

**MEITAV DASH INVESTMENTS LTD.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**AS OF MARCH 31, 2022**

**UNAUDITED**

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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 March 31, 2022 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for this period 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 37.3% of total consolidated assets as of March 31, 2022 and whose revenues included in consolidation constitute approximately 14.7% of total consolidated revenues for the three 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.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<u>March 31,</u>		<u>December 31,</u>
	<u>2022</u>	<u>2021</u>	<u>2021</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>NIS in millions</u>		
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	325	415	313
Short-term investments	341	331	353
Customer credit	1,421	1,073	1,481
Trade receivables	52	44	50
Other accounts receivable	144	111	58
Current taxes receivable	7	7	8
	<u>2,290</u>	<u>1,981</u>	<u>2,263</u>
Assets held for sale	21	-	-
	<u>2,311</u>	<u>1,981</u>	<u>2,263</u>
<b>NON-CURRENT ASSETS:</b>			
Investments of provident fund members	98	96	97
Investments, loans and receivables	430	233	306
Investments, loans and capital notes in associates	82	108	88
Fixed Assets	179	195	195
Deferred taxes	20	19	20
Intangible assets	1,178	1,099	1,173
	<u>1,987</u>	<u>1,750</u>	<u>1,879</u>
	<u>4,298</u>	<u>3,731</u>	<u>4,142</u>

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	March 31,		December 31,
	2022	2021	2021
	Unaudited		Audited
	NIS in millions		
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Credit from banks and other credit providers	990	675	1,044
Liabilities for short sale of securities	94	73	96
Trade payables	102	67	92
Other accounts payable	368	277	254
Provisions for legal claims	586	55	581
Current taxes payable	20	47	54
Dividend declared	-	47	-
	<u>2,160</u>	<u>1,241</u>	<u>2,121</u>
Liabilities held for sale	4	-	-
	<u>2,164</u>	<u>1,241</u>	<u>2,121</u>
<b>NON-CURRENT LIABILITIES:</b>			
Loans from banks	-	9	-
Debentures	1,015	904	918
Liabilities to provident fund members	101	98	100
Lease liabilities	135	153	148
Other accounts payable	9	10	9
Employee benefit liabilities	11	8	11
Deferred taxes	45	47	47
	<u>1,316</u>	<u>1,229</u>	<u>1,233</u>
Total liabilities	<u>3,480</u>	<u>2,470</u>	<u>3,354</u>
<b>EQUITY:</b>			
Share capital	66	66	66
Share premium	505	504	505
Capital reserve for share-based payment transactions	21	13	18
Retained earnings (accumulated deficit)	(73)	353	(99)
Other reserves	18	28	17
	<u>537</u>	<u>964</u>	<u>507</u>
Equity attributable to equity holders of the Company	<u>537</u>	<u>964</u>	<u>507</u>
Non-controlling interests	281	297	281
	<u>818</u>	<u>1,261</u>	<u>788</u>
Total equity	<u>818</u>	<u>1,261</u>	<u>788</u>
	<u>4,298</u>	<u>3,731</u>	<u>4,142</u>

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

May 18, 2022			
Date of approval of the financial statements	Eli Barkat Director	Ilan Raviv CEO	Einat Rom CFO

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Three months ended		Year ended
	March 31,		December 31,
	2022	2021	2021
	Unaudited		Audited
	NIS in millions (except per share data)		
Revenue from management fees, commissions and other, net	245	230	924
Finance income from non-bank loans	41	51	188
Total revenues	286	281	1,112
Income refund in respect of legal claims against the Company	2	(28)	(341)
Total revenues	288	253	771
Marketing, operating, general and administrative expenses	217	190	808
Operating income (loss)	71	63	(37)
Gain (loss) from securities held for Nostro portfolio investments, net	(2)	9	31
Finance income	1	1	1
Finance expenses	(20)	(13)	(264)
Other income (expenses), net	5	(7)	(27)
Company's share of earnings (losses) of companies accounted for at equity, net	(5)	4	(3)
Income (loss) before taxes on income	50	57	(299)
Taxes on income	19	27	93
Net income (loss) for the period	31	30	(392)
Other comprehensive income (loss) (net of tax effect):			
Actuarial loss on defined benefit plans	-	-	(2)
Gain on cash flow hedges	1	1	2
Foreign currency translation adjustments of foreign operations	-	-	(1)
Gain from financial assets at fair value through other comprehensive income	-	-	1
Total other comprehensive income	1	1	-
Total comprehensive income (loss)	32	31	(392)
Net income (loss) attributable to:			
Equity holders of the Company	26	13	(414)
Non-controlling interests	5	17	22
	31	30	392
Comprehensive income (loss) attributable to:			
Equity holders of the Company	27	14	(414)
Non-controlling interests	5	17	22
	32	31	(392)
Basic and diluted net earnings (loss) per share attributable to equity holders of the Company (in NIS):			
Basic net earnings (loss)	0.40	0.20	(6.42)
Diluted net earnings (loss)	0.40	0.20	(6.42)

