

Meidar Ganei Eden Ltd.

Consolidated Financial Statements Reviews

As of June 30, 2024

Meidar Ganei Eden Ltd.

Consolidated Financial Statements

As of June 30, 2024

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Review report of the auditor to shareholders of
Meidar Ganei Eden Ltd.

Introduction

We have reviewed the attached financial information of Meidar Ganei Eden Ltd., which includes the consolidated concise financial statement as of June 30, 2024 and the consolidated concise statements of total income, changes in capital and cash flows for the six-month period ended on that date. The Board of Directors and management are responsible for drafting and presenting the financial information for these interim periods in accordance with international accounting standards IAS 34 - "Interim Financial Reporting". It is our responsibility to draw a conclusion about financial information for these interim periods based on our review.

Scope of review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Certified Public Accountants Institute in Israel - "Review of Interim Financial Information Conducted by the Entity's Auditor". A review of interim financial information consists of enquiries, mainly with persons responsible for financial and accounting matters, and the implementation of analytical and other review procedures. A review is considerably smaller in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and therefore does not allow us to gain assurance that we will become aware of all significant matters that could have been identified in an audit. Accordingly, we do not provide an audit opinion report.

Conclusion

Based on our review, nothing has come to our attention that leads us to believe that the above financial information was not compiled, in all material respects, in accordance with International Accounting Standard - IAS 34.

Jerusalem, October 31, 2024

Elefant, Mahalla, C.P.A.

Meidar Ganei Eden Ltd.

Summary consolidated financial statements

(in new shekels)

	As of June 30	As of June 30	As of December 31
	2024	2023	2023
	Unaudited	Unaudited	Audited
<u>Current assets</u>			
Cash and cash equivalents	1,513,919	5,730,502	1,129,160
Debtors and debt balances	7,048,084	13,503,478	13,643,427
Inventory of buildings for construction	14,771,557	13,458,549	14,118,404
Use rights properties	1,777,656	-	1,999,863
Loans to related parties	14,842,207	9,492,423	10,043,880
	<u>39,953,423</u>	<u>42,184,952</u>	<u>40,934,734</u>
<u>Non-current assets</u>			
Investments treated according to the book value method	7,504,081	6,266,371	7,042,118
Long term debtors	4,389,594	-	5,097,132
Real estate inventory	20,007,465	5,244,545	7,530,501
Real estate under construction	28,104,352	24,832,014	27,801,000
Fixed assets, net	1,572,198	1,164,053	1,235,915
Deposits	157,327	-	-
Intangible assets	27,534	12,240	2,801
	<u>61,762,551</u>	<u>37,519,223</u>	<u>48,709,467</u>
	<u>101,715,974</u>	<u>79,704,175</u>	<u>89,644,201</u>

The attached notes form an integral part of the consolidated financial statements.

Meidar Ganei Eden Ltd.

Summary consolidated financial statements


(in new shekels)

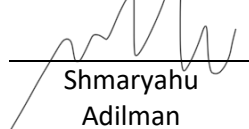
	As of June 30	As of June 30	As of December 31
	2024	2023	2023
	Unaudited	Unaudited	Audited
<u>Current Liabilities</u>			
Short-term loans	28,221,664	26,711,287	24,069,060
Suppliers and service providers	377,384	*208,437	204,250
Payables and balances	3,469,060	*340,012	441,497
Lease obligations	1,821,422	-	2,003,710
	<u>33,889,530</u>	<u>*27,259,736</u>	<u>26,718,517</u>
<u>Non-current liabilities</u>			
Tax reserve	1,140,156	812,511	1,288,409
Long-term loans	55,036,060	37,338,774	*44,587,037
Debentures	10,561,065	*7,675,335	*10,538,473
	<u>66,737,281</u>	<u>*45,826,620</u>	<u>56,413,919</u>
<u>Capital</u>			
<u>Capital attributable to the Company's shareholders</u>			
Share capital	10	10	10
Equity fund	8,144,091	7,417,903	9,364,073
Loss balance	(8,247,459)	(1,935,506)	(4,127,662)
	<u>(103,358)</u>	<u>5,482,407</u>	<u>5,236,421</u>
<u>Rights that do not confer control</u>	<u>1,192,521</u>	<u>1,135,411</u>	<u>1,275,344</u>
	<u>1,089,163</u>	<u>6,617,818</u>	<u>6,511,765</u>
	<u>101,715,974</u>	<u>79,704,175</u>	<u>89,644,201</u>

(*) Re-sorted.

