

August 25, 2025

Phoenix Financial Publishes Results for Q2 and H1 2025

Phoenix Financial Ltd., a leading Israel-based asset management, insurance, and investment company (TLV:PHOE) ("Phoenix," the "Group," or the "Company," formerly Phoenix Holdings), today reported its results for the first half of 2025 and second quarter of 2025.

Highlights:

Comprehensive income of NIS 1,496 million, or NIS 6.0 per share, and return on equity of 27% for the first half of 2025.

Comprehensive income of NIS 928 million, or NIS 3.7 per share, and return on equity of 35% for the second quarter of 2025.

Continued growth reflected in a 22% increase in core income to NIS 1,318 million in the first half of 2025, with core ROE reaching 24%; this run rate for H1 2025 is within the target range for 2027, and consequently the Company will publish revised strategic targets during the fourth quarter of 2025.

Comprehensive income contribution from non-operating effects was NIS 178 million and NIS 236 million in the first half and first quarter of 2025, respectively.

Growth in Asset Management continued to accelerate to NIS 426 million core income in the first half of 2025, an increase of 44% compared to the corresponding period in 2024.

Phoenix generates high quality cashflow income, and will distribute NIS 400 million, or NIS 1.59 per share, as a dividend from second quarter earnings; total dividends from first half earnings are NIS 630 million.

In addition, the Company is expanding its 2025 share buyback plan from NIS 100 million to NIS 200 million.

In July 2025, the Company reported a transaction to acquire 17% of Phoenix Agencies' shares; upon completion, the Company will increase its holding in Phoenix Agencies to 95% as part of its growth strategy and acceleration of value creation in Phoenix Agencies.

Global index provider MSCI announced Phoenix's shares will be included in the MSCI Israel index.

Total profitability and return on equity

- **Comprehensive income of NIS 1,496 million in the first half of 2025**, or comprehensive income of NIS 6 per share, and a 27% in return on equity; core income (excluding non-operating effects from investments above or below a risk-free interest rate return plus a 2.25% margin, interest rate effects and special items) totaled NIS 1,318 million, reflecting a core ROE of 24%, an increase of NIS 250 million compared to the corresponding half of 2024.

- **Comprehensive income of NIS 928 million in the second quarter of 2025**, or comprehensive income of NIS 3.7 per share, and a 35% in return on equity; core income in the quarter totaled NIS 692 million, reflecting a core ROE of 26%.
- **Income from non-operating effects totaled NIS 178 million and NIS 236 million in the first half and second quarter of 2025, respectively**, mainly due to strong investment performance with an annualized corporate account (nostro) return of 9.3% (nominal) in the first half of 2025, which was offset due to negative interest rate effects and reflect limited interest rate sensitivity for the Group overall.
- **Target revision** – Phoenix has achieved core income run rate within the target range for 2027 and expects to revise its strategic targets during the fourth quarter of 2025.

Continued strategic growth

- **Diversified growth engines generate high cashflow and low volatility** - Phoenix's growth drivers are based on leading platforms, efficiency, and profitability as well as on the changing business mix in its insurance activities, which generate significant diversification in terms of growth, consistent and growing cashflows, and low volatility. These factors support a quarterly dividend distribution.
- **High growth Asset Management** - Core income from the Asset Management activity (including Wealth & Investments, Retirement, Financing, and Brokers & Advisors increased in the first half and second quarter of 2025 to NIS 426 million and NIS 222 million, respectively, compared to NIS 296 million and NIS 153 million, respectively, in the corresponding periods last year, an annual increase of 40% for each period. Adjusted EBITDA on a consolidated basis, including the minority interest, grew to NIS 761 million and NIS 384 million in the first half and second quarter of 2025, respectively, compared to NIS 567 million and NIS 287 million, respectively, in the corresponding periods last year, due to accelerated growth, efficiency and the ongoing realization of competitive advantages.
- **Insurance businesses** - Core income increased to NIS 892 million and NIS 470 million in the first half and second quarter of 2025, respectively, from NIS 783 million and NIS 385 million, respectively, in the corresponding periods last year. The increase was due to the realization of competitive advantages in P&C and the implementation of wide-ranging digitization and optimization processes.
- **Growth in AUMs and the credit portfolio** - as of June 30, 2025 the Group's total assets under management increased to NIS 560 billion. Phoenix Gama's total credit portfolio continued to grow, amounting to NIS 4 billion, with credit facilities of NIS ~2 billion, including Construction Financing and consumer credit, in addition to other credit activities in the Group including Insurance and the Investment House. In the first quarter of 2025, Phoenix completed the transfer of El Al's credit card and loyalty program activity to Phoenix Gama, under the Financing Segment, which further strengthening the Group's credit activity.
- **Increasing the Group's stake in Phoenix Agencies to 95%** - In July 2025, the Company reported a transaction to acquire 17% of Phoenix Agencies' shares, increasing its eventual stake to 95%. The transaction was carried out as part of the Group's growth strategy to accelerate value creation in the brokers & advisors business. The core income target for 2027 (net income after

tax and minorities) was revised from NIS 250-350 million to NIS 350-450 million, with the rest of the Group's targets to be revised later this year.

