**Econergy Renewable Energy Ltd.**

**Consolidated Interim Financial Statements**

**As of June 30, 2022**

(Unaudited)

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**Consolidated Statements of Financial Position**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | June 30 | | |  | December 31 |
|  |  | 2022 |  | 2021 |  | 2021 |
|  |  | Unaudited | | |  | Audited |
|  |  | EUR thousands | | | | |
| **Non-current assets** |  |  |  |  |  |  |
| Cash and cash equivalents |  | 44,574 |  | 11,294 |  | 87,499 |
| Accounts receivable and debit balances |  | 6,269 |  | 1,746 |  | 3,112 |
| Customers |  | 99 |  | 99 |  | 99 |
|  |  | 50,942 |  | 13,139 |  | 90,710 |
|  |  |  |  |  |  |  |
| **Non-current assets** |  |  |  |  |  |  |
| Long-term prepaid expenses |  |  |  | 176 |  | - |
| Restricted cash and deposits |  | 7,976 |  | - |  | 36 |
| Systems under construction and development  (including land) |  | 41,019 |  | 6,015 |  | 28,711 |
| Fixed assets |  | 313 |  | 193 |  | 191 |
| Right-of-use assets |  | 4,163 |  | 135 |  | 458 |
| Deferred tax asset |  | 9 |  | - |  | 5 |
| Loan to an associate |  | 11,208 |  | - |  |  |
| Investments in associates accounted for using the  equity method |  | 18,743 |  | 6,793 |  | 16,166 |
|  |  | 83,431 |  | 13,312 |  | 45,567 |
|  |  |  |  |  |  |  |
| Total assets |  | 134,373 |  | 26,451 |  | 136,277 |
|  |  |  |  |  |  |  |
| Current liabilities |  |  |  |  |  |  |
| Liabilities to suppliers and service providers |  | 802 |  | 668 |  | 1,143 |
| Accounts payable and credit balances |  | 1,576 |  | 992 |  | 4,870 |
| Liability in respect of contingent consideration |  | 6,575 |  | - |  | 2,115 |
| Financial liabilities at fair value through profit or loss |  | 1,430 |  | - |  | - |
|  |  | 10,383 |  | 1,660 |  | 8,128 |
| Non-current liabilities |  |  |  |  |  |  |
| Other long-term liabilities |  | 279 |  | 200 |  | 250 |
| Debt component in respect of convertible bonds |  | 59,098 |  | - |  | 59,793 |
| Conversion component at fair value through profit  or loss in respect of convertible bonds |  | 7,615 |  | - |  | 8,920 |
| Lease liabilities |  | 3,849 |  | 100 |  | 377 |
| Convertible loans |  | - |  | 20,608 |  | - |
|  |  | 70,841 |  | 20,908 |  | 69,340 |
|  |  |  |  |  |  |  |
| Equity attributed to the Company’s shareholders |  |  |  |  |  |  |
| Share capital and premium |  | 62,488 |  | 851 |  | 58,922 |
| Capital reserves |  | 7,643 |  | (51) |  | 11,228 |
| Capital Deficit |  | (17,714) |  | (3,290) |  | (12,115) |
|  |  | 52,417 |  | (2,490) |  | 58,035 |
|  |  |  |  |  |  |  |
| Non-controlling interests |  | 732 |  | 6,373 |  | 774 |
|  |  |  |  |  |  |  |
| Total equity |  | 53,149 |  | 3,883 |  | 58,809 |
|  |  |  |  |  |  |  |
| Total liabilities and equity |  | 134,373 |  | 26,451 |  | 136,277 |

The attached notes constitute an integral part of the consolidated interim financial statements.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| August 11, 2022 |  |  |  |  |  |  |
| Financial Statements Date of Approval |  | Mr. Eyal Podhorzer  Chairman of the Board of Directors and CEO |  | Nir Peleg  CFO |  | Mr. Yoav Shapira  Director and Deputy CEO |

**Consolidated Interim Statements of Profit or Loss and Other Comprehensive Income**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | For the 6 Months ended June 30 | | |  | For the 3 Months ended June 30 | | |  | For the  Year ended  December 31 |
|  |  | 2022 |  | 2021 |  | 2022 |  | 2021 |  | 2021 |
|  |  | Unaudited | | | | | | |  | Audited |
|  |  | EUR thousands (except Loss per Share) | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Revenue |  |  |  |  |  |  |  |  |  |  |
| Revenue from the provision of services |  | 1,056 |  | 422 |  | 345 |  | 225 |  | 976 |
|  |  |  |  |  |  |  |  |  |  |  |
| Expenses |  |  |  |  |  |  |  |  |  |  |
| Cost of revenues |  | 575 |  | \*) 235 |  | 320 |  | 382 |  | 764 |
| Development expenses |  | 797 |  | 331 |  | 282 |  | 233 |  | 1,166 |
| Administrative and general expenses |  | 3,080 |  | \*) 1,441 |  | 1,706 |  | 567 |  | 9,606 |
| The Company’s share in losses  of a company accounted for using the equity method |  | 485 |  | 94 |  | 119 |  | 28 |  | 518 |
|  |  |  |  |  |  |  |  |  |  |  |
| Operating loss |  | (3,881) |  | (1,679) |  | (2,082) |  | (985) |  | (11,078) |
|  |  |  |  |  |  |  |  |  |  |  |
| Financing income |  | 1,773 |  | \*) 13 |  | 478 |  | 205 |  | 1,492 |
| Financing expenses |  | 3,516 |  | \*) 602 |  | 1,785 |  | 624 |  | 1,633 |
|  |  |  |  |  |  |  |  |  |  |  |
| Financing expenses, net |  | 1,743 |  | 589 |  | 1,307 |  | 419 |  | 141 |
|  |  |  |  |  |  |  |  |  |  |  |
| Loss before taxes on income |  | (5,624) |  | (2,268) |  | (3,389) |  | (1,404) |  | (11,219) |
|  |  |  |  |  |  |  |  |  |  |  |
| Taxes on income |  | 17 |  | 7 |  | 4 |  | 4 |  | 61 |
|  |  |  |  |  |  |  |  |  |  |  |
| Loss for the period |  | (5,641) |  | (2,275) |  | (3,393) |  | (1,408) |  | (11,280) |
|  |  |  |  |  |  |  |  |  |  |  |
| Loss attributed to: |  |  |  |  |  |  |  |  |  |  |
| Company shareholders |  | (5,599) |  | (2,056) |  | (3,376) |  | (1,308) |  | (10,881) |
| Non-controlling interests |  | (42) |  | (219) |  | (17) |  | (100) |  | (399) |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  | (5,641) |  | (2,275) |  | (3,393) |  | (1,408) |  | (11,280) |
|  |  |  |  |  |  |  |  |  |  |  |
| Other comprehensive loss (after  the tax effect): |  |  |  |  |  |  |  |  |  |  |
| Amounts that will be classified  or reclassified to profit or loss  if specific conditions are met: |  |  |  |  |  |  |  |  |  |  |
| Adjustments stemming from  the translation of financial statements of foreign activities |  | (441) |  | (36) |  | (14) |  | 34 |  | 505 |
|  |  |  |  |  |  |  |  |  |  |  |
| Total other comprehensive income (loss) |  | (441) |  | (36) |  | (14) |  | 34 |  | 505 |
| Total comprehensive loss |  | (6,082) |  | (2,311) |  | (3,407) |  | (1,374) |  | (10,775) |
|  |  |  |  |  |  |  |  |  |  |  |
| Attributed to: |  |  |  |  |  |  |  |  |  |  |
| Company shareholders |  | (6,040) |  | (2,092) |  | (3,390) |  | (1,274) |  | (10,376) |
| Non-controlling interests |  | (42) |  | (219) |  | (17) |  | (100) |  | (399) |
|  |  | (6,082) |  | (2,311) |  | (3,407) |  | (1,374) |  | (10,775) |
| Loss per share in EUR |  |  |  |  |  |  |  |  |  |  |
| Basic loss per share |  | (0.12) |  | (1.04) |  | (0.07) |  | (0.65) |  | (0.44) |
|  |  |  |  |  |  |  |  |  |  |  |

