



# Capital Market Presentation

Financial Statements

Q1 2023



# Disclaimer

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- This presentation is intended for the submission of information only, and does not constitute an opinion or recommendation. The information included in the presentation also does not constitute any form of advice, recommendation or opinion regarding the profitability of investment in the company's securities, and accordingly, does not constitute any offer to the public, or any invitation to purchase the company's securities.
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- The company does not undertake to update and/or change the information which is included in this presentation in order to reflect events and/or circumstances which may occur after the date when this presentation was made.
- The market value figures are as of <sup>2</sup>May 21, 2023, and the book value figures are as of March 31, 2023, unless stated otherwise.

# Business focus

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- DIC is a holding company which invests, independently and through investees, in companies which are engaged in various sectors of the Israeli economy, mostly real estate, telecom, technology and agriculture. DIC mostly invests in its investees in a manner which gives it influence over and involvement in their direction and management, for the purpose of promoting and maximizing the value of its investments, and resulting in their betterment or sale. Most of DIC's investees are public companies, leaders in their fields, with strong access to capital markets and to the banking system.
- DIC has reduced its leverage ratio over the last two years, and aims to continue improving its leverage ratio. As part of the company's goals and strategic plan, it intends to work on focusing the group's business efforts on the revenue-generating real estate segment, and on reducing the group's leverage. As part of the above, DIC will, inter alia, evaluate and carry out processes on the level of both HQ and its investees, including through business sales which have the potential to unlock value and to generate cash flows to assist in its debt service. As part of the above, in February 2023, the sale of the company's holdings in Epsilon, for a total consideration of approximately NIS 53 million, was closed.
- DIC is evaluating various alternatives involving the injection of capital into the company. The alternatives under consideration include, inter alia, an alternative of merging with and into Property & Building, including raising capital, by the shareholders, for the merged company, in an amount which has not yet been determined, as stated in the offer which the company submitted to Property & Building in April 2023.

# DIC in numbers

Balance sheet figures as of  
March 31, 2023

- Total consolidated balance sheet:  
Approximately NIS 33.3 billion
- Liquidity: Approximately NIS 582 million (standalone)
- Equity: NIS 2,531 million
- LTV 93%

