

January 6, 2026

**El Al Israel Airlines Ltd.  
(the Company)**

To:

Israel Securities Authority  
www.isa.gov.il

To:

Tel Aviv Stock Exchange Ltd.  
www.tase.co.il

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**Re: Immediate Report according to Securities Regulations (Private Placement of Securities of a Listed Company), 2000 (Private Placement Regulations), concerning a private placement that is not a substantial private placement and is not an exceptional private placement of warrants (unlisted) of the Company**

The Company is pleased to hereby notify, in accordance with the Private Placement Regulations, of the resolution of the Company's Board of Directors from January 5, 2026 (the Grant Date) (after obtaining the approval of the Audit and Compensation Committee at its meeting on January 1,

2026), to approve a private allocation of 979,969 non-tradable and non-transferable warrants, exercisable into 979,969 ordinary shares of NIS 1 par value each of the Company (ordinary shares), at no consideration, to eleven offerees, of which: one (1) offeree is an officer, who is not the CEO of the Company and not a director therein

and to one (1) offeree who is an officer in a subsidiary that has a material influence on the Company (the two offerees

who are officers in the Company and in the subsidiary) and nine (9) additional offerees who are not officers of the Company

**(offerees who are not officers) (together, the offerees);** and an allocation of 272,562 blocked shares ( ) RS non-tradable and non-transferable, at no consideration, to the two offerees who are officers in the Company and the subsidiary,

according to the terms detailed in this report below (the Grant).

1.

**General**

1. 1.

The Grant constitutes a private placement that is not a substantial private placement or an exceptional private placement,

as defined in the Private Placement Regulations.

2. 1.

The granting of the warrants and the blocked shares is subject to the approval of the Tel Aviv Stock Exchange Ltd. (the Stock Exchange) for the listing for trading of the blocked shares and the shares deriving from exercising

the warrants.

2.

**The Offerees**

2.1.

The warrants will be granted to the offerees in accordance with and subject to the terms of the company's option plan,

which was adopted by the Board of Directors of the Company on August 10, 2022 and amended on August 14, 2024 (the 2022 Plan) and with respect to offerees who are not officers - in accordance with and subject to the terms detailed in the shelf for employees published on April 16, 2024 (Reference Number:

2024-01-037966) (the Shelf).<sup>1</sup>

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<sup>1</sup> Within the framework of the shelf, 4,850,000 warrants were included that were not allocated at the time of the shelf to certain offerees. As of this date, 4,633,334 warrants remain unallocated under the shelf to certain offerees.

In addition, the restricted shares will be granted to the two offerees who are officers in the Company and in the subsidiary, in accordance with the 2022 Plan.

2.2. To the best of the Company's knowledge, as of the date of this report, none of the offerees is an interested party (as such term is defined in Section 270(5) of the Companies Law, 1999) (**Companies Law**) and will not become an interested party as a result of the grant, and none of the offerees is a party with an interest in the Company by virtue of holdings

and will not become a party with an interest in the Company as stated after the grant, including on the assumption that he exercises all of the convertible securities held by him or to be granted as a result of this report. of the convertible securities held by him or that will be granted to him by virtue of this report.

2.3. An employer-employee relationship exists between each of the offerees and the Company or its subsidiary.

### **3. Terms of the offered securities, their quantity and the percentage they will constitute of the voting rights and of the issued and paid-up share capital**

#### **of the Company**

3.1. The registered share capital of the Company is NIS 875,000,000, divided into 875,000,000 ordinary shares.

The issued and paid-up capital of the Company, before the grant under this report, is 554,496,136 ordinary shares (net of dormant shares), and 601,747,418 ordinary shares on a fully diluted basis (including dormant shares).<sup>2</sup>

After the grant according to this report, the issued and paid-up capital of the Company will be 602,999,949 ordinary shares on a fully diluted basis (including dormant shares).

