

ELECTRA LTD.
INTERIM CONSOLIDATED FINANCIAL INFORMATION

AS OF MARCH 31, 2022
(UNAUDITED)

(CONVENIENCE TRANSLATION INTO U.S. DOLLARS)

ELECTRA LTD.

Consolidated Financial Information as of March 31, 2022

(Unaudited)

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**THE BOARD OF DIRECTORS OF ELECTRA LTD.
HEREBY PRESENTS THE REPORT ON THE STATE OF THE AFFAIRS
OF THE COMPANY AND ITS CONSOLIDATED COMPANIES ("THE GROUP")
FOR THE PERIOD OF THREE MONTHS ENDED MARCH 31, 2022**

1. Description of the corporation and its business environment

As of the time of this report, the Group operates in Israel and abroad in five principal segments: the construction and infrastructure projects in Israel segment; the construction and infrastructure projects abroad segment; the operation, services and maintenance segment; the development and construction of entrepreneurial real estate segment and the concessions segment.

The Group's activity is carried out through the Company and its investee companies. See the section 1 of the report on the description of the entity's business as at December 31, 2021.

2. Financial position

	<u>31.3.2022</u>	<u>31.3.2022</u>	<u>31.12.2021</u>	<u>31.12.2021</u>	<u>Change</u>
	<u>Total</u>	<u>%</u>	<u>Total</u>	<u>%</u>	<u>%</u>
Current assets	1,721,367	58.0	1,577,261	57.3	9.1
Non-current assets	1,249,997	42.0	1,174,188	42.7	6.5
Current liabilities	1,626,858	54.8	1,415,614	51.5	14.9
Non-current liabilities	915,439	30.8	913,066	33.3	0.3
Equity	429,067	14.4	422,769	15.2	1.5
Total of the statement of financial position	2,971,364	100.0	2,751,449	100.0	8.0

The Group's assets in the consolidated information on financial position at the end of the period amounted to approximately US\$ 2,971 million, compared to approximately US\$ 2,751 million as of December 31, 2021.

The surplus of the current assets over the current liabilities amounted to approximately US\$ 95 million, compared with approximately US\$ 162 million as of December 31, 2021 and the current ratio is 1.06, compared to 1.11 as of December 31, 2021.

2.1 Assets

- A. The total current assets amounted to approximately US\$ 1,721 million as of March 31, 2022, compared to approximately US\$ 1,577 million as of December 31, 2021. The increase in the total current assets derived primarily from an increase in the balance of inventory of real estate and rights in real estate as a result of a transaction for the purchase of land in Yehud Monosson (the first stages of the project) in an amount of approximately US\$ 56 million and from an increase in trade receivables and income receivable from works under construction contracts in an amount of approximately US\$ 68 million.
- B. The total non-current assets amounted to approximately US\$ 1,250 million as of March 31, 2022, compared to approximately US\$ 1,174 million as of December 31, 2021. The increase in the total non-current assets derived primarily from an increase in the long-term inventory of land as a result of a transaction for the acquisition of land in Yehud Monosson (the later stages of the project) in an amount of approximately US\$ 78 million.

2.2 Liabilities

- A. The total current liabilities amounted to approximately US\$ 1,627 million as of March 31, 2022, compared to approximately US\$ 1,416 million as of December 31, 2021. The increase in the total current liabilities derived primarily from an increase in loans to finance entrepreneurial real estate, primarily for a transaction for the acquisition of land in Yehud Monosson in the reporting period in an amount of approximately US\$ 134 million and from an increase credit from banking corporation and others in an amount of approximately US\$ 44 million. This increase was offset by a decrease in the balance of loans to finance the concessions segment in an amount of approximately US\$ 30 million and a decrease of approximately US\$ 14 million in trade payables.
- B. The total non-current liabilities amounted to approximately US\$ 915 million as of March 31, 2022, compared to approximately US\$ 913 million as of December 31, 2021, without any significant change

3. Equity

As of the reporting date, the equity amounts to approximately US\$ 429 million, compared with approximately US\$ 423 million as of December 31, 2021. The increase in equity in the reporting period derived primarily from a comprehensive income of approximately US\$ 19 million for the period, less a dividend of approximately US\$ 13 million to the shareholders in the Company.

4. Operating results

The following table summarizes the business results by quarter (U.S. Dollars in thousands):

	<u>Q 1-3/22</u>	<u>Q 10-12/21</u>	<u>Q 7-9/21</u>	<u>Q 4-6/21</u>	<u>Q 1-3/21</u>
Revenues from the performance of works and the provision of services	816,616	780,599	713,854	701,228	629,987
Cost of works and services	<u>(754,011)</u>	<u>(722,746)</u>	<u>(655,467)</u>	<u>(638,066)</u>	<u>(576,633)</u>
Gross profit	62,605	57,853	58,387	63,162	53,354
Administrative and general expenses	(26,799)	(26,429)	(25,406)	(22,040)	(20,558)
Selling, marketing and other expenses	(3,962)	(3,454)	(3,024)	(3,006)	(3,295)
The Company's share of profits (losses) of entities accounted for at equity, net	(200)	1,949	(231)	372	(908)
Other income (expenses), net	<u>2,829</u>	<u>(2,341)</u>	<u>371</u>	<u>127</u>	<u>(309)</u>
Operating income (EBIT)	34,473	27,578	30,097	38,615	28,284
EBITDA *)	64,678	58,044	57,385	65,060	45,851
Financing expenses, net	<u>(5,152)</u>	<u>(4,335)</u>	<u>(5,085)</u>	<u>(6,693)</u>	<u>(6,020)</u>
Income before taxes on income	29,321	23,243	25,012	31,922	22,264
Taxes on income	<u>(11,666)</u>	<u>(5,761)</u>	<u>(8,254)</u>	<u>(10,412)</u>	<u>(6,469)</u>
Net income for the period	17,655	17,482	16,758	21,510	15,795
Attributable to:					
Shareholders in the Company	16,126	14,142	14,757	17,497	15,199
Non-controlling interests	<u>1,529</u>	<u>3,340</u>	<u>2,001</u>	<u>4,013</u>	<u>596</u>
	17,655	17,482	16,758	21,510	15,795

*) The operating income with the addition of depreciation and amortization and as from January 1, 2022, including cost of share-based payment. This index is not based on generally accepted accounting principles and it does not constitute a replacement for the information that is included in the financial statements. Inter alia, this index is used by the Company's management in order to receive an indication of the Group's ability to generate cash from its business activities.

5. Revenues from the performance of works and the provision of services

The Group's revenues amounted to approximately US\$ 817 million in the reporting period, compared with approximately US\$ 630 million in the comparative period in the previous year, an increase of approximately 30%. The increase in the revenues derived primarily from the consolidation of the results of Electra Afikim Ltd., which was not included in the comparative period in the previous year and from an increase in revenues in the development and construction of entrepreneurial real estate segment as a result of an increase in the number of projects that the Group is marketing, from an increase in revenues in the construction and infrastructure projects in Israel segment and from an increase in revenues in the operation, service and maintenance segment. See section 13 below for details regarding the Group's revenues with a distributions in accordance with operating segments.

6. Gross profit

The gross profit amounted to approximately US\$ 63 million in the reporting period, compared with approximately US\$ 53 million in the comparative period in the previous year, an increase of approximately 17%. The increase in the gross profit derived primarily from the consolidation of the results of Electra Afikim Ltd., which were not included in the comparative period in the previous year and from an increase in the gross profit in the development and construction of entrepreneurial real estate segment, less a decrease in the gross profit in the construction and infrastructure projects in abroad segment, which derived primarily from the impacts of the Corona crisis in the USA.

7. Administrative and general expenses

The administrative and general expenses amounted to approximately US\$ 26.8 million in the reporting period, compared with approximately US\$ 20.6 million in the comparative period in the previous year, an increase of approximately 30%, which derived primarily from the consolidation of the results of Electra Afikim Ltd., which were not included in the comparative period in the previous year.

8. Selling and marketing expenses

The selling and marketing expenses amounted to approximately US\$ 4.0 million in the reporting period, compared with approximately US\$ 3.3 million in the comparative period in the previous year, an increase of approximately 20%. The increase in selling and marketing expenses by comparison to the comparative period in the previous year derived primarily from the amortization of the surplus cost arising as a result of transactions for the acquisition of companies, which were not included in the comparative period in the previous year and from an increase in selling and marketing expenses in the development and construction of entrepreneurial real estate segment in Israel in light of an increase in the number of projects that the Group is marketing in this operating segment.