The attached notes constitute an integral part of the consolidated interim financial statements.

\*) Reclassified

**Consolidated Statements of Changes in Equity**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Share Capital and Premium | Adjustments from the Translation of Financial Statements of Foreign Activities | Reserve for Transactions with Non-Controlling Interests | Capital Reserve  for Share-Based Payment | Capital Deficit | Total Equity (Deficit) attributed  to Company Shareholders | Non-Controlling Interests | Total |
|  | EUR thousands | | | | | | | |
|  |  |  |  |  |  |  |  |  |
| Balance as of January 1, 2022 (Audited) | 58,922 | 490 | 5,419 | 5,319 | (12,115) | 58,035 | 774 | 58,809 |
|  |  |  |  |  |  |  |  |  |
| Loss | - | - | - | - | (5,599) | (5,599) | (42) | (5,641) |
| Other comprehensive loss | - | (441) | - | - | - | (441) | - | (441) |
| Total comprehensive loss | - | (441) | - | - | (5,599) | (6,040) | (42) | (6,082) |
|  |  |  |  |  |  |  |  |  |
| Exercise of options | 3,566 | - | - | (3,566) | - | - | - | - |
| Cost of share-based payment | - | - | - | 422 | - | 422 | - | 422 |
|  |  |  |  |  |  |  |  |  |
| Balance as of June 30, 2022 (Unaudited) | 62,488 | 49 | 5,419 | 2,175 | (17,714) | 52,417 | 732 | 53,149 |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Share Capital and Premium | Adjustments from the Translation of Financial Statements of Foreign Activities | Reserve for Transactions with Non-Controlling Interests | Capital Reserve  for Share-Based Payment | Capital Deficit | Total Equity (Deficit) attributed  to Company Shareholders | Non-Controlling Interests | Total |
|  | EUR thousands | | | | | | | |
|  |  |  |  |  |  |  |  |  |
| Balance as of April 1, 2022 (Unaudited) | 62,424 | 63 | 5,419 | 2,035 | (14,338) | 55,603 | 749 | 56,352 |
|  |  |  |  |  |  |  |  |  |
| Loss | - | - | - | - | (3,376) | (3,376) | (17) | (3,393) |
| Other comprehensive loss | - | (14) | - | - | - | (14) | - | (14) |
| Total comprehensive loss | - | (14) | - | - | (3,376) | (3,390) | (17) | (3,407) |
|  |  |  |  |  |  |  |  |  |
| Exercise of options | 64 | - | - | (64) | - | - | - | - |
| Cost of share-based payment | - | - | - | 204 | - | 204 | - | 204 |
|  |  |  |  |  |  |  |  |  |
| Balance as of June 30, 2022 (Unaudited) | 62,488 | 49 | 5,419 | 2,175 | (17,714) | 52,417 | 732 | 53,149 |

The attached notes constitute an integral part of the consolidated interim financial statements.

**Consolidated Statements of Changes in Equity**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Share Capital and Premium | Adjustments from the Translation of Financial Statements of Foreign Activities | Capital Deficit | Total Equity (Deficit) attributed  to Company Shareholders | Non-Controlling Interests | Total |
|  |  |  | EUR thousands | | | | | | |
|  |  |  |  |  |  |  |  |  |
| Balance as of January 1, 2021 (Audited) |  |  | 845 | (15) | (1,234) | (404) | 6,592 | 6,188 |
|  |  |  |  |  |  |  |  |  |
| Loss |  |  | - | - | (2,056) | (2,056) | (219) | (2,275) |
| Other comprehensive loss |  |  | - | (36) | - | (36) | - | (36) |
| Total comprehensive loss |  |  |  | (36) | (2,056) | (2,092) | (219) | (2,311) |
|  |  |  |  |  |  |  |  |  |
| Shareholder investments |  |  | 6 | - | - | 6 | - | 6 |
|  |  |  |  |  |  |  |  |  |
| Balance as of June 30, 2021 (Unaudited) |  |  | 851 | (51) | (3,290) | (2,490) | 6,373 | 3,883 |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | Share Capital and Premium | Adjustments from the Translation of Financial Statements of Foreign Activities | Capital Deficit | Total Equity (Deficit) attributed  to Company Shareholders | Non-Controlling Interests | Total | |
|  |  |  | EUR thousands | | | | | |
|  |  |  |  |  |  |  |  |  | |
| Balance as of April 1, 2021 (Unaudited) |  |  | 851 | (85) | (1,982) | (1,216) | 6,473 | 5,257 | |
|  |  |  |  |  |  |  |  |  | |
| Loss |  |  | - | - | (1,308) | (1,308) | (100) | (1,408) | |
| Other comprehensive loss |  |  | - | 34 |  | 34 | - | 34 | |
| Total comprehensive loss |  |  | - | 34 | (1,308) | (1,274) | (100) | (1,374) | |
|  |  |  |  |  |  |  |  |  | |
| Balance as of June 30, 2021 (Unaudited) |  |  | 851 | (51) | (3,290) | (2,490) | 6,373 | 3,883 | |

The attached notes constitute an integral part of the consolidated interim financial statements.