3.2. As part of this grant, the Company will grant the offerees a total of 979,969 non-tradable and non-transferable warrants, exercisable into a maximum theoretical amount of 979,969 ordinary shares, subject to the adjustments detailed in Section 7 below, and will also grant 272,562 non-tradable and non-transferable restricted shares. The Company reserves the right to allocate exercise shares from dormant shares held by the Company at the time of exercise.

Assuming that each one (1) warrant will be exercised for one (1) ordinary share of the Company, the exercise shares and the restricted shares will together represent approximately 0.23% of the voting rights and of the issued and paid-up capital of the Company, as well as approximately 0.21% of the voting rights and of the issued and paid-up capital of the Company on a fully diluted basis. However, as stated in Section 4.5, the warrants granted to the offerees under this allocation report are exercisable into Company shares according to the monetary benefit inherent in the warrants at the time of exercise, and thus at the reporting date it is not possible to calculate a theoretical percentage of exercise shares.

3.3. The warrants and the restricted shares will be granted to the offerees for no monetary consideration within the framework of their being employees of the Company or a subsidiary, and in accordance with the terms of the 2022 plan, the conditions detailed in the Outline, and the allocation agreement to be signed with each of them.

3.4. The warrants and the restricted shares will be granted to the offerees through a trustee within the framework of Section 102 of the Income Tax Ordinance (New Version) (the Ordinance), in the capital gains track.

<sup>2</sup>

Full dilution means, as of this date - assuming full exercise of the warrants (Series 3), assuming sale of all dormant shares, as well as assuming full exercise of the options to employees (El Al Opt 1/22 1), including those granted under this report.

3.5.

The warrants and the restricted shares will vest over a period of 3 years, with one third of the total warrants and restricted shares granted to each offeree vesting and becoming exercisable after each full 12 months of continuous service by each offeree, starting from the grant date.

3.6.

The warrants allocated to the offerees shall be exercisable from the relevant vesting date specified above and up to 3.5 years from the grant date (as defined above).

3.7.

The terms of the warrants and the terms of the restricted shares for an offeree who is an officer of the company are in accordance with the company's compensation policy.

3.8.

Regarding the restricted shares, the company will capitalize part of its profits or premium on shares to share capital or act in any other manner permitted by law, including according to Section 304 of the Companies Law.

3.9.

Apart from the difference in the exercise price as detailed in Section 4 below, there is no difference between the terms of any of the warrants allocated as detailed in this report.

4.

#### **The Exercise Price of the Warrants**

4.1.

The exercise price for the offeree who is an officer of the company itself, for each warrant for the purpose of calculating the monetary benefit amount (as defined below), is NIS 16.51, and is determined according to the 2022 plan provisions, the outline, and the company's compensation policy, as the share price based on the average of the last 30 trading days prior to the board's grant decision, or the company share's closing price on the stock exchange on January 1, 2026, the trading day before the board's decision date, whichever is higher.

4.2.

The exercise price for the other ten offerees (for an offeree who is an officer of a subsidiary with significant influence on the company as well as offerees who are not officers) for each warrant, for the purpose of calculating the monetary benefit amount, is NIS 15.23 (along with the price determined for the offeree who is an officer of the company itself, as detailed in Section 4.1: **the exercise price**), and is determined according to the 2022 plan provisions and the outline, and according to the board of directors' exclusive discretion, as the share price based on the average of the last 30 trading days before the board's grant decision.

4.3.

The exercise price is not linked to any indexation base.

4.4.

The company share's closing price on the stock exchange on January 1, 2026, the trading day before the board's grant decision date, was NIS 16.51, which is 8.4% higher than the average share price over the 30 trading days before the board's grant decision, which stood at NIS 15.23.

4.5.

It is clarified that the exercise price will be used solely to determine the amount of the monetary benefit (as defined below) and the number of shares to which each offeree will actually be entitled on the date of warrant exercise, and that at the time of exercise, the relevant offeree will not be required to pay the exercise price for the warrants. The company will capitalize part of its profits or premium on shares to share capital or act in any other manner permitted by law in the event of share allocation for an amount less than their nominal value, all in accordance with applicable law, including Section 304 of the Companies Law. If according to the applicable law, there is no...



