

**ELCO LIMITED**

**Interim Consolidated Financial Information**

**As of June 30, 2022**

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

**(Unaudited)**

## **ELCO LIMITED**

### **Contents**

<b>Review of Interim Information .....</b>	<b>3</b>
<b><u>Financial Information as of June 30, 2022 (Unaudited)</u></b>	
Consolidated Information of Financial Position .....	4
Consolidated Information of Profit or Loss.....	6
Consolidated Information of Comprehensive Income .....	7
Consolidated Information of Changes in Equity.....	8
Consolidated Information of Cash Flows.....	13
Notes to the Consolidated Financial Information .....	17

**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, 2022 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 1.37% of the total consolidated assets as of June 30, 2022 and whose revenues constitute approximately 0.85% and approximately 0.63% of the total consolidated revenue for periods of six months and of the three months ended on June 30, 2022. Furthermore, we did not review the interim financial information of certain companies accounted for at equity, the investment in which amounted to approximately 315,787 thousand dollars as of June 30, 2022, and the Company's share of their income (losses) amounted to approximately 28,086 thousand dollars and approximately (111) thousand dollars for the periods of six months and three months ended on June 30, 2022. The interim financial information for those companies were reviewed by other auditors, whose reports have been furnished to us, and our conclusion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

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

The accompanying Interim Financial Information in US Dollars are a convenience translation of the interim consolidated financial statements as prepared in New Israeli Shekels as the rate of exchange of the Shekel into US Dollars prevailing on June 30, 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 August 23, 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  
August 23, 2022

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

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

	<b>June 30 2022</b>	<b>June 30 2021</b>	<b>December 31 2021</b>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
<b>Current assets</b>			
Cash and cash equivalents	402,592	267,945	318,921
Short-term investments	140,237	66,908	96,169
Trade receivables	598,492	579,957	598,676
Other accounts receivables	637,466	551,524	556,686
Inventory, inventory of real estate and rights in real estate	598,845	395,416 *)	503,311 *)
Assets held for sale	130,627	68,248	77,890
	<u>2,508,259</u>	<u>1,929,998</u>	<u>2,151,653</u>
<b>Non-current assets</b>			
Long-term receivables	47,525	23,384 *)	35,000 *)
Receivables for concession arrangement for the provision of services	32,786	24,810	28,711
Investment in entities accounted for at equity	832,591	470,772	614,279
Long-term inventory of real estate	257,321	12,974	109,927
Investment property	125,724	133,408 *)	95,813 *)
Fixed assets	397,989	313,655 *)	361,925
Right-of-use assets	633,697	631,061 *)	619,862 *)
Goodwill and other intangible assets	1,274,873	1,259,073 *)	1,277,418 *)
Intangible asset for a concession project	119,582	118,460	115,965
Deferred taxes	30,901	18,055	26,460
	<u>3,752,989</u>	<u>3,005,652</u>	<u>3,285,360</u>
	<u>6,261,248</u>	<u>4,935,650</u>	<u>5,437,013</u>

\*) Immaterial adjustment of the comparative figures.

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

	<b>June 30 2022</b>	<b>June 30 2021</b>	<b>December 31 2021</b>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
<b>Current Liabilities</b>			
Credit from banking institutions and others	544,001	241,576 *)	386,559
Bonds - current maturities	74,670	52,115	57,731
Current maturities of leasing liabilities	95,229	84,514	86,420
Suppliers and providers of services	987,230	865,917	946,563
Other payables	795,490	664,318	681,316 *)
	<u>2,496,620</u>	<u>1,908,440</u>	<u>2,158,589</u>
<b>Long-Term Liabilities</b>			
Credit from banking institutions and others	705,974	586,908	624,407
Bonds	561,581	431,182	516,460
Leasing liabilities	600,403	598,048	593,588
Other liabilities	183,978	173,544 *)	167,544 *)
Employee benefit liabilities, net	24,974	24,119	26,345
Deferred taxes	166,225	74,124 *)	103,121
	<u>2,243,135</u>	<u>1,887,925</u>	<u>2,031,465</u>
<b>Equity</b>			
Equity attributable to equity holders of the Company	760,222	515,416	588,888
Non-controlling interests	761,271	623,869 *)	658,071 *)
Total equity	<u>1,521,493</u>	<u>1,139,285</u>	<u>1,246,959</u>
	<u>6,261,248</u>	<u>4,935,650</u>	<u>5,437,013</u>

\*) Immaterial adjustment of the comparative figures.

