

**ELCO LIMITED**

**Interim Consolidated Financial Information**

**As of September 30, 2022**

**Convenience Translation into U.S. Dollars**

**(Unaudited)**

This is an English translation of parts of the information included in the full Hebrew report of the company, that was published on November 29, 2022 (reference No. 2022-01-114645) at the ISA reporting website ([magna.isa.gov.il](https://magna.isa.gov.il)) (hereafter: "the Hebrew Version"). The English version is Voluntary and only for convenience purposes. This is not an official translation and has no binding force. The translation in any case cannot perfectly reflect the Hebrew Version. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.

## **ELCO LIMITED**

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**To: Elco LTD.**

**Re: Convenience Translation of Interim Financial Information**

Per your request, we have reviewed the accompanying interim consolidated financial information of Elco Ltd. ("the Company") as of September 30, 2022 and for the periods of nine months and of three months then ended ("the Interim Financial Information"). The Interim Financial Information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express a conclusion regarding the Interim Financial Information based on our review.

We did not review the interim financial information of certain subsidiaries, whose assets constitute approximately 0.87% of the total consolidated assets as of September 30, 2022 and whose revenues constitute approximately 0.78% and approximately 0.64% of the total consolidated revenue for periods of nine months and of the three months ended on September 30, 2022. Furthermore, we did not review the interim financial information of certain companies accounted for at equity, the investment in which amounted to approximately 217,781 thousand dollars as of September 30, 2022, and the Company's share of their income amounted to approximately 38,115 thousand dollars and approximately 9,016 thousand dollars for the periods of nine months and three months ended on September 30, 2022. The interim financial information for those companies were reviewed by other auditors, whose reports have been furnished to us, and our conclusion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The accompanying Interim Financial Information in US Dollars are a convenience translation of the interim consolidated financial statements as prepared in New Israeli Shekels as the rate of exchange of the Shekel into US Dollars prevailing on September 30, 2022, as described in note 4 of the Interim Financial Information.

Based on our review and the reports of the other auditors, we concluded an unqualified conclusion on the Company's consolidated interim financial statements in our report dated November 28, 2022.

The accompanying interim financial information, which are derived from the company's interim consolidated financial statements, are condensed interim financial information and do not include the disclosures required by International Financial Reporting Standards (IFRS). If the omitted disclosures were included in the accompanying interim financial information, it might influence the user's conclusions about the consolidated financial position, results of operations, changes in equity and cash flows of the company. Accordingly, the accompanying interim financial information are not designated for those who are not informed about such matters.

Based on our review and the reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not present fairly, in all material respects, the information contained in it.

Tel-Aviv, Israel  
November 28, 2022

**KOST FORER GABBAY & KASIERER**  
A Member of Ernst & Young Global

**ELCO LIMITED****CONSOLIDATED INFORMATION OF FINANCIAL POSITION****CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)**

	<b>September 30 2022</b>	<b>September 30 2021</b>	<b>December 31 2021</b>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
<b>Current assets</b>			
Cash and cash equivalents	339,636	327,351	315,051
Short-term investments	131,245	78,268	95,002
Trade receivables	654,803	593,460	591,410
Other accounts receivables	740,836	536,126	549,929
Inventory, inventory of real estate and rights in real estate	644,150	472,723 *)	497,202 *)
Assets held for sale	14,512	107,544 *)	76,945
	<u>2,525,182</u>	<u>2,115,472</u>	<u>2,125,539</u>
<b>Non-current assets</b>			
Long-term receivables	48,449	31,942 *)	34,575 *)
Receivables for concession arrangement for the provision of services	34,564	26,715	28,363
Investment in entities accounted for at equity	974,991	549,027 *)	606,824
Long-term inventory of real estate	235,177	109,201	108,592
Investment property	124,429	94,577 *)	94,650 *)
Fixed assets	396,204	336,592	357,532
Right-of-use assets	647,646	628,008 *)	612,340 *)
Goodwill and other intangible assets	1,280,470	1,273,286 *)	1,261,915 *)
Intangible asset for a concession project	117,191	116,531	114,558
Deferred taxes	30,862	20,152	26,139
	<u>3,889,983</u>	<u>3,186,031</u>	<u>3,245,488</u>
	<u>6,415,165</u>	<u>5,301,503</u>	<u>5,371,027</u>

\*) Immaterial adjustment of the comparative figures.

