

ELCO LIMITED

Interim Consolidated Financial Information

As of September 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 November 29, 2023 (reference No. 2023-01-108688) at the ISA reporting website (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 September 30, 2023 and for the periods of nine months and of three months then ended ("the Interim Financial Information"). The Interim Financial Information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express a conclusion regarding the Interim Financial Information based on our review.

We did not review the interim financial information of certain subsidiaries, whose assets constitute approximately 0.95% of the total consolidated assets as of September 30, 2023 and whose revenues constitute approximately 0.66% and approximately 0.26% of the total consolidated revenue for periods of nine months and of the three months ended on September 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 118,819 thousand dollars as of September 30, 2023, and the Company's share of their profits (loss) amounted to approximately 461 thousand dollars and approximately (3,940) thousand dollars for the periods of nine months and of three months ended on September 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 September 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 November 29, 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
November 29, 2023

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

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

	September 30 2023	September 30 2022	December 31 2022
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Current assets			
Cash and cash equivalents	230,228	314,678	346,559
Short-term investments	95,729	121,601	106,390
Trade receivables	704,614	606,686	603,402
Other accounts receivables	717,932	686,398	628,020
Inventory, inventory of land, buildings and apartments for sale	588,777	596,815	568,900
Assets held for sale	<u>110,761</u>	<u>13,446</u>	<u>110,976</u>
	<u>2,448,041</u>	<u>2,339,624</u>	<u>2,364,247</u>
Non-current assets			
Long-term receivables	102,535	44,889	54,625
Receivables for concession arrangement for the provision of services	55,883	32,024	35,232
Investment in entities accounted for at equity	909,140	903,345	893,565
Long-term inventory of land	355,965	217,896	259,600
Investment property and investment property under construction	113,092	115,285	112,129
Fixed assets	531,692	367,089	392,558
Right-of-use assets	606,634	600,055	604,503
Goodwill and other intangible assets	1,207,376	1,186,377	1,231,696
Intangible asset for a concession project	-	108,580	-
Deferred taxes	<u>28,751</u>	<u>28,594</u>	<u>27,846</u>
	<u>3,911,068</u>	<u>3,604,134</u>	<u>3,611,754</u>
	<u><u>6,359,109</u></u>	<u><u>5,943,758</u></u>	<u><u>5,976,001</u></u>

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

	September 30 2023	September 30 2022	December 31 2022
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Current Liabilities			
Credit from banking institutions and others	641,514	558,962	532,596
Bonds - current maturities	126,080	73,632	89,894
Current maturities of leasing liabilities	98,973	88,490	90,400
Suppliers and providers of services	1,032,267	880,548	953,364
Other payables	730,860	748,240	701,218
Liabilities attributed to assets held for sale	114,624	-	113,013
	<u>2,744,318</u>	<u>2,349,872</u>	<u>2,480,485</u>
Long-Term Liabilities			
Credit from banking institutions and others	676,021	663,516	597,451
Bonds	654,776	559,824	559,181
Leasing liabilities	570,873	568,028	573,529
Other liabilities	157,965	175,297	156,988
Employee benefit liabilities, net	22,903	23,382	22,936
Deferred taxes	156,440	157,209	160,726
	<u>2,238,978</u>	<u>2,147,256</u>	<u>2,070,811</u>
Equity			
Equity attributable to equity holders of the Company	637,934	736,002	674,955
Non-controlling interests	737,879	710,628	749,750
Total equity	<u>1,375,813</u>	<u>1,446,630</u>	<u>1,424,705</u>
	<u>6,359,109</u>	<u>5,943,758</u>	<u>5,976,001</u>