<u>August 23, 2022</u>			
Date of approval of financial statements	<u>E. Vessely</u> Chief Financial Officer	<u>D. Salkind</u> Joint General Manager	<u>M. Fridman</u> Chairman of the Board of Directors

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

	six months ended June 30 2022	six months ended June 30 2021	Three months ended June 30 2022	Three months ended June 30 2021	Year ended December 31 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenues, net	2,620,172	1,800,530	1,310,860	972,058	4,233,362
Adjustment of the fair value and the results of the disposal of income-generating assets, net	9,367	14,734	(224)	14,775	12,562
Group's share of the profits of companies accounted for at equity, net	68,273	12,296	15,373	8,019	65,379
Other income	33,261	5,464	29,576	3,821	8,619
<b>Total</b>	<b>2,731,073</b>	<b>1,833,024</b>	<b>1,355,585</b>	<b>998,673</b>	<b>4,319,922</b>
Cost of producing revenues	(2,082,287)	(1,505,994) *)	(1,044,892)	(806,023) *)	(3,462,043)
Selling and marketing expenses	(222,287)	(102,774)	(114,337)	(59,810)	(316,536)
Administrative and general expenses	(79,085)	(60,391) *)	(40,029)	(32,946) *)	(137,522)
Other expenses	(4,646)	(8,297)	(2,992)	(6,894)	(15,336)
Financing income	13,471	5,838	7,029	2,972	16,279
Financing expenses	(47,292)	(26,899)	(27,775)	(15,815)	(69,767)
<b>Total</b>	<b>(2,422,126)</b>	<b>(1,698,517)</b>	<b>(1,222,996)</b>	<b>(918,516)</b>	<b>(3,984,925)</b>
<b>Income before taxes on income</b>	<b>308,947</b>	<b>134,507</b>	<b>132,589</b>	<b>80,157</b>	<b>334,997</b>
Taxes on income	(83,483)	(25,804)	(37,991)	(19,325)	(60,635)
<b>Net income</b>	<b>225,464</b>	<b>108,703</b>	<b>94,598</b>	<b>60,832</b>	<b>274,362</b>
Attributable to:					
Equity holders in the Company	137,096	56,754	51,374	29,313	155,604
Non-controlling interest	88,368	51,949	43,224	31,519	118,758
	<b>225,464</b>	<b>108,703</b>	<b>94,598</b>	<b>60,832</b>	<b>274,362</b>
<b>Earnings per share - attributable to the Equity holders of the Company:</b>					
Basic - Earnings	5.02	2.07	1.88	1.07	5.69
Fully diluted - Earnings	4.88	2.03	1.78	1.04	5.61

\*) Reclassified.

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

	<b>six months ended June 30 2022</b>	<b>six months ended June 30 2021</b>	<b>Three months ended June 30 2022</b>	<b>Three months ended June 30 2021</b>	<b>Year ended December 31 2021</b>
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Net income</b>	<b>225,464</b>	<b>108,703</b>	<b>94,598</b>	<b>60,832</b>	<b>274,362</b>
Other comprehensive income (loss) (after tax effects):					
<b><u>Amounts that will never be reclassified to profit or loss:</u></b>					
Gain from the re-measurement of defined benefit plans, net	1,003	-	572	-	531
<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	101,039	2,416	92,674	(4,961)	(27,494)
Realization of reserve on translation differences on foreign operations	-	260	-	(1,689)	486
Gain on hedging transactions, net	21	1,233	1,046	540	1,028
	101,060	3,909	93,720	(6,110)	(25,980)
<b>Total other comprehensive income (loss)</b>	<b>102,063</b>	<b>3,909</b>	<b>94,292</b>	<b>(6,110)</b>	<b>(25,449)</b>
<b>Total comprehensive income</b>	<b>327,527</b>	<b>112,612</b>	<b>188,890</b>	<b>54,722</b>	<b>248,913</b>
Comprehensive income attributable to:					
Equity holders in the company	196,519	56,743	105,519	23,586	138,342
Non-controlling interests	131,008	55,869	83,371	31,136	110,571
	327,527	112,612	188,890	54,722	248,913