**ELCO LIMITED****CONSOLIDATED INFORMATION OF FINANCIAL POSITION**  
**CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)**

	<b>September 30 2022</b>	<b>September 30 2021</b>	<b>December 31 2021</b>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
<b>Current Liabilities</b>			
Credit from banking institutions and others	603,294	394,828	381,867
Bonds - current maturities	79,472	55,228	57,031
Current maturities of leasing liabilities	95,508	90,711	85,371
Suppliers and providers of services	950,385	885,650	935,075
Other payables	807,584	669,086 *)	673,047 *)
Dividend payable to shareholders in the company	-	5,645	-
Liabilities to a bank for assets held for Sale	-	26,688	-
	<u>2,536,243</u>	<u>2,127,836</u>	<u>2,132,391</u>
<b>Long-Term Liabilities</b>			
Credit from banking institutions and others	716,140	630,060	616,829
Bonds	604,224	484,350	510,192
Leasing liabilities	613,079	593,539	586,383
Other liabilities	189,201	183,685 *)	165,511 *)
Employee benefit liabilities, net	25,237	25,729	26,025
Deferred taxes	169,677	84,616	101,870
	<u>2,317,558</u>	<u>2,001,979</u>	<u>2,006,810</u>
<b>Equity</b>			
Equity attributable to equity holders of the Company	794,376	536,142	581,741
Non-controlling interests	766,988	635,546 *)	650,085 *)
Total equity	<u>1,561,364</u>	<u>1,171,688</u>	<u>1,231,826</u>
	<u>6,415,165</u>	<u>5,301,503</u>	<u>5,371,027</u>

\*) Immaterial adjustment of the comparative figures.

November 28, 2022

Date of approval of  
financial statements

E. Vessely  
Chief Financial Officer

M. Salkind  
Joint General Manager

M. Fridman  
Chairman of the Board  
of Directors

# ELCO LIMITED

## CONSOLIDATED INFORMATION OF PROFIT OR LOSS CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	nine months ended September 30 2022	nine months ended September 30 2021	Three months ended September 30 2022	Three months ended September 30 2021	Year ended December 31 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenues, net	3,911,208	2,949,338	1,322,836	1,170,660	4,181,983
Adjustment of the fair value and the results of the disposal of income-generating assets, net	9,176	12,449	(77)	(2,106)	12,409
Group's share of the profits of companies accounted for at equity, net	82,501	29,937	15,056	17,791	64,586
Other income	52,048	7,212 *)	19,191	1,814 *)	8,515
<b>Total</b>	<b>4,054,933</b>	<b>2,998,936</b>	<b>1,357,006</b>	<b>1,188,159</b>	<b>4,267,493</b>
Cost of producing revenues	(3,134,861)	(2,426,924) *)	(1,077,846)	(939,379) *)	(3,419,024) *)
Selling and marketing expenses	(337,753)	(206,817) *)	(118,164)	(105,119) *)	(313,696) *)
Administrative and general expenses	(118,578)	(96,300)	(40,453)	(36,642)	(135,852)
Other expenses	(23,755)	(11,812)	(19,166)	(3,616)	(15,150)
Financing income	19,097	9,286 *)	5,790	3,518 *)	16,081
Financing expenses	(69,019)	(48,555)	(22,300)	(21,982)	(68,920)
<b>Total</b>	<b>(3,664,869)</b>	<b>(2,781,122)</b>	<b>(1,272,139)</b>	<b>(1,103,220)</b>	<b>(3,936,561)</b>
<b>Income before taxes on income</b>	<b>390,064</b>	<b>217,814</b>	<b>84,867</b>	<b>84,939</b>	<b>330,932</b>
Taxes on income	(103,305)	(37,155)	(20,835)	(11,664)	(59,900)
<b>Net income</b>	<b>286,759</b>	<b>180,659</b>	<b>64,032</b>	<b>73,275</b>	<b>271,032</b>
Attributable to:					
Equity holders in the Company	176,679	93,827	41,247	37,762	153,716
Non-controlling interest	110,080	86,832	22,785	35,513	117,316
	<b>286,759</b>	<b>180,659</b>	<b>64,032</b>	<b>73,275</b>	<b>271,032</b>
<b>Earnings per share - attributable to the Equity holders of the Company:</b>					
Basic - Earnings	6.47	3.43	1.52	1.38	5.62
Fully diluted - Earnings	6.36	3.37	1.54	1.37	5.54

\*) Reclassified.