9. The Company's share of the profits (losses) of entities accounted for at equity, net

The Company's share of the losses of entities accounted for at equity, net, amounted to approximately US\$ 0.2 million in the reporting period, as compared to losses of approximately US\$ 0.9 million in the comparative period in the previous year, without any significant change.

10. Other income (expenses), net

Other income, net amounted to approximately US\$ 2.8 million in the reporting period, as compared with net expenses of approximately US\$ 0.3 million in the comparative period in the previous year.

The other income in the reporting period derives primarily from the gain on a transaction with the Manara pump storage plant project in an amount of approximately US\$ 1.7 million and from adjustments in the fair value of investment property in an amount of approximately US\$ 0.8 million

11. Financing expenses, net

Financing expenses, net amounted to approximately US\$ 5.1 million in the reporting period, as compared with approximately US\$ 6.0 million in the comparative period in the previous year. The decrease in the financing expenses, net derived primarily as a result of a decrease in financing expenses in respect of the adjustment of financial liabilities in connection with the acquisition of companies by comparison with the previous year, less an increase in financing expenses as a result of the consolidation of Electra Afikim, which were not included in the comparative period in the previous year.

12. Net income

The Group's net income amounted to approximately US\$ 17.7 million in the reporting period, as compared with approximately US\$ 15.8 million in the comparative period in the previous year.

**Report of the Board of Directors on the State of the Entity's Affairs
For the Three Months Ended March 31, 2022**

ELECTRA LTD.

13. Report in respect of business segments

For the period of three months ended March 31, 2022							
	Construction and infrastructure projects in Israel	Construction and infrastructure projects abroad	Operation, services & maintenance	Development & construction of entrepreneurial real estate	Concessions	Consolidation adjustments	Total
	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands
Revenues	393,559	108,905	201,271	53,968	79,525	(20,612)	816,616
Inter-segmental revenues	(19,351)	-	(1,261)	-	-	20,612	-
Total external revenues	<u>374,208</u>	<u>108,905</u>	<u>200,010</u>	<u>53,968</u>	<u>79,525</u>	<u>-</u>	<u>816,616</u>
Segmental profit (loss) before Administrative and general expenses	15,317	3,897	24,465	9,298	8,692	(397)	61,272
Administrative and general expenses	(7,224)	(6,969)	(6,891)	(1,988)	(4,098)	371	(26,799)
Segmental operating profit (loss)	<u>8,093</u>	<u>(3,072)</u>	<u>17,574</u>	<u>7,310</u>	<u>4,594</u>	<u>(26)</u>	<u>34,473</u>
EBITDA *)	<u>14,814</u>	<u>(999)</u>	<u>24,342</u>	<u>7,316</u>	<u>18,278</u>	<u>927</u>	<u>64,678</u>

For the period of three months ended March 31, 2021							
	Construction and infrastructure projects in Israel	Construction and infrastructure projects abroad	Operation, services & maintenance **)	Development & construction of entrepreneurial real estate	Concessions **)	Consolidation adjustments	Total
	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands
Revenues	346,047	98,647	157,203	37,722	11,047	(20,679)	629,987
Inter-segmental revenues	(19,578)	-	(1,101)	-	-	20,679	-
Total external revenues	<u>326,469</u>	<u>98,647</u>	<u>156,102</u>	<u>37,722</u>	<u>11,047</u>	<u>-</u>	<u>629,987</u>
Segmental profit (loss) before Administrative and general expenses	15,222	9,854	20,000	3,889	137	(260)	48,842
Administrative and general expenses	(6,550)	(6,811)	(5,853)	(1,288)	(55)	(1)	(20,558)
Segmental operating profit (loss)	<u>8,672</u>	<u>3,043</u>	<u>14,147</u>	<u>2,601</u>	<u>82</u>	<u>(261)</u>	<u>28,284</u>
EBITDA *)	<u>14,973</u>	<u>5,143</u>	<u>21,028</u>	<u>2,608</u>	<u>1,748</u>	<u>351</u>	<u>45,851</u>

*) Operating income with the addition of depreciation and amortization and as from January 1, 2022, including the cost of share based payment.

**) Reclassified.

**Report of the Board of Directors on the State of the Entity's Affairs
For the Three Months Ended March 31, 2022**

ELECTRA LTD.

	For the year ended December 31, 2021						
	Construction and infrastructure projects in Israel	Construction and infrastructure projects abroad	Operation, services & maintenance	Development & construction of entrepreneurial real estate	Concessions	Consolidation adjustments	Total
	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands
Revenues	1,413,948	405,171	705,809	136,995	238,267	(74,522)	2,825,668
Inter-segmental revenues	(70,126)	-	(4,396)	-	-	74,522	-
Total external revenues	<u>1,343,822</u>	<u>405,171</u>	<u>701,413</u>	<u>136,995</u>	<u>238,267</u>	<u>-</u>	<u>2,825,668</u>
Segmental profit (loss) before Administrative and general expenses	45,743	27,945	87,596	21,133	36,857	(267)	219,007
Administrative and general expenses	<u>(26,825)</u>	<u>(27,451)</u>	<u>(23,097)</u>	<u>(6,740)</u>	<u>(9,917)</u>	<u>(403)</u>	<u>(94,433)</u>
Segmental operating profit (loss)	<u>18,918</u>	<u>494</u>	<u>64,499</u>	<u>14,393</u>	<u>26,940</u>	<u>(670)</u>	<u>124,574</u>
EBITDA *)	<u>45,419</u>	<u>10,839</u>	<u>92,443</u>	<u>14,415</u>	<u>61,381</u>	<u>1,843</u>	<u>226,340</u>

*) Operating income with the addition of depreciation and amortization.

A. Construction and infrastructure projects in Israel

The revenue turnover in the reporting period amounted to approximately US\$ 394 million (approximately 47% of the revenues) as compared with approximately US\$ 346 million (approximately 52% of the revenues) in the comparative period in the previous year, an increase of approximately 14%, which derived primarily from an increase in the scope of the performance in the main contractor for construction field.

The operating profit in the reporting period amounted to approximately US\$ 8.1 million (approximately 24% of the segmental operating profit), as compared with approximately US\$ 8.7 million (approximately 30% of the segmental operating profit) in the comparative period in the previous year, a decrease of approximately 7%, which derived primarily from a decrease in the profitability rate in a number of fields of activity in this segment.

B. Construction and infrastructure projects abroad

The revenue turnover in the reporting period amounted to approximately US\$ 109 million (approximately 13% of the revenues) as compared with approximately US\$ 99 million (approximately 16% of the revenues) in the comparative period in the previous year, an increase of approximately 10%, which derived primarily from an increase in the scale of the Group's activity in the field of the instillation of electro-mechanical systems in Europe, less a decrease in revenues in Electra USA's subsidiary companies.

The operating loss in the reporting period amounted to approximately US\$ 3.1 million, as compared with operating profit of approximately 3.0 million (approximately 11% of the segmental operating profit) in the comparative period in the previous year. The change in the profit derived primarily from a decrease of profits in Electra USA's subsidiary companies in light of the Corona virus.

C. Operation, services and maintenance

The revenue turnover in the reporting period amounted to approximately US\$ 201 million (approximately 24% of the revenues) as compared with approximately US\$ 157 million (approximately 25% of the revenues) in the comparative period in the previous year, an increase of approximately 28%, which derived primarily as a result of the consolidation of the results of Electra Afikim's transportation operations which were not included in the comparative period in the previous year and from an increase in the number of fields of activity in this segment.

The operating profit in the reporting period amounted to approximately US\$ 17.6 million (approximately 51% of segmental operating profit) as compared with approximately US\$ 14.1 million (approximately 50% of the segmental operating profit) in the comparative period in the previous year, an increase of approximately 24%, which derived primarily as a result of the consolidation of the results of Electra Afikim's transportation operations which were not included in the comparative period in the previous year and from an increase in the profitability rates in a number of fields of activity in this segment.

D. Development & construction of entrepreneurial real estate

The revenues turnover in the reporting period amounted to approximately US\$ 54 million (approximately 6% of the revenues) as compared with approximately US\$ 38 million (approximately 6% of the revenues) in the previous year, an increase of approximately 43%, which derived primarily from an increase in the extent of the projects that the Group performs in the entrepreneurial residential real estate field, which has led to an increase in the revenues that are reflected in the financial statements in accordance with the pace of progress.

