

**ELCO LIMITED**

**Interim Consolidated Financial Information**

**As of June 30, 2023**

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

**(Unaudited)**

This is an English translation of parts of the information included in the full Hebrew report of the company, that was published on August 31, 2023 (reference No. 2023-01-082720) at the ISA reporting website ([magna.isa.gov.il](https://magna.isa.gov.il)) (hereafter: "the Hebrew Version"). The English version is Voluntary and only for convenience purposes. This is not an official translation and has no binding force. The translation in any case cannot perfectly reflect the Hebrew Version. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.

## **ELCO LIMITED**

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**To: Elco LTD.**

**Re: Convenience Translation of Interim Financial Information**

Per your request, we have reviewed the accompanying interim consolidated financial information of Elco Ltd. ("the Company") as of June 30, 2023 and for the periods of six months and of three months then ended ("the Interim Financial Information"). The Interim Financial Information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express a conclusion regarding the Interim Financial Information based on our review.

We did not review the interim financial information of certain subsidiaries, whose assets constitute approximately 1.08% of the total consolidated assets as of June 30, 2023 and whose revenues constitute approximately 0.9% and approximately 0.8% of the total consolidated revenue for periods of six months and of the three months ended on June 30, 2023. Furthermore, we did not review the interim financial information of certain companies accounted for at equity, the investment in which amounted to approximately 120,097 thousand dollars as of June 30, 2023, and the Company's share of their profits (loss) amounted to approximately 4,549 thousand dollars and approximately (2,317) thousand dollars for the periods of six months and of three months ended on June 30, 2023. The interim financial information for those companies were reviewed by other auditors, whose reports have been furnished to us, and our conclusion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

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

The accompanying Interim Financial Information in US Dollars are a convenience translation of the interim consolidated financial statements as prepared in New Israeli Shekels at the rate of exchange of the Shekel into US Dollars prevailing on June 30, 2023, as described in note 3 of the Interim Financial Information.

Based on our review and the reports of the other auditors, we concluded an unqualified conclusion on the Company's consolidated interim financial statements in our report dated August 31, 2023.

The accompanying interim financial information, which are derived from the company's interim consolidated financial statements, are condensed interim financial information and do not include the disclosures required by International Financial Reporting Standards (IFRS). If the omitted disclosures were included in the accompanying interim financial information, it might influence the user's conclusions about the consolidated financial position, results of operations, changes in equity and cash flows of the company. Accordingly, the accompanying interim financial information are not designated for those who are not informed about such matters.

Based on our review and the reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not present fairly, in all material respects, the information contained in it.

Tel-Aviv, Israel  
August 31, 2023

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

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

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

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

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

August 31, 2023

Date of approval of  
financial statements

E. Vessely  
Chief Financial Officer

M. Salkind  
Joint General Manager

M. Fridman  
Chairman of the Board  
of Directors

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

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

\*) Reclassified.