November 29, 2023Date of approval of
financial statements

E. Vessely
Chief Financial Officer

D. 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)

	Nine months ended September 30 2023	Nine months ended September 30 2022	Three months ended September 30 2023	Three months ended September 30 2022	Year ended December 31 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenues, net	3,705,417	3,623,799	1,292,712	1,225,629	4,890,177
Adjustment of the fair value and the results of the disposal of income-generating assets, net	(307)	8,502	(122)	(72)	8,601
Group's share of the profits of companies accounted for at equity, net	3,812	76,438	(15,661)	13,950	72,936
Other income	14,310	48,224	1,989	17,781	49,592
Total	3,723,232	3,756,963	1,278,918	1,257,288	5,021,306
Cost of producing revenues	(3,156,171)	(2,907,926) *)	(1,102,138)	(1,000,275) *)	(3,962,582) *)
Selling and marketing expenses	(356,179)	(309,509) *)	(123,257)	(107,848) *)	(421,353) *)
Administrative and general expenses	(125,094)	(109,864)	(41,205)	(37,480)	(150,340)
Other expenses	(53,398)	(22,009)	(13,307)	(17,757)	(84,645)
Financing income	24,397	17,693	9,055	5,364	21,310
Financing expenses	(116,771)	(63,947)	(35,272)	(20,662)	(91,981)
Total	(3,783,216)	(3,395,562)	(1,306,124)	(1,178,658)	(4,689,591)
Income (loss) before taxes on income	(59,984)	361,401	(27,206)	78,630	331,715
Taxes on income	(14,104)	(95,714)	(2,022)	(19,304)	(104,686)
Net income (loss)	(74,088)	265,687	(29,228)	59,326	227,029
Attributable to:					
Equity holders in the Company	(50,469)	163,696	(18,444)	38,216	112,327
Non-controlling interest	(23,619)	101,991	(10,784)	21,110	114,702
	(74,088)	265,687	(29,228)	59,326	227,029
Earnings (loss) per share - attributable to the equity holders of the Company:					
Basic - Earnings (loss)	(1.86)	6.00	(0.68)	1.41	4.12
Fully diluted - Earnings (loss)	(1.86)	5.89	(0.68)	1.43	3.78

*) Reclassified.

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

	Nine months ended September 30 2023	Nine months ended September 30 2022	Three months ended September 30 2023	Three months ended September 30 2022	Year ended December 31 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Net income (loss)	(74,088)	265,687	(29,228)	59,326	227,029
Other comprehensive income (loss) (after tax effects):					
<u>Amounts that will never be reclassified to profit or loss:</u>					
Gain from the re-measurement of defined benefit plans, net	-	995	-	77	1,385
Revaluation of a fixed asset that has been reclassified to investment property	3,351	-	-	-	-
	3,351	995	-	77	1,385
<u>Amounts that will be classified or reclassified to the profit or loss, when specific conditions are met:</u>					
Adjustments deriving from the translation of the financial statements of foreign operations, net	40,845	90,678	14,918	(1,800)	80,941
Realization of reserve on translation differences on foreign operations	-	-	-	-	551
Gain (loss) on hedging transactions, net	2,313	1,126	(818)	1,106	85
	43,158	91,804	14,100	(694)	81,577
Total other comprehensive income	46,509	92,799	14,100	(617)	82,962
Total comprehensive income (loss)	(27,579)	358,486	(15,128)	58,709	309,991
Comprehensive income (loss) attributable to:					
Equity holders in the company	(19,684)	218,938	(9,452)	39,069	162,754
Non-controlling interests	(7,895)	139,548	(5,676)	19,640	147,237
	(27,579)	358,486	(15,128)	58,709	309,991

