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Altshuler Shaham Finance Ltd.

Interim Report for the Period ended June 30, 2025

ALTSHULER SHAHAM FINANCE LTD.

Interim Report as of June 30, 2025

Index:

This is an English translation of a Hebrew report that was published on Auguust 24, 2025 in "Magna" – ISA official website (reference no.: 2025-01-062811) ("the Hebrew Version"). This English version is only for convenience purposes.
This is not an official translation and has no binding force. Whilst reasonable care and skill have been exercised in the preparation hereof, no translation can ever perfectly reflect the Hebrew Version. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.

ALTSHULER SHAHAM FINANCE LTD.

Report of the Board of Directors on the State of Affairs of the Corporation

For the Periods of Six and Three Months ended June 30, 2025

Report of the Board of Directors on the State of Affairs of the Corporation

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Report of the Board of Directors on the State of Affairs of the Corporation for the Periods of Six and Three Months ended June 30, 2025

Altshuler Shaham Finance Ltd. ("**the Company**") is pleased to present the Report of the Board of Directors for the periods of six and three months ended June 30, 2025 ("**the Reporting Period**" and/or "**H1 2025**" and "**Q2 2025**", respectively, collectively **-** "**the Reporting Periods**") in accordance with the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 ("**the Reporting Regulations**"), which reviews the main changes in the Company's operations and results in the Reporting Periods.

The review is limited in scope and solely addresses events and changes in the Company's business affairs in the Reporting Periods whose effect is material. In certain instances, to present a complete picture, the Company includes additional information that is not necessarily material. This report should be read in conjunction with the Company's periodic report for 2024, including the Company's financial statements and report of the board of directors as of December 31, 2024, as published on March 20, 2025 (TASE reference: 2025-01-018597) ("**the Periodic Report**"), whose information is hereby included by reference.

Glossary of terms used in this report:

"**Report Date**" **–** June 30, 2025.

"**Report Approval Date**" – August 21, 2025.

"The Group" – the Company and the corporations controlled by it, as they will be from time to time.

The terms used in this report shall have the meaning ascribed to them in the Periodic Report, unless specifically stated otherwise.

1. The Board's explanations for the state of the Company's business affairs

1.1 Condensed description of the Company and its business environment

The Company was incorporated in Israel as a private company limited in shares on December 9, 2001. On April 4, 2022, the Company's shares began trading on the Tel-Aviv Stock Exchange Ltd. ("**the TASE**") and were allocated to the shareholders of Altshuler Provident Funds and Pension Ltd. ("**Altshuler Provident**") in return for Altshuler Provident's shares held by them ("**the Business Restructuring**"). Accordingly, the Company became a public company, as this term is defined in the Israeli Companies Law, 1999 ("**the Companies Law**") and a reporting entity, as this term is defined in the Israeli Securities Law, 1968 ("**the Securities Law**"). As of the Report Approval Date, the Company is held by Yair Lowenstein Holdings Ltd. (14.89%) ("**Yair Holdings**") and Altshuler Shaham Ltd. (55.52%) ("**Altshuler Ltd.**" and collectively with Yair Holdings – "**the Controlling Shareholders**"). The ultimate Controlling Shareholders in the Company are Messrs. Yair Lowenstein, Gilad Altshuler and Kalman Shaham.

The Company provides financial services. As specified in paragraphs 1.1.1, 1.1.2 and 1.1.3 below, the Company has three areas of operation (which are presented as three separate operating segments in the financial statements for accounting purposes): (1) provident and pension fund management operation; (2) credit operation; and (3) alternative investment operation, which has been presented for the first time as a reportable segment for accounting purposes in the Company's interim financial statements as of June 30, 2025.

The Company is also promoting the possible branching out into other operating segments, whether on its own or through other subsidiaries that will be founded or purchased by it, including those which are synergetic to the Group's operations. The Company's Management plans to continue exploring the expansion of the Company's operations by identifying new business opportunities and other potential business partnerships, including in the credit market and in the financial and pension product market.

1.1.1 **Provident and pension fund management operation**

As of the Report Approval Date, this operation constitutes the Company's core operating segment which is performed by Altshuler Provident. The latter operates in this market as a managing company by virtue of the Law for Supervision of Financial Services (Provident Funds), 2005 ("**the Provident Fund Law**") and as an insurer in accordance with a license issued to it per the Law for Supervision of Financial Services (Insurance), 1981 ("**the Insurance Law**"). Among others, Altshuler Provident manages saving provident funds, study funds, central severance pay funds, investment provident funds, which include a children savings plan and two new pension funds – Comprehensive Pension Fund and General Pension Fund (together – "**the Funds**"). The Funds are managed by virtue of legislative arrangements and obtain an annual certification from the Capital Market Authority and from its Commissioner. See more information of this operating segment in paragraph 3.1 to Chapter A to the Periodic Report.

1.1.2 **Credit operation**

In this operating segment, Altshuler Shaham Credit Ltd. ("**Altshuler Credit**"), through Altshuler Shaham Business Credit Ltd. ("**Altshuler Business Credit**"), which holds an extended credit provider license from the Israel Capital Market Authority, provides credit to businesses for various purposes such as real estate funding, procurement funding, working capital funding and more.

Furthermore, during and after the Reporting Period, Altshuler Credit, through private wholly owned subsidiaries, began providing loans to real estate developers, including closed-end credit, capital infusion and extraction. For that purpose, after the Reporting Period, Altshuler Shaham Construction Loans Ltd. ("**Altshuler Construction Loans**") was founded, see also paragraphs 2.3.2 and 2.3.4 below.

