

Immediate Report on Cash Dividend Distribution for Securities

Regulation 37(a) of the Securities Regulations (Periodic and Immediate Reports), 1970

Company Name: ELCO LTD
Company Number: 520025370
Report Form Number: T081 (Public)
Date Broadcasted on MAGNA: 28/08/2025
Reference Number: 2025-01-064634

1. We hereby report that on the date 27/08/2025, it was decided to pay a dividend.

2. The record date (ex-date): 07/09/2025

Payment date: 17/09/2025

3. Payment Details:

Eligible Security Number	Security Name	Dividend Amount per Security	Dividend Amount Currency	Payment Currency	Representative Rate for Payment Date	Individual Tax %	Company Tax %
694034	Ordinary Share	0.7426384	NIS	NIS		25	0

- Dividend distributed by an Israeli resident company (see section 7a for composition of dividend sources and tax rates)
- Dividend distributed by a Real Estate Investment Trust (see section 7c for composition of dividend sources and tax rates)
- Dividend distributed by a foreign resident company (see section 7b for tax rates)

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Note: The dividend amount to be paid must be specified with up to 7 decimal places when the currency is NIS, and up to 5 decimal places if in another currency.

4. The total dividend amount to be paid is: 20,000,000 NIS.

5. The remaining profits of the corporation as defined in section 302 of the Companies Law, 1999, after the distribution subject to this report, are: 1,560,000,000 NIS.

6. Dividend distribution approval process:

According to a decision of the company's Board of Directors, see section 10 below.

The above distribution is not subject to court approval according to section 303 of the Companies Law.

The final dividend amount per share is subject to changes due to the possibility of share buybacks.

Note: The final dividend amount per share can be updated up to 2 trading days before the record date.

7. The following withholding tax rates are for the purpose of withholding tax by TASE members.

7a. Composition of dividend sources distributed by an Israeli resident company from shares and financial instruments, excluding REIT funds:

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Source of Income	% of Dividend	Individuals	Companies	Foreign Residents
Income subject to corporate tax (1)	100	25%	0%	25%
Income from abroad (2)	0	25%	23%	25%
Approved/Preferred enterprise income (3)	0	15%	15%	15%
Preferred enterprise Ireland until 2013 (4)	0	15%	15%	4%
Preferred enterprise Ireland from 2014 (5)	0	20%	20%	4%
Preferred income	0	20%	0%	20%
Approved tourism/agricultural enterprise (6)	0	20%	20%	20%
Approved/preferred enterprise with waiver notice (7)	0	15%	0%	15%
Distribution classified as capital gain	0	25%	23%	0%
Distribution by Participating unit	0	0	0	0
Other	0	0	0	0

Explanation:

1. Income subject to corporate tax – income from profit distribution or dividend originating from income produced or accrued in Israel, received directly or indirectly from another entity subject to corporate tax.
2. Income from abroad is income produced or accrued abroad and not taxed in Israel.
3. Including income from an approved tourism enterprise with the selection/operation year up to 2013.
4. Preferred enterprise Ireland with selection year up to 2013.
5. Preferred enterprise Ireland with selection year from 2014 onwards.
6. Including income from an approved tourism enterprise with the selection/operation year from 2014 onwards.
7. Approved or preferred enterprise that submitted a waiver notice by 30.6.2015, after corporate tax was deducted.

7b. Dividend distributed by a foreign resident company:

	Individuals	Companies	Foreign Residents
Dividend from foreign	25%	23%	0%

7c. Dividend distributed by a Real Estate Investment Trust:

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Source of Income	% of Dividend	Individuals (1)	Companies	Foreign Resident Companies	Exempt Trust Fund	Pension Fund (2)
From land appreciation, capital gain, and depreciation (3)	_____	25%	23%	23%	0%	0%
Other taxable income (e.g., rent)	_____	47%	23%	23%	23%	0%
From income-generating real estate for rental housing	_____	20%	20%	20%	0%	0%
Income taxed by the fund (4)	_____	25%	0%	25%	0%	0%
Exceptional income	_____	70%	70%	70%	60%	70%
Other	_____	_____	_____	_____	_____	_____
Weighted withholding tax rate	100%	_____	_____	_____	_____	_____

Explanation:

1. Individuals – including income of a taxable trust fund, foreign resident individuals.
2. Pension fund for pension, provident, or compensation as defined in the Income Tax Ordinance, as well as a foreign pension fund resident in a reciprocating country.
3. From land appreciation or capital gain, except from the sale of real estate held for a short period, and from income in the amount of depreciation expenses.
4. Distribution from income taxed by the fund according to section 64A4(e).

8. Number of dormant securities of the corporation not entitled to dividend payment and for which a waiver letter must be provided to receive the dividend payment: 7,701,280

9. Effect of the dividend distribution on convertible securities:

- The company has no convertible securities
- The dividend distribution has no effect on convertible securities
- The effect of the dividend distribution on convertible securities is as follows:

Security Name	Security Number	Remarks
ELCO Employees	1211259	If the company distributes a dividend (in cash or in kind) to all its shareholders and the record date for entitlement to this dividend falls after the allocation date of the options but before their exercise date, the exercise price of each option will be reduced by the gross dividend amount per share distributed by the company, provided that the exercise price of an option will not fall below the par value of the company's share.

10. Recommendations and decisions of the directors regarding the dividend distribution according to Regulation 37(a)(1) of the Securities Regulations (Periodic and Immediate Reports), 1970:

Below are details regarding the examination conducted by the company's Board of Directors when making the decision on the above-mentioned dividend distribution ("the distribution"):

1. The Board of Directors examined the company's compliance with the profit test and the solvency test as set out in section 302(a) of the Companies Law, 1999 ("the distribution tests" and "the Companies Law", respectively), and following this examination, confirmed that the company meets the distribution tests, i.e., the distribution is from profits (as defined in section 302(b) of the Companies Law) and that there is no reasonable concern that the distribution will prevent the company from meeting its existing and expected liabilities when due, and that the company meets the conditions set in the trust deeds for the company's debentures (series 13 and 14) as well as the conditions of the company's commercial papers.
2. Regarding compliance with the profit test, the Board of Directors approved the distribution based on the accumulated surpluses (as defined in section 302(b) of the Companies Law), according to the company's reviewed financial statements as of June 30, 2025 – i.e., about NIS 1,580 million.
3. Regarding compliance with the solvency test, the Board considered the following factors: the scope of the distribution, data on the company's financial condition, including data on the company's projected cash flow until June 30, 2027, and taking into account, among other things, the company's investment plans, including certain expected expenses, against a forecast of income sources to meet them. It is emphasized that in the course of this examination, the Board of Directors relied on forward-looking information, which may not materialize, or may materialize differently than expected.
4. In the opinion of the Board of Directors, the distribution will benefit the shareholders on the one hand, and on the other hand, in light of the company's financial condition, it will have no adverse effect on the company's financial condition, including its capital structure, leverage level, compliance with financial requirements or liquidity status, its operations in its current form, and its investment plans.

Authorized signatories on behalf of the corporation:

Name	Position
Eliezer Vasli	CFO

Explanation: According to Regulation 5 of the Periodic and Immediate Reports Regulations (1970), a report submitted under these regulations must be signed by those authorized to sign on behalf of the corporation. The staff's position on the matter can be found on the Authority's website: [Click here](#)

Securities of the corporation are listed for trading on the Tel Aviv Stock Exchange

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Previous names of the reporting entity: ELCO Holdings Ltd.

Electronic signatory name: Vasli Eliezer

Position: CFO

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