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	Adjustment s deriving from the translation of financial Statements	Capital reserve on share- based payment	Revaluation reserve	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	Unaudited
Balance as of January 1, 2023 (Audited)	29,814	16,547	(73,201)	805,604	264	(48,036)	3,310	504	(68,440)	8,589	-	674,955	749,750	1,424,705
Loss	-	-	-	(50,469)	-	-	-	-	-	-	-	(50,469)	(23,619)	(74,088)
Total other comprehensive income	-	-	-	-	-	-	886	-	26,548	-	3,351	30,785	15,724	46,509
Total comprehensive income (loss)	-	-	-	(50,469)	-	-	886	-	26,548	-	3,351	(19,684)	(7,895)	(27,579)
Cost of share-based payment	-	-	-	-	-	-	-	-	-	245	-	245	6,270	6,515
Dividend to shareholders in the company	-	-	-	(18,305)	-	-	-	-	-	-	-	(18,305)	-	(18,305)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(23,700)	(23,700)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(406)	(3,190)	-	-	-	-	-	-	-	(3,596)	(3,410)	(7,006)
Exercise of option warrants	1	163	-	-	-	-	-	-	-	(163)	-	1	-	1
Exit of a consolidated partnership from consolidation	-	-	-	-	-	-	-	-	-	-	-	-	719	719
Issuance of capital/purchase and sale of shares in consolidated companies	-	-	-	6,570	-	1,061	(1)	(3)	42	-	(3,351)	4,318	16,145	20,463
As of September 30, 2023	29,815	16,710	(73,607)	740,210	264	(46,975)	4,195	501	(41,850)	8,671	-	637,934	737,879	1,375,813

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

	Share Capital	Share Premium	Treasury Shares	Retained Earnings	Capital reserve on transactions With controlling interests	Capital reserve on financial assets at fair value through other comprehensive income	Capital reserve on hedging transactions	Capital reserve on the re- measurement of defined benefit plans	Adjustmen ts deriving from the translation of financial Statements	Capital reserve on share- based payment	Total Attributable to equity holders in the company	Non- controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Balance as of January 1, 2022 (Audited)	29,811	16,282	(60,966)	708,060	264	(47,761)	3,033	(167)	(118,017)	8,453	538,992	602,314	1,141,306
Net income	-	-	-	163,696	-	-	-	-	-	-	163,696	101,991	265,687
Total other comprehensive income (loss)	-	-	-	-	-	-	406	435	54,401	-	55,242	37,557	92,799
Total comprehensive income (loss)	-	-	-	163,696	-	-	406	435	54,401	-	218,938	139,548	358,486
Cost of share-based payment	-	-	-	-	-	-	-	-	-	310	310	2,767	3,077
Dividend to shareholders in the company	-	-	-	(18,305)	-	-	-	-	-	-	(18,305)	-	(18,305)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(30,600)	(30,600)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(9,132)	(7,874)	-	-	-	-	-	-	(17,006)	(7,764)	(24,770)
Exercise of option warrants	3	265	-	-	-	-	-	-	-	(265)	3	-	3
Non-Controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	4,825	4,825
Issuance of capital/purchase and sale of shares in consolidated and affiliated companies	-	-	-	13,075	-	(106)	(2)	(9)	112	-	13,070	(462)	12,608
As of September 30, 2022	29,814	16,547	(70,098)	858,652	264	(47,867)	3,437	259	(63,504)	8,498	736,002	710,628	1,446,630

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	Adjustment s deriving from the translation of financial Statements	Capital reserve on share- based payment	Revaluation reserve	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	Unaudited
Balance as of July 1, 2023	29,815	16,710	(73,607)	763,463	264	(47,179)	4,609	504	(51,358)	8,599	3,351	655,171	747,548	1,402,719
Loss	-	-	-	(18,444)	-	-	-	-	-	-	-	(18,444)	(10,784)	(29,228)
Total other comprehensive income (loss)	-	-	-	-	-	-	(408)	-	9,400	-	-	8,992	5,108	14,100
Total comprehensive income (loss)	-	-	-	(18,444)	-	-	(408)	-	9,400	-	-	(9,452)	(5,676)	(15,128)
Cost of share-based payment	-	-	-	-	-	-	-	-	-	72	-	72	2,216	2,288
Dividend to shareholders in the company	-	-	-	(5,230)	-	-	-	-	-	-	-	(5,230)	-	(5,230)
Dividend to non- controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(8,973)	(8,973)
Acquisition of treasury shares in subsidiary companies	-	-	-	(1,356)	-	-	-	-	-	-	-	(1,356)	(1,428)	(2,784)
Issuance of capital/purchase and sale of shares in consolidated companies	-	-	-	1,777	-	204	(6)	(3)	108	-	(3,351)	(1,271)	4,192	2,921
As of September 30, 2023	29,815	16,710	(73,607)	740,210	264	(46,975)	4,195	501	(41,850)	8,671	-	637,934	737,879	1,375,813