**Consolidated Statements of Changes in Equity**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Share Capital and Premium | Adjustments from the Translation  of Financial Statements  of Foreign Activities | Reserve for Transactions with Non-Controlling Interests | Capital Reserve for Share-Based Payment | Accumulated Deficit | Total Equity (Capital Deficit) attributed  to Company Shareholders | Non-Controlling Interests | Total equity |
|  |  | EUR thousands | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |
| Balance as of January 1, 2021 (Audited) |  | 845 | (15) | - | - | (1,234) | (404) | 6,592 | 6,188 |
|  |  |  |  |  |  |  |  |  |  |
| Loss |  | - | - | - | - | (10,881) | (10,881) | (399) | (11,280) |
| Other comprehensive income |  | - | 505 | - | - | - | 505 | - | 505 |
| Total comprehensive loss |  | - | 505 | - | - | (10,881) | (10,376) | (399) | (10,775) |
|  |  |  |  |  |  |  |  |  |  |
| Issuance of share capital, net of issue expenses |  | 35,861 | - |  | - | - | 35,861 | - | 35,861 |
| Issuance of share capital |  | 1,551 | - |  | - | - | 1,551 | - | 1,551 |
| Conversion of convertible loan |  | 20,665 | - |  | - | - | 20,665 | - | 20,665 |
| Transfer of subsidiaries’ shares to the Company |  | - | - | 5,419 | - | - | 5,419 | (5,419) | - |
| Cost of share-based payment |  | - | - | - | 5,319 | - | 5,319 | - | 5,319 |
|  |  |  |  |  |  |  |  |  |  |
| Balance as of December 31, 2021 (Audited) |  | 58,922 | 490 | 5,419 | 5,319 | (12,115) | 58,035 | 774 | 58,809 |

The attached notes constitute an integral part of the consolidated interim financial statements.

**Consolidated Statements of Cash Flows**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | For the 6 Months ended June 30 | | |  | For the 3 Months ended June 30 | | |  | For the  Year ended  December 31 |
|  |  | 2022 |  | 2021 |  | 2022 |  | 2021 |  | 2021 |
|  |  | Unaudited | | | | | | |  | Audited |
|  |  | EUR thousands | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Cash flows from operating activities |  |  |  |  |  |  |  |  |  |  |
| Loss |  | (5,641) |  | (2,275) |  | (3,393) |  | (1,408) |  | (11,280) |
|  |  |  |  |  |  |  |  |  |  |  |
| Adjustments required to present cash flows from the Company’s operating activities: | | | | | | | | | | |
| Adjustments of profit or loss items: |  |  |  |  |  |  |  |  |  |  |
| Financing expenses, net |  | 1,743 |  | 589 |  | 1,307 |  | 419 |  | 141 |
| Cost of share-based payment |  | 422 |  | - |  | 204 |  | - |  | 5,319 |
| Depreciation and amortizations |  | 94 |  | 18 |  | 46 |  | 9 |  | 90 |
| The Company’s share in losses of a company accounted for using the equity method |  | 485 |  | 94 |  | 119 |  | 28 |  | 518 |
| Taxes on income |  | 17 |  | - |  | 4 |  | (3) |  | 61 |
|  |  | 2,761 |  | 701 |  | 1,680 |  | 453 |  | 6,129 |
|  |  |  |  |  |  |  |  |  |  |  |
| Changes in asset and liability items: |  |  |  |  |  |  |  |  |  |  |
| Decrease (increase) in accounts receivable and debit balances |  | (2,177) |  | (1,000) |  | (2,037) |  | 73 |  | (2,505) |
| Increase in customers |  | - |  | (1) |  | - |  | - |  | (1) |
| Increase (decrease) in liabilities to suppliers and service providers |  | (338) |  | 594 |  | (111) |  | 553 |  | 1,049 |
| Increase (decrease) in accounts payable and credit balances |  | (3,997) |  | 98 |  | 17 |  | 157 |  | \*) 1,041 |
| Increase in other long term liabilities |  | 29 |  | - |  | 16 |  | - |  | 50 |
|  |  | (6,483) |  | (309) |  | (2,115) |  | 783 |  | (366) |
|  |  |  |  |  |  |  |  |  |  |  |
| Net cash used in operating activities |  | (9,363) |  | (1,883) |  | (3,828) |  | (172) |  | (5,517) |
|  |  |  |  |  |  |  |  |  |  |  |
| Cash flows from investing activities |  |  |  |  |  |  |  |  |  |  |
| Change in restricted cash |  | (7,940) |  | - |  | (7,938) |  | - |  | (36) |
| Provision of loan to an associate |  | (10,929) |  | - |  | (2,078) |  | - |  | - |
| Investment in a company accounted for using the equity method |  | (1,239) |  | (550) |  | (339) |  | (550) |  | (10,347) |
| Purchase of assets consolidated for the first time (see Appendix A) |  | (2,695) |  | - |  | - |  | - |  | (13,746) |
| Investment in systems in development (including land) |  | (6,506) |  | (5,066) |  | (2,847) |  | (3,152) |  | \*) (8,842) |
| Investment in other fixed assets |  | (143) |  | (175) |  | (60) |  | (80) |  | (197) |
|  |  |  |  |  |  |  |  |  |  |  |
| Net cash used in investing activities |  | (29,452) |  | (5,791) |  | (13,262) |  | (3,782) |  | (33,168) |
|  |  |  |  |  |  |  |  |  |  |  |
| Cash flows from financing activities |  |  |  |  |  |  |  |  |  |  |
| Issuance of shares, net of issue costs |  | - |  | 6 |  | - |  | - |  | 37,412 |
| Issuance of convertible bonds (net of issue expenses) |  | - |  | - |  | - |  | - |  | 68,254 |
| Repayment of contingent liability |  | (1,207) |  | - |  | (1,207) |  | - |  | - |
| Payment of interest in respect of convertible bonds |  | (942) |  | - |  | (942) |  | - |  | - |
| Payment of lease reserve |  | (142) |  | (20) |  | (97) |  | (10) |  | (63) |
| Receipt of convertible loan |  | - |  | 17,261 |  | - |  | (253) |  | 17,526 |
| Long-term prepaid issue expenses |  | - |  | 176)) |  | - |  | (176) |  | - |
|  |  |  |  |  |  |  |  |  |  |  |
| Net cash provided by (used in) financing activities |  | (2,291) |  | 17,071 |  | (2,246) |  | (439) |  | 123,129 |
|  |  |  |  |  |  |  |  |  |  |  |
| Exchange rate differences in respect of cash and cash equivalent balances |  | (1,819) |  | - |  | (189) |  | - |  | 1,158 |
| Total change in cash and cash equivalents |  | (42,925) |  | 9,397 |  | (19,525) |  | (4,393) |  | 85,602 |
| Cash and cash equivalents at beginning of period |  | 87,499 |  | 1,897 |  | 64,099 |  | 15,687 |  | 1,897 |
| Cash and cash equivalents at end of period |  | 44,574 |  | 11,294 |  | 44,574 |  | 11,294 |  | 87,499 |