# ELCO LIMITED

## CONSOLIDATED INFORMATION OF COMPREHENSIVE INCOME CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	nine months ended September 30 2022 Unaudited	nine months ended September 30 2021 Unaudited	Three months ended September 30 2022 Unaudited	Three months ended September 30 2021 Unaudited	Year ended December 31 2021 Audited
<b>Net income</b>	<b>286,759</b>	<b>180,659</b>	<b>64,032</b>	<b>73,275</b>	<b>271,032</b>
Other comprehensive income (loss) (after tax effects):					
<b><u>Amounts that will never be reclassified to profit or loss:</u></b>					
Gain from the re-measurement of defined benefit plans, net	1,074	-	83	-	524
<b><u>Amounts that will be classified or reclassified to the profit or loss, when specific conditions are met:</u></b>					
Adjustments deriving from the translation of the financial statements of foreign operations, net	97,870	(4,711)	(1,943)	(7,098)	(27,160)
Realization of reserve on translation differences on foreign operations	-	480	-	224	480
Gain on hedging transactions, net	1,215	763	1,194	(455)	1,016
	99,085	(3,468)	(749)	(7,329)	(25,664)
<b>Total other comprehensive income (loss)</b>	<b>100,159</b>	<b>(3,468)</b>	<b>(666)</b>	<b>(7,329)</b>	<b>(25,140)</b>
<b>Total comprehensive income</b>	<b>386,918</b>	<b>177,191</b>	<b>63,366</b>	<b>65,946</b>	<b>245,892</b>
Comprehensive income attributable to:					
Equity holders in the company	236,302	89,698	42,168	33,644	136,663
Non-controlling interests	150,616	87,493	21,198	32,302	109,229
	386,918	177,191	63,366	65,946	245,892

# ELCO LIMITED

## CONSOLIDATED INFORMATION OF CHANGES IN EQUITY CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Capital reserve on transactions With controlling interests	Capital reserve on financial assets at fair value through other comprehensive income	Capital reserve on hedging transactions	Capital reserve on the re- measurement of defined benefit plans	Adjustmen ts deriving from the translation of financial Statements	Capital reserve on share- based payment	Total Attributable to equity holders in the company	Non- controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Balance as of January 1, 2022 (Audited)</b>	<b>32,175</b>	<b>17,574</b>	<b>(65,802)</b>	<b>764,217</b>	<b>285</b>	<b>(51,549)</b>	<b>3,274</b>	<b>(180)</b>	<b>(127,377)</b>	<b>9,124</b>	<b>581,741</b>	<b>650,085 *)</b>	<b>1,231,826</b>
Net income	-	-	-	176,679	-	-	-	-	-	-	176,679	110,080	286,759
Total other comprehensive income	-	-	-	-	-	-	438	470	58,715	-	59,623	40,536	100,159
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>176,679</b>	<b>-</b>	<b>-</b>	<b>438</b>	<b>470</b>	<b>58,715</b>	<b>-</b>	<b>236,302</b>	<b>150,616</b>	<b>386,918</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	335	335	2,986	3,321
Dividend to shareholders in the company	-	-	-	(19,757)	-	-	-	-	-	-	(19,757)	-	(19,757)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(33,027)	(33,027)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(9,856)	(8,499)	-	-	-	-	-	-	(18,355)	(8,379)	(26,734)
Exercise of option warrants	3	286	-	-	-	-	-	-	-	(286)	3	-	3
Non-Controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	5,207	5,207
Issuance of capital/purchase and sale of shares in consolidated and affiliated companies	-	-	-	14,112	-	(114)	(2)	(10)	121	-	14,107	(500)	13,607
<b>As of September 30, 2022</b>	<b>32,178</b>	<b>17,860</b>	<b>(75,658)</b>	<b>926,752</b>	<b>285</b>	<b>(51,663)</b>	<b>3,710</b>	<b>280</b>	<b>(68,541)</b>	<b>9,173</b>	<b>794,376</b>	<b>766,988</b>	<b>1,561,364</b>

\*) Immaterial adjustment of the comparative figures.