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						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve from share-based payment transactions	Accumulated deficit	Other reserves	Total		
	Unaudited							
	NIS in millions							
Balance at January 1, 2022 (audited)	66	505	18	(99)	17	507	281	788
Net income for the period	-	-	-	26	-	26	5	31
Other comprehensive income, net	-	-	-	-	1	1	-	1
Total comprehensive income	-	-	-	26	1	27	5	32
Dividend to non-controlling interests	-	-	-	-	-	-	(8)	(8)
Issuance of capital to non-controlling interests	-	-	-	-	-	-	3	3
Share-based payment	-	-	3	-	-	3	-	3
Balance at March 31, 2022	66	505	21	(73)	18	537	281	818

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					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve from share-based payment transactions	Retained earnings	Other reserves			
	Unaudited							
	NIS in millions							
Balance at January 1, 2021 (audited)	66	504	12	370	27	979	298	1,277
Net income for the period	-	-	-	13	-	13	17	30
Other comprehensive income, net	-	-	-	-	1	1	-	1
Total comprehensive income	-	-	-	13	1	14	17	31
Dividend declared but not yet paid	-	-	-	(30)	-	(30)	-	(30)
Dividend to non-controlling interests	-	-	-	-	-	-	(18)	(18)
Share-based payment	-	-	1	-	-	1	-	1
Balance at March 31, 2021	66	504	13	353	28	964	297	1,261

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						Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve from share-based payment transactions	Retained earnings (accumulated deficit)	Other reserves	Total		
	Audited							
	NIS in millions							
Balance at January 1, 2021	66	504	12	370	27	979	298	1,277
Net income (loss) for the period	-	-	-	(414)	-	(414)	22	(392)
Other comprehensive income, net	-	-	-	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	(414)	-	(414)	22	(392)
Dividend declared and paid	-	-	-	(55)	-	(55)	-	(55)
Dividend to non-controlling interests	-	-	-	-	-	-	(37)	(37)
Share-based payment	-	-	7	-	-	7	-	7
Net purchases of non-controlling interests	-	-	-	-	(10)	(10)	(2)	(12)
Exercise of employee options	*) -	1	(1)	-	-	-	-	-
Balance at December 31, 2021	66	505	18	(99)	17	507	281	788

\*) Less than NIS 1 million.

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



**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three months ended		Year ended
	March 31,		December 31,
	2022	2021	2021
	Unaudited		Audited
	NIS in millions		
<u>Cash flows from operating activities:</u>			
Net income (loss) for the period	31	30	(392)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Adjustments to the profit or loss items:			
Depreciation of fixed assets	8	7	31
Impairment loss of goodwill	15	13	54
Gain from sale of investment in subsidiary	(8)	-	-
Amortization of deferred acquisition costs	4	2	9
Revaluation of investments to provident fund members	(1)	-	(1)
Revaluation of liabilities to provident fund members	1	-	2
Change in liabilities for purchase of shares	-	-	3
Company's share of losses (earnings) of companies accounted for at equity, net	5	(1)	7
Deferred taxes, net	(2)	(1)	(3)
Revaluation of debentures	4	-	8
Change in employee benefit liabilities, net	-	-	1
Loss (gain) from securities measured at fair value through profit or loss, net	3	(12)	(36)
Change in short-term deposits	(1)	-	-
Share-based payment	3	1	7
Gain from decrease in interests in associate	(4)	-	(3)
	27	9	79
Changes in asset and liability items:			
Customer credit, trade receivables and other accounts receivable	(142)	(25)	(467)
Designated cash	(2)	35	35
Short-term credit from giving non-bank loans	(94)	95	461
Trade payables and other accounts payable	72	(53)	446
	(166)	52	475
Net cash provided by (used in) operating activities	(108)	91	162

