricity'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%.

As of December 31, 2023, we paid an amount of approximately NIS 24 million (approximately €6 million) on account of the consideration upon the acquisition and will be required to pay certain parties additional amounts (including interest) in certain installments, which in the aggregate are not expected to exceed an amount of NIS 6.4 million (approximately €1.6 million).

### *Tariff Approval*

On December 31, 2020, Ellomay PS received the tariff approval for the Manara PSP from the Israeli Electricity Authority that regulates the tariffs and formulas for purchasing energy from a pumped storage manufacturer connected to the transmission network for a period of 20 years beginning on the date of receipt of the permanent production license. The tariff approval became effective following the financial closing of the Manara PSP in February 2021.

On February 11, 2021, the Manara PSP complied with the conditions precedent under the Manara PSP Conditional License following the financial closing of the Manara PSP Project Finance and the execution of the Manara PSP EPC and O&M Agreements. For more information see “Item 4.A: History and Development of Ellomay; Recent Developments.” The construction process of the Manara PSP is expected to be highly complex and includes various engineering and other challenges, includes planning and conducting of a comprehensive investigation to characterize the variety of soils and rocks at the construction sites. In accordance with the infrastructure characteristics and the seismic risks that exist on site, stability calculations need to be performed on the basis of which instructions are given for the planning and execution of the reservoirs.

### ***Pumped Storage Power Plants***

Pumped storage is a form of renewable energy based on hydropower. A pumped storage power plant is capable of generating electric energy on demand and is one of the most veteran and widely applied technologies used worldwide for energy storage. The technology has been in use for more than 100 years, providing over 100,000 MW around the world.

The technology allows storing available energy for later use. Pumped storage plants store electricity during low demand periods and release it back to the grid during peak demand periods, thereby utilizing the gap in production costs to stabilize the grid’s voltage and regulation.

The plant is a hydro-storage system comprised of upper and lower water reservoirs, connected by an underground water pressure pipe: during low demand – pumping water from the lower reservoir for energy storage, and during peak demand – releasing water from the upper reservoir for energy production. The technology utilizes excess electricity production capacity during low demand hours to increase supply during peak demand hours, thus providing available reserves to be used by the grid dispatcher during peak and low demand periods.

Pumped storage also allows optimal grid stability functionality by providing a combination of low latency, high power and high energy response (~90 sec).

### ***The need for electricity storage solutions in the Israeli electricity market***

The purpose of pumped storage systems is to stabilize the grid’s voltage and to create optimization in the management of the electricity grid. The demand for electricity, in the Israeli market as well as in other electricity markets, is influenced by many factors, including the weather, time of day and day of the week, and the rise in the standard of living in Israel.

In order to meet the growing electricity needs in Israel, and being able to provide electricity to consumers, the IEC constantly over-generates energy. The over-generation of energy is the result of using low flexibility energy sources (coal and gas). The demand curve is generally characterized by peak demand, usually in summer afternoons or winter evenings, and low demand during night times. During low demand periods, the majority of energy is produced by base-load plants at relatively cheap production costs, while at peak demand times, more expensive energy sources are added.

In recent years, the use of renewable, volatile energy sources has increased, thus increasing the grid's volatility and the need for storing energy during low-demand hours as a way to create demand when renewable energy is produced and releasing it during peak-consumer demand hours.

### ***The Manara PSP***

The Manara Cliff is in Northern Israel, just south of the city of Kiryat Shmona. According to the construction plans of the Manara PSP, the plant will deploy water reservoirs built on agricultural land. The upper water reservoir will be located near Kibbutz Manara and the lower water reservoir will be based on an existing reservoir near Kiryat Shmona belonging to a local water cooperative.

Ellomay PS entered into land lease option agreements with the site holders, in order to secure land use rights for the duration of the construction phase and the commercial operation of the Manara PSP, and a water supply agreement with the Galil Elyon Water Association, in order to secure water supply for the project for the duration of the commercial operation.

Ellomay PS also holds detailed geological and hydrological surveys, and an environmental impact assessment.

### ***Competition***

According to the current applicable regulation, the Manara PSP cannot enter into electricity sale agreements with private customers, and will therefore provide 100% of its available capacity and energy to the System Manager (Noga, formerly a business unit of IEC that was spun off from IEC according to government decision), pursuant to a power purchase agreement. The System Manager is obligated to purchase availability and energy from any power plant whose commercial operation was approved by the applicable regulation.

### ***Material Effects of Government Regulations on the Manara PSP***

The Manara PSP is subject to regulations applicable to energy producers and power plants in general, including the Electricity Market Regulations, and to pumped storage producers in particular. For more information concerning the Israeli electricity market and regulation see "The Israeli Electricity Market; Competition" and "Material Effects of Government Regulations on Dorad's Operations" under "Ellomay Luzon Energy and the Dorad Power Plant" above.

The Manara PSP was announced by the Israeli Government as a national infrastructure project. National Infrastructure Plan 41A (which updated National Infrastructure Plan 41), which establishes the planning principles for the Manara PSP.

## *Licenses*

The Manara PSP was initially granted a conditional license by the Israeli Electricity Authority for the construction of a pumped storage power plant with a capacity of 340 MW, or the Prior Conditional License. On December 4, 2017, the Israeli Electricity Authority announced the reduction of the capacity stipulated in the Prior Conditional License from 340 MW to 156 MW. The reduced capacity was based on the remaining portion of the quota for pumped storage projects in Israel as determined by the Israeli Government and implemented by the Israeli Electricity Authority, which is currently 800 MW, after deducting the capacity already allocated to two projects that were at the time in more advanced stages than the Manara PSP. On February 26, 2020, Ellomay PS retracted the Prior Conditional License issued to it, which was due to expire on February 28, 2020 because Ellomay PS did not reach financial closing by such date as was required under the milestones included in the Prior Conditional License. On the same date, Ellomay PS filed an application for a new similar conditional license for a pumped storage plant with a capacity of 156 MW.

On June 17, 2020, the Israeli Minister of Energy executed the Manara PSP Conditional License, following the retraction of the previous conditional license, which permits Ellomay PS to construct the Manara PSP. The Manara PSP Conditional License includes several conditions precedent to the entitlement of Ellomay PS to receive an electricity production license. The Manara PSP Conditional License is valid for a period of seventy-two (72) months commencing from the date of its approval by the Minister of Energy, subject to compliance by Ellomay PS with the milestones set forth therein and subject to the other provisions set forth therein (including achieving financial closing, the provision of guarantees and the construction of the pumped storage hydro power plant). As noted above, on February 11, 2021, Ellomay PS complied with the project finance milestone under the Manara PSP Conditional License. According to applicable law, the 72 months validity period may be extended for additional periods of 12 months each if required and subject to the Minister's approval at such time. Such extension may result in forfeiture of the license guarantee which value currently amounts to approximately NIS 4.1 million (approximately €1 million). The guarantee amount is linked to the USD and is reduced over time upon fulfillment of certain interim project milestones.

The licenses issued by the Israeli Electricity Authority include several milestones, which the license holder must meet in a timely manner in order to be eligible for a permanent license to produce electricity. In the event the license holder does not meet the milestones within certain timeframes set out under applicable electricity regulations, the Israeli Electricity Authority has the authority to revoke the license.

The Israeli Water Authority granted to Ellomay PS a water plant license, and approved the water rationing needed for the preliminary filling of the reservoirs prior to commencement of commercial operation, and for the continued operation of the power plant. The water plant license was granted to Ellomay PS in August 2015 and was since renewed from time to time.

## *Tariffs*

In November 2009, the Israeli Electricity Authority published the regulatory framework for pumped storage power plants, or the PS Regulatory Framework, which has since been amended a few times. The PS Regulatory Framework establishes the following principles:

- a. Purchase of availability from a licensed private producer;
- b. Payment for availability, start-ups and dynamic benefits;
- c. The plant is required to be under the full control of the system manager (currently the IEC);
- d. Capital and operational tariff for availability – including exchange rate linkage, indexes and interests;
- e. During the first twenty years of its operation, the plant shall be entitled to capital and operational tariff set out in the tariff approval; and
- f. Bonuses and fines mechanism, based on standard technical operational parameters.

On December 31, 2020, the Manara PSP received a tariff approval from the Israeli Electricity Authority that regulates the tariffs and formulas for purchasing energy from a pumped storage manufacturer connected to the transmission network for a period of 20 years beginning on the date of receipt of the permanent production license. The tariff approval became effective following the financial closing of the Manara PSP in February 2021.



## **Material Effects of Government Regulations – General**

### ***Investment Company Act of 1940***

Regulation under the Investment Company Act governs almost every aspect of a registered investment company's operations and can be very onerous. The Investment Company Act, among other things, limits an investment company's capital structure, borrowing practices and transactions between an investment company and its affiliates, and restricts the issuance of traditional options, warrants and incentive compensation arrangements, imposes requirements concerning the composition of an investment company's board of directors and requires shareholder approval of certain policy changes. In addition, contracts made in violation of the Investment Company Act are void.

An investment company organized outside of the United States is not permitted to register under the Investment Company Act without an order from the SEC permitting it to register and, prior to being permitted to register, it is not permitted to publicly offer or promote its securities in the United States.

We do not believe that our current asset structure results in our being deemed to be an "investment company." Specifically, we do not believe that our holdings in our PV Plants or our WtE plants would be considered "investment securities," as we control our PV Plants (other than the Talasol PV Plant) and our WtE plants via wholly-owned subsidiaries. In addition, despite minority holder protective rights granted to the minority shareholders of the Talasol PV Plant and the Manara PSP, including several rights which effectively require the unanimous consent of all shareholders, we believe that our interests in the Talasol PV Plant and the Manara PSP do not constitute "investment securities" given, among other things, our majority shareholder and board membership status. The current fair value of our holdings in Ellomay Luzon Energy and other relevant assets do not in our judgment exceed 40% of our aggregate assets, excluding our assets held in cash and cash equivalents. If we were deemed to be an "investment company," we would not be permitted to register under the Investment Company Act without an order from the SEC permitting us to register because we are incorporated outside of the United States and, prior to being permitted to register, we would not be permitted to publicly offer or promote our securities in the United States. Even if we were permitted to register, it would subject us to additional commitments and regulatory compliance. Investments in cash and cash equivalents or in other assets that are not deemed to be "investment securities" might not be as favorable to us as other investments we might make if we were not potentially subject to regulation under the Investment Company Act. We seek to conduct our operations, including by way of investing our cash and cash equivalents, to the extent possible, so as not to become subject to regulation under the Investment Company Act. In addition, because we are actively engaged in exploring and considering strategic investments and business opportunities, and in fact have entered the Italian and Spanish photovoltaic power plants markets through controlling investments, we do not believe that we are currently engaged in "investment company" activities or business.

### ***Shell Company Status***

Following the consummation of sale of our previous wide format printers business in 2008 and until we commenced our renewable energy business in 2010, we ceased conducting any operating activity and substantially all of our assets consisted of cash and cash equivalents. Accordingly, we may have been deemed to be a "shell company," defined by Rule 12b-2 promulgated under the Securities Exchange Act of 1934 during such period as (1) a company that has no or nominal operations; and (2) either: (i) no or nominal assets; (ii) assets consisting solely of cash and cash equivalents; or (iii) assets consisting of any amount of cash and cash equivalents and nominal other assets.

Our characterization as a former “Shell Company” subjects us to various restrictions and requirements under the U.S. Securities Laws. For example, pursuant to the provisions of Rule 144(i) promulgated under the Securities Exchange Act of 1934, shares issued by us at the time we were deemed to be a “shell company” and thereafter can only be resold pursuant to the general provisions of Rule 144 subject to the additional conditions in Rule 144(i), including that we have filed all reports and other materials required to be filed by Section 13 or 15(d) of the Exchange Act, as applicable, during the twelve month period preceding the use of Rule 144 for resale of such shares. This continuing restriction may limit our ability to, among other things, raise capital via the private placement of our shares.

### **C. Organizational Structure**

Our Spanish PV Plants are held by: (i) Rodríguez I Parque Solar, S.L., (ii) Rodríguez II Parque Solar, S.L., (iii) Seguisolar S.L., (iv) Ellomay Spain S.L. and (v) Ellomay Solar S.L.U., all wholly-owned by Ellomay Luxembourg. The Talasol PV Plant is held by Talasol Solar S.L.U, of which 51% is owned by Ellomay Luxembourg.

Our Israeli PV Plant is held by Ellomay Talmei Yosef Ltd. (formerly Sun Team Talmei Yosef Ltd.), which is wholly-owned by Ellomay Sun Team Ltd. (formerly Sun Team Ltd.), which, in turn, is wholly-owned by Ellomay Holdings Talmei Yosef Ltd. (formerly Sun Team Group Ltd.), which is wholly-owned by us. For more information concerning an agreement to sell our holdings in our Israeli PV Plant see above under “Recent Developments.”

We hold our Ellomay Luzon Energy shares through Ellomay Clean Energy Limited Partnership, an Israeli limited partnership whose general partner is Ellomay Clean Energy Ltd., a company incorporated under the laws of the State of Israel and wholly-owned by us.

Our WtE plants located in the Netherlands are held by: (i) Groen Gas Goor B.V., (ii) Groen Gas Oude–Tonge B.V. and (iii) Groen Gas Gelderland B.V., all wholly-owned by Ellomay Luxembourg.

We hold the rights in connection with the Manara PSP through our wholly-owned subsidiary, Ellomay Water Plants Holdings (2014) Ltd., which indirectly owns 75% of the rights in Ellomay PS and through our 33.333% holdings in Sheva Mizrakot, which owns 25% of Ellomay PS.

Our rights in connection with PV Plants that have finished construction in Italy are held by: (i) Ellomay Solar Italy One SRL (expected to be connected to the grid during the second quarter of 2024) and (ii) Ellomay Solar Italy Two SRL (connected to the grid during in February 2024), all wholly-owned by Ellomay Luxembourg.

Our rights in connection with PV Plants that have reached “Ready to Build” status in Italy are held by: (i) Ellomay Solar Italy Four SRL, (ii) Ellomay Solar Italy Five SRL, (iii) Ellomay Solar Italy Seven SRL, (iv) Ellomay Solar Italy Nine SRL and (v) Ellomay Solar Italy Ten SRL, all wholly-owned by Ellomay Luxembourg.

Our rights in connection with PV Plants that have reached “Ready to Build” status in the USA are held by our indirect wholly-owned subsidiaries: (i) Fairfield Solar Project, LLC, (ii) Malakoff Solar I LLC, (iii) Malakoff Solar II, LLC, (iv) Mexia Solar I, LLC, (v) Mexia Solar II, LLC and (vi) Talco Solar, LLC.

#### D. Property, Plants and Equipment

Our office space of approximately 360 square meters is located in Tel Aviv, Israel. This lease currently expires in February 2025. We sub-lease a small part of our office space to a company controlled by Mr. Shlomo Nehama, at a price per square meter based on the price that we pay under our leases. This sub-lease agreement was approved by our Board of Directors.

Our PV Plants are located in Spain and Israel. Pursuant to the building right agreements executed by the majority of our subsidiaries that hold our PV Plants, our subsidiaries own the PV Plants and received the right to maintain the PV Plants on the land on which they are located, or the Lands. The ownership of the Lands under the leasing agreements remains with the relevant owners of the Lands who are the grantors of the building rights under the respective building right agreements. The following table provides information with respect to the Lands of our operational PV Plants:

PV Plant	Size of Property	Location	Owners of the PV Plants/Lands
“Rinconada II”	81,103 m <sup>2</sup>	Municipality of Córdoba, Andalusia, Spain	PV Plant owned by Ellomay Spain S.L. Land held by owners and leased to Ellomay Spain S.L.
“Rodríguez I”	65,600 m <sup>2</sup>	Lorca Municipality, Murcia Region, Spain	PV Plant owned by Rodríguez I Parque Solar, S.L. Lease Agreement executed between the owners and Rodríguez I Parque Solar, S.L.
“Rodríguez II”	50,300 m <sup>2</sup>	Lorca Municipality, Murcia Region, Spain	PV Plant owned by Rodríguez II Parque Solar, S.L. Lease Agreement executed between the owners and Rodríguez II Parque Solar, S.L.
“Fuente Librilla”	64,000 m <sup>2</sup>	Fuente Librilla Municipality, Murcia Region, Spain	PV Plant owned by Seguisolar S.L. Lease Agreement executed between owners and Seguisolar S.L.
“Talasol”	6,040,000 m <sup>2</sup>	Talavan (Cáceres) – Extremadura Region, Spain	PV Plant owned by Talasol. Lease Agreements executed with the Talavan Municipality, which owns the land
“Talmei Yosef”	164,000 m <sup>2</sup>	Talmei Yosef, Israel	Lease Agreement executed with the entity that leased the property from the ILA.
“Ellomay Solar”	706,400 m <sup>2</sup>	Talavan (Cáceres) – Extremadura Region, Spain	PV Plant owned by Ellomay Solar S.L.U. Lease Agreement executed between owners and Ellomay Solar S.L.U.
“Ellomay Solar Two”	96,319 m <sup>2</sup>	Lazio Region, Italy	PV Plant owned by Ellomay Solar Italy Two SRL. Lease Agreement executed between owners and Ellomay Solar Italy Two SRL.

Our Italian subsidiaries that are developing and constructing PV projects executed long-term lease agreements in connection with the land on which the PV plants developed and constructed by such subsidiaries will be located. For further information concerning the lease agreements of our PV Plants and of the Italian subsidiaries, see the summaries of the lease agreements included as Exhibits 4.9, 4.10, 4.11, 4.12, 4.13, 4.14, 4.16 and 4.21 under “Item 19: Exhibits.”

The land on which our WtE plants are located is owned by the relevant project companies. The land on which the Manara PSP is being constructed is leased from various Israeli cooperatives. Manara PS also entered into a development agreement with the ILA in connection with the land. A summary of the lease agreement and development agreement is included as Exhibit 4.19 under “Item 19: Exhibits.”

Our subsidiaries in the United States that are developing and constructing PV projects executed long-term lease agreements in connection with the land on which the PV plants is or will be constructed by such subsidiaries. The lease agreements are included as Exhibits 4.22 and 4.23 under “Item 19: Exhibits.”

For more information concerning the use of the properties in connection with the PV Plants, the WtE plants and the Manara PSP, see “Item 4.A: History and Development of Ellomay” and “Item 4.B: Business Overview” above.

#### **ITEM 4A: Unresolved Staff Comments**

Not Applicable.

#### **ITEM 5: Operating and Financial Review and Prospects**

*The following discussion and analysis is based on and should be read in conjunction with our consolidated financial statements, including the related notes, and the other financial information included in this Report. 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 elsewhere in this Report. For discussion related to cash flows for the year ended December 31, 2021, refer to “Item 5. Operating and Financial Review and Prospects” in our Annual Report on Form 20-F for the year ended December 31, 2022, which was filed with the Securities and Exchange Commission on April 7, 2023.*

##### **General**

We are involved in the initiation, development, construction and production of renewable and clean energy projects in Europe, USA and Israel. We indirectly own eight PV plants that are operating and connected to their respective national grids as follows: (i) five PV plants in Spain with an aggregate installed capacity of approximately 35.9 MWp, (ii) 51% of Talasol, which owns a PV plant with an installed capacity of 300 MW in the municipality of Talaván, Cáceres, Spain, (iii) one PV plant in Israel with an installed capacity of approximately 9 MWp and (iv) Ellomay Solar Italy Two SRL, that owns a PV plant with installed capacity of 4.95 MW in the Lazio Region, Italy. In addition, we indirectly own: (i) 9.375% of Dorad, which owns an approximate 850MWp dual-fuel operated power plant in the vicinity of Ashkelon, Israel, (ii) Ellomay Solar Italy One SRL that owns a PV plant with installed capacity of 14.8 MW in the Lazio Region, Italy, which is ready for connection to the grid, (iii) Ellomay Solar Italy Four SRL (15.06 MW), Ellomay Solar Italy Five SRL (87.2 MW), Ellomay Solar Italy Seven SRL (54.77 MW), Ellomay Solar Italy Nine SRL (8 MW) and Ellomay Solar Italy Ten SRL (18 MW) that are developing PV projects in the Lazio Region, Italy that have reached “ready to build” status, (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 Nm<sup>3</sup> per year, respectively, (v) 83.333% of Ellomay Pumped Storage (2014) Ltd., which is constructing the Manara PSP, a 156 MW pumped storage hydro power plant in the Manara Cliff, (vi) Fairfield Solar Project, LLC, Malakoff Solar I LLC and Malakoff Solar II, LLC that are constructing PV projects with installed capacity of 13.44 MW, 6.96 MW and 6.96 MW, respectively, in the Dallas Metropolitan area, Texas, and (v) Mexia Solar I, LLC, Mexia Solar II, LLC and Talco Solar, LLC that are developing PV projects with installed capacity of 5.6 MW, 5.6 MW and 10.3 MW, respectively, in the Dallas Metropolitan area, Texas, and have reached “ready to build” status. We also initiate and develop additional PV projects in Italy, USA, Spain and Israel. See “Item 4.A: History and Development of Ellomay” and “Item 4.B: Business Overview” for more information.

We generate revenue from the sale of electricity produced by our renewable energy plants and from the sale of green certificates to third parties in Spain and the Netherlands (of which prices significantly increased during 2022, mainly due to supporting regulation attempting to reduce the impact of carbon emissions). During the year ended December 31, 2023, we generated revenues from our PV operations in Spain and Israel and from our WtE operations in the Netherlands. During the year ended December 31, 2023, we had several projects under construction, including PV projects in Italy and Texas, USA, and the Manara PSP in northern Israel. We mainly finance our operations and development efforts from our ongoing operations and by the issuance of corporate debt in the Israeli market, with the remainder being funded by project finance obtained on a per-project or per-portfolio basis and expect to finance our PV development efforts in the USA by raising funds from tax equity investors.

#### **Changes in the Fair Value of the Talasol PPA**

The Talasol PPA experienced a high volatility due to the substantial increase in electricity prices in Europe since the commencement of the military conflict between Russia and Ukraine. In accordance with hedge accounting standards, the changes in the Talasol PPA's fair value are recorded in our shareholders' equity through a hedging reserve and not through the accumulated deficit/retained earnings. The changes do not impact our consolidated net profit/loss or our consolidated cash flows. As we control Talasol, the total impact of the changes in fair value of the Talasol PPA (including the minority share) is consolidated into our financial statements and total equity. Alongside the increase in fair value of the liability in connection with the Talasol PPA, the increase in the electricity prices had, and is expected to continue to have for as long as the prices remain relatively high, a positive impact on Talasol's revenues from the sale of the capacity that is not subject to the Talasol PPA, resulting in an expected increase in Talasol's net income and cash flows.

#### **Potential Sale of the Talmei Yosef PV Plant**

On December 31, 2023, we executed an agreement to sell our holdings in the Talmei Yosef PV Plant. For more information, see "Item 4.A: History and Development of Ellomay; Recent Developments."

In connection with the expected sale of the Talmei Yosef PV Plant, we present the results of the Talmei Yosef PV Plant as a discontinued operation and the results for the years ended December 31, 2022 and 2021 are adjusted accordingly. The Talmei Yosef PV Plant was presented in our financial results as a financial asset, in accordance with IFRIC 12 under IFRS, and since its acquisition, we recognized relatively high profits through its ownership. Accordingly, although the consideration expected to be received for the Talmei Yosef PV Plant reflects a market value higher than the price invested by us in its acquisition, due to the accounting treatment under IFRIC 12, we recognized a net loss of approximately €1.8 million in connection with the expected sale.

### **A. Operating Results**

#### **Segments**

Our reportable segments, which form our strategic business units, are as follows: (i) PV Plants presented per plant or geographical areas (Italy, Spain, Ellomay Solar, Talasol, USA and Israel), (ii) 9.375% indirect interest in Dorad, (iii) anaerobic digestion plants (Biogas) in the Netherlands, and (iv) pumped storage hydro power plant in Manara, Israel. For more information see Note 22 to our annual financial statements included elsewhere in this Report.

## Results of Operations

### Year Ended December 31, 2023 Compared with Year Ended December 31, 2022

The results of operations included in our financial statements for the year ended December 31, 2022 only partially include the results of the Ellomay Solar PV Plant (since June 24, 2022). In addition, the results for the years ended December 31, 2023 and 2022 do not include the results of the PV Plant owned by Ellomay Solar Italy Two SRL, which was connected to the grid in February 2024. Therefore, our past results are not indicative of our results in the future.

	For the year ended December 31,	
	2023	2022*
	Unaudited	Audited
	€ in thousands (except per share data)	
Revenues	48,834	52,241
Operating expenses	(22,861)	(23,671)
Depreciation and amortization expenses	(16,012)	(15,580)
<b>Gross profit</b>	<b>9,961</b>	<b>12,990</b>
Project development costs	(4,465)	(3,784)
General and administrative expenses	(5,283)	(5,855)
Share of profits of equity accounted investee	4,320	1,206
<b>Operating profit</b>	<b>4,533</b>	<b>4,557</b>
Financing income	8,747	6,443
Financing income in connection with derivatives and warrants, net	251	605
Financing expenses in connection with projects finance	(6,077)	(6,008)
Financing expenses in connection with debentures	(3,876)	(2,130)
Interest expenses on minority shareholder loan	(2,014)	(1,529)
Other financing expenses	(588)	(857)
Financing expenses, net	(3,557)	(3,476)
<b>Profit before taxes on income</b>	<b>976</b>	<b>1,081</b>
Tax benefit (taxes on income)	1,436	(1,652)
<b>Profit (loss) from continuing operations</b>	<b>2,412</b>	<b>(571)</b>
<b>Profit (loss) from discontinued operation (net of tax)</b>	<b>(1,787)</b>	<b>711</b>
<b>Profit for the period</b>	<b>625</b>	<b>140</b>
<b>Profit (loss) attributable to:</b>		
Owners of the Company	2,219	(357)
Non-controlling interests	(1,594)	497
<b>Profit for the period</b>	<b>625</b>	<b>140</b>
<b>Other comprehensive income (loss) items that after initial recognition in comprehensive income (loss) were or will be transferred to profit or loss:</b>		
Foreign currency translation differences for foreign operations	(7,949)	(7,829)
Effective portion of change in fair value of cash flow hedges	39,431	(65,542)**
Net change in fair value of cash flow hedges transferred to profit or loss	9,794	38,080**
<b>Total other comprehensive income (loss)</b>	<b>41,276</b>	<b>(35,291)</b>
<b>Total other comprehensive income (loss) attributable to:</b>		
Owners of the Company	16,931	(19,920)
Non-controlling interests	24,345	(15,371)
<b>Total other comprehensive income (loss)</b>	<b>41,276</b>	<b>(35,291)</b>
<b>Total comprehensive income (loss) for the year</b>	<b>41,901</b>	<b>(35,151)</b>
<b>Total comprehensive income (loss) for the year attributable to:</b>		
Owners of the Company	19,150	(20,277)
Non-controlling interests	22,751	(14,874)
<b>Total comprehensive income (loss) for the year</b>	<b>41,901</b>	<b>(35,151)</b>
<b>Basic net earning (loss) per share</b>	<b>0.17</b>	<b>(0.03)</b>
<b>Diluted net earning (loss) per share</b>	<b>0.17</b>	<b>(0.03)</b>
<b>Basic profit (loss) per share from continuing operations</b>	<b>0.31</b>	<b>(0.08)</b>
<b>Diluted profit (loss) per share from continuing operations</b>	<b>0.31</b>	<b>(0.08)</b>
<b>Basic profit (loss) per share from discontinued operation</b>	<b>(0.14)</b>	<b>0.05</b>
<b>Diluted profit (loss) per share from discontinued operation</b>	<b>(0.14)</b>	<b>0.05</b>

\* The results of the Talmei Yosef PV Plant have been reclassified as a discontinued operation and the results for the year ended December 31, 2022 have been adjusted accordingly.

\*\* Reclassified.

## Revenues

Revenues were approximately €48.8 million for the year ended December 31, 2023, down by 7% compared to approximately €52.2 million for the year ended December 31, 2022. This decrease mainly results from the decrease in electricity prices in Spain and from a curtailment of the electricity supply from our plants to the grid during June 2023 due to maintenance and upgrade work on the main transmission line between Spain and Portugal, which caused a decrease in revenues of approximately €1 million. We subsequently implemented a solution aimed at minimizing the impact of future similar curtailments. The decrease in revenues was partially offset by an increase in revenues from our biogas plants in the Netherlands, resulting mainly from increased production and an increase in the 2023 gas price, and from the connection to the grid of Ellomay Solar on June 24, 2022, upon which we commenced recognition of revenues.

### Revenues by Segments

(Euro in thousands)	Year ended December 31,		2023 vs. 2022 Change	
	2023	2022	€	%
Spanish PV segment	2,791	3,264	(473)	(14.49)
Ellomay Solar PV segment	4,051	3,597	454	12.62
Talasol PV Segment	24,971	32,740	(7,769)	(23.73)
Netherlands biogas segment	17,021	12,640	4,381	34.66

*Spanish PV Segment.* Revenues from our Spanish PV segment were approximately €2.8 million for the year ended December 31, 2023, compared to approximately €3.3 million for the year ended December 31, 2022. The decrease mainly resulted from the substantial decrease in electricity prices in Spain.

*Ellomay Solar PV Segment.* Revenues from our Ellomay Solar PV segment were approximately €4.1 million for the year ended December 31, 2023, compared to approximately €3.6 million for the year ended December 31, 2022. The increase resulted from the connection to the Spanish grid of the Ellomay Solar PV Plant on June 24, 2022, upon which we commenced recognition of revenues, partially offset by the substantial decrease in electricity prices in Spain.

*Talasol PV Segment.* Revenues from our Talasol PV segment were approximately €25 million for the year ended December 31, 2023, compared to approximately €32.7 million for the year ended December 31, 2022. The decrease mainly resulted from the substantial decrease in electricity prices in Spain.

Both the Talasol PV segment and the Ellomay Solar PV segment suffered from a curtailment of the electricity supply from their facilities to the grid during June 2023 due to maintenance and upgrade work on the main transmission line between Spain and Portugal, which caused a decrease in revenues of approximately €1 million. We subsequently implemented a solution aimed at minimizing the impact of future similar curtailments due to maintenance and upgrades to the national grid.

*Netherlands Biogas Segment.* Revenues from our Netherlands biogas segment were approximately €17 million for the year ended December 31, 2023, compared to approximately €12.6 million for the year ended December 31, 2022. The increase in revenues is mainly due to increased production and an increase in the 2023 gas price.

## Operating Expenses and Depreciation and Amortization Expenses

Operating expenses were approximately €22.9 million for the year ended December 31, 2023, compared to approximately €23.7 million for the year ended December 31, 2022. This decrease mainly results from a decrease in payments under the Spanish RDL 17/2022, caused by a reduction in the electricity market price. RDL 17/2022 established the reduction of returns on the electricity generating activity of Spanish production facilities that do not emit greenhouse gases, accomplished through payments of a portion of the revenues by the production facilities to the Spanish government. As a result of the decrease in the electricity market price in Spain during the year ended December 31, 2023, the payments under RDL 17/2022 were lower compared to the year ended December 31, 2022. This decrease in operating expenses was partially offset by increased operating expenses in connection with our biogas operations in the Netherlands caused by higher production and the use of higher quality raw materials, and from the connection to the grid of Ellomay Solar PV Plant during June 2022, upon which we commenced recognition of expenses.

Depreciation and amortization expenses were approximately €16 million for the year ended December 31, 2023, compared to approximately €15.6 million for the year ended December 31, 2022. The increase in depreciation and amortization expenses is mainly attributable to the commencement of recognition of results of the Ellomay Solar PV Plant upon its connection to the Spanish grid in June 2022.

### Operating Expenses by Segments

(Euro in thousands)	Year ended December 31,		2023 vs. 2022 Change	
	2023	2022	€	%
Spanish PV segment	517	322	195	60.56
Ellomay Solar segment	1,825	1,399	426	30.45
Talasol segment	5,786	8,764	(2,978)	(33.98)
Netherlands biogas segment	14,733	13,186	1,547	11.73

*Spanish PV Segment.* Operating expenses in connection with our Spanish PV segment were approximately €0.5 million for the year ended December 31, 2023, compared to approximately €0.3 million for the year ended December 31, 2022. The increase resulted from indemnification received from the insurance company in 2022 for repair works carried out at the Rinconada II PV Plant in 2021 due to damage caused by theft.

*Ellomay Solar PV Segment.* Operating expenses in connection with the Ellomay Solar PV segment were approximately €1.8 million for the year ended December 31, 2023, compared to approximately €1.4 million for the year ended December 31, 2022. The increase resulted from the connection to the Spanish grid of the Ellomay Solar PV Plant in June 2022, upon which we commenced recognition of revenues and operating expenses. The operating expenses of Ellomay Solar were also impacted by the reduction in payments under RDL 17/2021 as explained under “Operating Expenses and Depreciation and Amortization Expenses” above.



*Talasol PV Segment.* Operating expenses in connection with the Talasol PV segment were approximately €5.8 million for the year ended December 31, 2023, compared to €8.8 million for the year ended December 31, 2022. The decrease resulted mainly from the reduction in payments under RDL 17/2021 as explained above.

*Netherlands Biogas Segment.* Operating expenses in connection with our Netherlands biogas segment were approximately €14.7 million for the year ended December 31, 2023, compared to approximately €13.2 million for the year ended December 31, 2022. The increase is mainly attributable to higher production and to the use of higher quality raw materials.

#### **Project Development Costs**

Project development costs were approximately €4.5 million for the year ended December 31, 2023, compared to approximately €3.8 million for the year ended December 31, 2022. The increase in project development costs is mainly due to development expenses in connection with PV projects in the USA, Italy and Israel.

#### **General and Administrative Expenses**

General and administrative expenses were approximately €5.3 million for the year ended December 31, 2023, compared to approximately €5.9 million for the year ended December 31, 2022. The decrease in general and administrative expenses is mostly due to a decrease in D&O liability insurance costs and to bonuses paid to employees in 2022.

#### **Share of Profits of Equity Accounted Investee**

Our share of profits of equity accounted investee, after elimination of intercompany transactions, was approximately €4.3 million in the year ended December 31, 2023, compared to approximately €1.2 million in the year ended December 31, 2022. The increase in our share of profit of equity accounted investee was mainly due to the increase in revenues of Dorad due to higher quantities produced and a higher electricity tariff, partially offset by an increase in operating expenses in connection with the increased production and a higher tariff.

#### **Financing Income / Expenses**

	<b>For the year ended December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>€ in thousands</b>	
Interest income	2,015	402
Change in fair value of derivatives, net	251	605
Debentures interest and related expenses	(3,876)	(2,130)
Interest and commissions related to projects finance	(5,825)	(5,852)
Amortization of capitalized expenses related to projects finance	(252)	(246)
Interest on minority shareholder loan	(2,014)	(1,529)
Bank charges and other commissions	(247)	(471)
Interest on lease liability	(341)	(296)
Gain from exchange rate differences, net	6,732	6,041
<b>Total financing expenses, net</b>	<b>(3,557)</b>	<b>(3,476)</b>

Financing expenses, net were approximately €3.6 million for the year ended December 31, 2023, compared to financing expenses, net of approximately €3.5 million for the year ended December 31, 2022. The increase in financing expenses, net, was mainly due to the following:

- higher interest expenses on loans provided by the minority (49%) holders in Talasol and higher interest expenses in connection with debentures amounting to an aggregate amount of approximately €5.9 million in the year ended December 31, 2023, compared to approximately €3.7 million for the year ended December 31, 2022. The increase in interest expenses mainly resulted from the issuance of our Series E Debentures in February 2023 and from higher interest rates applied to variable interest rate bearing loans; partially offset by
- higher interest income due to increased interest rates amounting to approximately €2 million in the year ended December 31, 2023, compared to an amount of approximately €0.4 million for the year ended December 31, 2022; and
- higher income resulting from exchange rate differences amounting to approximately €6.7 million in the year ended December 31, 2023, mainly in connection with NIS cash and cash equivalents and our NIS denominated debentures, compared to approximately €6 million for the year ended December 31, 2022, caused by the 6.9% devaluation of the NIS against the euro during the year ended December 31, 2023, compared to 6.6% during the year ended December 31, 2022.

#### **Taxes on Income / Tax Benefit**

Tax benefit was approximately €1.4 million in the year ended December 31, 2023, compared to taxes on income of approximately €1.7 million in the year ended December 31, 2022. The change in tax is mainly due to the substantial decrease in electricity prices in Spain, resulting in lower taxable income of our Spanish subsidiaries.

#### **Profit / Loss from Continuing Operations**

Profit from continuing operations was approximately €2.4 million in the year ended December 31, 2023, compared to a loss from continuing operations of approximately €0.6 million in the year ended December 31, 2022.

#### **Profit / Loss from Discontinued Operation**

Loss from discontinued operation (net of tax) due to the expected sale of the Talmei Yosef PV Plant was approximately €1.8 million in the year ended December 31, 2023, compared to a profit from discontinued operation of approximately €0.7 million in the year ended December 31, 2022.

## Net Profit

Net profit was approximately €0.6 million in the year ended December 31, 2023, compared to net profit of approximately €0.1 million for the year ended December 31, 2022.

## Total Other Comprehensive Income / Loss

Total other comprehensive income was approximately €41.3 million for the year ended December 31, 2023, compared to total other comprehensive loss of approximately €35.3 million in the year ended December 31, 2022. The change mainly resulted from changes in fair value of cash flow hedges, including a material increase in the fair value of the Talasol PPA that covers approximately 80% of the output of the Talasol PV Plant compared to the same period last year. The Talasol PPA experienced a high volatility due to the significant changes in electricity prices in Europe that included a substantial increase in prices during 2021 and 2022 and a substantial decrease in prices during 2023. As we control Talasol, the total impact of the changes in fair value of the Talasol PPA (including the minority share) is consolidated into our financial statements and total equity. In accordance with hedge accounting standards, the changes in the Talasol PPA's fair value are recorded in our shareholders' equity through a hedging reserve and not through the accumulated deficit/retained earnings. The changes do not impact our consolidated net profit/loss or our consolidated cash flows.

## Total Comprehensive Income / Loss

Total comprehensive income was approximately €41.9 million in the year ended December 31, 2023, compared to total comprehensive loss of approximately €35.2 million in the year ended December 31, 2022.

## EBITDA

EBITDA was approximately €18.8 million for the year ended December 31, 2023, compared to approximately €20.8 million in the year ended December 31, 2022.

EBITDA is a non-IFRS measure and is defined as earnings before financial expenses, net, taxes, depreciation and amortization. We present this measure to enhance the understanding of our historical financial performance and to enable comparability between periods. While we consider EBITDA to be an important measure of comparative operating performance, EBITDA 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. EBITDA does not take into account our commitments, including capital expenditures and restricted cash and, accordingly, is not necessarily indicative of amounts that may be available for discretionary uses. Not all companies calculate EBITDA in the same manner, and the measure as presented may not be comparable to similarly-titled measures presented by other companies. Our EBITDA may not be indicative of our historic operating results; nor is it meant to be predictive of potential future results.

## Reconciliation of Profit to EBITDA

	Year ended December 31,	
	2023	2022
	(Euro in thousands)	
Profit for the year	625	140
Financing expenses, net	3,557	3,476*
Taxes on income (tax benefit)	(1,436)	1,652*
Depreciation and amortization expenses	16,012	15,580*
EBITDA	18,758	20,848

\* The results of the Talmei Yosef PV Plant have been reclassified as a discontinued operation and the results for this period have been adjusted accordingly.

**Year Ended December 31, 2022 Compared with Year Ended December 31, 2021**

As noted above, the results of operations included in our financial statements for the years ended December 31, 2022 and 2021 have been adjusted to reflect the expected sale of the Talmei Yosef PV Plant and the presentation of related results as a discontinued operation. In addition, the results of operations included in our financial statements for the year ended December 31, 2021 do not include the results of the Ellomay Solar PV Plant and the results of operations included in our financial statements for the year ended December 31, 2022 only partially include the results of the Ellomay Solar PV Plant (since June 24, 2022). Therefore, our results for these years are not indicative of our results in the future.

	For the year ended December 31,	
	2022*	2021*
	€ in thousands (except per share data)	
Revenues	52,241	44,705
Operating expenses	(23,671)	(17,223)
Depreciation and amortization expenses	(15,580)	(14,641)
<b>Gross profit</b>	12,990	12,841
Project development costs	(3,784)	(2,508)
General and administrative expenses	(5,855)	(5,624)
Share of profits of equity accounted investee	1,206	117
<b>Operating profit (loss)</b>	4,557	4,826
Financing income	6,443	673
Financing income (expenses) in connection with derivatives, net	605	(841)
Financing expenses	(10,524)	(27,593)
Financing expenses, net	(3,476)	(27,761)
<b>Profit (loss) before taxes on income</b>	1,081	(22,935)
Tax benefit (taxes on income)	(1,652)	2,536
<b>Loss from continuing operation</b>	(571)	(20,399)
<b>Profit from discontinued operation (net of tax)</b>	711	759
<b>Profit (loss) for the year</b>	140	(19,640)
<b>Profit (loss) attributable to:</b>		
Owners of the Company	(357)	(15,090)
Non-controlling interests	497	(4,550)
<b>Profit (loss) for the year</b>	140	(19,640)
<b>Other comprehensive income (loss) items that after initial recognition in comprehensive income (loss) were or will be transferred to profit or loss:</b>		
Foreign currency translation differences for foreign operations	(7,829)	12,284
Effective portion of change in fair value of cash flow hedges	(65,542)**	(35,097)**
Net change in fair value of cash flow hedges transferred to profit or loss	38,080**	18,315**
Total other comprehensive loss	(35,291)	(4,498)
<b>Total other comprehensive income (loss) attributable to:</b>		
Owners of the Company	(19,920)	3,124
Non-controlling interests	(15,371)	(7,622)
<b>Total other comprehensive loss</b>	(35,291)	(4,498)
<b>Total comprehensive loss for the year</b>	(35,151)	(24,138)
<b>Total comprehensive loss for the year attributable to:</b>		
Owners of the Company	(20,277)	(11,966)
Non-controlling interests	(14,874)	(12,172)
<b>Total comprehensive loss for the year</b>	(35,151)	(24,138)
<b>Loss per share</b>		
<b>Basic loss per share</b>	(0.03)	(1.18)
<b>Diluted loss per share</b>	(0.03)	(1.18)
<b>Basic loss per share from continuing operation</b>	(0.08)	(1.24)
<b>Diluted loss per share from continuing operation</b>	(0.08)	(1.24)
<b>Basic profit per share from discontinued operation</b>	0.05	0.06
<b>Diluted profit per share from discontinued operation</b>	0.05	0.06

\* The results of the Talmei Yosef PV Plant have been reclassified as a discontinued operation and the results for the years ended December 31, 2022 and 2021 have been adjusted accordingly.

\*\* Reclassified.

## Revenues

Revenues were approximately €52.2 million for the year ended December 31, 2022, up 16.8% compared to approximately €44.7 million for the year ended December 31, 2021. This increase mainly results from the substantial increase in electricity prices in Spain and the connection to the grid of the Ellomay Solar PV Plant during June 2022, upon which the Company commenced recognition of revenues.

### Revenues by Segments

(Euro in thousands)	Year ended December 31,		2022 vs. 2021 Change	
	2022	2021	€	%
Spanish PV segment	3,264	2,587	677	26.17
Ellomay Solar PV segment	3,597	-	3,597	100
Talasol PV Segment	32,740	29,432	3,308	11.24
Netherlands biogas segment	12,640	12,686	(46)	(0.36)

*Spanish PV Segment.* Revenues from our Spanish PV segment were approximately €3.3 million for the year ended December 31, 2022, compared to approximately €2.6 million for the year ended December 31, 2021. The increase mainly resulted from the substantial increase in electricity prices in Spain.

*Ellomay Solar PV Segment.* Revenues from our Ellomay Solar PV segment were approximately €3.6 million for the year ended December 31, 2022, compared to €0 for the year ended December 31, 2021. The increase resulted from the connection to the Spanish grid of the Ellomay Solar PV Plant in June 2022, upon which we commenced recognition of revenues.

*Talasol PV Segment.* Revenues from our Talasol PV segment were approximately €32.7 million for the year ended December 31, 2022, compared to approximately €29.4 million for the year ended December 31, 2021. The increase mainly resulted from the substantial increase in electricity prices in Spain.

*Netherlands Biogas Segment.* Revenues from our Netherlands biogas segment were approximately €12.6 million for the year ended December 31, 2022, slightly decreased compared to approximately €12.7 million for the year ended December 31, 2021.

### Operating Expenses and Depreciation and Amortization Expenses

Operating expenses were approximately €23.7 million for the year ended December 31, 2022, compared to approximately €17.2 million for the year ended December 31, 2021. The increase in operating expenses mainly results from the implementation of the Spanish RDL 17/2021 that established the reduction, commencing September 16, 2021 and currently in effect until December 31, 2023, that establishes the reduction of returns on the electricity generating activity of Spanish production facilities that do not emit greenhouse gases accomplished through payments of a portion of the revenues by the production facilities to the Spanish government. The increase in operating expenses also results from our biogas operations in the Netherlands that were impacted by the military conflict between Russia and Ukraine causing shortages in certain raw materials and an increase in delivery prices, and from the connection to the grid of the Ellomay Solar PV Plant during June 2022, upon which we commenced recognition of expenses.

Depreciation and amortization expenses were approximately €15.6 million for the year ended December 31, 2022, compared to approximately €14.6 million for the year ended December 31, 2021. The increase in depreciation and amortization expenses is mainly attributable to the commencement of recognition of results of the Ellomay Solar PV Plant upon its connection to the Spanish grid in June 2022.

### Operating Expenses by Segments

(Euro in thousands)	Year ended December 31,		2022 vs. 2021 Change	
	2022	2021	€	%
Spanish PV segment	322	472	(150)	(31.78)
Ellomay Solar segment	1,399	-	1,399	100
Talasol segment	8,764	6,305	2,459	39
Netherlands biogas segment	13,186	10,446	2,740	26.2

*Spanish PV Segment.* Operating expenses in connection with our Spanish PV segment were approximately €0.3 million for the year ended December 31, 2022, compared to approximately €0.5 million for the year ended December 31, 2021. The decrease resulted from indemnification received from the insurance company in 2022 for repair works carried out at the Rinconada II PV Plant due to damage caused by theft in 2021.

*Ellomay Solar PV Segment.* Operating expenses in connection with the Ellomay Solar PV segment were approximately €1.4 million for the year ended December 31, 2022, compared to 0 for the year ended December 31, 2021. The increase resulted from the connection to the Spanish grid of the Ellomay Solar PV Plant in June 2022, upon which we commenced recognition of revenues and operating expenses. The operating expenses of Ellomay Solar were also impacted by RDL 17/2021 as explained under “Operating Expenses and Depreciation and Amortization Expenses” above.

*Talasol PV Segment.* Operating expenses in connection with the Talasol PV segment were approximately €8.8 million for the year ended December 31, 2022, compared to €6.3 million for the year ended December 31, 2021. The increase resulted mainly from RDL 17/2021 as explained above.

*Netherlands Biogas Segment.* Operating expenses in connection with our Netherlands biogas segment were approximately €13.2 million for the year ended December 31, 2022, compared to approximately €10.4 million for the year ended December 31, 2021. The increase is mainly attributable to the military conflict between Russia and Ukraine causing shortages in certain raw materials and an increase in delivery price.

### Project Development Costs

Project development costs were approximately €3.8 million for the year ended December 31, 2022, compared to approximately €2.5 million for the year ended December 31, 2021. The increase in project development costs is mainly due to development expenses in connection with PV projects in Italy and Israel.

### General and Administrative Expenses

General and administrative expenses were approximately €5.9 million for the year ended December 31, 2022, compared to approximately €5.6 million for the year ended December 31, 2021. The increase is mostly due to an increase in the management fee paid pursuant to the new Management Services Agreement effective July 1, 2021, and an increase in salaries paid to employees.

### Share of Profits of Equity Accounted Investee

Our share of profits of equity accounted investee, after elimination of intercompany transactions, was approximately €1.2 million in the year ended December 31, 2022, compared to approximately €0.12 million in the year ended December 31, 2021. The increase in our share of profit of equity accounted investee was mainly due to the increase in revenues of Dorad due to higher quantities produced and a higher electricity tariff, partially offset by an increase in operating expenses in connection with the increased production and higher tariff.

## Financing Expenses

	For the year ended	
	December 31	
	2022	2021
	€ in thousands	
Interest income	402	266
Profit from settlement of derivatives contract	-	407
Change in fair value of derivatives, net	605	(841)
Debentures interest and related expenses	(2,130)	(3,220)
Interest and commissions related to projects finance	(5,852)	(4,313)
Amortization of capitalized expenses related to projects finance	(246)	(12,180)
Interest on minority shareholder loan	(1,529)	(2,055)
Bank charges and other commissions	(471)	(137)
Interest on lease liability	(296)	(294)
Gain (loss) from exchange rate differences, net	6,041	(5,394)
<b>Total financing expenses, net</b>	<b>(3,476)</b>	<b>(27,761)</b>

Financing expenses, net were approximately €3.5 million for the year ended December 31, 2022, compared to financing expenses, net of approximately €27.8 million for the year ended December 31, 2021. The decrease in financing expenses, net, was mainly due to the following:

- Income resulting from exchange rate differences amounting to approximately €6 million in the year ended December 31, 2022, mainly in connection with NIS cash and cash equivalents and our NIS denominated debentures, compared to expenses in the amount of approximately €5.4 million for the year ended December 31, 2021, caused by the 6.6% appreciation of the NIS against the euro during the year ended December 31, 2022, compared to the 10.8% devaluation of the NIS against the euro during the year ended December 31, 2021;
- An amount of approximately €15.5 million recorded as of December 31, 2021 in connection with the expected prepayment of Talasol's previous financing. Such expenses include approximately €3.3 million recorded in connection with the termination of an interest rate swap contract and €12.2 million in connection with the amortization of the outstanding balance of expenses that were capitalized to Talasol's previous financing; and
- Approximately €0.8 million of expenses in connection with the early repayment of our Series B Debentures, which were included in the financing expenses for the year ended December 31, 2021.

## Taxes on Income / Tax Benefit

Taxes on income were approximately €1.6 million in the year ended December 31, 2022, compared to a tax benefit of approximately €2.5 million in the year ended December 31, 2021. The increase in taxes on income was mainly due to the substantial increase in electricity prices in Spain, resulting in higher taxable income of our Spanish subsidiaries.

### **Loss from Continuing Operations**

Loss from continuing operations was approximately €0.6 million in the year ended December 31, 2022, compared to approximately €20.4 million for the year ended December 31, 2021.

### **Profit from Discontinued Operations**

Profit from discontinued operation (net of tax) was approximately €0.7 million in the year ended December 31, 2022, compared to approximately €0.8 million for the year ended December 31, 2021.

### **Net Profit / Loss**

Net profit was approximately €0.1 million in the year ended December 31, 2022, compared to net loss of approximately €19.6 million for the year ended December 31, 2021.

### **Total Other Comprehensive Loss**

Total other comprehensive loss was approximately €35.3 million for the year ended December 31, 2022, compared to total other comprehensive loss of approximately €4.5 million in the year ended December 31, 2021. The increase in total other comprehensive loss mainly resulted from foreign currency translation differences on NIS denominated operations, as a result of fluctuations in the euro/NIS exchange rates and from changes in fair value of cash flow hedges, including a material increase in the fair value of the liability resulting from the Talasol PPA. The Talasol PPA experienced a high volatility due to the substantial increase in electricity prices in Europe since the commencement of the military conflict between Russia and Ukraine. In accordance with hedge accounting standards, the changes in the Talasol PPA's fair value are recorded in the Company's shareholders' equity through a hedging reserve and not through the accumulated deficit/retained earnings. The changes do not impact the Company's consolidated net profit/loss or the Company's consolidated cash flows. As the Company controls Talasol, the total impact of the changes in fair value of the Talasol PPA (including the minority share) is consolidated into the Company's financial statements and total equity. Alongside the increase in fair value of the liability in connection with the Talasol PPA, the increase in the electricity prices had, and is expected to continue to have for as long as the prices remain relatively high, a positive impact on Talasol's revenues from the sale of the capacity that is not subject to the Talasol PPA, resulting in an expected increase in Talasol's net income and cash flows.

### **Total Comprehensive Loss**

Total comprehensive loss was approximately €35.2 million in the year ended December 31, 2022, compared to total comprehensive loss of approximately €24.1 million in the year ended December 31, 2021.

### **EBITDA**

EBITDA was approximately €20.8 million for the year ended December 31, 2022, compared to approximately €20.2 million in the year ended December 31, 2021. For an explanation concerning the use of non-IFRS financial measures see above under "EBITDA" in the comparison between the years ended December 31, 2023 and December 31, 2022.



### Reconciliation of Loss to EBITDA

	Year ended December 31,	
	2022	2021
	(Euro in thousands)	
Profit (loss) for the year	140	(19,640)
Financing expenses, net	3,476	27,761
Taxes on income (tax benefit)	1,652	(2,536)
Depreciation and amortization expenses	15,580	14,641
EBITDA	20,848	20,226

### Impact of Fluctuation of Currencies

We hold cash and cash equivalents, marketable securities and restricted cash in various currencies, mainly in euro and NIS. Our investments in our European operations (i.e., in our Spanish PV Plants, our WtE plants, the Talasol PV Plant and our PV projects under development and construction in Italy) are denominated in euro, our investments in our Israeli operations (i.e., Ellomay Luzon Energy, the Talmei Yosef PV Plant, the Manara PSP and PV projects under development) are denominated in NIS and our investments in our PV projects in Texas, USA, are denominated in USD. Our financing is denominated in NIS (i.e., principal and interest payments on our Debentures and the financing of the Talmei Yosef PV Plant and the Manara PSP) and in euro (i.e., financing in connection with our Spanish PV Plants and the project finance and loans provided by the minority (49%) holders of Talasol). We therefore are affected by changes in the prevailing euro/NIS exchange rates and euro/USD exchange rates.

The table below sets forth the annual rates of appreciation (or devaluation) of the NIS against the euro.

	Year ended December 31,		
	2023	2022	2021
Devaluation (Appreciation) of the NIS against the euro	6.9%	6.6%	(10.8)%

The representative NIS/euro exchange rate was NIS 3.520 for one euro on December 31, 2021, NIS 3.753 for one euro on December 31, 2022 and NIS 4.012 for one euro on December 31, 2023. The average exchange rates for converting the NIS to euro during the years ended December 31, 2021, 2022 and 2023 were 3.820, 3.536 and 3.99 for one euro, respectively. The representative exchange rate as of March 31, 2024 was NIS 3.98 for one euro.

Our management determined that our functional currency is the euro and elected the euro as our reporting currency, effective December 31, 2017.

Items included in the financial statements of each of our subsidiaries and investees are measured using their functional currency. When a company's functional currency differs from its parent's functional currency that entity represents a foreign operation whose financial statements are translated so that they can be included in the consolidated financial statements as follows: (i) the assets and liabilities of foreign operations, including adjustments arising on acquisition, are translated at exchange rates at the reporting date, (ii) the income and expenses for each period presented in the statement of profit or loss and other comprehensive income (loss) are translated at average exchange rates for the presented periods; however, if exchange rates fluctuate significantly, income and expenses are translated at the exchange rates at the date of the transactions and (iii) foreign currency differences are recognized in equity as a separate component of other comprehensive income (loss) under "foreign currency translation adjustments."

For information concerning hedging transactions entered, see “Item 11: Quantitative and Qualitative Disclosures About Market Risk.”

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

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

Our PV Plants and other energy manufacturing plants are subject to comprehensive regulation and we sell the electricity and energy produced for rates determined by governmental legislation and to local governmental entities. Any change in the legislation that affects plants such as our plants could materially adversely affect our results of operations. An economic crisis in Europe and specifically in Spain, the Netherlands and Italy, whether related to a military conflict or otherwise, or financial distress of the IEC or Noga in Israel, could cause the applicable legislator to reduce benefits provided to operators of PV plants or other privately-owned energy manufacturing plants or to revise the incentive or regulatory regimes that currently governs the sale of electricity in Spain, the Netherlands, Israel and Italy. For more information see “Item 3.D: Risk Factors - Risks Related to our Renewable Energy Operations,” “Item 3.D: Risk Factors - Risks Related to our Investment in Ellomay Luzon Energy,” “Item 3.D: Risk Factors - Risks Related to our Other Operations,” “Item 4.B: Material Effects of Government Regulations on the PV Plants,” “Item 4.B: Material Effects of Government Regulations on Dorad’s Operations,” “Item 4.B: The Netherlands Waste-to-Energy Market and Regulation” and “Item 4.B: Material Effects of Government Regulations on The Manara PSP.”

***Effective Israeli Corporate Tax Rate***

Israeli companies are generally subject to company tax on their taxable income. The Israeli corporate tax has been 23% as from January 2018.

As of December 31, 2023, Ellomay Capital Ltd. had tax loss carry-forwards in the amount of approximately €1.4 million. Under current Israeli tax laws, tax loss carry-forwards do not expire and may be offset against future taxable income. The amount of tax loss carry-forwards is subject to tax inspections and final assessments of settlements with the tax authorities.

**B. Liquidity and Capital Resources**

***General***

As of March 31, 2024, we held approximately €84.4 million in cash and cash equivalents and deposits and approximately €18.1 million in restricted short-term and long-term cash.

Although we now hold the aforementioned funds, we may need additional funds if we seek to acquire certain new businesses and operations and if we seek to implement our project development plans, including the plans and projects under development as set forth in “Item 4.B: Business Overview,” 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 have ultimately improved 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 several of our PV Plants and the Manara PSP and raised funds via issuances of securities (debt and equity) in private and public offerings in Israel (all as more fully described below).

We will require additional funds in order to advance the projects that are currently under development or that will be developed in the future.

On February 11, 2021, the Manara PSP reached financial closing. On February 23, 2021, we completed public offerings in Israel of additional Series C Debentures and of the newly-issued Series D Convertible Debentures, convertible into our ordinary shares. In addition, during January and February 2021, Israeli institutional investors exercised warrants previously issued to them in a private placement. On March 18, 2021, we performed an early repayment, in full, of our Series B Debentures.

On October 25, 2021, we issued additional Series C Debentures in a private offering in Israel to Israeli classified investors in an aggregate principal amount of NIS 120 million (approximately €32.1million) for an aggregate gross consideration of approximately NIS 121.6 million (approximately €32.5 million).

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

On February 1, 2023, we issued NIS 220 million par value principal of our Series E Secured Debentures.

On January 16, 2024, we issued units consisting of an aggregate principal amount of NIS 170 million of our newly issued Series F Debentures and Series 2 Options to purchase an aggregate of 1,020,000 ordinary shares at a price per share of NIS 80 (subject to customary adjustments). For more information see “Item 4.A: History and Development of Ellomay” under “Recent Developments.”

For more information see “Item 4.B: Business Overview,” “Item 10.C: Material Contracts” and Notes 6 and 11 to our annual financial statements included elsewhere in this Report.

As of December 31, 2023, our working capital was approximately €5.2 million, compared to a working capital deficiency of approximately €26.5 million as of December 31, 2022. We believe that based on our current operating forecast, the combination of existing working capital and expected cash flows from operations will be sufficient to finance our ongoing operations for the next twelve months.

We currently invest our excess cash in cash and cash equivalents that are highly liquid and in short-term deposits.

As of December 31, 2023, we had approximately €51.1 million of cash and cash equivalents, compared with approximately €46.5 million of cash and cash equivalents at December 31, 2022 and approximately €41.2 million of cash and cash equivalents at December 31, 2021. The increase in cash during the year ended December 31, 2023 was mainly due to proceeds from the issuance of our Series E Debentures partially offset by our investments in the development and construction of renewable energy facilities.

### ***Project Finance***

We are currently party to project finance agreements in connection with our Spanish and Israeli PV Plants (other than the Ellomay Solar PV Plant), our WtE plants and the Manara PSP. We may in the future enter into additional project finance agreements with respect to one or more of our other current or future plants. The following is a brief description of the project finance agreements that existed during the year ended December 31, 2023.

#### *PV Project Finance*

##### *Talasol PV Plant Finance*

On April 30, 2019, the Talasol PV Plant reached financial closing. This financing included several facilities in the aggregate amount of approximately €158.5 million.

In December 2021, Talasol entered into a project finance arrangement in the aggregate amount of €175 million, or the Talasol Financing. The Talasol Financing achieved financial closing in January 2022 and amounts withdrawn were partially used to repay Talasol’s previous financing.

The Talasol Financing is based on a Facilities Agreement in the aggregate amount of €175 million provided by European institutional lenders, or the Talasol Financing. The Talasol Financing provides for the provision of a term loan facility in two tranches: (i) a term loan in the amount of €155 million of which the final maturity date is June 30, 2044, and (ii) a term loan in the amount of €20 million of which the final maturity date is December 31, 2042. The weighted average life of the Talasol Financing is approximately 11.5 years, compared to an original weighted average life of 5.5 years of the Talasol Previous Financing. The Talasol Financing bears a fixed annual interest rate at a weighted average of approximately 3%, compared to a variable interest rate that was fixed at an average of approximately 3% by an interest rate swap contract in Talasol's previous financing.

The uses of the Talasol Financing amount were as follows: (1) prepayment of the outstanding €121 million amount of Talasol's previous financing; (2) deposit of €6.9 million in Talasol's bank account as a debt service fund; (3) deposit of €10 million in Talasol's bank account as security for a letter of credit to the PPA provider, or the Talasol PPA Security Fund, (4) unwinding the interest rate SWAP entered into in connection with Talasol's previous financing in an amount of €3.29 million; (5) transaction costs in an amount of approximately €3 million; and (6) a special dividend to Talasol's shareholders in an amount of approximately €31 million.

The Talasol PPA Security Fund is reduced by 10% every year, up to a minimum amount of €3.5 million, which will be released at the expiration of the PPA.

As of December 31, 2023, the outstanding amount under the Talasol Financing was approximately €156.7 million. This aggregate outstanding loan balance is net of an amount of approximately €2.7 million of debt issuance costs to be amortized over the length of the underlying loan.

We own 51% of Talasol and consolidate its results in our financial statements included elsewhere in this Report.

*Rinconada II, Rodríguez I, Rodríguez II and Fuente Librilla Project Finance*

On March 12, 2019, four of our Spanish indirect wholly-owned subsidiaries, Rodríguez I Parque Solar, S.L.U., Rodríguez II Parque Solar, S.L.U., Seguisolar, S.L.U. and Ellomay Spain, S.L., or, together, the Spanish Subsidiaries, entered into a facility agreement governing the procurement of project financing in the aggregate amount of approximately €18.4 million with Bankinter, S.A., or the Facility Agreement.

The Facility Agreement amount consists of the following tranches:

- a. in an amount of approximately €3.6 million, granted to Rodríguez I Parque Solar, S.L.U.;
- b. in an amount of approximately €6 million, granted to Rodríguez II Parque Solar, S.L.U.;
- c. in an amount of approximately €3 million, granted to Seguisolar, S.L.U.;
- d. in an amount of approximately €5 million, granted to Ellomay Spain, S.L.; and
- e. a revolving credit facility to attend the debt service if needed, for a maximum amount of €0.8 million granted to any of the Spanish Subsidiaries.

The termination date of the Facility Agreement is December 31, 2037 and an annual interest at the rate of Euribor 6 months plus a margin of 2% (with a zero interest floor) is repaid semi-annually on June 20 and December 20. The principal is repaid on a semi-annual basis based on a pre-determined sculptured repayment schedule.

The Spanish Subsidiaries entered into the swap agreements on March 12, 2019 with respect to approximately €17.6 million (with a decreasing notional principal amount based on the amortization table) until December 2037, replacing the Euribor 6 month rate with a fixed 6 month rate of approximately 1%, resulting in a fixed annual interest rate of approximately 3%.

As of December 31, 2023, the outstanding amounts under the Project Finance were approximately €13.2 million. This aggregate outstanding loan balance is net of an amount of approximately €0.2 million debt issuance costs to be amortized over the length of the underlying loan.

#### *Talmei Yosef Project Finance*

The construction of the Talmei Yosef PV Plant was financed by two bank loans as follows:

- a. a loan in the aggregate amount of approximately NIS 80 million provided during 2013 through 2014, linked to the Israeli CPI and bearing an average annual interest of approximately 4.65%. This loan is payable (principal and interest) every six months commencing June 30, 2014. The final maturity date is December 31, 2031; and
- b. a loan in the aggregate amount of approximately NIS 25 million provided during 2014, linked to the Israeli CPI and bearing an annual interest of approximately 4.52%. This loan is payable (principal and interest) every six months commencing June 30, 2015 through June 30, 2028.

As of December 31, 2023, the outstanding amount under the Talmei Yosef Project Finance was approximately NIS 52.3 million (approximately €13 million). This aggregate outstanding loan balance is net of an amount of approximately NIS 0.3 million (approximately €0.1 million) debt issuance costs to be amortized over the length of the underlying loan.

The Project Finance documents also require the Talmei Yosef project company to deposit funds for the renewal of equipment (approximately NIS 5.2 million as of December 31, 2023) as well as funds sufficient to cover its debt service required level which consists of six months payment of principal and interest (approximately NIS 1.6 million as of December 31, 2023).

As noted under “Item 4.A: History and Development of Ellomay; Recent Developments,” we executed an agreement to sell our holdings in the Talmei Yosef PV Plant. To the extent such sale will be consummated, the Talmei Yosef Project Finance and related liabilities will be transferred to the buyers.

#### *WtE Plants Finance*

##### *Groen Goor Project Finance*

Groen Goor, Independent Power Plant B.V. (the entity that holds the permits and subsidies in connection with the Goor Project and is wholly-owned by Groen Goor), or GIPP, and Ellomay Luxembourg are parties to a senior project finance agreement documents, or the Goor Loan Agreement, with Coöperatieve Rabobank U.A., or Rabobank, that includes the following tranches: (i) two loans with principal amounts of €3.51 million (with a fixed interest rate of 3% for the first five years) and €2.09 million (with a fixed interest rate of 2.5% for the first five years), for a period of 12.25 years, repayable in equal monthly installments commencing three months following the connection of the Goor Project’s plant to the grid and (ii) an on-call credit facility of €370,000 with variable interest.

In addition, Ellomay Luxembourg, our wholly-owned subsidiary: (i) provided the following undertakings to Rabobank: (a) that Groen Goor will not make distributions to its shareholders for a period of two years following the execution of the Loan Agreement, (b) that Groen Goor will not make distributions or repurchase its shares so long as the ratio of Groen Goor’s and GIPP’s equity and liabilities to shareholders to their balance sheet minus certain reserves and intangible assets is less than 40%, and (c) that in the event the aforementioned ratio is below 40%, its shareholders will invest the equity required in order to increase this ratio to 40%, pro rata to their holdings in Groen Goor and up to a maximum of €1.2 million, and (ii) provided pledges on its rights in connection with the shareholders’ loans provided to Groen Goor, which loans shall also be subordinated by Ellomay Luxembourg in the favor of Rabobank. Shortages in liquidity as a result of exceeding the construction budget and/or extension of start-up costs of the Goor Project shall be provided by Ellomay Luxembourg and not financed by Rabobank. In addition, we provided a guarantee to Rabobank for the fulfillment of Ellomay Luxembourg’s undertakings set forth above.

As of December 31, 2023, the outstanding amount under the Groen Goor Project Finance was approximately €3 million.

### *Oude Tonge Project Finance*

On May 3, 2017, Oude Tonge, Oude Tonge Holdings B.V. (the entity that holds the permits and subsidies in connection with the Oude Tonge Project and is wholly-owned by Oude Tonge), or OTH, and Ellomay Luxembourg are parties to senior project finance agreement documents, or the Oude Tonge Loan Agreement, with Rabobank. In June 2017, the financial closing occurred with respect to the project finance that includes the following tranches: (i) two loans with principal amounts of €3.15 million and €1.7 million, each with a fixed annual interest rate of 3.1% for the first five years, for a period of 12.25 years, repayable in equal monthly installments commencing three months following the connection of the Oude Tonge Project to the grid and (ii) an on-call credit facility of €100,000 with variable interest.

In connection with the Oude Tonge Loan Agreement, Ellomay Luxembourg, our wholly-owned subsidiary: (i) provided the following undertakings to Rabobank: (a) that Oude Tonge will not make distributions to its shareholders for a period of two years following the execution of the Loan Agreement, (b) that Oude Tonge will not make distributions or repurchase its shares so long as the ratio of Oude Tonge's and OTH's equity and liabilities to shareholders to their balance sheet minus certain reserves and intangible assets is less than 40%, (c) that in the event the aforementioned ratio is below 40%, its shareholders will invest the equity required in order to increase this ratio to 40%, pro rata to their holdings in Oude Tonge and up to a maximum of €1 million, and (d) that they will provide the equity required for the completion of the Goor Project and (ii) provided pledges on its rights in connection with the shareholders loans provided to Oude Tonge, which loans shall also be subordinated by Ellomay Luxembourg in the favor of Rabobank. Shortages in liquidity as a result of exceeding the construction budget and/or extension of start-up costs of the Goor Project shall be provided by Ellomay Luxembourg and not financed by Rabobank. In addition, we provided a guarantee to Rabobank for the fulfillment of Ellomay Luxembourg's undertakings set forth above.

As of December 31, 2023, the outstanding amount under the Oude Tonge Project Finance was approximately €2.5 million.

### *Groen Gas Gelderland Project Finance*

GG Gelderland entered into a senior project finance agreement, or the Gelderland Loan Agreement, with Rabobank, that includes the following tranches: (i) four loans with principal amounts of (a) approximately €2.5 million (with a fixed interest rate of 3.6% for the first five years), (b) €1.2 million (with a fixed interest rate of 4.5% for the first five years), (c) €0.4 million (with a fixed interest rate of 3.55% for the first five years) and (d) approximately €2.8 million (with a fixed interest rate of 4.5% for the first five years), for a period of 12 years (144 monthly payments), repayable in equal monthly installments and (ii) an on-call credit facility of €0.75 million with variable interest. An aggregate amount of approximately €6.9 million was withdrawn in 2015, 2016 and 2018 on account of these loans. On November 30, 2020, GG Gelderland replaced the loan set forth in (i)(a) above which as of that date had an outstanding principal amount of €1.89 million, with another loan from Rabobank with a fixed interest rate of 3.1% per year, repayable in 56 payments monthly, with a repayment of principal in one payment in August 2025. On the same date, the interest for the other loans bearing a fixed interest rate of 4.5% per year for 5 years was reduced to 3.5% per year for the next 5 years, commencing December 2020.

As of December 31, 2023, the outstanding amount under the Gelderland Loan Agreement was approximately €3.5 million.

GG Gelderland entered into a loan agreement at the end of November 2020, with Ontwikkelingsnaatscgappij Oost-Nederland N.V., or Oost, as a benefit created in connection with the Covid-19 pandemic. The loan is with a principal amount of €0.75 million bore a fixed interest rate of 3% per year for 3 years. The interest and the principle were to be fully repaid in one single amount after 3 years. According to the agreement with Oost, the loan term may be prolonged up to 5 years. In October 2023, it was decided to extend the loan to 5 years and the interest rate changed to 5% as from November 2020.

As of December 31, 2023, the outstanding amount under the agreement with Oost was approximately €0.9 million.

### *Manara PSP Project Finance*

The financial closing of the Manara PSP Project Finance occurred in February 2021. The Manara PSP Project Finance is provided by a consortium of Israeli banks and institutional investors, arranged and led by Mizrahi-Tefahot Bank Ltd., in the aggregate amount of NIS 1.27 billion (approximately €350 million based on the exchange rate at the time). This amount is linked to a synthetic composite index comprising a weighted average of the indices and currencies applicable to the Manara PSP's construction costs. The linkage is performed once a year in March during the first four years of construction, and thereafter semi-annually until construction end. In March 2022, the facilities under the Manara PSP Project Finance were increased as a result of the rise in the Project Index by approximately NIS 40 million (approximately €10.6 million). A similar increase was carried out in March 2023 in the amount of approximately 63 Million NIS (approximately €16.8 million).

The Manara PSP Project Finance includes: (i) a senior secured tranche at a fixed rate of interest (with base interest rate equal to the yield to maturity of Israeli treasury bonds with like duration of the loan), linked to the Israeli Consumer Price Index and to be repaid over a period of 19.5 years from the commercial operation date (annual interest rate spread of 3.25% per-annum during the Construction Period of the Project and 2.40% per-annum during the commercial operation phase); and (ii) a subordinated secured tranche at a floating rate of interest (Bank of Israel rate plus a spread of 4.35% per-annum during the construction period and 3.90% per-annum during the commercial operation phase) with a slightly shorter maturity. The Manara PSP Project Finance includes customary terms in connection with early prepayment, acceleration of payments upon certain breaches and limitations on distributions. The Manara PSP Project Finance also includes ancillary facilities such as Standby, VAT, Guarantees and Debt Service Reserve facilities.

Sheva Mizrakot and Ellomay Water undertook to provide aggregate financing of approximately NIS 353 million (approximately €94.1 million), pro rata to their holdings in the Manara PSP, linked to the Project Index. Due to this indexation, additional shareholders' loans were provided in March 2022 and March 2023, in the amount of approximately NIS 11.5 million (approximately €3.2 million) and approximately NIS 17.5 million (approximately €4.7 million), respectively. An additional amount of approximately NIS 10 million (approximately €2.5 million) was provided on March 2024. Following a publication of the Israeli Electricity Authority regarding calculation methods that may reduce coverage ratios during the operations of the Manara PSP, the owners of the Manara PSP agreed to provide the lenders with certain undertakings to inject additional equity to the Manara PSP in certain scenarios, subject to a cap which is currently estimated by the owners of the Manara Project PSP to be approximately NIS 37 million (approximately €9.2 million).

We and Ampa provided certain sponsor support undertakings towards the lenders commensurate with the size and complexity of the project and the length of the construction period, including a standby equity guarantee in the aggregate amount of approximately NIS 13.5 million (approximately €3.4 million), pro rata to our holdings in the Manara PSP. This standby equity guarantee is linked and adjusted in the same manner and timing as the long-term facilities, as described above.

In addition, we undertook in connection with the Manara PSP Project Finance to maintain control over the Manara PSP and to provide customary pledges on the assets of and rights in the project. The shareholders of Ellomay PS provided pledges over their shares, the shareholders' loans and the shareholders' mezzanine loan.

The first withdrawal of the funding for the Manara PSP, in the amount of NIS 75 million, occurred on January 31, 2022.

As of December 31, 2023, the outstanding amount under the Manara PSP Project Finance was approximately NIS 279.5 million (approximately €69.7 million). This aggregate outstanding loan balance is net of an amount of approximately NIS 7.4 million (approximately €1.8 million) of debt issuance costs to be amortized over the length of the underlying loan.

#### ***Other Financing Activities***

As noted above, we historically financed a portion of our operations through the issuance of debt and equity in Israel. The following is a summary of outstanding Debentures issued in Israel and traded on the Tel Aviv Stock Exchange as of December 31, 2023:

Series	Outstanding Principal as of December 31, 2023 (NIS in thousands)	Annual Interest Rate	Indexation	Secured / Convertible	Final Repayment Date
C	286,402.4	3.55%	None	N/A	June 30, 2025
D	62,000	1.2%	None	Convertible	December 31, 2026
E	220,000	6.05%	None	Secured	March 31, 2029

For more information concerning our Series F Debentures, issued in January 2024, see "Item 4.A: History and Development of Ellomay; Recent Developments."

### *Series C Debentures*

On July 25, 2019, we issued approximately NIS 89.1 million (approximately €22.7 million, as of the issuance date) of unsecured non-convertible Series C Debentures due June 30, 2025 through a public offering in Israel. The gross proceeds of the offering were approximately NIS 89.1 million and the net proceeds of the offering, net of related expenses such as consultancy fee and commissions, were approximately NIS 87.6 million (approximately €22.3 million). During 2020 and 2021, we issued additional Series C Debentures in an aggregate principal amount of NIS 374.939 million for aggregate gross proceeds of approximately NIS 388.2 million and aggregate net proceeds of approximately NIS 385.1 million.

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

The Series C Debentures are traded on the TASE.

The principal amount of Series C Debentures is repayable in five (5) unequal annual installments as follows: on June 30, 2021 10% of the principal was paid, on June 30, 2022 15% of the principal was paid, on June 30, 2023 15% of the principal shall be paid, and on June 30 of each of the years 2024 and 2025 30% of the principal shall be paid. The Series C Debentures initially bore a fixed interest at the rate of 3.3% per year (that is not linked to the Israeli CPI or otherwise), payable semi-annually on June 30 and December 31 commencing December 31, 2019 through June 30, 2025 (inclusive) and as noted above this annual interest rate was increased to 3.55% effective June 6, 2022.

The Series C Deed of Trust includes customary provisions, including (i) a negative pledge such that we may not place a floating charge on all of our assets, subject to certain exceptions and (ii) an obligation to pay additional interest for failure to maintain certain financial covenants, with an increase of 0.25% in the annual interest rate for the period in which we do not meet each standard and up to an increase of 0.5% in the annual interest rate. The Series C Deed of Trust does not restrict our ability to issue any new series of debt instruments, other than in certain specific circumstances, and enables us to expand the Series C Debentures provided that: (i) we are not in default of any of the immediate repayment provisions included in the Series C Deed of Trust or in breach of any of our material obligations to the holders of the Series C Debentures pursuant to the terms of the Series C Deed of Trust, (ii) the expansion will not harm our compliance with the financial covenants for purposes of the immediate repayment provision included in the Series C Deed of Trust and (iii) to the extent the Series C Debentures are rated at the time of the expansion, the expansion will not harm the rating of the existing Series C Debentures.

The Series C Deed of Trust includes a number of customary causes for immediate repayment, including a default with certain financial covenants for two consecutive financial quarters, and includes a mechanism for the update of the annual interest rate of the Series C Debentures in the event we do not meet certain financial covenants. The financial covenants are as follows:

- a. Our Series C Adjusted Balance Sheet Equity (as such term is defined in the Series C Deed of Trust, which, among other exclusions, excludes changes in the fair value of hedging transactions of electricity prices, such as the Talasol PPA), on a consolidated basis, shall not be less than €50 million for purposes of the immediate repayment provision and shall not be less than €60 for purposes of the update of the annual interest provision;
- b. The ratio of (a) the short-term and long-term debt from banks, in addition to the debt to holders of debentures issued by us and any other interest-bearing financial obligations, net of cash and cash equivalents and short-term investments and net of financing of projects, including hedging transactions in connection with such financing, of our subsidiaries, or, together, the Series C Net Financial Debt, to (b) our Series C Adjusted Balance Sheet Equity, on a consolidated basis, plus the Net Financial Debt, or our Series C CAP, Net, to which we refer herein as the Series C Ratio of Net Financial Debt to Series C CAP, Net, shall not exceed the rate of 67.5% for purposes of the immediate repayment provision and shall not exceed a rate of 60% for purposes of the update of the annual interest provision; and
- c. The ratio of (a) our Series C Net Financial Debt, to (b) our earnings before financial expenses, net, taxes, depreciation and amortization, where the revenues from our 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, based on the aggregate four preceding quarters, or our Series C Adjusted EBITDA, to which we refer to herein as the Series C Ratio of Net Financial Debt to Series C Adjusted EBITDA, shall not be higher than 12 for purposes of the immediate repayment provision and shall not be higher than 10 for purposes of the update of the annual interest provision.



The Series C Deed of Trust further provides that we may make distributions (as such term is defined in the Companies Law, e.g. dividends), to our shareholders, provided that: (a) we will not distribute more than 75% of the distributable profit, (b) we will not distribute dividends based on profit due to revaluation (for the removal of doubt, negative goodwill will not be considered a revaluation profit), (c) we are in compliance with all of our material undertakings to the holders of the Series C Debentures and (d) on the date of distribution and after the distribution no cause for immediate repayment exists. We are also required to maintain the following financial ratios (which are calculated based on the same definitions applicable to the financial covenants set forth above) after the distribution: (i) Series C Adjusted Balance Sheet Equity not lower than €70 million, (ii) Series C Ratio of Net Financial Debt to Series C CAP, Net not to exceed 60%, and (iii) Series C Ratio of Net Financial Debt to Series C Adjusted EBITDA, shall not be higher than 8, and not to make distributions if we do not meet all of our material obligations to the holders of the Series C Debentures and if on the date of distribution and after the distribution a cause for immediate repayment exists.

As of December 31, 2023, the outstanding amount under the Series C Debentures, net of capitalized expenses, was approximately NIS 286.3 million (approximately €71.4 million).

For further information concerning the Series C Deed of Trust, see “Item 10.C: Material Contracts” and the Series C Deed of Trust included as Exhibit 4.15 under “Item 19: Exhibits.”

#### *Series D Convertible Debentures*

On February 23, 2021, we issued NIS 62 million (approximately €15.6 million, as of the issuance date) of unsecured convertible Series D Convertible Debentures due December 31, 2026 through a public offering in Israel. The gross proceeds of the offering were approximately NIS 62.6 million and the net proceeds of the offering, net of related expenses such as consultancy fee and commissions, were approximately NIS 61.8 million (approximately €15.6 million as of the issuance date).

The Series D Convertible Debentures are traded on the TASE.

The principal amount of Series D Convertible Debentures is repayable one installment on December 31, 2026. The Series D Convertible 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 Convertible Debentures are convertible into our ordinary shares, NIS 10.00 par value per share, at a conversion price of NIS 165 (approximately \$50.55, as of the issuance date), subject to adjustments upon customary terms.

The Series D Deed of Trust includes customary provisions, including (i) a negative pledge such that we may not place a floating charge on all of our assets, subject to certain exceptions and (ii) an obligation to pay additional interest for failure to maintain certain financial covenants, with an increase of 0.25% in the annual interest rate for the period in which we do not meet each standard and up to an increase of 0.75% in the annual interest rate. The Series D Deed of Trust does not restrict our ability to issue any new series of debt instruments, other than in certain specific circumstances, and enables us to expand the Series D Convertible Debentures up to an aggregate par value of NIS 200 million provided that: (i) we are not in default of any of the immediate repayment provisions included in the Series D Deed of Trust or in breach of any of our material obligations to the holders of the Series D Convertible Debentures pursuant to the terms of the Series D Deed of Trust, (ii) the expansion will not harm our compliance with the financial covenants for purposes of the immediate repayment provision included in the Series D Deed of Trust and (iii) to the extent the Series D Convertible Debentures are rated at the time of the expansion, the expansion will not harm the rating of the existing Series D Convertible Debentures.

The Series D Deed of Trust includes a number of customary causes for immediate repayment, including a default with certain financial covenants for the applicable period, and includes a mechanism for the update of the annual interest rate of the Series D Convertible Debentures in the event we do not meet certain financial covenants. The financial covenants are as follows:

- a. Our Series D Adjusted Balance Sheet Equity (as such term is defined in the Series D Deed of Trust, which, among other exclusions, excludes changes in the fair value of hedging transactions of electricity prices, such as the Talasol PPA), on a consolidated basis, shall not be less than €70 million for two consecutive quarters for purposes of the immediate repayment provision and shall not be less than €75 for purposes of the update of the annual interest provision;
- b. The ratio of (a) the short-term and long-term debt from banks, in addition to the debt to holders of debentures issued by us and any other interest-bearing financial obligations provided by entities who are in the business of lending money (excluding financing of projects and other exclusions as set forth in the Series D Deed of Trust), net of cash and cash equivalents, short-term investments, deposits, financial funds and negotiable securities, to the extent that these are not restricted (with the exception of a restriction for the purpose of securing any financial debt according to this definition), or, together, the Series D Net Financial Debt, to (b) our Adjusted Balance Sheet Equity, on a consolidated basis, plus the Series D Net Financial Debt, or our Series D CAP, Net, to which we refer herein as the Series D Ratio of Net Financial Debt to Series D CAP, Net, shall not exceed the rate of 68% for three consecutive quarters for purposes of the immediate repayment provision and shall not exceed a rate of 60% for purposes of the update of the annual interest provision; and

- c. The ratio of (a) our Series D Net Financial Debt, to (b) our earnings before financial expenses, net, taxes, depreciation and amortization, where the revenues from our 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 occurred in the four quarters that preceded the test date will be calculated based on Annual Gross Up (as such terms are defined in the Series D Deed of Trust), based on the aggregate four preceding quarters, or our Series D Adjusted EBITDA, to which we refer to herein as the Series D Ratio of Net Financial Debt to Series D Adjusted EBITDA, shall not be higher than 14 for three consecutive quarters for purposes of the immediate repayment provision and shall not be higher than 12 for purposes of the update of the annual interest provision.

The Series D Deed of Trust includes similar conditions to our ability to make distributions (as such term is defined in the Companies Law, e.g. dividends), to our shareholders as are included in the Series C Deed of Trust and set forth above. We are also required to maintain the following financial ratios (which are calculated based on the same definitions applicable to the financial covenants set forth above) after the distribution: (i) Series D Adjusted Balance Sheet Equity not lower than €85 million, (ii) Series D Ratio of Net Financial Debt to Series D CAP, Net not to exceed 60%, and (iii) Series D Ratio of Net Financial Debt to Series D Adjusted EBITDA, shall not be higher than 9, and not to make distributions if we do not meet all of our material obligations to the holders of the Series D Convertible Debentures and if on the date of distribution and after the distribution a cause for immediate repayment exists.

As of December 31, 2023, the outstanding amount under the Series D Convertible Debentures, net of capitalized expenses, was approximately NIS 57.9 million (approximately €14.4 million), net of capitalized expenses.

For further information concerning the Series D Deed of Trust, see “Item 10.C: Material Contracts” and the Series D Deed of Trust included as Exhibit 4.17 under “Item 19: Exhibits.”

For further information concerning the Deed of Trust governing our Series E Secured Debentures, issued on February 1, 2023, see “Item 4.A: History and Development of Ellomay” under “Recent Developments.”

#### *Series E Secured Debentures*

On February 1, 2023, we issued NIS 220 million (approximately €58.5 million, as of the issuance date) of the Series E Secured Debentures, due March 31, 2029, through a public offering in Israel. The net proceeds of the offering, net of related expenses such as consultancy fee and commissions, were approximately NIS 218 million (approximately €56 million as of the issuance date). The Series E Secured Debentures are secured by the following pledges:

- i. a fixed pledge first degree on shares of Ellomay Luzon Energy held by Ellomay Energy LP, representing a 50% ownership of Ellomay Luzon Energy, which holds 18.75% of Dorad;
- ii. a floating first-degree pledge and an assignment by way of a pledge of, and with respect to, Ellomay Energy LP's rights and agreements in connection with shareholder's loans and capital notes provided by Ellomay Energy LP to Ellomay Luzon Energy; and
- iii. a fixed first-degree pledge on our rights and the rights of Ellomay Energy LP in and to a trust bank account in the name of the trustee of the Series E Secured Debentures.

The Series E Secured Debentures are traded on the TASE.

The principal amount of Series E Secured Debentures is repayable in four equal installments on March 31 from 2026 through 2029 (inclusive). The Series E Secured Debentures bear a fixed interest at the rate of 6.05% per year (that is not linked to the Israeli CPI or otherwise), payable semi-annually on March 31 and September 30, commencing March 31, 2023 through March 31, 2029 (inclusive).

The Series E Deed of Trust includes customary provisions, including (i) a negative pledge such that we may not place a floating charge on all of our assets, subject to certain exceptions and (ii) an obligation to pay additional interest for failure to maintain certain financial covenants, with an increase of 0.25% in the annual interest rate for the period in which we do not meet each standard and up to an increase of 0.75% in the annual interest rate. The Series E Deed of Trust does not restrict our ability to issue any new series of debt instruments, other than in certain specific circumstances, and enables us to expand the Series E Secured Debentures provided that: (i) we are not in default of any of the immediate repayment provisions included in the Series E Deed of Trust or in breach of any of our material obligations to the holders of the Series E Secured Debentures pursuant to the terms of the Series E Deed of Trust, (ii) the expansion will not harm our compliance with the financial covenants for purposes of the immediate repayment provision included in the Series E Deed of Trust, (iii) to the extent the Series E Secured Debentures are rated at the time of the expansion, the expansion will not harm the rating of the existing Series E Secured Debentures and (iv) the par value of the Series E Secured Debentures may not be higher than NIS 220 million following the expansion.

The Series E Deed of Trust includes a number of customary causes for immediate repayment, including a default with certain financial covenants for the applicable period, and as noted above a mechanism for the update of the annual interest rate in the event we do not meet certain financial covenants. The financial covenants are as follows:

- a. Our Series E Adjusted Balance Sheet Equity (as such term is defined in the Series E Deed of Trust, which, among other exclusions, excludes changes in the fair value of hedging transactions of electricity prices, such as the Talasol PPA), on a consolidated basis, shall not be less than €75 million for two consecutive quarters for purposes of the immediate repayment provision and shall not be less than €80 million for purposes of the update of the annual interest provision;
- b. The ratio of (a) the short-term and long-term debt from banks, in addition to the debt to holders of debentures issued by us and any other interest-bearing financial obligations provided by entities who are in the business of lending money (excluding financing of projects and other exclusions as set forth in the Series E Deed of Trust), net of cash and cash equivalents, short-term investments, deposits, financial funds and negotiable securities, to the extent that these are not restricted (with the exception of a restriction for the purpose of securing any financial debt according to this definition), or, together, the Series E Net Financial Debt, to (b) our Series E Adjusted Balance Sheet Equity, on a consolidated basis, plus the Series E Net Financial Debt, or our Series E CAP, Net, to which we refer herein as the Series E Ratio of Net Financial Debt to Series E CAP, Net, shall not exceed the rate of 65% for three consecutive quarters for purposes of the immediate repayment provision and shall not exceed a rate of 60% for purposes of the update of the annual interest provision; and
- c. The ratio of (a) our Series E Net Financial Debt, to (b) our earnings before financial expenses, net, taxes, depreciation and amortization, where the revenues from our 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 occurred in the four quarters that preceded the test date will be calculated based on Annual Gross Up (as such terms are defined in the Series E Deed of Trust), based on the aggregate four preceding quarters, or our Series E Adjusted EBITDA, to which we refer to herein as the Series E Ratio of Net Financial Debt to Series E Adjusted EBITDA, shall not be higher than 12 for three consecutive quarters for purposes of the immediate repayment provision and shall not be higher than 11 for purposes of the update of the annual interest provision.

The Series E Deed of Trust further provides that we may make distributions (as such term is defined in the Companies Law, e.g. dividends), to our shareholders, provided that: (a) we will not distribute more than 60% of the distributable profit, (b) we will not distribute dividends based on profit due to revaluation (for the removal of doubt, negative goodwill will not be considered a revaluation profit), (c) we are in compliance with all of our material undertakings to the holders of the Series E Secured Debentures, (d) on the date of distribution and after the distribution no cause for immediate repayment exists and (e) we will not make a distribution for as long as a “warning sign” (as such term is defined in the Israeli Securities Regulations) exists. We are also required to maintain the following financial ratios (which are calculated based on the same definitions applicable to the financial covenants set forth above) after the distribution: (i) Series E Adjusted Balance Sheet Equity not lower than €90 million, (ii) Series E Ratio of Net Financial Debt to Series E CAP, Net not to exceed 60%, and (iii) Series E Ratio of Net Financial Debt to Series E Adjusted EBITDA, shall not be higher than 9, and not to make distributions if we do not meet all of our material obligations to the holders of the Series E Secured Debentures and if on the date of distribution and after the distribution a cause for immediate repayment exists.

The Series E Deed of Trust includes several limitations and requirements applicable to our holdings in Ellomay Luzon Energy and additional provisions that may limit our ability to sell our holdings in Ellomay Luzon Energy or to revise arrangements with Ellomay Luzon Energy.

As of December 31, 2023, the outstanding amount under the Series E Secured Debentures, net of capitalized expenses, was approximately NIS 217.8 million (approximately €54.3 million).

For further information concerning the Series E Deed of Trust, see “Item 10.C: Material Contracts” and the Series E Deed of Trust included as Exhibit 4.20 under “Item 19: Exhibits.”

For more information concerning our financing activities, see Note 6, Note 11 and Note 12 to our annual financial statements included elsewhere in this Report.

### **Cash Flows**

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

	Year ended December 31,	
	2023	2022
	Euro in thousands	
Net cash provided by operating activities	8,604	11,320
Net cash used in investing activities	(55,553)	(28,181)
Net cash provided by financing activities	54,433	26,510
Effect of exchange rate fluctuations on cash and cash equivalents	(2,387)	(4,420)
Increase in cash and cash equivalents	5,097	5,229
Cash and cash equivalents at the beginning of the year	46,458	41,229
Cash from disposal groups classified as held-for-sale	(428)	-
Cash and cash equivalents at the end of the year	51,127	46,458

#### *Operating activities*

In the year ended December 31, 2023, we had net gain of approximately €0.6 million. Net cash provided by operating activities was approximately €8.6 million, which includes increased project development costs mainly due to the advanced development of the photovoltaic portfolio in Italy, the USA and Israel.

In the year ended December 31, 2022, we had net gain of approximately €0.1 million. Net cash provided by operating activities was approximately €11.3 million, which includes a deduction of approximately €3.3 million due to a non-recurring advance payment of income tax as per a tax assessment agreement (timing differences of payable income tax) to the Israeli Tax Authority in connection with the Talmei Yosef PV Plant and increased project development costs mainly due to the advanced development of the photovoltaic portfolio in Italy and in Israel.

#### *Investing activities*

Net cash used in investing activities was approximately €55.6 million in the year ended December 31, 2023, primarily attributable to investments in the development and construction of renewable energy facilities, including the Manara PSP Project, Ellomay Solar Italy One SRL and Ellomay Solar Italy Two SRL projects and several PV projects in Italy and in the USA that have reached “ready to build” status.

Net cash used in investing activities was approximately €28.2 million in the year ended December 31, 2022, primarily attributable to investments in the development and construction of renewable energy facilities, including the Manara PSP Project, Ellomay Solar Italy One SRL and Ellomay Solar Italy Two SRL projects and the Ellomay Solar PV Plant.

### *Financing activities*

Net cash provided by financing activities in the year ended December 31, 2023 was approximately €54.4 million, derived primarily from proceeds from the issuance of our Series E Debentures, proceeds from long-term loans, partially offset by repayment of Debentures and long term loans.

Net cash provided by financing activities in the year ended December 31, 2022 was approximately €26.5 million, derived primarily from the Talasol refinancing and from loan amounts withdrawn on account of the Manara PSP Project finance.

For more information concerning hedging transactions undertaken in connection with financings granted at EURIBOR linked interest, in connection with our Debentures, and in connection with our exposure to changes in fair value of our other loans and borrowings, as a result of changes in the interest rates, see “Item 11: Quantitative and Qualitative Disclosures About Market Risk.”

During 2023, we issued our Series E Secured Debentures in a public offering in Israel. For more information see “General,” and “Series E Secured Debentures” under “Other Financing Activities” and “Project Finance” above and Notes 11, 12 and 16 to our financial statements included in this Report.

As of December 31, 2023, we were not in default under any financial covenants pursuant to the agreements set forth above.

As of December 31, 2023, our total current assets amounted to approximately €93.8 million, of which approximately €51.1 million was in cash and cash equivalents, compared with total current liabilities of approximately €88.6 million.

As of December 31, 2022, our total current assets amounted to approximately €64.7 million, of which approximately €46.5 million was in cash and cash equivalents and approximately €2.8 million was in marketable securities, compared with total current liabilities of approximately €91.2 million.

### *Outstanding Options*

As of March 15, 2024, we had 385,000 Series 1 Options outstanding and 1,020,000 Series 2 Options outstanding. Each Series 1 Option is exercisable into one Ordinary Share, at an exercise price of NIS 150 (subject to adjustments upon customary terms) by no later than October 15, 2024 and each Series 2 Option is exercisable into one Ordinary Share, at an exercise price of NIS 80 (subject to adjustments upon customary terms) by no later than January 5, 2028. The Series 1 Options and Series 2 Options are traded on the TASE.

### **C. Research and Development, Patents and Licenses, etc.**

We did not conduct any research and development activities in the years ended December 31, 2021, 2022 and 2023.

### **D. Trend Information**

We operate in the Spanish and Italian PV markets, in the Netherlands waste-to-energy market and in the Israeli energy market through our five PV Plants and the Talasol PV Plant (of which we own 51%) in Spain, our PV Plant in Israel, three WtE plants in the Netherlands, our ownership of 50% of the issued and outstanding shares of Ellomay Luzon Energy, our ownership of 83.333% of the Manara PSP and through several other projects under development in Italy, USA, Spain and Israel. Our operating PV Plants are all fully operational and connected to the relevant national grids. However, as the Ellomay Solar PV Plant was connected to the grid in June 2022, our results for 2021-2023 do not reflect a full three-years of operations of such PR plant.

Our business and revenue growth from the markets in which we operate depends, among other factors, on payments received in accordance with applicable regulation and from the sale of the electricity produced by our plants and on seasonality and availability of raw materials. Revenue derived from our PV operations tends to be lower in the winter, primarily because of adverse weather conditions. The growth of our renewable energy business in Spain, the Netherlands, Israel and elsewhere and our other operations are affected significantly by government subsidies and economic incentives. Dorad's revenues are also dependent to an extent on regulation and seasonality.

Our business was impacted in recent years by the increase in electricity prices throughout Europe, and specifically in Spain, mainly due to the increase in prices of natural gas, caused by increasing demand for electricity and by the military conflict between Russia and Ukraine. The impact of the increase in electricity prices on our financial results was mitigated by regulation in Spain that increased operating expenses of certain renewable energy manufacturers. Furthermore, the increase in electricity prices did not affect the portion of the electricity produced by our facilities that is subject to a PPA. Electricity prices have decreased in recent months but remain at a high level compared to prices in early 2021. The military conflict between Russia and Ukraine also contributed to a disruption in supply chains of certain materials, including materials comprising the feedstock used by our biogas facilities in the Netherlands and an increase in delivery prices, mainly due to an increase in the price of fuel. In addition, supply chain disruptions and shortages of raw materials caused by Covid-19 continue to impact the prices of equipment required for building of our PV facilities (including solar panels).

In addition, our ability to continue to leverage the investment in these markets, may affect the profitability of past and future transactions. In recent years, the capital markets have experienced an increase in interest rates, which also impacts our ability to raise the capital required for the implementation of our business plan, a continued increase in interest rates could limit the capital available to us, on acceptable terms or at all.

For more information see “Item 3.D: Risk Factors – Risks Related to our Renewable Energy Operations,” “Item 3.D: Risk Factors – Risks Related to our Investment in Ellomay Luzon Energy,” and “Item 4.B: Business Overview.”

## E. Critical Accounting Estimates

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

Certain accounting principles require us to make certain estimates, judgments and assumptions that affect the reported amounts recognized in our financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. The changes in accounting estimates are recognized in the period of the change in estimate. Our significant accounting policies are described in Notes 2 and 3 to our consolidated financial statements included elsewhere in this Report.

## ITEM 6: Directors, Senior Management and Employees

### A. Directors and Senior Management

#### Directors and Senior Management

The following table sets forth certain information with respect to our directors and senior management, as of March 31, 2024:

Name	Age	Position with Ellomay
Shlomo Nehama <sup>(1)(2)</sup>	69	Chairman of the Board of Directors
Ran Fridrich <sup>(1)(2)</sup>	71	Director and Chief Executive Officer
Anita Leviant <sup>(1)(3)(4)</sup>	69	Director
Ehud Gil <sup>(1)</sup>	49	Director
Daniel Vaknin <sup>(3)(4)(5)</sup>	68	Director
Dorit Ben Simon <sup>(3)(4)(5)</sup>	56	Director
Kalia Rubenbach	45	Chief Financial Officer
Ori Rosenzweig	47	Chief Investment Officer
Yehuda Saban	45	Director of Operations for Israel and EVP of Business Development

(1) Election supported by certain of our major shareholders pursuant to the Shareholders Agreement, dated as of March 24, 2008, between S. Nechama Investments (2008) Ltd. and Kanir Joint Investments (2005) Limited Partnership (See “Item 7.A: Major Shareholders”).

(2) Provides management services to the Company pursuant to the Management Services Agreement (See “Item 6.B: Compensation”).

(3) Independent Director pursuant to the NYSE American LLC rules.

(4) Member of our Audit and Compensation Committees.

(5) External Director pursuant to the Companies Law.

The address of each of our executive officers and directors is c/o Ellomay Capital Ltd., 18 Rothschild Boulevard, 1<sup>st</sup> floor, Tel Aviv 6688121, Israel.

*Shlomo Nehama* has served as a director and Chairman of the Board of Ellomay since March 2008. From 1998 to 2007, Mr. Nehama served as the Chairman of the Board of Bank Hapoalim B.M., one of the largest Israeli banks. In 1997, together with the late Ted Arison, he organized a group of American and Israeli investors who purchased Bank Hapoalim from the State of Israel. From 1992 to 2006, Mr. Nehama served as the Chief Executive Officer of Arison Investments. From 1982 to 1992, Mr. Nehama was a partner and joint managing director of Eshed Engineers, a management consulting firm. He also serves as a director in several philanthropic academic institutions, on a voluntary basis. Mr. Nehama is a graduate of the Technion - Institute of Technology in Haifa, Israel, where he earned a degree in Industrial Management and Engineering. Mr. Nehama received an honorary doctorate from the Technion for his contribution to the strengthening of the Israeli economy.

*Ran Fridrich* has served as a director of Ellomay since March 2008, as our interim chief executive officer since January 2009, and as our chief executive officer since December 2009. Mr. Fridrich is the co-founder and executive director of Oristan, Investment Manager, an investment manager of CDO Equity and Mezzanine Funds and a Distress Fund, established in June 2004. In January 2001 Mr. Fridrich founded the Proprietary Investment Advisory, an entity focused on fixed income securities, CDO investments and credit default swap transactions, and served as its investment advisor through January 2004. Prior to that, Mr. Fridrich served as the chief executive officer of two packaging and printing Israeli companies, Lito Ziv, a public company, from 1999 until 2001 and Mirkam Packaging Ltd. from 1983 until 1999. Mr. Fridrich also serves as a director of the Plasto-Cargal Group Ltd. (TASE: PLCR) since September 2002. Mr. Fridrich is a graduate of the Senior Executive Program of Tel Aviv University.

*Anita Leviant* has served as a director of Ellomay since March 2008. Ms. Leviant heads LA Global Consulting, a practice specializing in representing and consulting global oriented companies in Cross Border and financial transactions, banking and Capital Markets. LAGC represents and consults investors and corporations on business and regulatory issues, in Fintech, Cyber and sustainable investments. LAGC provides soft landing for overseas business in Israel and in the UK. For a period of twenty years, Ms. Leviant held several senior positions with Hapoalim Banking group including EVP Deputy Head of Hapoalim Europe and Global Private Banking and EVP General Global Counsel of the Group and served as a director in the overseas subsidiaries. Prior to that, Ms. Leviant was an associate in GAFNI & CO. Law Offices in Tel Aviv where she specialized in Liquidation, Receivership and Commercial Law and was also a Research Assistant to the Law School Dean in the Tel Aviv University specialized in Private International Law. Ms. Leviant holds a LL.B degree from Tel Aviv University Law School and is a member of both the Israeli and the New York State Bars. Ms. Leviant also serves as President of the Israel-British Chamber of Commerce & Innovations, Board Member of the Federation of Bi-Lateral Chambers of Commerce and a Co-Founder of the Center for Arbitration and Dispute Resolutions. Ms. Leviant is a certified mediator.

*Ehud Gil* has served as a director of Ellomay since November 12, 2020. Mr. Gil is an entrepreneur in the intersection of security and technology, and a consultant to the Israeli Ministry of Defense. In 2018, Mr. Gil retired from the Israeli Defense Forces, or IDF, at the rank of Lieutenant-Colonel. Prior to his retirement from the IDF, Mr. Gil held various key managerial positions in the IDF and the Israeli Ministry of Defense, including Head of Planning and Control Branch, Head of Training Branch in the General Headquarters of the IDF, and Director of Projects for the IDF. Mr. Gil holds an M.Ed. (with honors) in Management and Organization of Education Systems from the University of Haifa and a B.Sc. in Materials Engineering from the Ben-Gurion University of the Negev. As indicated below, Mr. Gil is the brother of Ms. Anat Raphael.

*Daniel Vaknin* has served as an external director of Ellomay since December 20, 2020. Mr. Vaknin is a financial consultant. Mr. Vaknin currently serves on the Board of Directors of Clal Insurance Company Ltd., Ilex Medical Ltd. (TASE: ILX), Arad Ltd. (TASE: ARD) and Kardan Israel Ltd. (TASE: KRDI) and served on the Board of Directors of Global Wings Leasing Ltd. (TASE: GKL) until 2020. From 2007 to 2011 Mr. Vaknin served as Chief Executive Officer of Israel Financial Levers Ltd. From 2005 to 2007 Mr. Vaknin served as the Chief Executive Officer of Phoenix Investments and Finance Ltd. From 2004 to 2005 Mr. Vaknin served as the Vice Chief Executive Officer of I.D.B Development Company Ltd. Prior to that Mr. Vaknin was a Senior Partner at Kesselman & Kesselman C.P.A.s, a member firm of PricewaterhouseCoopers International Limited. Mr. Vaknin is a CPA and holds a BA in Economics and Accounting from the Hebrew University in Jerusalem.

