

ELCO LIMITED
Interim Consolidated Financial Information
As of June 30, 2023
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 August 31, 2023 (reference No. 2023-01-082720) at the ISA reporting website (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 June 30, 2023 and for the periods of six 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 1.08% of the total consolidated assets as of June 30, 2023 and whose revenues constitute approximately 0.9% and approximately 0.8% of the total consolidated revenue for periods of six months and of the three months ended on June 30, 2023. Furthermore, we did not review the interim financial information of certain companies accounted for at equity, the investment in which amounted to approximately 120,097 thousand dollars as of June 30, 2023, and the Company's share of their profits (loss) amounted to approximately 4,549 thousand dollars and approximately (2,317) thousand dollars for the periods of six months and of three months ended on June 30, 2023. 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 at the rate of exchange of the Shekel into US Dollars prevailing on June 30, 2023, as described in note 3 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 August 31, 2023.

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
August 31, 2023

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

ELCO LIMITED

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

	June 30 2023	June 30 2022	December 31 2022
	Unaudited	Unaudited	Audited
Current assets			
Cash and cash equivalents	241,210	380,830	358,174
Short-term investments	130,860	132,656	109,956
Trade receivables	683,556	566,141	623,624
Other accounts receivables	744,643	603,008	649,067
Inventory, inventory of land, buildings and apartments for sale	622,372	566,476	587,965
Assets held for sale	114,439	123,566	114,695
	2,537,080	2,372,677	2,443,481
Non-current assets			
Long-term receivables	79,972	44,956	56,456
Receivables for concession arrangement for the provision of services	46,593	31,014	36,413
Investment in entities accounted for at equity	979,986	787,586	923,511
Long-term inventory of land	362,679	243,412	268,300
Investment property and investment property under construction	116,669	118,928	115,887
Fixed assets	504,582	376,476	405,714
Right-of-use assets	635,267	599,443	624,762
Goodwill and other intangible assets	1,264,091	1,205,961	1,272,975
Intangible asset for a concession project	-	113,118	-
Deferred taxes	30,229	29,231	28,779
	4,020,068	3,550,125	3,732,797
	6,557,148	5,922,802	6,176,278

ELCO LIMITED

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

	June 30 2023 Unaudited	June 30 2022 Unaudited	December 31 2022 Audited
Current Liabilities			
Credit from banking institutions and others	680,100	514,596	550,444
Bonds - current maturities	115,198	70,634	92,907
Current maturities of leasing liabilities	99,254	90,082	93,430
Suppliers and providers of services	1,063,833	933,866	985,315
Other payables	749,051	752,490	724,718
Liabilities attributed to assets held for sale	118,438	-	116,800
	<u>2,825,874</u>	<u>2,361,668</u>	<u>2,563,614</u>
Long-Term Liabilities			
Credit from banking institutions and others	685,471	667,814	617,474
Bonds	631,900	531,225	577,921
Leasing liabilities	600,097	567,949	592,750
Other liabilities	171,542	174,033	162,250
Employee benefit liabilities, net	23,335	23,624	23,705
Deferred taxes	169,199	157,239	166,112
	<u>2,281,544</u>	<u>2,121,884</u>	<u>2,140,212</u>
Equity			
Equity attributable to equity holders of the Company	677,129	719,129	697,575
Non-controlling interests	772,601	720,121	774,877
Total equity	1,449,730	1,439,250	1,472,452
	<u>6,557,148</u>	<u>5,922,802</u>	<u>6,176,278</u>

August 31, 2023

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)