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Three months ended</b>		<b>Year ended</b>
	<b>March 31,</b>		<b>December 31,</b>
	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>Unaudited</b>		<b>Audited</b>
<b>NIS in millions</b>			
<u>Cash flows from investing activities:</u>			
Sale (purchase) of short-term investments measured at fair value through profit or loss, net	21	5	(2)
Purchase of fixed assets	(1)	-	(8)
Purchase of intangible assets	(9)	(6)	(81)
Repayment of liabilities for business combination	-	(2)	(8)
Change in restricted deposits, net	(5)	(16)	(10)
Investment in companies accounted for at equity	(1)	-	(14)
Acquisition of newly consolidated subsidiary (c)	-	-	(3)
Repayment of loans	-	-	1
Grant of short-term loan	-	(4)	(4)
Sale of investment in consolidated subsidiary (d)	(1)	-	-
Net cash provided by (used in) investing activities	<u>4</u>	<u>(23)</u>	<u>(129)</u>
<u>Cash flows from financing activities:</u>			
Issuance of Company debentures (net of issuance expenses)	-	138	138
Issuance of subsidiary's debentures (net of issuance expenses)	228	-	246
Repayment of Company debentures	-	-	(115)
Repayment of subsidiary's debentures	(72)	(39)	(154)
Prepayment of subsidiary's debentures	-	(39)	-
Dividend paid to equity holders of the Company	-	-	(55)
Dividend paid to non-controlling interests	(8)	(1)	(37)
Repayment of lease liabilities	(6)	(7)	(29)
Purchase of non-controlling interests	-	-	(12)
Repayment of long-term loans from banks	(5)	(5)	(21)
Proceeds from short sale of securities	(1)	10	30
Short-term credit from banks, net	(18)	4	3
Net cash provided by (used in) financing activities	<u>118</u>	<u>61</u>	<u>(6)</u>
<u>Increase in cash and cash equivalents</u>	<u>14</u>	<u>129</u>	<u>27</u>
Cash in respect of assets held for sale	(2)	-	-
Cash and cash equivalents at the beginning of the period	<u>313</u>	<u>286</u>	<u>286</u>
<u>Cash and cash equivalents at the end of the period</u>	<u><u>325</u></u>	<u><u>415</u></u>	<u><u>313</u></u>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three months ended March 31,		Year ended December 31,
	2022	2021	2021
	Unaudited		Audited
	NIS in millions		
<b>(a) <u>Additional information on cash flows from operating activities:</u></b>			
Cash paid during the period for:			
Interest	4	3	43
Taxes on income	30	17	65
Cash received during the period for:			
Interest	36	29	99
Taxes on income	31	1	3
<b>(b) <u>Significant non-cash operations:</u></b>			
Dividend declared	-	30	-
Dividend declared to non-controlling interest	-	18	-
<b>(c) <u>Acquisition of newly consolidated company:</u></b>			
The subsidiary's assets and liabilities on date of acquisition:			
Customer relations	-	-	(2)
Goodwill	-	-	(3)
Liabilities for purchase of operations	-	-	2
Total acquisition of newly consolidated subsidiary	-	-	(3)
<b>(d) <u>Sale of investment in consolidated subsidiary:</u></b>			
Working capital (excluding cash and cash equivalents)	(2)	-	-
Non-cash consideration	(7)	-	-
Capital gain from sale of subsidiary	8	-	-
	(1)	-	-

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

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 1:- GENERAL**

These financial statements have been prepared in a condensed format as of March 31, 2022 and for the 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, 2021 and for the year then ended and accompanying notes ("annual consolidated financial statements").

**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.

- c. Immaterial adjustment of comparative figures:

The Company made an immaterial adjustment in the amount of approximately NIS 78 million and approximately NIS 10 million as of December 31, 2021 and March 31, 2021, respectively, between a decrease in other accounts payable and an increase in non-controlling interests relating to the compensation mechanism established in the agreement signed with Ayalon Pension and Provident Ltd. in connection with the Company's investment in Meitav Dash Provident and Pension Ltd. ("Meitav Provident"). See also Note 1b(2) to the annual consolidated financial statements.

The adjustment did not have an effect on the Company's retained earnings, the equity attributable to equity holders of the Company or the financial covenants underlying the Company's financial liabilities or on any other quantitative parameters.

- 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 period of three months ended March 31, 2021 totaling approximately NIS 28 million, 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.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**
**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		
	March 31,		December 31,	March 31,		December 31,
	2022	2021	2021	2022	2021	2021
	Unaudited		Audited	Unaudited		Audited
NIS in millions						
Financial liabilities:						
Debtentures (series C) (1) (2)	370	449	363	402	491	399
Debtentures (series D) (1) (2)	478	502	475	470	517	492
Subsidiary's debtentures (2)(3)	530	241	373	531	246	379
	<u>1,378</u>	<u>1,192</u>	<u>1,211</u>	<u>1,403</u>	<u>1,254</u>	<u>1,270</u>

- (1) The debtentures (series C and series D) are traded on the TASE.
- (2) Including current maturities and accrued interest.
- (3) The debtentures 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).