- **MSCI Israel Index** - Global index provider MSCI announced the inclusion of Phoenix's share in the MSCI Israel index. The Company's shares are expected to be listed on the index as of the end of trading on August 26, 2025, with the possibility of being included in other indices at a later date.
- **Community support** - The Company continues its community support through various efforts, including during and following the Iran war with assistance to families whose homes were destroyed. Phoenix is rated Platinum Plus by Maala and has improved its international S&P ESG rating by 13 points.

High quality earnings, cashflows, and stability translated into dividend distribution

- Phoenix continues to maintain a robust financial position with high liquidity and low net debt, and is focused on effective capital management to maximize profitability.
- Phoenix declares a NIS 400 million dividend distribution based on the Company's second quarter earnings. This follows a NIS 230 million distribution made in June 2025 from first quarter earnings. In addition, Phoenix has executed NIS 52 million in share buybacks thus far in 2025 and is expanding its 2025 share buybacks program from NIS 100 million to NIS 200 million.
- Phoenix generates high-quality, high-cashflow core income based on effective, profitable growth platforms and engines, which generate broad and significant diversification. These factors, among others, have allowed Phoenix to transition from distributing dividends on a semi-annually basis to a quarterly basis.
- The Phoenix Insurance subsidiary has a solvency ratio of 181% as of March 31, 2025 (including transitional measures and after the dividend distribution), above the long-term target of 150-170%. In addition, the Company decided to increase the minimal board Solvency threshold for dividends from 121% to 123% (without transitional measures), implying excess capital of 2.8 NISb.

Eyal Ben Simon, CEO of Phoenix Financial:

"Second quarter results reflect continued long-term strategic growth. During the first half of 2025, the Company recorded strong performance, both in terms of comprehensive income and core income in both Asset Management and Insurance activities.

As Israel's leading financial group, Phoenix is characterized by growing, diverse, stable businesses that generate high-quality earnings and high cashflows. This allows the Company to distribute dividends each quarter, and we are pleased to announce a dividend of NIS 400 million from Q2 earnings.

Phoenix is now well positioned to deliver distinctive value to our clients, generate high-quality earnings, and capture market opportunities. We intend to continue to focus on realizing the Company's long-term strategy, while enhancing innovation and client service excellence across our activities.

We continue seek strategic opportunities to generate value, including the recently announced acquisition to grow our stake in Phoenix Agencies to 95%. This measure will accelerate value creation across the brokers & advisors platform, as part of the Groups accelerated growth strategy, which includes creating infrastructure and capabilities and implementing advanced management models, as has been done in Phoenix Financial's other businesses.

The results for the first half of 2025 reflect a run rate that already meets the Company's targets for 2027. With strong performance and positive trends, we plan to announce updated strategic goals by the end of this year.

Recently, MSCI announced the inclusion of Phoenix shares in the MSCI Israel index. This opportunity is another recognition of the Company's capabilities, and it further strengthens our international visibility and opens up the possibility of being included in additional global MSCI indices in the future. We are pleased that 30-40% of Phoenix's shares are owned by leading international investors, an increase since the beginning of the year, as we continue to see growing interest in Phoenix from investors globally.

Finally, and most importantly, Phoenix Financial's management and employees continue to share the pain of the bereaved families who have lost their loved ones, and we hope for the prompt return of all the hostages and the full recovery of those wounded in the conflict."

Conference Call Information

Phoenix Financial will hold a conference call today, August 25 at 1pm IL in Hebrew and at 5pm IL / 3pm UK / 10am ET in English, and has published dial-in details and the presentation through the Tel Aviv Stock Exchange website.

About Phoenix Financial

Phoenix Financial is a leading Israel-based asset management, insurance, and investment group traded on the Tel Aviv Stock Exchange (TASE: PHOE). Phoenix activities have demonstrated strong growth and performance across the cycle, and serve a significant portion of Israeli households and businesses with a broad set of financial solutions. Managing over \$160 billion in assets, Phoenix accesses Israel's vibrant and innovative economic activity through a robust investment portfolio, creating value for both clients and shareholders.

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