

FATTAL HOLDINGS (1998) LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2024

UNAUDITED

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AUDITORS' REVIEW REPORT TO THE SHAREHOLDERS OF FATTAL HOLDINGS (1998) LTD.

Introduction

We have reviewed the accompanying financial information of Fattal Holdings (1998) Ltd. ("the Company"), which comprises the condensed consolidated statement of financial position as of June 30, 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six and three months periods then ended. The Company's board of directors and management are responsible for the preparation and presentation of financial information for these interim periods in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review

We did not review the condensed interim financial information of certain subsidiaries, whose assets included in consolidation constitute approximately 0.86% of total consolidated assets as of June 30, 2024, and whose revenues included in consolidation constitute approximately 3.6% and 3.42% of total consolidated revenues for the six and three months period then ended, respectively. Furthermore, we did not review the condensed interim financial information of certain companies accounted for at equity, the investment in which, at equity, amounted to approximately NIS 586,023 thousand as of June 30, 2024 and the Company's share of their losses amounted to approximately NIS 27,183 thousand and NIS 5,491 thousand for the six and three months period then ended, respectively. 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 the 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 the 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
22 August, 2024

Kost Forer Gabbay and Kasierer
KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

				Convenience translation (Note 1e)
	December 31,	June 30,		June 30,
	2023	2023	2024	2024
	Audited	Unaudited		Unaudited
	N I S in thousands			Euro
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	886,045	425,918	823,243	204,779
Securities held for trading	18,220	49,804	24,095	5,993
Trade receivables	293,445	502,964	384,746	95,704
Other accounts receivable	241,553	239,073	281,532	70,029
Income tax receivable	4,920	7,086	1,364	338
Inventories	24,602	23,250	25,945	6,454
	1,468,785	1,248,095	1,540,925	383,297
Assets held for sale	34,099	-	34,169	8,499
	1,502,884	1,248,095	1,575,094	391,796
NON-CURRENT ASSETS:				
Long-term receivables	47,753	49,910	71,574	17,803
Advance on Fixed Assets	-	16,860	-	-
Loans and Investments in companies and partnerships accounted for at equity	3,055,512	2,658,754	3,343,096	831,574
Property, plant and equipment, net	7,468,279	6,807,302	7,732,122	1,923,318
Property, plant and equipment under construction	453,037	575,806	498,537	124,008
Right-of-use assets, net	12,937,357	12,775,662	13,464,593	3,349,235
Deferred taxes on right-of-use assets	579,063	542,884	619,850	154,184
Deferred taxes	199,041	219,763	212,571	52,876
Intangible assets	369,889	371,119	372,453	92,645
	25,109,931	24,018,060	26,314,796	6,545,643
	26,612,815	25,266,155	27,889,890	6,937,439

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


CONSOLIDATED STATEMENTS OF FINANCIAL POSITION


	December 31, 2023	June 30, 20232024		Convenience translation (Note 1e) June 30, 2024
	Audited	Unaudited		Unaudited
	N I S in thousands			Euro
LIABILITIES AND EQUITY				
<u>CURRENT LIABILITIES:</u>				
Short-term credit from banks and others	439,852	467,520	744,616	185,219
Current maturities of liabilities from leases of right-of-use assets	488,970	481,040	538,669	133,990
Current maturities of debentures	536,323	479,135	537,905	133,801
Trade payables	270,289	310,858	351,630	87,466
Income tax payable	31,441	55,675	33,003	8,209
Other accounts payable	996,032	959,645	1,013,427	252,085
Shareholders	6,529	5,406	-	-
	2,769,436	2,759,279	3,219,250	800,770
<u>NON-CURRENT LIABILITIES:</u>				
Loans from banks and others	3,388,767	3,038,902	3,290,392	818,465
Debentures, net	2,338,427	2,226,732	2,347,377	583,896
Liabilities from leases of right-of-use assets	14,118,732	13,849,864	14,741,020	3,666,738
Deferred taxes	513,486	419,238	546,941	136,048
Employee benefit liabilities, net	23,446	21,969	25,620	6,373
Other non-current liabilities	97,120	143,697	95,808	23,831
Shareholders	8,883	5,649	9,076	2,257
	20,488,861	19,706,051	21,056,234	5,237,608
<u>Total liabilities</u>	23,258,297	22,465,330	24,275,484	6,038,378
<u>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:</u>				
Share capital and premium	1,083,328	1,082,392	1,085,468	270,003
Capital reserves	2,044,529	1,637,807	2,327,363	578,918
Retained earnings (losses)	132,724	(6,886)	146,369	36,408
	3,260,581	2,713,313	3,559,200	885,329
<u>Non-controlling interests</u>	93,937	87,512	55,206	13,732
Total equity	3,354,518	2,800,825	3,614,406	899,061
	26,612,815	25,266,155	27,889,890	6,937,439

