MEITAV DASH INVESTMENTS LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2021

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Building a better working world

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Auditors' review report to the shareholders of Meitav Dash Investments Ltd.

Introduction

We have reviewed the accompanying financial information of Meitav Dash Investments Ltd. and its subsidiaries ("the Company"), which comprises the consolidated statement of financial position as of September 30, 2021 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the periods of nine and three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these periods in accordance with IAS 34, "Interim Financial Reporting", and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of certain subsidiaries, whose assets included in consolidation constitute approximately 30.9% of total consolidated assets as of September 30, 2021 and whose revenues included in consolidation constitute approximately 35.9% of total consolidated revenues for the period of nine months then ended. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of other auditors.

Scope of review

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.

Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the abovementioned, based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
November 30, 2021

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2021	September 30, 2020	December 31, 2020
	Unaudited	Unaudited	Audited
	NIS in millions		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	278	529	286
Short-term investments	424	281	341
Customer credit	1,170	833	921
Trade receivables	62	61	80
Other accounts receivable	184	53	140
Current taxes receivable	12	5	8
	2,130	1,762	1,776
NON-CURRENT ASSETS:			
Investments of provident fund members	97	95	96
Investments, loans and receivables	277	230	243
Investments, loans and capital notes in associates	80	42	109
Property, plant and equipment	191	189	186
Deferred taxes	19	19	17
Intangible assets	1,161	1,123	1,105
	1,825	1,698	1,756
	3,955	3,460	3,532

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30,		December 31,
	2021	2020	2020
	Unaudited		Audited
	NIS in millions		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from banks and current maturities of debentures	598	529	561
Liabilities for short sale of securities	99	81	58
Trade payables	81	57	62
Other accounts payable	404	270	358
Provisions for legal claims	670	-	22
Current taxes payable	44	21	49
	1,896	958	1,110
NON-CURRENT LIABILITIES:			
Loans from banks	3	5	14
Debentures	1,067	968	820
Liabilities to provident fund members	100	98	98
Lease liabilities	147	150	147
Other accounts payable	9	22	11
Employee benefit liabilities	8	8	8
Deferred taxes	47	46	47
	1,381	1,297	1,145
Total liabilities	3,277	2,255	2,255
EQUITY:			
Share capital	66	66	66
Share premium	505	512	504
Capital reserve for share-based payment transactions	16	10	12
Retained earnings (losses)	(132)	293	370
Other reserves	19	32	27
Equity attributable to equity holders of the Company	474	913	979
Non-controlling interests	204	292	298
Total equity	678	1,205	1,277
	3,955	3,460	3,532

November 30, 2021			
Date of approval of the financial statements	Eli Barkat Chairman of the Board	Ilan Raviv CEO	Einat Rom CFO

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2021	2020	2021	2020	2020
	Unaudited				Audited
	NIS in millions (except per share data)				
Revenue from management fees, commissions and other, net	682	624	228	202	833
Finance income from non-bank loans	145	73	43	22	162
Total revenues	827	697	271	224	995
Income refund in respect of legal claims against the Company	(338)	-	(310)	-	(22)
	489	697	(39)	224	973
Marketing, operating, general and administrative expenses	583	524	199	171	716
Operating income (loss)	(94)	173	(238)	53	257
Gain from securities held for investment purposes in nostro portfolio, net	22	8	6	9	19
Finance income	1	2	-	1	1
Finance expenses	(268)	(23)	(239)	(10)	(33)
Other income (expenses), net	(22)	(37)	(7)	(7)	31
Company's share of earnings (losses) of companies accounted for at equity, net	1	3	(3)	2	6
Income (loss) before taxes on income	(360)	126	(481)	48	281
Taxes on income	70	51	19	16	89
Net income (loss) for the period	(430)	75	(500)	32	192
Other comprehensive income (loss) (net of tax effect):					
Actuarial gain on defined benefits plans	-	-	-	-	1
(Gain) loss on cash flow hedges	2	(1)	-	-	-
Foreign currency translation adjustments of foreign operations	-	-	-	-	(1)
Total other comprehensive income (loss) attribute to the company	2	(1)	-	-	-
Total comprehensive income (loss)	(428)	74	(500)	32	192
Net income (loss) attributable to:					
Equity holders of the Company	(447)	65	(489)	29	162
Non-controlling interests	17	10	(11)	3	30
	(430)	75	(500)	32	192
Comprehensive income (loss) attributable to:					
Equity holders of the Company	(445)	64	(489)	29	162
Non-controlling interests	17	10	(11)	3	30
	(428)	74	(500)	32	192
Basic and diluted net earnings (loss) per share attributable to equity holders of the Company (in NIS):					
Basic net earnings (loss)	(6.93)	0.98	(7.04)	0.42	2.52
Diluted net earnings (loss)	(6.93)	0.98	(7.04)	0.42	2.51

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Share premium	Capital reserve from share-based payment transactions	Retained earnings (accumulated deficit)	Other reserves	Total	Non-controlling interests	Total equity
	Unaudited							
	NIS in millions							
Balance at January 1, 2021 (audited)	66	504	12	370	27	979	298	1,277
Net income (loss) for the period	-	-	-	(447)	-	(447)	17	(430)
Other comprehensive income, net	-	-	-	-	2	2	-	2
Total comprehensive income (loss)	-	-	-	(447)	2	(445)	17	(428)
Dividend declared and paid	-	-	-	(55)	-	(55)	-	(55)
Dividend to non-controlling interests	-	-	-	-	-	-	(32)	(32)
Exercise of employee options	*) -	1	(1)	-	-	-	-	-
Adjustment of non-controlling interests in subsidiary	-	-	-	-	-	-	(77)	(77)
Share-based payment	-	-	5	-	-	5	-	5
Net purchases of non-controlling interests	-	-	-	-	(10)	(10)	(2)	(12)
Balance at September 30, 2021	66	505	16	(132)	19	474	204	678

*) Less than NIS 1 million.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	**Share premium**	**Capital reserve from share-based payment transactions**	**Retained earnings**	**Other reserves**	**Total**	**Non-controlling interests**	**Total equity**
	Unaudited							
	NIS in millions							
Balance at January 1, 2020 (audited)	65	518	10	228	39	860	146	1,006
Net income for the period	-	-	-	65	-	65	10	75
Other comprehensive loss, net	-	-	-	-	(1)	(1)	-	(1)
Total comprehensive income (loss)	-	-	-	65	(1)	64	10	74
Dividend to non-controlling interests	-	-	-	-	-	-	(10)	(10)
Exercise of employee options	*) -	3	(3)	-	-	-	-	-
Issuance of capital to non-controlling interests	-	-	-	-	6	6	135	141
Share-based payment	-	-	3	-	-	3	3	6
Issuance of capital to employees and officers	1	4	- -	-	-	5	-	5
Net purchases of non-controlling interests	-	-	-	-	(12)	(12)	(2)	(14)
Investment in partnership's equity by non-controlling interests	-	-	-	-	-	-	10	10
Repurchase for the Company's shares	-	(13)	-	-	-	(13)	-	(13)
Balance at September 30, 2020	66	512	10	293	32	913	292	1,205

*) Less than NIS 1 million.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Share premium	Capital reserve from share-based payment transactions	Retained earnings (accumulated deficit)	Other reserves	Total	Non-controlling interests	Total equity
	Unaudited							
	NIS in millions							
Balance at July 1, 2021	66	504	15	372	19	976	288	1,264
Net income (loss) for the period	-	-	-	(489)	-	(489)	(11)	(500)
Other comprehensive income, net	-	-	-	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	(489)	-	(489)	(11)	(500)
Dividend declared and paid	-	-	-	(15)	-	(15)	-	(15)
Dividend to non-controlling interests	-	-	-	-	-	-	(6)	(6)
Share-based payment	-	-	2	-	-	2	-	2
Exercise of employee options	*) -	1	(1)	-	-	-	-	-
Adjustment of liability to non-controlling interests in subsidiary	-	-	-	-	-	-	(67)	(67)
Balance at September 30, 2021	66	505	16	(132)	19	474	204	678

*) Less than NIS 1 million.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Share premium	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	Unaudited							
	NIS in millions							
Balance at July 1, 2020	66	518	10	264	32	890	281	1,171
Net income for the period	-	-	-	29	-	29	3	32
Other comprehensive income, net	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	29	-	29	3	32
Dividend to non-controlling interests	-	-	-	-	-	-	(2)	(2)
Share-based payment	-	-	1	-	-	1	-	1
Exercise of employee options	*) -	1	(1)	-	-	-	-	-
Investment in partnership's equity by non-controlling interests	-	-	-	-	-	-	10	10
Repurchase for the Company's shares	-	(7)	-	-	-	(7)	-	(7)
Balance at September 30, 2020	66	512	10	293	32	913	292	1,205

*) Less than NIS 1 million.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Share premium	Capital reserve from share-based payment transactions	Retained earnings	Other reserves	Total	Non-controlling interests	Total equity
	Audited							
	NIS in millions							
Balance at January 1, 2020	65	518	10	228	39	860	146	1,006
Net income for the period	-	-	-	162	-	162	30	192
Other comprehensive loss, net	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	162	-	162	30	192
Dividend declared and paid	-	-	-	(20)	-	(20)	-	(20)
Dividend to non-controlling interests	-	-	-	-	-	-	(12)	(12)
Issuance of capital to non-controlling interests	-	-	-	-	6	6	135	141
Share-based payment	-	-	5	-	-	5	3	8
Net purchases of non-controlling interests	-	-	-	-	(18)	(18)	(6)	(24)
Exercise of employee options	*) -	3	(3)	-	-	-	-	-
Issuance of capital to employees and officers	1	4	-	-	-	5	-	5
Repurchase of shares	-	(21)	-	-	-	(21)	-	(21)
Derecognition of non-controlling interests due to loss of control in partnership	-	-	-	-	-	-	2	2
Balance at December 31, 2020	66	504	12	370	27	979	298	1,277

*) Less than NIS 1 million.