Market data as of May 21, 2023

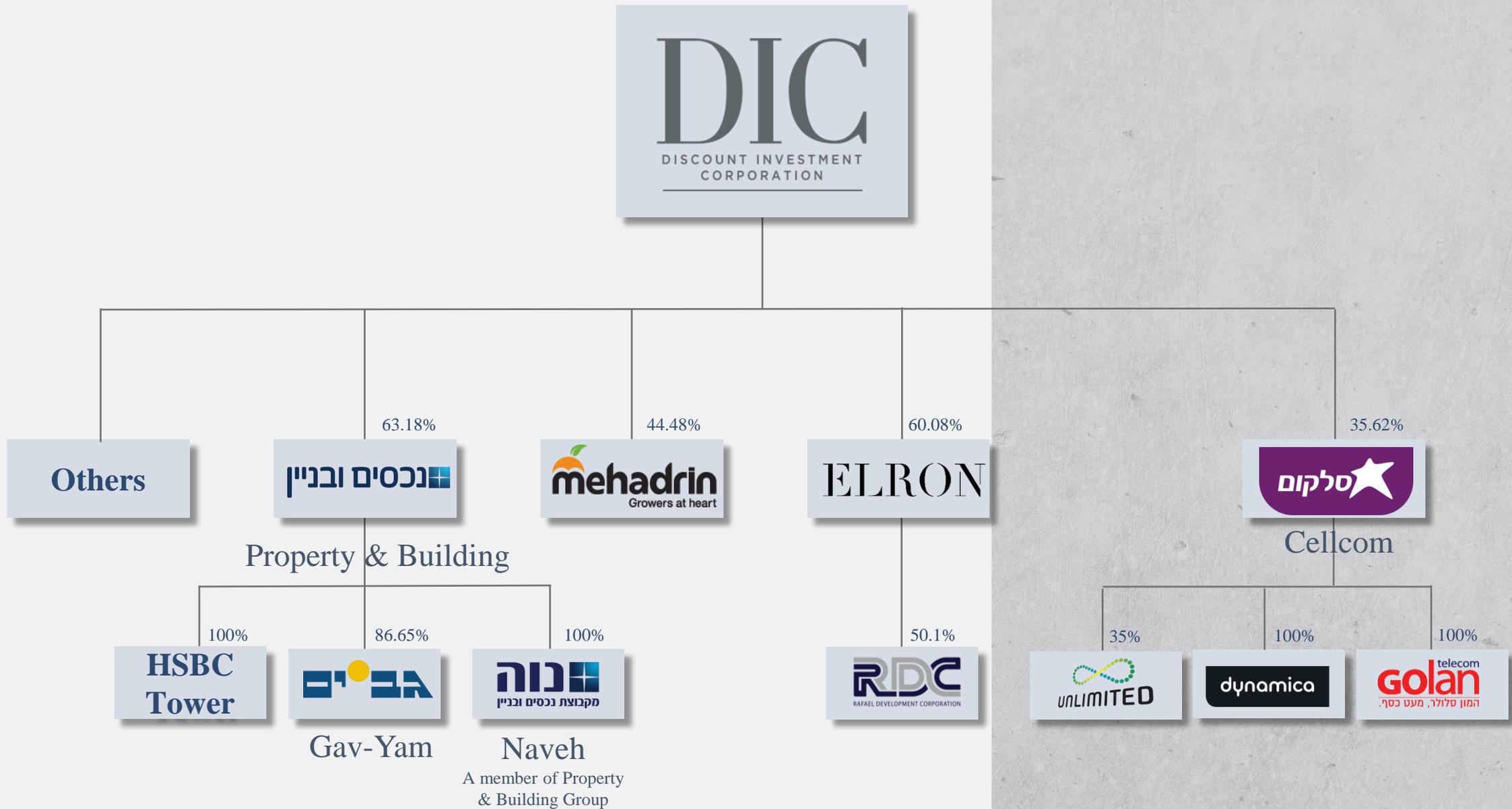
- Market value of marketable holdings (the company's share): NIS 1,903 million
- Market value: NIS 572 million
- Maalot rating of BBB, watch list with negative implications
- LTV 94%