# ELCO LIMITED

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

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

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

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



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

|   | Share<br>Capital | Share<br>Premium | Treasury<br>Shares | Retained<br>Earnings | Capital<br>reserve on<br>transactions<br>With<br>controlling<br>interests | Capital reserve<br>on financial<br>assets at fair<br>value through<br>other<br>comprehensive<br>income | Capital<br>reserve on<br>hedging<br>transactions | Capital<br>reserve on<br>the re-<br>measurement<br>of defined<br>benefit plans | Adjustmen<br>ts deriving<br>from the<br>translation<br>of financial<br>Statements | Capital<br>reserve on<br>share-<br>based<br>payment | Total<br>Attributable<br>to equity<br>holders in<br>the<br>company | Non-<br>controlling<br>interests | Total<br>equity  |
|---|------------------|------------------|--------------------|----------------------|---|--|--|--|---|---|--|----------------------------------|------------------|
|   | Unaudited        | Unaudited        | Unaudited          | Unaudited            | Unaudited   | Unaudited  | Unaudited  | Unaudited  | Unaudited   | Unaudited   | Unaudited  | Unaudited                        | Unaudited        |
| <b>Balance as of January 1, 2022<br/>(Audited)</b>  | <b>30,810</b>    | <b>16,828</b>    | <b>(63,010)</b>    | <b>731,789</b>       | <b>273</b>  | <b>(49,362)</b>  | <b>3,135</b>                                     | <b>(172)</b>   | <b>(121,972)</b>  | <b>8,736</b>  | <b>557,055</b>   | <b>622,500</b>                   | <b>1,179,555</b> |
| Net income  | -                | -                | -                  | 129,685              | -   | -  | -  | -  | -   | -   | 129,685  | 83,591                           | 213,276          |
| Total other comprehensive<br>income (loss)  | -                | -                | -                  | -                    | -   | -  | (118)  | 400  | 55,929  | -   | 56,211   | 40,335                           | 96,546           |
| <b>Total comprehensive income<br/>(loss)</b>  | <b>-</b>         | <b>-</b>         | <b>-</b>           | <b>129,685</b>       | <b>-</b>  | <b>-</b>   | <b>(118)</b>                                     | <b>400</b>   | <b>55,929</b>   | <b>-</b>  | <b>185,896</b>   | <b>123,926</b>                   | <b>309,822</b>   |
| Cost of share-based payment   | -                | -                | -                  | -                    | -   | -  | -  | -  | -   | 227   | 227  | 1,232                            | 1,459            |
| Dividend to shareholders in the<br>company  | -                | -                | -                  | (13,513)             | -   | -  | -  | -  | -   | -   | (13,513)   | -                                | (13,513)         |
| Dividend to non-controlling<br>interests  | -                | -                | -                  | -                    | -   | -  | -  | -  | -   | -   | -  | (16,980)                         | (16,980)         |
| Acquisition of treasury shares<br>in the company and in<br>subsidiary companies                   | -                | -                | (9,437)            | (7,535)              | -   | -  | -  | -  | -   | -   | (16,972)   | (7,376)                          | (24,348)         |
| Exercise of option warrants   | 3                | 273              | -                  | -                    | -   | -  | -  | -  | -   | (273)   | 3  | -                                | 3                |
| Issuance of capital/purchase<br>and sale of shares in<br>consolidated and affiliated<br>companies | -                | -                | -                  | 6,428                | -   | (109)  | (2)  | (9)  | 125   | -   | 6,433  | (3,181)                          | 3,252            |
| <b>As of June 30, 2022</b>  | <b>30,813</b>    | <b>17,101</b>    | <b>(72,447)</b>    | <b>846,854</b>       | <b>273</b>  | <b>(49,471)</b>  | <b>3,015</b>                                     | <b>219</b>   | <b>(65,918)</b>   | <b>8,690</b>  | <b>719,129</b>   | <b>720,121</b>                   | <b>1,439,250</b> |