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

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

Financial instruments measured at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>NIS in millions</u>		
<u>March 31, 2022 (unaudited)</u>			
<u>Financial assets at fair value through profit or loss</u>			
Shares, options and debentures	186	6	68
<u>Financial assets at fair value through other comprehensive income</u>			
Shares	-	-	6
	<u>186</u>	<u>6</u>	<u>74</u>
<u>Financial liabilities</u>			
Shares, debentures and marketable options	93	2	-
Liability for shares	-	-	2
	<u>93</u>	<u>2</u>	<u>2</u>

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

	<u>Financial assets at fair value through profit or loss</u>	<u>Financial assets at fair value through other comprehensive income</u>	<u>Liability for shares</u>	<u>Total</u>
	<u>NIS in millions</u>			
Balance at January 1, 2022	68	6	(3)	71
Total loss recognized in profit or loss	(1)	-	-	(1)
Reclassification from investment in associate	6	-	-	6
Disposals	(5)	-	-	(5)
Update of liabilities	-	-	1	1
Balance at March 31, 2022	<u>68</u>	<u>6</u>	<u>(2)</u>	<u>72</u>

In addition, as of March 31, 2022, there are financial assets measured at Level 1 in the fair value hierarchy included in investments of provident fund members at the amount of approximately NIS 11 million.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>NIS in millions</u>		
<u>March 31, 2021 (unaudited)</u>			
<u>Financial assets at fair value through profit or loss</u>			
Shares, options and debentures	164	10	34
<u>Financial assets at fair value through other comprehensive income</u>			
Shares	-	-	5
	<u>164</u>	<u>10</u>	<u>39</u>
<u>Financial liabilities</u>			
Shares, debentures and marketable options	73	-	-
Index forwards used for hedging	-	1	-
Liability for shares	-	-	3
	<u>73</u>	<u>1</u>	<u>3</u>

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

	<u>Financial assets at fair value through profit or loss</u>	<u>Financial assets at fair value through other comprehensive income</u>	<u>Liability for shares</u>	<u>Total</u>
	<u>NIS in millions</u>			
Balance at January 1, 2021	30	5	(5)	30
Total gain recognized in profit or loss	2	-	-	2
Purchases	4	-	-	4
Disposals	(2)	-	-	(2)
Repayments of liabilities	-	-	2	2
Balance at March 31, 2021	<u>34</u>	<u>5</u>	<u>(3)</u>	<u>36</u>

In addition, as of March 31, 2021, there are financial assets measured at Level 1 in the fair value hierarchy included in investments of provident fund members at the amount of approximately NIS 11 million.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 3:- FINANCIAL INSTRUMENTS (Cont.)

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
	<u>NIS in millions</u>		
<u>December 31, 2021 (audited)</u>			
<u>Financial assets at fair value through profit or loss</u>			
Shares, options and debentures	196	7	68
<u>Financial assets at fair value through other comprehensive income</u>			
Shares	-	-	6
	<u>196</u>	<u>7</u>	<u>74</u>
<u>Financial liabilities</u>			
Shares, debentures and marketable options	96	-	-
Liability for shares	-	-	3
	<u>96</u>	<u>-</u>	<u>3</u>

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

	<u>Financial assets at fair value through profit or loss</u>	<u>Financial assets at fair value through other comprehensive income</u>	<u>Liability for shares</u>	<u>Total</u>
	<u>NIS in millions</u>			
Balance at January 1, 2021	30	5	(5)	30
Total gain (loss) recognized in profit or loss	1	1	(3)	(1)
Purchases	12	-	(3)	9
Reclassification from investment in associate	29	-	-	29
Disposals	(4)	-	-	(4)
Repayments of liabilities	-	-	8	8
Balance at December 31, 2021	<u>68</u>	<u>6</u>	<u>(3)</u>	<u>71</u>



## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 4:- 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.  |
| Current savings management segment              | - The current 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 TASE member 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.  |
| Non-bank credit                                 | - 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.