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Three months ended September 30, 2021	Three months ended September 30, 2020	Year ended December 31, 2020
	Unaudited				Audited
	NIS in millions				
Cash flows from operating activities:					
Net income (loss) for the period	(430)	75	(500)	32	192
Adjustments to reconcile net income to net cash provided by operating activities:					
Adjustments to the profit or loss items:					
Depreciation of property, plant and equipment	23	21	8	7	27
Amortization of intangible assets	40	44	14	15	57
Impairment loss of goodwill	-	14	-	-	14
Gain from loss of control in previously consolidated investee	-	-	-	-	(76)
Amortization of deferred acquisition costs	6	7	2	2	9
Revaluation of investments to provident fund members	(1)	1	-	1	-
Revaluation of liabilities to provident fund members	2	-	-	-	-
Change in liabilities for share purchase	3	-	-	-	-
Company's share of losses of companies accounted for at equity, net	2	4	2	3	3
Deferred taxes, net	(2)	-	1	(2)	(1)
Revaluation of debentures	7	(6)	2	-	(8)
Gains from securities measured at fair value through profit or loss, net	(34)	(23)	(8)	(18)	(58)
Share-based payment	5	6	2	1	8
	51	68	23	9	(25)
Changes in asset and liability items:					
Customer credit, trade receivables and other accounts receivable	(264)	61	163	(147)	(214)
Restricted cash	30	-	-	-	(35)
Short-term credit from giving non-bank loans	9	(245)	(49)	73	(153)
Trade payables, provisions for legal claims and other accounts payable	605	(4)	431	(66)	231
	380	(188)	545	(140)	(171)
Net cash provided by (used in) operating activities	1	(45)	68	(99)	(4)

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2021	2020	2021	2020	2020
	Unaudited				Audited
	NIS in millions				
Cash flows from investing activities:					
Proceeds from sale of (purchase of) short-term investments measured at fair value through profit or loss	(25)	60	3	48	55
Purchase of property, plant and equipment	(5)	(5)	(2)	(2)	(8)
Purchase of intangible assets	(70)	(21)	(53)	(6)	(29)
Repayment of liabilities for purchase of shares	(8)	(11)	(4)	(4)	(12)
Grant of long-term loan	-	(5)	-	(3)	(5)
Change in restricted deposits, net	(64)	4	(2)	8	(4)
Investment in companies accounted for at equity	(1)	(5)	-	-	(15)
Acquisition of newly consolidated company (b)	(3)	-	-	-	-
Repayment of long-term loan	1	4	-	4	4
Grant of short-term loan	(4)	-	-	-	-
Net cash provided by (used in) investing activities	(179)	21	(58)	45	(14)
Cash flows from financing activities:					
Issuance of Company debentures (net of issuance expenses)	138	112	-	-	112
Issuance of subsidiary's debentures (net of issuance expenses)	246	85	-	85	85
Repayment of Company debentures	-	-	-	-	(106)
Repayment of subsidiary's debentures	(116)	(105)	(39)	(38)	(144)
Dividend paid to equity holders of the Company	(55)	-	(15)	-	(20)
Dividend paid to non-controlling interests	(32)	(10)	(6)	(2)	(12)
Repayment of long-term lease liabilities	(23)	(20)	(9)	(7)	(26)
Investment in partnership's equity by non-controlling interests	-	10	-	10	-
Purchases of non-controlling interests	(12)	(17)	-	-	(22)
Repayment of long-term loans from banks	(16)	(7)	(5)	(2)	(10)
Receipt of long-term loans from bank	-	-	-	-	25
Issuance of shares to non-controlling interests	-	141	-	-	141
Repurchase for the Company's shares	-	(13)	-	(7)	(21)
Proceeds from short sale of securities, net	37	10	(3)	-	10
Receipt of loan convertible into shares	-	5	-	-	5
Short-term credit from banks, net	3	91	(13)	(2)	16
Net cash provided by (used in) financing activities	170	282	(90)	37	33
Increase (decrease) in cash and cash equivalents	(8)	258	(80)	(17)	15
Cash and cash equivalents at the beginning of the period	286	271	358	546	271
Cash and cash equivalents at the end of the period	278	529	278	529	286

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Three months ended September 30, 2021	Three months ended September 30, 2020	Year ended December 31, 2020
	Unaudited				Audited
	NIS in millions				
(a) Additional information on cash flows from operating activities:					
Cash paid during the period for:					
Interest	25	25	4	3	42
Taxes on income	57	28	10	14	39
Cash received during the period for:					
Interest	82	76	29	19	104
Taxes on income	1	5	-	2	5
(b) Acquisition of newly consolidated company:					
The subsidiary's assets and liabilities on date of acquisition:					
Intangible assets	6	-	-	-	-
Liabilities for share purchase	(3)	-	-	-	-
Total acquisition of newly consolidated subsidiary	3	-	-	-	-
(c) Loss of control in previously consolidated entities:					
Working capital (excluding cash and cash equivalents)	-	-	-	-	(8)
Prepaid expenses, investments and other receivables	-	-	-	-	2
Software	-	-	-	-	8
Deferred taxes	-	-	-	-	2
Other payables	-	-	-	-	(8)
Gain from loss of control in previously consolidated investee	-	-	-	-	76
Non-controlling interests	-	-	-	-	2
Total assets and liabilities of the entity on date of sale	-	-	-	-	74
Total assets and liabilities on date of sale	-	-	-	-	74
Total transition to investment in associate	-	-	-	-	(74)
	-	-	-	-	-

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTE 1:- GENERAL

a. These financial statements have been prepared in a condensed format as of September 30, 2021 and for the periods of nine and three months then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual financial statements as of December 31, 2020 and for the year then ended and accompanying notes ("annual consolidated financial statements").

b. Court judgment on class actions:

In keeping with the matters discussed in Note 19b(2)(a) to the annual consolidated financial statements regarding the proceedings held at the Tel-Aviv District Court in the context of class actions filed against Meitav Dash Provident and Pension Ltd. ("Meitav Dash Provident"), an indirect subsidiary of the Company, on August 25, 2021, the Court ruled against Meitav Dash Provident ("the judgment") (see information in Note 7a below). Following is a disclosure of the decisions and actions approved by the Company's Board in order to minimize the effects of the Court's judgment on the Company, responsibly and prudently manage the potential financial implications of the judgment on the Company and allow the Company to continue its accelerated operational growth:

1. Appealing the judgment, filing a motion for delay of execution and supplemental judgment:

a) On November 14, 2021, Meitav Dash Provident appealed the District Court's judgment with the Supreme Court and also filed for delay of execution.

b) In the view of the Company, Meitav Dash Provident and their legal representatives, it is more likely than not that the appeal will be accepted, in whole or in part, and that the Supreme Court will reverse the judgment or at least significantly reduce Meitav Dash Provident's liability as per the judgment.

c) In keeping with the data on the management fees charged by Meitav Dash Provident from 2016 to the judgment date, as produced by Meitav Dash Provident to the expert on behalf of the plaintiffs, the expert submitted a supplemental opinion to the District Court. Following the choice given by the District Court to Meitav Dash Provident between two methods of calculating the refund amount, Meitav Dash Provident chose the median calculation method. Accordingly, the District Court is expected to issue a supplemental judgment which will update the refund amount and determine the fees of the plaintiffs' legal representatives and the plaintiffs' compensation.

NOTE 1:- GENERAL (Cont.)

b. Court judgment on class actions (Cont.):

2. Recording a provision in the Company's financial statements:

a) Notwithstanding the position adopted by the Company and Meitav Dash Provident that the judgment is mistaken and that it is more likely than not that it will be reversed by the Supreme Court in the appeal, owing to generally accepted accounting principles, common practice and the unusual circumstances, the Company recorded a provision of approximately NIS 426 million in its financial statements as of September 30, 2021. Consequently, the total provision for legal claims (including the previous provision) amounts to approximately NIS 453 million, representing in the Company's estimate the entire exposure in respect of the claim should the appeal be dismissed.

b) The Company also recorded liabilities for indemnification of certain of its shareholders in the context of the merger between the shareholders of Meitav Investment House Ltd. and the Company (which had been completed in March 2013) and liabilities for indemnification of holders of non-controlling interests in Meitav Dash Provident in the context of the merger between Ayalon Pension and Provident Ltd. and Meitav Dash Provident (which had been completed in January 2017). To the extent needed, the indemnification will be paid in Company shares and subject to obtaining all the legally required corporate approvals and will not affect the Company's cash flows.

