

**ELCO LIMITED**

**Interim Consolidated Financial Information**

**As of September 30, 2021**

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

**(Unaudited)**

## **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, 2021 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 1.43% of the total consolidated assets as of September 30, 2021 and whose revenues constitute approximately 1.32% and approximately 1.43% of the total consolidated revenue for periods of the nine months and three months ended on September 30, 2021, respectively. Furthermore, we did not review the interim financial information of certain companies accounted for at equity, the investment in which amounted to approximately 164,187 thousand dollars as of September 30, 2021, and the Company's share of their losses amounted to approximately 9,104 thousand dollars and approximately 3,969 thousand dollars for the periods of nine months and three months ended on September 30, 2021, respectively. 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, 2021, 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 24, 2021.

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 24, 2021

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

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

	<b>September 30 2021</b>	<b>September 30 2020</b>	<b>December 31 2020</b>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
<b>Current assets</b>			
Cash and cash equivalents	359,183	347,694	430,733
Short-term investments	85,880	52,756	80,720
Trade receivables	651,171	540,386	541,043
Other accounts receivables	588,261	497,011	482,043
Inventory, inventory of real estate and rights in real estate	539,562	296,602	319,706
Assets held for sale	<u>115,115</u>	<u>24,236</u>	<u>21,274</u>
	<u>2,339,172</u>	<u>1,758,685</u>	<u>1,875,519</u>
<b>Non-current assets</b>			
Long-term receivables	29,453	26,704	25,178
Receivables for concession arrangement for the provision of services	29,313	20,163	19,365
Investment in entities accounted for at equity	611,314	361,136	343,962
Long-term inventory of real estate	119,820	20,220	15,342
Income generating assets	83,524	108,371	108,371
Fixed assets	369,324	222,194	231,649
Right-of-use assets	694,039	211,363	216,936
Goodwill and other intangible assets	1,394,856	641,091	626,906
Intangible asset for a concession project	127,862	113,372	130,847
Deferred taxes	<u>22,112</u>	<u>9,988</u>	<u>18,219</u>
	<u>3,481,617</u>	<u>1,734,602</u>	<u>1,736,775</u>
	<u>5,820,789</u>	<u>3,493,287</u>	<u>3,612,294</u>

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

	<b>September 30 2021</b>	<b>September 30 2020</b>	<b>December 31 2020</b>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
<b>Current Liabilities</b>			
Credit from banking institutions and others	433,223	105,411	97,272
Bonds - current maturities	60,599	83,888	67,542
Current maturities of leasing liabilities	99,532	41,966	43,527
Suppliers and providers of services	971,773	637,833	718,953
Other payables	736,572	521,089	617,915
Dividend payable to shareholders in the company	6,194	-	-
Liabilities to a bank for assets held for sale	29,283	-	-
	<u>2,337,176</u>	<u>1,390,187</u>	<u>1,545,209</u>
<b>Long-Term Liabilities</b>			
Credit from banking institutions and others	691,329	281,057	280,754
Bonds	531,450	412,783	440,994
Leasing liabilities	651,257	169,880	174,278
Other liabilities	201,914	185,383	160,123
Employee benefit liabilities, net	28,231	18,810	19,093
Deferred taxes	92,845	67,450	54,549
	<u>2,197,026</u>	<u>1,135,363</u>	<u>1,129,791</u>
<b>Equity</b>			
Equity attributable to equity holders of the Company	588,278	512,688	494,216
Non-controlling interests	698,309	455,049	443,078
Total equity	<u>1,286,587</u>	<u>967,737</u>	<u>937,294</u>
	<u><u>5,820,789</u></u>	<u><u>3,493,287</u></u>	<u><u>3,612,294</u></u>