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.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 4:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments:

	Three months ended March 31, 2022						Total
	Long and medium-term savings management *)	Current savings management	Retail brokerage	Non-bank credit	Other	Adjustments	
	Unaudited						
	NIS in millions						
Revenues:							
Revenues from external entities	98	92	27	41	28	-	286
Inter-segment revenues	-	-	-	-	1	(1)	-
Total revenues	<u>98</u>	<u>92</u>	<u>27</u>	<u>41</u>	<u>29</u>	<u>(1)</u>	<u>286</u>
Company's share of losses of companies accounted for at equity, net	-	-	-	-	(5)	-	(5)
Segment income	<u>12</u>	<u>40</u>	<u>8</u>	<u>18</u>	<u>3</u>	<u>1</u>	<u>82</u>
Expenses not allocated to segments							(18)
Income refunded in connection with legal claims against the Company							2
Loss from securities held for Nostro portfolio investments, net							(2)
Finance expenses, net							(19)
Other income, net							<u>5</u>
Income before taxes on income							<u>50</u>

\*) Excluding income refunded in connection with legal claims against Meitav Provident.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 4:- OPERATING SEGMENTS (Cont.)

## b. Reporting on operating segments (Cont.)

	Three months ended March 31, 2021						Total
	Long and medium-term savings management *)	Current savings management	Retail brokerage	Non-bank credit	Other	Adjustments	
	Unaudited						
	NIS in millions						
Revenues:							
Revenues from external entities	78	86	37	51	29	-	281
Inter-segment revenues	-	-	-	-	2	(2)	-
Total revenues	<u>78</u>	<u>86</u>	<u>37</u>	<u>51</u>	<u>31</u>	<u>(2)</u>	<u>281</u>
Company's share of earnings of companies accounted for at equity, net	-	-	-	-	4	-	4
Segment income	<u>15</u>	<u>34</u>	<u>11</u>	<u>33</u>	<u>17</u>	<u>-</u>	110
Expenses not allocated to segments							(15)
Income refunded in connection with legal claims against the Company							(28)
Gain from securities held for Nostro portfolio investments, net							9
Finance expenses, net							(12)
Other expenses, net							<u>(7)</u>
Income before taxes on income							<u>57</u>

\*) Excluding income refunded in connection with legal claims against Meitav Provident.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 4:- OPERATING SEGMENTS (Cont.)

b. Reporting on operating segments (Cont.):

	Year ended December 31, 2021						Total
	Long and medium-term savings management *)	Current savings management	Retail brokerage	Non-bank credit	Other	Adjustments	
	Audited						
	NIS in millions						
Revenues:							
Revenues from external entities	339	371	115	188	99	-	1,112
Inter-segment revenues	-	-	1	-	2	(3)	-
Total revenues	<u>339</u>	<u>371</u>	<u>116</u>	<u>188</u>	<u>101</u>	<u>(3)</u>	<u>1,112</u>
Company's share of losses of companies accounted for at equity, net	-	-	-	-	(3)	-	(3)
Segment income	<u>39</u>	<u>161</u>	<u>26</u>	<u>108</u>	<u>25</u>	<u>3</u>	<u>362</u>
Expenses not allocated to segments							(61)
Income refunded in connection with legal claims against the Company							(341)
Gain from securities held for Nostro portfolio investments, net							31
Finance expenses, net							(263)
Other expenses, net							<u>(27)</u>
Loss before taxes on income							<u>(299)</u>

\*) Excluding income refunded in connection with legal claims against Meitav Provident.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 5:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD**

- a. On January 6, 2022, Peninsula Group Ltd. ("Peninsula") raised NIS 226.4 million par value of debentures (series C) by way of series expansion. The debentures bear fixed annual interest of 2% and are indexed. Total immediate gross proceeds from the public offering approximated NIS 229.3 million. The debentures were originally issued with a 4.8% discount. The weighted discount rate of the debenture series after expansion is 1.176%.

The principal of the debentures is repayable in nine equal consecutive quarterly instalments each accounting for 11.1% of the overall principal of the debentures starting from April 3, 2022. The interest on the unsettled balance of the debentures is payable in nine quarterly instalments from April 3, 2022.

- b. MDP Loan Funds Ltd.:

On September 26, 2016, the Company entered into a partnership and foundation agreement with Pagaya Investments Israel Ltd. and Pagaya Technologies Ltd. (collectively – "the Pagaya Fintech company") for cofounding an investment fund by the name of Pagaya Fund By Meitav Dash L.P. ("the fund"). For that purpose, the partners also founded MDP Loan Funds Ltd. ("MDP") which serves as the General Partner of the fund.

The fund, a limited partnership incorporated in the Cayman Islands, has been operating in providing consumer loans in the U.S. based on an underwriting model developed by Pagaya.

On February 9, 2022, the Company and Pagaya entered into an agreement for terminating their partnership and the fund's foundation agreement according to which MDP will distribute its entire distributable profits and the Company will sell its entire interests (75%) in MDP to Pagaya. The total consideration for the sold shares and the Company's share of the dividend amount to approximately US\$ 4 million. Total gain from the sale approximated NIS 8 million.