Profit in Q1 2023

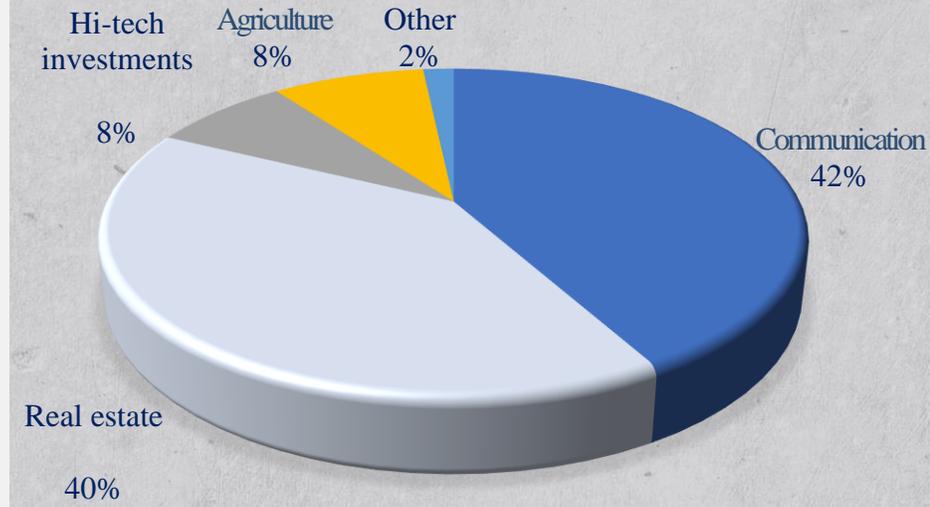
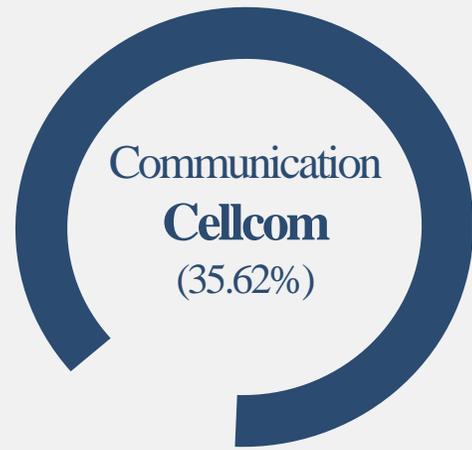
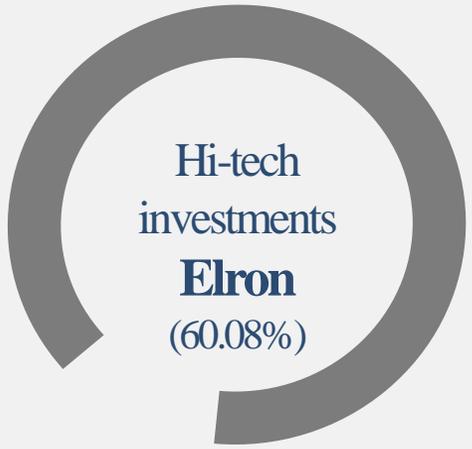
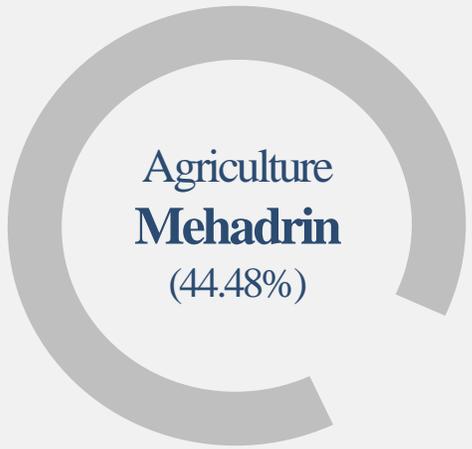
- Profit of NIS 100 million