November 24, 2021

Date of approval of  
financial statements

E. Vessely  
Chief Financial Officer

D. 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 2021	Nine months ended September 30 2020	Three months ended September 30 2021	Three months ended September 30 2020	Year ended December 31 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenues, net	3,236,142	2,483,765	1,284,499	888,655	3,396,724
Adjustment of the fair value and the results of the disposal of income- generating assets, net	13,659	(878)	(2,311)	-	(1,828)
Group's share of the profits of companies accounted for at equity, net	32,849	12,334	19,521	3,648	12,835
Other income	9,124	3,386	3,201	1,132	4,275
<b>Total</b>	<b>3,291,774</b>	<b>2,498,607</b>	<b>1,304,910</b>	<b>893,435</b>	<b>3,412,006</b>
Cost of producing revenues	(2,663,566)	(2,122,971)	(1,031,179)	(755,259)	(2,907,940)
Selling and marketing expenses	(226,289)	(122,529)	(114,890)	(44,857)	(172,244)
Administrative and general expenses	(105,665)	(81,905)	(40,205)	(27,487)	(112,704)
Other expenses	(12,961)	(14,871)	(3,967)	(11,638)	(15,803)
Financing income	8,978	10,713	2,650	2,231	10,541
Financing expenses	(53,276)	(43,959)	(24,120)	(14,670)	(55,596)
<b>Total</b>	<b>(3,052,779)</b>	<b>(2,375,522)</b>	<b>(1,211,711)</b>	<b>(851,680)</b>	<b>(3,253,746)</b>
<b>Income before taxes on income</b>	<b>238,995</b>	<b>123,085</b>	<b>93,199</b>	<b>41,755</b>	<b>158,260</b>
Taxes on income	(40,768)	(34,526)	(12,798)	(11,126)	(40,850)
Income from continuing operations	198,227	88,559	80,401	30,629	117,410
Operating income from discontinued operations, net	-	62,328	-	55,042	62,328
<b>Net income</b>	<b>198,227</b>	<b>150,887</b>	<b>80,401</b>	<b>85,671</b>	<b>179,738</b>
Attributable to:					
Equity holders in the Company	102,951	72,415	41,434	38,490	87,967
Non-controlling interest	95,276	78,472	38,967	47,181	91,771
	<b>198,227</b>	<b>150,887</b>	<b>80,401</b>	<b>85,671</b>	<b>179,738</b>
<b>Earnings per share - attributable to the Equity holders of the Company:</b>					
Basic - Earnings					
From continuing operations	3.77	1.44	1.52	0.32	2.02
From discontinued operations	-	1.20	-	1.09	1.20
	<b>3.77</b>	<b>2.64</b>	<b>1.52</b>	<b>1.41</b>	<b>3.22</b>
Fully diluted - Earnings					
From continuing operations	3.70	1.37	1.50	0.32	1.88
From discontinued operations	-	1.20	-	1.09	1.19
	<b>3.70</b>	<b>2.57</b>	<b>1.50</b>	<b>1.41</b>	<b>3.07</b>

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

	Nine months ended September 30 2021	Nine months ended September 30 2020	Three months ended September 30 2021	Three months ended September 30 2020	Year ended December 31 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Net income</b>	<b>198,227</b>	<b>150,887</b>	<b>80,401</b>	<b>85,671</b>	<b>179,738</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	-	370	-	-	671
<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	(5,169)	(15,955)	(7,788)	(4,819)	(42,352)
Realization of reserve on translation differences on foreign operations	526	-	245	-	-
Gain on hedging transactions, net	838	3,531	(499)	(1,174)	931
	(3,805)	(12,424)	(8,042)	(5,993)	(41,421)
<b>Total other comprehensive loss</b>	<b>(3,805)</b>	<b>(12,054)</b>	<b>(8,042)</b>	<b>(5,993)</b>	<b>(40,750)</b>
<b>Total comprehensive income</b>	<b>194,422</b>	<b>138,833</b>	<b>72,359</b>	<b>79,678</b>	<b>138,988</b>
Comprehensive income attributable to:					
Equity holders in the company	98,421	65,921	36,916	35,152	64,966
Non-controlling interests	96,001	72,912	35,443	44,526	74,022
	194,422	138,833	72,359	79,678	138,988