The accumulated par value of the exercise shares that will actually be received will be paid by the relevant offeree to the company at the time of exercising the warrants for shares, in a manner to be determined by the board of directors (including by cash payment, check, bank transfer, or any combination thereof).

4.6. At the time of exercise, a calculation will be made of the difference between the last closing price of the company's shares before receipt of the exercise notice and the exercise price (subject to adjustments specified in the 2022 plan and the outline) (the difference amount). The difference amount, when multiplied by the number of warrants for which an exercise notice was submitted (the monetary benefit amount), and divided by the last closing price of the share before receipt of the exercise notice – will constitute the number of shares to be allocated to the relevant offeree, as detailed below.

4.7. The company will allocate to the relevant offeree a number of shares whose total market value, according to the last closing price of the share before the company receives the exercise notice, is equal to the monetary benefit amount. It is clarified that, despite the above, the company will not allocate fractions of shares. Instead, the company will round any share fraction to the nearest whole number.

5. Shares derived from the exercise of the warrants, as well as the restricted shares, shall be identical and equal in their rights, for all intents and purposes, to the rights granted to holders of ordinary shares of the company existing in the issued and paid-up share capital of the company, and shall confer the right to any dividend or other benefit, for which the record date for entitlement falls after the exercise day (with respect to the warrants) or after the actual date of allocation (with respect to the restricted shares).

6. Shares derived from the exercise of the warrants and the restricted shares shall be registered in the name of the company with the Tel Aviv Stock Exchange Ltd. (or any other registration company as determined by the company from time to time, in the event the company decides to replace the registration company with respect to all its securities).

## 7. **Adjustments**

### 7.1. **Adjustments due to bonus share distribution**

In any case of a bonus share distribution where the record date for entitlement to participate in the distribution occurs after the date of allocation of the warrants, but before they are exercised or the offeree's right to exercise them expires (the record date), additional shares, in number and type that the offeree would have been entitled to as bonus shares had he exercised those warrants before the record date, will be added to the exercise shares the offeree is entitled to upon exercising the warrants. The exercise price of each warrant will not change as a result of the addition of such shares. Provisions relating to the adjustment of the number of exercise shares will also apply in the case of an additional bonus share distribution regarding the shares that are added to the exercise shares, subject to the necessary changes.

7.2.

### **Adjustments Due to Change in the Issued Share Capital**

In any case where, after the grant date, there is a change in the company's issued share capital by way of a stock split, consolidation or exchange of shares, change in the company's capital structure, or any similar event by or on behalf of the company, then the number of exercise shares shall be adjusted proportionally in order to maintain the proportional number of shares and their aggregate exercise price.

7.3.

### **Adjustments in the Case of a Voluntary Liquidation Resolution**

If it is decided to voluntarily liquidate the company while there are outstanding warrants that have not yet been exercised, the company shall notify the offerees about the said decision, and each offeree shall have ten (10) days to exercise the warrants that have not yet been exercised into shares and for which a vesting date has been reached, in accordance with the exercise procedure set in the 2022 Plan and the outline. Upon the expiration of these ten days, all warrants not yet exercised into shares by that day shall immediately expire.

7.4.

### **Adjustments Due to Rights Offering**

If the company offers its shareholders securities by way of a rights offering, where the record date for receipt of the rights occurs prior to the exercise or expiration of the warrants, the rights of the offerees shall be preserved so that the number of shares resulting from the exercise of such warrants shall be adjusted according to the benefit component in the rights offering, as reflected in the ratio between the closing price of the share on the stock exchange on the last trading day before the ex-rights date and the base price set for the company's shares ex-rights.

7.5.