# Holding structure



# DIC Group - Stake as of May 21, 2023

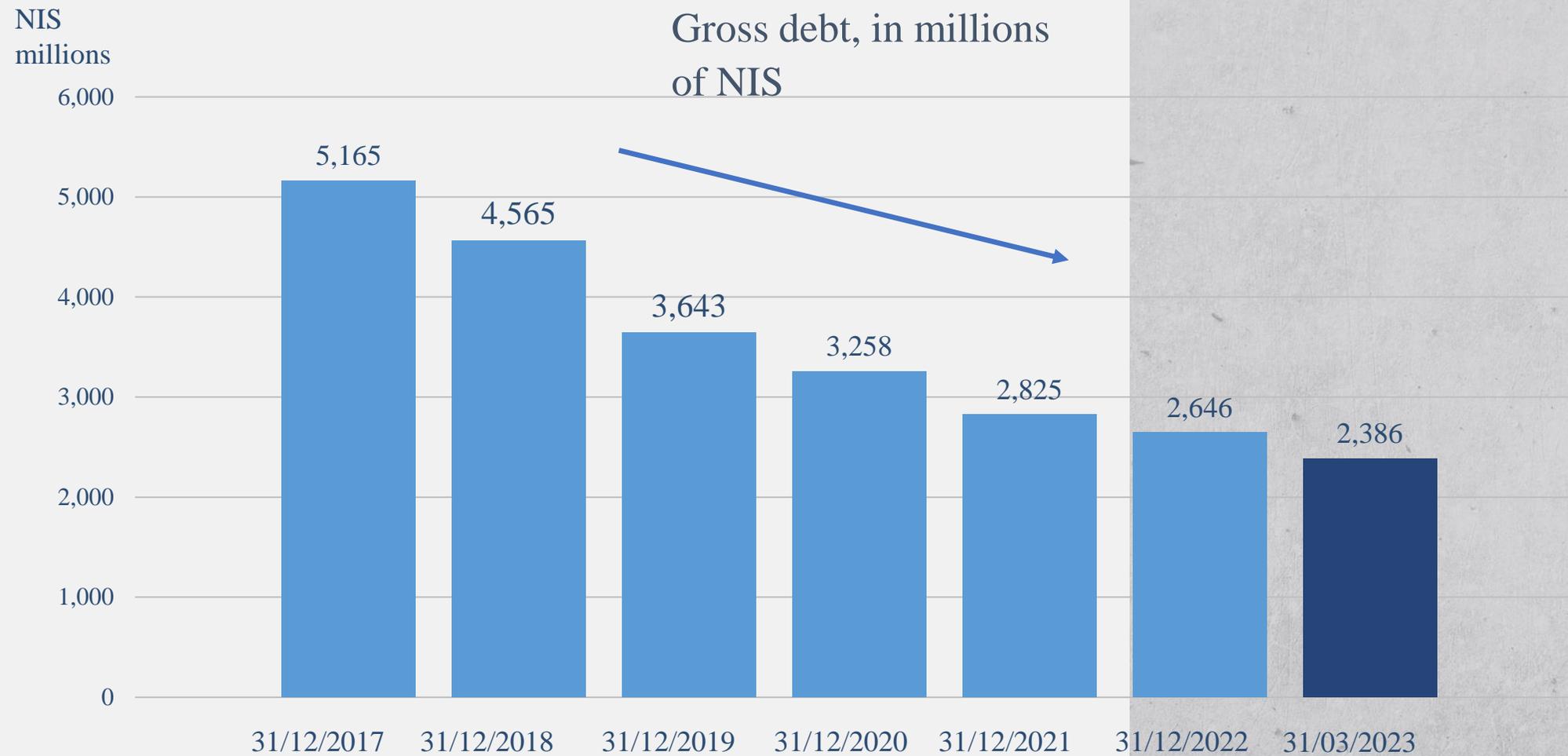


# Profit by company

Name of company	Stake	Profit (loss) of the companies Q1 2023	Contribution to profit (loss) Q1 2023	Contribution to profit (loss) Q1 2022
Property & Building	63.18%	124	78	578*
Cellcom	35.62%	43	15	13
Mehadrin	44.48%	57	28	14
Elron	60.08%	19	11	(4)
Others			1	1
<b>Total</b>			<b>133</b>	<b>602</b>
Management expenses, net (DIC HQ)			(4)	(6)
Finance expenses, net (DIC HQ)			(29)	(50)
<b>Net profit</b>			<b>100</b>	<b>546</b>

\* The profit includes the company's share in the profit with respect to revaluation of the investment in Gav-Yam to fair value on the date of rise to control of Gav-Yam, in the amount of NIS 538 million.

# Reducing obligo over time



# Property & Building (63.18%)



- A real leading estate company engaged in revenue-generating real estate and in the development of residential and demolition-construction projects in Israel.
- Strategy: The company's strategy is to focus on the revenue-generating real estate segment, following the substantiation of its control of Gav-Yam, and to work on reducing leverage by continuing to sell its remaining real estate properties and part of the residential construction activity, subject to the realization of each property's betterment potential, and the opportunities in the real estate market where the property is located.

## ○ Activity in Israel:

### **Revenue-generating real estate: controlling shareholder of Gav Yam (86.65%).**

Gav-Yam has revenue-generating properties with a total area of approximately 1.1 million square meters, in various sites throughout the country

Occupancy rate of approximately 98%.

Residential: Development and promotion of large urban renewal projects.

## ○ International activity:

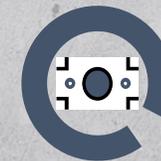
The **HSBC Tower**, located on Fifth Avenue in Manhattan, with an area of approximately 80,000 square meters, of which 95% is leased as of the publication date of the report. The tower's fair value amounts to USD 720 million.



**Total balance sheet: NIS 23.1 billion**



**Maalot rating: A, negative outlook**



**Market value as of May 21, 2023: NIS 1.2 billion.**

# Property & Building (63.18%)



## Major transactions in 2023 and transactions which have not yet been closed:

Property	Total	Notes
Nahalat Yehuda	NIS 160-175 million *	Agreement signed in November 2022
Mordot HaCarmel	NIS 110 million	Agreement signed in January 2023, sale closed in March 2023.
Hadera	NIS 255 million	Land rights sale agreement signed in March 2023. The company's share in the proceeds - NIS 166 million.