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

	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Capital reserve on transactions With controlling interests	Capital reserve on financial assets at fair value through other comprehensive income	Capital reserve on hedging transactions	Capital reserve on the re- measurement of defined benefit plans	Adjustmen ts deriving from the translation of financial Statements	Capital reserve on share- based payment	Total Attributable to equity holders in the company	Non- controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Balance as of January 1, 2022 (Audited)</b>	<b>32,570</b>	<b>17,790</b>	<b>(66,610)</b>	<b>773,606</b>	<b>289</b>	<b>(52,183)</b>	<b>3,314</b>	<b>(182)</b>	<b>(128,942)</b>	<b>9,236</b>	<b>588,888</b>	<b>658,071 *)</b>	<b>1,246,959</b>
Net income	-	-	-	137,096	-	-	-	-	-	-	137,096	88,368	225,464
Total other comprehensive income (loss)	-	-	-	-	-	-	(124)	423	59,124	-	59,423	42,640	102,063
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>137,096</b>	<b>-</b>	<b>-</b>	<b>(124)</b>	<b>423</b>	<b>59,124</b>	<b>-</b>	<b>196,519</b>	<b>131,008</b>	<b>327,527</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	240	240	1,302	1,542
Dividend to shareholders in the company	-	-	-	(14,286)	-	-	-	-	-	-	(14,286)	-	(14,286)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(17,950)	(17,950)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(9,977)	(7,965)	-	-	-	-	-	-	(17,942)	(7,798)	(25,740)
Exercise of option warrants	3	289	-	-	-	-	-	-	-	(289)	3	-	3
Issuance of capital/purchase and sale of shares in consolidated and affiliated companies	-	-	-	6,795	-	(115)	(2)	(10)	132	-	6,800	(3,362)	3,438
<b>As of June 30, 2022</b>	<b>32,573</b>	<b>18,079</b>	<b>(76,587)</b>	<b>895,246</b>	<b>289</b>	<b>(52,298)</b>	<b>3,188</b>	<b>231</b>	<b>(69,686)</b>	<b>9,187</b>	<b>760,222</b>	<b>761,271</b>	<b>1,521,493</b>

\*) Immaterial adjustment of the comparative figures.



# ELCO LIMITED

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

	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Capital reserve on transactions With controlling interests	Capital reserve on financial assets at fair value through other comprehensive income	Capital reserve on hedging transactions	Capital reserve on the re- measurement of defined benefit plans	Adjustmen ts deriving from the translation of financial Statements	Capital reserve on share- based payment	Total Attributable to equity holders in the company	Non- controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Balance as of January 1, 2021 (Audited)</b>	<b>32,570</b>	<b>17,304</b>	<b>(60,524)</b>	<b>625,238</b>	<b>289</b>	<b>(55,019)</b>	<b>2,801</b>	<b>(584)</b>	<b>(115,272)</b>	<b>9,146</b>	<b>455,949</b>	<b>408,771</b>	<b>864,720</b>
Net income	-	-	-	56,754	-	-	-	-	-	-	56,754	51,949	108,703
Total other comprehensive income (loss)	-	-	-	-	-	-	592	-	(603)	-	(11)	3,920	3,909
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,754</b>	<b>-</b>	<b>-</b>	<b>592</b>	<b>-</b>	<b>(603)</b>	<b>-</b>	<b>56,743</b>	<b>55,869</b>	<b>112,612</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	317	317	1,685	2,002
Dividend to shareholders in the company	-	-	-	(11,429)	-	-	-	-	-	-	(11,429)	-	(11,429)
Dividend to non-controlling interests	-	-	-	(2,749)	-	-	-	-	-	-	(2,749)	(18,553)	(21,302)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(6,086)	(1,378)	-	-	-	-	-	-	(7,464)	(1,467)	(8,931)
Exercise of option warrants	-	486	-	-	-	-	-	-	-	(481)	5	-	5
Non-controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	165,810 *)	165,810
Issuance of capital / purchase and sale of shares in consolidated companies	-	-	-	17,021	-	2,836	23	52	4,112	-	24,044	11,754	35,798
<b>As of June 30, 2021</b>	<b>32,570</b>	<b>17,790</b>	<b>(66,610)</b>	<b>683,457</b>	<b>289</b>	<b>(52,183)</b>	<b>3,416</b>	<b>(532)</b>	<b>(111,763)</b>	<b>8,982</b>	<b>515,416</b>	<b>623,869</b>	<b>1,139,285</b>