### **Adjustments Due to Dividend Distribution**

If the company distributes a dividend, and the record date for entitlement to it precedes the exercise date of the warrants, including warrants for which the vesting date has not yet arrived (and before the offeree's right to exercise them has expired), the exercise price of the warrants shall be adjusted by reducing the exercise price for each such warrant by an amount equal to the dividend distributed per share.

**It is clarified that the above is provided as a summary only and does not encompass all the arrangements, agreements, and terms that existed between the company and the offerees in connection with the warrants and restricted shares, including regarding: the illiquidity and non-transferability of the warrants, terms of the 2022 Plan and the outline in the event of termination of employment or office, exercise procedures, adjustment provisions, mandatory provisions, taxation, offeree obligations, and so forth.**

8.

### **Agreements to Which the Offerees Are Parties Concerning Holdings in the Company's Shares**

To the best of the company's knowledge, based on an inquiry made with each of the offerees, as of the date of this report, there are no agreements, written or oral, between any of the offerees and any other holder of the company's shares, and between any of the offerees and others, regarding the purchase or sale of the company's securities, or regarding voting rights therein.

9.

## **Prevention or Restriction on Actions in Respect of Warrants and Restricted Shares, to the Best Knowledge of the Company**

9.1.

The warrants are not traded publicly and will not be listed for trading on any exchange. The company will act to register the shares resulting from the exercise of the warrants for trading on the stock exchange, subject to the approval of the stock exchange.

9.2.

According to the stock exchange's guidelines, as may apply from time to time, the warrants cannot be exercised on the record date for the distribution of bonus shares, for a rights offering, for dividend distribution, for capital consolidation, for capital split, or for capital reduction (each of the foregoing shall be hereinafter referred to as: a company event). If the ex-date of a company event occurs before the record date of the company event, exercise will not be permitted on such ex-date.

9.3.

The warrants or the restricted shares or the rights of the offerees in connection with the warrants and/or with the restricted shares, whether payment was made for them or not, may not be transferred, assigned, pledged, or any right in respect thereof granted to any third party, except under inheritance and will laws and except as explicitly stated under the 2022 Plan and layout, and throughout the lifetime of any offeree, all rights of that offeree to exercise the warrants and his rights in connection with the restricted shares granted to him may be exercised and used by that offeree only.

9.4.

The provisions of the capital gains route under Section 102 of the Ordinance shall apply to the offerees. According to this route, the warrants, their exercise, the restricted shares, the exercise shares to be granted, as well as any right granted by virtue thereof, will be deposited with a trustee for a period of twenty-four (24) months (at least) from the date of their allocation and deposit with the trustee on behalf of the offerees, or any other period determined by the Israeli tax authorities in accordance with the conditions of the capital gains tax route through a trustee.

9.5.

The sale of the restricted shares and the shares resulting from the exercise of the warrants granted to the two offerees who are officers in the company and in the subsidiary shall be subject to the restrictions set forth in the Securities Law and the Securities Regulations (Details regarding Sections 15A to 15C of the Law), 5760-2000, as follows:

9.5.1.

During a period of six months from the allocation date of the restricted shares, it will not be permitted to offer the restricted shares on the stock exchange without publishing a prospectus which the Securities Authority has permitted to publish (the absolute lockup period).

9.5.2.

During a period of six consecutive quarters after the absolute lockup period, none of the offerees may offer restricted shares on the stock exchange in an amount exceeding the following:

- a. On any trading day on the stock exchange – the daily average trading volume on the exchange of the regular shares of the company in the eight weeks preceding the offer.
- b. On any quarter – 1% of the company's issued and paid-up share capital as of the day of the offer, excluding shares arising from the exercise or conversion of convertible securities allocated up to the day of the offer and not yet exercised or converted.



9.5.3.

No restrictions regarding timing or quantity shall apply to off-exchange sales. However, any person who purchased the blocked shares from any of the offerees not pursuant to a prospectus and not during trading on the stock exchange, shall step into the shoes of such offeree regarding compliance with the blocking provisions as stated in this section above.

Respectfully,

El Al Israel Airlines Ltd.