

ASHTROM GROUP LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2024

UNAUDITED

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Auditors' review

Ashtrom Group Ltd.

report to the shareholders of

Introduction

We have reviewed the accompanying financial information of Ashtrom Group Ltd. and subsidiaries ("the Group"), which comprises the condensed consolidated statement of financial position as of March 31, 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months period then ended. The 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 interim financial information for this period in accordance with the disclosure requirements of 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 subsidiaries, whose assets constitute approximately 14% of total consolidated assets as of March 31, 2024, and whose revenues constitute approximately 8% of total consolidated revenues for the three months period then ended. Furthermore, we did not review the condensed interim financial information of companies accounted for at equity the investment in which amounted to approximately NIS 65 million as of March 31, 2024 and the Group's share of their earnings amounted to approximately NIS 0.8 million for the three months period 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
May 26, 2024

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

NIS in thousands

| | March 31, 2024 Unaudited | March 31, 2023 Unaudited | December 31, 2023 Audited |
|--------------------------------------------------------|-----------------------------------------|-----------------------------------------|------------------------------------------|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | 962,152 | 786,228 | 1,409,337 |
| Short-term investments | 823,268 | 762,886 | 724,401 |
| Trade and unbilled receivables | 958,529 | 1,545,167 | 1,025,418 |
| Other accounts receivable | 215,405 | 250,840 | 217,652 |
| Inventories of buildings and retail space for sale | 1,317,994 | 1,451,273 | 1,379,835 |
| Inventories | 163,202 | 129,482 | 174,941 |
| Total | 4,440,550 | 4,925,876 | 4,931,584 |
| Assets held for sale | 348,000 | 49,188 | - |
| Total current assets | 4,788,550 | 4,975,064 | 4,931,584 |
| NON-CURRENT ASSETS: | | | |
| Lands for construction | 1,551,819 | 1,947,154 | 1,945,370 |
| Investment property under construction | 636,148 | 2,284,834 | 1,616,380 |
| Receivables from concession arrangements | 240,045 | 250,177 | 243,542 |
| Payments on account of purchase of investment property | 476,605 | 476,544 | 476,597 |
| Investment property | 8,139,562 | 6,243,390 | 7,120,408 |
| Associates | 1,968,359 | 1,680,264 | 1,914,261 |
| Other receivables and investments | 300,109 | *) 343,531 | 337,728 |
| Property, plant and equipment, net | 2,940,343 | *) 1,552,444 | 2,653,230 |
| Intangible assets and goodwill | 84,979 | 42,573 | 86,139 |
| Deferred taxes | 48,212 | 77,596 | 51,520 |
| Total non-current assets | 16,386,181 | 14,898,507 | 16,445,175 |
| Total assets | 21,174,731 | 19,873,571 | 21,376,759 |

*) Reclassified.

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

NIS in thousands

| | March 31, 2024 Unaudited | March 31, 2023 Unaudited | December 31, 2023 Audited |
|------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|------------------------------------------|
| LIABILITIES AND EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Credit from banks | 713,826 | 1,162,858 | 758,733 |
| Loans from institutional entities | 550,000 | 401,266 | 550,000 |
| Current maturities of non-current liabilities | 1,347,550 | 1,536,179 | 1,637,637 |
| Subcontractors and trade payables | 950,703 | 1,140,329 | 931,481 |
| Liability for combination transactions | 102,871 | 106,894 | 116,452 |
| Advances from customers and buyers of apartments and real estate | 163,839 | 274,515 | 196,035 |
| Dividend payable | - | 200,000 | - |
| Other accounts payable | 407,615 | 381,573 | 413,223 |
| Total | 4,236,404 | 5,203,614 | 4,603,561 |
| Liabilities attributable to assets held for sale | 246,553 | - | - |
| Total current liabilities | 4,482,957 | 5,203,614 | 4,603,561 |
| NON-CURRENT LIABILITIES: | | | |
| Loans from banks | 4,164,305 | 2,580,576 | 4,014,799 |
| Loans from institutional entities | 1,980,154 | 1,920,978 | 1,979,791 |
| Debentures | 4,773,205 | 4,411,947 | 4,973,421 |
| Lease liabilities | 287,960 | 204,292 | 291,527 |
| Other liabilities | 110,007 | 16,108 | 151,071 |
| Employee benefit liabilities | 21,507 | 20,088 | 21,475 |
| Deferred taxes | 370,402 | 510,222 | 390,824 |
| Total non-current liabilities | 11,707,540 | 9,664,211 | 11,822,908 |
| Total liabilities | 16,190,497 | 14,867,825 | 16,426,469 |
| EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY: | | | |
| Share capital | 57,157 | 57,156 | 57,157 |
| Share premium | 1,340,685 | 1,339,348 | 1,339,895 |
| Retained earnings | 3,365,163 | 3,376,942 | 3,359,572 |
| Reserves | 12,819 | 28,766 | (14,742) |
| Total | 4,775,824 | 4,802,212 | 4,741,882 |
| Non-controlling interests | 208,410 | 203,534 | 208,408 |
| Total equity | 4,984,234 | 5,005,746 | 4,950,290 |
| Total liabilities and equity | 21,174,731 | 19,873,571 | 21,376,759 |

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

| | | | |
|-------------------------------------------|------------------------------------------------------------|-------------------------------------|---------------------------------------------------|
| Avraham Nussbaum Chairman of the Board | Gil Gueron Managing Director and Member of the Board | Gal Omer Chief Financial Officer | Yeshayahu Abramovitch Chief Accounting Officer |
|-------------------------------------------|------------------------------------------------------------|-------------------------------------|---------------------------------------------------|