\*Adjusted retrospectively due to share capital consolidation,

\*The attached notes constitute an integral part of the consolidated interim financial statements.

**Consolidated Statements of Cash Flows**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | For the 6 Months ended  June 30 | | |  | For the 3 Months ended  June 30 | | |  | For the Year ended  December 31 |
|  |  | 2022 |  | 2021 |  | 2022 |  | 2021 |  | 2021 |
|  |  | Unaudited | | | | | | |  | Audited |
|  |  | EUR thousands (except Loss per Share) | | | | | | | | |
|  |  |  |  |  |  |  |  |  |  |  |
| Appendix A – Purchase of assets consolidated for the first time |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Accounts receivable and debit balances |  | - |  | - |  | - |  | - |  | 83 |
| Systems under construction and development |  | (2,695) |  | - |  | - |  | - |  | 15,797 |
| Suppliers and service providers |  | - |  | - |  | - |  | - |  | (20) |
| Liability for deferred consideration |  | - |  | - |  | - |  | - |  | (2,115) |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  | (2,695) |  | - |  | - |  | - |  | 13,746 |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Appendix B – Material non-cash activities |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |
| Initial recognition of right-of-use asset and lease liabilities |  | 3,736 |  | - |  | 1,619 |  | - |  | - |
| Distribution from associate |  | (1,001) |  | - |  | (1,001) |  | - |  | - |
| Investment in systems in development (including land) |  | 3,107 |  | - |  | - |  | - |  | \*) 3,123 |
| Investment in associate |  | 2,824 |  |  |  |  |  |  |  |  |
| Conversion of loan into shares |  | - |  | - |  | - |  | - |  | 20,665 |
|  |  |  |  |  |  |  |  |  |  |  |
|  |  | 8,666 |  | - |  | 618 |  | - |  | 23,788 |

\*Adjusted retrospectively due to share capital consolidation,

The attached notes constitute an integral part of the consolidated interim financial statements.

Note 1:- General

A. Econergy Renewable Energy Ltd. (hereinafter - “the Company”) was incorporated and registered in Israel in February 2021. The Company operates through subsidiaries developing, building and managing renewable energy projects.

On July 9, 2021, the Company completed it's listing for trading on the Tel Aviv Stock Exchange and became a public company.

B. Completion of a structural change procedure

On February 1, 2021, the Company submitted a request for a structural change to the tax authorities. On July 9, 2021 (hereinafter - the “completion date”), the structural change procedure was completed, according to which:

1. All shares (100%) in the issued and paid-up capital of Econergy International UK were transferred to the Company according to Section 104B of the Income Tax Ordinance in consideration for the allotment of the Company’s ordinary shares to the shareholders of Econergy International UK.

2. All the shares of the controlling shareholders in the general partner in the Econergy Development Partnership (constituting 100% of the issued and paid-up capital of the general partner in the Econergy Development Partnership 1) were transferred to the Company according to Section 104H of the Income Tax Ordinance in consideration for the allotment of the Company’s ordinary shares.

3. The rights of the limited partners (also including the controlling shareholders) in Econergy Development 1 were transferred to the Company according to Section 104H of the Income Tax Ordinance in consideration for the allotment of the Company’s ordinary shares.

Since the Company acquired these activities from the transferring entities, which are controlled by the Company’s controlling shareholder before and after the acquisition, the acquisition does not constitute a business combination within the scope of International Financial Reporting Standard 3 (IFRS 3). As a result, the Company handled the above acquisitions in a manner similar to the Pooling of Interests method.

The Company has prepared these consolidated interim financial statements in order to reflect the structural change as if it had occurred at the beginning of the earliest period presented in the statements (January 1, 2020). In addition, the consolidated interim financial statements include the consolidated financial position, results of operations and consolidated cash flows of the Company and of the merged companies as if they had always been owned by the Company. Consolidated interim statements of changes in equity were also presented according to the As Pooling method while making necessary adjustments in the various sections absorbed in the

Note 1:- General (continued)

share premium item to reflect the legal rights of the majority shareholders in the Company and the non-controlling interests up to and after the date of the merger, respectively. The effect of the merger on the rights of the majority shareholders and non-controlling interests was recorded on the date of the merger to the items ‘Share Premium’ and “Transactions with Non-Controlling Shareholders”, respectively.

C. Impact of the Corona virus

Following the trend of a renewed increase in the incidence of the Corona virus at the end of 2021 and during the beginning of 2022, for most of the reporting period and as of the date of approval of the report, most of the restrictions were removed in the company's countries of activity and it appears that the impact of restrictions and morbidity on activity is diminishing as economies adapt themselves to a state of activity alongside the corona, the improvement in the rate of immunization and patient care.

The Company estimates that there is still uncertainty regarding the future development of the corona pandemic and its various effects, especially in light of the rising trend in morbidity as of the date of this Report. However, the Company estimates that the cumulative experience of the health systems around the world (especially in Europe where the Company's activities are concentrated) in dealing with the pandemic will enable a return to routine alongside the Corona pandemic in the long term.