\* Including NIS 35 million by way of payment to third parties.

- In February, the company performed a new issuance of debentures (Series J) in the amount of NIS 1,261 million, the proceeds from which were used, inter alia, to perform a full early redemption of the company's debentures (Series F and G), for a total consideration of NIS 345 million.
- In May, the company repaid half of a loan from a banking corporation and institutional entities (total repayment: NIS 475 million). Following the repayment, in accordance with the provisions of the loan agreement, a proportional part of Gav-Yam shares which were pledged in favor of the creditors to secure the repayment of the loan, will be released to the company.

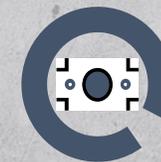
The company received, at its request, approval to extend the repayment date of the loan balance in the amount of NIS 475 million by half a year.



**Total balance sheet: NIS 23.1 billion**



**Maalot rating: A, negative outlook**



**Market value as of May 21, 2023: NIS 1.2 billion.**

# Property & Building (63.18%)



## Gav-Yam figures as of March 31, 2023:

1,090,000 square meters	Revenue-generating areas
516,000 square meters	In construction, planning and licensing stages
470,000 square meters	Available building rights
NIS 13.1 billion	Investment property
NIS 178 million	Revenues from property rentals and management fees 1-3/23
NIS 142 million	EBITDA 1-03/23
NIS 141 million	Cash flows from operating activities 1-3/23
NIS 88 million	Net profit attributed to shareholders 1-3/23
NIS 52 million	FFO for shareholders 1-3/23 according to the approach of the Israel Securities Authority
NIS 96 million	FFO for shareholders 1-3/23 according to the approach of Gav-Yam management *

## \* Composition of FFO for shareholders according to the approach of management, 1-3/2023:

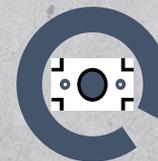
115	EBITDA
(16)	Net interest expenses
(5)	Tax expenses
2	Profits of associates
<b>96</b>	<b>Total FFO for shareholders 1-3/23 according to the approach of Gav-Yam management</b>
(44)	Linkage differentials on the principal of the company's debt
<b>52</b>	<b>FFO for shareholders 1-3/23 according to the approach of the Israel Securities Authority</b>



Total balance sheet: NIS 23.1 billion



Maalot rating: A, negative outlook



Market value as of May 21, 2023: NIS 1.2 billion.

# Cellcom (35.66%)



- One of Israel's largest and most prominent telecom groups, offering a wide variety of solutions for the private and business markets: mobile, television, internet (provider and infrastructure), landline, international calls, and more
- Listed on the Tel Aviv Stock Exchange (TASE) Market value - approximately NIS 2.3 billion as of May 21, 2023
- Mobile - approximately 3.47 million users
- Television - approximately 259 thousand customers
- Internet infrastructure segment - approximately 329 thousand customers. Fiber optic subscribers - approximately 204 thousand subscribers
- Owns an independent mobile infrastructure
- Holds an advanced fiber optic infrastructure through its holding in IBC Ltd.
- Net profit of NIS 43 million in the first quarter of 2023, as compared with NIS 28 million in the corresponding period last year.
- Average monthly revenue per mobile user (ARPU): approximately NIS 48.6.



**3.47 million mobile subscribers**



**Provider of mobile communication services**



**Market value as of May 21, 2023: NIS 2.3 billion.**

# Elron (60.08%)



- A marketable holding company specialized in early stage investments in technology companies, and focusing on the cybersecurity, organizational software and medical equipment segments.
- A broad portfolio including cybersecurity, B2B Software and medical equipment companies.
- Since 2010 - 14 exits, in a cumulative total of approximately USD 1.8 billion, including approximately USD 660 million in proceeds for Elron.
- A many-year strategic partnership with Rafael, which provides assistance and technological support to startups.
- The company recorded profit in the amount of approximately USD 5.3 million in Q1 2023.
- Main transactions:
  - In July 2022, a transaction was closed which involved the sale of Cartiheal to Bioventus in consideration of USD 500 million (Elron's share - USD 130 million), comprised of an immediate consideration, and the remainder in installments.