# ELCO LIMITED

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

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

# ELCO LIMITED

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

|  | Share<br>Capital | Share<br>Premium | Treasury<br>Shares | Retained<br>Earnings | Capital<br>reserve on<br>transactions<br>With<br>controlling<br>interests | Capital reserve<br>on financial<br>assets at fair<br>value through<br>other<br>comprehensive<br>income | Capital<br>reserve on<br>hedging<br>transactions | Capital<br>reserve on<br>the re-<br>measurement<br>of defined<br>benefit plans | Adjustmen<br>ts deriving<br>from the<br>translation<br>of financial<br>Statements | Capital<br>reserve on<br>share-<br>based<br>payment | Total<br>Attributable<br>to equity<br>holders in<br>the<br>company | Non-<br>controlling<br>interests | Total<br>equity  |
|--|------------------|------------------|--------------------|----------------------|---|--|--|--|---|---|--|----------------------------------|------------------|
|  | Unaudited        | Unaudited        | Unaudited          | Unaudited            | Unaudited   | Unaudited  | Unaudited  | Unaudited  | Unaudited   | Unaudited   | Unaudited  | Unaudited                        | Unaudited        |
| <b>Balance as of April 1, 2022</b>   | <b>30,810</b>    | <b>16,828</b>    | <b>(63,010)</b>    | <b>799,248</b>       | <b>273</b>  | <b>(49,362)</b>  | <b>2,512</b>                                     | <b>22</b>  | <b>(116,551)</b>  | <b>8,854</b>  | <b>629,624</b>   | <b>651,780</b>                   | <b>1,281,404</b> |
| Net income   | -                | -                | -                  | 48,597               | -   | -  | -  | -  | -   | -   | 48,597   | 40,888                           | 89,485           |
| Total other comprehensive income   | -                | -                | -                  | -                    | -   | -  | 505  | 206  | 50,508  | -   | 51,219   | 37,976                           | 89,195           |
| <b>Total comprehensive income</b>  | <b>-</b>         | <b>-</b>         | <b>-</b>           | <b>48,597</b>        | <b>-</b>  | <b>-</b>   | <b>505</b>                                       | <b>206</b>   | <b>50,508</b>   | <b>-</b>  | <b>99,816</b>  | <b>78,864</b>                    | <b>178,680</b>   |
| Cost of share-based payment  | -                | -                | -                  | -                    | -   | -  | -  | -  | -   | 109   | 109  | 697                              | 806              |
| Dividend to non-controlling interests  | -                | -                | -                  | -                    | -   | -  | -  | -  | -   | -   | -  | (61)                             | (61)             |
| Acquisition of treasury shares in the company and in subsidiary companies                | -                | -                | (9,437)            | (7,471)              | -   | -  | -  | -  | -   | -   | (16,908)   | (7,306)                          | (24,214)         |
| Exercise of option warrants  | 3                | 273              | -                  | -                    | -   | -  | -  | -  | -   | (273)   | 3  | -                                | 3                |
| Issuance of capital/purchase and sale of shares in consolidated and affiliated companies | -                | -                | -                  | 6,480                | -   | (109)  | (2)  | (9)  | 125   | -   | 6,485  | (3,853)                          | 2,632            |
| <b>As of June 30, 2022</b>   | <b>30,813</b>    | <b>17,101</b>    | <b>(72,447)</b>    | <b>846,854</b>       | <b>273</b>  | <b>(49,471)</b>  | <b>3,015</b>                                     | <b>219</b>   | <b>(65,918)</b>   | <b>8,690</b>  | <b>719,129</b>   | <b>720,121</b>                   | <b>1,439,250</b> |

# ELCO LIMITED

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

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

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

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

**CONSOLIDATED INFORMATION OF CASH FLOWS  
CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)**
**Appendix A' - Adjustments required in order to present the cash flows from operating activities:**