The operating profit in the reporting period amounted to approximately US\$ 7.3 million (approximately 21% of segmental operating profit) as compared with operating income of approximately US\$ 2.6 million (approximately 9% of the segmental operating profit) in the comparative period in the previous year, an increase of approximately 181%, which derived primarily as a result of an increase in the extent of the projects in the entrepreneurial residential real estate field that the Group has performed in the reporting period.

E. Concessions

The revenue turnover in the reporting period amounted to approximately US\$ 80 million, (approximately 10% of the revenues), as compared with approximately US\$ 11 million, (approximately 1% of the revenues) in the comparative period in the previous year. The increase in the revenues in this segment derived primarily from the consolidation of the results of Electra Afikim's public transportation operations, which were not included in the comparative period in the previous year.

The operating income in the reporting period in the reporting period amounted to approximately US\$ 4.6 million (approximately 13% of segmental operating profit), as compared with operating income of approximately US\$ 0.08 million in the comparative period in the previous year. The increase in the income derived primarily from the consolidation of the results of Electra Afikim's public transportation operations, which were not included in the comparative period in the previous year, and from the recording of a gain as a result of a transaction in connection with the Store and Pump Project in Menara (which was sold by the Group in previous periods).

14. Orders backlog

The Group's backlog of orders as of March 31, 2022 amounted to approximately US\$ 8,407 million, compared with approximately US\$ 7,443 million at the end of 2021. The backlog as of March 31, 2022 includes the Group's share of entities accounted for at equity, in an amount of approximately US\$ 200 million (December 31, 2021 – approximately US\$ 218 million).

	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022	December 31, 2021	December 31, 2021	December 31, 2021	December 31, 2021
	Construction and infrastructure projects in Israel	Construction and infrastructure projects abroad	Operation, services maintenance, and concession (*)	Total	Construction and infrastructure projects in Israel	Construction and infrastructure projects abroad	Operation, services maintenance, and concession (*)	Total
	(In US\$ millions)	(In US\$ millions)	(In US\$ millions)	(In US\$ millions)	(In US\$ millions)	(In US\$ millions)	(In US\$ millions)	(In US\$ millions)
The distribution of the orders backlog								
Without affiliated companies	5,005	581	2,621	8,207	3,920	590	2,715	7,225
In respect of affiliated companies	28	23	149	200	28	30	160	218
Total	5,033	604	2,770	8,407	3,948	620	2,875	7,443
The spreading of the orders backlog without the Group's share of affiliated companies								
For performance in 2022	1,164	283	770	2,217				
For performance in 2023 and thereafter	3,841	298	1,851	5,990				
Total	5,005	581	2,621	8,207				

(*) The orders backlog includes a backlog relating to the operation of concession projects and waste treatment facilities, in an amount of approximately US\$ 1,657 million, of which US\$ 302 million will be performed within 12 months from the reporting date. The backlog of orders in the operation, maintenance and services segment, which is comprised primarily of commitment contracts, which are generally arranged as service agreements for renewable periods, in which the customer has the right to terminate them at any stage.

15. Liquidity and sources of finance

The Group's liquid means (cash and cash equivalents and marketable securities) amounted to approximately US\$ 170 million as of March 31, 2022, as compared with approximately US\$ 214 million as of December 31, 2021.

The change in the Group's liquid means in the first three months of the year 2022 derived, inter alia, from cash of approximately US\$ 164 million absorbed by operating activities (including cash of US\$ 137 million absorbed by operating activities in respect of the acquisition and investment in land) as compared with cash of approximately US\$ 134 million absorbed by operating activities (including cash of US\$ 57 million absorbed by operating activities in respect of the acquisition and investment in land) in the comparative period in the previous year.

The net cash absorbed by investment activities amounted to approximately US\$ 37 million in the first three months of the year 2022, as compared with net cash of approximately US\$ 21 million in the comparative period in the previous year, and included, primarily, an increase of approximately US\$ 31 million in investments, restricted cash and deposits in trust and investments of approximately US\$ 12 million in the purchase of fixed assets and intangible assets, less a decrease of approximately US\$ 10 million in other receivables and long term receivables.

The cash generated by financing activities amounted to approximately US\$ 156 million in the first three months of the year 2022, as compared with an amount of approximately US\$ 23 million in the comparative period in the previous year and included primarily the receipt of short-term credit from banking corporation and others for financing entrepreneurial real estate in a net amount of approximately US\$ 175 million, less the repayment of loans in an amount of approximately US\$ 13 million to finance the concessions segment.

16. Disclosure in respect of the forecast cash flows for the repayment of the group's liabilities

As of the time of this report, there are no warning signs, as defined in Regulation 10 (B) 14 of the Securities Regulations (Periodic and Immediate Reports) – 1970, in existence.

17. Significant events during and after the reporting period

A. See Note 5 to the interim consolidated financial information as of March 31, 2022.

B. In the period from the date of the information on financial position (March 31, 2022) and up to a time shortly before the publication of the financial information (May 25, 2022), changes have occurred in the exchange rates of the currencies in which the Group operates as compared with the Shekel.

The following are details of the changes, as aforesaid, (from March 31, 2022 to May 21, 2022):

Currency	As a %
US Dollar	5.76%
Euro	0.72%
Russian Ruble	51.02%
Nigerian Naira	5.90%
Polish Zloty	1.08%

Since part of the Company's revenues are denoted in foreign currency, the Company is of the opinion that the changes in the exchange rates as of the time of the publication of this report, are expected to affect the Group's results and its information on financial position (and this also includes the shareholders' equity). Together with this, the impact of the exchange rates on the business results in the second quarter of 2022 will be determined in accordance with the exchange rates that will be in effect during the course of and at the end of the quarter (June 30, 2022).

18. Self-purchase plan

No change occurred in the reporting period in relation to the self-purchase plan for shares in the Company and bonds (Series D and E).

See Section 18 of the Report of the Board of Directors, which was attached to the Company's periodic report for the year 2021 for additional details regarding the Company's self-purchase plan.

19. Directors having accounting and financial expertise

No changes have occurred during the reporting period regarding the determination of the minimum number of directors having accounting and financial expertise that is required in the Company's Board of Directors.

20. Independent directors

As of the reporting date, the Company has not adopted any provisions in its articles of association in respect of the number of independent directors within the definition of that term in section 1 of the Companies Law – 1999.

21. Disclosure in respect of the corporation's Internal Auditor

No significant changes have occurred in the reporting period in relation to the details in respect of the Internal Auditor of the Company as detailed in the Company's periodic report for the year 2021.

22. Donations

Since the time of the publication of the Company's financial statements for the year 2021, there has not been a significant change in relation to the Company's social involvement and contribution to the community.

23. The implications of the spread of the Coronavirus

As described in Note 1C to the consolidated annual financial statements regarding the implications of the spread of the Coronavirus, during the fourth quarter of 2021 and in the first quarter of 2022, as a result of the presence of the Omicron variant, which is very highly infectious, there was a sharp rise in the morbidity figures in Israel, as a result of which there was a fall in business activity in the State of Israel, in light of the duty to self-isolate, which applied to a considerable portion of the population of Israel.

The morbidity figures in Israel moderated in February 2022 and as a result of this, business activity in Israel began to return to normal and as of the time of the publication of the report, most of the restrictions have been removed and business activity in the state of Israel has returned to normal.

The Group is taking action in order to reduce the impact of the crisis on its operations and as of the time of the approval of the interim consolidated financial information, the Group has not been affected significantly as a result of the crisis. As of the reporting date, in the Company's management's and the Board of Director's assessment, the Company is able to meet its existing and expected commitments in the foreseeable future.

However, if this crisis were to continue to deepen and led to a significant slow-down in business activity in Israel and globally, then that could have an adverse impact on the Group's operations and its results. At this stage, the Company's management is unable to assess or quantify such impact.

The Group's expectations in connection with the impact of the Coronavirus constitute "forward looking information" as defined in Section 32A of the Securities Law, which is based on the information that the Group has as of the date of the report, the Group's assessments taking past experience and the accumulated knowledge that it has as well as an analysis of the changes in the impact that have been observed in the period of the crisis, various assessments in relation to the state of the markets in which the Group operates and external factors that are not controlled by the Group. Accordingly, there is no certainty that the aforesaid will be realized and the actual results may be significantly different from the assessments that are detailed above.