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

August 22, 2024

Date of approval of
the financial statements


Yuval Bronstein
Chairman of the
Board of Directors


David Fattal
Chief Executive Officer
and Director


Shahar Aka
Chief Financial Officer
and Director

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

						Convenience translation (Note 1e)
	Year ended December 31, 2023	Three months ended June 30,		Six months ended June 30,		Six months ended June 30, 2024
	Audited	2023	2024	2023	2024	Unaudited
		Unaudited				Euro
		N I S un thousands				
Revenues from hospitality services and others	6,928,460	1,891,098	1,986,825	3,133,009	3,389,093	843,016
Cost of revenues	3,774,616	998,477	999,320	1,788,687	1,834,187	456,243
	3,153,844	892,621	987,505	1,344,322	1,554,906	386,773
Selling and marketing expenses	133,861	43,373	33,684	80,326	68,200	16,964
General and administrative expenses	567,533	136,784	152,670	257,109	286,754	71,328
	2,452,450	712,464	801,151	1,006,887	1,199,952	298,481
Hotel lease expenses	155,738	51,677	22,848	59,013	35,933	8,938
Operating income before depreciation and amortization and other operating income, net	2,296,712	660,787	778,303	947,874	1,164,019	289,543
Depreciation and amortization	333,566	77,315	91,164	148,602	176,446	43,890
Depreciation of revaluation of step-up	38,760	8,961	12,084	19,925	25,016	6,223
Depreciation on right-of-use assets	776,825	191,410	206,201	371,279	403,939	100,477
Other operating expenses, net	38,328	3,736	99	5,833	1,699	423
Operating income	1,109,233	379,365	468,755	402,235	556,919	138,530
Finance income	787	404	753	755	1,609	400
Finance expenses	(314,051)	(66,252)	(93,287)	(141,252)	(164,075)	(40,813)
Financing expenses on liabilities from leases of right-of-use assets	(735,436)	(182,432)	(202,122)	(353,609)	(393,342)	(97,841)
Group's share of earnings (losses) of companies and partnerships accounted for at equity	(4,663)	5,679	(14,025)	(14,550)	(40,096)	(9,974)
Income (loss) before tax benefit	55,870	136,764	160,074	(106,421)	(38,985)	(9,698)
Tax benefit (Taxes on income)	(10,792)	(16,739)	(35,046)	31,028	2,228	555
Net income (loss)	45,078	120,025	125,028	(75,393)	(36,757)	(9,143)
Attributable to:						
Shareholders of the Company	45,185	119,736	124,788	(75,627)	(37,654)	(9,366)
Non-controlling interests	(107)	289	240	234	897	223
	45,078	120,025	125,028	(75,393)	(36,757)	(9,143)
<u>Net earnings (loss) per share attributed to equity holders of the Company (in NIS)</u>						
Basic net earnings (loss) per share	2.76	3.70	3.86	(4.64)	(2.30)	(0.57)
Diluted net earnings (loss) per share	2.75	3.69	3.85	(4.64)	(2.30)	(0.57)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

						Convenience translation (Note 1e)
	Year ended December 31, 2023 Audited	Three months ended June 30, 2023 2024		Six months ended June 30, 2023 2024		Six months ended June 30, 2024 Unaudited Euro
		Unaudited				
		N I S un thousands				
Net income (loss)	45,078	120,025	125,028	(75,393)	(36,757)	(9,143)
Other comprehensive income (loss) (after tax effect):						
<u>Amounts that will not be reclassified subsequently to profit or loss:</u>						
Actuarial loss, net	78	-	-	-	-	-
Revaluation of properties, net	306,348	44,401	138,705	59,782	155,716	38,733
Group's share in revaluation of properties in companies and partnerships accounted for at equity	252,982	19,374	41,085	68,536	171,367	42,626
Total amounts that will not be reclassified subsequently to profit or loss	559,408	63,775	179,790	128,318	327,083	81,359
<u>Amounts that will be classified or reclassified subsequently to profit or loss under specific conditions:</u>						
Loss in respect of cash flow hedging transaction	(42,477)	(11,917)	(16,741)	(66,975)	(1,835)	(456)
Foreign currency translation adjustments	163,566	63,504	28,751	183,031	11,424	2,842
Total Amounts that will be classified or reclassified subsequently to profit or loss under specific conditions	121,089	51,587	12,010	116,056	9,589	2,386
Total other comprehensive income	680,497	115,362	191,800	244,374	336,672	83,745
Total comprehensive income	725,575	235,387	316,828	168,981	299,915	74,602
Attributable to:						
Shareholders of the Company	709,600	233,987	315,071	163,183	297,345	73,963
Non-controlling interests	15,975	1,400	1,757	5,798	2,570	639
	<u>725,575</u>	<u>235,387</u>	<u>316,828</u>	<u>168,981</u>	<u>299,915</u>	<u>74,602</u>

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									
	Share capital and premium	Share-based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests	Hedge transactions reserve	Revaluation reserve	Total	Non-controlling interests	Total equity
	Unaudited									
	NIS in thousands									
Balance as of January 1, 2024 (audited)	1,083,328	14,286	132,724	(137,574)	7,518	27,725	2,132,574	3,260,581	93,937	3,354,518
Net income (loss)	-	-	(37,654)	-	-	-	-	(37,654)	897	(36,757)
Comprehensive income (loss)	-	-	-	18,126	-	(1,835)	318,708	334,999	1,673	336,672
Total comprehensive income (loss)	-	-	(37,654)	18,126	-	(1,835)	318,708	297,345	2,570	299,915
Exercise of stock options	2,140	(2,140)	-	-	-	-	-	-	-	-
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	-	(586)	(586)
Vesting option to employees	-	1,274	-	-	-	-	-	1,274	-	1,274
Exercise of stock of an investee company	-	-	-	-	-	-	-	-	(40,715)	(40,715)
Transfer from revaluation in respect of sale, net	-	-	25,373	-	-	-	(25,373)	-	-	-
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	25,926	-	-	-	(25,926)	-	-	-
Balance as of June 30, 2024 (unaudited)	1,085,468	13,420	146,369	(119,448)	7,518	25,890	2,399,983	3,559,200	55,206	3,614,406

