

**Date: August 21, 2025**

To:

Israel Securities Authority

[www.isa.gov.il](http://www.isa.gov.il)

TEL AVIV STOCK EXCHANGE LTD

[www.tase.co.il](http://www.tase.co.il)

Via MAGNA

Dear Sir/Madam,

**Subject: Immediate Report Regarding a Non-Material or Non-Exceptional Private Offering of Warrants According to the Securities Regulations (Private Offering of Securities in a Listed Company), 2000 (the "Private Offering Regulations")**

## **General**

**1.** MIGDAL INSURANCE & FINANCIAL HOLDINGS LTD. (the "Company") is honored to announce that on August 20, 2025, the Company's Board of Directors, after receiving approval from the Company's Compensation Committee, approved the allocation of 226,026 unlisted warrants exercisable into up to 226,026 ordinary shares of NIS 0.01 par value each, to an officer in a wholly owned subsidiary of the Company, who also serves as an officer in the Company (not the CEO or a director) (the "Offeree"). The grant of the warrants to the Offeree will be in accordance with the equity compensation plan for officers in the Migdal Group approved by the Company's Board of Directors on May 30, 2023 (the "Equity Compensation Plan").

**2.** The Offeree is not a "controlling shareholder," as defined in the Companies Law, 1999 (the "Companies Law") by virtue of his holdings or positions in the Company prior to the allocation, and will not become a controlling shareholder as a result of the allocation of shares arising from the exercise of the warrants. The Offeree is not an "interested party" in the Company (as defined in Section 270(5) of the Companies Law) and will not become an "interested party" in the Company as a result of the allocation. In addition, the Offeree is not an "employee who is a controlling shareholder" as defined in the bylaws of the stock exchange.

**3.** Except as clarified in Section 4.1 below, the grant of the warrants is in accordance with the terms detailed in the immediate report published by the Company regarding a material private offering and a non-material private offering dated May 30, 2023 (the "May 2023 Private Offering Report"), which is incorporated herein by reference, and in accordance with the Company's compensation policy and the compensation policy of the institutional entities in the group.

**4.** The offer to the Offeree is a non-material private offering in accordance with the Private Offering Regulations. Unless expressly stated otherwise, any term not defined in this report shall have the meaning ascribed to it in the May 2023 Private Offering Report.

### **Main Terms of the Proposed Warrants:**

**1.** The proposed quantity and securities offered – On August 20, 2025 (the "Decision Date"), the Company's Board of Directors (after approval by the Company's Compensation Committee) approved the allocation of up to 226,026 warrants (the "Warrants") exercisable into up to 226,026 ordinary shares of the Company, each with a par value of NIS 0.01.

The number of exercise shares stated is based on the assumption of full exercise of the warrants into exercise shares at a ratio of one exercise share for each exercised warrant. However, the assumption of a 1:1 exercise of the warrants into exercise shares is theoretical only, since due to the implementation of the "net exercise" mechanism as defined in Section 2.9.5 of the May 2023 Private Offering Report, in practice, the Offeree will be allocated, upon exercise of the warrants, shares in a quantity reflecting only the monetary benefit embedded in the warrants.

It is clarified that wherever this report refers to the grant of the exercise shares to the Offeree or to a trustee on his behalf, as the case may be, the intention is to register the shares in favor of the Offeree or the trustee, as the case may be, with a member of the stock exchange, so that such shares will be registered in the Company's shareholders register in the name of the Company for registration purposes.

Reference number 2023-01-058461.

For further details regarding the Company's updated compensation policy, see the meeting invitation report published on November 21, 2024 (Reference No.: 2024-01-617473), which is incorporated herein by reference, as well as the immediate report regarding the results of the meeting published on December 26, 2024 (Reference No.: 2024-01-627635), which is incorporated herein by reference.

**206.** Each (the "Exercise Shares"). The allocation of the warrants will be subject to the provisions of the capital gains route under Section 102(b)(3) of the Income Tax Ordinance [New Version], 1961 (the "Capital Gains Route" and the "Ordinance"). The number of warrants to be granted is subject to adjustments as detailed below. The warrants will be granted without cash consideration (but in consideration for the employment of the Offeree).

It is clarified that the exercise shares arising from the warrants will be equal in all respects to the existing ordinary shares in the Company's share capital.