3. Effects of the above provision on the Company's debentures:

a) As per the trust deed of the Company's debentures (series D) originally issued by the Company on November 27, 2019, the Company is not meeting the financial covenant regarding the ratio of net financial debt to operating profit, which entitles the holders of debentures (series D) to incremental interest and allows them to demand the immediate repayment of the debentures (series D) after the publication of the Company's annual financial statements for 2021.

The Company estimates that it will be able to comply with the above financial covenant from the third quarter of 2022 and will continue to fully meet the payments of debentures (series D) throughout the period as prescribed in the trust deed.

b) In keeping with the aforesaid, the Company requested to convene a meeting of holders of debentures (series D) in which it asked to temporarily amend the trust deed of the debentures (series D).

NOTE 1:- GENERAL (Cont.)

b. Court judgment on class actions (Cont.):

3. Effects of the above provision on the Company's debentures (Cont.):

The proposed amendment to the trust deed is as follows:

(1) According to the trust deed, the annual incremental interest rate on any event of noncompliance with financial covenants is 0.25%. Notwithstanding the aforesaid, in the period from the date of publication of the Company's interim consolidated financial statements as of September 30, 2021 (November 30, 2021) through the date of publication of the Company's interim consolidated financial statements as of September 30, 2022 ("the noncompliance period"), the annual incremental interest rate on any event of noncompliance with financial covenants will be 0.4%. It is clarified that the base interest rate in the event of any interest incrementation will not be raised by more than 0.5% and by no more than 0.8% during the noncompliance period.

(2) The calculation of the operating profit in the test of compliance with the financial covenants aimed to determine grounds for immediate repayment will not include the overall provision (or with the addition of the overall amount recognized as "provision reduction"), including for indemnification liabilities, returns and linkages in respect of refund amounts and the provision for the class action plaintiff's and attorneys' fees, but in any event not above NIS 450 million.

A meeting of holders of debentures (series D) was held on November 22, 2021 and approved the above amendment.

c) According to the trust deed of the Company's debentures (series C) originally issued by the Company on December 19, 2010, the provision is not expected to result in grounds for immediate repayment of the debentures (series C).

d) See details of a letter of credit provided to the Company by Israeli banks in an aggregate of NIS 800 million, which is designed to secure alternative financing for repaying the Company's debentures (series C and D) in paragraph 4 below.

NOTE 1:- GENERAL (Cont.)

b. Court judgment on class actions (Cont.):

4. Letter of credit:

On November 14, 2021, the Company received a letter of credit from banks according to which:

a) The banks offered the Company two financing options: (i) a long-term credit facility for single withdrawal of up to NIS 800 million to be used to repay the Company's debentures, as needed; or (ii) a loan of up to NIS 350 million to Meitav Dash Provident to be used to pay the judgment amount, insofar as the judgment is not reversed by the Supreme Court (collectively - "the financing documents"). Following the amendment of the trust deed of the debentures (series D), the Company opted for the second alternative.

b) Loan to Meitav Dash Provident:

(1) The banks will provide Meitav Dash Provident a loan of NIS 350 million against a deposit. The loan will be for a maximum period of three years ("the loan period") whereby the principal will be repaid in a lump sum at the end of the loan period. The spread between the interest on the loan and the interest on the deposit is 0.4% which is repayable on a quarterly basis.

(2) At any time until the end of the loan period and for the purpose of paying the judgment amount, insofar as the judgment is not reversed by the Supreme Court, Meitav Dash Provident may request to refinance the loan by a long-term loan of up to NIS 350 million for a period of five years whereby 65% of the loan principal will be repayable in four equal annual instalments and the remaining principal will be repayable at the end of the fifth year. The loan will bear interest at the rate of government bonds with a similar life as it will be shortly before the date of providing the loan with the addition of a spread of 1.5%-1.8% to be paid quarterly ("the long-term loan").

(3) Meitav Dash Securities and Investments Ltd. ("Meitav Dash Securities") will provide the banks a single senior fixed lien in an unlimited amount on its entire shares in Meitav Dash Provident up to the percentage of interests that can legally pledged as per the control permit governing its interests in Meitav Dash Provident. As for the shares held by Meitav Dash Securities in Meitav Dash Provident that cannot be legally pledged as per the above control permit, a negative lien will be recorded. Moreover, Meitav Dash Securities will record a fixed lien in favor of the banks on its entire shares in Meitav Tachlit Mutual Funds Ltd. ("Meitav Tachlit"). In addition, the Company will provide the banks a guarantee to secure Meitav Dash Provident's liability to repay the loan.

NOTE 1:- GENERAL (Cont.)

b. Court judgment on class actions (Cont.):

4. Letter of credit (Cont.):

b) Loan to Meitav Dash Provident (Cont.):

(4) Financial covenants – the financing documents to be signed will include the Company's obligation to meet the following financial covenants at all times as a prerequisite for providing and managing the credit: (a) total assets managed by Meitav Tachlit will not be lower than NIS 25 billion (as of September 30, 2021, Meitav Tachlit manages assets in a total of approximately NIS 61.6 billion); (b) total assets managed by the Company will not be lower than NIS 120 billion (as of September 30, 2021, the Company manages assets in a total of approximately NIS 206 billion); (c) the ratio of the Company's net financial debt to EBITDA (on a consolidated basis) in the 12 months before the date of ratio calculation will not exceed 4 in the first year of the loan (as of September 30, 2021, this ratio is 2.2) and will not exceed 3.3 by the last year of the loan period.

(5) The Company will pay the banks a one-time transaction fee as well as other fees and expenses as customary in this type of agreement in amounts which are immaterial to the Company.

(6) The letter of credit also sets forth certain representations and warranties as customary in this type of agreement, including standard grounds for immediate repayment such as default and insolvency.

(7) It should be noted that the letter of credit is contingent on signing a financing agreement based on the same principles and provisions.

5. Reinforcing the Company's capital structure:

a) Dividend distributions by the Company:

In view of the loss incurred in the third quarter of 2021 and the effect of the provision on the Company's compliance with the profit test prescribed in Article 302 to the Israeli Companies Law, 1999, and also given the Company's intention to pursue its business plan for achieving both organic and inorganic growth and expand its areas of operation, the Company does not expect to distribute any dividends in the foreseeable future in accordance with its dividend distribution policy, without derogating from the Board's authority to periodically consider the distribution of dividends subject to applicable laws and given the Company's best interests.

NOTE 1:- GENERAL (Cont.)

b. Court judgment on class actions (Cont.):

5. Reinforcing the Company's capital structure (Cont.):

b) Rights issue:

The Company's Board declared its intention to complete a rights issue in the near future at an estimated scope of approximately NIS 150 million, subject to the Board's final decision. At management's request, the Company received the obligation of its controlling shareholders that they will participate in the rights issue pro rata to their shares in the Company on the rights issue date and purchase and exercise their rights and any additional rights that will be offered for sale to the public of the Company's shareholders.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation of the interim consolidated financial statements:

The interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

b. The significant accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements, except as described below.

c. Amendments to existing standards:

Amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors":

In February 2021, the IASB issued an amendment to IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors", in which it introduces a new definition of "accounting estimates".

Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The Amendment clarifies the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

The Amendment is to be applied prospectively for annual reporting periods beginning on or after January 1, 2023 and is applicable to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Amendments to existing standards (Cont.):

Amendment to IAS 12, "Income Taxes":

In May 2021, the IASB issued an amendment to IAS 12, "Income Taxes" ("IAS 12"), which narrows the scope of the initial recognition exception under IAS 12.15 and IAS 12.24.

According to the recognition guidelines of deferred tax assets and liabilities, IAS 12 excludes recognition of deferred tax assets and liabilities in respect of certain temporary differences arising from the initial recognition of certain transactions. This exception is referred to as the "initial recognition exception". The Amendment narrows the scope of the initial recognition exception and clarifies that it does not apply to the recognition of deferred tax assets and liabilities arising from transactions that give rise to equal taxable and deductible temporary differences, even if they meet the other criteria of the initial recognition exception.

The Amendment applies for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. In relation to leases and decommissioning obligations, the Amendment is to be applied commencing from the earliest reporting period presented in the financial statements in which the Amendment is initially applied. The cumulative effect of the initial application of the Amendment should be recognized as an adjustment to the opening balance of retained earnings (or another component of equity, as appropriate) at that date.

The Company estimates that the initial application of the Amendment is not expected to have a material impact on its financial statements.

d. Reclassification:

These financial statements include a reclassification of the cost of provision for legal claims involving the refund of management fees, as presented in the comparative figures for previous reporting periods (totaling approximately NIS 28 million in the period of six months ended June 30, 2021 and approximately NIS 22 million in the year ended December 31, 2020) from general and administrative expenses to a reduction in revenues, with no effect on net income. The Company is of the opinion that since the reclassification arises from the accounting treatment of variable consideration, recognizing a provision for the refund amounts as a reduction of revenues more properly reflects the nature of the underlying claims as per IFRS 15, "Revenue from Contracts with Customers". Interest and linkage costs and the added return on the refund amounts are classified in finance expenses in the statement of comprehensive income. The Company also reclassified certain items in the comparative figures for previous reporting periods in immaterial amounts in order to adjust them to the current period's presentation.