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to shareholders of the Company									
	Share capital and premium	Share -based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests	Hedge transactions reserve	Revaluation reserve	Total	Non-controlling interests	Total equity
	Unaudited									
	Convenience translation into Euro (Note 1e) (In thousands)									
Balance as of January 1, 2024 (audited)	269,471	3,554	33,014	(34,221)	1,870	6,896	530,465	811,049	23,367	834,416
Net income (loss)	-	-	(9,366)	-	-	-	-	(9,366)	223	(9,143)
Comprehensive income (loss)	-	-	-	4,509	-	(456)	79,276	83,329	416	83,745
Total comprehensive income (loss)	-	-	(9,366)	4,509	-	(456)	79,276	73,963	639	74,602
Exercise of stock options	532	(532)	-	-	-	-	-	-	-	-
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	-	(146)	(146)
Vesting option to employees	-	317	-	-	-	-	-	317	-	317
Exercise of stock of an investee company	-	-	-	-	-	-	-	-	(10,128)	(10,128)
Transfer from revaluation in respect of sale, net	-	-	6,311	-	-	-	(6,311)	-	-	-
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	6,449	-	-	-	(6,449)	-	-	-
Balance as of June 30, 2024 (unaudited)	270,003	3,339	36,408	(29,712)	1,870	6,440	596,981	885,329	13,732	899,061

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont.)

	Attributable to shareholders of the Company									
	Share capital and premium	Share -based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests	Hedge transactions reserve	Revaluation reserve	Total	Non-controlling interests	Total equity
	Unaudited									
	NIS in thousands									
<u>Balance as of January 1, 2023</u> (audited)	1,014,932	13,093	47,302	(341,417)	7,518	70,202	1,669,762	2,481,392	79,157	2,560,549
Net income (loss)	-	-	(75,627)	-	-	-	-	(75,627)	234	(75,393)
Comprehensive income (loss)	-	-	-	223,581	-	(66,975)	82,204	238,810	5,564	244,374
Total comprehensive income (loss)	-	-	(75,627)	223,581	-	(66,975)	82,204	163,183	5,798	168,981
Exercise of stock options	189	(189)	-	-	-	-	-	-	-	-
Conversion of convertible bonds into shares	67,271	-	-	-	-	-	-	67,271	-	67,271
Vesting option to employees	-	-	-	-	-	-	-	-	3,012	3,012
Non-controlling interests in a company consolidated for the first time	-	-	-	-	-	-	-	-	(455)	(455)
Vesting option to employees	-	1,467	-	-	-	-	-	1,467	-	1,467
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	21,439	-	-	-	(21,439)	-	-	-
<u>Balance as of June 30, 2023</u> (unaudited)	<u>1,082,392</u>	<u>14,371</u>	<u>(6,886)</u>	<u>(117,836)</u>	<u>7,518</u>	<u>3,227</u>	<u>1,730,527</u>	<u>2,713,313</u>	<u>87,512</u>	<u>2,800,825</u>

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont.)

	Attributable to shareholders of the Company									
	Share capital and premium	Share-based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests	Hedge transactions reserve	Revaluation reserve	Total	Non-controlling interests	Total equity
	Unaudited NIS in thousands									
Balance as of April 1, 2024 (unaudited)	1,085,139	13,120	(16,269)	(159,122)	7,518	42,631	2,270,483	3,243,500	94,426	3,337,926
Net income	-	-	124,788	-	-	-	-	124,788	240	125,028
Comprehensive income (loss)	-	-	-	39,674	-	(16,741)	167,350	190,283	1,517	191,800
Total comprehensive income (loss)	-	-	124,788	39,674	-	(16,741)	167,350	315,071	1,757	316,828
Exercise of stock options	329	(329)	-	-	-	-	-	-	-	-
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	-	(262)	(262)
Vesting option to employees	-	629	-	-	-	-	-	629	-	629
Exercise of stock of an investee company	-	-	-	-	-	-	-	-	(40,715)	(40,715)
Transfer from revaluation in respect of sale, net	-	-	25,373	-	-	-	(25,373)	-	-	-
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	12,477	-	-	-	(12,477)	-	-	-
Balance as of June 30, 2024 (unaudited)	1,085,468	13,420	146,369	(119,448)	7,518	25,890	2,399,983	3,559,200	55,206	3,614,406

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont.)

	Attributable to shareholders of the Company									
	Share capital and premium	Share -based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests	Hedge transactions reserve	Revaluation reserve	Total	Non-controlling interests	Total equity
	Unaudited									
	NIS in thousands									
Balance as of April 1, 2023 (unaudited)	1,028,693	13,791	(136,510)	(198,350)	7,518	15,144	1,694,761	2,425,047	83,309	2,508,356
Net income	-	-	119,736	-	-	-	-	119,736	289	120,025
Comprehensive income (loss)	-	-	-	80,514	-	(11,917)	45,654	114,251	1,111	115,362
Total comprehensive income (loss)	-	-	119,736	80,514	-	(11,917)	45,654	233,987	1,400	235,387
Exercise of stock options	102	(102)	-	-	-	-	-	-	-	-
Conversion of convertible bonds into shares	53,597	-	-	-	-	-	-	53,597	-	53,597
Non-controlling interests in a company consolidated for the first time	-	-	-	-	-	-	-	-	3,012	3,012
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	-	(209)	(209)
Vesting option to employees	-	682	-	-	-	-	-	682	-	682
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	9,888	-	-	-	(9,888)	-	-	-
Balance as of June 30, 2023 (unaudited)	1,082,392	14,371	(6,886)	(117,836)	7,518	3,227	1,730,527	2,713,313	87,512	2,800,825

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Cont.)