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
Balance as of July 1, 2022	29,814	16,547	(70,098)	819,394	264	(47,867)	2,918	212	(63,781)	8,407	695,810	696,770	1,392,580
Net income	-	-	-	38,216	-	-	-	-	-	-	38,216	21,110	59,326
Total other comprehensive income	-	-	-	-	-	-	519	48	286	-	853	(1,470)	(617)
Total comprehensive income	-	-	-	38,216	-	-	519	48	286	-	39,069	19,640	58,709
Cost of share-based payment	-	-	-	-	-	-	-	-	-	91	91	1,574	1,665
Dividend to shareholders in the company	-	-	-	(5,230)	-	-	-	-	-	-	(5,230)	-	(5,230)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(14,170)	(14,170)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	-	(584)	-	-	-	-	-	-	(584)	(626)	(1,210)
Non-Controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	4,825	4,825
Issuance of capital/purchase and sale of shares in consolidated and affiliated companies	-	-	-	6,856	-	-	-	(1)	(9)	-	6,846	2,615	9,461
As of September 30, 2022	29,814	16,547	(70,098)	858,652	264	(47,867)	3,437	259	(63,504)	8,498	736,002	710,628	1,446,630

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	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
Balance as of January 1, 2022	29,811	16,282	(60,966)	708,060	264	(47,761)	3,033	(167)	(118,017)	8,453	538,992	602,314	1,141,306
Net income	-	-	-	112,327	-	-	-	-	-	-	112,327	114,702	227,029
Total other comprehensive income	-	-	-	-	-	-	276	682	49,469	-	50,427	32,535	82,962
Total comprehensive income	-	-	-	112,327	-	-	276	682	49,469	-	162,754	147,237	309,991
Cost of share-based payment	-	-	-	-	-	-	-	-	-	401	401	4,350	4,751
Dividend to shareholders in the company	-	-	-	(18,305)	-	-	-	-	-	-	(18,305)	-	(18,305)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(32,234)	(32,234)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(12,235)	(10,862)	-	-	-	-	-	-	(23,097)	(10,114)	(33,211)
Exercise of option warrants	3	265	-	-	-	-	-	-	-	(265)	3	-	3
Non-controlling interests in initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	26,088	26,088
Issuance of capital /purchase and sale of shares in consolidated companies	-	-	-	14,384	-	(275)	1	(11)	108	-	14,207	12,109	26,316
As of December 31, 2022	29,814	16,547	(73,201)	805,604	264	(48,036)	3,310	504	(68,440)	8,589	674,955	749,750	1,424,705