\*) Immaterial adjustment of the comparative figures.

**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 April 1, 2022</b>	<b>32,570</b>	<b>17,790</b>	<b>(66,610)</b>	<b>844,919</b>	<b>289</b>	<b>(52,183)</b>	<b>2,656</b>	<b>24</b>	<b>(123,213)</b>	<b>9,361</b>	<b>665,603</b>	<b>689,025 *)</b>	<b>1,354,628</b>
Net income	-	-	-	51,374	-	-	-	-	-	-	51,374	43,224	94,598
Total other comprehensive income	-	-	-	-	-	-	534	217	53,394	-	54,145	40,147	94,292
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,374</b>	<b>-</b>	<b>-</b>	<b>534</b>	<b>217</b>	<b>53,394</b>	<b>-</b>	<b>105,519</b>	<b>83,371</b>	<b>188,890</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	115	115	737	852
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(65)	(65)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(9,977)	(7,897)	-	-	-	-	-	-	(17,874)	(7,724)	(25,598)
Exercise of option warrants	3	289	-	-	-	-	-	-	-	(289)	3	-	3
Issuance of capital/purchase and sale of shares in consolidated and affiliated companies	-	-	-	6,850	-	(115)	(2)	(10)	133	-	6,856	(4,073)	2,783
<b>As of June 30, 2022</b>	<b>32,573</b>	<b>18,079</b>	<b>(76,587)</b>	<b>895,246</b>	<b>289</b>	<b>(52,298)</b>	<b>3,188</b>	<b>231</b>	<b>(69,686)</b>	<b>9,187</b>	<b>760,222</b>	<b>761,271</b>	<b>1,521,493</b>

\*) Immaterial adjustment of the comparative figures.

# ELCO LIMITED

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

	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Capital reserve on transactions With controlling interests	Capital reserve on financial assets at fair value through other comprehensive income	Capital reserve on hedging transactions	Capital reserve on the re- measurement of defined benefit plans	Adjustmen ts deriving from the translation of financial Statements	Capital reserve on share- based payment	Total Attributable to equity holders in the company	Non- controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
<b>Balance as of April 1, 2021</b>	<b>32,570</b>	<b>17,304</b>	<b>(60,524)</b>	<b>656,427</b>	<b>289</b>	<b>(52,183)</b>	<b>3,158</b>	<b>(531)</b>	<b>(106,174)</b>	<b>9,312</b>	<b>499,648</b>	<b>425,467</b>	<b>925,115</b>
Net income	-	-	-	29,313	-	-	-	-	-	-	29,313	31,519	60,832
Total other comprehensive income	-	-	-	-	-	-	260	-	(5,987)	-	(5,727)	(383)	(6,110)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,313</b>	<b>-</b>	<b>-</b>	<b>260</b>	<b>-</b>	<b>(5,987)</b>	<b>-</b>	<b>23,586</b>	<b>31,136</b>	<b>54,722</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	151	151	892	1,043
Dividend to non-controlling interests	-	-	-	(387)	-	-	-	-	-	-	(387)	(459)	(846)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(6,086)	(383)	-	-	-	-	-	-	(6,469)	(411)	(6,880)
Exercise of option warrants	-	486	-	-	-	-	-	-	-	(481)	5	-	5
Non-controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	165,810 *)	165,810
Issuance of capital / purchase and sale of shares in consolidated companies	-	-	-	(1,513)	-	-	(2)	(1)	398	-	(1,118)	1,434	316
<b>As of June 30, 2021</b>	<b>32,570</b>	<b>17,790</b>	<b>(66,610)</b>	<b>683,457</b>	<b>289</b>	<b>(52,183)</b>	<b>3,416</b>	<b>(532)</b>	<b>(111,763)</b>	<b>8,982</b>	<b>515,416</b>	<b>623,869</b>	<b>1,139,285</b>

\*) Immaterial adjustment of the comparative figures.