	Attributable to shareholders of the Company									
	Share capital and premium	Share-based payment	Retained earnings	Foreign currency translation adjustments	Reserve from transactions with non-controlling interests	Hedge transactions reserve	Revaluation reserve	Total	Non-controlling interests	Total equity
	NIS									
	(In thousands)									
Balance as of December 31, 2022	1,014,932	13,093	47,302	(341,417)	7,518	70,202	1,669,762	2,481,392	79,157	2,560,549
Income (loss) for the period	-	-	45,185	-	-	-	-	45,185	(107)	45,078
Other comprehensive income (loss)	-	-	-	203,843	-	(42,477)	503,049	664,415	16,082	680,497
Total comprehensive income (loss)	-	-	45,185	203,843	-	(42,477)	503,049	709,600	15,975	725,575
Exercise of stock options	1,125	(1,125)	-	-	-	-	-	-	-	-
Conversion of convertible bonds into shares	67,271	-	-	-	-	-	-	67,271	-	67,271
Repayment of loan from non-controlling interests	-	-	-	-	-	-	-	-	(1,195)	(1,195)
Vesting option to employees	-	2,318	-	-	-	-	-	2,318	-	2,318
Transfer from revaluation reserve, in the amount of the depreciation, net	-	-	40,237	-	-	-	(40,237)	-	-	-
Balance as of December 31, 2023	1,083,328	14,286	132,724	(137,574)	7,518	27,725	2,132,574	3,260,581	93,937	3,354,518

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 2023 Audited	Three months ended June 30, 20232024		Six months ended June 30, 20232024		Convenience translation (Note 1e) Six months Ended June 30, 2024 Unaudited Euro
		N I S in thousands				
Cash flows from operating activities:						
Net income (loss)	45,078	120,025	125,028	(75,393)	(36,757)	(9,143)
Adjustments to reconcile net income to net cash provided by operating activities:						
Adjustments to the profit or loss items:						
Depreciation and amortization	1,149,151	277,686	309,449	539,806	605,401	150,590
Finance expenses, net	1,040,059	256,622	299,115	494,069	565,026	140,549
Group's share of losses (income) of companies and partnerships accounted for at equity	4,663	(5,679)	14,025	14,550	40,096	9,974
Change in liabilities for time-sharing rights, net	(564)	(147)	(49)	(281)	(183)	(46)
Change in employee benefit liabilities, net	3,086	954	530	1,705	2,160	537
Taxes on income (Tax benefit)	10,792	16,739	35,046	(31,028)	(2,228)	(555)
Gain from impairment of fixed assets	6,012	238	(915)	(366)	(2,175)	(541)
Share-based payment to employees expense	2,318	682	629	1,467	1,274	317
Loss (gain) from a change in the value of securities held for trading	8,237	(4,775)	2,243	5,666	(4,019)	(999)
	2,223,754	542,320	660,073	1,025,588	1,205,352	299,826
Changes in asset and liability items:						
Decrease (increase) in trade receivables	117,181	(130,625)	(66,361)	(90,065)	(90,338)	(22,471)
Decrease (increase) in other accounts receivable	3,042	31,077	(10,414)	26,127	(19,625)	(4,882)
Increase in inventories	(3,302)	(2,174)	(1,904)	(1,885)	(1,291)	(321)
Decrease (increase) in long-term receivables	38,756	20,517	6,731	59,545	(4,611)	(1,147)
Increase (decrease) in trade payables	(21,505)	2,578	80,042	19,076	80,740	20,084
Increase (decrease) in other accounts payable	91,674	70,234	(110,957)	40,356	(126,612)	(31,494)
Increase (decrease) in other non- current liabilities	(81,963)	(54,117)	(12,010)	(76,090)	1,900	473
	143,883	(62,510)	(114,873)	(22,936)	(159,837)	(39,758)
Cash received (paid) during the period for:						
Receiving a dividend from an investee company	4,000	-	-	4,000	7,500	1,866
Taxes paid	(115,761)	(42,812)	(30,669)	(52,822)	(41,874)	(10,416)
Interest paid for leases of right-of-use assets	(735,738)	(159,340)	(201,763)	(352,584)	(392,888)	(97,728)
Other interest paid, net	(263,100)	(48,765)	(67,625)	(125,236)	(149,535)	(37,196)
	(1,110,599)	(250,917)	(300,057)	(526,642)	(576,797)	(143,474)
Net cash provided by operating activities	1,302,116	348,918	370,171	400,617	431,961	107,451

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

						Convenience translation (Note 1e)
	Year ended December 31, 2023	Three months ended June 30,		Six months ended June 30,		Six months Ended June 30,
	Audited	2023	2024	2023	2024	2024
		Unaudited				Unaudited
		N I S in thousands				Euro
<u>Cash flows from investing activities:</u>						
Purchase of fixed assets	(471,586)	(70,952)	(23,467)	(143,076)	(47,209)	(11,743)
Current investments in existing assets	(185,811)	(83,016)	(107,711)	(180,916)	(175,137)	(43,564)
Other assets, net	(235)	-	-	-	-	-
Purchase of companies consolidated for the first time (a)	(107,262)	(58,593)	-	(58,593)	-	-
Tax paid for the disposal of fixed assets in the past	(17,912)	-	-	-	-	-
Sale and purchase of securities held for trading, net	55,105	19,800	37	26,092	(1,856)	(462)
Loans and Investment in companies and partnerships accounted for at equity, net	(398,731)	(146,983)	(86,319)	(209,687)	(137,126)	(34,109)
Change in designated deposit, net	41,048	995	(50)	42,962	(179)	(45)
Change in accounts receivable	-	-	(1,678)	-	(15,686)	(3,902)
Return on investment (investment) in various companies, net	1,709	2,141	(12,871)	5,122	(17,821)	(4,433)
Net cash used in investing activities	(1,083,675)	(336,608)	(232,059)	(518,096)	(395,014)	(98,258)
<u>Cash flows from financing activities:</u>						
Short-term credit from banking corporations, net	16,548	8,659	190,056	(599)	302,401	75,220
Receipt of long-term loans from banking corporations and others	636,581	42,777	63,337	205,090	113,337	28,192
Repayment of long-term loans from corporations and others	(553,272)	(95,861)	(80,701)	(345,250)	(205,636)	(51,151)
Issue of debentures, net	812,712	154,910	-	295,855	208,675	51,907
Repayment of debentures	(582,142)	(63,531)	(88,174)	(222,789)	(217,641)	(54,137)
Repayment of liabilities from leases of right-of-use assets	(515,973)	(144,616)	(152,024)	(249,852)	(300,753)	(74,811)
Net cash used in financing activities	(185,546)	(97,662)	(67,506)	(317,545)	(99,617)	(24,780)
<u>Translation differences in respect of balances of cash and cash equivalents</u>	23,507	13,400	3,956	31,299	(132)	(33)
<u>Increase (decrease) in cash and cash equivalents</u>	56,402	(71,952)	74,562	(403,725)	(62,802)	(15,620)
Cash included in assets held for sale	-	-	106	-	-	-
<u>Cash and cash equivalents at beginning of period</u>	829,643	497,870	748,575	829,643	886,045	220,399
<u>Cash and cash equivalents at end of period</u>	886,045	425,918	823,243	425,918	823,243	204,779