**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>35,304</b>	<b>18,756</b>	<b>(65,604)</b>	<b>677,712</b>	<b>313</b>	<b>(59,636)</b>	<b>3,036</b>	<b>(633)</b>	<b>(124,946)</b>	<b>9,914</b>	<b>494,216</b>	<b>443,078</b>	<b>937,294</b>
Net income	-	-	-	102,951	-	-	-	-	-	-	102,951	95,276	198,227
Total other comprehensive income (loss)	-	-	-	-	-	-	403	-	(4,933)	-	(4,530)	725	(3,805)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,951</b>	<b>-</b>	<b>-</b>	<b>403</b>	<b>-</b>	<b>(4,933)</b>	<b>-</b>	<b>98,421</b>	<b>96,001</b>	<b>194,422</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	479	479	2,650	3,129
Dividend to shareholders in the company	-	-	-	(18,582)	-	-	-	-	-	-	(18,582)	-	(18,582)
Dividend to non-controlling interests	-	-	-	(3,043)	-	-	-	-	-	-	(3,043)	(36,540)	(39,583)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(6,597)	(1,493)	-	-	-	-	-	-	(8,090)	(1,590)	(9,680)
Exercise of option warrants	-	527	-	-	-	-	-	-	-	(521)	6	-	6
Non-controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	180,378	180,378
Issuance of a capital note by a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	309	309
Issuance of capital/purchase and sale of shares in consolidated companies	-	-	-	16,859	-	3,074	21	55	4,862	-	24,871	14,023	38,894
<b>As of September 30, 2021</b>	<b>35,304</b>	<b>19,283</b>	<b>(72,201)</b>	<b>774,404</b>	<b>313</b>	<b>(56,562)</b>	<b>3,460</b>	<b>(578)</b>	<b>(125,017)</b>	<b>9,872</b>	<b>588,278</b>	<b>698,309</b>	<b>1,286,587</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- measur- ement 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, 2020 (Audited)</b>	<b>35,304</b>	<b>18,717</b>	<b>(64,561)</b>	<b>579,136</b>	<b>313</b>	<b>(59,636)</b>	<b>2,624</b>	<b>(1,005)</b>	<b>(103,703)</b>	<b>9,082</b>	<b>416,271</b>	<b>356,011</b>	<b>772,282</b>
Net income	-	-	-	72,415	-	-	-	-	-	-	72,415	78,472	150,887
Total other comprehensive income (loss)	-	-	-	-	-	-	1,849	200	(8,543)	-	(6,494)	(5,560)	(12,054)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,415</b>	<b>-</b>	<b>-</b>	<b>1,849</b>	<b>200</b>	<b>(8,543)</b>	<b>-</b>	<b>65,921</b>	<b>72,912</b>	<b>138,833</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	687	687	2,760	3,447
Dividend to shareholders in the company	-	-	-	(17,653)	-	-	-	-	-	-	(17,653)	-	(17,653)
Dividend to non-controlling interests	-	-	-	(4,181)	-	-	-	-	-	-	(4,181)	(91,599)	(95,780)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(1,043)	(2,580)	-	-	-	-	-	-	(3,623)	(2,386)	(6,009)
Transaction with non-controlling interests	-	-	-	-	8	-	-	-	-	-	8	872	880
Issuance of capital /purchase and sale of shares in consolidated companies	-	-	-	52,837	-	-	(107)	34	2,494	-	55,258	116,479	171,737
<b>Balance as of September 30, 2020</b>	<b>35,304</b>	<b>18,717</b>	<b>(65,604)</b>	<b>679,974</b>	<b>321</b>	<b>(59,636)</b>	<b>4,366</b>	<b>(771)</b>	<b>(109,752)</b>	<b>9,769</b>	<b>512,688</b>	<b>455,049</b>	<b>967,737</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>35,304</b>	<b>19,283</b>	<b>(72,201)</b>	<b>740,817</b>	<b>313</b>	<b>(56,562)</b>	<b>3,703</b>	<b>(576)</b>	<b>(121,142)</b>	<b>9,736</b>	<b>558,675</b>	<b>677,189</b>	<b>1,235,864</b>
Net income	-	-	-	41,434	-	-	-	-	-	-	41,434	38,967	80,401
Total other comprehensive income (loss)	-	-	-	-	-	-	(239)	-	(4,279)	-	(4,518)	(3,524)	(8,042)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,434</b>	<b>-</b>	<b>-</b>	<b>(239)</b>	<b>-</b>	<b>(4,279)</b>	<b>-</b>	<b>36,916</b>	<b>35,443</b>	<b>72,359</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	136	136	824	960
Dividend to shareholders in the company	-	-	-	(6,194)	-	-	-	-	-	-	(6,194)	-	(6,194)
Dividend to non-controlling interests	-	-	-	(63)	-	-	-	-	-	-	(63)	(16,430)	(16,493)
Non-controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	(308)	(308)
Issuance of a capital note by a subsidiary company	-	-	-	-	-	-	-	-	-	-	-	309	309
Issuance of capital/purchase and sale of shares in consolidated companies	-	-	-	(1,590)	-	-	(4)	(2)	404	-	(1,192)	1,282	90
<b>As of September 30, 2021</b>	<b>35,304</b>	<b>19,283</b>	<b>(72,201)</b>	<b>774,404</b>	<b>313</b>	<b>(56,562)</b>	<b>3,460</b>	<b>(578)</b>	<b>(125,017)</b>	<b>9,872</b>	<b>588,278</b>	<b>698,309</b>	<b>1,286,587</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- measuremen t of defined benefit plans	Adjustme nts 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, 2020</b>	<b>35,304</b>	<b>18,717</b>	<b>(65,604)</b>	<b>644,849</b>	<b>321</b>	<b>(59,636)</b>	<b>5,169</b>	<b>(814)</b>	<b>(107,561)</b>	<b>9,585</b>	<b>480,330</b>	<b>440,681</b>	<b>921,011</b>
Net income	-	-	-	38,490	-	-	-	-	-	-	38,490	47,181	85,671
Total other comprehensive loss	-	-	-	-	-	-	(686)	-	(2,652)	-	(3,338)	(2,655)	(5,993)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,490</b>	<b>-</b>	<b>-</b>	<b>(686)</b>	<b>-</b>	<b>(2,652)</b>	<b>-</b>	<b>35,152</b>	<b>44,526</b>	<b>79,678</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	184	184	904	1,088
Dividend to shareholders in the company	-	-	-	(6,194)	-	-	-	-	-	-	(6,194)	-	(6,194)
Dividend to non-controlling interests	-	-	-	91	-	-	-	-	-	-	91	(59,700)	(59,609)
Acquisition of treasury shares in the company	-	-	-	(861)	-	-	-	-	-	-	(861)	(915)	(1,776)
Issuance of capital /purchase and sale of shares in consolidated companies	-	-	-	3,599	-	-	(117)	43	461	-	3,986	29,553	33,539
<b>Balance as of September 30, 2020</b>	<b>35,304</b>	<b>18,717</b>	<b>(65,604)</b>	<b>679,974</b>	<b>321</b>	<b>(59,636)</b>	<b>4,366</b>	<b>(771)</b>	<b>(109,752)</b>	<b>9,769</b>	<b>512,688</b>	<b>455,049</b>	<b>967,737</b>