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

	Nine months ended September 30 2023	Nine months ended September 30 2022	Three months ended September 30 2023	Three months ended September 30 2022	Year ended December 31 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Cash flows from operating activities:					
Net income (loss)	(74,088)	265,687	(29,228)	59,326	227,029
Adjustments required in order to present the cash flows from operating activities (Appendix A')	73,151	(84,660)	83,868	(43,347)	85,243
Net cash generated by (absorbed) by operating activities (before acquisition of land)	(937)	181,027	54,640	15,979	312,272
Acquisition of land *)	(52,725)	(189,160)	(1,622)	(49,884)	(225,779)
Net cash (generated) absorbed by operating activities	(53,662)	(8,133)	53,018	(33,905)	86,493
Cash flows from investment activities:					
Acquisition of fixed assets and intangible assets	(206,955)	(102,019)	(85,200)	(30,674)	(147,860)
Investment in investment property	(1,222)	(14,824)	(328)	(2,669)	(9,176)
Newly consolidated subsidiaries and activities (Appendix B')	-	(11,287)	-	(10,507)	(26,258)
Consideration from the disposal of an investment in a previously consolidated partnership (Appendix C')	(187)	-	-	-	-
Change in investment in and loans to investee companies, net	(51,250)	(175,335)	561	(102,460)	(211,869)
Purchase of short-term investments, net	6,830	(44,308)	26,725	(4,135)	(29,121)
Consideration from the disposal of fixed assets, investment property and other investments	15,261	121,983	2,550	39,102	178,371
Decrease (increase) in long-term loans and deposits	(17,434)	1,396	(1,940)	654	(1,315)
Net cash absorbed by investment activities	(254,957)	(224,394)	(57,632)	(110,689)	(247,228)
Cash absorbed by discontinued activities last years	-	-	-	-	(22,882)
Cash flows from financing activities:					
Dividend paid to shareholders in the company	(18,305)	(18,305)	(5,230)	(5,230)	(18,305)
Dividend to non-controlling interests	(18,532)	(20,823)	(2,207)	(4,394)	(31,479)
Issuance of bonds	192,274	144,558	71,501	64,275	178,410
Repayment of long-term liabilities	(168,054)	(293,890)	(57,614)	(62,990)	(332,055)
Repayment of leasing liabilities	(72,280)	(64,513)	(25,113)	(21,137)	(86,771)
Receipt of long-term liabilities	204,380	319,171	59,637	72,982	362,635
Short-term bank credit, net	61,522	209,077	(32,137)	49,725	187,717
Exercise of option warrants issuance of capital/sale of shares to non-controlling interests	16,761	1,898	(5,156)	672	6,842
Purchase of treasury shares in the company and in consolidated companies	(7,006)	(24,770)	(2,784)	(1,210)	(33,211)
Net cash generated by financing activities	190,760	252,403	897	92,693	233,783
Translation differences in respect of cash and cash equivalents balances	1,528	2,903	556	(1,902)	4,494
Increase (decrease) in cash and cash equivalents	(116,331)	22,779	(3,161)	(53,803)	54,660
Balance of cash and cash equivalents at the beginning of the period	346,559	291,899	233,389	368,481	291,899
Balance of cash and cash equivalents at the end of the period	230,228	314,678	230,228	314,678	346,559

*) 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:

	Nine months ended September 30 2023	Nine months ended September 30 2022	Three months ended September 30 2023	Three months ended September 30 2022	Year ended December 31 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Income and expenses not involving cash flows:					
The Group's share of the profits of companies accounted for at equity, net	(3,812)	(76,438)	15,661	(13,950)	(72,936)
Dividends, success fee and interest received from companies accounted for at equity	7,097	58,271	2,707	20,501	80,507
Success fee in respect of increase in the value of housing complexes (Promote)	37,309	(166,565)	22,232	(37,356)	(180,598)
Realization of reserve on translation differences on foreign operations	-	-	-	-	551
Adjustment of fair value and the results of the disposal of income-generating assets, net	307	(8,502)	122	72	(8,601)
Depreciation and amortization	167,153	146,832	58,361	50,504	202,746
Impairment in the investment in a company accounted for at equity	44,237	-	9,606	-	58,674
Deferred taxes, net	(10,518)	61,268	(8,509)	7,328	57,597
Change in employee benefit liabilities	189	(627)	325	(162)	(1,057)
Gain on the sale of fixed assets and other investments	(9,028)	(36,777)	268	(14,035)	(35,455)
Capital gain on decrease in control in a previously consolidated partnership	(1,134)	-	-	-	-
Erosion (revaluation) of long-term receivable and liabilities, net	(14,776)	4,383	(10,607)	4,952	14,459
Increase in the value of short-term investments	-	(193)	-	(85)	(280)
Cost of share-based payment	6,515	3,077	2,288	1,665	4,751
Changes in asset and liability items:					
Decrease (increase) in inventory and inventory of real estate (before acquisition of land)	(51,547)	4,122	6,813	31,543	29,976
Decrease (increase) in trade receivables	(98,718)	(55,015)	(43,396)	(56,416)	(32,455)
Increase in other accounts receivable	(69,267)	(62,716)	16,497	(9,278)	(100,706)
Increase in suppliers and providers of services	60,613	871	10,470	(28,625)	44,087
Increase in other accounts payable	8,531	43,349	1,030	(5)	23,983
	<u>73,151</u>	<u>(84,660)</u>	<u>83,868</u>	<u>(43,347)</u>	<u>85,243</u>