*Dorit Ben Simon* has served as an external director of Ellomay since December 20, 2023. Ms. Ben Simon serves as the Founder & Managing Partner of BSS Capital and as a President of IFI, the primary educational entity for the local financial services industry. Ms. Ben Simon previously served as a CFO and Group Chief Risk Officer (CRO) at Israel Discount Bank (2006-2011). Prior to Discount Bank, Ms. Ben Simon was CEO of Gmulot, the leading asset management company in Israel and a subsidiary of Bank Hapoalim (2001-2006). Ms. Ben Simon serves as an external director of Massivit 3D Printing Technologies Ltd. (TASE: MSVT) since 2021 and served as an independent director of Meshek Energy-Renewable Energies Ltd. (TASE: MSKE) from 2020 to 2022, Energix-Renewable Energies Ltd. (TASE: ENRG) from 2012 to 2018 and Knafaim Holdings Ltd. (TASE: KNFM) from 2012 to 2018. Ms. Ben Simon holds an M.B.A in Finance and Banking and a B.A in Economy and General Studies, both from the Hebrew University in Jerusalem.

*Kalia (Weintraub) Rubenbach* has served as our chief financial officer since January 2009. Prior to her appointment as our chief financial officer, Ms. Rubenbach served as our corporate controller from January 2007 and was responsible, among her other duties, for the preparation of all financial reports. Prior to joining Ellomay, she worked as a certified public accountant in the AABS High-Tech practice division of the Israeli accounting firm of Kost Forer Gabbay & Kasierer, an affiliate of the international public accounting firm Ernst & Young, from 2005 through 2007 and in the audit division of the Israeli accounting firm of Brightman Almagor Zohar, an affiliate of the international public accounting firm Deloitte, from 2003 to 2004. Ms. Rubenbach holds a B.A. in Economics and Accounting and an M.B.A. from the Tel Aviv University and is licensed as a CPA in Israel.

*Ori Rosenzweig* has served as our Chief Investment Officer since November 2014. Prior to joining Ellomay, Mr. Rosenzweig was the head of Cash Management at Bank Leumi Le-Israel B.M. (TASE: LUMI), one of Israel's largest banks, from 2013 through 2014, the VP Finance at AFI Investments, one of the largest international real-estate developers in Israel (TASE: AFIL) from 2009 through 2013 and a senior manager at GSE financial consulting from 2002 through 2008. Mr. Rosenzweig holds a MBA degree from the Tel Aviv University and a BA degree in business and international relations from the Hebrew University.

*Yehuda Saban* has served as our Director of Operations for Israel and EVP of Business Development since April 2019. Mr. Saban served between 2011- mid 2015 as Executive Vice President Economics & Regulation at Delek Drilling, the biggest oil and gas company in Israel. Previously, Mr. Saban served over six years in various capacities with the budget department of the Israeli Ministry of Finance as Manager of the Telecommunications and Tourism unit, Manager of the Budget and Macroeconomics unit and as an economist in the Energy unit. During those years, Mr. Saban was also an active partner in a number of committees and authorities in the energy, telecommunications and infrastructure fields. Mr. Saban serves as a member of the board of directors of Partner Communications Ltd. (NASDAQ and TASE: PTNR, one of the biggest telecommunication companies in Israel) and served till 2021 on the board of Israel Opportunity Energy Resources LP (TASE: ISOP) and as chairman of its compensation and audit committee since June 2015. Prior to joining Ellomay, Mr. Saban managed projects and business development for Hutchinson Water between the years 2015-2017. Mr. Saban holds a B.A. in Economics & Business Management (graduated with great honors) and an M.B.A specializing in Financing, both from the Hebrew University in Jerusalem.

There are no family relationships among any of the directors or members of senior management named above. Mr. Gil is the brother of Ms. Anat Raphael, who is one of the board members and a shareholder of Kanir Ltd., the general partner of Kanir Joint Investments (2005) Limited Partnership, and the widow of the late Mr. Raphael, a former member of our Board of Directors.

On December 19, 2023, Dr. Michael J. Anghel, our former external director and chairman of our Audit and Compensation Committees, resigned his position for personal reasons and was replaced by Ms. Dorit Ben Simon who was elected as external director at our annual general meeting of shareholders held on December 11, 2023, or the 2023 Shareholders Meeting.

## **B. Compensation**

### ***General***

Salaries, fees, commissions, share compensation and bonuses paid or accrued with respect to all of our directors and senior management as a group in the fiscal year ended December 31, 2023 was approximately €0.96 million, including an amount of approximately €0.1 million related to pension, retirement and other similar benefits. These figures do not include the compensation of Messrs. Shlomo Nehama, or Chairman of the Board, and Ran Fridrich, our Chief Executive Officer and a member of our Board, who are both compensated pursuant to the Management Services Agreement (see "Item 7.B: Related Party Transactions" below) and have, in connection with such agreement, waived their right to receive the compensation, including options, paid to our other directors.



The table below reflects the terms of service and employment of our five most highly compensated “office holders” (as such term is defined in the Companies Law) during or with respect to the year ended December 31, 2023. All amounts reported in the table below are as recognized in our financial statements for the year ended December 31, 2023.

Name and Position	Salary <sup>(1)</sup>	Management/ Consulting Fees	Bonus	Share-Based Payment <sup>(2)</sup>	Total
	(euro in thousands)				
Shlomo Nehama, <i>Chairman of the Board</i>	-	345 <sup>(3)</sup>	-	-	345 <sup>(3)</sup>
Ran Fridrich, <i>CEO and Director</i>	-	449 <sup>(3)</sup>	-	-	449 <sup>(3)</sup>
Yehuda Saban, <i>Director of Operations for Israel and EVP of Business Development</i>	-	225	-	27	252
Kalia Rubenbach, <i>Chief Financial Officer</i>	240	-	-	27	267
Ori Rosenzweig, <i>Chief Investment Officer</i>	238	-	-	27	265

1. Salary and related benefits are paid to our executive officers in NIS. Salary as reported herein includes the recipient’s gross salary plus payment of social and other benefits made by us to or on behalf of the recipient. Such benefits may include, to the extent applicable, payments, contributions and/or allocations for education funds, pension funds, managers’ insurance, severance, risk insurances (e.g., life, or work disability insurance), social security, tax gross-up payments, vacation, car, phone, convalescence pay and other benefits and perquisites consistent with our policies.
2. Represents the share-based compensation expenses recorded in our consolidated financial statements for the year ended December 31, 2023, based on the Share-based Compensation fair value, calculated in accordance with accounting guidance for share-based compensation. For a discussion of the assumptions used in reaching this valuation, see Note 16 to our annual financial statements.
3. Such amounts are paid pursuant to the terms of the Management Services Agreement. For additional information, see “Management Services Agreement” below.

For more information concerning option grants to office holders see “Item 6.E: Share Ownership.”

#### **Management Services Agreement**

In December 2008, following the approval of our Audit Committee, Board of Directors and shareholders, we entered into a Management Services Agreement, or the Prior Management Services Agreement, with Kanir and with Meisaf Blue & White Holdings Ltd., or Meisaf, a private company controlled by Shlomo Nehama, effective as of March 31, 2008, the date of appointment of Messrs. Fridrich and Nehama as members of our Board. The initial aggregate annual consideration paid to Kanir and Meisaf pursuant to the Prior Management Services Agreement was an amount of \$250,000 plus value added tax pursuant to applicable law, paid in equal parts. This aggregate annual amount was increased to \$400,000 in 2013.

As our annual shareholders meeting held on August 12, 2021, or the 2021 Shareholders Meeting, our shareholders approved, following the approval by our Audit and Compensation Committee and Board of Directors, an Amended and Restated Management Services Agreement, effective July 1, 2021, which provides, among other things, for the payment of NIS 1.386 million (approximately €0.347 million) per year to Meisaf in consideration for the services provided by Meisaf, including the service of Mr. Nehama as our Chairman of the Board in no less than a 77% position and the payment of NIS 1.8 million (approximately €0.45 million) per year to Kanir and Keystone R.P. Holdings and Investments Ltd., a private company wholly-owned by Mr. Ran Fridrich, or Keystone (in an initial allocation of NIS 0.66 million to Kanir and NIS 1.14 million to Keystone) in consideration for service provided by these entities, including the service of Mr. Fridrich as our Chief Executive Officer and a director. For more information see “Item 7.B: Related Party Transactions.”

### ***Compensation of Non-Executive Directors***

As approved by our shareholders, we pay our non-executive directors (Anita Leviant, Daniel Vaknin, Dorit Ben Simon and Ehud Gil) remuneration for their services as directors. These directors are paid in accordance with the Companies Regulations (Rules for Compensation and Expenses of External Directors), 5760-2000, or the Compensation Regulations. The Compensation Regulations set forth a range of fees that may be paid by Israeli public companies to their external directors, depending upon each company's equity based on the most recent financial statements. The cash amounts paid to our external directors pursuant to the Compensation Regulations, as approved by our shareholders, are the average between the minimum amount and the fixed amount permitted by the Compensation Regulations for companies that are in the range of shareholders' equity of the Company, which currently amount to an annual fee of NIS 67,690 (equivalent to approximately €16,874 based on the average EUR/NIS exchange rates during 2023) and an attendance fee of NIS 2,465 (equivalent to approximately €614 based on the average EUR/NIS exchange rates during 2023) per meeting (board or committee). These amounts are updated once a year based on increases in the Israeli Consumer Price Index. According to the Compensation Regulations, which we apply to all our non-executive directors, the directors are entitled to 60% of the meeting fee if they participated at the meeting by teleconference and not in person, and to 50% of the meeting fee if resolutions were approved in writing, without convening a meeting.

Each of these non-executive directors also receives an annual grant of options to purchase 1,000 ordinary shares under the terms and conditions set forth in our 1998 Share Option Plan for Non-Employee Directors, or the 1998 Plan. The 1998 Plan provides for grants of options to purchase ordinary shares to our non-employee directors. The 1998 Plan, as amended, is administered, subject to Board approval, by the Compensation Committee and our Board. An aggregate amount of not more than 75,000 ordinary shares is reserved for grants under the 1998 Plan. The term of the 1998 Plan has been extended to December 8, 2028, unless earlier terminated by our Board.

Under the 1998 Plan, each non-employee director that served on the 1998 "Grant Date," as defined below, automatically received an option to purchase 1,000 ordinary shares on such Grant Date and will receive an option to purchase an additional 1,000 ordinary shares on each subsequent Grant Date thereafter, provided that he or she is a non-employee director on the Grant Date and has remained a non-employee director for the entire period since the previous Grant Date. The "Grant Date" means August 1 of each year. Directors first elected or appointed after the 1998 Grant Date, will automatically receive on such director's first day as a director an option to purchase up to 1,000 ordinary shares pro-rated based on the number of full months of service between the prior Grant Date and the next Grant Date. Each such non-employee director would also automatically receive, on each subsequent Grant Date, an option to purchase 1,000 ordinary shares provided that he or she is a non-employee director on the Grant Date and has served as a non-employee director for the entire period since his or her previous Grant Date.

The exercise price of the option shares under the 1998 Plan is 100% of the fair market of such ordinary shares at the applicable Grant Date. The exercise price is required to be paid in cash.

The term of each option granted under the 1998 Plan is 10 years from the applicable date of grant and such options may be terminated earlier upon certain circumstances, such as the expiration of three months from the date of the director's termination of service on our Board (subject to extension and certain exceptions pursuant to the terms of the 1998 Plan). Currently, the options granted to non-employee directors vest in one installment on the first anniversary of the grant date of the options.

The options granted are subject to restrictions on transfer, sale or hypothecation. All options and ordinary shares issuable upon the exercise of options granted to our non-employee directors could be withheld until the payment of taxes due (if any) with respect to the grant and exercise of such options.

For more information concerning our share option plans and options granted to directors and an executive officer see "Item 6.E: Share Ownership."

### ***Compensation Policy and Approval Process of Directors' and Officers' Terms of Service and Employment***

The Companies Law regulates the approval process of arrangements with "office holders" as to their terms of service or employment, including the grant of an exemption, insurance, undertaking to indemnify or indemnification, retirement bonuses and any other benefit, payment or undertaking to pay any such amounts, given due to service or employment, or together, the Terms of Service and Employment. An "office holder" is defined under the Companies Law as a general manager, chief business manager, vice general manager, any other person assuming the responsibilities of any of the foregoing positions without regard to such person's title, and a director, or manager directly subordinate to the general manager. Each person identified as a director or member of our senior management in the first table in this Item is an office holder.

## *Compensation Policy*

The Companies Law requires the board of directors of a public company to adopt a policy with respect to the Terms of Service and Employment of office holders, after taking into consideration the recommendations of the compensation committee. The Companies Law further provides for the approval of the compensation policy by the company's shareholders with a "special majority" requirement, i.e. the affirmative vote of the holders of a majority of the shares present, in person or by proxy, and voting on the matter provided that at least one of the following conditions is met: (i) the shares voting in favor of the matter include at least a majority of the shares voted by shareholders who are not controlling shareholders and who do not have a personal interest in the approval of the compensation policy (or the transaction, as the case may be) or (ii) the total number of shares voted against the compensation policy by shareholders referenced under (i) does not exceed 2% of the company's outstanding voting rights.

A compensation policy for a period exceeding three years is required to go through the complete approval process once every three years. In addition, the board of directors is required to periodically examine the compensation policy and the need for adjustments based on the considerations in determining a compensation policy in the event of a material change in the circumstances prevailing during the adoption of the compensation policy or for other reasons.

At the 2023 Shareholders Meeting, our shareholders approved our amended compensation policy, or the Compensation Policy.

Our Compensation Policy is designed to support the achievement of our long term work plan goals and ensure that: (i) officer's interests are as closely as possible aligned with the interests of our shareholders; (ii) the correlation between pay and performance will be enhanced; (iii) we will be able to recruit and retain top level senior managers capable of leading us to further business success and facing the challenges ahead; (iv) officers will be motivated to achieve a high level of business performance without taking unreasonable risks; and (v) an appropriate balance will be established between different compensation elements – fixed vs. variable, short term vs. long term and cash payments vs. equity based compensation. Our Compensation Policy is filed by us as Exhibit 4.5 under "Item 19: Exhibits."

## *Approval Process of Terms of Service and Employment of Office Holders*

The Companies Law provides that the process for approval of Terms of Service and Employment of office holders, that are required to be for the benefit of the company, is as follows:

- a. With respect to our chief executive officer, a controlling shareholder or a relative of a controlling shareholder, approval is required by the (i) compensation committee, (ii) board of directors and (iii) company's shareholders with the "special majority" described above (in that order). Subject to certain conditions, the Israeli Companies Law provides an exemption from the shareholder approval requirement in connection with the approval of the Terms of Service and Employment of a CEO candidate.
- b. With respect to a director, approval is required by the (i) compensation committee, (ii) board of directors and (iii) company's shareholders with a regular majority (in that order).
- c. With respect to any other office holder, approval is required by the compensation committee and the board of directors (in that order); however, in the event of an update of existing Terms of Service and Employment, which the Compensation Committee confirms is not material, the approval of the compensation committee is sufficient.

In the event the transaction with any office holder is not in accordance with the compensation policy, the approval of the company's shareholders, by "special majority," is also required. In the event the company's shareholders do not approve the compensation of the CEO or other office holders (who are not directors, controlling shareholders or relatives of the controlling shareholders), the compensation committee and board of directors may, in special situations, approve the transaction, subject to their providing detailed reasons and after discussion and examination of the rejection by the company's shareholders. The Companies Regulations (Relief in Related Party Transactions), 2000, promulgated under the Companies Law, or the Relief Regulations, provide additional temporary or permanent relief from the shareholder approval requirement under certain circumstances.

## *Clawback Policy*

On October 30, 2023, we adopted a Clawback Policy based on the SEC requirements for NYSE American listed companies. This policy is included as Exhibit 97.1 under "Item 19: Exhibits."

### **C. Board Practices**

We are a “controlled company” as defined in Section 801 of the NYSE American LLC Company Guide. As a result, we are exempt from certain of the NYSE American LLC corporate governance requirements, including the requirement that a majority of the board of directors be independent, the requirement applicable to the nomination process of directors and the requirements applicable to the determination or recommendation of executive compensation by a committee comprised of independent directors or by a majority of the independent directors and the additional requirements concerning compensation committee independence, compensation advisor engagement and independence. If the “controlled company” exemption would cease to be available to us under the NYSE American LLC Company Guide, we may instead elect to follow Israeli law (“home country law”), which we currently follow, with respect to these matters. For more information see “Item 16.G: Corporate Governance.”

According to the provisions of our Second Amended and Restated Articles, or the Articles, and the Companies Law, our Board convenes in accordance with our requirements, and is required to convene at least once every three months. Furthermore, the Companies Law provides that the board of directors may also adopt resolutions without actually convening, provided that all the directors entitled to participate in the discussion and vote on a matter that is brought for resolution agree not to convene for discussion of the matter.

Our chief executive officer serves at the discretion of the board of directors.

#### ***Terms of Directors***

Our Board currently consists of six members, including two external directors. Pursuant to our Articles, unless otherwise prescribed by resolution adopted at a general meeting of our shareholders, our Board shall consist of not less than four (4) nor more than eight (8) directors (including the external directors). Except for our two external directors, the members of our Board are elected annually at our annual shareholders’ meeting and remain in office until the next annual shareholders’ meeting, unless the director has previously resigned, vacated his office, or was removed in accordance with the Articles. Our most recent annual meeting (the 2023 Shareholders Meeting), was held on December 11, 2023. Our Board, by unanimous approval of all directors then in office, may at any time appoint any person to serve as director as replacement for a vacated office or in order to increase the number of directors, subject to the condition that the number of directors shall not exceed the maximum established in the Articles. Any so appointed director shall remain in office until the next Annual Meeting, at which he may be reelected.

Pursuant to the Companies Regulations (Relief for Companies whose Securities are Listed for Trading on a Stock exchange Outside of Israel), 2000, one or more shareholders holding at least 5% of the voting rights at the general meeting may request the Board of Directors to include the election of a nominee director or the removal of a director from office on the agenda of a future shareholders’ meeting.

The members of our Board do not receive additional remuneration upon termination of their services as directors.

#### ***External Directors***

We are subject to the provisions of the Companies Law, which requires that we, as a public company, have at least two external directors.

Under the Companies Law, a person may not be appointed as an external director if he or his relative, partner, employer or any entity under his control has or had during the two years preceding the date of appointment any affiliation with the company, any entity controlling the company or any entity controlled by the company or by this controlling entity or, in a company that does not have a controlling shareholder, in the event that he has affiliation, at the time of his appointment, to the chairman of the board, chief executive officer, a 5% shareholder or the highest ranking officer in the financial field. The term “affiliation” includes: an employment relationship, a business or professional relationship maintained on a regular basis, control, and service as an office holder. No person can serve as an external director if the person’s position or other business creates, or may create, conflicts of interest with the person’s responsibilities as an external director, or if the person is an employee of the Israel Securities Authority or of an Israeli stock exchange. In addition, an individual may not be appointed as an external director if she or he, or her or his relative, partner, employer, supervisor, or an entity she or he controls, has other than negligible business or professional relations with any of the persons with which the external director may not be affiliated, even if such relations are not routine, or if she or he received any consideration, directly or indirectly, in addition to the remuneration to which she or he are entitled and to reimbursement of expenses, for acting as a director in the company. The Compensation Regulations set the range of compensation and the terms of other compensation that may be paid to statutory external directors.

Pursuant to the Companies Law, the election of an external director for the initial term requires the affirmative vote of a majority of the shares present, in person or by proxy, and voting on the matter, provided that either: (i) at least a majority of the shares of non-controlling shareholders and shareholders who do not have a personal interest in the resolution (excluding a personal interest that is not related to a relationship with the controlling shareholders) are voted in favor of the election of the external director, or (ii) the total number of shares of non-controlling shareholders and of shareholders who do not have a personal interest in the resolution (excluding a personal interest that is not related to a relationship with the controlling shareholders) voted against the election of the external director does not exceed two percent of the outstanding voting power in the company.

The initial term of an external director is three years. An external director may be re-elected to serve for two additional three-year terms in one of the two following methods: (i) the board of directors proposed the nomination of the external director for an additional term and her or his appointment is approved by the shareholders in the manner required to appoint external directors for an initial term as set forth above, or (ii) in the event a shareholder holding 1% or more of the voting rights nominates the external director for an additional term or in the event the external director nominates himself or herself for an additional term, the nomination is required to be approved by a majority of the votes cast by the shareholders of the company; provided that: (x) the votes of controlling shareholders, the votes of shareholders who have a personal interest in the approval of the appointment of the external director, other than a personal interest that is not as a result of such shareholder's connections to the controlling shareholder, and abstaining votes are excluded from the counting of votes and (y) the aggregate votes cast by shareholders in favor of the nomination that are counted for purposes of calculating the majority exceeds two percent of the voting rights in the company. The external director nominated by shareholders may not be a related or competing shareholder or a relative of such shareholder at the date of appointment and may not have an affiliation to a related or competing shareholder at the date of appointment or for the two-year period prior to the appointment. A "related or competing shareholder" is defined by the Companies Law as the shareholder that proposed the nomination or a significant shareholder (a shareholder holding five percent or more of the outstanding shares of a company or of the voting rights in a company), provided that at the date of appointment of the external director such shareholder, its controlling shareholder or a corporation controlled by either of them, have business connections with the company or are competitors of the company. The term "affiliation" is defined as set forth above. In addition, Israeli companies listed on certain stock exchanges outside Israel, including the NYSE American LLC, such as our company, may appoint an external director for additional terms of not more than three years each subject to certain conditions. Such conditions include the determination by the audit committee and board of directors, that in view of the external director's professional expertise and special contribution to the company's board of directors and its committees, the appointment of the external director for an additional term is in the best interest of the company.

All the external directors of a company must be members of its audit committee and compensation committee and at least one external director is required to serve on every committee authorized to exercise any of the powers of the board of directors. Our external directors are currently Daniel Vaknin and Dorit Ben Simon.

Under the Companies Law an external director cannot be dismissed from office unless: (i) the board of directors determines that the external director no longer meets the statutory requirements for holding the office, or that the external director is in breach of the external director's fiduciary duties and the shareholders vote, by the same majority required for the appointment, to remove the external director after the external director has been given the opportunity to present his or her position; (ii) a court determines, upon a request of a director or a shareholder, that the external director no longer meets the statutory requirements of an external director or that the external director is in breach of his or her fiduciary duties to the company; or (iii) a court determines, upon a request of the company or a director, shareholder or creditor of the company, that the external director is unable to fulfill his or her duty or has been convicted of specified crimes. For a period of two years following the termination of services as an external director, the company, its controlling shareholder and any entity the controlling shareholder controls may not provide any benefit to such former external director, directly or indirectly. The prohibited benefits include the appointment as an office holder in the company or the controlled entity, employment of, or receipt of professional services from, the former external director for compensation, including through an entity such former external director controls. The same prohibition applies to the former external director's spouse and child for the same two-year period and to other relatives of the external director for a period of one year following the termination of services as an external director.

The Companies Law requires that at least one of the external directors have "Accounting and Financial Expertise" and the other external directors have "Professional Competence." Under the applicable regulations, a director having accounting and financial expertise is a person who, due to his or her education, experience and talents is highly skilled in respect of, and understands, business-accounting matters and financial reports in a manner that enables him or her to understand in depth the company's financial statements and to stimulate discussion regarding the manner in which the financial data is presented. Under the applicable regulations, a director having professional competence is a person who has an academic degree in either economics, business administration, accounting, law or public administration or an academic degree in an area relevant to the company's business, or has at least five years' experience in a senior position in the business management of a corporation with a substantial scope of business, in a senior position in the public service or a senior position in the field of the company's main business. Our Board determined that both Daniel Vaknin and Dorit Ben Simon have the requisite accounting and financial expertise.

Our Board further determined that at least two directors out of the whole Board shall be required to have accounting and financial expertise pursuant to the requirements of the Companies Law and previously determined that Shlomo Nehama shall be designated as an additional accounting and financial expert.

### ***Independent Directors Pursuant to the Companies Law***

In addition to the external director, the Companies Law includes another category of directors, which is the “independent” director. An independent director is either an external director or a director appointed or classified as such who meets the same non-affiliation criteria as an external director, as determined by the company’s audit committee, and who has not served as a director of the company for more than nine consecutive years (subject to the right granted to certain companies, including companies whose shares are listed on the NYSE American LLC, to permit independent directors to serve as such for periods exceeding nine years). For these purposes, ceasing to serve as a director for a period of two years or less would not be deemed to sever the consecutive nature of such director’s service.

Pursuant to the Companies Law, we, as a public company, may include in our articles of association a provision providing that a specified number of our directors be independent directors or may adopt a standard provision providing that a majority of our directors be independent directors or, if there is a controlling shareholder or a 25% or more shareholder, that at least one-third of our directors be independent directors. We have not included a provision requiring that a certain percentage of the members of our Board be independent directors.

### ***Independent Directors pursuant to the NYSE American LLC Requirements***

In general, the NYSE American LLC Company Guide requires that a NYSE American LLC listed company have a majority of independent directors, as defined under the NYSE American LLC Company Guide, on its board of directors. Because we are a “controlled company” as defined in Section 801 of the NYSE American LLC Company Guide, we are exempt from this requirement. If the “controlled company” exemption would cease to be available to us under the NYSE American LLC Company Guide, we may instead elect to continue to follow Israeli law.

Our Board determined that three of the members of our Board, Ms. Leviant, Ms. Ben Simon and Mr. Vaknin, are “independent” within the meaning of Section 803A of the NYSE American LLC Company Guide.

### ***Alternate Directors***

Our Articles provide that, subject to the Board’s approval, a director may appoint an individual, by written notice to us, to serve as an alternate director. The following persons may not be appointed nor serve as an alternate director: (i) a person not qualified to be appointed as a director, (ii) an actual director, or (iii) another alternate director. Any alternate director shall have all of the rights and obligations of the director appointing him or her, except the power to appoint an alternate (unless the instrument appointing him or her expressly provides otherwise). The alternate director may not act at any meeting at which the director appointing him or her is present. Unless the appointing director limits the time period or scope of any such appointment, such appointment is effective for all purposes and for an indefinite time, but will expire upon the expiration of the appointing director’s term. There are currently no alternate directors.

### ***Duties of Office Holders and Approval of Certain Actions and Transactions under the Companies Law***

The Companies Law codifies the duty of care and fiduciary duties that an office holder has to our company.

The duty of care requires an office holder to act at a level of care that a reasonable office holder in the same position would employ under the same circumstances. This includes the duty to utilize reasonable means to obtain (i) information regarding the appropriateness of a given action brought for his or her approval or performed by the office holder by virtue of his or her position and (ii) all other information of importance pertaining to the foregoing actions.

The duty of loyalty includes avoiding any conflict of interest between the office holder’s position in the company and his or her personal affairs or other positions, avoiding any competition with the company, avoiding exploiting any business opportunity of the company in order to receive personal gain for himself or herself or for others, and disclosing to the company any information or documents relating to the company’s affairs which the office holder has received due to his or her position as such. A company can approve actions by an office holder that could be deemed to be in breach of his or her duty of loyalty provided that: (i) the office holder acted in good faith and the action or its approval do not prejudice the company’s interests, and (ii) the office holder disclosed to the company, a reasonable time prior to the discussion of the approval, the nature of his or her personal interest in the action, including any material fact or document. The approval of such actions is obtained based on the requirements for approval of transactions in which an office holder has a personal interest. The Companies Law provides that for purposes of determining the approval process, “actions” (defined as any legal action or inaction) are treated as “transactions” and “material actions” (defined as an action that may materially affect the company’s profitability, assets or liabilities) are treated as “extraordinary transactions.” An “extraordinary transaction” is defined as a transaction that is not in the ordinary course of business, not on market terms, or that is likely to have a material impact on the company’s profitability, assets or liabilities. One of the roles of the audit committee under the Companies Law is to determine whether a transaction is or is not an extraordinary transaction. These transactions and extraordinary transactions are required to be for the benefit of the company and are subject to a special approval process as set forth below. The Companies Law requires that an office holder of a company promptly disclose to the company’s board of directors any personal interest that he or she may have, and all related material information known to him or her in connection with any existing or proposed transaction by the company. This disclosure must be made by the office holder, whether orally or in writing, no later than the first meeting of the company’s board of directors which discusses the particular transaction.

An office holder is deemed to have a “personal interest” if he has a personal interest in an act or transaction of a company, including a personal interest of his relative or of a corporation in which such office holder or his relative are a 5% or greater shareholder, but excluding a personal interest stemming from the fact of a shareholding in the company. The term “personal interest” also includes a personal interest of a person voting pursuant to a proxy provided to him from another person even if such other person does not have a personal interest and the vote of a person that received a proxy from a shareholder that has a personal interest is viewed as a vote of the shareholder with the personal interest, all whether the discretion with respect to the voting is held by the person voting or not.

Any transaction or action, whether material or extraordinary or not, cannot be approved unless they are for the benefit of the company. In the case of a transaction that is not an extraordinary transaction or an action that is not a material action, after the office holder complies with the above disclosure requirements, only board approval is required. In the case of an extraordinary transaction or a material action, the company’s audit committee and board of directors, and, under certain circumstances, the shareholders of the company, must approve the action or transaction, in addition to any approval stipulated by the articles of the company. For more information concerning the approval process of terms of service and employment of officers, directors, controlling shareholders and their relatives see “Compensation Policy and Approval Process of Directors’ and Officers’ Terms of Service and Employment” above.

For a discussion concerning the determination whether an action is material or not and whether a transaction is extraordinary or not and for a review on the approval process for the terms of services of officers, see “Committees of the Board of Directors – Audit Committee” below.

A director who has a personal interest in a matter that is considered at a meeting of the board of directors or the audit committee may not be present at this meeting or vote on this matter, provided that an office holder who has a personal interest may be present for the presentation of the transaction in the event the chairman of the audit committee or the chairman of the board, as the case may be, determine that she or he are required for the presentation of the transaction, unless a majority of the members of the board of directors or audit committee, as the case may be, have a personal interest in the matter, in which case they may all be present and vote. In the event a majority of the members of the board of directors have a personal interest in a matter, they can participate and vote, however such matter must be also approved by the shareholders of the company.

### ***Committees of the Board of Directors***

#### ***Audit Committee***

Under the Companies Law, we, as a public company, are required to have an audit committee. The Audit Committee must be comprised of at least three members of the Board, including all of the external directors. In addition, the Companies Law requires that the majority of the members of the audit committee be “independent” (as such term is defined under the Israeli Companies Law) and that the chairman of the audit committee be an external director. The Companies Law further provides that the following may not be members of the audit committee: (a) the chairman of the board of directors; (b) any director employed by or providing services on an ongoing basis to the company, to a controlling shareholder of the company or an entity controlled by a controlling shareholder of the company; (c) a director who derives most of its income from a controlling shareholder; and (d) a controlling shareholder or any relative of a controlling shareholder.

Our Audit Committee, acting pursuant to a written charter adopted based on the requirements of the Companies Law, the rules promulgated under the Exchange Act and the NYSE American LLC Company Guide, currently consists of Daniel Vaknin, who is also the chairman of the Audit Committee, Dorit Ben Simon and Anita Leviant. The members of our Audit Committee satisfy the respective “independence” requirements of the Securities and Exchange Commission, NYSE American LLC and Israeli law for audit committee members. During 2022, our Audit Committee met at least once each quarter.

The Companies Law provides that the roles of an audit committee are as follows: (i) monitoring deficiencies in the business management of a company, including by consulting with the internal auditor or independent accountants and suggesting methods of correction of such deficiencies to the board of directors, (ii) determining whether or not certain related party actions and transactions and actions taken by office holders that are “material actions” or “extraordinary transactions” in connection with their approval procedures as more fully described above, (iii) determining in connection with transactions with the controlling shareholder or with a third party in which the controlling shareholder has a personal interest (event if they are not extraordinary transactions) and in connection with transactions with the controlling shareholder or its relative, directly or indirectly, for the receipt of services or in connection with terms of employment or service, a duty to conduct a competitive process, supervised by the audit committee or anyone else appointed by the audit committee and based on criteria determined by the audit committee, or to determine that other procedures determined by the audit committee will be conducted, prior to execution of such transactions, all based on the type of the transaction (the audit committee is permitted to determine criteria for this matter once a year in advance), (iv) determining whether to approve actions and transactions that require audit committee approval under the Companies Law, (v) determining the method of approval of non-negligible transactions (i.e. transactions of a company with a controlling shareholder or with a third party in which the controlling shareholder has a personal interest that the audit committee determined are not extraordinary but are non-negligible), including to determine types of such transactions that will require the approval of the audit committee (the audit committee is permitted to determine a classification of transactions as non-negligible based on criteria determined once a year in advance), (vi) in a company in which the work plan of the internal auditor is approved by the board – examining the work plan before it is submitted to the board and suggesting revisions, (vii) assessing the company’s internal audit system and the performance of its internal auditor and whether the internal auditor has the resources and tools required to it for the performance of its role, taking into account, among others, the special needs and size of the company, (viii) examining the scope of work and compensation of the company’s independent auditor and (ix) setting procedures in connection with the method of dealing with complaints of employees regarding defects in the management of the company’s business and with the protection that will be provided to employees who have complained.

The actions and transactions that require audit committee approval pursuant to the Companies Law are: (i) proposed extraordinary transactions to which we intend to be a party in which an office holder has a direct or indirect personal interest, (ii) actions or arrangements which may otherwise be deemed to constitute a breach of fiduciary duty or of the duty of care of an office holder to us, (iii) certain transactions and extraordinary transaction of the company in which a “controlling shareholder,” that is, a shareholder holding the ability to direct the actions of the company, other than by virtue of being a director or holding a position with the company, including a shareholder holding twenty five percent or more of the voting rights of the company if there is no other shareholder holding over fifty percent of the voting rights of the company, has a personal interest, including certain transactions with a relative of the controlling shareholder and (iv) certain private placements of the company’s shares. In certain circumstances, some of the matters referred to above may also require shareholder approval. For more information concerning the approvals required in connection with transactions in which a controlling shareholder has a personal interest, see “Item 10.B: Memorandum of Association and Second Amended and Restated Articles.”

An audit committee may not approve an action or transaction with a controlling shareholder or with an office holder or in which they have a personal interest unless at the time of approval its composition is as required by the Companies Law.

Our Audit Committee assists our Board in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices and systems of internal accounting controls. Under the Sarbanes-Oxley Act of 2002, the Audit Committee is also responsible for the appointment, compensation, retention and oversight of our independent accountants and takes those actions as it deems necessary to satisfy itself that the accountants are independent of management. However, under the Companies Law the appointment of independent auditors requires the approval of our shareholders, accordingly, the appointment of the independent auditors is approved and recommended to the shareholders by our Audit Committee and Board and ratified by the shareholders. Furthermore, pursuant to our Articles, our shareholders have the authority to determine the compensation of the independent auditors (or empower the Board to establish their remuneration, as they have in the 2021 Shareholders Meeting) and such compensation is approved by our Board following a recommendation of the Audit Committee.

The Audit Committee discussed with the independent registered public accounting firm the matters covered by Statement on Auditing Standards No. 114, as well as their independence, and was satisfied as to the independent registered public accounting firm’s compliance with said standards.

#### *Compensation Committee*

The Companies Law requires the board of directors of a public company to appoint a compensation committee that shall consist of no less than three members, that will include all of external directors (which will constitute a majority of its members of the committee), and that the remainder of the members of the compensation committee be directors whose terms of service and employment were determined pursuant to the Compensation Regulations. In addition, the Companies Law imposes the same restrictions on the actions and membership in the compensation committee as are discussed above under “Audit Committee” with respect to, among other things, the requirement that an external director serve as the chairman of the committee and the list of persons who may not serve on the committee. Our Compensation Committee currently consists of Daniel Vaknin, who is also the chairman of the Compensation Committee, Dorit Ben Simon and Anita Leviant.

The Companies Law sets forth the roles of the compensation committee as follows: (i) to recommend to the board on a compensation policy for office holders and to recommend to the board, once every three years, on the approval of the continued validity of the compensation policy for a period that was determined for a period exceeding three years; (ii) to recommend to the board to update the compensation policy from time to time and to examine its implementation; (iii) to determine whether to approve the Terms of Service and Employment of office holders that require the committee’s approval; and (iv) to exempt a transaction from the requirement for shareholders approval (as more fully described below).

In February 2016, the Companies Law was amended to provide that an audit committee that meets the criteria for the composition of a compensation committee, such as our Audit Committee, can also act as the compensation committee.



### *Indemnification, Exemption and Insurance of Executive Officers and Directors*

Consistent with and subject to the provisions of the Companies Law, our Articles permit us to procure insurance coverage for our office holders, exempt them from certain liabilities and indemnify them, to the fullest extent permitted by law.

The Israeli Securities Law, 5728-1968, or the Securities Law, and the Companies Law, authorize the Israeli Securities Authority to impose administrative sanctions against companies and their office holders for certain violations of the Israeli Securities Law or the Companies Law. These sanctions include monetary sanctions and certain restrictions on serving as a director or senior officer of a public company for certain periods of time. The maximum amount of the monetary sanctions that could be imposed upon individuals is a fine of NIS 1 million (equivalent to approximately €0.25 million), plus payments to persons who suffered damages as a result of the violation in an amount equal to the higher of: (i) compensation for damages suffered by all injured persons, up to 20% of the fine imposed on the violator, or (ii) the amount of profits earned or losses avoided by the violator as a result of the violation, up to the amount of the applicable monetary sanction.

The aforementioned provisions of the Companies Law and the Securities Law generally provide that a company cannot indemnify or provide liability insurance to cover monetary sanctions. However, these provisions do permit reimbursement by indemnification and insurance of specific liabilities. Specifically, legal expenses (including attorneys' fees) incurred by an individual in the applicable administrative enforcement proceeding and any compensation payable to injured parties for damages suffered by them as described in clause (i) of the immediately preceding paragraph are permitted to be reimbursed via indemnification or insurance, provided that such reimbursements are permitted by the company's articles of association.

#### *Indemnification*

As permitted by the Companies Law, our Articles provide that we may indemnify an office holder in respect of a liability or expense which is imposed on him or incurred by him as a result of an action taken in his capacity as an office holder of the Company in connection with the following:

- a. monetary liability imposed on the office holder in favor of a third party by a judgment, including a settlement or a decision of an arbitrator which is given the force of a judgment by court order;
- b. reasonable litigation expenses, including legal fees, incurred by the office holder as a result of an investigation or proceeding instituted against such office holder by a competent authority, which investigation or proceeding has ended without the filing of an indictment or in the imposition of financial liability in lieu of a criminal proceeding, or has ended in the imposition of a financial obligation in lieu of a criminal proceeding for an offence that does not require proof of criminal intent (the phrases "proceeding that has ended without the filing of an indictment" and "financial obligation in lieu of a criminal proceeding" shall have the meanings ascribed to such phrases in Section 260(a)(1a) of the Companies Law) or in connection with an administrative enforcement proceeding or a financial sanction. Without derogating from the generality of the foregoing, such expenses will include a payment imposed on the office holder in favor of an injured party as set forth in Section 52[54](a)(1)(a) of the Securities Law, and expenses that the office holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law or in connection with Article D of Chapter Four of Part Nine of the Companies Law, including reasonable legal expenses, which term includes attorney fees;
- c. reasonable litigation expenses, including legal fees, which the office holder has incurred or is obliged to pay by the court in proceedings commenced against him by the Company or in its name or by any other person, or pursuant to criminal charges of which he is acquitted or criminal charges pursuant to which he is convicted of an offence which does not require proof of criminal intent; and
- d. expenses, including reasonable legal fees, including attorney fees, incurred by the office holder with respect to a proceeding in accordance with the Restrictive Trade Practices Law, 1988, as amended, or the Restrictive Trade Practices Law.

Our Articles authorize us, from time to time and subject to any provision of the law, to undertake in advance to indemnify an office holder for any of the following: (i) any liability as set out in (a) above, provided that the undertaking to indemnify is limited to the classes of events which in the opinion of our Board can be anticipated in light of our activities at the time of giving the indemnification undertaking, and for an amount and/or criteria which our Board has determined are reasonable in the circumstances and, the events and the amounts or criteria that our Board deem reasonable in the circumstances at the time of giving of the undertaking are stated in the undertaking; (ii) any liability stated in (b) through (d) above; and any matter permitted by applicable law. Our Articles also authorize us to indemnify an office holder after the occurrence of the event which is the subject of the indemnity and with respect to any matter permitted by applicable law.

At our annual shareholders meeting held on June 21, 2018, or the 2018 Shareholders Meeting, our shareholders authorized us to revise the indemnification, insurance and exemption provisions of our Articles and further authorized us, following the approval of our Compensation Committee and Board of Directors, to provide amended indemnification undertakings and exemption to each of our current and future office holders. At our shareholders' meeting held on December 17, 2020, our shareholders approved, with the requisite special majority, the grant of an indemnification undertaking to Mr. Ehud Gil as a relative of a controlling shareholder. At our 2021 Shareholders Meeting, our shareholders approved, with the requisite special majority, the grant and extension of indemnification undertakings to our office holders who may be deemed to be "controlling shareholders" (currently Messrs. Nehama and Fridrich).

The indemnification undertakings provided by us are limited to certain categories of events and the aggregate indemnification amount that we shall pay (in addition to sums payable by insurance companies) for monetary liabilities imposed on, or incurred by, the director or officer pursuant to all the indemnification undertakings issued by us to our directors and officers is also limited. Under the indemnification undertakings provided by us prior to the 2018 Shareholders Meeting, the aggregate indemnification amount payable by us for monetary liabilities may not exceed an amount equal to the higher of: (i) fifty percent (50%) of our net equity at the time of indemnification, as reflected on our most recent financial statements at such time, or (ii) our annual revenue in the year prior to the time of indemnification. Under the indemnification undertakings provided by us subsequent to the 2018 Shareholders Meeting and in line with the limitation currently included in our Compensation Policy, the aggregate indemnification amount payable by us for monetary liabilities, shall not exceed an amount equal to 25% of our shareholders' equity according to the latest reviewed or audited consolidated financial statements approved by our Board of Directors prior to the date on which the indemnification amount is paid. Our previous form of indemnification undertaking is attached hereto as Exhibit 4.3 and our current form of indemnification undertaking and exemption, granted to office holders commencing the 2018 Shareholders Meeting, is attached hereto as Exhibit 4.4, both under "Item 19: Exhibits."

In such indemnification undertakings, we also, among other things, undertake to (i) produce collateral, security, bond or any other guarantee that the director or officer may be required to produce as a result of any interim legal procedure (other than criminal procedures involving the proof of criminal thought), all up to the maximum indemnification amount set forth above; and (ii) maintain a liability insurance policy with a reputable insurer to the extent permitted by the Companies Law, for all of our directors and officers, in a total amount of not less than \$10 million during the period the recipient of the indemnity undertaking serves as a member of our board of directors or as an officer and for a period of seven years thereafter.

Based on the previous approvals of our Audit and Compensation Committee, Board and shareholders, we granted indemnification undertakings as explained above to each of our office holders and expect that we will provide them to our future office holders.

#### *Exemption*

Under the Companies Law, an Israeli company may not exempt an office holder from liability for a breach of his duty of loyalty, but may exempt in advance an office holder from his liability to the company, in whole or in part, for a breach of his duty of care, provided that in no event shall a director be exempt from any liability for damages caused as a result of a breach of his duty of care to the company in the event of a "distribution" (as defined in the Companies Law). Our Articles authorize us to, subject to the provisions of the Companies Law, exempt an office holder from all or part of such office holder's responsibility or liability for damages caused to us due to any breach of such office holder's duty of care towards us.

At our 2018 Shareholders Meeting, our shareholders authorized an amendment to our Articles, in line with the limitation currently included in our Compensation Policy, providing that we may not, subsequent to the 2018 Shareholders Meeting, grant exemption letters to office holders for an action or transaction in which a controlling shareholder (as such term is defined in the Companies Law) or any other office holder (including an office holder who is not the office holder we have undertaken to exempt) has a personal interest (as such term is defined in the Companies Law). At our 2018 Shareholders Meeting, our shareholders also approved a new form of Indemnification Undertaking and Exemption to be granted to all of our current and future office holders, which includes the foregoing limitation and further provides that no exemption will be granted in respect of any counterclaim of the Company filed against the office holder in response to a claim filed by the office holder against the Company, except if the office holder's claim relates to his or her labor law rights and/or his or her individual employment agreement with the Company or any of its subsidiaries.

As noted above, we granted the new form of Indemnification Undertaking and Exemption to all our current directors and officers and intend to provide it to our future directors and officers.

## *Insurance*

As permitted by the Companies Law, our Articles provide that we may enter into an agreement for the insurance of the liability of an office holder, in whole or in part, with respect to any liability which may be imposed upon such office holder as a result of an act performed by same office holder in his capacity as an office holder of the Company, for any of the following: (a) a breach of a cautionary duty toward the Company or toward another person; (b) a breach of a fiduciary duty toward the Company, provided the office holder acted in good faith and has had reasonable ground to assume that the act would not be detrimental to the Company; (c) a monetary liability imposed upon an office holder toward another; (d) reasonable litigation expenses, including attorney fees, incurred by the office holder as a result of an administrative enforcement proceeding instituted against him (without derogating from the generality of the foregoing, such expenses will include a payment imposed on the office holder in favor of an injured party as set forth in Section 52[54](a)(1)(a) of the Securities Law and expenses that the office holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law or in connection with Article D of Chapter Four of Part Nine of the Companies Law, including reasonable legal expenses, which term includes attorney fees); and (e) expenses, including reasonable litigation expenses, including attorney fees, incurred by the office holder with respect to a proceeding in accordance with the Restrictive Trade Practices Law. Our Articles further permit us to enter into such an agreement with respect to any other matter in respect of which it is permitted or will be permitted under applicable law to insure the liability of an office holder in the Company.

As stated above, in the indemnification undertakings approved by our Audit and Compensation Committee, Board and shareholders and provided to our directors and officers, we have undertaken to maintain a liability insurance policy with a reputable insurer to the fullest extent currently permitted by the Companies Law and our Articles, for all of our directors and officers, in a total amount of not less than \$10 million during the period the recipient of the indemnity undertaking serves as a member of our board of directors or as an officer, and for a period of seven years thereafter.

The current coverage of our directors' and officers' liability insurance policy is \$15 million. At our 2022 Annual Meeting, our shareholders approved, following the approval of our Compensation Committee and Board, the terms and conditions for the renewal, extension and/or replacement, from time to time, of our directors' and officers' liability insurance policy for all current and future directors and officers (including office holders who may be deemed to be controlling shareholders or relatives of controlling shareholders, within the meaning of the Companies Law) as follows: (i) the coverage limit per claim and in the aggregate under the policy may not exceed \$15 million; (ii) the premium paid for such policy for a 12 month period may be up to \$900,000 per year, and (iii) our Compensation Committee is and will be authorized to increase coverage and/or the maximum annual premium set forth under (ii) above by up to 30% in any year, as compared to the previous year, without additional shareholders' approval. Based on these and prior approvals, we obtained directors' and officers' liability insurance covering our directors and officers. Our Compensation Policy provides that our office holders will be covered by a Directors and Officers insurance liability policy, to be periodically purchased us, subject to the requisite approvals under the Companies Law, including run-off insurance for a period of up to seven years, and that the coverage limit per claim and in the aggregate under the policy may not exceed \$15 million and our Compensation Committee is and will be authorized to increase coverage by up to 30% in any year, as compared to the previous year.

In addition, the Relief Regulations provide that in the event the compensation committee and board of an Israeli public company determine that the insurance provided to our office holders who are deemed to be controlling shareholders or to the chief executive officer is: (i) upon terms identical to those provided to the company's other officers and directors, (ii) on market conditions, and (iii) not likely to materially affect the company's profitability, assets or liabilities, the approval of shareholders for the provision of liability insurance to such office holders is not required.

## *Limitations on Indemnification, Exemption and Insurance*

The Companies Law provides that a company may not exempt or indemnify an office holder nor enter into an insurance contract which would provide coverage for liability incurred as a result of any of the following: (a) a breach by the office holder of his or her duty of loyalty (however, a company may insure and indemnify against such breach if the office acted in good faith and had reasonable cause to assume that his act would not prejudice the company's interests); (b) a breach by the office holder of his or her duty of care if the breach was done intentionally or recklessly, unless made in negligence only; (c) any act or omission done with the intent to derive an illegal personal benefit; or (d) any fine, civil fine, monetary sanction or penalty levied against the office holder. According to the Securities Law, a company cannot insure or indemnify an office holder for an Administrative Enforcement procedure, regarding payments to victims of the infringement or for expenses expended by the officer with respect to certain proceedings held concerning him or her, including reasonable litigation expenses and legal fees.

### **Internal Auditor**

Under the Companies Law, our Board is required to appoint an internal auditor proposed by the Audit Committee. The role of the internal auditor is to examine, among other things, whether our activities comply with the law and orderly business procedure. The internal auditor may not be an interested party or office holder, or a relative of any interested party or office holder, and may not be a member of our independent auditor firm. The Companies Law defines the term “interested party” to include a person who holds 5% or more of the company’s outstanding share capital or voting rights, a person who has the right to appoint one or more directors or the general manager, or any person who serves as a director or as the general manager. Pursuant to our Articles, our Audit Committee reviews and approves the work program of our internal auditor. Mr. Doron Cohen of Fahn, Kanne & Co., an Israeli accounting firm, serves as our internal auditor.

### **D. Employees**

As of December 31, 2023 we had 26 employees, as of December 31, 2022 we had 25 employees and as of December 31, 2021 we had 20 employees. As of December 31, 2023, 14 employees were located in Israel, all in management, finance and administration positions, one employee, serving as project manager, was located in Spain, 2 employees, serving as project managers, were located in Italy and 9 employees are located in the Netherlands, all engaged in the administration and operation of our WtE plants.

All of our employees who have access to confidential information are required to sign a non-disclosure agreement covering all of our confidential information that they might possess or to which they might have access.

We believe our relations with employees are satisfactory. We have never experienced a strike or work stoppage. We believe our future success will depend, in part, on our ability to continue to attract, retain, motivate and develop highly qualified personnel.

Israeli labor laws and regulations are applicable to our employees located in Israel. Israeli labor laws govern, among other things, the length of the workday, minimum wages for employees, procedures for hiring and dismissing employees, annual leave and sick days. In addition, the Israeli Severance Pay Law, 1963, or the Severance Pay Law, generally requires the payment of severance pay equal to one month’s salary, based on the most recent salary, for each year of employment or a prorated portion thereof upon the termination of employment of an employee. Unless otherwise indicated in the employment agreement or otherwise required by applicable law and labor orders, the employee is not entitled to severance pay in the event she or he willingly resigns. In order to fund (or partially fund as hereinafter explained) any future liability in connection with severance pay, we make payments equal to 8.33% of the employee’s salary every month, to various managers’ insurance policies or similar financial instruments.

In the event the employment agreement with an employee provides that the provisions of Section 14 of the Severance Pay Law will apply, our contributions for severance pay are in lieu of our severance liability and the employee is entitled to receive such contributions whether her or his employment is terminated by us, or she or he resigns. Therefore, upon fulfillment of our obligation to make a monthly contribution to the managers’ insurance policies or similar financial instruments in the amount of 8.33% of the employee’s monthly salary and of the other terms of the relevant permit with respect to this arrangement, no additional payments must later be made to the employee on account of severance pay upon termination of the employment relationship. As required by Israeli law, our employees are also provided with a contribution toward their retirement that amounts to 12.5% of wages, of which the employee contributes 6%. Furthermore, Israeli employees and employers are required to pay predetermined sums to the National Insurance Institute, which is similar to the United States Social Security Administration, and additional sums towards compulsory health insurance.

## E. Share Ownership

### Beneficial Ownership of Executive Officers and Directors

The following table sets forth certain information regarding the beneficial ownership of our ordinary shares as of March 31, 2024, of (i) each of our directors and (ii) each member of our senior management. All of the information with respect to beneficial ownership of the ordinary shares is given to the best of our knowledge and has been furnished in part by the respective directors and members of senior management.

Name of Beneficial Owner	Number of Shares Beneficially Held <sup>(1)</sup>	Percent of Class
Shlomo Nehama <sup>(2)(4)</sup>	3,588,577	27.9%
Ran Fridrich <sup>(3)(4)</sup>	2,605,845	20.3%
Ehud Gil <sup>(5)</sup>	2,666	*
Anita Leviant <sup>(5)</sup>	5,000	*
Daniel Vaknin <sup>(5)</sup>	2,583	*
Dorit Ben Simon	-	-
Kalia Rubenbach	6,000	*
Ori Rosenzweig	6,000	*
Yehuda Saban	6,000	*
All directors and executive officers as a group	6,222,671	48.3%

\* Less than one percent of the outstanding ordinary shares. See additional details below.

- As used in this table, “beneficial ownership” means the sole or shared power to vote or direct the voting or to dispose or direct the disposition of any security. For purposes of this table, a person is deemed to be the beneficial owner of securities that can be acquired within 60 days from March 15, 2024 through the exercise of any option or warrant. Ordinary shares subject to options or warrants that are currently exercisable or exercisable within 60 days are deemed outstanding for computing the ownership percentage of the person holding such options or warrants, but are not deemed outstanding for computing the ownership percentage of any other person. The amounts and percentages are based upon 12,852,585 ordinary shares outstanding as of March 15, 2024. This number of outstanding ordinary shares does not include a total of 258,046 ordinary shares held at that date as treasury shares under Israeli law, all of which were repurchased by us. For so long as such treasury shares are owned by us they have no rights and, accordingly, are neither eligible to participate in or receive any future dividends which may be paid to our shareholders nor are they entitled to participate in, be voted at or be counted as part of the quorum for, any meetings of our shareholders.
- According to information provided by the holders, the 3,588,577 ordinary shares beneficially owned by Mr. Nehama consist of: (i) 3,123,604 ordinary shares held by Nechama Investments, an Israeli company, which constitute approximately 24.3% of our outstanding ordinary shares, and (ii) 464,973 ordinary shares held directly by Mr. Nehama, which constitute approximately 3.6% of our outstanding ordinary shares. Mr. Nehama, as the sole officer, director and shareholder of Nechama Investments, may be deemed to indirectly beneficially own any ordinary shares beneficially owned by Nechama Investments, which constitute (together with the shares held directly by him) approximately 27.9% of our outstanding ordinary shares.
- The 2,605,845 ordinary shares beneficially owned by Mr. Fridrich consist of ordinary shares held by Kanir, which constitute approximately 20.3% of our outstanding share capital. Mr. Fridrich is one of two board members and a shareholder of Kanir Investments Ltd., or Kanir Ltd., the general partner in Kanir, and by virtue of his position with Kanir Ltd. may be deemed to indirectly beneficially own the ordinary shares beneficially owned by Kanir. Mr. Fridrich disclaims beneficial ownership of the shares held by Kanir, except to the extent of his pecuniary interest therein, if any.
- By virtue of the 2008 Shareholders Agreement between Nechama Investments and Kanir (see “Item 7.A: Major Shareholders”), Mr. Nehama, Nechama Investments, Kanir and Mr. Fridrich may be deemed to be members of a group that holds shared voting power with respect to 5,729,449 ordinary shares, which constitute approximately 44.6% of our outstanding ordinary shares, and holds shared dispositive power with respect to 5,232,201 ordinary shares, which constitute 40.7% of our outstanding ordinary shares. Accordingly, taking into account the shares directly held by Mr. Nehama, he may be deemed to beneficially own approximately 48.2% of our outstanding ordinary shares. Mr. Nehama and Nechama Investments both disclaim beneficial ownership of the ordinary shares beneficially owned by Kanir and Kanir Ltd., Kanir and Mr. Fridrich disclaim beneficial ownership of the shares held by Nechama Investments.
- (i) Ehud Gil holds currently exercisable options to purchase 2,666 ordinary shares with expiration dates ranging from December 17, 2030 to August 1, 2032 and exercise prices per share ranging between \$27.22 - \$34.44, (ii) Anita Leviant holds currently exercisable options to purchase 5,000 ordinary shares with expiration dates ranging from August 1, 2028 to August 1, 2032 and exercise prices per share ranging between \$8.95 - \$28.5, and (iii) Daniel Vaknin holds currently exercisable options to purchase 2,583 ordinary shares with expiration dates ranging between December 30, 2030 and August 1, 2032 and exercise prices per share ranging between \$27.22 - \$34.3.

Our directors currently hold, in the aggregate, options to purchase 19,365 ordinary shares. The options have a weighted average exercise price of approximately \$23.43 per share and have expiration dates until 2033. During the years ended December 31, 2021, 2022 and 2023, each of Anita Leviant, Ehud Gil and Daniel Vaknin, members of our Board, was granted options to purchase 1,000 shares (on August 1 of each of such years) under the 1998 Plan. Dorit Ben Simon, an external director, was granted options to purchase 616 shares upon her appointment as external director (calculated based on the date of her appointment as a member of our Board). The exercise price for the underlying shares of such options is the “Fair Market Value” (as defined in the 1998 Plan) of our ordinary shares at the date of grant. The options expire ten years after their grant date. As described above under “Compensation - Compensation of Non-Executive Directors”, the options granted to our directors vest on the first anniversary of the grant date, provided that the recipient is a member of our Board on such anniversary. Of the options held by our directors, options to purchase 10,249 ordinary shares are currently exercisable, options to purchase 3,000 ordinary shares will become exercisable on August 1, 2024 and options to purchase 616 shares will become exercisable on December 20, 2024.

In June 2019, we granted options to purchase 9,869 ordinary shares to Mr. Ori Rosenzweig, our Chief Investment Officer. The options vest in equal installments on an annual basis over a period of three years and have an exercise price of \$11.19 per ordinary share. In October 2019, Mr. Rosenzweig exercised the vested portion of these options and in October 2022 Mr. Rosenzweig exercised the remainder of the options. In November 2021, we granted each of Kalia Rubenbach, Ori Rosenzweig and Yehuda Saban (through the consulting company owned by him) options to purchase 9,000 ordinary shares. These options vest in equal installments on an annual basis over a period of three years and have an exercise price of \$29.36 per ordinary share.

## **Outstanding Options**

### *1998 Share Option Plan for Non-Employee Directors*

For more information concerning our 1998 Share Option Plan for Non-Employee Directors see “Item 6.B: Compensation.”

As of January 1, 2023, December 31, 2023 and March 31, 2024, there were 22,667, 18,051 and 18,051 ordinary shares, respectively, available for future grants under the 1998 Plan.

### *2000 Stock Option Plan*

In 2000, we adopted the 2000 Stock Option Plan, or the 2000 Plan, to provide for grants of service and non-employee options to purchase ordinary shares to our officers, employees, directors and consultants. The 2000 Plan provides that it may be administered by the Board, or by a committee appointed by the Board, and is currently administered by our Board.

As amended, the 2000 Plan provides for the issuance of 1,772,459 ordinary shares. During 2008 we repurchased options to acquire approximately 990,000 ordinary shares from employees and such options were canceled, decreasing the amount of shares reserved for issuance the 2000 Plan. The 2000 Plan, as amended, currently terminates on August 31, 2028.

Our Board has broad discretion to determine the persons entitled to receive options under the 2000 Plan, the terms and conditions on which options are granted, and the number of ordinary shares subject thereto. Our Board delegated to our management its authority to issue ordinary shares issuable upon exercise of options under the 2000 Plan. The exercise price of the options under the 2000 Plan is determined by our Stock Option and Compensation Committee, provided, however, that the exercise price of any option granted shall not be less than eighty percent (80%) of the stock value at the date of grant of such options. The stock value at any time is equal to the then current fair market value of our ordinary shares. For purposes of the 2000 Plan (as amended), the fair market value means, as of any date, the last reported closing price of the ordinary shares on such principal securities exchange on the most recent prior date on which a sale of the ordinary shares took place.

Our Board determines the term of each option granted under the 2000 Plan, including the vesting period; provided, however, that the term of an option shall not be for more than 10 years. Unless otherwise agreed by the parties, upon termination of employment, all unvested options lapse, and generally within three months from such termination all vested but not-exercised options shall lapse.

The options granted are subject to restrictions on transfer, sale or hypothecation. Options and ordinary shares issuable upon the exercise of options granted to our Israeli employees are held in a trust until the payment of all taxes due with respect to the grant and exercise (if any) of such options.

We have elected the benefits available under the “capital gains” alternative of Section 102 of the Israeli Income Tax Ordinance [New Version], 1961, or the Israeli Income Tax Ordinance. Pursuant to this election, capital gains derived by employees arising from the sale of shares acquired as a result of the exercise of options granted to them under Section 102, will be subject to a flat capital gains tax rate of 25% (instead of the gains being taxed as salary income at the employee’s marginal tax rate). However, as a result of this election, we will no longer be allowed to claim as an expense for tax purposes the amounts credited to such employees as a benefit when the related capital gains tax is payable by them, as we were previously entitled to do. We may change the election from time to time, as permitted by the Israeli Income Tax Ordinance. There are various conditions that must be met in order to qualify for these benefits, including registration of the options in the name of a trustee, or the Trustee, for each of the employees who is granted options. Each option, and any ordinary shares acquired upon the exercise of the option, must be held by the Trustee for a period commencing on the date of grant and ending no earlier than 24 months after the date of grant.

As of March 15, 2024, there were options to purchase 34,645 ordinary shares outstanding under the 2000 Plan. The number of additional ordinary shares available for issuance under the 2000 Plan, as of January 1, 2023, December 31, 2023 and March 15, 2024, was 547,206.

**F. Disclosure of a Registrant’s action to Recover Erroneously Awarded Compensation**

Not applicable.

## ITEM 7: Major Shareholders and Related Party Transactions

### A. Major Shareholders

The following table sets forth information regarding the beneficial ownership of our ordinary shares as of March 15, 2024, by each person known by us to be the beneficial owner of 5.0% or more of our ordinary shares. Each of our shareholders has identical voting rights with respect to its shares. All of the information with respect to beneficial ownership of the ordinary shares is given to the best of our knowledge based on public filings by the shareholders (and on information provided by them).

	Ordinary Shares Beneficially Owned <sup>(1)</sup>	Percentage of Ordinary Shares Beneficially Owned
Shlomo Nehama <sup>(2)(4)(5)</sup>	3,588,577	27.9%
Kanir Joint Investments (2005) Limited Partnership <sup>(3)(4)(5)</sup>	2,605,845	20.3%
Yelin Lapidot Holdings Management Ltd. <sup>(6)</sup>	1,632,040	12.7%
Clal Insurance Enterprises Holdings Ltd. <sup>(7)</sup>	1,568,669	12.2%
The Phoenix Holdings Ltd. <sup>(8)</sup>	700,802	5.5%

- (1) As used in this table, “beneficial ownership” means the sole or shared power to vote or direct the voting or to dispose or direct the disposition of any security as determined pursuant to Rule 13d-3 promulgated under the U.S. Securities Exchange Act of 1934, as amended. For purposes of this table, a person is deemed to be the beneficial owner of securities that can be acquired within 60 days from March 31, 2024 through the exercise of any option or warrant. Ordinary shares subject to options or warrants that are currently exercisable or exercisable within 60 days are deemed outstanding for computing the ownership percentage of the person holding such options or warrants, but are not deemed outstanding for computing the ownership percentage of any other person. The amounts and percentages are based on a total of 12,852,585 ordinary shares outstanding as of March 31, 2024. This number of outstanding ordinary shares does not include a total of 258,046 ordinary shares held at that date as treasury shares under Israeli law, all of which were repurchased by us. For so long as such treasury shares are owned by us they have no rights and, accordingly, are neither eligible to participate in or receive any future dividends which may be paid to our shareholders nor are they entitled to participate in, be voted at or be counted as part of the quorum for, any meetings of our shareholders.
- (2) The 3,588,577 ordinary shares beneficially owned by Mr. Nehama consist of: (i) 3,123,604 ordinary shares held by Nechama Investments, which constitute approximately 24.3% of our outstanding ordinary shares and (ii) 464,973 ordinary shares and held directly by Mr. Nehama, which constitute approximately 3.6% of our outstanding ordinary shares. Mr. Nehama, as the sole officer, director and shareholder of Nechama Investments, may be deemed to indirectly beneficially own any ordinary shares owned by Nechama Investments, which constitute (together with his shares) approximately 27.9% of our outstanding ordinary shares.
- (3) Kanir is an Israeli limited partnership. Kanir Ltd., in its capacity as the general partner of Kanir, has the voting and dispositive power over the ordinary shares directly beneficially owned by Kanir. As a result, Kanir Ltd. may be deemed to indirectly beneficially own the ordinary shares beneficially owned by Kanir. Mr. Ran Fridrich, who is a member of our Board of Directors and our Chief Executive Officer and Ms. Anat Raphael, the sister of Mr. Ehud Gil, who is a member of our Board of Directors, are the sole directors of Kanir Ltd. As a result, Mr. Fridrich and Ms. Raphael may be deemed to indirectly beneficially own the ordinary shares beneficially owned by Kanir. In addition, Ms. Raphael is the majority shareholder of Kanir Ltd. and beneficially owns 254,524 ordinary shares, which constitute approximately 2% of our outstanding shares and which constitute, together with Kanir’s holdings, approximately 22.3% of our outstanding ordinary shares. Each of Kanir Ltd., Mr. Fridrich and Ms. Raphael disclaims beneficial ownership of such ordinary shares except to the extent of their respective pecuniary interest therein, if any.



- (4) By virtue of the 2008 Shareholders Agreement, Mr. Nehama, Nechama Investments, Kanir, Kanir Ltd., Ms. Raphael and Mr. Fridrich may be deemed to be members of a group that holds shared voting power with respect to 5,729,449 ordinary shares, which constitute approximately 44.6% of our outstanding ordinary shares, and holds shared dispositive power with respect to 5,232,201 ordinary shares, which constitute 40.7% of our outstanding ordinary shares. Accordingly, taking into account the shares directly held by Mr. Nehama, he may be deemed to beneficially own approximately 48.2% of our outstanding ordinary shares and taking into account the shares directly held by the estate of Mr. Raphael, the estate may be deemed to own approximately 46.6% of our outstanding ordinary shares. Each of Mr. Nehama and Nechama Investments disclaims beneficial ownership of the ordinary shares beneficially owned by Kanir. Each of Kanir, Kanir Ltd., Mr. Fridrich and Ms. Raphael disclaims beneficial ownership of the ordinary shares beneficially owned by Nechama Investments. A copy of the 2008 Shareholders Agreement was filed with the Securities and Exchange Commission, or the SEC, on March 31, 2008 as Exhibit 14 to an amendment to a Schedule 13D and is not incorporated by reference herein.
- (5) The information included in this table concerning the beneficial ownership of Nechama Investments, Kanir, Kanir Ltd., Messrs. Nehama and Fridrich, Ms. Raphael and the estate of Mr. Raphael is based on a Schedule 13D/A submitted on October 13, 2020 and on information provided by the shareholders.
- (6) Based on a Schedule 13G/A submitted on January 31, 2024 reporting holdings as of December 31, 2023 by Mr. Dov Yelin, Mr. Yair Lapidot, Yelin Lapidot Holdings Management Ltd., or Yelin Lapidot, and Yelin Lapidot Mutual Funds Management Ltd., or Yelin Lapidot Mutual. According to the Schedule 13G/A: (i) the securities reported therein are beneficially owned as follows: (a) 1,036,767 ordinary shares, which constitute approximately 8.1% of our outstanding ordinary shares, by mutual funds managed by Yelin Lapidot Mutual and (b) 595,273 ordinary shares, which constitute approximately 4.6% of our outstanding ordinary shares, by provident funds managed by Yelin Lapidot Provident Fund Management Ltd., or Yelin Lapidot Provident, (ii) both Yelin Lapidot Mutual and Yelin Lapidot Provident are wholly-owned subsidiaries of Yelin Lapidot and operate under independent management and make their own independent voting and investment decisions, and (iii) Messrs. Yelin and Lapidot each own 24.38% of the share capital and 25.004% of the voting rights of Yelin Lapidot, and are responsible for the day-to-day management of Yelin Lapidot. Pursuant to the Schedule 13G/A, any economic interest or beneficial ownership in any of the securities covered by the Schedule 13G/A is held for the benefit of the members of the provident funds or mutual funds, as the case may be, and each of Messrs. Yelin and Lapidot, Yelin Lapidot and wholly-owned subsidiaries of Yelin Lapidot, disclaims beneficial ownership of any such securities.
- (7) Based on a Schedule 13G/A submitted on February 14, 2024 reporting holdings as of December 31, 2023 by Clal Insurance Enterprises Holdings Ltd., or Clal. Based on the Schedule 13G/A, the ordinary shares reported as beneficially owned by Clal consist of: (i) 85,829 ordinary shares, including 56,115 ordinary shares issuable upon the exercise of warrants to purchase ordinary shares that are exercisable within 60 days, which are beneficially held for Clal's own account and (ii) 1,482,840 ordinary shares that are held for members of the public through, among others, provident funds and/or pension funds and/or insurance policies, which are managed by subsidiaries of Clal, which subsidiaries operate under independent management and make independent voting and investment decisions. Consequently, Clal notes in the Schedule 13G/A that the Schedule 13G/A will not constitute an admission that it is the beneficial owner of more than the ordinary shares beneficially owned for its account.
- (8) Based on a Schedule 13G/A submitted on December 26, 2023 by The Phoenix Holdings Ltd., or Phoenix. Based on the Schedule 13G/A, the 700,802 ordinary shares reported as beneficially owned by Phoenix consist of: (i) 26,869 ordinary shares held by The Phoenix Investments House – trust funds, (ii) 69,642 ordinary shares held by The Phoenix nostro accounts, (iii) 564,963 ordinary shares held by Partnership for Israeli Shares and (iv) 39,328 ordinary shares held by Partnership for investing in shares indexes. As noted in the Schedule 13G/A, the Phoenix entities that hold the ordinary shares manage their own funds and/or the funds of others, including for holders of exchange-traded notes or various insurance policies, members of pension or provident funds, unit holders of mutual funds, and portfolio management clients and each of them operates under independent management and makes its own independent voting and investment decisions. Consequently, Phoenix and each of such entities disclaims any beneficial ownership of the securities reported as beneficially owned by them in excess of their actual pecuniary interest therein.

### ***Significant Changes in the Ownership of Major Shareholders***

On February 7, 2022, Mr. Dov Yelin, Mr. Yair Lapidot and Yelin Lapidot Holdings Management Ltd., or the Yelin Lapidot Reporting Persons submitted an amendment to their Schedule 13G, indicating that as of December 31, 2021 they beneficially owned 1,735,076 ordinary shares, which at the time constituted approximately 13.5% of our outstanding ordinary shares. On February 9, 2023, the Yelin Lapidot Reporting Persons submitted an amendment to their Schedule 13G, indicating that as of December 31, 2022, they beneficially owned 1,741,299 ordinary shares, which at the time constituted approximately 13.5% of our outstanding ordinary shares. On January 31, 2024, the Yelin Lapidot Reporting Persons submitted an amendment to their Schedule 13G, indicating that as of December 31, 2023, they beneficially owned 1,632,040 ordinary shares, which at the time constituted approximately 12.7% of our outstanding ordinary shares.

On February 10, 2022, Clal submitted an amendment to its Schedule 13G indicating that as of December 31, 2021 it beneficially owned 1,309,752 ordinary shares (including 56,115 ordinary shares underlying warrants that are exercisable within 60 days of December 31, 2021), which at the time constituted approximately 10.15% of our outstanding ordinary shares. On February 13, 2023, Clal submitted an amendment to its Schedule 13G indicating that as of December 31, 2022, it beneficially owned 1,422,498 ordinary shares (including 56,115 ordinary shares underlying warrants that are exercisable within 60 days of December 31, 2022), which at the time constituted approximately 11.0% of our outstanding ordinary shares. On February 14, 2024, Clal submitted an amendment to its Schedule 13G indicating that as of December 31, 2023, it beneficially owned 1,568,669 ordinary shares (including 56,115 ordinary shares underlying warrants that are exercisable within 60 days of December 31, 2023), which at the time constituted approximately 12.2% of our outstanding ordinary shares.

Based on information available to us, during the year ended December 31, 2023, the 254,524 ordinary shares previously held by the estate of Mr. Hemi Raphael, constituting approximately 2% of our outstanding ordinary shares, were transferred to Ms. Anat Raphael.

On December 26, 2023, Phoenix submitted an amendment to its Schedule 13G indicating that it holds 700,802 ordinary shares, constituting approximately 5.5% of our outstanding ordinary shares.

### ***Record Holders***

Based on a review of the information provided to us by our transfer agent, as of March 31, 2024, there were 27 record holders of ordinary shares, of which 9 represented United States\* record holders holding approximately 54.6% of our outstanding ordinary shares (including approximately 54.5% of our outstanding ordinary shares held by the Depository Trust Company). This does not reflect persons or entities that hold ordinary shares in nominee or “street name” through various brokerage firms and does not reflect where the beneficial holders of our shares are located in part because the shares held by the Depository Trust Company include shares held for the Tel Aviv Stock Exchange Clearing House.

---

\* Including the Depository Trust Company

## ***2008 Shareholders Agreement***

Pursuant to public filings made and information provided by Kanir and Nechama Investments and their affiliates, on March 24, 2008, Kanir and Nechama Investments entered into a shareholders agreement, or the 2008 Shareholders Agreement, with respect to their holdings of our ordinary shares. The following summary is based on public filings made by the parties to the 2008 Shareholders Agreement, which include a more detailed description of the 2008 Shareholders Agreement and a copy of such agreement and that are not incorporated by reference herein.

The parties to the 2008 Shareholders Agreement agreed to vote all our ordinary shares held by them as provided in the 2008 Shareholders Agreement. Where the 2008 Shareholders Agreement is silent as to a matter brought before our shareholders, the parties will agree in advance as to how they will vote. In the event that the parties do not reach an agreement regarding any such matter, they will vote all of their ordinary shares against such matter. In addition, the parties agreed to use their best efforts to amend our articles to require that, if so requested by at least two of our directors, certain matters, such as related party transactions and any material change in the scope of our business, will require the approval of a simple majority of the outstanding ordinary shares. At our annual shareholders meeting held on December 30, 2008, our shareholders approved the adoption of our Second Amended and Restated Articles, as requested by Kanir and Nechama Investments and that includes, among other things, the revisions contemplated in the 2008 Shareholders Agreement. For more information, see “Item 10.B: Memorandum of Association and Second Amended and Restated Articles.”

The parties to the 2008 Shareholders Agreement further agreed to use their best efforts to ensure that the composition of our Board will be in accordance with the agreements set forth therein.

The 2008 Shareholders Agreement also contains certain agreements with respect to the ordinary shares held by each party that constitute, from time to time, 25.05% of the outstanding ordinary shares and, in the aggregate, 50.1% of the outstanding ordinary shares (these shares are defined in the 2008 Shareholders Agreement as the Restricted Shares), including a lock-up period, right of first refusal, tag along and a buy/sell notice mechanism.

The parties to the 2008 Shareholders Agreement agreed not to enter into any additional voting or similar agreements with any of our other shareholders during the term of the 2008 Shareholders Agreement, which will be in effect so long as (i) the parties hold more than 50% of our outstanding ordinary shares or (ii) each of the parties holds all of its Restricted Shares (unless the lending bank of the parties to the 2008 Shareholders Agreement forecloses on its pledge on the Restricted Shares of either party, causing the immediate termination of the 2008 Shareholders Agreement).

## ***Registration Rights***

We previously executed various registration rights agreements with certain entities and individuals, including former controlling shareholders, in connection with private placements of our securities. Registration rights with respect to a majority of the ordinary shares held by our current controlling shareholders were assigned from certain holders of such registration rights to our controlling shareholders, subject to the undertaking of the assignees to be bound by and subject to the terms and conditions of the registration rights agreement. In September 2014, we received a demand for registration from several shareholders, including our controlling shareholders, and filed a registration statement on Form F-3 with covering the resale of 6,421,545, currently approximately 50% of our ordinary shares, which became effective on November 17, 2014. In June 2020, we received a second demand to maintain the registration statement effective pursuant to the terms of the registration rights agreement dated September 12, 2005. The registration of the shares included in this registration statement enable our controlling shareholders to sell a significant portion of our ordinary shares without restrictions, which could result in a change of control of Ellomay or in us ceasing to be a “controlled company” for purposes of the NYSE American LLC rules. For more information see “Item 16.G: Corporate Governance.”

## **B. Related Party Transactions**

### ***Management Services Agreement***

On December 30, 2008, following the approval of our Audit Committee, Board of Directors and shareholders, we entered into the Prior Management Services Agreement with Kanir and Meisaf, effective as of March 31, 2008, the date of appointment of Messrs. Fridrich and Nehama as members of our Board. The initial aggregate annual consideration paid to Kanir and Meisaf pursuant to the Prior Management Services Agreement was an amount of \$250,000 plus value added tax pursuant to applicable law, paid in equal parts. This aggregate annual amount was increased to \$400,000 in 2013.

The Prior Management Services Agreement was amended and extended at our annual shareholders meeting held on June 19, 2019, and was to remain in effect until the earlier of: (i) June 17, 2022, (ii) the termination of service of all of the Kanir and Nechama Investments nominees on our Board of Directors, (iii) a date that is six (6) months following the delivery of a written termination notice by Meisaf and Kanir to the Company or by the Company to Meisaf and Kanir, or (iv) the cessation of provision of Chairman and CEO services.

On November 12, 2020, Mr. Hemi Raphael, who provided Board services to us through Kanir pursuant to the Prior Management Services Agreement, resigned from our Board of Directors for personal reasons. Mr. Raphael passed away during December 2020. On March 29, 2021, our Audit and Compensation Committee discussed the materiality of the cessation of services previously provided by the late Mr. Raphael under the Prior Management Services Agreement through Kanir. The Audit and Compensation Committee resolved that in light of the change in scope of services from Kanir during the first quarter of 2021, the payment due to Kanir under the Prior Management Services Agreement at the end of the first quarter of 2021 will be reduced to 66%, taking into account the reduction in the scope of services and the continued provision of services by Mr. Fridrich during such period, including the appointment of Mr. Fridrich as a member of the Dorad Board of Directors, replacing late Mr. Raphael. The Audit and Compensation Committee further resolved that following receipt of a benchmark report regarding similar agreements and further discussions by the Audit and Compensation Committee, revisions to the Prior Management Services Agreement will be discussed and then presented for the approval of our shareholders. At a meeting held on June 22, 2021, our Audit Committee resolved to pay the reduced payment mentioned above also for the second quarter of 2021.

At our 2021 Shareholders Meeting, our shareholders approved the execution of the Management Services Agreement, among us, Kanir, Keystone and Meisaf, following the approvals of our Audit and Compensation Committee and our Board of Directors, effective July 1, 2021.

The Management Services Agreement provides, among other things, as follows:

- Meisaf, Kanir and Keystone, through their employees, officers and directors, will assist us in all aspects of the management of our company and advise as required from time to time by us;
- The position of the CEO, held by Mr. Fridrich, is set at a full-time position and the position of the Chairman of the Board, held by Mr. Nehama, is set at no less than a 77% position;
- The CEO services will be provided by Mr. Fridrich through Kanir and Keystone, and the Chairman services will be provided by Mr. Nehama through Meisaf;
- Meisaf, Kanir and Keystone are entitled to receive reimbursement for reasonable out-of-pocket business expenses borne by them or any of their employees, directors or officers in connection with the provision of the services;
- The management fees are as follows: (i) to Meisaf, an annual amount of NIS 1,386,000 (NIS 115,500 on a monthly basis) plus applicable VAT and (ii) to Kanir and Keystone, an aggregate annual amount of NIS 1,800,000 (NIS 150,000 on a monthly basis) plus applicable VAT, in an initial division of NIS 660,000 to Kanir and NIS 1,140,000 to Keystone or such other division as notified in writing to the Company by Kanir and Keystone. The management fee is the full and final compensation for the provision of the services and shall be in lieu of any and all payments that are due to the Service Providers as Board members, including the right to receive the options to purchase ordinary shares of the Company in accordance with the Company's 1998 Share Option Plan for Non-Employee Directors;
- The Management Services Agreement be in effect until the earlier of: (i) June 30, 2024, (ii) the termination of service of Messrs. Nehama and Fridrich on our Board of Directors, (iii) a date that is six (6) months following the delivery of a written termination notice by Meisaf, Kanir and Keystone to the Company or by the Company to Meisaf, Kanir and Keystone, or (iv) the cessation of provision of Chairman and CEO services. In the event only Meisaf ceases to provide services or only Keystone and Kanir cease to provide services, the Management Services Agreement will continue in full force and effect with respect to the other parties, mutatis mutandis; and
- Kanir, Meisaf and Keystone serve as independent contractors of the Company and each of them is solely responsible to any payment it is required to pay its employees and representatives and undertake to indemnify the Company in the event the Company suffers any damage due to a determination that any of them or their affiliates are employees of the Company.

For further information concerning the Management Services Agreement, see "Item 10.C: Material Contracts" and the Management Services Agreement included as Exhibit 4.18 under "Item 19: Exhibits."

### ***Employment of Mr. Asaf Nehama***

Mr. Asaf Nehama, the son of Mr. Shlomo Nehama, one of our controlling shareholders, has been employed by us since October 1, 2022. At our 2022 Shareholders Meeting, our shareholders approved, following the approvals of our Audit and Compensation Committee and Board of Directors, the terms of employment for Mr. Asaf Nehama in an analyst position, effective October 1, 2022, which included a monthly gross salary of NIS 12,000 and other social and ancillary benefits as required under applicable law and customary in the Company.

During 2023, Mr. Asaf Nehama has taken on additional responsibilities and started acting as a project manager in connection with our development activities of photovoltaic fields in Texas, USA. At our 2023 Shareholders Meeting, our shareholders approved, following the approvals of our Audit and Compensation Committee and Board of Directors, the following updated terms of employment of Mr. Asaf Nehama, effective October 1, 2023:

- *Monthly Salary* – Mr. Asaf Nehama will receive a gross monthly salary of NIS 15,000 and a monthly lump sum payment for overtime in the amount of NIS 8,000 (the monthly gross salary together with the monthly lump sum for overtime (i.e. NIS 23,000, or currently approximately \$5,700), the Salary).
- *Social and Ancillary Benefits* – Mr. Asaf Nehama will be entitled to all social benefits and rights as required under applicable law (pension, severance pay, convalescence pay, etc.) and as customary in the Company, all based on his Salary. Mr. Asaf Nehama will be subject to the provisions of Section 14 of the Severance Pay Law, 5723-1963. Mr. Asaf Nehama will be entitled to sick leave under law and will be able to use the sick days as customary in the Company. The Company will deposit an amount equal to 7.5% of the Salary to an advanced study fund per Mr. Asaf Nehama's selection and shall deduct from his Salary an amount equal to 2.5% of the Salary that shall be deposited in said advanced study fund as the employee's share, as customary in the Company.
- *Vacation* – Mr. Asaf Nehama will be entitled to paid vacation days as determined under the Israeli Annual Vacation Law, 1951 plus two (2) days per year (pro rata) and will be entitled to transfer from year to year up to 15 vacation days.
- *Reimbursement of Expenses* – Mr. Asaf Nehama shall be entitled to reimbursement of expenses, travel expenses and meal expenses based on the policies and amounts as customary in the Company, currently travel expenses in the amount of NIS 300 per month and meal expenses in the amount of NIS 900 per month.
- *Termination of Employment* – the notice period during the first six months of employment will be pursuant to the Israeli Prior Notice of Termination Law, 2001 and thereafter 30 days, as customary in the Company.

For a further discussion of transactions and balances with related parties see "Item 4.D: Property, Plants and Equipment" (with respect to the sublease of office space to a company controlled by Mr. Nehama), "Item 6.B: Compensation," "Item 6.C: Board Practices" under "Indemnification, Exemption and Insurance of Executive Officers and Directors," "Registration Rights" above and Note 15 to our consolidated financial statements, which are included elsewhere in this report.

## **C. Interests of Experts and Counsel**

Not Applicable.

## **ITEM 8: Financial Information**

### **A. Consolidated Statements and Other Financial Information.**

#### **Consolidated Statements**

Our consolidated financial statements are set forth in Item 18.

#### **Legal Proceedings**

We may from time to time become a party to various legal proceedings in the ordinary course of our business. While the outcome of these matters cannot be predicted with certainty, we do not believe they will have a material effect on our consolidated financial position, results of operations, or cash flows. In addition, we are involved in various legal proceedings in connection with our holdings in Ellomay Luzon Energy and indirect holdings in Dorad. For more information see “Item 4.B: Business Overview” under “The Dorad Power Plant” and Note 6 to our annual financial statements included elsewhere in this Report.

#### **Dividends**

On March 18, 2015, our Board of Directors adopted a dividend distribution policy, or the Policy, pursuant to which we intend to distribute a dividend of up to 33% of our annual distributable profits each year, either by way of a cash dividend, a share buyback program or a combination of both. Distributions or the amount or method of the distribution pursuant to the Policy are not guaranteed and are subject to the specific approval of our Board of Directors, based on various factors they deem appropriate including, among others, our financial position, our outstanding liabilities and contractual obligations, prospective acquisitions, our business plan and the market conditions. In addition, as described herein, distributions are subject to the restrictions in the deeds of trust governing our Debentures. Our Board of Directors may, subject to the circumstances and conditions stated above, declare additional dividend distributions, change the rate of a specific distribution or cancel a distribution (either as a revision to the Policy or on a more temporary basis). In addition, our Board of Directors may, in its absolute discretion and at any time, revise, update or terminate the Policy. Prior to the adoption of the Policy, we did not have a dividend distribution policy or distribute cash dividends in the past. We did not repurchase any of our ordinary shares or declare or pay a cash dividend during 2021-2023.

The terms of the deeds of trust governing our Debentures restrict our ability to distribute dividends (for more information see “Item 4.A: History and Development of Ellomay; Recent Developments,” “Item 5.B: Liquidity and Capital Resources” and “Item 10.C: Material Contracts”). In addition, under Israeli law, the payment of dividends is generally made from accumulated retained earnings or retained earnings accrued over a period of the last two years (after deducting prior dividends to the extent not already deducted from retained earnings), and in either case, provided there is no reasonable concern that the dividend will prevent the company from satisfying current or foreseeable obligations as they become due. Notwithstanding the foregoing, in the event a company does not have sufficient accumulated retained earnings, dividends or repurchases of shares may be made with the approval of a court and a repurchase of shares is also permissible under certain conditions, provided that there is no reasonable concern that payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

## **B. Significant Changes**

Except as otherwise disclosed in this Report, no significant changes have occurred since December 31, 2023.

## **ITEM 9: The Offer and Listing**

### **A. Offer and Listing Details**

Our ordinary shares are listed on the NYSE American LLC and the TASE under the symbol “ELLO.”

### **B. Plan of Distribution**

Not Applicable.

### **C. Markets**

Our ordinary shares have been listed on the NYSE American LLC since August 22, 2011. Our trading symbol is “ELLO.” On October 27, 2013, our ordinary shares were listed for trading on the Tel Aviv Stock Exchange under the symbol “ELLO.”

### **D. Selling Shareholders**

Not Applicable.

### **E. Dilution**

Not Applicable.

### **F. Expenses of the Issue**

Not Applicable.

## **ITEM 10: Additional Information**

### **A. Share Capital**

Not Applicable.



## **B. Memorandum of Association and Second Amended and Restated Articles**

### **Memorandum of Association and Second Amended and Restated Articles**

Set forth below is a brief description of certain provisions contained in the Memorandum of Association, the Second Amended and Restated Articles, adopted by our shareholders at our general meeting held on December 30, 2008, as amended, as well as certain statutory provisions of Israeli law. The Memorandum of Association and the Articles are incorporated by reference herein. The description of certain provisions does not purport to be a complete summary of these provisions and is qualified in its entirety by reference to such exhibits and to Israeli law.

#### *Authorized Share Capital*

Our authorized share capital is one hundred seventy million (170,000,000) New Israeli Shekels, divided into seventeen million (17,000,000) ordinary shares, NIS 10.00 par value per share.

Due to the fact that we were incorporated prior to 1999, the year the Companies Law was enacted, a special majority of 75% of the shares voting on the matter is generally required in order to amend our Memorandum, however, pursuant to our Memorandum, changes to our capital structure, such as an increase in our authorized capital, only require the vote of a majority of the shares voting on the matter.

#### *Purpose and Objective*

We are a public company registered under the Companies Law as Ellomay Capital Ltd., registration number 52-003986-8. Pursuant to Article 3.1 of our Articles, our objective is to undertake any lawful activity, including any objective set forth in our Memorandum of Association. Pursuant to Article 3.2 of our Articles, our purpose is to operate in accordance with commercial considerations with the intentions of generating profits. In addition, we may contribute reasonable amounts for any suitable purpose even if such contributions do not fall within our business considerations. The Board may determine the amounts of the contributions, the purpose for which the contribution is to be made, and the recipients of any such contribution.

#### *Board of Directors*

Under the Companies Law, our Board is authorized to determine our strategy and supervise the performance of the duties and actions of our chief executive officer. Our Board may not delegate to a committee of the Board or the chief executive officer the right to decide on certain of the authorities vested in it, including determination of our strategy, distributions, certain issuances of securities and approval of financial reports. The powers conferred upon the Board are vested in the Board as a collective body and not in each one or more of the directors individually. Unless otherwise set forth in a resolution of the shareholders, our Articles provide that our Board shall consist of not less than four (4) nor more than eight (8) directors (including any external directors whose appointment is mandated under the Companies Law).

Pursuant to the Companies Law, publicly traded companies must appoint at least two external directors to serve on their board of directors and audit committee. For further information concerning external directors see “Item 6.C: Board Practices.”

The Companies Law codifies the fiduciary duties that an office holder has to a company. An office holder’s fiduciary duties consist of a duty of loyalty and a duty of care. For more information concerning these duties, the approval process of certain transactions and other board practices see “Item 6.C: Board Practices.”

Our directors generally cannot approve compensation to themselves or any members of their body without the approval of our compensation committee and our shareholders. For more details concerning the approval process of Terms of Service and Employment of office holders see “Item 6.C: Board Practices” under “Compensation Committee.” Borrowing powers exercisable by the directors are not specifically outlined in our Articles.

No person shall be disqualified to serve as a director by reason of his not holding our shares in. Additionally, our Articles do not provide for an age in which directors are required to retire.

#### *Rights of Shareholders*

No preemptive rights are granted to holders of our ordinary shares under the Articles or the Companies Law. Each ordinary share is entitled to one vote on all matters to be voted on by shareholders, including the election of directors.

The directors, other than external directors who are elected for three-year terms, are elected annually at a general meeting of shareholders and remain in office until the next annual meeting at which time they retire, unless their office is previously vacated as provided in the Articles. A retiring director may be reelected. If no directors are elected at the annual meeting, all of the retiring directors remain in office pending their replacement at a general meeting. Holders of the ordinary shares do not have cumulative voting rights in the election of directors. Consequently, the holders of ordinary shares in the aggregate conferring more than 50% of the voting power, represented in person or by proxy, will have the power to elect all the directors. On March 24, 2008, in connection with the purchase of a controlling interest of our ordinary shares, Nechama Investments and Kanir entered into the 2008 Shareholders Agreement. Under the 2008 Shareholders Agreement, both parties agreed to vote all of our shares held by them as provided in the agreement and, where the agreement is silent, as the parties shall agree prior to any meeting of our shareholders. In addition, the 2008 Shareholders Agreement provides that in the event the parties do not reach an agreement regarding certain resolution proposed to our shareholders meeting, the parties shall vote all of their shares against such proposed resolution. For further information with respect to the 2008 Shareholders Agreement, see “Item 7.A: Major Shareholders” under the caption “2008 Shareholders Agreement.”

Following the adoption of the Articles at our general meeting of shareholders held on December 30, 2008, Article 25.5 provides that for so long as the 2008 Shareholders Agreement is in effect, at the written request of any two directors with respect to any proposed action or transaction (including certain related party transactions, any amendments to our Memorandum of Association or Articles, any merger or consolidation of the Company, any material change in the scope of our business, the voluntary liquidation or dissolution of the Company, approval of annual budget or business plan and material deviations therefrom and any change in signatory rights on behalf of the Company), such action or transaction shall require the approval of our general meeting by a resolution supported by members present, in person or by proxy, vested with at least 50.1% of our outstanding shares, or by such higher approval threshold as may be required by Israeli law.

Pursuant to the Companies Regulations (Relief for Companies whose Securities are Listed for Trading on a Stock exchange Outside of Israel), 2000, one or more shareholders holding at least 5% of the voting rights at the general meeting may request the Board of Directors to include the election of a nominee director or the removal of a director from office on the agenda of a future shareholders' meeting. Pursuant to the Companies Law, other items may be included on the agenda of a future shareholders' meeting at the request of one or more shareholders holding at least 1% of the voting rights to the extent such items are suitable for a general meeting.

#### *Chairman of the Board*

Our Articles provide that our Chairman of the Board shall have no casting vote, unless (i) the Chairman of the Board is then Mr. Shlomo Nehama and (ii) Nechama Investments, together with any Affiliates (as defined in our Articles) thereof, then holds at least 25.05% of our outstanding shares. Our Articles further provide that, notwithstanding the foregoing, in case Mr. Shlomo Nehama elects to exercise his casting vote in respect of a specific resolution brought before our Board, or the Triggering Resolution, then (a) prior to such exercise, Nechama Investments shall be required to trigger the "Buy Me Buy You" mechanism set forth in the 2008 Shareholders Agreement as an Offering Party (as defined in the 2008 Shareholders Agreement), whereby the Triggering Resolution will be pending until the consummation of the sale of the Restricted Shares (as defined in the 2008 Shareholders Agreement) of one party to the 2008 Shareholders Agreement to the other party of the 2008 Shareholders Agreement in accordance with such "Buy Me Buy You" mechanism; and (b) in the event that three (3) of the members of our Board so require, the Triggering Resolution shall be conditioned upon the approval of our general meeting pursuant to Article 25.1 of the Articles (requiring a special majority of 50.1% of our outstanding shares). Upon a transfer of the Restricted Shares by Kanir to third party in accordance with the terms of the 2008 Shareholders Agreement, the casting vote of the Chairman of the Board shall expire.

#### *Dividends and Liquidation Rights*

Our Board of Directors is authorized to declare dividends, subject to applicable law. Dividends may be paid only out of profits and other surplus, as defined in the Companies Law, as of the end of the most recent financial statements or as accrued over a period of two years, whichever is higher. Alternatively, if we do not have sufficient profits or other surplus, then permission to effect a distribution can be granted by order of an Israeli court. In any event, a distribution is permitted only if there is no reasonable concern that the distribution will prevent us from satisfying our existing and foreseeable obligations as they become due.

Upon recommendation by the Board, dividends may be paid, in whole or in part, by the distribution of certain of our specific assets, of our shares or debentures, or shares or debentures of any other company, or in any combination of such manners. Subject to special or restricted rights conferred upon the holders of shares as to dividends, if any, the dividends shall be distributed in accordance with our paid-up capital attributable to the shares for which the dividend has been declared. Our obligation to pay dividends or any other amount in respect of shares may be set-off against any indebtedness, however arising, liquidated or non-liquidated, of the person entitled to receive the dividend. Any dividend unclaimed within the period of seven years from the date stipulated for its payment shall be forfeited and returned to us, unless otherwise directed by our Board. In the event of the winding up of Ellomay, then, after satisfaction of liabilities to creditors and subject to provisions of any applicable law and to any special or restricted rights attached to a share, our assets in excess of our liabilities will be distributed among the shareholders in proportion to the paid-up capital attributable to the shares in respect of which the distribution is being made. Dividend and liquidation rights may be affected by the grant of preferential dividends or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

For more information concerning our dividend distribution policy see “Item 8.A: Financial Information – Consolidated Statements and Other Financial information,” under the heading “Dividends.”

#### *Redemption Provisions*

We may, subject to any applicable law, issue redeemable securities and then redeem them.

#### *Liability to Capital Calls*

The liability of our shareholders for the indebtedness of the Company is limited to payment of the nominal value of the shares held by them.

#### *Certain Transactions with Controlling Persons*

No provision in the Articles discriminates against an existing or prospective holder of securities, as a result of such shareholder owning a substantial amount of shares. However, the Companies Law extends the disclosure requirements applicable to office holders as described in “Board Practices” under “Management” above, to a controlling shareholder in a public company. For purposes of the issues described in these paragraphs, the Companies Law defines a controlling shareholder a shareholder who can direct the activities of the company, including a presumption that a person who holds 25% or more of the voting rights at the company’s general meeting, provided there is no other person that holds more than 50% of the voting rights in such company, is a controlling shareholder. If two or more shareholders are interested parties in the same transaction, their shareholdings are combined for the purposes of calculating the percentages held by them. If two or more shareholders are parties to a voting agreement, their interests are also generally combined for the purposes of calculating percentages.

“Extraordinary Transactions” (as such term is defined by the Companies Law and as set forth in “Board Practices” under “Management” above) of a public company with its controlling shareholder or with another person if the controlling shareholder has a personal interest in such transaction, including certain private offering of securities in which the controlling shareholder has a personal interest, a transaction between a company and a controlling shareholder or her or his relative, directly or indirectly, including through a company controlled by her or him, relating to the receipt by the company of services from her or him, and, if such controlling shareholder or her or his relative are office holders, a transaction in connection with their Terms of Service and Employment or, if he or she is an employee of the company and not an office holder, a transaction of the company with such person in connection with his or her employment by the company, all are required to be for the benefit of the company and require the approval of the audit committee, the board of directors and the shareholders. The shareholders’ approval of such a transaction requires a simple majority approval and the fulfillment of one of the following conditions: (i) at least a majority of the votes cast by shareholders who have no personal interest in the transaction and who vote on the matter are voted in favor of the transaction, or (ii) the votes cast by shareholders who have no personal interest in the transaction voted against the transaction do not represent more than two percent of the voting rights in the company. In addition, any such transaction with a term that exceeds three years requires approval as described above every three years, unless (with respect only to extraordinary transactions and not to other transactions that require the special approval process) the audit committee approves that a longer term is reasonable under the circumstances. For more information concerning the roles of the audit committee in connection with related party transactions, including a recent amendment to the Companies Law, see “Item 6.C: Board Practices.” For more information concerning the approval process and requirements in connection with the Terms of Service and Employment of controlling shareholders and their relatives see “Item 6.B: Compensation.”

Pursuant to the Relief Regulations, certain extraordinary transactions between a company and its controlling shareholder(s), certain undertakings of a company to its directors in connection with their terms of service and certain transactions between a company and its controlling shareholder(s) or their relatives in their capacity as office holders or employees of the company may be approved, if the conditions set forth in such regulations are met, without the requirement to obtain shareholder approval. The Relief Regulations require that the company's audit committee and board of directors determine that the conditions set forth in the Relief Regulations are met. One of the alternative conditions for approving an extraordinary transaction with a controlling shareholder is that such transaction only benefits the company. Another available condition is that the transaction is in the ordinary course of business, on market terms, and does not harm the company.

#### *Changing Rights Attached to Shares*

According to our Articles, in order to change the rights attached to any class of shares, unless otherwise provided by the terms of the class, such change must be adopted by a general meeting of the shareholders and by a separate general meeting of the holders of the affected class by the majority that is generally required for the amendment of the Articles or, if higher, the Memorandum. The provisions of the Articles relating to general meetings of our shareholders shall apply, mutatis mutandis, to any separate general meeting of the holders of the shares of a specific class; provided, however, that the requisite quorum at any such separate general meeting shall be one or more members present in person or by proxy and holding not less than thirty three and one third percent (33 1/3%) of the issued shares of such class.

Pursuant to the Companies Law, the quorum requirement for general meetings and for separate general meetings for holders of a specific class may be satisfied with the presence of at least two members present in person or by proxy and holding not less than 25% of the outstanding shares, or the shares of such class, as the case may be.

#### *Annual and Extraordinary Meetings of our Shareholders*

Pursuant to the Companies Law, an annual meeting of shareholders must be held once in every calendar year at such time (within a period of not more than fifteen months after the preceding annual meeting) and at such place as may be determined by the board of directors. The board of directors may, at any time, convene extraordinary general meetings of shareholders, and shall be obligated to do so upon receipt of a requisition in writing from any of the following: (i) two directors or one quarter of the directors holding office; (ii) one or more shareholders holding at least 10% of the issued capital and at least 1% of the voting rights in the Company; or (iii) one or more shareholders holding at least 10% of the voting rights in the Company. A requisition must detail the objects for which the meeting must be convened and shall be signed by the persons requisitioning it and sent to the Company's registered office. When the board of directors is required to convene a special meeting, it shall do so within 21 days of the requisition being submitted. In the event the board of directors does not convene the extraordinary meeting despite the receipt of a valid requisition, the persons requisitioning the meeting may convene the meeting themselves, provided that such meeting shall not be held more than three months following the delivery of the requisition and will be convened, to the extent possible, in the same manner as general meetings are convened by the board of directors.

Prior to any general meeting a written notice thereof shall be made public as required by Israeli law. The Articles provide that we shall not be required to deliver notice to each shareholder, except as may be specifically required by Israeli law. The Articles further provide that a notice by us of a general meeting that is published in one international wire service shall be deemed to have been duly given on the date of such publication.

Two or more members present in person or by proxy and holding shares conferring in the aggregate more than 25% of the total voting power attached to our shares shall constitute a quorum at general meetings. If a meeting is adjourned due to the lack of a quorum, any two shareholders, present in person or by proxy at the subsequent adjourned meeting, will constitute a quorum. Unless provided otherwise by the terms of issue of the shares, no member shall be entitled to be present or vote at a general meeting (or to be counted as part of the quorum) unless all amounts due as of the date designated for same general meeting with respect to his shares were paid. A resolution shall be deemed adopted if the requisite quorum is present and the resolution is supported by members present, in person or by proxy, vested with more than fifty percent (50%) of the total voting power attached to the shares whose holders were present, in person or by proxy, at such meeting and voted thereon, or such other percentage required by law or set forth in the Articles from time to time.

#### *Limitations on the Rights to Own Securities in Our Company*

Our Memorandum of Association and Articles and the laws of the State of Israel do not restrict in any way the ownership or voting of ordinary shares by non-residents, except that shares held by citizens of countries which are in a state of war with Israel will not confer any rights to their holders unless the Ministry of Finance consents otherwise.

#### *Anti-takeover Provisions; Mergers and Acquisitions under Israeli Law*

The Companies Law permits merger transactions with the approval of each party's board of directors and generally requires shareholder approval as well. A merger with a wholly owned subsidiary does not require approval of the target company's shareholders. A merger does not require approval of the surviving company's shareholders if: (i) the merger does not require the adoption of amendments to the surviving company's memorandum of association or articles and (ii) the surviving company does not issue more than 20% of its voting power in connection with the merger and as a result of the issuance no shareholder would become a controlling shareholder (for this purpose any securities convertible into shares of the surviving company that such person holds or that are issued to him in the course of the merger are deemed to have been converted or exercised). Shareholder approval of the surviving company would nevertheless be required if the other party to the merger, or a person holding more than 25% of the outstanding voting shares or means of appointing the board of directors of the other party to the merger, holds any shares of the surviving company. In accordance with the Companies Law, our Articles provide that a merger may be approved at a shareholders meeting by a majority of the voting power represented at the meeting, in person or by proxy, and voting on that resolution. The Companies Law provides that in determining whether the required majority has approved the merger, shares held by the other party to the merger, any person holding at least 25% of the outstanding voting shares or means of appointing the board of directors of the other party to the merger, or the relatives or companies controlled by these persons, are excluded from the vote. As described above, our Articles currently provide, under certain circumstances, including a merger of the Company, that two directors may require that, in addition to the majority prescribed by the Companies Law, a merger be approved by a resolution supported by shareholders present, in person or by proxy, vested with at least 50.1% of our outstanding shares. For additional voting requirements that may apply to us pursuant to Article 25.5 of our Articles in connection with a proposed merger see "Rights of Shareholders" above.

Under the Companies Law, a merging company must inform its creditors of the proposed merger. Any creditor of a party to the merger may seek a court order blocking the merger, if there is a reasonable concern that the surviving company will not be able to satisfy all of the obligations of the parties to the merger. Moreover, a merger may not be completed until at least 50 days have passed from the time that a merger proposal was filed with the Israeli Registrar of Companies and 30 days have passed from the shareholder approval of the merger in each merging company.

The Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if as a result of the acquisition the purchaser would hold 25% or more of the voting rights in the company. This rule does not apply if there is already another holder of 25% or more of the voting rights in the company. Similarly, the Companies Law provides that an acquisition of shares in a public company must be made by means of a tender offer if as a result of the acquisition the purchaser would hold greater than 45% of the voting rights in the company, unless there is another shareholder holding more than 45% of the voting rights in the company. These requirements do not apply if, in general, the acquisition: (1) was made in a private placement that received shareholder approval as a private placement and was meant to grant the purchaser 25% or more of the voting rights of a company in which no other shareholder holds 25% or more of the voting rights, or to grant the purchaser more than 45% of the voting rights of a company in which no other shareholder holds more than 45% of the voting rights, (2) was from a holder of 25% or more of the voting rights in the company which resulted in the acquiror holding 25% or of the voting rights in the company, or (3) was from a shareholder holding more than 45% of the voting rights in the company which resulted in the acquiror becoming a holder of more than 45% voting rights in the company.