During the corona crisis in 2021, there has been a slowdown in the issuance of building permits for construction projects of renewable energy systems in Europe following the restrictions on movement imposed as part of dealing with the crisis. As of the date of the report in the countries of activity, there is a willingness and actions are being taken by the governments with the aim of facilitating and promoting the process. In addition, in the context of the corona crisis, during 2021 there were increases in the prices of raw materials for the production of solar panels and in transportation costs. This trend became more and more acute during the reporting period with the outbreak and continuation of the war in Ukraine. Together with these factors, the effect of the increase in price indices and increases in interest rates also affect the costs of equipment and services. Recently there was a decrease in the transportation costs of products around the world, but the Company estimates that this decrease does not materially affect the costs of raw materials, which remain at a high level.

From the Company’s perspective, the spread of the Corona virus, the delays, restrictions and the economic crisis that was created, all of the above had an insignificant effect on the Group's activities in the short term. The development, licensing, planning and construction of projects in the various countries in which the Company operates are continuing, in general, as usual. In addition, as of the date of approval of these consolidated interim financial statements, the supply of raw materials and engagements with the Group's main contractors continue as usual.

Note 1:- General (continued)

At this stage the Company is unable to assess how and to what extent the Group's activities will be affected, especially in the medium and long term, with the looming fear of a global recession that could result in negative changes in financing prices and in exchange rates, and could result in changes in electricity rates. Consequently, the following are several aspects in connection with the Corona virus events which, given the continuation of the economic crisis, may have an impact on the Company's activities:

1. A delay in the schedules of the Company's projects that are in the construction and development stages resulting, among other things, from the suspension of flights in the countries where the Company operates.

2. A delay in the schedules of the Company's projects that are in the construction stages due to delays in the supply of imported equipment and raw materials.

3. Sharp fluctuations in exchange rates may affect the construction costs denominated in foreign currency of projects that are in the construction and development stages.

4. Increases in the prices of raw materials for the production of solar panels and in transportation costs.

The Company estimates that according to the information in its possession as of the date of approval of these consolidated interim financial statements and taking into account the uncertainty involved in the crisis, the crisis is not expected to have a material adverse effect on the Company's activities. However, it is unable to estimate how it will affect its activities as the crisis worsens in the near future.

As of the date of the report, the Company's management and Board of Directors believe that the Company has the ability to meet its existing and anticipated obligations in the foreseeable future.

D. In accordance with the provisions of Regulation 9C and Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970, the Company chose not to include separate financial information due to the negligible addition of information in the separate financial statement compared to the information included in the consolidated statements.

Note 2:- Significant Accounting Policies

1. Preparation format of the consolidated interim financial statements

These financial statements were prepared in a condensed format as of June 30, 2022 and for the six- and three-month periods ended on that date (hereinafter - “Consolidated Interim Financial Statements”). These statements should be read in conjunction with the Company's consolidated annual financial statements as of December 31, 2021 and for

Note 2:- Significant Accounting Policies (continued)

the year ended on that date and their accompanying notes (hereinafter - the “Consolidated Annual Financial Statements”).

The consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 - “Interim Financial Reporting”, and in accordance with the disclosure provisions of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The accounting policy applied in preparation of the consolidated interim financial statements is consistent with that applied in preparation of the consolidated annual financial statements.

B. Initial application of amendments to existing accounting standards

1. Amendment to IFRS 3 - Business Combinations

In May 2020, the IASB issued an amendment to IFRS 3 - Business Combinations, with respect to the conceptual framework. The amendment is intended to replace the reference to the framework for preparing and presenting financial statements with reference to the conceptual framework for financial reporting published in March, 2018 without significantly changing its requirements.

The amendment added an exception to the principle of recognition of a liability in accordance with IFRS 3 in order to avoid situations of recognition of gains or losses immediately following the business combination ('day 2 gain or loss') stemming from liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21, if recognized separately.

According to the exception, the acquirer will apply the provisions of IAS 37, or IFRIC 21, as the case may be, in order to determine whether on the date of the acquisition there is a present obligation as a result of the past event, or whether the binding event which creates an obligation to pay the levy occurred up to the date of acquisition, respectively, and not in accordance with the definition of a liability in the conceptual framework.

The amendment also clarifies that contingent assets will not be recognized at the time of the business combination.

The above amendment had no effect on the financial statements.

1. Project for improvements in international standardization for the years 2018-2020

In May 2020, the IASB issued certain amendments as part of the 2018-2020 cycle improvement project, with the main amendment referring to IFRS 9.

Note 2:- Significant Accounting Policies (continued)

The amendment to IFRS 9 clarifies what fees the Company must include when it performs the "10 percent" test according to Section B.3.3.6 of IFRS 9, for the purpose of examining whether the terms of a debt instrument that has been adjusted or replaced are materially different from the original debt instrument.

According to the amendment, when determining fees paid less fees received, in the cash flows, the borrower only includes fees paid or received between the borrower and the lender, including fees paid or received by the borrower or the lender for the benefit of the other.

The Amendment is implemented for annual reporting periods beginning on or after January 1, 2022. The amendment is applied to financial liabilities that have been amended or replaced starting from the year in which the amendment to the standard is first implemented, that is, starting from January 1, 2022.

Note 3:- Significant Events in the Reporting Period and Subsequent to the Date of the Statement of Financial Position

1. During January 2022, the Company and a consolidated company, Econergy International UK signed an agreement for a loan to an associate, Ratesti Solar Plant SRL for the project’s construction.

The loan bears annual interest at a rate of 6%. The loan and interest will be repaid no later than November 29, 2026.

As of June 30, 2022, the balance of the loan and the accrued interest amounts to approx. EUR 11.2 million.

1. On February 15, 2022, the Company signed a Term Sheet with The Phoenix Insurance Company Ltd. (hereinafter - “The Phoenix"), regarding a possible entry into the Partnership and the provision of financing by The Phoenix for the Company's projects in Romania and Poland totaling approx. EUR 150 million, as detailed below (hereinafter - the "Term Sheet").

According to the Term Sheet, The Phoenix will provide the Company with loans totaling up to EUR 150 million that can be utilized over a period of two years for the financing of part of the construction costs of the Company's projects as detailed below, subject to terms to be agreed between the parties in binding partnership and loan agreements (hereinafter - the “Loan” and the “Agreements").

