

ELCO LIMITED

Consolidated Financial information

As of December 31, 2024

(Convenience Translation into US Dollars)

This is an English translation of parts of the information included in the full Hebrew report of the company, that was published on March 26, 2025 (reference No. 2025-01-020462) 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
CONSOLIDATED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2024

<u>Contents</u>	<u>Page</u>
Auditors' Report	3
Consolidated Information of financial position	8-9
Consolidated Information of profit or loss	10
Consolidated Information of Comprehensive Income	11
Consolidated Information of Changes in Equity	12-14
Consolidated Information of Cash Flows	15-18
Notes to the Financial Information	19-20

To: Elco LTD.

Re: Convenience Translation of Financial Information

Per your request, we have audited the accompanying consolidated financial information of Elco Ltd. ("the Company") as of December 31, 2024 and 2023 and for each of the three years in the period ended on December 31, 2024 ("the Financial Information"). The Financial Information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on the Financial Information based on our audits.

We did not audit the financial information of certain subsidiaries, whose assets constitute approximately 1.03% and 0.95% of the total consolidated assets as of December 31, 2024 and 2023, respectively, and whose revenues constitute approximately 0.16%, 0.26% and 1.33% of the total consolidated revenue for the years ended December 31, 2024, 2023 and 2022, respectively. Furthermore, we did not audit the financial information of certain companies accounted for at equity, the investment in which amounted to approximately 111 million dollars and 112 million dollars as of December 31, 2024 and 2023, respectively, and the Company's share of their profits (loss) amounted to approximately 3 million dollars, (34) million dollars and 39 million dollars for the years ended December 31, 2024, 2023 and 2022, respectively. The financial information for those companies were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards in Israel, including those prescribed by the Auditors' Regulations (Auditor's Mode of Performance), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Information are free of material misstatement. An audit includes examining, on the test basis, evidence supporting the amounts in the Financial Information. An audit also includes assessing the accounting principles used and the significant estimates made by the Company's Board of Directors and management, as well as evaluating the overall Financial Information presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion

The accompanying Financial Information in US Dollars are a convenience translation of the consolidated financial statements as prepared in New Israeli Shekels as the rate of exchange of the Shekel into US Dollars prevailing on December 31, 2024 as described in Note 3 of the Financial Information.

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

Based on our audits and the reports of other auditors, we expressed an unqualified opinion on the consolidated financial statements in our report dated March 25, 2025.

Key audit matters

Key audit matters are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the board of directors and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. We addressed these matters in performing our audit and in formulating our opinion on the consolidated financial statements as a whole. The communication of key audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the key audit matters below, providing separate opinions on the key audit matters or on the accounts or disclosures to which they relate.

The following are the key audit matters in the Company's consolidated financial statements for the year ended December 31, 2024:

Determination of the fair value of investment property in investments that are accounted for at equity and the implementation of the hypothetical liquidation at book value (HLBV) method

The subsidiary company, Electra Real Estate Ltd., operating through its investee companies, directly and indirectly, serves as a limited partner (LP) in funds that invest in multifamily housing complexes in the United States, as a limited partner (LP) in activity in the field of single family residences for rental (SFR), as a shareholder in the general partner of the investment funds (GP) and as the managing partner of the SFR activity (GP). The subsidiary company's holdings in funds that invest in multifamily housing complexes and the SFR activity in the United States are accounted for at equity in its financial statements. The subsidiary company, operating through its investee companies, is a shareholder in the partner that manages the funds and the SFR activity (GP), which, subject to the achievement of a target internal yield rate (IRR) in the abovementioned activities for the generality of the investors, entitles it to success (promote) fees at rates that vary between the various funds for the housing complexes in the United States and the SFR field of activity.