NOTE 3:- FINANCIAL INSTRUMENTS

a. Fair value:

The following table presents the carrying amount and fair value of the groups of financial instruments that are presented in the financial statements not at fair value:

	Carrying amount			Fair value		
	September 30,		December 31,	September 30,		December 31,
	2021	2020	2020	2021	2020	2020
	Unaudited		Audited	Unaudited		Audited
	NIS in millions					
Financial liabilities:						
Debentures (series C) (1) (2)	456	538	445	488	548	478
Debentures (series D) (1) (2)	503	382	361	524	401	384
Debentures of subsidiary (2)(3)	411	317	279	412	321	284
	1,370	1,237	1,085	1,424	1,270	1,146

(1) The debentures (series C and series D) are traded on the TASE.

(2) Including current maturities and accrued interest.

(3) The debentures of Peninsula Group Ltd. are traded on the TASE with a fair value based on quoted market prices.

b. Classification of financial instruments by fair value hierarchy:

The financial instruments presented in the financial statements at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within Level 1 that are observable directly or indirectly.

Level 3 - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

b. Classification of financial instruments by fair value hierarchy: (Cont.)

Financial instruments measured at fair value:

	Level 1	Level 2	Level 3
		NIS in millions	
September 30, 2021 (unaudited)			
Financial assets at fair value through profit or loss			
Shares, options and debentures	206	6	64
Financial assets at fair value through other comprehensive income			
Shares	-	-	5
	206	6	69
Financial liabilities			
Shares, debentures and marketable options	99	-	-
Liability for shares	-	-	3
	99	-	3

Movement in financial assets and liabilities classified at Level 3 (unaudited):

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Liability for shares	Total
		NIS in millions		
Balance at January 1, 2021	30	5	(5)	30
Total gain (loss) recognized in profit or loss	3	-	(3)	-
Purchases	10	-	(3)	7
Reclassified from investment in associate	25	-	-	25
Disposals	(4)	-	-	(4)
Repayments of liabilities	-	-	8	8
Balance at September 30, 2021	64	5	(3)	66

In addition, as of September 30, 2021, there are financial assets measured at Level 1 in the fair value hierarchy included in investments of provident fund members in the amount of approximately NIS 11 million.

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

b. Classification of financial instruments by fair value hierarchy: (Cont.)

	Level 1	Level 2	Level 3
		NIS in millions	
September 30, 2020 (unaudited)			
Financial assets at fair value through profit or loss			
Shares, options and debentures	143	8	23
Financial assets at fair value through other comprehensive income			
Shares	-	-	6
	143	8	29
Financial liabilities			
Shares, debentures and marketable options	80	1	-
Index forwards used for hedging	-	3	-
Convertible liability to shares	-	-	10
Liability for shares	-	-	7
	80	4	17

Movement in financial assets classified at Level 3 (unaudited):

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Convertible liability to shares	Liability for shares	Total
			NIS in millions		
Balance at January 1, 2020	37	6	(5)	(17)	21
Total loss recognized in profit or loss	(5)	-	-	-	(5)
Acquisitions	3	-	-	-	3
Disposals	(12)	-	-	-	(12)
Repayments of liabilities	-	-	-	10	10
Loan received	-	-	(5)	-	(5)
Balance at September 30, 2020	23	6	(10)	(7)	12

In addition, as of September 30, 2020, there are financial assets measured at Level 1 in the fair value hierarchy included in investments of provident fund members in the amount of approximately NIS 11 million.

NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

b. Classification of financial instruments by fair value hierarchy: (Cont.)

	Level 1	Level 2	Level 3
	NIS in millions		
December 31, 2020 (audited)			
Financial assets at fair value through profit or loss			
Shares, options and debentures	145	12	30
Financial assets at fair value through other comprehensive income			
Shares	-	-	5
	145	12	35
Financial liabilities			
Forwards and swaps	-	2	-
Shares, debentures and marketable options	56	-	-
Index forwards used for hedging	-	2	-
Liability for shares	-	-	5
	56	4	5

Movement in financial assets classified at Level 3 (audited):

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Convertible liability to shares	Liability for shares	Total
	NIS in millions				
Balance at January 1, 2020	37	6	(5)	(17)	21
Total loss recognized in profit or loss	(5)	(1)	-	-	(6)
Reclassification of investment in associate	13	-	-	-	13
Disposals	(15)	-	-	-	(15)
Repayment of liabilities	-	-	-	12	12
Loan received	-	-	(5)	-	(5)
Deconsolidation	-	-	10	-	10
Balance at December 31, 2020	30	5	-	(5)	30

NOTE 4:- INTANGIBLE ASSETS

a. Provident and pension funds managing:

In the period of the report, the Company conducted a test of impairment of goodwill in respect of the cash-generating unit ("CGU") of provident and pension fund management. The recoverable amount of assets allocated to provident and pension fund management is determined based on fair value and using the DCF method. For the calculation of the fair value using the DCF method, the Company used forecasts regarding future income derived from the scope of managed assets as of September 30, 2021 based on its profits for the period ended September 30, 2021, its expected future profits, evaluations of a future growth rate of 2.5% and a discount rate of about 11%.

The goodwill allocated to this CGU as of September 30, 2021 amounts to NIS 354 million. The recoverable amount of the CGU is higher than its carrying amount and therefore no impairment provision is needed.

b. Short term savings management:

As of June 30, 2021, the assets and liabilities comprising the short term savings management CGU have not undergone any significant change compared since the impairment test conducted by the Company as of June 30, 2020 according to which the recoverable amount of the CGU materially exceeded its carrying amount and the chances that the recoverable amount that would be determined in the current period would be lower than the carrying amount were remote. Accordingly, the Company used the calculation conducted for June 30, 2020 according to which no provision for impairment was needed.

The test of impairment as of June 30, 2020 was conducted according to the value in use using the DCF method. For the calculation of the pretax value in use using the DCF method, the Company used forecasts regarding future income derived from the scope of managed assets as of June 30, 2020 based on its profits for the period ended June 30, 2020, its expected future profits, evaluations of a future growth rate of 2.5% and a discount rate of about 11.5%.

The goodwill allocated to this CGU as of June 30, 2021 amounts to NIS 449 million.

NOTE 4:- INTANGIBLE ASSETS (Cont.)

c. Insurance activity - Yekev and Kariv:

As of September 30, 2021, the assets and liabilities comprising the CGU of the insurance activity of Yekev Insurance Agencies Ltd. ("Yekev") and Kariv Insurance Agency Ltd. ("Kariv") (collectively - "the insurance activity") have not undergone any significant change compared to the impairment test conducted by the Company as of September 30, 2020 according to which the recoverable amount of the insurance activity CGU materially exceeded its carrying amount and the chances that the recoverable amount that would be determined in the current period would be lower than the carrying amount were remote. Accordingly, the Company used the calculation conducted for September 30, 2020 according to which no provision for impairment was needed.

The test of impairment as of September 30, 2020 was conducted according to the Company's forecasts regarding future income relying on the profits of the insurance agecy in the period ended September 30, 2020, its expected future profits, projections of a future growth rate of 2% and a pretax discount rate of approximately 14%.

The goodwill allocated to the insurance agency CGU as of September 30, 2021 amounts to NIS 23 million.

d. Brokerage:

In the reporting period, the Company conducted a test of impairment of goodwill in respect of the brokerage CGU. The recoverable amount of assets allocated to the brokerage CGU is determined based on the value in use which is derived from the DCF method. The test relied on the Company's forecasts regarding future income based on the profits of Meitav Dash Brokerage Ltd. in the period ended September 30, 2021, its expected future profits, evaluations of a future growth rate of 2% and a pretax discount rate of about 14%.

The goodwill allocated to the brokerage CGU as of September 30, 2021 amounts to NIS 10 million. The recoverable amount exceeds the CGU's carrying amount and, accordingly, no provision for impairment is required.

NOTE 5:- OPERATING SEGMENTS

a. General:

1. The Group operates in five reportable business segments:

Long and medium-term savings management segment	-	Marketing and managing compensation and severance pay funds, study funds, central severance pay funds, pension funds and central provident fund for participation in budgetary pension.
Short term savings management segment	-	The short-term savings management segment consists of marketing and managing security investment portfolios for private and institutional customers, managing mutual funds and managing ETFs.
Retail Brokerage segment	-	Providing Retail Brokerage services mainly to private customers that consist, among others, of security custodian services, trading services, security transactions and various current account and credit transactions for a wide variety of customers. From the fourth quarter of 2020, the segment no longer includes institutional brokerage services which are included in the "other" segment.
Non-bank credit	-	From the fourth quarter of 2020, the segment consists of providing non-bank loans to small and medium sized corporations in Israel through Peninsula Group Ltd., providing consumer credit to private customers through Meitav Dash Loans Ltd. and providing credit in Ireland through Lotus Investment Management Limited.

The other activities in the Group that are included in the "other" segment mainly consist of institutional brokerage services, insurance agencies (other than an insurance agency that is wholly owned by the Company and is included in the long and medium-term savings management segment), distribution of foreign funds and purchase of future income flows through Liquidity Capital M.C. Ltd.