	Six months ended June 30 2023	Six months ended June 30 2022	Three months ended June 30 2023	Three months ended June 30 2022	Year ended December 31 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenues, net	2,493,563	2,478,541	1,224,623	1,240,003	5,054,063
Adjustment of the fair value and the results of the disposal of income-generating assets, net	(191)	8,861	(94)	(212)	8,890
Group's share of the profits of companies accounted for at equity, net	20,125	64,582	13,077	14,542	75,381
Other income	12,734	31,463	10,238	27,977	51,254
Total	2,526,231	2,583,447	1,247,844	1,282,310	5,189,588
Cost of producing revenues	(2,122,871)	(1,967,879) *	(1,056,098)	(987,542) *	(4,089,967)
Selling and marketing expenses	(240,728)	(212,123) *	(123,749)	(109,026) *	(440,888)
Administrative and general expenses	(86,700)	(74,810)	(42,835)	(37,865)	(155,379)
Other expenses	(41,435)	(4,395)	(29,939)	(2,830)	(87,482)
Financing income	15,856	12,743	7,374	6,649	22,024
Financing expenses	(84,230)	(44,736)	(48,783)	(26,274)	(95,064)
Total	(2,560,108)	(2,291,200)	(1,294,030)	(1,156,888)	(4,846,756)
Income (loss) before taxes on income	(33,877)	292,247	(46,186)	125,422	342,832
Taxes on income	(12,487)	(78,971)	(2,153)	(35,937)	(108,194)
Net income (loss)	(46,364)	213,276	(48,339)	89,485	234,638
Attributable to:					
Equity holders in the Company	(33,098)	129,685	(36,626)	48,597	116,092
Non-controlling interest	(13,266)	83,591	(11,713)	40,888	118,546
Earnings (loss) per share - attributable to the equity holders of the Company:	(46,364)	213,276	(48,339)	89,485	234,638
Basic - Earnings (loss)	(1.22)	4.75	(1.35)	1.78	4.26
Fully diluted - Earnings (loss)	(1.22)	4.60	(1.35)	1.69	3.90

*) Reclassified.

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

	Six months ended June 30 2023	Six months ended June 30 2022	Three months ended June 30 2023	Three months ended June 30 2022	Year ended December 31 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Net income (loss)	(46,364)	213,276	(48,339)	89,485	234,638
Other comprehensive income (loss) (after tax effects):					
<u>Amounts that will never be reclassified to profit or loss:</u>					
Gain from the re-measurement of defined benefit plans, net	-	949	-	541	1,431
Revaluation of a fixed asset that has been reclassified to investment property	3,463	-	-	-	-
	3,463	949	-	541	1,431
<u>Amounts that will be classified or reclassified to the profit or loss, when specific conditions are met:</u>					
Adjustments deriving from the translation of the financial statements of foreign operations, net	26,797	95,577	13,868	87,665	83,654
Realization of reserve on translation differences on foreign operations	-	-	-	-	569
Gain (loss) on hedging transactions, net	3,236	20	(1,747)	989	88
	30,033	95,597	12,121	88,654	84,311
Total other comprehensive income	33,496	96,546	12,121	89,195	85,742
Total comprehensive income (loss)	(12,868)	309,822	(36,218)	178,680	320,380
Comprehensive income (loss) attributable to:					
Equity holders in the company	(10,574)	185,896	(28,711)	99,816	168,209
Non-controlling interests	(2,294)	123,926	(7,507)	78,864	152,171
	(12,868)	309,822	(36,218)	178,680	320,380

