

ELCO LIMITED

Interim Consolidated Financial Information

As of March 31, 2022

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 March 31, 2022 and for the period 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 1.48% of the total consolidated assets as of March 31, 2022 and whose revenues constitute approximately 1.07% of the total consolidated revenue for period of the three months ended on March 31, 2022. Furthermore, we did not review the interim financial information of certain companies accounted for at equity, the investment in which amounted to approximately 234,435 thousand dollars as of March 31, 2022, and the Company's share of their losses amounted to approximately 31,073 thousand dollars for the period of three months ended on March 31, 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 March 31, 2022, as described in note 5 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 May 25, 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
May 25, 2022

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

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

	March 31 2022	March 31 2021	December 31 2021
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Current assets			
Cash and cash equivalents	347,682	282,295	351,456
Short-term investments	136,517	101,637	105,980
Trade receivables	690,496	593,978	659,750
Other accounts receivables	673,341	565,025	613,476
Inventory, inventory of real estate and rights in real estate	676,690	367,892	554,656
Assets held for sale	120,863	34,693	85,836
	<u>2,645,589</u>	<u>1,945,520</u>	<u>2,371,154</u>
Non-current assets			
Long-term receivables	59,478	34,581	37,941
Receivables for concession arrangement for the provision of services	34,240	24,647	31,640
Investment in entities accounted for at equity	769,212	388,914	676,945
Long-term inventory of real estate	200,001	15,228	121,141
Investment property	124,393	130,610	105,587
Fixed assets	418,953	244,412	398,846
Right-of-use assets	703,012	222,373	688,142
Goodwill and other intangible assets	1,403,361	639,547	1,407,130
Intangible asset for a concession project	126,477	131,954	127,796
Deferred taxes	37,382	18,701	29,159
	<u>3,876,509</u>	<u>1,850,967</u>	<u>3,624,327</u>
	<u>6,522,098</u>	<u>3,796,487</u>	<u>5,995,481</u>

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

	March 31 2022	March 31 2021	December 31 2021
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Current Liabilities			
Credit from banking institutions and others	589,223	188,743	425,994
Bonds - current maturities	82,747	68,648	63,621
Current maturities of leasing liabilities	99,805	42,597	95,236
Suppliers and providers of services	1,070,129	720,667	1,043,126
Other payables	816,380	602,003	753,282
Dividend payable to shareholders in the company	15,743	12,594	-
	<u>2,674,027</u>	<u>1,635,252</u>	<u>2,381,259</u>
Long-Term Liabilities			
Credit from banking institutions and others	680,746	260,923	688,106
Bonds	627,355	479,097	569,147
Leasing liabilities	664,998	179,145	654,142
Other liabilities	194,947	146,180	185,009
Employee benefit liabilities, net	28,510	19,954	29,033
Deferred taxes	157,718	56,445	113,641
	<u>2,354,274</u>	<u>1,141,744</u>	<u>2,239,078</u>
Equity			
Equity attributable to equity holders of the Company	733,505	550,620	648,963
Non-controlling interests	760,292	468,871	726,181
Total equity	<u>1,493,797</u>	<u>1,019,491</u>	<u>1,375,144</u>
	<u>6,522,098</u>	<u>3,796,487</u>	<u>5,995,481</u>

<u>May 25, 2022</u>			
Date of approval of financial statements	E. Vessely Chief Financial Officer	M. Salkind Joint General Manager	M. Fridman Chairman of the Board of Directors

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

	Three months ended March 31 2022	Three months ended March 31 2021	Year ended December 31 2021
	Unaudited	Unaudited	Audited
Revenues, net	1,442,881	912,988	4,665,229
Adjustment of the fair value and the results of the disposal of income-generating assets, net	10,570	(45)	13,843
Group's share of the profits of companies accounted for at equity, net	58,297	4,713	72,048
Other income	4,061	1,812	9,499
Total	1,515,809	919,468	4,760,619
Cost of producing revenues	(1,143,225)	(771,379)	(3,815,223)
Selling and marketing expenses	(118,962)	(47,347)	(348,828)
Administrative and general expenses	(43,040)	(30,245)	(151,551)
Other expenses	(1,823)	(1,547)	(16,901)
Financing income	7,099	3,159	17,940
Financing expenses	(21,509)	(12,214)	(76,884)
Total	(1,321,460)	(859,573)	(4,391,447)
Income before taxes on income	194,349	59,895	369,172
Taxes on income	(50,133)	(7,140)	(66,821)
Net income	144,216	52,755	302,351
Attributable to:			
Equity holders in the Company	94,467	30,240	171,478
Non-controlling interest	49,749	22,515	130,873
	144,216	52,755	302,351
Earnings per share - attributable to the			
Equity holders of the Company:			
Basic - Earnings	3.46	1.10	6.27
Fully diluted - Earnings	3.41	1.09	6.18