2. Management separately monitors the operating results of its business units for the purpose of making decisions of resource allocation and performance evaluation. Segment performances are evaluated based on the operating income or loss which in certain cases is measured differently from the operating income or loss in the consolidated financial statements.

   The finance expenses, finance income and taxes on income are managed on a group basis and not allocated to operating segments. Other expenses, which mainly consist of amortization of intangible assets, are not allocated to operating segments since they are not part of the CODM's decision-making process. Moreover, expenses that are not allocated to segments mainly include headquarter expenses.

3. The Group accounts for inter-segment revenues as if the revenues are derived from third parties and therefore recognizes them at current market prices.

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments:

	Nine months ended September 30, 2021						
	Long and medium-term savings management	Short-term savings management	Retail Brokerage	Non-bank credit	Other	Adjustments	Total
	Unaudited						
	NIS in millions						
Revenues:							
Revenues from external entities	245	273	87	145	77	-	827
Inter-segment revenues	-	-	1	-	1	(2)	-
Total revenues	245	273	88	145	78	(2)	827
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	1	-	1
Segment income	36*	116	20	88	26	-	286
Expenses not allocated to segments							(41)
Income refund in respect of legal claims against the Company							(338)
Gain from securities held for Nostro portfolio investments, net							22
Finance expenses, net							(267)
Other expenses, net							(22)
Loss before taxes on income							(360)

* Excluding income refund in connection with legal claims against the Company.

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

	Nine months ended September 30, 2020						
	Long and medium-term savings management	Short-term savings management	Retail Brokerage	Non-bank credit *	Other *	Adjustments	Total
	Unaudited						
	NIS in millions						
Revenues:							
Revenues from external entities	225	241	71	73	87	-	697
Inter-segment revenues	-	-	1	-	2	(3)	-
Total revenues	225	241	72	73	89	(3)	697
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	3	-	3
Segment income	41	96	21	28	30	-	216
Expenses not allocated to segments							(40)
Gain from securities held for Nostro portfolio investments, net							8
Finance expenses, net							(21)
Other expenses, net							(37)
Income before taxes on income							126

* Restated in keeping with the CODM's policy, see details in paragraph a above.

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

	Long and medium-term savings management	Short-term savings management	Retail Brokerage	Non-bank credit	Other	Adjustments	Total
	Three months ended September 30, 2021						
	Unaudited						
	NIS in millions						
Revenues:							
Revenues from external entities	86	96	24	43	22	-	271
Inter-segment revenues	-	-	-	-	(1)	1	-
Total revenues	86	96	24	43	21	1	271
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	(3)	-	(3)
Segment income	10*	43	3	23	3	-	82
Expenses not allocated to segments							(13)
Income refund in respect of legal claims against the Company							(310)
Gain from securities held for Nostro portfolio investments, net							6
Finance expenses, net							(239)
Other expenses, net							(7)
Loss before taxes on income							(481)

* Excluding income refund in connection with legal claims against the Company.

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

	Three months ended September 30, 2020						
	Long and medium-term savings management	Short-term savings management	Retail Brokerage	Non-bank credit *	Other *	Adjustments	Total
	Unaudited						
	NIS in millions						
Revenues:							
Revenues from external entities	75	79	24	22	24	-	224
Inter-segment revenues	-	-	-	-	1	(1)	-
Total revenues	75	79	24	22	25	(1)	224
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	2	-	2
Segment income	14	31	7	7	10	-	69
Expenses not allocated to segments							(14)
Gain from securities held for Nostro portfolio investments, net							9
Finance expenses, net							(9)
Other expenses, net							(7)
Income before taxes on income							48

* Restated in keeping with the CODM's policy, see details in paragraph a above.

NOTE 5:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

	Long and medium-term savings management	Short-term savings management	Retail Brokerage	Non-bank credit	Other	Adjustments	Total
	Year ended December 31, 2020						
	Audited						
	NIS in millions						
Revenues:							
Revenues from external entities	302	323	99	162	109	-	995
Inter-segment revenues	-	-	1	-	3	(4)	-
Total revenues	302	323	100	162	112	(4)	995
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	6	-	6
Segment income	51*	125	30	98	39	-	343
Expenses not allocated to segments							(58)
Income refund in respect of legal claims against the Company							(22)
Gain from securities held for Nostro portfolio investments, net							19
Finance expenses, net							(32)
Other income, net							31
Income before taxes on income							281

* Excluding income refund in connection with legal claims against the Company.

NOTE 6:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

a. In keeping with the matters discussed in Note 30a to the annual consolidated financial statements, on February 22, 2021, Meitav Dash Provident, entered into an agreement with Phoenix Holdings Ltd. ("Phoenix") according to which, subject to completing the merger transaction between a subsidiary of Phoenix and Halman-Aldubi Investment House Ltd. ("Halman-Aldubi") in the context of which Phoenix is supposed to purchase the shares of Halman-Aldubi (which to the best of the Company's knowledge holds 100% of the shares of Halman Provident and Pension ("Halman Provident and Pension")), Phoenix will exercise its control over Halman Provident and Pension to enter into an agreement whereby Meitav Dash Provident will purchase from Halman Provident and Pension the new pension fund operation managed by the latter.for approximately NIS 45 million. From the date of completion of the transaction, Meitav Dash Provident will be solely and full responsible for the purchased pension fund operation, also retroactively for the period before the transaction completion date, as prescribed in the agreement.

The completion of the transaction was subject to standard precedent conditions, including obtaining the approval of the Director General of the Competition Authority and of the Director General of the Capital Market, Insurance and Savings Authority for the transfer of the pension fund management operation to Meitav Dash Provident. The final date for completion of the transaction is June 30, 2021.

According to the agreement, Meitav Dash Provident or another member of the Meitav Dash Group will retain 70% of the employees of the transferred operation for a period of at least 12 months from the completion date.

On March 10, 2021, Phoenix informed Meitav Dash Provident that the agreement had been signed by Halman Provident and Pension. On April 14, 2021, Meitav Dash Provident applied to the Director General of the Competition Authority and to the Director General of the Capital Market, Insurance and Savings Authority for their approval for the transfer of the funds' management. The approval of the Director General of the Competition Authority was granted on April 21, 2021. The approval of the Director General of the Capital Market, Insurance and Savings Authority was granted on June 28, 2021. According to the parties' agreement on the change of the completion date, on June 30, 2021, Halman-Aldubi's new pension fund management operation was transferred. Following the fulfillment of the suspending conditions, effective from July 1, 2021, the entire rights and obligations underlying the transferred funds apply to Meitav Dash Provident. Following the completion of the funds' transfer, members' assets totaling approximately NIS 5.2 billion formerly managed by Halman Provident and Pension are now managed by Meitav Dash Provident.

NOTE 6:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

b. On February 25, 2021, the Company signed an agreement for the purchase of 40% of the issued and outstanding share capital of Sela Insurance Agency Ltd. from Sela's joint CEOs for approximately NIS 12.2 million. Following the purchase, the Company will hold Sela's entire share capital. The agreement was contingent on obtaining the approval of the Director General of the Capital Market, Insurance and Savings Authority, which was obtained on May 24, 2021. Sela's joint CEOs will continue in their position for a period of at least five years. The transaction was completed on May 30, 2021.

c. On January 26, 2021, the Company signed an agreement for selling its stake in Nox Investment Marketing and Pension Insurance Agency Ltd. ("Nox") to Nox's other shareholder for approximately NIS 760 thousand to be completed based on the dates set forth in the agreement. The agreement is contingent on obtaining the approval of the Director General of the Capital Market, Insurance and Savings Authority at the Ministry of Finance. In early April 2021, the Director General's approval was obtained, and the share sale was completed.

d. On February 22, 2021, the Company signed an agreement with the shareholders of FINCOM Ltd. ("FINCOM") to purchase the shareholders' entire interests in FINCOM for a cash consideration of NIS 3 million and an additional earnout of up to NIS 3 million (NIS 6 million in total), as prescribed in the agreement. Following the purchase, the Company will hold 100% of FINCOM. FINCOM has developed an online user-friendly tax software program that allows customers to compile and organize their tax information before filing for a tax return by a licensed tax consultant.

   During the reporting period, an investment of approximately NIS 6 million in FINCOM was recorded. In May 2021, an amount of NIS 3 million was paid and the shares were registered at the Company's name.

   The Company recognized the fair value of the assets acquired and liabilities assumed on a temporary measurement basis. As of the date of approval of the financial statements, a final valuation of the fair value of the identifiable assets acquired and liabilities assumed has not yet been obtained.

e. On February 1, 2021, following the approval of the Remuneration Committee, the Company's Board approved the grant of 175,000 marketable registered RSUs of NIS 1 par value each of the Company representing after the grant about 0.27% of the Company's issued and outstanding share capital and voting rights (about 0.27% on a fully diluted basis) to a senior office and three employees in the Company. As for 75,000 of the RSUs - half of them will vest three years from the grant approval date and the other half five years from said date. The remaining 100,000 RSUs will be granted to the senior officer and vest as follows: 14,431 RSUs will vest on the record date since they are granted instead of a cash bonus, 57,046 of the RSUs will vest on the second anniversary of the grant approval date and 28,523 of the RSUs will vest on the third anniversary of the grant approval date.