For the granting of the loan, the Company will establish a wholly owned entity (the "Subsidiary") which will hold (indirectly, through holdings in partnerships) the full shares of the companies established up to the date of signing the agreements or that will be established until the date of the full utilization of the loan by the Company, for the construction and operation of the Company’s photovoltaic solar projects in Poland and Romania (the "Project Partnerships", and the "Projects", respectively).

Note 3:- Significant Events in the Reporting Period and Subsequent to the Date of the Statement of Financial Position (continued)

According to the Term Sheet, The Phoenix will grant each project that reaches the RTB stage, as detailed in the Term Sheet ("Approved Project"), a loan of 66.67% of the project’s construction cost ("Project Loan"), with the Company financing the balance of the project cost by investing in the capital of the subsidiary and/or a shareholder loan to the subsidiary.

The Company will be entitled to receive from each project partnership, in respect of the approved projects, the following amounts:

- In respect of management services for the construction work (EPCM) of each approved project – 1.5% of the project’s construction cost;

- In respect of project management services – an amount of EUR 3,600 per MW for each approved project for an initial period of 10 years from the date of the project’s commercial operation (the arrangement will be automatically renewed for another 10 years under certain conditions);

- Revenues from the realization of development – an amount of EUR 100,000 per MW installed and connected if a convertible loan has been converted into capital;

As of the date of approval of the consolidated interim financial statements, binding agreements have not yet been signed between the parties.

1. On February 18, 2022, the Company entered into an agreement for the acquisition of the full issued share capital of Alternativ Investment Solution SRL. The acquired company is in advanced development stages of solar systems in Romania with a capacity of 44 MW.

As of the date of approval of the consolidated interim financial statements, the preconditions for the transaction’s completion have not yet been met and the Company has invested an amount of approx. EUR 1.5 million in this project, constituting 50% of the consideration amount, which is presented in ‘systems under construction and development’.

1. On March 22, 2022 the Company entered into a binding agreement for the acquisition of the full issued share capital of a company that holds rights for the construction, operation, maintenance and connection to the electricity grid of a storage project (using batteries) with a capacity of approx. 80 MW in the UK and which is at ready to build status.

As of the date of approval of the consolidated interim financial statements, the Company has invested an amount of approx. EUR 2.7 million in cash. The acquired assets are presented in ‘systems under construction and development’.

Note 3:- Significant Events in the Reporting Period and Subsequent to the Date of the Statement of Financial Position (continued)

1. On April 18, 2022, the Company entered into a binding agreement for the acquisition of 49% of the issued share capital of a Company that was incorporated and registered in Greece and that owns all the shares of two companies incorporated and registered in Greece that are each in the process of developing a solar photovoltaic facility for electricity generation, one with a capacity of approx. 240 MW and the other with approx. 220 MW, in the Kilkis district in Greece. On May 16, the transaction was completed.

As of the date of approval of the consolidated interim financial statements, the Company has invested an amount of approx. EUR 340 thousand in respect of this acquisition. The balance of the consideration will be paid accordingly, subject to the meeting of the milestones detailed in the agreement, which is presented under ‘liabilities in respect of contingent consideration’.

The Company and the other shareholder provided a guarantee of EUR 35,000 per megawatt, each according to its relative share, as part of the procedure for obtaining the license to connect the projects to the electricity grid in Greece.

1. On May 19, 2022, the Company's Board of Directors approved the allocation of options according to an outline in accordance with the Securities Regulations (Details of an Outline of an Offer of Securities to Employees), 2000, and as a private offering that is not a substantial private offering or an exceptional private offering according to the Securities Regulations (Private Offering of Securities of a Listed Company), 2000, of 1,400,000 of the Company’s options that are not listed for trading, exercisable for up to 1,400,000 of the Company’s no-par value ordinary shares according to the Company's option plan, to offerees who are employees of the Company and/or its subsidiaries and/or service providers of the Company and/or its subsidiaries, and to the trustee for use as a pool for future grants of options to offerees who, at the time of the allocation, will be employees of the Company and/or subsidiaries of the Company.

In the outline, it was stated that the actual allocation of the options is subject to several significant conditions, including receipt of Income Tax approval and receipt of TASE approval for the listing of the exercise shares resulting from the options for trading (which was received on June 28, 2022). On July 3, 2022, with all the conditions having been met for the allocation, the Company's Board of Directors approved the actual allocation of the aforementioned options, including their exercise price, which was set at NIS 19.14, and the options were allocated to the trustee and the offerees.

Note 3:- Significant Events in the Reporting Period and Subsequent to the Date of the Statement of Financial Position (continued)

1. On June 7, 2022 the Company entered into an agreement for the acquisition of the full issued share capital of a company that holds rights for the construction, operation, maintenance and connection to the electricity grid of a storage project (using batteries) with a capacity of approx. 70 MW in the UK and which is at approaching construction status.

The consideration for the acquisition of the project will be paid subject to the meeting of the milestones specified in the agreement, which is presented in the consolidated interim financial statements under ‘liabilities in respect of contingent consideration’, while the acquired property is presented in ‘systems under construction and development’.

1. On June 24, 2022, the Company signed a Term Sheet with the French Infragreen fund ("RG") regarding an investment of EUR 50 million in the capital of the subsidiary in the UK and an investment and provision of financing for the Company's projects in the total amount of approx. EUR 200 million, as detailed below (the "Term Sheet").
2. The main points of the Term Sheet regarding the investment in Econergy International UK’s capital -

RG will invest an amount of EUR 50 million in the capital of Econergy International UK (the "Investment"), in consideration for the allocation of Econergy International UK shares that will constitute 12.5% of Econergy International UK’s share capital after the investment, in a way that reflects a value of Econergy International UK of EUR 350 million, before the funds. If the Company provides financing to Econergy International UK in the future, whether through a shareholder loan or an investment in equity, RG will be entitled to participate in pro rata financing relative to the proportion of its holdings in Econergy International UK. If RG chooses not to participate in such a future investment, its holding in Econergy International UK will be diluted according to the mechanisms agreed between the parties.

1. The main points of the Term Sheet regarding the collaboration with RG -

In addition to RG's commitment to an investment of EUR 50 million in the Company's Parau project in Romania, it will commit to invest an additional amount of EUR 150 million for the construction of projects by Econergy International UK (and/or any of its affiliates) provided that the collaboration with RG will be through a joint investment (50/50) of Econergy International UK and RG and that Econergy International UK will be obliged to present to RG all the projects it owns that reach the ready to build (RTB) stage, until the total amount expected to be invested in those projects reaches EUR 150 million (in addition to the investment of EUR 50 million in the project in Romania), subject to the Company's previous commitment to The Phoenix for carrying out investments in projects developed by Econergy International UK.