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

CONSOLIDATED STATEMENTS OF CASH FLOWSMaterial non-cash activity:

Purchase of properties, plant and equipment	3,500	-	173,438	-	173,438	43,142
Recognition of the right-of-use assets against lease liabilities	540,515	36,437	1,080	72,462	106,014	26,370
Updates in right-of-use assets in respect of linkages to the CPI index	501,861	-	63,747	-	516,166	128,393
Conversion of convertible bonds into shares	67,271	53,597	-	67,271	-	-
Proceeds from the sale of an investee company			58,626		58,626	14,583

	Year ended December 31, 2023 Audited	Three months ended June 30, 2023	2024	Six months ended June 30, 2023	2024	Convenience translation (Note 1e) Six months Ended June 30, 2024 Unaudited Euro
	N I S in thousands					
(a) <u>Acquisition of initially consolidated subsidiaries:</u>						
The subsidiaries' assets and liabilities at date of acquisition:						
Current assets	(3,671)	(6,809)	-	(6,809)	-	-
Non-current assets	(292,143)	(160,677)	-	(160,677)	-	-
Current liabilities	-	-	-	-	-	-
Long-term liabilities	-	105,881	-	105,881	-	-
Non-controlling interests	188,552	3,012	-	3,012	-	-
	(107,262)	(58,593)	-	(58,593)	-	-
(b) <u>Exit from consolidation:</u>						
Current assets	-	-	836	-	836	208
Non-current assets	-	-	140,000	-	140,000	34,824
Current liabilities	-	-	(4,821)	-	(4,821)	(1,199)
Long-term liabilities	-	-	(36,674)	-	(36,674)	(9,122)
Non-controlling interests	-	-	(40,715)	-	(40,715)	(10,128)
Income receivable from the sale of an investee company			(58,626)		(58,626)	(14,583)
	-	-	-	-	-	-

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: - GENERAL

- a. These financial statements have been prepared in a condensed format as of June 30, 2024 and for the six and three months periods 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, 2023 and for the year then ended and accompanying notes ("annual consolidated financial statements").
- b. As of the date of approval of the financial statements, the Company, through the investee companies, is the operator and manager of the Fattal Hotel Chain, which includes 294 hotels throughout Israel and Europe, comprising about 52,000 hotel rooms, including 63 hotels in Israel, 215 hotels throughout Europe (excluding Cyprus and Greece) and 16 hotels in Cyprus and Greece. For further details regarding operating segments, see Note 7.
- c. Further to that stated in Note 1C in the Consolidated Annual Financial Statements as of December 31, 2023 in connection with "Swords of Iron" war which began on October 7th, 2023 and its influence on the company, it should be noted that during the period of the report, the war had no material impact on the Company's results.
- d. It should be noted that, as of June 30, 2024 the Company had a consolidated working capital deficit of about NIS 1,644 million. According to the Company's Management and the Board of Directors, the above deficit does not indicate a liquidity issue as the Company has the following sources:
 - Cash and quoted securities in the amount of approximately NIS 700 million available to the Group close to the date of approval of the Financial Statements (including in respect of the issuance of Commercial Paper as stated in Note 4h).
 - The Company has a positive cash flow from current operations, which is even expected to increase during the year due to the effect of seasonality on the Company's operations as detailed in Note 3.
 - Obtaining financing for properties that were not financed (a total of approximately NIS 550 million) and additional properties that were purchased with external financing when a major part of this external financing has already been repaid and the Company is working to raise external financing for these hotels.
 - Ability to obtain finance vis-à-vis banking corporations against properties at a low financing rate, as well as financing ability in the capital market.

According to the Company's Management and the Board of Directors, the Company will meet its obligations in the foreseeable future.

- e. The financial statements as of June 30, 2024 and for the six months then ended have been translated into Euro using the representative exchange rate as of that date (€ 1 = NIS 4.0202). The translation was made solely for the convenience of the reader. The amounts presented in these financial statements should not be construed to represent amounts receivable or payable in Euros or convertible into Euros, unless otherwise indicated in these statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2- : ACCOUNTING POLICIES

a. Basis of presentation 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.

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 adoption of amendments to existing financial reporting and accounting standards:

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

In January 2020, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" 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- : 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.

c. Disclosure of new standards 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.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2- : ACCOUNTING POLICIES (Cont.)

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.

NOTE 3: - SEASONALITY OF OPERATIONS

Israel

The Group's leisure hotels in Israel are impacted by a clear trend of seasonality, with the turnover increasing in the months of spring and summer and a large part of Jewish holidays.