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

	Three months ended March 31 2022	Three months ended March 31 2021	Year ended December 31 2021
	Unaudited	Unaudited	Audited
Net income	144,216	52,755	302,351
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	475	-	585
<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	9,218	10,277	(30,298)
Realization of reserve on translation differences on foreign operations	-	-	535
Gain (loss) on hedging transactions, net	(1,129)	763	1,133
	8,089	11,040	(28,630)
Total other comprehensive loss	8,564	11,040	(28,045)
Total comprehensive income	152,780	63,795	274,306
Comprehensive income attributable to:			
Equity holders in the company	100,284	36,539	152,455
Non-controlling interests	52,496	27,256	121,851
	152,780	63,795	274,306

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
Balance as of January 1, 2022 (Audited)	35,893	19,604	(73,405)	852,525	318	(57,506)	3,653	(201)	(142,096)	10,178	648,963	726,181	1,375,144
Net income	-	-	-	94,467	-	-	-	-	-	-	94,467	49,749	144,216
Total other comprehensive income (loss)	-	-	-	-	-	-	(725)	226	6,316	-	5,817	2,747	8,564
Total comprehensive income (loss)	-	-	-	94,467	-	-	(725)	226	6,316	-	100,284	52,496	152,780
Cost of share-based payment	-	-	-	-	-	-	-	-	-	137	137	623	760
Dividend to shareholders in the company	-	-	-	(15,743)	-	-	-	-	-	-	(15,743)	-	(15,743)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(19,709)	(19,709)
Acquisition of treasury shares in subsidiary companies	-	-	-	(75)	-	-	-	-	-	-	(75)	(82)	(157)
Issuance of capital/purchase and sale of shares in consolidated companies	-	-	-	(60)	-	-	-	-	(1)	-	(61)	783	722
As of March 31, 2022	35,893	19,604	(73,405)	931,114	318	(57,506)	2,928	25	(135,781)	10,315	733,505	760,292	1,493,797

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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
Balance as of January 1, 2021 (Audited)	35,893	19,068	(66,698)	689,022	318	(60,631)	3,087	(644)	(127,031)	10,079	502,463	450,472	952,935
Net income	-	-	-	30,240	-	-	-	-	-	-	30,240	22,515	52,755
Total other comprehensive income	-	-	-	-	-	-	366	-	5,933	-	6,299	4,741	11,040
Total comprehensive income	-	-	-	30,240	-	-	366	-	5,933	-	36,539	27,256	63,795
Cost of share-based payment	-	-	-	-	-	-	-	-	-	183	183	873	1,056
Dividend to shareholders in the company	-	-	-	(12,594)	-	-	-	-	-	-	(12,594)	-	(12,594)
Dividend to non-controlling interests	-	-	-	(2,603)	-	-	-	-	-	-	(2,603)	(19,940)	(22,543)
Acquisition of treasury shares in subsidiary companies	-	-	-	(1,096)	-	-	-	-	-	-	(1,096)	(1,163)	(2,259)
Issuance of capital / purchase and sale of shares in consolidated companies	-	-	-	20,424	-	3,125	27	59	4,093	-	27,728	11,373	39,101
As of March 31, 2021	35,893	19,068	(66,698)	723,393	318	(57,506)	3,480	(585)	(117,005)	10,262	550,620	468,871	1,019,491