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
	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
<b>Balance as of January 1, 2020</b>	<b>35,304</b>	<b>18,717</b>	<b>(64,561)</b>	<b>579,136</b>	<b>313</b>	<b>(59,636)</b>	<b>2,624</b>	<b>(1,005)</b>	<b>(103,703)</b>	<b>9,082</b>	<b>416,271</b>	<b>356,011</b>	<b>772,282</b>
Net income	-	-	-	87,967	-	-	-	-	-	-	87,967	91,771	179,738
Total other comprehensive income (loss)	-	-	-	-	-	-	519	336	(23,856)	-	(23,001)	(17,749)	(40,750)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,967</b>	<b>-</b>	<b>-</b>	<b>519</b>	<b>336</b>	<b>(23,856)</b>	<b>-</b>	<b>64,966</b>	<b>74,022</b>	<b>138,988</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	871	871	5,014	5,885
Dividend to shareholders in the company	-	-	-	(17,653)	-	-	-	-	-	-	(17,653)	-	(17,653)
Dividend to non-controlling interests	-	-	-	(3,952)	-	-	-	-	-	-	(3,952)	(94,872)	(98,824)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(1,043)	(2,580)	-	-	-	-	-	-	(3,623)	(2,386)	(6,009)
Transactions with non-controlling interests	-	-	-	(16,442)	-	-	-	-	-	-	(16,442)	(17,119)	(33,561)
Exercise of option warrants	-	39	-	-	-	-	-	-	-	(39)	-	-	-
Issuance of capital /purchase and sale of shares in consolidated companies	-	-	-	51,236	-	-	(107)	36	2,613	-	53,778	122,408	176,186
<b>As of December 31, 2020</b>	<b>35,304</b>	<b>18,756</b>	<b>(65,604)</b>	<b>677,712</b>	<b>313</b>	<b>(59,636)</b>	<b>3,036</b>	<b>(633)</b>	<b>(124,946)</b>	<b>9,914</b>	<b>494,216</b>	<b>443,078</b>	<b>937,294</b>