NOTE 6:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

f. On March 21, 2021, Midroog Ltd. announced a rating of Al.il/Stable for the debentures (series D) to be issued by the Company at a scope of up to NIS 200 million par value based on the Board's decision to offer shares to the public by expansion of the current series D debentures which had been initially issued according to the Company's shelf prospectus of February 28, 2019. On March 29, 2021, based on the shelf offering report issued according to the Company's shelf prospectus, the Company raised debentures (series D) with a par value of approximately NIS 138 million (less issue expenses). According to the shelf offering report, the Company offered to the public up to NIS 200 million par value of debentures (series D). The effective interest rate of the issued debentures was 2.15%. See details of the Company's noncompliance with one of the financial covenants underlying debentures (series D) in Note 1b above.

g. On April 20, 2021, Peninsula Group Ltd. ("Peninsula") completed a private placement of NIS 60,000 thousand par value of unquoted commercial paper (CP) (series 2) to classified investors. The securities bear annual interest of Prime + 0.8% and mature one year from the date of issue. The maturity date may be extended with the parties' consent for additional periods of one year each up to a maximum period of five years. The terms of the securities include grounds for immediate repayment, as customary in this type of private placement. The proceeds will be used by Peninsula for financing its operating activities.

h. On May 30, 2021, Peninsula raised debentures (series C) by way of a series expansion. The debentures bear fixed annual interest of 2% and are not linked (principal and interest) to any index. Total gross immediate proceeds received in the public offering approximated NIS 247 million. The debentures were originally issued at a discount of 4.8% with a post-expansion weighted discount rate of 1.682%. The principal of the debentures is repayable in ten equal consecutive quarterly installments each accounting for 10% of the overall value of the debentures starting from January 3, 2022. The interest on the unsettled balance of the debentures is payable in 12 quarterly installments starting on July 3, 2021.

i. On March 17, 2021, the Company declared the distribution of a dividend of NIS 0.46 per share in a total of approximately NIS 30 million. The dividend was paid on April 12, 2021.

On May 26, 2021, the Company declared the distribution of a dividend of NIS 0.15 per share in a total of approximately NIS 10 million. The dividend was paid on June 21, 2021.

On August 17, 2021, the Company declared the distribution of a dividend of NIS 0.23 per share in a total of approximately NIS 15 million. The dividend was paid on September 9, 2021.

j. In June 2021, the two founding shareholders of Value Base Ltd. ("Value Base"), an associate, exercised the share options granted to then on Value Base's foundation date. As a result of the exercise, the Company's interests in Value Base decreased to 15.76% and consequently, the investment in Value Base was reclassified from an investment in an associate to an investment in a financial asset at fair value through profit or loss based on a valuation prepared for Value Base. The difference between the fair value of the investment and the carrying amount of the investment as measured pursuant to IFRS 13 was immaterial and was carried to other income in profit or loss.

NOTE 6:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

k. In July 2021, the Company entered into a series of agreements for the transfer of shares of insurance agencies controlled by it as follows:

1. Agreement between the Company and other shareholders of Meitav Dash Insurance Agency Ltd. ("the Agency") for the sale of the shareholders' investment in the Agency:

   According to the agreement, the Company will purchase from the other shareholders in the Agency their 12% interests in the Agency in return for approximately NIS 6.6 million following which the Company will hold the Agency's entire issued and outstanding share capital. The agreement is contingent on obtaining the approval of the Capital Market, Insurance and Savings Authority for the amendment of the Agency's control permit and for the transfer of the shares. Moreover, the agreement with one of the shareholders, Mr. Ronen Tov, consists of a consideration adjustment mechanism in the event of sale of the Agency's interests in Rimonim Insurance Agency Ltd. ("Rimonim") to a third party within a period of six months from the date of signing the agreement. As of the reporting date, the Company holds 88% of the Agency's issued and outstanding share capital.

2. Agreement between the Agency and a shareholder, Mr. Ronen Tov, regarding Rimonim:

   The Agency entered into an agreement according to which it will sell to Mr. Ronen Tov 40% of Rimonim's shares in return for NIS 4.6 million as a result of which, after closing, the Agency will hold 48% of Rimonim's issued and outstanding share capital, Mr. Ronen Tov will hold 40% and the remaining 12% will remain held by a third party. The percentage of shares to be sold was later updated to 35% due to the third party's tagalong right. Consequently, after closing and the exercise of the tagalong right, the Agency will hold 53% of Rimonim's share capital. The agreement is contingent on obtaining the approval of the Capital Market, Insurance and Savings Authority for the amendment of Rimonim's control permit and for the transfer of the shares and also contingent on the completion of the agreement for the purchase of the Agency's shares detailed in paragraph 1 above. The parties have a bring-along right for a period of up to 24 months from the closing date. As of the reporting date and until the closing date, the Agency will hold 88% of Rimonim's issued and outstanding share capital.

3. On August 17, 2021, the Company's Board approved the allocation of 1,158,000 RSUs of the Company to 107 employees and managers (of whom 14 officers and senior officers). After their allocation, the RSUs will account for about 1.74% of the Company's issued share capital. The RSUs vest as follows: one third after two years from the date of the Board's approval, one third after three years from the date of the Board's approval and one third after four years from the date of the Board's approval. The fair value of the RSUs on the grant date approximated NIS 14.5 million and will be recorded over the vesting periods as described above.

NOTE 7:- CONTINGENT LIABILITIES

Owing to their business occupations, in the ordinary course of business, the Group companies receive requests from customers or suppliers involving various commercial disagreements. Some of these requests are liable to result in litigation, including class actions. The Group companies might be required to pay various amounts in respect of differences and errors involving their activities. When the liabilities in respect of the aforementioned are immaterial and/or cannot be reasonably estimated, no provision is recorded in the financial statements.

In recent years there has been a significant increase in the scope of motions for class action certification filed against companies in the local capital market and in the number of motions certified as class actions. This trend is partly a result of the general increase in class action certification motions filed, including against companies in the Group's operating segments which is mainly supported by the legislation of the Israeli Class Action Law of 2006 ("the Class Action Law"). The trend has extensively enhanced the Company's potential legal exposure to class action certification motions.

Class action certification motions are filed using the procedural mechanism stipulated in the Class Action Law. The procedure of approving class action motions is divided into two stages. The first stage consists of the hearing of the motion ("the motion approval stage"). If the motion is conclusively denied, the class action procedure is concluded. The decision to deny the motion in the motion approval stage can be appealed to the appeals court. In the second stage, if the motion is accepted, the specifics of the class action are investigated ("the class action stage"). The decision in the class action stage can also be appealed to the appeals court.

The procedural mechanism in the Class Action Law also prescribes certain arrangements regarding settlement agreements, both for the motion approval stage and for the class action stage, as well as arrangements regarding the plaintiff's withdrawal of the motion or class action.

In proceedings in which based on legal opinions received by it, management estimates that it is more likely than not that the defendant's defense arguments will be accepted and the motion will be dismissed (or the claim will not be certified as a class action), no provision is included in the financial statements. In proceedings in which it is more likely than not that the defendant's defense arguments will be dismissed, in whole or in part, provisions are included in the financial statements which are deemed sufficient for covering the exposure assessed by the Company. In proceedings which are in preliminary stages and whose chances cannot be assessed, no provision is included in the financial statements. If in any of the proceedings, the defendant is willing to settle, a provision is included in the amount of the proposed settlement amount, even if it is more likely than not that the defendant's defense arguments will be accepted or if the proceeding is at a preliminary stage whose outcome cannot be assessed.

NOTE 7:- CONTINGENT LIABILITIES (Cont.)

The following table summarizes the amounts claimed in the context of pending class action certification motions, claims approved as class actions and other material claims filed against the Group companies, as stated by the plaintiffs in the letters of claims filed by them or as ruled by a court of law as of September 30, 2021.

Please note that the claimed amounts are not necessary a quantification of the exposure estimated by the Group companies since they involve the plaintiffs' assessments which will be addressed in the litigation proceedings. It should also be noted that the following table does not take into account concluded proceedings or proceedings which were concluded following the approval of a settlement agreement.

	Number of claims	Claimed amount/ amount awarded
		NIS in millions
Claims approved as class actions/claims in which a judgment was issued in the proceeding itself	3	500
Pending class action certification motions:		
Claims stating the amount relating to the Company and/or subsidiaries	6	407.5
Claims addressing several companies without stating the specific amount relating to the Company and/or subsidiaries	2	50
Claims whose amount is not specified	7	
Other claims	1	2

The aggregate provisions recorded in the financial statements in respect of the above claims filed against the Group companies approximate NIS 477.2 million as of September 30, 2021.

In addition, finance expenses were recorded in respect of a financial derivative arising from a liability for indemnification of certain shareholders in the Company which may apply in this connection as well as a liability for indemnification of holders of non-controlling interests in a subsidiary. Based on legal opinions, the Company's management estimates that any provisions included in the financial statements for covering the exposure as estimated by the Company are adequate.

NOTE 7:- CONTINGENT LIABILITIES (Cont.)

The following is an update of the developments in material legal proceedings during and after the reporting period in relation to the details provided in the annual consolidated financial statements:

a. In keeping with the matters discussed in Note 19b(2)(a) to the annual consolidated financial statements, on May 5, 2021, a hearing was held for providing clarifications in connection with the summations.