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	Adjustments deriving from the translation of financial statements	Capital reserve on share-based payment	Revaluation reserve	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	Unaudited
Balance as of January 1, 2023 (Audited)	30,813	17,101	(75,655)	832,603	273	(49,646)	3,421	521	(70,733)	8,877	-	697,575	774,877	1,472,452
Loss	-	-	-	-	(33,098)	-	-	-	-	-	-	(33,098)	(13,266)	(46,364)
Total other comprehensive income	-	-	-	-	-	-	1,338	-	17,723	-	3,463	22,524	10,972	33,496
Total comprehensive income (loss)	-	-	-	(33,098)	-	-	1,338	-	17,723	-	3,463	(10,574)	(2,294)	(12,868)
Cost of share-based payment	-	-	-	-	-	-	-	-	-	179	-	179	4,189	4,368
Dividend to shareholders in the company	-	-	-	(13,513)	-	-	-	-	-	-	-	(13,513)	-	(13,513)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(15,221)	(15,221)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(420)	(1,895)	-	-	-	-	-	-	-	(2,315)	(2,048)	(4,363)
Exercise of option warrants	1	169	-	-	-	-	-	-	-	(169)	-	1	-	1
Exit of consolidated partnership from consolidation	-	-	-	-	-	-	-	-	-	-	-	-	743	743
Issuance of capital/purchase and sale of shares in consolidated companies	-	-	-	4,953	-	886	5	-	(68)	-	-	5,776	12,355	18,131
As of June 30, 2023	30,814	17,270	(76,075)	789,050	273	(48,760)	4,764	521	(53,078)	8,887	3,463	677,129	772,601	1,449,730

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	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
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Balance as of January 1, 2022 (Audited)	30,810	16,828	(63,010)	731,789	273	(49,362)	3,135	(172)	(121,972)	8,736	557,055	622,500	1,179,555
Net income	-	-	-	129,685	-	-	-	-	-	-	129,685	83,591	213,276
Total other comprehensive income (loss)	-	-	-	-	-	-	(118)	400	55,929	-	56,211	40,335	96,546
Total comprehensive income (loss)	-	-	-	129,685	-	-	(118)	400	55,929	-	185,896	123,926	309,822
Cost of share-based payment	-	-	-	-	-	-	-	-	-	227	227	1,232	1,459
Dividend to shareholders in the company	-	-	-	(13,513)	-	-	-	-	-	-	(13,513)	-	(13,513)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(16,980)	(16,980)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(9,437)	(7,535)	-	-	-	-	-	-	(16,972)	(7,376)	(24,348)
Exercise of option warrants	3	273	-	-	-	-	-	-	-	(273)	3	-	3
Issuance of capital/purchase and sale of shares in consolidated and affiliated companies	-	-	-	6,428	-	(109)	(2)	(9)	125	-	6,433	(3,181)	3,252
As of June 30, 2022	30,813	17,101	(72,447)	846,854	273	(49,471)	3,015	219	(65,918)	8,690	719,129	720,121	1,439,250

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	Adjustments deriving from the translation of financial Statements	Capital reserve on share-based payment	Revaluation reserve	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	Unaudited
Balance as of April 1, 2023	30,813	17,101	(76,075)	824,188	273	(49,646)	5,566	520	(61,731)	8,970	3,463	703,442	771,452	1,474,894
Loss	-	-	-	-	(36,626)	-	-	-	-	-	-	(36,626)	(11,713)	(48,339)
Total other comprehensive income (loss)	-	-	-	-	-	-	(806)	-	8,721	-	-	7,915	4,206	12,121
Total comprehensive income (loss)	-	-	-	(36,626)	-	-	(806)	-	8,721	-	-	(28,711)	(7,507)	(36,218)
Cost of share-based payment	-	-	-	-	-	-	-	-	-	86	-	86	2,243	2,329
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(190)	(190)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	-	(1,390)	-	-	-	-	-	-	-	(1,390)	(1,519)	(2,909)
Exercise of option warrants	1	169	-	-	-	-	-	-	-	(169)	-	1	-	1
Exit of consolidated partnership from consolidation	-	-	-	-	-	-	-	-	-	-	-	-	743	743
Issuance of capital/purchase and sale of shares in consolidated companies	-	-	-	2,878	-	886	4	1	(68)	-	-	3,701	7,379	11,080
As of June 30, 2023	30,814	17,270	(76,075)	789,050	273	(48,760)	4,764	521	(53,078)	8,887	3,463	677,129	772,601	1,449,730