24. The implications of the war between Russia and the Ukraine

See Note 1C to the interim consolidated financial information as of March 31, 2022 for details.

The Board wishes to thank the Company's managers and staff for their contribution.

THE BOARD

Itamar Deutscher
Chief Executive Officer

Michael Salkind
Chairman of the Board
of Directors

May 25, 2022

In this Report of the Board of Directors for the period ended March 31, 2022, the figures in US Dollars are a convenience translation of the amounts originally reported in new Israeli Shekels at the representative exchange rate of the New Israeli Shekel against US Dollar on March 31, 2022 (US\$ 1.- = NIS 3.176).

To: Electra Ltd.

Re: Convenience Translation of Interim Financial Information

Per your request, we have reviewed the accompanying interim consolidated financial information on Electra Ltd. ("the Company") as of March 31, 2022 and of the three months in the period ended on March 31, 2022 ("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 on certain subsidiaries, whose assets constitute approximately 2% of the total consolidated assets as of March 31, 2022 and whose revenues constitute approximately 2% of the total consolidated revenue for the period of three months ended on March 31, 2022. Furthermore, we did not review the interim financial information on certain companies accounted for at equity, the investment in which amounted to approximately 10,357 thousand dollars as of March 31, 2022, and the Company's share of their losses amounted to approximately 1,067 thousand dollars for the period of three months ended on March 31, 2022. The interim financial information for those companies were reviewed by other auditors, whose reports have been furnished to us, and our conclusion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

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

The accompanying Interim Financial Information in US Dollars are a convenience translation of the interim consolidated financial statements as prepared in New Israeli Shekels as the rate of exchange of the Shekel into US Dollars prevailing on March 31, 2022, as described in Note 2D to 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 25, 2022.

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 do not present fairly, in all material respects, the information contained in it.

Tel-Aviv, Israel
May 25, 2022

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

INTERIM CONSOLIDATED INFORMATION ON FINANCIAL POSITION **CONVENIENCE TRANSLATION INTO US DOLLARS**

	March 31 2022	March 31 2021	December 31 2021
	Unaudited	Unaudited	Audited
	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands
<u>Current assets</u>			
Cash and cash equivalents	167,705	173,739	212,391
Investments, restricted cash and deposits in trust	135,286	53,332	104,612
Trade receivables	401,132	361,464	384,890
Other receivables	104,562	134,600	103,171
Income receivable from works under construction contracts	511,319	398,599	459,521
Inventory	48,563	35,088	43,902
Inventory of real estate and rights in real estate	312,048	128,537 *)	228,295 *)
Asset held for sale	40,752	-	40,479
	<u>1,721,367</u>	<u>1,285,359</u>	<u>1,577,261</u>
<u>Non-current assets</u>			
Investments in entities accounted for at equity, net	69,056	124,572	70,812
Other long-term receivables	6,250	4,384	6,940
Fixed assets, net	186,752	96,466	187,136
Right-of-use assets, net	131,784	102,137	130,910
Goodwill and other intangible assets, net	453,114	273,778	457,522
Intangible asset for a concession project, net	126,477	131,954	127,796
Receivables for concession arrangements for the provision of services	34,240	24,647	31,640
Long-term inventories of real estate	200,001	15,228	121,141
Investment property under construction	21,581	20,431 *)	20,669 *)
Deferred taxes	20,742	9,979	19,622
	<u>1,249,997</u>	<u>803,576</u>	<u>1,174,188</u>
	<u>2,971,364</u>	<u>2,088,935</u>	<u>2,751,449</u>

*) Reclassified.

The accompanying notes form an integral part of the Interim Consolidated Financial Information.

INTERIM CONSOLIDATED INFORMATION ON FINANCIAL POSITION **CONVENIENCE TRANSLATION INTO US DOLLARS**

	March 31 2022	March 31 2021	December 31 2021
	Unaudited	Unaudited	Audited
	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands
<u>Current liabilities</u>			
Credit from banking entities and others	66,014	39,415	21,803
Loans to finance entrepreneurial real estate	385,206	108,167	250,898
Loans to finance concession segment	52,234	2,950	81,971
Current maturities of bonds	42,131	41,530	23,005
Current maturities of leasing liabilities	35,521	26,507	34,384
Trade payables	512,657	405,746	526,357
Other payables	335,356	265,490	298,174
Dividend payable to shareholders in the Company	12,593	12,593	-
Liabilities in respect of works under construction contracts	185,146	149,015	179,022
	<u>1,626,858</u>	<u>1,051,413</u>	<u>1,415,614</u>
<u>Non-current liabilities</u>			
Liabilities to banking entities	46,170	26,304	48,557
Loans to finance entrepreneurial real estate	31,486	-	31,486
Loans to finance concession segment	247,250	115,295	225,023
Bonds	284,158	286,015	303,735
Leasing liabilities	96,841	76,652	97,374
Other long-term liabilities	130,709	116,794	130,929
Employee benefit liabilities, net	15,715	13,528	16,156
Deferred taxes	63,110	29,861	59,806
	<u>915,439</u>	<u>664,449</u>	<u>913,066</u>
<u>Equity attributed to shareholders in the company</u>			
Share capital	37,091	37,075	37,091
Share premium	168,100	163,575	168,100
Capital reserves on translation differences in investee companies and other reserves, net	(191,519)	(175,413)	(193,261)
Treasury shares	(27,955)	(26,923)	(27,798)
Retained earnings	404,961	368,725	401,428
	<u>390,678</u>	<u>367,039</u>	<u>385,560</u>
<u>Non-controlling interests</u>	<u>38,389</u>	<u>6,034</u>	<u>37,209</u>
<u>Total equity</u>	<u>429,067</u>	<u>373,073</u>	<u>422,769</u>
	<u>2,971,364</u>	<u>2,088,935</u>	<u>2,751,449</u>

The accompanying notes form an integral part of the Interim Consolidated Financial Information.

May 25, 2022			
Date of approval of the financial information	Michael Salkind Chairman of the Board of Directors	Itamar Deutscher Chief Executive Officer	Shai Amsalem Chief Financial Officer

INTERIM CONSOLIDATED INFORMATION ON PROFIT OR LOSS
CONVENIENCE TRANSLATION INTO US DOLLARS

	Three months ended March 31 2022	Three months ended March 31 2021	Year ended December 31 2021
	Unaudited	Unaudited	Audited
	U.S. Dollars in thousands (except per share data)	U.S. Dollars in thousands (except per share data)	U.S. Dollars in thousands (except per share data)
Revenues from the performance of works and the provision of services	816,616	629,987	2,825,668
Cost of works and services	(754,011)	(576,633)	(2,592,912)
Gross profit	62,605	53,354	232,756
Administrative and general expenses	(26,799)	(20,558)	(94,433)
Selling and marketing expenses	(3,962)	(3,295)	(12,779)
Company's share of the profits (losses) of entities accounted for at equity, net	(200)	(908)	1,182
Other income (expenses), net	2,829	(309)	(2,152)
	(28,132)	(25,070)	(108,182)
Operating income	34,473	28,284	124,574
Financing income	3,030	2,187	9,855
Financing expenses	(8,182)	(8,207)	(31,988)
Financing expenses, net	(5,152)	(6,020)	(22,133)
Income before taxes on income	29,321	22,264	102,441
Taxes on income	(11,666)	(6,469)	(30,896)
Net income	17,655	15,795	71,545
<u>Net income attributable to:</u>			
Shareholders in the Company	16,126	15,199	61,595
Non-controlling interests	1,529	596	9,950
	17,655	15,795	71,545
<u>Net earnings per share attributable to shareholders in the company (in U.S. Dollars):</u>			
Basic net earnings per share	4.22	4.03	16.24
Diluted net earnings per share	4.18	3.94	16.09

The accompanying notes form an integral part of the Interim Consolidated Financial Information.