If, as a result of an acquisition of shares, the acquiror will hold more than 90% of a company's outstanding shares, the acquisition must be made by means of a tender offer for all of the outstanding shares, or a full tender offer. A full tender offer is accepted if either: (i) holders of less than 5% of the outstanding shares do not accept the tender offer and more than half of the offerees who do not have a personal interest in accepting the tender offer accepted it, or (ii) holders of less than 2% of the outstanding shares do not accept the tender offer. If the full tender offer is not accepted, then the acquiror may not acquire shares in the tender offer that will cause his shareholding to exceed 90% of the outstanding shares.

The Companies Law provides for appraisal rights in the event a full tender offer is accepted if the shareholder files a request with the court within six months following the consummation of a full tender offer. The acquirer may provide in the tender offer documents that any shareholder that accepted the offer and tendered his shares will not be entitled to appraisal rights.

#### *Duties of Shareholders and of Controlling Shareholders*

Under the Companies Law, a shareholder has a duty to act in good faith towards the company and other shareholders and to refrain from abusing his or her power in the company including, among other things, when voting in a general meeting of shareholders or in a class meeting on the following matters:

- a. any amendment to the articles;
- b. an increase in the company's authorized share capital;
- c. a merger; or
- d. approval of related party transactions that require shareholder approval.

A shareholder also has a general duty to refrain from depriving any other shareholders of their rights as shareholders.

In addition, a duty to act with fairness towards the company is imposed on: (i) anyone who controls a company, i.e. a person that has the ability to direct the activity of a company, excluding an ability deriving merely from holding an officer or director or another office in the company (a person shall be presumed to control a corporation if he or she holds half or more of certain means of control, i.e. rights to vote at a general meeting and the right to appoint directors or general manager), (ii) any shareholder who knows that it possesses the power to determine the outcome of a shareholder vote and (iii) any shareholder who has the power to appoint or prevent the appointment of an office holder in the company. The Companies Law does not describe the substance of this duty of fairness.

#### **C. Material Contracts**

##### *Management Services Agreement with Meisaf, Kanir and Keystone*

For details concerning the Management Services Agreement, see "Item 7.B: Related Party Transactions."

*The description of the Management Services Agreement is only a summary and does not purport to be complete and is qualified by reference to the full text of the Management Services Agreement filed by us as Exhibit 4.18 under "Item 19: Exhibits."*

##### *Agreements in connection with the Investment in Ellomay Luzon Energy*

Summaries of the material agreements executed in connection with our investment in Ellomay Luzon Energy are included as Exhibits 4.7 and 4.8 under "Item 19: Exhibits."



#### *Deeds of Trust governing our Debentures*

For a description of our debt agreements, including the Deed of Trusts governing our Series C Debentures, Series D Convertible Debentures and Series E Secured Debentures, see “Item 5.B: Operating and Financial Review and Prospects – Liquidity and Capital Resources” and for a description of the Deed of Trust governing our Series F Debentures see “Item 4.A: History and Development of Ellomay; Recent Developments.”

*The aforementioned descriptions of the Deeds of Trust governing our Debentures are only summaries and do not purport to be complete and is qualified by reference to the convenience translation of such Deeds of Trust filed by us as Exhibits 4.15, 4.17, 4.20 and 4.24 under “Item 19: Exhibits.”*

#### **D. Exchange Controls**

Dividends, if any, paid by us to the holders of our ordinary shares, and any amounts payable upon our dissolution, liquidation or winding up, as well as the proceeds of any sale in Israel of our ordinary shares to an Israeli resident, may be paid in non-Israeli currency. If these amounts are paid in Israeli currency, they may be converted into U.S. dollars at the rate of exchange prevailing at the time of conversion. However, legislation remains in effect pursuant to which currency controls can be imposed by administrative action at any time.

The State of Israel does not restrict in any way the ownership or voting of ordinary shares of Israeli entities by non-residents of Israel, except with respect to subjects of countries that are in a state of war with Israel. In addition, there are currently no limitations on our ability to import and export capital.

#### **E. Taxation**

##### **Israeli Taxation**

The following is a summary of the material Israeli tax consequences and Israeli foreign exchange regulations as they relate to our shareholders and us. This discussion is based on our best knowledge and interpretation of the Israeli Income Tax Ordinance, the regulations promulgated thereunder and Israeli tax law generally. To the extent that the discussion is based on new tax or other legislation that has not been subject to judicial or administrative interpretation, there can be no assurance that the views expressed in the discussion will be accepted by the tax or other authorities in question. **The discussion is not intended, and should not be construed, as legal or professional tax advice and is not exhaustive of all possible tax considerations.**

##### ***General Corporate Tax Structure***

Israeli companies are generally subject to corporate tax on their taxable income. The Israeli corporate tax rate has been 23% as from January 2018, according to section 126 of the Israeli Income Tax Ordinance.

### ***Capital Gains Tax on Sales of Our Ordinary Shares***

Israeli law generally imposes a capital gains tax on the sale of any capital assets by residents of Israel, as defined for Israeli tax purposes, and on the sale of capital assets by a non-resident of Israel if those assets (i) are located in Israel, (ii) are shares or a right to shares in an Israeli resident corporation, (iii) represent, directly or indirectly, rights to assets located in Israel, or (iv) are a right in a foreign resident corporation, which in its essence is the owner of a direct or indirect right to property located in Israel (with respect to the portion of the gain attributed to the property located in Israel), unless a specific exemption is available or unless a tax treaty between Israel and the shareholder's country of residence provides otherwise. The law distinguishes between real capital gain and inflationary surplus. The inflationary surplus is a portion of the total capital gain, which is equivalent to the increase of the relevant asset's purchase price, which is attributable to the increase in the Israeli consumer price index between the date of purchase and the date of sale. The real capital gain is the excess of the total capital gain over the inflationary surplus.

#### ***Taxation of Israeli Residents***

The tax rate applicable to capital gains derived from the sale of shares, whether listed on a stock market or not, is the marginal tax rate according to Section 121 of the Israeli Income Tax Ordinance but up to 25% for Israeli individuals, and the real capital gain shall be deemed the highest bracket of the individual's taxable income, unless such shareholder claims a deduction for financing expenses in connection with such shares, in which case the gain will generally be taxed at a rate of 30%, until the promulgation of regulations setting forth the rules and conditions for deduction of real interest and linkage differentials pursuant to Section 101A(a)(9) and 101A(b) of the Israeli Income Tax Ordinance. Additionally, if such shareholder is considered a "significant shareholder" at any time during the 12-month period preceding such sale (i.e., such shareholder holds directly or indirectly, including jointly with others, at least 10% of any means of control in the company) the tax rate will be 30%. However, different tax rates may apply to dealers in securities and shareholders who acquired their shares prior to an initial public offering. Israeli companies are subject to the corporate tax rate as specified in Section 126 of the Israeli Income Tax Ordinance on capital gains derived from the sale of shares.

#### ***Taxation of Non-Israeli Residents***

Non-Israeli residents are generally exempt from Israeli capital gains tax on any gains derived from the sale of shares of Israeli companies publicly traded on a recognized stock market in Israel, under Section 97(B2) of the Israeli Income Tax Ordinance, or on a recognized stock market outside of Israel, provided such shareholders did not acquire their shares prior to the issuer's initial public offering and that the gains did not derive from a permanent establishment of such shareholders in Israel and that such shareholders are not subject to the Inflationary Adjustments Law. However, non-Israeli corporations will not be entitled to such exemption if an Israeli resident (i) has a controlling interest of 25% or more in such non-Israeli corporation, or (ii) is the beneficiary or is entitled to 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly as specified in Section 68A of the Israeli Income Tax Ordinance.

In addition, the sale, exchange or disposition of our ordinary shares by a shareholder who is a U.S. resident (for purposes of the U.S.-Israel Tax Treaty) holding ordinary shares as a capital asset is also exempt from Israeli capital gains tax under the U.S.-Israel Tax Treaty unless either (i) the shareholder holds, directly or indirectly, shares representing 10% or more of our voting power during any part of the 12-month period preceding such sale, (ii) the shareholder, if an individual, is present in Israel for more than 183 days during the taxable year, or (iii) the capital gains arising from such sale are attributable to a permanent establishment of the shareholder located in Israel. If the above conditions are not met, the U.S. resident would be subject to Israeli tax, to the extent applicable; however, under the U.S.-Israel Tax Treaty, the gain would be treated as foreign source income for United States foreign tax credit purposes.

#### ***Taxation on Dividends paid to a Shareholder***

##### *Taxation of Israeli Residents*

Individuals who are Israeli residents are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25%, unless the recipient is a “significant” shareholder (as defined above) at any time during the 12-month period preceding the distribution, in which case the applicable tax rate is 30%. The company distributing the dividend is required to withhold tax at the rate of 25% (a different rate may apply to dividends paid on shares deriving from the exercise of stock options or other equity-based awards granted as compensation to employees or office holders of the company) or 30%, as applicable. For companies that are Israeli residents, dividends from another Israeli company will generally not be included in their taxable income, unless the source of such dividends is located outside of Israel, in which case tax will generally apply at the rate set forth in Section 126 of the Israeli Income Tax Ordinance.

##### *Taxation of Non-Israeli Residents*

Non-residents of Israel are generally subject to Israeli income tax on the receipt of dividends paid on our shares at the rate of 25% or 30%, if such person (including a non-Israeli corporation) is a substantial shareholder at the time of recipient of the dividend or on any date in the 12 months preceding such date, which tax will be withheld at the source, unless a different rate is provided in a tax treaty between Israel and the shareholder’s country of residence, subject to obtaining appropriate approval from the Israel Tax Authority in advance, to the extent granted. Under the U.S.-Israel Tax Treaty, the maximum rate of tax withheld in Israel on dividends paid to a holder of our ordinary shares who is a U.S. resident (for purposes of the U.S.-Israel Tax Treaty) is 25%.

#### **U.S. Tax Considerations Regarding Ordinary Shares**

The following is a general summary of the material United States federal income tax consequences relating to the acquisition, ownership and disposition of our ordinary shares by a U.S. Holder (as defined below) that holds those ordinary shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, or the Code. This summary is based on the tax laws of the United States, and existing final, temporary and proposed Treasury Regulations, administrative pronouncements and judicial decisions, as in effect on the date hereof, all of which are subject to prospective and retroactive changes, and to differing interpretations.

This summary does not address all federal income tax consequences that may be relevant to particular persons, and does not take into account the specific circumstances of any particular persons, including, but not limited to:

- a. tax-exempt entities or any individual retirement account or Roth IRA;
- b. banks and other financial institutions;
- c. insurance companies;
- d. real estate investment trusts and regulated investment companies;
- e. broker-dealers;
- f. traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- g. persons liable for alternative minimum tax;
- h. "U.S. shareholders" (as defined in Code Section 951(b), generally persons owning directly, indirectly or constructively at least 10% of our shares by vote or value);
- i. persons that hold ordinary shares as part of a straddle, hedge, conversion transaction or other integrated transaction;
- j. U.S. expatriates;
- k. persons whose functional currency is not the U.S. dollar;
- l. persons that are residents of or have a permanent establishment in a jurisdiction outside the United States or persons who are not U.S. Holders;
- m. persons who acquired the shares pursuant to the exercise of any employee share option or otherwise as compensation; and
- n. partnerships or a partner in a partnership.

If a partnership (including for this purpose any entity treated as a partnership for U.S. tax purposes) is a beneficial owner of our ordinary shares, the U.S. tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. A holder of our ordinary shares that is a partnership and partners in such partnership should consult their individual tax advisors about the U.S. federal income tax consequences of holding and disposing of our ordinary shares.

This summary does not address any aspect of United States federal gift or estate tax or state, local or foreign tax laws.

ACCORDINGLY, PERSONS CONSIDERING THE PURCHASE OF ORDINARY SHARES SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE APPLICATION OF UNITED STATES FEDERAL TAX LAWS, AS WELL AS THE LAWS OF ANY STATE, LOCAL OR FOREIGN TAXING JURISDICTION, TO THEIR PARTICULAR SITUATIONS.

For purposes of this discussion, a "U.S. Holder" is any beneficial owner of our ordinary shares that, for U.S. federal income tax purposes, is:

- (1) an individual citizen or resident of the United States;
- (2) a corporation or other entity taxable as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States or any political subdivision thereof;
- (3) an estate the income of which is subject to U.S. federal income tax without regard to its source; or
- (4) a trust, if such trust was in existence on August 20, 1996 and has validly elected to be treated as a U.S. person for U.S. federal income tax purposes, or if (a) a court within the U.S. can exercise primary supervision over its administration and (b) one or more U.S. persons have the authority to control all of the substantial decisions of such trust.

## *Taxation of U.S. Holders*

*Distributions on Ordinary Shares.* Subject to the discussion in “Passive Foreign Investment Company” below, distributions made by us with respect to ordinary shares generally will constitute dividends for federal income tax purposes and will be taxable to a U.S. Holder as a dividend to the extent of our undistributed current or accumulated earnings and profits (as determined for United States federal income tax purposes). Distributions in excess of our current and accumulated earnings and profits will be treated first as a nontaxable return of capital reducing the U.S. Holder’s tax basis in the ordinary shares, thus increasing the amount of any gain (or reducing the amount of any loss) which might be realized by such U.S. Holder upon the sale or exchange of such ordinary shares. Any such distributions in excess of the U.S. Holder’s tax basis in the ordinary shares will be treated as gain from the sale or exchange of our ordinary shares. Dividends paid by us generally will not be eligible for the dividends received deduction available to certain corporate U.S. Holders.

With respect to non-corporate U.S. Holders, dividends may qualify as “qualified dividend income” which is eligible for reduced rates of taxation provided that (1) we are eligible for the benefits of the income tax treaty between the United States and Israel or with respect to any dividend paid on shares which are readily tradable on an established securities market in the United States; (2) we are not a PFIC (as defined below) for either the taxable year in which the dividend was paid or the preceding taxable year; (3) the U.S. Holder satisfies certain holding period requirements; and (4) the U.S. Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. A corporate U.S. Holder (and a non-corporate U.S. Holder that fails to satisfy the applicable holding period requirements) is taxable at ordinary rates on dividends received.

A dividend paid in New Israeli Shekel will be included in gross income in a U.S. dollar amount based on the NIS/U.S. dollar exchange rate in effect on the date the dividend is included in the income of the U.S. Holder, regardless of whether the payment, in fact, is converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is included in the gross income of a U.S. Holder through the date that payment is converted into U.S. dollars (or otherwise disposed of) will be treated as U.S. source ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income.

Subject to certain conditions and limitations, any Israeli withholding tax imposed upon distributions which constitute dividends under United States federal income tax law will be eligible for credit against a U.S. Holder’s federal income tax liability. Alternatively, a U.S. Holder may claim a deduction for such amount, but only for a year in which a U.S. Holder elects to do so with respect to all foreign income taxes. The overall limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed with respect to our ordinary shares will generally constitute “passive income.”

*Sale or Exchange of Ordinary Shares.* Subject to the discussion in “Passive Foreign Investment Company” below, a U.S. Holder of ordinary shares generally will recognize capital gain or loss upon the sale or exchange of the ordinary shares measured by the difference between the amount realized and the U.S. Holder’s tax basis in the ordinary shares. Any such capital gain will be long-term capital gain or loss if the U.S. Holder’s holding period in our ordinary shares is more than one year. Subject to the discussion in “Medicare Tax” below, tax rates for the long-term capital gain to an individual U.S. Holder will be at a maximum rate of 20%. Gain or loss will be computed separately for each block of ordinary shares sold (ordinary shares acquired separately at different times and prices). The deductibility of capital losses is restricted and generally may only be used to reduce capital gains to the extent thereof. However, individual taxpayers generally may deduct annually \$3,000 of capital losses in excess of their capital gains.

*Medicare Tax.* Subject to specific requirements, certain U.S. Holders will be subject to a 3.8% Medicare tax (in addition to otherwise applicable federal income tax) on their investment income and gain, with limited exceptions. U.S. Holders should consult with their tax advisors regarding the effect, if any, of this tax on the ownership and disposition of our ordinary shares.

*Passive Foreign Investment Company.* A foreign corporation generally will be treated as a “passive foreign investment company,” or PFIC, if, after applying certain “look-through” rules, either (1) 75% or more of its gross income is passive income or (2) 50% or more of the average value of its assets is attributable to assets that produce or are held to produce passive income. Passive income for this purpose generally includes dividends, interest, rents, royalties and gains from securities and commodities transactions. The look-through rules require a foreign corporation that owns at least 25%, by value, of the stock of another corporation to treat a proportionate amount of assets and income of the other corporation as held or received directly by such foreign corporation. We must make a separate determination each year as to whether we are a PFIC. As a result, our PFIC status may change. The determination of whether or not we are a PFIC depends on the composition of our income and assets, including goodwill, from time to time.

Based on our income and/or assets, we believe that we were a PFIC from 2008 through 2012. Since PFIC shares are subject to the PFIC rules even in future years in which we are no longer a PFIC, our ordinary shares will be PFIC shares with respect to any U.S. Holder that held our ordinary shares in 2008 through 2012. Based on our income and assets, we do not believe that we were a PFIC from 2013 through 2023. However, because the determination of whether we are, or will be, a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to various interpretations, there is a risk that the Internal Revenue Service may disagree with our determinations regarding our prior or present PFIC status. In addition, depending on future events, we could become a PFIC in future years.

U.S. Holders who own our ordinary shares during a taxable year in which we are a PFIC generally will be subject to increased U.S. tax liabilities and reporting requirements for that taxable year and all succeeding years, regardless of whether we continue to meet the income or asset test for PFIC status, although shareholder elections may apply in certain circumstances. U.S. Holders should consult their own tax advisors regarding our status as a PFIC and the consequences of investment in a PFIC.

If we are a PFIC for any taxable year during which U.S. Holders hold ordinary shares, such U.S. Holders will be subject to special tax rules with respect to any “excess distribution” that they receive and any gain that they realize from a sale or other disposition (including a pledge) of the ordinary shares, unless such U.S. Holders make a “mark-to-market” election as discussed below. Distributions that each U.S. Holder receives in a taxable year that are greater than 125% of the average annual distributions that such U.S. Holder received during the shorter of the three preceding taxable years or such U.S. Holder’s holding period for the ordinary shares will be treated as an excess distribution. Under these special tax rules:

- (1) the excess distribution or gain will be allocated ratably over each U.S. Holder’s holding period for the ordinary shares;
- (2) the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and
- (3) the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts under (3) above that is allocated to years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses, and gains (but not losses) realized on the sale of the ordinary shares cannot be treated as capital, even if a U.S. Holder holds the ordinary shares as capital assets. The portion of any distributions that are not treated as excess distributions are taxable as ordinary income in the current taxable year under the normal tax rules of the Code.

A U.S. Holder may not avoid taxation under the rules described above by making a “qualified electing fund” election to include such U.S. Holder’s share of our income on a current basis because we do not presently intend to prepare or provide information necessary to make such election.

Alternatively, a U.S. Holder of “marketable stock” in a PFIC may make a mark-to-market election for stock of a PFIC to elect out of the tax treatment discussed three paragraphs above. If a U.S. Holder makes a mark-to-market election for the ordinary shares, such U.S. Holder will include in income each year an amount equal to the excess, if any, of the fair market value of the ordinary shares as of the close of such U.S. Holder’s taxable year over such U.S. Holder’s adjusted basis in such ordinary shares. A U.S. Holder is allowed a deduction for the excess, if any, of the adjusted basis of the ordinary shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the stock included in a U.S. Holder’s income for prior taxable years. Amounts included in a U.S. Holder’s income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the ordinary shares, as well as to any loss realized on the actual sale or disposition of the ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ordinary shares, and any loss in excess of such amount is treated as capital loss. Each U.S. Holder’s basis in the ordinary shares will be adjusted to reflect any such income or loss amounts. The tax rules that apply to distributions by corporations which are not passive foreign investment companies generally would apply to distributions by us.

The mark-to-market election is available only for stock which is regularly traded on a national securities exchange that is registered with the Securities and Exchange Commission or on Nasdaq, or an exchange or market that the U.S. Secretary of the Treasury determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. U.S. Holders should consult their tax advisors as to the availability of the mark-to-market election, based on the exchange on which we trade and the amount of trading of our ordinary shares, and the tax ramifications of such election (including the special rules that may apply to the gain realized in the year of the election).

Dividends paid by a PFIC (or by a company that was a PFIC in the year preceding the dividend) are not “qualified dividend income” for purposes of the preferential tax rate on dividends discussed above.

Special limitations may apply to the use of foreign tax credits arising in connection with distributions on PFIC shares as to which U.S. Holders should consult their tax advisors.

If a U.S. Holder holds ordinary shares in any year in which we are a PFIC, such U.S. Holder is generally required to file Internal Revenue Service Form 8621 every year. U.S. Holders should consult their tax advisors regarding their PFIC shareholder reporting obligation in connection with their investment.

*U.S. Information and Backup Withholding.* Dividends and proceeds from the sale or exchange of shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number on a properly completed Internal Revenue Service Form W-9 or otherwise properly establishes an exemption from backup withholding. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder’s U.S. federal income tax liability, if any, and such U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund and furnishing any required information to the Internal Revenue Service.

*Foreign Financial Asset Reporting.* United States return disclosure obligations (and related penalties) are imposed on U.S. individuals who hold certain specified foreign financial assets in excess of certain dollar thresholds. The definition of specified foreign financial assets would include our ordinary shares, unless they are held in an account at a domestic financial institution. U.S. Holders should consult with their tax advisors regarding the requirements of filing IRS Form 8938 under these rules.

#### **F. Dividends and Paying Agents**

Not Applicable.

#### **G. Statement by Experts**

Not Applicable.



## H. Documents on Display

We are subject to certain of the reporting requirements of the Exchange Act, as applicable to “foreign private issuers” as defined in Rule 3b-4 under the Exchange Act. As a foreign private issuer, we are exempt from certain provisions of the Exchange Act. Accordingly, our proxy solicitations are not subject to the disclosure and procedural requirements of Regulation 14A under the Exchange Act, and transactions in our equity securities by our officers and directors are exempt from reporting and the “short-swing” profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we file with the Securities and Exchange Commission an annual report on Form 20-F containing financial statements audited by an independent accounting firm. We also submit to the Securities and Exchange Commission reports on Form 6-K containing (among other things) press releases and unaudited financial information. We post our annual report on Form 20-F on our website (<http://www.ellomay.com>) promptly following the filing of our annual report with the Securities and Exchange Commission. The information on our website is not incorporated by reference into this annual report.

Any statement in this Report about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to this report or any of our annual reports or to a registration statement or other documents filed by us, the contract or document is deemed to modify the description contained in this Report. You must review the exhibits themselves for a complete description of the contract or document. In the event any of the documents that are filed as exhibits to our annual reports are not in English, the original language version is on file in our offices and is available upon request.

You may review a copy of our filings with the SEC, including exhibits and schedules, and obtain copies of such materials at the SEC’s public reference room at Room 1580, 100 F Street, N.E., Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding registrants that we file electronically with the SEC. These SEC filings are also available to the public from commercial document retrieval services. Our filings commencing October 2013 may also be found at the TASE’s website at <http://maya.tase.co.il> and at the Israeli Securities Authority’s website at <http://www.magna.isa.gov.il>.

## I. Subsidiary Information

Not applicable.

## ITEM 11: Quantitative and Qualitative Disclosures 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, short-term deposits and restricted cash in various currencies, including euro, NIS and USD. Our holdings in our European operating plants and projects under development are denominated in euro, our holdings in projects under development in the USA are denominated in USD and our holdings in the Talmei Yosef PV Plant, our Israeli projects under development and indirect holdings in Dorad are denominated in NIS. The financing we have in connection with our Spanish PV Plants, the Dutch WtE plants and the Talasol PV Plant is denominated in euro and the financing we have in connection with our Spanish PV Plants bears interest that is based on EURIBOR rate. Our Debentures and the project finance debt of the Talmei Yosef PV Plant and the Manara PSP are denominated in NIS.

### *Inflation and Fluctuation of Currencies*

We believe that the composition of our assets and liabilities, which are denominated in USD, Euro and NIS, sufficiently mitigates a substantial portion of our foreign currency risk.

### *Interest Rate*

As noted under “Item 4.B: Business Overview,” we entered into various finance agreements that are based on EURIBOR rate and therefore we may be affected by adverse movements in interest rates. 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.

In order to manage and limit the interest-rate risk resulting from financing secured in connection with the financing of four of our Spanish indirect wholly-owned subsidiaries, we executed a €17.6 million interest swap transaction for a period of 18 years, payable semi-annually commencing on March 12, 2019, whereby we are the fixed rate payer (the fixed rate is set at 3%).

For more information concerning hedging transactions, including a sensitivity analysis, see Note 21 to our financial statements included elsewhere in this Report.

We do not otherwise believe the disclosure required by Item 11 of this report to be material to us.

### **ITEM 12: Description of Securities Other Than Equity Securities**

Not Applicable (for a description of our Debentures and Series 1 and Series 2 Options see “Item 4.A: History and Development of Ellomay; Recent Developments,” “Item 5.B: Operating and Financial Review and Prospects; Liquidity and Capital Resources” and “Item 10.C: Material Contracts”).

## PART II

### ITEM 13: Defaults, Dividend Arrearages and Delinquencies

Not Applicable.

### ITEM 14: Material Modifications to the Rights of Security Holders and Use of Proceeds

Not applicable.

### ITEM 15: Controls and Procedures

#### *(a) Disclosure Controls and Procedures*

Our chief executive officer and chief financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report, have concluded that, as of such date, our disclosure controls and procedures were effective to ensure that the information required in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

#### *(b) Management's Annual Report on Internal Control over Financial Reporting*

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934, as amended, as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In making this assessment, our management used the criteria in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on this assessment, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2023, our internal control over financial reporting is effective based on those criteria.

#### *(c) Attestation Report of the Registered Public Accounting Firm*

Our independent registered accounting firm, Somekh Chaikin, a member firm of KPMG International, has issued an audit report on the effectiveness of our internal control over financial reporting. The report is included our audited consolidated financial statements set forth in "Item 18 - Financial Statements."

*(d) Changes in Internal Control over Financial Reporting*

There were no changes in our internal control over financial reporting that occurred during the year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 16: [Reserved]**

**ITEM 16A: Audit Committee Financial Expert**

Daniel Vaknin has been designated as the Audit Committee financial expert and was also determined to be “independent” under the applicable SEC and NYSE American LLC regulations.

**ITEM 16B: Code of Ethics**

We adopted a code of business conduct and ethics which is applicable to all of our officers, directors and employees, including our principal executive, financial and accounting officers and persons performing similar functions, or the Code of Ethics.

The Code of Ethics, in its current form, is posted on our website at the following web address: [https://ellomay.com/wp-content/uploads/2020/03/Code\\_of\\_Business\\_Conduct\\_and\\_Ethics.pdf](https://ellomay.com/wp-content/uploads/2020/03/Code_of_Business_Conduct_and_Ethics.pdf). We will provide a copy of the Code of Ethics to any person, without charge, upon written request addressed to our Chief Financial Officer at our office in Tel Aviv, Israel.

**ITEM 16C: Principal Accountant Fees and Services**

**Fees paid to the Independent Registered Public Accounting Firm**

Somekh Chaikin, a member firm of KPMG International, independent registered public accounting firm, located in Tel Aviv, Israel, PCAOB ID 1057, serves as our principal independent registered public accounting firm since December 2011.

The following table sets forth, for each of the years indicated, the aggregate fees paid for professional audit services and other services rendered by Somekh Chaikin and other KPMG member firms.

	<b>2023</b>	<b>2022</b>
	<b>(Euro in thousands)</b>	
Audit Fees <sup>(1)</sup>	491	460
Audit-Related Fees <sup>(2)</sup>	94	-
Tax Fees <sup>(3)</sup>	50	70
Total	635	530

1. Professional services rendered by our independent registered public accounting firm for the audit of our annual financial statements or services that are normally provided by the accountants in connection with statutory and regulatory filings or engagements.
2. Including professional services related to due diligence investigations.
3. Professional services rendered by our independent registered public accounting firm for international and local tax compliance, tax advice services and tax planning performed during the fiscal year.

#### **Audit Committee's pre-approval policies and procedures**

Our Audit Committee nominates and engages our registered public accounting firm to audit our financial statements. See also the description under the heading in "Item 6.C: Board Practices." In July 2003, our Audit Committee also adopted a policy requiring management to obtain the Audit Committee's approval before engaging our independent auditors worldwide to provide any other audit or permitted non-audit services to us. Pursuant to this policy, which is designed to assure that such engagements do not impair the independence of our auditors, the Audit Committee pre-approves all specific audit and non-audit services and related fees in the categories audit service, audit-related service and tax services that may be performed by our independent auditors worldwide.

#### **ITEM 16D: Exemptions from the Listing Standards for Audit Committees**

Not Applicable.

#### **ITEM 16E: Purchase of Equity Securities by the Company and Affiliated Purchasers**

Not Applicable.

#### **ITEM 16F: Change in Registrant's Certifying Accountants**

Not Applicable.

#### **ITEM 16G: Corporate Governance**

##### *NYSE American LLC Company Guide and Home Country Laws*

Section 110 of the NYSE American LLC Company Guide provides that the NYSE American LLC will consider the laws, customs and practices of an issuer's country of domicile, to the extent not contrary to the federal securities laws, regarding such matters as: (i) the election and composition of the board of directors; (ii) the issuance of quarterly earnings statements; (iii) shareholder approval requirements; and (iv) quorum requirements for shareholder meetings. If we wish to seek relief under these provisions we are required to provide written certification from independent local counsel that the non-complying practice is not prohibited by our home country law.

Our corporate governance practices currently differ from those followed by U.S. companies listed on the NYSE American LLC in connection with the quorum required for shareholders meetings. While the NYSE American LLC Company Guide requires a quorum for shareholder meetings of at least 33-1/3% of our outstanding ordinary shares, our Articles, as permitted by the Companies Law, provide for a quorum of two or more shareholders holding more than 25% of the total voting power attached to our shares and for a quorum of any two shareholders, present in person or by proxy at the subsequent adjourned meeting. For more information concerning the quorum requirements for shareholders meetings and adjourned shareholders meetings see "Item 10.B: Memorandum of Association and Second Amended and Restated Articles."

In addition, under the Companies Law we may not be required to obtain shareholder approval for certain issuances of shares in excess of 20% of our outstanding shares, as would be required in certain circumstances by the NYSE American LLC Company Guide. At this time, we do not have any intention to enter into any such transaction; however, we may in the future do so and opt to comply with the Companies Law, which may not require shareholder approval. Any such determination to follow the Companies Law's requirements rather than the standards applicable to U.S. companies listed on NYSE American LLC will be made by us based on the circumstances existing at the time approval is required.

#### *Controlled Company*

By virtue of the 2008 Shareholders Agreement, we are a "controlled company" as defined in Section 801 of the NYSE American LLC Company Guide. As a result, we are exempt from certain of the NYSE American LLC corporate governance requirements, including the requirement that a majority of the board of directors be independent, the requirement applicable to the nomination process of directors and the requirements applicable to the determination or recommendation of executive compensation by a committee comprised of independent directors or by a majority of the independent directors. We follow the requirements of the Companies Law with respect to these issues, including the requirement that we appoint two external directors, all as more fully described in "Item 6.B: Compensation" and "Item 6.C: Board Practices."

If the "controlled company" exemptions would cease to be available to us under the NYSE American LLC Company Guide, we may elect to follow "home country laws" (i.e. Israeli law) instead of some or all of the applicable NYSE American LLC Company Guide requirements as described above.

#### **ITEM 16H: Mine Safety Disclosure**

Not Applicable.

#### **ITEM 16I: Disclosure regarding Foreign Jurisdictions that Prevent Inspections**

Not Applicable.

#### **ITEM 16J: Insider Trading Policies**

Not Applicable.

#### **ITEM 16K: Cybersecurity**

##### **Risk Management and Strategy**

Our business operations rely upon secure information technology systems for data processing, storage and reporting. As a global energy company based in Israel, we face heightened risks of cybersecurity incidents, and we remain potentially vulnerable to known or unknown threats, which are constantly evolving. Although to date we are not aware of any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations or financial condition, there can be no assurance that we will not experience such an incident in the future. See "Item 3.D: Key Information - Risk Factors" for additional information about the risks to our business associated with cybersecurity threats.

Our cybersecurity strategy emphasizes detection, analysis and recovery of cybersecurity threats, while increasing our resiliency against cybersecurity incidents and effective management of cybersecurity risks and events.

We adopted internal policies and procedures aimed at enhancing protection of our information system against cybersecurity risks and detecting and managing cybersecurity events. We maintain physical, administrative and technical safeguards of our information systems, and also maintain plans and procedures whose objective is to help us prevent and timely and effectively respond to cybersecurity threats or incidents. We implement our policies and procedures through employee training, software enhancements and improvements and management oversight.

We conduct periodic risk assessments to identify, document and mitigate cybersecurity risks, including penetration tests and risk surveys. These risk assessments are conducted by qualified third party service providers. In addition, employees receive periodic information security training.

Exposure of third-party service providers to our information systems is minimized and made on a “need to know” basis and subject to execution of non-disclosure agreements to protect the confidentiality of our information.

Although we conduct third-party examination and other procedures designed to assess the data privacy and cybersecurity practices of third-party vendors and service providers (including contractual protections), our ability to monitor or control the data privacy and cybersecurity practices of third parties is limited and there can be no assurance that we can detect, prevent, mitigate, or remediate the risk of any weakness, compromise or failure in the information systems, software, networks and other assets owned or controlled by our third-party vendors and service providers. When we do become aware that a third-party vendor or service provider has experienced any compromise or failure, we attempt to mitigate our risk, including by terminating such third party’s connection to our information systems and networks where appropriate.

## **Governance**

Our management team, including our external Information Technologies service provider, are responsible for identifying, considering and assessing material cybersecurity risks on an ongoing basis, establishing processes to ensure that such potential cybersecurity risk exposures are monitored, putting in place appropriate mitigation measures and maintaining cybersecurity programs. Our external Information Technologies service provider has over twenty-five years’ experience in information technology systems, structure and support and over ten years’ experience in information security, and are experienced in overseeing implementation, certification and compliance processes of international standards of information security such as ISO27001, TiSAX, etc.

In addition, in the event of a potentially material cybersecurity event, the CEO and Chairman of the Board are notified and briefed, and meetings of the Audit Committee and/or full Board would be held, as appropriate.

As part of its oversight responsibilities, our Audit Committee receives periodic updates from our management and through the internal audit plan on our cybersecurity practices as well as technology, cybersecurity and information security risks.

We engage a third-party consultant to help us assess and identify risks from cybersecurity threats, including the threat of a cybersecurity incident, and to assist us in establishing our cybersecurity defenses and policies and manage our cyber risk assessment program. Our third-party consultant monitors cybersecurity threats to our software.

## PART III

### ITEM 17: Financial Statements

Not Applicable.

### ITEM 18: Financial Statements

Our Financial Statements are included in pages F-1 – F-106 of this Report.

The audited financial statements of Dorad Energy Ltd. for the year ended December 31, 2023 are included in pages FD-1 – FD-50 of this Report.

### ITEM 19: Exhibits

Number	Description
1.1	<a href="#"><u>Memorandum of Association of the Registrant (translated from Hebrew), reflecting amendments through June 9, 2011</u></a> <sup>(1)</sup>
1.2	<a href="#"><u>Second Amended and Restated Articles of the Registrant, reflecting amendments through June 21, 2018</u></a> <sup>(2)</sup>
2.1	<a href="#"><u>Specimen Certificate for ordinary shares</u></a> <sup>(3)</sup>
2.2	<a href="#"><u>Description of Rights of Securities Registered Under Section 12 of the Exchange Act</u></a> <sup>(4)</sup>
4.1	<a href="#"><u>1998 Share Option Plan for Non-Employee Directors</u></a> <sup>(4)</sup>
4.2	<a href="#"><u>2000 Stock Option Plan</u></a> <sup>(4)</sup>
4.3	<a href="#"><u>Form of Indemnification Undertaking between the Registrant and its officers and directors, granted until June 21, 2018</u></a> <sup>(1)</sup>
4.4	<a href="#"><u>Form of Indemnification Undertaking and Exemption between the Registrant and its officers and directors, granted following June 21, 2018</u></a> <sup>(2)</sup>
4.5	<a href="#"><u>Directors and Officers Compensation Policy, adopted on December 11, 2023</u></a> <sup>(6)</sup>
4.6	<a href="#"><u>Form of Registration Rights Agreement, dated September 12, 2005, among the Registrant, certain investors, Bank Hapoalim, Bank Leumi and Israel Discount Bank</u></a> <sup>(7)</sup>
4.7	<a href="#"><u>Investment Agreement, among U. Dori Group Ltd., (currently Amos Luzon Entrepreneurship and Energy Group Ltd.), U. Dori Energy Infrastructures Ltd. (currently Ellomay Luzon Infrastructures Ltd.) and Ellomay Clean Energy Ltd., dated November 25, 2010 (summary of Hebrew version)</u></a> <sup>(8)*</sup>
4.8	<a href="#"><u>Shareholders Agreement, among U. Dori Group Ltd. (currently Amos Luzon Entrepreneurship and Energy Group Ltd.), Ellomay Clean Energy Ltd. and U. Dori Energy Infrastructures Ltd. (currently Ellomay Luzon Infrastructures Ltd.), dated November 25, 2010 (summary of Hebrew version)</u></a> <sup>(8)*</sup>
4.9	<a href="#"><u>Rinconada II Building Right Agreement (summary of Spanish version)</u></a> <sup>(3)*</sup>
4.10	<a href="#"><u>Rodríguez I Lease Agreements (summary of Spanish version)</u></a> <sup>(9)*</sup>
4.11	<a href="#"><u>Rodríguez II Lease Agreements (summary of Spanish version)</u></a> <sup>(10)*</sup>
4.12	<a href="#"><u>Fuente Librilla Lease Agreement (summary of Spanish version)</u></a> <sup>(10)*</sup>
4.13	<a href="#"><u>Talmei Yosef Lease Agreement (summary of Hebrew version)</u></a> <sup>(11)*</sup>
4.14	<a href="#"><u>Talasol Lease Agreements (summary of Spanish versions)</u></a> <sup>(4)*</sup>
4.15	<a href="#"><u>Deed of Trust between the Registrant and Hermetic Trust (1975) Ltd., governing the Company's Series C Debentures, dated July 15, 2019, as amended on June 6, 2022 (translation of Hebrew version)</u></a> <sup>(12)*</sup>
4.16	<a href="#"><u>Ellomay Solar Lease Agreement (summary of Spanish version)</u></a> <sup>(13)*</sup>
4.17	<a href="#"><u>Deed of Trust between the Registrant and Hermetic Trust (1975) Ltd., governing the Company's Series D Convertible Debentures, dated February 21, 2021 (translation of Hebrew version)</u></a> <sup>(13)*</sup>



Number	Description
4.18	<a href="#">Amended and Restated Management Services Agreement, by and among the Registrant, Kanir Joint Investments (2005) Limited Partnership, Keystone R.P. Holdings and Investments Ltd. and Meisaf Blue &amp; White Holdings Ltd., effective as of July 1, 2021</a> <sup>(14)</sup>
4.19	<a href="#">Manara Lease and Development Agreements (summary of Hebrew version)</a> <sup>(15)*</sup>
4.20	<a href="#">Deed of Trust between the Registrant and Hermetic Trust (1975) Ltd., governing the Company's Series E Secured Debentures, dated January 30, 2023 (translation of Hebrew version)</a> <sup>(16)*</sup>
4.21	<a href="#">Italian Subsidiaries' Lease Agreements (summary of Italian version)*</a>
4.22	<a href="#">Land Lease and Solar Easement between Jordan Hunter Latham and Malakoff Solar Holdings, LLC, dated April 17, 2023</a>
4.23	<a href="#">Form of Land Lease and Solar Easement in connection with certain USA PV projects</a>
4.24	<a href="#">Deed of Trust between the Registrant and Hermetic Trust (1975) Ltd., governing the Company's Series F Debentures, dated January 14, 2024 (translation of Hebrew version)*</a>
8	<a href="#">List of Subsidiaries of the Registrant</a>
12.1	<a href="#">Certification of Principal Executive Officer required by Rule 13a-14(a) and Rule 15d-14(a) (Section 302 Certification)</a>
12.2	<a href="#">Certification of Principal Financial Officer required by Rule 13a-14(a) and Rule 15d-14(a) (Section 302 Certification)</a>
13	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer required by Rule 13a-14(b) and Rule 15d-14(b) (Section 906 Certification)</a>
15.1	<a href="#">Consent of Somekh Chaikin, Member Firm of KPMG International, Independent Registered Public Accounting Firm with respect to our financial statements</a>
15.2	<a href="#">Consent of Somekh Chaikin, Member Firm of KPMG International, Independent Registered Public Accounting Firm with respect to the Dorad Financial Statements</a>
97.1	<a href="#">Ellomay Capital Ltd. Dodd-Frank Clawback Policy</a>
101.INS**	Inline XBRL Instance Document
101.SCH**	Inline XBRL Taxonomy Extension Schema Document
101.CAL**	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	Inline XBRL Taxonomy Label Linkbase Document
101.PRE**	Inline XBRL Taxonomy Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

\* The original language version is on file with the Registrant and is available upon request.

\*\* Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

- (1) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2012 and incorporated by reference herein.
- (2) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2018 and incorporated by reference herein.
- (3) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2011 and incorporated by reference herein.
- (4) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2019 and incorporated by reference herein.
- (5) Included in the Registrant's Form 6-K dated May 17, 2018 and incorporated by reference herein.
- (6) included in the Registrant's Form 6-K dated November 2, 2023 and incorporated by reference herein.
- (7) Included in the Registrant's Form 6-K dated October 14, 2005 and incorporated by reference herein.
- (8) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2010 and incorporated by reference herein.
- (9) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2013 and incorporated by reference herein.
- (10) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2014 and incorporated by reference herein.
- (11) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2017 and incorporated by reference herein.
- (12) Included in the Registrant's Form 6-K dated June 8, 2022 and incorporated by reference herein.
- (13) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2020 and incorporated by reference herein.
- (14) Included in the Registrant's Form 6-K dated July 1, 2021 and incorporated by reference herein.
- (15) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2021 and incorporated by reference herein.
- (16) Previously filed with the Registrant's Form 20-F for the year ended December 31, 2023 and incorporated by reference herein.

## SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**Ellomay Capital Ltd.**

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

Dated: April 18, 2024

**Ellomay Capital Ltd. and its Subsidiaries**

**Consolidated Financial Statements  
As at December 31, 2023**



Contents	Page
<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID No.1057)</a>	F-2 - F-4
<a href="#">Consolidated Statements of Financial Position</a>	F-5
<a href="#">Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss)</a>	F-6
<a href="#">Consolidated Statements of Changes in Equity</a>	F-7 - F-10
<a href="#">Consolidated Statements of Cash Flows</a>	F-11 - F-12
<a href="#">Notes to the Consolidated Financial Statements</a>	F-13 - F-93



## **Report of Independent Registered Public Accounting Firm**

To the Shareholders and Board of Directors  
Ellomay Capital Ltd.

### **Opinions on the Consolidated Financial Statements and Internal Control over Financial Reporting**

We have audited the accompanying consolidated statements of financial position of Ellomay Capital Ltd. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of profit or loss and other comprehensive income (loss), changes in equity and cash flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

### *Convenience Translation*

The accompanying consolidated financial statements as of and for the year ended December 31, 2023, have been translated into United States dollars ("dollars") solely for the convenience of the reader. We have audited the translation, and, in our opinion, the consolidated financial statements expressed in euro have been translated into dollars on the basis set forth in note 3B of the notes to the consolidated financial statements.

### *Basis for Opinions*

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### *Definition and Limitations of Internal Control over Financial Reporting*

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### *Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Valuation of the Talasol power purchase agreement*

As discussed in Notes 21E(3) and 21F(3) to the consolidated financial statements, in order to manage its exposure to changes in electricity prices, the Company hedged approximately 80% of Talasol PV Plant's output through a financial power swap for a period of the power purchase agreement (Talasol PPA). The fair value of the Talasol PPA is measured by discounting the future fixed and assessed cash flows over the period of the contract and is based on certain assumptions, including electricity future prices projections. The valuation technique for assessing electricity future prices projections takes into consideration unobservable market data and complex pricing models. As of December 31, 2023, the Company reported current maturities of derivatives liabilities and non-current derivatives assets of €4,643 thousand and €10,948 thousand, respectively, which included the financial power swap related to the Talasol PPA.

We identified the assessment of the valuation of the Talasol PPA as a critical audit matter. Assessing electricity future prices projections required a high degree of auditor judgment because changes to the electricity future prices projections could have had a significant effect on Talasol PPA's valuation.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of a certain internal control related to the Company's process related to the valuation of the Talasol PPA at fair value, which included the assessment of electricity future prices projections. We assessed the electricity future prices projections by comparing them to market quotes and to an independently developed range of electricity future prices projections, which was based on publicly available market data and other information about the electricity market.

/s/ Somekh Chaikin

Somekh Chaikin

Member Firm of KPMG International

We have served as the Company's auditor since 2011

Tel Aviv, Israel

April 18, 2024

## Consolidated Statements of Financial Position

		December 31, 2023	December 31, 2022	December 31, 2023
				Convenience Translation into US\$ in thousands (Note 3B)
	Note	€ in thousands		
Assets				
Current assets				
Cash and cash equivalents	4	51,127	46,458	56,548
Marketable securities	5	-	2,836	
Short-term deposits	5	997	-	1,103
Restricted cash	5	810	900	896
Receivable from concession project	23	-	1,799	-
Intangible asset from green certificates		553	585	612
Trade and other receivables	7	11,992	12,097	13,264
Assets of disposal groups classified as held for sale	23	28,297	-	31,298
		93,776	64,675	103,721
Non-current assets				
Investment in equity accounted investee	6	31,772	30,029	35,141
Advances on account of investments	6	898	2,328	993
Receivable from concession project	23	-	24,795	-
Fixed assets	8	407,982	365,756	451,244
Right-of-use asset	14	30,967	30,020	34,251
Intangible asset	23	-	4,094	-
Restricted cash and deposits	5	17,386	20,192	19,230
Deferred tax	19	8,677	23,510	9,597
Long-term receivables	7	10,446	9,270	11,554
Derivatives	21	10,948	1,488	12,109
		519,076	511,482	574,119
Total assets		612,852	576,157	677,840
Liabilities and Equity				
Current liabilities				
Current maturities and short term bank loans	10	9,784	12,815	10,821
Current maturities of other long-term loans	10	5,000	10,000	5,530
Current maturities of debentures	12	35,200	18,714	38,933
Trade payables		5,249	4,504	5,808
Other payables	9	10,859	11,207	12,010
Current maturities of derivatives	21	4,643	33,183	5,135
Current maturities of lease liabilities	14	700	745	774
Liabilities of disposal groups classified as held for sale	23	17,142	-	18,960
		88,577	91,168	97,971
Non-current liabilities				
Long-term lease liabilities	14	23,680	22,005	26,191
Long-term bank loans	11	237,781	229,466	262,995
Other long-term loans	11	29,373	21,582	32,488
Debentures	12	104,887	91,714	116,009
Deferred tax	19	2,516	6,770	2,783
Other long-term liabilities	13	939	2,021	1,039
Derivatives	21	-	28,354	-
		399,176	401,912	441,505
Total liabilities		487,753	493,080	539,476
Equity				
Share capital		25,613	25,613	28,329
Share premium		86,159	86,038	95,295
Treasury shares		(1,736)	(1,736)	(1,920)
Transaction reserve with non-controlling Interests		5,697	5,697	6,301
Reserves		4,299	(12,632)	4,755
Accumulated deficit		(5,037)	(7,256)	(5,571)
Total equity attributed to shareholders of the Company		114,995	95,724	127,189
Non-Controlling Interest		10,104	(12,647)	11,175
Total equity		125,099	83,077	138,364
Total liabilities and equity		612,852	576,157	677,840

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





## Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss)

	Note	For the year ended December 31,			
		2023	* 2022	* 2021	2023
		€ in thousands (except per share amounts)			Convenience translation into US\$ (Note 3B)
Revenues	18	48,834	52,241	44,705	54,012
Operating expenses	18	(22,861)	(23,671)	(17,223)	(25,285)
Depreciation and amortization expenses	18	(16,012)	(15,580)	(14,641)	(17,710)
<b>Gross profit</b>		<b>9,961</b>	<b>12,990</b>	<b>12,841</b>	<b>11,017</b>
Project development costs		(4,465)	(3,784)	(2,508)	(4,938)
General and administrative expenses	18	(5,283)	(5,855)	(5,624)	(5,843)
Share of profits of equity accounted investee	6	4,320	1,206	117	4,778
<b>Operating profit</b>		<b>4,533</b>	<b>4,557</b>	<b>4,826</b>	<b>5,014</b>
Financing income	18	8,747	6,443	673	9,675
Financing income (expenses) in connection with derivatives and warrants, net	18	251	605	(841)	278
Financing expenses	18	(12,555)	(10,524)	(27,593)	(13,886)
<b>Financing expenses, net</b>		<b>(3,557)</b>	<b>(3,476)</b>	<b>(27,761)</b>	<b>(3,933)</b>
<b>Profit (loss) before taxes on income</b>		<b>976</b>	<b>1,081</b>	<b>(22,935)</b>	<b>1,081</b>
Tax benefit (Taxes on income)	19	1,436	(1,652)	2,536	1,588
<b>Profit (loss) from continuing operations</b>		<b>2,412</b>	<b>(571)</b>	<b>(20,399)</b>	<b>2,669</b>
<b>Profit (loss) from discontinued operation (net of tax)</b>		<b>(1,787)</b>	<b>711</b>	<b>759</b>	<b>(1,976)</b>
<b>Profit (loss) for the year</b>		<b>625</b>	<b>140</b>	<b>(19,640)</b>	<b>693</b>
<b>Profit (loss) attributable to:</b>					
Owners of the Company		2,219	(357)	(15,090)	2,456
Non-controlling interests		(1,594)	497	(4,550)	(1,763)
<b>Profit (loss) for the year</b>		<b>625</b>	<b>140</b>	<b>(19,640)</b>	<b>693</b>
<b>Other comprehensive income (loss) items that after initial recognition in comprehensive income (loss) were or will be transferred to profit or loss:</b>					
Foreign currency translation differences for foreign operations		(7,949)	(7,829)	12,284	(8,792)
Effective portion of change in fair value of cash flow hedges		39,431	(65,542)**	(35,097)**	43,611
Net change in fair value of cash flow hedges transferred to profit or loss		9,794	38,080**	18,315**	10,833
<b>Total other comprehensive income (loss)</b>		<b>41,276</b>	<b>(35,291)</b>	<b>(4,498)</b>	<b>45,652</b>
<b>Total other comprehensive income (loss) attributable to:</b>					
Owners of the Company		16,931	(19,920)	3,124	18,726
Non-controlling interests		24,345	(15,371)	(7,622)	26,926
<b>Total other comprehensive income (loss)</b>		<b>41,276</b>	<b>(35,291)</b>	<b>(4,498)</b>	<b>45,652</b>
<b>Total comprehensive income (loss) for the year</b>		<b>41,901</b>	<b>(35,151)</b>	<b>(24,138)</b>	<b>46,345</b>
<b>Total comprehensive income (loss) for the year attributable to:</b>					
Owners of the Company		19,150	(20,277)	(11,966)	21,182
Non-controlling interests		22,751	(14,874)	(12,172)	25,163
<b>Total comprehensive income (loss) for the year</b>		<b>41,901</b>	<b>(35,151)</b>	<b>(24,138)</b>	<b>46,345</b>
<b>Basic net earning (loss) per share</b>		<b>0.17</b>	<b>(0.03)</b>	<b>(1.18)</b>	<b>0.19</b>
<b>Diluted net earning (loss) per share</b>		<b>0.17</b>	<b>(0.03)</b>	<b>(1.18)</b>	<b>0.19</b>
<b>Basic profit (loss) per share from continuing operations</b>		<b>0.31</b>	<b>(0.08)</b>	<b>(1.24)</b>	<b>0.34</b>
<b>Diluted profit (loss) per share from continuing operations</b>		<b>0.31</b>	<b>(0.08)</b>	<b>(1.24)</b>	<b>0.34</b>
<b>Basic profit (loss) per share from discontinued operation</b>		<b>(0.14)</b>	<b>0.05</b>	<b>0.06</b>	<b>(0.15)</b>
<b>Diluted profit (loss) per share from discontinued operation</b>		<b>(0.14)</b>	<b>0.05</b>	<b>0.06</b>	<b>(0.15)</b>

\* Reclassified due to discontinued operation - see Note 23.

\*\* Reclassified – see Note 2G.

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

## Consolidated Statements of Changes in Equity

	Attributable to shareholders of the Company									
	Share capital	Share premium	Accumulated deficit	Treasury shares	Translation reserve from foreign operations	Hedging Reserve	Transaction reserve with non-controlling Interests	Total	Non-controlling Interests	Total Equity
	€ in thousands									
For the year ended December 31, 2023:										
Balance as at January 1, 2023	25,613	86,038	(7,256)	(1,736)	7,970	(20,602)	5,697	95,724	(12,647)	83,077
Profit (loss) for the year	-	-	2,219	-	-	-	-	2,219	(1,594)	625
Other comprehensive income for the year	-	-	-	-	(7,585)	24,516	-	16,931	24,345	41,276
Total comprehensive income (loss) for the year	-	-	2,219	-	(7,585)	24,516	-	19,150	22,751	41,901
Transactions with owners of the Company, recognized directly in equity:										
Share-based payments	-	121	-	-	-	-	-	121	-	121
Balance as at December 31, 2023	25,613	86,159	(5,037)	(1,736)	385	3,914	5,697	114,995	10,104	125,099

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

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

	Attributable to shareholders of the Company									
	Share capital	Share premium	Accumulated deficit	Treasury shares	Translation reserve from foreign operations	Hedging Reserve	Transaction reserve with non-controlling Interests	Total	Non-controlling Interests	Total Equity
	€ in thousands									
<b>For the year ended December 31, 2022:</b>										
Balance as at January 1, 2022	25,605	85,883	(6,899)	(1,736)	15,365	(8,077)	5,697	115,838	(1,731)	114,107
Profit (loss) for the year	-	-	(357)	-	-	-	-	(357)	497	140
Other comprehensive income for the year	-	-	-	-	(7,395)	(12,525)	-	(19,920)	(15,371)	(35,291)
Total comprehensive income (loss) for the year	-	-	(357)	-	(7,395)	(12,525)	-	(20,277)	(14,874)	(35,151)
Transactions with owners of the Company, recognized directly in equity:										
Issuance of Capital note to non-controlling interest	-	-	-	-	-	-	-	-	3,958	3,958
Options exercise	8	28	-	-	-	-	-	36	-	36
Share-based payments	-	127	-	-	-	-	-	127	-	127
<b>Balance as at December 31, 2022</b>	<b>25,613</b>	<b>86,038</b>	<b>(7,256)</b>	<b>(1,736)</b>	<b>7,970</b>	<b>(20,602)</b>	<b>5,697</b>	<b>95,724</b>	<b>(12,647)</b>	<b>83,077</b>

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

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

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

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

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

	Attributable to shareholders of the Company							Non-controlling interests	Total Equity
	Share capital	Share premium	Accumulated deficit	Treasury shares	Translation reserve from foreign operations	Hedging reserve	Transaction reserve with non-controlling interests		
	Convenience translation into US\$ (Note 3B)								
For the year ended December 31, 2023:									
Balance as at January 1, 2023	28,329	95,161	(8,027)	(1,920)	8,816	(22,787)	6,301	105,873	91,885
Profit (loss) for the year	-	-	2,456	-	-	-	-	2,456	693
Other comprehensive income for the year	-	-	-	-	(8,389)	27,115	-	18,726	45,652
Total comprehensive income for the year	-	-	2,456	-	(8,389)	27,115	-	21,182	46,345
Transactions with owners of the Company, recognized directly in equity:									
Share-based payments	-	134	-	-	-	-	-	134	134
Balance as at December 31, 2023	28,329	95,295	(5,571)	(1,920)	427	4,328	6,301	127,189	138,364

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

## Consolidated Statements of Cash Flows

	For the year ended December 31			2023 Convenience translation into US\$ in thousands (Note 3B)
	2023	2022	2021	
	€ in thousands			
<b>Cash flows from operating activities</b>				
Profit (loss) for the year	625	140	(19,640)	693
<u>Adjustments for:</u>				
Financing expenses, net	3,034	2,466	26,884	3,355
Profit from settlement of derivatives contract	-	-	(407)	-
Impairment losses on assets of disposal groups classified as held-for-sale	2,565	-	-	2,837
Depreciation and amortization	16,473	16,092	15,116	18,220
Share-based payment transactions	121	127	63	134
Share of profits of equity accounted investees	(4,320)	(1,206)	(117)	(4,778)
Change in trade receivables and other receivables	(302)	724	(1,883)	(334)
Change in other assets	(681)	(209)	(545)	(753)
Change in receivables from concessions project	1,778	(521)	1,580	1,967
Change in trade payables	(45)	1,697	154	(50)
Change in other payables	(2,235)	3,807	2,380	(2,472)
Income tax expense (tax benefit)	(1,852)	2,103	(2,281)	(2,048)
Income taxes paid	(912)	(6,337)	(94)	(1,009)
Repayment of interest on loan from an equity accounted investee	1,501	-	859	1,660
Interest received	2,936	1,896	1,844	3,247
Interest paid	(10,082)	(9,459)	(7,801)	(11,151)
	<u>7,979</u>	<u>11,180</u>	<u>35,752</u>	<u>8,825</u>
Net cash provided by operating activities	<u>8,604</u>	<u>11,320</u>	<u>16,112</u>	<u>9,518</u>

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

## Consolidated Statements of Cash Flows (cont'd)

	For the year ended December 31,			
	2023	2022	2021	2023
				Convenience translation into US\$ in thousands (Note 3B)
	€ in thousands			
Cash flows from investing activities:				
Acquisition of fixed assets	(58,848)	(46,644)	(79,696)	(65,088)
Interest paid capitalized to fixed assets	(2,283)	(1,966)	(1,189)	(2,525)
Repayment of loan to an equity accounted investee	1,324	149	1,400	1,464
Loan to an equity accounted investee	(128)	(128)	(335)	(142)
Advances on account of investments	(421)	(774)	-	(466)
Proceeds from advances on account of investments in process	2,218	-	-	2,453
Proceeds from sales of (investment in) marketable securities	2,837	(1,062)	(112)	3,138
Investment in settlement of derivatives, net	-	(528)	(976)	-
Proceed from (investment in) restricted cash, net	840	(4,873)	(5,990)	929
Proceeds from (investment in) short term deposit	(1,092)	27,645	(18,599)	(1,208)
Net cash used in investing activities	(55,553)	(28,181)	(105,497)	(61,445)
Cash flows from financing activities:				
Sale of shares in subsidiaries to non-controlling interests	-	-	1,400	-
Proceeds from options	-	36	49	-
Cost associated with long-term loans	(1,877)	(9,988)	(2,796)	(2,076)
Payment of principal of lease liabilities	(1,156)	(5,703)	(4,803)	(1,279)
Proceeds from long-term loans	32,157	215,170	32,947	35,567
Repayment of long-term loans	(12,736)	(153,751)	(18,905)	(14,087)
Repayment of Debentures	(17,763)	(19,764)	(30,730)	(19,647)
Repayment of SWAP instrument associated with long term loans	-	(3,290)	-	-
Proceed from settlement of derivatives, net	-	3,800	-	-
Proceeds from issue of convertible debentures	-	-	15,571	-
Proceeds from issuance of Debentures, net	55,808	-	57,717	61,726
Proceeds from issuance / exercise of warrants	-	-	3,746	-
Net cash provided by financing activities	54,433	26,510	54,196	60,204
Effect of exchange rate fluctuations on cash and cash equivalents	(2,387)	(4,420)	9,573	(2,640)
Increase (decrease) in cash and cash equivalents	5,097	5,229	(25,616)	5,637
Cash and cash equivalents at the beginning of year	46,458	41,229	66,845	51,384
Cash from disposal groups classified as held-for-sale	(428)	-	-	(473)
Cash and cash equivalents at the end of the year	51,127	46,458	41,229	56,548

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



**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 1 - General**

- A.** Ellomay Capital Ltd. (the “Company”) is an Israeli Company operating in the business of initiation, development, construction and production of renewable and clean energy projects in Europe, USA and Israel.

As of December 31, 2023, the Company owns seven photovoltaic plants (each, a “PV Plant” and, together, the “PV Plants”) connected to their respective national grids and operating as follows:

- (i) five photovoltaic plants in Spain with an aggregate installed capacity of approximately 35.9 Mega Watt (“MW”),
- (ii) 51% of Talasol Solar S.L.U. (“Talasol”), which owns a photovoltaic plant with installed capacity of 300MW in the municipality of Talaván, Cáceres, Spain (the “Talasol PV Plant”), and
- (iii) one photovoltaic plant in Israel with an aggregate installed capacity of approximately 9 MW. See Note 23 for Non-Current Assets and Disposal Groups Held for Sale.

In addition, the Company indirectly owns:

- (i) 9.375% of Dorad Energy Ltd. (“Dorad”),
- (ii) Ellomay Solar Italy One SRL and Ellomay Solar Italy Two SRL, which own photovoltaic plants with installed capacity of 14.8 MW and 4.95 MW, respectively, in the Lazio Region, Italy that are ready for connection to the grid,
- (iii) Ellomay Solar Italy Four SRL, Ellomay Solar Italy Five SRL, Ellomay Solar Italy Seven SRL, Ellomay Solar Italy Nine SRL and Ellomay Solar Italy Ten SRL that are developing photovoltaic projects with installed capacity of 15.06 MW, 87.2 MW, 54.77 MW, 8 MW and 18 MW, respectively, in Italy that have reached “ready to build” status,
- (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 Nm<sup>3</sup> per year, respectively,
- (v) 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 “Manara PSP”), and
- (vi) Fairfield Solar Project, LLC, Malakoff Solar I, LLC, Malakoff Solar II, LLC, Mexia Solar I, LLC, Mexia Solar II, LLC, and Talco Solar, LLC, that are developing photovoltaic projects with installed capacity of 13.44 MW, 6.96 MW, 6.96 MW, 5.6 MW, 5.6 MW and 10.3 MW respectively, in the Dallas Metropolitan area, Texas, that have reached “ready to build” status.

The Company also develops PV projects in Italy, Spain, USA and Israel.

The ordinary shares of the Company are listed on the NYSE American and on the Tel Aviv Stock Exchange (under the symbol “ELLO”). The address of the Company’s registered office is 18 Rothschild Blvd., Tel Aviv, Israel.

**B. Definitions:**

In these financial statements:

Consolidated companies/subsidiaries – Companies, including partnerships, the financial statements of which are fully consolidated, directly or indirectly, with the financial statements of the Company.

Investee companies – Subsidiaries and companies, including partnerships, the Company’s investment in which is accounted for, directly or indirectly, using the equity method.

Related party – Within its meaning in IAS 24 (2009), “Related Party Disclosures”.

Interested parties – Within their meaning in Paragraph (1) of the definition of an “interested party” in Section 1 of the Securities Law - 1968.

Unless otherwise noted, all references to “€,” “euro” or “EUR” are to the legal currency of the European Union, all references to “USD,” “US dollar,” “dollars” and “\$” are to United States dollars, and all references to “NIS” are to New Israeli Shekels.

Other than as specifically noted, all amounts translated into euro were translated based on the exchange rate as of December 31, 2023.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 2 - Basis of Preparation**

**A. Statement of compliance**

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

The consolidated financial statements were authorized by the Company’s Board of Directors for issue on April 18, 2024.

**B. Functional and presentation currency**

These consolidated financial statements are presented in euro, which is the Company’s functional currency, and have been rounded to the nearest thousand, except when otherwise indicated. The euro is the currency that represents the principal economic environment in which the Company operates.

**C. Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis, except for the following assets and liabilities:

- (i) Investment in investee accounted for using the equity method;
- (ii) Financial instruments, derivatives and other assets and liabilities measured at fair value through profit or loss; and
- (iii) Deferred tax assets and liabilities.

**D. Operating cycle**

The operating cycle of the Company is one year.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 2 - Basis of Preparation (cont'd)****E. Use of estimates and judgments***Use of estimates*

The preparation of financial statements in conformity with IFRS requires management to make judgments, 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 determination of accounting estimates used in the preparation of the Company's financial statements requires that management of the Company makes assumptions regarding circumstances and events that involve considerable uncertainty. The Company's management prepares the estimates on the basis of past experience, various facts, external circumstances and reasonable assumptions according to the pertinent circumstances of each estimate. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key assumptions made in the financial statements with respect to the future and other reasons for uncertainty with respect to estimates that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities within the next financial year are discussed below:

*Recoverable amount of cash generating unit:*

The Company examines at the end of each reporting year whether there have been any events or changes in circumstances that indicate impairment of cash-generating units. When an indication of impairment is revealed, the Company checks whether the carrying amount of the cash-generating units is recoverable. An impairment loss is recognized if the carrying amount of the cash-generating unit exceeds its estimated recoverable amount. A principal assumption of this estimate is the allocation of fair value (less costs of disposal) to the cash-generating units of the Company and a possible effect of this estimate is change of the impairment loss. For more information see Note 6D.

*Fair value measurement of non-trading derivatives:*

Within the scope of the valuation of financial assets and derivatives not traded on an active market, management makes assumptions about inputs used in the valuation models. Principal assumptions of this estimate are unobservable inputs used in the valuation model (especially standard deviation and discount rates) and a possible effect of this estimate is profit or loss from a change in the fair value of those financial assets and derivatives. For information on a sensitivity analysis of levels 2 and 3 financial instruments carried at fair value see Note 21 regarding financial instruments.

*Recognition of deferred tax asset in respect of tax losses:*

A principal assumption of this estimate is the probability that in the future there will be taxable profits against which carried forward losses can be utilized. A possible effect of this estimate is recognition or reversal of deferred tax asset in profit or loss. See Note 19 regarding taxes on income.

*Determination of fair value:*

Preparation of the financial statements requires the Company to determine the fair value of certain assets and liabilities. Further information about the assumptions that were used to determine fair value is included in Note 15, on share-based payments and Note 21, on financial instruments.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 2 - Basis of Preparation (cont'd)****F. Initial application of new standards, amendments to standards and interpretations****1. Amendment to IAS 1, *Presentation of Financial Statements: "Disclosure of Accounting Policies."* ("the IAS 1 Amendment")**

Effective January 1, 2023, the Company adopted IAS 1 Amendment and IFRS Practice Statement 2 – Disclosure of Accounting Policies ("IFRS Practice Statement 2"). The IAS 1 Amendment and IFRS Practice Statement 2 require the Company to disclose its material accounting policies instead of its significant accounting policies. As a result of the adoption of these amendments, the accounting disclosure provided in the financial statements for 2023 was reduced and adjusted according to the Company's specific circumstances.

**2. Amendment to IAS 12, *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* ("the IAS 12 Amendment")**

The IAS 12 Amendment narrows the scope of the exemption from recognizing deferred taxes as a result of temporary differences created at the initial recognition of assets and/or liabilities, so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

As a result, companies will need to recognize a deferred tax asset or a deferred tax liability for these temporary differences at the initial recognition of transactions that give rise to equal and offsetting temporary differences, such as lease transactions and provisions for decommissioning and restoration.

The IAS 12 Amendment is effective for annual periods beginning on or after January 1, 2023. For deferred taxes arising from leases and decommissioning and restoration liabilities, the Amendment is applied by amending the opening balance of retained earnings for the earliest comparative data presented.

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

**G. Retrospective classification**

Comparative amounts of other comprehensive income were retrospectively classified in order to present the change in fair value of cash flow hedges transferred to profit or loss, which resulted in approximately € 37.3 million and €21.8 million being reclassified for 2022 and 2021, respectively, from Effective portion of change in fair value of cash flow hedges to Net change in fair value of cash flow hedges transferred to profit or loss. This classification did not have any effect on the profit (loss) and on the Total other comprehensive income (loss) for the year.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 3 - Material Accounting Policies**

The accounting policies set out below have been applied consistently for all periods presented in these consolidated financial statements.

**A. Basis of consolidation and equity method accounting****(1) Subsidiaries**

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the acquiree and it has the ability to affect those returns through its power over the acquiree. Substantive rights held by the Company and others are taken into account when assessing control. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control is lost.

**(2) Non-controlling interests**

Non-controlling interests comprise the equity of a subsidiary that cannot be attributed, directly or indirectly, to the parent company and they include additional components such as Issuance of capital note only to the non-controlling interest and share options of subsidiaries.

Allocation of profit or loss and other comprehensive income to the shareholders

Profit or loss and any part of other comprehensive income are allocated to the owners of the Company and the non-controlling interests. Total comprehensive income is allocated to the owners of the Company and the non-controlling interests even if the result is a negative balance of non-controlling interests.

Transactions with non-controlling interests, while retaining control

Transactions with non-controlling interests while retaining control are accounted for as equity transactions. Any difference between the consideration paid or received and the change in non-controlling interests is included in the owners' share in equity of the Company directly in Transaction reserve with non-controlling interests.

**(3) Investment in associates and joint ventures (equity accounted investees)**

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. There is a rebuttable presumption that significant influence exists when the Company holds between 20% and 50% of another entity. Joint ventures are joint arrangements in which the Company has rights to the net assets of the arrangement.

Associates and joint ventures are accounted for using the equity method (equity accounted investees) and are recognized initially at cost. The cost of the investment includes transaction costs that are directly attributable to an expected acquisition of an associate or joint venture. The consolidated financial statements include the Company's share of the income and expenses in profit or loss and of other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence commences until the date that significant influence ceases.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 3 - Material Accounting Policies (cont'd)****A. Basis of consolidation and equity method accounting (cont'd)****(3) Investment in associates and joint ventures (equity accounted investees) (cont'd)**

Long-term interests in associates and joint ventures that, in substance, form part of the net investment in the associate or joint venture, such as preferred shares and long-term loans that their repayment is not expected and is unlikely to occur in the foreseeable future, are first accounted for in accordance with the guidance of IFRS 9 and then the equity method is applied in accordance with the guidance of IAS 28.

**B. Foreign currency****(1) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognized in profit or loss, except for qualifying cash flow hedges to the extent the hedge is effective, which are recognized in other comprehensive income.

**(2) Foreign operations**

The assets and liabilities of foreign operations, including adjustments arising on consolidation, are translated at exchange rates at the reporting date. The income and expenses for each period presented in the statement of profit or loss and other comprehensive income (loss) are translated at average exchange rates for the presented periods; however, if exchange rates fluctuate significantly, income and expenses are translated at the exchange rates at the date of the transactions.

Foreign currency exchange differences are recognized in equity as a separate component of other comprehensive income (loss): "foreign currency translation adjustments".

When the foreign operation is a non-wholly-owned subsidiary of the Company, then the relevant proportionate share of the foreign operation translation difference is allocated to the non-controlling interests.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 3 - Material Accounting Policies (cont'd)****B. Foreign currency (cont'd)****(2) Foreign operations (cont'd)**

Foreign exchange gains and losses arising from a monetary item receivable from, or payable to, a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income (loss) and are presented within equity as part of the translation reserve.

**(3) Presentation Currency**

For the convenience of the reader, the reported euro figures as of December 31, 2023 and for the year then ended, are also presented in dollars, translated at the representative rate of exchange as of December 31, 2023 (euro 1.106 = US\$ 1.00). The dollar amounts presented in these financial statements should not be construed as representing amounts that are receivable or payable in dollars or convertible into dollars, unless otherwise indicated.

**C. Financial instruments****(1) Trade accounts receivables, services concession receivables and other receivables**

The Company initially recognizes receivables on the date that they are created. Receivables without a significant financing component are initially measured at the transaction price and subsequently measured at amortized cost, using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

**(2) Non-derivative financial liabilities**

The Company's financial liabilities include loans and borrowings, trade payables, other payables, finance lease obligations, debentures, long-term loans and other long-term liabilities.

The Company initially recognizes debt securities issued on the date that they originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when the obligation of the Company, as specified in the agreement, expires or when it is discharged or cancelled.

**(3) Derivative financial instruments, including hedge accounting**

The Company holds both derivative financial instruments to hedge its interest rate risk exposures and fluctuating electricity prices risk exposures and derivatives that do not serve hedging purposes.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 3 - Material Accounting Policies (cont'd)****C. Financial instruments (cont'd)****(3) Derivative financial instruments, including hedge accounting (cont'd)*****Hedge accounting***

The Company designates certain derivatives as hedging instruments in order to hedge changes in cash flows that relate to highly probable forecasted transactions and which derive from changes in fluctuation in the electricity prices and changes in interest on variable-rate loans. The Company continues to apply IAS 39 for the hedge accounting.

The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, as to whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent.

***Measurement of derivative financial instruments***

Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

***Cash flow hedges***

When a derivative instrument is designated as a cash flow hedge, the effective portion of the changes in fair value of the derivative is recognized in other comprehensive income, directly within a hedging reserve. The effective portion of changes in fair value of a derivative, recognized in other comprehensive income, is limited to the cumulative change in fair value of the hedged item (based on present value), from inception of the hedge. The change in fair value in respect of the ineffective portion is recognized immediately in profit or loss.

If the hedge no longer qualifies as an accounting hedge, or the hedging instrument is sold, expires, is terminated or exercised, hedge accounting is discontinued on a prospective basis. When hedge accounting is discontinued, the amounts accumulated in the past in the hedging reserve and cost of hedging reserve remain in the reserve, until such time as they are included in the initial cost of the non-financial item (for hedged transactions whose result is a non-financial item), or until such time as they are reclassified to profit or loss in the period, or periods, in which the hedged forecasted future cash flows affect profit or loss (for other cash flows hedges).

***Economic hedges***

Hedge accounting is not applied to derivative instruments that economically hedge financial assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognized in profit or loss under financing income or expenses.

**(4) Interest Rate Benchmark Reform**

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changes as a result of interest rate benchmark reform, the Company updates the effective interest rate of the financial asset or financial liability to reflect the change required by the reform. When changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, in addition to adjusting the effective interest rate as a result of the reform the Company applies on accounting for substantial modifications in terms of debt instruments.



**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 3 - Material Accounting Policies (cont'd)****C. Financial instruments (cont'd)****(5) CPI-linked assets and liabilities that are not measured at fair value**

The value of CPI-linked financial assets and liabilities, which are not measured at fair value, is re-measured every period in accordance with the actual increase/decrease in the CPI.

**D. Fixed assets****(1) Recognition and measurement**

Fixed assets items are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the fixed asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs (mainly specific). Project licenses are included in the cost of photovoltaic plants.

The costs of replacing part of a fixed asset item and other subsequent expenses are capitalized if it is probable that the future economic benefits associated with them will flow to the Company and their cost can be measured reliably. The carrying amount of the replaced part of a fixed asset item is derecognized. The costs of day-to-day servicing are recognized in profit or loss as incurred.

Gains and losses on disposal of a fixed asset item are determined by comparing the net proceeds from disposal with the carrying amount of the asset, and are recognized in profit or loss.

**(2) Depreciation**

Depreciation is a systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is the cost of the asset, or other amount substituted for cost, less its residual value. An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of the fixed asset item.

The estimated useful lives are as follows:

	<b>% per annum</b>	<b>Mainly % per annum</b>
Office furniture and equipment	6-33	33
Photovoltaic plants in Spain	5	5
Biogas plants in the Netherlands	8	8
Leasehold improvements	Over the shorter of the lease period or the life of the asset	7

The estimated useful life of the project licenses of photovoltaic plants that are carried at cost is 20-25 years for the Company's Spanish subsidiaries. The estimated useful life of the project licenses of the Company's Netherlands anaerobic digestion plants that are carried at cost is 13 years. The fixed assets residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted if appropriate.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 3 - Material Accounting Policies (cont'd)****E. Impairment for non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The Company views each PV plant as a separate cash-generating unit.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs of disposal and its value in use.

**F. Leases***(1) Leased assets and lease liabilities*

Contracts that award the Company control over the use of a leased asset for a period of time in exchange for consideration are accounted for as leases. Upon initial recognition, the Company recognizes a liability at the present value of the balance of future lease payments (these payments do not include certain variable lease payments), and concurrently recognizes a right-of-use asset at the same amount of the lease liability, adjusted for any prepaid or accrued lease payments, plus initial direct costs incurred in respect of the lease.

Since the interest rate implicit in the Company's leases is not readily determinable, the incremental borrowing rate of the lessee is used. Subsequent to initial recognition, the right-of-use asset is accounted for using the cost model and depreciated over the shorter of the lease term or useful life of the asset.

The Company has elected to apply the practical expedient by which short-term leases of up to one year and/or leases in which the underlying asset has a low value, are accounted for such that lease payments are recognized in profit or loss on a straight-line basis, over the lease term, without recognizing an asset and/or liability in the statement of financial position.

*(2) Variable lease payments*

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate existing at the commencement of the lease and are included in the measurement of the lease liability. When the cash flows of future lease payments change as the result of a change in an index or a rate, the balance of the liability is adjusted against the right-of-use asset. Other variable lease payments that are not included in the measurement of the lease liability are recognized in profit or loss in the period in which the event or condition that triggers payment occurs.

*(3) Depreciation of right-of-use asset*

After lease commencement, a right-of-use asset is measured on a cost basis less accumulated depreciation and accumulated impairment losses and is adjusted for re-measurements of the lease liability. Depreciation is calculated on a straight-line basis over the useful life or contractual lease period, whichever earlier. The main right of use assets are lands which are depreciated over 20-40 years.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 3 - Material Accounting Policies (cont'd)****G. Revenue recognition**

Revenues are derived primarily from the sale of electricity and natural gas to customers. Revenues are recognized when the customer obtains control over the promised products, i.e. when the natural gas or electricity is delivered to the customer. The revenue is measured according to the amount of consideration to which the Company expects to be entitled in exchange for the products promised to the customer, other than amounts collected for third parties.

Revenues from the sale of electricity and natural gas are recognized when the units produced are transferred to the grid at connection points on the basis of a meter reading.

Revenues in respect of units produced and transferred to the grid in the period between the most recent meter reading and the date of the statement of financial position, are included based on an estimate.

In some of the Company's PV plants in Spain, the proceeds from the sale of electricity also depend on the subsidies granted by the local government in accordance with changes in the market prices of electricity. The Company measures revenues while taking into account the increase or decrease of the subsidies it will receive as a result of changes in market prices throughout the current year.

**H. Income tax**

Income tax consists of current tax and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that the tax arises from items which are recognized directly in equity. In such cases, the tax effect is also recognized in the relevant item in equity.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for a limited number of exceptions, including differences relating to investments in subsidiaries, joint arrangements and associates, to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future, either by way of selling the investment or by way of distributing dividends in respect of the investment.

A deferred tax asset is recognized for unused tax losses, tax benefits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets that were not recognized are reevaluated at each reporting date and recognized if it has become probable that future taxable profits will be available against which they can be utilized.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 3 - Material Accounting Policies (cont'd)****I. Financing income and expenses**

Financing income comprises interest income on bank deposits and marketable securities, gains on changes in the fair value of financial assets at fair value through profit or loss, gains on hedging instruments that are recognized in profit or loss and exchange rate differences. Interest income is recognized as it accrues. Changes in the fair value of financial assets at fair value through profit or loss also include income from dividends and interest.

Financing expenses consist of bank charges, interest expenses on borrowings and debentures, changes in the fair value of financial assets at fair value through profit or loss, losses on hedging instruments that are recognized in profit or loss, and exchange rate differences.

Borrowing costs, which are not capitalized to qualifying assets, are recognized in profit or loss using the effective interest method. Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either financing income or financing expenses depending on whether foreign currency movements are in a net gain or net loss position.

In the statements of cash flows, interest received and interest paid are presented as part of cash flows from operating activities. Financing costs that were capitalized to qualifying assets are presented as part of cash flows from investment activities.

**J. Service concession arrangements**

As part of service concession arrangements with government bodies for the construction and operation of a facility in consideration for fixed and variable payments, the Company recognizes a financial asset commencing from the start of the construction of the facility when it has an unconditional right to receive cash or some other financial asset for the construction services. The financial asset reflects the unconditional payments receivable in the future from the government body and bears an appropriate rate of interest for risk that is determined based on the risk of the customer. The aforementioned financial assets are stated at fair value upon initial recognition and at amortized cost in subsequent periods. As from January 1, 2018, the Company's right to receive consideration for the construction services, constitutes a contract asset until the end of the construction period.

In projects accounted for using the financial asset model, when at the end of the construction period there is an unconditional right (other than that of the passing of time) to receive consideration for the construction services, the contract asset is classified to receivables (financial asset) according to the carrying amount of the contract asset.

**K. Discontinued operations**

The Company classifies an operation as a discontinued operation when it meets the criteria to be classified as held for sale. The discontinued operation is a component of the Company's business that represents a separate major line of business. The comparative income statement is restated as if the operation had been discontinued from the start of the earliest comparative period.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 3 - Material Accounting Policies (cont'd)****L. New standards, amendments to standards and interpretations not yet adopted*****Amendment to IAS 1, Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current ("the IAS 1 Amendment") and subsequent amendment: Non-Current Liabilities with Covenants ("the IAS 1 Subsequent Amendment")***

The IAS 1 Amendment, together with the IAS 1 Subsequent Amendment (see below), replaces certain requirements for classifying liabilities as current or non-current.

According to the IAS 1 Amendment, a liability will be classified as non-current when the entity has the right to defer settlement for at least 12 months after the reporting period, and it "has substance" and is in existence at the end of the reporting period.

According to the IAS 1 Subsequent Amendment, as published in October 2022, covenants with which the entity must comply after the reporting date do not affect classification of the liability as current or non-current. Additionally, the IAS 1 Subsequent Amendment adds disclosure requirements for liabilities subject to covenants within 12 months after the reporting date, such as disclosure regarding the nature of the covenants, the date they need to be complied with and facts and circumstances that indicate the entity may have difficulty complying with the covenants. Furthermore, the IAS 1 Amendment clarifies that the conversion option of a liability will affect its classification as current or non-current, other than when the conversion option is recognized as equity.

The IAS 1 Amendment and the IAS 1 Subsequent Amendment are effective for reporting periods beginning on or after January 1, 2024 with earlier application being permitted. The IAS 1 Amendment and IAS 1 Subsequent Amendment are applicable retrospectively, including an amendment to comparative data.

In the opinion of the Company, with regard to current loans and covenants of the Company, application of the IAS 1 Amendment and the IAS 1 Subsequent Amendment is not expected to have a material effect on the Company.

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 4 - Cash and Cash Equivalents**

	December 31	
	2023	2022
	€ in thousands	
Cash	21,093	14,768
On call deposits	30,034	31,690
Cash and cash equivalents	51,127	46,458
Cash and cash equivalents in the statement of cash flows	51,127	46,458

The Company's exposure to credit, interest rate and currency risks, and a sensitivity analysis for financial assets, are included in Note 21 regarding financial instruments.

**Note 5 - Restricted Cash, Deposits and Marketable Securities**

	December 31	
	2023	2022
	€ in thousands	
Marketable securities	-	2,836
Short-term deposits	997	-
Short-term restricted cash <sup>(1)</sup>	810	900
Restricted cash and bank deposits, long-term <sup>(1)</sup>	17,386	20,192

(1) Deposits used to secure obligations under agreements (see Notes 6 and 21E(3)) and loan agreements (see Note 11).

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 6 - Investee Companies and other investments****A. Equity accounted investees****Ellomay Luzon Energy Infrastructures Ltd. (“Ellomay Luzon Energy”)-**

Since November 2010, the Company indirectly (through Ellomay Clean Energy LP (“Ellomay Energy LP”)) holds 50% of Ellomay Luzon Energy (formerly U. Dori Energy Infrastructures Ltd.). Ellomay Luzon Energy holds 18.75% of the share capital of Dorad Energy Ltd. (“Dorad”), which owns an approximate 850 MWp dual-fuel operated power plant in the vicinity of Ashkelon, Israel (the “Dorad Power Plant”). The investment in Ellomay Luzon Energy is accounted for under the equity method.

On May 12, 2014, Dorad was issued a production license for 20 years and on May 19, 2014, Dorad began commercial operation of the power plant. In July 2015, Dorad was issued a long-term supply license that will expire on May 11, 2034.

Effective December 31, 2022, Ellomay Energy LP and Ellomay Luzon Energy entered into a loan agreement and capital notes agreements, which provide for the conversion of approximately NIS 23,467 thousand of the then outstanding shareholders’ loans provided by them to Ellomay Luzon Energy to capital notes, payable not less than 60 months after the date of their execution, at the sole discretion of Ellomay Luzon Energy, with the remaining balance of shareholders’ loans (NIS 10 million), linked to the Israeli CPI and bearing an annual interest equal to the interest payable on Dorad’s senior debt plus 3%, with a repayment date of December 31, 2023. The Luzon Group entered into a similar loan agreement and capital notes with respect to its portion of the shareholders’ loans. During the year ended December 31, 2023, Ellomay Luzon Energy repaid all outstanding shareholders’ loans. Such shareholders’ loans were repaid from proceeds from dividends distributed by Dorad.

As of December 31, 2023, Dorad provided, through its shareholders at their proportionate holdings and as required by the financing agreements executed by Dorad, guarantees in favor of the Israeli Electricity Authority, NOGA – electricity system management and Israel Natural Gas Lines Ltd. in the aggregate amount of approximately NIS 162,000 thousand (approximately €40,400 thousand). The Company’s indirect share of guarantees provided on behalf of Dorad by Dorad’s shareholders is approximately NIS 15,000 thousand (approximately €3,700 thousand).

Dorad’s revenues and operating expenses are affected by the average production component as determined by the Israeli Electricity Authority. The average production component was reduced by approximately 5.7% commencing January 1, 2021, increased by approximately 13.6% commencing February 1, 2022, increased by approximately 9.4% compared to the 2021 tariff, commencing May 1, 2022, increased by approximately 24.3% compared to the 2021 tariff, decreased by approximately 0.7% commencing January 1, 2023, decreased by approximately 1.2% from February 1, 2023, decreased by approximately 1.4% commencing April 1, 2023, and decreased by approximately 1% commencing February 2024.

Dorad’s financing expenses are affected by the indexation to the Israeli CPI of its Project Finance. The Israeli CPI increased by approximately 3.3% in 2023 and by approximately 5.3% during 2022.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 6 - Investee Companies and other investments (cont'd)****A. Equity accounted investees (cont'd)****Ellomay Luzon Energy Infrastructures Ltd. ("Ellomay Luzon Energy") (cont'd)–**

On November 22, 2020, the IEC filed a third-party notice against Dorad in connection with a class action submitted against the IEC claiming that the IEC was negligent in overseeing the private electricity manufacturers thereby damaging the electricity consumers. The claim against the IEC alleges that the private electricity manufacturers provided false reports in the consumption plans they submitted to the system manager in the IEC, based on the standards set by the Israeli Electricity Authority. On April 10, 2023, the court decided to reject the request to send a third-party notice to Dorad. On June 11, 2023, IEC filed an appeal to the Israeli Supreme Court. On June 29, 2023, the Supreme Court decided that the respondents must submit a written answer to the appeal by March 14, 2024, and the hearing of the appeal was set for May 6, 2024. At this point, based on the advice of legal counsel, Dorad cannot estimate the outcome of this legal proceeding.

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

*Petition to Approve a Derivative Claim filed by Ellomay Luzon Energy*

On July 16, 2015, Ellomay Luzon Energy and Ellomay Luzon Energy's representative on Dorad's board of directors at the time, Mr. Hemi Raphael, filed a petition (the "Petition"), for approval of a derivative action on behalf of Dorad with the Economic Department of the Tel Aviv-Jaffa

District Court. The Petition was filed originally against Zorlu Enerji Elektrik Uretim A.S ("Zorlu"), which holds 25% of Dorad, Zorlu's current and past representatives on Dorad's board of directors and Wood Group Gas Turbines Services Ltd. ("Wood Group") and several of its affiliates, and thereafter amended to add Mr. Ori Edelsburg (a director in Dorad) and affiliated companies. The Petition requested, inter alia, that the court instruct the defendants to disclose and provide to Dorad documents and information relating to the contractual relationship between Zorlu and Wood Group, which included the transfer of funds from Wood Group to Zorlu in connection with the EPC agreement of the Dorad Power Plant.

On December 27, 2016, this proceeding, as well as the petition to approve a derivative claim filed by Edelcom mentioned below, were moved to an arbitration proceeding. On February 23, 2017, a statement of claim was filed by Ellomay Luzon Energy and Mr. Hemi Raphael on behalf of Dorad against Zorlu, Mr. Edelsburg, Edelcom Ltd. ("Edelcom") and Edeltech Holdings 2006 Ltd. ("Edeltech") in which they repeated their claims included in the Petition and in which they required the arbitrator to obligate the defendants, jointly and severally, to pay an amount of \$183,367,953 plus interest and linkage to Dorad.

In April 2017, the defendants filed their statements of defense. Within the said statements of defense, Zorlu attached a third party notice against Dorad, Ellomay Luzon Energy and the Luzon Group, in the framework of which it repeated the claims on which its defense statement was based and claimed, among other claims, that if the plaintiffs' claim against Zorlu was accepted and would negate Zorlu's right receive compensation and profit from its agreement with Dorad and therefore Zorlu should be compensated in the amount of approximately NIS 906.4 million (approximately €218 million based on the then existing exchange rate). Similarly, also within their statement of defense, Edelcom, Mr. Edelsburg and Edeltech (together, the "Edelsburg Group") filed a third-party notice against Ellomay Luzon Energy claiming for breaches by Ellomay Luzon Energy of the duty to act in good faith in contract negotiations and that any amount ruled will constitute unlawful enrichment.



**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 6 - Investee Companies and other investments (cont'd)****A. Equity accounted investees (cont'd)****Ellomay Luzon Energy Infrastructures Ltd. ("Ellomay Luzon Energy") (cont'd)–***Petition to Approve a Derivative Claim filed by Ellomay Luzon Energy (cont'd)*

On October 1, 2017, Eilat Ashkelon Infrastructure Services Ltd. ("EAIS"), which holds 37.5% of Dorad's shares, filed a statement of claim in the arbitration proceedings. In its statement of claim, EAIS joins Ellomay Luzon Energy's and Mr. Raphael's request as set forth in the statement of claim filed by them in the arbitration proceeding and raises claims that are similar to the claims raised by Ellomay Luzon Energy and Mr. Raphael. In January 2018, the arbitrator provided its ruling that the legal validity of the actions or inactions of board members of Dorad will be attributed to the entities that are shareholders of Dorad on whose behalf the relevant board member acted and the legal determinations, if any, will be directed only towards the shareholders of Dorad.

During January 2018, Mr. Edelsburg, Edelcom and Zorlu filed their statement of defense in connection with the claim filed by EAIS and also filed third party notices against EAIS, Ellomay Luzon Energy and the Luzon Group claiming that EAIS and the Luzon Group enriched themselves at Dorad's account without providing disclosure to the other shareholders and requesting that, should the position of Ellomay Luzon Energy and EAIS be accepted in the main proceeding, the arbitrator, among other things, obligate EAIS to refund to Dorad all of the rent paid to date and determine that Dorad is not required to pay any rent in the future or determine that the rent fees be reduced to their market value and refund Dorad the excess amounts paid by it to EAIS, determine that the board members that represent EAIS and Ellomay Luzon Energy breached their fiduciary duties towards Dorad and obligate EAIS and Ellomay Luzon Energy to pay the amount of \$140 million (approximately €127 million), plus interest in the amount of \$43 million (approximately €39 million), which is the amount Zorlu received for the sale of its rights under the Dorad EPC agreement, and rule that in connection with the engineering and construction works performed by the Luzon Group, the Luzon Group and Ellomay Luzon Energy are required to refund to Dorad or compensate the defendants in an amount of \$24 million (approximately €22 million), plus interest and linkage and, alternatively, determine that Mr. Edelsburg, Edelcom and Zorlu are entitled to indemnification from the third parties for the entire amount they will be required to pay.

On February 15, 2021, the arbitrator approved replacing the late Mr. Hemi Raphael as the claimant with Mr. Ran Fridrich. On June 28, 2023, the arbitration award was provided. For more information see below under "Arbitration Award."

*Petition to Approve a Derivative Claim filed by Edelcom*

On July 25, 2016, Edelcom, which holds 18.75% of Dorad, filed a petition for approval of a derivative action on behalf of Dorad (the "Edelcom Petition") against Ellomay Energy LP, Luzon Group, Ellomay Luzon Energy and Dorad following a letter delivered to Dorad on February 25, 2016. The Edelcom Petition refers to an entrepreneurship agreement that was signed on November 25, 2010, between Dorad and the Luzon Group, pursuant to which the Luzon Group received payment in the amount of approximately NIS 49.4 million (approximately €11.9 million) in consideration for management and entrepreneurship services.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 6 - Investee Companies and other investments (cont'd)****A. Equity accounted investees (cont'd)****Ellomay Luzon Energy Infrastructures Ltd. ("Ellomay Luzon Energy") (cont'd)–***Petition to Approve a Derivative Claim filed by Edelcom (cont'd)*

Pursuant to this agreement, the Luzon Group undertook to continue holding, directly or indirectly, at least 10% of Dorad's share capital for a period of 12 months from the date the Dorad Power Plant is handed over to Dorad by the construction contractor. The Edelcom Petition claims that as a consequence of the management rights and the options to acquire additional shares of Ellomay Luzon Energy granted to the Company pursuant to the Investment Agreement, the holdings of the Luzon Group in Dorad have fallen below 10% upon execution of the Luzon Investment Agreement. The Edelcom Petition therefore claims that Luzon Group breached its commitment according to entrepreneurship agreement and requests that a derivative action be approved to recover an amount of NIS 49.4 million, plus linkage and interest from the defendants.

As noted above, on December 27, 2016, this proceeding, along with the proceeding mentioned above and below, was moved to arbitration.

*Arbitration Award*

On June 28, 2023, an arbitration award was issued in connection with the arbitration proceeding as follows:

- *Petition to Approve a Derivative Claim filed by Ellomay Luzon Energy and Hemi Raphael* - The arbitration award accepts the majority of the claims made by the Plaintiffs and the arbitrator ruled that the defendants, severally and jointly, are required to: (i) pay Dorad an amount of \$100 million, bearing interest pursuant to applicable law from January 1, 2013 until the payment date, (ii) bear the expenses of the plaintiffs, including Ellomay Luzon Energy, in an aggregate amount of NIS 20 million, plus VAT, and (iii) bear 80% of the expenses of Dorad in the proceeding (while the Plaintiffs will bear the remaining 20%).
- *Third-Party Notices and Counterclaims submitted by Zorlu and Edelcom* - The arbitration award provides that due to the ruling accepting the derivative petition as detailed above, the third-party notices and counterclaim are rejected.
- *Petition to Approve a Derivative Claim filed by Edelcom* - The arbitration award provides, inter alia, that the entrepreneurship agreement was not breached and therefore there is no basis for approving a derivative claim.

In November 2023, appeals were submitted by the plaintiffs and the defendants against the arbitration award. In their appeal, the defendants claimed, inter alia, that the arbitrator was mistaken in his arbitration award decisions and requested alternative rulings either accepting the appeal and cancelling the entire financial payment decision included in the arbitration award or a partial cancellation of the financial payment decision included in the arbitration award and a relative decrease of the interest and expenses obligation imposed on the defendants. In their appeal, the plaintiffs appealed the financial payment decision and claimed that the amount ruled should have been higher and also appealed the interest rate determined with respect to the financial payment and the scope of expenses reimbursement. The parties filed responses to the appeals in February 2024 and the last date for submission of answers to the responses was scheduled for May 2024. A preliminary hearing is scheduled for May 30, 2024.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 6 - Investee Companies and other investments (cont'd)****A. Equity accounted investees (cont'd)****Ellomay Luzon Energy Infrastructures Ltd. ("Ellomay Luzon Energy") (cont'd)–***Arbitration Award (cont'd)*

As of the date hereof, based on the advice of legal counsel of Ellomay Luzon Energy, it is too early to estimate the outcome of the appeals. As Edelcom did not appeal the arbitrator's decision with respect to the petition to approve a derivative claim filed by Edelcom in connection with the entrepreneurship fees, the arbitration award remains unchanged with respect to this petition and claim.

*Potential Expansion of the Dorad Power Plant ("Dorad 2")*

Dorad is examining the possibility of constructing an additional power plant within the area of the existing Dorad Power Plant, that will become part of the existing plant. On July 13, 2020, Dorad submitted to the National Infrastructure Committee, or NIC, plans for public objections, on January 11, 2021, the NIC decided to postpone the final decision and on December 27, 2021, the NIC decided to raise the construction of another power plant to a government decision. The NIC's decision includes conditions to the issuance of the building permit. On May 28, 2023, the Israeli Government approved the national infrastructures plan (NIP 11/b) which governs, among other issues, the expansion of the power plant owned by Dorad by approximately 650 MW.

On January 16, 2024, Dorad received a letter from Edelcom stating that Edelcom, as a shareholder of Dorad, objects to the proposal to expand the power plant. On February 19, 2024, Dorad received a planning survey to receive the expansion of the power plant from the System Manager, which allows electricity to be taken out commencing October 2028.

In March 2024, Dorad filed a petition with the Israeli Supreme Court asking for the issuance of a building permit for the construction of the "Dorad 2" power plant.

The expansion of the Dorad Power Plant by building the Dorad 2 facility in a combined cycle technology, will result in an aggregate capacity of the Dorad Power Plant of approximately 1,500 MW and the approved plan also enables adding batteries with a capacity of approximately 80 MW. The Company expects that if the Dorad 2 plan will materialize and the expansion will be completed, the expansion of the power plant will increase the revenues and income of Dorad. The expansion has not yet been approved and is subject to various conditions.

*Impact of War in Israel*

On October 7, 2023, following a surprise attack by the terrorist organization Hamas against the State of Israel and its citizens, the Israeli government declared a war (the "Iron Swords War"), which continues as of the date of this report, and which has also expanded into a security conflict in the northern region. During the days of fighting, thousands of rockets were launched towards the State of Israel, and shrapnel fell several times in the territory of the power plant, which caused immaterial damage to property and equipment but did not impact the regular operation of the power plant. Dorad estimates at this stage, that the current events and the security escalation in Israel have an impact on its results but that the impact on its short-term business results will be immaterial. Since this is an event that is not under the control of Dorad and matters such as the fighting continuing or stopping may affect the Dorad's assessments, as at the reporting date Dorad is unable to assess the extent of the effect of the Iron Swords War on its business activities and on its medium and long-term results.

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 6 - Investee Companies and other investments (cont'd)****A. Equity accounted investees (cont'd)****Ellomay Luzon Energy Infrastructures Ltd. ("Ellomay Luzon Energy") (cont'd)–****Composition of the investment**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>€ in thousands</b>	
Investment in shares	31,772	30,029
Long-term loans	-	2,665
	<b>31,772</b>	<b>32,694</b>
Current maturities	-	(2,665)
Investment in equity accounted investee	<b>31,772</b>	<b>30,029</b>

**Changes in investments**

	<b>2023</b>	<b>2022</b>
	<b>€ in thousands</b>	
Balance as at January 1	30,029	34,029
Long term loans extended	-	128
Dividend distribution	(374)	-
Repayment of long-term loans	-	(149)
Reevaluation in connection with long term loans	-	(270)
The Company's share of income	4,012	1,206
Foreign currency translation adjustments	(1,895)	(2,250)
Conversion to short term loan	-	(2,665)
Balance as at December 31	<b>31,772</b>	<b>30,029</b>

## Notes to the Consolidated Financial Statements as at December 31, 2023

## Note 6 - Investee Companies and other investments (cont'd)

## A. Equity accounted investees (cont'd)

## Summary financial data for investees, not adjusted for the percentage ownership held by the Company

## (a) Summary information on financial position

	Rate of ownership %	Current assets	Non- current assets	Total assets	Current liabilities	Non- current liabilities	Total liabilities	Equity attributable to the owners of the Company	Company's share	Surplus costs and goodwill	Other adjustments	Carrying amount of investment
								€ in thousands				
<b>2023</b>												
Ellomay Luzon Energy	50	309	62,735	63,044	(344)	-	(344)	62,700	31,350	1,388	(966)	31,772

<b>2022</b>												
Ellomay Luzon Energy	50	72	63,722	63,794	(5,329)	-	(5,329)	58,464	29,232	1,927	(1,130)	30,029

## (b) Summary information on operating results

	Rate of ownership as of December %	Income for the year	Company's share	Elimination of interest on loan from related party € in thousands	Other adjustments	Company's share of income of investee
<b>2023</b>						
Ellomay Luzon Energy	50	8,807	4,404	308	(392)	4,320
<b>2022</b>						
Ellomay Luzon Energy	50	(61)	(31)	1,475	(238)	1,206

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 6 - Investee Companies and other investments (cont'd)****B. Pumped Storage Projects****Pumped-storage project in the Manara Cliff in Israel ("Manara PSP") -**

Ellomay Pumped Storage (2014) Ltd. ("Ellomay PS"), in which the Company directly and indirectly owns 83.333% (with the remaining 16.667% held by Ampa Ltd. ("Ampa")), received a conditional license for the Manara PSP from the Israeli Minister of Energy and Infrastructures (the "Minister") for the construction of a pumped storage plant in the Manara Cliff with a capacity of 156 MW (the "Conditional License"). The Conditional License permits Ellomay PS to construct the Manara PSP and includes several conditions precedent to the entitlement of Ellomay PS to receive an electricity production license.

The Company and its affiliates did not pay any consideration upon the acquisition of the rights in the Manara PSP and undertook to pay certain consideration upon the fulfillment of certain conditions and milestones. As of December 31, 2023, the Company paid an amount of approximately NIS 24,000 thousand (approximately €6,000 thousand) on account of the consideration upon the acquisition and may be required, if certain conditions and milestones are met (which conditions and milestones have not currently been met), to pay certain parties additional amounts (including interest), which in the aggregate are not expected to exceed an amount of approximately NIS 6,400 thousand (approximately €1,600 thousand).

In February 2023, the trustees of the entity that sold the rights in the Manara PSP to the Company filed a petition with the Israeli court requesting the following: (1) payment of NIS 1,500 thousand (approximately €374 thousand) in connection with a claimed debt of a third party, and (2) payment of linkage and interest differences in an amount of approximately NIS 672 thousand (approximately €168 thousand) with respect to an amount that was already paid to the seller and to Electra, claiming that the payment was delayed due to disagreements between the seller and Electra and missing approvals. Based on the parties' agreement, a mediation process is ongoing. In light of the preliminary stage of the proceedings and based on the advice of the Company's legal counsel, it is too early to estimate the outcome of the mediation process and the legal proceedings.

The Conditional License was originally valid for a period of seventy-two (72) months commencing from the date of its approval by the Minister, subject to compliance by Ellomay PS with the milestones set forth therein and subject to the other provisions set forth therein (including financial closing, provision of guarantees and construction of the pumped storage hydro power plant). According to applicable law, the 72 months validity period may be extended for additional periods of 12 months each if required and subject to the Minister's approval at such time. Such extensions may result in forfeiture of the license guarantee which value currently amounts to approximately NIS 4,100 thousand (approximately €1,000 thousand). The guarantee amount is linked to the USD and is reduced over time upon fulfillment of certain interim project milestones.

On December 31, 2020, Ellomay PS received the conditional tariff approval for the project from the Israeli Electricity Authority that regulates the tariffs and formulas for purchasing energy from a pumped storage manufacturer connected to the transmission network for a period of 20 years beginning on the date of receipt of the permanent production license. The conditional tariff became effective following financial closing in February 2021.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 6 - Investee Companies and other investments (cont'd)****B. Pumped Storage Projects (cont'd)****Pumped-storage project in the Manara Cliff in Israel ("Manara PSP") (cont'd) -***Manara PSP Project Finance*

On February 11, 2021, the Manara PSP Project Finance reached financial closing. The Manara PSP Project Finance is provided by a consortium of Israeli banks and institutional investors, arranged and led by Mizrahi-Tefahot Bank Ltd. As of the date of the financial closing, the Manara PSP Project Finance was in the aggregate amount of approximately NIS 1.27 billion (approximately €0.317 billion). This aggregate amount is linked to a synthetic composite index comprising a weighted average of the indices and currencies applicable to the Manara PSP's construction costs (the "Project Index").

As of December 31, 2023, the Manara PSP Project Finance (including reevaluation linkage to the Project Index) amounts to approximately NIS 1.4 billion (approximately €0.349 billion).

The owners of Ellomay PS undertook to provide, and provided, aggregate equity and shareholder's loans financing to the project of NIS 353 million (approximately €94.1 million), pro rata to their holdings in the Manara PSP, linked to the Project Index. Due to this indexation, additional shareholders' loans were provided by the shareholders pro rata to their respective holdings in Manara PSP. In March 2022 and March 2023, such additional amounts were approximately NIS 11.5 million (approximately €3.2 million) and approximately NIS 17.5 million (approximately €4.7 million), respectively. An additional amount of approximately NIS 10 million (approximately €2.5 million) was provided following the balance sheet date, on March 2024.

As of December 31, 2023, the financing provided by the owners of Manara PSP (not including the aforementioned indexation payment in March 2024) amounted to approximately NIS 382,000 thousand (approximately €95,000 thousand).