As part of the immediate consideration, Elron received a total of approximately USD 33.5 million.

In February 2023, an update to the aforementioned agreement was signed, after which Cartiheal's shares were returned to the sellers on a final basis in March 2023, while the immediate consideration which was paid by Bioventus in July 2022 remained with the sellers.
  - Canonic - In February 2023, an agreement for the sale of Canonic's entire share capital was signed, in which a total of approximately USD 7.3 million was paid to RDC, after which Elron recognized net profit (after neutralizing the part of profit attributable to non-controlling interests) in the amount of approximately USD 3.5 million.



**Formed in 1962**



**Market value as of May 21, 2023:  
NIS 250 million**



**14 exits since 2010**



Holdings in companies <sup>(2) (1)</sup>	Book value (USD	Elron's share in the holding, by	Elron's share in the holding, by
	millions) <sup>(3)</sup> (As of March 31, 2023)	round Last raising (USD millions, effective)	round Last raising (USD millions, consolidated)
Holdings in cybersecurity / software companies - mature portfolio	11.5	<sup>(4)</sup> 85.7	127.4
Holdings in cybersecurity / software companies - new portfolio	7.3	13.2	19.8
Holdings in medical companies	9.0	15.8	15.8
Cartiheal	69.0	69.0	69.0
Others	1.5	2.2	4.3
<b>Total holdings in the companies (excluding Brainsgate)</b>	<b>98.3</b>	<b>185.9</b>	<b>236.3</b>
<b>Cash and other financial sources</b>			
Other financial assets	3.4	3.4	5.6
Liquid resources (as of May 16, 2023)	40.7	40.7	54.3
<b>Total</b>	<b>142.4</b>	<b>230.0</b>	<b>296.2</b>

Additional information: share price on the Tel Aviv Stock Exchange - USD 1.24, market value of Elron Ventures - 64.2 (as of May 16, 2023)

(1) Directly and indirectly through RDC. Including investments made after March 31, 2023. The effective holding includes the balance in Elron Ventures and 50.1%

of the balance in RDC. The consolidated holding includes the balance in Elron Ventures and 100% of the balance in RDC.

(2) Elron's share in the holding, according to the last raising round, was calculated according to a post-money valuation in the companies' last raising round, times the holding therein (fully diluted).

It is clarified that these are investment rounds in different companies, which took place on different dates, and in some cases, significant periods of time have passed. Elron Ventures chose not to participate in some of the investment rounds.

(3) The balance in this section is net of tax.

(4) The balance in this section mostly includes a balance in the amount of 7.1 million in respect of Notal Vision, in accordance with a valuation which was prepared with the assistance of an external valuer, and the remainder is with respect to holdings

in Coramaze Technologies Ltd. and Nitinotes Ltd. The balance does not include the investment in Brainsgate.

The balance in this section includes a balance in the amount of USD 69 million, in accordance with a valuation which was prepared with the assistance of an external valuer as of March 31, 2023.

(6) The foregoing does not constitute any valuation, economic advice, investment advice, or economic opinion, of any kind whatsoever.



