

ELCO LIMITED
Interim Consolidated Financial Information
As of March 31, 2025
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 May 29, 2025 (reference No. 2025-01-038651) 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 March 31, 2025 and for the period of three months then ended ("the Interim Financial Information"). The Interim Financial Information is the responsibility of the Company's Board of Directors and management. Our responsibility is to express a conclusion regarding the Interim Financial Information based on our review.

We did not review the interim financial information of certain subsidiaries, whose assets constitute approximately 1.02% of the total consolidated assets as of March 31, 2025 and whose revenues constitute approximately 0.57% of the total consolidated revenue for period of the three months ended on March 31, 2025. Furthermore, we did not review the interim financial information of certain companies accounted for at equity, the investment in which amounted to approximately 109 millions dollars as of March 31, 2025, and the Company's share of their profits amounted to approximately 6 millions dollars for the period of three months ended on March 31, 2025. 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 March 31, 2025, 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 May 28, 2025.

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

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

Tel-Aviv, Israel
May 28, 2025

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

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

	March 31 2025	March 31 2024	December 31 2024
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Current assets			
Cash and cash equivalents	429	262	471
Short-term investments	77	150	167
Trade receivables	801	738	741
Other accounts receivables	862	734	740
Inventory, inventory of land, buildings and apartments for sale	<u>921</u>	<u>802</u>	<u>789</u>
	<u>3,090</u>	<u>2,686</u>	<u>2,908</u>
Non-current assets			
Long-term receivables	158	134	149
Receivables for concession arrangement for the provision of services	81	63	78
Investment in entities accounted for at equity	838	866	801
Long-term inventory of land	258	215	268
Investment property and investment property under construction	141	124	124
Fixed assets	651	558	637
Right-of-use assets	813	781	808
Goodwill and other intangible assets	1,217	1,219	1,199
Deferred taxes	<u>34</u>	<u>33</u>	<u>34</u>
	<u>4,191</u>	<u>3,993</u>	<u>4,098</u>
	<u>7,281</u>	<u>6,679</u>	<u>7,006</u>

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

	March 31 2025	March 31 2024	December 31 2024
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
Current Liabilities			
Credit from banking institutions and others	812	637	655
Bonds - current maturities	147	137	139
Current maturities of leasing liabilities	108	102	108
Suppliers and providers of services	1,260	1,106	1,158
Other payables	865	821	855
Dividend payable to shareholders in the company	12	8	-
	<u>3,204</u>	<u>2,811</u>	<u>2,915</u>
Long-Term Liabilities			
Credit from banking institutions and others	668	653	852
Bonds	836	755	788
Leasing liabilities	794	753	788
Other liabilities	165	179	146
Employee benefit liabilities, net	22	22	23
Deferred taxes	120	139	117
	<u>2,605</u>	<u>2,501</u>	<u>2,714</u>
Equity			
Equity attributable to equity holders of the Company	607	596	566
Non-controlling interests	865	771	811
Total equity	<u>1,472</u>	<u>1,367</u>	<u>1,377</u>
	<u><u>7,281</u></u>	<u><u>6,679</u></u>	<u><u>7,006</u></u>

<u>May 28, 2025</u>			
Date of approval of financial statements	<u>E. Vessely</u> Chief Financial Officer	<u>D. Salkind</u> Joint General Manager	<u>M. Fridman</u> Chairman of the Board of Directors

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

	Three months ended March 31 2025	Three months ended March 31 2024 *)	Year ended December 31 2024 *)
	Unaudited	Unaudited	Audited
Revenues, net	1,462	1,305	5,503
Adjustment of the fair value and the results of the disposal of income-generating assets, net	8	(1)	(1)
Group's share of the profits (losses) of companies accounted for at equity, net	1	(7)	(51)
Other income	5	7	22
Total	1,476	1,304	5,473
Cost of producing revenues	(1,236)	(1,108)	(4,672)
Selling and marketing expenses	(124)	(122)	(507)
Administrative and general expenses	(46)	(42)	(174)
Other expenses	(8)	(12)	(14)
Financing income	15	10	36
Financing expenses	(43)	(38)	(162)
Total	(1,442)	(1,312)	(5,493)
Income (loss) before taxes on income	34	(8)	(20)
Taxes on income	(11)	(3)	(8)
Income (loss) from continuing operations	23	(11)	(28)
Loss from discontinued operations, net	(9)	(1)	(7)
Net income (loss)	14	(12)	(35)
Attributable to:			
Equity holders in the Company	2	(11)	(32)
Non-controlling interest	12	(1)	(3)
	14	(12)	(35)
Earnings (loss) per share (in U.S. Dollars) - attributable to the Equity holders of the Company:			
Basic - Earnings (loss)			
From continuing operations	0.23	(0.41)	(1.06)
From discontinued operations	(0.15)	(0.01)	(0.12)
	0.08	(0.42)	(1.18)
Fully diluted - Earnings (loss)			
From continuing operations	0.23	(0.41)	(1.07)
From discontinued operations	(0.15)	(0.01)	(0.12)
	0.08	(0.42)	(1.19)

*) Reclassified for discontinued operations.