On August 25, 2021, the District Court ruled that Meitav Dash Provident had illegally charged management fees from members' accounts in violation of the agreements signed with the members, breached its duty of care and statutory duty and acted negligently for the purpose of unjust enrichment. The Court's judgment orders Meitav Dash Provident to immediately cease charging management fees from the members of the groups defined in the judgment and refund the management fees illegally charged from said members. Regarding the refund amounts, the judgment decided to adopt the expert opinion submitted to the Court by Dr. Shalem on behalf of the plaintiffs ("the expert"). The Court also ordered Meitav Dash Provident to produce to the expert data of the management fees charged by it from January 1, 2016 through the judgment date and the expert to prepare a calculation of the return on the management fees. After the expert has submitted a supplemental opinion to the Court, a supplemental judgment will be rendered that will determine the updated amounts refundable by Meitav Dash Provident to the members and the compensation to be paid to the class action plaintiffs and their attorneys' fees. The data has been produced to the expert and the latter has submitted a supplemental opinion. Meitav Dash Provident was given a choice by the Court between dividing the compensation among the group of plaintiffs or alternatively preparing a specific account based on actual management fees charged and calculating the actual return from the beginning of collection to the present. Meitav Dash Provident informed the Court that has opted for the first alternative. The parties also submitted their arguments on the amount of the compensation payable to the class action plaintiffs and their attorneys' fees. The Company's financial statements include a provision of approximately NIS 450 million in respect of the judgment which the Company estimates covers its exposure in the event that its appeal is dismissed, as described below.

A supplemental judgment has not yet been issued by the District Court. On November 14, 2021, Meitav Dash Provident appealed the District Court's decision to the Supreme Court and also applied for delay of execution of the judgment. The Supreme Court ruled that the motion for delay of execution will be decided after a supplemental judgment on the refund amounts is issued by the District Court.

b. In keeping with the matters discussed in Note 19b(2)(b) to the annual consolidated financial statements, on June 10, 2021, the plaintiff's legal representatives filed notice of the identity of a replacement plaintiff. On June 10, 2021, Meitav Dash Provident submitted its response to the notice and on July 11, 2021, a counter-response was received. On August 2, 2021, the Court approved the replacement plaintiff as the class action plaintiff.

On October 3, 2021, a revised letter of claim was filed. On October 21, 2021, Meitav Dash Provident filed a motion for dismissal of the revised claim and on November 1, 2021, the class action plaintiff submitted its response to this motion. Meitav Dash Provident is required to submit a letter of defense. A pretrial hearing has been scheduled for February 2, 2022.

NOTE 7:- CONTINGENT LIABILITIES (Cont.)

c. In keeping with the matters discussed in Note 19b(2)(c) to the annual consolidated financial statements, a mediation proceeding is being held between the parties. Following a mediation proceeding, on October 13, 2021, the petitioners unilaterally informed the Court of the failure of the mediation proceeding and asked it to decide in the motion. On October 31, 2021, Meitav Dash Provident informed the Court that it believes the mediation proceeding could have been concluded successfully. On the same date, Meitav Dash Provident asked the Court to render a decision on its request (of November 24, 2020) to add evidence to the case before a decision is rendered in the motion. The Court granted the motion to add evidence. On November 25, 2021, the petitioners submitted their response to the additional evidence. The Court is expected to render a decision in the proceeding.

d. In keeping with the matters discussed in Note 19b(2)(f) to the annual consolidated financial statements, on April 4, 2021, the National Labor Court dismissed the request for permission to appeal filed by Meitav Dash Provident.

   On September 9, 2021, a procedural arrangement that was agreed upon between the parties was approved according to which the hearing of the arguments regarding the supplemental opinion (including the petitioner's arguments regarding the broadening of the scope of the claim and the option of submitting a supplemental opinion on its behalf) will be suspended until the outcome of the agreed mediation proceeding becomes known.

e. In keeping with the matters discussed in Note 19b(2)(g) to the annual consolidated financial statements, on September 24, 2021, the Court dismissed the class action certification motion and accepted the arguments raised by Meitav Dash Provident and the other respondents, thereby concluding the proceeding.

f. In keeping with the matters discussed in Note 19b(2)(h) to the annual consolidated financial statements, on April 7, 2021, another pretrial hearing was held and in the backdrop of the Court's observations, the petitioner asked to withdraw the motion. On the same date, the Court rendered a verdict which approved the motion's withdrawal without issuing an order for expense.

g. In keeping with the matters discussed in Note 19b(2)(i) to the annual consolidated financial statements, on April 29, 2021, Meitav Dash Provident submitted its response to the motion. Simultaneously, a request was filed for permission to file a third party notice against the ITA. The petitioners submitted their responses on June 8, 2021. On August 4, 2021, the ITA submitted its position whereby it objects to being added to the proceeding as a third party.

   On November 8, 2021, the petitioners submitted their counterresponse to the respondents in the case of the class action certification motion. On the same date, the Court decided that the proceeding will be assigned to a different court which will schedule a pretrial hearing date. A pretrial hearing has been scheduled for January 26, 2022. The respondents submitted their counterresponses to the third party notice petition on November 28, 2021.

NOTE 7:- CONTINGENT LIABILITIES (Cont.)

h. In keeping with the matters discussed in Note 19b(2)(h) to the annual consolidated financial statements, on April 8, 2021, Meitav Dash Provident filed a motion for full dismissal of the class action certification motion on the grounds of lack of subject-matter jurisdiction. Meitav Dash Provident submitted its response to the motion on June 6, 2021. On July 11, 2021, the petitioners filed their response to the motion for dismissal and their counter-response to the motion. On July 14, 2021, Meitav Dash Provident submitted its counter-response. A pretrial hearing was held on July 15, 2021 in which it was decided to assign the case to the Labor Court. A proof hearing in the class action certification motion is scheduled for March 7, 2022.

i. On April 13, 2021, Meitav Dash Provident was informed of a claim and class action certification motion filed against it and against 14 other respondents (banks, insurance companies, credit companies and investment houses, collectively – "the respondents"). The group of plaintiffs which the petitioners wish to represent includes anyone who uses and/or has used the respondents' digital services during the seven years before the date of filing the motion and whose personal and/or private and/or confidential information had been delivered to third parties. According to the petitioners, Meitav Dash Provident transfers personal information of its customers that use their personal zone on its website without the customers' consent in violation of their privacy, breach of fiduciary duty and duty of confidentiality, unjust enrichment, lack of good faith and fair dealing, breach of contract, deception, negligence, breach of statutory duty and breach of autonomy.

The petitioners estimate the overall damage at millions of NIS and in any event above NIS 2.5 million. The sought remedies include ordering the respondents to cease the transfer and/or sharing and/or any other exposure of the information of their customers to and with third parties, adhere to the provisions of privacy and information protection laws and compensate the entire group of plaintiffs for their damages. Meitav Dash Provident has not yet responded to the motion and a pretrial hearing has yet to be scheduled.

j. On April 13, 2021, Meitav Dash Provident was informed of a claim and class action certification motion filed against it with the Tel-Aviv Regional Labor Court. The group of plaintiffs which the petitioner wishes to represent includes all members of Meitav Dash Provident's comprehensive pension fund whose excess contributions above the contribution limit were transferred to a general pension fund and were charged management fees for the general pension fund in excess of the management fees charged for the comprehensive pension fund.

According to the petitioner, Meitav Dash Provident surcharged management fees for the general pension fund in violation of the fund's terms and without the members' consent, thereby committing breach of contract, breach of good faith and fair dealing, breach of regulations, breach of statutory duty and unjust enrichment.

The personal damage claimed by the petitioner is NIS 308. The plaintiff stated that the overall damage to the group of class action plaintiffs cannot be assessed.

On October 21, 2021, Meitav Dash Provident submitted its response to the class action certification motion. On October 25, 2021, the plaintiff submitted its counterresponse to the motion. A proof hearing has been scheduled for February 10, 2022.

NOTE 7:- CONTINGENT LIABILITIES (Cont.)

k. In keeping with the matters discussed in Note 19b(3) to the annual consolidated financial statements, on April 20, 2021, the customer filed a motion for stay of proceedings in the case. On April 26, 2021, Meitav Dash Trade submitted its objection to the stay of proceedings. On May 4, 2021, the customer filed for the conversion of the temporary foreclosure into a monetary guarantee. On the same date, Meitav Dash Trade consented to the customer's request provided that the monetary guarantee is deposited at the Court's funds office and can be used by Meitav Dash Trade. On June 18, 2021, the parties filed for granting court judgment validity to the decision reached between them according to which the money deposited in the Court's funds office will be provided to Meitav Dash Trade for removing the foreclosure. On June 20, 2021, the Court granted the parties' request. On July 29, 2021, the monetary guarantee in the amount of the loss in the customer's account was transferred to Meitav Dash Trade.