The peak season in the Group's business hotels in Israel is during the months of May - June and October – November, and also during periods in which special events take place in areas where the hotels are located.

Europe (including UK and Ireland)

The peak season for the Group's hotels abroad, which are mostly characterized as business hotels, is the months of May – June and September – October and also during periods in which special events take place in areas where the hotels are located.

The Group's hotels located in major cities as well as vacation resorts are affected by the seasonality factor, especially in the first quarter of each year, when there is less tourism.

Mediterranean Basin

Most of the Company's resort hotels operate during the tourist season that begins in spring and ends in autumn. Hotels in the main cities operate all year round and are affected by the seasonality factor, especially in the first quarter of each year, when there is less tourism.

The financial results should be reviewed taking this seasonality into account.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

- a. Transactions completed during and after the reporting period:

Location of property	Transaction date	Transaction type	No. of rooms	Percentage holding	Property cost annual rent	Expected date of opening / Lease period
Esslingen, Germany	January, 2024	Leased	151	100%	About € 1.1 million	Operated since acquisition date
Brno, Czech	March, 2024	Leased	165	100%	About € 1.5 million	2028
Bad Gastein, Austria	May, 2024	Leased	110	100%	About € 1.2 million	2026

- b. In March 2017, a transaction was signed and was not completed due to technical and bureaucratic issues, in the framework of which it was agreed that Fattal Hotels Ltd., an investee company held (100% holding) by the Company (hereinafter: "Fattal Hotels"), will acquire the full rights in Leonardo Plaza Hotel Eilat (50% current holding).

In addition, the sale will be completed of Fattal Hotels' share in the shares of a subsidiary that owns Leonardo Beach Tel Aviv Hotel to a partner in the Company. Both transaction were completed in June 2024.

- c. On February 7, 2024, the Company issued to the public NIS 210,343,000 par value in Bonds (Series E) of NIS 1 par value each of the Company, listed for trading, for gross consideration of NIS 210,343,000 (before deducting issuance costs of approximately NIS 2 million). The Bonds are not CPI-linked and bear an annual interest rate of 6.33%. The above series is repayable in 12 semi-annual installments on February 28 and August 31 of each of the years 2027 to 2032 (inclusive) commencing February 28, 2027, such that each of the first ten installments will constitute 8% of the principal of the total par value of the Bonds, and each of the last two installments will constitute 10% of the principal of the total par value of the Bonds. As part of the offering, the Company committed to financial covenants, whose main points are as follows:

1. The ratio of adjusted net financial debt to adjusted EBITDA, as defined in the Trust Deed, shall not exceed 9.
2. The Company's shareholders' equity will not be less than NIS 2,100 million.

- d. Further to that stated in Note 9b in the Consolidated Annual Financial Statements as of December 31, 2023 in connection with investments by Fattal Properties (Europe) Ltd., which is 100% owned in final chain of ownership by the Company (hereinafter - "Fattal Properties (Europe)"), in FATTAL EUROPEAN PARTNERSHIP II LP (hereinafter - the Partnership), it should be noted that during the period of the report, Fattal Properties (Europe) invested a further EUR 6.4 million according to its share in calls for money made by the Partnership. As of the date of signing the report, Fattal Properties (Europe) invested a total of about EUR 86 million out of its total commitment (EUR 100 million).

Up to June 30, 2024, 19 hotels were purchased in Poland, Cyprus, Austria, Greece, UK, Germany, Spain and Italy at a total cost of about EUR 651 million.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (cont.):

- e. In January 2024, Fattal Properties (Europe) completed the establishment of another Israeli limited partnership – Fattal Partnership III (INTERNATIONAL) LP (hereinafter - Partnership III) in the hotel sector together with institutional bodies in Israel, which will operate in a format similar to the format in which the partnership described in Section D above operates. According to the Company's assessment, the total investment of the Limited Partners in the additional partnership will exceed EUR 400 million. As of the date of publication of the Financial Statements, investment commitments have been received totaling approximately EUR 396.4 million (the share of Fattal Properties (Europe) is EUR 127 million). Partnership III is working to recruit additional investors.

During the period of the report Fattal Properties (Europe) invested approximately EUR 43 million (approximately EUR 57 million as of the date of signing the report) as per its share of calls for money made by the Partnership III, out of which a total of approximately EUR 20 million were transferred back (net, offsetting the investment in the call for money) and that is for the amount Fattal Properties (Europe) paid for the hotels that were designate for Partnership III during the time of its establishment.

As of the date of publication of the Financial Statements, agreements were signed for purchasing 21 hotels in Netherlands, France, Spain, Italy, Germany and Ireland in a total value of approximately EUR 586 million.

As part of the acquisition of the 21 hotels as described above, in July 2024, 12 hotels in the Netherlands were acquired at a total cost of approximately EUR 370 million (before investments required for planned renovations). Partnership III invested 76.34% in the transaction (approximately EUR 108 million). In addition, Fattal Properties (Europe) acquired an additional 9.97% of this portfolio through a joint venture with another financial institution (13.69%), and for this purpose Fattal Properties (Europe) injected a total of EUR 14.1 million to complete the transaction.

- f. Further to Note 9a in the Consolidated Annual Financial Statements as of December 31, 2023 in connection with the acquisition of shares of a company holding four hotels in London, during the reporting period the investee company made a classification change for investee hotels from inventory to investment real estate. Following the change, the assets were valued according to their fair value. The Company's share in the revaluation is about GBP 25 million (about NIS 117 million).