Date of approval of the financial statements: May 26, 2024.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

NIS in thousands

| | Three months ended March 31, 2024 Unaudited | Three months ended March 31, 2023 Unaudited | Year ended December 31, 2023 Audited |
|--------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------|
| Revenues | 1,113,601 | 1,254,471 | 4,818,920 |
| Cost of revenues | 891,144 | 991,218 | 3,828,374 |
| Gross profit | 222,457 | 263,253 | 990,546 |
| Gain from change in designation from inventories to investment property | - | - | 57,776 |
| Impairment of investment property, net | (6,989) | (4,006) | (232,434) |
| | 215,468 | 259,247 | 815,888 |
| Selling and marketing expenses | 24,818 | 24,501 | 101,461 |
| General and administrative expenses | 96,164 | 93,262 | 388,122 |
| Group's share of earnings of associates, net | 6,126 | 10,698 | 40,189 |
| Other income (expenses), net | 3,758 | 1,158 | (14,390) |
| Operating income | 104,370 | 153,340 | 352,104 |
| Finance expenses | (139,418) | (128,165) | (512,133) |
| Finance income | 45,301 | 25,908 | 162,044 |
| Income before taxes on income (tax benefit) | 10,253 | 51,083 | 2,015 |
| Taxes on income (tax benefit) | 3,880 | 2,323 | (35,974) |
| Net income | 6,373 | 48,760 | 37,989 |
| Net income attributable to: | | | |
| Equity holders of the Company | 5,591 | 46,908 | 30,955 |
| Non-controlling interests | 782 | 1,852 | 7,034 |
| | 6,373 | 48,760 | 37,989 |
| Net earnings per share attributable to equity holders of the Company (in NIS): | | | |
| Basic and diluted net earnings | 0.06 | 0.46 | 0.31 |

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

NIS in thousands

| | Three months ended March 31, 2024 Unaudited | Three months ended March 31, 2023 Unaudited | Year ended December 31, 2023 Audited |
|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------|
| Net income | 6,373 | 48,760 | 37,989 |
| Other comprehensive income (net of tax effect): | | | |
| Amounts that have been reclassified or will be reclassified in the future to profit or loss, net of tax: | | | |
| Gain (loss) from cash flow hedges | 22,505 | - | (50,492) |
| Adjustments arising from translating financial statements of foreign operations | (929) | 93,320 | 99,288 |
| Group's share of net other comprehensive income of associates from adjustments arising from translating financial statements of foreign operations | (474) | 3,546 | 5,109 |
| | <u>21,102</u> | <u>96,866</u> | <u>53,905</u> |
| Amounts that will not be reclassified in the future to profit or loss, net of tax: | | | |
| Revaluation of property, plant and equipment (lands and buildings) | 2,403 | 8,426 | 17,449 |
| Remeasurement loss from defined benefit plans, net | - | - | (1,417) |
| | <u>2,403</u> | <u>8,426</u> | <u>16,032</u> |
| Total other comprehensive income | <u>23,505</u> | <u>105,292</u> | <u>69,937</u> |
| Total comprehensive income | <u>29,878</u> | <u>154,052</u> | <u>107,926</u> |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | 30,485 | 144,808 | 90,309 |
| Non-controlling interests | (607) | 9,244 | 17,617 |
| Total | <u>29,878</u> | <u>154,052</u> | <u>107,926</u> |

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

NIS in thousands, unaudited

| | Share capital | Share premium | Reserve for transactions with controlling shareholders | Retained earnings | Reserve for share-based payment | Revaluation reserve | Foreign currency translation adjustments | Reserve for hedges | Reserve for transactions with non-controlling interests | Total attributable to equity holders of the Company | Non-controlling interests | Total equity |
|-------------------------------------------------|---------------|---------------|--------------------------------------------------------|-------------------|---------------------------------|---------------------|------------------------------------------|--------------------|---------------------------------------------------------|-----------------------------------------------------|---------------------------|--------------|
| Balance at January 1, 2024 (audited) | 57,157 | 1,339,895 | 25,013 | 3,359,572 | 20,220 | 373,084 | (324,148) | (50,492) | (58,419) | 4,741,882 | 208,408 | 4,950,290 |
| Net income | - | - | - | 5,591 | - | - | - | - | - | 5,591 | 782 | 6,373 |
| Total other comprehensive income | - | - | - | - | - | 2,403 | (14) | 22,505 | - | 24,894 | (1,389) | 23,505 |
| Total comprehensive income | - | - | - | 5,591 | - | 2,403 | (14) | 22,505 | - | 30,485 | (607) | 29,878 |
| Cost of share-based payment | - | - | - | - | 3,457 | - | - | - | - | 3,457 | - | 3,457 |
| Exercise of share options | - | 790 | - | - | (790) | - | - | - | - | - | - | - |
| Transaction with non-controlling interests | - | - | - | - | - | - | - | - | - | - | 178 | 178 |
| Amounts classified to non-controlling interests | - | - | - | - | - | - | - | - | - | - | 431 | 431 |
| Balance at March 31, 2024 | 57,157 | 1,340,685 | 25,013 | 3,365,163 | 22,887 | 375,487 | (324,162) | (27,987) | (58,419) | 4,775,824 | 208,410 | 4,984,234 |