**Formed in 1962**



**Market value as of May 21, 2023:  
NIS 250 million**



**14 exits since 2010**

# Mehadrin (44.48%)



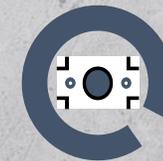
- The largest citrus fruits company in Israel, founded in 1952, with operations throughout the entire production chain: growing, packaging, and local and international marketing through salespeople in Israel, branches in the UK, the Netherlands, and France, and sales infrastructures in the United States and Switzerland.
- Three operating segments:
  - Agriculture: holds and operates approximately 40 thousand dunams, including approximately 10 thousand dunams on lease
  - Refrigeration facilities: Operates and manages refrigeration facilities with an area of approximately 25,000 square meters
  - Other: Real estate (4 leased dunams) and water (supplying water from its owned wells)
- Most of the sales are made in citrus fruits, dates and avocados segments.
- Sales turnover: approximately NIS 446 million in Q1 2023, mostly exports.
- Profit in the amount of NIS 57 million in Q1 2023.
- Shareholders' equity: NIS 789 million.
- Market value as of May 21, 2023: NIS 369 million.
- In January 2023, the company vacated most of the area of a leased real estate property in Tzrifin, which was classified under fixed assets, and designated it to rental. The company is conducting negotiations with a potential lessee with respect to the property. As a result, the company classified the property as investment property measured at fair value, and recognized other comprehensive income net of tax in the amount of approximately NIS 114 million with respect to the foregoing change in the property's designation, which was carried to a revaluation reserve under shareholders' equity.



**Sales turnover of approximately NIS 446 million in Q1 2023**



**Shareholders' equity: NIS 789 million**



**Market value as of May 21, 2023: NIS 369 million**



# Financial Data



# NAV - Net Asset Value

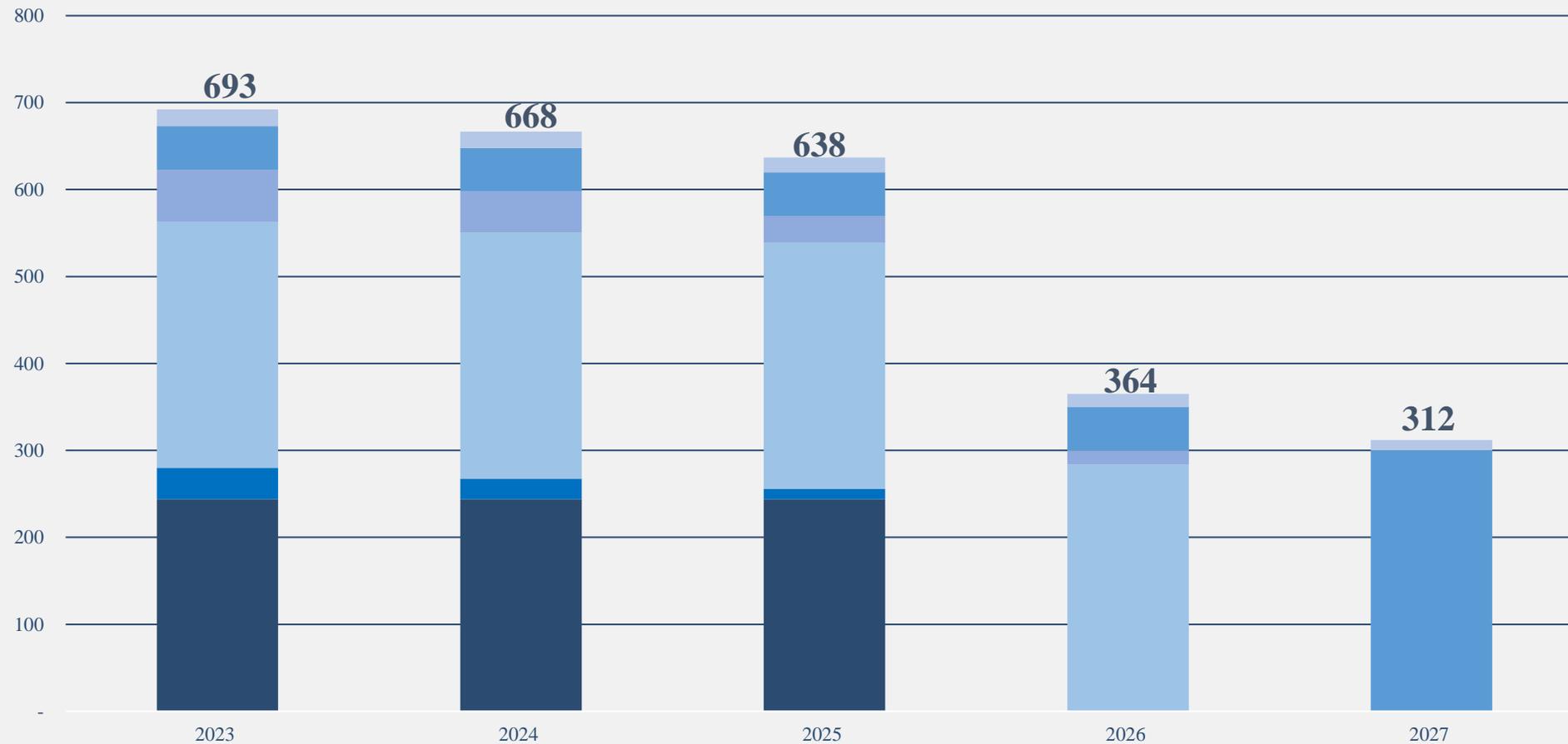
NIS millions	Holding rate (As of March 31, 2023)	Holding value (As of March 31, 2023)	Book value (As of March 31, 2023)	Holding rate (As of May 21, 2023)	Holding value (as of May 21, 2023)
Property & Building	63.18%	804	2,598	63.18%	792
Cellcom	35.62%	794	1,026	35.62%	801
Mehadrin	44.48%	171	375	44.48%	167
Elron Ventures	60.08%	137	302	60.08%	146
Epsilon Underwriting	53.90%	4	4	53.90%	4
Others		29	29		29
<b>Total assets *</b>		<b>1,939</b>	<b>4,334</b>		<b>1,939</b>
Gross debt		(2,386)			(2,410)
Liquidity		582			583
<b>Net debt</b>		<b>(1,804)</b>			<b>(1,827)</b>
<b>NAV</b>		<b>135</b>			<b>112</b>
<b>LTV</b>		<b>93%</b>			<b>94%</b>