Note 3:- Significant Events in the Reporting Period and Subsequent to the Date of the Statement of Financial Position (continued)

3. Additional information regarding the collaboration with RG -

* Econergy International UK and RG will inject into the equity of each project 25% of the total investment required for the construction of the project. The remaining financing (50%) will be provided by RG as a convertible bond bearing an accepted interest rate in the market for similar transactions. The full financing required for the construction of each project will be provided to the project company as equity and as a shareholder loan. In the event that a bank financing project is granted to replace the owner loans, then the converted loan will be converted into capital and the owner loan funds released will be used for investment in another project that will be held in equal parts by the parties. If the parties do not invest in another project, the shareholder loan funds that will be released will be used to repay the convertible loan.
* For each project in which RG will invest under the collaboration with RG, Econergy International UK will be entitled to receive revenues from the realization of development at a rate of between EUR 100,000 and EUR 140,000 per installed MW, according to the expected return in each project.
* Econergy International UK (or a company under its control) will provide each project company with management services for the construction work (EPCM) amounting to 1.5% of the project's construction cost, as well as management services for the project after it is connected to the electricity grid for a first period of 10 years from the date of the project’s commercial operation amounting to 4% of the project's annual revenues, after which the arrangement regarding project management services will be renewed automatically for another 10 years.

1. As detailed in Note 13 to the consolidated annual financial statements, as part of the issuance of the bonds (Series A), the Company undertook that as long as the bonds have not yet been repaid in full, it will meet the financial covenants detailed below:

* Equity will not be less than EUR 35 million over a period of two consecutive quarters.
* The ratio between the Company's financial debt and total assets, as defined in the deed of trust, will not exceed a rate of 75% over a period of two consecutive quarters.
* From the date of publication of the financial statements, until the period ended June 30, 2024, the ratio between the financial debt and the adjusted consolidated EBITDA will not exceed 18 over a period of two consecutive quarters.

As of June 30, 2022, the Company is in compliance with all the financial criteria in accordance with the deed of trust as stated above.

Note 3:- Significant Events in the Reporting Period and Subsequent to the Date of the Statement of Financial Position (continued)

1. Further to Note 18d to the Company's consolidated annual financial statements as of December 31, 2021, as part of the UBS agreement, the UBS fund is obligated to pay an agreed fixed amount as the consideration for the development activity for each MW in the project, according to the relative share of Econergy Archmore, an associate, in its share in the project and invest additional amounts alongside the RGreen fund, according to its 50% share in the project, for the construction of the projects.

In the reporting period, projects with a capacity of 15.05 MW completed the advanced licensing stage and reached the ready to build (RTB) stage.

On May 23, 2022, the Econergy Archmore Board of Directors "received" the projects (approval of their acquisition and approval of the amount of investment required for their construction) and it was decided to move forward to the construction stage.

As of the date of approval of the consolidated interim financial statements, the RGreen fund has injected its share required for the construction of the projects.

During July 2022, UBS injected the funds required for the acquisition of the projects and the investment required for their construction and at the same time Econergy Archmore distributed a dividend to Econergy Devlux, an investee, in the amount of the consideration for the development activity.

Note 4:- Guarantees and Liens

The total off-balance sheet liabilities as of June 30, 2022 for guarantees amount to approx. EUR 11.7 million.

Some of the agreements in which the Company has engaged include the provision of a guarantee under which the Company has a deposit pledged to a bank and an insurance company.

The total off-balance sheet liabilities as of June 30, 2022 in respect of encumbrances amounts to approx. EUR 2.6 million.

Note 5:- Operating Segments

As stated in Note 21 to the consolidated annual financial statements, the Company’s operating segments were determined based on the information reviewed by the Chief Operating Decision Maker (CODM) for the purposes of resource allocation and performance evaluation.

For management purposes, the Company examines the business results according to geographical operating segments.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Italy | UK | Romania | Poland | Spain | Adjustments to the Financial Statements | Total |
|  |  | Unaudited | | | | | | |
|  |  | EUR thousands | | | | | | |
|  |  |  |  |  |  |  |  |  |
| For the 6 months ended June 30, 2022 |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Segment results |  | 309 | (1,419) | 285 | 174 | - | 335 | (316) |
|  |  |  |  |  |  |  |  |  |
| Administrative and general expenses |  |  |  |  |  |  |  | (3,080) |
| The Company’s share in losses companies accounted for using the equity method |  |  |  |  |  |  |  | (485) |
| Financing expenses, net |  |  |  |  |  |  |  | (1,743) |
| Taxes on income |  |  |  |  |  |  |  | (17) |
|  |  |  |  |  |  |  |  |  |
| Loss |  |  |  |  |  |  |  | (5,641) |
|  |  |  |  |  |  |  |  |  |
| Comprehensive loss |  |  |  |  |  |  |  | (6,082) |
|  |  |  |  |  |  |  |  |  |
| As of June 30, 2022 |  |  |  |  |  |  |  |  |
| Total assets |  | 12,919 | 114,315 | 8,219 | 1,503 | 1,824 | (4,407) | 134,373 |
| Total liabilities |  | (12,584) | (78,449) | (8,119) | (994) | (1,950) | 20,872 | (81,224) |

Note 5:- Operating Segments (continued)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Italy | UK | Romania | Poland | Spain | Adjustments to the Financial Statements | Total |
|  |  | Unaudited | | | | | | |
|  |  | EUR thousands | | | | | | |
|  |  |  |  |  |  |  |  |  |
| For the 6 months ended June 30, 2021 |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Segment results |  | 298 | (1,745) | 97 | 134 | - | 799 | (417) |
|  |  |  |  |  |  |  |  |  |
| Administrative and general expenses |  |  |  |  |  |  |  | (1,168) |
| The Company’s share in losses companies accounted for using the equity method |  |  |  |  |  |  |  | (94) |
| Financing expenses, net |  |  |  |  |  |  |  | (589) |
| Taxes on income |  |  |  |  |  |  |  | (7) |
|  |  |  |  |  |  |  |  |  |
| Loss |  |  |  |  |  |  |  | (2,275) |
|  |  |  |  |  |  |  |  |  |
| Comprehensive loss |  |  |  |  |  |  |  | (2,311) |
|  |  |  |  |  |  |  |  |  |
| As of June 30, 2021 |  |  |  |  |  |  |  |  |
| Total assets |  | 12,391 | 11,245 | 502 | 381 | - | 1,932 | 26,451 |
| Total liabilities |  | (5,033) | (14,540) | (458) | (449) | - | (2,088) | (22,568) |