Following the termination agreement, Pagaya Investments Israel Ltd. holds the entire issued and outstanding share capital of MDP and is the controlling shareholder therein and will continue to serve the fund's investors. The termination agreement was not contingent on the fulfillment of any suspending conditions and it became effective on the signing date.

- c. Justice Investments (B.H.) Ltd.:

On February 15, 2022, the Company entered into an agreement with Justice Investments (B.H.) Ltd. ("Justice") for the purchase of 51% of Justice's issued and outstanding share capital for approximately NIS 6 million and a contingent consideration of up to NIS 6 million based on certain milestones. Justice provides financing for various types of litigation. The Company received an option which is in effect for a period of three years from the closing date to increase its interests in Justice by another 4.5% at an EV of NIS 80 million for Justice (before the investment), whether by making an additional investment in Justice in return for shares or by purchasing shares from the other shareholders in Justice. According to the agreement, no company owned by Justice's founders can operate in the industry in which Justice operates, excluding the handling of torts litigation financing contracts that had been signed before the closing date, and from the closing date, Justice will be entitled to a share of the profits deriving from these contracts.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 5:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)**

- d. In keeping with the matters discussed in Note 4a(5)(b) to the annual consolidated financial statements regarding the sale of 35% of the shares of Rimonim Insurance Agency Ltd. ("Rimonim") to Mr. Ronen Tov, on February 24, 2022, the approval of the Capital Market, Insurance and Savings Authority was obtained, and the transaction was closed after the financial statement date.

**NOTE 6:- CONTINGENT LIABILITIES**

Owing to their business occupations, in the ordinary course of business, the Group companies receive requests from customers or suppliers involving various arguments. 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.

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 6:- 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 courts of law as of March 31, 2022. 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 discussed in litigation. 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.

	<u>Number of claims</u>	<u>Amount claimed/ awarded NIS in millions</u>
<u>Claims approved as class actions / claims in which a judgment was issue in the proceeding itself</u>	3	455.3
<u>Pending class action certification motions:</u>		
Claims stating the amount relating to the Company and/or subsidiaries	6	407.5
<u>Claims whose amount is not specified</u>	9	
<u>Other claims</u>	1	2

The aggregate provisions recorded in the financial statements in respect of the above claims filed against the Group companies approximate NIS 481 million as of March 31, 2022.

In addition, finance expenses were recorded in respect of a financial derivative arising from the obligation to indemnify some of the Company's shareholders that may be incurred by the Company in this context and a liability to indemnify non-controlling interests in a subsidiary was recorded as well. The Company's management believes, based on legal opinion, that the provisions included in the financial statements are adequate for covering the exposure estimated by the Company.

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. On February 9, 2022, a claim and class action certification motion were filed against Meitav Trade Ltd. ("Meitav Trade") with the Tel-Aviv District Court. The group of plaintiffs which the class action seeks to represent includes all of Meitav Trade's customers who had been surcharged interest on their outstanding debts with Meitav Trade. The plaintiff alleges Meitav Trade illegally surcharges interest on negative account balances of its customers. The plaintiff estimates the total illegally surcharged interest and compensation for nonpecuniary damages as significantly higher than NIS 2.5 million.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 6:- CONTINGENT LIABILITIES (Cont.)**