Within the framework of the implementation of the equity method, the subsidiary company has adopted the hypothetical liquidation at book value (HLBV) method for the purpose of determining the subsidiary company's share of the profits that are allocated from the affiliated companies. Pursuant to the HLBV approach, the subsidiary company's share of the success (promote) fees from the funds that invest in multifamily housing complexes and in the SFR activity is calculated on the assumption that the investee company will realize its assets immediately in accordance with their carrying value in the accounting records at that time, based on their carrying values and taking other liabilities and investments that have been made, net, into account. The subsidiary company is entitled to success fees, which are distributed out of the investee company's profits, as the general partner (GP), where the overall profit from the disposal of the asset pursuant to the HLBV approach exceeds the yield rate for the limited partners (LP). Since the affiliated companies measure their investment property at fair value, so as part of the implementation of the HLBV method, the subsidiary company's share of the profits of the investee companies is affected by the fair value of the income-generating real estate properties.

Audit procedures that we have performed, which are connected to the determination of the fair value of investment property in investments that are accounted for at equity and the implementation of the HLBV method

(1) The examination and analysis of evaluation in relation to the investment property assets in the housing complexes funds, which were prepared by external appraiser on a sample basis, taking qualitative and quantitative considerations into account in relation to the sample that was identified; (2) the examination of the assumptions that served as the basis for the evaluations, including examination of the NOI on the various investment property assets, the examination of the discount rate that has been used in the appraisal work, comparative transactions, which have been taken into account in the basis of the evaluation and the methodology that has been implemented in the evaluation; (3) the review of the appraisals of the investment property, on a sample basis, by an expert department operating on our behalf, with an emphasis on the testing of the discount rates for the investment property assets; (4) referring questionnaires to the appraisers and receiving responses and clarifications, where necessary; (5) examination and reconciliation opposite the subsidiary company's documentation covering the mechanisms for the calculation of the success (promote) fees on the various real estate assets on a sample basis; (6) checking the arithmetical calculation and the various components that are included in the calculation of the success (promote) fees; and (7) the testing of the fairness of the recording and the format of the disclosure in the Company's consolidated financial statements.

Recognition of revenues from performance and entrepreneurial projects

The recognition of revenues from projects and the balance of the revenues receivable and receivables are significant matters in the Company's financial statements, through the subsidiary company Electra Ltd., based on the materiality and on the exercise of judgment by the management that is responsible for corporate governance, which is involved in these matters. The complexity and the exercise of judgment, which are connected to the assessment of the expected costs for the completion of the project and the expected revenues, which are based on management's estimates or on expert opinions and on the rate of completion, which are used by the Company, through the subsidiary company, for the recognition of the revenue.

We have identified this matter as a key audit matter, because of the complexity of the estimates that are used in the calculation.

The audit procedures that we have performed, which are connected to the recognition of revenue from entrepreneurial projects

We obtained understanding and we assessed the central internal controls and the information systems (IT), which were used in order to perform the calculations that are connected to the project. These controls include controls relating to policies and procedures in the determination of the rate of completion, the assessment of the balance of the revenues from the project, which are based on management's estimates or on expert opinions and the assessment of the expected costs to completion for the project including the testing of the existence of a loss-making contract. In addition, we checked the operational effectiveness of these controls.

We performed detailed procedures in significant projects and in projects in which the management's estimates are very significant. These procedures included the examination of the assumptions and the assessments that were used by the management and the verification of the transactions by means of audit evidence, which included contracts, changes in contracts and the features of the work, documents that are connected to exceptions, lawsuits and disputes, legal opinions and agreements with sub-contractors. In addition, we discussed the completion rates of the projects with the project managers and the managements of the performing and entrepreneurial companies. In addition, we examined the fairness of the disclosures in the Group's consolidated financial statements.