# ELCO LIMITED

## CONSOLIDATED INFORMATION OF CHANGES IN EQUITY CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Capital reserve on transactions With controlling interests	Capital reserve on financial assets at fair value through other comprehensive income	Capital reserve on hedging transactions	Capital reserve on the re- measurement of defined benefit plans	Adjustmen ts deriving from the translation of financial Statements	Capital reserve on share- based payment	Total Attributable to equity holders in the company	Non- controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Balance as of January 1, 2021 (Audited)</b>	<b>32,175</b>	<b>17,094</b>	<b>(59,790)</b>	<b>617,650</b>	<b>285</b>	<b>(54,351)</b>	<b>2,767</b>	<b>(577)</b>	<b>(113,873)</b>	<b>9,035</b>	<b>450,415</b>	<b>403,810</b>	<b>854,225</b>
Net income	-	-	-	93,827	-	-	-	-	-	-	93,827	86,832	180,659
Total other comprehensive income (loss)	-	-	-	-	-	-	367	-	(4,496)	-	(4,129)	661	(3,468)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93,827</b>	<b>-</b>	<b>-</b>	<b>367</b>	<b>-</b>	<b>(4,496)</b>	<b>-</b>	<b>89,698</b>	<b>87,493</b>	<b>177,191</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	437	437	2,415	2,852
Dividend to shareholders in the company	-	-	-	(16,935)	-	-	-	-	-	-	(16,935)	-	(16,935)
Dividend to non-controlling interests	-	-	-	(2,773)	-	-	-	-	-	-	(2,773)	(33,302)	(36,075)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(6,012)	(1,361)	-	-	-	-	-	-	(7,373)	(1,449)	(8,822)
Exercise of option warrants	-	480	-	-	-	-	-	-	-	(475)	5	-	5
Non-controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	163,517 *)	163,517
Issuance of a capital note by a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	282	282
Issuance of capital / purchase and sale of shares in consolidated companies	-	-	-	15,365	-	2,802	19	50	4,432	-	22,668	12,780	35,448
<b>As of September 30, 2021</b>	<b>32,175</b>	<b>17,574</b>	<b>(65,802)</b>	<b>705,773</b>	<b>285</b>	<b>(51,549)</b>	<b>3,153</b>	<b>(527)</b>	<b>(113,937)</b>	<b>8,997</b>	<b>536,142</b>	<b>635,546</b>	<b>1,171,688</b>

\*) Immaterial adjustment of the comparative figures.

# ELCO LIMITED

## CONSOLIDATED INFORMATION OF CHANGES IN EQUITY CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Capital reserve on transactions with controlling interests	Capital reserve on financial assets at fair value through other comprehensive income	Capital reserve on hedging transactions	Capital reserve on the re- measurement of defined benefit plans	Adjustmen ts deriving from the translation of financial Statements	Capital reserve on share- based payment	Total Attributable to equity holders in the company	Non- controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Balance as of July 1, 2022</b>	<b>32,178</b>	<b>17,860</b>	<b>(75,658)</b>	<b>884,381</b>	<b>285</b>	<b>(51,663)</b>	<b>3,149</b>	<b>229</b>	<b>(68,840)</b>	<b>9,075</b>	<b>750,996</b>	<b>752,031</b>	<b>1,503,027</b>
Net income	-	-	-	41,247	-	-	-	-	-	-	41,247	22,785	64,032
Total other comprehensive income (loss)	-	-	-	-	-	-	561	52	308	-	921	(1,587)	(666)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,247</b>	<b>-</b>	<b>-</b>	<b>561</b>	<b>52</b>	<b>308</b>	<b>-</b>	<b>42,168</b>	<b>21,198</b>	<b>63,366</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	98	98	1,699	1,797
Dividend to shareholders in the company	-	-	-	(5,645)	-	-	-	-	-	-	(5,645)	-	(5,645)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(15,294)	(15,294)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	-	(630)	-	-	-	-	-	-	(630)	(676)	(1,306)
Non-Controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	5,207	5,207
Issuance of capital/purchase and sale of shares in consolidated and affiliated companies	-	-	-	7,399	-	-	-	(1)	(9)	-	7,389	2,823	10,212
<b>As of September 30, 2022</b>	<b>32,178</b>	<b>17,860</b>	<b>(75,658)</b>	<b>926,752</b>	<b>285</b>	<b>(51,663)</b>	<b>3,710</b>	<b>280</b>	<b>(68,541)</b>	<b>9,173</b>	<b>794,376</b>	<b>766,988</b>	<b>1,561,364</b>