**2.** Percentage of the Company's share capital – The exercise shares (assuming all the offered warrants under this immediate report are exercised into exercise shares at a ratio of one share per warrant) will constitute approximately 0.02% of the Company's issued and paid-up share capital and voting rights on the decision date (after the allocation), and approximately 0.02% of the Company's issued and paid-up share capital and voting rights on the decision date assuming full dilution (full dilution means, assuming all securities convertible into Company shares are exercised into shares). In practice, the Offeree who exercises the warrants will not be allocated all the shares arising from them, but only shares in a quantity reflecting the monetary benefit embedded in the warrants, all as detailed in Section 2.9 of the May 2023 Private Offering Report.

**3.** Exercise price, vesting period of the warrants, and their expiration date

- **3.1** The warrants will vest in three (3) equal tranches, with the first tranche vesting one year from the decision date (the "First Tranche of Warrants"), the second tranche vesting two years from the decision date (the "Second Tranche of Warrants"), and the third tranche vesting three years from the decision date (the "Third Tranche of Warrants").
- **3.2** The vesting of the warrants is also subject to the fulfillment of both of the following performance conditions, cumulatively:
  - (1) The last solvency ratio published by the Company (including and taking into account capital actions performed after the publication date of the solvency ratio) will not be less than the minimum solvency ratio required by law, unless the competent bodies determine that non-compliance with this requirement is due to an exogenous and significant event that affected the entire insurance industry in Israel;
  - (2) The non-occurrence of circumstances suspending in connection with debenture deeds, as defined in the Unified Circular Chapter 1, Appendix B, Part B, Provisions regarding the equity of an insurance company, Section B – Tier 2 capital instruments.
- **3.3** Except in the case of termination of employment or office between the Company (or another group company, as the case may be) and the Offeree, the exercise period will be from the date the tranche of warrants vests until three years have passed from the vesting date.
- **3.4** Subject to the provisions of Section 2.9 of the May 2023 Private Offering Report regarding "net exercise," and compliance with the vesting dates and conditions as detailed in Sections 3.1 and 3.2 above, the exercise price to be paid for the exercise of each warrant into an ordinary share of the Company will be equal to the average closing price of the Company's share on the stock exchange during the thirty (30) trading days preceding the decision date (which is NIS 10.308) plus a premium of:
  - **3.4.1** 5% for the first tranche of warrants (NIS 10.823), 10% for the second tranche of warrants (NIS 11.338), and 15% for the third tranche of warrants (NIS 11.854).
  - **3.4.2** Due to the implementation of the net exercise mechanism, the Offeree will not be required to pay the exercise price, except as detailed in Section 2.9 of the May 2023 Private Offering Report and as detailed in Section 5 below (consideration for the warrants and exercise shares).
  - **3.4.3** The exercise price is subject to adjustments as detailed in Section 2.10 of the May 2023 Private Offering Report and as detailed in Section 4.1 below. The exercise price will not be linked to the consumer price index or any other index.
  - **3.4.4** Subject to the terms of the equity compensation plan, each tranche of warrants will expire three (3) years after its vesting date as stated in Section 3.3 above (the "Warrant Expiration Date").

The above data assumes the allocation of the warrants and their full exercise into exercise shares at a ratio of one exercise share for each exercised warrant. However, the assumption of a 1:1 exercise of the warrants into exercise shares is theoretical only, as detailed in footnote 1 above.

At the warrant expiration date, all rights of the Offeree and/or his heirs and/or guardians, in connection with the warrant, including the right to purchase the exercise shares, will expire. In addition, at the warrant expiration date, the trust will end. If there is a legal impediment to exercising the warrants at the warrant expiration date, the expiration date will be postponed until the impediment is removed.

**3.4.5** The warrants are not tradable, but they are exercisable into ordinary shares of the Company traded on the stock exchange. The closing price of the Company's share on the stock exchange on the day preceding the publication of this report (i.e., the closing price at the end of the trading day of August 20, 2025) was NIS 10.75 (the "Closing Price"). The exercise price for the first tranche of warrants is approximately 0.68% higher than the closing price; the exercise price for the second tranche of warrants is approximately 5.47% higher than the closing price; and the exercise price for the third tranche of warrants is approximately 10.27% higher than the closing price.

**4.** The other terms of the warrants are identical to the terms of the warrants detailed in the May 2023 Private Offering Report (except regarding adjustments to the limit price as detailed in Section 5 below), and are incorporated in this immediate report by reference, including, inter alia, as detailed below:

- Section 1.2 (Equity Compensation Plan)
- Section 2.2 (Capital Gains Route)
- Sections 2.3-2.4 and Sections 2.7, 2.9 to 2.12 (acceleration of the vesting period, manner of exercising the warrants, forced exercise upon reaching the limit price, net exercise, adjustment of rights, tax implications, and termination of employer-employee relations).