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

NIS in thousands, unaudited

| | Share capital | Share premium | Reserve for transactions with controlling shareholders | Retained earnings | Reserve for share-based payment | Revaluation reserve | Foreign currency translation adjustments | Reserve for transactions with non-controlling interests | Total attributable to equity holders of the Company | Non-controlling interests | Total equity |
|-------------------------------------------|---------------|---------------|--------------------------------------------------------|-------------------|---------------------------------|---------------------|------------------------------------------|---------------------------------------------------------|-----------------------------------------------------|---------------------------|--------------|
| Balance at January 1, 2023 (audited) | 57,156 | 1,339,288 | 25,013 | 3,530,034 | 10,428 | 355,635 | (417,962) | (44,308) | 4,855,284 | 194,290 | 5,049,574 |
| Net income | - | - | - | 46,908 | - | - | - | - | 46,908 | 1,852 | 48,760 |
| Total other comprehensive income | - | - | - | - | - | 8,426 | 89,474 | - | 97,900 | 7,392 | 105,292 |
| Total comprehensive income | - | - | - | 46,908 | - | 8,426 | 89,474 | - | 144,808 | 9,244 | 154,052 |
| Cost of share-based payment | - | - | - | - | 2,120 | - | - | - | 2,120 | - | 2,120 |
| Exercise of share options | - | 60 | - | - | (60) | - | - | - | - | - | - |
| Dividend to equity holders of the Company | - | - | - | (200,000) | - | - | - | - | (200,000) | - | (200,000) |
| Balance at March 31, 2023 | 57,156 | 1,339,348 | 25,013 | 3,376,942 | 12,488 | 364,061 | (328,488) | (44,308) | 4,802,212 | 203,534 | 5,005,746 |

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

NIS in thousands, audited

| | Share capital | Share premium | Reserve for transactions with controlling shareholders | Retained earnings | Reserve for share-based payment | Revaluation reserve | Foreign currency translation adjustments | Reserve for hedges | Reserve for transactions with non-controlling interests | Total attributable to equity holders of the Company | Non-controlling interests | Total equity |
|--------------------------------------------------|---------------|---------------|--------------------------------------------------------|-------------------|---------------------------------|---------------------|------------------------------------------|--------------------|---------------------------------------------------------|-----------------------------------------------------|---------------------------|--------------|
| Balance at January 1, 2023 | 57,156 | 1,339,288 | 25,013 | 3,530,034 | 10,428 | 355,635 | (417,962) | - | (44,308) | 4,855,284 | 194,290 | 5,049,574 |
| Net income | - | - | - | 30,955 | - | - | - | - | - | 30,955 | 7,034 | 37,989 |
| Total other comprehensive income (loss) | - | - | - | (1,417) | - | 17,449 | 93,814 | (50,492) | - | 59,354 | 10,583 | 69,937 |
| Total comprehensive income (loss) | - | - | - | 29,538 | - | 17,449 | 93,814 | (50,492) | - | 90,309 | 17,617 | 107,926 |
| Transaction with non-controlling interests | - | - | - | - | - | - | - | - | (14,111) | (14,111) | (2,751) | (16,862) |
| Cost of share-based payment | - | - | - | - | 10,399 | - | - | - | - | 10,399 | - | 10,399 |
| Exercise of share options | 1 | 607 | - | - | (607) | - | - | - | - | 1 | - | 1 |
| Dividend to equity holders of the Company | - | - | - | (200,000) | - | - | - | - | - | (200,000) | - | (200,000) |
| Dividend to holders of non-controlling interests | - | - | - | - | - | - | - | - | - | - | (1,117) | (1,117) |
| Amounts classified to non-controlling interests | - | - | - | - | - | - | - | - | - | - | 369 | 369 |
| Balance at December 31, 2023 | 57,157 | 1,339,895 | 25,013 | 3,359,572 | 20,220 | 373,084 | (324,148) | (50,492) | (58,419) | 4,741,882 | 208,408 | 4,950,290 |

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

NIS in thousands

| | Three months ended March 31, 2024 Unaudited | Three months ended March 31, 2023 Unaudited | Year ended December 31, 2023 Audited |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------|
| <u>Cash flows from operating activities:</u> | | | |
| Net income | 6,373 | 48,760 | 37,989 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | |
| Adjustments to the profit or loss items: | | | |
| Group's share of earnings of associates, net | (6,126) | (10,698) | (40,189) |
| Impairment of investment property, net | 6,989 | 4,006 | 232,434 |
| Interest costs, net | 65,996 | 70,711 | 208,765 |
| Gain from marketable securities | (19,293) | (1,970) | (38,913) |
| Depreciation and amortization of property, plant and equipment and intangible assets | 24,962 | 20,115 | 84,625 |
| Gain from change in designation from inventories to investment property | - | - | (57,776) |
| Deferred taxes, net | (15,768) | (22,222) | (128,538) |
| Appreciation of lands for construction | - | - | 33,090 |
| Revaluation of long-term loans | 6,423 | 25,862 | 58,237 |
| Revaluation of debentures | 29,101 | 38,032 | 141,181 |
| Loss from sale and appreciation of investments | 1 | 5 | 17 |
| Change in employee benefit liabilities, net | 32 | (681) | (862) |
| Cost of share-based payment | 3,457 | 2,120 | 10,399 |
| Gain from sale of property, plant and equipment | (1,258) | (84) | (653) |
| Gain from remeasurement of investments in associates | - | - | (26,593) |
| Revaluation of long-term receivables and other investments | 9,022 | 7,336 | (23,288) |
| Gain from receivables from concession arrangements | (735) | (2,858) | (8,714) |
| Total | 102,803 | 129,674 | 443,222 |
| Changes in asset and liability items: | | | |
| Decrease (increase) in trade and unbilled receivables and in other accounts receivable | 62,710 | (52,932) | 521,885 |
| Decrease (increase) in inventories of buildings and retail space for sale less advances from customers and from buyers of apartments and in inventories | 87,104 | (50,927) | 47,462 |
| Increase (decrease) in subcontractors and trade payables and in other accounts payable | 31,535 | 47,667 | (28,567) |
| | 181,349 | (56,192) | 540,780 |
| Cash paid and received during the period for: | | | |
| Dividend received | - | 1,450 | 9,950 |
| Taxes paid, net | (16,781) | (24,899) | (56,809) |
| | (16,781) | (23,449) | (46,859) |
| Net cash provided by operating activities before purchase of lands for construction | 273,744 | 98,793 | 975,132 |
| Purchase of lands for construction, net | (16,329) | (700,960) | (830,661) |
| Value added tax paid on purchase of lands for construction | - | (88,353) | - |
| Net cash provided by (used in) operating activities | 257,415 | (690,520) | 144,471 |