# ELCO LIMITED

## CONSOLIDATED INFORMATION OF CHANGES IN EQUITY CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Capital reserve on transactions With controlling interests	Capital reserve on financial assets at fair value through other comprehensive income	Capital reserve on hedging transactions	Capital reserve on the re- measurement of defined benefit plans	Adjustmen ts deriving from the translation of financial Statements	Capital reserve on share- based payment	Total Attributable to equity holders in the company	Non- controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Balance as of July 1, 2021</b>	<b>32,175</b>	<b>17,574</b>	<b>(65,802)</b>	<b>675,162</b>	<b>285</b>	<b>(51,549)</b>	<b>3,374</b>	<b>(525)</b>	<b>(110,406)</b>	<b>8,873</b>	<b>509,161</b>	<b>616,298 *</b>	<b>1,125,459</b>
Net income	-	-	-	37,762	-	-	-	-	-	-	37,762	35,513	73,275
Total other comprehensive income (loss)	-	-	-	-	-	-	(218)	-	(3,900)	-	(4,118)	(3,211)	(7,329)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,762</b>	<b>-</b>	<b>-</b>	<b>(218)</b>	<b>-</b>	<b>(3,900)</b>	<b>-</b>	<b>33,644</b>	<b>32,302</b>	<b>65,946</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	124	124	751	875
Dividend to shareholders in the company	-	-	-	(5,645)	-	-	-	-	-	-	(5,645)	-	(5,645)
Dividend to non-controlling interests	-	-	-	(57)	-	-	-	-	-	-	(57)	(14,974)	(15,031)
Non-controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	(281)	(281)
Issuance of a capital note by a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	282	282
Issuance of capital / purchase and sale of shares in consolidated companies	-	-	-	(1,449)	-	-	(3)	(2)	369	-	(1,085)	1,168	83
<b>As of September 30, 2021</b>	<b>32,175</b>	<b>17,574</b>	<b>(65,802)</b>	<b>705,773</b>	<b>285</b>	<b>(51,549)</b>	<b>3,153</b>	<b>(527)</b>	<b>(113,937)</b>	<b>8,997</b>	<b>536,142</b>	<b>635,546</b>	<b>1,171,688</b>

\*) Immaterial adjustment of the comparative figures.

# ELCO LIMITED

## CONSOLIDATED INFORMATION OF CHANGES IN EQUITY CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Share capital	Share premium	Treasury shares	Retained earnings	Capital reserve on transactions with controlling interests	Capital reserve on financial assets at fair value through other comprehen sive income	Capital reserve on hedging transactions	Capital reserve on the re- measurement of defined benefit plans	Adjustments deriving from the translation of financial Statements	Capital reserve on share- based payment	Total attributable to equity holders in the company	Non- controlling interests	Total equity
	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
<b>Balance as of January 1, 2021</b>	<b>32,175</b>	<b>17,094</b>	<b>(59,790)</b>	<b>617,650</b>	<b>285</b>	<b>(54,351)</b>	<b>2,767</b>	<b>(577)</b>	<b>(113,873)</b>	<b>9,035</b>	<b>450,415</b>	<b>403,810</b>	<b>854,225</b>
Net income	-	-	-	153,716	-	-	-	-	-	-	153,716	117,316	271,032
Total other comprehensive income (loss)	-	-	-	-	-	-	488	349	(17,890)	-	(17,053)	(8,087)	(25,140)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153,716</b>	<b>-</b>	<b>-</b>	<b>488</b>	<b>349</b>	<b>(17,890)</b>	<b>-</b>	<b>136,663</b>	<b>109,229</b>	<b>245,892</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	564	564	3,073	3,637
Dividend to shareholders in the company	-	-	-	(16,935)	-	-	-	-	-	-	(16,935)	-	(16,935)
Dividend to non-controlling interests	-	-	-	(2,773)	-	-	-	-	-	-	(2,773)	(37,853)	(40,626)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(6,012)	(2,354)	-	-	-	-	-	-	(8,366)	(2,528)	(10,894)
Exercise of option warrants	-	480	-	-	-	-	-	-	-	(475)	5	-	5
Non-controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	162,891 *)	162,891
Issuance of a capital note by subsidiary companies	-	-	-	-	-	-	-	-	-	-	-	282	282
Issuance of capital /purchase and sale of shares in consolidated companies	-	-	-	14,913	-	2,802	19	48	4,386	-	22,168	11,181	33,349
<b>As of December 31, 2021</b>	<b>32,175</b>	<b>17,574</b>	<b>(65,802)</b>	<b>764,217</b>	<b>285</b>	<b>(51,549)</b>	<b>3,274</b>	<b>(180)</b>	<b>(127,377)</b>	<b>9,124</b>	<b>581,741</b>	<b>650,085</b>	<b>1,231,826</b>

\*) Immaterial adjustment of the comparative figures.