Ellomay and Ampa Investments Ltd. ("Ampa"), which indirectly owns 16.667% of Ellomay PS, provided certain sponsor support undertakings towards the lenders commensurate with the size and complexity of the project and the length of the construction period, including a standby equity guarantee in the aggregate amount of approximately NIS 12,500 thousand (approximately €3,331 thousand), pro rata to their holdings in the Manara PSP.

This standby equity guarantee is linked to the Israeli CPI and adjusted to the Project Index. As of December 31, 2023, the standby equity guarantee, including linkage, amounts to NIS 13,475 thousand (approximately €3,400 thousand). Ellomay and Ampa also provided corporate guarantees in an amount similar to the amount of the standby equity guarantee.

In August 2021, the Israeli Electricity Authority issued a clarification letter relating to the method of calculation of certain dynamic benefits applicable to all pumped storage projects in Israel. The owners of the Manara PSP currently estimate that if the updates to the method of calculation will be implemented, the new calculation may reduce the cover ratios of the Manara PSP during the commercial operation period by up to 5 basis points. In order to mitigate such potential future effect, the owners of the Manara PSP agreed to provide the lenders with certain undertakings to inject additional equity to the Manara PSP in certain scenarios, subject to a cap which is currently estimated by the owners of the Manara PSP to be approximately NIS 46,000 thousand (approximately €11,500 thousand).

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 6 - Investee Companies and other investments (cont'd)****B. Pumped Storage Projects (cont'd)****Pumped-storage project in the Manara Cliff in Israel ("Manara PSP") (cont'd) -***Manara PSP EPC Agreement*

In February 2021, Ellomay PS executed the EPC agreement for the construction of the Manara PSP (the "Manara PSP EPC Agreement"), under a "turnkey" contract with Electra Infrastructure Ltd. ("Electra Infrastructure"), one of Israel's largest construction companies. The aggregate consideration payable to Electra Infrastructure under the Manara PSP EPC Agreement is expected to be approximately NIS 1.13 billion excluding indexation (approximately €280 million). The majority of this amount is linked to the actual change in the Israel Residential Construction Index ("IRC"). A small portion of the price is denominated in Euros. Under the Manara PSP EPC Agreement, Voith Hydro, the world's leading manufacturer of hydroelectric turbines, was nominated as the main subcontractor that will provide the electro-mechanical equipment to the Manara PSP.

*Manara PSP O&M Agreement*

Simultaneously with the execution of the Manara PSP EPC Agreement, Ellomay PS also executed an O&M agreement (the "Manara PSP O&M Agreement"), with Mekorot Israel National Water Co. ("Mekorot"), the Israeli national water company (which is fully owned by the Israeli Government), Voith Hydro and Verbund Hydro, one of the largest hydroelectric companies in Europe with extensive expertise in the operation of hydroelectric power plants (collectively, the "Manara PSP O&M Contractors"). The Manara PSP O&M Agreement provides that the Manara PSP O&M Contractors will be involved in the construction process through a mobilization period of 48 months and that O&M services will be provided for a twenty-year period, during which Mekorot, Voith Hydro and Verbund will provide O&M services for the initial three years of commercial operation, and Mekorot providing O&M services exclusively for the remaining 17 year period.

Notice to commence the construction works was issued to Electra Infrastructure in April 2021. The Construction period of the Manara PSP was originally expected to be 62.5 months.

*Impact of War in Israel*

Due to the Iron Swords War, which has also expanded into a security conflict in the northern region, operations construction works at the Manara site were halted. The planning works, the construction of the equipment off site, including the electro-mechanical equipment and the arrival of the equipment in Israel continue as usual. The Electricity Authority granted a ten-month extension to the regulatory milestones and the duration of the general license. As part of the standards supporting financing, there is protection for the senior debt (principal and interest) and the developer's expenses, subject to the approval of the Electricity Authority on the subject. At this stage the company cannot quantify the impact on the timing of the construction of the project. The Company cannot predict at this stage the duration and scope of the Iron Swords War or its effect on the Company.



**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 6 - Investee Companies and other investments (cont'd)****C. Development of PV Projects in Italy****Framework Agreement**

In December 2019, Ellomay Luxembourg executed a Framework Agreement (the "Framework Agreement"), with an established and experienced European developer. Pursuant to the Framework Agreement, the developer will provide Ellomay Luxembourg with development services with respect to photovoltaic greenfield projects in Italy in the scope of 350 MW with the aim of reaching an aggregate Ready to Build ("RtB") authorized capacity of at least 265 MW over a forty-one month period. The Framework Agreement provides that the developer will offer all projects identified during the term of the Framework Agreement exclusively to Ellomay Luxembourg and that, with respect to each project acquired by Ellomay Luxembourg, the developer will be entitled to provide development services until it reaches the RtB status.

The parties agreed on a development budget including a monthly development service consideration, to be paid to the developer and all other payments for the tasks required to bring the projects to a RtB. In addition, Ellomay Luxembourg undertook to pay a success fee to the developer with respect to each project that achieves a RtB status.

Currently development is progressing as planned. In April 2021, the Framework Agreement was amended and the target of reaching an aggregate RtB authorized capacity of at least 265 MW was increased to 365 MW.

In May 2023, a notice to proceed was issued to the EPC contractor with respect to the first two projects, Ellomay Solar Italy One SRL (14.8 MW) and Ellomay Solar Italy Two SRL (4.95 MW), located in the Lazio Region, Italy. The PV Plant owned by Ellomay Solar Italy Two SRL was connected to the grid in February 2024 and the PV Plant owned by Ellomay Solar Italy One is expected to be connected to the grid during the second quarter of 2024. Several other projects, held by the Company's wholly-owned subsidiaries, Ellomay Solar Italy Four SRL (15.06 MW), Ellomay Solar Italy Five SRL (87.2 MW), Ellomay Solar Italy Seven SRL (54.77 MW), Ellomay Solar Italy Nine SRL (8 MW) and Ellomay Solar Italy Ten SRL (18 MW), which are developing PV plants in the Lazio Region, Italy, have reached RtB status.

The Company capitalizes expenses in connection with such projects once RtB status is reached.

In November 2019, Ellomay Luxembourg executed a Framework Agreement with a developer with the aim of reaching an aggregate authorized capacity of at least 250 MW over a three-year period. In connection with the execution of this agreement, during 2020 Ellomay Luxembourg paid the developer advance payments in the aggregate amount of approximately €1,554 thousand. As the target aggregate capacity was not achieved, in August 2023 the advance payment including interest in the aggregate amount of €1,921 thousand was refunded.

**Composition of Advances on account of investments**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
	<b>€ in thousands</b>	
On account of development of PV projects in Italy	<b>898</b>	<b>2,328</b>

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 6 - Investee Companies and other investments (cont'd)****D. Subsidiaries -****1. Biogas Plants in the Netherlands**

The Company owns three Waste-to-Energy (specifically Gasification and Bio-Gas (anaerobic digestion)) projects in the Netherlands.

Groen Goor Anaerobic Digestion Project-

Groen Gas Goor B.V. ("Groen Goor"), a project company operating an anaerobic digestion plant, with a green gas production capacity of approximately 375 Nm<sup>3</sup>/h, in Goor, the Netherlands (the "Groen Goor Plant"). The Groen Goor Plant commenced operations in November 2017.

Groen Gas Oude-Tonge Anaerobic Digestion Project-

Groen Gas Oude-Tonge B.V. ("Groen Gas Oude-Tonge") a project company operating an anaerobic digestion plant, with a green gas production capacity of approximately 475 Nm<sup>3</sup>/h, in Oude-Tonge, the Netherlands (the "Oude-Tonge Plant"). The Oude-Tonge Plant commenced operations in June 2018.

Groen Gas Gelderland Anaerobic Digestion Project -

On December 1, 2020, the Company, through its wholly-owned subsidiary, Ellomay Luxembourg, acquired all issued and outstanding shares of Groen Gas Gelderland B.V. ("GG Gelderland") a project company operating an anaerobic digestion plant, with a green gas production capacity of approximately 7.5 million Nm<sup>3</sup> per year, in Gelderland, the Netherlands. The actual production capacity of the plant is approximately 9.5 million Nm<sup>3</sup> per year.

Assessment of recoverable amount

During 2023, the Company assessed the recoverable amount of its Biogas plants in the Netherlands in light of operating losses suffered by these projects in recent years and lower results than forecasted for 2023. The examination was conducted based on the net consideration (net of expected estimated indemnification) included in a binding offer received for the sale of the Biogas plants. The examination concluded that the fair value (net of transaction costs) of each of the plants is higher than the carrying value of such plant and therefore there is no need for an impairment provision.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 6 - Investee Companies and other investments (cont'd)****D. Subsidiaries - (cont'd)****2. PV Projects in Spain****The Talasol PV Plant –**

The Company indirectly owns 51% of the share capital of Talasol Solar S.L.U (“Talasol”), which owns a photovoltaic plant with a peak capacity of 300 MW in the municipality of Talaván, Cáceres, Spain. The purchase price originally paid by the Company during 2017 for 100% of Talasol’s shares was €10 million.

The construction cost of the Talasol PV Plant based on the engineering, procurement & construction agreement entered into by Talsol and METKA EGN Limited (“METKA EGN”) was €192.5 million. The works under this agreement includes also a 400 kV step-up substation, the high voltage interconnection line to the point of connection to the grid and performance of two years of O&M services.

In June 2018, Talasol executed a financial power swap in respect of approximately 80% of the output of the Talasol PV Plant for a period of 10 years (the “Talasol PPA”) whose accounting treatment is according to cash flow hedge.

The power produced by the Talasol PV Plant is sold by Talasol in the open market for the current market power price and the Talasol PPA is expected to hedge the risks associated with fluctuating electricity market prices by allowing Talasol to secure a certain level of income for the power production included under the Talasol PPA. The Talasol PPA became effective in March 2019.

On April 17, 2019, the Company, through its wholly owned subsidiary Ellomay Luxembourg, executed a Credit Facilities Assignment and Sale and Purchase of Shares Agreement (the “Talasol SPA”), with GSE 3 UK Limited and Fond-ICO Infraestructuras II, FICC (together, the “Talasol Partners”), pursuant to which it agreed to sell to each of the Talasol Partners 24.5% of its holdings in Talasol. The transactions contemplated under the Talasol SPA were consummated in April 2019. The aggregate purchase price paid by the Talasol Partners, in the amount of approximately €16.1 million, represented 49% of the amounts withdrawn and interests accrued from and by Talasol PV Plant’s financing as of the closing date of the Talasol SPA (approximately €4.9 million), plus a payment for 49% of Talasol’s shares (approximately €4.9 million) plus a premium of approximately €6.1 million. Of such aggregate purchase price, the payment of €1.4 million was deferred until the achievement of a preliminary acceptance certificate (PAC) under the EPC agreement of the Talasol PV Plant. Following the achievement of PAC on January 27, 2021, the deferred payment amount of €1.4 million was received by Ellomay Luxembourg.

As the Company directs the operations of Talasol and the rights granted to the Talasol Partners are minority protective rights, these changes in the Company’s ownership interest in Talasol did not result in loss of control and were accounted for as equity transactions. The Company therefore recognized in equity an amount of approximately €6.1 million, less associated expenses in the amount of approximately €0.7 million on the date of the Talasol SPA.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 6 - Investee Companies and other investments (cont'd)****D. Subsidiaries - (cont'd)****2. PV Projects in Spain (cont'd)****The Talasol PV Plant (cont'd) –**

The Talasol PV Plant reached mechanical completion in September 2020 and was connected to the electricity grid and electricity production commenced at the end of December 2020.

In December 2021, Talasol entered into a New Facilities Agreement in the aggregate amount of €175 million with European institutional lenders (the “Talasol New Facilities Agreement”). Financial closing of the Talasol New Facilities Agreement was achieved in January 2022 (see Note 11).

The uses of the Talasol New Financing amount were as follows: (1) prepayment of the outstanding €121 million amount of the Talasol Previous Financing; (2) deposit of €6.9 million in Talasol’s bank account as a debt service fund; (3) deposit of €10 million in Talasol’s bank account as security for a letter of credit to the Talasol PPA provider; (4) unwinding of the interest rate SWAP entered into in connection with the Previous Financing in an amount of €3.29 million; (5) transaction costs in an amount of approximately €3 million; and (6) a special dividend to Talasol’s shareholders in an amount of approximately €31 million.

**The Ellomay Solar Project -**

Ellomay Solar S.L.U. (“Ellomay Solar”), wholly owned by Ellomay Luxembourg, owns a photovoltaic plant with an installed capacity of 28 MW in the municipality of Talaván, Cáceres, Spain (the “Ellomay Solar PV Plant”). On February 26, 2021, Ellomay Solar entered into an engineering, procurement & construction agreement in connection with the Ellomay Solar PV Plant (the “EPC Agreement”) with METKA EGN Spain S.L.U., a 100% indirect subsidiary of MYTILINEOS S.A., under the Renewables & Storage Development Business Unit. The EPC Agreement provides a fixed and lump-sum amount of €15.82 million, for the complete execution and performance of the works defined in the EPC Agreement. The works include the engineering, procurement and construction of the Ellomay Solar PV Plant and the ancillary facilities for injecting power into the grid and performance of two years of O&M services.

In June 24, 2022, the Ellomay Solar PV Plant was connected to the electricity grid and commenced production of electricity.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 6 - Investee Companies and other investments (cont'd)****D. Subsidiaries - (cont'd)****2. PV Projects in Spain (cont'd)****Regulatory update –**

The Spanish Royal Decree-Law 17/2021 of September 14, 2021, (“RDL 17/2021”), which entered into force on September 16, 2021, established the reduction of returns on the electricity generating activity of Spanish production facilities that do not emit greenhouse gases accomplished through payments of a portion of the revenues by the production facilities to the Spanish government). RDL 17/2021 was extended several times and was in effect until December 31, 2023. This reduction and payments were recorded as part of the operating expenses of the relevant facilities. RDL 17/2021 did not apply to the portion of the revenues produced by Talasol that is subject to a fixed price under the Talasol PPA Producers likely to be affected by the reduction were required to submit to REE a responsible statement and supporting documentation on the energy covered by contracting instruments.

**3. Israeli Service Concession project**

The Company indirectly owns a photovoltaic site with fixed technology and a nominal capacity of approximately 9 MWp in Talmei Yosef, Israel (the “Talmei Yosef Plant”), which was connected to the grid in November 2013. The Talmei Yosef Plant is primarily financed by an Israeli consortium led by Israel Discount Bank.

Talmei Yosef entered into a service concession agreement with the IEC for the construction of a PV plant in Talmei Yosef. In Under the terms of the agreement with the IEC, Talmei Yosef operates the PV plant for a period of 20 years as from November 15, 2013. The IEC provides the Company a guaranteed tariff for the electricity produced of NIS 0.9631 per KWp linked to the Israeli CPI as of October 2011. The service concession agreement does not contain a renewal option.

In accordance with IFRIC 12, the portion of the consideration received from the IEC that reflects the Company’s right to charge for services it provides in connection with the operation of the Talmei Yosef PV Plant, is classified as an intangible asset. The intangible asset was recorded at the acquisition in the amount of €5,505 thousand that will be amortized until the end of the service concession agreement with the IEC with Talmei Yosef.

*Impact of War in Israel*

The Talmei Yosef Plant is located in southern Israel, in proximity to the Gaza Strip and is therefore exposed to missile and mortar bomb attacks. The Talmei Yosef Plant was not impacted by the Iron Swords War other than a temporary halt in operations which did not have a material impact on the Company’s results. On December 31, 2023, the Company executed an agreement to sell its holdings in the Talmei Yosef PV Plant. For more information, including the potential impact of the Iron Swords War on the consummation of the sale, see Note 23.

**4. Texas USA PV**

During 2023, the Company entered into a Joint Development Agreement with a project development company experienced in the development of energy projects, site acquisition, capital markets and commercial management, and commenced development of PV projects in the vicinity of Dallas, Texas. Each of the PV projects under development is expected to have a capacity of approximately 10-14 MW.

There are currently two projects under construction with an aggregate capacity of approximately 27.36 MW (the Fairfield and Malakoff projects), and two projects that are ready for construction with an aggregate capacity of approximately 21.5 MW (the Mexia and Talco projects). All four projects are expected to be connected to the grid during 2024.

The aggregate cost of development and construction of these projects is expected to be approximately €58 million, and the projects are expected to be funded partially through a tax equity arrangement covering approximately 36% of the expenses.

During 2023, the Company entered into a Joint Development Agreement with a project development company experienced in the development of energy projects, site acquisition, capital markets and commercial management, and commenced development of PV projects in the vicinity of Dallas, Texas. Each of the PV projects under development is expected to have a capacity of approximately 10-14 MW. There are currently two projects under construction with an aggregate capacity of approximately 27.36 MW (the Fairfield and Malakoff projects), and two projects that are ready for construction with an aggregate capacity of approximately 21.5 MW (the Mexia and Talco projects). All four projects are expected to be connected to the grid during 2024.

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 7 - Trade and Other Receivables**

	December 31	
	2023	2022
	€ in thousands	
<b>Current Assets - Trade and Other receivables:</b>		
Government authorities	4,851	3,752
Income receivable	1,013	1,062
Interest receivable	221	125
Advance tax payment	1,028	566
Trade receivable	205	420
Inventory	1,170	1,201
Derivatives (see Note 21)	275	273
Loan to others	1,246	-
Prepaid expenses and other	1,983	2,033
Current maturities of loans given to an equity accounted investee	-	2,665
	<b>11,992</b>	<b>12,097</b>
<b>Non-current Assets - Long term receivables:</b>		
Prepaid expenses associated with long-term loans	9,265	8,417
Annual rent deposits	656	290
Loans to others	509	546
Other	16	17
	<b>10,446</b>	<b>9,270</b>

## Notes to the Consolidated Financial Statements as at December 31, 2023

## Note 8 - Fixed Assets

	Photovoltaic plants	Pumped storage	Biogas plants	Office furniture and equipment	Total
	€ in thousands				
<b>Cost</b>					
Balance as at January 1, 2023	266,062	102,472	36,355	224	405,113
Additions	19,762	42,178	1,792	27	63,759
Transfer to disposal groups held for sale	-	-	-	(18)	(18)
Effect of changes in exchange rates	(108)	(6,019)	-	-	(6,127)
Balance as at December 31, 2023	285,716	138,631	38,147	233	462,727
Balance as at January 1, 2022	251,027	78,892	35,192	190	365,301
Additions	15,036	29,124	1,163	33	45,356
Effect of changes in exchange rates	(1)	(5,544)	-	1	(5,544)
Balance as at December 31, 2022	266,062	102,472	36,355	224	405,113
<b>Depreciation</b>					
Balance as at January 1, 2023	29,530	-	9,652	175	39,357
Depreciation for the year	12,736	-	2,644	25	15,405
Transfer to disposal groups held for sale	-	-	-	(18)	(18)
Effect of changes in exchange rates	-	-	-	1	1
Balance as at December 31, 2023	42,266	-	12,296	183	54,745
Balance as at January 1, 2022	17,297	-	6,952	155	24,404
Depreciation for the year	12,233	-	2,700	21	14,954
Effect of changes in exchange rates	-	-	-	(1)	(1)
Balance as at December 31, 2022	29,530	-	9,652	175	39,357
<b>Carrying amounts</b>					
As at January 1, 2022	233,730	78,892	28,240	35	340,897
As at December 31, 2022	236,532	102,472	26,703	49	365,756
As at December 31, 2023	243,450	138,631	25,851	50	407,982

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 8 - Fixed assets (cont'd)****Investment in Photovoltaic Plants**

Presented hereunder are data regarding the Company's investments in photovoltaic plants as at December 31, 2023:

PV Plant Title	Original nominal capacity	Connection to grid/Other status	Cost included in book value as at December 31, 2023
			€ in thousands
"Ellomay Spain – Rinconada II"	2.275 MWP	June 2010	5,509
"Rodríguez I"	1.675 MWP	November 2011	3,662
"Rodríguez II"	2.691 MWP	November 2011	6,631
"Fuente Librilla"	1.248 MWP	June 2011	3,212
"Talasol"	300 MWP	January 2021	220,061
"Ellomay Solar"	28 MWP	July 2022	18,074
"Solar Italy One"	14.8 MWP	Under construction	12,056
"Solar Italy Two"	4.95 MWP	Under construction	4,069
"Solar Italy Four"	15.6 MWP	Ready to Build status	553
"Solar Italy Five"	87.2 MWP	Ready to Build status	4,535
"Solar Italy Seven"	54.77 MWP	Ready to Build status	1,852
"Solar Italy Nine"	8 MWP	Ready to Build status	464
"Solar Italy Ten"	18 MWP	Ready to Build status	1,071
"Fairfield Solar"	13.44 MWP	Ready to Build status	1,100
"Mexia Solar I"	5.6 MWP	Ready to Build status	808
"Mexia Solar II"	5.6 MWP	Ready to Build status	341
"Malakoff Solar I"	6.96 MWP	Ready to Build status	578
"Malakoff Solar II"	6.96 MWP	Ready to Build status	351
"Talco Solar"	10.3 MWP	Ready to Build status	789

The Company commences capitalization of expenses when it is probable that the Company will enjoy future economic benefits from the projects. The Company commenced capitalization of expenses from the aforementioned projects that have reached Ready to Build status as follows:

In Texas USA (i) the Fairfield Solar LLC Project since February 2023, (ii) the Mexia Solar I LLC and Mexia Solar II LLC Projects since July 2023, (iii) the Malakoff I Solar LLC and Malakoff II Solar LLC projects since April 2023, and (iv) the Talco Solar LLC project since September 2023.

In Italy (i) Ellomay Solar Italy Seven SRL since March 2023, and (ii) Ellomay Solar Italy Nine SRL since May 2023. For additional information see Notes 6C and 6D.

**Investment in Pumped Storage Project**

Commencing the fourth quarter of 2020, as it is probable that the Company will enjoy future economic benefits in connection with the Manara PSP (see Note 6B), expenses in connection with the Manara PSP are capitalized as assets.

**Security**

As of December 31, 2023 fixed assets of the Company's subsidiaries with a carrying amount of €339,821 thousand are pledged as security for bank loans (see Note 11 regarding loans and borrowings with respect to terms and repayment dates).

**Capitalized borrowing costs**

In the reporting period borrowing costs in the amount of €6,996 thousand were capitalized to qualifying assets for the year 2023. Those expenses are mostly related to the construction of the Manara PSP.



**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 9 - Other Payables**

	December 31	
	2023	2022
	€ in thousands	
Employees and payroll accruals	497	358
Government authorities	1,602	1,426
Deferred revenues	1,058	1,794
Accrued expenses connected to Manara PSP	5,976	6,392
Other accrued expenses	1,587	853
Taxes on income	139	384
	<b>10,859</b>	<b>11,207</b>

**Note 10 - Current maturities and short term bank loans**

Composed as follows:

	Linkage terms	Interest rate 2022 and 2023	December 31	December 31
			2023	2022
		%	€ in thousands	
Current maturities of long term bank loans (refer to Note 11)	EURIBOR	2 - 6	3,022	3,261
	-	2.58 - 3.03	6,762	7,463
	Consumer price index in Israel	4.65	-	2,091
			<b>9,784</b>	<b>12,815</b>
	Linkage terms	Interest rate 2022 and 2023	December 31	December 31
			2023	2022
		%	€ in thousands	
Current maturities of other long term loans <sup>(1)</sup>	EURIBOR	5.27-9.2	5,000	10,000

(1) Loans provided by the minority (49%) holders in Talasol.

**Note 11 - Loans****A. Loans details**

Composed as follows:

	Linkage terms	Interest rate 2022 and 2023	December 31	December 31
			2023	2022
		%	€ in thousands	
<b>Bank loans</b>	EURIBOR	2 - 6	21,132	23,918
	-	2.58 - 3.03	156,748	164,212
	Bank of Israel interest rate	4.35 - 9.1	5,509	2,986
	Consumer price index in Israel	2.75 - 4.78	64,176	51,165
			<b>247,565</b>	<b>242,281</b>
Current maturities			<b>9,784</b>	<b>12,815</b>
Long-term loans			<b>237,781</b>	<b>229,466</b>

## Notes to the Consolidated Financial Statements as at December 31, 2023

## Note 11 - Loans (cont'd)

## A. Loans details (cont'd)

	Linkage terms	Interest rate 2022 and 2023	December 31 2023	December 31 2022
Other long-term loans		%	€ in thousands	
	EURIBOR <sup>(1)</sup>	5.27-9.2	25,055	23,247
	Consumer price index in Israel	7	5,806	4,857
	Fixed	5 - 5.5	3,512	3,478
			34,373	31,582
Current maturities			5,000	10,000
Other long-term loans			29,373	21,582

(1) Loans provided by the minority (49%) holders in Talasol.

## Israel - Ellomay PS Loans

1. The Company's 83.333% owned Israeli subsidiary promoting the Manara PSP, Ellomay PS, entered into a loan agreement with Ampa, the owner of the remaining 16.667% of its outstanding shares. The unpaid balance (principal and interest) of the loan is split into 2 separate loans, an interest-bearing loan at an annual rate of 7% linked to the consumer price index (senior international debt), and a mezzanine loan (an internationally inferior debt) bearing an annual interest rate of 5%. The maturity date of this loan starts from December 31, 2027. As of December 31, 2023, the amount of the loan is NIS 33,910 thousand (€8,452 thousand).
2. On February 11, 2021, the Manara PSP Project Finance achieved financial closing. The Manara PSP Project Finance facilities are provided by a consortium of Israeli banks and institutional investors, arranged and led by Mizrahi-Tefahot Bank Ltd. The Manara PSP Project Finance long-term facilities were originally in the aggregate amount of approximately NIS 1.27 billion (approximately €338 million). This aggregate amount represents the real (non-indexed) value of the Long-Term Facilities as of the date of financial closing. Such amount, as well as the standby facilities, is linked to a synthetic composite index comprising a weighted average of the indices and currencies applicable to the Manara PSP's construction costs (the "Project Index"), on an annual basis during the first 4 years of construction, and thereafter semi-annually until construction end. As a result of the linkage to the Project Index, the long-term facilities amount increased in March 2022 and March 2023 by approximately NIS 40 million (approximately €10.6 million) and approximately NIS 63 million (approximately €16.8 million), respectively.

The Manara PSP Project Finance facilities includes two Long-Term Facilities: (i) a Senior Secured A 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 drawn loan, 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 Construction Date. 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 Construction 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 and the Manara PSP Project Finance also includes standby facilities (Tranche A and Tranche B).

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 11 - Loans (cont'd)****A. Loans details (cont'd)****Israel - Ellomay PS Loans (cont'd)**

The Manara PSP Project Finance includes customary terms in connection with early prepayment, acceleration of payments upon certain breaches and limitations on distributions. The Manara PSP Project Finance also includes ancillary facilities VAT, Guarantees and Debt Service Reserve facilities in an aggregate amount of approximately NIS 64 million (approximately €17.1 million).

The Manara PSP Project Finance includes mandatory cash sweeps upon certain cover ratio and other events with respect to the Senior Secured Tranche, cash sweep payments in connection with the Subordinated Secured Tranche as mentioned above and other lender protection mechanisms.

In addition, the Manara PSP Project Finance agreement permits the owners of the Manara PSP to drawdown a developers' fee on the Actual Completion Construction Date (as such term is defined in the Manara PSP Project loan agreements) of the Manara PSP, subject to availability of funding in the Standby Facility at the time and provided the Average ADSCR at the time is not less than a ratio of 1.28.

Ellomay and Ampa provided certain sponsor support undertakings towards the lenders commensurate with the size and complexity of the project and the length of the construction period, including a standby equity guarantee in the aggregate amount of approximately NIS 12.5 million (approximately €3.3 million), pro rata to their holdings in the Manara PSP. This standby equity guarantee is linked monthly to the Israeli CPI and adjusted (if applicable) in the same manner and timing as the Long-Term Facilities, as described above.

As of December 31, 2023 a total aggregate amount of NIS 245,656 (€65,452 thousand) was drawn down under the Manara PSP Project Finance from the Senior Secured Tranche (interest rate range between 2.75%-4.78% linked to the Israeli Consumer Price Index) and a total aggregate amount of NIS 20,875 (€5,527 thousand) was drawn from the Subordinated Secured B Tranche (floating interest rate based on the Bank of Israel Rate – 9.1% as of December 31, 2023).

**The Netherlands - Bio Gas - Loans**

1. **Groen Goor** and Ellomay Luxembourg entered into a senior project finance agreement in 2017 (the "Goor Loan Agreement"), with Coöperatieve Rabobank U.A. ("Rabobank"), that includes the following tranches: (i) two loans with principal amounts of €3,510 thousand (with a fixed interest rate of 3% until the end of 2021 and with a fixed interest rate of 3.45% for the next five years) and €2,090 thousand, (with a fixed interest rate of 2.5% until the end of March 2022 and then with a fixed interest rate of 2.65% until the end of March 2023 and with a fixed interest rate of 6.05% until the end of March 2026), for a period of 12.25 years, repayable in equal monthly installments commencing three months following the connection of the Goor Project's facility to the grid and (ii) an on-call credit facility of €370 thousand with variable interest. The amount of €5,600 thousand was withdrawn in 2017 on account of these loans. In connection with the Goor Loan Agreement, the following securities were provided to Rabobank: (i) pledge on the present and future rights arising from the feedstock purchase agreement, the EPC agreement, the O&M agreement, the SDE subsidy, the various power and green gas purchase agreements, and the green gas certification supply agreement, (ii) pledge on all present and future (a) receivables arising from business and trade, and (b) stock and inventory including machinery and transport vehicles of Groen Goor, and (iii) all rights/claims of Groen Goor against third parties existing at the time of the execution of the Loan Agreement, including rights from insurance agreements.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 11 - Loans (cont'd)****A. Loans details (cont'd)****The Netherlands - Bio Gas - Loans (cont'd)**

2. **Groen Gas Oude-Tonge** and Ellomay Luxembourg entered into a senior project finance agreement (the “Oude Tonge Loan Agreement”), with Rabobank, that includes the following tranches: (i) three loans with principal amounts of €3,150 thousand (with a fixed interest rate of 3.1% the end of June 2022 and with a fixed interest rate of 3.95% for the next three years), €1,540 thousand (with a fixed interest rate of 2.9% until the end of March 2023 and with a fixed interest rate of 5.15% for the next five years) and €160 thousand, (with a fixed interest rate of 3.4% until the end of March 2023 and with a fixed interest rate of 5.65% for the next five years), for a period of 12.25 years, repayable in equal monthly installments commencing three months following the connection of the Oude Tonge Project's facility to the grid and (ii) an on-call credit facility of €100 thousand with variable interest. The amount of €4,850 thousand was withdrawn in 2017 and 2018 on account of these loans.

In connection with the Goor Loan Agreement and the Oude Tonge Loan Agreement Ellomay Luxembourg, the Company's wholly-owned subsidiary: (i) provided the following undertakings to Rabobank: (a) that Groen Goor and Groen Gas Oude Tonge, as applicable, will not make distributions to its shareholders for a period of two years following the execution of the Loan Agreement, (b) that Groen Goor will not make distributions or repurchase its shares so long as the equity (including owners loans) to total assets ratio of Groen Goor is less than 40%, (c) that in the event the equity (including owners loans) to total assets ratio of Groen Goor and Groen Gas Oude Tonge will be below 40%, its shareholders will invest the equity required in order to increase this ratio to 40%, pro rata to their holdings in Groen Goor and Groen Gas Oude Tonge, as applicable, and up to a maximum of €1.2 million, and (d) that they will provide the equity required for the completion of the Goor Project (ii) provided pledges on their respective rights in connection with the shareholders loans which each provided to Groen Goor and Groen Gas Oude Tonge, which loans shall also be subordinated by Ellomay Luxembourg in the favor of Rabobank. In addition, the Company provided a guarantee to Rabobank for the fulfillment of Ellomay Luxembourg's undertakings set forth above.

3. **GG Gelderland** entered into a senior project finance agreement (the “Gelderland Loan Agreement”), with Rabobank, that includes the following tranches: (i) four loans with principal amounts of (a) €2,453 thousand (with a fixed interest rate of 3.6% for the first five years), (b) €1,200 thousand (with a fixed interest rate of 4.5% until the beginning of December 2020 and with a fixed interest rate of 3.5% until the beginning of December 2025), (c) €400 thousand (with a fixed interest rate of 3.55% until the end of January 2023 and with a fixed interest rate of 5.95% until the end of the loan period) and (d) €2,847 thousand (with a fixed interest rate of 4.5% until the beginning of December 2020 and with a fixed interest rate of 3.5% until the beginning of December 2025), all for a period of 12 years (144 monthly payments), repayable in equal monthly installments and (ii) an on-call credit facility of €750 thousand with variable interest. An aggregate amount of €6,900 thousand was withdrawn in 2015, 2016 and 2018 on account of these loans. On November 30, 2020, GG Gelderland replaced the loan set forth in (i)(a) above, which as of that date had an outstanding principal amount of €1,890 thousand, with another loan from Rabobank with a fixed interest rate of 3.1% per year, repayable in 56 payments monthly, with a repayment of principal in one payment in August 2025.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 11 - Loans (cont'd)****A. Loans details (cont'd)****The Netherlands - Bio Gas - Loans (cont'd)****3. GG Gelderland (cont'd)**

In connection with the Gelderland Loan Agreement, the following securities were provided to Rabobank: (i) pledge on the present and future rights arising from the feedstock purchase agreement, the EPC agreement, the O&M agreement, the SDE subsidy, the various power and green gas purchase agreements, and the green gas certification supply agreement, (ii) pledge on all present and future (a) receivables arising from business and trade, and (b) stock and inventory including machinery and transport vehicles of GG Gelderland, and (iii) all rights/claims of GG Gelderland against third parties existing at the time of the execution of the Gelderland Loan Agreement, including rights from insurance agreements. In connection with the Gelderland Loan Agreement, Ellomay Luxembourg, the Company wholly-owned subsidiary, provided the undertaking to Rabobank that Ellomay Luxembourg will not sell the shares of GG Gelderland without the prior written consent of Rabobank.

4. **GG Gelderland**, entered into a loan agreement in the end of November 2020, with Ontwikkelingsnaatscgappij Oost-Nederland N.V. ("Oost"), as a benefit created in connection with the Covid-19 pandemic. The loan is with a principal amount of €750 thousand bore a fixed interest rate of 3 % per year for 3 years. The interest and the principle were to be fully repaid in one single amount after 3 years. According to the agreement with Oost, the loan term may be prolonged to 5 years. In October 2023, it was decided to extend the loan to 5 years and the interest rate changed to 5% as from November 2020.

**Spain - Loans**

On March 12, 2019, four of the Company's Spanish subsidiaries (together, the "Subsidiaries") entered into a €18.4 million project finance Facility Agreement (the "Facility Agreement"). The €18.4 million principal amount is divided into: (i) four term loan facilities, one for each Subsidiary, in the aggregate amount of €17.6 million with terms ending in December 2037, and (ii) a revolving credit facility to attend the debt service if needed, for a maximum amount of euro 0.8 million granted to any of the Subsidiaries.

The loans provided under the Facility Agreement bear an annual interest at the rate of Euribor 6 months plus a margin of 2% (with a zero interest floor) and repaid semi-annually on June 20 and December 20. The principal is repaid on a semi-annual basis based on a pre-determined sculptured repayment schedule.

The Facility Agreement provides for mandatory prepayment upon the occurrence of certain events and includes various customary representations, warranties and covenants, including covenants to maintain a DSCR on an aggregate basis not lower than 1.05:1, and not to make distributions unless, among other things: (i) the DSCR, on an aggregate basis, is equal to or higher than 1.15:1.0, (ii) the first instalment of the Project Finance has been repaid, (iii) no amount under the revolving credit tranche has been withdrawn and not fully repaid and no drawdowns of the revolving credit tranche are expected within the next six months, and (iv) the Subsidiaries' net debt to regulatory value (as such terms are defined in the Facility Agreement) ratio is equal to or higher than 0.7:1.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 11 - Loans (cont'd)****A. Loans details (cont'd)****Spain - Loans (cont'd)**

The regulatory value of the PV Plants owned by the Subsidiaries is approximately €23.5 million, compared to their aggregate nominal purchase price, which was approximately €14.85 million and their aggregate book value, which was approximately €14.6 million as of September 30, 2018. The Facility Agreements includes a cash-sweep payment mechanism and obligation that applies in the event the Subsidiaries' net debt to regulatory value ratio is equal to or higher than 0.7:1.

As of December 31, 2023, the financial covenants were met.

On March 12, 2019, the Subsidiaries entered into swap agreements with respect to approximately €17.6 million (with a decreasing notional principal amount based on the amortization table) until December 2037, replacing the Euribor 6 month rate with a fixed 6 month rate of approximately 1%, resulting in a fixed annual interest rate of approximately 3%. Such swap transactions qualify for hedge accounting. See Note 21 E regarding the effect of the expected transition away from Libor and Euribor.

The documents ancillary to the Facility Agreements require that security interests be provided in connection with the following: (i) the Subsidiaries' shares (held by Ellomay Luxembourg), (ii) pledges over accounts, (iii) pledges over relevant agreements including hedging agreements; and (iv) promissory equipment mortgage.

**Talasol - Loans**

1. In December 2021, Talasol entered into financing agreement (the "Talasol Facilities Agreement"). Financial closing of the Talasol Facilities Agreement was achieved in January 2022. The Talasol Facilities Agreement provides for the provision of two tranches:

(a) a term loan in the amount of €155 million of which the final maturity date is June 30, 2044, and

(b) a term loan in the amount of €20 million of which the final maturity date is December 31, 2042.

Principal and interest at a weighted average of approximately 3% repayment are made on a semi-annual basis, in June and December.

The agreements executed in connection with the Talasol Financing provide for mandatory prepayment upon the occurrence of certain events and various customary representations, warranties, and covenants, including covenants to maintain a Historic and Forecast DSCR equal to at least 1.05x. Moreover, Talasol undertook not to make distributions in the event that: (i) the Historic and Forecast DSCR will be lower than 1.10x until the expiration date of the Talasol PPA and equal to at least 1.25x thereafter and (ii) the Loan Life Cover Ratio will be lower than 1.30x from the expiration date of the Talasol PPA and until maturity.

The Talasol Facilities Agreement requires that security interests be provided in connection with the following: (i) Talasol's shares (held by Ellomay Luxembourg and the other shareholders of Talasol), (ii) pledges over credit rights under certain accounts, (iii) pledges over credit rights under certain Talasol PV Plant's documents, (iv) pledges over credit rights under the shareholders loans, (v) security assignment of receivables in connection with the Talasol PPA, (vi) promissory equipment mortgage and (vii) mortgage on all solar modules and power inverters comprised in the project.

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 11 - Loans (cont'd)****A. Loans details (cont'd)****Talasol - Loans (cont'd)**

2. On April 30, 2019, following the closing of Talasol PV Plant and sale of 49% holdings of the Talasol Project, Talasol entered into a loan agreement with GSE 3 UK Limited and Fond-ICO Infraestructuras II, FICC (the minority shareholders of Talasol, each of whom owns 24.5% of Talasol). The unpaid balance (principal and interest) of the loan will bear interest of Euribor 6 month plus 5.27%. The maturity date of this loan is December 31, 2037. As of December 31, 2023, the amount of the loan is €25,055 thousand.

**B. The aggregate annual maturities are as follows:**

	December 31 2023	December 31 2022
	€ in thousands	
Second year	14,049	13,811
Third year	13,668	15,952
Fourth year	15,828	14,759
Fifth year	24,462	16,026
Sixth year and thereafter	199,147	190,500
Long-term loans	267,154	251,048
Current maturities	14,308	22,187
Short-term loans	476	628
	<b>281,938</b>	<b>273,863</b>

- C. In order to minimize the interest-rate risk resulting from liabilities to banks and financing institutions linked to the Euribor, the Company executed swap transactions. For more information, see Note 21.

**D. Movement in liabilities deriving from financing activities**

	Note	Liabilities	
		Loans and borrowings	Debentures
		€ in thousands	
			Total
Balance as at January 1, 2023		273,863	110,428
<b>Changes from financing activities</b>			
Proceeds from issue of debentures		-	55,808
Repayment of debentures	12	-	(17,763)
Receipt of loans		32,157	-
Repayment of loans		(12,736)	-
Accrued interest		4,284	-
Linkage		1,849	-
Transaction costs related to borrowings		(686)	446
Transfer to disposal groups held for sale		(13,047)	-
<b>Total net financing liabilities</b>		<b>285,684</b>	<b>148,919</b>
<b>Effect of changes in foreign exchange rates</b>		<b>(3,746)</b>	<b>(8,832)</b>
Balance as at December 31, 2023		<b>281,938</b>	<b>140,087</b>

## Notes to the Consolidated Financial Statements as at December 31, 2023

## Note 11 - Loans (cont'd)

## D. Movement in liabilities deriving from financing activities (cont'd)

	Note	Liabilities		Total
		Loans and borrowings	Debentures	
		€ in thousands		
Balance as at January 1, 2022		218,895	137,299	356,194
<b>Changes from financing activities</b>				
Repayment of debentures	12	-	(19,764)	(19,764)
Receipt of loans		215,170	-	215,170
Repayment of loans		(153,751)	-	(153,751)
Accrued interest		2,488	-	2,488
Linkage		2,029	-	2,029
Transaction costs related to borrowings		(3,861)	779	(3,082)
Issuance of capital note to non-controlling interest		(3,958)	-	(3,958)
<b>Total net financing liabilities</b>		277,012	118,314	395,326
<b>Effect of changes in foreign exchange rates</b>		(3,149)	(7,886)	(11,035)
Balance as at December 31, 2022		273,863	110,428	384,291

## Note 12 - Debentures

## A. Composed as follows:

	December 31, 2023		December 31, 2022	
	Face value	Carrying amount	Face value	Carrying amount
	€ in thousands		€ in thousands	
<b>Debentures</b>	141,689	140,087	111,911	110,428
<b>Less current maturities</b>	35,698	35,200	19,078	18,714
<b>Total long-term debentures</b>	105,991	104,887	92,833	91,714

## B. Debentures – Details

## Series C Debentures

On July 25, 2019, the Company issued Series C Debentures due June 30, 2025 in a public offering in Israel in the aggregate principal amount of NIS 89,065 thousand (approximately €22,690 thousand based on the Euro/NIS exchange rate at that time). The gross proceeds of the offering were NIS 89,065 thousand and the net proceeds of the offering, net of related expenses such as consultancy fee and commissions, were approximately NIS 87,600 thousand (approximately €22,317 thousand based on the Euro/NIS exchange rate at that time).



**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 12 - Debentures (cont'd)****B. Debentures – Details (cont'd)****Series C Debentures (cont'd)**

On October 26, 2020, the Company completed a public offering in Israel of additional Series C Debenture and a of Series 1 Options (see Note 16A). The Company issued an aggregate principal amount of NIS 154,000 thousand (approximately €38,500 thousand based on the Euro/NIS exchange rate at that time) of Series C Debentures and 385,000 Series 1 Options. The gross proceeds from the offering were NIS 164,200 thousand (approximately €41,100 thousand based on the Euro/NIS exchange rate at that time) and the net proceeds of the offering, net of related expenses such as consultancy fee and commissions, were approximately NIS 162,400 thousand (approximately €40,300 thousand based on the Euro/NIS exchange rate at that time).

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 based on the Euro/NIS exchange rate at that time). 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 €25,534 thousand based on the Euro/NIS exchange rate at that time).

In October 2021, the Company issued additional Series C Debentures in an aggregate principal amount of NIS 120,000 thousand (approximately €32,100 thousand based on the Euro/NIS exchange rate at that time) to Israeli classified investors in a private placement for an aggregate gross consideration of approximately NIS 121,600 thousand (approximately €32,529 thousand based on the Euro/NIS exchange rate at that time), reflecting a price of NIS 1.0135 per NIS 1 principal amount.

In order to manage the currency risk resulting from the Series C Debentures, which are denominated in NIS, the Company executed currency swap transactions in March 2021. The Company exchanged Series C Debentures NIS denominated notional principal in the aggregate amount of NIS 100,000 thousand with a euro notional principal. Such currency swap transactions qualify for hedge accounting. On August 17, 2022, the currency swap was realized at an exercise price of €3,800 thousand.

The principal amount of Series C Debentures is repayable in five (5) unequal annual installments as follows: on June 30, 2021 10% of the principal shall be paid, on June 30 of each of the years 2022 and 2023, 15% of the principal shall be paid and on June 30 of each of the years 2024 and 2025, 30% of the principal shall be paid. The Series C Debentures originally bore a fixed interest at the rate of 3.3% per year (that is not linked to the Israeli CPI or otherwise), payable semi-annually on June 30 and December 31 commencing December 31, 2019 through June 30, 2025 (inclusive).

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

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 12 - Debentures (cont'd)****B. Debentures – Details (cont'd)****Series C Debentures (cont'd)**

The Series C Deed of Trust includes customary provisions, including (i) a negative pledge such that the Company may not place a floating charge on all of the Company's assets, subject to certain exceptions and (ii) an obligation to pay additional interest for failure to maintain certain financial covenants, with an increase of 0.25% for the period in which the Company do not meet each standard and up to an annual increase of 0.5%. The Series C Deed of Trust does not restrict the Company's ability to issue any new series of debt instruments, other than in certain specific circumstances, and enables us to expand the Series C Debentures provided that: (i) the Company is not in default of any of the immediate repayment provisions included in the Series C Deed of Trust or in breach of any of the Company's material obligations to the holders of the Series C Debentures pursuant to the terms of the Series C Deed of Trust, (ii) the expansion will not harm the Company's compliance with the financial covenants included in the distribution undertaking Series C Deed of Trust and (iii) to the extent the Series C Debentures are rated at the time of the expansion, the expansion will not harm the rating of the existing Series C Debentures.

The Series C Deed of Trust includes a number of customary causes for immediate repayment, including a default with certain financial covenants for two consecutive financial quarters, and includes a mechanism for the update of the annual interest rate of the Series C Debentures in the event the Company does not meet certain financial covenants. The financial covenants are as follows:

1. the Company's Adjusted Balance Sheet Equity (as such term is defined in the Series C Deed of Trust, which, among other exclusions, excludes changes in the fair value of hedging transactions of electricity prices, such as the Talasol PPA), on a consolidated basis, shall not be less than €50 million for purposes of the immediate repayment provision and shall not be less than €60 million for purposes of the update of the annual interest provision;
2. The ratio of (a) the short-term and long-term debt from banks, in addition to the debt to holders of debentures issued by us and any other interest-bearing financial obligations, net of cash and cash equivalents and short-term investments and net of financing of projects, including hedging transactions in connection with such financing, of the Company's subsidiaries (together, the "Series C Net Financial Debt"), to (b) the Company's Series C Adjusted Balance Sheet Equity, on a consolidated basis, plus the Net Financial Debt (the "Series C CAP, Net" and the "Series C Ratio of Net Financial Debt to Series C CAP, Net," respectively), shall not exceed the rate of 67.5% for purposes of the immediate repayment provision and shall not exceed a rate of 60% for purposes of the update of the annual interest provision; and
3. The ratio of (a) the Series C Net Financial Debt, to (b) the Company's earnings before financial expenses, net, taxes, depreciation and amortization, where the revenues from the Company's operations, such as the Talmei Yosef Plant, are calculated based on the fixed asset model and not based on the financial asset model (IFRIC 12), and before share-based payments, based on the aggregate four preceding quarters (the "Series C Adjusted EBITDA" and the "Series C Ratio of Net Financial Debt to Series C Adjusted EBITDA," respectively), shall not be higher than 12 for purposes of the immediate repayment provision and shall not be higher than 10 for purposes of the update of the annual interest provision.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 12 - Debentures (cont'd)****B. Debentures – Details (cont'd)****Series C Debentures (cont'd)**

The Series C Deed of Trust further provides that the Company may make distributions (as such term is defined in the Companies Law, e.g. dividends), to the Company's shareholders, provided that: (a) the Company will not distribute more than 75% of the distributable profit, (b) the Company will not distribute dividends based on profit due to revaluation (for the removal of doubt, negative goodwill will not be considered a revaluation profit), (c) the Company is in compliance with all of its material undertakings to the holders of the Series C Debentures and (d) on the date of distribution and after the distribution no cause for immediate repayment exists. The Company is also required to maintain the following financial ratios (which are calculated based on the same definitions applicable to the financial covenants set forth above) after the distribution: (i) Series C Adjusted Balance Sheet Equity not lower than €70 million, (ii) Series C Ratio of Net Financial Debt to Series C CAP, Net not to exceed 60%, and (iii) Series C Ratio of Net Financial Debt to Series C Adjusted EBITDA, shall not be higher than 8, and not to make distributions if the Company do not meet all of its material obligations to the holders of the Series C Debentures and if on the date of distribution and after the distribution a cause for immediate repayment exists.

As of December 31, 2023, the financial covenants were met.

**Series D Convertible Debentures**

On February 23, 2021, the Company issued new Series D Convertible Debentures in a public offering in Israel in the aggregate principal amount of NIS 62,000 thousand (approximately €15,627 thousand based on the Euro/NIS exchange rate at that time). The principal amount of the Series D Convertible Debentures is repayable in one installment on December 31, 2026. The Series D Convertible 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 Convertible Debentures are convertible into the Company's ordinary shares, NIS 10.00 par value per share, at a conversion price of NIS 165 (approximately €41.6 based on the Euro/NIS exchange rate at that time), subject to adjustments upon customary terms. The Series D Convertible 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 based on the Euro/NIS exchange rate at that time). Of the total proceeds, an amount NIS 7,504 thousand (approximately €1,890 thousand based on the Euro/NIS exchange rate at that time) was recognized in Other long-term liabilities in connection with the convertible component. As of December 31, 2023, the amount of the liability was €82 thousand.

The Series D Deed of Trust includes customary provisions, including (i) a negative pledge such that the Company may not place a floating charge on all of the Company assets, subject to certain exceptions and (ii) an obligation to pay additional interest for failure to maintain certain financial covenants, with an increase of 0.25% in the annual interest rate for the period in which the Company do not meet each standard and up to an increase of 0.75% in the annual interest rate.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 12 – Debentures (cont'd)****B. Debentures – Details (cont'd)****Series D Convertible Debentures (cont'd)**

The Series D Deed of Trust does not restrict the Company ability to issue any new series of debt instruments, other than in certain specific circumstances, and enables us to expand the Series D Convertible Debentures up to an aggregate par value of NIS 200 million provided that: (i) The Company is not in default of any of the immediate repayment provisions included in the Series D Deed of Trust or in breach of any of its material obligations to the holders of the Series D Convertible Debentures pursuant to the terms of the Series D Deed of Trust, (ii) the expansion will not harm the Company compliance with the financial covenants included in the distribution undertaking Series D Deed of Trust and (iii) to the extent the Series D Convertible Debentures are rated at the time of the expansion, the expansion will not harm the rating of the existing Series D Convertible Debentures.

The Series D Deed of Trust includes a number of customary causes for immediate repayment, including a default with certain financial covenants for the applicable period, and includes a mechanism for the update of the annual interest rate of the Series D Convertible Debentures in the event the Company do not meet certain financial covenants. The financial covenants are as follows:

1. The Company Adjusted Balance Sheet Equity (as such term is defined in the Series D Deed of Trust, which, among other exclusions, excludes changes in the fair value of hedging transactions of electricity prices, such as the Talasol PPA), on a consolidated basis, shall not be less than €70 million for two consecutive quarters for purposes of the immediate repayment provision and shall not be less than €75 million for purposes of the update of the annual interest provision;
2. The ratio of (a) the short-term and long-term debt from banks, in addition to the debt to holders of debentures issued by us and any other interest-bearing financial obligations provided by entities who are in the business of lending money (excluding financing of projects and other exclusions as set forth in the Series D Deed of Trust), net of cash and cash equivalents, short-term investments, deposits, financial funds and negotiable securities, to the extent that these are not restricted (with the exception of a restriction for the purpose of securing any financial debt according to this definition) (together, the “Series D Net Financial Debt”), to (b) The Series D Adjusted Balance Sheet Equity, on a consolidated basis, plus the Series D Net Financial Debt (the “Series D CAP, Net” and the “Series D Ratio of Net Financial Debt to Series D CAP, Net,” respectively), shall not exceed the rate of 68% for three consecutive quarters for purposes of the immediate repayment provision and shall not exceed a rate of 60% for purposes of the updated of the annual interest provision; and
3. The ratio of (a) the Series D Net Financial Debt, to (b) the Company earnings before financial expenses, net, taxes, depreciation and amortization, where the revenues from its operations, such as the Talmei Yosef 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 occurred in the four quarters that preceded the test date will be calculated based on Annual Gross Up (as such terms are defined in the Series D Deed of Trust), based on the aggregate four preceding quarters (the “Series D Adjusted EBITDA” and the “Series D Ratio of Net Financial Debt to Series D Adjusted EBITDA,” respectively), shall not be higher than 14 for purposes of the immediate repayment provision and shall not be higher than 12 for purposes of the update of the annual interest provision.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 12 - Debentures (cont'd)****B. Debentures – Details (cont'd)****Series D Convertible Debentures (cont'd)**

The Series D Deed of Trust includes similar conditions to the Company ability to make distributions (as such term is defined in the Companies Law, e.g. dividends), to the Company shareholders as are included in the Series C Deed of Trust and set forth above. The Company is also required to maintain the following financial ratios (which are calculated based on the same definitions applicable to the financial covenants set forth above) after the distribution: (i) Series D Adjusted Balance Sheet Equity not lower than €85 million, (ii) Series D Ratio of Series D Net Financial Debt to Series D CAP, Net not to exceed 60%, and (iii) Series D Ratio of Series D Net Financial Debt to Series D Adjusted EBITDA, shall not be higher than 9, and not to make distributions if the Company do not meet all of the Company material obligations to the holders of the Series D Convertible Debentures and if on the date of distribution and after the distribution a cause for immediate repayment exists.

As of December 31, 2023, the financial covenants were met.

**Series E Debentures**

On February 1, 2023, the Company issued NIS 220 million (approximately €58.5 million based on the Euro/NIS exchange rate at that time) of the Series E Secured Debentures, due March 31, 2029, through a public offering in Israel. The net proceeds of the offering, net of related expenses such as consultancy fee and commissions, were approximately NIS 218 million (approximately €56 million based on the Euro/NIS exchange rate at that time). The Series E Debentures are secured by the following pledges:

- i. a fixed pledge first degree on shares of Ellomay Luzon Energy held by Ellomay Energy LP, representing a 50% ownership of Ellomay Luzon Energy, which holds 18.75% of Dorad;
- ii. a floating first-degree pledge and an assignment by way of a pledge of, and with respect to, Ellomay Energy LP's rights and agreements in connection with shareholder's loans and capital notes provided by Ellomay Energy LP to Ellomay Luzon Energy; and
- iii. a fixed first-degree pledge on the Company rights and the rights of Ellomay Energy LP in and to a trust bank account in the name of the trustee of the Series E Secured Debentures.

The principal amount of Series E Secured Debentures is repayable in four equal installments on March 31 from 2026 through 2029 (inclusive). The Series E Secured Debentures bear a fixed interest at the rate of 6.05% per year (that is not linked to the Israeli CPI or otherwise), payable semi-annually on March 31 and September 30, commencing March 31, 2023 through March 31, 2029 (inclusive).

The Series E Deed of Trust includes customary provisions, including (i) a negative pledge such that the Company may not place a floating charge on all of its assets, subject to certain exceptions and (ii) an obligation to pay additional interest for failure to maintain certain financial covenants, with an increase of 0.25% in the annual interest rate for the period in which the Company do not meet each standard and up to an increase of 0.75% in the annual interest rate. The Series E Deed of Trust does not restrict the Company ability to issue any new series of debt instruments, other than in certain specific circumstances, and enables us to expand the Series E Secured Debentures provided that: (i) The Company is not in default of any of the immediate repayment provisions included in the Series E Deed of Trust or in breach of any of its material obligations to the holders of the Series E Secured Debentures pursuant to the terms of the Series E Deed of Trust, (ii) the expansion will not harm its compliance with the financial covenants for purposes of the immediate repayment provision included in the Series E Deed of Trust, (iii) to the extent the Series E Secured Debentures are rated at the time of the expansion, the expansion will not harm the rating of the existing Series E Secured Debentures and (iv) the par value of the Series E Secured Debentures may not be higher than NIS 220 million following the expansion.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 12 - Debentures (cont'd)****B. Debentures – Details (cont'd)****Series E Debentures (cont'd)**

The Series E Deed of Trust includes a number of customary causes for immediate repayment, including a default with certain financial covenants for the applicable period, and as noted above a mechanism for the update of the annual interest rate in the event the Company do not meet certain financial covenants. The financial covenants are as follows:

- a. The Company Series E Adjusted Balance Sheet Equity (as such term is defined in the Series E Deed of Trust, which, among other exclusions, excludes changes in the fair value of hedging transactions of electricity prices, such as the Talasol PPA), on a consolidated basis, shall not be less than €75 million for two consecutive quarters for purposes of the immediate repayment provision and shall not be less than €80 million for purposes of the update of the annual interest provision;
- b. The ratio of (a) the short-term and long-term debt from banks, in addition to the debt to holders of debentures issued by us and any other interest-bearing financial obligations provided by entities who are in the business of lending money (excluding financing of projects and other exclusions as set forth in the Series E Deed of Trust), net of cash and cash equivalents, short-term investments, deposits, financial funds and negotiable securities, to the extent that these are not restricted (with the exception of a restriction for the purpose of securing any financial debt according to this definition), or, together, the Series E Net Financial Debt, to (b) the Company Series E Adjusted Balance Sheet Equity, on a consolidated basis, plus the Series E Net Financial Debt, or the Company Series E CAP, Net (the “Series E Ratio of Net Financial Debt to Series E CAP, Net”), shall not exceed the rate of 65% for three consecutive quarters for purposes of the immediate repayment provision and shall not exceed a rate of 60% for purposes of the update of the annual interest provision; and
- c. The ratio of (a) the Company Series E Net Financial Debt, to (b) the Company earnings before financial expenses, net, taxes, depreciation and amortization, where the revenues from the Company 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 occurred in the four quarters that preceded the test date will be calculated based on Annual Gross Up (as such terms are defined in the Series E Deed of Trust), based on the aggregate four preceding quarters, or the Company Series E Adjusted EBITDA (the “Series E Ratio of Net Financial Debt to Series E Adjusted EBITDA”), shall not be higher than 12 for three consecutive quarters for purposes of the immediate repayment provision and shall not be higher than 11 for purposes of the update of the annual interest provision.

The Series E Deed of Trust further provides that the Company may make distributions (as such term is defined in the Companies Law, e.g. dividends), to its shareholders, provided that: (a) the Company will not distribute more than 60% of the distributable profit, (b) the Company will not distribute dividends based on profit due to revaluation (for the removal of doubt, negative goodwill will not be considered a revaluation profit), (c) the Company are in compliance with all of its material undertakings to the holders of the Series E Secured Debentures, (d) on the date of distribution and after the distribution no cause for immediate repayment exists and (e) the Company will not make a distribution for as long as a “warning sign” (as such term is defined in the Israeli Securities Regulations) exists.

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 12 - Debentures (cont'd)****B. Debentures – Details (cont'd)****Series E Debentures (cont'd)**

The Company is also required to maintain the following financial ratios (which are calculated based on the same definitions applicable to the financial covenants set forth above) after the distribution: (i) Series E Adjusted Balance Sheet Equity not lower than €90 million, (ii) Series E Ratio of Net Financial Debt to Series E CAP, Net not to exceed 60%, and (iii) Series E Ratio of Net Financial Debt to Series E Adjusted EBITDA, shall not be higher than 9, and not to make distributions if the Company do not meet all of its material obligations to the holders of the Series E Secured Debentures and if on the date of distribution and after the distribution a cause for immediate repayment exists.

As of December 31, 2023, the financial covenants were met.

**C. The aggregate annual maturities are as follows:**

	December 31 2023	December 31 2022
	€ in thousands	
Second year	35,212	37,779
Third year	28,692	37,792
Fourth year	13,625	16,143
Fifth year	13,657	-
Sixth year and thereafter	13,701	-
Long-term debentures	104,887	91,714
Current maturities	35,200	18,714
	<u>140,087</u>	<u>110,428</u>

**Note 13 - Other Long-term Liabilities**

	December 31 2023	December 31 2022
	€ in thousands	
Warrants Liability (see Note 16)	84	329
Other liabilities <sup>(1)</sup>	793	1,626
Liabilities for employee's benefits	62	66
	<u>939</u>	<u>2,021</u>

(1) Represents the long-term portion of the potential liability in connection with the acquisition of rights in the Manara PSP. See Note 6B.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 14 - Leases****Leases in which the Company is the lessee**

The Company has lease agreements with respect to the following items:

1. Lands; and
2. Machinery equipment.

**1. Information regarding material lease agreements**

Ellomay PS leases land in Israel from private lessors for a period of 24 years and 11 months, on which the Manara PSP is constructed. The contractual period of the aforesaid lease agreements ends in July 2046. Ellomay PS paid capitalized rents in the total amount of NIS 28,800 thousand (approximately €7,758 thousand) to the private lessors, not including VAT. The discounted rent is linked to the Israeli CPI and constitutes an advance payment for the entire rental period. In addition, Ellomay PS will pay a regular quarterly rent of approximately NIS 165 thousand per quarter, not including VAT. The quarterly rent will increase by 2% every 3 years and is linked to the Israeli CPI. A lease liability in the amount of €10,629 thousand and right-of-use asset in the amount of €10,629 thousand have been recognized in the statement of financial position in April 2021 in respect of the Manara PSP's leases of land.

**2. Information regarding material lease agreements entered into during the period**

Ellomay Solar Italy Seven SRL and Ellomay Solar Italy Nine SRL lease land in Italy from private lessors for a period of 31 years. The contractual period of the aforesaid lease agreements ends between March 2054 until May 2054. They will pay a regular annual rent of approximately €208 thousand, not including VAT and capitalized rents in the total amount of €397 thousand. The annual rent is linked to the Italian CPI. A lease liability in the amount of €2,527 thousand and right-of-use asset in the amount of €2,527 thousand have been recognized in 2023 in respect of these leases of land.

Fairfield Solar LLC, Mexia Solar I LLC, Mexia Solar II LLC, Malakoff Solar I LLC, Malakoff Solar II LLC, and Talco Solar LLC lease land in the vicinity of Texas, Dallas, USA from private lessors for 25-35 years. The contractual period of the aforesaid lease agreements ends between February 2048 and September 2058. They will pay a regular annual rent of approximately €207 thousand, not including VAT, commencing the beginning of operations. The annual rent increases by 2.0% every year. A lease liability in the amount of €2,142 thousand and right-of-use asset in the amount of €2,142 thousand have been recognized in 2023 in respect of these leases of land.



## Notes to the Consolidated Financial Statements as at December 31, 2023

## Note 14 - Leases (cont'd)

## 3. Right-of-use assets

	Bio Gas	Italy	Spain	Talasol	Pumped storage	USA	Talmei Yosef	Total
	€ in thousands							
Balance as at January 1, 2023	46	8,733	2,314	7,183	10,413	-	1,331	30,020
Lease agreements entered into during the period	-	2,527	-	-	-	2,142	-	4,669
Depreciation for the year	(26)	(262)	(126)	(455)	(429)	(24)	(111)	(1,433)
Other	-	(1,472)	139	867	110	-	69	(287)
Effect of changes in exchange rates	-	-	-	-	(669)	(44)	(85)	(798)
Transfer to disposal groups held for sale	-	-	-	-	-	-	(1,204)	(1,204)
Balance as at December 31, 2023	20	9,526	2,327	7,595	9,425	2,074	-	30,967

  

	Bio Gas	Italy	Spain	Talasol	Pumped storage	Talmei Yosef	Total
	€ in thousands						
Balance as at January 1, 2022	170	-	2,755	7,587	11,352	1,503	23,367
Lease agreements entered into during the period	-	8,861	-	-	-	-	8,861
Depreciation for the year	(124)	(128)	(120)	(404)	(473)	(117)	(1,366)
Other	-	-	(321)	-	228	36	(57)
Effect of changes in exchange rates	-	-	-	-	(694)	(91)	(785)
Balance as at December 31, 2022	46	8,733	2,314	7,183	10,413	1,331	30,020

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 14 - Leases (cont'd)****4. Lease liability****Maturity analysis of the Company's lease liabilities**

	<b>December 31, 2023</b>
	<b>€ in thousands</b>
Less than one year	<b>700</b>
One to five years	<b>2,970</b>
More than five years	<b>20,710</b>
Total	<b>24,380</b>
Current maturities of lease liability	<b>700</b>
Long-term lease liability	<b>23,680</b>

**5. Additional information on leases****(a) Amounts recognized in profit or loss**

	<b>*2023</b>	<b>*2022</b>	<b>*2021</b>
	<b>€ in thousands</b>		
Depreciation on right-of-use asset	<b>718</b>	<b>743</b>	<b>774</b>
Interest expenses on lease liability	<b>407</b>	<b>370</b>	<b>367</b>

\* The remainder of the depreciation and the interest is capitalized to fixed assets.

Including the amounts of €111 thousand, €117 thousand and €110 thousand recorded in the depreciation expenses that were presented as a discontinued operation and classified as held for sale for 2023, 2022 and 2021, respectively.

Including the amounts of €66 thousand, €74 thousand and €73 thousand recorded in the interest expenses on lease liability that were presented as a discontinued operation and classified as held for sale for 2023, 2022 and 2021, respectively.

**(b) Short-term leases**

As mentioned in Note 3F regarding material accounting policies, the Company, in accordance with the practical expedient, accounts for short-term leases and leases of low-value assets as expenses on a straight-line basis over the lease term, instead of a right-of-use asset and lease liability. These leases include office space in the amount of approximately €262 thousand.

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 15 - Transactions and Balances with Related Parties**

- A. On December 30, 2008, the Company's shareholders approved the terms of a management services agreement entered into among the Company, Kanir Joint Investments (2005) Limited Partnership ("Kanir"), the one of the Company's controlling shareholders, and Meisaf Blue & White Holdings Ltd. ("Meisaf"), a company controlled by the Company's chairman of the board and controlling shareholder, effective as of March 31, 2008 (the "Previous Management Agreement"). The aggregate annual management fee under the Previous Management Agreement, as updated, was \$400 thousand.

At the annual shareholders meeting held on August 12, 2021, the Company's shareholders approved, following the approval by the Audit and Compensation Committee and Board of Directors, an Amended and Restated Management Services Agreement, effective July 1, 2021 (the "Management Agreement"), which provides, among other things, for the payment of NIS 1,386 thousand, (approximately €345 thousand) per year to Meisaf in consideration for the services provided by Meisaf, including the service of Mr. Nehama as the Company Chairman of the Board in no less than a 77% position, and the payment of NIS 1,800 million (approximately €449 thousand) per year to Kanir and Keystone R.P. Holdings and Investments Ltd., a private company wholly-owned by Mr. Ran Fridrich ("Keystone") (in an initial allocation of NIS 0.66 million to Kanir and NIS 1.14 million to Keystone) in consideration for service provided by these entities, including the service of Mr. Fridrich as the Company Chief Executive Officer in a full-time position and as a Board member.

Pursuant to the Management Agreement, Meisaf, Kanir and Keystone, through their employees, officers and directors, will assist the Company in all aspects of the management of the Company and advise as required from time to time by the Company, including provision of Chairman, CEO and Board services as detailed above. The Management Agreement is valid until June 30, 2024 or until its earlier termination in accordance with its terms.

The Company sub-leases a small part of its office space to a company controlled by Mr. Shlomo Nehama, the Company's chairman of the Board and a controlling shareholder, at a price per square meter based on the price that it pays under its lease agreements. This sub-lease agreement was approved by the Company's Board of Directors.

The Company employs the son of Mr. Shlomo Nehama as a project manager in connection with the development activities of photovoltaic plants in Texas, USA. The annual cost of employment of Mr. Nehama's son, for the year ended December 31, 2023, as approved by the Company's shareholders, is approximately NIS 239 thousand (approximately €60 thousand).

**B. Compensation to key management personnel and interested parties (including directors)**

Certain directors and officers participate in the Company's share option programs. For further information see Note 17 regarding share-based payments.

Compensation to key management personnel and interested parties that are employed by, or provide consulting services to, the Company:

	Year ended December 31					
	2023		2022		2021	
	Number of People	Amount € thousands	Number of People	Amount € thousands	Number of People	Amount € thousands
Short-term Benefits	3	703	3	994	3	763
Post-employment Benefits	2	66	2	72	2	61
Share-based payments	3	80	3	69	3	68

## Notes to the Consolidated Financial Statements as at December 31, 2023

## Note 15 - Transactions and Balances with Related Parties (cont'd)

## B. Compensation to key management personnel and interested parties (including directors) (cont'd)

Compensation to directors (excluding compensation paid under the Management Agreement):

	Year ended December 31					
	2023		2022		2021	
	Number of people	Amount € thousands	Number of people	Amount € thousands	Number of People	Amount € thousands
Total compensation to directors not employed by the Company	4	80	4	90	4	72
Share-based payments	4	28	4	36	4	10

## C. Debts and loans to related and interested parties

	The terms of the loan		Balance as at December 31		Interest income recognized in statement of income for the year ended December 31		
	Interest rate	Linkage base	2023	2022	2023	2022	2021
	%				€ thousands		
Ellomay Luzon Energy	8.1(*)	NIS+ Israeli CPI	-	2,665	267	1,398	821

(\*) See Note 6A regarding the conversion of approximately NIS 46,933 thousand of the shareholders loans (of which the Company's portion is approximately NIS 23,467 thousand) to capital notes.

## Note 16 - Equity

## A. Composition of share capital

	December 31, 2023		December 31, 2022		December 31, 2021	
	Authorized	Issued and Outstanding(1)	Authorized	Issued and outstanding(1)	Authorized	Issued and Outstanding
	Number of shares					
Ordinary shares of NIS 10.00 par value each	17,000,000	12,852,585(1)	17,000,000	12,852,585(1)	17,000,000	12,849,295(1)

(1) Net of 258,046 Ordinary shares held as treasury shares as of December 31, 2023, 2022 and 2021, all of which have been purchased according to share buyback programs that were authorized by the Company's Board of Directors.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 16 - Equity (cont'd)****A. Composition of share capital (cont'd)**

On October 26, 2020, the Company completed a public offering in Israel of additional Series C Debenture (see Note 12B) with an aggregate principal amount of NIS 154 million (approximately €38.5 million based on the Euro/NIS exchange rate at that time) (subject to adjustments upon customary terms and 385,000 Series 1 Options, tradable on the Tel Aviv Stock Exchange, to purchase the Company's ordinary shares at an exercise price per share of NIS 150 (approximately €37.5 based on the Euro/NIS exchange rate at that time) (subject to adjustments upon customary terms). Of the total proceeds of the offering, an amount NIS 8,891 thousand (approximately €2,224 thousand based on the Euro/NIS exchange rate at that time) was recognized in Other long-term liabilities in connection with these options. As of December 31, 2023, the amount of the liability was €2 thousand.

On February 23, 2021, the Company issued new Series D Convertible Debentures in a public offering in Israel in the aggregate principal amount of NIS 62,000 thousand (approximately €16,956 thousand based on the Euro/NIS exchange rate at that time) (see Note 12B). The Series D Convertible Debentures are convertible into the Company's ordinary shares, NIS 10.00 par value per share, at a conversion price of NIS 165 (approximately €41.6 based on the Euro/NIS exchange rate at that time), subject to adjustments upon customary terms. Of the total proceeds of the offering, an amount NIS 7,504 thousand (approximately €1,890 thousand based on the Euro/NIS exchange rate at that time) was recognized in Other long-term liabilities in connection with the convertible component. As of December 31, 2023, the amount of the liability was €82 thousand.

During 2022, one of the Company's employees exercised options to purchase 3,290 ordinary shares, respectively. No options were exercised during 2023.

**B. Rights attached to shares:**

1. Voting rights at the general meeting, right to dividend and rights upon liquidation of the Company.
2. Commencing August 22, 2011, the Company's ordinary shares have been listed on the NYSE American (formerly the NYSE MKT and the NYSE Amex). On October 27, 2013, the Company's ordinary shares were also listed for trading on the Tel Aviv Stock Exchange in Israel.

**C. Translation reserve from foreign operation**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

**D. Capital management in the Company**

The Company's capital management objectives are:

1. To preserve the Company's ability to ensure business continuity thereby creating a return for the shareholders, investors and other interested parties.
2. To ensure adequate return for the shareholders by making reasonable investment decisions based on the level of internal rate of return that is in line with the Company's business activity.
3. To maintain healthy capital ratios in order to support business activity and maximize shareholders value.

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 17 - Share-Based Payment****A. Expenses recognized in the financial statements**

The expenses recognized in the financial statements for services received from directors and employees is shown in the following table:

	Year ended December 31		
	2023	2022	2021
	€ thousand		
Expenses arising from share-based payment transactions	122	127	63

The share-based payments that the Company granted to its employees and directors are described below. There have been no modifications or cancellations to any of the share options plans during 2023, 2022 or 2021. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The fair value of the options is estimated using a Black-Scholes options pricing model with the following weighted average assumptions:

	Year ended December 31		
	2023	2022	2021
Dividend yield	0%	0%	0%
Expected volatility	0.509	0.405	0.433
Risk-free interest	4.92%	2.9%	0.48%
Expected life (in years)	2-3	2-3	2-3
Exercise price	16.11	27.22	29.27

All options granted during 2023, 2022 and 2021 were granted with exercise price equal to or higher than the market price on the date of grant. Weighted average fair values and exercise price of options on dates of grant are as follows:

	Equal market price		
	2023	2022	2021
	US\$		
Weighted average exercise prices	16.11	27.22	29.27
Weighted average fair value on grant date	5.11	7.27	9.65

**B. Stock Option Plans**

In December 1998, the Company's shareholders approved the non-employee director stock option plan (the "1998 Plan"). Each option granted under the 1998 Plan originally vested immediately and expires after 10 years. Generally, the Company grants options under the plan with an exercise price equal to the market price of the underlying shares on the date of grant. An aggregate amount of not more than 75,000 ordinary shares was reserved for grants under the 1998 Plan. The original expiration date of the 1998 Plan pursuant to its terms was December 8, 2008 (10 years after its adoption). In January 2008 and June 2018, the term of the 1998 Plan was extended and as a result on the current expiration date is December 8, 2028. In connection with the adoption of the Company's compensation policy in 2013, the 1998 Plan was amended to provide that options granted under the 1998 Plan will become exercisable based on the vesting schedule determined in the approvals of the option grant.

During each of the years 2023, 2022 and 2021, the Company granted to directors options to purchase an aggregate amount of 4,616, 4,000 and 4,000 ordinary shares, respectively, under the 1998 Plan.

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 17 - Share-Based Payment (cont'd)****B. Stock Option Plans (cont'd)**

As of December 31, 2023, options to purchase 19,365 ordinary shares are outstanding and 18,051 ordinary shares are available for future grants under the 1998 Plan.

In August 2000, the Company's board of directors adopted the 2000 Stock Option Plan (the "2000 Plan"). The initial reserve under the 2000 Plan was 200,000 ordinary shares underlying options that may be granted to officers, directors, employees and consultants of the Company and its subsidiaries and this initial reserve was increased several times. The options usually vest over a three year period. The exercise price of the options under the 2000 Plan is determined to be not less than 80% of the fair market value of the Company's ordinary shares at the time of grant, and they usually expire after 10 years from the date of grant. In June 2008 and June 2018, the term of the 2000 Plan was extended by additional 10 year periods and the current expiration date of the 2000 Plan is August 31, 2028.

As of December 31, 2023, options to purchase 34,645 ordinary shares are outstanding and 547,206 ordinary shares are available for future grants under the 2000 Plan. Options that are cancelled or forfeited become available for future grant.

**C. Changes during the year:**

The following table lists the number of share options, the weighted average exercise prices of share options during the current year:

	<b>2023</b>		<b>2022</b>		<b>2021</b>	
	<b>Number of options</b>	<b>Weighted Average Exercise Price US\$</b>	<b>Number of options</b>	<b>Weighted average exercise price US\$</b>	<b>Number of options</b>	<b>Weighted Average Exercise Price US\$</b>
Outstanding at beginning of year	49,394	26.98	48,684	26.16	31,135	12.94
Granted during the year	4,616	16	4,000	27.22	37,000	29.27
Exercised during the year	(-)	-	(3,290)	11.19	(18,451)	10.06
Expired during the year	(-)	-	(-)	-	(1,000)	26.63
Outstanding at end of year	<b>54,010</b>	<b>26.28</b>	<b>49,394</b>	<b>26.98</b>	<b>48,684</b>	<b>26.16</b>
Exercisable at end of year	<b>38,394</b>	<b>26.63</b>	<b>23,394</b>	<b>25.25</b>	<b>6,749</b>	<b>20.05</b>

The weighted average remaining contractual life for the share options outstanding as of December 31, 2023 was 8.23 years (as of December 31, 2022 was 8.40 years and as of December 31, 2021 was 9.38 years).

The range of exercise prices for share options outstanding as of December 31, 2023: \$8.41- \$34.44 (as of December 31, 2022 the range was \$8.41- \$34.44 and as of December 31, 2021 the range was \$8.41- \$34.44).

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 18 - Details of the Statements of Profit or Loss and Other Comprehensive Income (Loss)****A. Revenues**

	For the year ended December 31		
	2023	*2022	*2021
	€ in thousands		
Revenues from the sale of solar electricity	31,813	39,601	32,019
Revenues from the sale of gas and power produced by anaerobic digestion plants	17,021	12,640	12,686
Total revenues	48,834	52,241	44,705

**B. Operating Costs, Depreciation and Amortization**

	For the year ended December 31		
	2023	*2022	*2021
	€ in thousands		
Depreciation from fixed assets	15,405	14,954	13,977
Depreciation from right-of-use assets	607	626	664
Professional services	2,549	2,232	1,465
Operating and maintenance services	16,276	13,827	11,193
System operator charges	2,385	6,882	3,046
Insurance	842	649	506
Other	809	81	1,013
Total operating costs	38,873	39,251	31,864

**C. General and Administrative Expenses**

	For the year ended December 31		
	2023	*2022	*2021
	€ in thousands		
Salaries and related compensation	1,797	2,151	1,505
Professional services	2,306	2,367	2,785
Other	1,180	1,337	1,334
Total general and administrative expenses	5,283	5,855	5,624

\* Reclassified due to discontinued operation - see Note 23.



**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 18 - Details of the Statements of Profit or Loss and Other Comprehensive Income (Loss) (cont'd)****D. Financing Income and Expenses:**

## 1. Financing income

	For the year ended December 31		
	2023	*2022	*2021
	€ in thousands		
Interest income	2,015	402	266
Change in fair value of derivatives, net	251	605	-
Profit from settlement of derivatives contract	-	-	407
Gain from exchange rate differences, net	6,732	6,041	-
<b>Total financing income</b>	<b>8,998</b>	<b>7,048</b>	<b>673</b>

## 2. Financing expenses

	For the year ended December 31		
	2023	*2022	*2021
	€ in thousands		
Change in fair value of derivatives, net	-	-	841
Debentures interest and related expenses	3,876	2,130	3,220
Interest and commissions related to projects finance	5,825	5,852	4,313
Amortization of capitalized expenses related to projects finance	252	246	12,180
Interest on minority shareholder loan	2,014	1,529	2,055
Bank charges and other commissions	247	471	137
Interest on lease liability	341	296	294
Loss from exchange rate differences, net	-	-	5,394
<b>Total financing expenses</b>	<b>12,555</b>	<b>10,524</b>	<b>28,434</b>

\* Reclassified due to discontinued operation - see Note 23.

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 19 - Taxes on Income****A. Regional Taxation****Israeli taxation**

The tax rate that is relevant to the Company in the years 2021-2023: 23%.

**Luxembourg taxation****Net wealth tax (NWT):**

- The real NWT is calculated by the difference between the entity's total assets and entity's total liabilities (exemption can be applied) multiplied by 0.5% if the fortune is lower than €500 thousand.
- The minimum NWT is from €535 to €32,100.

**Italian taxation**

As a rule, corporate income tax (IRES) is payable by all resident companies on income from any source, whether earned in Italy or abroad (also for branch established in other country), at the rate of 24%.

Both resident and non-resident companies are subject to regional income tax (IRAP), but only on income arising in Italy at the rate from 3.29% (in 2024 the minimum rate will increase to 3.9%) to 4.82%, depending on the region.

**Spanish taxation**

As a rule, corporate income tax is payable by all resident companies on income from any source, whether earned in Spain or abroad at the rate of 25%. Commencing January 1, 2021, Spanish companies are allowed to deduct financing expenses in an amount up to 30% of their EBITDA from one million in financial expenses and up to one million of financial expenses can be deducted in the CIT without having to apply 30% of EBITDA, with the remainder being carried forward to following years.

**The Netherlands taxation**

In 2023, the Dutch corporate income tax rate was 19% on the first €200 thousand of taxable profits, and 25.8% on taxable profits exceeding that amount. In 2022, 15% on the first €395 thousand of taxable profits and 25% on taxable profits exceeding that amount. In 2021, 15% on the first €245 thousand of taxable profits and 25% on taxable profits exceeding that amount.

**B. Composition of income tax benefit (taxes on income):**

	For the year ended December 31		
	2023	*2022	*2021
	€ in thousands		
<b>Current tax expense</b>			
Current year	(932)	(1,826)	(977)
	(932)	(1,826)	(977)
<b>Deferred tax income</b>			
Creation and reversal of temporary differences	1,655	174	3,513
Adjustments for prior years, net	713	-	-
	2,368	174	3,513
<b>Tax benefit (taxes on income)</b>	<b>1,436</b>	<b>(1,652)</b>	<b>2,536</b>

\* Reclassified due to discontinued operation - see Note 23.

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 19 - Taxes on Income (cont'd)****C. Reconciliation between the theoretical tax on the pre-tax profit and the tax expense:**

	<b>2023</b>	<b>*2022</b>	<b>*2021</b>
	<b>€ in thousands</b>		
Profit (loss) before taxes on income	976	1,081	(22,935)
Primary tax rate of the Company	23%	23%	23%
Tax benefit (tax expenses) calculated according to the Company's primary tax rate	(224)	(249)	5,275
Additional tax saving in respect of:			
Different tax rate of foreign subsidiaries	(72)	(488)	(40)
Neutralization of tax calculated in respect of the Company's share in profits of equity accounted investees	994	277	27
Difference between measurement basis of income (expenses) for tax purposes and measurement basis of income (expenses) for financial reporting purposes	(47)	(706)	-
Changes in deferred taxes for tax losses and benefits from previous years for which deferred taxes were not created in the past	713	282	-
Utilization of tax losses and benefits from prior years for which deferred taxes were not created	1,363	566	-
Change in temporary differences for which deferred tax were not recognized	106	-	51
Current year tax losses and benefits for which deferred taxes were not created	(1,275)	(1,199)	(2,770)
Permanent differences	(122)	(135)	(7)
Actual tax benefit (taxes on income)	<u>1,436</u>	<u>(1,652)</u>	<u>2,536</u>

\* Reclassified due to discontinued operation - see Note 23.

**D. Carry forward tax losses:**

As of December 31, 2023, Ellomay Capital Ltd. had no available carry forward tax losses. Ellomay Capital Ltd. had carry forward capital tax losses in the amount of approximately €1,361 thousand, which have no expiration date.

Deferred taxes of Ellomay Capital Ltd. have not been recognized because the Company's management currently believes that as the Company has a history of losses it is more likely than not that the deferred tax regarding losses carry forward will not be utilized in the foreseeable future.

Deferred taxes are recognized by operating subsidiaries for unused tax losses, tax benefits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

As of December 31, 2023, the Company's Dutch subsidiaries had carry forward tax losses and deductions aggregating to approximately €18,906 thousand. Of such carry forward tax losses, a deferred tax asset amounting to approximately €1,592 thousand was not recorded.

## Notes to the Consolidated Financial Statements as at December 31, 2023

## Note 19 - Taxes on Income (cont'd)

## E. Deferred taxes:

	Financial assets	Fixed assets and leases	Swap contract	Carry- forward taxdeductions and losses	Total
	€ in thousands				
<b>Balance of deferred tax asset (liability) as at January 1, 2023</b>	<b>(3,642)</b>	<b>(2,124)</b>	<b>14,944</b>	<b>7,562</b>	<b>16,740</b>
Changes recognized in profit or loss	690	774	-	1,594	3,058
Changes recognized in other comprehensive income	235	-	(16,589)	-	(16,354)
Transfer to disposal groups held for sale (see Note 23)	2,717	-	-	-	2,717
<b>Balance of deferred tax asset (liability) as at December 31, 2023</b>	<b>-</b>	<b>(1,350)</b>	<b>(1,645)</b>	<b>9,156</b>	<b>6,161</b>

  

	Financial assets	Fixed assets and leases	Swap contract	Carry- forward taxdeductions and losses	Total
	€ in thousands				
<b>Balance of deferred tax asset (liability) as at January 1, 2022</b>	<b>(6,964)</b>	<b>(1,555)</b>	<b>5,400</b>	<b>7,027</b>	<b>3,908</b>
Changes recognized in profit or loss	3,065	(569)	-	538	3,034
Changes recognized in other comprehensive income	257	-	9,544	(3)	9,798
<b>Balance of deferred tax asset (liability) as at December 31, 2022</b>	<b>(3,642)</b>	<b>(2,124)</b>	<b>14,944</b>	<b>7,562</b>	<b>16,740</b>

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 20 - Earnings Per Share**

The calculation of basic earnings per share as at December 31, 2023, 2022 and 2021 was based on the profit attributable to the Company's shareholders divided by a weighted average number of ordinary shares outstanding, calculated as follows:

	For the year ended December 31		
	2023	2022	2021
	€ in thousands (other than share and per share data)		
Net profit (loss) attributed to owners of the Company	2,219	(357)	(15,090)
Net profit (loss) attributed to owners of the Company from continuing operations	4,006	(1,068)	(15,849)
Net profit (loss) attributed to owners of the Company from discontinued operation. See Note 23.	(1,787)	711	759
Weighted average ordinary shares outstanding <sup>(1)</sup>	12,852,585	12,850,118	12,824,088
Dilutive effect:			
Stock options and warrants	3,462	7,796	8,637
Diluted weighted average ordinary shares outstanding	12,856,047 <sup>(2)</sup>	12,857,914 <sup>(2)</sup>	12,832,725 <sup>(2)</sup>
Basic net earning (loss) per share	0.17	(0.03)	(1.18)
Diluted net earning (loss) per share	0.17	(0.03)	(1.18)
Basic profit (loss) per share from continuing operations	0.31	(0.08)	(1.24)
Diluted profit (loss) per share from continuing operations	0.31	(0.08)	(1.24)
Basic profit (loss) per share from discontinued operation	(0.14)	0.05	0.06
Diluted profit (loss) per share from discontinued operation	(0.14)	0.05	0.06

(1) Net of treasury shares.

(2) In 2023, 2022 and 2021 share options and warrants did not have a dilutive effect.

As of December 31, 2023 794 thousand options and warrants (in 2022 and 2021: 779 thousand and 762 thousand, respectively) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 21 - Financial Instruments****A. Overview**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents quantitative and qualitative information about the Company's exposure to each of the above risks, and the Company's objectives, policies and processes for measuring and managing risk.

In order to manage these risks and as described hereunder, the Company executes transactions in derivative financial instruments. Presented hereunder is the composition of the derivatives:

	<b>For the year ended December</b>	
	<b>2023</b>	<b>2022</b>
	<b>€ in thousands</b>	
<b>Derivatives presented under current assets</b>		
Swap contracts	275	273
	<u>275</u>	<u>273</u>
<b>Derivatives presented under non-current assets</b>		
Swap contracts	607	1,488
Financial power swap	10,341	-
	<u>10,948</u>	<u>1,488</u>
<b>Derivatives presented under current liabilities</b>		
Financial power swap	(4,643)	(33,183)
	<u>(4,643)</u>	<u>(33,183)</u>
<b>Derivatives presented under non-current liabilities</b>		
Financial power swap	-	(28,354)
	<u>-</u>	<u>(28,354)</u>

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 21 - Financial Instruments (cont'd)****A. Overview (cont'd)**

The following table sets forth the details of the Company's financial power swap and swap contracts with banking institutions:

	December 31, 2023			
	Currency/ linkage/interest rate receivable	Currency/ linkage/interest rate Payable	Date of expiration	Fair value - € in thousand
Euro 17.6 million interest swap transaction for a period of 18 years, semi-annually.	Euribor 6 months	Fixed 1%	December 20, 2037	882
Financial power swap- electricity price swap fixed for float	Electricity price in Spain	Fixed price	September 30, 2030	5,698

**B. Risk management framework**

The Company's management and board of directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management of standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies, procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 21 - Financial Instruments (cont'd)****C. Credit Risk**

As at December 31, 2023, the Company does not have any significant concentration of credit risk.

Cash and short-term deposits

As at December 31, 2023 and 2022, the Company had cash and cash equivalents in the amount of €51,127 thousand and €46,458 thousand, respectively. The Company's cash and cash equivalents are deposited with financial institutions that received a credit rating (international rating scale). See also Note 4.

Restricted cash

As at December 31, 2023 and 2022, the Company had a balance of current restricted cash in an amount of €810 thousand and €900 thousand, respectively, and a balance of non-current restricted cash of €17,386 thousand and €20,192 thousand, respectively. See also Note 5.

Trade and other receivables

As at December 31, 2023 and 2022, the Company had a balance of trade receivables of €205 thousand and €420 thousand, respectively. This balance mainly refers to the sale of green certificates from the activity in the Netherlands due within 30 days from issuance. In 2022, the balance mostly referred to sale of electricity to the IEC for the PV Plant located in Israel and is due in 30 days. This balance is classified as assets of disposal groups held for sale in 2023.

As at December 31, 2023 and 2022, the Company had a balance of revenue receivables of €1,013 thousand and €1,062 thousand, respectively. This balance refers to amounts to be paid mainly from the facilities in the Netherlands. The revenue receivables are from gas sold in market price in the Netherlands due within 60 days and the sale of green certificates within 60 days.

The Company's management closely monitors the economic and political environment in which it operates. As per the Company's management estimations, there are no significant credit risks assigned to the trade receivables and income receivables as these amounts are due by governmental agencies or by established companies that pay on a weekly or monthly basis.

As at December 31, 2023 and 2022, the Company had a balance of government authorities' receivables of €4,851 thousand and €3,752 thousand, respectively. This balance refers to VAT receivables in Spain, Italy, Israel and the Netherlands.

**D. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As of December 31, 2023, the Company had a working capital of approximately €5,199 thousand.

The cash surpluses held by Company that are not required for financing their current activity, are invested in interest-bearing investment channels such as short-term deposits. These investment channels are chosen by the Company's managements based on future forecasts of the cash the Company will require in order to meet their liabilities. Cash flow forecasts are determined on both an individual company basis and a consolidated basis. The Company examines current forecasts of its liquidity requirements so as to make certain that there is sufficient cash for its operating needs, and it is careful at all times to have enough unused credit facilities so that the Company does not exceed its credit limits and is in compliance with its financial covenants.



**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 21 - Financial Instruments (cont'd)****D. Liquidity risk (cont'd)**

These forecasts take into consideration matters such as the Company's plan to use debt for financing its activity, compliance with required financial covenants, compliance with certain liquidity ratios, and compliance with external requirements such as laws or regulation.

The Company has contractual commitments due to debentures issued, financing agreements and EPC and O&M agreements of its subsidiaries in Spain, Italy, the Netherlands, USA and Israel. See also Note 6, Note 11 and Note 12.

The following are the contractual maturities of financial liabilities at undiscounted amounts and based on the spot rates at the reporting date, including estimated interest payments. This disclosure excludes the impact of netting agreements:

	December 31, 2023					
	Carrying amount	Contractual cash flows	Less than 1 year	2-3 years	4-5 years	More than 5 years
	€ in thousands					
	Non-derivative financial liabilities					
Long-term loans, including current maturities	281,938	375,334	21,883	41,743	59,691	252,017
Debentures	140,087	158,051	41,100	72,088	30,738	14,125
Lease liabilities	24,380	47,011	1,916	3,895	3,903	37,297
Trade payables, other accounts payable and Other long-term liabilities	14,496	14,496	13,703	793	-	-
	460,901	594,892	78,602	118,519	94,332	303,439
	December 31, 2022					
	Carrying amount	Contractual cash flows	Less than 1 year	2-3 years	4-5 years	More than 5 years
	€ in thousands					
	Non-derivative financial liabilities					
Long term loans, including current maturities	273,863	363,553	30,392	42,547	43,381	247,233
Debentures	110,428	141,140	22,878	62,710	55,552	-
Lease liabilities	22,750	35,911	1,630	3,233	3,194	27,854
Trade payables, other accounts payable and Other long-term liabilities	15,144	15,144	13,518	813	813	-
	422,185	555,748	68,418	109,303	102,940	275,087
Derivative finance liabilities						
Financial power swap	61,537	61,537	33,183	26,424	(2,666)	4,596

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 21 - Financial Instruments (cont'd)****E. Market risk**

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The principal risks that the Company faces, as assessed by management, are as follows: a change in the regulation applicable to the area of activity, a change in the electricity prices or the tariffs as approved by the relevant electricity authorities in the countries in which the Company operates, changes in the situation of the electricity and gas market, political and security events.

The Company uses hedging instruments in an attempt to manage interest rate, currency and other market-related risks. The majority of the Company's derivative contracts are OTC derivatives, i.e., derivative contracts that are not transacted on an exchange. These derivatives are entered into under ISDA Master Agreements. If counterparty defaults on these contracts, the underlying exposure would no longer be effectively hedged, which could result in losses. Disruptions such as market crises and economic recessions may put a strain on the availability and effectiveness of hedging instruments. For example, although the Company estimates the expected transition away from Euribor, as addressed by the Amendments to IAS 39, Financial Instruments, Interest Rate Benchmark Reform – Phase 2, not to have a material effect on the Company's financial statements, similar benchmark rates may have a different impact on the hedged item and the hedging instrument, which could cause some of the Company hedge to become ineffective, resulting in potential losses.

**(1) Foreign currency risk**

As a result of the Company's operations and presentation currency, the Company is exposed to the impact of exchange rate fluctuations of the Euro/USD and NIS/Euro on the Company's balance sheet and profit and loss.

The Company holds cash and cash equivalents, short-term deposits, and restricted cash in various currencies, including Euro, USD and NIS. The Company's holdings in its European PV Plants and projects under development are denominated in Euro, its holdings in projects under development in the US are denominated in USD and its holdings in its Israeli PV Plant, projects under development and indirect holdings in Dorad are denominated in NIS. The Company believes that the composition of its assets and liabilities, which are denominated in USD, Euro and NIS, sufficiently mitigates a substantial portion of its foreign currency risk.

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 21 - Financial Instruments (cont'd)****E. Market risk (cont'd)****(1) Foreign currency risk (cont'd)****(a) The exposure to linkage and foreign currency risk**

The Company's exposure to linkage and foreign currency risk was as follow:

	December 31, 2023				
	Non-monetary/ Non finance	NIS (*)	USD	EURO	Total
			€ in thousands		
<b>Current assets:</b>					
Cash and cash equivalents	-	34,990	4,199	11,938	51,127
Short term deposits	-	997	-	-	997
Restricted cash	-	-	-	810	810
Intangible asset from green certificates	553	-	-	-	553
Trade and other receivables	2,584	2,660	-	6,748	11,992
Assets of disposal groups classified as held for sale	28,297	-	-	-	28,297
<b>Non-current assets:</b>					
Investments in equity accounted investees	31,772	-	-	-	31,772
Advances on account of investments	898	-	-	-	898
Fixed assets	407,982	-	-	-	407,982
Right-of-use asset	30,967	-	-	-	30,967
Restricted cash and deposits	-	3,558	-	13,828	17,386
Deferred tax	8,677	-	-	-	8,677
Long term receivables	9,350	1,096	-	-	10,446
Derivatives	-	-	-	10,948	10,948
<b>Current liabilities:</b>					
Current maturities of long-term bank loans	-	-	-	(9,784)	(9,784)
Current maturities of long-term loans	-	-	-	(5,000)	(5,000)
Current maturities of debentures	-	(35,200)	-	-	(35,200)
Trade payables	-	(832)	(154)	(4,263)	(5,249)
Other payables	(553)	(9,445)	-	(861)	(10,859)
Current maturities of derivatives	-	-	-	(4,643)	(4,643)
Current maturities of lease liabilities	-	(105)	(10)	(585)	(700)
Liabilities of disposal groups classified as held for sale	(17,142)	-	-	-	(17,142)
<b>Non-current liabilities:</b>					
Long-term lease liabilities	-	(3,176)	(2,150)	(18,354)	(23,680)
Long-term loans	-	(69,685)	-	(168,096)	(237,781)
Other long-term bank loans	-	(8,452)	-	(20,921)	(29,373)
Debentures	-	(104,887)	-	-	(104,887)
Deferred tax	(2,516)	-	-	-	(2,516)
Other long-term liabilities	-	(939)	-	-	(939)
<b>Total exposure in statement of financial position in respect of financial assets and financial liabilities</b>	<b>500,869</b>	<b>(189,420)</b>	<b>1,885</b>	<b>(188,235)</b>	<b>125,099</b>

(\*) Including items linked to the Israeli CPI

## Notes to the Consolidated Financial Statements as at December 31, 2023

## Note 21 - Financial Instruments (cont'd)

## E. Market risk (cont'd)

## (1) Foreign currency risk (cont'd)

## (a) The exposure to linkage and foreign currency risk (cont'd)

	December 31, 2022				
	Non-monetary/ Non finance	NIS (*)	USD	EURO	Total
			€ in thousands		
<b>Current assets:</b>					
Cash and cash equivalents	-	30,359	55	16,044	46,458
Marketable securities	-	-	2,836	-	2,836
Restricted cash	-	-	-	900	900
Receivable from concession project	-	1,799	-	-	1,799
Trade and other receivables	2,174	4,694	16	5,798	12,682
<b>Non-current assets:</b>					
Investments in equity accounted investees	23,976	6,053	-	-	30,029
Advances on account of investments	2,328	-	-	-	2,328
Receivable from concession project	-	24,795	-	-	24,795
Fixed assets	365,756	-	-	-	365,756
Right-of-use asset	30,020	-	-	-	30,020
Intangible asset	4,094	-	-	-	4,094
Restricted cash and deposits	-	5,607	-	14,585	20,192
Deferred tax	23,510	-	-	-	23,510
Long term receivables	7,840	1,171	-	259	9,270
Derivatives	-	-	-	1,488	1,488
<b>Current liabilities:</b>					
Current maturities of long-term bank loans	-	(2,091)	-	(10,724)	(12,815)
Current maturities of long-term loans	-	-	-	(10,000)	(10,000)
Current maturities of debentures	-	(18,714)	-	-	(18,714)
Trade payables	-	(123)	-	(4,381)	(4,504)
Other payables	-	(6,107)	-	(5,100)	(11,207)
Current maturities of derivatives	-	-	-	(33,183)	(33,183)
Current maturities of lease liabilities	-	(193)	-	(552)	(745)
<b>Non-current liabilities:</b>					
Long-term lease liabilities	-	(4,740)	-	(17,265)	(22,005)
Long-term loans	-	(13,495)	-	(215,971)	(229,466)
Other long-term bank loans	-	(7,538)	-	(14,044)	(21,582)
Debentures	-	(91,714)	-	-	(91,714)
Deferred tax	(6,770)	-	-	-	(6,770)
Derivatives	-	-	-	(28,354)	(28,354)
Other long-term liabilities	-	(2,021)	-	-	(2,021)
<b>Total exposure in statement of financial position in respect of financial assets and financial liabilities</b>	<b>452,928</b>	<b>(72,258)</b>	<b>2,907</b>	<b>(300,500)</b>	<b>83,077</b>

(\*) Including items linked to the Israeli CPI

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 21 - Financial Instruments (cont'd)****E. Market risk (cont'd)****(1) Foreign currency risk (cont'd)****(a) The exposure to linkage and foreign currency risk (cont'd)**

Information regarding significant exchange rates:

	For the year ended December 31			
	Rate of Change		Rate of Change	
	%	Dollar	%	NIS
1 Euro in 2023	3.7	1.106	6.9	4.012
1 Euro in 2022	(5.8)	1.066	6.6	3.753

**(b) Sensitivity analysis**

A change as at December 31 in the exchange rates of the following euro against the USD and euro against the NIS, as indicated below would have increased (decreased) equity by the amounts shown below (after tax). This analysis is based on foreign currency exchange rate that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	December 31, 2023	
	Increase	Decrease
	Equity	Equity
	€ thousands	
Change in the exchange rate of:		
5% in the USD	(90)	99
5% in NIS	(9,471)	9,471

	December 31, 2022	
	Increase	Increase
	Equity	Equity
	€ thousands	
Change in the exchange rate of:		
5% in the USD	155	(155)
5% in NIS	(963)	963

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 21 - Financial Instruments (cont'd)****E. Market risk (cont'd)****(2) Interest rate risk**

The Company is exposed to changes in fair value, as a result of changes in interest rate in connection with its loans and borrowings. The debt instruments of the Company bear interest at variable rates.

The Company entered into various project finance agreements that are based on EURIBOR rate and on the Bank of Israel interest rate and therefore it may be affected by adverse movements in interest rates. The Company utilizes interest rate swap derivatives to convert certain floating-rate debt to fixed-rate debt. The Company's 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.

**Sensitivity analysis**

A change in interest rate would have increased (decreased) the profit in the financial statements by the amounts shown below:

	December 31,	
	2023	2022
	Profit or loss	Profit or loss
	€ in thousands	
Increase of 1%	736	161
Increase of 3%	2,204	520
Decrease of 1%	(734)	(196)
Decrease of 3%	(2,201)	(556)

**(3) Electricity market prices risk**

As a result of the Company's operations in the electricity market, the Company is exposed to the impact of changes in electricity prices.

In order to manage its exposure to changes in the electricity prices, in June 2018, Talasol executed the Talasol PPA. The power produced by the Talasol PV Plant is expected to be sold by Talasol in the open market for the then current market power price and the Talasol PPA is expected to hedge the risks associated with fluctuating electricity market prices by allowing Talasol to secure approximately 80% of its income for the power production included under the Talasol PPA. The hedge transaction becomes effective on Talasol requesting that the counter party fix the fixed price pursuant to the price adjustment mechanism. The Talasol PPA became effective in March 2019 and its accounting treatment is according to cash flow hedge.

The fair value of the Talasol PPA 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. The valuation technique for assessing electricity future prices projections takes into consideration unobservable market data and complex pricing models.

In 2021, Talasol deposited €10 million in Talasol's bank account as security for a letter of credit to the PPA provider. This security fund is reduced by 10% every year, up to a minimum amount of €3.5 million, which will be released at the expiration of the PPA.

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 21 - Financial Instruments (cont'd)****F. Fair value****(1) Fair values versus carrying amounts**

The carrying amounts of certain financial assets and liabilities, including cash and cash equivalents, other accounts receivables, pledged deposits, financial derivatives credit from banks and trade payables and other accounts payables are the same or proximate to their fair value.

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

	December 31, 2023					
	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	140,087	134,464	-	-		
Loans from banks and others (including current maturities)					Discounting future cash flows by the market interest rate on the date of measurement.	See Note 21F(2)
	281,938	-	231,057	-		
	422,025	134,464	231,057	-		

	December 31, 2022					
	Carrying amount	Fair value			Valuation techniques for determining fair value	Inputs used to determine fair value
		Level 1	Level 2	Level 3		
		€ in thousands				
Non-current liabilities:						
Debentures	110,428	102,957	-	-		
Loans from banks and others (including current maturities)					Discounting future cash flows by the market interest rate on the date of measurement.	See Note 21F(2)
	273,863	-	217,073	-		
	384,291	102,957	217,073	-		

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 21 - Financial Instruments (cont'd)****F. Fair value (cont'd)****(2) Interest rates used for determining fair value**

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread, and were as follows:

December 31,		
	2023	2022
	%	
<b>Non-current liabilities:</b>		
Loans from banks	<b>Discount rate of Euribor+ 2% with a zero floor</b>	Discount rate of Euribor+ 2% with a zero floor
Loans from banks	<b>fixed rate for several years 3.1%-6% Linkage to Euribor</b>	fixed rate for 5 years 2.65%-4.5% Linkage to Euribor
Loans from banks	<b>2.58%-4.78% Linkage to Consumer price index in Israel</b>	2.58% Linkage to Israeli CPI
Loans from banks	<b>Floating interest rate based on the Bank of Israel Rate plus a spread of 4.35%.</b>	Floating interest rate based on the Bank of Israel Rate plus a spread of 4.35%.
Loans from banks	<b>fixed rate of 2.58%-3.03%</b>	fixed rate 2.58%-3.03%
Loans from others	<b>Euribor+ 5.27%</b>	Euribor+ 5.27%
Loans from others	<b>7% Linkage to Consumer price index in Israel and fixed rate of 5.5%</b>	7% Linkage to Israeli CPI and fixed rate of 5.5%

**(3) Fair values hierarchy**

The financial instruments presented at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of data used in the measurement:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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).