- b. In keeping with the matters discussed in Note 19b(1) to the annual consolidated financial statements, on March 29, 2022, a hearing of the appeals filed by the holders of securities of Pacifica Holdings Ltd. ("Pacifica") was held at the Supreme Court following which the Court dismissed the appeals. The Supreme Court's decision consisted of a settlement which concluded the entire proceedings involving Pacifica including the claim and class action certification motion filed on March 23, 2009 with the Central District Court and the claim and derivative action certification motion filed on September 14, 2017 to the Tel-Aviv District Court against the underwriters, M.D. Treasury Ltd. and other defendants.
- c. In keeping with the matters discussed in Note 19b(2)(a) to the annual consolidated financial statements, on April 10, 2020, the Court approved the parties' request for a procedural arrangement which orders the parties to submit responses and counterresponses to the appeal filed by Meitav Provident, including the appeal of the supplemental judgment, and the plaintiffs' appeal, in July and October 2022.
- d. In keeping with the matters discussed in Note 19b(2)(c) to the annual consolidated financial statements, on March 17, 2022, a hearing was held in the case in which Meitav Provident's declarant was interrogated. At the end of the hearing, the Court ordered the parties to submit their supplemental summations. The petitioners filed their supplemental summations on May 15, 2022 and Meitav Provident has until June 14, 2022 to submit its supplemental summations.
- e. In keeping with the matters discussed in Note 19b(2)(d) to the annual consolidated financial statements regarding the claim and class action certification motion filed by a registered association, a hearing of the pretrial petitions has been scheduled for July 10, 2022.
- f. In keeping with the matters discussed in Note 19b(2)(h) to the annual consolidated financial statements, in March 2022, the parties held negotiations regarding a mediation procedure. On May 15, 2022, the respondents submitted their position on holding a mediation procedure and its content.
- g. In keeping with the matters discussed in Note 19b(2)(i) to the annual consolidated financial statements, on May 8, 2022, the pretrial hearing was postponed at the parties' request and the parties are required to update the Court about their negotiations by June 5, 2022.
- h. In keeping with the matters discussed in Note 19b(2)(j) to the annual consolidated financial statements, the respondents to the class action certification motion have to submit their responses by May 30, 2022.
- i. In keeping with the matters discussed in Note 19b(3) to the annual consolidated financial statements, on April 5, 2022, the Tel-Aviv District Court rendered a judgment which approves the petitioner's request to withdraw the petition and dismiss it without issuing an order for expenses or for paying any attorney's fees or compensation to the petitioner, thereby terminating the proceeding.



**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS****NOTE 6:- CONTINGENT LIABILITIES (Cont.)**

- j. In keeping with the matters discussed in Note 19b(7) to the annual consolidated financial statements, based on the Court's decision of March 20, 2022, the arguments and petition for approval of the settlement agreement were submitted to the Attorney General and newspaper ads were published regarding the settlement agreement. The date for submitting the Attorney General's position and any objections to the settlement agreement is June 15, 2022.
- k. In keeping with the matters discussed in Note 19b(12) to the annual consolidated financial statements, on March 20, 2022, a petition was filed for approving a procedural arrangement according to which the parties are negotiating and have applied to mediation.
- l. In keeping with the matters discussed in Note 19b(9) and (10) to the annual consolidated financial statements, a pretrial hearing has been scheduled for June 27, 2022.

**NOTE 7:- NON-CURRENT LIABILITIES**

In keeping with the matters discussed in Note 16f to the annual consolidated financial statements, following are the results of the Company's compliance with the financial covenants as of March 31, 2022 (unaudited):

Debentures (series C):

<u>Debt coverage ratio</u>	<u>Equity attributable to equity holders of the Company</u> <u>NIS in millions</u>
24.8	537

Debentures (series D):

<u>Debt coverage ratio</u>	<u>Financial debt-to-CAP ratio</u>	<u>Equity attributable to equity holders of the Company</u> <u>NIS in millions</u>
2.0	36%	537

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 8:- EVENTS AFTER THE REPORTING DATE**

- a. On April 4, 2022, Liquidity Capital M.C. Ltd. ("Liquidity"), which is 44.6% held by the Company, entered into a transaction with companies that are related to Apollo Global Management ("Apollo"), a global accelerated growth fund, with MUFG Innovation Partners ("MUIP"), of the global Japanese Mitsubishi Bank Group, with Spark Capital ("Spark Capital") and with other investors. According to the transaction, Apollo, MUIP and Spark Capital will sign a simple agreement for future equity ("SAFE") with Liquidity for investing an aggregate of US\$ 40 million in Liquidity. According to the same SAFE, other investors will invest another US\$ 5-10 million in Liquidity. The SAFE will be converted into shares of Liquidity based on the terms and dates prescribed in the SAFE. If a transaction is signed within a predetermined period for a specific investment in Liquidity, the conversion to Liquidity shares will rely on an EV of Liquidity of up to US\$ 800 million (after the money). If no such transaction is signed by the date defined in the SAFE, the conversion to Liquidity shares will rely on an EV of Liquidity of US\$ 550 million (after the money).

In addition, as part of the SAFE, Apollo will grant Liquidity a revolving credit line of up to US\$ 425 million (through an SPV) for a period of five years. Liquidity will use the credit line through the SPV to provide loans to tech companies based on its owned software platform and exclusive algorithm. The above credit line will allow Liquidity to significantly expand its loan activity (from its own resources) and also afford it capital reserves for supporting its loan activity.

