

## PHOENIX FINANCIAL LTD

(“the Company”)

November 27, 2024

To

The Securities Authority

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

To

The Tel Aviv Stock Exchange Ltd.

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

### **Re: Immediate Report Regarding a Non-Material Merger**

Pursuant to the provisions of the *Companies Law, 5759-1999* (the “**Companies Law**”) and Chapter G1 of the *Securities Regulations (Periodic and Immediate Reports), 5730-1970* (the “**Reporting Regulations**”), the Company hereby announces that on November 26, 2024, the Company’s BOD approved non-material statutory mergers, within Phoenix group, in accordance with Part Eight of the Israeli Companies Law, as detailed below:

#### **1. Parties to the Merger Agreements**

1.1. The Company is the absorbing company in the merger with the target company, The Phoenix Investments and Finance Ltd., a wholly owned (100%) private subsidiary of the Company (“**Phoenix Investments**”),

1.2. In addition, the Company is the absorbing company in the merger with the target company Platinum Financing & Factoring Ltd., a wholly owned (100%) private subsidiary of the Company (“**Platinum**”).

(Phoenix Investments and Platinum shall collectively be referred to as the “**Target Companies**”; Phoenix Investments and Platinum, together with the absorbing company in both mergers, shall collectively be referred to as the “**Merging Companies**”).

#### **2. Principal Terms of the Merger Agreements and Structural Change**

2.1. Pursuant to the provisions of the Merger Agreements, and subject to the compliance with the conditions precedent set forth in Section 2.3 below, the Company and the Target Companies shall merge through statutory mergers as of the merger date (as defined below), in accordance with the provisions of Chapter One of Part Eight of the Companies Law and Chapter Two of Part E(2) of the *Income Tax Ordinance [New Version], 5721-1961*, and the

regulations enacted thereunder (the “**Income Tax Ordinance**”). All of the following actions shall be performed simultaneously (the “**Merger**”):

- 2.1.1. All assets of the Target Companies, as well as all their rights and undertakings, including contingent, future, known, and unknown liabilities, shall be transferred to the Company without consideration, in their condition as held by the Target Companies (“as is”). All agreements to which the Target Companies are parties shall be assigned to the Company and shall bind and apply to the Company in the same manner and to the same extent as they bound and applied to the Target Companies, including in all legal proceedings, including enforcement actions.
- 2.1.2. The Target Companies shall be dissolved without liquidation in accordance with the provisions of the Companies Law, and all of their issued, outstanding, and registered share capital shall be cancelled and voided.
- 2.1.3. The effective date of the mergers shall be the date on which all approvals required from the Registrar of Companies for the mergers, as stipulated in the Merger Agreements and Chapter One of Part Eight of the Companies Law, are received by the Registrar of Companies, and the Registrar issues a certificate confirming the completion of the mergers. The legal effect of the mergers shall commence on the specified effective date, which is December 31, 2024 (the “**Merger Date**”).
- 2.1.4. New Investments Management Company  
Immediately upon the completion of the merger process, and effective as of December 31, 2024, the Company shall transfer all assets related to investment management activities (including intangible assets and investment management agreements) to Phoenix Investment Management Ltd. (“**Phoenix Investment Management**”), a designated subsidiary established for the purpose of consolidating the activity and assets related to the investments management activities within the Phoenix group, in exchange for the issuance of shares based on relative valuations. As part of this process, Phoenix Financial shall transfer to Phoenix Investment Management the employees which were employed by Phoenix Investments and the shares of Phoenix Advanced

Investments Ltd., Phoenix Underwriting Ltd., Tehuda Management Services (1999) Ltd., and Safra Consultation and Investments Ltd., which shall be transferred to Phoenix Financial as part of the completion of the merger between the Company and Phoenix Financial. Additionally, a number of shareholding transfers between companies within the Phoenix group shall be executed, all subject to the approvals of the competent corporate organs within the respective companies in the Group.

2.1.5. Transfer of Phoenix Consumer Credit to Phoenix Gama

Upon the completion of the merger process and effective as of January 1, 2025, the Company shall transfer its holdings in Phoenix Consumer Credit Ltd. to Gama Management and Clearing Ltd. (“**Phoenix Gama**”), in exchange for the issuance of shares based on relative valuations, subject to the approval of the competent corporate organs of Gama.

2.1.6. Furthermore, upon the completion of all the actions mentioned above, Phoenix Investments House and Phoenix Gama will be held directly by the Comopany.

2.2. Completion of the mergers is subject, inter alia, to the fulfillment of the following cumulative conditions: (a) Receipt of approval from the Tax Authority for a corporate restructuring and tax-exempt merger in accordance with the provisions of Section 103T of the Income Tax Ordinance; and (b) Completion of the actions required for the mergers pursuant to the Companies Law and the *Companies Regulations (Merger)*, 5760-2000.