## Notes to the Consolidated Financial Statements as at December 31, 2023

## Note 21 - Financial Instruments (cont'd)

## F. Fair value (cont'd)

## (3) Fair values hierarchy (cont'd)

December 31, 2023					Valuation techniques for determining fair value
Level 1	Level 2	Level 3	Total		
€ in thousands					
Swap contracts	-	882	-	882	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.
Financial power swap	-	-	5,698	5,698	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.
December 31, 2022					Valuation techniques for determining fair value
Level 1	Level 2	Level 3	Total		
€ in thousands					
Marketable securities	2,836	-	-	2,836	Market price.
Swap contracts	-	1,761	-	1,761	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.
Financial power swap	-	-	(61,537)	(61,537)	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 Consolidated Financial Statements as at December 31, 2023****Note 21 - Financial Instruments (cont'd)****F. Fair value (cont'd)****(4) Level 3 financial instruments carried at fair value**

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

	<b>Financial assets</b>
	<b>Dori Energy</b>
	<b>loan</b>
	<b>€ in thousands</b>
Balance as at January 1, 2022	(20,894)
Total income recognized in profit or loss	49,679*
Total income recognized in other comprehensive income	(90,322)*
Balance as at December 31, 2022	(61,537)
Total income recognized in profit or loss	13,777
Total income recognized in other comprehensive income	53,548
Balance as at December 31, 2023	5,698

\* Reclassified

**Notes to the Consolidated Financial Statements as at December 31, 2023**

---

**Note 22 - Operating Segments**

The Company's reportable segments, which form the Company's strategic business units, are described below:

- PV Plants – Operation of installations that convert the energy in sunlight into electrical energy as follows:
  - (i) approximately 7.9MWp aggregate installed capacity of photovoltaic power plants in Spain,
  - (ii) Ellomay Solar S.L.U, a photovoltaic plant with a peak capacity of 28 MW in the municipality of Talaván, Cáceres, Spain, that was connected to the electricity grid at June 24, 2022
  - (iii) 51% of Talasol, with a peak capacity of 300 MW in the municipality of Talaván, Cáceres, Spain,
  - (iv) a photovoltaic power plant of approximately 9 MWp installed capacity in Israel
  - (v) Ellomay Solar Italy One SRL and Ellomay Solar Italy Two SRL that are constructing photovoltaic plants with installed capacity of 14.8 MW and 4.95 MW respectively, in the Lazio Region, Italy,
  - (vi) Ellomay Solar Italy Four SRL, Ellomay Solar Italy Five SRL, Ellomay Solar Italy Seven SRL, Ellomay Solar Italy Nine SRL and Ellomay Solar Italy Ten SRL that are developing photovoltaic projects with installed capacity of 15.06 MW, 87.2 MW, 54.77 MW, 8 MW and 18 MW, respectively, in Italy that have reached “ready to build” status and
  - (vii) Fairfield Solar Project, LLC, Malakoff Solar I, LLC, Malakoff Solar II, LLC, Mexia Solar I, LLC, Mexia Solar II, LLC, and Talco Solar, LLC, that are developing photovoltaic projects with installed capacity of 13.44 MW, 6.96 MW, 6.96 MW, 5.6 MW, 5.6 MW and 10.3 MW, respectively, in the Dallas Metropolitan area, Texas, that have reached “ready to build” status.
- Groen Gas Goor B.V., Groen Gas Oude-Tonge B.V. and Groen Gas Gelderland B.V. (BioGas), 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 Nm3 per year, respectively.
- Dorad Energy Ltd. (Dorad) – 9.375% indirect interest in Dorad, which owns and operates a combined cycle power plant based on natural gas, with production capacity of approximately 860 MW, located south of Ashkelon, Israel.
- Pumped storage hydro power plant (Manara) – 83.333% indirect interest in a company constructing a 156 MW pumped storage hydro power plant in the Manara Cliff, Israel.

**Factors that management used to identify the Company's reportable segments**

The Company's strategic business units offer different products, and the allocation of resources and evaluation of performance is managed separately because they require different technology.

For each of the strategic business units, the Company's chief operating decision maker (“CODM”) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Company's operating segments.

The Company presented the photovoltaic power plants per geographical areas, as the information collected and analyzed by the CODM in connection with the PV Plants is presented based on the physical location of the PV Plant. The CODM reviews the NIS denominated information on Dorad and the PV Plant located in Israel and the information presented in the tables below is translated into euro. The CODM reviews the results of Dorad according to the Company's share in Dorad. In the reports analyzed by the CODM, the PV Plant located in Israel is presented under the fixed asset model and not under the financial asset model as per IFRIC 12, please see the adjusted gross profit calculation.

Performance is measured based on segment adjusted gross profit as included in reports that are regularly reviewed by the chief operating decision maker. Segment adjusted gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

## Notes to the Consolidated Financial Statements as at December 31, 2023

## Note 22 - Operating Segments (cont'd)

	PV									Total reportable segments	Reconciliations	Total consolidated
	Italy	Spain	Ellomay Solar Spain	Talasol Spain	USA	Israel (Discontinued operation)	Bio Gas Netherland	Dorad Israel	Manara Israel			
	For the year ended December 31, 2023											
	€ in thousands											
Revenues	-	2,791	4,051	24,971	-	675	17,021	63,973	-	113,482	(64,648)	48,834
Operating expenses	-	(517)	(1,825)	(5,786)	-	(342)	(14,733)	(47,322)	-	(70,525)	47,664	(22,861)
Depreciation expenses	-	(912)	(946)	(11,459)	-	(461)	(2,670)	(5,689)	-	(22,137)	6,126	(16,012)
Gross profit (loss)	-	1,362	1,280	7,726	-	(128)	(382)	10,962	-	20,820	(10,858)	9,961
Adjusted gross profit (loss)	-	1,362	1,280	7,726	-	1,223	(382)	10,962	-	22,171	(10,986)	9,961
Project development costs												(4,465)
General and administrative expenses												(5,283)
Share of loss of equity accounted investee												4,320
Operating profit												4,533
Financing income												8,747
Financing expenses in connection with derivatives and warrants, net												251
Financing expenses, net												(12,555)
Profit before taxes on income												976
Segment assets as at December 31, 2023	40,054	12,807	18,666	231,142	6,267	28,297	31,164	97,339	169,783	635,519	(22,667)	612,852

## Notes to the Consolidated Financial Statements as at December 31, 2023

## Note 22 - Operating Segments (cont'd)

	PV							Total reportable segments	Reconciliations	Total consolidated	
Italy	Spain	Ellomay Solar Spain	Talasol Spain	Israel (Discontinued operation)	Bio Gas Netherland	Dorad Israel	Manara Israel				
For the year ended December 31, 2022											
€ in thousands											
Revenues	-	3,264	3,597	32,740	1,119	12,640	62,813	-	116,173	(63,932)	52,241
Operating expenses	-	(322)	(1,399)	(8,764)	(418)	(13,186)	(47,442)	-	(71,531)	47,860	(23,671)
Depreciation expenses	-	(908)	(427)	(11,400)	(512)	(2,824)	(6,339)	-	(22,410)	6,830	(15,580)
Gross profit (loss)	-	2,034	1,771	12,576	189	(3,370)	9,032	-	22,232	(9,242)	12,990
Adjusted gross profit (loss)	-	2,034	1,771	12,576	1,565	(3,370)	9,032		23,608	(10,618)	12,990
Project development costs											(3,784)
General and administrative expenses											(5,855)
Share of loss of equity accounted investee											1,206
Operating profit											4,557
Financing income											6,443
Financing expenses in connection with derivatives and warrants, net											605
Financing expenses, net											(10,524)
Profit before taxes on income											1,081
Segment assets as at December 31, 2022	22,608	14,577	20,090	244,584	34,750	32,002	107,079	137,432	613,122	(36,965)	576,157

## Notes to the Consolidated Financial Statements as at December 31, 2023

## Note 22 - Operating Segments (cont'd)

	PV							Total reportable segments	Reconciliations	Total consolidated	
	Italy	Spain	Ellomay Solar Spain	Talasol Spain	Israel (Discontinued operation)	Bio Gas Netherland	Dorad Israel				Manara Israel
For the year ended December 31, 2021											
€ in thousands											
Revenues	-	2,587	-	29,432	1,016	12,686	51,630	-	97,351	(52,646)	44,705
Operating expenses	-	(472)	-	(6,305)	(367)	(10,446)	(39,175)	-	(56,765)	39,542	(17,223)
Depreciation expenses	-	(904)	-	(10,586)	(475)	(3,135)	(5,539)	-	(20,639)	5,998	(14,641)
Gross profit (loss)	-	1,211	-	12,541	174	(895)	6,916	-	19,947	(7,106)	12,841
Adjusted gross profit (loss)	-	1,211	-	12,541	1,514	(895)	6,916	-	21,287	(8,446)	12,841
Project development costs											(2,508)
General and administrative expenses											(5,624)
Share of loss of equity accounted investee											117
Operating profit											4,826
Financing income											673
Financing expenses in connection with derivatives and warrants, net											(841)
Financing expenses, net											(27,593)
Loss before taxes on income											(22,935)
Segment assets as at December 31, 2021	1,715	13,841	14,456	247,004	38,809	34,570	118,435	107,678	576,508	(24,529)	551,979

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 22 - Operating Segments (cont'd)****Geographical information**

The Company is domiciled in Israel and it operates in Israel, Spain, Italy and USA through its subsidiaries that promote, develop and own PV Plants, in the Netherlands through its subsidiaries that own anaerobic digestion plants and also in Israel through Ellomay Luzon Energy.

The following table lists the revenues from the Company's operations in Spain, Israel and the Netherlands:

	For the year ended December 31		
	2023	2022	2021
	€ in thousands		
Spanish PV segment	2,791	3,264	2,587
Ellomay Solar PV segment (Spain)	4,051	3,597	-
Talasol PV segment (Spain)	24,971	32,740	29,432
Netherlands biogas segment	17,021	12,640	12,686
Total revenues	48,834	52,241	44,705

The following table lists the non-current assets, net from the Company's operations in Spain, Israel, USA, Italy and the Netherlands:

Non-current assets (*)	As at December 31	
	2023	2022
	€ in thousands	
Spain	238,580	251,574
Israel	195,248	187,798
USA	6,041	-
Italy	33,711	20,363
Netherlands	25,871	26,749
Total fixed assets, net	499,451	486,484

(\*) Other than financial instruments, deferred tax assets and employee benefit assets.

**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 23 - Discontinued operation and Disposal Groups Held for Sale**

On December 31, 2023, the Company executed an agreement to sell its holdings in the Talmei Yosef PV Plant (the "Talmei Agreement"), the entire Israel segment.

The Talmei Agreement provides for the sale of the Company's holdings in the Talmei Yosef PV Plant to Greenlight Fund Limited Partnership and Doral Group Renewable Energy Resources Ltd., in equal parts, in consideration for NIS 44.75 million (approximately €11.2 million), with an additional potential payment of up to NIS 4 million (approximately €1 million) in the event the Talmei Yosef PV Plant will produce more than 18 million Kwh during 2024. The Agreement further provides for a cutoff date of June 30, 2023, and at closing the parties will determine whether an adjustment to the purchase price is required reflect the Company's entitlement to revenues (net of expenses) up to such date, taking into account the results and the cash held by the project company. The Company does not expect a material adjustment to the purchase price.

The Talmei Agreement includes customary representations and indemnification undertakings in connection with breaches of representations, which, other than with respect to customary exceptions, are subject to a cap of NIS 9 million (approximately €2.2 million) and limited to a period of 18 months from the closing date. The consummation of the sale is subject to various customary conditions to closing, including receipt of regulatory approvals and the consent of the financing entity of the Talmei Yosef PV Plant. All conditions to closing are required to be fulfilled within a period of 90 days from execution of the Talmei Agreement, which can be extended to up to 150 days under certain circumstances. On April 2, 2024, an addendum to the Talmei Agreement was executed, providing for a 45-day extension of the deadline for fulfillment of the conditions to closing and therefore setting the deadline for May 15, 2024. The Talmei Yosef PV Plant is located in southern Israel. One of the conditions to closing is the end of the war in southern Israel for a pre-determined period (based on the official definitions published by the Israeli Authorities) and that the Talmei Yosef PV Plant is physically accessible. Based on the circumstances as of the date hereof, this condition is currently fulfilled. The closing of the sale is currently expected during the second quarter of 2024. In addition, the Talmei Agreement provides that in the event that due to the current war and hostilities in Israel the facility will be damaged or its output will decrease, the buyers will have the right not to consummate the acquisition of the plant.

In connection with the expected sale of the Talmei Yosef PV Plant, the Company presents the results of the Talmei Yosef PV Plant as a discontinued operation. The assets and liabilities of the Talmei Yosef PV Plant were presented as held for sale.

The segment was not a discontinued operation or classified as held for sale as at December 31, 2022 and the comparative income statement for 2022 and 2021 has been restated to show the discontinued operation separately from continuing operations. Management committed to a plan to sell this segment at the end of 2023 following the signature of the agreement.

As at December 31, 2023, the disposal groups comprised assets of €28,297 thousand less liabilities of €17,142 thousand.

**A. Impairment losses and reversal of impairment loss**

An impairment loss of €2,565 thousand on the re-measurement of the disposal group to the lower of its carrying amount and its fair value based on Talmei Agreement, based on Talmei Agreement, less costs to sell has been recognized in the statement of income.

**B. Assets and liabilities of disposal groups held for sale****Assets of disposal groups classified as held for sale**

	<b>December 31 2023</b>
	<b>€ in thousands</b>
Cash and cash equivalents	428
Short-term deposits	12
Receivable from concession project	23,426
Trade and other receivables	587
Right-of-use asset	1,204
Intangible asset	917
Restricted cash and deposits	1,694
Long term receivables	29
<b>Total</b>	<b>28,297</b>

**Liabilities of disposal groups classified as held for sale**

	<b>December 31 2023</b>
	<b>€ in thousands</b>
Trade payables	39
Other payables	18
Lease liability	1,321
Long-term bank loans including current maturities	13,047
Deferred tax liabilities	2,717
	<b>17,142</b>



**Notes to the Consolidated Financial Statements as at December 31, 2023****Note 23 - Discontinued operation and Disposal Groups Held for Sale (cont'd)****D. Results attributable to discontinued operation**

	For the year ended December 31		
	2023	2022	2021
	€ in thousands	€ in thousands	€ in thousands
<b>Results of discontinued operation</b>			
Revenue	675	1,119	1,016
Operating expenses	342	418	367
Depreciation and amortization expenses	461	512	475
<b>Gross profit (loss) from operating activities</b>	<b>(128)</b>	<b>189</b>	<b>174</b>
General and administrative expenses	33	37	37
<b>Operating profit (loss) from operating activities</b>	<b>(161)</b>	<b>152</b>	<b>137</b>
Financing income	1,792	3,121	2,258
Financing expenses	1,269	2,111	1,381
<b>Financing income, net</b>	<b>523</b>	<b>1,010</b>	<b>877</b>
<b>Results from operating activities before taxes on income</b>	<b>362</b>	<b>1,162</b>	<b>1,014</b>
Taxes on income	(247)	(451)	(255)
<b>Results from operating activities, net of taxes on income</b>	<b>115</b>	<b>711</b>	<b>759</b>
Loss on adjustment to fair value	(2,565)	-	-
Tax benefit on loss from sale of discontinued operation	663	-	-
<b>Profit (loss) for the year</b>	<b>(1,787)</b>	<b>711</b>	<b>759</b>
<b>Earnings per share</b>			
Basic earnings (loss) per share (in €)	(0.14)	0.06	0.06
Diluted earnings (loss) per share (in €)	(0.14)	0.06	0.06
<b>Cash flows from discontinued operation</b>			
Net cash (used in) from operating activities	2,587	2,445	2,471
Net cash (used in) from investing activities	(462)	(1,327)	(604)
Net cash (used in) from financing activities	(2,127)	(2,126)	(2,099)
<b>Net cash from (used in) discontinued operation</b>	<b>(2)</b>	<b>(1,008)</b>	<b>(232)</b>

**Note 24 - Subsequent Events**

On January 16, 2024, the Company issued in an Israeli public offering units consisting of an aggregate principal amount of NIS 170 million (approximately €41 million, as of the issuance date) of the Series F Debentures, due March 31, 2030 and Series 2 Options to purchase an aggregate of 1,020,000 ordinary shares at a price per share of NIS 80 (subject to customary adjustments), which expire on January 5, 2028. The net proceeds of the offering, net of related expenses such as consultancy fee and commissions, were approximately NIS 165 million (approximately €40 million as of the issuance date). The Deed of Trust governing the Series F Secured Debentures includes requirement that the Company meet certain financial covenants and restrictions on the Company's ability to pay dividends and additional customary provisions. The principal amount of Series F Debentures is repayable in four non-equal installment on March 31 in each of the years 2027 to 2030 (inclusive) as follows: in each of the principal payments in the years 2027 and 2028 a rate of 30% of the principal will be paid, in the principal payment in the year 2029 a rate of 25% of the principal will be paid and in the principal payment in the year 2030 a rate of 15% of the principal will be paid. The Series F Debentures bear a fixed annual interest at the rate of 5.5% (that is not linked to the Israeli CPI or otherwise), payable semi-annually on March 31 and September 30, commencing March 31, 2024 through March 31, 2030 (inclusive).

On April 17, 2024, the Company issued NIS 40 million par value of its unsecured non-convertible Series F Debentures, in a private placement to Israeli classified investors for an aggregate gross consideration of approximately NIS 37.8 million, reflecting a price of NIS 0.946 per NIS 1 principal amount Series F Debentures. Following completion of the private placement, the aggregate outstanding par value of the Company's Series F Debentures is NIS 210 million.

**Dorad Energy Ltd.**

**Financial Statements**

**For the Year Ended December 31, 2023**

---

**Financial Statements as at December 31, 2023**

---

**Contents**

	<b>Page</b>
<a href="#"><u>Auditors' Report</u></a>	FD-3
<a href="#"><u>Statements of Financial Position</u></a>	FD-5
<a href="#"><u>Statements of Profit or Loss</u></a>	FD-6
<a href="#"><u>Statements of Changes in Equity</u></a>	FD-7
<a href="#"><u>Statements of Cash Flows</u></a>	FD-8
<a href="#"><u>Notes to the Financial Statements</u></a>	FD-9 – FD-50



Somekh Chaikin  
KPMG Millennium Tower  
17 Ha'arba'a Street, PO Box 609  
Tel Aviv 61006, Israel  
+972 3 684 8000

## **Independent Auditors' Report**

The Board of Directors  
Dorad Energy Ltd.

### ***Opinion***

We have audited the financial statements of Dorad Energy Ltd ("the Company"), which comprise the statements of financial position as of December 31, 2023 and 2022 and the related statements of profit or loss, changes in equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as issued by the IASB, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise significant doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are authorized for issuance.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

KPMG Somekh Chaikin, an Israeli partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee



Somekh Chaikin  
KPMG Millennium Tower  
17 Ha'arba'a Street, PO Box 609  
Tel Aviv 61006, Israel  
+972 3 684 8000

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise significant doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*/s/ Somekh Chaikin*

Somekh Chaikin  
Member Firm of KPMG International  
Tel Aviv  
February 29, 2024

KPMG Somekh Chaikin, an Israeli partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee

## Statements of Financial Position

		December 31 2023	December 31 2022
	Note	NIS thousands	NIS thousands
<b>Current assets</b>			
Cash and cash equivalents	4	219,246	151,481
Trade receivables and accrued income	5	211,866	238,581
Other receivables	6	12,095	32,809
<b>Total current assets</b>		<b>443,207</b>	<b>422,871</b>
<b>Non-current assets</b>			
Restricted deposits	12A1B	522,319	514,543
Prepaid expenses	12A4	30,053	32,072
Fixed assets	7	3,106,550	3,253,196
Intangible assets		7,653	6,404
Right of use assets	18	55,390	57,486
<b>Total non-current assets</b>		<b>3,721,965</b>	<b>3,863,701</b>
<b>Total assets</b>		<b>4,165,172</b>	<b>4,286,572</b>
<b>Current liabilities</b>			
Current maturities of loans from banks	8	299,203	279,506
Current maturities of lease liabilities	18	4,787	4,645
Trade payables	9	166,089	228,468
Other payables	10	31,446	11,439
<b>Total current liabilities</b>		<b>501,525</b>	<b>524,058</b>
<b>Non-current liabilities</b>			
Loans from banks	8	1,995,909	2,211,895
Other long-term liabilities	12.A.6	12,943	17,529
Long-term lease liabilities	18	47,618	49,292
Provision for restoration and decommissioning	3.C.E	38,985	50,000
Deferred tax liabilities	11	278,095	215,016
Liabilities for employee benefits, net		160	160
<b>Total non-current liabilities</b>		<b>2,373,710</b>	<b>2,543,892</b>
<b>Equity</b>			
	13		
Share capital		11	11
Share premium		642,199	642,199
Capital reserve for activities with shareholders		3,748	3,748
Retained earnings		643,979	572,664
<b>Total equity</b>		<b>1,289,937</b>	<b>1,218,622</b>
<b>Total liabilities and equity</b>		<b>4,165,172</b>	<b>4,286,572</b>
<u>/s/ Michal Abadi Boiangiu</u>	<u>/s/ Eli Asulin</u>	<u>/s/ David Bitton</u>	
Michal Abadi Boiangiu	Eli Asulin	David Bitton	
Chairman of the	Chief Executive Officer	Chief Financial Officer	
Board of Directors			

Date of approval of the financial statements February 29, 2024.

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

**Statements of Profit or Loss for the Year Ended December 31**

		2023	2022	2021
	Note	NIS thousands	NIS thousands	NIS thousands
<b>Revenues</b>	14	<b>2,722,396</b>	<b>2,369,220</b>	<b>2,103,911</b>
<b>Operating costs of the power plant</b>				
Energy costs		583,112	544,118	428,051
Purchases of electricity and infrastructure services		1,244,646	1,088,127	1,053,997
Depreciation and amortization		242,104	239,115	225,715
Other operating costs		186,024	157,189	114,360
<b>Total operating costs of the power plant</b>		<b>2,255,886</b>	<b>2,028,549</b>	<b>1,822,123</b>
<b>Profit from operating the power plant</b>		<b>466,510</b>	<b>340,671</b>	<b>281,788</b>
General and administrative expenses	15	27,668	24,066	24,502
Other income	12.A.18	39	-	11,603
<b>Operating profit</b>		<b>438,881</b>	<b>316,605</b>	<b>268,889</b>
Financing income		45,286	52,131	4,694
Financing expenses		209,773	271,116	219,013
<b>Financing expenses, net</b>	16	<b>164,487</b>	<b>218,985</b>	<b>214,319</b>
<b>Profit before taxes on income</b>		<b>274,394</b>	<b>97,620</b>	<b>54,570</b>
Taxes on income	11	63,079	22,340	12,844
<b>Net profit for the year</b>		<b>211,315</b>	<b>75,280</b>	<b>41,726</b>

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

**Statements of Changes in Equity**

	<b>Share capital</b>	<b>Share premium</b>	<b>Capital reserve for activities with controlling shareholders</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>
<b>For the year ended December 31, 2023</b>					
<b>Balance as at January 1, 2023</b>	<b>11</b>	<b>642,199</b>	<b>3,748</b>	<b>572,664</b>	<b>1,218,622</b>
Dividend distributed (Note 12.A.17)	-	-	-	(140,000)	(140,000)
Net profit for the year	-	-	-	211,315	211,315
<b>Balance as at December 31, 2023</b>	<b>11</b>	<b>642,199</b>	<b>3,748</b>	<b>643,979</b>	<b>1,289,937</b>
<b>For the year ended December 31, 2022</b>					
<b>Balance as at January 1, 2022</b>	<b>11</b>	<b>642,199</b>	<b>3,748</b>	<b>497,384</b>	<b>1,143,342</b>
Net profit for the year	-	-	-	75,280	75,280
<b>Balance as at December 31, 2022</b>	<b>11</b>	<b>642,199</b>	<b>3,748</b>	<b>572,664</b>	<b>1,218,622</b>
<b>For the year ended December 31, 2021</b>					
<b>Balance as at January 1, 2021</b>	<b>11</b>	<b>642,199</b>	<b>3,748</b>	<b>555,658</b>	<b>1,201,616</b>
Dividend distributed (Note 12.A.17)	-	-	-	(100,000)	(100,000)
Net profit for the year	-	-	-	41,726	41,726
<b>Balance as at December 31, 2021</b>	<b>11</b>	<b>642,199</b>	<b>3,748</b>	<b>497,384</b>	<b>1,143,342</b>

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



## Statements of Cash Flows for the Year Ended December 31

	2023 NIS thousands	2022 NIS thousands	2021 NIS thousands
<b>Cash flows from operating activities:</b>			
Profit for the year	211,315	75,280	41,726
Adjustments:			
Depreciation, amortization, and diesel consumption	245,566	242,345	228,099
Taxes on income	63,079	22,340	12,844
Financing expenses, net	164,487	218,985	214,319
	<u>473,132</u>	<u>483,670</u>	<u>455,262</u>
Change in trade receivables	26,715	9,991	48,875
Change in other receivables	20,714	7,480	(18,888)
Change in trade payables	(115,976)	(127,907)	22,926
Change in other payables	2,507	4,339	3,292
Change in other long-term liabilities	(4,586)	1,695	15,834
	<u>(70,626)</u>	<u>(104,402)</u>	<u>72,039</u>
Taxes on income paid	-	(21,795)	-
<b>Net cash from operating activities</b>	<u>613,821</u>	<u>432,753</u>	<u>569,027</u>
<b>Cash flows from investing activities:</b>			
Proceeds from settlement of financial derivatives	8,884	13,652	392
Decrease (increase) in long-term restricted deposits	40,887	-	(53,175)
Investment in fixed assets	(102,082)	(110,715)	(72,530)
Investment in intangible assets	(3,162)	(1,810)	(2,020)
Interest received	33,501	6,433	1,584
<b>Net cash used in investing activities</b>	<u>(21,972)</u>	<u>(92,440)</u>	<u>(125,749)</u>
<b>Cash flows from financing activities:</b>			
Repayment of lease liability principal and interest	(4,817)	(4,726)	(4,624)
Repayment of loans from banks	(253,382)	(255,705)	(210,449)
Dividends paid	(122,500)	-	(100,000)
Interest paid	(151,220)	(159,804)	(162,781)
<b>Net cash used in financing activities</b>	<u>(531,919)</u>	<u>(420,235)</u>	<u>(477,854)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>59,930</u>	<u>(79,922)</u>	<u>(34,576)</u>
Effect of exchange rate fluctuations on cash and cash equivalents	7,835	29,543	(10,643)
<b>Cash and cash equivalents at beginning of year</b>	<u>151,481</u>	<u>201,860</u>	<u>247,079</u>
<b>Cash and cash equivalents at end of year</b>	<u>219,246</u>	<u>151,481</u>	<u>201,860</u>

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

**Notes to the Financial Statements as at December 31, 2023**

---

**Note 1 - General****A. Reporting entity**

Dorad Energy Ltd. (hereinafter - "the Company") was incorporated on November 25, 2002, with the aim of engaging in the production of electricity and construction of the infrastructure required for said operation. The Company's official address is 13 Ben Gurion Street, Bnei Brak.

The Company's shareholders are as follows:

Eilat Ashkelon Infrastructure Services Ltd. (hereinafter – EAIS) – 37.5%  
 Zorlu Enerji Elektrik Uretim A.S (a foreign company) (hereinafter – Zorlu) – 25%  
 Ellomay Luzon Infrastructure Energy Ltd. (hereinafter – "Ellomay") – 18.75%  
 Edelcom Ltd. (hereinafter – Edelcom) – 18.75%

**B. Definitions**

In these financial statements –

- Related party - As defined in International Accounting Standard 24 (Revised 2009) regarding related parties.
- Interested parties – Within their meaning in Paragraph (1) of the definition of an "interested party" in Section 1 of the Securities Law - 1968.
- All references to laws, regulations, court proceedings refer to the State of Israel, unless otherwise indicated.

**C. Licenses and legal environment**

- 1 The construction of the power plant was officially designated a "National Infrastructure" Project, as defined in paragraph 1 of the Planning and Building Law-1965 by the Prime Minister, Minister of Finance and Minister of the Interior. In July 2009, the Licensing Authority of the National Planning and Construction Board for National Infrastructures approved the building permit for the establishment of a power station. (Building License No. 2-01-2008).

On April 13, 2014, upon completing the construction of the power plant, the Public Utilities Authority - Electricity ("PUA") passed a resolution by which a permanent production license and a supply license will be granted to the Company, subject to the approval of the Minister of National Infrastructure, Energy and Water ("Minister of Energy"). Accordingly, on May 12, 2014, the Company was issued production licenses for 20 years with an option to extend for an additional period and a supply license for one year. On May 19, 2014, after receiving the licenses, the Company began commercial operation of the station.

On August 12, 2014, the Company filed a request to extend the supply license for an additional 19 years. On July 13, 2015, after the Company filed a petition with the High Court of Justice against the Minister of National Infrastructures and the Public Electricity Services Authority for issuance of a conditional order that will require extending the license for the said period, the license was received, which is effective up to May 11, 2034.

**Notes to the Financial Statements as at December 31, 2023**

---

**Note 1 - General (cont'd)****C. Licenses and legal environment (cont'd)**

- 2 On December 26, 2022, the PUA published a decision regarding “Electricity Rates for Customers of IEC in 2023” by which the average production component will decrease by about 0.7%, compared with the average production component published by the PUA in August 2022 and which was valid up to and including the month of December 2022. On January 26, 2023, the PUA published an update to the aforementioned decision according to which the average production component decreased by approximately 1.2% compared with the aforementioned rate. On March 26, 2023, the PUA published an update to the aforementioned decision according to which the average production component decreased by about 1.4% compared with the rate in the previous decision, which came into effect as of April 1, 2023, and for the rest of 2023 (see also Note 12.A.15). After the reporting date, on January 29, 2024, the PUA published a decision regarding “Electricity Rates for Customers of IEC in 2024” by which the average production component will decrease by about 1% compared with the average production component published by the PUA in March 2023 and which was valid up to and including January 2024.

**D. Iron Swords war**

On October 7, 2023, a surprise attack was launched by the Hamas terrorist organization against the State of Israel, following which an extensive mobilization of reserves was carried out and the Israeli government declared a state of war (“Iron Swords War”). During the days of fighting, thousands of rockets were launched towards the State of Israel, and shrapnel fell several times in the territory of the power plant, which caused immaterial damage to property and equipment but did not impact the regular operation of the power plant.

The security situation resulted in a decrease in the scope of economic and business activity in the country and caused, among other things, a disruption in the supply and production chain, a decrease in the scope of national transportation, a shortage of personnel as well as a decrease in the value of financial assets and an increase in the exchange rate of foreign currencies relative to the shekel.

The Company estimates at this stage, based on the information it has as of the date of approval of the financial statements, that the current events and the security escalation in Israel have an impact on its results but that the impact on its short-term business results will be immaterial. Since this is an event that is not under the control of the Company and matters such as the fighting continuing or stopping may affect the Company’s assessments, as at the reporting date the Company is unable to assess the extent of the effect of the war on its business activities and on its medium and long term results. The Company is continuing to regularly follow developments on the matter and is examining the effects on its operations and the value of its assets.

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 2 - Basis of Preparation**
**A. Declaration of compliance with international financial reporting standards.**

These financial statements have been prepared by the Company, in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These financial statements were authorized for issue by the Company's Board of Directors on February 29, 2024.

**B. Functional and presentation currency**

These financial statements are presented in NIS, which is the Company's functional currency, and have been rounded to the nearest thousand. The NIS is the currency that represents the principal economic environment in which the Company operates.

**C. Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following assets and liabilities:

- Derivative financial instruments measured at fair value through profit or loss.
- Deferred tax liabilities.
- Provisions

For further information regarding the basis of measurement of the above assets and liabilities, see Note 3, regarding Significant Accounting Policies.

**D. Use of estimates and judgments**

The preparation of financial statements in conformity with IFRSs requires management to make judgments, 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 preparation of accounting estimates used in the preparation of the Company's financial statements requires management to make assumptions regarding circumstances and events that involve considerable uncertainty. Management of the Company prepares the estimates on the basis of past experience, various facts, external circumstances, and reasonable assumptions according to the pertinent circumstances of each estimate. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about assumptions made by the Company with respect to the future and other reasons for uncertainty with respect to estimates that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year are included in the following notes:

*Useful lives of fixed assets and residual value*

On May 19, 2014, the construction of the power plant was completed and is available for use as of that date and therefore as of that date, the systematic depreciation of the power plant began. Accordingly, the Company examined the useful life of each significant component of fixed assets as described in Note 3.C.3 below considering the expected residual value at the end of the useful life. The estimated residual value, depreciation method and useful life, are evaluated by the Company, at least once per reporting year and adjusted when necessary.

**Notes to the Financial Statements as at December 31, 2023**

---

**Note 2 - Basis of Preparation (cont'd)****D. Use of estimates and judgments (cont'd)***Assessment of the probability of contingent liabilities*

The Company creates provisions or reverses provisions in respect of contingent liabilities Among other things, based on the premise whether it is more likely than not that an outflow of economic resources will be required in respect of those liabilities. See Note 12.

**E. Operating cycle period**

The Company's normal operating cycle is one year. As a result, current assets and current liabilities include items the realization of which will take place within the Company's normal operating cycle.

**Note 3 - Significant Accounting Policies**

The accounting policies set out below have been applied consistently by the Company for all periods presented in these financial statements.

**A. Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

**B. Financial instruments****1. Non-derivative financial assets****Classification and measurement of financial assets and financial liabilities, initial recognition and measurement**

The Company initially recognizes trade receivables at the time of their creation. The rest of the financial assets and financial liabilities are initially recognized on the date that the Company becomes a party to the contractual terms of the instrument. In general, a financial asset is initially measured at fair value plus, in the case of a financial asset not presented at fair value through profit and loss, transaction costs directly attributable to the acquisition or issue of the financial asset. A trade receivable that does not include a significant financing component is initially measured at the transaction price.

**Financial assets - classification and subsequent measurement**

The Company has balances of trade receivables and other receivables held within the framework of a business model whose objective is the collection of contractual cash flows. The contractual cash flows in respect of these financial assets include only principal and interest payments reflecting consideration for the time value of the money and the credit risk. Accordingly, these financial assets are measured at amortized cost and their effect is carried to profit and loss.

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 3 - Significant Accounting Policies (cont'd)**
**B. Financial instruments (cont'd)**
**1. Non-derivative financial assets (cont'd)**
***Derecognition of financial assets***

Financial assets are derecognized when the contractual rights of the Company to the cash flows from the asset expire, or the Company transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. When the Company retains substantially all of the risks and rewards of ownership of the financial asset, it continues to recognize the financial asset.

**2. Non-derivative financial liabilities**

Non-derivative financial liabilities include loans and borrowings from banks, lease liabilities, and trade and other payables.

**Initial recognition of financial liabilities**

The Company initially recognizes debt securities issued on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

**Subsequent measurement of financial liabilities**

Financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

**Derecognition of financial liabilities**

Financial liabilities are derecognized when the obligation of the Company, as specified in the agreement, expires or when it is discharged or cancelled.

**Offset of financial instruments**

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**3. Derivative financial instruments**
**Economic hedging**

Hedge accounting is not applied to derivative instruments used to economically hedge financial assets and financial liabilities denominated in foreign currency. Changes in the fair value of these derivatives are recognized in profit or loss, as financing income or expenses.

**4. CPI-linked assets and liabilities that are not measured at fair value**

The value of CPI-linked financial assets and liabilities, which are not measured at fair value, is remeasured every period in accordance with the actual increase/decrease in the CPI.

**Notes to the Financial Statements as at December 31, 2023**

---

**Note 3 - Significant Accounting Policies (cont'd)****C. Fixed assets****1. Recognition and measurement**

Fixed asset items are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of self-constructed assets includes costs directly attributable to the assets, direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, estimates of dismantling and restoration costs of the items, and capitalized borrowing costs. During the commissioning period, the Company capitalized costs and revenues incurred as a result of competence tests attributed to the power plant.

Spare parts, auxiliary equipment and backup equipment are classified as fixed assets once they meet the definition of fixed assets in accordance with IAS 16, otherwise they are classified as inventory.

When major parts of a fixed asset item (including costs of major periodic inspections) have different useful lives, they are accounted for as separate items (major components) of fixed assets. Gains and losses on disposal of a fixed asset item are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized net within "other income" or "other expenses", as relevant, in profit or loss.

Changes in the obligation to dismantle and remove the items and to restore the site on which they are located, other than changes deriving from the passing of time, are added to or deducted from the cost of the asset in the period in which they occur. The amount deducted from the cost of the asset shall not exceed the balance of the carrying amount, and any balance is recognized immediately in profit or loss.

**2. Subsequent costs**

The cost of replacing part of a fixed asset item and other subsequent expenses are capitalized if it is probable that the future economic benefits associated with them will flow to the Company and their cost can be measured reliably. The carrying amount of the replaced part of a fixed asset item is derecognized. The costs of day-to-day servicing are recognized in profit or loss as incurred.

**3. Depreciation**

An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management.

As mentioned in Note 1.C.1 the Company began depreciating the fixed assets on the day the power plant began operating in accordance with the depreciation rates listed below. Depreciation is recognized in the profit and loss statement on a straight-line basis (unless otherwise stated) over the estimated useful life of each significant part of the fixed asset, since this method most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

**Notes to the Financial Statements as at December 31, 2023****Note 3 - Significant Accounting Policies (cont'd)****C. Fixed assets (cont'd)****3. Depreciation (cont'd)**

The estimated useful lives for the current period are as follows:

	<b>Depreciation rates</b>
Buildings and permanent connections	4%
Turbine components	4% or by operating hours
Machinery, equipment and apparatus	Mainly 4%
Monitoring station	10%
Spare parts	4%
Backup diesel	Upon usage
Leasehold improvements	10%

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting year and adjusted when necessary.

**D. Impairment**Non-financial assetsTiming of impairment testing

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Determining cash-generating units

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Measurement of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the assessments of market participants regarding the time value of money and the risks specific to the asset or cash-generating unit, for which the estimated future cash flows from the asset or cash-generating unit were not adjusted.

**E. Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The carrying amount of the provision is adjusted each period to reflect the time that has passed and is recognized as a financing expense.

Provision for decommissioning and restoration – The Company recognized a provision for decommissioning and restoration costs regarding its obligation under the lease agreement of the land on which the power plant is located. Changes to this provision arising from changes in the interest rate are recognized against the fixed assets.



**Notes to the Financial Statements as at December 31, 2023**


---

**Note 3 - Significant Accounting Policies (cont'd)**
**F. Indemnification asset**

The Company recognizes indemnification assets for damages and faults caused to turbines at the power plant and for loss of profits if it is virtually certain that the indemnity will be received.

**G. Revenues**

The Company's revenues mainly include revenues from selling electricity to end customers and to the IEC and from providing availability to the system manager.

The Company recognizes revenues when the customer obtains control over the promised goods or services, when the electricity reaches the customers and when the availability is put at the disposal of the system manager. The revenue is measured according to the amount of the consideration to which the Company expects to be entitled in exchange for the goods or services promised to the customer, other than amounts collected for third parties.

**Identifying the contract**

The Company accounts for a contract with a customer only when the following conditions are met:

- (a) The parties to the contract have approved the contract (in writing, orally or according to other customary business practices) and they are committed to satisfying the obligations attributable to them.
- (b) The Company can identify the rights of each party in relation to the goods or services that will be transferred.
- (c) The Company can identify the payment terms for the goods or services that will be transferred.
- (d) The contract has a commercial substance.
- (e) It is probable that the consideration, to which the Company is entitled to in exchange for the goods or services transferred to the customer, will be collected.

For the purpose of paragraph (e) the Company examines, inter alia, the spread of the contractual payments, past experience with the customer and the status and existence of sufficient collateral.

**Identifying performance obligations**

On the contract's inception date, the Company assesses the goods or services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer one of the following:

- (a) Goods or services (or a bundle of goods or services) that are distinct.
- (b) A series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The Company identifies goods or services promised to the customer as being distinct when the customer can benefit from the goods or services on their own or in conjunction with other readily available resources and the Company's promise to transfer the goods or services to the customer is separately identifiable from other promises in the contract. In order to examine whether a promise to transfer goods or services is separately identifiable, the Company examines whether it is providing a significant service of integrating the goods or services with other goods or services promised in the contract into one integrated outcome that is the purpose of the contract. In contracts with customers for the sale of electricity, the Company has identified one performance obligation in each contract.

**Notes to the Financial Statements as at December 31, 2023**

---

**Note 3 - Significant Accounting Policies (cont'd)****G. Revenues (cont'd)****Variable consideration**

The transaction price includes fixed amounts and amounts that may change as a result of discounts, refunds, credits, price concessions, incentives, performance bonuses, penalties, claims and disputes and contract modifications that the consideration in their respect has not yet been agreed by the parties.

The Company includes variable consideration, or part of it, in the transaction price only when it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved. At the end of each reporting period and if necessary, the Company revises the amount of the variable consideration included in the transaction price.

**Satisfaction of performance obligations**

Revenue is recognized when the Company satisfies a performance obligation by transferring control over promised goods or services to the customer. The Company transfers control over the services at a point in time, and accordingly recognizes revenues at a point in time.

**Determining the transaction price**

The transaction price is the amount of consideration that the Company expects to be entitled to in exchange for the transfer of goods or services promised to the customer, other than amounts collected for the benefit of third parties. When determining the transaction price, the Company takes into account the effects of all of the following: variable consideration and consideration payable to the customer.

**H. Income tax expense**

Income tax expense is comprised of deferred taxes.

Deferred taxes are recognized with respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. The measurement of deferred taxes reflects the tax consequences that will result from the way the Company expects, at the end of the reporting period, to restore or remove the carrying amounts of assets and liabilities. Deferred tax is measured at the tax rates expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized for tax loss carry forwards, tax benefits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 3 - Significant Accounting Policies (cont'd)**
**I. Leases**
**(1) Determining whether an arrangement contains a lease**

On the inception date of the lease, the Company determines whether the arrangement is a lease or contains a lease, while examining if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In its assessment of whether an arrangement conveys the right to control the use of an identified asset, the Company assesses whether it has the following two rights throughout the lease term:

- (a) The right to obtain substantially all the economic benefits from use of the identified asset; and
- (b) The right to direct the identified asset's use.

For lease contracts that contain non-lease components, such as management fees, that are related to a lease component, the Company elected to account for the contract as a separate component from the lease.

**(2) Leased assets and lease liabilities**

Contracts that award the Company control over the use of a leased asset for a period of time in exchange for consideration, are accounted for as leases. Upon initial recognition, the Company recognizes a liability at the present value of the balance of future lease payments (these payments do not include certain variable lease payments that do not depend on an index or a rate), and concurrently recognizes a right-of-use asset at the same amount of the lease liability, adjusted for any prepaid or accrued lease payments, plus initial direct costs incurred in respect of the lease.

Since the interest rate implicit in the Company's leases is not readily determinable, the incremental borrowing rate of the lessee is used. Subsequent to initial recognition, the right-of-use asset is accounted for using the cost model and depreciated over the shorter of the lease term or useful life of the asset.

**(3) The lease terms**

The lease term is the non-cancellable period of the lease plus periods covered by an extension or termination option if it is reasonably certain that the lessee will or will not exercise the option, respectively.

**(4) Variable lease payments**

Variable lease payments that depend on an index or a rate, are initially measured using the index or rate existing at the commencement of the lease and are included in the measurement of the lease liability. When the cash flows of future lease payments change as the result of a change in an index, the balance of the liability is adjusted against the right-of-use asset.

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 3 - Significant Accounting Policies (cont'd)**
**I. Lease (cont'd)**
**(5) Depreciation of right-of-use asset**

After lease commencement, a right-of-use asset is measured on a cost basis less accumulated depreciation and accumulated impairment losses and is adjusted for re-measurements of the lease liability. Depreciation is calculated on a straight-line basis over the useful life or contractual lease period, whichever earlier, as follows: land 20.4 years, and offices 3.5 years.

**J. Financing income and expenses**

Financing expenses include interest expenses on borrowings, fees and changes in time value of provisions. In the statements of cash flows, interest received is presented as part of cash flows from investing activities. Interest paid and dividends paid are presented as part of cash flows from financing activities. Foreign currency gains and losses on financial assets and financial liabilities, changes in the fair value of financial assets at fair value through profit or loss, and gains (losses) on hedging instruments that are recognized in profit or loss are reported on a net basis as either financing income or financing expenses depending on whether foreign currency movements are in a net gain or net loss position.

**K. Initial application of new standards, amendments to standards and interpretations**
**(1) Amendment to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The Amendment narrows the scope of the exemption from recognizing deferred taxes as a result of temporary differences created at the initial recognition of assets and/or liabilities, so that it does not apply to transactions that give rise to equal and offsetting temporary differences.

As a result, the company will need to recognize a deferred tax asset or a deferred tax liability for these temporary differences at the initial recognition of transactions that give rise to equal and offsetting temporary differences, in lease transactions and provisions for decommissioning and restoration.

The Amendment is applicable for annual periods beginning on January 1, 2023, for deferred taxes arising from leases and liabilities for decommissioning and restoration. The application of the amendment did not have a material effect on the financial statements.

**(2) Amendment to IFRS 16, Leases: Lease Liability in a Sale and Leaseback**

The amendment clarifies the accounting treatment of variable payments of a seller-lessee in a sale and leaseback transaction. According to the amendment, a seller-lessee shall include estimates of variable lease payments upon the initial measurement of the lease liability, and subsequent to initial recognition, it shall apply the subsequent measurement requirements to the lease liability, in a way that it does not recognize any gain or loss that relates to the right-of-use it retains.

The amendment is applicable as from January 1, 2024, with possibility for early adoption. In the opinion of the Company, application of the amendment is not expected to have a material effect.

**Notes to the Financial Statements as at December 31, 2023****Note 4 - Cash and Cash Equivalents**

	December 31	
	2023	2022
	NIS thousands	NIS thousands
Balances in banks	7	15
Deposits on demand	219,239	151,466
	<u>219,246</u>	<u>151,481</u>

**Note 5 - Trade Receivables and Accrued Income**

	December 31	
	2023	2022
	NIS thousands	NIS thousands
Trade receivables	15,061	3,372
Accrued income	197,148	235,552
	<u>(343)</u>	<u>(343)</u>
	<u>211,866</u>	<u>238,581</u>

**Note 6 - Other Receivables**

	December 31	
	2023	2022
	NIS thousands	NIS thousands
Government institutions	55	1,634
Indemnification asset for insurance	-	11,252
Advances to suppliers	1,039	594
Prepaid expenses	11,001	19,329
	<u>12,095</u>	<u>32,809</u>

## Notes to the Financial Statements as at December 31, 2023

## Note 7 - Fixed Assets

## A. Composition

	Power plant	Furniture and equipment	Leasehold improvements	Total
	NIS thousands			
<b>Cost</b>				
Balance as at January 1, 2022	*4,782,299	3,429	836	4,786,564
Additions	110,650	65	-	110,715
Disposals	(37,294)	-	-	(37,294)
Balance as at December 31, 2022	4,855,655	3,494	836	4,859,985
Additions	101,887	195	-	102,082
Provision for restoration and decommissioning (see note C)	(11,057)	-	-	(11,057)
Disposals	(44,086)	-	-	(44,086)
Balance as at December 31, 2023	4,902,399	3,689	836	4,906,924
<b>Depreciation and impairment losses</b>				
Balance as at January 1, 2022	*1,404,707	2,805	586	1,408,098
Depreciation for the year	235,610	290	85	235,985
Disposals	(37,294)	-	-	(37,294)
Balance as at December 31, 2022	1,603,023	3,095	671	1,606,789
Depreciation for the year	237,399	187	85	237,671
Disposals	(44,086)	-	-	(44,086)
Balance as at December 31, 2023	1,796,336	3,282	756	1,800,374
<b>Carrying amounts</b>				
As at December 31, 2022	3,252,632	399	165	3,253,196
As at December 31, 2023	3,106,063	407	80	3,106,550

## B. Liens

See Note 12.C regarding a lien on the Company's assets that serves as security for the liabilities of the Company and the shareholders to the funding groups.

\* Reclassified - Deductions were made of the cost and the accumulated depreciation in identical amounts, for old assets that were fully depreciated in previous periods.

## C. Provision for restoration and decommissioning

During 2023, an update was made to the liability for restoration and decommissioning against a decrease in fixed assets in the amount of approximately NIS 11 million.

## Notes to the Financial Statements as at December 31, 2023

## Note 8 - Loans from Banks

## C. Provision for restoration and decommissioning (cont'd)

This note provides information regarding the contractual terms of the Company's bank loans measured at amortized cost. Further information on the Company's exposure to interest and liquidity risks is included in Note 17 on financial instruments (see Note 12.A.1).

## Loans and borrowings - details regarding interest rates and linkage

	Currency and linkage base	December 31,	Carrying amount as at December 31	
		2023	2023	2022
		Effective interest	NIS thousands	NIS thousands
		%		
Loans from banks	CPI-linked NIS	5.1%	2,295,112	2,491,401
Less current maturities (including accrued interest as at December 31)			299,203	279,506
			1,995,909	2,211,895

## Note 9 - Trade Payables

	December 31	
	2023	2022
	NIS thousands	NIS thousands
Open debts	24,266	51,555
Accrued expenses	141,823	176,913
	166,089	228,468

## Note 10 - Other Payables

	December 31	
	2023	2022
	NIS thousands	NIS thousands
Government institutions	2,435	-
Accrued expenses (*)	10,098	9,876
Other payables	1,413	1,563
Dividend payable	17,500	-
	31,446	11,439
(*) Including accrued expenses due to related and interested parties (see note 19)	1,826	1,617

**Notes to the Financial Statements as at December 31, 2023**
**Note 11 - Taxes on Income**
**A. Details regarding the tax environment of the Company**

- (1) The tax rate that is relevant to the Company in the years 2021-2023: 23%

Deferred taxes for the reported periods are calculated according to the tax rates presented above.

- (2) The Company is an “Industrial Company” as defined in the Law for the Encouragement of Industry (Taxes) 1969 and accordingly is entitled to certain benefits including accelerated depreciation.

**B. Composition of income tax expense**

	Year ended December 31, 2023	Year ended December 31, 2022	Year ended December 31, 2021
	NIS thousands	NIS thousands	NIS thousands
Tax expenses for previous years	-	-	20,466
Deferred tax expense (income)	63,079	22,340	(7,622)
Total tax expense	63,079	22,340	12,844

**C. Deferred tax liabilities and assets recognized**

The deferred taxes are calculated using the tax rate expected to apply when reversed as stated above. The movement in deferred tax assets and liabilities is attributable to the following items:

	Fixed assets	Provisions and other temporary differences	Carry-forward tax losses	Total
	NIS thousands			
Balance of deferred tax asset (liability) as at January 1, 2022	(249,597)	12,356	44,565	(192,676)
Changes recognized profit or loss	(56,969)	135	34,494	(22,340)
Balance of deferred tax asset (liability) as at December 31, 2022	(306,566)	12,491	79,059	(215,016)
Changes recognized profit or loss	(54,248)	(2,386)	(6,445)	(63,079)
Balance of deferred tax asset (liability) as at December 31, 2023	(360,814)	10,105	72,614	(278,095)



**Notes to the Financial Statements as at December 31, 2023**


---

**Note 11 - Taxes on Income (cont'd)**
**D. Reconciliation between the theoretical tax on the pre-tax profit and the tax expense.**

	Year ended December 31, 2023	Year ended December 31, 2022	Year ended December 31, 2021
	NIS thousands	NIS thousands	NIS thousands
Profit before taxes on income	274,394	97,620	54,570
Statutory tax rate of the Company	23%	23%	23%
Tax calculated according to the Company's statutory tax rate	63,111	22,453	12,551
Non-deductible and other expenses (exempt revenue)	(32)	(113)	293
Income tax expense	63,079	22,340	12,844

**E. Carry-forward tax losses**

The total amount of carry-forward tax losses from business as at December 31, 2023 is approximately NIS 316 million (as of December 31, 2022 – NIS 345 million). The Company has recorded deferred taxes in respect of these losses, since the Company expects to utilize them against taxable income for tax purposes that will be created for the Company in the foreseeable future.

**F. Tax assessments**

The Company has final tax assessments up to and including 2020.

On December 30, 2021, the Company signed a final assessment agreement for the years 2015-2020 with the Tax Authority which determined the treatment of the power plant's depreciation throughout the period of its operation. It was determined that the Company would adjust depreciation expenses in the amount of approximately NIS 1,871 million so that a tax liability was created for the Company for the 2020 tax year in the amount of approximately NIS 22 million including interest and linkage. According to the agreement, the amortization expenses adjusted as stated above will be allowed for deduction to the Company as a current business expense in equal parts starting from January 1, 2021, for a period of 5 years, NIS 374 million each year. It is also stipulated in the agreement that in connection with the arbitration procedure, for which a derivative claim was filed (as described in Note 12.A.9), the Company will reflect the results of the arbitral award in the first tax report it submits after the date of the ruling and resolution of the claim in a final and absolute manner.

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 12 - Contingent Liabilities, Commitments and Guarantees**
**A. Commitments and liabilities**
**1. Financing agreements**

On November 29, 2010 (hereinafter: “the Financial Closing Date”), the Company signed a financing agreement and several related agreements with Bank Hapoalim Ltd. as the financial organizer, Clal Credit and Financing Ltd. from the Clal Insurance Enterprises Holdings Ltd. group as the organizer of the institutional consortium and a consortium of banks and institutional investors (hereinafter: “the Financing Parties”) to provide financing in the amount of up to NIS 3,850 million linked to the CPI, though not more than 80% of the costs of construction of a power plant for generating electricity in Ashkelon, subject to the terms of the provisions of the financing agreement and the related agreements (hereinafter: “the Financing Agreements”). Likewise, bank guarantees will be provided to third parties according to the project documents. The financing agreement includes representations and warranties concerning the Company and the project where breaching these representations and warranties is likely to lead, inter alia, to a demand for immediate repayment of the outstanding credit and/or a breach of the Company’s obligations and/or to the cancellation of the license.

Accordingly, the Company is required to comply with the following coverage ratios every May 27 and November 27:

1. The Company is required to maintain a debt coverage ratio of 1.1:1 over two consecutive calculation periods, and a debt coverage ratio of 1.05:1 over the entire calculation period.
2. The Company is required to maintain a minimal loan life coverage ratio of 1.1:1.

As at December 31, 2023, in accordance with the Company’s cash flow forecasts, the Company is in compliance with the above coverage ratios

According to the Company’s financing agreement, the annual interest rate on the Company’s debt to the financing corporations is updated every three years, according to the Company’s rating. On April 4, 2023, the rating company S&P Maalot updated the Company’s debt rating outlook to ILAA-/Negative. The updating of the aforementioned forecast had no effect on the Company’s interest rate. Insofar as there is no change in the Company’s rating, the interest rate will continue to be about 5.1% and if the rating is lowered the interest rate will rise to about 5.5%.

---

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 12 - Contingent Liabilities, Commitments and Guarantees (cont'd)****A. Commitments and liabilities (cont'd)****1. Financing agreements (cont'd)**

Within the framework of signing the Financing Agreements, other agreements related to the financing agreement were signed as follows:

**a. Capital Injection Agreement and a Subordinated Loan Agreement**

These agreements include the obligation of the shareholders towards the Company and the Financing Parties, to inject, separately, and each according to their relative share, from time to time and in parallel with each request to draw from the financing facilities, a total of up to approximately 20% cash (hereinafter: "the Shareholders Investment"), and this either for the issuance of shares or as shareholders' loans, which in any case, will be subordinate to and pledged to the obligations of the Company towards the Financing Parties, according to the terms of the agreements. According to the Capital Injection Agreement and as security for the commitment of the shareholders to provide their relative portion of the Shareholders' Investment, the shareholders provided on the same date, cash and bank guarantees in the amount of their obligation to inject the Shareholders' Investment; this, less any equity provided to the Company prior to that date. The Capital Injection Agreement includes representations and obligations with regards to the shareholders and the project where their breach is likely to lead, inter alia, to a demand for immediate repayment of the outstanding credit and/or a breach of the Company's obligations and/or to the cancellation of the license. According to the Subordinated Loan Agreement, any shareholder loan will be linked to the CPI and bear interest at an annual rate of 10%. In addition, it was agreed that any distribution to the shareholders, including loan repayments, will be subject to the compliance of the Company with the financial covenants set forth in the financing agreements. During the reporting period there was no change in the relative holdings of the shareholders. Within the framework of the financing agreement, there is a lien on all the issued share capital of the Company in favor of Poalim Trust Services Ltd., as the trustee of the Financing Parties.

**b. Account agreement**

The agreement sets the establishment of the project accounts and sets out the distribution of the cash flows among the accounts. In addition, the agreement sets out terms and procedures for executing deposits and withdrawals from each account, determines the minimum balances in each of the reserve funds, and sets out the priorities with respect to payments between the accounts and other terms regarding the management of the accounts, including the issue of transfers between accounts. The reserve funds are a debt service fund, a heavy maintenance fund, a fund for regulation fines and a distribution fund. As at December 31, 2023, the balances of the deposits for the reserve funds are: NIS 228 million in the debt service fund, NIS 207 million in the heavy maintenance fund, NIS 76 million in the distribution fund and NIS 11 million in the regulation fines fund. These amounts are classified in the statement of financial position as "long-term restricted deposits".

**2. Agreement to lease land**

In 2008 an agreement was signed between the Company and EAIS for the lease of 74.5 dunams of land for the power plant, for a period of 24 years and 11 months from the date of its commercial operation. In the same year and in the framework of the agreement, the Company paid EAIS an amount of NIS 3,047 thousand in respect of its share in the lease payments that were paid by EAIS to the Israel Lands Administration. According to the provisions of IFRS 16 the carrying amount of this payment is classified as "long-term prepaid expenses" and is amortized over the lease period. During 2010 the Company signed an addendum to the agreement. According to the addendum to the agreement, in exchange for the lease of the land on which the power plant was constructed the Company will pay an annual amount of NIS 3,705 thousand linked to the Consumer Price Index over a period of 25 years from the date of commercial operation. See also Note 19 Related Parties. The land lease is accounted for according to IFRS 16 (see Note 18, Leases).

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 12 - Contingent Liabilities, Commitments and Guarantees (cont'd)**
**A. Commitments and liabilities (cont'd)**
**3. O&M Agreement**

An agreement between the Company and the Eilat-Ashkelon Power Plant Services Company - EAPPS ("the Maintenance Contractor") for the operation and maintenance of the power plant for a predetermined monthly payment defined in the Agreement for a period of 24 years and 11 months commencing the date of receipt of the production license. The Maintenance Contractor will transfer some of the larger maintenance projects to a subcontractor (Zolru O&M) under a separate agreement, however it will retain full responsibility towards the Company with respect to all of its obligations under the agreement.

During 2013, the Maintenance Contractor entered into a sub-contracting agreement with EZOM Ltd., a related party held by related companies, by which the current operation and maintenance work of the power plant will be transferred to it the maintenance contractor will retain full responsibility regarding its obligations toward the Company.

During August 2016 and in accordance with a price review mechanism included in the O&M agreement, the prices of some of the items included in the agreement were updated. The update was applied retroactively from the beginning of 2016.

In December 2017, an agreement was signed between EAPPS and EZOM Ltd which replaced EAPPS. The terms of the agreement are the same as the agreement with EAPPS.

On November 29, 2022, the EAPPS agreement was assigned to EAIS. On August 22, 2022, the operating contractor announced that on August 15, 2022, the name of the company was changed from EZOM Ltd to Edeltech O&M Ltd. The Company was also informed that 25% of the ordinary shares in the Maintenance Contractor, which confer voting rights, were transferred to Edeltech Holdings 2006 Ltd., which from that date owns 100% of the issued and paid-up share capital of the Maintenance Contractor.

**4. Gas Pipeline Agreement**

On November 25, 2010, the Company signed a standard agreement approved by the Gas Authority according to which the government company Israel Natural Gas Lines Ltd. ("INGL") connected the power plant to the natural gas pipeline. In accordance with the agreement, the Company paid connection fees in the amount of NIS 47 million which was recognized as long-term prepaid expenses and will be amortized over the operating period. In addition, according to the agreement, the Company is obligated to pay INGL, commencing from the date of completing the connection in November 2013, a monthly payment for the capacity in the pipeline and a variable payment for gas flowing through the pipeline.

**5. Diesel Storage agreement**

The Company has an agreement with Europe Asia Pipeline Company Ltd (hereinafter: "EAPC") regarding storage of diesel on its premises.

According to the agreement, the Company will store diesel at the quantities needed by it both as a backup of alternative fuel as required by Electricity Market Regulations and for the Company's current needs in an overall estimated amount of 14,000 cubic meters pursuant to the conditions and periods set forth in the agreement.

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 12 - Contingent Liabilities, Commitments and Guarantees (cont'd)**
**A. Commitments and liabilities (cont'd)**
**6. Agreement to purchase natural gas**

On October 15, 2012, the Company entered into an agreement with the partners in the Tamar license ("Tamar") by which, in accordance with the mechanisms set forth in the agreement, the Company will purchase natural gas from Tamar for operating the power plant it is constructing in Ashkelon.

As of December 31, 2014, the financial scope of the Company's commitment to purchase gas from the date of its flow, as defined in the agreement, until the actual consumption of gas begins is estimated at NIS 100,800 thousand. This commitment was not recognized in the Company's books. However, in accordance with the agreement, if the Company does not actually consume the minimum quantity it has undertaken, it will be required to consume this quantity, in addition to the minimum gas quantity to which the Company is obligated each year during the following three years.

On April 30, 2015, the Company received a notification from Tamar whereby the "interim period", as defined in the agreement, began on May 5, 2015. Pursuant to the agreement, during the interim period, the supply of gas to the Company will be subject to the quantities of natural gas that will be available to Tamar at that time after supplying natural gas to other customers of Tamar with which contracts for the supply of natural gas were signed prior to the signing of the agreement with the Company. The interim period will end when Tamar completes, should it ultimately complete, a project for expansion of the supply capacity of a system for treatment and transfer of natural gas from the Tamar reserve, upon fulfillment of the preconditions detailed in the agreement. On November 26, 2016, the Company received notification from Tamar whereby the interim period will end on September 30, 2020. On April 2, 2019, the Company entered into an addendum to the agreement with the partners in the Tamar license ("Tamar") according to which the gas quantities specified in the addendum to the agreement that the Company purchases from Tamar will not be included for the purpose of calculating the quantities of gas at the time of the reduction of the purchases from Tamar, in accordance with the instructions of the agreement with Tamar and in accordance with the instructions of the framework for increasing the quantity of natural gas produced from the Tamar natural gas field and rapid development of the Leviathan, Karish and Tanin natural gas fields and additional fields from August 16, 2015 ("Gas framework"). The addendum to the agreement was subject to certain suspending conditions which were fulfilled in July 2019. On January 22, 2020, the Company received notification from Tamar that the "Interim Period" will end on March 1, 2020. According to the notification and the terms of the agreement, Tamar will consider the Company as a permanent customer commencing from the end of the "Interim Period".

On March 22, 2021, the Company and the partners in the Tamar reservoir (hereinafter: "Tamar") signed an amendment to the agreement to purchase gas from the Tamar reservoir in which the parties agreed on the amount of gas that the Company will purchase from the Tamar reservoir as from January 1, 2022. The agreement also provides that in respect of that agreement the Company will be entitled to compensation in the amount specified in the agreement. The compensation was received in the third quarter of 2021 and is presented in the other payables item and in the long-term liabilities item.

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 12 - Contingent Liabilities, Commitments and Guarantees (cont'd)**
**A. Commitments and liabilities (cont'd)**
**6. Agreement to purchase natural gas (cont'd)**

On April 5, 2021, the Company entered into an additional gas purchase agreement with Tamar pursuant to which the Company is entitled to purchase additional quantities of gas from Tamar over a period of 4 years ending on April 5, 2025. As part of the agreement, the Company will receive a grant in the amount specified in the agreement, which depends partly, among other things, on the amount of gas consumption quantities determined in the agreement. Half of the grant was received in the first quarter of 2022 and is presented in the other payables item and in the long-term liabilities item, and half on the date of termination of the contract after meeting the conditions according to the agreement.

The addendum to the agreement and the additional agreement were subject to certain suspending conditions that were met on July 14, 2021. The grant and the compensation will be recognized in profit or loss as a decrease in energy costs over the periods specified in the addendum and the additional agreement.

**7. Agreement to sell electricity**

As at the reporting date the Company has agreements to sell electricity at the full production capacity of the power plant. The electricity delivery agreements are, mainly, based on a reduced rate compared to the rate applicable to electricity consumers in the general market, as defined by the Authority for Public Services-Electricity.

**8. Property tax assessments in respect of the plant**

In 2014 the Company signed a settlement agreement with the Ashkelon Municipality which determined the annual municipal tax rate up to and including 2025.

On March 1, 2022, the Company received a municipal rate assessment from the Ashkelon Municipality for the years 2019-2022 in the amount of approximately NIS 18 million (of which a total of NIS 13.9 million is attributed to the years 2019-2021) that it claims is due to both an error in the size of the property of the Ashkelon power plant on which the Company pays municipal taxes and in its classification. On March 6, 2022, the Company filed an objection with the Ashkelon Municipality's municipal rate director regarding these charges. In this objection, it was argued, among other things, that in 2015 the Company had signed a compromise agreement with the Ashkelon Municipality that arranged the payment of municipal rates until 2025 and which must be acted upon and that there is no basis for correcting the assessment. The director of property taxes rejected that argument in a reply to the objection, and an appeal was filed against this reply to the Appeals Committee for Property Tax Affairs. In the opinion of the Company's management, based on the position of the Company's legal advisers, if the Company's objection is not fully accepted there is a probability exceeding 50% that the Company will not be required to pay more than NIS 1.5 million for the said assessment. During the year 2022, the Company included a provision in the said amount.

---

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 12 - Contingent Liabilities, Commitments and Guarantees (cont'd)****A. Commitments and liabilities (cont'd)****9. Claims by Dori Energy, Zorlu, Edelcom and EAIS****a) *Petition to Approve a Derivative Claim filed by Dori Energy and Hemi Raphael within the arbitration***

On April 12, 2015, the Company received two letters from representatives of Dori Energy (hereinafter- "The Representatives") that were addressed to the Company's Chairman of the Board. In these letters, the Company is requested to take legal action to reveal the engagement between one of the shareholders of the Company, Zorlu Enerji Elektrik Uretim A.S. and the construction contractor of the Dorad power station, Wood Group (EPC contractor). On July 16, 2015, after the request of the Representatives was not accepted, the Representatives filed with the court a motion to approve a derivative claim in the name of the Company against Zorlu (including the representatives of Zorlu on the Company's Board of Directors) and the EPC contractor. In the framework of the motion to which also the derivative claim was attached, the Representatives demanded that documents and information regarding the engagement between Zorlu and the EPC contractor be disclosed and handed over.

On November 15, 2015, the Company filed its reply in which it reiterated its position that the motion for approval of the derivative claim should be denied.

On January 12, 2016, the Representatives filed a motion to amend the motion for approval of a derivative claim (hereinafter: "the motion for amendment"). The motion for amendment raises new allegations by which Zorlu together with Ori Edelsburg (a director in the Company) and companies under his control supposedly conspired to deceive the Company by "inflating" the cost of the EPC agreement for the purpose of splitting between them the profits from such "inflation". In addition, in the framework of the motion for amendment it is requested to add Mr. Ori Edelsburg and companies under his control as defendants to the amended motion for approval of a derivative claim and, also, to remove from the claim the representatives of Zorlu on the Company's Board of Directors. It is noted that the motion for approval of a derivative claim as well as the amended motion for approval of a derivative claim that was attached to the motion for amendment, do not include any monetary relief rather request that the court give the Representatives permission to split the relief so that they may file a separate monetary claim in the future on behalf of the Company with respect to the Company's financial damages, after they receive all the documents and information they are requesting. On April 20, 2016, a court hearing was held that focused on the motion to amend the derivative claim that was filed by the Representatives. At the end of the hearing, the court accepted the motion to amend the derivative claim so that the amended derivative claim is now on the agenda. At the end of July 2016, the respondents filed their responses to the court regarding the amended motion to approve a derivative claim. In accordance with their responses, they deny the allegations included in the motion and according to them they did not do any injustice to the Company and therefore the Company has no cause of action against them. On December 27, 2016, following negotiations between the parties, an arbitration agreement was signed between the parties in which it was agreed to transfer the proceeding to arbitration and on January 3, 2017, the Representatives filed a motion to cancel the proceedings which was approved by the Supreme Court on January 8, 2017.

---

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 12 - Contingent Liabilities, Commitments and Guarantees (cont'd)****A. Commitments and liabilities (cont'd)****9. Claims by Dori Energy, Zorlu, Edelcom and EAIS (cont'd)***a) Petition to Approve a Derivative Claim filed by Dori Energy and Hemi Raphael within the arbitration (cont'd)*

Following the nomination of the new arbitrator (see Note 12.A.9.e) on April 30, 2019, a preliminary meeting was scheduled with the new selected arbitrator. During the year 2020 and the year of the report, several hearings and evidentiary hearings were held that included the summoning of witnesses. On February 15, 2021, the arbitrator approved the plaintiff's request for a change of litigant, so that in place of the late Hami Rafael, Rani Friedrich will come as a litigant in the legal proceedings. On October 31, 2021, Edelcom's summaries were filed in its lawsuit, as well as the plaintiffs' summaries in Dori and Rafael's lawsuit. On March 10, 2022, the Company submitted summaries on its behalf, in which it reiterated its position, according to which, in view of the circumstances of the arbitration proceeding, it does not take any position on it and leaves the decision on it to the discretion of the arbitrator. Also, in accordance with the arbitrator's decision, the Company submitted a notice regarding the legal expenses paid as part of the arbitration proceeding in the amount of approximately NIS 6 million.

On June 28, 2023, the arbitrator issued an arbitration ruling, according to which the requests for approval of a derivative claim on behalf of EAIS and Dori Energy were accepted, and also the derivative claim was accepted in part, according to which Zorlu, Mr. Ori Edelsburg, Edelcom and Edeltech (hereinafter: "the defendants"), jointly and severally, were required to return to the Company an amount of USD 100 million, which bears interest according to the Adjudication of Interest and Linkage Law and its regulations from January 1, 2013, until the actual date of payment. In addition, in the arbitration ruling, the defendants were required, jointly and severally, to pay expenses to the plaintiffs in the amount of NIS 20 million plus VAT as well as 80% of the Company's actual expenses in respect of the arbitration, whereas EAIS, Dori Energy, Dori Group, Mr. Rani Friedrich and Ellomay, jointly and severally, will bear 20% of the Company's actual expenses in respect of the arbitration.

On July 4, 2023, and on July 5, 2023, the parties to the arbitration (except the Company) applied to the Honorable Judge (retired) Mr. Asher Grunis (hereinafter: "Mr. Grunis") to accept to act as an appeals court on the arbitration ruling of the Honorable Judge (retired) Yitzhak Inbar, according to the arbitration agreement. On July 6, 2023, Mr. Grunis announced that he accepts the appointment. Mr. Grunis determined that the deadline for filing appeals would be November 13, 2023. On November 15, 2023, the parties submitted letters of appeal against the arbitrator's decision, the responses of the other parties to the appeals will be submitted by February 29, 2024, and response letters to the responses to the appeals will be submitted by May 6, 2024. The preliminary hearing is scheduled for May 30, 2024. In the Company's estimation, based on the opinion of its legal advisors, at this stage it is not possible to knowledgeably assess the results of the appeal proceeding. Accordingly, the effect of the aforementioned arbitration ruling has not yet been included in the financial statements.



**Notes to the Financial Statements as at December 31, 2023**


---

**Note 12 - Contingent Liabilities, Commitments and Guarantees (cont'd)**
**A. Commitments and liabilities (cont'd)**
**9. Claims by Dori Energy, Zorlu, Edelcom and EAIS (cont'd)**
*b) Third party notice from Zorlu within the arbitration*

On April 30, 2017, Zorlu sent a third-party notice to the Company, Dori Energy and Dori Group, according to which, to the extent the claim of Dori Energy is accepted, it will insist on all the rights it had in connection with its right to construct the power plant, including the right to the profits it would have received as a result of the construction, in such a manner that the third parties will owe Zorlu. In accordance with the aforementioned arbitration ruling, the request for a third party notification on behalf of Zorlu was rejected. See Section 12.A.9.a regarding the Company's assessment of the results of the arbitration proceeding.

*c) Petition to Approve a Derivative Claim filed by Edelcom within the arbitration*

On July 25, 2016, Edelcom submitted an application for approval of a derivative claim on behalf of the Company against U. Dori Group Ltd, presently Amos Luzon Development and Energy Group Ltd. (hereinafter: "the Dori Group"), Dori Energy and Ellomay Clean Energy Ltd. (hereinafter: "Ellomay"). Edelcom's claim is about an entrepreneurship agreement that was signed on November 25, 2010 between the Company and Dori Group, pursuant to which in consideration for the management and entrepreneurship services of the power plant project the Dori Group received from the Company payment in the amount of NIS 49.4 million and it undertook to continue holding, directly or indirectly, at least 10% of the Company's share capital for a period of 12 months from the date the power plant is handed over to the Company by the construction contractor (hereinafter and respectively: "the entrepreneurship agreement" and "the entrepreneurship fee").

According to Edelcom, Dori Group holds the Company through Dori Energy, which on November 25, 2010, entered into a triangular investment agreement between Dori Energy, Ellomay and the Dori Group (hereinafter: "the Dori Energy investment agreement"). In addition, according to Edelcom, when the Dori Energy investment agreement was signed Ellomay received management rights in Dori Energy that are equal to those of the Dori Group while at the same time Ellomay formally held only 40% of the issued share capital of Dori Energy and therefore it was expected that the management rights granted to it would correspond to its holding rate in Dori Energy at that time. In view of the aforesaid, according to Edelcom the Dori Group holdings have fallen below 10% and it has therefore breached its commitment according to the entrepreneurship agreement. On January 4, 2017, following the signing of an arbitration agreement in which the parties agreed to transfer the claim to an arbitration proceeding, a request was filed to the court by the parties for cancellation of the claim. In accordance with the aforementioned arbitration ruling, the request for a Derivative Claim on behalf of Edelcom was rejected. See Section 12.A.9.a regarding the Company's assessment of the results of the arbitration proceeding.

---

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 12 - Contingent Liabilities, Commitments and Guarantees (cont'd)****A. Commitments and liabilities (cont'd)****9. Claims by Dori Energy, Zorlu, Edelcom and EAIS (cont'd)***d) Statement of Claim filed by Edelcom within the arbitration*

On July 27, 2017, Edelcom submitted a lawsuit against Amos Luzon Group, Dori Energy and Ellomay ("Defendants"), in respect of the transfer of Company shares contrary to the provisions of the shareholders' agreement that was signed between the Company and its shareholders on November 25, 2010 (hereinafter: "Shareholders' Agreement"). According to Edelcom, the defendants interpreted unlawfully and in bad faith the provisions of the shareholders' agreement by entering into an investment agreement pursuant to which shares were allotted contrary to the mechanism set forth in the shareholders' agreement, which is the basis for Edelcom's motion to approve a derivative claim as described above. Edelcom is requesting various declaratory remedies and an operative remedy that includes enforcing the sanctions set forth in the shareholders' agreement, issuing an order directed to the Company and ordering it to withhold any payment due to Dori Energy by virtue of its status as a shareholder in the Company, including dividends or repayment of a shareholders' loan, and an order addressed to the Company that orders it to suspend the late Mr. Menachem Refael from his position as a director in the Company on behalf of Dori Energy and prohibit the late Mr. Refael from being present or voting in the board meetings of the Company. The parties agreed that this claim too would be transferred to an arbitration proceeding. On October 22, 2019, an arbitration ruling was issued in the Edelcom claim regarding the right of refusal to delete the claim.

*e) Statement of Claim filed by Edelcom and Zorlu*

On March 28, 2018, Zorlu and Edelcom filed a motion to remove the arbitrator from her position. On October 22, 2018, the District Court rejected the demand that the arbitrator be removed from her position. On February 12, 2019, the Supreme Court accepted the appeal of Zorlu and Edelcom and the arbitrator was removed from her position.

**10. Malfunctions in production units**

1. In November 2018, a malfunction was discovered in the generator of one of the two steam turbines of the power station following which that turbine was temporarily out of use until its repair in February 2019. This failure did not have a material adverse effect on the Company's operations. In 2019, the Company recognized an indemnification asset in the amount of NIS 5.3 million (USD 1.5 million) for this failure which was fully paid in 2019 and 2020. In 2021, the Company recognized an additional indemnification asset in the amount of approximately NIS 20 million (USD 6.5 million) which was received in full in 2022. In addition, in 2022, the Company recognized an additional insurance indemnification asset for the aforementioned malfunction in the amount of approximately NIS 9 million (approximately USD 2.6 million). In 2023, the Company received from the insurance company a total of approximately NIS 21 million (approximately USD 6 million) which exceeds the amount that was recorded as an indemnification asset in 2022.

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 12 - Contingent Liabilities, Commitments and Guarantees (cont'd)**
**A. Commitments and liabilities (cont'd)**
**10. Malfunctions in production units (cont'd)**

2. On January 26, 2022, a malfunction was discovered in the components of one of the power plant's gas turbines so that this turbine was temporarily out of use. The malfunction did not have a material adverse effect on the Company's current operations. The Company derecognized the reduced cost of the said components in the amount of approximately NIS 10 million, which was included in profit or loss in the first quarter of 2022 in the depreciation and amortization item, and accordingly in the first, second and third quarters of 2022 the Company replaced these components with refurbished components at a cost of approximately NIS 20 million. On January 12, 2023, the Company sent to the Company's maintenance contractor a demand for compensation for the aforementioned damages that were caused to the Company in the amount of approximately USD 4.6 million, which are not insured, on the grounds that the damage was caused by the negligence of the maintenance contractor.

On February 5, 2023, the maintenance contractor rejected the Company's demand and proposed an arbitration proceeding on the matter. On February 27, 2023, the Company decided to exercise the arbitration mechanism in accordance with the operation and maintenance agreement between the parties. On May 1, 2023, a preliminary discussion was held with the agreed arbitrator, and in it dates were set for meetings in March 2024. On August 6, 2023, the Company submitted a statement of claim to the agreed arbitrator as well as a request for permission to split remedies which was approved by the agreed arbitrator on August 16, 2023.

3. In April 2023, during the semi-annual inspections, malfunctions were discovered in the components of two of the gas turbines at the power plant. The malfunctions did not have a material adverse effect on the Company's current operations. The Company derecognized the reduced cost of the one of the said components in the amount of approximately NIS 5 million which was included in profit or loss in the second quarter of 2023 in the depreciation and amortization item. In addition, the company recorded operating expenses in the amount of approximately NIS 6 million for the additional malfunctioning component and accordingly in the second quarter of 2023 the Company replaced these components with refurbished components at a cost of approximately NIS 10 million.
4. In December 2023, a malfunction was discovered in the components of one of the gas turbines at the power plant. The malfunction did not have a material adverse effect on the Company's current operations. The Company derecognized the reduced cost of the said components in the amount of approximately NIS 5 million which was included in profit or loss in the fourth quarter of 2023 in the depreciation and amortization item, and accordingly in the fourth quarter of 2023 the Company replaced these components with refurbished components at a cost of approximately NIS 11 million.

---

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 12 - Contingent Liabilities, Commitments and Guarantees (cont'd)****A. Commitments and liabilities (cont'd)****11. Collaboration agreement with Alon Energy Centers**

On March 6, 2019, the Company signed a memorandum of understanding with Alon Energy Centers Limited partnership ("Alon Gat"), which constructed a private power plant for the production of electricity in Kiryat Gat with a capacity of approximately 73 megawatts.

On November 11, 2019, the Company signed an addendum to the memorandum of understanding (the memorandum of understanding and the addendum will be referred to as "Detailed Agreement"). Under the Detailed Agreement Alon Gat will serve as a producer who will provide the Company with the full availability of the power station and will sell the electricity produced at the power plant to the Company, which will serve as supplier, in exchange for availability and energy payments to be paid to Alon Gat for a period of 5 years and extension options totaling 6 years, with each party having the option to early terminate the detailed agreement subject to certain conditions and with prior notice. In accordance with the detailed agreement, Alon Gat, which holds the production license, will be responsible for operating the power plant and generating electricity at the plant and will bear all costs related to operating the power plant, availability, and power generation. The Company will be responsible for all activities related to power supply and power plant sales to customers and the electricity company. On November 12, 2019, commercial operation of the power plant and implementation of the detailed agreement began. In addition, conditions have been prescribed in the agreement which when met each of the parties may terminate it with an advance notice, including in the case of any regulatory change that materially affects implementation of the contract between the parties. Following the August 2019 PUA hearing before implementing the detailed agreement and the PUA resolution as of January 2020, regarding the standards on consumption plan anomalies amendment, which constitutes a regulatory change as defined in the agreement and may affect the financial feasibility of the agreement, on August 12, 2021, the Company signed an amendment to the agreement, in effect until December 31, 2022, that includes addressing consumption plan anomalies. As part of the amendment to the agreement, the economic viability will be examined after the expected PUA resolution in respect of a change in the production tariff and a material change in the demand hours cluster, which constitute a regulatory change that allows each one of the parties to terminate the agreement. Therefore, as of the date of the report the conditions for recognition of a right of use asset and lease liability have not been fulfilled in accordance with IFRS 16 with respect to the availability payments. On January 8, 2023, Alon Gat announced termination of the agreement on March 31, 2023. Following the announcement of Alon Gat the agreement was terminated on March 31, 2023.

**12. Acquisition of natural gas**

On October 30, 2017, the Company signed an agreement with Energean Israel Ltd. ("Energean") regarding the acquisition of natural gas, in a cumulative amount of approximately 6 BCM over a period of 14 years, from the Karish and Tanin reserves held by it that their construction was completed in 2022. The Company will purchase from Energean about half of the gas required to operate the Company's power plant, and the rest of the amount will continue to be supplied by Tamar. According to the agreement, if the Company does not actually consume the annual minimum quantity it has undertaken, it will be forced to consume this quantity. In November 2018, all the suspending conditions included in the agreement were fulfilled.

At the beginning of November 2022, Energean began to flow gas to the Company's power plant facility.

---

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 12 - Contingent Liabilities, Commitments and Guarantees (cont'd)****A. Commitments and liabilities (cont'd)****13. Third party notice from IEC**

On November 22, 2020, the Israel Electric Company ("IEC") notified the Company that a class action lawsuit had been filed against it, claiming that the IEC had been negligent in supervising the conduct of private electricity suppliers and thus caused damage to electricity consumers. It is alleged that the private electricity suppliers gave false reports in the consumption plans submitted to the system manager at the IEC while utilizing the rules set by the PUA in the standards. On November 22, 2020, the IEC filed a third-party notice against the Company. On October 31, 2021, a hearing was held on the request to send notices to third parties. On April 10, 2023, the court decided to reject the request to send a third parties notice from IEC. On June 11, 2023, IEC filed an appeal to the Supreme Court against the Court decision. On June 29, 2023, the Supreme Court decided that the respondents must submit a written answer to the appeal by March 14, 2024, the hearing of the appeal was set for May 6, 2024. In the Company estimation, based on the opinion of its legal counsel, the results of the IEC appeal cannot be knowledgeably assessed at this stage and therefore no provision was made in the financial statements.

**14. Possibility to expand the plant by constructing an additional power plant in the area of the existing plant**

The Company is considering the possibility of constructing an additional power plant in the area of the existing plant which will be a complementary part to the existing plant and will be synergistic to it. On July 13, 2020, the Company submitted to the National Infrastructure Committee (hereinafter: "NIC") plans for public objections and NIC approval. On January 11, 2021, following the Company's request, the NIC decided to postpone the final decision. On December 27, 2021, NIC decided to bring the construction of the said expansion to government consideration (in the decision there is a condition for the building permit detailed in NIC decision number 20/2021). On May 28, 2023, the Government Secretary announced that the Government approved the plans for national infrastructures regarding, among other things, the construction of an expansion to the power plant at the Dorad Ashkelon site (Dorad 2) (hereinafter: "Government Resolution 586"). On July 12, 2023, a petition on behalf of OPC Hadera Expansion Ltd. (hereinafter: "OPC") was received at the Company's offices regarding Israeli Government Resolution 586, in which it was decided, among other things, to expand the Dorad power plant (High Court of Justice 5280/23) (hereinafter: "OPC Petition"). On July 19, 2023, the High Court of Justice rejected the OPC petition out of hand due to non-exhaustion of proceedings. On July 24, 2023, a copy of OPC's appeal to the Israeli government was received at the Company's offices, through the Government Secretary, with an urgent demand to receive an answer to the letter of OPC from July 3, 2023, and saying that if the Government does not act as stated, OPC will have no choice but to file a new petition.

On July 17, 2023, a petition of Reindeer Energy Ltd (hereinafter: "Reindeer") was received at the Company's offices, it too regarding aforementioned government resolution 586 (High Court of Justice 5404/23) (hereinafter: "Reindeer Petition"). On July 19, 2023, a decision was made in the Reindeer petition, according to which the petitioner must inform the court by July 24, 2023, why its petition should not be deleted due to it being a premature petition, without an order for costs, with its arguments being reserved for when a final decision is made on the matter. On July 25, 2023, a copy of Reindeer's notice was received at the Company's offices by which the petition is not a premature petition, and that without the court's intervention at this time.

---

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 12 - Contingent Liabilities, Commitments and Guarantees (cont'd)****A. Commitments and liabilities (cont'd)****14. Possibility to expand the plant by constructing an additional power plant in the area of the existing plant (cont'd)**

The possibility of holding a competition for the construction of a power plant in the central region until 2035 will be eliminated, and under these circumstances, the court is not proposing a hearing with a reservation of rights but to deny rights without a hearing, as well as a violation of the public interest, which requires holding a hearing on the petition. On July 27, 2023, the High Court rejected Reindeer's petition outright because of it being a premature petition and stated that at under these circumstances, there is no justification for hearing the petition now, when it is not possible to know what the National Infrastructure Committee's recommendation will be after holding a repeat hearing on the matter. It is certainly not possible to know at this time what will be the final decision that will be made by the government afterwards, and what will be the factual and legal foundations underlying the final decision that will be made. On January 16, 2024, the Company received a letter from Edelcom Ltd, by which it, as a shareholder in the Company, objects to the proposal to expand the plant.

Further to the government's decision to approve National Infrastructure Plan 11/B (hereinafter: "NIP"), the Company applied to the NIC for a building permit, however, on January 11, 2024, the Company was informed in an e-mail message from the NIC that its position is that as long as NIP 20/B or NIP 91 is not definitively rejected, it is not possible to issue a building permit for the new station, this being based on a legal opinion of legal advisers in the NIC and in the planning administration that were sent to the Company on January 15, 2024. On February 7, 2024, the Company, through its legal counsel, sent a letter, among other things, to the legal advisers of the NIC and the planning administration that had prepared the aforesaid legal opinion, arguing that the NIC's refusal to grant the Company a building permit is illegal and contrary to the proper interpretation of NIP 11/B. On February 26, 2024, the Company received a reply letter from the NIC, which stands by the claim in the opinion that the issuance of building permits for the expansion of the station should not be promoted. In the Company's opinion, the NIC's opinion in its letters and its conduct in refusing to issue building permits is illegal and it is considering its actions, including the possibility of taking legal action on the matter.

On February 19, 2024, the Company received a planning survey to receive the expansion of the power plant from Noga, which allows the electricity to be taken out from October 2028.

**15. Change in the clusters of demand hours**

On August 28, 2022, the Electricity Authority issued a resolution in which, among other things, a change in the clusters of demand hours (hereinafter: "Mashab") was established. According to the decision the intermediate hours cluster was canceled, peak hours shifted in some seasons from noon to evening hours and the number of months in the summer season increased to 4 months (June to September instead of July and August). The decision came into effect on January 1, 2023.

**16. Virtual supplier**

On March 3, 2021, the Electricity Authority issued a resolution establishing a regulation for suppliers who do not have the means to produce and amending criteria for new suppliers (hereinafter: "virtual supplier"). According to the decision, in September 2021, the supply segment will open to competition gradually. Suppliers will purchase all the electricity supplied to their consumers from the system manager. To meet the conditions of the supply license, on June 14, 2021, the Company provided a guarantee in the amount of NIS 2 million in favor of the Electricity Authority. On July 19, 2021, the Company received a supply license for suppliers without means of production. Implementation of the decision, insofar as it is implemented, is not expected to have a material effect on the Company's results.

---

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 12 - Contingent Liabilities, Commitments and Guarantees (cont'd)****A. Commitments and liabilities (cont'd)****17. Dividend distribution**

On May 6, 2021, the Company's Board of Directors decided to distribute a dividend of NIS 100 million. On May 11, 2021, the Company paid a dividend of NIS 75 million to its Israeli shareholders and even purchased approximately USD 7.7 million (approximately NIS 25 million at that time) for the payment of a dividend to a shareholder that is a foreign company subject to the receipt of a withholding tax certificate. On June 1, 2021, upon receipt of a withholding tax certificate, the Company transferred to the foreign company the dividend of USD 7.7 million (approximately NIS 25 million at the date of payment).

On August 21, 2023, the Company's board of directors decided to distribute a dividend in the amount of NIS 70 million. At the said time, the Company paid a dividend in the amount of NIS 52.5 million to its Israeli shareholders. On September 7, 2023, upon the receipt of a withholding tax certificate, the Company transferred to its foreign shareholder its share in the dividend in the amount of approximately USD 4.6 million (approximately NIS 17.5 million that was converted by the Company into dollars on the date of the payment to the Israeli shareholders).

On December 28, 2023, the Company's board of directors decided to distribute a dividend in the amount of NIS 70 million. At the said time, the Company paid a dividend in the amount of NIS 52.5 million to its Israeli shareholders. After the reporting date, on January 10, 2024, upon the receipt of a withholding tax certificate, the Company transferred to its foreign shareholder its share in the dividend in the amount of approximately USD 4.8 million (approximately NIS 17.5 million that was converted by the Company into dollars on the date of the payment).

**18. Settlement agreement with the Egyptian gas supplier**

On December 28, 2020, the Company signed a settlement agreement with East Mediterranean Gas company (hereinafter: "EMG"). According to the agreement the Company will remove any claim against EMG in respect of the amounts the Company had paid EMG in respect of the canceled gas agreement and in return will receive an amount of approximately NIS 13 million. An amount of approximately NIS 1.3 million was received on December 29, 2020, and the balance of NIS 11.6 million was received during 2021.

**B. Bank guarantees**

As at the date of the report, the Company, through its shareholders based on their proportionate holdings in the Company and pursuant to the financing agreements, provided bank guarantees to INGL, the Public Utilities Authority ("PUA"), for purposes of compliance with the terms of the licenses granted to the Company, and to NOGA Independent System Operator Ltd. (hereinafter: "NOGA"), as required under the Company's agreement with NOGA, and in accordance with the standards published by the PUA. On January 2023, there was an update to the amount of the guarantee provided to NOGA so that the guarantee amounts to NIS 142 million. The total amount of the guarantees is NIS 162 million. In order to comply with the terms of the supply license of a virtual supplier, the Company has provided a guarantee in the amount of NIS 2 million in favor of the PUA.

**Notes to the Financial Statements as at December 31, 2023****Note 12 - Contingent Liabilities, Commitments and Guarantees (cont'd)****C. Liens**

During the month of January 2011, the Company placed liens on its assets as collateral for the obligations of the Company and its shareholders as follows:

1. Fixed lien – A fixed lien and first priority mortgage and an assignment by way of lien on all the assets and rights with respect to the power plant in Ashkelon (“the Project”) as specified in the financing agreements.
2. Floating lien – An unlimited first priority floating lien on all of the rights and assets of the borrower, any object and/or equipment and any other tangible or intangible asset of any type as specified in the financing agreements.
3. Lien on account of guarantees to third parties – A fixed lien, mortgage and assignment by way of a first priority lien, and a second priority lien on all assets and rights with respect to the account of guarantees including all the funds, the securities, the documents and the notes of others of any type that will be deposited into the account from time to time, as detailed in the mortgage deed and all its appendices.
4. Lien on the land of the project – A fixed lien and first priority mortgage and an assignment by way of lien on all of the rights, existing and future, of the pledger with no exceptions, per the development agreement that was signed between the pledger and the Israel Lands Administration (“ILA”) with respect to the land.

**Note 13 - Share Capital**

Composition of the share capital in nominal values:

	Number of shares		
	December 31		
	Authorized	Issued and paid-in 2023	Issued and paid-in 2022
Ordinary shares of NIS 1 par value	500,000	10,640	10,640

**Note 14 - Revenues**

	For the year ended December 31		
	2023	2022	2021
	NIS thousands		
Revenues from sale of electricity to private customers	1,856,252	1,900,101	1,693,686
Income from the system operator	866,144	469,119	410,225
	2,722,396	2,369,220	2,103,911



**Notes to the Financial Statements as at December 31, 2023****Note 15 - General and Administrative Expenses**

	For the year ended December 31		
	2023	2022	2021
	NIS thousands		
Wages, salaries and related expenses	15,543	13,923	13,490
Rental and office maintenance	2,842	2,700	2,581
Profession services	8,529	6,578	7,263
Depreciation	691	772	919
Other	63	93	8
Expenses from doubtful debts	-	-	241
	<u>27,668</u>	<u>24,066</u>	<u>24,502</u>

**Note 16 - Financing Income and Expenses, Net**

	Year ended December 31		
	2023	2022	2021
	NIS thousands		
<b>Financing income</b>			
Net foreign exchange differences	2,901	31,784	-
Realization of derivatives	8,884	13,914	3,110
Interest income from bank deposits	33,501	6,433	1,584
<b>Total financing income</b>	<u>45,286</u>	<u>52,131</u>	<u>4,694</u>
<b>Financing expenses</b>			
Interest and linkage differences on bank loans	207,693	268,802	206,328
Net foreign exchange differences	-	-	8,768
Fees	620	587	1,030
Lease financing expenses	1,460	1,472	1,484
Other financing expenses	-	255	1,403
<b>Total financing expenses</b>	<u>209,773</u>	<u>271,116</u>	<u>219,013</u>
<b>Net financing expenses</b>	<u>164,487</u>	<u>218,985</u>	<u>214,319</u>

**Note 17 - Financial Instruments****A. Overview**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents quantitative and qualitative information about the Company's exposure to each of the above risks, and the Company's objectives, policies and processes for measuring and managing risk.

**Notes to the Financial Statements as at December 31, 2023**

---

**Note 17 - Financial Instruments (cont'd)****B. Risk management framework**

The Board of Directors has overall responsibility for the establishment and oversight of the Company risk management framework. The Board has established the Financial Committee, which is responsible for defining a risk management policy. The committee reports regularly to the Board of Directors on its activities.

**C. Credit risk**

Credit risk is a risk for a financial loss caused to the company if the counterparty of the financial instrument fails to meet its contractual obligations.

Cash and cash equivalents

As at December 31, 2023, the Company has cash and cash equivalents in the amount of NIS 219,246 thousand (December 31, 2022 – NIS 151,481 thousand). The Company's cash and cash equivalents are deposited with a financial institution having a high credit rating (international rating scale).

Restricted deposits

As at December 31, 2023 the Company has deposits in the amount of NIS 522,319 thousand that are restricted according to the financing agreements (December 31, 2022 – NIS 514,543 thousand). The Company's restricted deposits are held with a financial institution having a high credit rating (international rating scale).

Trade and other receivables (current assets)

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each new customer is analyzed individually for credit worthiness, and if necessary, the customer will be examined individually again. The Company's review includes external credit ratings, when available. Collection from the Company's customers is carried out on a regular basis.

**D. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Company has contractual commitments due to the financing agreements, the O&M agreement, the gas purchase agreement, the gas pipeline agreement and lease agreements. For further information see Notes 12 and 18.

**Notes to the Financial Statements as at December 31, 2023**


---

**Note 17 - Financial Instruments (cont'd)**
**D. Liquidity risk (cont'd)**

The following are the contractual maturities of financial liabilities at undiscounted amounts and based on the rates at the reporting date, including estimated interest payments.

	December 31, 2023							
	Carrying	Contractual	6 months					More than
	amount	cash flows	or less	6-12 months	1-2 years	2-5 years	5 years	
	NIS thousands							
Non-derivative financial liabilities								
Trade payables	166,089	166,089	166,089	-	-	-	-	
Other payables	31,446	31,446	31,446	-	-	-	-	
Lease liabilities	52,405	52,405	199	4,588	4,588	13,165	29,865	
Loans from banks	2,295,112	2,522,993	191,316	174,543	363,624	948,248	845,262	
	2,545,052	2,772,933	389,050	179,131	368,212	961,413	875,127	

## Notes to the Financial Statements as at December 31, 2023

## Note 17 - Financial Instruments (cont'd)

## D. Liquidity risk (cont'd)

	December 31, 2022						
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
	NIS thousands						
<b>Non-derivative financial liabilities</b>							
Trade payables	228,468	228,468	228,468	-	-	-	-
Other payables	9,876	9,876	9,876	-	-	-	-
Lease liabilities	53,937	53,937	199	4,446	4,645	12,939	31,708
Loans from banks	2,491,401	2,891,099	190,630	177,477	365,859	998,116	1,159,017
	<u>2,783,682</u>	<u>3,183,380</u>	<u>429,173</u>	<u>181,932</u>	<u>370,504</u>	<u>1,011,055</u>	<u>1,190,725</u>

## E. Market risk

Market risk is the risk that changes in market prices will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

As of December 31, 2023, and since the beginning of commercial operation of the power plant, the management estimates that the main risks are changes in regulation applicable to the area of operations as approved by the electricity authority and particularly changes in load, system, and time tariffs ("TAOZ"), a change in gas purchase costs and other changes in the electricity and gas market, and political and security events.

## Notes to the Financial Statements as at December 31, 2023

## Note 17 - Financial Instruments (cont'd)

## E. Market risk (cont'd)

## (1) Linkage and foreign currency risk

As a result of the Company's agreement with the maintenance contractor and gas supplier as described in Note 12, the Company is exposed to changes in the dollar/NIS exchange rate. In order to reduce this exposure, the Company entered into forward transactions to purchase dollars for NIS. As a result of loans from banks and shareholders that are linked to the CPI, the Company is exposed to changes in the CPI. To reduce this exposure, the Company entered forward transactions to purchase CPI (see Note 16).

## (a) The exposure to linkage and foreign currency risk

The Company's exposure to linkage and foreign currency risk is as follows:

	December 31, 2023					
	Non-monetary	Unlinked	CPI-linked	US dollar linked	Euro linked	Total
	NIS thousand					
<b>Current assets:</b>						
Cash and cash equivalents	-	157,299	-	61,939	8	219,246
Trade receivables and accrued income	-	211,866	-	-	-	211,866
Other receivables	12,095	-	-	-	-	12,095
<b>Non-current assets:</b>						
Restricted deposits	-	279,269	-	243,050	-	522,319
Prepaid expenses	30,053	-	-	-	-	30,053
Fixed assets	3,106,550	-	-	-	-	3,106,550
Intangible assets	7,653	-	-	-	-	7,653
Right of use assets	55,390	-	-	-	-	55,390
<b>Current liabilities:</b>						
Current maturities of loans from banks	-	-	(299,203)	-	-	(299,203)
Current maturities of lease liabilities	-	-	(4,787)	-	-	(4,787)
Trade payables	-	(134,544)	-	(31,545)	-	(166,089)
Other accounts payable	(1,884)	(12,062)	-	(17,500)	-	(31,446)
<b>Non-current liabilities:</b>						
Loans from banks	-	-	(1,995,909)	-	-	(1,995,909)
Other long-term liabilities	(12,943)	-	-	-	-	(12,943)
Long-term lease liabilities	-	-	(47,618)	-	-	(47,618)
Provisions for decommissioning and restoration	(38,985)	-	-	-	-	(38,985)
Deferred tax liabilities	(278,095)	-	-	-	-	(278,095)
Liabilities for employee benefits, net	(160)	-	-	-	-	(160)
<b>Total exposure in statement of financial position in respect of financial assets and financial liabilities</b>	<b>2,879,674</b>	<b>501,828</b>	<b>(2,347,517)</b>	<b>255,944</b>	<b>8</b>	<b>1,289,937</b>

## Notes to the Financial Statements as at December 31, 2023

## Note 17 - Financial Instruments (cont'd)

## E. Market risk (cont'd)

## (1) Linkage and foreign currency risks (cont'd)

## (a) The exposure to linkage and foreign currency risk (cont'd)

The Company's exposure to linkage and foreign currency risk is as follows:

	December 31, 2022					
	Non-monetary	Unlinked	CPI-linked	US dollar linked	Euro linked	Total
	NIS thousand					
<b>Current assets:</b>						
Cash and cash equivalents	-	91,588	-	59,893	-	151,481
Trade receivables and accrued income	-	238,581	-	-	-	238,581
Other receivables	32,809	-	-	-	-	32,809
<b>Non-current assets:</b>						
Restricted deposits	-	270,716	-	243,827	-	514,543
Prepaid expenses	32,072	-	-	-	-	32,072
Fixed assets	3,253,196	-	-	-	-	3,253,196
Intangible assets	6,404	-	-	-	-	6,404
Right of use assets	57,486	-	-	-	-	57,486
<b>Current liabilities:</b>						
Current maturities of loans from banks	-	-	(279,506)	-	-	(279,506)
Current maturities of lease liabilities	-	-	(4,645)	-	-	(4,645)
Trade payables	-	(206,749)	-	(21,714)	(5)	(228,468)
Other accounts payable	(1,563)	(9,876)	-	-	-	(14,439)
<b>Non-current liabilities:</b>						
Loans from banks	-	-	(2,211,895)	-	-	(2,211,895)
Other long-term liabilities	-	-	-	(17,529)	-	(17,529)
Long-term lease liabilities	-	-	(49,292)	-	-	(49,292)
Provisions for decommissioning and restoration	(50,000)	-	-	-	-	(50,000)
Deferred tax liabilities	(215,016)	-	-	-	-	(215,016)
Liabilities for employee benefits, net	(160)	-	-	-	-	(160)
<b>Total exposure in statement of financial position in respect of financial assets and financial liabilities</b>	<b>3,115,228</b>	<b>384,260</b>	<b>(2,545,338)</b>	<b>264,477</b>	<b>(5)</b>	<b>1,218,622</b>

## Notes to the Financial Statements as at December 31, 2023

## Note 17 - Financial Instruments (cont'd)

## E. Market risk (cont'd)

## (1) Linkage and foreign currency risks (cont'd)

## (b) Sensitivity analysis

A change as at December 31 in the exchange rates of the following currencies against the NIS, as indicated below, and a change in the CPI would have increased (decreased) profit or loss and equity by the amounts shown below. This analysis is based on changes in foreign currency exchange rates and in the CPI that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	December 31, 2023		December 31, 2022	
	Increase	Decrease	Increase	Decrease
	Pre-tax	Pre-tax	Pre-tax	Pre-tax
	profit or loss	profit or loss	profit or loss	profit or loss
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Change in the exchange rate of:				
5% in the US dollar (1)	15,249	(15,249)	15,186	(15,186)
10% in the US dollar (1)	30,499	(30,499)	30,372	(30,372)
1% change in CPI (2)	(22,951)	22,951	(24,914)	24,914
2% change in CPI (2)	(45,902)	45,902	(49,828)	49,828

(1) The sensitivity derives mainly from balances of cash, restricted deposits, balances of trade and other payables in foreign currency.

(2) The effect on equity of the change in the US dollar exchange rate and the CPI is the same as that on profit or loss.

## Notes to the Financial Statements as at December 31, 2023

## Note 17 - Financial Instruments (cont'd)

## F. Fair value

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

The carrying amounts of certain financial assets and liabilities, including cash and cash equivalents, other accounts receivable, pledged deposits, trade payables and other accounts payable are the same or proximate to their fair value.

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

	December 31			
	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	NIS thousands	NIS thousands	NIS thousands	NIS thousands
Non-current liabilities:				
Long-term loans from banks (*)	2,295,112	2,093,826	2,491,401	2,477,757

(\*) Including current maturities.

## (2) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date (level 2 on fair value hierarchy) plus an adequate credit spread, and were as follows:

	December 31	
	2023	2022
	%	%
Long-term loans from banks	4.9%	3.3%

## (3) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been 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).



**Notes to the Financial Statements as at December 31, 2023****Note 18 - Leases**

The Company has lease agreements with respect to the following items:

- (1) Land
- (2) Offices

**(1) Information regarding material lease agreements**

- (a) The Company leases land from EAIS for a period of 25 years during which the Company constructed a power plant. The contractual period ends on May 20, 2039. A lease liability and right-of-use asset in the amount of NIS 51,803 thousand and NIS 54,752 thousand, respectively, have been recognized in the statement of financial position as of December 31, 2023, in respect of the land lease.

Furthermore, in respect of the land, the Company paid NIS 3,047 thousand for its share in the lease payments that were paid by EAIS to the ILA. The carrying amount of that payment was classified as a right of use asset and is depreciated over the lease period, see Note 12A (2).

- (b) The Company leases offices from Africa Israel for a period of 5 years with extension options ending on December 8, 2022. On February 28, 2022, the Company signed an extension of the agreement until June 30, 2025. A lease liability and right-of-use asset in the amount of NIS 602 thousand and NIS 638 thousand, respectively, have been recognized in the statement of financial position as of December 31, 2023, in respect of the lease of the offices.