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

NIS in thousands

| | Three months ended March 31, 2024 Unaudited | Three months ended March 31, 2023 Unaudited | Year ended December 31, 2023 Audited |
|-----------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------|
| <u>Cash flows from investing activities:</u> | | | |
| Investment in investment property | (34,497) | (41,173) | (189,777) |
| Investment in investment property under construction | (1,564) | (373,855) | *) (408,194) |
| Payments on account of investment property | (8) | (386,288) | *) (386,341) |
| Sale of (investment in) in short-term investments, net | (79,574) | 178,494 | 253,922 |
| Purchase of property, plant and equipment | (253,335) | *) (64,690) | (1,131,504) |
| Interest received | 6,132 | 5,540 | 16,687 |
| Grant of long-term loans to associates, net | (17,761) | (16,595) | (75,215) |
| Collection of receivables from concession arrangements | 3,982 | 3,680 | 15,239 |
| Acquisition of newly consolidated company | - | - | (4,184) |
| Investment in associates and other investments | (78) | - | (157,399) |
| Proceeds from sale of property, plant and equipment and investment property | 1,425 | 10,209 | 59,941 |
| Grant of long-term loans and other investments | (14,862) | *) (25,267) | (84,191) |
| Collection of long-term loans and deposits | 12,851 | 3,590 | 26,013 |
| Net cash used in investing activities | (377,289) | (706,355) | (2,065,003) |
| <u>Cash flows from financing activities:</u> | | | |
| Issue of debentures (net of issue expenses) | - | 90,281 | 1,414,406 |
| Repayment of debentures | (272,559) | (208,599) | (724,568) |
| Receipt of long-term loans from banks and others | 259,515 | 1,175,949 | 2,514,309 |
| Repayment of long-term loans from banks and others | (93,389) | (62,130) | (445,248) |
| Short-term credit from banks and others, net | (72,938) | 391,339 | 309,195 |
| Repayment of lease liabilities | (10,297) | (6,828) | (29,214) |
| Interest paid | (138,857) | (121,312) | (418,116) |
| Proceeds from exercise of options | - | - | 1 |
| Transaction with non-controlling interests | 178 | - | (16,493) |
| Dividend to equity holders of the Company | - | - | (200,000) |
| Dividend to non-controlling interests | - | - | (1,117) |
| Net cash provided by (used in) financing activities | (328,347) | 1,258,700 | 2,403,155 |
| Translation differences of balances of cash and cash equivalents | 1,036 | 2,512 | 4,823 |
| Decrease in cash and cash equivalents | (447,185) | (135,663) | 487,446 |
| Cash and cash equivalents at the beginning of the period | 1,409,337 | 921,891 | 921,891 |
| Cash and cash equivalents at the end of the period | 962,152 | 786,228 | 1,409,337 |

*) Reclassified.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

NIS in thousands

| | Three months ended March 31, 2024 Unaudited | Three months ended March 31, 2023 Unaudited | Year ended December 31, 2023 Audited |
|-------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------|
| <u>Significant non-cash transactions:</u> | | | |
| Dividend payable to equity holders of the Company | - | 200,000 | - |
| Right-of-use asset recognized against lease liability | 4,653 | 107,716 | 207,234 |

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:- GENERAL

- a. These financial statements have been prepared in a condensed format as of March 31, 2024 and for the three months period then ended ("interim consolidated financial statements"). These financial statements should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2023 and for the year then ended and accompanying notes ("annual consolidated financial statements").
- b. The consequences of the Swords of Iron war:

In keeping with the matter discussed in Note 1 to the annual consolidated financial statements regarding the consequences of the "Swords of Iron" war, the following is the effect of the war on the Company's business activities in the reporting period:

The consequences of Hamas organization's combined attack on October 7 against the State of Israel, particularly targeting the settlements in the Western Negev, resulted in the Israeli Government declaring the Swords of Iron war ("the war") which led to an escalation and ongoing clashes with Hezbollah organization in the north that continued into Q1 of 2024. As of the date of approval of the financial statements, the consequences persist including the escalation of relations with Iran with a missile attack from its territory.

The prolonged war, with its uncertain ending and outcomes, had an impact on the Israeli market, which was already facing challenges such as surge in inflation and high interest rates, in various levels, including the cost of living, the capital market, the State of Israel's rating by international rating agencies, intensified protests due to the war and hostages that have yet to be returned and on some of the segments in which the Company operates, on the scope of the business activity particularly in terms of labor shortages as Palestinian workers were prohibited from entering Israel despite promises by the Israeli Government of finding suitable alternatives only a small number of workers have actually arrived. Additionally, the war could result in higher construction costs due to the Turkish Ministry of Trade's decision to halt trade with Israel after the reporting date. If the boycott continues, it may be necessary to find alternatives potentially driving up construction costs and requiring the Company to find substitutes for certain products in its industrial activity. As of the reporting date, there is uncertainty regarding the halt of trade relations between Turkey and Israel and the Company is unable to assess and/or estimate the extent to which this trade halt will affect its operations, business and results in the short and long run.