INTERIM CONSOLIDATED INFORMATION ON COMPREHENSIVE INCOME
CONVENIENCE TRANSLATION INTO US DOLLARS

	Three months ended March 31 2022	Three months ended March 31 2021	Year ended December 31 2021
	Unaudited	Unaudited	Audited
	U.S. Dollars in thousands (except per share data)	U.S. Dollars in thousands (except per share data)	U.S. Dollars in thousands (except per share data)
Net income	17,655	15,795	71,545
Other comprehensive income (loss) - (after tax effects)			
<u>Amounts that will never be reclassified to profit or loss:</u>			
Income from the re-measurement of defined benefit plans, net	476	-	593
<u>Amounts that will be classified or reclassified to profit or loss, when specific conditions are met:</u>			
Adjustments deriving from the translation of the financial statements of foreign operations, net	863	1,876	(13,992)
Income on cash flow hedging transactions, net	113	116	395
Total other comprehensive income (loss)	1,452	1,992	(13,004)
Total comprehensive income	19,107	17,787	58,541
Comprehensive income attributable to:			
Shareholders in the Company	17,573	17,197	48,641
Non-controlling interests	1,534	590	9,900
	<u>19,107</u>	<u>17,787</u>	<u>58,541</u>

The accompanying notes form an integral part of the Interim Consolidated Financial Information.

INTERIM CONSOLIDATED INFORMATION ON CHANGES IN EQUITY
CONVENIENCE TRANSLATION INTO US DOLLARS

	Share capital	Share premium	Retained earnings	Capital reserve for share-based payment transactions	Capital reserve for hedging transactions	Capital reserve on the remeasurement of defined benefit plans	Reserve on transactions with non-controlling interests	Adjustments deriving from the translation of financial statements of foreign operations	Treasury shares	Total Attributable to shareholders in the Company	Non-controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands
Balance as of January 1, 2022 (audited)	37,091	168,100	401,428	2,412	965	1,102	(48,093)	(149,647)	(27,798)	385,560	37,209	422,769
Net income	-	-	16,126	-	-	-	-	-	-	16,126	1,529	17,655
Total other comprehensive income	-	-	-	-	113	472	-	862	-	1,447	5	1,452
Total comprehensive income	-	-	16,126	-	113	472	-	862	-	17,573	1,534	19,107
Purchase of treasury shares, net	-	-	-	-	-	-	-	-	(157)	(157)	-	(157)
Cost of share-based payment	-	-	-	295	-	-	-	-	-	295	-	295
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(354)	(354)
Dividend to shareholders in the Company	-	-	(12,593)	-	-	-	-	-	-	(12,593)	-	(12,593)
Balance as of March 31, 2022	37,091	168,100	404,961	2,707	1,078	1,574	(48,093)	(148,785)	(27,955)	390,678	38,389	429,067

The accompanying notes form an integral part of the Interim Consolidated Financial Information.

INTERIM CONSOLIDATED INFORMATION ON CHANGES IN EQUITY
CONVENIENCE TRANSLATION INTO US DOLLARS

	Share capital	Share premium	Retained earnings	Capital reserve for share-based payment transactions	Capital reserve for hedging transactions	Capital reserve on the remeasurement of defined benefit plans	Reserve on transactions with non-controlling interests	Adjustments deriving from the translation of financial statements of foreign operations	Treasury shares	Total Attributable to shareholders in the Company	Non-controlling interests	Total equity
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands
Balance as of January 1, 2021 (audited)	37,075	163,575	366,119	4,604	570	509	(42,729)	(135,705)	(24,663)	369,355	6,168	375,523
Net income	-	-	15,199	-	-	-	-	-	-	15,199	596	15,795
Total other comprehensive income (loss)	-	-	-	-	116	-	-	1,882	-	1,998	(6)	1,992
Total comprehensive income	-	-	15,199	-	116	-	-	1,882	-	17,197	590	17,787
Cost of share-based payment	-	-	-	704	-	-	-	-	-	704	-	704
Purchase of treasury shares, net	-	-	-	-	-	-	-	-	(2,260)	(2,260)	-	(2,260)
Dividend to non-controlling interests	-	-	-	-	-	-	(5,364)	-	-	(5,364)	(724)	(6,088)
Dividend to shareholders in the Company	-	-	(12,593)	-	-	-	-	-	-	(12,593)	-	(12,593)
Balance as of March 31, 2021	37,075	163,575	368,725	5,308	686	509	(48,093)	(133,823)	(26,923)	367,039	6,034	373,073

The accompanying notes form an integral part of the Interim Consolidated Financial Information.

INTERIM CONSOLIDATED INFORMATION ON CHANGES IN EQUITY
CONVENIENCE TRANSLATION INTO US DOLLARS

	Share capital	Share premium	Retained earnings	Capital reserve for share-based payment transactions	Capital reserve for hedging transactions	Capital reserve on the remeasure - ment of defined benefit plans	Reserve on transactions with non- controlling interests	Adjustment s deriving from the translation of financial statements of foreign operations	Treasury shares	Total Attributable to shareholders in the Company	Non- controlling interests	Total equity
	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands
Balance as of January 1, 2021	37,075	163,575	366,119	4,604	570	509	(42,729)	(135,705)	(24,663)	369,355	6,168	375,523
Net income	-	-	61,595	-	-	-	-	-	-	61,595	9,950	71,545
Total other comprehensive income (loss)	-	-	-	-	395	593	-	(13,942)	-	(12,954)	(50)	(13,004)
Total comprehensive income (loss)	-	-	61,595	-	395	593	-	(13,942)	-	48,641	9,900	58,541
Exercise of option warrants into shares	16	4,525	-	(4,525)	-	-	-	-	-	16	-	16
Purchase of treasury shares, net	-	-	-	-	-	-	-	-	(3,135)	(3,135)	-	(3,135)
Initial consolidation of a company	-	-	-	-	-	-	-	-	-	-	22,943	22,943
Cost of share-based payment	-	-	-	2,333	-	-	-	-	-	2,333	-	2,333
Dividend to non- controlling interests	-	-	(1,018)	-	-	-	(5,364)	-	-	(6,382)	(1,802)	(8,184)
Dividend to shareholders in the Company	-	-	(25,268)	-	-	-	-	-	-	(25,268)	-	(25,268)
Balance at December 31, 2021	37,091	168,100	401,428	2,412	965	1,102	(48,093)	(149,647)	(27,798)	385,560	37,209	422,769

The accompanying notes form an integral part of the Interim Consolidated Financial Information.

INTERIM CONSOLIDATED INFORMATION ON CASH FLOWS **CONVENIENCE TRANSLATION INTO US DOLLARS**

	Three months ended March 31 2022	Three months ended March 31 2021	Year ended December 31 2021
	Unaudited	Unaudited	Audited
	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands
<u>Cash flows from operating activities:</u>			
Net income	17,655	15,795	71,545
Adjustments to reconcile net income to cash flows from operating activities:			
Adjustments to profit and loss items:			
Company's share of (profits) losses of companies accounted for at equity, net	200	908	(1,182)
Dividends received from companies accounted for at equity	32	351	502
Depreciation and amortization	29,910	17,567	101,766
Increase (decrease) in employee benefit liabilities, net	(228)	228	536
Capital loss (gain) on the disposal of fixed assets and investments, net	(63)	31	634
Increase in the value of marketable securities, net	(18)	(78)	(104)
Cost of share-based payment	295	704	2,333
Deferred taxes, net	2,245	(1,535)	2,555
Revaluation of long-term receivables and payables, long-term loans and bonds, net	(3,044)	(7)	(3,790)
Adjustment of the fair value of investment property under construction	(824)	-	-
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(15,656)	(24,343)	7,028
Increase in other receivables and for a concession arrangement for the provision of services	(7,583)	(13,951) *)	(24,413)
Increase in income receivable from work under construction contracts	(51,363)	(14,702)	(75,051)
Decrease (increase) in inventory	(4,493)	1,684	(7,508)
Decrease in inventory of real estate and rights in real estate (before acquisition of and investment in real estate) **)	10,037	6,747 *)	37,018
Increase (decrease) in trade payables	(15,522)	(39,800)	31,437
Increase (decrease) in other payables	5,552	(26,092)	(5,690)
Increase (decrease) in liabilities for works under construction contracts	5,956	(1,388)	29,990
	(44,567)	(93,676)	96,061
Net cash generated (absorbed) by operating activities (before acquisition of and investment in real estate)	(26,912)	(77,881)	167,606
Acquisition of and investment in real estate **)	(136,622)	(56,548) *)	(224,139) *)
Net cash absorbed by operating activities	(163,534)	(134,429)	(56,533)

*) Reclassified.