Testing for impairment in value in relation to goodwill arising on a business combination of consolidated companies and the investment in a company accounted for at equity

The balance of the goodwill stands at an amount of US\$ 988 million, constituting approximately 14% of the generality of the Group's assets. In addition, the investment in the affiliated Company in Discount Investments amounts to approximately US\$ 114 million, (hereinafter: the "Affiliated company" and DIC"). The Company's management and its consolidated companies test for impairment in the value of the cash-generating units to which the goodwill has been allocated at least once a year, or at a higher frequency were signs of impairment in value exist. In addition, International Accounting Standard 28 and the provisions of International Accounting Standard 36 Impairment of assets are implemented in relation to the affiliated company. Pursuant to the Standards, if signs of impairment in value exist, the Company performs an appraisal in order to test the recoverable amount of the investment in the affiliate. The testing in relation to goodwill in respect of affiliated companies requires the various managements to make an estimate of the future cash flows, which are expected to derive from the cash-generating units to which the goodwill has been allocated and to examine whether the carrying value in the accounting records exceeds the recoverable amount of the cash-generating unit. This assessment is based on significant estimates, which involve uncertainty and on subjective assessments, such as: (1) cash flow forecasts and forecast growth rates, which were based on budgets and forecasts, which have been approved by the management; and (2) the determination of the discount rate that is implemented, which reflects the market risks and the specific risks of the cash-generating units; (3) the use of economic models for testing scenarios for issues that are relevant to the usage. A change in these estimates or in these assessments, may have a significant impact on the balance of the goodwill and the intangible assets in the consolidated financial statements.

The testing of the recoverable amount of the investment in the affiliate is based on the determination of the value of the affiliated company's investment in its investee companies and the use of various assumptions for the purpose of determining the value, as aforesaid.

The audit of the testing for impairment in the value of goodwill and impairment in value in respect of the investment in an affiliated company requires the exercise of judgment by the auditor as well as knowledge and experience in order to examine the reasonability of the assumptions and the data that have been used by the management in the determination of the recoverable amount, and accordingly these estimates have been determined to be a key audit matter.

The audit procedures that we have performed, which are connected to testing for impairment in value in relation to goodwill created on business combinations of consolidated companies and impairment in value of an investment in a company treated at equity

The examination and assessments of the skills and the objective capabilities of the appraisers. Checking of the assumptions, the methods and the information that were used by the appraisers in relation to testing for the need to record impairment in the value of goodwill for the consolidated company and for the investment in the affiliate, including: checking various economic data, which were included in the appraisal, the testing of the cash flow forecasts, we have prepared sensitivity analyses in order to assess the sensitivity to changes in the key assumptions and the impact of changes in those assumptions on possible impairment in value, checking the completeness and the accuracy of the base data used in the model, the receipt of an indicative calculation from an independent, external appraiser in relation to the need for testing for impairment in value in respect of the investment in the affiliate, including checking the completeness of the data. In the checking, we obtained assistance from economic experts from our office and we performed an analysis of the recoverable amount, as arises from the appraisals by external appraisers opposite the carrying value of the cash-generating units in the consolidated financial statements, where necessary. Furthermore, we have tested the disclosures that are included in the financial statements.

We examined the effectiveness of the Group's internal control in connection with the appraisal of the goodwill and of the investment in the affiliate and the fairness of the disclosure that is provided in the financial statements.

In our opinion, based on our audit and the reports of other auditors, the abovementioned Financial Information presents fairly, in all material respects, the information contained therein.

Tel-Aviv, Israel
March 25, 2025

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

ELCO LIMITED**CONSOLIDATED INFORMATION OF FINANCIAL POSITION**
CONVENIENCE TRANSLATION INTO US DOLLARS (in millions)

	December 31	December 31
	2024	2023
Current assets		
Cash and cash equivalents	480	315
Short-term investments	171	91
Trade receivables	755	690
Other receivables	745	682
Inventory, inventory of land, buildings and apartments for sale	804	783
Assets held for sale	9	129
	<u>2,964</u>	<u>2,690</u>
Non-current assets		
Long-term receivables	152	124
Receivables for concession arrangement for the provision of services	80	59
Investments in entities accounted for at equity	816	895
Long-term inventory of land	273	214
Investments property and investments property under construction	126	126
Fixed Assets	649	553
Right-of-use assets	824	640
Goodwill and other intangible assets	1,223	1,240
Deferred taxes	35	34
	<u>4,178</u>	<u>3,885</u>
	<u><u>7,142</u></u>	<u><u>6,575</u></u>