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	32,570	17,304	(60,524)	625,238	289	(55,019)	2,801	(584)	(115,272)	9,146	455,949	408,771	864,720
Net income	-	-	-	155,604	-	-	-	-	-	-	155,604	118,758	274,362
Total other comprehensive income (loss)	-	-	-	-	-	-	494	353	(18,109)	-	(17,262)	(8,187)	(25,449)
<b>Total comprehensive income (loss)</b>	-	-	-	<b>155,604</b>	-	-	<b>494</b>	<b>353</b>	<b>(18,109)</b>	-	<b>138,342</b>	<b>110,571</b>	<b>248,913</b>
Cost of share-based payment	-	-	-	-	-	-	-	-	-	571	571	3,110	3,681
Dividend to shareholders in the company	-	-	-	(17,143)	-	-	-	-	-	-	(17,143)	-	(17,143)
Dividend to non-controlling interests	-	-	-	(2,807)	-	-	-	-	-	-	(2,807)	(38,318)	(41,125)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(6,086)	(2,383)	-	-	-	-	-	-	(8,469)	(2,559)	(11,028)
Exercise of option warrants	-	486	-	-	-	-	-	-	-	(481)	5	-	5
Non-controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	164,892 *)	164,892
Issuance of a capital note by subsidiary companies	-	-	-	-	-	-	-	-	-	-	-	286	286
Issuance of capital /purchase and sale of shares in consolidated companies	-	-	-	15,097	-	2,836	19	49	4,439	-	22,440	11,318	33,758
<b>As of December 31, 2021</b>	<b>32,570</b>	<b>17,790</b>	<b>(66,610)</b>	<b>773,606</b>	<b>289</b>	<b>(52,183)</b>	<b>3,314</b>	<b>(182)</b>	<b>(128,942)</b>	<b>9,236</b>	<b>588,888</b>	<b>658,071</b>	<b>1,246,959</b>

\*) Immaterial adjustment of the comparative figures.