As for the activity in the development segment, particularly the sale of apartments, there has been a certain recovery resulting in an increase in apartment sales, despite the current high interest rates in the market and ongoing inflation (the index for April 2024 increased by 0.8% and the expected annual inflation rate is about 2.8%).

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:- GENERAL (Cont.)

As for the activity in the construction segment, the war resulted in a significant lack of workers overall, particularly Palestinian workers as a result of the lockdown in the Judea and Samaria area. Despite facing challenges with workers, including at management levels, and obtaining raw materials, in the last months the Company has implemented various adjustments to maintain construction activity at a level of scope and profitability like previous achievements. The shortage of workers, as mentioned, and the rising construction costs, including of the respective suppliers and subcontractors, could potentially result in construction companies, including the Company, failing to meet deadlines. Currently, the State's proposed compensation program does not provide an adequate solution for the segment and the Company since it focuses on smaller performing companies and offers limited aid.

As the construction segment experiences a slowdown, it naturally impacts the Group's industrial segment, which is heavily dependent on construction activities. As for the Company's activity in the income-producing property market, both the occupancy rates and rent collection of its income-producing properties remained stable (if there are any changes, they are immaterial).

As of the date of approval of the financial statements, the Group is unable to determine the extent of any future implications of the war, such as potential escalation, on the scope of its operations and business results, among others, given the extreme volatility in the markets, uncertainty regarding the duration and intensity of the war, the potential ramifications on the Company's operations and any other measures that may be taken by the Israeli Government. Nonetheless, with respect to its financial condition, the Company is stable and its financial stability in the future, its ability to meet financial covenants, fulfill contracts it signed and carrying out its ongoing ordinary business operations are not at risk due to its steady cash flows, order backlog, sufficient cash reserves and access to financing facilities. Despite this, the continued damage to the capital markets, such as Israel's credit rating being downgraded by international rating agencies and entering a long recession may impact market liquidity, companies' ability to secure favorable borrowing terms and their access to additional sources of borrowing in the market. The Group regularly monitors and evaluates the developments of the war and examines its exposure and effect on its operations and will respond with actions as required.

NOTES TO INTERIM 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 generally accepted accounting principles for the preparation of financial statements for interim periods, as prescribed in IAS 34, "Interim Financial Reporting", and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The significant accounting policies applied 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.

- b. Initial application of amendments to existing accounting standards:

1. Amendment to IAS 1, "Presentation of Financial Statements":

In January 2020, the IASB issued an amendment to IAS 1 regarding the criteria for determining the classification of liabilities as current or non-current ("the Original Amendment"). In October 2022, the IASB issued a subsequent amendment ("the Subsequent Amendment").

According to the Subsequent Amendment:

- Only financial covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.
- In respect of a liability for which compliance with financial covenants is to be evaluated within twelve months from the reporting date, disclosure is required to enable users of the financial statements to assess the risks related to that liability. The Subsequent Amendment requires disclosure of the carrying amount of the liability, information about the financial covenants, and the facts and circumstances at the end of the reporting period that could result in the conclusion that the entity may have difficulty in complying with the financial covenants.

According to the Original Amendment, the conversion option of a liability affects the classification of the entire liability as current or non-current unless the conversion component is an equity instrument.

The Original Amendment and Subsequent Amendment are applied retrospectively for annual periods beginning on January 1, 2024.

The Amendments did not have a material impact on the Company's interim consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2. Amendment to IFRS 16, "Leases":

In September 2022, the IASB issued an amendment to IFRS 16, "Leases" ("the Amendment"), which provides guidance on how a seller-lessee should measure the lease liability arising in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The Amendment requires the seller-lessee to choose between two approaches for measuring the lease liability on the inception date of the lease. The approach chosen becomes the accounting policy that must be applied consistently.

The Amendment is applied retrospectively for annual periods beginning on January 1, 2024.

The Amendment did not have a material impact on the Company's interim consolidated financial statements.

3. Amendments to IAS 7, "Statement of Cash Flows", and IFRS 7, "Financial Instruments: Disclosures":

In May 2023, the IASB issued amendments to IAS 7, "Statement of Cash Flows", and IFRS 7, "Financial Instruments: Disclosures" ("the Amendments") to address the presentation of liabilities and the associated cash flows arising out of supplier finance arrangements, as well as disclosures required for such arrangements.

The disclosure requirements in the Amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The Amendments are applied for annual reporting periods beginning on January 1, 2024.

According to the transition provisions of the Amendments, the Company is not required to provide disclosures in interim periods during the first year of adoption and, therefore, the above Amendments did not have a material impact on the Company's condensed interim consolidated financial statements. Moreover, the Amendments are not expected to have a material impact on the disclosures of supplier finance arrangements in the Company's annual consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- c. Disclosure of new standards in the period prior to their adoption:

IFRS 18, "Presentation and Disclosure in Financial Statements":

In April 2024, the International Accounting Standards Board ("the IASB") issued IFRS 18, "Presentation and Disclosure in Financial Statements" ("IFRS 18") which replaces IAS 1, "Presentation of Financial Statements".

IFRS 18 is aimed at improving comparability and transparency of communication in financial statements.