# ELCO LIMITED

## CONSOLIDATED INFORMATION OF CASH FLOWS

### CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	nine months ended September 30 2022	nine months ended September 30 2021	Three months ended September 30 2022	Three months ended September 30 2021	Year ended December 31 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Cash flows from operating activities:</b>					
Net income	286,759	180,659	64,032	73,275	271,032
Adjustments required in order to present the cash flows from operating activities (Appendix A')	(91,375)	(120,918)	(46,784)	(2,399)	(98,469)
<b>Net cash generated (absorbed) by operating activities (before acquisition of and investment in land)</b>	195,384	59,741	17,248	70,876	172,563
Acquisition of and investment in land **)	(204,162)	(196,177) *)	(53,841)	(142,560) *)	(200,922) *)
<b>Net cash generated (absorbed) by operating activities</b>	(8,778)	(136,436)	(36,593)	(71,684)	(28,359)
<b>Cash flows from investment activities:</b>					
Acquisition of fixed assets and intangible assets	(110,111)	(88,053)	(33,107)	(22,965)	(131,470)
Investment in investment property	(15,999)	(12,981) *)	(2,881)	(532) *)	(13,097) *)
Newly consolidated subsidiaries and activities (Appendix B')	(12,182)	(38,094)	(11,341)	(20,960)	(38,094)
Proceeds from sale of investments in previously consolidated subsidiary (appendix C')	-	1,261	-	-	1,261
Change in investment in and loans to investee companies, net	(189,241)	(250,704)	(110,586)	(78,145)	(294,974)
Purchase of short-term investments, net	(47,822)	(774)	(4,463)	(12,097)	(15,798)
Consideration from the disposal of fixed assets, investment property and other investments	131,657	56,298	42,204	38,600	132,079
Decrease (increase) in long-term loans and deposits	1,506	5,067	706	(4,824)	(1,262)
<b>Net cash absorbed by investment activities</b>	(242,192)	(327,980)	(119,468)	(100,923)	(361,355)
<b>Cash flows from financing activities:</b>					
Dividend paid to shareholders in the company	(19,757)	(11,290)	(5,645)	-	(16,935)
Dividend to non-controlling interests	(22,474)	(42,175)	(4,742)	(7,304)	(54,454)
Issuance of bonds	156,023	122,113	69,372	72,073	163,877
Repayment of long-term liabilities	(317,199)	(324,034)	(67,986)	(143,666)	(468,595)
Repayment of leasing liabilities	(69,630)	(49,139)	(22,814)	(21,688)	(69,061)
Receipt of long-term liabilities	344,485	490,768	78,770	198,001	567,227
Short-term bank credit, net	225,658	181,076	53,669	139,720	162,893
Exercise of option warrants issuance of capital/sale of shares to non-controlling interests	2,049	43,106	726	408	43,364
Purchase of treasury shares in the company and in consolidated companies	(26,734)	(8,822)	(1,306)	-	(10,894)
<b>Net cash generated (absorbed) by financing activities</b>	272,421	401,603	100,044	237,544	317,422
<b>Translation differences in respect of cash and cash equivalents balances</b>	3,134	(2,395)	(2,053)	(2,279)	(5,216)
<b>Increase (decrease) in cash and cash equivalents</b>	24,585	(65,208)	(58,070)	62,658	(77,508)
<b>Balance of cash and cash equivalents at the beginning of the period</b>	315,051	392,559	397,706	264,693	392,559
<b>Balance of cash and cash equivalents at the end of the period</b>	339,636	327,351	339,636	327,351	315,051

\*) reclassified.

\*\*) The acquisition of and investment in land are presented under inventories of real estate and rights in real estate.

**ELCO LIMITED****CONSOLIDATED INFORMATION OF CASH FLOWS****CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)****Appendix A' - Adjustments required in order to present the cash flows from operating activities:**

	nine months ended September 30 2022	nine months ended September 30 2021	Three months ended September 30 2022	Three months ended September 30 2021	Year ended December 31 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Income and expenses not involving cash flows:</b>					
The Group's share of the profits of companies accounted for at equity, net	(82,501)	(29,937)	(15,056)	(17,791)	(64,586)
Success fee in respect of increase in the value of housing complexes (Promote)	(179,776)	(78,164)	(40,319)	(39,770)	(129,964)
Dividends and interest received from companies accounted for at equity	62,892	10,917	22,126	4,715	13,555
Realization of reserve on translation differences on foreign operations	-	480	-	224	480
Adjustment of fair value and the results of the disposal of income-generating assets, net	(9,176)	(12,449)	77	2,106	(12,409)
Depreciation and amortization	158,477	114,364	54,510	50,434	167,476
Impairment in the investment in a company accounted for at equity	-	3,940	-	1,332	3,940
Deferred taxes, net	66,128	5,884	7,909	2,563	18,014
Change in employee benefit liabilities	(677)	1,264	(174)	459	2,024
loss (gain) on the sale of fixed assets and other investments	(39,694)	489	(15,148)	119	2,019
Gain from the sale of a subsidiary	-	(572)	-	-	(572)
Erosion of long-term receivable and liabilities, net	4,731	3,769	5,345	(1,878)	1,087
Increase in the value of short-term investments	(208)	(220)	(91)	(132)	(4,047)
Cost of share-based payment	3,321	2,852	1,797	875	3,637
<b>Changes in asset and liability items:</b>					
Increase in inventory and inventory of real estate (before acquisition of and investment in land) *)	4,449	28,439	34,045	66,513	(41,286)
Decrease (increase) in trade receivables	(59,378)	(22,306)	(60,891)	(3,683)	(23,182)
Increase in other accounts receivable	(67,691)	(130,948)	(10,013)	(87,832)	(83,544)
Increase (decrease) in suppliers and providers of services	940	(22,805)	(30,895)	6,641	25,845
Increase (decrease) in other accounts payable	46,788	4,085	(6)	12,706	23,044
	(91,375)	(120,918)	(46,784)	(2,399)	(98,469)