The attached notes form an integral part of the consolidated financial statements.

31.10.2024


Yechiel Porush
CEO & Chief Financial
Officer


Shmaryahu
Adilman
Chairman of the
Board

Confirmation and
publication date
Financial Statements

Meidar Ganei Eden Ltd.

Summary consolidated statements of total profit

(in new shekels)

	For 6 months ended June 30	For 6 months ended June 30	For the year ended December 31
	2023	2022	2022
	Unaudited	Unaudited	Audited
Rental income and management fees	942,123	903,929	10,276,945
Income from the sale of real estate rights	-	8,500,000	-
Adjustment of the fair value of real estate for investment under construction	(833,673)	(727,977)	1,196,728
	108,450	8,675,952	11,473,673
Cost of sales / providing services	8,622	*(930,688)	1,305,115
	8,622	930,688	1,305,115
Overall profit	99,828	*7,745,264	10,168,558
Cost of selling real estate rights	-	-	-
Advertising and sales expenses	(42,000)	(358,156)	(260,060)
General and admin. expenses	(3,597,962)	(3,312,662)	(6,426,792)
Other income	7,116	2,174	2,168
	(3,632,844)	*(3,668,644)	(6,684,684)
Operating profit (loss)	(3,533,018)	4,076,620	3,483,874
The company's share of the losses of companies treated according to the book value method	(200,487)	(1,650,801)	(2,066,788)
Financing income	902,614	1,077,506	2,553,970
Financing expenses	(1,559,742)	(2,004,808)	(4,088,208)
	(657,127)	(927,302)	(1,534,238)
Profit (loss) before income taxes	(4,390,631)	1,498,517	(117,152)
Income taxes	148,614	167,435	(308,465)
Net profit (loss) for the period	(4,242,016)	1,665,952	(425,617)
<u>Profit (loss) attributable to:</u>			
Company shareholders	(4,119,797)	1,765,662	(425,727)
Holders of non-controlling rights	(122,219)	(99,710)	110
	(4,242,016)	1,665,952	(425,617)
<u>Earnings (loss) per share attributable to the Company's shareholders</u>			
Basic gain (loss)	(41,198)	17,656	4,257
Diluted profit (loss)	(41,198)	17,656	4,257

(*) Re-presented.

The attached notes form an integral part of the consolidated financial statements.

Meidar Ganei Eden Ltd.

Summary of consolidated statements on changes in capital

(in new shekels)

	Share capital	Equity Fund	Profit balance	Total	Rights that do not confer control	Total Capital
Balance as of January 1, 2024 (audited)	10	9,364,073	(4,127,662)	5,236,421	1,275,344	6,511,765
Profit (loss) for the period	-	-	(4,119,798)	(4,119,798)	(122,219)	(4,242,016)
Other total profit	-	(1,219,983)	-	(1,219,983)	39,396	(1,180,586)
Balance as of June 30, 2024 (unaudited)	10	8,144,090	(8,247,460)	(103,360)	1,192,251	1,089,162
Balance as of January 1, 2023 (audited)	10	7,552,158	(3,701,168)	3,851,000	1,217,228	5,068,228
Capital interest rate adjustment	-	-	(767)	(767)	-	(767)
Profit (loss) for the year	-	-	(425,727)	(425,727)	110	(425,617)
Other total profit	-	1,811,915	-	1,811,915	58,006	1,869,921
Balance as of December 31, 2023 (audited)	10	9,364,073	(4,127,662)	5,236,421	1,275,344	6,511,765

Meidar Ganei Eden Ltd.