March 25, 2025

Date of the approval of the financial statements

ELCO LIMITED**CONSOLIDATED INFORMATION OF FINANCIAL POSITION
CONVENIENCE TRANSLATION INTO US DOLLARS (in millions)**

	December 31 2024	December 31 2023
Current Liabilities		
Credit from banks and others	667	630 *)
Bonds - current maturities	142	128
Current maturities of leasing liabilities	110	111
Suppliers and providers of services	1,181	1,077
Other payables	871	804 *)
Liabilities attributed to assets held for sale	-	123
	<u>2,971</u>	<u>2,873</u>
Non-Current Liabilities		
Liabilities to banks and others	869	745 *)
Bonds	803	649
Leasing liabilities	803	603
Other liabilities	149	162 *)
Employee benefit liabilities, net	24	22 *)
Deferred taxes	119	154
	<u>2,767</u>	<u>2,335</u>
Equity		
Equity attributable to shareholders in the company	577	616
Non-controlling interests	827	751
Total equity	<u>1,404</u>	<u>1,367</u>
	<u>7,142</u>	<u>6,575</u>

*) Reclassified.

E. Vessely
Chief Financial Officer

M. Salkind
Joint Managing Director

M. Friedman
Chairman of the Board of
Directors

ELCO LIMITED

CONSOLIDATED INFORMATION OF PROFIT OR LOSS

CONVENIENCE TRANSLATION INTO US DOLLARS (in millions)

	For the year ended December 31 2024	For the year ended December 31 2023 *)	For the year ended December 31 2022 *)
Continuing operations			
Revenues, net	5,652	5,124	5,107
Adjustment of the fair value of investment property and investment property under construction	(1)	(2)	9
Group's share of the profits of entities accounted for at equity, net	(52)	9	77
Other income	22	18	50
Total	5,621	5,149	5,243
Cost of producing revenues	(4,799)	(4,377)	(4,134)
Selling and marketing expenses	(520)	(482)	(437)
Administrative and general expenses	(178)	(169)	(156)
Other expenses	(14)	(69)	(88)
Financial income	38	24	22
Financing expenses	(166)	(158)	(96)
Total	(5,639)	(5,231)	(4,889)
Income (loss) before taxes on income	(18)	(82)	354
Taxes on income	(9)	(14)	(111)
Income (loss) from continuing operations	(27)	(96)	243
Loss from discontinued operations, net	(8)	(44)	(5)
Net income (loss)	(35)	(140)	238
Attributable to:			
Shareholders in the company	(32)	(79)	118
Non-controlling interests	(3)	(61)	120
	(35)	(140)	238
Earnings (loss) per share (in U.S. Dollars) - attributable to the Equity holders of the Company:			
Basic - Earnings (loss)			
From continuing operations	(1.07)	(2.11)	4.41
From discontinued operations	(0.14)	(0.81)	(0.09)
	(1.21)	(2.92)	4.32
Fully diluted - Earnings (loss)			
From continuing operations	(1.08)	(2.13)	4.05
From discontinued operations	(0.14)	(0.81)	(0.09)
	(1.22)	(2.94)	3.96

*) Reclassified for discontinued operations.

ELCO LIMITED

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

	For the year ended December 31 2024	For the year ended December 31 2023	For the year ended December 31 2022
Net income (loss)	(35)	(140)	238
Other comprehensive income (loss) (after tax effects):			
Amounts that will not be reclassified to profit or loss in subsequent periods:			
Gain from the re-measurement of defined benefit plans, net	(*)	(*)	1
Revaluation of a fixed asset that has been reclassified to investment property	-	4	-
	-	4	1
Amounts that will be classified or reclassified to profit or loss when specific conditions are met:			
Adjustment deriving from the translation of the financial statements of foreign operations, net	(2)	11	85
Realization of reserve on translation differences on foreign operations	1	-	1
Gain on hedging transactions, net	(2)	1	-
	(3)	12	86
Total other comprehensive income (loss)	(3)	16	87
Total comprehensive income (loss)	(38)	(124)	325
Comprehensive income (loss) attributable to:			
Shareholders in the company	(34)	(67)	171
Non-controlling interests	(4)	(57)	154
	(38)	(124)	325

(*) An amount of less than 1 million US Dollars.