\* Asset value is calculated according to the value of the assets, as stated below: (A) With respect to non-marketable holdings - according to their value in the company's financial statements; (B) With respect to marketable holdings - according to their average market value during the five trading days preceding the date of the calculation

# Amortization schedule and liquid balances

Liquid balances as of March 31, 2023 - NIS 582 million

NIS millions



# Liabilities structure - summary of terms

NIS millions	Series F	Series J	Series K
Par value	550,362,981	1,134,112,701	500,000,000
Adjusted value (agorot)	135.75	101.95	101.37
Par value (NIS millions)	747	1,156	507
Coupon	4.95%	4.80%	3.40%
Linkage	Index	NIS	NIS
Yield to maturity	9.14%	11.60%	11.42%
Average lifetime	1.52	1.89	3.16
Margin	7.85%	7.33%	7.50%
Amortization schedule (principal)	2021-2025: Five equal annual payments on December 31	2021-2026: Six equal annual payments on December 30	2023-2027: Five unequal annual payments on December 31
Interest payment	Annual payment - December 31	Semi-annual payment - June 30, December 31	Semi-annual payment - June 30, December 31

\* As of May 21, 2023

\*\* As of December 31, 2022, the company did not fulfill the covenant with respect to net asset value and the ratio between net financial debt and asset value. As a result, the interest rate increased from a rate of 4.80% to 5.05% for the debentures (Series J), and from a rate of 3.40% to 3.65% for the debentures (Series K).

\*\*\* As of March 31, 2023, it did not fulfill an additional covenant in connection with the ratio of net financial debt to asset value. As a result, the interest rate on the company's aforementioned debentures will increase, beginning from the publication date of the company's financial statements for the first quarter of 2023, from a rate of 5.05% to 5.55% (Series J), and from a rate of 3.65% to 4.15% (Series K).

# Balance of distributable earnings and received dividends

## Balance of distributable earnings

NIS millions	31/03/2023
Cellcom	1,359
Property & Building	2,218
Elron	137
Mehadrin	606
<b>The company</b>	<b>793*</b>

\* Based on the last 8 quarters

## Dividends received

NIS millions	Q1 2023	2022	2021	2020
Property & Building	-	-	-	69
Elron	-	71	-	-
Shufersal	-	-	-	21
Epsilon	1	8	8	3
Others	-	1	3	15
<b>Total</b>	<b>1</b>	<b>80</b>	<b>11</b>	<b>108</b>



Thank You