Summary of consolidated statements on changes in capital

(in new shekels)

	Share capital	Equity Fund	Profit balance	Total	Rights that do not confer control	Total Capital
Balance as of January 1, 2023 (audited)	10	7,552,158	(3,701,168)	3,851,000	1,217,228	5,068,228
Profit (loss) for the period	-	-	1,765,662	1,765,662	(99,710)	1,665,952
Other total profit	-	(134,255)	-	(134,255)	17,893	(116,362)
Balance as of June 30, 2023 (unaudited)	10	7,417,903	(1,935,506)	5,482,407	1,135,411	6,617,818

The attached notes form an integral part of the consolidated financial statements.

Meidar Ganei Eden Ltd.

Summary of consolidated statements of cash flows

(in new shekels)

	For 6 months ended June 30 2024 Unaudited	For 6 months ended June 30 2023 Unaudited	For year ended December 31 2023 Audited
<u>Operating Cash Flows</u>			
Net profit (loss) for the period	(4,242,017)	1,665,954	(425,617)
Adjustments required to present cash flows from operating activities (Appendix A)	4,246,859	(9,720,018)	(15,283,426)
Cash used for current operations	(15,158)	(8,054,064)	(15,709,043)
<u>Cash flows from investment activities</u>			
Investment in fixed assets	(531,069)	(836,500)	(1,038,048)
Project investments	(436,534)	(2,474,876)	(3,525,020)
Real estate investments	(1,000,849)	(735,937)	(1,698,868)
Long-term debtors	707,538	-	-
Deposits	(157,327)	-	-
Real estate inventory	(12,476,964)	(1,239,064)	(523,399)
Cash used for investment activities	(13,956,482)	(5,286,377)	(6,785,335)
<u>Cash flows from financing activities</u>			
Loans received	14,265,065	12,718,458	17,271,054
Cash derived from financing activities	14,265,065	12,718,458	17,271,054
Increase (decrease) in cash and cash equivalents	384,759	(621,983)	(5,223,325)
Cash balance and cash equivalents at period start	1,129,160	6,352,485	6,352,485
Cash balance and cash equivalents at period end	1,513,919	5,730,502	1,129,160
<u>Appendix A - Adjustments required to present cash flows from operating activities:</u>			
<u>Expenses (income) that do not involve cash flow</u>			
Depreciation and amortization	392,259	89,964	231,890
The Company's share (of profits) in the losses of held companies treated according book value method	200,487	1,650,801	2,066,788
Loss from the sale of Elnor shares	-	-	(2,280,640)
Adjustment of fair value of investment real estate	833,673	727,977	(1,196,728)
Financing expenses	29,455	697,700	1,318,347
Income taxes	(148,614)	(167,435)	307,706
	1,307,260	2,999,007	447,363
<u>Changes in property and liabilities</u>			
Decrease (increase) in receivables and outstanding balances and in customers	493,065	(11,582,552)	(14,280,180)
Increase in inventory under construction and real estate for the construction of apartments for sale	(591,874)	(467,432)	(1,084,766)
Decrease in creditors and credit balances and suppliers	(3,018,408)	(669,041)	(365,843)
	(2,919,599)	(12,719,025)	(15,730,789)
	4,226,859	(9,720,018)	(15,283,426)
<u>Appendix B - Non-cash activity (rights not conferring control)</u>	(1,180,586)	(116,362)	-

(*) Re-sorted.

Meidar Ganei Eden Ltd.

Notes to the Consolidated Financial Statements

As of June 30, 2024

Note 1 - General:

- a. The Company was incorporated in June 2020 and began operations in July 2020. As of August 2020, the company has investments in the companies it holds.
- b. The Company and the companies held by it are engaged in locating, initiating, planning, constructing and promoting residential and rental real estate projects in Israel.
- c. Through subsidiaries, the Company owns land and real estate under construction, partly for commerce and offices, and partly for residential.
- d. In December 2023, the subsidiary Meidar Renewal Building a Future was established for purposes of receiving the larger share of the Company's projects involved in urban renewal. The Company began receiving the projects during 2024.
- e. On October 7, 2023, the Swords of Iron War broke out in Israel (hereinafter: the "war") which is still continuing as at the date of approving these statements. The outbreak of the war led to a slowdown in the Israel's economic business activities owing to the general atmosphere, the mass recruitment of reserve soldiers and an absence of children's parents from their places of work. As at the date of approving these statements, the wartime situation is continuing in both the Gaza Strip and on the northern border. The security situation is liable to cause an extension of the time required for constructing projects and an increase in the price of the inputs over the coming years as a result of a lack of workers owing to the closing of the borders with Judea and Samaria the fighting in the Gaza Strip, as well as owing to foreign workers leaving the country due to the war. The Company's management feels that as at the date of these statements, there has been no essential effect on the Company's financial state and no adjustments have been made in the financial statements.

From time to time, the Company continues to assess the effect of the economic situation and the fighting on its business activities. However, it is not possible for the Company at this stage to assess accurately the scope and nature of any additional future effects of the fighting on its financial results.

Meidar Ganei Eden Ltd.

Notes to the Consolidated Financial Statements

As of June 30, 2024

Note 2- Main accounting policies:

The accounting policy set forth below has been consistently applied in the financial statements, in all periods presented, unless otherwise noted.

I. Basis for presenting financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standards (hereinafter: IFRS). The Company's financial statements are prepared on the basis of cost, excluding real estate investment and financial assets that are measured at fair value through total other profit.

The Company chose to present the total profit report according to the characteristic operations method.

The accounting policy implemented in the preparation of interim financial statements is consistent with that implemented in the preparation of the annual financial statements.

II. Operating cycle period

The period of the Group's normal operating cycle, in relation to the construction of buildings for sale, is 3 years.

III. Consolidated financial statements

Consolidated financial statements include the companies' statements over which the Company has control (subsidiaries). Control exists when a company has influence over the invested entity, exposure or rights to variable returns as a result of its involvement in the invested entity, and the ability to use its power to influence the amount of returns resulting from the invested entity.

In examining control, the effect of potential voting rights is taken into account only if they are real. The consolidation of financial statements is carried out from the date of acquisition of control until the date on which control was terminated.

The financial statements of the Company and its subsidiaries are prepared for identical dates and periods. The accounting policy in the financial statements of the subsidiaries has been implemented uniformly and consistently with that implemented in the Company's financial statements. Material mutual balances and transactions and profits and losses arising from transactions between Group companies were fully eliminated in the consolidated financial statements.

Non-controlling rights in respect of subsidiaries represent the capital in the subsidiaries that cannot be attributed, directly or indirectly, to the parent company. The rights that do not confer control are presented separately within the framework of the Company's capital. Profit or loss is attributed to the Company and rights that do not confer control. Losses are attributable to rights that do not confer control even if, as a result, the balance of rights that do not confer control in the consolidated statement of financial state is negative.

Meidar Ganei Eden Ltd.

Notes to the Consolidated Financial Statements

As of June 30, 2024

Note 2 - Main accounting policies (contd.):

IV. Investing in joint arrangements

Common arrangements are arrangements in which a company has common control. Common control is an agreed contractual sharing of control over a settlement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

1) Joint ventures

In joint transactions, the parties to the settlement have joint control over the rights in the net assets of the settlement. A joint transaction is handled according to the book value method.

2) Joint operations

In joint activities, the parties to the arrangement have joint control over the settlement, rights to assets and obligations to the liabilities of the settlement. The Company recognizes in respect of the common activity, its proportionate share of the assets, liabilities, revenues and expenses of the joint activity.

V. Investments treated according to the book value method

Affiliates are companies in which the Group has material influence over their financial and operational policies, but not control. The Group's investments in affiliated companies and joint ventures are handled according to the book value method.

Under the book value method, the investment in the affiliated company or joint venture is presented at cost plus post-acquisition changes in the Group's share of net assets, including total other profit of the affiliated company or joint venture. Profits and losses arising from transactions between the Group and the affiliated company or joint venture are canceled in accordance with the holding rate.