# ELCO LIMITED

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

	Nine months ended September 30 2021 Unaudited	Nine months ended September 30 2020 Unaudited	Three months ended September 30 2021 Unaudited	Three months ended September 30 2020 Unaudited	Year ended December 31 2020 Audited
<b>Cash flows from operating activities:</b>					
Net income	198,227	150,887	80,401	85,671	179,738
Adjustments required in order to present the cash flows from operating activities (Appendix A')	(132,677)	17,937	(2,632)	(11,357)	137,591
<b>Net cash generated by (absorbed) by operating activities (before acquisition of and investment in land)</b>	65,550	168,824	77,769	74,314	317,329
Acquisition of and investment in land *)	(228,871)	(16,515)	(156,504)	(2,335)	(33,620)
<b>Net cash generated by (absorbed) by operating activities ***)</b>	(163,321)	152,309	(78,735)	71,979	283,709
<b>Cash flows from investment activities:</b>					
Acquisition of fixed assets and intangible assets	(96,616)	(82,260)	(25,199)	(33,523)	(103,326)
Capitalization of customer acquisition costs	-	(2,595)	-	(508)	(2,595)
Acquisition and construction of income generating assets	(626)	(540)	(503)	(70)	-
Newly consolidated subsidiaries and activities (Appendix B')	(41,798)	(15,299)	(22,998)	-	(15,299)
Proceeds from sale of investments in previously consolidated subsidiary (appendix C')	1,383	150,393	-	150,393	150,393
Change in investment in and loans to investee companies, net	(275,084)	14,597 **)	(85,744)	57,019 **)	4,630
Consideration from (purchase of) of short-term investments, net	(849)	17,510	(13,274)	26,032	(8,484)
Consideration from the disposal of fixed and income-generating assets and investments	61,773	8,938	42,354	4,659	16,392
Decrease (increase) in long-term loans and deposits	5,560	(676)	(5,293)	958	2,877
<b>Net cash generated (absorbed) by investment activities ***)</b>	(346,257)	90,068	(110,657)	204,960	44,588
<b>Cash flows from financing activities:</b>					
Dividend paid to shareholders in the company	(12,388)	(17,653)	-	(6,194)	(17,653)
Dividend to non-controlling interests	(46,276)	(79,266)	(8,014)	(55,967)	(82,312)
Issuance of bonds	133,987	63,567	79,081	63,567	124,178
Self-purchase of the company's bonds	-	(302)	-	-	(302)
Repayment of long-term liabilities	(355,544)	(340,275) **)	(157,637)	(245,608) **)	(403,580)
Repayment of leasing liabilities	(53,918)	(37,970)	(23,797)	(11,645)	(46,585)
Receipt of long-term liabilities	538,492	112,886	217,256	43,458	150,297
Short-term bank credit, net	198,685	(38,710)	153,307	(72,654)	(60,851)
Acquisition of a partner's share in a sub-subsidiary company	-	(3,499)	-	(619)	(3,477)
Exercise of option warrants issuance of capital/sale of shares to non-controlling interests	47,298	167,293	447	29,095	167,239
Purchase of treasury shares in the company and in consolidated companies	(9,680)	(6,009)	-	(1,776)	(6,009)
<b>Net cash generated (absorbed) by financing activities ***)</b>	440,656	(179,938)	260,643	(258,343)	(179,055)
<b>Translation differences in respect of cash and cash equivalents balances</b>	(2,628)	(949)	(2,501)	188	(4,713)
<b>Increase (decrease) in cash and cash equivalents</b>	(71,550)	61,490	68,750	18,784	144,529
<b>Balance of cash and cash equivalents at the beginning of the period</b>	430,733	286,204	290,433	328,910	286,204
<b>Balance of cash and cash equivalents at the end of the period</b>	359,183	347,694	359,183	347,694	430,733