CONSOLIDATED INFORMATION OF COMPREHENSIVE INCOME

CONVENIENCE TRANSLATION INTO US DOLLARS (in millions)

	Three months ended March 31 2025 Unaudited	Three months ended March 31 2024 Unaudited	Year ended December 31 2024 Audited
Net income (loss)	14	(12)	(35)
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	-	-	(1)
	-	-	(1)
<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	27	15	(1)
Realization of reserve on translation differences on foreign operations	-	1	1
Gain (loss) on hedging transactions, net	5	1	(2)
	32	17	(2)
Total other comprehensive income (loss)	32	17	(3)
Total comprehensive income (loss)	46	5	(38)
Comprehensive income (loss) attributable to:			
Equity holders in the company	18	(2)	(34)
Non-controlling interests	28	7	(4)
	46	5	(38)

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
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Balance as of January 1, 2025 (Audited)	31	17	(82)	698	1	(47)	2	1	(63)	8	566	811	1,377
Income	-	-	-	2	-	-	-	-	-	-	2	12	14
Total other comprehensive income	-	-	-	-	-	-	3	-	13	-	16	16	32
Total comprehensive income	-	-	-	2	-	-	3	-	13	-	18	28	46
Cost of share-based payment	-	-	-	-	-	-	-	-	-	*)	*)	2	2
Dividend to shareholders in the company	-	-	-	(12)	-	-	-	-	-	-	(12)	-	(12)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(13)	(13)
Issuance of capital/purchase and sale of shares in consolidated companies	-	-	-	32	-	2	*)	-	1	-	35	37	72
As of March 31, 2025	31	17	(82)	720	1	(45)	5	1	(49)	8	607	865	1,472

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

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
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Balance as of January 1, 2024 (Audited)	31	17	(79)	732	1	(48)	3	1	(62)	8	604	736	1,340
Loss	-	-	-	(11)	-	-	-	-	-	-	(11)	(1)	(12)
Total other comprehensive income	-	-	-	-	-	-	1	-	8	-	9	8	17
Total comprehensive income (loss)	-	-	-	(11)	-	-	1	-	8	-	(2)	7	5
Cost of share-based payment	-	-	-	-	-	-	-	-	-	*)	*)	2	2
Dividend to shareholders in the company	-	-	-	(8)	-	-	-	-	-	-	(8)	-	(8)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(7)	(7)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(3)	(1)	-	-	-	-	-	-	(4)	(1)	(5)
Issuance of capital/purchase and sale of shares in consolidated companies	-	-	-	5	-	1	-	-	-	-	6	34	40
As of March 31, 2024	31	17	(82)	717	1	(47)	4	1	(54)	8	596	771	1,367

*) An amount less than 1 million US dollars.

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
	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
Balance as of January 1, 2024	31	17	(79)	732	1	(48)	3	1	(62)	8	604	736	1,340
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	-	-	-	-	-	-	-	-	-	*)	*)	6	6
Dividend to shareholders in the company	-	-	-	(13)	-	-	-	-	-	-	(13)	-	(13)
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(25)	(25)
Acquisition of treasury shares in the company and in subsidiary companies	-	-	(3)	(5)	-	-	-	-	-	-	(8)	(5)	(13)
Exercise of option warrants	*)	*)	-	-	-	-	-	-	-	*)	-	-	-
Issuance of capital /purchase and sale of shares in consolidated companies	-	-	-	16	-	1	-	-	-	-	17	103	120
As of December 31, 2024	31	17	(82)	698	1	(47)	2	1	(63)	8	566	811	1,377

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

CONSOLIDATED INFORMATION OF CASH FLOWS

CONVENIENCE TRANSLATION INTO US DOLLARS (in millions)