**(2) Right-of-use assets****(a) Composition and changes**

	<b>Land *</b>	<b>Offices</b>	<b>Total</b>
	<b>NIS thousands</b>	<b>NIS thousands</b>	<b>NIS thousands</b>
Balance as at January 1, 2022	56,972	558	57,530
Addendum to office rental agreement	-	797	797
Depreciation on right-of-use assets	(3,345)	(398)	(3,743)
Linkage on right-of-use assets	2,837	65	2,902
Balance as at January 1, 2023	<b>56,464</b>	<b>1,022</b>	<b>57,486</b>
Depreciation on right-of-use assets	(3,502)	(418)	(3,920)
Linkage on right-of-use assets	1,790	34	1,824
Balance as at December 31, 2023	<b>54,752</b>	<b>638</b>	<b>55,390</b>

\* The balance of land includes the classification of prepaid lease payments, see above in Note 18 (1) a.

## Notes to the Financial Statements as at December 31, 2023

## Note 18 - Leases (cont'd)

## (3) Lease liability

## Maturity analysis of the Company's lease liabilities

	December 31, 2023 <u>NIS thousands</u>
Less than one year	4,787
One to five years	22,141
More than five years	25,477
Total	<u>52,405</u>
Current maturities	4,787
Long-term lease liability	47,618
Total	<u>52,405</u>

## (4) Additional information on leases

	Year ended December 31, 2023 <u>NIS thousands</u>	Year ended December 31, 2022 <u>NIS thousands</u>	Year ended December 31, 2021 <u>NIS thousands</u>
--	--	--	--

## (a) Amounts recognized in profit or loss

Interest expenses on lease liability	1,460	1,472	1,484
	Year ended December 31, 2023 <u>NIS thousands</u>	Year ended December 31, 2022 <u>NIS thousands</u>	

## (a) Amounts recognized in the statement of cash flows

Cash outflow for leases	4,817	4,726
-------------------------	-------	-------

**Notes to the Financial Statements as at December 31, 2023****Note 19 - Related and Interested Parties****Transactions with related and interested parties**

Details of transactions with related and interested parties are presented below (all the transactions are at market terms):

Related party/Interested party	Nature of transaction	Year ended December 31			December 31	
		2023	2022	2021	2023	2022
		Transactions amounts			Outstanding balance	
		NIS thousands			NIS thousands	
Shareholder having significant influence	In December 2017 the Company entered into an agreement with Edeltech O&M Ltd regarding operation and maintenance of the power plant including the purchasing of spare parts	217,578	221,847	178,770	(27,040)	22,471
Shareholder having significant influence	The Company entered into an agreement with EAPSS regarding operation and maintenance of the power plant including the purchasing of spare parts and repairs as from November 2012, see Note 12A(10). The payments will be made on a monthly basis throughout the period of the agreement (see also Note 12A(3)) regarding a subcontracting agreement between EAPSS and Ezom Ltd.). As of December 2017, the agreement is directly with Edeltech. From November 2022, the agreement was assigned to EAIS.	3,624	3,458	3,336	-	-
Shareholder having significant influence	A dividend declared and not distributed to a shareholder of the company (see Note 12.A.17).	-	-	-	(17,500)	-
Shareholder having significant influence	The Company entered into an agreement with EAIS for the lease of the land on which the power plant was constructed (see Note 12A(2)).	4,230	4,026	3,935	-	-
Related company	The Company entered into an agreement with Ramat Negev Energy for the sale and purchase of electricity and the purchase of gas.	56	13,356	1,838	37	-
Key management personnel	Salary and benefits for the Company's key management personnel.	6,110	5,694	5,446	2,316	2,049
Director's	Salary for the Company's directors	696	641	568	-	-

**Note 20 - Subsequent Events**

On January 29, 2024, the PUA published a decision regarding an annual update to the electricity rates for customers of IEC in 2024 according to which the average production component will decrease by about 1% compared with the average production rate published by the PUA in March 2023 and which was valid up to and including January 2024.

Regarding the possibility of expanding the power plant, see note 12.a.14.

**SUMMARY OF LEASE AGREEMENTS – ITALIAN SUBSIDIARIES****ENGLISH SUMMARY OF THE ITALIAN VERSION<sup>1</sup>****Ellomay Solar Italy One SRL**

<b>1. Execution date</b>	25 May 2022.
<b>2. Location and Size</b>	The land is located on a plot with a size of 107,480 m <sup>2</sup> in the Municipality of Latina, Lazio Latina, Latina - Borgo Bainsizza.
<b>3. Term</b>	Thirty one (31) years (until May 2053).
<b>4. Annual Rent</b>	€67,000, not including VAT and linked to the consumer price index in Italy.

**Ellomay Solar Italy Two SRL**

<b>1. Execution date</b>	25 May 2022.
<b>2. Location and Size</b>	The Plant is located on a plot with a size of 96,319 m <sup>2</sup> in the Municipality of Latina, Lazio Latina, Latina - Borgo Bainsizza.
<b>3. Term</b>	Thirty one (31) years (until May 2053).
<b>4. Annual Rent</b>	€24,000, not including VAT and linked to the consumer price index in Italy.

**Ellomay Solar Italy Four SRL**

<b>1. Execution date</b>	1 July, 2022.
<b>2. Location and Size</b>	The Plant is located on a plot with a size of 20.30 hectares in the Municipality of Rome, Lazio Rome, Vallettri.
<b>3. Term</b>	Thirty one (31) years (until March 2053).
<b>4. Rent</b>	Capitalized rent in the aggregate amount of €409,000, not including VAT, as an advance payment for the entire rental period and a regular annual rent of €36,000, not including VAT and linked to the consumer price index in Italy.

<sup>1</sup> The original language version is on file with the Registrant and is available upon request.

**Ellomay Solar Italy Five SRL**

1. Execution date	11 July, 2022.
2. Location and Size	The Plant is located on a plot with a total size of 987,856 m <sup>2</sup> in the Municipality of Latina, Lazio Latina.
3. Term	Thirty one (31) years (until July 2053).
4. Rent	Capitalized rent in the aggregate amount of €916,000, not including VAT, as an advance payment for the entire rental period and a regular annual rent of €300,000, not including VAT and linked to the consumer price index in Italy.

**Ellomay Solar Italy Seven SRL**

1. Execution date	31 March, 2023.
2. Location and Size	The Plant is located on a plot with a size of 60.2664 hectares in the Municipality of Biella, Masserano, Piemonte Region.
3. Term	Thirty one (31) years (until March 2054).
4. Rent	€181,760, not including VAT and linked to the consumer price index in Italy.

**Ellomay Solar Italy Nine SRL**

1. Execution date	1 May, 2023.
2. Location and Size	The Plant is located on a plot with a size of 10.6643 hectares in the Municipality of Ancona, Jesi, Marche Region.
3. Term	Thirty one (31) years (until May 2054).
4. Rent	€ Capitalized rent in the aggregate amount of €397,300, not including VAT, as an advance payment for the entire rental period and a regular annual rent of €25,630, not including VAT and linked to the consumer price index in Italy.

**Ellomay Solar Italy Ten SRL**

1. Execution date	22 December, 2022.
2. Location and Size	The Plant is located on a plot with a size of 28.50.24 hectares in the Municipality of Rome, Lazio Rome, Capena.
3. Term	Thirty one (31) years (until December 2053).
4. Annual Rent	€85,000, not including VAT and linked to the consumer price index in Italy.

---

**LAND LEASE AND SOLAR EASEMENT**

**Between**

**JORDAN HUNTER LATHAM**

**And**

**MALAKOFF SOLAR HOLDINGS, LLC**

**Dated as of**

**April 17th, 2023**

---

## Table of Contents

	<u>Page</u>
ARTICLE I. PREMISES	1
Section 1.1        General	1
Section 1.2        Solar Easement	3
ARTICLE II. LEASE TERM	4
Section 2.1        Development Period; Operating Term; Renewal Terms	4
Section 2.2        Termination of Lease	5
Section 2.3        Survival of Covenants	5
ARTICLE III. PAYMENTS AND TAXES	5
Section 3.1        Payments	5
Section 3.2        Taxes, Assessments and Utilities	5
ARTICLE IV. PROJECT COMPANY’S COVENANTS	6
Section 4.1        Mechanics Liens	6
Section 4.2        Permits and Laws	6
Section 4.3        Project Company’s Improvements	7
Section 4.4        Removal of Project Company’s Improvements	7
Section 4.5        Hazardous Wastes	8
Section 4.6        Insurance	8
Section 4.7        Gates and Fences	8
Section 4.8        Site Rules	8
ARTICLE V. OWNER COVENANTS	9
Section 5.1        Title and Authority	9
Section 5.2        Cooperation to Eliminate Lien Interference	9
Section 5.3        Quiet Enjoyment	9
Section 5.4        Exclusivity	10
Section 5.5        Hazardous Materials	10
Section 5.6        Mineral Rights and Lateral Support	10
Section 5.7        Operation of the Solar Facilities	11
ARTICLE VI. INDEMNIFICATION	11
Section 6.1        Indemnification	11
ARTICLE VII. ASSIGNMENT; ENCUMBRANCE OF LEASE	12

Table of Contents  
(continued)

	<u>Page</u>
ARTICLE VII. ASSIGNMENT; ENCUMBRANCE OF LEASE	12
Section 7.1      Right to Encumber	12
Section 7.2      Assignment of Project Company's Interest	13
Section 7.3      Continuing Nature of Obligations	13
ARTICLE VIII. CONDEMNATION	14
Section 8.1      Effect of Condemnation	14
Section 8.2      Condemnation Proceeds	14
ARTICLE IX. DEFAULT/TERMINATION	14
Section 9.1      Events of Default	14
Section 9.2      Surrender	14
Section 9.3      Specific Performance	15
Section 9.4      Damages	15
Section 9.5      Waiver of Jury Trial	15
Section 9.6      Delinquent Payments	15
ARTICLE X. RIGHT OF FIRST REFUSAL	16
Section 10.1     Right of First Refusal	16
ARTICLE XI. MISCELLANEOUS	16
Section 11.1     Notice	16
Section 11.2     Relationship of the Parties; No Third Party Beneficiaries	16
Section 11.3     Entire Agreement	17
Section 11.4     Governing Law	17
Section 11.5     Cooperation	17
Section 11.6     Waiver	17
Section 11.7     Force Majeure	18
Section 11.8     Confidentiality	18
Section 11.9     - (removed) -	18
Section 11.10    Severability	18
Section 11.11    Counterparts	18
Section 11.12    Memorandum of Lease	18



## LAND LEASE AND SOLAR EASEMENT

This Land Lease and Solar Easement ("**Lease**") is made on August 24, 2023 (the "**Effective Date**") between JORDAN HUNTER LATHAM ("**Owner**"), and MALAKOF SOLAR HOLDINGS LLC, a Delaware limited liability company, and its successors and assigns ("**Project Company**"). Owner and Project Company agree as follows:

## ARTICLE I. Premises

## Section 1.1 General

(a) **Lease of Premises for Solar Energy Purposes.** Owner leases to Project Company, and Project Company leases from Owner, the real property legally described in Exhibit A attached hereto (the "**Premises**") for the sole purpose of monitoring, testing and evaluating the Premises for solar energy generation and of constructing, installing, using, replacing, relocating and removing from time to time, and maintaining and operating, solar energy generating equipment, overhead and/or underground electrical transmission and communications lines, electric transformers, energy storage facilities, telecommunications equipment, power generation facilities and substations to be operated in conjunction with solar energy generating equipment installations, roads, and related improvements, facilities and equipment (collectively, "**Solar Facilities**"), including, without limitation, a line or lines of towers with wires and cables, and/or underground wires and cables, for the transmission of electrical energy and/or for communication purposes, and all necessary and proper foundations, footings, crossarms and other appliances and fixtures for use in connection with said towers, wires and cables on, along and in the Premises, together with the appropriate rights of way. Project Company will have the right to relocate existing Solar Facilities during the Term. Project Company will have the exclusive right to use the Premises for solar energy purposes. For purposes of this Lease, "solar energy purposes" means converting solar energy into electrical energy, and collecting and transmitting the electrical energy so converted, together with any and all activities related thereto.

The general description of the Premises described in Exhibit A attached to this Lease on the Effective Date may not be a precise legal description of the Premises. The Owner and Project Company hereby acknowledge and confirm that, notwithstanding any insufficiency in the legal description attached as Exhibit A, the parties desire to enter this Lease and to be fully and legally bound by this Lease. Therefore, Owner and Project Company agree that (i) they are thoroughly familiar with the proposed location of the area comprising the Premises, and (ii) upon Project Company obtaining a Survey (as defined below), the metes and bounds description of the Premises will be substituted for Exhibit A pursuant to an amendment to this Lease and such metes and bounds description will become the final legal description of the Premises. The parties acknowledge and agree that they are legally bound under this Lease pursuant to the depiction of the Premises attached as Exhibit A and both parties will be obligated to perform hereunder based on such depiction of the Premises. Prior to the construction of any Solar Facilities on the Premises, Project Company, at its expense, will obtain and deliver to Owner a survey of the Property prepared by a Texas registered professional land surveyor (the "**Survey**").

(b) **Access Easement.** Owner hereby grants to Project Company, for the Term (as defined below), an easement (the “**Access Easement**”) over, across and on the Premises for ingress to and egress from the Solar Facilities (whether located on the Premises, on adjacent property or elsewhere) by means of any existing roads and lanes, or by such route or routes as Project Company may construct from time to time. The Access Easement will include the right to improve existing roads and lanes, or to build new roads, and will run with and bind the Premises, and will inure to the benefit of and be binding upon Owner and Project Company, as applicable, and their respective heirs, personal representatives, transferees, successors and assigns, and all persons claiming under them. The location and dimensions of such access roads will be made by Project Company in its sole discretion, except that: Project Company agrees to use commercially reasonable efforts to (i) minimize the interruption to Owner’s operations on the Premises by such access roads, and (ii) install such access roads perpendicular to county roads.

(c) **Transmission Easement.** Owner hereby grants Project Company one or more easements for Transmission Facilities (defined below) (“**Transmission Easements**”) on, over and across the Premises, on such portions of the Premises as will be notified to Owner by Project Company. Any such Transmission Easement will contain all of the rights and privileges for Transmission Facilities as are set forth in this Lease. Any Transmission Easement will also include the right of ingress to and egress from the Solar Facilities (whether located on the Premises, on adjacent property or elsewhere) over and along the Premises by means of roads and lanes thereon if existing, or otherwise by such route or routes as Project Company or Owner may construct from time to time. The term of the Transmission Easements will be the same as the term of this Lease unless terminated by Project Company by written notice to Owner as set forth herein, and will not expire or be terminable by Owner under any circumstances. Project Company will have the right to assign or convey all or any portion of any Transmission Easement to any person on an exclusive or nonexclusive basis. Any Transmission Easement will run with the Premises and inure to the benefit of and be binding upon Owner and Project Company and their respective transferees, successors, and assigns, and all persons claiming under them. Project Company will have the right to assign its rights hereunder relating to the construction, operation, repair and/or maintenance of the electric transmission or distribution systems to a third party that owns, operates and/or maintains electric transmission or distribution systems. As used in this Lease, the term “**Transmission Facilities**” means electrical transmission and/or distribution and communications lines and related cables, wires, conduit, circuit breakers and transformers, and any and all necessary and proper facilities, fixtures, and additional equipment any way related to or associated with any of the foregoing for the transmission and delivery of electrical energy. Transmission Facilities will be deemed to be Solar Facilities. Project Company will bury all collector lines that are 138kv or less, except such lines that Project Company, in good faith, determines that it is unable to bury for technical reasons.

(d) **Owner’s Retained Rights.** Owner will retain the right to use the portion of the Premises not occupied by Solar Facilities to the extent its use is not inconsistent with Project Company’s rights under this Lease for uses solely intended to qualify Premises for Texas Agricultural Tax Exemption, not before five years prior to lease expiration, starting five years prior to the end of the Operating Term or the Renewal Term, as the case may be.

(e) **Location of Solar Facilities.** Project Company will make good faith efforts to consult with Owner on its site development plan prior to construction of solar facilities, roads and electric power lines, provided that Project Company will make all such final siting decisions in Project Company’s sole discretion.

(f) **Part of a Larger Project.** Owner acknowledges that Project Company may elect to develop commercial solar energy facilities with which the Premises will share structural and transmission components, ingress and egress, utility access, and other support, all of which are specifically designed to be interrelated and integrated in operation and use for the full life of such facilities. Project Company may designate, from time to time, the solar energy facilities with which the Premises is included in a defined solar energy project (the “**Project**”). The properties designated by Project Company as included in the Project with the Premises will be referred to as the “**Project Properties**.” Nothing contained in this Lease will be construed as requiring Project Company to construct or operate the Project or continue the operation of the Project or any portion thereof, if it is so constructed.

## **Section 1.2 Solar Easement**

(a) **Open Access to Sun.** Owner hereby grants and conveys to Project Company an exclusive easement on, over and across the Premises for the following: the open and unobstructed access to the sun to any Solar Facilities on any of the Project Properties and to ensure adequate exposure of the Solar Facilities to the sun. In addition, Owner hereby grants and conveys to Project Company an exclusive easement prohibiting any obstruction to the open and unobstructed access to the sun (together with the preceding sentence, the “**Solar Easement**”) throughout the entire Premises to and for the benefit of the area existing horizontally three hundred and sixty degrees (360°) from any point where any Solar Facility is or may be located at any time from time to time (each such point referred to as a “**Site**”) and for a distance from each Site to the boundaries of the Premises, together vertically through all space located above the surface of the Premises, that is, one hundred eighty degrees (180°) or such greater number or numbers of degrees as may be necessary to extend from each point on and along a line drawn along the surface from each point along the exterior boundary of the Premises through each Site to each point and on and along such line to the opposite exterior boundary of the Premises.

(b) **Owner Improvements.** Trees, buildings and other improvements located on the Premises as of the date of this Lease will be allowed to remain, and Project Company may not require their removal. Owner may not place or plant any trees, buildings or improvements (an “**Improvement**”) on the Premises after the date of this Lease which may, in Project Company’s sole judgment, impede or materially interfere with the open and unobstructed access to the sun to any Site or Facility (located either on the Premises or on the Project Properties), unless Owner has received written approval from Project Company for any such trees, structure or improvement. Subject to the foregoing, Owner may construct an Improvement of the Premises if such Improvement meets all of the following requirements:

- (a) Such Improvement poses no interference with any part of the Solar Facilities located on the Premises or elsewhere in the Project; and
- (b) Such Improvement is located at least **five hundred (500)** feet from the location of any Site (whether such Site is located on the Premises or elsewhere in the Project).

(an Improvement that complies with all of the foregoing restrictions will be referred to as a “**Permitted Improvement**”). Owner may construct such Permitted Improvements without the prior consent of Project Company. However, should Owner construct an Improvement that is determined by Project Company to violate or not be in compliance with any of the restrictions of this section, Project Company may provide notice to Owner that said Improvement must be removed within thirty (30) days of Owner’s receipt of Project Company’s notice. Should Owner fail to remove the non-complying Improvement within such thirty (30) day period, Project Company may cause the same to be removed and may off-set the cost of the removal against any lease payments due hereunder to Owner.

(c) **No Interference.** Owner will not materially interfere with, and will not allow any other party to materially interfere with, the free, unobstructed and open and unobstructed access to the sun, over and across the Premises.

## **ARTICLE II. Lease Term**

### **Section 2.1 Development Period; Operating Term; Renewal Terms**

(a) **Development Period.** Project Company’s rights under this Lease will be in effect throughout the Development Period. The “Development Period” commences on the Effective Date of this Lease and expires on June 18, 2024.

(b) **Operating Term.** This Lease will automatically be extended for the Operating Term upon the earlier of: (i) the date when significant construction of the Solar Facilities commences (defined as the date on which the use of a majority of the land within the Premises changes from its existing state to allow for the construction of the Solar Facilities; or (ii) the date when Owner receives written notice from Project Company of Project Company’s election to extend the Term for the Operating Term (“**Operating Term Notice Date**”), provided that either the Operation Date or the Operating Term Notice Date occurs prior to the expiration of the Development Period. The Operating Term of this Lease (“**Operating Term**”) will be for a period of twenty-five (25) years from the earlier of either the Operation Date or the Operating Term Notice Date, as applicable, unless terminated earlier in accordance with the terms of this Lease. The Development Period ends at the time the Operating Term begins.

(c) **Renewal Term.** Project Company will have the right, at its option, to extend the Operating Term for one (1) additional period of ten (10) years (the “**Renewal Term**”). To exercise its option to renew the Term for the Renewal Term, Project Company must deliver a written extension notice to Owner prior to the expiration of the Operating Term. Project Company must timely deliver such written notice to exercise effectively its options to extend the Term for the Renewal Term. The terms of the Lease during the Renewal Term will be the same terms and conditions applicable during the Operating Term, except as specifically provided herein. Project Company will have no right to extend the Term beyond the Renewal Term. If Project Company fails timely to deliver the extension notice, this Lease will terminate at the end of the Operating Term, and Project Company will have no further options or rights to renew or extend the Term.

(d) **Entire Term.** The “**Term**” of this Lease will be the Development Period together with, if Project Company exercises the applicable options, the Operating Term and the Renewal Term.

## **Section 2.2 Termination of Lease**

The occurrence of any of the following events will terminate this Lease:

- (a) The expiration of this Lease as set forth in Section 2.1; or
- (b) The written agreement of the parties to terminate this Lease; or
- (c) A Breach (as defined below) of this Lease by either party and the election of the non-breaching party to terminate the Lease pursuant to Article IX; or
- (e) A condemnation of all or a portion of the Premises and the election of the Project Company to terminate the Lease pursuant to Article VIII; or

(f) Pursuant to applicable law, except that if any such applicable law is amended or terminated after the date hereof, and the effect of such amendment or termination is to extend the permissible development period to or eliminate the requirement that commercial operation or the development of the potential to produce solar energy begin within a specified time period, then this Lease will automatically be amended to incorporate such amendment or termination, as if such amendment or termination was fully incorporated herein.

## **Section 2.3 Survival of Covenants**

Owner acknowledges that the covenants, conditions, rights and restrictions in favor of Project Company pursuant to this Lease including, but not limited to, the Access Easement and Solar Easement, and Project Company's use of and benefit from those covenants, conditions, rights and restrictions, may constitute a portion of the Project and that the covenants, conditions, rights and restrictions in favor of Project Company pursuant to this Lease will not be deemed nominal, invalid, inoperative or otherwise be disregarded while any portion of the Project remains operational.

## **ARTICLE III. Payments and Taxes**

### **Section 3.1 Payments**

Project Company will pay Owner according to the Payment Terms set forth in Exhibit D.

### **Section 3.2 Taxes, Assessments and Utilities**

(a) Owner Taxes and Assessments. Owner will pay, when due, all real property taxes and assessments levied against the Premises and all personal property taxes and assessments levied against any property and improvements owned by Owner and located on the Premises. If Owner will fail to pay any such taxes or assessments when due, Project Company may, at its option, pay those taxes and assessments and any accrued interest and penalties, and either seek reimbursement from Owner or deduct the amount of its payment from any rent or other amount otherwise due to Owner from Project Company.

(b) Project Company Taxes and Assessments. Project Company will pay all personal property taxes and assessments levied against the Solar Facilities when due, including any such taxes based on electricity production. If the real property taxes assessed to such Premises increase solely as a result of the installation of the Solar Facilities on the Premises, including any reclassification of the Premises, Project Company will pay or reimburse Owner an amount equal to the increase to the extent caused by such installation no later than ten (10) days prior to the date each year on which the applicable real estate taxes are due to be paid, provided that not less than thirty (30) days prior to such due date Owner provides Project Company with copies of the applicable current and past statements of real estate taxes payable for the Premises and any related information demonstrating that the installation of the Solar Facilities resulted in the increase in real estate taxes for which Owner is requiring payment or reimbursement from Project Company. Owner and Project Company agree jointly to use commercially reasonable efforts to cause the Premises not to be reclassified from its present agricultural or open space exemption as a result of this Lease.

(c) Tax Contest. Either party may contest the validity or amount of any levied taxes, assessments or other charges for which each is responsible under this Lease as long as such contest is pursued in good faith and with due diligence and the party contesting the tax, assessment or charge has paid the obligation in question or established adequate reserves to pay the obligation in the event of an adverse determination.

(d) Project Company Utilities. Project Company will pay for all water, electric, telecommunications and any other utility services used by the Solar Facilities or Project Company on the Premises.

#### **ARTICLE IV. Project Company's Covenants**

Project Company covenants, represents and warrants to Owner as follows:

##### **Section 4.1 Mechanics Liens**

Project Company will keep the Premises free and clear of all liens and claims of liens for labor, materials, services, supplies and equipment performed for or furnished to Project Company or, at the request of Project Company, any Solar Facility on the Premises in connection with Project Company's use of the Premises. Project Company may contest any such lien, but will post a bond or utilize other available means to remove any lien that is created during the contested proceeding. Project Company agrees to otherwise remove any lien or encumbrance for which it is responsible pursuant to this paragraph within sixty (60) days of notice to Project Company of the creation of any such lien or encumbrance.

##### **Section 4.2 Permits and Laws**

Project Company and its designees will at all times comply with all federal, state and local laws, statutes, ordinances, rules, regulations, judgments and other valid orders of any governmental authority applicable with respect to Project Company's activities pursuant to this Lease and will obtain all permits, licenses and orders required to conduct any and all such activities (collectively, "**Legal Requirements**"). Project Company will have the right, in its sole discretion, to contest by appropriate legal proceedings brought in the name of Project Company or in the names of both Project Company and Owner where appropriate or required, the validity or applicability to the Premises or Solar Facilities of any Legal Requirement now or hereafter made or issued by any federal, state, county, local or other governmental agency or entity. Owner will cooperate in every reasonable way in such contest, provided Project Company reimburses Owner for its reasonable and actual out-of-pocket expense directly incurred in connection with such cooperation, to the extent Project Company has approved such expense in advance. Any such contest or proceeding, including any maintained in the name of Owner, will be controlled and directed by Project Company, but Project Company will protect Owner from Project Company's failure to observe or comply during the contest with the contested Legal Requirement.

### Section 4.3 Project Company's Improvements

All Solar Facilities constructed, installed or placed on the Premises by Project Company pursuant to this Lease will be and remain the sole property of Project Company and Owner will have no ownership or other interest in any Solar Facilities on the Premises. The Solar Facilities are and will remain personal property of the Project Company, notwithstanding any present or future common ownership of the Solar Facilities and the Premises. Throughout the Term, Project Company will, at its sole cost and expense, maintain Project Company's Solar Facilities in good condition and repair, ordinary wear and tear excepted. After the construction of the Solar Facilities, Project Company will remove any construction debris and will restore the portions of the Premises not occupied by the Solar Facilities to substantially the same condition that such portions of the Premises were in prior to the construction of the Solar Facilities. All Solar Facilities constructed, installed or placed on the Premises by Project Company pursuant to this Lease may be moved, removed, replaced, repaired or refurbished by Project Company at any time.

### Section 4.4 Removal of Project Company's Improvements

(a) **Project Company Will Remove Solar Facilities.** At the end of the Term, including upon any early termination of the Lease, Project Company will remove all its Solar Facilities, including any foundations, to a depth of three (3) feet below grade, within twelve (12) months from the date the Term expires or the Lease terminates. Owner grants Project Company an easement for such removal, which easement will survive for twelve (12) months after the expiration or termination of this Lease.

(b) **Owner's Right to Remove Solar Facilities Upon Failure by Project Company.** If Project Company fails to remove any of the Solar Facilities within the required time period, such Solar Facilities will be considered abandoned by Project Company and Owner may remove these Solar Facilities from the Premises and dispose of them in its sole discretion without notice or liability to Project Company. In such event, if Owner removes such Solar Facilities at Owner's expense, Project Company will reimburse Owner for all reasonable costs of removing those Solar Facilities as required by the Lease, less any salvage value received by Owner, within thirty (30) days after receipt of an invoice from Owner.

(c) **Security for Removal.** Commencing with the fifteenth (15th) year of the Operating Term, Project Company will establish security payable to Owner to cover Project Company's obligations under Section 4.4(a) above (the "**Restoration Security**") though one or the following means to be selected by Project Company in its sole discretion: (i) by establishing an escrow account with a bank selected by Owner, or (ii) by delivering to Owner a bond or corporate guarantee from an investment grade company or equivalent security. The amount of the Restoration Security will be equal to the Net Removal Cost (as defined below), which will be determined by the parties in good faith; provided, however, if the parties cannot agree upon the Net Removal Cost within sixty (60) days, then the Net Removal Cost will be determined by an independent engineer mutually selected by the parties. The terms of any escrow fund, letter of credit, corporate guarantee or bond will expressly provide that Owner will be entitled to use amounts received from the Restoration Security to remedy any damage to the Premises if Project Company fails to comply with its obligations pursuant to Section 4.4(a), after notice and opportunity to cure as provided herein. Interest earnings, if any, on any escrow fund will be the property of Project Company, and any amounts remaining in any escrow fund after Project Company has complied with its obligations pursuant to Section 4.4(a) will belong to Project Company. As used herein "Net Removal Cost" means (1) the cost of performing Project Company's obligations under Section 4.4(a) minus (2) the salvage value of the Solar Facilities located on the Premises at the time such calculation is made.

#### **Section 4.5 Hazardous Wastes**

Project Company will not use, dispose of or release on the Premises or cause or permit to exist or be used, stored, disposed of or released on the Premises as a result of Project Company's operations, any substance which is defined as a "hazardous material", "toxic substance" or "solid waste" in any Legal Requirement except in such quantities as may be required in its normal business operations and only if such use is in full compliance with all Legal Requirements.

#### **Section 4.6 Insurance**

Project Company will obtain and maintain in force the following policies of insurance covering the Solar Facilities and Project Company's activities on the Premises at all times during the Term: comprehensive general liability insurance with minimum coverage of at least \$500,000 for property damage, \$1,000,000 for bodily injury or death to any one person, and a minimum combined occurrence and annual coverage of \$2,000,000. Such insurance coverage for the Solar Facilities and Premises may be provided as part of a blanket policy that covers other Solar Facilities or properties as well. Any such policies will provide for thirty (30) days prior written notice to Owner of any cancellation or material change. Project Company will provide Owner with copies of certificates of insurance evidencing its coverage upon request by Owner. Policies will provide coverage for any costs of defense or related fees incurred by Owner. No coverage is provided for liability arising out of Owner's own negligent or intentional act or omission.

#### **Section 4.7 Gates and Fences**

If necessary and as mutually agreed by the parties, Project Company will make such fence cuts, braces, and repairs that will be permanent and remain functional for the remaining life of the fence of which they are part (any such cuts will be reinforced with bracer posts on each side of the cut, and the opening will be repaired to the same quality as the existing fence); alternatively, Owner may require Project Company to install a cattle guard in lieu of any external gate used by Project Company. During construction or operation of the Solar Facilities, Project Company will close any gates used by its personnel except when open to permit the passage of vehicular traffic, so that Owner's livestock do not stray or escape through such gates. If Owner maintains locks on exterior gates, Owner will provide Project Company with keys or with the combinations to such locks. Upon the termination of this Lease, any cattle guards or gates installed by Project Company will become the property of Owner.

#### **Section 4.8 Site Rules**

While on the Premises, Project Company will use commercially reasonable efforts to comply with the site rules attached hereto as Exhibit E.



## ARTICLE V. Owner Covenants

Owner covenants, represents and warrants to Project Company as follows:

### Section 5.1 Title and Authority

Except to the extent otherwise stated in this Lease, Owner is the sole owner of the Premises in fee simple and each person or entity signing the Lease on behalf of Owner has the full and unrestricted authority to execute and deliver this Lease and to grant the leaseholds, easements and other rights granted to Project Company herein. There are no encumbrances or liens (including farm or other tenancies) against the Premises except those which are listed on Exhibit C, attached hereto and incorporated by reference (the “**Encumbrances**”). Owner agrees to deliver any documents necessary to correct any title defects. All persons having any ownership interest in the Premises (including spouses) are signing this Lease as Owner. When signed by Owner, this Lease constitutes a valid and binding agreement enforceable against Owner in accordance with its terms. Owner expressly waives any and all existing and future statutory, common law and other liens on the Solar Facilities that Owner may have under applicable law. To the extent that any such lien cannot be waived under applicable law, Owner hereby subordinates such lien to all existing and future liens and security interests in favor of Project Company’s creditors.

### Section 5.2 Cooperation to Eliminate Lien Interference

Owner will cooperate with Project Company to obtain non-disturbance and subordination agreements, or such other necessary agreements, from any person or entity with a lien, encumbrance, mortgage, deed of trust, lease or other exception to Owner’s fee title to the Premises to the extent necessary to eliminate any actual or potential interference by any such lienholder with any rights granted to Project Company under this Lease (including, but not limited to any Wetlands Reserve Program (“**WRP**”) or Conservation Reserve Program (“**CRP**”). Owner will also cooperate with Project Company to obtain and maintain any permits or approvals needed for the Solar Facilities. Owner will also provide Project Company with such further assurances and will execute any estoppel certificates, consents to assignments, non-disturbance and subordination agreements, or additional documents that may be reasonably necessary for recording purposes or requested by Project Company or any of its lenders.

### Section 5.3 Quiet Enjoyment

As long as Project Company is not in Breach of this Lease, Project Company will have the quiet use and enjoyment of the Premises in accordance with the terms of this Lease without any interference of any kind by Owner or any person claiming through Owner. Owner and its activities on the Premises and any grant of rights Owner makes to any other person will be only as permitted under this Lease and will not interfere with any of Project Company’s rights or activities pursuant to this Lease, and Owner will not interfere or allow interference with any of Project Company’s rights or activities pursuant to this Lease, and Owner will not materially interfere or allow material interference with the solar speed or solar direction over the Premises or otherwise engage in activities or allow any activities which might impede or decrease the output or efficiency of the Solar Facilities.

#### **Section 5.4 Exclusivity**

Project Company will have the sole and exclusive rights to install and operate Solar Facilities on the Premises, to use the Premises for solar energy purposes and to convert all of the solar resources of the Premises. In no event during the Term will Owner construct, build or locate or allow others to construct, build or locate any solar energy facility or similar project on the Premises.

#### **Section 5.5 Hazardous Materials**

Owner will not use, store, dispose of or release on the Premises or cause or permit to exist or be used, stored, disposed of or released on the Premises as a result of Owner's operations, any substance which is defined as a "hazardous substance", "hazardous material", or "solid waste" in any Legal Requirement, except in such quantities as may be required in the operations Owner is permitted to conduct on the Premises and only if such use is in full compliance with all Legal Requirements. Owner represents and warrants to Project Company that, as of the date hereof, there is no "hazardous substance", "hazardous material", or "solid waste" on, in or under the Premises in violation of any Legal Requirements.

#### **Section 5.6 Mineral Rights and Lateral Support**

(a) "Subsurface Interests" include, but are not limited to oil, gas, coal, cement materials, sodium sulfate, sand and gravel, scoria, road material, building stone, chemical substances, metallic ores, uranium ores, or colloidal or other clays.

(b) If Owner does not own 100% of the Subsurface Interests in and under the Premises, or leases the Subsurface Interests relating to Premises, then Owner will disclose such to Project Company on Exhibit B. This Lease will not be interpreted to prevent Owner from leasing and developing Subsurface Interests on Premises, provided that any future leasing, development or transfer of the Subsurface Interests will be subject to this Lease. Owner will notify Project Company as soon as Owner knows of Subsurface Interest exploration or production plans. Owner will cooperate with Project Company in the exercise of Owner's Subsurface Interest rights to minimize interference, at no cost to Owner.

(c) If Owner does not own 100% of the Subsurface Interests in and under the Premises, or leases the Subsurface Interests relating to Premises, Owner agrees to cooperate with Project Company's efforts to obtain a cooperation or accommodation agreement relating to the exploring, drilling, or mining for or producing of Subsurface Interests on Premises from the owner or lessee of such Subsurface Interests.

(d) If Owner owns 100% of the Subsurface Interests in and under the Premises, and does not lease the Subsurface Interests relating to Premises, Project Company will have and exercise the right of subjacent and lateral support for the Solar Facilities on the Premises to whatever extent is necessary for the safe construction, operation and maintenance on the Solar Facilities. Owner expressly covenants that Owner will not excavate so near the sides of or underneath the Solar Facilities as to undermine or otherwise adversely affect their stability. Neither Owner nor its successors or assigns will be entitled to use, or authorize the use of, any portion of the surface of the Premises located within three hundred (300) feet of any existing or proposed Solar Facility or within one hundred (100) feet of an existing or proposed transmission line (or any other portion of the Premises that would unreasonably interfere with the use by Project Company of the Premises) for the purpose of exploring, drilling, or mining for or producing Subsurface Interests, without the prior written consent of Project Company, which consent will not be unreasonably withheld, delayed or denied. Owner agrees that the new agreement affecting Subsurface Interests will expressly provide that such holder will not conduct any activities within the areas described in this Section 5.6 and will not otherwise interfere with Project Company's rights under the Agreement.

#### **Section 5.7 Operation of the Solar Facilities**

Owner acknowledges and understands that the Solar Facilities to be located on the Premises, or in connection with the Project on adjacent property may impact the view on the Premises or on adjacent Premises or otherwise cause visual effects. Owner covenants and agrees that the Owner will not assert that the Solar Facilities constitute a nuisance.

### **ARTICLE VI. Indemnification**

#### **Section 6.1 Indemnification**

Each party (the "Indemnifying Party") agrees to defend, indemnify and hold harmless the other party and the other party's officers, directors, employees, representatives and agents (collectively the "Indemnified Party") against any and all losses, damages, claims, expenses and liabilities for physical damage to property and for physical injury to any person, including, without limitation, reasonable attorneys' fees, to the extent resulting from or arising out of (i) any operations or activities of the Indemnifying Party on the Premises or (ii) any negligent or intentional act or omission on the part of the Indemnifying Party with respect to this Lease or the Premises. This indemnification will not apply to losses, damages, claims, expenses and liabilities to the extent caused by any negligent or intentional act or omission on the part of the Indemnified Party. This indemnification will survive the termination of this Lease.

## ARTICLE VII. Assignment; Encumbrance of Lease

### Section 7.1 Right to Encumber

(a) **Project Company Right to Mortgage Leasehold Interest.** Project Company may at any time mortgage all or any part of its interest in the Lease and rights under this Lease and/or enter into a collateral assignment of all or any part of its interest in the Lease or rights under this Lease to any entity ("Lender") without the consent of Owner. Any Lender will have no obligations under this Lease until such time as it exercises its rights to acquire Project Company's interests subject to the lien of Lender's mortgage by foreclosure or otherwise assumes the obligations of Project Company directly. Project Company will undertake reasonable efforts to notify Owner of the identity and notice address for any Lender, but failure to do so will not be considered a default hereunder.

(b) **Amendment Requires Lender Consent.** Owner and Project Company agree that, once all or any part of Project Company's interests in the Lease are mortgaged or assigned to a Lender, they will not modify or terminate this Lease without the prior written consent of the Lender.

(c) **Lender Right to Cure Project Company Default.** Owner agrees that any Lender will have the right to make any payment and to do any other act or thing required to be performed by Project Company under this Lease, and any such payment, act or thing performed by Lender will be effective to prevent a Breach by Project Company and any forfeiture of any of Project Company's rights under this Lease as if done by Project Company itself.

(d) **Notice from Owner to Lender in Case of Project Company Default.** During the time all or any part of Project Company's interests in the Lease are mortgaged or assigned to any Lender, if Project Company defaults under any of its obligations and Owner is required to give Project Company notice of the default, Owner will also be required to give Lender notice of the default. If Owner becomes entitled to terminate this Lease due to an uncured default by Project Company, Owner will not terminate this Lease unless it has first given written notice of the uncured default and of its intent to terminate this Lease to the Lender and has given the Lender at least thirty (30) days from such notice to cure the default to prevent termination of this Lease. If within such thirty (30) day period the Lender notifies the Owner that it must foreclose on Project Company's interest or otherwise take possession of Project Company's interest under this Lease in order to cure the default, Owner will not terminate this Lease and will permit the Lender a reasonable period of time necessary for the Lender, with the exercise of due diligence, to foreclose or acquire Project Company's interest under this Lease and to perform or cause to be performed all of the covenants and agreements to be performed and observed by Project Company. The time within which Lender must foreclose or acquire Project Company's interest will be extended to the extent Lender is prohibited by an order or injunction issued by a court or the operation of any bankruptcy or insolvency law from commencing or prosecuting the necessary foreclosure or acquisition.

(e) **Recognition of Lender as Successor.** The acquisition of all or any part of Project Company's interests in the Lease by any Lender through foreclosure or other judicial or non-judicial proceedings in the nature of foreclosure, or by any conveyance in lieu of foreclosure, will not require the consent of Owner nor constitute a Breach or default of this Lease by Project Company, and upon the completion of the acquisition or conveyance, Owner will acknowledge and recognize Lender as Project Company's proper successor under this Lease upon Lender's cure of any existing Project Company defaults and assumption of the obligations of Project Company under this Lease prospectively.

(f) **New Lease.** In the event this Lease is rejected by a trustee or a debtor-in possession in any bankruptcy or insolvency proceeding, Owner agrees, upon request by any Lender within sixty (60) days after the rejection or termination, to execute and deliver to Project Company or Lender a new lease for the Premises which (i) will be effective as of the date of the rejection or termination of this Lease, (ii) will be for a term equal to the remainder of the Term before giving effect to such rejection or termination, and (iii) will contain the same terms, covenants, agreements, provisions, conditions and limitations as are contained in this Lease (except for any obligations or requirements which have been fulfilled by Project Company or Lender prior to rejection or termination). Prior to the execution and delivery of any such new lease Project Company, or Lender, will (i) pay Owner any amounts which are due Owner from Project Company, (ii) pay Owner any and all amounts which would have been due under this Lease but for the rejection or termination from the date of the rejection or termination to the date of the new lease and (iii) agree in writing to perform or cause to be performed all of the other covenants and agreements to be performed by Project Company under this Lease to the extent Project Company failed to perform them prior to the execution and delivery of the new lease.

## **Section 7.2 Assignment of Project Company's Interest**

Project Company and any successor or assign of Project Company will at all times have the right, without need for Owner's consent, to do any of the following, conditionally or unconditionally, with respect this Lease or to all or any portion of the Premises: grant co-leases, separate leases, subleases, easements, licenses or similar rights (however denominated) to one or more third parties; or sell, convey, lease, assign, mortgage, encumber or transfer to one or more third parties or to any affiliate of Project Company's this Lease, or any right or interest in this Lease, or any or all right or interest of Project Company in the Premises or in any or all of the Solar Facilities that Project Company or any other party may now or hereafter install on the Premises provided that (i) any such assignment, transfer or conveyance will not be for a period beyond the Term; (ii) the assignee or transferee will be subject to all of the obligations, covenants and conditions applicable to the Project Company; and (iii) Project Company will not be relieved from liability for any of its obligations under this Lease by virtue of the assignment or conveyance unless Project Company assigns or conveys all of its interests under the Lease to the assignee or transferee, in which event Project Company will have no continuing liability.

## **Section 7.3 Continuing Nature of Obligations**

(a) **Benefits are "In Gross".** The Solar Easement and all other easements and related rights granted by Owner in this Lease to Project Company are easements "in gross", which means, among other things, that they are interests personal to and for the benefit of Project Company, and its successors and assigns, as owner of the rights created by the Solar Easement and such other easements. The Access Easement, the Solar Easement and other rights granted Project Company by Owner in this Lease are independent of any lands or estates or interest in lands, there is no other real property benefiting from the Solar Easement and, as between the Premises and other tracts of property on which Project Company may locate Solar Facilities, no tract is considered dominant or servient as to the other.

(b) **Burdens Run With and Against the Land.** The burdens of the Solar Easement, the Access Easement and all other rights granted to Project Company in this Lease will run with and against the Premises and will be a charge and burden on the Premises and will be binding upon and against Owner and its successors, assigns, permittees, licensees, lessees, employees and agents. The Lease, the Access Easement and the Solar Easement will inure to the benefit of Project Company and its successors, assigns, permittees, licensees and Project lessees.

## **ARTICLE VIII. Condemnation**

### **Section 8.1 Effect of Condemnation**

If eminent domain proceedings are commenced against all or any portion of the Premises, and the taking and proposed use of such property would prevent or adversely affect Project Company's construction, installation or operation of Solar Facilities on the Premises, at Project Company's option, the parties will either amend this Lease to reflect any necessary relocation of the Solar Facilities which will preserve the value and benefit of the Lease to Project Company, together with any corresponding payments, or this Lease will terminate in which event neither party will have any further obligations.

### **Section 8.2 Condemnation Proceeds**

All payments made by a condemnor on account of a taking by eminent domain will be the property of the Owner, except that Project Company will be entitled to any award or amount paid for the reasonable costs of removing or relocating any of the Solar Facilities or the loss of any such Solar Facilities or the use of the Premises pursuant to the Lease. Project Company will have the right to participate in any condemnation proceedings to this extent.

## **ARTICLE IX. Default/Termination**

### **Section 9.1 Events of Default**

Each of the following will constitute a "**Breach**" that will permit the non-defaulting party to terminate this Lease or pursue other remedies available at law or equity.

(i) any failure by Project Company to pay any amounts due under Article III if the failure to pay continues for thirty (30) days after written notice from Owner;

(ii) any other breach of this Lease by either party which continues for thirty (30) days after written notice of default from the non-defaulting party or, if the cure will take longer than thirty (30) days, the length of time necessary to effect cure as long as the defaulting party is making diligent efforts to cure during that time.

### **Section 9.2 Surrender**

Upon the termination or expiration of this Lease, Project Company will peaceably surrender the Premises to Owner and remove all Solar Facilities from the Premises at Project Company's expense within twelve months from the date the Lease expires or is terminated. For the period between the date of termination or expiration of this Lease and the date on which Project Company completes removal of the Solar Facilities as required under Section 4.4 of this Lease, Project Company will continue to pay Solar Rent (as defined in Exhibit D) for each Commercially Operational Solar Facility installed on the Premises.

### **Section 9.3 Specific Performance**

Owner acknowledges and agrees that should Owner breach any of its obligations hereunder or otherwise fail to permit Project Company to exercise any of the rights and privileges granted herein, damages would be difficult to calculate and money damages would not be sufficient to compensate Project Company for such breach, and therefore, Owner agrees that Project Company will have the right to seek specific enforcement of this Lease. In that event, Owner agrees that Project Company has no adequate remedy at law, and that an order of specific performance may be granted in favor of Project Company.

### **Section 9.4 Damages**

**NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS LEASE, NEITHER PARTY WILL BE ENTITLED TO, AND EACH OF OWNER AND PROJECT COMPANY HEREBY WAIVES ANY AND ALL RIGHTS TO RECOVER, CONSEQUENTIAL, INCIDENTAL, AND PUNITIVE OR EXEMPLARY DAMAGES, HOWEVER ARISING, WHETHER IN CONTRACT, IN TORT, OR OTHERWISE, UNDER OR WITH RESPECT TO ANY ACTION TAKEN IN CONNECTION WITH THIS LEASE.**

### **Section 9.5 Waiver of Jury Trial**

**EACH OF THE PARTIES KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS LEASE, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO IN CONNECTION WITH OR ARISING OUT OF THIS LEASE OR SUCH AGREEMENTS. EACH OF THE PARTIES TO THIS LEASE WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL**

**HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THIS PROVISION IS A MATERIAL INDUCEMENT TO EACH OF THE PARTIES FOR ENTERING INTO THIS LEASE.**

### **Section 9.6 Delinquent Payments**

If Project Company fails to pay Owner any sum to be paid by Project Company hereunder within sixty (60) days after such payment is due, interest on the unpaid amount will accrue at a rate of five percent (5%) per annum or the maximum rate allowed by law, whichever is less, from thirty (30) days after the date such payment was due until the date such payment is made.

## **ARTICLE X. Right of First Refusal**

### **Section 10.1 Right of First Refusal**

Owner hereby grants to Project Company during the Term of this Lease or any extension thereof the Right of First Refusal to purchase the Premises as described in Exhibit "A" of this Lease if Owner receives a bona-fide Offer, which Owner is willing to accept, from any party offering to pay Owner for the purchase of the Premises described in Exhibit "A" of this Lease. Upon receipt of the Offer Owner shall immediately provide to Project Company a copy of the Offer which must be in writing, and must set forth the proposed purchaser's name, address, consideration, and any other material terms of the Offer. Project Company shall have fifteen (15) days after receipt from Owner of a complete copy of any such Offer to advise Owner in writing of its election to enter into a purchase agreement with Owner on equivalent terms and conditions. If Project Company fails to notify Owner within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Owner shall have the right to accept said offer. Any purchase granted by Owner in violation of this provision shall be null and void.

## **ARTICLE XI. Miscellaneous**

### **Section 11.1 Notice**

Notices, consents or other documents required or permitted by this Lease must be given by personal delivery, reputable overnight courier or certified U.S. mail postage prepaid and will be sent to the respective parties as follows (or at such other address as either party may designate upon written notice to the other party in the manner provided in this paragraph) and will be deemed delivered upon actual delivery or refusal, if personally delivered, upon the date of actual delivery or refusal shown on the courier's delivery receipt if sent by overnight courier and on the fourth business day after deposit in the U.S. mail if sent by certified mail:

To Owner: Jordan Hunter Latham  
125 Hickman St  
Cedar Hill, TX 75104

To Project Company: Malakoff Solar Holdings, LLC  
1914 W. McKinney Street, Unit B  
Huston, TX 77019

### **Section 11.2 Relationship of the Parties; No Third Party Beneficiaries**

The duties, obligations and liabilities of each of the parties are intended to be several and not joint or collective. This Lease will not be interpreted or construed to create an association, joint venture, fiduciary relationship or partnership between Owner and Project Company or to impose any partnership obligation or liability or any trust or agency obligation or relationship upon either party. Owner and Project Company will not have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act or be an agent or representative of, or to otherwise bind, the other party. Except for the rights of Lenders set forth above, no provision of this Lease is intended to nor will it in any way inure to the benefit of any third party so as to constitute any such person a third party beneficiary under this Lease, or of any one or more of the terms of this Lease, or otherwise give rise to any cause of action in any person not a party to this Lease.



### **Section 11.3 Entire Agreement**

It is mutually understood and agreed that this Lease constitutes the entire agreement between Owner and Project Company and supersedes any and all prior oral or written understandings, representations or statements, and that no understandings, representatives or statements, verbal or written, have been made which modify, amend, qualify or affect the terms of this Lease. This Lease may not be amended except in a writing executed by both parties.

### **Section 11.4 Governing Law**

This Lease is made in and will be governed by the laws of the state in which the Premises is located, and the venue for any dispute will be the county in which the Premises is located. The parties agree that any rule of construction to the effect that ambiguities are to be resolved in favor of either party will not be employed in the interpretation of this Lease. In interpreting this Lease, time is of the essence.

### **Section 11.5 Cooperation**

Each of the parties, without further consideration, agrees to execute and deliver such additional documents and take such action as may be reasonably necessary to carry out the purposes and intent of this Lease and to fulfill the obligations of the respective parties. If, at any time during the Term, Project Company deems it to be necessary or desirable to meet legal or regulatory requirements, Project Company may request that Owner reexecute a new lease substantially in the form of this Lease with a term equal to the Term remaining as of the date of execution of the new lease, and Owner will execute and enter into the new lease with Project Company or its designee. In the event of inaccuracies or insufficiencies in the legal description of the Premises, this Lease will be amended to correct the inaccuracies or insufficiencies.

### **Section 11.6 Waiver**

Neither party will be deemed to have waived any provision of this Lease or any remedy available to it unless such waiver is in writing and signed by the party against whom the waiver would operate. Any waiver at any time by either party of its rights with respect to any rights arising in connection with this Lease will not be deemed a waiver with respect to any subsequent or other matter. In the event that Project Company makes any overpayments to Owner hereunder, Project Company will offset the amount of such overpayments to Owner against future payments due to Owner from Project Company hereunder.

#### **Section 11.7 Force Majeure**

Neither Owner nor Project Company will be liable to each other, or be permitted to terminate this Lease, for any failure to perform an obligation of this Lease to the extent such performance is prevented by a Force Majeure, which will mean an event beyond the control of the party affected and which, by exercise of due diligence and foresight, could not reasonably have been avoided.

#### **Section 11.8 Confidentiality**

Owner will maintain in the strictest confidence, for the benefit of Project Company and any assignee or transferee of Project Company, all information pertaining to the financial terms of or payments under this Lease, Project Company's site or product design, methods of operation, methods of construction, power production or availability of the Solar Facilities, and the like, whether disclosed by Project Company, any assignee or transferee, or discovered by Owner, unless such information either (i) is in the public domain by reason of prior publication through no act or omission of Owner or its employees or agents; or (ii) was already known to Owner at the time of disclosure and which Owner is free to use or disclose without breach of any obligation to any person or entity. Owner will not use such information for its own benefit, publish or otherwise disclose it to others, or permit its use by others for their benefit or to the detriment of Project Company, any assignee or transferee. Notwithstanding the foregoing, Owner may disclose such information to Owner's lenders, attorneys, accountants and other personal financial advisors solely for use in connection with their representation of Owner regarding this Lease; any prospective purchaser of the Premises who has made a written offer to purchase or otherwise acquire the Premises that Owner desires to accept; or pursuant to lawful process, subpoena or court order requiring such disclosure, provided Owner in making such disclosure advises the party receiving the information of the confidentiality of the information and obtains the written agreement of said party not to disclose the information, which agreement will run to the benefit of and be enforceable by Project Company and any assignee or transferee of Project Company. The provisions of this Section 10.8 will survive the termination or expiration of this Lease.

#### **Section 11.9 - (removed) -**

#### **Section 11.10 Severability**

Each provision hereof will be valid and will be enforceable to the extent not prohibited by law. If any provision hereof or the application thereof to any person or circumstance will to any extent be invalid or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, will not be affected thereby.

#### **Section 11.11 Counterparts**

This Lease may be executed in two or more counterparts and by different parties on separate counterparts, all of which will be considered one and the same agreement and each of which will be deemed an original.

#### **Section 11.12 Memorandum of Lease**

Owner and Project Company will execute in recordable form and Project Company will then record a memorandum of this Lease in the form attached hereto as Exhibit C. Owner hereby consents to the recordation of the interest of an assignee in the Premises.

**IN WITNESS WHEREOF**, the undersigned have caused this instrument to be executed as of the 17th day of April, 2023.

**OWNER**

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §.

The foregoing instrument was acknowledged before this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_, by \_\_\_\_\_.

Notary Public

**PROJECT COMPANY**

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

# EXHIBIT D

## PAYMENT TERMS

Payment	Description of Payment		Timing of Payment
<b>Development Period Rent</b>	Beginning on the Effective Date, Project Company shall pay to Owner annual rent in the amount of \$133.33 per acre of the Premises (applied to 75 acres of the Premises definition) as rent for the Development Period.		The payment of Development Period Rent, which will comprise of the development period rent for the first year of the Development Period, shall be due within 30 business days of the Effective Date. Any Development Period Rent payments for less than a full calendar year shall be prorated based on the actual number of days of the Development Period in such year.
<b>Construction Staging Area Rent</b>	During the initial construction of the Project, Project Company shall pay “ <b>Construction Staging Area Rent</b> ” to Owner equal to Five Hundred Dollars (\$500.00) per year, prorated to forty-two (\$42.00) per month, for each acre that Project Company uses for temporary storage, lay down, staging and batch-plant areas (collectively, the “Construction Staging Areas”); provided, however, that Project Company shall not be required to pay Temporary Storage Rent form any Construction Staging Area (i) located within the Substation Site or (ii) used by Project Company for less than thirty (30) consecutive days. Construction Staging Area Rent shall convert automatically to Operating Term no more than 90 days after commencement of construction, or when Project Company notifies Owner, whichever happens first.		The Construction Staging Area Rent shall be payable within sixty (60) days after commencement of construction of the Construction Staging Areas, as determined when earth-moving equipment breaks ground on the Construction Staging Areas. Any Construction Staging Area Rent for less than a full twelve-month period shall be prorated based on the actual number of days that Project company used the Construction Staging Area in the applicable period.
<b>Operating Term Lease Schedule</b>	Operating year	Lease rate (per acre)	The first payment of Operating Term, which will comprise of the annual lease payment for the first year of the Operating Term, shall be due within thirty days after the start of the Operating Term. Thereafter, lease payments during the Operating Term shall be paid annually no later than thirty days after the annual anniversary of the Operating Term.
	1	\$616.00	
	2	\$616.00	
	3	\$616.00	
	4	\$616.00	
	5	\$616.00	
	6	\$540.35	
	7	\$545.75	
	8	\$551.21	
	9	\$556.72	
	10	\$562.29	
	11	\$567.91	
	12	\$573.59	
	13	\$579.33	
	14	\$585.12	
	15	\$590.97	
	16	\$596.88	
	17	\$602.85	
	18	\$608.88	
	19	\$614.97	
	20	\$621.12	
	21	\$627.33	
	22	\$633.60	
	23	\$639.94	
	24	\$646.34	
	25	\$652.80	

**LAND LEASE AND SOLAR EASEMENT**

**Between**

---

**And**

---

**Dated as of**

---

---

## Table of Contents

	Page
ARTICLE I. PREMISES	1
Section 1.1    General	1
Section 1.2    Solar Easement	3
ARTICLE II. LEASE TERM	4
Section 2.1    Development Period; Operating Term; Renewal Terms	4
Section 2.2    Termination of Lease	5
Section 2.3    Survival of Covenants	5
ARTICLE III. PAYMENTS AND TAXES	5
Section 3.1    Payments	5
Section 3.2    Taxes, Assessments and Utilities	5
ARTICLE IV. PROJECT COMPANY’S COVENANTS	6
Section 4.1    Mechanics Liens	6
Section 4.2    Permits and Laws	6
Section 4.3    Project Company’s Improvements	7
Section 4.4    Removal of Project Company’s Improvements	7
Section 4.5    Hazardous Wastes	8
Section 4.6    Insurance	8
Section 4.7    Gates and Fences	8
Section 4.8    Site Rules	9
ARTICLE V. OWNER COVENANTS	9
Section 5.1    Title and Authority	9
Section 5.2    Cooperation to Eliminate Lien Interference	9
Section 5.3    Quiet Enjoyment	9
Section 5.4    Exclusivity	10
Section 5.5    Hazardous Materials	10
Section 5.6    Mineral Rights and Lateral Support	10
Section 5.7    Operation of the Solar Facilities	11
ARTICLE VI. INDEMNIFICATION	11
Section 6.1    Indemnification	11

Table of Contents  
(continued)

	Page
ARTICLE VII. ASSIGNMENT; ENCUMBRANCE OF LEASE	11
Section 7.1      Right to Encumber	11
Section 7.2      Assignment of Project Company's Interest	13
Section 7.3      Continuing Nature of Obligations	13
ARTICLE VIII. CONDEMNATION	14
Section 8.1      Effect of Condemnation	14
Section 8.2      Condemnation Proceeds	14
ARTICLE IX. DEFAULT/TERMINATION	14
Section 9.1      Events of Default	14
Section 9.2      Surrender	14
Section 9.3      Specific Performance	15
Section 9.4      Damages	15
Section 9.5      Waiver of Jury Trial	15
Section 9.6      Delinquent Payments	15
ARTICLE X. MISCELLANEOUS	16
Section 10.1     Notice	16
Section 10.2     Relationship of the Parties; No Third Party Beneficiaries	16
Section 10.3     Entire Agreement	16
Section 10.4     Governing Law	16
Section 10.5     Cooperation	17
Section 10.6     Waiver	17
Section 10.7     Force Majeure	17
Section 10.8     Confidentiality	17
Section 10.9     Tax Credits	18
Section 10.10    Severability	18
Section 10.11    Counterparts	18
Section 10.12    Memorandum of Lease	18



## LAND LEASE AND SOLAR EASEMENT

This Land Lease and Solar Easement ("**Lease**") is made on \_\_\_\_\_ (the "**Effective Date**") between \_\_\_\_\_ ("**Owner**"), and \_\_\_\_\_, a Delaware limited liability company, and its successors and assigns ("**Project Company**"). Owner and Project Company agree as follows:

## ARTICLE I. Premises

## Section 1.1 General

(a) **Lease of Premises for Solar Energy Purposes.** Owner leases to Project Company, and Project Company leases from Owner, the real property legally described in Exhibit A attached hereto (the "**Premises**") for the sole purpose of monitoring, testing and evaluating the Premises for solar energy generation and of constructing, installing, using, replacing, relocating and removing from time to time, and maintaining and operating, solar energy generating equipment, overhead and/or underground electrical transmission and communications lines, electric transformers, energy storage facilities, telecommunications equipment, power generation facilities and substations to be operated in conjunction with solar energy generating equipment installations, roads, and related improvements, facilities and equipment (collectively, "**Solar Facilities**"), including, without limitation, a line or lines of towers with wires and cables, and/or underground wires and cables, for the transmission of electrical energy and/or for communication purposes, and all necessary and proper foundations, footings, crossarms and other appliances and fixtures for use in connection with said towers, wires and cables on, along and in the Premises, together with the appropriate rights of way. Project Company will have the right to relocate existing Solar Facilities during the Term. Project Company will have the exclusive right to use the Premises for solar energy purposes. For purposes of this Lease, "solar energy purposes" means converting solar energy into electrical energy, and collecting and transmitting the electrical energy so converted, together with any and all activities related thereto.

The general description of the Premises described in Exhibit A attached to this Lease on the Effective Date may not be a precise legal description of the Premises. The Owner and Project Company hereby acknowledge and confirm that, notwithstanding any insufficiency in the legal description attached as Exhibit A, the parties desire to enter this Lease and to be fully and legally bound by this Lease. Therefore, Owner and Project Company agree that (i) they are thoroughly familiar with the proposed location of the area comprising the Premises, and (ii) upon Project Company obtaining a Survey (as defined below), the metes and bounds description of the Premises will be substituted for Exhibit A pursuant to an amendment to this Lease and such metes and bounds description will become the final legal description of the Premises. The parties acknowledge and agree that they are legally bound under this Lease pursuant to the depiction of the Premises attached as Exhibit A and both parties will be obligated to perform hereunder based on such depiction of the Premises. The parties acknowledge and agree that the Premises described in Exhibit A will include the land for the Access Easement, Transmission Easement and Solar Easement. Prior to the construction of any Solar Facilities on the Premises, Project Company, at its expense, will obtain and deliver to Owner a survey of the Property prepared by a Texas registered professional land surveyor (the "**Survey**").

(b) **Access Easement.** Owner hereby grants to Project Company, for the Term (as defined below), an easement (the “**Access Easement**”) over, across and on the Premises (**but not adjacent property owned by Owner**) for ingress to and egress from the Solar Facilities by means of any existing roads and lanes **on the Premises**, or by such route or routes as Project Company may construct from time to time **on the Premises**. The Access Easement will include the right to improve existing roads and lanes **on the Premises**, or to build new roads **on the Premises**, and will run with and bind the Premises, and will inure to the benefit of and be binding upon Owner and Project Company, as applicable, and their respective heirs, personal representatives, transferees, successors and assigns, and all persons claiming under them. The location and dimensions of such access roads will be made by Project Company in its sole discretion, except that: Project Company agrees to use commercially reasonable efforts to install such access roads perpendicular to county roads.

(c) **Transmission Easement.** Owner hereby grants Project Company one or more easements for Transmission Facilities (defined below) (“**Transmission Easements**”) on, over and across the Premises, on such portions of the Premises as will be notified to Owner by Project Company. Any such Transmission Easement will contain all of the rights and privileges for Transmission Facilities as are set forth in this Lease. Any Transmission Easement will also include the right of ingress to and egress from the Solar Facilities (whether located on the Premises, on adjacent property or elsewhere) over and along the Premises by means of roads and lanes thereon if existing, or otherwise by such route or routes as Project Company or Owner may construct from time to time. The term of the Transmission Easements will be the same as the term of this Lease unless terminated by Project Company by written notice to Owner as set forth herein, and will not expire or be terminable by Owner under any circumstances. Project Company will have the right to assign or convey all or any portion of any Transmission Easement to any person on an exclusive or nonexclusive basis. Any Transmission Easement will run with the Premises and inure to the benefit of and be binding upon Owner and Project Company and their respective transferees, successors, and assigns, and all persons claiming under them. Project Company will have the right to assign its rights hereunder relating to the construction, operation, repair and/or maintenance of the electric transmission or distribution systems to a third party that owns, operates and/or maintains electric transmission or distribution systems. As used in this Lease, the term “**Transmission Facilities**” means electrical transmission and/or distribution and communications lines and related cables, wires, conduit, circuit breakers and transformers, and any and all necessary and proper facilities, fixtures, and additional equipment any way related to or associated with any of the foregoing for the transmission and delivery of electrical energy. Transmission Facilities will be deemed to be Solar Facilities. Project Company will bury all collector lines that are 138kv or less, except such lines that Project Company, in good faith, determines that it is unable to bury for technical reasons.

(d) **Owner’s Retained Rights.** Owner will retain the right to use the portion of the Premises not occupied by Solar Facilities to the extent its use is not inconsistent with Project Company’s rights under this Lease for uses solely intended to qualify Premises for Texas Agricultural Tax Exemption, not before five years prior to lease expiration, starting five years prior to the end of the Operating Term or the Renewal Term, as the case may be.

(e) **Location of Solar Facilities.** Project Company will make good faith efforts to consult with Owner on its site development plan prior to construction of solar facilities, roads and electric power lines, provided that Project Company will make all such final siting decisions in Project Company's sole discretion.

(f) **Part of a Larger Project.** Owner acknowledges that Project Company may elect to develop commercial solar energy facilities with which the Premises will share structural and transmission components, ingress and egress, utility access, and other support, all of which are specifically designed to be interrelated and integrated in operation and use for the full life of such facilities. Project Company may designate, from time to time, the solar energy facilities with which the Premises is included in a defined solar energy project (the "**Project**"). The properties designated by Project Company as included in the Project with the Premises will be referred to as the "**Project Properties**." Nothing contained in this Lease will be construed as requiring Project Company to construct or operate the Project or continue the operation of the Project or any portion thereof, if it is so constructed.

## **Section 1.2 Solar Easement**

(a) **Open Access to Sun.** Owner hereby grants and conveys to Project Company an exclusive easement on, over and across the Premises for the following: the open and unobstructed access to the sun to any Solar Facilities on any of the Project Properties and to ensure adequate exposure of the Solar Facilities to the sun. In addition, Owner hereby grants and conveys to Project Company an exclusive easement prohibiting any obstruction to the open and unobstructed access to the sun (together with the preceding sentence, the "**Solar Easement**") throughout the entire Premises to and for the benefit of the area existing horizontally three hundred and sixty degrees (360°) from any point where any Solar Facility is or may be located at any time from time to time (each such point referred to as a "**Site**") and for a distance from each Site to the boundaries of the Premises, together vertically through all space located above the surface of the Premises, that is, one hundred eighty degrees (180°) or such greater number or numbers of degrees as may be necessary to extend from each point on and along a line drawn along the surface from each point along the exterior boundary of the Premises through each Site to each point and on and along such line to the opposite exterior boundary of the Premises.

(b) **Owner Improvements.** Owner may not place or plant any trees, buildings or improvements (an "**Improvement**") on the Premises after the date of this Lease which may, in Project Company's sole judgment, impede or materially interfere with the open and unobstructed access to the sun to any Site or Facility (located either on the Premises or on the Project Properties), unless Owner has received written approval from Project Company for any such trees, structure or improvement. Subject to the foregoing, Owner may construct an Improvement of the Premises if such Improvement meets all of the following requirements:

- (a) Such Improvement poses no interference with any part of the Solar Facilities located on the Premises or elsewhere in the Project; and
- (b) Such Improvement is located at least **five hundred (500)** feet from the location of any Site (whether such Site is located on the Premises or elsewhere in the Project).

(an Improvement that complies with all of the foregoing restrictions will be referred to as a “**Permitted Improvement**”). Owner may construct such Permitted Improvements without the prior consent of Project Company. However, should Owner construct an Improvement that is determined by Project Company to violate or not be in compliance with any of the restrictions of this section, Project Company may provide notice to Owner that said Improvement must be removed within thirty (30) days of Owner’s receipt of Project Company’s notice. Should Owner fail to remove the non-complying Improvement within such thirty (30) day period, Project Company may cause the same to be removed and may off-set the cost of the removal against any lease payments due hereunder to Owner.

(c) **No Interference.** Owner will not materially interfere with, and will not allow any other party to materially interfere with, the free, unobstructed and open and unobstructed access to the sun, over and across the Premises.

## ARTICLE II. Lease Term

### Section 2.1 Development Period; Operating Term; Renewal Terms

(a) **Development Period.** Project Company’s rights under this Lease will be in effect throughout the Development Period. The “Development Period” commences on the Effective Date of this Lease and expires on June 18, 2024.

(b) **Operating Term.** This Lease will automatically be extended for the Operating Term upon the earlier of: (i) the date when at least one solar generating facility installed on the Premises is a Commercially Operational Solar Facility, as defined in Exhibit D (the “**Operation Date**”); or (ii) the date when Owner receives written notice from Project Company of Project Company’s election to extend the Term for the Operating Term (“**Operating Term Notice Date**”), provided that either the Operation Date or the Operating Term Notice Date occurs prior to the expiration of the Development Period. The Operating Term of this Lease (“**Operating Term**”) will be for a period of twenty-five (25) years from the earlier of either the Operation Date or the Operating Term Notice Date, as applicable, unless terminated earlier in accordance with the terms of this Lease. The Development Period ends at the time the Operating Term begins.

(c) **Renewal Term.** Project Company will have the right, at its option, to extend the Operating Term for one (1) additional period of ten (10) years (the “**Renewal Term**”). To exercise its option to renew the Term for the Renewal Term, Project Company must deliver a written extension notice to Owner prior to the expiration of the Operating Term. Project Company must timely deliver such written notice to exercise effectively its options to extend the Term for the Renewal Term. The terms of the Lease during the Renewal Term will be the same terms and conditions applicable during the Operating Term, except as specifically provided herein. Project Company will have no right to extend the Term beyond the Renewal Term. If Project Company fails timely to deliver the extension notice, this Lease will terminate at the end of the Operating Term, and Project Company will have no further options or rights to renew or extend the Term.

(d) **Entire Term.** The “**Term**” of this Lease will be the Development Period together with, if Project Company exercises the applicable options, the Operating Term and the Renewal Term.

## **Section 2.2 Termination of Lease**

The occurrence of any of the following events will terminate this Lease:

- (a) The expiration of this Lease as set forth in Section 2.1; or
- (b) The written agreement of the parties to terminate this Lease; or
- (c) A Breach (as defined below) of this Lease by either party and the election of the non-breaching party to terminate the Lease pursuant to Article IX; or
- (e) A condemnation of all or a portion of the Premises and the election of the Project Company to terminate the Lease pursuant to Article VIII; or

(f) Pursuant to applicable law, except that if any such applicable law is amended or terminated after the date hereof, and the effect of such amendment or termination is to extend the permissible development period to or eliminate the requirement that commercial operation or the development of the potential to produce solar energy begin within a specified time period, then this Lease will automatically be amended to incorporate such amendment or termination, as if such amendment or termination was fully incorporated herein.

## **Section 2.3 Survival of Covenants**

Owner acknowledges that the covenants, conditions, rights and restrictions in favor of Project Company pursuant to this Lease including, but not limited to, the Access Easement and Solar Easement, and Project Company's use of and benefit from those covenants, conditions, rights and restrictions, may constitute a portion of the Project and that the covenants, conditions, rights and restrictions in favor of Project Company pursuant to this Lease will not be deemed nominal, invalid, inoperative or otherwise be disregarded while any portion of the Project remains operational.

## **ARTICLE III. Payments and Taxes**

### **Section 3.1 Payments**

Project Company will pay Owner according to the Payment Terms set forth in Exhibit D.

### **Section 3.2 Taxes, Assessments and Utilities**

(a) Owner Taxes and Assessments. Owner will pay, when due, all real property taxes and assessments levied against the Premises and all personal property taxes and assessments levied against any property and improvements owned by Owner and located on the Premises. If Owner will fail to pay any such taxes or assessments when due, Project Company may, at its option, pay those taxes and assessments and any accrued interest and penalties, and either seek reimbursement from Owner or deduct the amount of its payment from any rent or other amount otherwise due to Owner from Project Company.

(b) Project Company Taxes and Assessments. Project Company will pay all personal property taxes and assessments levied against the Solar Facilities when due, including any such taxes based on electricity production. If the real property taxes assessed to such Premises increase solely as a result of the installation of the Solar Facilities on the Premises, including any reclassification of the Premises, Project Company will pay or reimburse Owner an amount equal to the increase to the extent caused by such installation no later than ten (10) days prior to the date each year on which the applicable real estate taxes are due to be paid, provided that not less than thirty (30) days prior to such due date Owner provides Project Company with copies of the applicable current and past statements of real estate taxes payable for the Premises and any related information demonstrating that the installation of the Solar Facilities resulted in the increase in real estate taxes for which Owner is requiring payment or reimbursement from Project Company. Owner and Project Company agree jointly to use commercially reasonable efforts to cause the Premises not to be reclassified from its present agricultural or open space exemption as a result of this Lease.

(c) Tax Contest. Either party may contest the validity or amount of any levied taxes, assessments or other charges for which each is responsible under this Lease as long as such contest is pursued in good faith and with due diligence and the party contesting the tax, assessment or charge has paid the obligation in question or established adequate reserves to pay the obligation in the event of an adverse determination.

(d) Project Company Utilities. Project Company will pay for all water, electric, telecommunications and any other utility services used by the Solar Facilities or Project Company on the Premises.

### **Section 3.3**

## **ARTICLE IV. Project Company's Covenants**

Project Company covenants, represents and warrants to Owner as follows:

### **Section 4.1 Mechanics Liens**

Project Company will keep the Premises free and clear of all liens and claims of liens for labor, materials, services, supplies and equipment performed for or furnished to Project Company or, at the request of Project Company, any Solar Facility on the Premises in connection with Project Company's use of the Premises. Project Company may contest any such lien, but will post a bond or utilize other available means to remove any lien that is created during the contested proceeding. Project Company agrees to otherwise remove any lien or encumbrance for which it is responsible pursuant to this paragraph within sixty (60) days of notice to Project Company of the creation of any such lien or encumbrance.

### **Section 4.2 Permits and Laws**

Project Company and its designees will at all times comply with all federal, state and local laws, statutes, ordinances, rules, regulations, judgments and other valid orders of any governmental authority applicable with respect to Project Company's activities pursuant to this Lease and will obtain all permits, licenses and orders required to conduct any and all such activities (collectively, "**Legal Requirements**"). Project Company will have the right, in its sole discretion, to contest by appropriate legal proceedings brought in the name of Project Company or in the names of both Project Company and Owner where appropriate or required, the validity or applicability to the Premises or Solar Facilities of any Legal Requirement now or hereafter made or issued by any federal, state, county, local or other governmental agency or entity. Owner will cooperate in every reasonable way in such contest, provided Project Company reimburses Owner for its reasonable and actual out-of-pocket expense directly incurred in connection with such cooperation, to the extent Project Company has approved such expense in advance. Any such contest or proceeding, including any maintained in the name of Owner, will be controlled and directed by Project Company, but Project Company will protect Owner from Project Company's failure to observe or comply during the contest with the contested Legal Requirement.

### Section 4.3 Project Company's Improvements

All Solar Facilities constructed, installed or placed on the Premises by Project Company pursuant to this Lease will be and remain the sole property of Project Company and Owner will have no ownership or other interest in any Solar Facilities on the Premises. The Solar Facilities are and will remain personal property of the Project Company, notwithstanding any present or future common ownership of the Solar Facilities and the Premises. Throughout the Term, Project Company will, at its sole cost and expense, maintain Project Company's Solar Facilities in good condition and repair, ordinary wear and tear excepted. After the construction of the Solar Facilities, Project Company will remove any construction debris and will restore the portions of the Premises not occupied by the Solar Facilities to substantially the same condition that such portions of the Premises were in prior to the construction of the Solar Facilities. All Solar Facilities constructed, installed or placed on the Premises by Project Company pursuant to this Lease may be moved, removed, replaced, repaired or refurbished by Project Company at any time.

### Section 4.4 Removal of Project Company's Improvements

(a) **Project Company Will Remove Solar Facilities.** At the end of the Term, including upon any early termination of the Lease, Project Company will remove all its Solar Facilities, including any foundations, to a depth of three (3) feet below grade, within twelve (12) months from the date the Term expires or the Lease terminates. Owner grants Project Company an easement for such removal, which easement will survive for twelve (12) months after the expiration or termination of this Lease.

(b) **Owner's Right to Remove Solar Facilities Upon Failure by Project Company.** If Project Company fails to remove any of the Solar Facilities within the required time period, such Solar Facilities will be considered abandoned by Project Company and Owner may remove these Solar Facilities from the Premises and dispose of them in its sole discretion without notice or liability to Project Company. In such event, if Owner removes such Solar Facilities at Owner's expense, Project Company will reimburse Owner for all reasonable costs of removing those Solar Facilities as required by the Lease, less any salvage value received by Owner, within thirty (30) days after receipt of an invoice from Owner.

(c) **Security for Removal.** On or before the twentieth (20<sup>th</sup>) anniversary of the Operations Date, Project Company shall provide security to cover the estimated removal and restoration costs associated with removing the Improvements, as well as the cost of restoring the surface of the Property in accordance with the Section 4.4 (a) above. The security shall be, at Project Company's option, either a surety bond from an issuer reasonably acceptable to Owner, a corporate guarantee (from a financially responsible entity whose credit rating is investment grade), a letter of credit issued by a financial institution acceptable to Owner, a cash deposit, or other security reasonably acceptable to Owner (the selected security being herein referred to as the "Removal Bond"). The amount of the Removal Bond shall be the estimated actual cost of removing the foregoing facilities and improvements and restoring the surface. The amount of the Removal Bond shall be updated every five (5) years after the initial estimate based on a new estimate by a construction company selected by Tenant and reasonably acceptable to Owner.

#### **Section 4.5 Hazardous Wastes**

Project Company will not use, dispose of or release on the Premises or cause or permit to exist or be used, stored, disposed of or released on the Premises as a result of Project Company's operations, any substance which is defined as a "hazardous material", "toxic substance" or "solid waste" in any Legal Requirement except in such quantities as may be required in its normal business operations and only if such use is in full compliance with all Legal Requirements. It is hereby expressly made clear however that Project Company shall bear no responsibility or liability whatsoever for any pre-existing hazardous materials on the Premises, whether or not discovered prior to or after the date of execution of this Agreement.

#### **Section 4.6 Insurance**

From the Effective Date and at all times during the Term, Project Company shall comply with and maintain in effect: (i) commercial General Liability Insurance, including bodily injury and property damage coverage with minimum limits of \$1 Million Dollars per occurrence and \$2 Million Dollars aggregate, and (ii) Umbrella Liability Insurance with minimum limits of \$1 Million Dollars per occurrence and \$2 Million Dollars aggregate. Project Company may meet these minimum insurance requirements with any combination of primary, excess, or self-insurance. Project Company shall name Owner as additional insured on such insurance policies and provide Owner with a certificate of such insurance or, if applicable, a letter of self-insurance.

#### **Section 4.7 Gates and Fences**

If necessary and as mutually agreed by the parties, Project Company will make such fence cuts, braces, and repairs that will be permanent and remain functional for the remaining life of the fence of which they are part (any such cuts will be reinforced with bracer posts on each side of the cut, and the opening will be repaired to the same quality as the existing fence); alternatively, Owner may require Project Company to install a cattle guard in lieu of any external gate used by Project Company. During construction or operation of the Solar Facilities, Project Company will close any gates used by its personnel except when open to permit the passage of vehicular traffic, so that Owner's livestock do not stray or escape through such gates. If Owner maintains locks on exterior gates, Owner will provide Project Company with keys or with the combinations to such locks. Upon the termination of this Lease, any cattle guards or gates installed by Project Company will become the property of Owner.



#### **Section 4.8 Site Rules**

While on the Premises, Project Company will use commercially reasonable efforts to comply with the site rules attached hereto as Exhibit E.

#### **ARTICLE V. Owner Covenants**

Owner covenants, represents and warrants to Project Company as follows:

##### **Section 5.1 Title and Authority**

Except to the extent otherwise stated in this Lease, Owner is the sole owner of the Premises in fee simple and each person or entity signing the Lease on behalf of Owner has the full and unrestricted authority to execute and deliver this Lease and to grant the leaseholds, easements and other rights granted to Project Company herein. There are no encumbrances or liens (including farm or other tenancies) against the Premises except those which are listed on Exhibit C, attached hereto and incorporated by reference (the “**Encumbrances**”). Owner agrees to deliver any documents necessary to correct any title defects. All persons having any ownership interest in the Premises (including spouses) are signing this Lease as Owner. When signed by Owner, this Lease constitutes a valid and binding agreement enforceable against Owner in accordance with its terms. Owner expressly waives any and all existing and future statutory, common law and other liens on the Solar Facilities that Owner may have under applicable law. To the extent that any such lien cannot be waived under applicable law, Owner hereby subordinates such lien to all existing and future liens and security interests in favor of Project Company’s creditors.

##### **Section 5.2 Cooperation to Eliminate Lien Interference**

Owner will cooperate with Project Company to obtain non-disturbance and subordination agreements, or such other necessary agreements, from any person or entity with a lien, encumbrance, mortgage, deed of trust, lease or other exception to Owner’s fee title to the Premises to the extent necessary to eliminate any actual or potential interference by any such lienholder with any rights granted to Project Company under this Lease (including, but not limited to any Wetlands Reserve Program (“**WRP**”) or Conservation Reserve Program (“**CRP**”). Owner will also cooperate with Project Company to obtain and maintain any permits or approvals needed for the Solar Facilities. Owner will also provide Project Company with such further assurances and will execute any estoppel certificates, consents to assignments, non-disturbance and subordination agreements, or additional documents that may be reasonably necessary for recording purposes or requested by Project Company or any of its lenders.

##### **Section 5.3 Quiet Enjoyment**

As long as Project Company is not in Breach of this Lease, Project Company will have the quiet use and enjoyment of the Premises in accordance with the terms of this Lease without any interference of any kind by Owner or any person claiming through Owner. Owner and its activities on the Premises and any grant of rights Owner makes to any other person will be only as permitted under this Lease and will not interfere with any of Project Company’s rights or activities pursuant to this Lease, and Owner will not interfere or allow interference with any of Project Company’s rights or activities pursuant to this Lease, and Owner will not materially interfere or allow material interference with the free, unobstructed and open access to the sun over and across the Premises or otherwise engage in activities or allow any activities which might impede or decrease the output or efficiency of the Solar Facilities.

#### **Section 5.4 Exclusivity**

Project Company will have the sole and exclusive rights to install and operate Solar Facilities on the Premises, to use the Premises for solar energy and energy storage purposes and to convert all of the solar resources of the Premises. In no event during the Term will Owner construct, build or locate or allow others to construct, build or locate any solar energy facility, energy storage facility or similar project on the Premises.

#### **Section 5.5 Hazardous Materials**

Owner will not use, store, dispose of or release on the Premises or cause or permit to exist or be used, stored, disposed of or released on the Premises as a result of Owner's operations, any substance which is defined as a "hazardous substance", "hazardous material", or "solid waste" in any Legal Requirement, except in such quantities as may be required in the operations Owner is permitted to conduct on the Premises and only if such use is in full compliance with all Legal Requirements. Owner represents and warrants to Project Company that, as of the date hereof, there is no "hazardous substance", "hazardous material", or "solid waste" on, in or under the Premises in violation of any Legal Requirements. Owner represents and warrants to Project Company that, as of the date hereof, there is no "hazardous substance", "hazardous material", or "solid waste" on, in or under the Premises in violation of any Legal Requirements.

#### **Section 5.6 Mineral Rights and Lateral Support**

(a) "Subsurface Interests" include, but are not limited to oil, gas, coal, cement materials, sodium sulfate, sand and gravel, scoria, road material, building stone, chemical substances, metallic ores, uranium ores, or colloidal or other clays.

(b) If Owner does not own 100% of the Subsurface Interests in and under the Premises, or leases the Subsurface Interests relating to Premises, then Owner will disclose such to Project Company on Exhibit B. This Lease will not be interpreted to prevent Owner from leasing and developing Subsurface Interests on Premises, provided that any future leasing, development or transfer of the Subsurface Interests will be subject to this Lease. Owner will notify Project Company as soon as Owner knows of Subsurface Interest exploration or production plans. Owner will cooperate with Project Company in the exercise of Owner's Subsurface Interest rights to minimize interference, at no cost to Owner.

(c) If Owner does not own 100% of the Subsurface Interests in and under the Premises, or leases the Subsurface Interests relating to Premises, Owner agrees to cooperate with Project Company's efforts to obtain a cooperation or accommodation agreement relating to the exploring, drilling, or mining for or producing of Subsurface Interests on Premises from the owner or lessee of such Subsurface Interests.

(d) If Owner owns 100% of the Subsurface Interests in and under the Premises, and does not lease the Subsurface Interests relating to Premises, Project Company will have and exercise the right of subjacent and lateral support for the Solar Facilities on the Premises to whatever extent is necessary for the safe construction, operation and maintenance on the Solar Facilities. Owner expressly covenants that Owner will not excavate so near the sides of or underneath the Solar Facilities as to undermine or otherwise adversely affect their stability. Neither Owner nor its successors or assigns will be entitled to use, or authorize the use of, any portion of the surface of the Premises located within three hundred (300) feet of any existing or proposed Solar Facility or within one hundred (100) feet of an existing or proposed transmission line (or any other portion of the Premises that would unreasonably interfere with the use by Project Company of the Premises) for the purpose of exploring, drilling, or mining for or producing Subsurface Interests, without the prior written consent of Project Company, which consent will not be unreasonably withheld, delayed or denied. Owner agrees that the new agreement affecting Subsurface Interests will expressly provide that such holder will not conduct any activities within the areas described in this Section 5.6 and will not otherwise interfere with Project Company's rights under the Agreement.

#### **Section 5.7 Operation of the Solar Facilities**

Owner acknowledges and understands that the Solar Facilities to be located on the Premises, or in connection with the Project on adjacent property may impact the view on the Premises or on adjacent Premises or otherwise cause visual effects. Owner covenants and agrees that the Owner will not assert that the Solar Facilities constitute a nuisance.

### **ARTICLE VI. Indemnification**

#### **Section 6.1 Indemnification**

Each party (the "Indemnifying Party") agrees to defend, indemnify and hold harmless the other party and the other party's officers, directors, employees, representatives and agents (collectively the "Indemnified Party") against any and all losses, damages, claims, expenses and liabilities for physical damage to property and for physical injury to any person, including, without limitation, reasonable attorneys' fees, to the extent resulting from or arising out of (i) any operations or activities of the Indemnifying Party on the Premises or (ii) any negligent or intentional act or omission on the part of the Indemnifying Party with respect to this Lease or the Premises. This indemnification will not apply to losses, damages, claims, expenses and liabilities to the extent caused by any negligent or intentional act or omission on the part of the Indemnified Party. This indemnification will survive the termination of this Lease.

### **ARTICLE VII. Assignment; Encumbrance of Lease**

#### **Section 7.1 Right to Encumber**

(a) **Project Company Right to Mortgage Leasehold Interest.** Project Company may at any time mortgage all or any part of its interest in the Lease and rights under this Lease and/or enter into a collateral assignment of all or any part of its interest in the Lease or rights under this Lease to any entity ("Lender") without the consent of Owner. Any Lender will have no obligations under this Lease until such time as it exercises its rights to acquire Project Company's interests subject to the lien of Lender's mortgage by foreclosure or otherwise assumes the obligations of Project Company directly. Project Company will undertake reasonable efforts to notify Owner of the identity and notice address for any Lender, but failure to do so will not be considered a default hereunder.

(b) **Amendment Requires Lender Consent.** Owner and Project Company agree that, once all or any part of Project Company's interests in the Lease are mortgaged or assigned to a Lender, they will not modify or terminate this Lease without the prior written consent of the Lender.

(c) **Lender Right to Cure Project Company Default.** Owner agrees that any Lender will have the right to make any payment and to do any other act or thing required to be performed by Project Company under this Lease, and any such payment, act or thing performed by Lender will be effective to prevent a Breach by Project Company and any forfeiture of any of Project Company's rights under this Lease as if done by Project Company itself.

(d) **Notice from Owner to Lender in Case of Project Company Default.** During the time all or any part of Project Company's interests in the Lease are mortgaged or assigned to any Lender, if Project Company defaults under any of its obligations and Owner is required to give Project Company notice of the default, Owner will also be required to give Lender notice of the default. If Owner becomes entitled to terminate this Lease due to an uncured default by Project Company, Owner will not terminate this Lease unless it has first given written notice of the uncured default and of its intent to terminate this Lease to the Lender and has given the Lender at least thirty (30) days from such notice to cure the default to prevent termination of this Lease. If within such thirty (30) day period the Lender notifies the Owner that it must foreclose on Project Company's interest or otherwise take possession of Project Company's interest under this Lease in order to cure the default, Owner will not terminate this Lease and will permit the Lender a reasonable period of time necessary for the Lender, with the exercise of due diligence, to foreclose or acquire Project Company's interest under this Lease and to perform or cause to be performed all of the covenants and agreements to be performed and observed by Project Company. The time within which Lender must foreclose or acquire Project Company's interest will be extended to the extent Lender is prohibited by an order or injunction issued by a court or the operation of any bankruptcy or insolvency law from commencing or prosecuting the necessary foreclosure or acquisition.

(e) **Recognition of Lender as Successor.** The acquisition of all or any part of Project Company's interests in the Lease by any Lender through foreclosure or other judicial or non-judicial proceedings in the nature of foreclosure, or by any conveyance in lieu of foreclosure, will not require the consent of Owner nor constitute a Breach or default of this Lease by Project Company, and upon the completion of the acquisition or conveyance, Owner will acknowledge and recognize Lender as Project Company's proper successor under this Lease upon Lender's cure of any existing Project Company defaults and assumption of the obligations of Project Company under this Lease prospectively.

(f) **New Lease.** In the event this Lease is rejected by a trustee or a debtor-in possession in any bankruptcy or insolvency proceeding, Owner agrees, upon request by any Lender within sixty (60) days after the rejection or termination, to execute and deliver to Project Company or Lender a new lease for the Premises which (i) will be effective as of the date of the rejection or termination of this Lease, (ii) will be for a term equal to the remainder of the Term before giving effect to such rejection or termination, and (iii) will contain the same terms, covenants, agreements, provisions, conditions and limitations as are contained in this Lease (except for any obligations or requirements which have been fulfilled by Project Company or Lender prior to rejection or termination). Prior to the execution and delivery of any such new lease Project Company, or Lender, will (i) pay Owner any amounts which are due Owner from Project Company, (ii) pay Owner any and all amounts which would have been due under this Lease but for the rejection or termination from the date of the rejection or termination to the date of the new lease and (iii) agree in writing to perform or cause to be performed all of the other covenants and agreements to be performed by Project Company under this Lease to the extent Project Company failed to perform them prior to the execution and delivery of the new lease.

## **Section 7.2 Assignment of Project Company's Interest**

Project Company and any successor or assign of Project Company will at all times have the right, without need for Owner's consent, to do any of the following, conditionally or unconditionally, with respect this Lease or to all or any portion of the Premises: grant co-leases, separate leases, subleases, easements, licenses or similar rights (however denominated) to one or more third parties; or sell, convey, lease, assign, mortgage, encumber or transfer to one or more third parties or to any affiliate of Project Company's this Lease, or any right or interest in this Lease, or any or all right or interest of Project Company in the Premises or in any or all of the Solar Facilities that Project Company or any other party may now or hereafter install on the Premises provided that (i) any such assignment, transfer or conveyance will not be for a period beyond the Term; (ii) the assignee or transferee will be subject to all of the obligations, covenants and conditions applicable to the Project Company; and (iii) Project Company will not be relieved from liability for any of its obligations under this Lease by virtue of the assignment or conveyance unless Project Company assigns or conveys all of its interests under the Lease to the assignee or transferee, in which event Project Company will have no continuing liability.

## **Section 7.3 Continuing Nature of Obligations**

(a) **Benefits are "In Gross"**. The Solar Easement and all other easements and related rights granted by Owner in this Lease to Project Company are easements "in gross", which means, among other things, that they are interests personal to and for the benefit of Project Company, and its successors and assigns, as owner of the rights created by the Solar Easement and such other easements. The Access Easement, the Solar Easement and other rights granted Project Company by Owner in this Lease are independent of any lands or estates or interest in lands, there is no other real property benefiting from the Solar Easement and, as between the Premises and other tracts of property on which Project Company may locate Solar Facilities, no tract is considered dominant or servient as to the other.

(b) **Burdens Run With and Against the Land**. The burdens of the Solar Easement, the Access Easement and all other rights granted to Project Company in this Lease will run with and against the Premises and will be a charge and burden on the Premises and will be binding upon and against Owner and its successors, assigns, permittees, licensees, lessees, employees and agents. The Lease, the Access Easement and the Solar Easement will inure to the benefit of Project Company and its successors, assigns, permittees, licensees and Project lessees.

## **ARTICLE VIII. Condemnation**

### **Section 8.1 Effect of Condemnation**

If eminent domain proceedings are commenced against all or any portion of the Premises, and the taking and proposed use of such property would prevent or adversely affect Project Company's construction, installation or operation of Solar Facilities on the Premises, at Project Company's option, the parties will either amend this Lease to reflect any necessary relocation of the Solar Facilities which will preserve the value and benefit of the Lease to Project Company, together with any corresponding payments, or this Lease will terminate in which event neither party will have any further obligations.

### **Section 8.2 Condemnation Proceeds**

All payments made by a condemnor on account of a taking by eminent domain will be the property of the Owner, except that Project Company will be entitled to any award or amount paid for the reasonable costs of removing or relocating any of the Solar Facilities or the loss of any such Solar Facilities or the use of the Premises pursuant to the Lease. Project Company will have the right to participate in any condemnation proceedings to this extent.

## **ARTICLE IX. Default/Termination**

### **Section 9.1 Events of Default**

Each of the following will constitute a "**Breach**" that will permit the non-defaulting party to terminate this Lease or pursue other remedies available at law or equity.

(i) any failure by Project Company to pay any amounts due under Article III if the failure to pay continues for thirty (30) days after written notice from Owner;

(ii) any other breach of this Lease by either party which continues for thirty (30) days after written notice of default from the non-defaulting party or, if the cure will take longer than thirty (30) days, the length of time necessary to effect cure as long as the defaulting party is making diligent efforts to cure during that time.

### **Section 9.2 Surrender**

Upon the termination or expiration of this Lease, Project Company will peaceably surrender the Premises to Owner and remove all Solar Facilities from the Premises at Project Company's expense within twelve months from the date the Lease expires or is terminated. For the period between the date of termination or expiration of this Lease and the date on which Project Company completes removal of the Solar Facilities as required under Section 4.4 of this Lease, Project Company will continue to pay Solar Rent (as defined in Exhibit D) for each Commercially Operational Solar Facility installed on the Premises.

### **Section 9.3 Specific Performance**

Owner acknowledges and agrees that should Owner breach any of its obligations hereunder or otherwise fail to permit Project Company to exercise any of the rights and privileges granted herein, damages would be difficult to calculate and money damages would not be sufficient to compensate Project Company for such breach, and therefore, Owner agrees that Project Company will have the right to seek specific enforcement of this Lease. In that event, Owner agrees that Project Company has no adequate remedy at law, and that an order of specific performance may be granted in favor of Project Company.

### **Section 9.4 Damages**

**NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS LEASE, NEITHER PARTY WILL BE ENTITLED TO, AND EACH OF OWNER AND PROJECT COMPANY HEREBY WAIVES ANY AND ALL RIGHTS TO RECOVER, CONSEQUENTIAL, INCIDENTAL, AND PUNITIVE OR EXEMPLARY DAMAGES, HOWEVER ARISING, WHETHER IN CONTRACT, IN TORT, OR OTHERWISE, UNDER OR WITH RESPECT TO ANY ACTION TAKEN IN CONNECTION WITH THIS LEASE.**

### **Section 9.5 Waiver of Jury Trial**

**EACH OF THE PARTIES KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON THIS LEASE, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HERewith, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY HERETO IN CONNECTION WITH OR ARISING OUT OF THIS LEASE OR SUCH AGREEMENTS. EACH OF THE PARTIES TO THIS LEASE WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL**

**HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. THIS PROVISION IS A MATERIAL INDUCEMENT TO EACH OF THE PARTIES FOR ENTERING INTO THIS LEASE.**

### **Section 9.6 Delinquent Payments**

If Project Company fails to pay Owner any sum to be paid by Project Company hereunder within sixty (60) days after such payment is due, interest on the unpaid amount will accrue at a rate of five percent (5%) per annum or the maximum rate allowed by law, whichever is less, from thirty (30) days after the date such payment was due until the date such payment is made.

## ARTICLE X. Miscellaneous

### Section 10.1 Notice

Notices, consents or other documents required or permitted by this Lease must be given by personal delivery, reputable overnight courier or certified U.S. mail postage prepaid and will be sent to the respective parties as follows (or at such other address as either party may designate upon written notice to the other party in the manner provided in this paragraph) and will be deemed delivered upon actual delivery or refusal, if personally delivered, upon the date of actual delivery or refusal shown on the courier's delivery receipt if sent by overnight courier and on the fourth business day after deposit in the U.S. mail if sent by certified mail:

To Owner:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

To Project Company:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### Section 10.2 Relationship of the Parties; No Third Party Beneficiaries

The duties, obligations and liabilities of each of the parties are intended to be several and not joint or collective. This Lease will not be interpreted or construed to create an association, joint venture, fiduciary relationship or partnership between Owner and Project Company or to impose any partnership obligation or liability or any trust or agency obligation or relationship upon either party. Owner and Project Company will not have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act or be an agent or representative of, or to otherwise bind, the other party. Except for the rights of Lenders set forth above, no provision of this Lease is intended to nor will it in any way inure to the benefit of any third party so as to constitute any such person a third party beneficiary under this Lease, or of any one or more of the terms of this Lease, or otherwise give rise to any cause of action in any person not a party to this Lease.

### Section 10.3 Entire Agreement

It is mutually understood and agreed that this Lease constitutes the entire agreement between Owner and Project Company and supersedes any and all prior oral or written understandings, representations or statements, and that no understandings, representatives or statements, verbal or written, have been made which modify, amend, qualify or affect the terms of this Lease. This Lease may not be amended except in a writing executed by both parties.

### Section 10.4 Governing Law

This Lease is made in and will be governed by the laws of the state in which the Premises is located, and the venue for any dispute will be the county in which the Premises is located. The parties agree that any rule of construction to the effect that ambiguities are to be resolved in favor of either party will not be employed in the interpretation of this Lease. In interpreting this Lease, time is of the essence.



#### **Section 10.5 Cooperation**

Each of the parties, without further consideration, agrees to execute and deliver such additional documents and take such action as may be reasonably necessary to carry out the purposes and intent of this Lease and to fulfill the obligations of the respective parties. If, at any time during the Term, Project Company deems it to be necessary or desirable to meet legal or regulatory requirements, Project Company may request that Owner reexecute a new lease substantially in the form of this Lease with a term equal to the Term remaining as of the date of execution of the new lease, and Owner will execute and enter into the new lease with Project Company or its designee. In the event of inaccuracies or insufficiencies in the legal description of the Premises, this Lease will be amended to correct the inaccuracies or insufficiencies.

#### **Section 10.6 Waiver**

Neither party will be deemed to have waived any provision of this Lease or any remedy available to it unless such waiver is in writing and signed by the party against whom the waiver would operate. Any waiver at any time by either party of its rights with respect to any rights arising in connection with this Lease will not be deemed a waiver with respect to any subsequent or other matter. In the event that Project Company makes any overpayments to Owner hereunder, Project Company will offset the amount of such overpayments to Owner against future payments due to Owner from Project Company hereunder.

#### **Section 10.7 Force Majeure**

Neither Owner nor Project Company will be liable to each other, or be permitted to terminate this Lease, for any failure to perform an obligation of this Lease to the extent such performance is prevented by a Force Majeure, which will mean an event beyond the control of the party affected and which, by exercise of due diligence and foresight, could not reasonably have been avoided.

#### **Section 10.8 Confidentiality**

Owner will maintain in the strictest confidence, for the benefit of Project Company and any assignee or transferee of Project Company, all information pertaining to the financial terms of or payments under this Lease, Project Company's site or product design, methods of operation, methods of construction, power production or availability of the Solar Facilities, and the like, whether disclosed by Project Company, any assignee or transferee, or discovered by Owner, unless such information either (i) is in the public domain by reason of prior publication through no act or omission of Owner or its employees or agents; or (ii) was already known to Owner at the time of disclosure and which Owner is free to use or disclose without breach of any obligation to any person or entity. Owner will not use such information for its own benefit, publish or otherwise disclose it to others, or permit its use by others for their benefit or to the detriment of Project Company, any assignee or transferee. Notwithstanding the foregoing, Owner may disclose such information to Owner's lenders, attorneys, accountants and other personal financial advisors solely for use in connection with their representation of Owner regarding this Lease; any prospective purchaser of the Premises who has made a written offer to purchase or otherwise acquire the Premises that Owner desires to accept; or pursuant to lawful process, subpoena or court order requiring such disclosure, provided Owner in making such disclosure advises the party receiving the information of the confidentiality of the information and obtains the written agreement of said party not to disclose the information, which agreement will run to the benefit of and be enforceable by Project Company and any assignee or transferee of Project Company. The provisions of this Section 10.8 will survive the termination or expiration of this Lease.

**Section 10.9 Tax Credits**

If under Legal Requirements the holder of a leasehold interest in the nature of that held by Project Company under this Lease becomes ineligible for any tax credit, benefit or incentive for alternative energy expenditure established by any local, state or federal governmental authority, then, at Project Company's option, Owner and Project Company will amend this Lease or replace it with a different instrument so as to convert Project Company's interest in the Premises to a substantially similar interest that makes Project Company eligible for such tax credit, benefit or incentive.

**Section 10.10 Severability**

Each provision hereof will be valid and will be enforceable to the extent not prohibited by law. If any provision hereof or the application thereof to any person or circumstance will to any extent be invalid or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, will not be affected thereby.

**Section 10.11 Counterparts**

This Lease may be executed in two or more counterparts and by different parties on separate counterparts, all of which will be considered one and the same agreement and each of which will be deemed an original.

**Section 10.12 Memorandum of Lease**

Owner and Project Company will execute in recordable form and Project Company will then record a memorandum of this Lease in the form attached hereto as Exhibit C. Owner hereby consents to the recordation of the interest of an assignee in the Premises.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed as of the \_\_ day of \_\_\_\_\_, \_\_\_\_\_.

OWNER

\_\_\_\_\_

STATE OF \_\_\_\_\_ §

§.

COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

**PROJECT COMPANY**

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
  §.  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

**EXHIBIT D**

**PAYMENT TERMS**

**Fairfield, Mexia and Talco leases:**

<b>PV Project</b>	<b>Owner</b>	<b>Project Company</b>	<b>Acres</b>	<b>Execution Date</b>
Fairfield	Beenkeragh Ranch LLC	Fairfield Solar Project, LLC	75.36	August 24, 2023
Mexia	Mexia 202 Ranch, LLC	Mexia Solar I, LLC and Mexia Solar II, LLC	89.98	August 24, 2023
Talco	Talco 2120 Ranch LLC	Talco Solar, LLC	80	August 24, 2023

Payment	Description of Payment	Timing of Payment
Development Period Rent	Beginning on [the Execution Date], Project Company shall pay to Owner annual rent in the amount of \$20,000 as rent for the Development Period.	The first payment of Development Period Rent, which will comprise of the development period rent for the first year of the Development Period, shall be due on or before August 30, 2023. Thereafter, the Development Period Rent shall be paid in advance on each August 30 until the Operation Date or the termination of this Lease. Any Development Period Rent payments for less than a full calendar year shall be prorated based on the actual number of days of the Development Period in such year.
Operating Term Lease Schedule	During the Operating Term, Project Company shall pay Owner in accordance with the payment schedule which is equivalent to \$725/acre (with total area of ____ acres) for the first year escalating at 2.0% per year. Annual per acre lease schedule below:	The first payment of Operating Term, which will comprise of the annual lease payment for the first year of the Operating Term, shall be due within thirty days after the start of the Operating Term. Thereafter, lease payments during the Operating Term shall be paid annually no later than thirty days after the annual anniversary of the Operating Term.
	Operating year	Lease rate (per acre)
	1	\$725
	2	\$739.5
	3	\$754.3
	4	\$769.4
	5	\$784.8
	6	\$800.5
	7	\$816.5
	8	\$832.8
	9	\$849.5
	10	\$866.4
	11	\$883.8
	12	\$901.4
	13	\$919.5
	14	\$937.9
	15	\$956.6
	16	\$975.8
	17	\$995.3
	18	\$1015.2
	19	\$1035.5
	20	\$1056.2
	21	\$1077.3
	22	\$1098.9
	23	\$1120.8
	24	\$1143.3
	25	\$1166.1
	26	\$1189.4
	27	\$1213.2
	28	\$1237.5
	29	\$1262.2
	30	\$1287.5
	31	\$1313.2
	32	\$1339.5
	33	\$1366.3
	34	\$1393.6
35	\$1421.5	

---

UNOFFICIAL TRANSLATION FROM HEBREW  
THE BINDING VERSION IS THE HEBREW VERSION

**Deed of Trust for Debentures (Series F)**

**Table of Contents**

<b>Topic</b>	<b>Clause in the Deed</b>
Preamble; Interpretation; Definitions and Entry into Force	1
Issuing the Debentures; the Terms of Issuance; Equal Ranking	2
Appointment of the Trustee; Commencement of Term; Term of Office of the Trustee; Expiration of the Office of the Trustee; Resignation; Dismissal; the Duties of the Trustee; the Powers of the Trustee	3
Purchasing Debentures by the Company or by an Affiliated Holder	4
Issuance of Debentures from New Series; Expanding a Series	5
The Company's Undertakings	6
Not Securing the Debentures; Negative Pledge	7
Early Redemption	8
Right for Immediate Repayment and/or Realization of Collaterals	9
Claims and Proceedings by the Trustee	10
Order of Priority of Creditors; Dividing the Intakes	11
Authority to Demand Financing	12
Authority to Delay the Division of Funds	13
Notice of Distribution and Deposit with the Trustee	14
Avoidance from Payment for a Reason that is not Dependent on the Company; Deposit with the Trustee	15
Receipt from the Debenture Holders and the Trustee	16
Presenting Debentures to the Trustee and Registration pertaining to Partial Payment	17
Investment of Funds	18
Urgent Representing Body for the Debenture Holders	19
Confidentiality	20
Other Agreements	21
Reporting by the Trustee	22
Fees and Covering the Trustee's Expenses	23
Liability	24
The Authority of the Trustee to Employ Agents	25
Indemnification	26
Notices	27
Waiver; Settlement; Changes in the Terms of the Deed of Trust, Debentures	28
Proxies	29
Registry of Debenture Holders	30
Meetings of Debenture Holders	31
Applicability of the Law	32
Exclusive Authority	33
General	34
Addresses	35
Authorization to Magna	36

Topic	Clause in the Deed
The Date of Payment of the Debentures Principal	Clause 3 of the First Addendum
The Interest	Clause 4 of the First Addendum
The Linkage Terms of the Principal and the Interest	Clause 5 of the First Addendum
Deferral of Appointed Times	Clause 6 of the First Addendum
Payments of the Principal and Interest of the Debentures	Clause 7 of the First Addendum
Interest in Arrears	Clause 8 of the First Addendum
Avoidance from Payment for a Reason that does not Depend on the Company	Clause 9 of the First Addendum
Registry of Debenture Holders	Clause 10 of the First Addendum
Splitting Debenture Certificates and Transferring Them	Clause 11 of the First Addendum
Replacing the Debenture Certificate	Clause 12 of the First Addendum
Early Redemption	Clause 13 of the First Addendum
Purchasing Debentures by the Company or an Affiliated Holder	Clause 14 of the First Addendum
Waiver; Settlement and Changes in the Debenture Terms	Clause 15 of the First Addendum
Debenture Holders Meetings	Clause 16 of the First Addendum
Receipts as Proof	Clause 17 of the First Addendum
Immediate Repayment	Clause 18 of the First Addendum
Notices	Clause 19 of the First Addendum
Roles of the Trustee	Appendix 3
Conditions for Expanding the Series of Debentures	Appendix 5.2
Financial Covenants and Undertakings	Appendix 6.2
Confidentiality Undertaking	Appendix 20.2
The Trustee's Fee and Covering his Expenses	Appendix 23
Meetings of Debenture Holders	Second Addendum



**Deed of Trust**

**Of the 14<sup>th</sup> day of January, 2024**

Between: **Ellomay Capital Ltd.**  
52-003986-8  
of 18 Rothschild Blvd., Tel Aviv  
(hereinafter: the “**Company**”)

**Of the first part:**

And between: **Hermetic Trust (1975) Ltd.**  
51-070519-7  
of 30 Sheshet HaYamim St., Bnei Brak  
(hereinafter: the “**Trustee**”)

**Of the second part:**

- Whereas:** In January 2024 the Board of Directors of the Company resolved to approve in principle the issue of debentures (Series F) whose conditions are as stated in this Deed of Trust and that will be offered to the public according to a shelf offering report, by virtue of the Shelf Prospectus (as hereinafter defined);
- And whereas:** the Trustee is a company limited by shares that was incorporated in Israel in 1975 in accordance with the Companies Ordinance, whose main purpose is to engage in trusts, and it meets the eligibility requirements established by law, and in particular the requirements of the Securities Law (as hereinafter defined) to serve as a trustee of the debentures which are the subject of this deed;
- And whereas:** the Trustee declared that there is no hindrance in accordance with the Securities Law or any other law barring it from entering into this Deed of Trust with the Company, including pertaining to conflicts of interests preventing him from engaging with the Company as stated, and that it meets all of the demands and eligibility requirements set forth in the Securities Law to serve as Trustee for the issuance of the Debenture subject matter of this Deed;
- And whereas:** the Trustee has no material interest in the Company, and the Company has no personal interest in the Trustee, except for the fact that the Trustee is trustee for additional debentures of the Company;
- And whereas:** the Company requested the Trustee, subject to the issuance of the Debentures (Series F), the Trustee will serve as a Trustee for the Holders of the Debentures (Series F) and the Trustee agreed to the said and all subject to and in accordance with the provisions set forth in this Deed of Trust;
- And whereas:** the Trustee has agreed to sign this Deed of Trust and to act as Trustee for the Debenture Holders ;
- And whereas:** the Company obtained or will obtain until the execution of the issuance subject matter of this Deed all approvals and/or all consents that are required for the purpose of performing the issuance pursuant to any law and/or all agreement pursuant to this Deed of Trust, and that subject to receipt of the consents and approvals as aforementioned there is no hindrance by law and/or all agreement to perform the issuance of the Debentures (Series F) and/or to engage with the Trustee in accordance with the Deed of Trust;
- And whereas:** the parties wish to arrange the terms of the Debentures (Series F) in this Deed of Trust, in light of the Company’s intention to make a first public offering of the Debentures (Series F) in accordance with the Shelf Offering Report by virtue of the Shelf Prospectus, in a way that the Deed of Trust will apply solely to the Debentures (Series F);

Therefore, it was agreed, declared, and stipulated by and between the parties as follows:

**1. Preamble; Interpretation; Definitions and Entry into Force**

- 1.1. The preamble of this Deed of Trust and the appendixes attached thereto constitute a material and inseparable part hereof.
- 1.2. The division of this Deed of Trust into clauses and providing titles to the clauses was made for convenience and as reference only and they should not be used for the purpose of interpretation.
- 1.3. Anything mentioned in this Deed of Trust in plural shall also refer to singular and vice versa, anything mentioned in the masculine shall also refer to the feminine and vice versa, and anything mentioned regarding a person shall also refer to a body corporate, provided that this Deed does not contain any express provision otherwise.
- 1.4. In the event of discrepancy between the Deed of Trust and the accompanying documents thereto and the said in the Shelf Offering Report, the provisions set forth in the Deed of Trust shall take precedence, subject to the Stock Exchange regulations and guidelines. As of the signing date of the Deed of Trust, there is no contradiction between the provisions relating to the Debentures (Series F) in the Shelf Offering Report and the provisions set forth in this Deed. This Deed including all provisions hereof shall enter into force together with and subject to the issuance of the Debentures (Series F). It is clarified that in the event the Debentures (Series F) are not issued for any reason, this Deed shall automatically expire and the trust contemplated hereunder shall not enter into force.

As used in this Deed of Trust, the following terms shall have the respective meanings set forth beside them below unless otherwise stated expressly:

**“Debentures (Series F)”** or the **“Debentures”** or **“Debentures in Circulation”** or **“Certificates of Undertaking”** or **“the Debentures Series”** or **“Series F”**: Debentures (Series F) of the Company, registered by name, which will be issued according to the shelf offering reports by virtue of the Shelf Prospectus and/or by any other means by the Company, including via private issuance, from time to time, and that have not been fully paid or expired or cancelled and all subject to the provisions of this Deed of Trust. For the avoidance of doubt, it is clarified that the Debentures also include debentures which shall be issued by way of expanding the series of Debentures (Series F), and the Debentures stemming from the exercise of options exercisable into the Debentures (Series F) to the extent that such options will be issued and exercised.

**“Meeting”** or **“Debenture Holders Meeting”**: a meeting of Debenture Holders, including a class meeting.

**“Deferred Debenture Holders Meeting”**: a Debenture Holders Meeting that was deferred to another time than the one scheduled for opening the Meeting, as a legal quorum was not present at the end of half an hour after the time that was scheduled for the beginning of the Meeting.

**“Stock Exchange”**: the Tel-Aviv Stock Exchange Ltd.

**“Collaterals”**: Any pledge on assets, guarantee or any other undertakings that secure the undertakings of the Company towards the Debenture Holders whether given by the Company and/or any third party.

**“Immediate Report”**: A report of the Company that is submitted in accordance with the provisions of Section 35EE of the Securities Law, including the Securities Regulations (Periodical Reports and Immediate Reports of a Foreign Corporation), 5761-2001.

The **“Shelf Offering Report”**: the shelf offering reports in accordance with the provisions set forth in Section 23A(f) of the Law according to which, *inter alia*, the offering of the Debentures (Series F) shall be performed from time to time, and that will complete the entire specific details for that offering, including the composition of the offered units, in accordance with the provisions set forth in any law, in accordance with the bylaws and the Stock Exchange Regulations that are in effect from time to time and in accordance with the provisions of this Deed.

**“Ordinary Resolution”**: a resolution adopted at a Debenture Holders Meeting, convened in accordance with Sections 35L13 and 35L14(a) of the Law (whether in the original meeting or the adjourned meeting) by a majority of at least fifty percent (50%) of all votes of participants in the vote, without taking into account abstaining votes.

**“Special Resolution”**: a resolution adopted at a Debenture Holders Meeting, in which were present, by themselves or by proxies, the holders of Debentures who own at least fifty percent (50%) of the remaining nominal value of the Debentures (Series F) in circulation, or at a Deferred Debenture Holders Meeting, who were present in it by themselves or by proxies, and who hold twenty percent (20%) at least of the stated remainder, and which was adopted (whether in the original Meeting or the Deferred Debenture Holders Meeting) by a majority of those who hold at least two thirds of the remaining nominal value of the Debentures represented in the vote, without taking into consideration abstaining votes.

**“Nominee Company”**: Mizrahi Tefahot Nominee Company Ltd. or any other nominee company in its place, at the Company’s sole discretion, provided that all of the Company’s debentures are registered in the name of the same Nominee Company.

The **“Companies Law”**: the Companies Law, 5759-1999 and the regulations promulgated thereunder, as in effect from time to time.

The **“Insolvency Law”**: the Insolvency and Economic Rehabilitation Law 5778-2018 and the regulations promulgated thereunder.

The **“Law”** or the **“Securities Law”**: The Securities Law, 5728-1968 and the regulations according to it, as they shall be from time to time. It is clarified that as of the date of this Deed of Trust the Company reports according and is subject to the provisions of Chapter E.3 of the Law.

**“Trading Day”**: any day on which transactions are performed at the Stock Exchange.

**“Business Day”**: any day in which the majority of the banks in Israel are open for the purpose of performing transactions with the public.

**“Magna”**- the Electronic Proper Disclosure System of the Israel Securities Authority.

**“Holder”** or **“Debenture Holder”**: within the meaning of the term ‘holder’ in the Securities Law.

“**Registry**”: Registry of Debenture Holders as mentioned in clause 30 of this Deed.

“**Trustee**”: The First Trustee (as hereinafter defined) and/or anyone that shall serve from time to time as Trustee of the Debenture Holders according to this Deed.

The “**First Trustee**” Hermetic Trust (1975) Ltd. that shall serve as Trustee up to the date set forth in clause 3.4 hereafter.

“**Office Holder**”: as defined in the Companies Law.

“**Principal**”: the total nominal value of the Debentures in Circulation.

“**Control**” as this term is defined in the Law.

The “**Deed**” or “**This Deed**” or “**This Deed of Trust**”: This Deed of Trust and the amendments thereof, inasmuch as there shall be any, including the addendums and appendixes attached to it and that constitute a material and integral part hereof.

“**Debenture Certificate**”: The Debenture certificate the version of which is attached as the first addendum of this Deed of Trust.

The “**Shelf Prospectus**”: a shelf prospectus of the Company that was published in October 2020 as amended from time to time and that was extended until January 18, 2024.

- 1.5 Anywhere in this Deed that uses the phrase “subject to any law” (or any other similar expression) the meaning is subject to any law that cannot be conditioned. On the date of making this Deed of Trust, the Company is a reporting company in accordance with, and subject to, the provisions of chapter E’3 of the Law.

## **2. Issuing the Debentures; the Terms of Issuance; Equal Ranking**

- 2.1 The Company shall issue a series of Debentures (Series F) under the terms set out on the back of the page of the first addendum.
- 2.2 If after the date of the first issuance of the Debentures (Series F) this same series of Debentures shall be expanded by the Company, the Holders of the Debenture (Series F) that shall be issued in the framework of the expansion of that series shall not be entitled to receive payment on account of the Principal and/or interest for these Debentures that the record date for payment thereof shall be before the date of their issuance as mentioned.
- 2.3 The Company shall be entitled, or obligated, as the case may be, to perform an early redemption of the Debentures in the event the terms set forth in clause 8 of the Deed of Trust have been fulfilled.
- 2.4 The Debentures shall all be set at an equal security ranking pari passu between them with respect with the Company’s undertakings according to this Deed of Trust, and without a preferred right or right of priority over one another.
- 2.5 The provisions of this Deed shall apply to the Debentures issued in accordance therewith, and which shall be held, from time to time, to each Debenture Holder, including the public, unless expressly stated otherwise.
- 2.6 This Deed of Trust shall enter into effect upon the Company’s issuance of the Debentures. It is agreed that in case the issuance of Debentures is revoked for any reason whatsoever, this Deed of Trust shall be null and void.

**3. Appointment of the Trustee; Commencement of Term; Term of Office of the Trustee; Expiration of the Office of the Trustee; Resignation; Dismissal; the Duties of the Trustee; the Powers of the Trustee**

**Appointment of Trustee**

- 3.1. The Company hereby appoints the Trustee as the First Trustee for the Debenture Holders (Series F) pursuant to the provisions of Chapter E.1 of the Securities Law including for those entitled to payments pursuant to the Debentures that were not paid after the date for their payment arrived.
- 3.2. If the Trustee shall be replaced by another Trustee, the other Trustee shall be Trustee for the Debenture Holders pursuant to Chapter E.1 of the Securities Law including for those entitled to payments pursuant to the Debentures which were not paid after the date for their payment arrived.

**Commencement of Term**

- 3.3. The Trust for the Debenture Holders and the duties of the Trustee according to this Deed of Trust shall come into force upon the issuance of the Debentures pursuant to the Deed by the Company.

**Term of Office of the Trustee; Expiration of Term of Office of the Trustee; Resignation; Dismissal**

- 3.4. The First Trustee shall serve commencing on the date mentioned in clause 3.3 above and his office shall end at the time on which the Debenture Holders Meeting is convened (the “**First Appointment Meeting**”), that the Trustee shall convene no later than 14 days after submitting the annual report regarding Trusteeship matters in accordance with Section 35H1(a) of the Law. Insofar as the First Appointment Meeting (by ordinary majority) approved the continuation of the term of office of the First Trustee, it shall continue to serve as Trustee until the end of the additional appointment period that was determined in a resolution of the First Appointment Meeting (which could be until the final repayment date of the Debentures). Insofar as the First Appointment Meeting and/or any later Meeting determined the term of office of the Trustee, its term of office shall end with the adoption of a resolution of the Debenture Holders regarding the termination of his term of office and the appointment of another Trustee in his place.
- 3.5. Notwithstanding the provisions of this clause 3, the provisions of the Law shall apply to the appointment of the Trustee, his replacement, term of office, expiration, resignation and dismissal.

Notwithstanding the aforesaid, the resolutions of Holders regarding the termination of the term of office of the Trustee and its replacement with another trustee shall be made in a Debenture Holders Meeting in which at least fifty percent of the remainder of the par value of the Debentures of the same series were present, and for the purpose of a Postponed Debenture Holders Meeting – provided that the Holders of no less than ten percent of the consideration as said attended such meeting, and also on the condition that the resolution was adopted by a majority of no less than seventy-five (75%) of the remainder of the par value of the Debentures that were in circulation at the time.

**The Trustee's Duties**

- 3.6. The duties of the Trustee shall be those mentioned expressly in this Deed of Trust, including in **Appendix 3** thereof, and according to the law.

**The Trustee's Powers**

- 3.7. The Trustee shall represent the Holders of the certificates of undertaking in any matter that arises from the undertakings of the Company towards them, and it shall be entitled for this purpose to act in order to realize the rights given to the Debenture Holders according to the Law or according to this Deed. The Trustee is entitled to take any proceeding for the purpose of protecting the Holders' rights in accordance with any law and in accordance with the provisions set forth in this Deed of Trust.
- 3.8. The actions of the Trustee are valid notwithstanding a flaw discovered in its appointment or qualifications.
- 3.9. The Trustee shall use the trust, powers, permissions and authorities that were conferred upon him according to this Deed of Trust, at its discretion or in accordance with the resolutions of a Meeting.
- 3.10. The Trustee shall be entitled to deposit all of the deeds and the documents that indicate, represent and/or stipulate its rights with respect to the trust pertaining to this Deed of Trust, including with respect to any asset that is in its possession at that time, in a safe and/or in another place that shall be chosen and/or at any bank and/or any banking auxiliary corporation and/or lawyer and/or accountant.
- 3.11. The Trustee is permitted in the framework of performing the Trusteeship matters according to this Deed of Trust, to order an opinion and/or the advice of any lawyer, accountant, appraiser, assessor, surveyor, broker or any other expert (the "**Consultants**"), whether such opinion and/or advice was prepared at the Trustee's request and/or at the Company's request, and to act in accordance with its conclusion, and the Trustee shall not be responsible for any loss or damage that shall occur as a result of any action and/or omission that were made by it based on such advice or opinion as aforesaid, unless it was determined in a final judgment that the Trustee acted negligently (apart from negligence which is exempt by law a shall be from time to time) and/or in bad faith and/or maliciously. The Trustee shall provide a copy of the opinion or advice as mentioned for the viewing of Debenture Holders and the Company, at their request (it is clarified that the opinion shall not be made available to the Company to the extent that the Debenture Holders adopt a resolution for the purpose of this matter). The Company shall bear the full fee and reasonable expenses of hiring the Consultants appointed as stated. The Trustee and the Company shall reach an agreement over a list of no more than three consulting firms with relevant reputation and expertise, which the Trustee shall approach for receiving fee quotes as stated. The Company shall select one of the offers submitted, and shall be entitled to negotiate with the firms regarding their quote for a period of up to 5 Business Days, provided that the delay due to the negotiation shall not risk, at the Trustee's opinion, the rights of the Holders of Debentures.

Any advice and/or opinion such as this can be given, sent or received by letter, telex, facsimile and/or any other electronic means for transferring information and the Trustee may act based on them, even if it turns out afterwards that errors occurred in them or that they were not authentic, unless it was possible to detect the errors or the lack of authenticity in a reasonable examination, provided that it has not acted negligently (apart from negligent exempt by law, as it shall be from time to time) and/or in bad faith and/or maliciously. It is clarified that the documents could be transferred, on the one hand, and that the Trustee is entitled to rely upon them, on the other hand, only where they are received clearly, and when they are legible. In any other case, the Trustee shall be responsible to request their receipt in a manner enabling their proper reading and understanding as stated.

- 3.12. The Trustee shall be entitled to give its consent or approval to any motion to the court as per the demand of a Debenture Holder, and the Company shall compensate the Trustee for all reasonable costs that were incurred by such motion and from actions performed as a result of it or with respect to it provided that before making such expense as abovementioned the Trustee will update the Company regarding its intention to make such expenses and will receive the Company's approval for this, unless in the opinion of the Trustee such prior update as aforementioned could harm the rights of the Debenture Holders, and in such circumstances the Trustee shall not provide any update and no approval from the Company with respect to the said request shall be required.
- 3.13. The Trustee is entitled to institute any proceeding for protecting the rights of the Debenture Holders in accordance with the provisions set forth in any law and as stated in the Deed of Trust.
- 3.14. The Trustee is entitled to appoint agents as set forth in clause 25 of this Deed.

**4. Purchasing Debentures by the Company or by an Affiliated Holder**

- 4.1. Subject to any law, and without prejudice to the right of the Company to redeem the Debentures in early payment as stated in this Deed, the Company reserves the right to purchase at any time, whether on the Stock Exchange or outside of the Stock Exchange, Debentures which shall be in circulation from time to time from other sellers apart from the Company (which shall be selected at its discretion and without the duty of approaching and/or notifying all Holders), at any price and quantity that it shall see fit, all without harming the duty of repayment imposed on it pertaining to the remaining Debentures (Series F) in circulation. In the event of such purchase by the Company, the Company shall notify this in an Immediate Report, inasmuch as it is required by law.

Debentures purchased by the Company shall be revoked and delisted from trade on the Stock Exchange, and the Company shall not be entitled to re-issue them. In case the Debentures are purchased by the Company, the Company shall approach the Stock Exchange clearing house in a request to withdraw the Debenture Certificates purchased by it as stated.

- 4.2. Subject to any law, the holders of controlling interests in the Company (directly or indirectly) and/or their relative (according to the definition of the term "relative" in the Law) and/or a subsidiary of the Company and/or an affiliated company of the Company and/or an included company of the Company and/or a corporation in the control of the Company or of any of them (directly or indirectly) (apart from the Company itself, regarding which the stated in clause 4.1 of the Deed shall apply) ("**Affiliated Holder**"), shall be entitled to purchase and/or sell at any time and from time to time, at the Stock Exchange or outside of it (including by way of an issuance by the Company), Debentures (Series F) at their discretion. The Debentures that are held by an Affiliated Holder shall be considered as the asset of the Affiliated Holder, shall not be delisted from trade on the Stock Exchange and they shall be transferable as the other Debentures of the Company (subject to the provisions of the Deed of Trust and the Debenture).

- 4.3. The Debentures (Series F) held by an Affiliated Holder shall not grant him voting rights in the Meetings of Holders of Debentures (Series F) and shall not be counted for the purpose of determining a legal quorum for opening these Meetings. Inasmuch as an Affiliated Holder shall report to the Company regarding the purchase of Debentures (Series F), the Company shall deliver to the Trustee, at its request, the list of Affiliated Holders and the amounts held by them.
- 4.4. The stated in clauses 4.1 to 4.3 above does not derogate from the provisions of any law (including the instructions of the Israeli Securities Authority) applying to the Company, including pertaining to approvals required for performing transactions with a holder of controlling interest (or in which the holder of controlling interest has a personal interest) and/or pertaining to the sale of securities to a Company subsidiary and distributing them to the public.
- 4.5. The stated in this clause 4, in and of itself, does not bind the Company, an Affiliated Holder or the Debenture Holders to purchase Debentures or to sell the Debentures they hold.

**5. Issuance of Debentures from New Series; Expanding a Series**

- 5.1. The Company reserves the right to issue, subject to the provisions of the law, at any time and from time to time (whether by a private offering or an offering to the public), at its sole discretion, to any factor whatsoever, including to an Affiliated Holder, and without needing the consent of the Trustee and/or the Debenture Holders, debentures of another series or additional series of Debentures, whether or not conferring a right of conversion into the shares of the Company (hereinafter: the “**Other Series**”) or other securities, under terms of redemption, interest, linkage, priority of payment in the event of liquidation and other terms, including securing them in collaterals, as the Company shall see fit, and whether they are preferable over the terms of the Debentures, equal to them or inferior to them, and this without derogating from the duty of repayment imposed on it in accordance with this Deed. Despite the foregoing, inasmuch as the Company shall issue an additional series of debentures, or another series of securities that constitute a debt (hereinafter collectively: the “**Other Securities**”) and the Other Securities are not secured with collaterals (and as long as they are not secured with collaterals) the rights of the Other Securities in liquidation shall not have preference in the creditors hierarchy of the Debentures (Series F). In addition, to the extent the Company issues Debentures of another series or series that are secured with collaterals or Other Securities that will be secured with collaterals, the rights of the said other series or Other Security as said (as the case may be) in liquidation shall have priority over the rights of the Debentures (Series F) solely with respect to the collaterals that will be provided. The Company shall provide the Trustee with a written confirmation, no later than 7 days prior to the issuance of Other Securities as stated, regarding its meeting the conditions set forth in this clause, signed by the Company CEO or the senior financial officer in the Company. The Trustee shall be entitled to rely on such approval and shall not be required to conduct additional inspections. Without derogation from the foregoing, the Company’s stated rights shall not detract from the rights of the Trustee and/or Debenture Holders in accordance with this Deed, including their right to make the Debentures (Series F) immediately repayable in accordance with the provisions of the Deed of Trust.
- 5.2. The Company shall be entitled, from time to time, without the need for obtaining the approval of the Trustee and/or the current Holders at that time, to issue additional Debentures (Series F) (whether by private offering, whether in the framework of a prospectus, whether by shelf offering report or any other way), including to an Affiliated Holder (as the term is defined in clause 4.2 of this Deed), for any price and at any manner as it shall see fit, provided that it notifies the Trustee in this regard. The Company shall approach the Stock Exchange in a request to register the additional Debentures (Series F) for trade as stated.



Notwithstanding the provisions of this clause 5.2 above, the Company shall not be entitled to issue, whether by issuance to the public according to a prospectus, and whether in any other manner, additional Debentures of Series F, unless all of the terms set forth in Appendix 5.2 of this Deed have been fulfilled or after receiving the approval of the Debenture Holders Meeting at the majority required for the purpose of adopting a Special Resolution, provided that for the purpose of adopting the resolution, the legal quorum shall be determined in accordance with the provisions applying to an Ordinary Resolution.

For the avoidance of doubt it shall be clarified, that all of the provisions of the Deed of Trust that apply to the Debentures in Circulation shall apply to additional Debentures of Series F that shall be issued, as mentioned, and the existing Debentures of Series F and the additional Debentures of that series (as of the time of their issuance) shall constitute a single series for all matters and purposes, and the Deed of Trust shall also apply to all additional Debentures (Series F) as stated. For the avoidance of doubt, holders of additional Debentures of Series F, which shall be issued in a series expansion as mentioned, shall not be entitled to payment of any Principal and/or interest and/or any other payment that the record date for payment is prior to their date of their issuance. Subject to the provisions of any law and the Deed of Trust, the Trustee shall hold office as trustee for the Debentures (Series F), as they shall be from time to time in circulation, even in case of a series expansion, and the Trustee's consent for his office as stated pertaining to the expanded series shall not be required.

The Company's right to expand a series, as stated above, does not detract from the Trustee's right to inspect the implications of an issuance as stated, and does not detract from the rights of the Trustee and/or the Debenture Holders in accordance with this Deed, including their right to make the Debentures (Series F) immediately repayable in accordance with the provisions of the Deed of Trust.

- 5.3. Without derogating from the foregoing, the Company reserves the right to issue additional Debentures of Series F, by way of series expansion at a different discount rate from that of the Debentures (Series F) which shall be in circulation at that time (inasmuch as there shall be any). If the discount rate which shall be determined for the Debentures (Series F) due to the series expansion shall be different from the discount rate of the Debentures (Series F) in Circulation at that time (inasmuch as there shall be any), the Company shall approach the tax authority, prior to expanding the series, in order to obtain its approval that with regards to withholding tax from the discount fees for the Debentures, the Debentures shall be set a uniform discount rate in accordance with a formula weighting the various discount rates in the Debentures (Series F), inasmuch as there shall be any. In the event of receiving an approval as stated, the Company shall calculate the weighted discount rate for all the Debentures from the series after expanding the series, it shall publish in an Immediate Report the uniform weighted discount rate for the entire series of Debentures and the members of the Stock Exchange shall deduct tax at the payment dates of the Debentures according to the weighted discount rate as mentioned and in accordance with the provisions of the law. If an approval of the tax authorities regarding such discount rates shall not be received, the Company shall notify in an Immediate Report, prior to issuing the Debentures as a result of expanding the series, of not receiving the approval as stated and that the uniform discount rate will be the highest discount rate that was created for the series. The members of the Stock Exchange shall deduct withholding tax at the time of repayment of the Debentures in Circulation, in accordance with the discount rate that shall be reported as aforementioned. Therefore, there may be cases where the Company shall deduct withholding tax for discount fees, at a higher rate than the discount fees determined to whoever held Debentures before the series was expanded. In this case, it is the responsibility of the Debenture Holder (and the Debenture Holder only) who held the Debentures before the series was expanded and until their repayment and who is entitled, in light of their payment, to a refund of withholding tax, for the over-discount, to submit a report to the tax authority on this matter insofar as he shall wish to receive a tax refund as stated and inasmuch as he is entitled to a tax refund by law.

- 5.4. The Company shall notify in an Immediate Report regarding the issuance of debentures as mentioned in this clause above.

**6. The Company's Undertakings**

The Company hereby undertakes towards the Trustee and the Debenture Holders, until immediately after the final payment of the Debentures, and for as long as all the undertakings towards the Debenture Holders and the Trustee were not fulfilled according to this Deed, as follows:

- 6.1. To pay, at the times scheduled for this purpose, the sums of the Principal, and the interest (including interest in arrears, if and inasmuch as it shall apply, and additional interest for breaching financial covenants, inasmuch as they shall apply) which shall be paid according to the terms of the Debentures and the provisions of this Deed, and to fulfill all the other terms and undertakings that are imposed on it according to the terms of the Debentures and according to this Deed of Trust. In any case where the date of payment on account of a Principal and/or interest shall be on a day which is not a Business Day, the payment date shall be deferred to the next Business Day, without any additional payment, interest or linkage, and the record date for the purpose of making the payment will not change as a result of such circumstances.
- 6.2. To fulfill all of the financial covenants and undertakings set forth in Appendix 6.2 to this Deed including its entire undertakings in connection with the distribution, as such term is defined in the Companies Law and as stated in the said Appendix.
- 6.3. To persist and manage the business of the Company and companies in its control in a regular and proper manner.
- 6.4. To notify the Trustee in writing as soon as possible, and no later than 2 Business Days regarding the occurrence of any of the events set forth in clause 9.1 of the Deed, including its sub-clauses, or regarding a real knowledge of the Company that an event as stated is about to take place, without taking into account the cure periods set forth in clause 9.1 of the Deed, inasmuch as any exist in the stated clauses and to take, at its expense, all reasonable means required for the purpose of eliminating the foreclosure action, the action for the purpose of exercising the pledges or revoking the receivership, the liquidation or the administration, insofar as it is relevant and as the case may be.
- 6.5. To deliver to the Trustee as soon as possible and no later than the end of 30 days from the day of the first issuance of the Debentures (Series F) or from the time of performing a series expansion in any way, an amortization schedule for paying the Debentures (Principal and interest) in an Excel file.
- 6.6. To notify the Trustee in a written notice signed by the senior financial officer in the Company, within 4 Business Days from the date of payment, of any payment to the Debenture Holders and of the balance of the sums that the Company owes at that time to the Debenture Holders after making the aforementioned payment.

- 6.7. To deliver to the Trustee annual financial statements and quarterly financial results, as the case may be, and in accordance with the requirements of the Israeli law that apply to the Company in its capacity as a dual listed Company, at the time of their publication and in any event no later than from the time scheduled for their publication in the Israeli law applying to companies reporting in accordance with the provisions of chapter E'3 of the Securities Law. In the event the Company is no longer a public company or a reporting company, the Company shall report in accordance with the provisions of clause 6.22 of this Deed). Notwithstanding the foregoing, it is clarified that the quarterly financial results shall be published by the end of the following quarter in a framework which shall be no less than the framework of the Press Release in which the Company has published its financial results for the third quarter of 2023.
- 6.8. Deleted.
- 6.9. To deliver to the Trustee in writing, notices regarding the purchase of Debentures by the Company or an Affiliated Holder, immediately upon the Company becoming informed of this.
- 6.10. On December 31<sup>st</sup> of each year, and for as long as this Deed is in effect, the Company shall furnish to the Trustee a confirmation of the Company signed by the Company CEO or the senior financial officer in the Company, that in the period starting from the date of the Deed and/or from the date of the prior confirmation that was given to the Trustee, whichever is later, and until the date of the confirmation, the Company has not breached this Deed, including a breach of the terms of the Debenture, unless expressly mentioned otherwise.
- 6.11. To deliver to the Trustee copies of the notices and invitations which the Company shall give to the Debenture Holders, as mentioned in clause 27 hereinafter.
- 6.12. To cause that a senior financial officer in the Company shall give, no later than fourteen (14) Business Days from the time of the Trustee's request, to the Trustee and/or to the people who the Trustee shall order, any explanation, document, calculation or information regarding the Company, its business and/or assets that shall be required in a reasonable manner, at the Trustee's discretion, for fulfilling the Trustee's duties and for protecting the rights of the Debenture Holders.
- 6.13. To manage regular accounting books in accordance with generally acceptable accounting principles. To keep the books and documents that serve as reference to them (including deeds of pledge and mortgage, bills and receipts), and to enable the Trustee and/or any authorized representative of the Trustee to view, at a time pre-coordinated with the Company, within ten (10) Business Days, any book as stated and/or document as stated, which the Trustee shall request to view. For this matter, an authorized representative of the Trustee is any person appointed by the Trustee for the purpose of viewing as stated, in a written notice by the Trustee which shall be given to the Company prior to viewing as stated, subject to an undertaking of confidentiality in accordance with the provisions of 20 of this Deed.
- 6.14. Deleted.
- 6.15. To summon the Trustee to all of its general meetings (whether to annual general meetings or extraordinary general meetings) of the Company shareholders, and enable the Trustee to attend such meetings, without granting the Trustee the right to vote in these meetings.

- 6.16. To deliver to the Trustee on the 15<sup>th</sup> of each January starting from 2025, a written approval signed by the senior financial officer, that all of the payments to the Debenture Holders were fully paid on time, and the balance of the par value of the Debentures in Circulation. In addition, on the said date, inasmuch as the Debentures shall be secured by collaterals, the Company shall provide the Trustee with an approval and/or opinion which the Trustee shall require in connection with the provisions of Section 35H(b)(2) of the Law, to its satisfaction.
- 6.17. In addition to the statements or notices which the Company is required to give according to Section 35J(a) of the Law, to give the Trustee or to its authorized representative (a notice regarding his appointment shall be given by the Trustee to the Company upon his appointment), no later than fourteen (14) Business Days from the time of the Trustee's request, any information regarding the Company (including explanations, documents and calculations pertaining to the Company, its business or assets, and information which the Trustee, at its reasonable discretion, is required for the purpose of protecting the rights of the Debenture Holders, and to instruct its accountant and legal advisors to do so, as per the Trustee's reasonable request, inasmuch as at the Trustee's reasonable opinion the information is required for the purpose of applying and exercising the authorities, powers and authorizations of the Trustee and his proxies in accordance with this Deed, and subject to an undertaking of confidentiality as stated in this Deed. Based on the Trustee's request, the Company shall notify it in writing whether the given information is considered as inside information, as this term is defined in the Securities Law.
- 6.18. To perform all of the actions required and/or reasonably needed and in accordance with the provisions of this Deed and any law for validating the exercise of powers, authorities and authorizations of the Trustee and/or of its proxies in accordance with the provisions of this Deed of Trust.
- 6.19. To list the Debentures for trade in the Stock Exchange and to act so that the Debentures shall continue to be listed for trade on the Stock Exchange until the date of their final repayment.
- 6.20. To notify the Trustee in writing regarding any change to its name or address no later than five Business Days from the day of the change.
- 6.21. To assist the Trustee in any reasonable manner to fulfill its duties according to law and/or according to this Deed including examining the performance of the Company's undertakings in full and on time, examining actions and/or transactions that the Company performed, insofar as this is reasonably required in order to protect the rights of the Debenture Holders.
- 6.22. Inasmuch as the Company shall cease being a reporting corporation, as this term is defined in the Securities Law, or a corporation traded at a stock exchange outside of Israel, as set forth in the Second or Third Addition to the Securities Law, or becomes a non-reporting corporation (as defined in the Regulation Codex) the Company shall provide the Trustee with the reports required by the Regulation Codex<sup>1</sup> or any other circular and/or another document which shall replace it ((hereinafter and hereinafter: the "**Regulation Codex**"). The aforesaid reports will be signed in accordance with the provisions set forth in the Regulation Codex.

---

<sup>1</sup> The Regulation Codex – Business Management Principles, Volume 5, Part 2 – Capital, Measurement and Risk Management, Chapter 4 – Investment Assets Management, published by the Capital Markets, Insurance and Savings Authority at the Ministry of Finance (which appears, as of 9/11/2022 at: [https://www.gov.il/BlobFolder/guide/information-entities-codex/he/Codex\\_Gate5\\_Part2\\_Chapter4.pdf](https://www.gov.il/BlobFolder/guide/information-entities-codex/he/Codex_Gate5_Part2_Chapter4.pdf) as amended from time to time.

6.23. The Debentures (Series F) are not rated, and the Company does not undertake to rate the Debentures (Series F) in the future, including in case the Company shall issue a new series of rated debentures or shall expand an existing series of rated debentures of the Company. Insofar as the Debentures (Series F) shall be rated by a rating company or by a number of rating companies, then the Company shall be entitled to cease their rating by any of the rating companies or all of them, at its sole discretion, and without the Trustee and/or the holders of the Debentures having any claim in this regard. In case of replacing the rating company or terminating its activity, even in case when the Debentures shall be rated by a number of rating companies, the Company shall publish, within one Business Day from the day of the change, an Immediate Report regarding the changing of the rating company or stopping its work as stated, as well as the reasons for changing the rating company or stopping its work. If the rating shall be ceased altogether, the Company shall also transfer to the Trustee, a written approval, legally executed, specifying the reasons for the stop as stated.

6.24. To deliver to the Trustee a copy of any document or any information which the Company has delivered to the Debenture Holders.

Any report or information that shall be published by the Company in the Magna system shall be considered as a report or information or summons, as the case may be, which was given to the Trustee in accordance with the provisions of this clause. Notwithstanding the aforesaid, at the request of the Trustee, the Company shall transfer a printed copy of the report or information as mentioned.

It shall be clarified, that the confidentiality provisions in clause 20 hereinafter shall also apply to information given to the Trustee and/or his authorized representative and/or his agents, in accordance with the provisions of this clause 6.

**7. Not Securing the Debentures; Negative Pledge**

7.1. The Debentures (Series F) are not secured by any pledge. The status of the Debenture Holders is the status of unsecured creditors of the Company, with all that this entails.

7.2. Except as set forth in clause 7.4 of this Deed of Trust, and without derogating from the provisions of clause 9.1 of this Deed of Trust, the Company shall be entitled from time to time, to sell, pledge, lease, assign, deliver or transfer in any other manner its assets in whole or in part, in any manner, in favor of any third party, without the need for the Trustee's and/or the Debenture Holders' consent.

7.3. The Debentures (Series F) shall be in equal rank (pari-passu) inter se, without preference rights or priority over each other.

7.4. For as long as the Debentures (Series F) have not yet been fully repaid in any manner, including by way of a self-purchase and/or early redemption, the Company undertakes not to create a floating charge on all of its assets and rights, existing and future, in favor of any third party to secure any debt or undertaking and this is as opposed to fixed charges or floating charges on certain assets or a floating charge on a certain number of assets that the Company may create without the need to receive the consent of the Debenture Holders or the Trustee.

Notwithstanding the aforesaid, the Company shall be entitled to create a floating charge on all of its assets as aforesaid in favor of a third party, in each one of the following cases:

- (1) A receipt in advance of the consent of the Debenture Holders (Series F), which shall be adopted in a Special Resolution; or
- (2) The Company shall create, in favor of Holders of Debentures (Series F) together with creating the floating charge on all of its assets and rights, current and future, in favor of the third party, a floating charge on all of its assets and rights, current and future, also in favor of the Holders of Debentures (Series F) of the same priority, *pari passu*, which shall remain in force up to the removal of the charge which shall be registered in favor of the third party, and this is as long as outstanding Debentures (Series F) shall exist (namely, as long as they were not fully paid or removed in any manner, including by way of a self-purchase and/or early redemption); or
- (3) The Company shall make available in favor of the Holders of Debentures (Series F through the Trustee, together with the creation of the floating charge on its entire assets and rights, current and future, in favor of the third party, an irrevocable autonomous bank guarantee which shall be issued by bank/s or financial institution/s in Israel, rated at no less than iAa2 of Midroog or an equivalent rating, at a total equaling the amount guaranteed by the floating charge created in favor of the third party, or a total constituting the non-paid balance of the debt to Holders of Debentures (Series F), taking into account the amount of the interest until the date of the final repayment of the Debentures, according to the lower of them at the time of creating the pledge.

It is clarified that the Company's undertaking to not create a floating charge shall not apply to any of the following actions and pledges and that the Company has the right, at any time (subject to the restrictions according to any law and/or any other agreement that the Company is party to), to: (a) pledge its assets, including its rights, in whole or in part, by any other pledge except for a floating charge on all of its assets and rights, present and future, including, but not limited to, fixed pledges, including the creation of floating charges on specific assets, one or more, of the Company with respect to creating these charges (and bank accounts that can be pledged by a floating charge even without a fixed charge); (b) create a floating charge on all Company assets to guarantee the recycling (or re-recycling) of a loan guaranteed by a floating charge on all Company assets (and which met upon its creation, one or more of the conditions set forth in sub-clauses (1) to (3) above), provided that the debt guaranteed by the new pledge as stated shall not exceed the unpaid balance of the debt guaranteed by the original debt; and (c) pledge on assets or rights purchased (or which shall be purchased) in a way that they were pledged prior to their purchase.

It is clarified that the stated in this sub-clause does not limit the Company in selling its assets and/or its businesses (without detracting from the stated in clause 9.1 of this Deed of Trust and its provisions). It is further clarified, for the avoidance of doubt, that this clause cannot restrict the companies held by the Company (including subsidiaries and affiliates) from creating any charges, floating or fixed, on their assets, including on all of their assets.

The Company declares that as of the date of signing this Deed, there is no floating charge in favor of a third party on all of the Company's assets and rights, present and future and the Company did not undertake to register and/or provide such a charge. As of the date of signing this Deed there are charges on the assets of the subsidiaries of the Company in the framework of project financing, pledges on deposits in the framework of hedging transactions, pledges on the rights of the Company by virtue of shareholders' loans and capital notes in connection with the pumped storage project in the Manara Cliff in favor of the financing entities of the project as well as various pledges and assignment of right on a trust account and certain assets of the Company and of a limited partnership wholly-owned by the Company in connection with Ellomay Luzon Energy Infrastructures td. (formerly Dori Energy Infrastructure Ltd.), registered in favor of holders of the Company's Debentures (Series E).

The Company undertakes that if it shall create a floating charge on all of its assets and rights, current and future, in accordance with the exceptions set forth above (i.e., sub-clauses (1) through (3) above), it shall notify the Trustee on the matter at least 3 Business Days prior to creating the charge, and shall specify in its notice the clause due to which the Company is entitled to create a pledge as stated and how it will act in connection with the aforementioned exceptions, i.e., calling a Debenture Holders Meeting, registering a parallel charge, etc. It is clarified that to the extent that any fixed charges and/or specific charges are registered with respect to the entire assets of the Company, this undertaking shall lose its effectiveness.

If and insofar as a floating charge shall be given to the Trustee for the Debenture Holders as a security, as mentioned in this clause above, the following provisions shall apply:

- (a) The existence of a cause to declare the Debentures immediately payable and/or the realization of Collaterals, the earlier to occur, is a preliminary condition to realizing a floating charge as mentioned.
- (b) The Trustee shall be entitled to enforce a floating charge before immediate repayment has been declared for the Debentures, in accordance with Section 35J1 of the Law or subject to adopting a decision of performing realizations in a resolution that shall be adopted by the Meeting of the Debenture Holders in accordance with the provisions of clause 9.2.4 of the Deed of Trust.
- (c) Enforcing the floating charge shall be performed in a manner that is expected according to the Trustee's reasonable assessment to maximize the realization consideration from the floating charge and for this purpose the Trustee shall be entitled, subject to law, to determine the manner of enforcing this floating charge and the time when the floating charge should be enforced (hereinafter: the "**Manner of Enforcing the Collaterals**").

Without derogating from any right that the Trustee has according to any law, the Trustee shall be entitled to receive instructions with respect to the Manner of Enforcing the Collaterals also by a Special Resolution that shall be adopted in a Meeting, on the agenda of which is the giving of instructions to the Trustee regarding the Manner of Enforcing the Collaterals. The Meeting of the Debenture Holders as mentioned, shall be entitled to authorize a representing body of the Debenture Holders for advising the Trustee regarding the Manner of Enforcing the Collaterals.

Whenever the Company shall create a charge as mentioned in this sub-clause in favor of the Debenture Holders, and this is a charge that requires registration in the Registry of Charges managed at the Registrar of Companies for its perfection or any other registry as shall be required by any law, the charge shall be considered as legally registered only after the Company has furnished to the Trustee all the following documents, within 7 Business Days from the registration date of the charge:

- (1) A charge document in favor of the Trustee, in form to the satisfaction of the Trustee, bearing an original signature by the Company with an electronic approval of the Registrar of Companies, confirming receipt of the document that will bear a date which is not later than twenty one (21) days after the signature date on the charge document;

- (2) A notice of details of mortgages and pledges (Form 10), in form to the satisfaction of the Trustee, signed with an original “received” stamp from the office of the Registrar of Companies, which bears a date that is not later than twenty one (21) days after creating the notice;
- (3) An original pledge registration certificate from the Registrar of Companies;
- (4) An extract of the pledges from the Registrar of Companies or any other office or registrar as shall be required by any law, according to which this charge was registered;
- (5) An affidavit by the Company CEO or a senior financial officer in the Company that the charge does not contradict or it is not in contradiction to the Company’s undertakings to third parties, and that all approvals have been received by the Company pertaining to the creation of the pledge as stated, all according to the wording that shall be to the satisfaction of the Trustee at its reasonable discretion, which shall be delivered to the Trustee each year according to his demand;
- (6) An opinion of an external lawyer on behalf of the Company, originally signed, inter alia, with respect to the nature of the rights of the pledging party in the pledged asset, the manner of the pledge registration, its creditor priority, it being legal, valid and it being exercisable and enforceable against the pledging party according to the applicable law in Israel, in the wording that shall be to the satisfaction of the Trustee at its reasonable discretion, which shall be given to the Trustee each year according to its demand;
- (7) Any additional document required for the purpose of creating and/or registering the pledge by any law, in any relevant Registry;

To the extent that a floating charge is created on the entire assets and rights, current and future, of the Company in favor of the Debenture Holders and in favor of any third-party as stated in this clause above, the realization of the charge by the Trustee of the Debentures (Series F) or by the third-party shall not require the approval of the Trustee for the Debentures (Series F) or the third-party, as the case may be (hereinafter collectively: the “Parties”) or of any of the Holders of the Debentures (Series F) or the third-party, as the case may be, or the delivery of advance notice to the other Parties regarding the intention to act in the said manner. To the extent that the third-party commences with the procedure for the realization of the charge, the Company will notify the Trustee about the same within two (2) Business Days after the Company receives information in connection therewith.



To the extend a floating charge will be registered for the benefit of the Debenture Holders *pari passu* with the third party as stated above in this clause, the Company undertakes to publish within the framework of the first publication of its financial results published after the registration of the charge, the following data: a. the balance sheet value of all of the Company's assets that are pledged by a fixed pledge and such value of all of the assets of the Company that are pledged with a floating charge; b. the balance sheet value of all of the non-pledged assets of the Company; c. the aggregate liabilities of the Company that are backed by pledged assets; and d. the aggregate liabilities of the Company that are not backed by pledged assets. To the extent that the Company will request the consent of the Debenture Holders for the creation of the aforementioned charge for the third party only as set forth in this clause above, the Company undertakes to publish the aforementioned data on the date of publication of the Immediate Report on the convening of the Meeting. In any event of registration of a floating charge as set out in this clause above for the benefit of the Trustee for the Debenture Holders and following publication of the first financial results as aforesaid, and for as long as the charge in favor of the Trustee for the Debenture Holders is registered, the Company undertakes to publish the aforementioned data within the framework of all publication of financial results of the Company.

An office holder (a receiver or any other office holder appointed for the purpose of realizing the charge) who will be appointed at the request of any of the Parties, may be appointed as an office holder for all the Parties. The Trustee shall be entitled to join a proceeding that will commence by any of the other Parties, at his discretion or following a decision adopted in the meeting of the Holders of the Debentures (Series F). The Company will provide to the Trustee the contact information for each of the Parties for the purpose of delivery of realization notices as said immediately after receiving the first request of the Trustee.

7.5. Save as provided in clause 7.4 of this Deed, no limitations shall apply to the Company when imposing different pledges on its assets.

## **8. Early Redemption**

### **8.1. Early Redemption Initiated by the Stock Exchange**

If it is decided by the Stock Exchange to delist the Debentures (Series F) from trade as the value of the series has decreased from the sum that was determined in the Stock Exchange instructions regarding delisting from trade, the Company shall allow early redemption as mentioned of the series due to the delisting from trade of the Debentures as mentioned above, and it shall act as follows:

- 8.1.1 Within 45 days after the decision of the board of directors of the Stock Exchange regarding delisting as aforementioned, the Company shall notify of an early redemption date in which the Holders of Debentures may redeem them. The notice of early redemption shall be published in an Immediate Report that shall be sent to the securities authority and to the Stock Exchange and in two daily and prevalent newspapers in Israel in the Hebrew language and it shall be given in writing to all the registered Debenture Holders.
- 8.1.2 The early redemption date shall occur not before 17 days of the date of publishing the notice and no later than 45 days after this date, however not in a period between the record date for the payment of interest and its actual payment.
- 8.1.3 At the early redemption day, the Company shall redeem the Debentures that the Debenture Holders requested to redeem. The redemption consideration shall be determined based on the higher of the alternatives set forth in clause 8.2.7 of this Deed.

- 8.1.4 The determination of an early redemption date as mentioned above cannot harm the redemption rights stipulated in the Debentures, of any of the Debenture Holders that shall not redeem them at the early redemption date as mentioned above, however the Debentures shall be delisted from trade on the Stock Exchange and will be subject, inter alia, to the tax implications arising from this.
- 8.1.5 The early redemption of Debentures as mentioned above shall not confer upon any of the Holders of Debentures that shall be redeemed as mentioned the right to the payment of interest for the period after their redemption.

8.2. **Early Redemption Initiated by the Company.**

The Company shall be entitled to perform early redemption, full or partial, of the Debentures (Series F) and this is at its sole discretion commencing on the end of 60 days from the date on which the Debentures (Series F) were listed for trade, and in this case the following provisions shall apply, all subject to the instructions of the Israeli Securities Authority and the provisions of the Stock Exchange regulations and the instructions pursuant thereto, as they shall be at the relevant time:

- 8.2.1 The frequency of the early redemptions shall not exceed one redemption per quarter.

For this matter, "quarter" means each of the following periods: January – March, April – June, July – September, and October- December. The minimal scope of each early redemption shall not be less than 1 million NIS.

Notwithstanding the aforesaid, the Company shall be entitled to perform an early redemption at a scope which is less than 1 million NIS provided that the frequency of redemptions shall not exceed one redemption per year.

- 8.2.2 Any amount paid by early redemption by the Company, shall be paid with regards to all Holders of Debentures, pro-rata according to the nominal value of the held Debentures.
- 8.2.3 The Company shall deliver to the Trustee, within five (5) Business Days from the day on which a decision was made by the Company's board of directors regarding the performance of early redemption as stated above, an approval signed by the senior financial officer in the Company, attaching a calculation, worded to the Trustee's satisfaction, regarding the amount to be paid by early redemption, as well as the interest accumulated for the stated Principal amount until the performance of the early redemption. In addition, upon adoption of the resolution of the board of directors of the Company regarding the performance of an early redemption as mentioned above, the Company shall publish an Immediate Report which shall include, among others, a calculation of the amount to be paid by early redemption, no less than seventeen (17) days and no more than forty five (45) days before the early redemption date, and shall give the Trustee a copy thereof.

If an early redemption is scheduled in a quarter in which payment of interest is also scheduled, or payment of partial redemption or payment of final redemption, the early redemption shall be performed at the time that was scheduled for payment as mentioned. Notwithstanding the foregoing, a final redemption can be performed during a quarter event if interest was paid or a partial redemption was made during the quarter.

The early redemption date shall not apply in a period between the record date for the payment of interest for the Debentures and the date of actual payment of interest.

The Company shall publish, in the aforementioned Immediate Report, the sum of the Principal that shall be repaid in the early redemption and the interest that has accumulated for it until the date of the early redemption in accordance with the provisions in clause 8.2.5 hereinafter. Upon making a partial early redemption, the Company shall pay the Holders of Debentures (Series F) the interest accumulated for the part paid by partial redemption, and not for the entire non-paid balance of the Debentures' Principal.

- 8.2.4 Early redemption shall not be made to part of the series of Debentures if the last redemption sum shall be less than NIS 3.2 million.
- 8.2.5 At the date of a partial early redemption, insofar as shall exist, the Company shall notify in an Immediate Report of: (1) The rate of the partial redemption in terms the unpaid balance; (2) The rate of the partial redemption in terms of the original series; (3) The interest rate in partial redemption of the redeemed part; (4) The interest rate that shall be paid in partial redemption calculated regarding the unpaid balance; (5) Update of the rate of the partial redemptions remaining, in terms of the original series; (6) The record date for entitlement to receive early redemption of the Principal of a Debentures that shall be six (6) days before the date scheduled for early redemption (it is clarified that if the record date for entitlement to receive partial redemption shall occur in a quarter during which there is the payment of interest, the record date for entitlement to receive partial redemptions shall occur on the record date for receiving the payment of interest that shall be paid during that quarter).
- 8.2.6 Prior to making an early redemption as stated in this clause, the Company shall give the Trustee an approval signed by a senior officer in the Company, confirming its meeting (or its failure to meet) the financial standards set forth in Appendix 6.2 of this Deed.
- 8.2.7 The sum that shall be paid to the Debenture Holders in the event of early redemption shall be the highest sum out of the following: (1) the market value of the balance of the Debentures in Circulation, which shall be determined according to the average close price of the Debentures in the thirty (30) Trading Days prior to the date the resolution of the board of directors was adopted regarding the performance of early redemption; (2) the undertaking value of the Debentures in Circulation that are subject to early redemption, in other words Principal plus interest (including interest in arrears inasmuch as there shall be any), up to the date of the actual early redemption; (3) the balance of cash flow of the Debentures (Series F) that are subject to early redemption (Principal plus interest in the rate on the date of notice of the early repayment and interest in arrears inasmuch as there shall be any) capitalized according to the Government Debentures Yield (as defined below) plus an annual interest rate of 1.75%. Capitalization of the Debentures (Series F) that are subject to early redemption shall be calculated commencing from the early redemption date up to the last redemption date that was determined with respect to the Debentures (Series F) that are subject to early redemption.

For this matter: "Government Debenture Yield" means the weighted average return (gross) for redemption, in a period of seven Business Days, that ends two Business Days prior to the date of notice of early redemption, of two series of NIS governmental debentures that are not linked to the index with an average duration closest to the average duration of the Debentures (Series F) at the relevant time, i.e., one series with the closest duration higher than the duration of the Debentures (Series F) at the relevant time, and one series with the closest duration lower than the duration of the Debentures (Series F) at the relevant time.

For example: if the average duration of government debenture A is four (4) years, the average duration of government debenture B is two (2) years and the average duration of the balance of cash flow for the Debentures (series F) up for early repayment (Principal with the addition of interest) is three and a half (3.5) years, the weighted average yield of the government debentures will be calculated as follows:

$$4x + 2(1-x) = 3.5$$

Where:

x – weight of the yield of government debenture A

(1-x) – weight of the yield of government debenture B

According to the calculation in the example specified above, the annual yield of government debenture A will be weighted at the rate of seventy five percent (75%) from the "yield" and the annual yield of government debenture B will be weighted at a rate of twenty five percent (25%) of the "yield".

- 8.2.8 The early redemption of the Debentures as mentioned above shall not confer upon a Holder of Debentures that shall be redeemed as mentioned, the right to receive interest for the period after the redemption date.
- 8.2.9 In the event of payment of additional interest as a result of the early redemption, the additional interest will be paid only on the par value that was redeemed in the early redemption.

#### **9. Right for Immediate Repayment and/or Realization of Collaterals**

- 9.1. **Upon the occurrence of one or more of the causes set forth hereinafter and so long as either of them is occurring, the Trustee and the Holders of Debentures shall be entitled to put the balance of the amount due to the Holders in accordance with the Debentures for immediate repayment, or to realize collaterals (to the extent will be provided) for guaranteeing the Company's undertakings to the Holders of Debentures, and the provisions of clause 9.2 of this Deed hereafter shall apply, as the case may be:**
- 9.1.1 If a material worsening has occurred in the Company's business as compared to its state at the issuance date, and there is a real concern that the Company will not be able to repay the Debentures on time.
- 9.1.2 If the Company has not repaid by of the payments it owes in accordance with The Debentures or in accordance with this Deed, however it shall be possible to declare the Debentures (Series F) immediately repayable due to this, only if the breach was not amended by the end of a period of five (5) Business Days after the date of breach.

- 9.1.3 If the Company did not publish a financial statement which it is required to publish according to any law or according to the provisions of this Deed, within 30 days after the last date on which it is obligated publish it or at such time when the extension for publishing financial statements provided to the Company by a competent authority, whichever is later.
- 9.1.4 If the Debentures (Series F) have been delisted from trade on the Stock Exchange.
- 9.1.5 If a motion was filed for receivership or to appoint a receiver (temporary or permanent) or any other motion with a similar or identical consequence in accordance with the provisions of the Insolvency Law, on all or most of the Company's assets, or if an order shall be given to appoint a temporary receiver, temporary trustee (as such term is defined in the Insolvency Law), or any other office holder with similar authorities appointed in accordance with the provisions of the Insolvency Law, for a Material Asset – which was not dismissed or cancelled within forty five (45) days after they were filed or granted, respectively; or if an order was given to appoint a permanent receiver, trustee (in accordance with the Insolvency Law) or any other office holder with similar authorities appointed in accordance with the Insolvency Law on a material asset.

Notwithstanding the aforesaid, the Company shall not be given any cure period with respect to the motions or orders that were filed or granted, respectively, by the Company or with its consent.

For this matter, “**most of the Company assets**” –assets with a balance sheet value which exceeds 50% of the total consolidated assets of the Company, in accordance with its recent consolidated financial statements or its recently published consolidated financial results.

- 9.1.6 Upon the occurrence of one of the following events:

- 9.1.6.1 In the event the Company files an application for an order to commence proceedings, as defined in the Insolvency Law, or any other similar proceeding in accordance with the provisions set forth in the Insolvency Law, or in the event the Company files an application for a settlement or an arrangement with the creditors of the Company, pursuant to the provisions of Section 350 of the Companies Law, or in accordance with the provisions set forth in the Insolvency Law (with the exception of: (1) for the purpose of merging with another company, and these are not prohibited in accordance with the terms set forth in this Deed and provided that the Trustee received the approval of the Board of Directors of the Company, no less than ten Business Days prior to the merger date, stating that the surviving entity assumed the entire undertakings towards the Debenture Holders and there is no reasonable concern that as a result of the merger the surviving company will not be capable of fulfilling its entire undertakings towards the Debenture Holders in accordance with the Debentures and this Deed on time, and the Trustee will not be required to verify the content of the said confirmation and/or a change in the structure of the Company (including split) that are not prohibited in accordance with the provisions set forth in this Deed and (2) making arrangements between the Company and its shareholders that are not prohibited under the terms set forth in this Deed and that do not have an effect on the ability of the Company to repay the Debentures), or in the event such an order as said is issued against the Company or in the event the Company offers to its creditors a settlement or an arrangement in another manner as said, as a result of the inability of the Company to fulfill its undertakings timely, or in the event the Company commenced a similar proceeding or a similar proceeding commence against the Company in accordance with the relevant law applicable to the Company. For the purpose of this clause, such applications as said that were filed by any third-party with the approval of the Company shall be deemed as applications that were filed by the Company.

- 9.1.6.2 In the event an application pursuant to the Insolvency Law or an application pursuant to Section 350 of the Companies Law is filed against the Company (without obtaining its approval) or in the event the Company commenced a similar proceeding or a similar proceeding commenced against the Company in accordance with the relevant law applicable to the Company, and that were not dismissed or canceled within forty-five (45) days as of the date of their filing.
- 9.1.6.3 It is clarified that the purchase of the Debentures (Series F) by the Company during the trading in the Stock Exchange or outside the Stock Exchange shall not be deemed as an arrangement with creditors for the purpose of this clause.
- 9.1.7 If a foreclosure shall be imposed on a Material Asset, or if any action shall be performed of execution against any such Material Asset, or in the event a charge against a Material Asset is realized; and the foreclosure was not removed, or the action or the realization was not cancelled, as the case may be, within 45 days after they were imposed or performed, as the case may be.
- Notwithstanding the aforesaid, the Company shall not be given any cure period with respect to motions or orders filed or given, respectively, by the Company or with its consent.
- 9.1.8 If the Company's main activity, by itself or via corporations in its control or via held corporations, shall cease to be in the field of energy and energy infrastructure (the "**Area of Activity**"). It is clarified, that the Company's activity in other areas of activity in addition to the Area of Activity shall not be considered as stopping the activity as stated in this clause, insofar as the Company's assets, which are not current assets, which belong or are related to the Area of Activity (as it is defined above), shall constitute at least 70% of the Company's assets other than its current assets, all based on the last financial statements of the Company that were published.
- 9.1.9 If the Company shall adopt a decision to liquidate (except for liquidation as a result of a merger with another company as mentioned in clause 9.1.18 of this Deed) or if a final permanent liquidation order shall be given with respect to the Company by court or any other order with a similar or identical effect in accordance with the Insolvency Law, or a permanent liquidator shall be appointed to it or any other competent official with similar or identical authorities in accordance with the Insolvency Law with respect to the Company will be appointed by the court, or in the event a trustee, within the meaning of this term in the Insolvency Law, was appointed.

- 9.1.10 If a temporary liquidation order shall be given by the court, or any other order with a similar or identical effect in accordance with the provisions of the Insolvency Law, or a temporary liquidator shall be appointed for the Company, or any other authorized official with similar or identical authorities in accordance with the Insolvency Law, or any other office holder is appointed in accordance with the law, or if any judicial decision of a similar nature shall be granted, or in the event a temporary trustee is appointed, within the meaning of this term in the Insolvency Law, and the appointment, the order or the decision as mentioned were not dismissed or cancelled within forty five (45) days after the day on which they were given or from the date the decision was granted, respectively.

Notwithstanding the aforesaid, the Company shall not be given any cure period with respect to motions or orders that were filed or given, respectively, by the Company or with its consent.

- 9.1.11 If the Company ceased or notified of its intention to cease conducting its business as this shall be from time to time, or if the Company stopped or notified of its intention to stop its payments.
- 9.1.12 If the Company is requested to pay by immediate repayment a Material Debt, or a Material Series of Debentures, and the demand for immediate repayment as said was not removed and/or the Company did not repay the Material Debt or the said series of debentures that the Company was required to repay, as the case may be, within 30 days of the date these were called for immediate repayment, or in the event the Company is required to pay in immediate repayment a series of debentures of the Company that are traded in any stock exchange, including in the TACT-Institutional system without a cure period.
- 9.1.13 Not fulfilling one or more of the financial covenants in Appendix 6.2 of this Deed of Trust at the end of the Review Period (as defined in Appendix 6.2 of the Deed of Trust), provided that the Company was not given an extension to cure as mentioned in clause 28 of the Deed of Trust or in clause 19.2 of the Deed of Trust or, a waiver was not given to the Company for the breach as mentioned in clause 28 of the Deed of Trust. It is clarified that the right or the exercise of such a right shall be without prejudice to the duty of the Company to pay the additional interest for the breach as stated in clause 4.3 of the terms set out on the back of the page.
- 9.1.14 If the Company shall perform a distribution (as it is defined in the Companies Law), which does not meet any of the provisions pertaining to a distribution as stated in Appendix 6.2 of this Deed.
- 9.1.15 There is a real concern that the Company shall not meet its material undertakings towards the Debenture Holders.
- 9.1.16 If the Company shall breach the terms of the Debentures or the Deed of Trust by a fundamental breach or if it will not perform any of its material undertakings within their framework, and the breach was not cured within 14 days after receiving a notice regarding the breach, during which the Company shall act to cure it.

- 9.1.17 If a material representation of the representations of the Company in the Debentures or in the Deed of Trust is discovered to be incorrect or not complete, and in the event that this is a breach that can be cured – the breach was not cured within 14 days after receiving a notice regarding the breach, during which the Company shall act to cure it.
- 9.1.18 If a Merger was performed without receiving a prior approval of the Holders of the Debentures (Series F) by Ordinary Resolution, unless the surviving entity declared, towards the Holders of the Debenture (Series F), including via the Trustee or within the framework of the Immediate Report concerning the merger, at least ten (10) Business Days before the merger date that the surviving entity has taken upon itself all of the undertakings towards Holders of Debentures and that there is no reasonable concern that as a result of such merger the surviving entity would not be able to fulfill its undertakings towards the Holders of the Debentures (Series F). It is clarified that a merger between the consolidated companies in the financial statements of the Company or between such companies and the Company (in the event the Company is the surviving company) shall not be deemed as a “merger” for the purpose of this Deed, and in such circumstances as said no declaration of the Company or the surviving company or a prior approval of the Debenture Holders shall be required as stated above. It is clarified that a merger, to the extent performed, shall not derogate from the undertakings of the Company in accordance with clause 7.4 of this Deed not to take a floating charge on its entire assets and rights, including following the merger.
- 9.1.19 If the Company breached its undertaking not to create floating charges as set forth in clause 7.4 of this Deed.
- 9.1.20 If a Sale of the Majority of the Company’s Assets was made, and the prior approval of the Debenture Holders (Series F) in an Ordinary Resolution was not granted. If a Sale of the Majority of the Company’s Assets was performed as set forth in this clause, the Company shall submit an Immediate Report of this.
- For this matter, “**Sale of the Majority of the Company’s Assets**” – as this term is defined hereinafter.
- 9.1.21 If the Stock Exchange suspended the trade of the Debentures (Series F), except for a suspension due to a cause of the creation of vagueness, as this cause is defined in the fourth part of the Stock Exchange bylaws, and the suspension was not cancelled within 60 days, and except for a general suspension that is not directed specifically at the Company.
- 9.1.22 In the event the Company shall perform an expansion of the Debenture series (Series F) in a manner which does not meet the Company’s undertakings with regards to a series expansion in accordance with clause 5.2 and Appendix 5.2 of this Deed.
- 9.1.23 In the event that following a transaction (that was not approved by the meeting of the Debenture Holders (Series F) in an Ordinary Resolution) the rate of holding of the group of shareholders that includes at least one of Messrs. Shlomo Nehama and Ran Fridrich will be lower than the rate of holders of another shareholder that holds at least 25% of the issued and paid-up share capital of the Company (with neutralization of dormant shares), and all for a consecutive period that will exceed three months (hereinafter: the “**Transfer of Control**”). In this clause: (a) “**holding**” – including the “**holding of securities or their purchase together with another**” within the meaning of these terms in the Securities Law; (b) “**transaction**” – a transaction in which the holdings of Messrs. Shlomo Nehama and Ran Fridrich, directly or indirectly, are transferred.



For the avoidance of doubt, a transaction as stated which is the result of a change in legislation and/or regulatory requirement and/or inheritance (including a will), when for the matter of changes in legislation and regulation – provided that the Company acts to the best of its efforts to avoid a result as stated shall not be deemed as Transfer of Control. If the conditions set forth above in this clause are fulfilled in the aggregate, the Company shall submit an Immediate Report of this.

- 9.1.24 If the Company shall stop being a reporting corporation, as this term is defined in the Securities Law, or a corporation traded in a stock exchange outside of Israel, as set forth in the Second or Third Addition to the Securities Law.
- 9.1.25 If a “going concern note” is registered in the Company’s financial statements for two consecutive quarters.
- 9.1.26 If the Company breaches its undertakings in connection with controlling shareholders transactions, as stated in Appendix 6.2 of this Deed, and the breach was not cured within 14 days, during which the Company acts for the purpose of curing the breach.

For the avoidance of doubt, it is hereby emphasized and clarified that any application of the Company to the holders of any series of debentures of the Company, in whole or in part, in an offer to purchase from them the debentures that they hold for cash or by way of the issuance of substitute debentures shall not give rise to grounds for immediate repayment of the Debentures in accordance with this clause 9.

For the avoidance of doubt, it is clarified that the right to declare the Debentures immediately repayable as mentioned above and/or declaring the Debentures immediately repayable and/or for realizing pledges cannot derogate from or injure any other or additional remedy that the Debenture Holders (Series F) have or that the Trustee has according to the terms of the Debentures and the provisions of this Deed or according to the law, and failure to declare the debt immediately repayable upon the occurrence of any of the cases set forth in clause 9.1 of the Deed, shall not constitute any waiver whatsoever of the rights of the Holders of Debentures or the Trustee as stated.

In this clause:

“**Material Asset**” means: an asset or several assets cumulatively, whose aggregate book value exceeds 37% of the total consolidated assets of the Company according to its last consolidated financial statements or its last consolidated financial results that were published.

“**Financial Statement**” means: the consolidated financial statements or consolidated financial results of the Company that were published before the time of the event.

“**Material Debt**” or a “**Material Series of Debentures**” shall mean: a debt or a number of cumulative debts of the Company whose balance, or a series of debentures that is not traded on any trading platform, whose balance of liability value is in an amount constituting 18% of the Total Adjusted Balance Sheet of the Company, according to the financial statements of the Company, or a debt or a number of cumulative debts of a consolidated company whose balance, or a series of debentures of a consolidated company, whether or not traded in any stock exchange, whose balance of liability value are in an amount constituting 35% of the Total Adjusted Balance Sheet of the Company. It is clarified that a debt or a series of material debentures, of the Company or of the consolidated company, that are a non-recourse debt, i.e., a debt without a right of recourse towards the Company, or a project debt, shall not be deemed as a debt or as a series of material debentures, as the case may be. For the purpose of this definition, the term “**Total Adjusted Balance Sheet of the Company**” shall mean the total balance sheet of the Company, net of a debt or a Material Series of Debentures, of the Company or the consolidated company, that are non-recourse debt, i.e., a debt without a right of recourse to the Company, or a project debt.

“**Sale of the Majority of the Company’s Assets**” means the sale of an asset or a combination of assets of the Company or of the consolidated companies in its financial statements to a third-party, over a period of 18 consecutive months, with a value, after deduction of assets purchased by the Company or by the consolidated companies in its financial statements during the same period of 18 consecutive months, which exceed the rate of 50% of the consolidated Company assets, according to its last financial statements published. Notwithstanding the foregoing, the sale of assets at a rate greater than 50% as said, shall not be deemed as a breach, provided that in accordance with the notice of the Company the Company undertakes that the consideration is intended for the purchase of an asset (other than an asset of consolidated companies) or an additional investment, including an investment in consolidated companies, and all within the sphere of activity of the Company as stated in clause 9.1.8 above, and that the said purchase or investment as said will be completed during a period that will not exceed 36 months from the date of the Company’s notice.

9.2. **Upon the occurrence of any of the events set forth in clause 9.1 of this Deed and in accordance with the provisions included therein and its sub-clauses:**

- 9.2.1 The Trustee and any of the Debenture Holders (Series F) shall be entitled to call for immediate repayment the entire outstanding balance of the Debentures and/or realize Collaterals (to the extent provided); it shall be clarified that a decision as stated by a Holder of the Debenture is subject to adopting a resolution in the Meeting of Holders, as set forth in clause 9.2.4 hereinafter.
- 9.2.2 Upon the occurrence of any of the events in clause 9.1 above the Trustee, before he uses his authority to declare immediate repayment or to realize the Collaterals (to the extent provided), shall be obligated to convene a Meeting of the Debenture Holders, on the agenda of which shall be a resolution regarding the declaration of immediate repayment of all unpaid balance of the Debentures (Series F) and/or realizing collaterals (to the extent provided), due to the occurrence of any of the events set forth in clause 9.1 of this Deed, and receive its instructions. The time of convening a Meeting as stated shall be at the end of 21 days from the day on which it was summoned (or a shorter period of time in accordance with the provisions of clause 9.2.6 hereinafter).
- 9.2.3 If a reasonable period was determined in clause 9.1 above or in a resolution of a Holders’ meeting, as the case may be, with respect to a certain clause, in which the Company is entitled to perform an action or to adopt a decision which as a result the cause for declaring immediate repayment or realization of the Collaterals (to the extent provided), is dropped, the Trustees or the Debenture Holders are entitled to declare the Debentures immediately payable and/or to realize collaterals according to these clauses only if the period that was determined as mentioned has passed and the cause was not dropped; however, the Trustee is entitled to shorten the period that was determined as mentioned if it thought that it will materially harm the rights of the Debenture Holders.

- 9.2.4 The resolution of the Debenture Holders to declare the Debenture immediately payable and/or to realize the Collaterals (to the extent provided), shall be adopted in a Meeting of the Debenture Holders in which Holders of at least fifty percent (50%) of the balance of the nominal value of the Debentures (Series F) were present, by a majority of the Debenture Holders of the balance of the nominal value of the Debentures that is represented or by such a majority in a deferred Debenture Holders Meeting in which the Holders of at least twenty percent (20%) of the aforementioned balance were present.
- 9.2.5 In case, until the time of convening the Meeting, any of the events set forth in clause 9.1 of this Deed has not been revoked or removed, and a resolution in the Debenture Holders' Meeting was adopted as stated in clause 9.2.4 of the Deed, the Trustee shall be obligated, as soon as possible, to declare immediately repayable all unpaid balance of the Debentures (Series F) and/or to realize Collaterals (to the extent provided).
- 9.2.6 Despite the stated in this clause 9.2, the Trustee or the Holders shall not declare the Debentures immediately repayable and shall not realize collaterals, unless it is after they have given the Company a written notice, 15 days in advance before declaring the Debentures (Series F) for immediate repayment or realizing Collaterals (to the extent provided) (hereinafter: **"the Notice Period"**), regarding their intention to do so; the Trustee is entitled, at its discretion, to shorten the 21 day period stated in clause 9.2.2 of this Deed and/or to not give any notice as stated in this clause 9.2.6, in case the Trustee is of the opinion that deferring the convening of the Meeting jeopardizes the rights of the Debenture Holders or if there is reasonable concern that giving the notice shall damage the possibility of declaring the Debentures for immediate repayment and/or realizing Collaterals (to the extent provided). A copy of the notice of convening a Meeting of Debenture Holders that will be sent by the Trustee immediately with or for the purpose of publishing the notice will be deemed as a prior written notice to the Company of intentions to act as aforementioned. Publishing the notice of convening the Meeting in the MAGNA system will be deemed such a notice to the Company.
- 9.2.7 The sending of a notice to the Company of the declaration of immediate repayment of the Debentures and/or realizing Collaterals (to the extent provided), as stated in clause 9.2.6 can be done also by way of publishing a notice of the decision of the Meeting or the decision of the Trustee in accordance with the provisions of clause 27 hereafter and it shall constitute a declaration of the Debentures immediately payable.
- 9.2.8 In the event that the Debentures (Series F) were declared immediately payable according to the provisions of clause 9, the Company undertakes:
- 9.2.8.1 To pay the Debenture Holders and the Trustee any sums due to them and/or that shall be due to them according to the terms of the Deed of Trust, whether the date of the obligation has arrived or not ('acceleration'), and this is within 7 days after the notice date as mentioned in clause 9.2.6 above; and

9.2.8.2 To deliver to the Trustee, as per its reasonable request, any affidavit or declarations and/or to sign any document and/or to perform and/or to cause the performance of the actions necessary and/or required in accordance with any law for giving effect to the exercise of authorities, the powers and the permissions of the Trustee and/or his attorneys that are required in order to enforce upon the Company its undertaking as mentioned in the Deed of Trust and for realizing the collaterals, inasmuch as any have been given.

9.2.9 For the purposes of this clause 9 – a written notice to the Company signed by the Trustee that confirms that the action required by it in the framework of its powers, is a reasonable action, shall constitute prima facie evidence of this.

9.2.10 The Trustee shall notify the Debenture Holders regarding the occurrence of an event which constitutes a cause for immediate repayment, immediately after actually becoming informed of it. A notice as stated shall be published in accordance with the provisions of clause 27 hereinafter.

9.2.11 The stated in this clause does not harm or condition the rights of the Trustee or the Holders of Debentures (Series F) in accordance with the provisions of Article 351I of the Securities Law or in accordance with the provisions of the law.

9.2.12 Notwithstanding the provisions of this clause 9.2, in case the Company requests the Trustee in writing to appoint an urgent representing body, for the relevant causes for immediate repayment as stated in clause 19 hereunder, it is mandatory to act in accordance with the provisions set forth in clause 19 of the Deed of Trust, and these shall take precedence over all of the other provisions set forth in this Deed.

9.3. After declaring the Debentures immediately payable in accordance with the provisions of clause 9.1 of the Deed, the Trustee and/or the Debenture Holders shall be entitled to immediately take all steps that they shall see fit. Inter alia, the Trustee and/or the Debenture Holders shall be entitled to enforce and to realize the Collaterals (to the extent provided, in whole or in part) that were given to secure the Company's undertakings to the Debenture Holders and to the Trustee according to this Deed. The Trustee shall be entitled to act in any manner that it shall see fit and effective, including in accordance with the relevant law in the relevant territory for each Collateral and within such actions it shall be entitled to appoint by itself and/or by the court, a trustee, receiver or manager on assets that were provided as Collateral, in whole or in part, to the extent assets were provided as Collateral.

**10. Claims and Proceedings by the Trustee**

- 10.1. In addition to any provision in this Deed and as a right and independent authority (however except for the calling for immediate repayment, and in such circumstances the provisions of clause 9 above shall apply), the Trustee is entitled, at its discretion, and will be obligated to do so by an Ordinary Resolution, and without giving notice to the Company, to take all of those proceedings, including legal proceedings and motions to receive instructions as it shall see fit and subject to the provisions of any law, for enforcing the Company's undertakings according to this Deed of Trust, realizing Collaterals (to the extent provided), and/or rights of Debenture Holders and protecting their rights according to this Deed of Trust. The Trustee shall be entitled to initiate legal proceedings and/or others even if the Debentures were not declared immediately payable and all for realizing Collaterals (to the extent provided), and/or for protecting rights of Debenture Holders and the Trustee and subject to any law. The Trustee is entitled, at its sole discretion and without the need for giving notice, to approach the competent court and submit a motion to receive instructions in any matter pursuant to and/or connected to this Deed of Trust also before the Debentures shall be declared immediately payable, including for giving any order regarding the trust matters. It shall be clarified, that the right to declare immediate repayment and/or realizing the Collaterals (to the extent provided), shall only arise in accordance with the provisions of clause 9 of this Deed and not this clause 10.
- 10.2. The Trustee shall be obligated to act as stated in clause 10.1 above if required to do so by an Ordinary Resolution, unless it has seen that under the circumstances it shall not be just and/or reasonable to do so, and it has approached the appropriate court in a request to receive instructions on the matter at the first possible opportunity.
- 10.3. The Trustee is entitled, prior to taking any legal proceedings whatsoever, to convene a Debenture Holders Meeting so that it decides, in an Ordinary Resolution, which proceedings to take in order to realize their rights in accordance with this Deed. The Company waives any claim towards the Trustee and/or Debenture Holders, regarding damage which might be caused and/or which was caused to it due to summoning the Holders Meeting. In addition, the Trustee shall be entitled to re-convene Debenture Holders Meetings for the purpose of receiving instructions pertaining to conducting the proceedings as stated. The Trustee's action shall be performed in such cases without delay and at the first opportunity. For the avoidance of doubt, it shall be clarified that the Trustee is not entitled to delay the performance of declaring for immediate repayment and/or realizing Collaterals (to the extent provided), which the Meeting of the Holders has decided in accordance with clause 9 of this Deed, unless the event for which the resolution was adopted to declare immediate repayment was revoked or removed. It is clarified that notwithstanding the provisions of this clause 10, the Trustee shall file a request for the liquidation of the Company only after an Extraordinary Resolution was adopted.
- 10.4. Subject to the provisions of this Deed of Trust, the Trustee is entitled but not required to convene a Meeting at any time, in order to discuss and/or to receive its instructions in any matter regarding this Deed by way of an Ordinary Resolution. For the avoidance of doubt, it shall be clarified, that the Trustee is not entitled to delay the performance of declaring for immediate repayment which the Debenture Holders Meeting has decided in accordance with clause 9.1 of this Deed, other than if the event for which the resolution was made to declare immediate repayment was revoked or removed.
- 10.5. Subject to the provisions of this Deed of Trust, at any time the Trustee shall be required, in accordance with the terms of this Deed, to perform any action whatsoever, including initiating proceedings or filing claims at the request of the Debenture Holders as stated in this clause, by adopting an Ordinary Resolution, the Trustee is entitled to avoid taking any action as stated until instructions are received from the Debenture Holders Meeting and/or instructions from the court which the Trustee has approached, at its discretion, in a request for instructions in case it believed that instructions as stated are required. For the avoidance of doubt it shall be clarified, that the Trustee is not entitled to delay declaring the Debentures immediately payable or realizing Collaterals which have been given (to the extent provided) which the Meeting of the Holders decided according to clause 9 of this Deed, unless the event for which the resolution for immediate repayment was made has been revoked or removed.

**11. Order of Priority of Creditors; Dividing the Intakes**

Any intake which shall be received by the Trustee, except for its fees and the payment of any debt towards it, in any manner, including but not only as a result of declaring the Debentures immediately payable and/or as a result of proceedings that it shall institute, if it shall institute proceedings, inter alia, against the Company, shall be held by it in trust and shall serve for the purposes according to the order of priority of creditors as follows:

**First** – for the payment of any debt for the fees of the Trustee and its reasonable expenses; **second** – for the payment of any other debt according to undertakings to indemnify (as this term is defined in clause 26 hereafter); **third** – for paying the Debenture Holders who paid payments according to clause 26 hereafter; **fourth** – for paying the Debenture Holders interest in arrears and default in interest in arrears due to them according to the terms of the Debentures, pari passu and in a proportionate manner to the sum of the interest that is delayed that is due to each of them without preference or right of priority regarding any of them; **fifth** – for paying the Debenture Holders for the default in paying the Principal, due to them in accordance with the terms of the Debentures, pari passu and relative to the amount of the Principal in delay which is due to each of them, without preference or right of precedence regarding either of them; **sixth** – for paying the Debenture Holders the amounts of the interest that are due to them according to the Debentures held by them pari passu, the payment date of which has not yet arrived and in a proportionate manner to the sums due to them, without any preference with respect to priority in time of issuing the Debentures by the Company or in any other manner; **seventh** – for paying the Debenture Holders the debt of amounts of the Principal which are due to them in accordance with the Debentures which are held by them pari passu, which payment date has not yet arrived and relative to the amounts which are due to them, without any preference pertaining to the precedence in time of issuing the Debentures by the Company or otherwise; and **eighth** – the surplus, if such shall exist, the Trustee shall pay the Company or to its substitutes, as the case may be.

Withholding tax shall be deducted from the payments to the Debenture Holders, insofar as there is a duty to deduct it according to any law.

**12. Authority to Demand Financing**

The Debenture Holders Meeting is entitled to determine in a resolution in a special majority that the Company shall transfer to the Trustee a sum (or part of it) that is designed for a certain payment on account of interest and afterwards certain payment on account of the principal for the Debentures for the finance required for matters that were determined in the Meeting as mentioned (the “**Finance Sum**”), and provided that such resolution was adopted before the record date determining the entitlement of the Debenture Holders to receive the Principal or interest as mentioned.

If a resolution of the Meeting was adopted as mentioned above, the following provisions shall apply, unless the Company shall transfer to the Trustee, before the record date as mentioned above, a sum equal to the Finance Sum and this not out of the specific payment as mentioned above:

- 12.1. The Company shall transfer to the Trustee the Finance Sum at the time determined in this Deed for paying the Principal or the interest as mentioned above.
- 12.2. The amount of the certain payment as mentioned above (interest followed by principal) shall be reduced by deducting the Finance Sum, and in the event of an interest payment, the rate of the specific payment shall also be reduced respectively.
- 12.3. Insofar as the Company has a duty according to law or according to the Deed of Trust to pay the costs and fees for which the Finance Sum was deposited, the Finance Sum (in addition to interest that applies to the Debentures according to this Deed of Trust, from the record date for the specific payment as mentioned above and until its actual payment) shall be paid at the next date scheduled in this Deed of Trust for payment on account of the Principal and/or the interest (or at another time as shall be determined in a resolution of the Meeting as mentioned above) and it shall be added to the next payment as mentioned as an integral part of it.
- 12.4. The transfer of the Finance Sum to the Trustee cannot constitute an admission of the Company regarding its liability in financing the costs and fees for which the Finance Sum was deposited.
- 12.5. An Immediate Report that will specify the financing amount, its purpose, and the updated amounts and interest rates and/or principal that will be paid to the holders as part of the relevant payment will be published by no later than 4 trading days before the record date for making the relevant payment from which the financing amount will be subtracted. In addition, the Company will state in the Immediate Report as said that the financing amount that will be transferred to the Trustee shall be deemed as payment to the Debenture Holders for all intents and purposes.
- 12.6. Notwithstanding the aforesaid, the Trustee shall be entitled to order the Company to transfer to the Trustee the financing amount as stated in this clause above, even before the Holders adopted a resolution for the purpose of this matter (including a resolution regarding the commencement of proceedings and/or the performance of the actions for which the financing amount is required), provided that the financing amount in accordance with this clause shall not exceed an amount of NIS 0.5 million (in addition to VAT) and will be transferred from the interest payment (only).

The aforesaid does not release the Company from its liability to pay costs and fees as mentioned where it is liable to pay them according to this Deed and/or according to the law.

### **13. Authority to Delay the Division of Funds**

- 13.1. Notwithstanding the provisions in clause 11 above, and until the earliest of the dates set forth hereafter, if the sum which shall be received as a result of instituting such proceedings mentioned above and which shall be available at any time for distribution to the Debenture Holders as mentioned in that clause, shall be less than 1 million NIS at the record date for distribution the Trustee shall not be required to distribute it and it shall be entitled to invest this sum, in whole or in part, in accordance with the provisions of clause 18 hereafter.
- 13.2. When these investments mentioned above reach, if they shall reach, with their profits, together with other funds that shall reach the Trustee for the purpose of paying them to the Debenture Holders, a sum that will be sufficient in order to pay at least 1 million ILS, the Trustee shall be required to use the mentioned sums according to the order of priorities in clause 11 above and to distribute this sum at the earliest time of the payment of the Principal or the interest. In case, until the earlier of: the closest time for paying the interest and/or Principal, or a reasonable time after receiving the aforementioned funds, the Trustee shall not have a sufficient amount to pay at least 1 million ILS, the Trustee shall distribute the funds in his possession to the Debenture Holders, and in any case no later than once every three months. Despite the foregoing, Debenture Holders could, in an Ordinary Resolution, bind the Trustee to pay them the amounts accumulated by it, even if they have not reached a total of 1 million ILS. Notwithstanding the aforesaid, the fees to the Trustee and its expenses shall be paid out of these funds immediately upon their arrival to the Trustee and even if they are lower than the sum set forth in clause 13.1 of this Deed.

**14. Notice of Distribution and Deposit with the Trustee**

- 14.1. The Trustee shall notify the Debenture Holders of the date and place on which any payment shall be made out of the payments mentioned in clauses 11 and 12 of the Deed, and this is by advance notice of 14 days that shall be given in the manner set forth in clause 27 hereafter.
- 14.2. After the record date for entitlement for payment that was determined in the Trustee's notice as mentioned, the Debenture Holders shall be entitled to interest for them according to the interest rate set forth in the Debentures, only on the unpaid balance of the Principal sum (if such shall exist) after deducting the sum that was paid or that was offered to them for payment in accordance with the provisions of clause 15 below as mentioned in this notice.
- 14.3. The funds distributed as stated in this clause 14 shall be considered as payment on account of the repayment.

**15. Avoidance from Payment for a Reason that is not Dependent on the Company; Deposit with the Trustee**

- 15.1. Any sum that is due to a Debenture Holder and that was not actually paid on the record date for its payment, for a reason that is not dependent on the Company, while the Company was willing and able to pay it fully and on time, shall cease to bear interest from the time that was determined, for its payment and the Debenture Holder shall be entitled, only to those amounts to which he was entitled at the time set for repayment or payment on account of the Principal and the interest.
- 15.2. The Company shall deposit with the Trustee, no later than 7 Business Days after the time that was scheduled for that payment, the payment sum which was not paid on time as stated in clause 15.1 of this Deed and shall notify the Debenture Holders in an Immediate Report regarding a deposit as mentioned, and the aforementioned deposit shall be considered as paying that payment, and in the event of payment of everything due for that Debenture, also as the redemption of the Debenture.
- 15.3. The Trustee shall deposit in bank accounts in its name and to its order in trust for the Debenture Holders, the funds that shall be transferred to it as mentioned in sub- clause 15.2 of this Deed, and shall invest them in investments in accordance with the provisions of clause 18 of this Deed. If the Trustee did so, it shall not owe to those entitled to those sums, other than the consideration received from realizing the investments, after deducting its fees and expenses, reasonable expenses related to that investment and to managing the trust accounts, reasonable commissions and mandatory payments applying to the trust account. Out of the funds as stated, the Trustee shall transfer amounts to the Debenture Holders entitled thereto, as soon as possible after the Trustee is provided with reasonable proof and approvals regarding their right to such amounts, and with the deduction of its reasonable expenses, commissions, mandatory payments and its fees.



- 15.4. Deleted.
- 15.5. The Trustee shall hold the funds that shall be deposited as mentioned in clause 15.3 above and shall invest them in the aforementioned manner, until the end of two years after the final payment of the Debentures or by the date of payment of the funds to the Debenture Holders, whichever is earlier. After this time, the Trustee shall transfer to the Company the sums out of these funds, which have remained with him (including profits that have accrued from their investment) after deducting its fees, expenses and other costs that were expended in accordance with the provisions of this Deed (such as fees of service providers etc.).
- 15.6. Upon the transfer of the funds from the Trustee to the Company, to the Trustee's satisfaction, the Trustee shall be exempt from payment of such amounts to the eligible Debenture Holders.
- 15.7. The Company shall confirm to the Trustee in writing the fact that these funds have been received in trust for these Debenture Holders, and it shall indemnify the Trustee for any claim and/or cost and/or damage of any type and kind that shall be incurred by it as a result and for transferring the sums as mentioned, unless the Trustee has acted negligently (apart from negligence which is exempt by law as shall be from time to time), in bad faith or deceptively.
- 15.8. The Company shall hold these funds in a trust account for the Debenture Holders that are entitled to these sums for three additional years after they are transferred to the Company from the Trustee. Funds that have not been demanded by the Debenture Holders from the Company at the end of the said period shall serve the Company for any purpose. The aforesaid shall not derogate from the Company's duty towards the Debenture Holders to pay the funds to which they are entitled as mentioned.

**16. Receipt from the Debenture Holders and the Trustee**

- 16.1 A receipt from the Trustee regarding the depositing of the Principal funds and the interest with it in favor of the Debenture Holders shall release the Company completely with regards to the very making of the payment of the amounts stated in the receipt.
- 16.2 A receipt from a Debenture Holder regarding the Principal funds and the interest paid to him by the Trustee or the Company for the Debenture shall release the Trustee and/or the Company (respectively) completely with regards to the very making of the payment of the amounts stated in the receipt.
- 16.3 Funds distributed as stated in clause 15 above shall be considered as payment on account of the repayment of the Debentures.

**17. Presenting Debentures to the Trustee and Registration pertaining to Partial Payment**

- 17.1 The Trustee shall be entitled to request a Debenture Holder to present to the Trustee, upon paying any interest whatsoever or a partial payment of the amount of the Principal and the interest, should there be any, in accordance with the provisions of clauses 13-16 above, the Debenture certificates for which the payments are made, and the Debenture Holder shall be required to present the Debenture certificate as stated, provided that it does not bind the Debenture Holders to any payment and/or expense and/or impose on the Debenture Holders any responsibility and/or liability.
- 17.2 The Trustee shall be entitled to register a comment on the Debenture certificates regarding the amounts paid as stated above, as well as their payment date.
- 17.3 The Trustee shall be entitled, in any special case, at its discretion, to waive the presentation of the Debenture certificates after the Debenture Holder has given it a letter of indemnification and/or sufficient guarantee to its satisfaction for damages which might be caused due to failure to register the comment as stated, all as it shall see fit.
- 17.4 Despite the foregoing, the Trustee shall be entitled, at its discretion, to hold records in another manner regarding partial payments as stated.

**18. Investment of Funds**

All funds which the Trustee is entitled to invest in accordance with this Deed, shall be invested by it, in a banking corporation in Israel which was rated by a rating company at a rating that is no less than AA of Standard & Poor's Maalot Ltd. or an equivalent rating by another rating company, in its name or payable to it, at its discretion, in Israeli government debentures or daily NIS banking deposits as it shall see fit, all subject to the terms of this Deed of Trust and the provisions of any law, and provided that any investment in securities shall be in securities rated by a rating company as said, at a rating that is no less than AA by Standard & Poor's Maalot Ltd. or an equivalent rating. It shall be clarified, that apart from Israeli government debentures or banking deposits as set forth in this clause, the Trustee shall not perform an investment in other securities. If the Trustee has done so, it shall not owe to the persons eligible for those amounts anything other than the consideration received from realizing the investment, with the deduction of its fees and expenses, commissions and expenses related to the stated investment and the management of the trust accounts, commissions and with the deduction of the mandatory payments applying to the trust account, and with regards to the remaining funds the Trustee shall act in accordance with the provisions of this Deed, as the case may be.

**19. Urgent Representing Body for the Debenture Holders**

- 19.1. Appointment; term of office.
- 19.1.1 The Trustee shall be entitled, or as per the Company's written request it shall be obligated, to appoint and convene an urgent representing body amongst the Debenture Holders, as shall be set forth hereinafter (hereinafter: the "**Urgent Representing Body**").
- 19.1.2 The Trustee shall appoint to the Urgent Representing the three (3) Debenture Holders, who, to the best of the Trustee's knowledge, hold the highest nominal value out of all Debenture Holders, and who shall declare that with regards to them, all conditions set forth hereinafter are fulfilled (hereinafter: "**the Urgent Representing Body Members**"). In case any of those could not hold office as an Urgent Representing Body Member as stated, the Trustee shall appoint in his place, the Debenture Holder who holds the next highest nominal value, regarding whom all conditions set forth hereinafter are fulfilled. The conditions are as follows:
- 19.1.2.1 The Debenture Holder is not in any material conflict of interests due to the existence of any additional material matter that contradicts a matter that arises from serving on the Urgent Representing Body and from holding the Debentures. For the avoidance of doubt, it is clarified, that a Holder who is an Affiliated Holder, as such term is defined in clause 4.2 above, shall be considered to have a material conflict of interests as stated and shall not serve on the Urgent Representing Body.
- 19.1.2.2 During that calendar year, the Debenture Holder does not hold office in similar representing bodies of other debentures, which aggregate book value exceeds the rate out of the asset portfolio managed by him, which was set as the maximal rate enabling to hold office in an Urgent Representing Body in accordance with the instructions of the Competition Authority pertaining to the establishment of an Urgent Representing Body.

- 19.1.3 If, during the office of the Urgent Representing Body, one of the circumstances listed in clauses 19.1.2.1 to 19.1.2.2 above has ceased occurring, his office shall expire, and the Trustee shall appoint another member in his place out of the Debenture Holders as stated in sub-clause 19.1.2 above.
- 19.1.4 Prior to appointment the Urgent Representing Body Members, the Trustee shall receive from the candidates to hold office as Members of the Urgent Representing Body, a declaration regarding the existence or absence of material conflicts of interest as stated in clause 19.1.2.1 above and with regards to holding office in additional representing bodies as stated in clause 19.1.2.2 above. In addition, the Trustee shall be entitled to request a declaration as stated by Members of the Urgent Representing Body at any time during the office of the Urgent Representing Body. A Holder who shall fail to provide a declaration as stated shall be considered as having a material conflict of interests or a hindrance from holding office, pursuant to the instructions of the Competition Authority as stated above, as the case may be. With regards to a declaration regarding a conflict of interests, the Trustee shall inspect the existence of the conflicting matters, and if necessary shall decide whether the conflict of interests disqualifies that Holder from holding office in the Urgent Representing Body. It is clarified, that the Trustee shall rely on the declarations as stated and shall not be required to hold an additional inspection or independent investigation. The Trustee's decision on these matters shall be final.
- 19.1.5 The Urgent Representing Body's term shall end when the Company publishes the decisions of the Urgent Representing Body pertaining to giving an extension to the Company for the purpose of its meeting the terms of the Deed of Trust as set forth in clause 19.2 hereinafter.

19.2. Authority.

- 18.2.1. The Urgent Representing Body shall have the authority to grant a one-time extension to the Company regarding the dates for meeting either of the financial covenants set forth in Appendix 6.2 of this Deed, in such manner that the expected breach is eliminated or that the grounds for calling for immediate repayment set out in clause 9.1.13 of this Deed does not apply, as the case may be, for the extension period, to the extent granted, for the earlier of a period which shall not exceed 90 additional days for meeting the financial covenants as stated or up to the time of publishing the closest consolidated financial statements or the closest consolidated financial results (as the case may be) made after the publication date of the financial statements and from which it is likely to arise that the Company failed to fulfill any of the financial covenants during the Review Period, as defined in clause [5] in Appendix 6.2 hereunder, whichever is earlier. It shall be clarified, that the period of time until appointing the Urgent Representing Body shall be taken into account in the framework of the aforementioned extensions, and it shall not constitute a cause for granting the Company any additional extension beyond the stated above. It shall be further clarified, that the actions of the Urgent Representing Body and the cooperation between its Members, shall be limited to discussing the option of granting an extension as stated, and no other information shall be passed between the Members of the Representing Body, which does not pertain to granting an extension as stated.

19.2.2. If an Urgent Representing Body has not been appointed in accordance with the provisions of this clause 19, or if the Representing Body has decided not to grant the Company an extension as stated in clause 19.2.1 above, the Trustee shall act in accordance with the provisions of clause 9 of the Deed of Trust.

19.3. The Company's undertakings with regards to the Representing Body

19.3.1. The Company undertakes to provide the Trustee with all of the information in its possession or which it is able to obtain pertaining to the identity of the Debenture Holders and the scope of their holdings. In addition, the Trustee shall act to receive the stated information in accordance with the authorities granted to it by law.

19.3.2. In addition, the Company undertakes to act in full cooperation with the Urgent Representing Body and the Trustee inasmuch as it is required for the purpose of performing the examinations required by them and forming the decision of the Urgent Representing Body, and to provide the Urgent Representing Body with all data and documents which it shall require with regards to the Company, subject to the limitations of the law. Without derogation from the generality of the foregoing, the Company shall provide the Urgent Representing Body with the relevant information for the purpose of forming its decision, which shall not include any misleading detail and shall not be lacking.

19.3.3. The Company shall bear the costs of the Urgent Representing Body, including costs of hiring consultants and experts by the Urgent Representing Body or on its behalf, and the provisions of clause 26 of the Deed of Trust shall apply to this matter.

19.4. Liability

19.4.1. The Urgent Representing Body shall act and decide on matters given to it, at its absolute discretion and shall not be responsible, whether itself or any of its Members, their officers, employees or consultants, and the Company and the Debenture Holders hereby exempt them with regards to any arguments, demands and claims against them for using or avoiding to use powers, authorities or discretion granted to them in accordance with the Deed of Trust and with regards thereto, or any other action which they have performed in accordance therewith, unless they have acted that way maliciously and/or in bad faith.

19.4.2. The indemnification provisions set forth in clause 26 of this Deed shall apply to the actions of the Members of the Urgent Representing Body, as if they were the Trustee.

19.5. The Company shall publish an Immediate Report regarding the appointment of the Urgent Representing Body, the identity of its members and its authorities and shall publish an additional Immediate Report regarding the decisions of the Urgent Representing Body as stated.

## **20. Confidentiality**

- 20.1. Subject to the provisions of any law and the stated in this Deed of Trust, the Trustee undertakes, by signing this Deed, to keep confidential any information that was given to it from the Company and/or an affiliated company and/or anyone on their behalf (“**the Information**”), not to disclose it to another and not to make any use of it, unless its disclosure or the use of it is required for fulfilling its duties according to the Law, according to the Deed of Trust, or according to a court order or according to the instructions of a legally authorized authority or for the purpose of protecting the rights of the Debenture Holders, provided that disclosing information as stated shall be limited to the minimal extent and scope required in order to meet the requirements of the law and that the Trustee pre-coordinates with the Company, inasmuch as it is possible and permitted and to the extent this will not harm the rights of the Debenture Holders, the content and timing of the disclosure, in order to give the Company reasonable leave to approach the courts in order to prevent the transfer of information as stated.
- 20.2. Transferring information to the Debenture Holders, including by publishing it publicly, for the purpose of adopting a resolution regarding their rights according to the Debenture or for providing a report of the Company’s state does not constitute a breach of the confidentiality undertaking as mentioned above, and in any case only the necessary information for adopting such resolution will be provided, to the extent provided. The transfer of information a stated to the Trustee’s authorized representatives and/or professional consultants and/or agents shall be done subject to their signing of a confidentiality undertaking and lack of conflict of interests in the form attached as Appendix 20.2 to this Deed.
- 20.3. This confidentiality undertaking shall not apply to any part of the information, that is in the public domain (except for information that became public domain due to a breach of this confidentiality undertaking) or that was received by the Trustee not from the Company – starting from the date its receipt.
- 20.4. All the conversations and discussions in the parts of the Meetings that are conducted without the Company or in the Meetings conducted without the Company, insofar as the absence of the Company is required by the Trustee, are confidential, and the Company and/or anyone on its behalf including any Office Holder in it shall not require the disclosure of this information.

## **21. Other Agreements**

Subject to the provisions of the Law and the restrictions imposed on the Trustee in the Law the fulfillment of the Trustee’s duties according to this Deed of Trust, or its status as Trustee, shall not prevent it from entering into different contracts with the Company or from performing transactions with it in the ordinary course of its business.

## **22. Reporting by the Trustee**

- 22.1. The Trustee shall make each year, at the time determined for this in the Law and in absence of a scheduled time until the end of the second quarter in each calendar year, an annual report of the trust matters (the “**Annual Report**”) and it shall submit it to the Securities Authority and to the Stock Exchange.
- 22.2. The Annual Report shall include details that shall be determined from time to time in the Law. Submitting the Annual Report to the Securities Authority and to the Stock Exchange, is as furnishing the Annual Report to the Company and to the Debenture Holders.

- 22.3. The Trustee must submit a report regarding the actions that it performed according to the provisions of chapter E.1 of the Law, according to a reasonable demand of the Debenture Holders that hold at least ten percent (10%) of the balance of the nominal value of the Debentures of that series, within a reasonable time of the demand, all subject to the confidentiality obligation of the Trustee towards the Company as set forth in Section 35J(d) of the Law.
- 22.4. The Trustee shall update the Company before a report according to Section 35H1 of the Law, to the extent that this is without prejudice to the rights of the Debenture Holders.
- 22.5. As of the day of signing this Deed, the Trustee declares that it is insured with professional liability insurance at a total of ten million dollars per term (the “**Coverage Amount**”). Insofar as prior to the full repayment of the Debentures, the Coverage Amount shall be reduced to less than a total of eight million dollars for any reason whatsoever, then the Trustee shall update the Company no later than 7 Business Days from the day on which it has found out about the stated reduction from the insurer, in order to publish an Immediate Report on the subject. The provisions of this clause shall apply until such time as securities regulations shall enter into effect, which shall regulate the duty of the Trustee’s insurance coverage. After such regulations enter into effect as stated, the Trustee shall be required to update the Company only in case the Trustee shall fail to uphold the requirements of the regulations.
- 22.6. Until the date of the full repayment of the Debentures, if the Trustee shall receive an inquiry by the Holders who have 5% or more of the undertaking value of the Debentures (Series F) for receiving information about the examinations performed by the Trustee regarding the Debenture series, including with regards to the test of the Company’s upholding of its undertakings towards the Debenture Holders in accordance with the Deed of Trust, the Trustee shall cooperate with the Holder with regards to receiving the aforementioned information, all subject to signing a letter of confidentiality and subject to the provisions of any law (for the removal of doubt, it shall be clarified that receiving the stated information shall be beyond the annual report published by the Trustee in accordance with the provisions of the Securities Law).