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

\*\*) reclassified.

\*\*\*) includes cash in respect of discontinued operations.

**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	Nine months ended September 30	Three months ended September 30	Three months ended September 30	Year ended December 31
	2021	2020	2021	2020	2020
	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	(32,849)	(12,133)	(19,521)	(3,622)	(12,635)
Dividends and interest received from companies accounted for at equity	11,979	11,817	5,174	3,110	13,567
Success fee in respect of increase in the value of housing complexes (Promote)	(85,765)	(19,916)	(43,638)	(8,987)	(28,184)
Realization of reserve on translation differences on foreign operations	526	-	245	-	-
Adjustment of fair value and the results of the disposal of income-generating assets, net	(13,659)	878	2,311	-	1,828
Depreciation and amortization	125,485	86,402	55,338	27,519	112,703
Amortization of customer acquisition expenses	-	2,928	-	385	2,928
Impairment in the investment in a company accounted for at equity	4,323	10,520	1,462	10,520	10,520
Gain on the self-purchase of the company's bonds	-	(77)	-	-	(77)
Deferred taxes, net	6,456	(20,495)	2,813	(25,208)	(33,907)
Change in employee benefit liabilities	1,387	340	504	364	238
loss (gain) on the sale of fixed assets and other investments	536	(780)	130	(703)	(618)
Gain from the sale of a subsidiary	(627)	(70,614)	-	(70,614)	(70,614)
Erosion of long-term receivable and liabilities, net	4,136	9,665	(2,060)	4,080	15,242
Increase in the value of short-term investments	(241)	(748)	(145)	(3)	(848)
Cost of share-based payment	3,129	3,447	960	1,088	5,885
<b>Changes in asset and liability items:</b>					
Decrease in inventory and inventory of real estate (before acquisition of and investment in land)	31,205	22,358	72,981	33,374	18,264
Increase in trade receivables	(24,476)	(15,543)	(4,041)	(23,611)	(30,777)
Increase in other accounts receivable	(143,681)	(20,088)	(96,374)	(19,050)	(8,820)
Increase (decrease) in suppliers and providers of services	(25,023)	(8,902)	7,287	33,939	77,309
Increase in other accounts payable	4,482	38,878	13,942	26,062	65,587
	<u>(132,677)</u>	<u>17,937</u>	<u>(2,632)</u>	<u>(11,357)</u>	<u>137,591</u>