Following the above transfer, the parties submitted a mutual request for withdrawing Meitav Dash Trade's petition to the Execution Office to execute the customer's promissory note and the Court ordered to dismiss the promissory note claim. On October 13, 2021, the Court granted the request of the plaintiff's guardians ad litem to remove the plaintiff from the proceeding against Meitav Dash Trade and pursue the claim as is as a claim made by the plaintiff's spouse. On October 31, 2021, the plaintiffs in the consolidated proceedings submitted their affidavits of evidence-in-chief. The defendants in the consolidated proceedings have until December 8, 2021 to submit the affidavits of evidence-in-chief on their behalf. A pretrial hearing has been scheduled for January 13, 2022.

l. In keeping with the matters discussed in Note 19b(4) to the annual consolidated financial statements, on June 22, 2021, a pretrial hearing was held in which, at the Court's recommendation, the claim was withdrawn by the petitioner without issuing an order for court expenses.

m. On June 25, 2019, a class action certification motion was filed with the Jerusalem Regional Labor Court by a member of the Halman-Aldubi pension fund. On September 16, 2019, with the petitioner's consent, Halman-Aldubi filed for stay of proceedings and extension in the case given that ten similar class action certification motions regarding the charging of provident and advanced study fund management fees are currently being heard by the Labor Court in a consolidated proceeding in the summation stage. A decision has yet to be rendered in the request for stay of proceedings and extension. Moreover, a response to the class action certification motion has yet to be submitted and so far, no hearing has been held in the case. In view of the purchase of Halman-Aldubi's new pension fund management operation, the motion was assigned to Meitav Dash Provident.

NOTE 7:- CONTINGENT LIABILITIES (Cont.)

n. On September 9, 2021, a class action certification motion was filed against the Company with the Tel-Aviv District Court. The petitioner seeks to represent anyone who held Company shares between September 1, 2015 and August 26, 2021. The reliefs sought in the motion include compensation of approximately NIS 65 million, a special compensation for the petitioner and reimbursement of attorney's fees. According to the motion, the Company breached its disclosure duties as prescribed in the Israeli Securities Law, 1968, breached its statutory duty, was negligent and failed to record proper provisions in its financial statements, similarly to two other class action certification motions filed against Meitav Dash Provident that had been consolidated into a single motion and were approved. Since two similar proceedings are being held simultaneously (see paragraph o below) and raise identical or similar issues, a preliminary proceeding has been initiated to decide on their continued hearing.

o. On September 20, 2021, a class action certification motion was filed with the Tel-Aviv District Court against the Company, the members of the Company's Board, the Company's CEO, Meitav Dash Provident, the members of Meitav Dash Provident's board and its CEO (collectively – "the respondents"). The petitioner seeks to represent anyone who had purchased shares or other securities of the Company after August 30, 2015, other than the controlling shareholders, and continued to hold these securities or sold them after the date of publication of the Company's financial statements for the first quarter of 2021 on May 26, 2021 and/or after the date of publication of the Company's immediate report of August 25, 2021. The reliefs sought in the motion include compensation of approximately NIS 141 million, a special compensation for the petitioner and reimbursement of attorney's fees. According to the motion, the respondents misled the public of the Company's investors by violating the provisions of the Israeli Securities Law, 1968, acting negligently and breaching their statutory material disclosure duty, statutory proper presentation duty and statutory duty to prepare financial statements in conformity with generally accepted accounting principles by failing to record a proper provision in the financial statements. Since two other class action certification motions filed against Meitav Dash Provident regarding identical or similar issues had been consolidated into a single motion and approved, a preliminary proceeding has been initiated to decide on the continued hearing of the above proceedings.

p. On October 12, 2021, the Company was notified of a claim and class action certification motion filed against it with the Tel-Aviv District Court on the grounds that the Company has violated the Law for Equal Rights to People with Disabilities, 1998 and the Regulations for Equal Rights to People with Disabilities (Service Accessibility), 2013, breached its statutory duty, acted negligently and violated the Law for Nondiscrimination of Products and Services and Public Access, 2000. On November 1, 2021, the District Court granted the Company's motion for dismissal of the class action certification motion without issuing an order for expenses and ordered to dismiss the petitioner's personal claim against the Company, thereby concluding the proceeding.

NOTE 8:- EVENTS AFTER THE REPORTING DATE

a. On October 4, 2021, the Company entered into an agreement for the acquisition of 20% of the share capital of Incredible Credit Ltd. ("Incredible Credit"), an Israeli company controlled and managed by Mr. Uri Yarden ("Yarden"), for US$ 2.5 million. Following the completion of the agreement, the Company holds 20% of Incredible Credit's share capital on a fully diluted basis whereas another 40% is held by Yarden, another 20% is held by other founders and the rest is held by other investors, including employee options.

Simultaneously with the acquisition agreement, Incredible Credit's articles of association were revised to settle the parties' rights as shareholders in Incredible Credit, including: the Company's right to appoint a director in Incredible Credit as long as it holds at least 10% of the authorized and issued share capital; a tag-along right; a preemptive right in each future equity financing round; share transfer restrictions and decisions which require a special majority of shareholders or are subject to the Company's veto right.

Incredible Credit specializes in providing personal loans to non-U.S. individuals who seek to buy properties in the U.S. The loans are provided through a double underwriting process consisting of the borrower's underwriting process in the country of origin and a property underwriting process in the U.S. Incredible Credit owns underwriting licenses in most U.S. States. Each loan provided usually accounts for up to 50% of the property value. The underwriting process is performed quickly using a technological platform based on micro and macroeconomic parameters and data of the borrower in its country of origin and micro and macroeconomic data of the pledged property in the U.S.

b. In keeping with the matters discussed in Note 10b(8) to the annual consolidated financial statements, Reigo Investments Ltd. ("Reigo") signed an investment agreement with a third party that is unrelated to the Company and/or to the controlling shareholder and/or to any investee. According to the investment agreement, and subject to completion of the investment transaction, the investor has committed to invest in Reigo an aggregate of US$ 12.3 million at an enterprise value of Reigo of approximately US$ 60 million based on the terms and dates specified in the investment agreement. The investor was also granted an option to make an additional investment of up to US$ 2.7 million in Reigo in the six moths following the date of completion of the investment agreement in return for the allocation of additional ordinary shares of Reigo at a share price identical to the price of Reigo's ordinary share as determined in the investment agreement. Upon completion of the transaction and based on the investment agreement terms and Reigo's articles of association, in return for the investment, the investor will be allocated ordinary shares of Reigo with attached rights such as tag-along right and right of first refusal etc. The investor will also have a right to appoint a director on Reigo's board.

It should be noted that according to the second investment option described above, if the investment transaction is completed, the Company's second option will expire. The Company estimates that as a result of the investment transaction, its interests in Reigo will decrease from 27.68% (on a fully diluted basis including the first investment option) to about 20.97% (on a fully diluted basis including the first investment option) and it will derive a pretax gain of approximately US$ 1.8 million that will be recognized in its consolidated financial statements based on the different investment dates.

NOTE 8:- EVENTS AFTER THE REPORTING DATE (Cont.)

It should also be noted that according to the investment agreement signed between the Company and Reigo for the purchase of Reigo's shares, the Company holds 67.5% of the issued share capital of Meitav Dash Reigo Holdings Ltd., which holds the general partner of Reigo of Meitav Dash House Fund, a private debt fund based on Reigo's technology that manages assets in an aggregate of some US$ 55 million.

c. On October 18, 2021, the Company, in collaboration with Buligo Capital Ltd. ("Buligo") and a local partner in the U.S., founded an investment fund for investing in multifamily residential properties in the U.S. ("the fund"). The fund is incorporated as a limited partnership in the State of Delaware, USA and is designed to co-invest with Buligo and the local partner in multifamily residential properties in the U.S. The fund will invest in property development and acquisition transactions with other limited partners up to about 30% of the equity of a single transaction.

The Company and Buligo are currently acting to recruit investors for the fund. The fund's initial closing date is expected to be in the fourth quarter of 2021 and the fund's investment period will be three years from its final closing date. The fund's life is expected to be five years from the final closing date with two one-year follow-on terms.

The shareholders of the fund's general partner ("GP") will be the Company, a subsidiary of Buligo and a company owned by the local U.S. partner. The shareholders will have equal interests in the fund's GP. The fund's foundation documents set forth provisions as customary in this type of transaction, including regarding the fund's investment policy, distribution of profits to the GP and its shareholders etc.

d. On November 1, 2021, Midroog Ltd. reaffirmed the rating of the Company's debentures (series C and D) at A1.il and changed the rating outlook from stable to negative.

e. On November 24, 2021, the Company was notified of a claim and class action certification motion filed against it and nine other respondents (collectively – "the respondents") with the Tel-Aviv District Court. The claim has yet to be legally submitted to the Company. According to the petitioners in the motion, respondents nos. 2-10 covertly advertise their products using the services of respondent no. 1 in violation of the Consumer Protection Law, 1981, breach of duty of good faith in negotiations, negligence, unjust enrichment, deception and breach of statutory duty. The petitioners seek to represent anyone who has been exposed to covert advertising of the products of respondents nos. 2-10 as promoted by respondent no. 1. The reliefs sought in the motion are overall compensation which is estimated at in excess of NIS 2.5 million, special compensation for the petitioners and reimbursement of their attorneys' fees. Other remedies sought in the motion are declaring that the covert ads are illegally and should be banned, ordering the respondents to cease the covert advertising and compensate the entire group of plaintiffs for their damages. The Company is studying the claim but is presently unable to assess its chances or the chances of the motion to be approved.

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