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

	Nine months ended September 30 2023	Nine months ended September 30 2022	Three months ended September 30 2023	Three months ended September 30 2022	Year ended December 31 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Working capital, net (except cash)	-	1,587	-	1,678	10,719
Fixed assets	-	(1,302)	-	(1,302)	(1,689)
Right-of-use assets	-	(551)	-	(551)	(2,874)
Intangible assets	-	(12,044)	-	(11,459)	(23,680)
Goodwill	-	(18,900)	-	(18,044)	(59,716)
Other non-current assets	-	-	-	-	(42)
Deferred taxes	-	936	-	829	3,898
Leasing liabilities	-	468	-	468	2,702
Loans from banks and other non-current liabilities	-	7,448	-	7,448	11,734
Liability for put option, conditional consideration and future dividends for non-controlling interests	-	6,246	-	5,601	6,602
Non-controlling interests	-	4,825	-	4,825	26,088
	-	(11,287)	-	(10,507)	(26,258)

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

	Nine months ended September 30 2023	Nine months ended September 30 2022	Three months ended September 30 2023	Three months ended September 30 2022	Year ended December 31 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Working capital, net (except cash)	540	-	-	-	-
Fixed assets	116	-	-	-	-
Goodwill	2,582	-	-	-	-
Other long - term liabilities	(1,778)	-	-	-	-
Investment in company accounted for at equity	(3,500)	-	-	-	-
Non-controlling interests	719	-	-	-	-
Capital gain on decrease in control in a previously consolidated partnership	1,134	-	-	-	-
	(187)	-	-	-	-

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

	Nine months ended September 30 2023 Unaudited	Nine months ended September 30 2022 Unaudited	Three months ended September 30 2023 Unaudited	Three months ended September 30 2022 Unaudited	Year ended December 31 2022 Audited
Cash paid in the period for:					
Interest	98,428	55,133	34,931	18,320	84,454
Taxes on income	34,387	52,438	8,567	14,055	99,258
Cash received for:					
Interest	18,491	8,424	3,017	1,567	13,246
Taxes on income	8,652	7,648	837	208	8,759

Appendix E' – Significant activities not involving cash flows

	Nine months ended September 30 2023 Unaudited	Nine months ended September 30 2022 Unaudited	Three months ended September 30 2023 Unaudited	Three months ended September 30 2022 Unaudited	Year ended December 31 2022 Audited
Acquisition of fixed assets, investment property and intangible assets	23,153	10,280	23,153	10,280	17,764
Increase of right - of - use asset against leasing liability	43,772	69,833	5,176	26,824	99,116
Short-term and long-term payables for the acquisition of non- controlling interests' shares by a consolidated company	7,845	-	7,845	-	-

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

The accompanying Financial Information, is derived from the Hebrew version of the Company's interim consolidated financial statement as of September 30, 2023 and for the periods of nine months and of three months ended on that date and do not include the disclosures required by International Financial Reporting Standards (IFRS) (hereinafter - The Interim Consolidate Financial Information).

The interim consolidated financial information should be read together with the Company's Hebrew version of the annual consolidated financial statement as at December 31, 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 though 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 September 30, 2023 (NIS 3.824 = 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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