**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	Nine months ended September 30	Three months ended September 30	Three months ended September 30	Year ended December 31
	2021	2020	2021	2020	2020
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Working capital, net (except cash)	464,341	1,060	35,921	-	1,060
Fixed assets	(112,083)	(2,385)	(21,654)	-	(2,385)
Right-of-use assets	(468,877)	(1,380)	(5,510)	-	(1,380)
Intangible assets	(171,682)	(6,586)	(26,856)	-	(6,586)
Goodwill	(618,612)	(22,217)	(17,315)	-	(22,217)
Other non-current assets	(6,520)	-	(679)	-	-
Deferred taxes	19,990	(290)	7,312	-	(290)
Leasing liabilities	523,225	1,384	4,894	-	1,384
Non-current liabilities	126,310	-	911	-	-
Liability for put option, conditional consideration and future dividends for non-controlling interests	21,732	14,884	286	-	14,884
Non-controlling interests	180,378	-	(308)	-	-
Gain on the removal of previous relationships	-	231	-	-	231
	(41,798)	(15,299)	(22,998)	-	(15,299)

**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	Nine months ended September 30	Three months ended September 30	Three months ended September 30	Year ended December 31
	2021	2020	2021	2020	2020
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Working capital, net (except cash and cash equivalents)	4,118	(46,172)	-	(46,172)	(46,172)
Long-term receivables	77	-	-	-	-
Fixed assets	431	31,776	-	31,776	31,776
Right-of-use assets	-	4,191	-	4,191	4,191
Intangible assets	1,124	23,334	-	23,334	23,334
Goodwill	-	245,491	-	245,491	245,491
Deferred taxes	-	13,518	-	13,518	13,518
Credit from banking institutions and others	(2,578)	-	-	-	-
Leasing liabilities	-	(4,862)	-	(4,862)	(4,862)
Other non-current liabilities	(207)	(185,005)	-	(185,005)	(185,005)
Non-controlling interests	-	(2,492)	-	(2,492)	(2,492)
Receivables for the realization of an investment in a consolidated company	(2,209)	-	-	-	-
Gain from sale of a subsidiary	627	70,614	-	70,614	70,614
	1,383	150,393	-	150,393	150,393

## 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 2021 Unaudited	Nine months ended September 30 2020 Unaudited	Three months ended September 30 2021 Unaudited	Three months ended September 30 2020 Unaudited	Year ended December 31 2020 Audited
Cash paid in the period for:					
Interest	63,057	33,572	17,083	9,968	43,298
Taxes on income	35,130	29,850	12,020	12,648	61,893
Cash received for:					
Interest	12,245	4,842	1,117	2,847	5,408
Taxes on income	5,772	2,171	-	69	3,117

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

	Nine months ended September 30 2021 Unaudited	Nine months ended September 30 2020 Unaudited	Three months ended September 30 2021 Unaudited	Three months ended September 30 2020 Unaudited	Year ended December 31 2020 Audited
Acquisition of fixed assets, investment property and intangible assets	2,465	844	1,847	844	16,654
Liability for the acquisition of holdings of non- controlling interests in a consolidated company	-	-	-	-	41,487

**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, 2021 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, 2020 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 hotels investment fund in the U.S.A.

**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, DIC and MIP.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Note 3 - The implications of the spread of the Corona Virus**

As stated in Note 1D to the consolidated annual financial statements, as from the first quarter of 2020, as a result of the spread of the Coronavirus, Israel (like most of the countries in the world) has taken various measures in order to reduce the spread of the virus, including imposing restrictions on movement (both local and international) and gathers and other measures.

In light of the steps that have been taken by the State of Israel, including the decisions regarding the provision of vaccinations, there has been a significant reduction in the morbidity figures in the State of Israel.

The Group has not been affected significantly as a result of the crisis and the Company's management does not expect, at this stage, that it will be adversely affected significantly as a result of the crisis, except for the impact on the Theater Of Dreams activity, primarily in the first quarter of 2021, and the reduction of MIP's operations in England, following which it was decided to close the operations in that country.

The Coronavirus outbreak event is a rolling event and there is a large measure of uncertainty regarding the length of the spread of the virus and regarding the implications deriving from it and the effect on the economic activity both globally and in Israel. At this stage the Company's management is unable to assess and to quantify that impact.

**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, 2021 (NIS 3.229 = 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.