As customary in similar agreements, the SAFE sets forth several ratios and parameters for the conversion of the investments into Liquidity shares as follows:

1. If an external investor invests in Liquidity more than US\$ 100 million, the share conversion ratio will be the lower of: (i) a share price reflecting an EV of Liquidity of US\$ 800 million (after the investment and/or other SAFEs); and (ii) a share price reflecting a 15% discount on the share price in the SAFE.
2. If the above investment is not made by April 1, 2024 (subject to Liquidity board's authority to extend this date by another 15 months and as prescribed in the SAFE), the investments in Liquidity will be converted at an EV of Liquidity of US\$ 550 million (after the investment and/or other SAFEs).
3. If a deemed liquidation event occurs in Liquidity (such as sale of the company or its assets), the investors will be entitled to receive a consideration in cash or in Liquidity ordinary shares based on the conversion price formula determined in the SAFE. Moreover, if Liquidity completes an offering of shares (including through a SPAC) that meets the terms of the SAFE (including the minimum EV of Liquidity in the offering), the investments in Liquidity will be converted to ordinary shares of Liquidity at an EV of Liquidity of US\$ 800 million (after the investment and/or other SAFEs).

It should also be noted that the interest on the revolving credit line that will be granted to Liquidity by Apollo as per the original immediate reports issued by the companies is at arm's length. The other SAFE investors excluding Apollo will not extend any credit to Liquidity.

On April 28, 2022, the Company reported that the entire suspending conditions had been met and the transaction was closed.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

- b. On April 26, 2022, the Company's Board approved the allocation of 305,127 RSUs of the Company to 40 employees and managers (of whom 9 officers and senior officers) which will account for about 0.45% of the Company's issued share capital after the allocation. 282,765 of the RSUs will be allocated to 26 employees and 9 officers and senior officers in a private placement and will vest in two annual portions. Half of the RSUs will vest at the end of two years from the allocation date and the other half at the end of three years from the allocation date. The majority of RSUs will be allocated instead of cash bonuses to which the employees are entitled. 22,362 of the RSUs will be allocated to 5 employees based on their performances in 2021 and will vest in thirds at the end of the second, third and fourth anniversaries of the allocation date.

In addition to the amount of the bonus to which the employees are entitled, the fair value of the RSUs on the grant date approximated NIS 6.6 million, of which approximately NIS 2.7 million will be carried over the vesting periods mentioned above and the balance was previously recorded as an accrual for employee bonuses.

- c. On April 18, 2022, the Company, through companies controlled by it, entered into an agreement for the sale of the shares of Rimonim. Meitav Dash Insurance Agency Ltd. ("the Agency") entered into an agreement for selling its entire interests (51%) in Rimonim to Mr. Yonel Cohen and to Agam Liderim (Israel) Insurance Agency (2003) Ltd. in return for approximately NIS 4.3 million. The Agency may also be entitled to a contingent consideration in an immaterial amount based on Rimonim's future performances. Any additional consideration will be paid within 30 days from the date of approval of Rimonim's financial statements as of December 31, 2024.

Moreover, on the closing date, Rimonim will repay the entire outstanding owners' loan provided to it by the Agency in the amount of approximately NIS 9.1 million.

The agreement is contingent on obtaining the approval of the Competition Authority and the approval of the Capital Market, Insurance and Savings Authority for the amendment of the control permit for Rimonim and for the transfer of the shares. After closing, the Agency will no longer have any interests in Rimonim.

Accordingly, the assets and liabilities of Rimonim are presented in the consolidated statements of financial position as current assets and current liabilities held for sale, as required by IFRS 5, "Noncurrent Assets held for Sale and Discontinued Operations".

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

- d. On May 16, 2022, the Company entered into an agreement for the sale of 100% of the shares of Yekev Insurance Agencies Ltd. ("Yekev") to a third party ("the buyer") for approximately NIS 45 million with the addition of the excess net financial assets in Yekev (as calculated on the closing date). An amount of NIS 21 million of the consideration (partly financed by the loan detailed below) will be paid on the closing date and the balance will be paid in instalments over up to 48 months from the closing date.

On the closing date, for the purpose of paying a portion of the consideration as above, the Company will provide the buyer a loan in a principal amount of NIS 11 million bearing annual interest of Prime + 1.5%. The loan principal and accrued interest will be paid within 45 months from the actual date of grant of the loan. The loan repayment and consideration payment are backed by collaterals provided by the buyer. The agreement includes the customary representations, warranties and indemnifications. The agreement is contingent on the approval of the Company's Board, the approval of the Competition Authority and the approval of the Capital Market, Insurance and Savings Authority for the amendment of the control permit for Yekev and for the transfer of the shares. The Company estimates that if the transaction is closed, the gain from the sale of the shares will approximate NIS 2 million.

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