It should also be noted that during July 2024, the investee company was provided with a loan from a banking corporation in the amount of GBP 525 million, which was used, together with the injection of funds by the partners, to repay a loan of GBP 610 million.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: - SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD (cont.):

- g. On July 2, 2024, Fattal Hotels entered into a sale agreement (hereinafter: the "Agreement") with the Partner (50%) in Protal Tourism Ltd., an affiliate held (50%) by Fattal Hotels (hereinafter: "Protal"), to acquire the full rights of the Partner in Protal, so that following the signing of the Agreement, Fattal Hotels will hold all of Protal's shares. As of the date of the agreement, Protal holds the rights to 10 hotels in Israel that are leased and operated by Fattal Hotels, another hotel that is not active in Israel and one hotel that is not active abroad. In addition, as part of the agreement, Protal sold to the seller its holdings (50% ownership) in the Herods Eilat hotel complex, which will be leased to Fattal Hotels in a new lease agreement for 20 years, replacing the existing lease agreement with Fattal Hotels. The total net consideration is approximately NIS 470 million.

The Company did not include the disclosures required by the provisions of IFRS 3 for the described business combination, since the acquisition was completed after the date of the report, and the initial accounting treatment of the business combination has not yet been completed and the Company has not yet completed the allocation of the acquisition cost (including temporarily) to the assets and liabilities identified in respect of the acquisition.

- h. On July 22, 2024, the Company completed a public offering of NIS 100,000,000 par value of Commercial Paper (Series 1) for a total consideration of NIS 100,000 thousands (before deducting issuance costs). The Commercial Paper (Series 1) bears a variable annual interest rate, calculated as a weighted average (according to the number of days in the interest period) of Bank of Israel interest rates that were in effect during the interest period plus a fixed annual margin of 0.6%. The principal of the Commercial Paper (Series 1) and interest thereon will be payable in a single installment payable on July 21, 2025.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: - FINANCIAL INSTRUMENTS

Fair value:

The table below compares the balance in the books and the fair value of the Company's financial instruments presented in the financial statements, which are not according to their fair value:

	<u>June 30, 2023</u>		<u>December 31, 2023</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
	<u>(*)</u>		<u>(*)</u>	
	<u>N I S in thousands</u>			
<u>Loans from banking corporations and other liabilities</u>				
Debentures (Level 1 of the fair value hierarchy)	2,737,885	2,558,238	2,897,835	2,806,316
Fixed interest loans (Level 3 of the fair value hierarchy)	1,592,937	1,514,575	1,868,730	1,815,224
Total	<u>4,330,822</u>	<u>4,072,813</u>	<u>4,766,565</u>	<u>4,621,540</u>

			<u>Convenience translation (note 1e)</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
	<u>(*)</u>		<u>(*)</u>	
	<u>June 30, 2024</u>		<u>June 30, 2024</u>	
	<u>Unaudited</u>			
	<u>NIS</u>		<u>Euro</u>	
	<u>(In thousands)</u>		<u>(In thousands)</u>	
<u>Loans from banking corporations and other liabilities</u>				
Debentures (Level 1 of the fair value hierarchy)	2,918,083	2,819,456	725,855	701,322
Fixed interest loans (Level 3 of the fair value hierarchy)	1,766,595	1,719,932	439,430	427,822
Total	<u>4,684,678</u>	<u>4,539,388</u>	<u>1,165,285</u>	<u>1,129,144</u>

(*) Including interest payable.

NOTE 6:- REVENUES FROM HOSPITALITY SERVICES AND OTHERS

	<u>Year ended</u> <u>December 31,</u> <u>2023</u>	<u>Three months ended</u> <u>June 30,</u>		<u>Six months ended</u> <u>June 30,</u>		<u>Convenience translation</u> <u>(Note 1e)</u>
		<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>Six months</u> <u>Ended June 30,</u> <u>2024</u>
	<u>Audited</u>	<u>Unaudited</u>				<u>Unaudited</u>
		<u>N I S in thousands</u>				<u>Euro</u>
Rooms	5,352,594	1,493,459	1,553,296	2,434,898	2,595,431	645,597
Food and beverages	1,148,780	285,311	321,176	496,166	597,916	148,728
Other services	378,715	104,489	95,001	192,026	171,159	42,575
Hotel management fees	48,371	7,839	17,352	9,919	24,587	6,116
	<u>6,928,460</u>	<u>1,891,098</u>	<u>1,986,825</u>	<u>3,133,009</u>	<u>3,389,093</u>	<u>843,016</u>

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: - OPERATING SEGMENTSa. General:

The operating segments are identified on the basis of information that is reviewed by the chief operating decision maker ("CODM") for making decisions about resources to be allocated and assessing performance. The Group's activity is conducted through three reportable operating segments: in Israel, in Europe (except for the United Kingdom, Ireland and Mediterranean basin) and in the United Kingdom and Ireland. In addition, the Group has investment through subsidiaries in Mediterranean basin and other investment, which do not amount a reportable segment, and, accordingly, is reported as other.

Segment performance is evaluated principally based on revenues and operating income before depreciation and amortization, financing and other expenses (EBITDA), including in respect of hotels owned through associate companies.

The segment results reported to the CODM include items that are allocated directly to the segments and items that can be allocated on a reasonable basis. Items that were not allocated, mainly the Group's headquarter assets, general and administrative costs, finance and taxes on income are managed on a group basis.