**) The acquisition of and investment in land is presented under inventories of real estate and rights in real estate.

The accompanying notes form an integral part of the Interim Consolidated Financial Information.

INTERIM CONSOLIDATED INFORMATION ON CASH FLOWS

CONVENIENCE TRANSLATION INTO US DOLLARS

	Three months ended March 31 2022	Three months ended March 31 2021	Year ended December 31 2021
	Unaudited U.S. Dollars in thousands	Unaudited U.S. Dollars in thousands	Audited U.S. Dollars in thousands
<u>Cash flows from investment activities:</u>			
Investment in investee companies, net	(2,323)	-	(638)
Increase in investments, restricted cash and deposits in trust, net	(30,790)	(8,139)	(59,658)
Purchase of fixed assets	(12,355)	(5,912)	(42,250)
Purchase of intangible assets	(1,547)	(1,144)	(5,209)
Investment in intangible asset for a concession project, less establishment grant	-	2,937	(10,402)
Increase in receivables for a concession arrangement for the provision of services	(1,565)	(5,532)	(11,461)
Acquisition of initially consolidated companies (A)	(939)	(279)	(32,893)
Proceeds from the sale of fixed assets	3,022	743	3,114
Proceeds from the realization of marketable securities, net	-	46	149
Investment in investment property under construction	(87)	(13,687) *)	(13,926) *)
Decrease in other receivables and long-term receivables, net	9,617	9,521	10,065
Net cash absorbed by investment activities	(36,967)	(21,446)	(163,109)
<u>Cash flows from financing activities:</u>			
Issuance of share capital, net	-	-	16
Payments of dividends to shareholders in the company	-	-	(25,268)
Payments of dividends to non-controlling interests	(354)	(21,513)	(23,610)
Acquisition of treasury shares, net	(157)	(2,260)	(3,135)
Issuance of bonds, net	-	-	37,221
Receipt of long-term loans from banking corporations	-	-	31,486
Receipt of long-term loans to finance entrepreneurial real estate	-	-	31,486
Receipt of loans to finance the concession segment	7,795	12,391	113,039
Repayment of loans and other long-term liabilities	(2,467)	(6,245)	(11,901)
Repayment of loans to finance the concession segment	(13,018)	-	(94,001)
Repayment of bonds	-	-	(39,522)
Repayment of leasing liabilities	(11,264)	(7,613)	(35,985)
Short-term credit from banking entities and others and for the financing of entrepreneurial real estate, net	174,982	87,895	211,238
Repayment of put options and other liabilities to non-controlling interests	-	(40,122)	(60,949)
Net cash generated by financing activities	155,517	22,533	130,115
Exchange differences in respect of cash and cash equivalents, net	298	(46)	(5,209)
Decrease in cash and cash equivalents	(44,686)	(133,388)	(94,736)
Cash and cash equivalents at the beginning of the period	212,391	307,127	307,127
Cash and cash equivalents at the end of the period	167,705	173,739	212,391

*) Reclassified.

The accompanying notes form an integral part of the Interim Consolidated Financial Information.

INTERIM CONSOLIDATED INFORMATION ON CASH FLOWS
CONVENIENCE TRANSLATION INTO US DOLLARS

	Three months ended March 31 2022	Three months ended March 31 2021	Year ended December 31 2021
	Unaudited	Unaudited	Audited
	U.S. Dollars in thousands	U.S. Dollars in thousands	U.S. Dollars in thousands
(A) <u>Acquisition of initially consolidated companies</u>			
The consolidated company's assets and liabilities at date of acquisition:			
Working capital, net (excluding cash and cash equivalents)	(109)	144	212,530
Fixed assets	-	(13)	(83,618)
Right-of-use assets	-	-	(37,682)
Identified intangible assets	(705)	(534)	(135,070)
Goodwill	(1,030)	-	(79,397)
Other non-current assets	-	-	(1,481)
Deferred taxes	129	124	18,526
Liability for put option, conditional consideration and future dividends for non-controlling interests	776	-	11,321
Other non-current liabilities	-	-	39,035
Non-controlling interests	-	-	22,943
	<u>(939)</u>	<u>(279)</u>	<u>(32,893)</u>
(B) <u>Additional cash flow information:</u>			
Cash paid during the period for:			
Interest	<u>8,299</u>	<u>10,955</u>	<u>48,912</u>
Taxes on income	<u>17,816</u>	<u>7,230</u>	<u>29,858</u>
Cash received during the period for:			
Interest	<u>549</u>	<u>314</u>	<u>12,050</u>
Taxes on income	<u>1,040</u>	<u>576</u>	<u>4,176</u>
(C) <u>Significant activities not involving cash flows</u>			
Dividend payable to non-controlling interests	<u>12,593</u>	<u>12,593</u>	<u>-</u>

The accompanying notes form an integral part of the Interim Consolidated Financial Information.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

CONVENIENCE TRANSLATION INTO US DOLLARS

Note 1 - General

- A. The accompanying Financial Information, is derived from the Hebrew version of the interim consolidated financial statement as at March 31, 2022 and for the period of three months ended on that date and the accompanying notes thereto (hereinafter - The Interim Consolidated Financial Statements).

This financial information has been prepared in a condensed format as at March 31, 2022 and for the period of three months ended on that date (hereinafter – The Interim Consolidated Financial Information).

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

B. The implications of the spread of the Coronavirus

As described in Note 1C to the consolidated annual financial statements regarding the implications of the spread of the Coronavirus, during the fourth quarter of 2021 and in the first quarter of 2022, as a result of the presence of the Omicron variant, which is very highly infectious, there was a sharp rise in the morbidity figures in Israel, as a result of which there was a fall in business activity in the State of Israel, in light of the duty to self-isolate, which applied to a considerable portion of the population of Israel.

The morbidity figures in Israel moderated in February 2022 and as a result of this, business activity in Israel began to return to normal and as of the time of the publication of the report, most of the restrictions have been removed and business activity in the state of Israel has returned to normal.

The Group is taking action in order to reduce the impact of the crisis on its operations and as of the time of the approval of the interim consolidated financial information, the Group has not been affected significantly as a result of the crisis. As of the reporting date, in the Company's management's and the Board of Director's assessment, the Company is able to meet its existing and expected commitments in the foreseeable future.

However, if this crisis were to continue to deepen and led to a significant slow-down in business activity in Israel and globally, then that could have an adverse impact on the Group's operations and its results. At this stage, the Company's management is unable to assess or quantify such impact.

C. The impact of the war between Russia and the Ukraine

In February 2022, a war began between Russia and the Ukraine. As a result of this, many countries, including the USA, Great Britain and the countries in the European Union imposed a series of economic sanctions against certain individuals and entities that are connected to Russia. These sanctions have had a direct impact on those individuals and entities and have also had an indirect impact on third party businesses, which are connected to those individuals and entities, as well as to certain industries that are part of the Russian Economy. Furthermore, the sanctions restrict Russia's central bank's ability to support the ruble and as a result of this there was a devaluation in the exchange rate of the ruble against the shekel, with damage being caused to the Russian economy. It should be mentioned on this matter that after the reporting date, and up to the timing of the signing of the financial statements, the ruble strengthened against the shekel.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION
CONVENIENCE TRANSLATION INTO US DOLLARS****Note 1 – General (Continued)****C. The implications of the war between Russia and the Ukraine**

In light of the aforesaid, the Company has tested the value of the inventory of real estate that is owned by a company that is accounted for at equity, and in which it has a holding of 50% (hereinafter: "The affiliated company") by means of an independent external appraiser and has found that the disposal value of the real estate that is owned by the affiliated company exceeds its carrying amount and accordingly no adjustment whatsoever is required in the Group's financial statements.

If the political and economic events, which derive from this situation continue, then this may have an impact on the value of the affiliated company's real estate. The Company's management will continue to monitor the developments and their impacts on the situation in Russia and it will be examining their impact on the financial statements.

Note 2 - Significant accounting policies**A. The format for the preparation of the interim consolidated financial information**

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.

The accounting policies that have been implemented in the preparation of The Interim Consolidated Financial Statements are consistent with those that were implemented in the preparation of The Annual Consolidated Financial Information, except as stated in Section B below:

B. The initial implementation of revisions to existing accounting standards**1. Revision to IAS 16 – Fixed Assets**

In May 2020, the IASB published a revision to IAS 16 (hereinafter – the revision). The revision forbids the deduction of consideration that has been received on the sale of items that have been created in the period in which the Company prepared for its designated use from the cost of an item. Instead of this, the Company is to recognize the consideration from the sale and the related costs in profit and loss.