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
Balance as of January 1, 2021	35,893	19,068	(66,698)	689,022	318	(60,631)	3,087	(644)	(127,031)	10,079	502,463	450,472	952,935
Net income	-	-	-	171,478	-	-	-	-	-	-	171,478	130,873	302,351
Total other comprehensive loss	-	-	-	-	-	-	545	389	(19,957)	-	(19,023)	(9,022)	(28,045)
Total comprehensive income (loss)	-	-	-	171,478	-	-	545	389	(19,957)	-	152,455	121,851	274,306
Cost of share-based payment	-	-	-	-	-	-	-	-	-	629	629	3,428	4,057
Dividend to shareholders in the company	-	-	-	(18,892)	-	-	-	-	-	-	(18,892)	-	(18,892)
Dividend to non-controlling interests	-	-	-	(3,094)	-	-	-	-	-	-	(3,094)	(42,227)	(45,321)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(6,707)	(2,626)	-	-	-	-	-	-	(9,333)	(2,821)	(12,154)
Exercise of option warrants	-	536	-	-	-	-	-	-	-	(530)	6	-	6
Non-controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	182,690	182,690
Issuance of a capital note by subsidiary companies	-	-	-	-	-	-	-	-	-	-	-	315	315
Issuance of capital /purchase and sale of shares in consolidated companies	-	-	-	16,637	-	3,125	21	54	4,892	-	24,729	12,473	37,202
As of December 31, 2021	35,893	19,604	(73,405)	852,525	318	(57,506)	3,653	(201)	(142,096)	10,178	648,963	726,181	1,375,144

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

	Three months ended March 31 2022 Unaudited	Three months ended March 31 2021 Unaudited	Year ended December 31 2021 Audited
Cash flows from operating activities:			
Net income	144,216	52,755	302,351
Adjustments required in order to present the cash flows from operating activities (Appendix A')	(131,501)	(140,883)	(109,848)
Net cash generated by (absorbed) by operating activities (before acquisition of and investment in land)	12,715	(88,128)	192,503
Acquisition of and investment in land **)	(136,622)	(56,548) *)	(224,139) *)
Net cash absorbed by operating activities	(123,907)	(144,676)	(31,636)
Cash flows from investment activities:			
Acquisition of fixed assets and intangible assets	(39,678)	(23,717)	(146,661)
Investment in investment property	(8,650)	(13,772) *)	(14,611) *)
Newly consolidated subsidiaries and activities (Appendix B')	(939)	(279)	(42,496)
Proceeds from sale of investments in previously consolidated subsidiary (appendix C')	-	-	1,406
Change in investment in and loans to investee companies, net	(24,040)	(28,372)	(329,060)
Purchase of short-term investments, net	(31,557)	(30,156)	(17,624)
Consideration from the disposal of fixed assets, investment property and other investments	21,739	11,114	147,341
Decrease (increase) in long-term loans and deposits	6,329	9,722 *)	(1,407)
Net cash absorbed by investment activities	(76,796)	(75,460)	(403,112)
Cash flows from financing activities:			
Dividend paid to shareholders in the company	-	-	(18,892)
Dividend to non-controlling interests	(7,630)	(23,362)	(60,746)
Issuance of bonds	77,798	31,162	182,814
Repayment of long-term liabilities	(103,682)	(107,326)	(522,743)
Repayment of leasing liabilities	(28,030)	(11,817)	(77,041)
Receipt of long-term liabilities	59,932	32,713	632,772
Short-term bank credit, net	197,416	97,843	181,716
Exercise of option warrants issuance of capital/sale of shares to non-controlling interests	722	47,229	48,375
Purchase of treasury shares in the company and in consolidated companies	(157)	(2,259)	(12,154)
Net cash generated by financing activities	196,369	64,183	354,101
Translation differences in respect of cash and cash equivalents balances	560	327	(5,818)
Decrease in cash and cash equivalents	(3,774)	(155,626)	(86,465)
Balance of cash and cash equivalents at the beginning of the period	351,456	437,921	437,921
Balance of cash and cash equivalents at the end of the period	347,682	282,295	351,456

*) reclassified.

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

	Three months ended March 31	Three months ended March 31	Year ended December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
Income and expenses not involving cash flows:			
The Group's share of the profits of companies accounted for at equity, net	(58,297)	(4,713)	(72,048)
Dividends and interest received from companies accounted for at equity	13,490	1,841	15,121
Success fee in respect of increase in the value of housing complexes (Promote)	(82,516)	(11,436)	(144,982)
Realization of reserve on translation differences on foreign operations	-	-	535
Adjustment of fair value and the results of the disposal of income-generating assets, net	(10,570)	45	(13,843)
Depreciation and amortization	58,185	28,823	186,829
Impairment in the investment in a company accounted for at equity	-	-	4,395
Deferred taxes, net	35,543	(5,583)	20,096
Change in employee benefit liabilities	(310)	745	2,258
loss (gain) on the sale of fixed assets and other investments	(151)	(85)	2,252
Gain from the sale of a subsidiary	-	-	(638)
Erosion of long-term receivable and liabilities, net	(1,446)	(197)	1,213
Increase in the value of short-term investments	(178)	(88)	(4,514)
Cost of share-based payment	760	1,056	4,057
Changes in asset and liability items:			
Decrease in inventory and inventory of real estate (before acquisition of and investment in land) **)	(28,045)	(33,404) *)	(46,057)
Increase in trade receivables	(31,979)	(45,442)	(25,862)
Increase in other accounts receivable	(60,075)	(31,145) *)	(93,198)
Increase (decrease) in suppliers and providers of services	13,582	(12,083)	28,832
Increase in other accounts payable	20,506	(29,217)	25,706
	<u>(131,501)</u>	<u>(140,883)</u>	<u>(109,848)</u>

*) reclassified.