ELCO LIMITED

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

	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
Balance as of January 1, 2024	31	18	(81)	747	(*)	(49)	4	1	(63)	8	616	751	1,367
Loss	-	-	-	(32)	-	-	-	-	-	-	(32)	(3)	(35)
Total other comprehensive loss	-	-	-	-	-	-	(1)	-	(1)	-	(2)	(1)	(3)
Total comprehensive loss	-	-	-	(32)	-	-	(1)	-	(1)	-	(34)	(4)	(38)
Cost of share-based payment	-	-	-	-	-	-	-	-	-	1	1	6	7
Dividend to shareholders in the company	-	-	-	(14)	-	-	-	-	-	-	(14)	-	(14)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(25)	(25)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(3)	(6)	-	-	-	-	-	-	(9)	(6)	(15)
Exercise of option warrants	(*)	(*)	-	-	-	-	-	-	-	(*)	-	-	-
Issuance of capital /purchase and sale of shares in consolidated companies	-	-	-	16	-	1	-	-	-	-	17	105	122
As of December 31, 2024	31	18	(84)	711	(*)	(48)	3	1	(64)	9	577	827	1,404

(*) An amount of less than 1 million US Dollars.

ELCO LIMITED

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

	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	Revaluation reserve	Total attributable to equity holders in the company	Non-controlling interests	Total equity
Balance as of January 1, 2023	31	18	(77)	845	(*)	(50)	4	1	(71)	7	-	708	786	1,494
Loss	-	-	-	(79)	-	-	-	-	-	-	-	(79)	(61)	(140)
Total other comprehensive income	-	-	-	-	-	-	-	-	8	-	4	12	4	16
Total comprehensive income (loss)	-	-	-	(79)	-	-	-	-	8	-	4	(67)	(57)	(124)
Cost of share-based payment	-	-	-	-	-	-	-	-	-	1	-	1	8	9
Dividend to shareholders in the company	-	-	-	(19)	-	-	-	-	-	-	-	(19)	-	(19)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(28)	(28)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(4)	(5)	-	-	-	-	-	-	-	(9)	(5)	(14)
Exercise of option warrants	(*)	(*)	-	-	-	-	-	-	-	(*)	-	-	-	-
Non-controlling interests arising from initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Exit of a consolidated partnership from consolidation	-	-	-	-	-	-	-	-	-	-	-	-	1	1
Issuance of capital /purchase and sale of shares in consolidated companies	-	-	-	5	-	1	-	-	-	-	(4)	2	45	47
As of December 31, 2023	31	18	(81)	747	(*)	(49)	4	1	(63)	8	-	616	751	1,367

(*) An amount of less than 1 million US Dollars.

ELCO LIMITED

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

	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
Balance as of January 1, 2022	31	18	(64)	742	(*)	(50)	4	(*)	(123)	6	564	632	1,196
Net income	-	-	-	118	-	-	-	-	-	-	118	120	238
Total other comprehensive income	-	-	-	-	-	-	-	1	52	-	53	34	87
Total comprehensive income	-	-	-	118	-	-	-	1	52	-	171	154	325
Cost of share-based payment	-	-	-	-	-	-	-	-	-	1	1	4	5
Dividend to shareholders in the company	-	-	-	(19)	-	-	-	-	-	-	(19)	-	(19)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(34)	(34)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(13)	(11)	-	-	-	-	-	-	(24)	(11)	(35)
Exercise of option warrants	(*)	(*)	-	-	-	-	-	-	-	(*)	-	-	-
Non-controlling interests arising from initially consolidated companies	-	-	-	-	-	-	-	-	-	-	-	28	28
Issuance of capital /purchase and sale of shares in consolidated companies	-	-	-	15	-	-	-	-	-	-	15	13	28
As of December 31, 2022	31	18	(77)	845	(*)	(50)	4	1	(71)	7	708	786	1,494

(*) An amount of less than 1 million US Dollars.