### **23. Fees and Covering the Trustee’s Expenses**

- 23.1. The Trustee shall be entitled to payments of its fees and expenses in connection with fulfilling its duties, in accordance with the provisions in Appendix 23 which is attached to this Deed of Trust. If a Trustee has been appointed in place of the Trustee whose term of service has ended according to Section 35B(a1) or Section 35N(d) of the Securities Law, the Holders of certificates of undertaking (Series F) shall pay the difference by which the Trustee’s fees who was appointed as mentioned exceed the fee that was paid to the Trustee in place of whom it was appointed if such difference is unreasonable and the provisions of the relevant law at the date of replacement shall apply.
- 23.2. The Debenture Holders (Series F) shall participate in financing the Trustee’s fees and the refund of its expenses in accordance with the provisions of the indemnification clause in clause 26 of the Deed of Trust.
- 23.3. At the request of those who hold more than 5% (five percent) of the remaining nominal value of the Debentures, the Trustee shall provide the Holders with data and details regarding his expenses pertaining to the trust which is the subject of this Deed of Trust.

**24. Liability**

- 24.1. The liability of the Trustee shall be according to law and the said in this Deed shall be without prejudice to the protections the Trustee is entitled to in accordance with the law.
- 24.2. For the avoidance of doubt, it is hereby clarified that:
- 24.2.1. The Trustee has no duty to examine, and in actuality the Trustee has not examined, the financial state of the Company and this is not included among its duties.
- 24.2.2. The Trustee did not make any financial, accounting or legal due diligence examination of the Company's business state or of the companies held by the Company or by a person that holds the Company's shares and this is not among its duties.
- 24.2.3. The Trustee has not given its opinion expressly or impliedly regarding the Company's ability to meet its undertakings towards the Debenture Holders, nor by the fact that it entered into this Deed of Trust, nor by its consent to serve as Trustee of the Debenture Holders.
- 24.2.4. The Trustee's signature on this Deed of Trust is not an opinion of it regarding the nature of the offered Debentures or that it is worthwhile investing in them.
- 24.3. The Trustee shall not be required to notify any party of the signature of this Deed. The Trustee shall not get involved in any manner in the management of the Company's business or its affairs and this is not included in its duties.
- 24.4. Subject to the provisions of any law, the Trustee is not required to act in a manner that is not expressly set forth in this Deed of Trust, so that any information, including with respect to the Company and/or with respect to the Company's ability to meet its undertakings to the Debenture Holders will be brought to its knowledge and this is not one of its duties.
- 24.5. The Trustee is entitled to rely on the presumption as mentioned in clause 30 hereafter, and to rely on the correctness of the identity of an unregistered Debenture Holder of the Debentures as this shall be given to the Trustee by a person whose name is registered as authorized by power of attorney, that a Nominee Company issued, insofar as the identity of the Debenture Holder was not registered in the power of attorney.
- 24.6. The Trustee is entitled to rely within the framework of its trusteeship on any written document including, written instruction, notice, request, consent or approval, which appears to be signed or issued by any person or body, which the Trustee believes in good faith that it was signed or issued by him.
- 24.7. It is clarified that the termination of the Trustee's office does not detract from rights, claims or arguments which the Company and/or the Holders of Debentures (Series F) shall have towards the Trustee, inasmuch as there shall be any, which cause precedes the termination date of the Trustee's office, and it does not release the Trustee of any liability by law.

**25. The Authority of the Trustee to Employ Agents**

Subject to giving the Company advance notice, and provided that the Trustee does not believe it shall injure the rights of the Debenture Holders, the Trustee shall be entitled to appoint agent(s) that will act in its place, whether attorneys or others, in order to do or participate in the performance of special actions that must be performed with respect to the trust and to pay reasonable fees to any agent as stated, and without derogating from the generality of the aforesaid instituting legal proceedings or representing in the Company's merger or split proceedings.

The Company shall be entitled to oppose an appointment as stated in case the agent is a competitor, whether directly or indirectly, with the Company's business (including companies consolidated in its financial statements) and/or in case the agent is, directly or indirectly, in a state of conflict of interests between his appointment and his position as agent and his personal interests, his other positions or his affinity to the Company and to corporations in its control, provided that a notice regarding the Company's objection as stated, which includes detailed reasonable reasons, has been given to the Trustee no later than seven (7) Business Days from the day on which the Trustee has given the Company a notice regarding its intention to appoint an agent as stated. It is clarified, that the appointment of an agent as stated shall not detract from the Trustee's responsibility for its actions and its agents' actions. In addition, the Trustee shall be entitled to pay, at the Company's expense, the reasonable fee of any such agent, and the Company shall repay the Trustee upon its request any such expense, provided that prior to appointing an agent as stated, the Trustee shall notify the Company in writing regarding the appointment, in addition to details about the agent's fees and the purpose of his appointment, and under the circumstances the cost of the agents' fees does not exceed reasonable and acceptable limits (it is emphasized that to the extent that a notice to the Company as said harms the rights of the Debenture Holders the Trustee shall be entitled not to deliver any notice to the Company). It is clarified, that publishing the results of a resolution by the Debenture Holders regarding the appointment of agents shall constitute giving notice as stated. For the avoidance of doubt, the Company shall not repay to the Trustee the agent's fees or expenses if he has been present in Debenture Holders' Meetings on behalf of the Trustee, or of an agent who has fulfilled the regular actions which the Trustee is required to perform pursuant to this Deed of Trust, whereas the performance of these actions is included in the fee which the Trustee receives from the Company in accordance with the provisions of clause 23 above. For the avoidance of doubt, in case of declaring the Debentures immediately repayable, the actions which the Trustee shall be required to take in this regard shall not be considered as regular actions which the Trustee must perform pursuant to this Deed of Trust for the purpose of this clause. It shall be clarified, that the objection of the Company to appoint a certain agent who was appointed at a Holders meeting, shall not delay the beginning of employment of the agent, insofar as the delay might damage the rights of the Holders.

**26. Indemnification**

26.1. The Company and the Debenture Holders (at the relevant record date as mentioned in clause 26.5 of this Deed, each for its undertaking as mentioned in clause 26.3 of this Deed) hereby undertake to indemnify the Trustee, each Office Holder in it, its employees, agents and experts that the Trustee shall appoint in accordance with the provisions of the Deed of Trust or according to a resolution adopted by an Ordinary Resolution ("**Persons Entitled to Indemnification**"), provided there is no double indemnification or compensation, as follows:

26.1.1. For any liability and/or lawsuit and/or a threat to commence legal action and/or a reasonable expense and/or loss and/or tort liability and/or in respect of a financial obligation, including according to a judgment or arbitration judgment (in respect to which a stay of execution was not granted) or according to a settlement which has ended (and to the extent that the settlement concerns the Company, the Company granted its prior approval to the settlement) the causes of which are connected to actions that the Persons Entitled to Indemnification performed or which they must perform pursuant to the provisions of this Deed, and/or according to the law and/or an instruction by an authorized authority and/or according to the demand of Debenture Holders and/or according to the Company's demand and/or their position by virtue of this Deed; and



26.1.2. In respect of remuneration due to the Persons Entitled to Indemnification and reasonable expenses that they paid and/or are about to pay following the performance of the trust deeds or in connection with such actions as said whose performance, in their opinion, was necessary and/or in connection with the use of authorities and permissions granted under this Deed and including in connection with different legal proceedings, opinions by attorneys and other experts, negotiations, contacts, and requirements in connection with insolvency proceedings, collection proceedings, debt arrangement schemes, debt estimate, valuations, threat to commence legal action, claims and demands with respect to any matter and/or action that were performed and/or that were not performed with respect to the aforesaid and/or their position by virtue of this Deed.

And on the condition that:

- (a) The Persons Entitled to Indemnification shall not demand indemnification in advance in a matter that cannot be delayed without damaging their right to request indemnification retroactively, if and inasmuch as they shall have a right as stated;
- (b) A peremptory judicial decision has not determined that the Persons Entitled to Indemnification have acted not within the framework of their position and/or in contravention of the provisions of the Deed of Trust and/or the provisions of the law;
- (c) A peremptory judicial decision has not determined that the Persons Entitled to Indemnification were negligent (in a negligence not exempt under the law as amended from time to time);
- (d) A peremptory judicial decision has not determined that the Persons Entitled to Indemnification acted not in good faith or maliciously;

Even in case it shall be claimed against the Persons Entitled to Indemnification that they are not entitled to indemnification for any reason whatsoever, the Holders or the Company, as the case may be, shall be obligated to pay to the Persons Entitled to Indemnification, upon their first demand for the payment of the sum that is due to them in connection with the "Indemnification Undertaking". In the event that it shall be determined in a peremptory judicial decision that the Persons Entitled for Indemnification do not have the right to be indemnified, the Persons Entitled for Indemnification shall return the sums of the Indemnification Undertaking that were paid to them.

The undertaking to indemnify in accordance with this clause 26.1 shall be referred to as the "**Indemnification Undertaking.**"

- 26.2. Without derogating from the validity of the "Indemnification Undertaking" in clause 26.1 of this Deed and subject to the provisions of the Securities Law, as long as the Trustee shall be required according to the terms of the Deed of Trust and/or according to Law and/or instruction of an authorized authority and/or any law and/or according to the demand of Debenture Holders and/or the Company's demand and/or for the purpose of protecting the rights of the Debenture Holders, to perform any action, including but not limited to, instituting proceedings or submitting claims according to the demand of Debenture Holders, as mentioned in this Deed, the Trustee shall be entitled to refrain from taking any such action, until the Trustee receives, to its satisfaction, a finance cushion for the purpose of covering the Indemnification Undertaking (the "**Finance Cushion**") for an amount that will be reasonably set by the Trustee as the projected amount of the expenses in connection with the performance of such an action as said, in first priority from the Company, and in the event the Company fails to deposit the Finance Cushion on the date the Company was required to act in the said manner by the Trustee, the Trustee will approach the Debenture Holders who held on the record date (as stated in clause 26.5 of this Deed) with a request to deposit with the Trustee the amount of the Finance Cushion, each in proportion to its Relative Share (as such term is defined below). In the event the Debenture Holders do not actually deposit the entire amount of the Finance Cushion, the Trustee shall not be obligated to perform any relevant action or commence proceedings. The aforesaid shall not release the Trustee from taking urgent action that is required for the purpose of preventing a material adverse effect to the rights of the Debenture Holders. The payments by the Holders in accordance with this clause shall not release the Company from its liability to make such payment as said.

The Trustee shall be entitled to determine the amount of the 'Finance Cushion' and shall be entitled to act for the purpose of creating another cushion as said, from time to time, for an amount to be determined by the Trustee.

After the regulations regarding the deposit deposited by the Company in favor of the Debenture Holders are amended pursuant to the provisions of Section 35E1 of the Securities Law, the deposit shall be used in lieu of the Finance Cushion and the Trustee shall be entitled to request from the Company from time to time to renew the deposit.

26.3. The Indemnification Undertaking:

- 26.3.1 Shall apply to the Company due to the following cases: **(1)** Actions that were performed in accordance with any law and/or required to be performed according to the terms of the Deed of Trust including for protection the rights of the Debenture Holders (including pursuant to a request by one Debenture Holder which is required for the purpose of defense as stated); **and (2)** Actions that were performed and/or required to be performed according to the Company's demand.
- 26.3.2 Shall apply to the Debenture Holders that held at the record date (as mentioned in clause 26.5 hereafter) in the following cases: **(1)**, an event that is not within the scope of clause 26.3.1; **and (2)**, the non-payment by the Company of the indemnification sum that applies to it according to clause 26.3.1 of this Deed (without derogating from the provisions of clause 26.6 of this Deed).

- 26.4. In any event that: (a) the Company does not pay the sums required for covering the Indemnification Undertaking and/or shall not deposit the sum of the Finance Cushion as the case may be; and/or (b) the indemnification duty applies to the Debenture Holders by virtue of the provisions of clause 26.3.2 above and/or the Debenture Holders were called to deposit the sum of the Finance Cushion according to clause 26.2 of this Deed, the provisions hereinafter shall apply and the monies shall be collected in the following manner:
- 26.4.1 First – out of the money (first interest and thereafter Principal) which the Company must pay to the Debenture Holders after the date of the required action, and the provisions of clause 11 of this Deed shall apply. By no later than four Trading Days prior to the record date for making the relevant payments from which amounts will be deducted in accordance with this sub-clause, an Immediate Report will be published that will include the amounts, purpose and the amount and rates of amounts that will be paid to the Debenture Holders within the framework of the relevant payment. In addition, the Company will note in the said Immediate Report that the amounts that will be transferred to the Trustee in accordance with the provisions of this sub-clause will be considered for any purpose as payment to the Debenture Holders;
- 26.4.2 Second – insofar as according to the Trustee's opinion the sums deposited in the Finance Cushion shall not be enough to cover the Indemnification Undertaking, the Debenture Holders that shall hold Debentures at the record date (as mentioned in clause 26.5 of this Deed) shall deposit the missing sum, each one in accordance with their Relative Share (as such term is defined) with the Trustee. The sum that each Debenture Holder shall deposit shall bear annual interest at a rate equal to the interest determined for the Debentures and it shall be paid with preference as mentioned in clause 26.7 of this Deed.
- The “**Relative Share**” means: the relative share of the Debentures which the Debenture Holder held at the relevant record date as mentioned in clause 26.5 hereafter of the total nominal value of the Debentures in Circulation at that time. It is clarified that the calculation of the relative share shall remain fixed even if after that time a change shall occur in the nominal value of the Debentures held by the Debenture Holder.
- 26.5. The record date for determining the Debenture Holder's obligation in the Indemnification Undertaking and/or in the payment of the Finance Cushion is as follows:
- 26.5.1 In any event that the Indemnification Undertaking and/or payment of the Finance Cushion are required due to a resolution or urgent action required for preventing adverse material harm to the rights of the Debenture Holders and this is without an advance resolution of the Debenture Holders Meeting – the record date of the obligation shall be the end of the Trading Day of the date the action was taken or the resolution was made, and if this day is not a Trading Day, the Trading Day prior to it.
- 26.5.2 In any event that the Indemnification Undertaking and/or payment of the Finance Cushion is required according to a resolution of the Meeting of Holders – the record date for the obligation shall be the record date for participating in the Meeting (as this date was determined in the summons notice) and it shall also apply to a Debenture Holder that was not present or that did not participate in the Meeting.
- 26.5.3 In any other case or in the case of disputes regarding the record date – the record date shall be as determined by the Trustee at its absolute discretion.

26.6. To the extent that that sums paid to the Trustee should have been paid by the Company, the receipt of the payments from the Holders shall be without prejudice to the obligation of the Company pursuant to the provisions of this clause 26 shall not release the Company from its liability to make the said payments and the Trustee shall act reasonably for the purpose of obtaining the said sums from the Company. It is clarified that the Trustee shall not be bound by any obligation to commence any legal action for the purpose of collecting the said indemnification amounts.

26.7. The refund to the Debenture Holders who made payments according to this clause shall be made according to the order of preference set forth in clause 11 above.

## **27. Notices**

27.1. Any notice on behalf of the Company and/or the Trustee to the Debenture Holders (including Debenture Holders registered in the Registry managed by the Company) shall be given as follows:

- 27.1.1 In cases in which the provisions of the law require this or according to a decision of the Trustee by reporting to the Magna system of the Securities Authority;
- 27.1.2 In the event that the circumstances require such action in accordance with the law, also by way of publishing a notice that shall be published in two daily newspapers that are widely distributed, that are published in Israel in the Hebrew language.
- 27.1.3 Any notice that shall be published or sent as mentioned above, shall be considered as if it was delivered to the Debenture Holder on the date of its publication as mentioned (in the Magna system or in the press, respectively).
- 27.1.4 The Trustee is entitled to instruct the Company, and the Company shall be obligated to immediately report on the Magna on behalf of the Trustee, any report to the Debenture Holders in its wording as it shall be given in writing by the Trustee to the Company. The Company shall be entitled to add its reference and/or response to the stated report, in a separate report. Any notice published as stated shall be considered to have been delivered to the Debenture Holder on the day of its publication on the Magna as stated.
- 27.1.5 In the event that the Company shall cease to report in accordance with the law, in cases in which there are provisions of the law that require this, or according to the decision of the Trustee, by sending a notice by registered mail to each registered Debenture Holder according to his last address registered in the Debenture Holders registry (in the event of joint Holders – to the joint Debenture Holder whose name appears first in the registry). Any notice that shall be sent as mentioned shall be considered as if it was delivered to the Debenture Holders 10 Business Days after it was delivered in the mail and the version of such notice as said will be delivered simultaneously to the Trustee via email.
- 27.1.6 Copies of the notices and invitations given by the Company to Debenture Holders shall also be sent by it to the Trustee. It shall be clarified, that notices and invitations as stated do not include the Company's ongoing reports to the public. Copies of the notices and invitations given by the Trustee to the Debenture Holders shall also be sent by him to the Company, to the extent that such action is without prejudice to the rights of the Debenture Holders. The publication of notices as stated on the Magna shall be instead of delivering them to the Trustee or the Company, as stated above in this clause, as the case may be.

27.1.7 Any notice or demand on behalf of the Trustee or Debenture Holder to the Company may be given by a letter that shall be sent by registered mail to their address, or by transmitting it by fax or in writing by a courier or by email and any notice or demand such as this shall be considered as if it was received by the Company or other addressee:

27.1.7.1 In the event of sending by registered mail – 3 Business Days after it was delivered in the mail.

27.1.7.2 In the event of transmitting it by facsimile (with additional telephone confirmation that it was received) – at the time of the telephone confirmation.

27.1.7.3 In the event of transmitting it by email – at the time of receiving confirmation by email that it was read or at the time that it was confirmed by telephone that it was received (if confirmation was performed), whichever is earlier of the two.

27.1.7.4 In the event that it was sent by a courier – on the first Business Day after its delivery by courier to the addressee or in the event that the addressee refrained from accepting it, on the first Business Day after the courier's offer to the addressee to accept it.

27.2. Any notice or demand to the Trustee shall be given in one of the ways set forth in clause 27.1 above.

**28. Waiver; Settlement; Changes in the Terms of the Deed of Trust, Debentures**

28.1. Subject to the provisions of any law, the Trustee shall be entitled from time to time and at any time, to waive any breach or the default of the terms of the Debentures or this Deed by the Company if it was convinced that this is for the benefit of the Debenture Holders or where this does not harm the Debenture Holders. The provisions of this clause shall not apply with regards to the following subjects: the terms of Debenture repayment, including dates and payments according to the Debentures, changing the interest rate listed in the Debenture terms; limitations on issuance of other securities, as stated in clause 5.1 of this Deed and limitations on the expansion of a series as stated in clause 5.2 and Appendix 5.2 of this Deed; causes for declaring Debentures immediately payable in accordance with clause 9.1 of this Deed; provisions regarding negative pledge in accordance with clause 7.4 of this Deed; limitations on distribution as stated in Appendix 6.2 of this Deed; the Company's undertaking to meet financial covenants in accordance with Appendix 6.2 of this Deed; with respect to increasing the interest in the event of failure to meet financial covenants as set forth in the terms set out on the back of the page; waiver regarding the making of payments; with regards to reports which the Company must give the Trustee; or with respect to limitations on transactions of controlling shareholders, as stated in Appendix 6.2 of this Deed.

- 28.2. Subject to the provisions of the law, and with the pre-approval in a Special Resolution, the Trustee shall be entitled, whether before or after the Debenture Principal is available for repayment, to settle with the Company with regards to any right or claim of the Debenture Holders or any of them, and to agree with the Company on any arrangement of their rights, including waiving any right or claim by it and/or the Debenture Holders or any of them, towards the Company. In the event the Trustee settled with the Company after the Trustee obtained prior approval as said, the Trustee shall be released from liability in respect of this action, as approved by the meeting of the Debenture Holders (Series F), provided that the Trustee did not breach its duty of trust and did not act in bad faith or maliciously or under gross negligence (that is not exempt in accordance with the law) in the application of the resolution of the meeting of the Debenture Holders (Series F).
- 28.3. Subject to the provisions of the law and the regulations promulgated or which shall be promulgated pursuant thereto, the Company and the Trustee are entitled, whether before or after the Debenture Principal is available for repayment, to change the Deed of Trust and/or the terms of the Debentures in one of the following cases:
- 28.3.1 Apart from the subject set forth in clause 28.1 above, and apart from a change in the identity of the Trustee or its, or for appointing a Trustee in place of the Trustee whose term has ended, if the Trustee was convinced that the change does not harm the Debenture holders; and
- 28.3.2 The suggested change was approved by a Special Resolution.
- 28.4. The Company shall deliver to the Debenture Holders a written notice regarding any change or waiver as stated in this clause above, as soon as possible after performing it.
- 28.5. In any case of exercising the Trustee's right in accordance with this clause, the Trustee shall be entitled to request the Debenture Holders to deliver to it or to the Company, the Debenture certificates for the purpose of registering a comment therein regarding any settlement, waiver, change or amendment as stated, and as per the Trustee's request, the Company shall register a comment as stated in the certificates delivered to it. In any case of exercising the Trustee's right in accordance with this clause, it shall notify the Debenture Holders in this regard without delay and as soon as possible.
- 28.6. Without derogation to the foregoing, the Debenture terms could also be changed in the framework of an arrangement or settlement, which was approved by the court, in accordance with Section 350 of the Companies Law or the provisions of the Insolvency Law.

## **29. Proxies**

- 29.1. The Company hereby appoints the Trustee for the Debentures (Series F) as its proxy, to execute and perform in its name and in its place those actions which it shall be required to perform in accordance with the terms set forth in this Deed, and to act in its name with regards to those actions which the Company is required to perform in accordance with this Deed and which it has not performed, or to perform the authorities granted to it, and to appoint any other person as the Trustee shall see fit, to perform its roles in accordance with this Deed, subject to the Company failing to perform the actions it is required to perform in accordance with the terms of this Deed within a reasonable period of time as determined by the Trustee, from the day of the Trustee's written request, and provided that the Trustee has acted reasonably.

- 29.2. An appointment in accordance with this clause 29 does not obligate the Trustee to perform any action, and the Company hereby exempts the Trustee and its agents in advance, in case they shall fail to perform any action whatsoever, and the Company waives in advance any claim towards the Trustee and its agents for any damage which was caused or which might be caused to the Company, directly or indirectly, due to this, based on an action which was not performed by the Trustee and its agents as stated above.

**30. Registry of Debenture Holders**

- 30.1. The Company shall hold and manage a registry of Debenture Holders with regards to any relevant series separately, that shall be open for viewing by any person in accordance with the provisions of the Law.
- 30.2. The registry of the Debenture Holders shall constitute prima facie proof of its content.
- 30.3. The Company shall not be obligated to register in the Debenture Holders' registry, any notice regarding trust, expressed, implied or assumed, or any lien or pledge of any **sort** and type whatsoever or any right in equity, claim or offset or any other right pertaining to the Debentures. The Company shall only acknowledge the ownership of the person in whose name the Debentures were registered. The legal successors, estate managers or executors of the will of the registered Holder, and any person who shall be entitled to Debentures due to the bankruptcy of any registered Holder (and if the Holder is a corporation – due to its liquidation), shall be entitled to be registered as Holders thereof after giving proof which the Company finds sufficient to show their right to be registered as their Holders.

**31. Meetings of the Debenture Holders**

Convening a Meeting of the Debenture Holders, the manner of conducting it and different terms regarding it, shall be in accordance with the second addendum.

**32. Applicability of the Law**

- 28.1. On any matter not mentioned in this Deed, as well as in any case of contradiction between the provisions of the law and its regulations (which cannot be conditioned) and this Deed, the parties shall act in accordance with the provisions of the law and its regulations (which cannot be conditioned).
- 28.2. The Deed of Trust and its appendixes, including the Debentures certificate, are subject to the provisions of the Israeli law alone.

**33. Exclusive Authority**

The only court that shall be competent to hear matters connected to the Deed of Trust and its appendixes shall be the competent court in Tel Aviv – Jaffa.

**34. General**

Without derogating from the other provisions of this Deed of Trust, and of the Debentures, any waiver, extension, discount, silence, avoidance from action (“**waiver**”) by the Trustee concerning the default or partial performance or incorrect performance of any undertaking towards the Trustee or towards the Debenture Holders according to this Deed and the Debenture, shall not be considered as a waiver by the Trustee of any right, but rather as a consent limited to this certain waiver and it shall apply only with respect to the specific time in which it was given and it shall not apply to other times or to other waivers.

Without derogating from the other provisions of this Deed of Trust and the Debenture, any reduction of undertakings towards the Trustee, that were set forth in this Deed or that were made according to it, including waiver, requires receiving the Trustee's consent in advance and in writing and no other consent shall be valid, whether verbal or by conduct regarding such reduction.

The Trustee's rights according to this agreement are independent from each other and they are in addition to any right that currently exists and/or that the Trustee shall have according to law and/or other agreement.

**35. Addresses**

The parties' addresses shall be as set forth in the preamble of this Deed, or any other address in respect to which a notice shall be given according to clause 27 above, to the other party. The addresses of the Debenture Holders shall be as mentioned in the Registry or as shall be delivered by them by notice according to clause 27 above.

**36. Authorization to Magna**

In accordance with the provisions of the Securities Regulations (Signature and Electronic Reporting), 5763- 2003, the Trustee hereby authorizes the party authorized for this on behalf of the Company, to electronically report to the Securities Authority of this Deed of Trust, the engagement and the signature thereon inasmuch as it is required by law.

*[signature on a separate page]*



*And in witness whereof the parties have signed:*

/s/ Shlomo Nehama, /s/ Ran Fridrich  
Ellomay Capital Ltd.

/s/ Merav Ofer  
Hermetic Trusts (1975) Ltd.

I the undersigned Odeya Brick-Zarsky, Adv. Confirm that this Deed of Trust was signed by Ellomay Capital Ltd. Via Messrs. Shlomo Nehama and Ran Fridrich and their signature binds Ellomay Capital Ltd. With respect to this Deed of Trust for all intents and purposes.

/s/ Odeya Brick-Zarsky  
Odeya Brick-Zarsky, Adv.

I, the undersigned, Chen Cohen, Adv., hereby confirm that this Deed of Trust was signed by Hermetic Trust (1975) Ltd., by Merav Ofer, and her signature binds Hermetic Trust (1975) Ltd. In connection with this Deed of Trust for all intents and purposes.

/s/ Chen Cohen  
Chen Cohen, Adv.

**Ellomay Capital Ltd.**

**First Addendum**  
**Debentures (Series F)**

The issue of a series of registered Debentures (Series F), registered by name, bearing annual interest at a rate of 5.5%, non-linked (principal and interest), payable in 4 non-equal annual installments on March 31 in each of the years 2027 to 2030 (inclusive) as follows: in each of the principal payments in the years 2027 and 2028 a rate of 30% of the principal will be paid, in the principal payment in the year 2029 a rate of 25% of the principal will be paid and in the principal payment in the year 2030 a rate of 15% of the principal will be paid. The interest on the Debentures (Series F) shall be paid twice a year, on March 31 in each of the years 2024 to 2030 (inclusive) and on September 30 of each of the years 2024-2029 (inclusive) starting from March 31, 2024 and until the final payment date of the Debentures (Series F) on March 31, 2030.

**Debentures (Series F) Registered in the Name**

Number \_\_\_\_\_

Nominal value in NIS \_\_\_\_\_

1. This Debenture hereby witnesseth that Ellomay Capital Ltd. (the "**Company**") will pay on the payment dates set out in clauses 3 and 4.1 of the terms set out on the back of the page, to whoever is the holder of the Debenture on the record date, principal and interest payments, and all subject to the terms set forth on the back of the page and in the Deed of Trust dated January 14, 2024, made between the Company and Hermetic Trust (1975) Ltd. and/or whoever serves from time to time as a trustee of the debentures in accordance with the Deed of Trust (respectively: the "**Trustee**" and the "**Deed of Trust**").
2. This Debenture carries interest according to the annual interest rate set out above that will be paid on the dates stated in the terms set out on the back of the page, and all as stated in the terms set out on the back of the page.
3. This Debenture is not linked (principal and interest) to any linkage basis, and all as stated in the terms set out on the back of the page.
4. This Debenture is issued as part of Series F of debentures in conditions that are identical to this Debenture (the "**Debentures Series**") subject to the terms set out on the back of the page and in accordance with the provisions set forth in the Deed of Trust, constituting an integral part of the Debenture. It is clarified that the provisions set forth in the Deed of Trust shall constitute an integral part of this Debenture and shall bind the Company and the Debenture Holders included in the said series F. Each of the debentures in the said series F shall be of equal rank inter se (pari-passu) and no right shall have priority over another right.
5. The terms set forth in this certificate shall change without the need for issuing a new certificate at any time when the Deed of Trust and/or its versions shall be lawfully modified.

Signed by the Company on \_\_\_\_\_

\_\_\_\_\_  
Ellomay Capital Ltd.

By its authorized signatories:

Director: \_\_\_\_\_ Director: \_\_\_\_\_

**The terms set out on the Back of the Page**

**1. General**

In this Debenture the terms in clause 1.4 of the Deed of Trust shall have the meaning given to them there, unless expressly provided otherwise.

**2. Securing the Debentures**

The Debentures do not include any collaterals or pledges and include an undertaking for negative pledge as set forth in clause 7.4 of the Deed of Trust, and an undertaking to meet the financial covenants and restrictions in connection with the distribution, as such term is defined in the Companies Law and as detailed in Appendix 6.2 of this Deed.

**3. The Date of Payment of the Debentures Principal**

The principal of the Debentures (Series F) shall be paid in four (4) non-equal annual installments on March 31 in each of the years 2027 to 2030 (inclusive) as follows: in each of the principal payments in the years 2027 and 2028 a rate of 30% of the principal will be paid, in the principal payment in the year 2029 a rate of 25% of the principal will be paid and in the principal payment in the year 2030 a rate of 15% of the principal will be paid.

**4. The Interest**

4.1. The unpaid balance of the Principal of the Debentures (Series F) shall bear interest at a fixed annual rate to be determined in a tender (the “**Base Interest**”), without linkage to any linkage basis. It is emphasized that the Base Interest is subject to additions of interest, to the extent that there are any, in respect of failure to meet financial covenants in the manner set out in clause 4.3.1 hereunder and interest in arrears in the manner set out in clause 8 hereunder.

The interest for the unpaid balance of the Principal of the Debentures (Series F) shall be paid in semiannual payments: on March 31 in each of the years 2024-2030 (inclusive) and on September 30 in each of the years 2024-2029 (inclusive). The first payment of interest for the Debentures (Series F) shall be paid on March 31, 2024, and the last payment of interest shall be paid on March 31, 2030 (along with the last payment for the return of the Principal of the Debentures (Series F)) in exchange for delivering the certificates of the Debentures (Series F) to the Company. The payments of interest shall be paid for the period of time beginning on the first day after the end of the previous interest term, and shall end on the date of paying the relevant interest payment, apart from the payment of the first interest payment, which shall be made on March 31, 2024, which shall be paid for the period that begins on the first Trading Day after the day of the tender regarding the Debentures (Series F) and ending at the stated date of payment (the “**First Interest Term**”), and shall be calculated based on the number of days in the aforementioned period on the basis of 365 days per year. The interest rate which shall be paid for a certain interest term, apart from the First Interest Term, shall be calculated as the annual interest rate divided by 2 (hereinafter: the “**Semi-Annual Interest Rate**”). Within the framework of the Immediate Report that the Company will provide on the results of the offering, the Company will notify of the annual interest rate, the Semi-Annual Interest Rate and the interest rate that will be paid for the First Interest Term.

4.2. Withholding tax that must be deducted shall be deducted from any payment.

4.3. **Adjustment mechanism of the interest rate:**

4.3.1. Changing the interest rate due to failure to meet certain financial covenants

Without derogating from the provisions of clause 9.1.13 of the Deed of Trust, the interest rate which the Debentures shall bear shall be adjusted due to failure to meet the financial covenants set forth in clauses 2(b), 3(b) and 4(b) of Appendix 6.2 of the Deed of Trust, at the times set forth in this clause, as specified hereinafter:

- a. In case the Company fails to meet any of the financial covenants set forth in clauses 2(b), 3(b) and 4(b) of Appendix 6.2 of the Deed of Trust (hereinafter in this clause 4.3.1: **"the Covenants"**), the annual interest rate which the unpaid balance of the Debenture Principal shall bear, shall increase by an annual rate of 0.25% beyond the annual interest rate as it shall be at that time, for breaching each of the Covenants (hereinafter in this clause 4.3.1: **"the Additional Interest"**) in such manner that the total addition of maximal Additional Interest is at a rate of 0.75%, for the period of time beginning upon publishing the financial statements or the financial results, as the case may be, according to which the Company has failed to meet any of the Covenants, and until the full repayment date of the unpaid balance of the Debentures Principal or until the Company meets the covenant, the deviation from which has led to the Additional Interest (as stated in sub-clause (d) hereinafter), the earlier of these dates. It is clarified, that increasing the interest rate as stated above shall be done only once for breaching each of the Covenants, inasmuch as it shall occur, and that the interest rate shall not increase once more in case the deviation from that Covenant continues, inasmuch as it shall continue.
- b. No later than five (5) Business Days from the day of publishing the financial statements or the financial results, as the case may be, according to which the Company has failed to meet any of the Covenants, the Company shall publish an Immediate Report, in which it shall state: (a) the fact that it has failed to meet the Covenant, while specifying the calculation of the Covenant which the Company has failed to meet, and the date on which the failure to meet the Covenant has begun; (b) the exact interest rate which the balance of the Principal of the Debentures (Series F) shall bear for the period of time beginning on the current Interest Term and until publishing the financial statements or the financial results, as the case may be (the interest rate shall be calculated according to 365 days a year) (hereinafter in this clause 4.3.1: the **"Original Interest"** and the **"Original Interest Term"** respectively); (c) the interest rate which the balance of the Principal of the Debentures (Series F) shall bear as of the day of publishing the financial statements or the financial results, as the case may be, and until the actual nearest interest payment day, namely: the Original Interest plus the Additional Interest annual rate (the interest rate shall be calculated according to 365 days a year) as a result of failure to fulfill the Covenants (hereinafter in this clause 4.3.1: **"the Updated Interest"**); (d) the weighted interest rate which the Company shall pay the Holders of Debentures (Series F) upon the nearest interest payment day, pursuant to the stated in sub-clauses (b) and (c) above; (e) the annual interest rate reflected from the weighted interest rate; (f) the annual interest rate and the semi-annual interest rate for the coming periods.

- c. If the day of publishing the financial statements or the financial results, as the case may be, according to which the Company is required to pay Additional Interest in accordance with this clause 4.3.1, shall occur during the days beginning four days prior to the record date for paying any interest whatsoever and ending upon the interest payment day closest to the aforementioned record date (hereinafter in this clause 4.3.1: “**the Deferral Period**”), the Company shall pay the Holders of Debentures (Series F), upon the nearest interest payment day, the Original Interest, prior to the change, alone (subject to previous changes which have occurred, if any have occurred, to the interest rate in light of the stated in this clause), when the interest rate pursuant to the Additional Interest during the Deferral Period, shall be paid upon the next interest payment day. The Company shall notify, in an Immediate Report, the accurate Semi-Annual and Annual interest rate for payment upon the next interest payment day.
- d. It shall be clarified, that in case of deviation in one or more Covenants, in a way which has affected the interest rate which the Debentures (Series F) shall bear, following which a Covenant shall be corrected in a way that the deviation ceases to exist (thus, the Debenture Holders shall cease to be entitled to Additional Interest for the deviation from that Covenant), there shall be a decrease in the interest rate which shall be paid by the Company to the Debenture Holders, provided that it shall not fall below the Base Interest, applying as of the day of publishing the financial statements or the financial results, which show that the deviation was corrected, so that in case the stated Covenant was corrected, the interest rate which the unpaid balance of the Principal of the Debentures (Series F) shall bear, shall be, inasmuch as the interest rate was not previously increased due to a deviation from another Covenant, equal to the Base Interest rate. In this case, the Company shall act in accordance with the stated in sub-clauses (a) to (d) above, *mutatis mutandis*.
- e. In any case, the Additional Interest shall not increase, as a result of failure to meet the Covenants, over 0.75%. Interest in arrears, to the extent applicable in accordance with the provisions of clause 8 hereunder, shall be added to the said interest and shall not constitute a part thereof.

**5. The Linkage Terms of the Principal and the Interest**

The interest and the Principal of the Debentures (Series F) are not linked to the index or to any currency.

**6. Deferral of Appointed Times**

If the date of payment of any payment of Principal and/or interest falls on a day which is not a Business Day, the date stipulated shall be deferred to the next Business Day after it without any additional payment and the “Record Date” for the purpose of determining entitlement to redemption and to interest shall not change as a result.

**7. Payments of the Principal and Interest of the Debentures**

- 7.1. The payments on account of the principal and/or the interest of the Debentures (Series F) shall be paid to the persons whose names are listed in the Debentures Registry as the holders of the Debentures (Series F) 6 days prior to the payment date, as follows: March 25 (with respect to payment dated March 31) and September 24 (with respect to payment dated September 30) (hereinafter: the “**Record Date**”) except for the last payment of the principal and the interest that will be paid to the persons whose names are registered in the Debentures Registry on the payment date (March 31, 2030) and that will be made against provision of the Debenture certificates (Series F) to the Company on the payment date, in the registered office of the Company or in any other place as announced by the Company. The Company’s notification as mentioned shall be published no later than five (5) Business Days before the last date of payment.
- 7.2. Payment to those entitled shall be made in checks or by bank transfer to the bank account of the people whose names shall be registered in the Registry (as mentioned in clause 7.1 above) and who shall be mentioned in the details given in writing to the Company on time, in accordance with the provisions of clause 7.4 hereafter. If the Company shall not be able, for any reason which is not dependent on it, to pay any sum to those entitled, while the Company could have paid it fully and timely, it shall deposit this sum with the Trustee as mentioned in clause 15 of the Deed of Trust. In the event the clearing shall be made through the Stock Exchange clearing house – through the clearing house.
- 7.3. A Debenture Holder who shall wish to notify the Company the details of the bank account to credit with payments according to the Debentures as mentioned above, or change the payment instructions, as the case may be, can do so in a registered letter to the Company. The Company shall fulfill the instruction if it shall reach its registered office at least 30 days before the record date for paying any payment according to the Debentures.
- 7.4. In the event that the notice shall be received by the Company late, the Company shall act according to it only with respect to payments scheduled after the payment date that is in proximity to the date the notice was received.
- 7.5. If the Debenture Holder entitled to such payment did not deliver details to the Company regarding his bank account, any payment on account of the Principal and interest shall be made by check which shall be sent by registered mail to his last address written in the registry of Debenture Holders or by bank transfer crediting the bank account of the Debenture Holder, according to the Company’s choice. Sending a check to a person entitled by registered mail as aforementioned shall be considered for all intents and purposes as payment of the sum stipulated in it at the date of sending it by mail provided that it was paid upon lawfully presenting it for payment.
- 7.6. Any mandatory payment insofar as required according to law shall be deducted from any payment for the Debentures (Series F).

**8. Interest in Arrears**

For any payment on account of the Principal and/or interest, which shall be paid in arrears exceeding seven (7) Business Days from the effective day for its payment according to the terms of the Debentures (Series F) for a reason dependent on the Company, the Company shall pay the Debenture Holders interest in arrears (calculated pro rata for the period after the date scheduled for payment until the actual date of payment). “**Interest in Arrears**” shall mean additional annual interest at a rate of 3.75% which shall be added to the annual interest rate which the Debentures (Series F) shall bear at that time. The Company shall notify of the exact interest rate that will be paid, that will include the interest in arrears plus the annual interest and of the date of payment as mentioned in an Immediate Report and at least two (2) Trading Days before the actual payment date.

**9. Avoidance from Payment for a Reason that does not Depend on the Company**

With respect to avoiding payment for any reason that is not dependent on the Company, while the Company could have paid it fully and timely, the provisions of clause 15 of the Deed of Trust shall apply and which are included in this addendum by reference.

**10. Registry of Debenture Holders**

With respect to the registry of Debenture Holders, the provisions of clause 30 of the Deed of Trust shall apply and that are included in this addendum by reference.

**11. Splitting Debenture Certificates and Transferring Them**

- 11.1. The Debentures can be transferred regarding any nominal value sum provided that it will be in whole New Shekels. Any transfer of Debentures (by a registered Holder) shall be done according to a transfer document which is made out in the version acceptable for transferring shares, properly signed by the registered owner or his legal representatives, and by the recipient of the transfer or his legal representatives, that shall be delivered to the Company at its registered office with the Debenture certificates transferred according to it, and any other reasonable proof that shall be required by the Company for proving the right of the transferor to transfer them.
- 11.2. Subject to the aforesaid, the procedural provisions included in the Company's articles of association with respect to the manner of transferring shares shall apply, mutatis mutandis respectively, with respect to the manner of transferring Debentures and their assignment.
- 11.3. If any obligatory payment shall apply to the transfer document of the Debentures, reasonable proof shall be given to the Company of their payment by the person requesting transfer.
- 11.4. In the event of a transfer of only part of the sum of the Principal of the Debentures set forth in this certificate, the certificate shall be split first to a number of Debenture certificates as required from this, in a manner that the total sums of the Principal set forth in them shall be equal to the Principal sum set forth in this Debenture certificate.
- 11.5. After fulfilling all of these terms the transfer shall be registered in the Registry and all of the terms set forth in the Deed of Trust and in this Debenture shall apply to the transferee.
- 11.6. All costs and fees involved in the transfer shall apply to the transfer applicant.
- 11.7. Each Debenture certificate may be split to a number of Debenture certificates that their total Principal sum is equal to the Principal sum of the certificate the split of which is requested, and provided that such certificates shall not be issued unless this is by a reasonable quantity at the discretion of the Company's board of directors. The split shall be made against the delivery of that Debenture certificate to the Company at its registered office for the purpose of performing the split together with a split request lawfully signed by the applicant. Any costs involved in the split, including taxes and levies, if such shall exist, shall apply to the split applicant.

**12. Replacing the Debenture Certificate**

In the event a Debenture certificate shall become worn out, shall be lost or shall be destroyed, the Company shall be entitled to issue a new Debenture certificate in its place, and this is under the same conditions with respect to proof, indemnification and covering the reasonable costs incurred by the Company for clarifying regarding the ownership right of the Debentures, as the Company shall see fit, provided that in the event of the certificate becoming worn out, the worn out Debenture certificates shall be returned to the Company before a new certificate is issued. Levies and other expenses involved in issuing the new certificate, insofar as existing, shall apply to the person requesting such certificate.

**13. Early Redemption**

With respect to early redemption of the Debentures, the provisions of clause 8 of the Deed of Trust shall apply and which are included in this addendum by reference.

**14. Purchasing Debentures by the Company or an Affiliated Holder**

With respect to the purchase of Debentures by the Company or by an Affiliated Holder, see the provisions of clause 4 of the Deed of Trust which are included in this addendum by reference.

**15. Waiver; Settlement and Changes in the Debenture Terms**

With respect to a waiver, settlement and changes in the terms of the Debentures, the provisions of clause 28 of the Deed of Trust shall apply which are included in this addendum by reference.

**16. Debenture Holders Meetings**

With respect to the general meetings of the Debenture Holders, they shall be convened and conducted in accordance with the provisions of clause 31 of the Deed of Trust which are included in this addendum by reference.

**17. Receipts as Proof**

For this matter see clause 16 of this Deed.

**18. Immediate Repayment**

With respect to immediate repayment of the Debentures, the provisions of clause 9 of the Deed of Trust shall apply and which are included in this addendum by reference.

**19. Notices**

With respect to notices, the provisions of clause 27 of the Deed of Trust shall apply and which are included in this addendum by reference.



**Appendix 3**  
**Roles of the Trustee**

**Ongoing Duties**

1. Conducting a review based on the reports of the Company that were published in MAGNA (the “**Public Reports of the Company**”) and based on the approvals and the documents that the Company will provide to the Trustee in accordance with the provisions set forth in this Deed:
  - 1.1. That the payments of the interest and the principal by the Company were made on time.
  - 1.2. The uses that the Company makes with the issue proceeds meet the That the use made by the Company of the proceeds of the offering meet the objectives set out for these uses in the Deed of Trust and/or in the chapter concerning the offering proceeds in the Shelf Offering Report, to the extent that such objectives were set.
  - 1.3. That the Company complies with the milestones that were set out in the Deed of Trust for its activities, to the extent that there are any.
  - 1.4. If any of the causes for calling for immediate repayment arose, based on the Public Reports of the Company.
2. Convening meetings of Debenture Holders in accordance with the provisions set forth in the Second Addendum of the Deed of Trust.
3. Attendance (including in electronic means) in the meetings of the shareholders of the Company.
4. Preparing an annual report regarding the affairs of the Trust, as stated in clause 21.1 of this Deed and making the said report available for the inspection of the Debenture Holders, and preparing all reports that are required in accordance with the law.
5. Notifying the Debenture Holders regarding a material breach of this Deed by the Company shortly after becoming aware of the breach and notifying of the steps that the Trustee took to prevent it or for the performance of the Company’s undertakings, as the case may be.
6. A review, from time to time and no less than once a year, of the validity of the collaterals (to the extent that there are any) as stated in clause 12 hereunder. It is clarified that the Trustee shall be entitled, if it is of the opinion that this is necessary for the purpose of conducting such a review, to inspect the assets of the Company that are pledged in favor of the Debenture Holders.
7. A review, based on the Public Reports of the Company, and according to the approvals and the documents that the Company will provide to the Trustee, in accordance with the provisions set forth in the Deed of Trust, of the following:
  - 7.1. That the Company fulfills its undertakings towards the Debenture Holders.
  - 7.2. That the Company fulfills its entire undertakings as set out in the Deed of Trust.
  - 7.3. That the Company satisfies the financial covenants that were set out, to the extent that there are any, in the Deed of Trust.
  - 7.4. Whether there was a change in the registration of pledges that were registered in accordance with the provisions of the Deed of Trust, to the extent that there are any.
  - 7.5. Whether there was a change in the rating of the Company or the rating of the Debentures, to the extent that the Debentures were rated.

8. To pay to the Debenture Holders sums out of the Financing Deposit, as defined in clause 25 of the Deed, that were deposited with the Trustee for the purpose of this matter in accordance with the provisions set forth in the Deed of Trust, to the extent that such sums were deposited.
9. To allow the replacement of Collaterals, to the extent provided and to the extent that the Deed of Trust permits expressly such an action, according to the mechanism defined in the Deed of Trust, to the extent that such a mechanism was defined, or in accordance with the provisions set forth in any law.
10. To release Collaterals, to the extent provided and to the extent that the Deed of Trust permits expressly such an action, according to the mechanism set out in the Deed of Trust, to the extent that such a mechanism was defined.
11. The performance of any action that is required by law, including in accordance with the provisions set forth in amendments 50 and 51 of the Securities Law.

**Special Duties**

12. Performing all actions that are required for the purpose of ensuring the fulfillment of the undertakings of the Company towards the Debenture Holders that are not stated in clauses 1-11 above, including taking all actions that are required for the purpose of ensuring, prior to paying to the Company any sums on account the Debentures, the validity of collaterals that the Company provided, to the extent that such collaterals were provided, or that a third party provided, to the extent provided, in favor of the Debenture Holders; the Trustee shall be held liable towards the Debenture Holders for ensuring that the prospectus according to which the Debentures were offered will provide a full and accurate description of the said collaterals.
13. Extraordinary reviews following the occurrence of extraordinary events according to the Public Reports of the Company (as defined in clause 1 above):
  - 13.1. That the Company satisfies its undertakings towards the Debenture Holders, including the existence of causes for calling for immediate repayment.
  - 13.2. That the Company performs its entire obligations set out in the Deed of Trust.
  - 13.3. That the Company complies with the financial covenants that were set out, to the extent that there are any, in the Deed of Trust.
  - 13.4. If any change occurred in the registration of pledges that were registered in accordance with the provisions of the Deed of Trust.
14. To attend Debenture Holders Meetings, including by virtue of the Securities Law. To apply the resolutions adopted by the Debenture Holders Meeting, including resolutions that impose on the Trustee any obligations and perform all actions and proceedings that are required for the purpose of protecting the rights of the Debenture Holders, on the condition that the Trustee received the proper financing for the purpose of implementing and performing such actions, to the extent required.
15. To perform urgent actions that are required for the purpose of preventing a material adverse change in the rights of the Debenture Holders, in circumstances in which it is not possible to wait for the convening of a Meeting.
16. To start negotiations with the Company, whether following the request of the Company and whether following the request of the Debenture Holders, regarding requests or proposals made in connection with the provisions of the Deed of Trust.

17. In circumstances in which the Trustee is of the opinion that there is a reasonable concern that the Company cannot pay the Debentures on time, to conduct extraordinary reviews in connection with the said circumstances and act for the purpose of protecting the Holders in any manner that the Trustee will see fit; the Trustee shall be entitled to perform the following actions, *inter alia*:
- 17.1. To examine whether the said circumstances stem from actions or transactions that the Company performed, including a distribution, as such term is defined in the Companies Law, that were committed in violation of the law; however, the Trustee shall not conduct such a review as said if an expert, as such term is defined in Section 350R of the said law, whose duties are to conduct such a review, was appointed for the holders of certificates of indebtedness.
  - 17.2. To conduct, in the name of the Debenture Holders, negotiations with the issuer, for the purpose of changing the terms of the certificates of indebtedness.
  - 17.3. For the purpose of this matter, the convening of a meeting of holders of certificates of indebtedness by the Trustee for purposes of receipt of instructions how to act, will not be deemed as breach of its duties, provided that the mere convening of the Meeting shall not cause material infringement of the rights of the Holders.
  - 17.4. If a Meeting of Holders of certificates of indebtedness was convened as stated in sub-clause 17.3, and a resolution was adopted in accordance with the law in the said Meeting, the Trustee shall act according to the said resolution; if the Trustee acted in such manner as said, the action of the Trustee in accordance with the said resolution shall be deemed as compliance with the provisions set forth in this clause related to the resolution.
  - 17.5. To distribute to the Debenture Holders, in accordance with the provisions set forth in the Deed of Trust, sums that the Debenture Holders are entitled to receive that reached the Trustee.
  - 17.6. To supervise the process of realization of the rights of the Debenture Holders if a functionary was appointed for the Company or its assets.

**Appendix 5.2**  
**Conditions for Expanding the Series of Debentures**

The conditions for expanding the series of Debentures (Series F), which are required to be met in full for the purpose of the expansion, are as follows:

1. Inasmuch as the Debentures shall be rated upon the performance of the expansion - the very expansion shall not harm the rating of the Debentures of Series F that are in circulation (that is, Debentures (Series F) that are in circulation before the expansion of the series), in a way that for purposes of expanding the series of the Debentures (Series F) an advance approval of the rating company for rating the additional Debentures (Series F) will be received, in which the additional Debentures (Series F) were taken into account, by a rating that does not fall from the rating of the Debentures (Series F) prior to the issuance of the additional Debentures and also the approval of the rating company that issuing the additional Debentures (Series F) does not harm the rating of the existing Debentures (Series F). Such approval shall be transferred to the Trustee before holding the tender for classified investors (to the extent that the Company holds an institutional tender as said), holding a tender to the public (to the extent that the Company does not hold an institutional tender) or performing the expansion of a series (to the extent that such an expansion is performed by way of a private placement), and it shall be published by the Company in an Immediate Report (an Immediate Report which includes the approval/rating report attesting to meeting the stated condition shall be considered for the purpose of this clause as delivery to the Trustee). The Trustee shall rely on the rating company's notice and it shall not be required to an additional examination.
2. On the date of expanding the series of Debentures (Series F), the Company is not in breach of any of the causes for immediate repayment set forth in clause 9 of the Deed of Trust, including as a result of the expansion of the series as said, and it is not in breach of any of its material undertakings to the Holders of Debentures (Series F) in accordance with this Deed and will not breach these undertakings as a result of the expansion of these undertakings, and in addition, the expansion of the series shall not damage the Company's compliance with the financial covenants as set forth in clause 9.1.13 of the Deed of Trust, without taking into account the Review Period (as such term is defined in sub-clause [5] of Appendix 6) with regards to those financial covenants, all in accordance with the Company's last financial statements (as they are defined in clause 9 of the Deed of Trust) which were published prior to the time of the additional issuance, and taking into consideration the additional Debentures that will be issued as a result of the expansion of the series.

The Company shall deliver to the Trustee, no later than 2 Business Days prior to holding the tender for classified investors, to the extent that the Company will hold an institutional tender as said), holding the tender to the public (to the extent that the Company does not hold an institutional tender) or the performance of the expansion of the series (to the extent that the expansion is performed by a private placement) a written approval signed by a senior financial officer in the Company regarding the existence of all of these terms including calculations, all in a format to the Trustee's satisfaction. The Trustee may rely upon an approval as stated and shall not be required to perform an additional inspection on its behalf.

It is clarified that the Company's undertaking as mentioned in this appendix shall apply only with respect to additional issues of the Debentures (Series F) by way of expanding the series, and not with respect to issuing other series of debentures in circulation existing at that time by way of expanding the series or with respect to issuing other new securities, whether these are rated or not, including by way of a prospectus, a shelf prospectus, a shelf offering report and a private placement.

**Appendix 6.2**  
**Financial Covenants and Undertakings**

**Financial Covenants**

As long as Debentures (Series F) exist in circulation (in other words as long as they were not paid in full in any manner, including by way of self-purchase and/or early redemption), the Company undertakes (for the duration of the Review Period, as defined hereafter) as follows:

[1] Definitions

In this appendix the following terms shall have the meaning set beside them:

**“Net Cap”** means – the Adjusted Balance Sheet Equity of the Company according to its last consolidated annual financial statements or last consolidated quarterly financial results published before the day of calculation, with the addition of the Net Financial Debt.

**“Adjusted Balance Sheet Equity”** means – the consolidated equity according to the international finance reporting standards (IFRS), excluding changes in the fair value of hedging transactions of electricity prices and interest, and including: (1) minority rights, (2) loans, capital notes and deferred liability notes (principal and not interest) that, according to their terms, are inferior to the rights of the Debenture Holders (Series F) so that the principal shall not be repaid until after the full and final payment of the Debentures (Series F), and (3) shareholders' loans (principal and not interest) that, according to their conditions, are inferior to the rights of Holders of Debentures (Series F). For the purpose of this clause, shareholders' loans, loans, capital notes and deferred liability notes shall be considered as inferior to the Debentures only if according to their terms – (a) their repayment shall be conditioned on the fact that immediately upon the actual repayment the Company shall meet the financial covenants pertaining to the performance of a distribution; (b) in case of declaring immediate repayment of the Debentures (Series F) or in case of liquidation, they shall be repaid (principal and interest) only after the complete repayment of the Debentures (Series F) and (c) on the condition that they shall not in an amount higher than 20% of the equity balance of the Company at the time.

**“Net Financial Debt”** - short term and long term debt from banks with the addition of debt towards holders of debentures that the Company or a subsidiary issued and other interest-bearing financial obligations provided by entities engaging in the provision of credit, with the exception of: (1) financing of projects, including hedge transactions in respect of such financing as said, whether in the level of the Company or in the level of subsidiaries of the Company or associate companies of the Company or of the subsidiaries of the Company (it is clarified that within the framework of the calculation of the financing of projects the Company also includes shareholders' loans that are provided for the purpose of financing projects, from the Company or from third-parties); (2) options exercisable into the shares of the Company; (3) preferred shares, to the extent that these cannot be redeemed by the holders, and there are no conditions in which the Company is required to perform redemption however only redemption subject to the sole discretion of the Company; (4) 'lease agreement' undertaking presented according to the IFRS 16 reporting standard; and (5) other financial instruments whose redemption is subject to the sole discretion of the Company and do not include a mechanism that enables the entity that provided the funds to make an early repayment or immediate repayment; and all with deduction of the cash and cash equivalents, short-term investments, deposits, financial funds and negotiable securities, to the extent that these are not restricted (with the exception of a restriction for the purpose of securing any financial debt according to this definition); and all according to the annual consolidated financial statements of the Company or the consolidated quarterly financial results of the Company. In the event the calculation result of the Net Financial Debt is negative, the Company is considered and will be considered to have fulfilled the covenants based on the Net Financial Debt.

“**Adjusted EBITDA**” means – earnings before financing expenses, net, taxes, depreciation and amortization, where the revenues incomes from the Company’s operations, for example for the Talmei Yosef project, are calculated in accordance with the fixed asset model and not in accordance with the financial asset model (IFRIC 12), and neutralizing expenses for share-based payment, when the data of assets or projects whose Commercial Operation Date occurred in the four quarters that preceded the test date will be calculated based on Annual Gross Up. The Adjusted EBITDA shall be calculated in accordance with the data of the four quarters prior to the time of the test, cumulatively, in accordance with the Company’s consolidated annual financial statements or its consolidated quarterly financial results.

“**Annual Gross Up**” shall mean the division of the Adjusted EBITDA by the number of days in the period commencing on the Commercial Operation Date or on the purchase date, as the case may be, and ending on the test date, multiplied by 365.

“**Commercial Operation Date**” – regarding projects for the construction of electricity production facilities owned by the Company (in whole or in part): the date in which the construction of the project was completed and the project started providing electricity produced therein to the relevant power grid; regarding systems under commercial operation that were purchased by the Company (in whole or in part): the date of their purchase.

[2] Minimal Adjusted Balance Sheet Equity

- a. For the purpose of the cause for immediate repayment in clause 9.1.13 of the Deed: the Adjusted Balance Sheet Equity of the Company, as defined above, according to the consolidated financial statements or the consolidated quarterly financial results last published, shall not be less than 77 million Euros over a period of two consecutive quarters.
- b. For the purpose of adjusting the interest as set forth in clause 4.3.1 in the Terms on the Other Side of the Page: the Adjusted Balance Sheet Equity of the Company, as defined above, according to the consolidated financial statements or the consolidated quarterly financial results last published, shall be not less than 82 million Euros.

[3] The Ratio of Net Financial Debt to Net Cap:

- a. For the purpose of the cause for immediate repayment in clause 9.1.13 of the Deed: the ratio of Net Financial Debt to Net CAP shall not exceed 65% over a period of three consecutive quarters.
- b. For the purpose of adjusting the interest, as set forth in clause 4.3.1 of the Terms on the Other Side of the Page: the ratio of Net Financial Debt to Net Cap shall not exceed 60%.

[4] The Ratio of Net Financial Debt to Adjusted EBITDA:

- a. For the purpose of the cause for immediate repayment in clause 9.1.13 of the Deed: the ratio of Net Financial Debt to Adjusted EBITDA shall not exceed 12 over a period of three consecutive quarters.
- b. For the purpose of adjusting the interest, as set forth in clause 4.3.1 of the Terms on the Other Side of the Page: the ratio of Net Financial Debt to Adjusted EBITDA shall not exceed 11.

[5] General

The test of the Company's meeting each of the financial covenants in respect of each quarter shall be performed upon publishing each financial statements or each financial results, as the case may be, when in each of the stated reports, the Company shall state its meeting or its failure to meet each of the financial covenants, including the numerical data.

As long as the Debentures (Series F) have not yet been fully paid, the Company undertakes to inform the Trustee by a written notice signed by a senior financial officer in the Company with a calculation of each of the financial covenants, all in a format to the Trustee's satisfaction, within 10 Business Days after publishing any financial statement or financial results of the Company, regarding its meeting the terms of clauses [2] to [4] above. The Trustee may rely on the Company's confirmation and it shall not be required to perform another examination.

If it turns out that according to the financial statements or the financial results, the Company did not meet any of its undertakings mentioned in sub-clauses [2] to [4] above (including), and its failure to fulfill its undertakings as mentioned continued during the periods as stated in clauses [2](a), [3](a) or [4](a) above (as the case may be: the "**Review Period**"), then the provisions of clause 9.1.13 of the Deed of Trust shall apply. It is clarified that for the purposes of clause 9 of the Deed of Trust, the date in which the cause for calling for immediate repayment arises, shall be deemed as the publication date of the financial statements (as such term is defined in clause 9 of this Deed) that are relevant to the last date of the Review Period.

Compliance by the Company with any of the financial covenants set forth in clauses [2]-[4] above, shall be calculated according to the accounting standard that applies to the Company in accordance with the financial results for September 30, 2023 (hereinafter: the "**Previous Accounting Principles**"). The Company shall publish in the framework of publishing its annual financial statements or financial results, as the case may be, the figures on which it based the calculation of the ratio of Net Financial Debt to Net Cap and the data on which it has based the calculation of the Adjusted EBITDA.

If there shall be a Material Change to the Generally Accepted Accounting Principles and/or regulatory changes pertaining to the Previous Accounting Principles, or in the event that the Company adopts voluntarily an accounting standard and the adoption of the said standard causes a Material Change, the relevant tests in this Appendix 6.2 above shall be implemented in accordance with the financial statements (as they are defined in clause 9 of the Deed of Trust) prepared in accordance with the Previous Accounting Principles, ignoring the changes as stated, and the Company shall furnish to the Trustee, upon transferring the approval of its meeting the financial covenants as stated in this clause above, in each quarter, a report of adjustment to the accounting principles applying to the Company in accordance with the Previous Accounting Principles, all in a format to the Trustee's satisfaction. In the event of a change as said, the Company shall include in the financial statements (as such term is defined in clause 9 of this Deed) the data that the Company used for the purpose of substantiating the calculation of the financial covenants set out in clauses [2] to [4] (including) above (pro forma report).

For the purpose of this clause, "**Material Change**" – means a change of at least 5% cumulatively, pertaining to all changes in accounting standards and regulation which have applied, between the relevant standard as stated, as of the date of the financial statements, as it shall be calculated in accordance with the Generally Accepted Accounting Principles which shall apply to the Company at the time of the financial statements, and between the relevant standard, as of such date, as it shall be calculated in accordance with the Previous Accounting Principles.

#### **Undertakings Pertaining to Distribution**

As long as Debentures (Series F) shall exist in circulation (in other words as long as they were not fully paid, including by way of a self-purchase and/or early redemption), the Company shall be entitled to perform a distribution (as this term is defined in the Companies Law) including the distribution of dividends, to its shareholders at any time, provided that in any event of such distribution all following conditions are met: (a) the Adjusted Balance Sheet Equity of the Company according to its financial statements (as such term is defined in clause 9 of this Deed), after such distribution, shall not be less than 94 million Euros, (b) the ratio of Net Financial Debt to Net Cap shall not exceed 58% after performing the distribution; (c) the ratio of Net Financial Debt to Adjusted EBITDA after performing the distribution shall not exceed 9; (d) the Company shall not distribute more than 60% of the profit appropriate for distribution, according to the Financial Statements of the Company; (e) the Company shall not distribute a dividend on the basis of revaluation profits which were not yet realized (for the avoidance of doubt, negative goodwill shall not be considered as revaluation profit); (f) the Company meets all its material undertakings to the Debenture Holders in accordance with the provisions of this Deed; (g) at the time of the distribution as well as after the distribution there is no cause for immediate repayment; and (h) no distribution shall be performed as long as a “warning sign,” as such term is defined in the Securities Regulations (Periodic and Immediate Reports), 5730-1970, exists.

It shall be clarified that in case of adopting a plan for repurchase of shares by the Company, the Company shall be required to meet the conditions set forth above upon adopting the repurchase plan and with regards to the scope of the plan in its entirety and no additional check shall be performed of meeting any of the aforementioned conditions in any case of performing a purchase under the plan adopted as stated.

It is hereby clarified, that any amount not actually distributed in a certain calendar year, out of the maximal amount for distribution which the Company was entitled to distribution in accordance with the stated in this sub-clause above, shall accumulate to the Company's credit, which shall be entitled to distribute it at later times and until the full repayment of the Debentures, all subject to the provisions of Section 302 of the Companies Law and subject to its meeting the full limitations of distribution set forth in this appendix above.

No later than five Business Days after a decision is made regarding the distribution as mentioned, the Company shall transfer to the Trustee confirmation signed by a senior financial officer in the Company, regarding the Company meeting the limitations in this paragraph including detailed calculations, all in the format to the Trustee's satisfaction. The Trustee may rely on the Company's confirmation and shall not be required to perform an additional examination on its behalf.

Except as set forth in this clause, the Company declares that as of the date of signing this Deed of Trust, it is not aware of any restrictions that could affect its ability to perform a distribution in the future or to perform a repurchase of its shares, except for legal general restrictions that apply to performing distributions in the Companies Law and except for restrictions that apply to the Company by the Deeds of Trust regarding the Debentures (Series C, D and E) of the Company. Therefore, as long as the Company satisfies the conditions for the performance of the distribution, distributions shall be performed (to the extent that distributions will be performed) at the sole discretion of the Company and for any reason that the Company will see fit.

It shall be clarified, that for the purpose of inspecting the Company's meeting the terms set forth in this clause, the provisions stated in this appendix above regarding the change in accounting standards shall apply.

#### **Undertakings Pertaining to Transactions with Controlling Parties**

Until the full and final repayment of the Debentures (Series F), to the extent that the Company shall fail to meet any of the financial covenants set forth in clauses [2](a), [3](a) or [4](a) above, and so long as that failure has not been remedied, without taking into consideration the Review Period (as such term is defined in sub-clause [5] of this annex) in connection with the said financial covenants, the Company shall not be entitled to enter into new transactions with controlling parties without receiving the approval of the Debenture Holders in an Ordinary Resolution. It shall be clarified that this limitation shall not apply in any of the following cases: (a) renewal of transactions under identical terms or terms which do not benefit the controlling parties compared to the transactions existing on the date of the failure to meet the financial covenants, (b) transactions pertaining to the terms of office or employment or providing management services on behalf of the controlling party, his relative or anyone on his behalf under conditions that do not deviate from the transactions existing on the date of the failure to meet the financial covenants or which do not deviate from the compensation policy of the Company as shall be in effect at the relevant time, (c) investments in the Company's capital or loans or providing financing in any other way, in respect of which the Company declares to the Trustee, 5 Business Days from the date of adopting a resolution for the purpose of this matter, that it is intended to remedy the noncompliance of the Company with one or more covenants that are breached; (d) transactions which are under market terms as shall be determined by the Company's audit committee, (e) transactions which are not extraordinary transactions as such term is defined in the Companies Law, and (f) transactions which fall under the categories of reliefs which are set forth in the Companies Regulations (Reliefs for Transactions with Interested Parties), 5760-2000, or any other reliefs as they shall be from time to time in accordance with any law regarding transactions with controlling parties.



**Appendix 20.2**  
**Confidentiality Undertaking**

To

Ellomay Capital Ltd. (hereinafter also: the “**Company**”)

Dear Sir/Madam,

**Subject: Undertaking of Confidentiality**

1. In the framework or with regards to my position as \_\_\_\_\_ to the Holders of Debentures (Series F) of Ellomay Capital Ltd. (hereinafter: “**the Work**”), I might receive or be exposed to information which is not public knowledge, including, without limitation, information or professional, technical, financial, technological, commercial or other knowledge pertaining directly and/or indirectly to the Company, the Company’s subsidiaries or affiliates (as these terms are defined in the Securities Law, 5728-1968 (hereinafter: “**the Securities Law**”)), to corporations in the Company’s group (associate companies and corporations in which any of the entities as stated in this clause have holdings) and/or to holders of controlling interests in the Company (hereinafter jointly: “**the Group**”), procedures and/or methods of work and/or activity of the Group as well as commercial and business information of any other type which is not public knowledge (hereinafter jointly: “**Confidential Information**”). Despite the foregoing, the term Confidential Information shall not include information as stated above, which I could prove, that: (1) it is public knowledge (including information publicly published by you or by holders of controlling interests within you) or which shall become public knowledge not due to breaching the provisions of this confidentiality undertaking; or (2) which was known to us prior to its disclosure by the Company and we can provide reasonable proof thereof; or (3) that it was given to us by a third party, provided that upon receiving the information as stated we were not aware, having asked its provider, that the disclosure of that information by that third party constitutes a breach of the fiduciary duty by that third party towards the Company.
2. I am aware that I am prohibited from disclosing the Confidential Information to any person, and that I shall not be entitled to use the Confidential Information for any purpose, unless it is for the Work. Despite the foregoing, I shall be entitled (a) to deliver conclusions and evaluations based on the Confidential Information to Holders of Debentures (Series F) of the Company (including presenting it in the Meetings of Debenture Holders for the purpose of adopting a resolution pertaining to their rights), provided that the reliance upon information as stated shall be limited to the minimal extent and scope required in order to meet the requirements of the law, and that I have given a notice to the Company in this regard a reasonable time in advance, in order to give the Company sufficient leave to approach the court in order to prevent the delivery of conclusions and evaluations as stated, to the extent that this is without prejudice to the rights of the Debenture Holders; (b) to deliver conclusions and evaluations based on the Confidential Information to the representing body of the Debenture Holders, which shall be duly appointed by the Debenture Holders, provided that all members of the representing body (inasmuch as there shall be any) have signed a declaration regarding the absence of a conflict of interests or non-competition with the Company, and to enable the representing body of Debenture Holders as stated, to view the Confidential Information in our office; (c) to disclose Confidential Information, inasmuch as I shall be required to do so by law or at the request of a competent authority by law and/or in accordance with a judicial order, provided that the disclosure is limited to the minimal extent and scope required in order to meet the requirements of the law and I shall pre-coordinate with you, inasmuch as it is possible and permitted, and to the extent that this is without prejudice to the rights of the Debenture Holders, the content and timing of the disclosure in order to give you sufficient leave to defend against such as request.

3. In addition to permitted delivery of Confidential Information as stated in clause 2, and without derogation to the stated therein, disclosing Confidential Information shall be done only to my employees and/or authorized representatives on my behalf, including my professional consultants alone. I am aware, that disclosure or use on a need-to-know basis by an authorized receiver (hereinafter: “**Authorized Receiver**”) not in accordance with the provisions of this letter is treated as disclosure or use as stated by myself, and I shall take all means required to keep the Confidential Information confidential. My undertaking herein shall not apply to an Authorized Receiver who shall sign an undertaking of confidentiality similar by all material aspects to the undertaking set forth in this letter.
4. I am aware that disclosing the Confidential Information to any person or body might be contrary to the Israeli securities laws. I am aware, that due to my exposure to the Confidential Information, various limitations might apply to me if I shall receive inside information, as this term is defined in the Israeli Securities Law, and I am taking and I shall take all reasonable means to ensure that there shall be no prohibited use of inside information pertaining to the Confidential Information.
5. All documents which shall be given to me by you or which shall arrive in my possession as a result and/or pertaining to my engagement with you, and which are related, directly or indirectly, to the Group and/or its activity (including any copy or processing thereof) (hereinafter jointly: “**the Documents**”) shall belong to you at all times and shall be considered as your property for all matters and purposes, and shall be returned to you by me at your request immediately upon the termination of the Work, apart from the information which I shall keep in accordance with the provisions of any law, including the instructions of a competent authority, or in accordance with internal procedures, inasmuch as it is required for the purpose of documenting work processes. For the purpose of the stated in my undertaking herein, the term Documents shall be interpreted to include any means of holding information whatsoever, including, but without derogation from the generality of the foregoing, physical, mechanical, magnetic, electronic, optic and/or electro-optic means.
6. My undertaking in accordance with this letter shall remain effective even after the termination of the Work for any reason whatsoever, and until the Confidential Information becomes public (not due to breaching the undertaking in accordance with this letter, inasmuch as there shall be any). My undertakings in accordance with this letter of confidentiality are irrevocable and cannot be cancelled and they are in addition and not instead of any duty imposed on me by law and/or pursuant to any other agreement. My signature on this undertaking does not grant me any right to perform the Work, and the terms of employment shall be arranged in separate documents between us.
7. I shall keep the information in complete secrecy, at least at the same level of care by which I keep my own confidential information, and for this purpose I shall take a reasonable level of care at least.
8. It is clarified, that subject to the provisions of the Securities Law, the stated in this undertaking does not bind the Company to disclose any information whatsoever, and any disclosure and delivery to us shall be at the Company’s absolute discretion.
9. My undertakings in this document are towards each and every of the corporations in the Group, the Confidential Information of which shall be given to me.
10. If any instance or authority whatsoever shall determine that any of the undertakings in this document are not valid – the undertaking shall be minimized up to the rate permitted by law at that time, and a determination as stated shall not harm the other undertakings and rights in accordance with this document.

**Respectfully,**

---

**Full name**

---

**ID number**

---

**Signature**

**Appendix 23**  
**The Trustee's Fee and Covering its Expenses**

1. The Company shall pay fee to the Trustee for its services in accordance with the Deed of Trust for the Debentures, as set forth hereafter:

- 1.1. Annual payment in the amount of NIS 20,000 for the first year of trust.
- 1.2. Annual payment in the amount of NIS 18,000 for each additional year of trust.

The amount in this clause 1.2 is stipulated on the condition that the Trustee will act, at the least, as a trustee for 2 series of Debentures of the Company.

To the extent that the Trustee is a trustee for one series, as of this date the said amount will be increased to NIS 20,000 a year (in respect of the entire year or a part thereof). The amounts in clause 1.1 and/or 1.2 shall be referred as the "**Annual Fee.**"

2. The Annual Fee shall be paid to the Trustee at the beginning of each trust year. The Annual Fee shall be paid to the Trustee for the period until the end of the trust period according to the terms of the Deed of Trust, even if a receiver and/or receiver manager was appointed for the Company and/or if the trust according to the Deed of Trust shall be managed under the supervision of the court.
3. In the event that the Trustee shall participate in the discussions with the Securities Authority the Trustee will receive fees (for the rate stipulated in clause 6 hereafter), in accordance with the hours of the discussions the Trustee will participate in, including a refund of travel costs. This payment is not conditioned upon the issue of the Debentures or signing the Deed of Trust.
4. In the event the term of the Trustee has expired as mentioned in the Deed of Trust, the Trustee shall not be entitled to the payment of its fee starting on the date that its office has expired. If the Trustee's office has expired during the trust year the fee paid to it for the months that it did not serve as Trustee of the Company shall be returned. The provisions in this clause shall not apply regarding the first trust year.
5. The Trustee is entitled to reimbursement for the reasonable expenses that it shall expend in the framework of fulfilling its duties, and/or pursuant to the powers granted to it according to the Deed of Trust, including, but not limited to, expenses and costs for calling and convening meetings of Debenture Holders, reimbursement for transactions in the bank account of any kind including bank charges, issuance of printouts and powers of attorney, sale of securities and delivery of documents, courier services, photocopying and travel.
6. In addition, the Trustee will be paid a fee in NIS equal to NIS 600, for each work hour due to special actions that will be made not in the ordinary course of business or due to the action of calling the Debentures for immediate repayment and due to special actions that it will be required to perform, if required, for purposes of performing its duties pursuant to this Deed (and all without derogating from the generality of the foregoing), that it will perform within the framework of its role as the trustee (all subject to the provisions of the Deed of Trust) and including:
- 6.1. Actions resulting from a breach or fear of breach of the provisions of the Deed by the Company and its undertakings including examining the circumstances that raise the concern and/or breach and actions for the protection of the rights of Holders;

- 6.2. Actions in connection with making the Debentures immediately repayable;
- 6.3. Special actions that it will be required or will need to perform, for purposes of fulfilling its duties in accordance with this Deed in connection with the rights of Debenture Holders and for protecting them, including due to the non-compliance of the Company with its obligations pursuant to this Deed, convening Debenture Holders Meetings as said in this Deed and including due to participation in Debenture Holders Meetings and implementing the resolutions of the Debenture Holders Meetings that obligate the Trustee and taking all proceedings and actions required for the protection of the Debenture Holders;
- 6.4. Special works (including, but not limited to, works required due to a change of structure of the Company or work due to the request of the Company) or due to the need to perform additional actions for the fulfillment of its role as a reasonable trustee, due to a future change in laws (including regulations promulgated following amendments 50 and 52 to the Securities Law) and/or regulations and/or other obligatory instructions that will apply in connection with the actions of the Trustee and its responsibility pursuant to this Deed of Trust;
- 6.5. Urgent actions required to prevent a material adverse impact on the rights of Debenture Holders where it is not possible to wait for the convening of a Meeting;
- 6.6. Opening a negotiation with the Company in the event the Company plans on approaching the Debenture Holders in requests or proposals;
- 6.7. Holding in the name of the Debenture Holders, negotiations with the Company to amend the terms of the Debentures;
- 6.8. Payment of funds to the Debenture Holders that have reached its hands including out of the finance cushions to the extent deposited in the hands of the Trustee for the performance of its duties including but not limited to for purposes of indemnification and/or performance and taking of legal procedures and payment of funds to the Debenture Holders that have reached its hands;
- 6.9. Taking procedures for purposes of exercising the rights of Debenture Holders and/or for the realization of Collaterals including overseeing the process for exercising the rights of Debenture Holders where an office holder was appointed for the Company or its assets;
- 6.10. Actions in connection with the Collaterals to the extent there will be in the future including actions within the framework of creating the collaterals, registering them, amending, replacing, adding collateral checking their validity, realizing and enforcing them. Actions in connection with the obligations of the Company and the pledging companies pursuant to this Deed and the collateral documents including, checking the compliance of the Company with the financial covenants, examinations in connection with the companies' actions such as, expansion of the series, release of securities, exchanging of securities and more. Actions in connection with registering the collaterals in return for the release of the issuance or expansion funds.
7. With regard to the obligation of the Trustee to attend the meetings of shareholders of the Company pursuant to Section 35 of the Securities Law, the Trustee shall receive an additional amount of NIS 500 per meeting for each meeting that the Trustee will attend.
8. In the event that the series is increased, the annual fee paid to the Trustee will be increased (in respect of each year or a part thereof) notwithstanding anything to the contrary in clauses 1.1 and 1.2 above, for the same rate in which the series was increased with relation to the par value on the initial public offering of the Debentures, however in any event the Trustee will not receive annual fee exceeding an addition of 50% of the annual fee as stated in clauses 1.1 and 1.2 above.
9. This agreement is based on the understanding that the Debentures are without Collaterals. However, in the event the Holders of the Debentures (Series F) will be provided with any collaterals or any other undertaking that the Trustee is to examine, then the fees for the Trustee will be agreed based on the scope of hours it will be required to dedicate to the trust.
10. VAT if applicable, shall be added to the payments due to the Trustee, according to the provisions of this appendix and it shall be paid by the Company. The sums in this Appendix will be linked to the consumer price index, when the base index shall be the index known on the date of this Deed of Trust however in any event no amount in arrears lower than the amount set out in this Appendix shall be paid. Each payment will be paid to the Trustee shortly after the date of receiving the demand for payment, however in any event no later than 30 days as of the date of the demand.

\*\*\*

**Second Addendum – Meeting of Debenture Holders**

Subject to the provisions of the Securities Law, convening a Meeting of Debenture Holders, the manner of conducting it and various terms regarding it, shall be as follows:

**Summoning a Meeting**

1. The Trustee shall summon a Debenture Holders Meeting for each series separately (“**Annual Meeting**”) each year and no later fourteen (14) days after the second annual report regarding trust matters (as mentioned in clause 21 of the Deed of Trust) was submitted, which shall be convened no later than sixty (60) days after the report was submitted. The agenda of the Annual Meeting shall include the appointment of the Trustee for the period that shall be determined (unless the prior Meeting determined a longer appointment time), a discussion of the annual report regarding trust matters as well as any other subject included in the agenda as stated in Section 25L2 of the Securities Law.
2. The Trustee shall convene a Meeting of the Debenture Holders if it saw a need for this, or according to a written request of Debenture Holders that hold, alone or together, at least five percent (5%) of the balance of the nominal value of the Debentures in circulation of that series.
3. In the event those requesting to summon a Meeting are Debenture Holders, the Trustee shall be entitled to demand indemnification from them, including in advance, for the reasonable costs involved in this.
4. The Trustee who was required to summon a Debenture Holders Meeting in accordance with the provisions of clause 2, shall summon it within 21 days after a demand to summon it was submitted to the Trustee, to a date that shall be determined in the summons, provided that the convening date shall not be earlier than seven days and not later than 21 days from the summons date; however, the Trustee is entitled to bring the meeting forward, to at least one day after the summons date, if it thought that this was required in order to protect the Debenture Holders rights and subject to the provisions of clause 21 hereafter; if it did so, the Trustee shall explain the reasons for bringing the convening date forward in the report regarding the summoning of the Meeting.
5. The Trustee may, at its reasonable discretion, change the scheduled meeting time of a Meeting convened by him as well as per the Company’s request, in case the Meeting was summoned by the Company.
6. In the event the Trustee convened a Meeting of the Debenture Holders not according to the request of the Debenture Holders the Trustee is entitled to determine that the Meeting shall take place by electronic means.
7. If the Trustee did not summon the Debenture Holders Meeting, according to the demand of the Debenture Holder, within such time as mentioned in clause 1.4 above, the Debenture Holder may convene the Meeting, provided that the scheduled Meeting shall be within 14 days, after the end of the period for summoning the Meeting by the Trustee and the Trustee shall bear the expenses that the Debenture Holder expended with respect to convening the meeting.
8. If the Debenture Holders Meeting was not convened as mentioned in clauses 1 or 2 above, the court may at the request of the Debenture Holder, order that it be convened.
9. If the court ordered as mentioned in clause 8, the Trustee shall bear reasonable costs that the applicant expended in a court proceeding, as shall be determined by the court.

10. The Company is entitled to convene, at any time, a Meeting of Debenture Holders in coordination with the Trustee. If the Company summons a Meeting as stated, it must immediately send the Trustee a written notice regarding the place, day and time on which the Meeting shall take place, as well as the subjects to be brought up for discussion therein, and the Trustee or a representative on its behalf shall be entitled to participate in a Meeting as stated without having the right to vote.
11. Where there is no practical possibility to convene a Debenture Holders Meeting or to conduct it in the manner determined for this in the Deed of Trust or in the Law, the court may, at the request of the Company, of a Debenture Holder that is entitled to vote in the Meeting or the Trustee, to order that a Meeting be convened and conducted in the manner as the court shall determine, and it may give supplementary instructions for this insofar as it shall see fit.

#### **Flaws in Convening the Meeting**

12. The court may, at the request of a Debenture Holder, order the cancellation of a resolution that was adopted in a Debenture Holders Meeting that was convened or conducted without fulfilling the requirements in the Law or according to this Deed.
13. If the flaw in convening the Meeting concerns a notice regarding the place of convening the Meeting or its scheduled time, a Debenture Holder that attended the Meeting despite the flaw, shall not be entitled to demand the cancellation of the resolution.

#### **Notice of Convening a Meeting**

14. A notice of a Meeting of the Debenture Holders shall be published according to the provisions of chapter G1 of the Law (“**Electronic Reporting**”) and it shall be delivered to the Company by the Trustee before the reporting and in accordance with the provisions in the regulations.
15. The summons notice shall include the agenda, the proposed resolutions and arrangements regarding a written vote according to the provisions of clauses 28 and 30 hereafter.

#### **The Meeting’s Agenda**

16. The Trustee shall determine the agenda in the Debenture Holders Meeting and it shall include issues for which the Debenture Holders Meeting is required according to clauses 1 and/or 2 above, and a subject for which it was requested as mentioned in clause 18 of the Debenture Holder’s request.
17. Inasmuch as a Meeting shall be summoned in accordance with clause 10 above, the Company shall determine the Meeting’s agenda.
18. A Debenture Holder, one or more, that has five percent (5%) at least of the balance of the nominal value of the series of Debentures may request the Trustee to include an issue on the agenda of the Debenture Holders Meeting that shall be convened in the future, provided that the issue is suitable to be discussed in the Meeting as mentioned.
19. In the Debenture Holders Meeting resolutions shall be adopted in issues as set forth in the agenda only.

#### **Place of Convening the Meeting**

20. The Debenture Holders Meeting shall take place in Israel at the Company’s offices or another place which the Trustee shall notify of. The Trustee may change the address of the Meeting. The Company shall bear the costs of convening the Meeting at an address which is not its office.

#### **The Record Date for Ownership of the Debentures**

21. Debenture Holders that are entitled to participate and to vote in the Debenture Holders’ Meetings are Holders of Debentures at the time that shall be determined in the decision to summon a Debenture Holders Meeting, provided that this date shall not exceed three days before the date of convening the Debenture Holders Meeting and it shall not be less than one day before the convening date.

**The Chairman of the Meeting**

22. In each Debenture Holders Meeting the Trustee or whomever it appointed shall serve as chairman of that Meeting.
23. The Trustee shall prepare a protocol of the Meeting of the Debenture Holders and shall keep it at its registered office for a period of seven (7) years after the Meeting date. The protocol of the Meeting may be by way of recording. A protocol, insofar as made in writing, shall be signed by the chairman of the Meeting or by a chairman of the Meeting that was held after it. Each protocol that was signed by the chairman of the Meeting constitutes prima facie evidence to whatever is stated in it. The protocol registry shall be kept with the Trustee as mentioned, and it shall be open for viewing by the Debenture Holders during work hours and with advance coordination and a copy of it shall be sent to any Debenture Holder that shall request this.
24. The declaration of the chairman of the Meeting that a resolution in the Debenture Holders Meeting was adopted or rejected, whether unanimously or by a certain majority, shall be prima facie evidence to whatever is stated in it.

**Legal Quorum; Deferred or Adjourned Meeting**

25. A Meeting of the Debenture Holders shall be opened by the chairman of the Meeting after he has determined that the legal quorum required for any of the issues on the agenda of the Meeting exists, as follows:
- 25.1. The legal quorum required for opening a Meeting of the Debenture Holders shall be the presence of at least two Debenture Holders, who are present themselves or by their proxies, that hold at least twenty five percent (25%) of the voting rights in circulation, within half an hour of the time that was scheduled for opening the Meeting, unless stipulated otherwise in the Law.
- 25.2. If a legal quorum was not present in the Debenture Holders Meeting at the end of half an hour after the time scheduled for the beginning of the Meeting, the meeting shall be deferred to another time which shall not be earlier than two Business Days after the record date that was determined for convening the original meeting or one Business Day, if the Trustee was of the opinion that this is required for protecting the rights of the Debenture Holders; if the Meeting was deferred, the Trustee shall explain the reasons for this in the Meeting summons report.
- 25.3. If a legal quorum was not present in the deferred Debenture Holders Meeting as mentioned in clause 25.2 above, half an hour after the time that was scheduled for it, the Meeting shall be convened with any number of participants, unless stipulated otherwise in the Law.
- 25.4. Notwithstanding the provisions in clause 25.3 above, in the event a Debenture Holders Meeting was summoned according to the demand of Debenture Holders that hold five percent (5%) at least of the balance of the nominal value of the Debentures in circulation, the deferred Meeting shall be convened only if holders of certificates of undertaking were present in it at least in the number required for summoning a Meeting as mentioned (in other words: five percent (5%) at least of the balance of the nominal value of the Debentures in circulation).
26. According to the decision of the Trustee or resolution by ordinary majority of those voting in a Meeting in which a legal quorum was present, the continuation of the Meeting adjourned (the **"Original Meeting"**) from time to time, the discussion or adopting a resolution in an issue that was set forth in the agenda, to another time and to a place that shall be determined as the Trustee or the aforementioned Meeting shall decide (the **"Continued Meeting"**). In the Continued Meeting and in the deferred meeting only matters that were on the agenda and in respect to which no resolution was adopted shall be discussed.

If a Debenture Holders Meeting was deferred without changing its agenda, summons shall be given regarding the new time for the Continued Meeting, as early as possible, and no later than 12 hours before the Continued Meeting; the summons as mentioned shall be given according to clauses 14 and 15 above.

#### **Participations and Voting**

27. The Trustee, at its reasonable discretion and subject to the provisions of any law, shall be entitled to split the Meeting into class meetings and to determine who shall be entitled to participate in each type of meeting.
28. A Debenture Holder is entitled to vote in Debenture Holders Meetings by himself or by proxy as well as by a voting deed in which he shall state the manner of his voting, and in accordance with the provisions of clause 30 hereinafter.
29. A resolution in the Debenture Holders Meeting shall be made by a count of votes.
30. A voting deed shall be sent by the Trustee to all of the Debenture Holders; a Debenture Holder may note the manner of his vote in the voting deed and send it to the Trustee.

A voting deed in which the Debenture Holder noted the manner of his vote, and which reached the Trustee by the last date determined for this, shall be considered as presence in the Meeting with respect to the existence of a legal quorum as mentioned in clause 25 above.

The voting deed that was received by the Trustee regarding a certain matter in respect to which a vote was not held in the Debenture Holders Meeting, shall be considered as having abstained in the vote in that Meeting regarding a resolution to convene a deferred Debenture Holders Meeting according to the provision of clause 26 above, and it shall be counted in the deferred Meeting that shall be convened according to the provisions of clauses 26 or 25.3 and 25.4 above.

31. Each 1 NIS nominal value of the Debentures that are represented by vote shall confer one vote in the voting. In case of joint Debenture Holders, only the vote of the person registered first in the registry shall be counted.
32. A Debenture Holder may vote for part of the Debentures held by him including voting for some of them in favor for the proposed resolution and for another part of them against the resolution, all as he shall see fit.
33. The holdings of an Affiliated Holder shall not be taken into account for determining the legal quorum in the Debenture Holders Meetings, and his votes shall not be taken into account in the vote of the Meeting as mentioned.

#### **Resolutions**

34. Resolutions in the Debenture Holders Meetings shall be adopted by a vote of an ordinary majority by a count of votes, unless another majority was determined in the Law or in the Deed of Trust.
35. The votes of those who have abstained in the vote shall not be counted in the number of votes participating in the vote.
36. A proposed resolution regarding an issue that was not determined in respect to it that it shall be decided by a certain majority as following hereafter, shall be decided in an ordinary resolution.



37. The issues hereafter shall be decided in a Debenture Holders Meeting by a majority which is not ordinary and/or by a legal quorum that is different than the one set forth in clause 25, **and these are the issues:**

- 37.1. Change, including an addition and/or amendment in the provisions of the Deed of Trust as mentioned in clause 27 of the Deed of Trust.
- 37.2. Any other issue in respect to which it was determined in the Deed of Trust that it is subject to a resolution by a majority that is not an ordinary majority.
- 37.3. A resolution regarding the replacement of a, shall be adopted by a majority of fifty percent (50%) at least of the unpaid balance of the Debentures in circulation.

**Voting and Actions by Agent/Proxy**

- 38. An appointment instrument appointing an agent shall be in writing and it shall be signed by the appointer or by his proxy that has authorization to do so lawfully in writing. If the appointer is a corporation, the appointment instrument shall be made in writing and will be signed by a stamp of the corporation, with a signature of the authorized signatories of the corporation.
- 39. An appointment instrument of the agent shall be made in any form which shall be acceptable by the Trustee.
- 40. An agent does not need to be a Debenture Holder himself.
- 41. An appointment instrument and power of attorney and any other certificate according to which an appointment instrument was signed or a certified copy of such power of attorney, shall be given to the Trustee by the time of convening the Meeting unless it was otherwise stipulated in the notice summoning the Meeting.
- 42. The Trustee shall participate in the Meeting via its employees, officers, functionaries or another person that shall be appointed by it, however it shall not have a voting right.
- 43. The Company and any other person except for the Trustee shall be prevented from participating in the Debenture Holders Meeting or in any part of it, according to the decision of the Trustee or according to an ordinary resolution of the Debenture Holders. Despite the stated in this clause, the Company could participate in the opening of a Meeting for the purpose of expressing its opinion regarding any subject on the Meeting's agenda and/or presenting a certain subject (as the case may be).

**Approaching Debenture Holders**

- 44. The Trustee, and the Debenture Holder, one or more, that has five percent (5%) at least of the balance of the nominal value of the Debentures in circulation, are entitled to address the Debenture Holders in writing, via the Trustee, in order to convince them regarding the manner of their vote in any of the issues being raised for discussion in that Meeting (the "**Position Paper**").
- 45. If a Debenture Holders Meeting was summoned in accordance with clause 2 above, a Holder is entitled to approach the Trustee in a request to publish, in accordance with the provisions of Chapter G.1 of the Law, Position Papers on his behalf to the other Debenture Holders.
- 46. The Trustee or the Company are entitled to send Position Papers to Debenture Holders, as a response for a Position Paper sent as stated in clauses 44 and 45 above, or in response to any other inquiry towards the Debenture Holders.

**Examining Conflicts of Interests**

47. The votes of a Debenture Holder who is the controlling shareholder in the Company, his family member or a corporation controlled by any thereof shall not be counted in the count of the votes, and these Debentures shall not entitle to vote in the general meetings of the Debenture Holders as long as they are held by such a person as said.
48. Save as provided in clause 47 above, the Trustee will take into consideration in the count of the votes the votes of all voters, except for the votes of the Debenture Holders who state in the ballot that their vote should not be considered as a result of a conflict of interests these Debenture Holders have, and the Trustee will not independently examine their personal interest.
49. It is clarified that the examination of the conflict of interests as said above, to the extent that it is necessary in the opinion of the Trustee, will be made separately with relation to each of the decisions on the agenda of the meeting, and separately with relation to each meeting. It is further clarified that the declaration of a Holder as having a conflict of interests in any decision or meeting, in and of itself, shall not attest to a conflict of interests of that Debenture Holder in another decision on the agenda of the meeting or his conflict of interests in other meetings.

**Convening a Meeting of Debenture Holders for Consulting**

50. The provisions of clauses 2, 7, 16, 18 and 19 above cannot derogate from the Trustee's authority to convene a Debenture Holders Meeting, if it saw it necessary to consult with them; in the summons to the Meeting as mentioned the issues on its agenda shall not be detailed, and the date of the Meeting shall be one day at least after the summons date.

In such meeting a vote shall not take place, no resolutions shall be adopted in it and the provisions of clauses 2, 4, 7, 8, 9, 15, 16, 18, 19, 21, 25, 26, 28, 30 and 45 shall not apply to it and as set forth in the law.

## ELLOMAY CAPITAL LTD.

## List of Subsidiaries as of December 31, 2023

Name of Subsidiary	Percentage of Ownership	Jurisdiction of Incorporation
Ellomay Clean Energy Ltd.	100%	Israel
Ellomay Clean Energy LP	100%	Israel
Ellomay Luxembourg Holdings S.à.r.l.	100%	Luxembourg
Ellomay Spain S.L.	100% <sup>1</sup>	Spain
Rodríguez I Parque Solar, S.L	100% <sup>1</sup>	Spain
Rodríguez II Parque Solar, S.L.	100% <sup>1</sup>	Spain
Seguisolar S.L.	100% <sup>1</sup>	Spain
Talasol Solar S.L.U.	51% <sup>1</sup>	Spain
Ellomay Solar S.L.	100% <sup>1</sup>	Spain
Ellomay Solar Spain Two S.L.	100% <sup>1</sup>	Spain
Ellomay Solar Spain Three S.L.	100% <sup>1</sup>	Spain
Ellomay Holdings Talmei Yosef Ltd.	100%	Israel
Ellomay Sun Team Ltd.	100% <sup>2</sup>	Israel
Ellomay Talmei Yosef Ltd.	100% <sup>3</sup>	Israel
Ellomay Water Plants Holdings (2014) Ltd.	100%	Israel
Ellomay Manara (2014) Ltd.	100% <sup>4</sup>	Israel
Ellomay Pumped Storage (2014) Ltd.	83.33% <sup>4</sup>	Israel
Chashgal Elyon Ltd.	75% <sup>5</sup>	Israel
Pumped Storage Electra LP	75% <sup>5</sup>	Israel
Groen Gas Goor B.V.	100% <sup>1</sup>	The Netherlands
Groen Gas Oude-Tonge B.V.	100% <sup>1</sup>	The Netherlands
Groen Gas Gelderland B.V.	100% <sup>1</sup>	The Netherlands
Ellomay Development Italy S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy One S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Two S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Three S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Four S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Five S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Six S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Seven S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Eight S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Nine S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Ten S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Eleven S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Twelve S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Thirteen S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Fourteen S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Fifteen S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Sixteen S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Seventeen S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Eighteen S.r.l	100% <sup>1</sup>	Italy
Ellomay Solar Italy Nineteen S.r.l	100% <sup>1</sup>	Italy
Ellomay USA GP, LLC	100%	Delaware, USA
Ellomay USA, LP	100% <sup>6</sup>	Delaware, USA
Ellomay USA, Inc.	100% <sup>7</sup>	Delaware, USA
Ellomay Solar Projects GP, LLC	100% <sup>8</sup>	Delaware, USA
Ellomay Texas Solar Projects, LP	100% <sup>8</sup>	Delaware, USA
Fairfield Solar Holdings LLC	100% <sup>9</sup>	Delaware, USA
Fairfield Solar Project LLC	100% <sup>10</sup>	Delaware, USA
Malakoff Solar Holdings LLC	100% <sup>9</sup>	Delaware, USA
Malakoff Solar I LLC	100% <sup>11</sup>	Delaware, USA
Malakoff Solar II LLC	100% <sup>11</sup>	Delaware, USA
Talco Solar Holdings LLC	100% <sup>9</sup>	Delaware, USA
Talco Solar LLC	100% <sup>12</sup>	Delaware, USA
Mexia Solar Holdings LLC	100% <sup>9</sup>	Delaware, USA
Mexia Solar I LLC	100% <sup>13</sup>	Delaware, USA
Mexia Solar II LLC	100% <sup>13</sup>	Delaware, USA

1. Held by Ellomay Luxembourg Holdings S.à.r.l.
2. Held by Ellomay Holdings Talmei Yosef Ltd.
3. Held by Ellomay Sun Team Ltd.
4. 75% is held by Ellomay Water Plants Holdings (2014) Ltd. and 25% is held by Sheva Mizrakot Ltd., in which Ellomay Water Plants Holdings (2014) Ltd. holds 33.333%.
5. Held by Ellomay Manara (2014) Ltd.
6. Directly and through Ellomay USA GP, LLC.
7. Through Ellomay USA, LP.
8. Through Ellomay USA Inc.
9. Through Ellomay Texas Solar Projects, LP.
10. Through Fairfield Solar Holdings LLC.
11. Through Malakoff Solar Holdings LLC.
12. Through Talco Solar Holdings LLC.
13. Through Mexia Solar Holdings LLC.

**Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934.**

I, Ran Fridrich, certify that:

1. I have reviewed this annual report on Form 20-F of Ellomay Capital Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 18, 2024

/s/ Ran Fridrich

Ran Fridrich  
Chief Executive Officer

**Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934.**

I, Kalia Rubenbach, certify that:

1. I have reviewed this annual report on Form 20-F of Ellomay Capital Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 18, 2024

/s/ Kalia Rubenbach  
Kalia Rubenbach  
Chief Financial Officer

**Certification Pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.**

In connection with the Annual Report on Form 20-F of Ellomay Capital Ltd. (the “Company”) for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned officers of the Company hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- A) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- B) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Ran Fridrichy*

\_\_\_\_\_  
Ran Fridrich  
Chief Executive Officer

*/s/ Kalia Rubenbach*

\_\_\_\_\_  
Kalia Rubenbach  
Chief Financial Officer

Date: April 18, 2024

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors  
Ellomay Capital Ltd.:

We consent to the incorporation by reference in the registration statements (Nos. 333-187533, 333-102288 and 333-92491) on Form S-8 and (Nos. 333-199696 and 333-144171) on Form F-3 of our report dated April 18, 2024, with respect to the consolidated financial statements of Ellomay Capital Ltd. and the effectiveness of internal control over financial reporting.

/s/ Somekh Chaikin

Somekh Chaikin  
Member firm of KPMG International

Tel-Aviv, Israel

April 18, 2024



**CONSENT OF INDEPENDENT AUDITORS**

We consent to the incorporation by reference in the registration statements (Nos. 333-187533, 333-102288 and 333-92491) on Form S-8 and (Nos. 333-199696 and 333-144171) on Form F-3 of Ellomay Capital Ltd. of our report dated February 29, 2024, with respect to the financial statements of Dorad Energy Ltd. which report appears in the Form 20-F of Ellomay Capital Ltd. dated April 18, 2024.

/s/ Somekh Chaikin

---

Somekh Chaikin  
Member Firm of KPMG International

Tel-Aviv, Israel

April 18, 2024

**ELLOMAY CAPITAL LTD.**  
**DODD-FRANK CLAWBACK POLICY**

The Board of Directors (the “Board”) of Ellomay Capital Ltd. (the “Company”) has adopted this clawback policy (the “Policy”) as a supplement to any other clawback policies in effect now or in the future at the Company to provide for the recovery of erroneously awarded Incentive-Based Compensation from Executive Officers. This Policy shall be interpreted to comply with the clawback rules found in 17 C.F.R. §240.10D and Section 811 of the Company Guide of the NYSE American LLC (the “Exchange”), and, to the extent this Policy is in any manner deemed inconsistent with such rules, this Policy shall be treated as retroactively amended to be compliant with such rules.

1. Definitions. 17 C.F.R. §240.10D-1(d) defines the terms “Executive Officer,” “Financial Reporting Measures,” “Incentive-Based Compensation,” and “Received.” As used herein, these terms shall have the same meaning as in that regulation.

2. Application of the Policy. This Policy shall only apply in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. In the event of such an accounting restatement, the Company will recover reasonably promptly the Erroneously Awarded Compensation Received in accordance with this Policy.

3. Recovery Period. The Incentive-Based Compensation subject to clawback is the Incentive-Based Compensation Received by an Executive Officer (1) after beginning service as an Executive Officer and (2) during the three completed fiscal years immediately preceding the date that the Company is required to prepare an accounting restatement as described in section 2, provided that the person served as an Executive Officer at any time during the performance period applicable to the Incentive-Based Compensation in question (whether or not such person is serving as an Executive Officer at the time the Erroneously Awarded Compensation is required to be repaid to the Company). The date that the Company is required to prepare an accounting restatement shall be determined pursuant to 17 C.F.R. §240.10D-1(b)(1)(ii).

(a) Notwithstanding the foregoing, the Policy shall only apply if the Incentive-Based Compensation is Received (1) while the Company has a class of securities listed on the Exchange and (2) on or after October 2, 2023.

(b) See 17 C.F.R. §240.10D-1(b)(1)(i) for certain circumstances under which the Policy will apply to Incentive-Based Compensation Received during a transition period arising due to a change in the Company’s fiscal year.

4. Erroneously Awarded Compensation. The amount of Incentive-Based Compensation subject to recovery under this Policy with respect to each Executive Officer in connection with an accounting restatement described in Section 2 (“Erroneously Awarded Compensation”) is the amount of Incentive-Based Compensation Received that exceeds the amount of Incentive Based-Compensation that otherwise would have been Received had it been determined based on the restated amounts and shall be computed without regard to any taxes paid. For Incentive-Based Compensation based on the Company’s stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an accounting restatement: (1) the amount shall be based on a reasonable estimate of the effect of the accounting restatement on the Company’s stock price or total shareholder return upon which the Incentive-Based Compensation was Received; and (2) the Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the Exchange.

---

5. Recovery of Erroneously Awarded Compensation. The Company shall recover reasonably promptly any Erroneously Awarded Compensation except to the extent that the conditions of paragraphs (a), (b), or (c) below apply. The Board shall determine the amount of Erroneously Awarded Compensation Received by each Executive Officer, shall promptly notify each Executive Officer of such amount and demand repayment or return of such compensation based on a repayment schedule determined by the Board in a manner that complies with this “reasonably promptly” requirement. Such determination shall be consistent with any applicable legal guidance, by the Securities and Exchange Commission (the “SEC”), judicial opinion, or otherwise. The determination of “reasonably promptly” may vary from case to case and the Board is authorized to adopt additional rules to further describe what repayment schedules satisfy this requirement.

(a) Erroneously Awarded Compensation need not be recovered if the direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered and the Board has made a determination that recovery would be impracticable. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Company shall make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the Exchange.

(b) Erroneously Awarded Compensation need not be recovered if recovery would violate home country law where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company shall obtain an opinion of home country counsel, acceptable to the Exchange, that recovery would result in such a violation and shall provide such opinion to the Exchange.

(c) Erroneously Awarded Compensation need not be recovered if recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

6. Board Decisions. Decisions of the Board with respect to this Policy shall be final, conclusive and binding on all Executive Officers subject to this Policy, unless determined to be an abuse of discretion.

7. No Indemnification. Notwithstanding anything to the contrary in any other policy of the Company or any agreement between the Company and an Executive Officer, no Executive Officer shall be indemnified by the Company against the loss of any Erroneously Awarded Compensation or any claims related to the Company’s enforcement of its rights under this Policy.

8. Agreement to Policy by Executive Officers. The Board shall take reasonable steps to inform Executive Officers of this Policy and obtain their agreement to this Policy, which steps may constitute the inclusion of this Policy as an attachment to any award that is accepted by the Executive Officer.

9. Other Recovery Rights. Any employment agreement, equity award agreement, compensatory plan or any other agreement or arrangement with an Executive Officer shall be deemed to include, as a condition to the grant of any benefit thereunder, an agreement by the Executive Officer to abide by the terms of this Policy. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company under applicable law, regulation or rule or pursuant to the terms of any policy of the Company or any provision in any employment agreement, equity award agreement, compensatory plan, agreement or other arrangement.

10. Disclosure. The Company shall file all disclosures with respect to this Policy required by applicable SEC filings and rules.

11. Amendments. The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary. Notwithstanding anything in this Section 11 to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, SEC rule or Exchange rule.

**EXHIBIT A**

## ELLOMAY CAPITAL LTD. DODD-FRANK CLAWBACK POLICY

## ACKNOWLEDGMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Ellomay Capital Ltd. (the “Company”) Dodd-Frank Clawback Policy (the “Policy”).

By signing this Acknowledgment Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company to the extent required by, and in a manner consistent with, the Policy.

Signature

---

Print Name

Date \_\_\_\_\_

---