The chief operating decision maker continues to examine the operating segments according to the old leases standard, IAS 17. Accordingly, adjustments were added in respect of the new leases standard, IFRS 16.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: - OPERATING SEGMENTS (cont.):b. Reporting on operating segments:

					Adjustments to financial reporting (before adjustments for IFRS 16)		Adjustments for IFRS 16		Convenience translation (Note 1e)
	Israel	Europe (mainly Germany)	UK and Ireland	Other		Total		Total	Total
	NIS thousands								Euro
Six months ended June 30, 2024 (unaudited)									
Segment revenues	861,307	1,326,112	1,103,289	301,541	(203,156)	3,389,093	-	3,389,093	843,016
Operating income before depreciation and amortization, other operating expenses and rental expenses	282,300	470,610	380,699	108,692	(42,349)	1,199,952	-	1,199,952	298,481
Operating income before depreciation and amortization and other operating expenses	234,027	223,170	113,943	56,958	(157,720)	470,378	693,641	1,164,019	289,543
Depreciation and amortization	(58,784)	(104,032)	(55,023)	(26,578)	42,955	(201,462)	(403,939)	(605,401)	(150,590)
Other operating expenses, net								(1,699)	(423)
Finance expenses, net								(555,808)	(138,254)
Group's share of losses of associate companies and partnerships accounted for at equity								(40,096)	(9,974)
Loss before tax benefit								(38,985)	(9,698)
Tax benefit								2,228	555
Loss for the period								(36,757)	(9,143)

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: - OPERATING SEGMENTS (cont.):

	Israel	Europe (mainly Germany)	UK and Ireland	Other	Adjustments to financial reporting (before adjustments for IFRS 16)	Total	Adjustments for IFRS 16	Total
	NIS thousands							
<u>Six months ended June 30, 2023</u> (unaudited)								
Segment revenues	<u>887,420</u>	<u>1,205,410</u>	<u>985,024</u>	<u>227,581</u>	<u>(172,426)</u>	<u>3,133,009</u>	<u>-</u>	<u>3,133,009</u>
Operating income before depreciation and amortization, other operating expenses and rental expenses	<u>214,134</u>	<u>426,701</u>	<u>322,286</u>	<u>85,427</u>	<u>(41,661)</u>	<u>1,006,887</u>	<u>-</u>	<u>1,006,887</u>
Operating income before depreciation and amortization and other operating expenses	<u>146,599</u>	<u>191,314</u>	<u>82,474</u>	<u>41,694</u>	<u>(116,644)</u>	<u>345,437</u>	<u>602,437</u>	<u>947,874</u>
Depreciation and amortization	(54,457)	(81,061)	(48,779)	(16,355)	32,125	(168,527)	(371,279)	(539,806)
Other operating expenses, net								(5,833)
Finance expenses, net								(494,106)
Group's share of losses of associate companies and partnerships accounted for at equity								<u>(14,550)</u>
Loss before tax benefit								(106,421)
Tax benefit								<u>31,028</u>
Loss for the period								<u>(75,393)</u>

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: - OPERATING SEGMENTS (cont.):

	Israel	Europe (mainly Germany)	UK and Ireland	Other	Adjustments to financial reporting (before adjustments for IFRS 16)	Total	Adjustments for IFRS 16	Total
	NIS thousands							
Three months ended June 30, 2024 (unaudited)								
Segment revenues	476,859	796,553	638,439	194,027	(119,053)	1,986,825	-	1,986,825
Operating income before depreciation and amortization, other operating expenses and rental expenses	149,560	340,787	263,013	80,010	(32,219)	801,151	-	801,151
Operating income before depreciation and amortization and other operating expenses	136,264	211,652	119,191	51,557	(94,147)	424,517	353,786	778,303
Depreciation and amortization	(30,708)	(53,021)	(27,989)	(13,903)	22,373	(103,248)	(206,201)	(309,449)
Other operating expenses, net								(99)
Finance expenses, net								(294,656)
Group's share of losses of associate companies and partnerships accounted for at equity								(14,025)
Income before taxes on income								160,074
Taxes on income								(35,046)
Net income								125,028

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: - OPERATING SEGMENTS (cont.):

	Israel	Europe (mainly Germany)	UK and Ireland	Other	Adjustments to financial reporting (before adjustments for IFRS 16)	Total	Adjustments for IFRS 16	Total
	NIS thousands							
<u>Three months ended June 30, 2023</u> (unaudited)								
Segment revenues	531,069	736,758	584,907	148,206	(109,842)	1,891,098	-	1,891,098
Operating income before depreciation and amortization, other operating expenses and rental expenses	162,475	307,142	215,567	61,682	(34,402)	712,464	-	712,464
Operating income before depreciation and amortization and other operating expenses	130,904	177,750	80,699	35,834	(71,770)	353,417	307,370	660,787
Depreciation and amortization	(27,502)	(39,641)	(25,634)	(8,691)	15,192	(86,276)	(191,410)	(277,686)
Other operating expenses, net								(3,736)
Finance expenses, net								(248,280)
Group's share of earnings of associate companies and partnerships accounted for at equity								5,679
Income before taxes on income								136,764
Taxes on income								(16,739)
Net income								120,025

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: - OPERATING SEGMENTS (cont.):

	Israel	Europe (mainly Germany)	UK and Ireland	Other	Adjustments to financial reporting (before adjustments for IFRS 16)	Total	Adjustments for IFRS 16	Total
Year ended December 31, 2023	NIS thousands							
Segment revenues	1,914,273	2,636,303	2,217,371	571,124	(410,611)	6,928,460	-	6,928,460
Operating income before depreciation and amortization, other operating expenses and rental expenses	551,836	1,004,708	774,439	228,624	(107,157)	2,452,450	-	2,452,450
Operating income before depreciation and amortization and other operating expenses	414,333	517,379	264,025	125,143	(275,880)	1,045,000	1,251,712	2,296,712
Depreciation and amortization	(112,121)	(182,981)	(112,756)	(39,266)	74,798	(372,326)	(776,825)	(1,149,151)
Other expenses, net								(38,328)
Finance expenses, net								(1,048,700)
Group's share of losses of associate companies and partnerships accounted for at equity								(4,663)
Income before taxes on income								55,870
Taxes on income								(10,792)
Net income								45,078