IFRS 18 retains certain existing requirements of IAS 1 and introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information.

IFRS 18 does not modify the recognition and measurement provisions of items in the financial statements. However, since items within the statement of profit or loss must be classified into one of five categories (operating, investing, financing, taxes on income and discontinued operations), it may change the entity's operating profit. Moreover, the publication of IFRS 18 resulted in consequential narrow scope amendments to other accounting standards, including IAS 7, "Statement of Cash Flows", and IAS 34, "Interim Financial Reporting".

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively. Early adoption is permitted but will need to be disclosed.

The Company is evaluating the effects of IFRS 18, including the effects of the consequential amendments to other accounting standards, on its consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- FINANCIAL INSTRUMENTS

Fair value:

The following table demonstrates the carrying amount and fair value of the groups of financial instruments that are presented in the financial statements not at fair value or whose carrying amount is not an approximation of fair value:

| | Carrying amount March 31, 2024 Unaudited | Carrying amount March 31, 2023 Unaudited | Carrying amount December 31, 2023 Unaudited | Fair value March 31, 2024 Unaudited | Fair value March 31, 2023 Unaudited | Fair value December 31, 2023 Audited |
|----------------------------------------------------|------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|--------------------------------------------------|
| Financial assets: | | | | | | |
| Receivables from concession arrangements (1) | 256,506 | 265,456 | 259,753 | 251,854 | 271,649 | 258,460 |
| Financial liabilities: | | | | | | |
| Loans with fixed interest (1) | 3,098,916 | 3,124,473 | 3,098,362 | 2,945,272 | 2,986,190 | 2,970,320 |
| Debentures (2) | 5,800,893 | 5,133,952 | 6,047,002 | 5,724,129 | 4,888,685 | 5,927,051 |
| Total | 8,899,809 | 8,258,425 | 9,145,364 | 8,669,401 | 7,874,875 | 8,897,371 |

- (1) The fair value of receivables from concession arrangements and long-term loans received with fixed interest is based on the computation of the present value of cash flows using standard interest rate available for loans with similar terms. The fair value measurement is classified at Level 3 of the fair value hierarchy.
- (2) The fair value of debentures is based on quoted prices in active markets at the reporting date. The fair value measurement is classified at Level 1 of the fair value hierarchy. The carrying amount includes accrued interest.

The carrying amount of cash and cash equivalents, short-term investments, trade receivables, other accounts receivable, credit from banks and loans from others with variable interest, trade payables and other accounts payable approximates their fair value.

NOTE 4:- SEGMENT REPORTING

a. General:

As stated in the annual consolidated financial statements, the Group has the following operating segments: construction and infrastructures works in Israel, industries, rental housing, concessions, foreign operations through Ashtrom International, renewable energy, investment property and property development through Ashtrom Properties and residential real estate development in Israel through Ashdar.

The data of the operating segments of industries and of investment property and property development through Ashtrom Properties also include the Company's proportionate share of revenues and results of associates with the same activity as the segment in which they operate, for the purpose of adjusting the reported data to management approach.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4:- SEGMENT REPORTING (Cont.)

b. Reporting on operating segments:

Three months ended March 31, 2024 (NIS in thousands, unaudited):

| | Construction and infra- structures in Israel | Industries | Rental housing | Concessions | Foreign operations - Ashtrom International | Renewable energy | Investment property and property development - Ashtrom Properties | Residential real estate development in Israel - Ashdar | Total before adjustments | Adjustments | Adjustments - associates | Total |
|-----------------------------------------------------|-------------------------------------------------------|------------|-------------------|-------------|-----------------------------------------------------|---------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------|-------------|-----------------------------|-----------|
| Revenues from external customers | 518,831 | 181,806 | 44,442 | 4,665 | 92,465 | 63 | 100,548 | 219,849 | 1,162,669 | - | (49,068) | 1,113,601 |
| Intersegment revenues | 88,679 | 31,445 | - | - | - | 93 | 626 | - | 120,843 | (119,931) | (912) | - |
| Total revenues | 607,510 | 213,251 | 44,442 | 4,665 | 92,465 | 156 | 101,174 | 219,849 | 1,283,512 | (119,931) | (49,980) | 1,113,601 |
| Cost of revenues | 551,618 | 182,686 | 23,446 | 3,720 | 69,674 | 132 | 27,533 | 172,597 | 1,031,406 | (118,886) | (21,376) | 891,144 |
| Gross profit | 55,892 | 30,565 | 20,996 | 945 | 22,791 | 24 | 73,641 | 47,252 | 252,106 | (1,045) | (28,604) | 222,457 |
| Appreciation (impairment) of investment property | - | - | (4,899) | - | (150) | - | (5,123) | - | (10,172) | 1,645 | 1,538 | (6,989) |
| Selling and marketing expenses | 695 | 18,249 | 1,255 | - | 984 | 10 | 158 | 3,698 | 25,049 | - | (231) | 24,818 |
| General and administrative expenses | 30,077 | 13,440 | 4,420 | 2,291 | 10,867 | 5,220 | 21,184 | 12,205 | 99,704 | 304 | (3,844) | 96,164 |
| Operating income (loss) | 25,120 | (1,124) | 10,422 | (1,346) | 10,790 | (5,206) | 47,176 | 31,349 | 117,181 | 296 | (22,991) | 94,486 |
| Earnings of associates | | | | | | | | | | | | 6,126 |
| Other income | | | | | | | | | | | | 3,758 |
| Operating income | | | | | | | | | | | | 104,370 |
| Finance expenses, net | | | | | | | | | | | | 94,117 |
| Income before taxes on income | | | | | | | | | | | | 10,253 |

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4:- SEGMENT REPORTING (Cont.)