3. Tax Implications of the Merger for the Company

The mergers shall be conducted in accordance with Section 103B of the Income Tax Ordinance and will be tax-exempt. The Merging Companies shall submit a notification to the Assessing Officer in accordance with the provisions of the Income Tax Ordinance.

4. Quantity and Percentage of Holdings of Interested Parties in the Absorbing Company’s Issued and Outstanding Share Capital and Voting Rights

There will be no changes in the holdings of the interested parties in the Company as a result of the mergers, as the mergers do not involve the issuance of securities by the Company. For details regarding the holdings of interested parties in the

Company, please refer to the Company's immediate report on the holdings of interested parties and officeholders dated October 9, 2024 (Reference No.: 2024-01-609636) and the immediate reports on changes in the holdings of interested parties published by the Company up to the date of this immediate report, which are incorporated herein by reference.

5. Consideration for the Mergers

In light of the fact that the Company holds the entire share capital of the Target Companies, the mergers shall be executed without any monetary consideration.

6. Position of the Company's BOD and Its Rationale for Approving the Merger

6.1. The merger has no effect on the Company's asset or liability balances in its consolidated financial statements, as the financial statements of the Target Companies are already consolidated into the Company's financial statements.

6.2. The purpose of the mergers is to achieve business and economic objectives, including, inter alia, the unified operation of the businesses and activities of the absorbing company and the Target Companies. The Company seeks to implement changes in the structure of the Phoenix group to create an effective business and legal structure and to achieve managerial and operational efficiencies in the activities of the merging companies, in accordance with a multi-year strategic plan adopted by the Company.

6.3. The Company's BOD has confirmed that, considering the financial condition of the merging companies, it does not foresee any reasonable risk that, as a result of the merger, the Company will be unable to comply with its obligations and/or the obligations of the Target Companies to their creditors, including the Company's obligations to its bondholders.

6.4. As the Target Companies are wholly owned subsidiaries of the Company, as noted above, the merger constitutes a reorganization and internal restructuring. No consideration is paid by the Company, no shares are issued, and there is no dilution of the Company's shareholders as part of the process.

7. Required Approvals and Conditions for Completion of the Merger

Completion of the mergers is subject to the fulfillment of the conditions precedent set forth in the Merger Agreements, as detailed in Section 2.3 above.

On November 21, 2024, the BOD of Phoenix Investments and Finance approved the merger, and on November 26, 2024, the BODs of the Company and Platinum approved the merger. Notably, pursuant to Sections 320(a1)(1) and 320(a1)(2) of

the Companies Law, the mergers do not require the approval of the general meetings of the merging companies.

8. New or Predicted Restrictions to Be Imposed on the Company as a Result of the Merger

To the best of the Company's knowledge, no new restrictions will be imposed on the Company as a result of the mergers, except for those set forth in Chapter Two of Part E(2) of the Income Tax Ordinance.

9. Personal Interest in the Merger

To the best of the Company's knowledge, no directors, controlling shareholders, or interested parties have a personal interest in the mergers, considering that the Target Companies are wholly owned and controlled subsidiaries of the Company. Notably, Mr. Eyal Ben Simon, the Company's CEO, Mr. Eli Schwartz, Deputy CEO and CFO of the Company, and Mr. Meni Neeman, Deputy CEO and Chief Legal Counsel, serve as directors of the Target Company Phoenix Investments and Finance, and Mr. Eli Schwartz serves as a director of the Target Company Platinum.

10. Requirement for Approval under Sections 320(c) or (d) of the Companies Law

The merger does not require approval under Sections 320(c) or (d) of the Companies Law.

11. The Absorbing Company's Plans, if Any, Regarding Convertible or Exercisable Securities Issued by the Target Companies

The Target Companies have not issued nor undertaken to issue any securities convertible into or exercisable for their shares.

12. Assets and Undertakings to Be Transferred from the Target Companies to the Company, Their Nature, and the Financial Condition of the Target Companies

As detailed in Section 2.1.1 above.

**The information provided in connection with the mergers includes forward-looking statements, as defined in the *Securities Law, 5728-1968*, and is based on the intentions of the Company, Phoenix Investments and Finance, and Platinum. The completion of the process and the mergers described herein is contingent, inter alia, upon obtaining approval from the Tax Authority confirming the mergers' tax-exempt status, any additional regulatory approvals required, and the issuance of merger certificates by the Registrar of Companies. Accordingly, there is no assurance as to the completion of the process, and the information included in this immediate report may not be realized, due to factors beyond the Company's**

**control, including, but not limited to, the potential non-compliance with the conditions set forth above.**

**Respectfully,**

**Phoenix Financial Ltd**

Signed by:

Eli Schwartz, Deputy CEO and CFO

Meni Neeman, Deputy CEO and Chief Legal  
Counsel