The revision has been implemented for annual reporting periods commencing on January 1, 2022. The revision has been implemented retrospectively, however only for fixed asset items that have been brought to the location and to the state that are required in order for them to be able to operate in the manner intended by management at the beginning of the earliest annual reporting period that is presented in the financial statements in which the revision is implemented for the first time. The cumulative impact of the initial implementation of the revision is recognized as an adjustment of the opening balance of the retained earnings (or some other component of equity, if relevant) at the beginning of the earliest period that is presented.

The abovementioned revision has not had a significant impact on the Group's interim consolidated financial information.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION
CONVENIENCE TRANSLATION INTO US DOLLARS**Note 2 - Significant accounting policies (Continued)****B. The initial implementation of revisions to existing accounting standards (Continued)****2. Revision to IAS 37 – Provisions, contingent liabilities and conditional assets**

In May 2020, the IASB published a revision to IAS 37 regarding costs that a company is to include when assessing whether a contract is an onerous contract (hereinafter – the revision).

Pursuant to the revision, costs that relate directly to a contract are to be included in this examination, where costs that related directly to a contract include both incremental costs (such as raw materials and direct labor hours) as well as the allocation of other costs, which are connected directly to the fulfilment of the contract (such as depreciation of fixed assets and equipment, which are used in order to fulfil the contract).

The revision has been implemented for annual reporting periods commencing on January 1, 2022. The revision applies to contracts for which not all of the obligations in respect of them have been fulfilled by January 1, 2022. The restatement of comparative figures is not required at the time of the implementation of the revision, but rather, the opening balance of the retained earnings at the time of the initial implementation is to be adjusted, by the amount of the cumulative impact of the revision.

The abovementioned revision has not had a significant impact on the Group's interim consolidated financial information.

3. Improvements in international standard project for the years 2018 - 2020

In May 2020, the IASB published certain revisions within the framework of the 2018 – 2020 cycle of the improvements project, where the main revision related to IFRS 9. The revision to IFRS 9 clarifies which commissions the Company is to include when performing the "10 percent" test in Section 3.3.6 of IFRS 9, for the purpose of testing whether the terms of a debt instrument that has been amended or replaced are significantly different for the original debt instrument. Pursuant to the amendment, when determining commissions that have been paid less the commissions that have been received, a borrower is to include only commissions that have been paid or that have been received between the borrower and the lender, including commissions that have been paid or that have been received by the borrower or the lender in support of another party.

The revision has been implemented for annual reporting periods commencing on January 1, 2022. The revision is to be implemented for financial liabilities that have been amended or replaced as from the year in which the revision to the standard is implemented initially, i.e. as from January 1, 2022.

4. Revision to IFRS 3 – Business combinations

In May 2020, the IASB published a revision to International Financial Reporting Standard 3, Business Combinations, in relation to the conceptual framework. The revision is intended to replace the provisions relating to the framework for the preparation and presentation of financial statements, in relation to the conceptual framework for financial reporting, which was published in March 2018, without altering its requirements significantly.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION
CONVENIENCE TRANSLATION INTO US DOLLARS

Note 2 - Significant accounting policies (Continued)

B. The initial implementation of revisions to existing accounting standards (Continued)

4. Revision to IFRS 3 – Business combinations

The revision added an exception to the principal regarding the recognition of a liability pursuant to IFRS 3 in order to avoid situations in which gains or losses are recognized immediately after a business combination ("Day 2 gain or loss"), which derive from liabilities and contingent liabilities to which IAS 37 or IFRIC 21 would have applied, if they would have been recognized separately.

Pursuant to the exception, the acquirer is to implement the provisions of IAS 37 or IFRIC 21, as the case may be, in order to determine whether an obligation exists in the present, at the time of the acquisition, as a result of an event in the past, or whether the binding event that has created an obligation to pay the levy has occurred up to the time of the acquisition, respectively, and not in accordance with the definition of a liability in the conceptual framework. The revision also clarified that conditional assets are not to be recognized at the time of the business combination. The revision has been implemented prospectively for annual reporting periods commencing on January 1, 2022. The abovementioned revision has not had a significant impact on the Group's interim consolidated financial information.

C. Details in respect of the Israeli Consumer Prices Index and the exchange rates of various currencies that are relevant to the group

	March 31 2022	March 31 2021	December 31 2021
Israeli Consumer Prices Index (in points) *)	231.38	223.56	228.70
Exchange rates (in NIS):			
U.S. Dollar	3.18	3.33	3.11
Euro	3.52	3.91	3.52
100 Russian Ruble	3.78	4.40	4.19
100 Nigerian Naira	0.77	0.82	0.76
Polish Zloty	0.76	0.84	0.77
	Three months ended March 31 2022	Three months ended March 31 2021	Year ended December 31 2021
Rate of change in the period (%):			
Israeli Consumer Prices Index	1.17	0.10	2.40
U.S. Dollar	2.12	3.70	(3.27)
Euro	0.11	(0.80)	(10.76)
Russian Ruble	(9.77)	1.20	(3.81)
Nigerian Naira	1.13	0.02	(7.31)
Polish Zloty	(1.05)	(1.76)	(10.46)

*) The known index on an average basis of 1993 = 100.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION
CONVENIENCE TRANSLATION INTO US DOLLARS**

Note 2 - Significant accounting policies (Continued)

D. 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, 2022 (NIS 3.176 = 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.

Note 3 – Operating segments

A. General:

As stated in The Annual Consolidated Financial Statements, the Group operates in a number of segments, as follows:

1. The construction and infrastructure projects in Israel.
2. The construction and infrastructure project abroad.
3. Operating, services and maintenance.
4. The development and construction of entrepreneurial real estate.
5. Concessions.

See Note 1A to The Annual Consolidated Financial Statements for further information.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION
CONVENIENCE TRANSLATION INTO US DOLLARS

Note 3 – Operating segments - (Continued)

B. The reporting of operating segments:

For the period of three months ended March 31, 2022 (U.S. Dollars in thousands)

	Construction and infrastructure projects in Israel Unaudited	Construction and infrastructure projects abroad Unaudited	Operating, services and maintenance Unaudited	Development & construction of entrepreneurial real estate Unaudited	Concessions Unaudited	Adjustments Unaudited	Total Unaudited
Revenues	393,559	108,905	201,271	53,968	79,525	(20,612)	816,616
Inter-segmental revenues	(19,351)	-	(1,261)	-	-	20,612	-
Total external revenues	<u>374,208</u>	<u>108,905</u>	<u>200,010</u>	<u>53,968</u>	<u>79,525</u>	<u>-</u>	<u>816,616</u>
Segmental profit (loss) before administrative and general expenses	15,317	3,897	24,465	9,298	8,692	(337)	61,332
Administrative and general expenses	<u>(7,224)</u>	<u>(6,969)</u>	<u>(6,891)</u>	<u>(1,988)</u>	<u>(4,098)</u>	<u>-</u>	<u>(27,170)</u>
Segmental income (loss)	<u>8,093</u>	<u>(3,072)</u>	<u>17,574</u>	<u>7,310</u>	<u>4,594</u>	<u>(337)</u>	<u>34,162</u>
Less – unallocated income (expenses):							
Administrative and general							371
Selling and marketing							(139)
Others							79
Financing, net							<u>(5,152)</u>
Income before taxes on income							<u>29,321</u>

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION
CONVENIENCE TRANSLATION INTO US DOLLARS

Note 3 – Operating segments - (Continued)

B. The reporting of operating segments: (Continued)

For the period of three months ended March 31, 2021 (U.S. Dollars in thousands)							
	Construction and infrastructure projects in Israel	Construction and infrastructure projects abroad	Operating, services and maintenance *)	Development & construction of entrepreneurial real estate	Concessions*)	Adjustments	Total
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenues	346,047	98,647	157,203	37,722	11,047	(20,679)	629,987
Inter-segmental revenues	(19,578)	-	(1,101)	-	-	20,679	-
Total external revenues	326,469	98,647	156,102	37,722	11,047	-	629,987
Segmental profit (loss) before administrative and general expenses	15,222	9,854	20,000	3,889	137	453	49,555
Administrative and general expenses	(6,550)	(6,811)	(5,853)	(1,288)	(55)	-	(20,557)
Segmental income (loss)	8,672	3,043	14,147	2,601	82	453	28,998
Less – unallocated expenses:							
Administrative and general							(1)
Selling and marketing							(160)
Others							(553)
Financing, net							(6,020)
Income before taxes on income							22,264

*) Reclassified – in light of the acquisition of Electra Afikim Ltd. and Electra Afikim transportation 2021 Ltd., as stated in Note 5 to the annual consolidated financial statements, and in order to provide a fair reflection of the Group's operating results after the acquisition, it has been decided to examine the projects operating results in which the Group serves as a concession holder together with the concession segment's operating results. As a result, the operating results for projects in which the Group serves as a concession holder have been reclassified from the operation, service and maintenance segment to the concessions segment.