\*) The acquisition of and investment in land are presented under inventories of real estate and rights in real estate.

**ELCO LIMITED****CONSOLIDATED INFORMATION OF CASH FLOWS**  
**CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)****Appendix B' - Acquisition of initially consolidated subsidiaries****The subsidiaries' assets and liabilities at date of acquisition: \*)**

	nine months ended September 30 2022	nine months ended September 30 2021	Three months ended September 30 2022	Three months ended September 30 2021	Year ended December 31 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Working capital, net (except cash)	1,713	421,547	1,811	32,365	422,210
Fixed assets	(1,404)	(102,150)	(1,404)	(19,820)	(102,972)
Right-of-use assets	(594)	(422,800)	(594)	(4,461)	(422,800)
Intangible assets	(13,000)	(156,300)	(12,368)	(24,476)	(153,767)
Goodwill	(20,399)	(566,002)	(19,476)	(15,755)	(563,130)
Other non-current assets	-	(5,565)	-	(619)	(5,565)
Deferred taxes	1,010	18,218	894	6,535	18,092
Leasing liabilities	505	476,853	505	4,461	476,853
Loans from banks and other non-current liabilities	8,039	114,782	8,039	830	114,035
Liability for put option, conditional consideration and future dividends for non-controlling interests	6,741	19,806	6,045	261	16,059
Non-controlling interests	5,207	163,517	5,207	(281)	162,891
	(12,182)	(38,094)	(11,341)	(20,960)	(38,094)

\*) Immaterial adjustment of the comparative figures.

**Appendix C' - Proceeds from sale of investment in previously consolidated subsidiary****The subsidiary's assets and liabilities at date of sale:**

	nine months ended September 30 2022	nine months ended September 30 2021	Three months ended September 30 2022	Three months ended September 30 2021	Year ended December 31 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Working capital, net (except cash and cash equivalents)	-	3,753	-	-	3,753
Long-term receivables	-	70	-	-	70
Fixed assets	-	393	-	-	393
Intangible assets	-	1,025	-	-	1,025
Credit from banking institutions and others	-	(2,350)	-	-	(2,350)
Other non-current liabilities	-	(189)	-	-	(189)
Receivables for the realization of an investment in a consolidated company	-	(2,013)	-	-	(2,013)
Gain from sale of a subsidiary	-	572	-	-	572
	-	1,261	-	-	1,261

**ELCO LIMITED****CONSOLIDATED INFORMATION OF CASH FLOWS**  
**CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)****Appendix D' - Further information on cash flows**

	nine months ended September 30 2022 Unaudited	nine months ended September 30 2021 Unaudited	Three months ended September 30 2022 Unaudited	Three months ended September 30 2021 Unaudited	Year ended December 31 2021 Audited
Cash paid in the period for:					
Interest	59,505	57,469	19,773	15,569	76,899
Taxes on income	56,597	32,017	15,170	10,955	46,401
Cash received for:					
Interest	9,092	11,159	1,691	1,018	12,119
Taxes on income	8,255	5,261	224	-	7,841

**Appendix E' – Significant activities not involving cash flows**

	nine months ended September 30 2022 Unaudited	nine months ended September 30 2021 Unaudited	Three months ended September 30 2022 Unaudited	Three months ended September 30 2021 Unaudited	Year ended December 31 2021 Audited
Acquisition of fixed assets, investment property and intangible assets	11,095	2,247	11,095	1,683	5,580
Increase of a usage right asset against a leasing liability	75,371	-	28,951	-	41,862



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION****Note 1 - General**

The accompanying Financial Information, is derived from the Hebrew version of the Company's interim consolidated financial statement as of September 30, 2022 and for the periods of nine months and of three months ended on that date and do not include the disclosures required by International Financial Reporting Standards (IFRS) (hereinafter - The Interim Consolidate Financial Information).