VI. Inventory of land for construction

Real estate under construction is measured on the basis of cost. The cost of real estate includes credit costs relating to financing the construction of the property up to the date of completion, planning and design costs, allocated indirect construction costs and other related costs.

Meidar Ganei Eden Ltd.

Notes to the Consolidated Financial Statements

As of June 30, 2024

Note 2 - Main accounting policies (contd.):

VII. Real estate investment and real estate investments under construction

Real estate investment is real estate (land or buildings, or both) held by the owner (leaseholder under an operating lease) or leased under a financial lease for the purpose of generating rent or for the purpose of increasing value or both, and not for use in the export or supply of goods or services or for administrative purposes, or sale in the ordinary course of business.

Real estate investment is cut off when it is realized or when its use ceases and no future economic benefits are expected from its realization. The difference between the net proceeds from the realization of the asset and the balance in the financial statements is recognized in the statement of all profit or loss during the period in which the asset was subtracted.

Real estate investment is measured for the first time by cost, including direct purchase increases. After initial recognition, real estate investment is measured at its fair value, which reflects market conditions at the reporting date. Profits or losses resulting from changes in the fair value of real estate investment are credited to profit or loss at the time of their formation. Real estate investment is not systematically reduced.

VIII. Amendment to IAS-1 – Presentation of Financial Statements: Classifying current or non-current liabilities

In January 2020, the IASB published an amendment to IAS-1 concerning the requirements for classifying liabilities as current or as non-current (hereinafter: the “original amendment”).

In October 2020, the IASB published a further amendment to the above amendment (hereinafter: the “further amendment”). The further amendment stipulated that:

- Only financial yardsticks that an entity must comply with at the end of the reporting period or earlier, affect the classification of that liability as being a current liability or a non-current liability.
- For liabilities where the test of complying with the financial yardsticks are assessed within 12 months after the reporting date, disclosure must be provided in such a way that will allow users of the financial statements to assess the risks in respect of those liabilities. In other words, the further amendment stipulates that disclosure must be provided for the values in the books concerning the liability, information concerning the financial yardsticks, as well as facts and circumstances at the end of the reporting period that are likely to lead to a conclusion that the entity shall have difficulty in complying with the financial yardsticks. The original amendment stipulated that a right of conversion of a liability will influence the classification of the entire liability as a current or non-current liability, apart from those instances in which the conversion element is capital.

Meidar Ganei Eden Ltd.

Notes to the Consolidated Financial Statements

As of June 30, 2024

Note 2 - Main accounting policies (contd.):

- The original amendment and the further amendment were implemented for annual periods starting from January 1, 2024 or thereafter.

The above amendment shall not have any essential effect on the consolidated interim financial statements of the Company.

Note 3 - Events during the reporting period

- a. During the reporting period, the Company commenced constructing the project – Meidar Batachana on Jabotinsky Street in Bnai Brak owned by a held corporation – Meidar Batachana. In two phases, this project will construct 65 residential units and about 2,000 sq.m. of commercial accommodation. The second stage of the project is at an advanced town plan design stage.
- b. During the reporting period, work commenced on the construction of the Company's project within the scope of a combination transaction at Makor Haim Street in Jerusalem involving 22 residential units, of which 12 are owned by the Company.
- c. During the reporting period, the Company promoted several projects involving urban renewal in Jerusalem, Kiryat Ata, Ramat Gan, Ramla and Haifa, including promoting the designing of a town plan and promoting a draft agreement with residents. The Company has reached the required majority of residents in the following projects: Begin Street in Bnai Brak involving a project for about 80 apartments; Henrietta Szold Street, Kiriat Ata involving a project of about 290 apartments; and Shaul Hanita Street in Haifa involving a project for 32 apartments.
- d. During the reporting period, a majority of residents (60%) signed agreements in the Armon HaNatziv project – HaShisha Towers. The scope of this project will be approximately 900 apartments. The project is being managed through a subsidiary Meidar HaShisha Towers Ltd. During the reporting period, the Group's rate of holding in the company Meidar HaShisha Towers Ltd. increased from 50% to 100%.