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	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
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Balance as of April 1, 2022	30,810	16,828	(63,010)	799,248	273	(49,362)	2,512	22	(116,551)	8,854	629,624	651,780	1,281,404
Net income	-	-	-	48,597	-	-	-	-	-	-	48,597	40,888	89,485
Total other comprehensive income	-	-	-	-	-	-	505	206	50,508	-	51,219	37,976	89,195
Total comprehensive income	-	-	-	48,597	-	-	505	206	50,508	-	99,816	78,864	178,680
Cost of share-based payment	-	-	-	-	-	-	-	-	-	109	109	697	806
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(61)	(61)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(9,437)	(7,471)	-	-	-	-	-	-	(16,908)	(7,306)	(24,214)
Exercise of option warrants	3	273	-	-	-	-	-	-	-	(273)	3	-	3
Issuance of capital/purchase and sale of shares in consolidated and affiliated companies	-	-	-	6,480	-	(109)	(2)	(9)	125	-	6,485	(3,853)	2,632
As of June 30, 2022	30,813	17,101	(72,447)	846,854	273	(49,471)	3,015	219	(65,918)	8,690	719,129	720,121	1,439,250

ELCO LIMITED

	Statement of Changes in Equity												Total attributable to equity holders in the company	Non- controlling interests	Total equity
	Share Capital				Capital reserve				Capital reserve		Adjustments				
	Share capital Audited	Share premium Audited	Treasury shares Audited	Retained earnings Audited	Capital reserve on transactions with controlling interests Audited	on financial assets at fair value through other comprehensive income Audited	Capital reserve on hedging transactions Audited	reserve on the re- measurement of defined benefit plans Audited	deriving from the translation of financial Statements Audited	on share- based payment Audited	attributable to equity holders in the company Audited				
Balance as of January 1, 2022	30,810	16,828	(63,010)	731,789	273	(49,362)	3,135	(172)	(121,972)	8,736	557,055	622,500	1,179,555		
Net income	-	-	-	116,092	-	-	-	-	-	-	116,092	118,546	234,638		
Total other comprehensive income	-	-	-	-	-	-	285	705	51,127	-	52,117	33,625	85,742		
Total comprehensive income	-	-	-	116,092	-	-	285	705	51,127	-	168,209	152,171	320,380		
Cost of share-based payment	-	-	-	-	-	-	-	-	-	414	414	4,496	4,910		
Dividend to shareholders in the company	-	-	-	(18,919)	-	-	-	-	-	-	(18,919)	-	(18,919)		
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(33,314)	(33,314)		
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(12,645)	(11,225)	-	-	-	-	-	-	(23,870)	(10,453)	(34,323)		
Exercise of option warrants	3	273	-	-	-	-	-	-	-	(273)	3	-	3		
Non-controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	26,962	26,962		
Issuance of capital /purchase and sale of shares in consolidated companies	-	-	-	14,866	-	(284)	1	(12)	112	-	14,683	12,515	27,198		
As of December 31, 2022	30,813	17,101	(75,655)	832,603	273	(49,646)	3,421	521	(70,733)	8,877	697,575	774,877	1,472,452		

CONSOLIDATED INFORMATION OF CASH FLOWS
CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