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

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:

	Three months ended March 31	Three months ended March 31	Year ended December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
Working capital, net (except cash)	(109)	144	473,460
Fixed assets	-	(13)	(114,871)
Right-of-use assets	-	-	(476,701)
Intangible assets	(705)	(534)	(171,721)
Goodwill	(1,030)	-	(627,412)
Other non-current assets	-	-	(5,578)
Deferred taxes	128	124	20,183
Leasing liabilities	-	-	531,956
Loans from banks and other non-current liabilities	-	-	127,584
Liability for put option, conditional consideration and future dividends for non-controlling interests	777	-	17,914
Non-controlling interests	-	-	182,690
	<u>(939)</u>	<u>(279)</u>	<u>(42,496)</u>

Appendix C' - Proceeds from sale of investment in previously consolidated subsidiary

The subsidiary's assets and liabilities at date of sale:

	Three months ended March 31	Three months ended March 31	Year ended December 31
	2022	2021	2021
	Unaudited	Unaudited	Audited
Working capital, net (except cash and cash equivalents)	-	-	4,187
Long-term receivables	-	-	78
Fixed assets	-	-	439
Intangible assets	-	-	1,143
Credit from banking institutions and others	-	-	(2,622)
Other non-current liabilities	-	-	(211)
Receivables for the realization of an investment in a consolidated company	-	-	(2,246)
Gain from sale of a subsidiary	-	-	638
	<u>-</u>	<u>-</u>	<u>1,406</u>

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

	Three months ended March 31 2022	Three months ended March 31 2021	Year ended December 31 2021
	Unaudited	Unaudited	Audited
Cash paid in the period for:			
Interest	20,634	14,236	85,785
Taxes on income	24,164	11,449	51,762
Cash received for:			
Interest	1,729	588	13,519
Taxes on income	3,601	2,152	8,747

Appendix E' – Significant activities not involving cash flows

	Three months ended March 31 2022	Three months ended March 31 2021	Year ended December 31 2021
	Unaudited	Unaudited	Audited
Acquisition of fixed assets, investment property and intangible assets	20,146	3,648	15,829
Dividend payable to shareholders in the company	15,743	12,594	-

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 March 31, 2022 and for the period 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 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 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 and the countries in the European Union began to impose a series of sundry financial and economic sanctions on Russia, which have found expression, inter alia, in the removal of Russian banks from the global payments systems and the halting of transactions with Russian corporations. These actions restrict Russia's central bank's ability to support the Ruble and as a result of this there has been a significant devaluation in the exchange rate of the Ruble against foreign currencies, with damage being caused to the Russian economy, an increase in the price of a barrel of petroleum and in the prices of commodities. It should be mentioned on this matter that after the reporting date, and up to the timing of the signing of the financial statements, the Ruble has strengthened against the shekel. Electra has tested the value of the inventory of real estate that is owned by a company that is accounted for at equity, and 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 - The implications of the spread of the Coronavirus

As described in Note 1D to the annual consolidated financial statements regarding the implications of the spread of the Coronavirus, during the fourth quarter of 2021 and in the first quarter of 2022, as a result of the spread of the Omicron variant, which is very highly infectious, there was an increase in the morbidity figures in Israel, as a result of which there was a fall in business activity in Israel as a result of the duty to self-isolate, which applied to a considerable portion of the population of Israel. The morbidity figures in Israel fell in February 2022 and as of the time of the publication of the report, most of the restrictions have been removed and business activity in the state of Israel has returned to normal.

The Group has not been affected significantly as a result of the health 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.

The outbreak of the Coronavirus is a rolling event, and a large measure of uncertainty exists regarding the length of time for which it will continue and its implications for economic activity, both globally and in Israel. The Company's management is unable to assess or quantify the future impact at this stage.

Note 5 - 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 March 31, 2022 (NIS 3.176 = 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.