The interim consolidated financial information should be read together with the Company's Hebrew version of the annual consolidated financial statement as at December 31, 2021 and for the year ended on that date and the accompanying notes thereto (hereinafter – The Annual Consolidated Financial Statement).

The interim consolidated financial information is a translation which is based on The Interim Consolidated Financial Statements, which have been prepared in accordance with International Financial Reporting Standard IAS 34 "Financial Reporting for Interim Periods", and also in accordance with the disclosure requirements in accordance with section D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

**Note 2 - General description of the Company and its activities**

Elco Ltd. (hereinafter - The Company), was incorporated in Israel in the year 1949 and its shares are traded on the Stock Exchange in Israel.

As of the date of the financial information, the Group operates in Israel and abroad in four segments, in accordance with its investee companies, as follow:

**Electra –** Operates in the field of services for buildings and infrastructures in Israel and abroad, which includes: the instillation and provision of service for central air-conditioning systems, elevators, sanitation, infrastructures, the execution and construction of national infrastructure facilities, integrated security and protection solutions, electricity and piping, construction, the supervision and management of real estate, entrepreneurial real estate activity, the management and the maintenance of assets, the public transport field and the shuttle services field.

**Electra  
Consumer  
Products –**

Operates in Israel in the importing, manufacturing, exporting, marketing, sale and distribution of electrical consumer products and in the provision of services for products, in the operation of retail marketing chains for the sale of electrical products, in the operation in the foods retail field and in the field of investment property.

**Electra Real  
Estate –**

Operates in the field of the purchase, management and enhancement of housing complexes for rental in the South Eastern United States, which are held directly by a subsidiary company and by funds that invest in housing complexes in the United States, and though a fund which raises debt and provides loans and instruments for the supplementation of shareholders' equity for investments in housing complexes and in an REIT fund for investment in hotels in the U.S.A and in fund that invests in office space in Great Britain..

**Supergaz  
Energy –**

Operates in the marketing, sale and distribution of LPG and LPG consuming products, in marketing and sale of Natural gas, electricity and thermal energy.

**Other activities –** Include, inter alia, the theater of dreams operations and DIC.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Note 3 - The War between Russia and the Ukraine**

In February 2022, a war began between Russia and the Ukraine. As a result of this, many countries, including the USA, Great Britain and the countries in the European Union imposed a series of economic sanctions against certain individuals and entities that are connected to Russia. These sanctions have had a direct impact on those individuals and entities and have also had an indirect impact on third party businesses, which are connected to those individuals and entities, as well as to certain industries that are part of the Russian Economy. Furthermore, the sanctions restrict Russia's central bank's ability to support the ruble in addition to which they have placed restrictions on the ability to withdraw funds that have accumulated in Russia.

Electra has tested the value of the inventory of real estate in which it has a holding of 50%, by means of an independent external appraiser and has found that the disposal value of the real estate exceeds its carrying amount.

There has been an increase in petroleum prices in the wake of the war, as stated above. The said changes in the prices of petroleum prices has contrary but unequal effects on Supergas Energy's results, such that an increase in the price of a barrel of petroleum has a negative impact on the profitability of LPG because the increase in the purchase price cannot be rolled over in its entirety to the selling price, which is offset partially by the positive impact on the profitability of the natural gas marketing operations.

In light of the inability to anticipate the length and the impact of the political and economic events relating to this event, the Group is unable to assess the future impact on each of the Group Companies at this stage.

**Note 4 - Convenience translation**

The Interim Consolidate Financial Information in US Dollars is a translation of the statements as prepared in New Israeli Shekels ("NIS" or "Shekel") at the rate of exchange of the Shekel for the US Dollar prevailing on September 30, 2022 (NIS 3.543 = US\$ 1).

It should be noted that the New Israeli Shekel amounts, on the basis of which the convenience translation figures were prepared, do not necessarily represent the current cost amounts of the various elements within The Interim Consolidate Financial Statements and, also, that it should not be construed from the translation into US Dollar figures that the Israeli currency amounts actually represent, or could be converted into Dollars. This financial information has been prepared for the convenience of the reader. In the event of any discrepancy between the contents of this translation and the Hebrew original, the Hebrew original prevails.