Three months ended March 31, 2023 (NIS in thousands, unaudited):

| | Construction and infra- structures in Israel | Industries | Rental housing | Concessions | Foreign operations - Ashtrom International | Renewable energy | Investment property and property development - Ashtrom Properties | Residential real estate development in Israel - Ashdar | Total before adjustments | Adjustments | Adjustments - associates | Total |
|-----------------------------------------------------|-------------------------------------------------------|------------|-------------------|-------------|-----------------------------------------------------|---------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------|-------------|-----------------------------|-----------|
| Revenues from external customers | 508,851 | 225,231 | 45,742 | 4,347 | 62,706 | 17 | 101,059 | 373,056 | 1,321,009 | - | (66,538) | 1,254,471 |
| Intersegment revenues | 219,367 | 53,393 | - | - | - | 601 | - | - | 273,361 | (272,966) | (395) | - |
| Total revenues | 728,218 | 278,624 | 45,742 | 4,347 | 62,706 | 618 | 101,059 | 373,056 | 1,594,370 | (272,966) | (66,933) | 1,254,471 |
| Cost of revenues | 657,894 | 237,931 | 26,600 | 3,602 | 47,286 | 550 | 25,925 | 293,358 | 1,293,146 | (263,248) | (38,680) | 991,218 |
| Gross profit | 70,324 | 40,693 | 19,142 | 745 | 15,420 | 68 | 75,134 | 79,698 | 301,224 | (9,718) | (28,253) | 263,253 |
| Appreciation (impairment) of investment property | - | - | (18,446) | - | 92 | - | 9,606 | - | (8,748) | 6,139 | (1,397) | (4,006) |
| Selling and marketing expenses | 1,063 | 17,877 | 493 | - | 687 | 9 | 168 | 5,322 | 25,619 | - | (1,118) | 24,501 |
| General and administrative expenses | 27,440 | 12,942 | 3,272 | 2,491 | 11,193 | 3,460 | 22,686 | 12,382 | 95,866 | 318 | (2,922) | 93,262 |
| Operating income (loss) | 41,821 | 9,874 | (3,069) | (1,746) | 3,632 | (3,401) | 61,886 | 61,994 | 170,991 | (3,897) | (25,610) | 141,484 |
| Earnings of associates | | | | | | | | | | | | 10,698 |
| Other income | | | | | | | | | | | | 1,158 |
| Operating income | | | | | | | | | | | | 153,340 |
| Finance expenses, net | | | | | | | | | | | | 102,257 |
| Income before taxes on income | | | | | | | | | | | | 51,083 |

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4:- SEGMENT REPORTING (Cont.)

Year ended December 31, 2023 (NIS in thousands, audited):

| | Construction and infra- structures in Israel | Industries | Rental housing | Concessions | Foreign operations - Ashtrom International | Renewable energy | Investment property and property development - Ashtrom Properties | Residential real estate development in Israel - Ashdar | Total before adjustments | Adjustments | Adjustments - associates | Total |
|----------------------------------------------------------------------------|-------------------------------------------------------|------------|-------------------|-------------|-----------------------------------------------------|---------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------|-----------------------------|-------------|-----------------------------|-----------|
| Revenues from external customers | 2,113,627 | 870,222 | 144,158 | 17,848 | 377,686 | 537 | 419,649 | 1,102,853 | 5,046,580 | - | (227,660) | 4,818,920 |
| Intersegment revenues | 572,231 | 192,726 | - | - | - | 3,016 | 2,394 | - | 770,367 | (766,963) | (3,404) | - |
| Total revenues | 2,685,858 | 1,062,948 | 144,158 | 17,848 | 377,686 | 3,553 | 422,043 | 1,102,853 | 5,816,947 | (766,963) | (231,064) | 4,818,920 |
| Cost of revenues | 2,432,116 | 911,177 | 78,792 | 14,456 | 282,149 | 3,140 | 107,298 | 874,805 | 4,703,933 | (753,037) | (122,522) | 3,828,374 |
| Gross profit | 253,742 | 151,771 | 65,366 | 3,392 | 95,537 | 413 | 314,745 | 228,048 | 1,113,014 | (13,926) | (108,542) | 990,546 |
| Gain from change in designation from inventories to investment property | - | - | - | - | - | - | - | 55,804 | 55,804 | 1,972 | - | 57,776 |
| Appreciation (impairment) of investment property | - | - | (64,697) | - | 2,441 | - | (165,635) | (6,396) | (234,287) | 10,308 | (8,455) | (232,434) |
| Selling and marketing expenses | 3,423 | 78,034 | 1,585 | - | 3,759 | 96 | 629 | 15,936 | 103,462 | - | (2,001) | 101,461 |
| General and administrative expenses | 126,529 | 54,374 | 14,650 | 8,705 | 44,905 | 13,240 | 81,196 | 53,406 | 397,005 | 3,277 | (12,160) | 388,122 |
| Operating income (loss) | 123,790 | 19,363 | (15,566) | (5,313) | 49,314 | (12,923) | 67,285 | 208,114 | 434,064 | (4,923) | (102,836) | 326,305 |
| Earnings of associates | | | | | | | | | | | | 40,189 |
| Other expenses | | | | | | | | | | | | (14,390) |
| Operating income | | | | | | | | | | | | 352,104 |
| Finance expenses, net | | | | | | | | | | | | 350,089 |
| Income before taxes on income | | | | | | | | | | | | 2,015 |