	Six months ended June 30 2023	Six months ended June 30 2022	Three months ended June 30 2023	Three months ended June 30 2022	Year ended December 31 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Cash flows from operating activities:					
Net income (loss)	(46,364)	213,276	(48,339)	89,485	234,638
Adjustments required in order to present the cash flows from operating activities (Appendix A')	(11,077)	(42,698)	85,264	70,179	88,100
Net cash generated by (absorbed) by operating activities (before acquisition of land)	(57,441)	170,578	36,925	159,664	322,738
Acquisition of land *)	(52,815)	(143,943)	-	(26,669)	(233,346)
Net cash (generated) absorbed by operating activities	(110,256)	26,635	36,925	132,995	89,392
Cash flows from investment activities:					
Acquisition of fixed assets and intangible assets	(125,835)	(73,736)	(75,127)	(39,678)	(152,815)
Investment in investment property	(924)	(12,562)	(481)	(5,137)	(9,484)
Newly consolidated subsidiaries and activities (Appendix B')	-	(806)	-	-	(27,138)
Consideration from the disposal of an investment in a previously consolidated partnership (Appendix C')	(193)	-	(193)	-	-
Change in investment in and loans to investee companies, net	(53,548)	(75,317)	(14,629)	(54,682)	(218,970)
Purchase of short-term investments, net	(20,561)	(41,520)	(7,068)	(14,431)	(30,097)
Consideration from the disposal of fixed assets, investment property and other investments	13,137	85,658	10,515	66,997	184,349
Decrease (increase) in long-term loans and deposits	(16,014)	766	(11,440)	(4,666)	(1,359)
Net cash absorbed by investment activities	(203,938)	(117,517)	(98,423)	(51,597)	(255,514)
Cash absorbed by discontinued activities last years	-	-	-	-	(23,649)
Cash flows from financing activities:					
Dividend paid to shareholders in the company	(13,513)	(13,513)	(13,513)	(13,513)	(18,919)
Dividend to non-controlling interests	(16,873)	(16,980)	(10,688)	(10,430)	(32,534)
Issuance of bonds	124,820	82,974	1,536	16,194	184,389
Repayment of long-term liabilities	(114,141)	(238,638)	(59,762)	(149,641)	(343,184)
Repayment of leasing liabilities	(48,747)	(44,830)	(23,523)	(20,769)	(89,679)
Receipt of long-term liabilities	149,594	254,440	41,678	202,996	374,788
Short-term bank credit, net	96,798	164,691	65,274	(4,767)	194,008
Exercise of option warrants issuance of capital/sale of shares to non-controlling interests	22,651	1,267	11,096	647	7,072
Purchase of treasury shares in the company and in consolidated companies	(4,363)	(24,348)	(2,909)	(24,214)	(34,323)
Net cash generated by financing activities	196,226	165,063	9,189	(3,497)	241,618
Translation differences in respect of cash and cash equivalents balances	1,004	4,967	(824)	4,486	4,645
Increase (decrease) in cash and cash equivalents	(116,964)	79,148	(53,133)	82,387	56,492
Balance of cash and cash equivalents at the beginning of the period	358,174	301,682	294,343	298,443	301,682
Balance of cash and cash equivalents at the end of the period	241,210	380,830	241,210	380,830	358,174

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

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:

	Six months ended June 30 2023	Six months ended June 30 2022	Three months ended June 30 2023	Three months ended June 30 2022	Year ended December 31 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Income and expenses not involving cash flows:					
The Group's share of the profits of companies accounted for at equity, net	(20,125)	(64,582)	(13,077)	(14,542)	(75,381)
Dividends, success fee and interest received from companies accounted for at equity	4,537	39,036	2,372	27,457	83,205
Success fee in respect of increase in the value of housing complexes (Promote)	15,583	(133,539)	19,336	(62,709)	(186,650)
Realization of reserve on translation differences on foreign operations	-	-	-	-	569
Adjustment of fair value and the results of the disposal of income-generating assets, net	191	(8,861)	94	212	(8,890)
Depreciation and amortization	112,438	99,556	57,741	49,611	209,541
Impairment in the investment in a company accounted for at equity	35,791	-	27,154	-	60,641
Deferred taxes, net	(2,076)	55,748	(1,897)	25,239	59,527
Change in employee benefit liabilities	(140)	(481)	(257)	(215)	(1,092)
Gain on the sale of fixed assets and other investments	(10,780)	(23,504)	(10,444)	(23,374)	(36,643)
Erosion (revaluation) of long-term receivable and liabilities, net	(4,309)	(588)	(2,928)	653	14,943
Increase in the value of short-term investments	-	(112)	275	41	(289)
Cost of share-based payment	4,368	1,459	2,329	806	4,910
Changes in asset and liability items:					
Decrease (increase) in inventory and inventory of real estate (before acquisition of land)	(60,316)	(28,341)	(28,854)	(4,267)	30,981
Decrease (increase) in trade receivables	(57,177)	1,448	(1,823)	28,898	(33,543)
Increase in other accounts receivable	(88,638)	(55,230)	(14,752)	(3,663)	(104,080)
Increase in suppliers and providers of services	51,824	30,485	14,472	18,826	45,565
Increase in other accounts payable	7,752	44,808	35,523	27,206	24,786
	<u>(11,077)</u>	<u>(42,698)</u>	<u>85,264</u>	<u>70,179</u>	<u>88,100</u>