# ELCO LIMITED

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

	six months ended June 30 2022	six months ended June 30 2021	Three months ended June 30 2022	Three months ended June 30 2021	Year ended December 31 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Cash flows from operating activities:</b>					
Net income	225,464	108,703	94,598	60,832	274,362
Adjustments required in order to present the cash flows from operating activities (Appendix A')	(45,139)	(119,976)	74,189	7,865	(99,679)
<b>Net cash generated (absorbed) by operating activities (before acquisition of and investment in land)</b>	180,325	(11,273)	168,787	68,697	174,683
Acquisition of and investment in land **)	(152,168)	(54,275) *)	(28,193)	(2,962) *)	(203,390) *)
<b>Net cash generated (absorbed) by operating activities</b>	28,157	(65,548)	140,594	65,735	(28,707)
<b>Cash flows from investment activities:</b>					
Acquisition of fixed assets and intangible assets	(77,950)	(65,887)	(41,945)	(44,366)	(133,085)
Investment in investment property	(13,279)	(12,602) *)	(5,431)	(105) *)	(13,258) *)
Newly consolidated subsidiaries and activities (Appendix B')	(852)	(17,345)	-	(17,091)	(38,562)
Proceeds from sale of investments in previously consolidated subsidiary (appendix C')	-	1,276	-	1,276	1,276
Change in investment in and loans to investee companies, net	(79,621)	(174,679)	(57,806)	(148,934)	(298,598)
Purchase of short-term investments, net	(43,892)	11,463	(15,256)	38,827	(15,993)
Consideration from the disposal of fixed assets, investment property and other investments	90,552	17,915	70,826	7,830	133,702
Decrease (increase) in long-term loans and deposits	810	10,013	(4,933)	1,192	(1,277)
<b>Net cash absorbed by investment activities</b>	(124,232)	(229,846)	(54,545)	(161,371)	(365,795)
<b>Cash flows from financing activities:</b>					
Dividend paid to shareholders in the company	(14,286)	(11,429)	(14,286)	(11,429)	(17,143)
Dividend to non-controlling interests	(17,950)	(35,300)	(11,026)	(14,100)	(55,123)
Issuance of bonds	87,716	50,655	17,119	22,378	165,890
Repayment of long-term liabilities	(252,275)	(182,583)	(158,191)	(85,193)	(474,352)
Repayment of leasing liabilities	(47,391)	(27,789)	(21,956)	(17,067)	(69,910)
Receipt of long-term liabilities	268,979	296,364	214,595	266,679	574,196
Short-term bank credit, net	174,103	41,865	(5,039)	(46,921)	164,894
Exercise of option warrants issuance of capital/sale of shares to non-controlling interests	1,339	43,223	685	366	43,897
Purchase of treasury shares in the company and in consolidated companies	(25,740)	(8,931)	(25,598)	(6,880)	(11,028)
<b>Net cash generated (absorbed) by financing activities</b>	174,495	166,075	(3,697)	107,833	321,321
<b>Translation differences in respect of cash and cash equivalents balances</b>	5,251	(118)	4,743	(414)	(5,280)
<b>Increase (decrease) in cash and cash equivalents</b>	83,671	(129,437)	87,095	11,783	(78,461)
<b>Balance of cash and cash equivalents at the beginning of the period</b>	318,921	397,382	315,497	256,162	397,382
<b>Balance of cash and cash equivalents at the end of the period</b>	402,592	267,945	402,592	267,945	318,921

\*) 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:**

	six months ended June 30 2022	six months ended June 30 2021	Three months ended June 30 2022	Three months ended June 30 2021	Year ended December 31 2021
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
<b>Income and expenses not involving cash flows:</b>					
The Group's share of the profits of companies accounted for at equity, net	(68,273)	(12,296)	(15,373)	(6,071)	(65,379)
Dividends and interest received from companies accounted for at equity	41,267	6,278	29,026	4,607	13,721
Success fee in respect of increase in the value of housing complexes (Promote)	(141,170)	(38,866)	(66,293)	(28,488)	(131,561)
Realization of reserve on translation differences on foreign operations	-	260	-	(1,689)	486
Adjustment of fair value and the results of the disposal of income-generating assets, net	(9,367)	(14,734)	224	(14,775)	(12,562)
Depreciation and amortization	105,245	64,716	52,446	38,561	169,534
Impairment in the investment in a company accounted for at equity	-	2,639	-	2,639	3,988
Deferred taxes, net	58,934	3,361	26,681	8,427	18,235
Change in employee benefit liabilities	(509)	815	(227)	139	2,049
loss (gain) on the sale of fixed assets and other investments	(24,848)	375	(24,710)	452	2,044
Gain from the sale of a subsidiary	-	(579)	-	(579)	(579)
Erosion of long-term receivable and liabilities, net	(621)	5,716	691	5,895	1,101
Increase in the value of short-term investments	(118)	(89)	43	(8)	(4,096)
Cost of share-based payment	1,542	2,002	852	1,043	3,681
<b>Changes in asset and liability items:</b>					
Increase in inventory and inventory of real estate (before acquisition of and investment in land) *)	(29,960)	(38,541)	(4,511)	(8,230)	(41,794)
Decrease (increase) in trade receivables	1,531	(18,852)	30,550	22,383	(23,467)
Increase in other accounts receivable	(58,386)	(43,645)	(3,872)	(15,383)	(84,570)
Increase (decrease) in suppliers and providers of services	32,226	(29,809)	19,902	(18,844)	26,163
Increase (decrease) in other accounts payable	47,368	(8,727)	28,760	17,786	23,327
	<u>(45,139)</u>	<u>(119,976)</u>	<u>74,189</u>	<u>7,865</u>	<u>(99,679)</u>