|  | Six<br>months<br>ended<br>June 30<br>2023 | Six<br>months<br>ended<br>June 30<br>2022 | Three<br>months<br>ended<br>June 30<br>2023 | Three<br>months<br>ended<br>June 30<br>2022 | Year ended<br>December 31<br>2022 |
|--|---|---|---|---|-----------------------------------|
|  | 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                 | (20,125)                                  | (64,582)                                  | (13,077)                                    | (14,542)                                    | (75,381)                          |
| Dividends, success fee and interest received from companies accounted for at equity        | 4,537                                     | 39,036                                    | 2,372                                       | 27,457                                      | 83,205                            |
| Success fee in respect of increase in the value of housing complexes (Promote)             | 15,583                                    | (133,539)                                 | 19,336                                      | (62,709)                                    | (186,650)                         |
| Realization of reserve on translation differences on foreign operations                    | -   | -   | -   | -   | 569                               |
| Adjustment of fair value and the results of the disposal of income-generating assets, net  | 191                                       | (8,861)                                   | 94  | 212   | (8,890)                           |
| Depreciation and amortization  | 112,438                                   | 99,556                                    | 57,741                                      | 49,611                                      | 209,541                           |
| Impairment in the investment in a company accounted for at equity                          | 35,791                                    | -   | 27,154                                      | -   | 60,641                            |
| Deferred taxes, net  | (2,076)                                   | 55,748                                    | (1,897)                                     | 25,239                                      | 59,527                            |
| Change in employee benefit liabilities   | (140)                                     | (481)                                     | (257)                                       | (215)                                       | (1,092)                           |
| Gain on the sale of fixed assets and other investments                                     | (10,780)                                  | (23,504)                                  | (10,444)                                    | (23,374)                                    | (36,643)                          |
| Erosion (revaluation) of long-term receivable and liabilities, net                         | (4,309)                                   | (588)                                     | (2,928)                                     | 653   | 14,943                            |
| Increase in the value of short-term investments  | -   | (112)                                     | 275   | 41  | (289)                             |
| Cost of share-based payment  | 4,368                                     | 1,459                                     | 2,329                                       | 806   | 4,910                             |
| <b>Changes in asset and liability items:</b>   |   |   |   |   |                                   |
| Decrease (increase) in inventory and inventory of real estate (before acquisition of land) | (60,316)                                  | (28,341)                                  | (28,854)                                    | (4,267)                                     | 30,981                            |
| Decrease (increase) in trade receivables   | (57,177)                                  | 1,448                                     | (1,823)                                     | 28,898                                      | (33,543)                          |
| Increase in other accounts receivable  | (88,638)                                  | (55,230)                                  | (14,752)                                    | (3,663)                                     | (104,080)                         |
| Increase in suppliers and providers of services  | 51,824                                    | 30,485                                    | 14,472                                      | 18,826                                      | 45,565                            |
| Increase in other accounts payable   | 7,752                                     | 44,808                                    | 35,523                                      | 27,206                                      | 24,786                            |
|  | <u>(11,077)</u>                           | <u>(42,698)</u>                           | <u>85,264</u>                               | <u>70,179</u>                               | <u>88,100</u>                     |

**CONSOLIDATED INFORMATION OF CASH FLOWS**  
**CONVENIENCE TRANSLATION INTO US DOLLARS (in thousands)**
**Appendix B' - Acquisition of initially consolidated subsidiaries**

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

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

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

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

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

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

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



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION****Note 1 - General**

The accompanying Financial Information, is derived from the Hebrew version of the Company's interim consolidated financial statement as of June 30, 2023 and for the periods of six months and of three months ended on that date and do not include the disclosures required by International Financial Reporting Standards (IFRS) (hereinafter - The Interim 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, 2022 and for the year ended on that date and the accompanying notes thereto (hereinafter – The Annual Consolidated Financial Statement).

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

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

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

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

**Electra –** Operates in the field of services for buildings and infrastructures in Israel and abroad, which includes: the 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 transportation field and the shuttle services field.

**Electra****Consumer****Products –**

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

**Electra Real****Estate –**

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

**Electra****Power –**

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

**Other activities –** Relates primarily to the operations of DIC and Dream Group.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****Note 3 - Convenience translation**

The Interim Consolidate Financial Information in US Dollars is a translation of the statements as prepared in New Israeli Shekels ("NIS" or "Shekel") at the rate of exchange of the Shekel for the US Dollar prevailing on June 30, 2023 (NIS 3.70 = US\$ 1).

It should be noted that the New Israeli Shekel amounts, on the basis of which the convenience translation figures were prepared, do not necessarily represent the current cost amounts of the various elements within The Interim Consolidate Financial Statements and, also, that it should not be construed from the translation into US Dollar figures that the Israeli currency amounts actually represent, or could be converted into Dollars. This financial information has been prepared for the convenience of the reader. In the event of any discrepancy between the contents of this translation and the Hebrew original, the Hebrew original prevails.

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