ELCO LIMITED
CONSOLIDATED CASH FLOW INFORMATION
CONVENIENCE TRANSLATION INTO US DOLLARS (in millions)

	For the year ended December 31 2024	For the year ended December 31 2023	For the year ended December 31 2022
Cash flows from operating activities:			
Net income (loss)	(35)	(140)	238
Adjustments required in order to present the cash flows from operating activities (Appendix A')	344	320	90
Net cash generated by operating activities (before acquisition of land)	309	180	328
Acquisition of land (**)	(52)	(60)	(237)
Net cash generated(absorbed) by operating activities	257	120	91
Cash flows from investment activities:			
Acquisition of fixed assets and intangible assets	(251)	(274)	(155)
Investment in investment property	(2)	(2)	(10)
Acquisition of initially consolidated companies and activities (Appendix B')	(3)	-	(27)
Proceeds from sale of investment in previously consolidated company (Appendix C')	-	(*)	-
Change in investment in, loans to investee companies and others, net	(76)	(79)	(222)
Consideration from (purchase of) short-term investments, net	(66)	14	(31)
Consideration from the disposal of fixed assets, investment property and investments	25	21	187
Increase in long term receivables, net	10	(20)	(1)
Net cash absorbed by investment activities	(363)	(340)	(259)
Cash absorbed by discontinued activities last years	-	-	(24)
Cash flows from financing activities:			
Dividend paid to shareholders in the company	(14)	(19)	(19)
Dividend paid to non-controlling interests	(25)	(29)	(33)
Issuance of bonds	308	201	187
Repayment of long-term liabilities	(369)	(240)	(348)
Repayment of leasing liabilities	(111)	(102)	(91)
Receipt of long-term loans from banks and others	280	285	380
Short-term bank credit and others, net	91	22	197
Exercise of option warrants, issuance of capital/ sale of shares to non-controlling interests	129	67	7
Purchase of treasury shares in the Company and in consolidated companies	(15)	(14)	(35)
Net cash absorbed by financing activities	274	171	245
Translation differences in respect of cash and cash equivalent balances	(3)	1	4
Increase (decrease) in cash and cash equivalents	165	(48)	57
Balance of cash and cash equivalents at the beginning of the year	315	363	306
Balance of cash and cash equivalents at the end of the year	480	315	363

*) An amount of less than 1 million US Dollars.

***) The acquisition of land are presented in the information of financial position under inventory of land.

ELCO LIMITED

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

Appendix A' – Adjustments to present the cash flows from operating activities

	For the year ended December 31 2024	For the year ended December 31 2023	For the year ended December 31 2022
Income and expenses not involving cash flows:			
The Group's share of the profits of companies accounted for at equity, net	52	(9)	(77)
Dividends, success fee and interest received from companies accounted for at equity	30	11	84
Decrease (increase) in success fee (Promote)	39	70	(189)
Realization of reserve on translation differences on foreign operations	1	-	1
Adjustments of the fair value of investment property, net	1	2	(9)
Depreciation and amortization	251	243	213
Impairment in the intangible assets and goodwill	-	39	-
Impairment in the investment in a company accounted for at equity	8	36	61
Deferred taxes, net	(35)	(22)	60
Change in employee benefit liabilities	(1)	(1)	(1)
Capital gain on the sale of fixed assets and other investments	(2)	(10)	(37)
Gain on the disposal of previously consolidated companies	-	(1)	-
Gain on decrease in the holding rate in a company accounted for at equity	(6)	(4)	-
Erosion of long-term receivables and liabilities, net	(8)	(14)	15
Increase in value of short-term investments	(1)	(1)	-
Cost of share-based payments	7	9	5
Changes in asset and liability items:			
Decrease (increase) in inventory and inventory of land (before acquisition of land)	(29)	(53)	32
Increase in trade receivables	(68)	(55)	(34)
Increase in other accounts receivable	(76)	(32)	(105)
Increase in suppliers and providers of services	105	70	46
Increase in other accounts payable	76	42	25
	344	320	90