Note 5:- Operating Segments (continued)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Italy | UK | Romania | Poland | Spain | Adjustments to the Financial Statements | Total |
|  |  | Unaudited | | | | | | |
|  |  | EUR thousands | | | | | | |
|  |  |  |  |  |  |  |  |  |
| For the 3 months ended June 30, 2022 |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Segment results |  | 304 | (913) | 76 | 88 | - | 188 | (257) |
|  |  |  |  |  |  |  |  |  |
| Administrative and general expenses |  |  |  |  |  |  |  | (1,706) |
| The Company’s share in losses companies accounted for using the equity method |  |  |  |  |  |  |  | (119) |
| Financing expenses, net |  |  |  |  |  |  |  | (1,307) |
| Taxes on income |  |  |  |  |  |  |  | (4) |
|  |  |  |  |  |  |  |  |  |
| Loss |  |  |  |  |  |  |  | (3,393) |
|  |  |  |  |  |  |  |  |  |
| Comprehensive loss |  |  |  |  |  |  |  | (3,407) |
|  |  |  |  |  |  |  |  |  |
| As of June 30, 2022 |  |  |  |  |  |  |  |  |
| Total assets |  | 12,919 | 114,315 | 8,219 | 1,503 | 1,824 | (4,407) | 134,373 |
| Total liabilities |  | (12,584) | (78,449) | (8,119) | (994) | (1,950) | 20,872 | (81,224) |

Note 5:- Operating Segments (continued)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Italy | UK | Romania | Poland | Spain | Adjustments to the Financial Statements | Total |
|  |  | Unaudited | | | | | | |
|  |  | EUR thousands | | | | | | |
|  |  |  |  |  |  |  |  |  |
| For the 3 months ended June 30, 2021 |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Segment results |  | 289 | (1,030) | - | 45 | - | 306 | (390) |
|  |  |  |  |  |  |  |  |  |
| Administrative and general expenses |  |  |  |  |  |  |  | (567) |
| The Company’s share in losses companies accounted for using the equity method |  |  |  |  |  |  |  | (28) |
| Financing expenses, net |  |  |  |  |  |  |  | (419) |
| Taxes on income |  |  |  |  |  |  |  | (4) |
|  |  |  |  |  |  |  |  |  |
| Loss |  |  |  |  |  |  |  | (1,408) |
|  |  |  |  |  |  |  |  |  |
| Comprehensive loss |  |  |  |  |  |  |  | (1,374) |
|  |  |  |  |  |  |  |  |  |
| As of June 30, 2021 |  |  |  |  |  |  |  |  |
| Total assets |  | 12,391 | 11,245 | 502 | 381 | - | 1,932 | 26,451 |
| Total liabilities |  | (5,033) | (14,540) | (458) | (449) | - | (2,088) | (22,568) |

Note 5:- Operating Segments (continued)

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Italy |  | UK |  | Romania |  | Poland |  | Spain |  | Adjustments to the Financial Statements |  | Total |
|  |  | Audited | | | | | | | | | | | | |
|  |  | EUR thousands | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | |
| For the Year ended December 31, 2021 | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | |
| Segment results |  | 362 |  | (2,749) |  | 201 |  | 295 |  | **-** |  | 937 |  | (954) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Administrative and general expenses |  |  |  |  |  |  |  |  |  |  |  |  |  | (9,606) |
| The Company’s share in losses of a company accounted for using the equity method |  |  |  |  |  |  |  |  |  |  |  |  |  | (518) |
| Financing expenses, net |  |  |  |  |  |  |  |  |  |  |  |  |  | (141) |
| Taxes on income |  |  |  |  |  |  |  |  |  |  |  |  |  | (61) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Loss |  |  |  |  |  |  |  |  |  |  |  |  |  | (11,280) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Comprehensive loss |  |  |  |  |  |  |  |  |  |  |  |  |  | (10,775) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| As of December 31, 2021 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total assets |  | 9,165 |  | 63,605 |  | 1,582 |  | 586 |  | 1,673 |  | 59,566 |  | 136,277 |
| Total liabilities |  | (9,059) |  | (21,055) |  | (2,058) |  | (385) |  | (1,785) |  | (43,126) |  | (77,468) |

Note 6:- Financial Instruments

1. The following are the book balances and the fair value of financial instruments

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | June 30 | | | | | | |  | December 31 | | |
|  |  | 2022 | | |  | 2021 | | |  | 2021 | | |
|  |  | Balance |  | Fair Value |  | Balance |  | Fair Value |  | Balance |  | Fair Value |
|  |  | Unaudited | | | | | | |  | Audited | | |
|  |  | EUR thousands | | | | | | | | | | |
| **Current financial liabilities:** |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Forward contracts on foreign currency |  | (1,430) |  | - |  | - |  | - |  | - |  | - |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total current financial liabilities** |  | (1,430) |  | - |  | - |  | - |  | - |  | - |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Non-current financial liabilities:** |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Conversion component in respect of convertible bonds |  | 7,615 |  | 7,615 |  | - |  | - |  | 8,920 |  | 8,920 |
| **Total non-current financial liabilities** |  | 7,615 |  | 7,615 |  | - |  | - |  | 8,920 |  | 8,920 |

1. Classification of financial instruments according to fair value hierarchy

Financial assets and financial liabilities measured at fair value

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | June 30, 2022 | | | | | | |
|  |  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
|  |  | EUR thousands | | | | | | |
|  |  | Unaudited | | | | | | |
|  |  |  |  |  |  |  |  |  |
| Forward contracts on foreign currency |  |  |  |  |  | (1,430) |  | (1,430) |
| Conversion component in respect of convertible bonds |  |  |  |  |  | 7,615 |  | 7,615 |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | December 31, 2021 | | | | | | |
|  |  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
|  |  | EUR thousands | | | | | | |
|  |  | Audited | | | | | | |
|  |  |  |  |  |  |  |  |  |
| Conversion component in respect of convertible bonds |  | - |  | - |  | 8,920 |  | 8,920 |

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