\*) 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: \*)**

	<b>six months ended June 30 2022</b>	<b>six months ended June 30 2021</b>	<b>Three months ended June 30 2022</b>	<b>Three months ended June 30 2021</b>	<b>Year ended December 31 2021</b>
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Working capital, net (except cash)	(99)	393,015	-	392,884	427,397
Fixed assets	-	(83,427)	-	(83,415)	(104,237)
Right-of-use assets	-	(422,911)	-	(422,911)	(427,995)
Intangible assets	(640)	(133,444)	-	(132,959)	(155,656)
Goodwill	(935)	(555,456)	-	(555,456)	(570,048)
Other non-current assets	-	(5,960)	-	(5,960)	(5,633)
Deferred taxes	117	11,696	-	11,584	18,315
Leasing liabilities	-	478,196	-	478,196	482,712
Loans from banks and other non-current liabilities	-	115,351	-	115,351	115,435
Liability for put option, conditional consideration and future dividends for non-controlling interests	705	19,785	-	19,785	16,256
Non-controlling interests	-	165,810	-	165,810	164,892
	<u>(852)</u>	<u>(17,345)</u>	<u>-</u>	<u>(17,091)</u>	<u>(38,562)</u>

\*) Immaterial adjustment of the comparative figures.

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

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

	<b>six months ended June 30 2022</b>	<b>six months ended June 30 2021</b>	<b>Three months ended June 30 2022</b>	<b>Three months ended June 30 2021</b>	<b>Year ended December 31 2021</b>
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Working capital, net (except cash and cash equivalents)	-	3,799	-	3,799	3,799
Long-term receivables	-	71	-	71	71
Fixed assets	-	398	-	398	398
Intangible assets	-	1,037	-	1,037	1,037
Credit from banking institutions and others	-	(2,379)	-	(2,379)	(2,379)
Other non-current liabilities	-	(191)	-	(191)	(191)
Receivables for the realization of an investment in a consolidated company	-	(2,038)	-	(2,038)	(2,038)
Gain from sale of a subsidiary	-	579	-	579	579
	<u>-</u>	<u>1,276</u>	<u>-</u>	<u>1,276</u>	<u>1,276</u>

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

	<b>six months ended June 30 2022</b>	<b>six months ended June 30 2021</b>	<b>Three months ended June 30 2022</b>	<b>Three months ended June 30 2021</b>	<b>Year ended December 31 2021</b>
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Cash paid in the period for:					
Interest	40,221	42,414	21,497	29,496	77,844
Taxes on income	41,936	22,749	20,009	12,359	46,971
Cash received for:					
Interest	7,492	10,266	5,923	9,732	12,268
Taxes on income	8,129	5,325	4,861	3,373	7,937

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

	<b>six months ended June 30 2022</b>	<b>six months ended June 30 2021</b>	<b>Three months ended June 30 2022</b>	<b>Three months ended June 30 2021</b>	<b>Year ended December 31 2021</b>
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Acquisition of fixed assets, investment property and intangible assets	8,469	1,592	4,011	1,149	5,649
Increase of a usage right asset against a leasing liability	46,991	21,331	18,335	13,092	42,376



**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, 2022 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 Consolidate Financial Information).

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

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

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

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

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

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

**Electra  
Consumer  
Products –**

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

**Electra Real  
Estate –**

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

**Supergaz  
Energy –**

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

**Other activities** – Include, inter alia, the theater of dreams operations, 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. As a result of this there has been a significant devaluation in the exchange rate of the Ruble against foreign currencies, as well as an increase in the price of a barrel of petroleum and in the prices of commodities. After the reporting date, and up to the timing of the signing of the financial statements, there was a fall in the price of a barrel of petroleum and a strengthening in the exchange rate of the ruble.

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

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

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

**Note 4 - 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, starting from February 2022, there was a decrease in the morbidity figures and as of the time of the publication of the report the restrictions have been removed and business activity in the state of Israel has returned to normal.

The Group has not been affected significantly, in the reporting period, 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.

**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 June 30, 2022 (NIS 3.50 = 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.