ELCO LIMITED**CONSOLIDATED CASH FLOWS INFORMATION****CONVENIENCE TRANSLATION INTO US DOLLARS (in millions)****Appendix B' - Acquisition of initially consolidated companies and activities**

	For the year ended December 31 2024	For the year ended December 31 2023	For the year ended December 31 2022
Working capital, net (except cash)	4	13	11
Fixed assets	(1)	(2)	(2)
Right-of-use assets	(1)	4	(3)
Intangible assets	(1)	-	(25)
Goodwill	(4)	(17)	(62)
Deferred taxes	(1)	-	4
Leasing liabilities	-	-	3
Loans from banks and other non-current liabilities	1	1	12
Liability for put option, conditional consideration and future dividends for non-controlling interests	-	-	7
Non-controlling interests	-	1	28
	<u>(3)</u>	<u>-</u>	<u>(27)</u>

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

	For the year ended December 31 2024	For the year ended December 31 2023	For the year ended December 31 2022
Working capital, net (except cash and cash equivalents)	-	1	-
Investment in company accounted for at equity	-	(4)	-
Goodwill	-	3	-
Other non-current liabilities	-	(2)	-
Non-controlling interests	-	1	-
Gain on the disposal of previously consolidated companies	-	1	-
	<u>-</u>	<u>(*)</u>	<u>-</u>

*) An amount of less than 1 million US Dollars.

ELCO LIMITED**CONSOLIDATED CASH FLOWS INFORMATION**
CONVENIENCE TRANSLATION INTO US DOLLARS (in millions)**Appendix D' - Additional information on cash flows**

	For the year ended December 31 2024	For the year ended December 31 2023	For the year ended December 31 2022
Cash paid during the year for:			
Interest	<u>176</u>	<u>143</u>	<u>89</u>
Income tax	<u>55</u>	<u>45</u>	<u>104</u>
Cash received during the year for:			
Interest	<u>34</u>	<u>21</u>	<u>14</u>
Income tax	<u>13</u>	<u>11</u>	<u>9</u>

Appendix E' - Significant activities not involving cash flows

	For the year ended December 31 2024	For the year ended December 31 2023	For the year ended December 31 2022
Acquisition of fixed assets and other assets	<u>19</u>	<u>11</u>	<u>18</u>
Increase of right-of-use asset against a leasing liability	<u>288</u>	<u>76</u>	<u>104</u>
Transaction with non-controlling interests	<u>15</u>	<u>-</u>	<u>-</u>
Liability for the acquisition of holdings of non-controlling interests in a consolidated company	<u>-</u>	<u>33</u>	<u>-</u>
Deferred consideration for a business combination	<u>-</u>	<u>15</u>	<u>-</u>

ELCO LIMITED
NOTES TO THE FINANCIAL INFORMATION

Note 1 – General

The accompanying Financial Information is derived from Hebrew version of the Company's annual consolidated financial statement as at December 31, 2024 and for the year ended on that date and the accompanying notes thereto (hereinafter - The annual consolidated financial statements), and is condensed financial information and it does not include the disclosures that are required under the International Financial Reporting Standards (IFRS).

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 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 funds which raises debt and provides loans and instruments for the supplementation of shareholders' equity for investments in housing complexes and in special purpose partnerships for investment in single family residences on plots of land for rental (SFR) and in a REIT partnership for investment in hotels in the U.S.A and in fund that invests in office space in Great Britain and two reserves of land that are designated primarily for the development of residential complexes for rental in Southern Miami.
- 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.
- Others**
- Relates primarily to the operations of DIC, Elco hospitality and Dream Group.

Note 3 - Convenience translation

The annual financial information in US Dollars are 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 December 31, 2024 (NIS 3.647 = 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 Annual Consolidate Financial Statement 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 annual consolidated financial statements, the annual consolidated financial statements prevail.

docx.31.12.2024 אלקו אנגלית מונגש / א-40