	Three months ended March 31 2025	Three months ended March 31 2024	Year ended December 31 2024
	Unaudited	Unaudited	Audited
Cash flows from operating activities:			
Net income (loss)	14	(12)	(35)
Adjustments required in order to present the cash flows from operating activities (Appendix A')	(37)	14	338
Net cash generated by (absorbed) by operating activities (before acquisition of land)	(23)	2	303
Acquisition of land *)	(64)	(5)	(51)
Net cash (generated) absorbed by operating activities	(87)	(3)	252
Cash flows from investment activities:			
Acquisition of fixed assets and intangible assets	(56)	(42)	(246)
Investment in investment property and investment property under construction	(1)	(1)	(2)
Newly consolidated subsidiaries and activities (Appendix B')	(26)	-	(3)
Change in investment in and loans to investee companies, net	(14)	(20)	(75)
Consideration from (purchase of) short-term investments, net	80	(60)	(65)
Consideration from the disposal of fixed assets, investments and assets held for sale	8	11	25
Decrease (increase) in long-term loans and deposits	(1)	(1)	10
Net cash absorbed by investment activities	(10)	(113)	(356)
Cash flows from financing activities:			
Dividend paid to shareholders in the company	-	-	(13)
Dividend paid to non-controlling interests	(1)	(1)	(24)
Issuance of bonds	79	156	301
Repayment of long-term liabilities	(149)	(83)	(362)
Repayment of leasing liabilities	(29)	(30)	(109)
Receipt of long-term loans from banking institutions and others	77	38	274
Short-term bank credit, net	20	(55)	89
Exercise of option warrants, issuance of capital/sale of shares to non-controlling interests	54	50	126
Purchase of treasury shares in the company and in consolidated companies	-	(5)	(13)
Net cash generated by financing activities	51	70	269
Translation differences in respect of cash and cash equivalents balances	4	(1)	(3)
Increase (decrease) in cash and cash equivalents	(42)	(47)	162
Balance of cash and cash equivalents at the beginning of the period	471	309	309
Balance of cash and cash equivalents at the end of the period	429	262	471

*) 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 millions)
Appendix A' - Adjustments required in order to present the cash flows from operating activities:

	Three months ended March 31 2025	Three months ended March 31 2024	Year ended December 31 2024
	Unaudited	Unaudited	Audited
Income and expenses not involving cash flows:			
The Group's share of the (profits) losses of companies accounted for at equity, net	(1)	7	51
Dividends, success fee and interest received from companies accounted for at equity	3	2	30
Success fee (Promote)	1	13	38
Realization of reserve on translation differences on foreign operations	-	1	1
Adjustments of the fair value of investment property, net	(8)	1	1
Depreciation and amortization	66	59	246
Impairment in the investment in a company accounted for at equity	8	10	8
Deferred taxes, net	4	(13)	(34)
Change in employee benefit liabilities	(1)	-	(1)
Capital gain on the sale of fixed assets and other investments	(2)	(4)	(2)
Gain on decrease in the holding rate in a company accounted for at equity	(1)	(1)	(6)
Erosion (revaluation) of long-term receivables and liabilities, net	(3)	(3)	(8)
Increase in value of short-term investments	2	(1)	*)
Cost of share-based payments	2	2	6
Changes in asset and liability items:			
Increase in inventory and inventory of land (before acquisition of land)	(52)	(33)	(29)
Increase in trade receivables	(54)	(63)	(67)
Increase in other accounts receivable	(57)	(55)	(74)
Increase in suppliers and providers of services	67	53	103
Increase (decrease) in other accounts payable	(11)	39	75
	(37)	14	338

*) An amount less than 1 million US dollars.

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

Appendix B' - Acquisition of initially consolidated subsidiaries

The subsidiaries' assets and liabilities at date of acquisition:

	Three months ended March 31 2025	Three months ended March 31 2024	Year ended December 31 2024
	Unaudited	Unaudited	Audited
Working capital, net (except cash and cash equivalents)	(10)	-	4
Fixed assets	(4)	-	(1)
Right-of-use assets	(13)	-	(1)
Intangible assets	(4)	-	(1)
Goodwill	(21)	-	(4)
Deferred taxes	-	-	(1)
Liability for contingent consideration	11	-	-
Other non-current liabilities	15	-	1
	(26)	-	(3)

Appendix C' - Further information on cash flows

	Three months ended March 31 2025	Three months ended March 31 2024	Year ended December 31 2024
	Unaudited	Unaudited	Audited
Cash paid in the period for:			
Interest	37	37	173
Taxes on income	13	15	54
Cash received for:			
Interest	9	4	34
Taxes on income	3	12	13

Appendix D' – Significant activities not involving cash flows

	Three months ended March 31 2025	Three months ended March 31 2024	Year ended December 31 2024
	Unaudited	Unaudited	Audited
Acquisition of fixed assets and other assets	10	8	19
Increase of right - of - use asset against leasing liability	18	179	282
Dividend payable to shareholders in the company	12	8	-
Transaction with non-controlling interests	-	-	14

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

Note 1 - General

The accompanying Financial Information, is derived from the Hebrew version of the Company's interim consolidated financial statement as of March 31, 2025 and for the period of three months ended on that date and do not include the disclosures required by International Financial Reporting Standards (IFRS) (hereinafter - The Interim Consolidate Financial Information).

The interim consolidated financial information should be read together with the Company's Hebrew version of the annual consolidated financial statement as at December 31, 2024 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 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. |

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**Note 2 - General description of the Company and its activities** (Continue)

- | | |
|----------------------------|---|
| 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 (single family rental) and build to rent activities (BTR) (The SFR activities) 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 and Dream Group. |

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 March 31, 2025 (NIS 3.718 = 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.