For the year ended December 31, 2021 (U.S. Dollars in thousands)							
	Construction and infrastructure projects in Israel	Construction and infrastructure projects abroad	Operating, services and maintenance	Development & construction of entrepreneurial real estate	Concessions	Adjustments	Total
	Audited	Audited	Audited	Audited	Audited	Audited	Audited
Revenues	1,413,948	405,171	705,809	136,995	238,267	(74,522)	2,825,668
Inter-segmental revenues	(70,126)	-	(4,396)	-	-	74,522	-
Total external revenues	1,343,822	405,171	701,413	136,995	238,267	-	2,825,668
Segmental profit before administrative and general expenses	45,743	27,945	87,596	21,133	36,857	858	220,132
Administrative and general expenses	(26,825)	(27,451)	(23,097)	(6,740)	(9,917)	-	(94,030)
Segmental income	18,918	494	64,499	14,393	26,940	858	126,102
Less – unallocated expenses:							
Administrative and general							(403)
Selling and marketing							(629)
Others							(496)
Financing, net							(22,133)
Income before taxes on income							102,441

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION
CONVENIENCE TRANSLATION INTO US DOLLARS

Note 4 – Financial instruments

- A. The following are the carrying values in the accounting records and the fair values of financial liabilities, which are not presented at their fair value in the financial information:

	As of March 31 2022	As of March 31 2022	As of March 31 2021	As of March 31 2021	As of December 31 2021	As of December 31 2021
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
	U.S Dollars (in thousands)	U.S Dollars (in thousands)	U.S Dollars (in thousands)	U.S Dollars (in thousands)	U.S Dollars (in thousands)	U.S Dollars (in thousands)
<u>Loans from banking entities and others – at fixed interest</u> *)						
In NIS – Index linked	-	-	31	31	-	-
In NIS – Not index linked	203,124	201,083	36,673	37,230	209,001	210,463
<u>Bonds</u> **)						
Bonds – Index linked	-	-	19,111	19,294	-	-
Bonds – Unlinked	329,059	324,539	311,389	327,647	329,922	346,238
Total	532,183	525,622	367,204	384,202	538,923	556,701

*) The fair value of the long-term loans that bear fixed rate interest is based on a calculation of the present value of the cash flows in accordance with the generally accepted interest rate for similar loans with similar characteristics, excluding the deferred expenses in respect of the recruitment of loans.

**) The fair value of marketable bonds is based on quoted prices in an active market as of the date of the statement of financial position. The balance in the accounting records includes a premium (discount), interest payable and deferred expenses on the recruitment of bonds as well as the liability created as a result of the updating of the covenants for the bonds (Series D and E).

- B. The carrying value and the fair value of the loan that has been extended to the Company, which is accounted for at equity, which is not presented at fair value in the financial information, as of March 31, 2022, amount to US\$ 14,203 thousand and to US\$ 15,787 thousand, respectively (as of December 31, 2021 - US\$ 15,849 thousand and to US\$ 19,933 thousand, respectively).
- C. The Group's liquid means (cash and cash equivalents and marketable securities) as of March 31, 2022, amounted to approximately US\$ 170 million (as of December 31, 2021 – approximately US\$ 214 million).
- D. The amount of the non-recourse liabilities to banking entities, net amounted to approximately US\$ 81 million as of March 31, 2022 (as of December 31, 2021 – approximately US\$ 67 million).

Note 5 - Significant events in the reporting period and thereafter

- A. Further to what is stated in Note 44C to the annual consolidated financial statements regarding the receipt of notification regarding the selection of the proposal made by T.M.T. – Tel-Aviv Metropolitan Tramway Ltd., a company in which the Company has a holding of 40.05% (hereinafter: "The concession holder") as the winning proposal in a tender for the financing, planning, establishment and maintenance of the light railway's green line in metropolitan Tel-Aviv, on April 14, 2022, the Company's external legal advisors were presented with an administrative appeal, which had been submitted to the District Court in Tel-Aviv, against the decision by the Tenders Committee in a tender for the financial, planning, establishment and maintenance of the "purple line" and the "green line" of the light railway in metropolitan Tel-Aviv (hereinafter: "The tender"), by a participator in the tender, in a petition for the cancellation of the decision by the Tenders Committee to disqualify the appellant's proposal in the tender, and for the declaration of the appellant as the winner in the tender for the "purple line" in which a third party's proposal was the winner or alternatively as the winner in the tender for the "green line" in which the concession holder's proposal was the winner. The concession holder has made preparations for the submission of its response to the appeal in the Court, where a hearing on the appeal has been set for June 8, 2022.

On May 16, 2022, N.T.A. Metropolitan Mass Transit System Ltd. and the concession holder signed on the concession agreement for the project.

- B. On March 22, 2022, the Company's Board of Directors approved the distribution of a dividend of US\$ 12.6 million (US\$ 3.30 per share), which was paid on April 14, 2022.
- C. On March 27, 2022, Electra Infrastructures Ltd. (a subsidiary company of the Company, in which the Company has a holding of 85% (hereinafter: "Electra Infrastructures") received notification of its win in a tender run by the municipality of Tel-Aviv-Jaffa for the performance of the planning, establishment, operation and maintenance works for a pneumatic system for collecting waste in the area of the "Sde Dov site" in the North of the city. The establishment works are expected to continue for 48 – 60 months from the time of the receipt of the start of work order, where the operating and maintenance period is expected to be for 6 years with the municipality having an opinion to extend. The total consideration that is expected for the performance of the project stands at US\$ 69 million.
- D. Further to what is stated in Note 12B(11) to the annual consolidated financial statements regarding the Group's win in a tender run by the Israel Lands Authority for the purchase of plot number 4003 in Yehud Monosson, the Group paid an amount of US\$ 134 million in the reporting period for the land and for development costs. The Group has made a commitment with a banking corporation under a loan agreement in connection with the financing of the purchase of the land.
- E. Further to what is stated in Note 35J to the annual consolidated financial statements, on April 12, 2022, the Company's Remuneration Committee convenes and approved a commitment under an insurance policy for the covering of the directors and officers liability for a period of 12 months from May 1, 2022 to April 30, 2023.
- F. On May 9, 2022, the Securities Authority decided to extend the period for the offering of securities pursuant to the Company's shelf prospectus of May 10, 2020 to May 10, 2023.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION
CONVENIENCE TRANSLATION INTO US DOLLARS****Note 5- Significant events in the reporting period and thereafter (Continued)**

- G. On May 18, 2022, the Company received notification of its win in a tender for the performance of the electro-mechanical systems in the Azrieli "Spiral" project in Tel-Aviv (hereinafter: "The project"), which supplements the previous notification, which the Company received on its additional win for the instillation of elevators and the provision of maintenance services in the project. The works are expected to continue for approximately 4 years from the time of the receipt of the start of work order. The total consideration that is expected from the project amounts to approximately US\$ 126 million.
- H. Further to what is stated in Note 13A to the annual consolidated financial statements regarding an agreement for the sale of the Company's entire holdings in P.S.P. Investments Ltd. (a company in which the Company has a holding of 25.5%, which is accounted for at equity, which is the owner of a power station on the Gilboa, with a capacity of 300 MW, which operates using pump and store technology), on May 22, 2022, the transaction for the sale was completed after all of the crucial conditions under the provisions of the sale agreement had been fulfilled.

Within the framework of the transaction, the Company has provided a number of representations and indemnifications and upon the completion of the sale transaction it generated overall cash flows of US\$ 73 million (before tax, including interest and linkage and before an agreed payment of US\$ 0.6 million) and a gain that is estimated at US\$ 27 million.