**4.1** Further to Section 3.4.3 above and Section 2.10 (Adjustment of Rights) in the May 2023 Private Offering Report, it is clarified that the adjustment to be made upon the distribution of bonus shares or upon a split/consolidation of capital, as the case may be, will be as follows:



- **Distribution of Bonus Shares** — If the Company distributes bonus shares to its ordinary shareholders, and the record date for entitlement to receive them falls after the date of the Board's decision to allocate the warrants subject to this private offering report but before their exercise date, the Offerees' rights will be preserved as follows: Immediately after the record date for the distribution of bonus shares and/or the allocation of shares without consideration (in this section: the "Record Date"), the number of shares resulting from the exercise of the warrants to which the Offeree is entitled upon their exercise will increase by the number of shares of the same type that the Offeree would have been entitled to as bonus shares had he exercised the warrants not yet exercised before the Record Date (the "Adjustment Mechanism").
- **Split/Consolidation of Capital** — In the event of a split/consolidation of capital after the date of the Board's decision to allocate the warrants and before their exercise into shares, the number of shares will be adjusted and reduced in the case of a consolidation or increased in the case of a split to reflect the ratio of the capital change as stated, and the exercise price will be adjusted as required.

**5. Adjustments to the limit price** — The limit price (as detailed in footnote 7), will be subject to the adjustments detailed below:

- **5.1 Dividend Distribution** — If the Company distributes a dividend (in cash or in kind) to all its shareholders and the record date for entitlement to receive this dividend (in this section: the "Record Date") falls after the grant date but before their exercise date, the limit price will be reduced by the gross dividend amount per share distributed by the Company, provided that the limit price will not fall below the par value of the Company's share.
- **5.2 Additional Adjustments** — Given the other events listed in the adjustment section as detailed in Section 2.10 of the May 2023 Private Offering Report and as detailed in Sections 3.4.3 and 4.1 above, the limit price will increase or decrease, as the case may be.

**6. Consideration for the warrants** — The warrants are allocated to the Offeree without cash consideration (but in consideration for his office, employment, and provision of services to the group). For details regarding the exercise price and the price to be paid upon exercise of the warrants into shares, see Section 3.4 above and Section 2.9 of the May 2023 Private Offering Report.

(Net Exercise Mechanism). The consideration was determined by the Compensation Committee and the Company's Board of Directors. Further to Section 2.9 of the May 2023 Private Offering Report, the Company will capitalize part of its profits or premium on shares to share capital, as defined in Section 302(b) of the Companies Law, or will act in any other manner permitted by law in the case of issuing shares for an amount less than their par value, all in accordance with applicable law, including Section 304 of the Companies Law, and will consider the exercise shares as fully paid.

**7. Required approvals for the allocation** – The Compensation Committee and the Company's Board of Directors, as well as the Compensation Committee and Board of Directors of the subsidiary in which the Offeree is employed, approved the grant of the warrants to the Offeree. In addition, the Company will apply shortly after the submission of this report to the TEL AVIV STOCK EXCHANGE LTD for approval to list for trading the shares arising from the exercise of the warrants. The Company will report the grant of the warrants only after the stock exchange's approval is received as stated.

**8. Agreements between the Offeree and holders of the Company's shares** – To the best of the Company's knowledge, after checking with the Offeree, there are no agreements, whether written or oral, between the Offeree and other holders of the Company's shares, regarding the purchase or sale of the Company's securities or regarding voting rights in the Company.

**9. Prohibition and/or restriction on actions with the warrants and exercise shares** – The warrants and exercise shares are subject to restrictions under the plan and applicable law, as detailed in Section 4 of the May 2023 Private Offering Report (i.e., restrictions under the capital gains route, the equity compensation plan, and the restrictions set forth in the Securities Law and the Securities Regulations (Details regarding Sections 15A to 15C of the Law), 2000).

Sincerely,

MIGDAL INSURANCE & FINANCIAL HOLDINGS LTD.

By authorized signatory:

Adv. Sarit Perlmutter-Sugarman, Corporate Secretary

## FOOTNOTE:

<sup>101</sup> Each with a par value <sup>102</sup> Not the CEO or a director <sup>103</sup> The Offeree <sup>104</sup> May 2023 Private Offering Report <sup>105</sup> The Company's compensation policy and the compensation policy of the institutional entities in the group <sup>206</sup> Each <sup>307</sup> The limit price for the Offeree's warrants is NIS 23.615 for the first tranche of warrants, NIS 24.130 for the second tranche of warrants, and NIS 24.646 for the third tranche of warrants.