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

- a. During Q1 of 2024, the construction of the project for residential units and retail space for rent in Kiryat HaYovel, Jerusalem, was completed and it began to be rented. As a result, the property valued at approximately NIS 991 million was classified from investment property under construction to investment property.
- b. After the reporting date, on April 21, 2024, Maalot issued a rating report in which it reaffirmed the ilA/Stable rating for the Company and the ilA for the debentures.
- c. After the reporting date, on April 15, 2024, Ashdar was informed that it won, together with a third party, in equal parts, the ILA and the Tel-Aviv Municipality tender for leasing real estate in a complex known as the "Maccabi Jaffa" complex B in Tel-Aviv. The plots in the tender are designated for saturated construction for sale on the free market and retail space with a main area of some 1,400 sq.m. in consideration of approximately NIS 378,476 thousand plus VAT and development costs of approximately NIS 7,530 thousand (including VAT).

As of the reporting date, Ashdar and its partner have not yet decided on how they will fund the purchase of the real estate and the payment of the development costs and they are exploring various financing options for the project. As of the reporting date, Ashdar and its partner paid approximately NIS 52,800 thousand.

- d. In keeping with the matter discussed in Note 28c(3) to the annual consolidated financial statements regarding a letter of claim amounting to approximately NIS 72 million that had been filed against the Company as part of an arbitration proceeding between the Company and the representatives of a group of buyers in Tel-Aviv in which the Company acted as construction contractor, after the reporting date, on May 1, 2024, in the framework of the above arbitration proceeding, an interim award was granted dismissing the claims of the group of buyers for "collective damages", except for compensation of NIS 1.7 million for distress as a comprehensive damage to all plaintiffs and, additionally, other claims made by the plaintiffs were also dismissed in other interim awards and/or resolved through inspection repairs in immaterial amounts for the Company. It is also indicated that the upcoming phase of the arbitration process was set to address the Company's arguments regarding its claims against the plaintiffs as well as the expenses incurred by the parties, all of which are in immaterial amounts for the Company.
- e. In keeping with the matter discussed in Note 9b(1) to the annual consolidated financial statements, after the reporting date, on May 9, 2024, Ashdar signed an agreement to assign all its rights and obligations under a lease agreement with the Israel Lands Authority ("ILA") for land in Galil Yam neighborhood, Herzliya, to a third party that is unrelated to the Company ("the buyer"). According to the agreement, Ashdar will receive a total of approximately NIS 322,483 thousand and the buyer will refund Ashdar development costs of approximately NIS 25,517 thousand that were paid to the ILA by June 30, 2024.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

Shortly before the date of signing the agreement, the buyer deposited NIS 34,800 thousand with a trustee and the balance will be paid upon the transfer of rights and title to the real estate to the buyer. The agreement contains clauses that address the adjustment of the consideration in amounts which are immaterial for the Company due to delays in the closing date and the subsequent delivery of the title to the real estate. Also, as is customary in transactions with the ILA, the transaction is contingent upon the ILA signing the deeds of assignment of rights. On May 23, 2024, such approval has been obtained. The closing (if indeed closed) is not anticipated to have a material impact on the Company's profitability.

The property with a carrying amount of NIS 348,000 thousand was classified from the item lands for construction to the item assets held for sale in the interim consolidated financial statements while the loan from a bank for the land of NIS 246,553 thousand was classified from the item long-term loans from banks to the item liabilities attributable to assets held for sale.

NOTE 6:- DISCLOSURE OF SUMMARIZED INFORMATION OF AN ASSOCIATE ACCOUNTED FOR AT EQUITY

Summarized information from the statement of financial position and the statement of profit or loss of an associate - Hutzot HaMifratz Ltd. - in NIS in thousands:

| | March 31, 2024 Unaudited | March 31, 2023 Unaudited | December 31, 2023 Audited |
|------------------------------------------------------|-----------------------------------------|-----------------------------------------|------------------------------------------|
| Current assets | 20,469 | 18,323 | 17,894 |
| Non-current assets | 1,515,648 | 1,414,888 | 1,505,672 |
| Current liabilities | 28,495 | 17,936 | 30,198 |
| Non-current liabilities | 588,785 | 568,091 | 586,665 |
| Equity attributable to equity holders of the Company | 918,837 | 847,184 | 906,703 |
| Share of equity in the associate | 50% | 50% | 50% |
| Excess cost | 7,002 | 7,002 | 7,002 |
| Carrying amount of investment in associate | 466,420 | 430,594 | 460,354 |

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6:- ATTACHING CONDENSED FINANCIAL INFORMATION OF ASSOCIATE ACCOUNTED FOR AT EQUITY (Cont.)

| | Three months ended March 31, 2024 Unaudited | Three months ended March 31, 2023 Unaudited | Year ended December 31, 2023 Audited |
|------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------|
| Revenues | 20,901 | 20,067 | 79,489 |
| Gross profit | 18,390 | 17,257 | 69,462 |
| Appreciation of investment property | 2,180 | 2,863 | 45,162 |
| Net income | 12,134 | 10,850 | 70,369 |
| Share of results in the associate | 50% | 50% | 50% |
| Adjustments for excess cost | - | - | - |
| Company's share of earnings of associate | 6,067 | 5,425 | 35,185 |

The Company did not disclose the financial statements of Hutzot HaMifratz Ltd. because they are immaterial with respect to the Company's consolidated financial statements and do not provide significant additional information for this company. Further, the Company did not disclose information about the financial statements of other associates because they are immaterial with respect to the Company's interim consolidated financial statements.