CONSOLIDATED INFORMATION OF CASH FLOWS
CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)

Appendix B' - Acquisition of initially consolidated subsidiaries

	Six months ended June 30 2023	Six months ended June 30 2022	Three months ended June 30 2023	Three months ended June 30 2022	Year ended December 31 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Working capital, net (except cash)	-	(94)	-	-	11,078
Fixed assets	-	-	-	-	(1,745)
Right-of-use assets	-	-	-	-	(2,970)
Intangible assets	-	(605)	-	-	(24,473)
Goodwill	-	(884)	-	-	(61,718)
Other non-current assets	-	-	-	-	(44)
Deferred taxes	-	110	-	-	4,029
Leasing liabilities	-	-	-	-	2,793
Loans from banks and other non-current liabilities	-	-	-	-	12,127
Liability for put option, conditional consideration and future dividends for non-controlling interests	-	667	-	-	6,823
Non-controlling interests	-	-	-	-	26,962
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		(806)	-	-	(27,138)

Appendix C' - Consideration from the disposal of an investment in a previously consolidated partnership

	Six months ended June 30 2023	Six months ended June 30 2022	Three months ended June 30 2023	Three months ended June 30 2022	Year ended December 31 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Working capital, net (except cash)	558	-	558	-	-
Fixed assets	120	-	120	-	-
Goodwill	2,669	-	2,669	-	-
Other long - term liabilities	(1,838)	-	(1,838)	-	-
Investment in company accounted for at equity	(3,617)	-	(3,617)	-	-
Non-controlling interests	743	-	743	-	-
Capital gain on decrease in control in a previously consolidated partnership	1,172	-	1,172	-	-
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		(193)	-	(193)	-

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

	Six months ended June 30 2023	Six months ended June 30 2022	Three months ended June 30 2023	Three months ended June 30 2022	Year ended December 31 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Cash paid in the period for:					
Interest	65,625	38,047	35,984	20,335	87,285
Taxes on income	26,685	39,669	10,112	18,928	102,584
Cash received for:					
Interest	15,993	7,087	5,761	5,602	13,689
Taxes on income	8,077	7,689	5,294	4,598	9,053

Appendix E' – Significant activities not involving cash flows

	Six months ended June 30 2023	Six months ended June 30 2022	Three months ended June 30 2023	Three months ended June 30 2022	Year ended December 31 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Acquisition of fixed assets, investment property and intangible assets					
	34,454	8,012	34,454	3,795	18,359
Increase of right - of - use asset against leasing liability	39,890	44,451	18,739	17,344	102,438

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 June 30, 2023 and for the periods of six 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 Consolidated 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, 2022 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 installation 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 transportation 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 food 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 through a fund which raises debt and provides loans and instruments for the supplementation of shareholders' equity for investments in housing complexes and in a REIT fund for investment in hotels in the U.S.A and in a fund that invests in office space in Great Britain.

Electra Power – 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 – Relates primarily to the operations of DIC and Dream Group.

ELCO LIMITED

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - 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 June 30, 2023 (NIS 3.70 = 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.