Also, during the Reporting Period, the Company, through Altshuler Business Credit, took steps towards expanding this operation and entering the business loan collateral market.

From the Company's interim financial statements as of March 31, 2025, the credit operation is presented as an operating segment for accounting purposes in view of the increase in the scope of loans extended by Altshuler Business Credit in Q1 2025. As of June 30, 2025, the credit operation segment assets account for about 14.76% of the Company's total assets. See more information of the credit operation in paragraph 2.3 below.

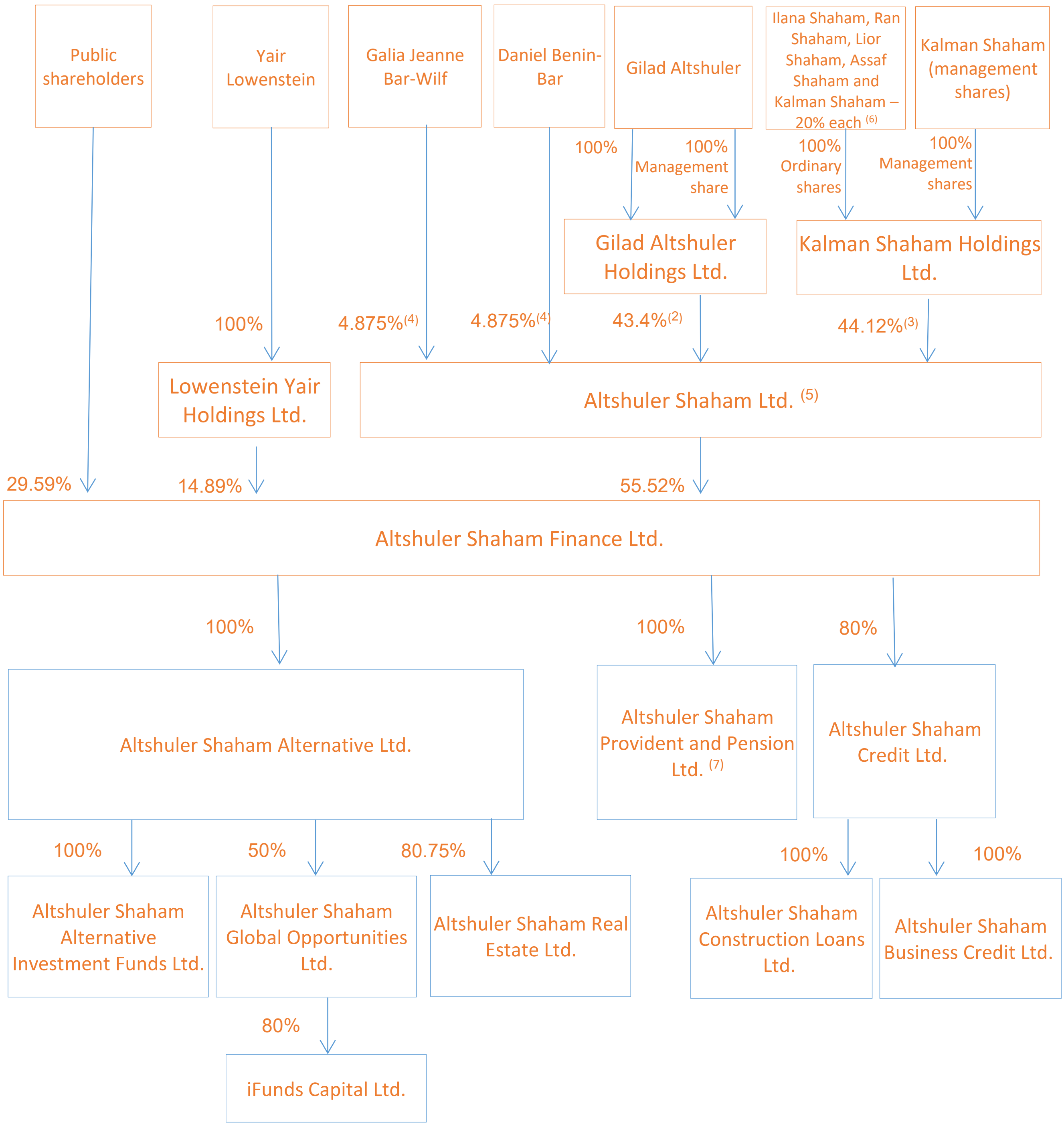
1.1.3 **Alternative investment operation**

In this operating segment, Altshuler Shaham Alternative Ltd. ("**Altshuler Alternative**") is engaged in managing, initiating, marketing and distributing alternative real estate and other investments through Altshuler Shaham Real Estate Ltd. ("**Altshuler Real Estate**"), Altshuler Shaham Alternative Investment Funds Ltd. ("**Altshuler Investment Funds**") and iFunds Capital Ltd. ("**iFunds**"). This operation has been presented for the first time as a reportable operating segment for accounting purposes in the Company's interim financial statements as of June 30, 2025 owing to the increase in the scope of profits from this operation which account for about 17% of the Company's total profits attributable to segments in Q2 2025, this following revaluation of the investment in an associated partnership in the real estate industry in the amount of NIS 10.6 million based on an external valuation obtained. See more information of the valuation in Note 6 to the Company's interim financial statements as of June 30, 2025 hereby attached ("**the Financial Statements**"). See more information of the alternative investment operation in paragraph 2.4 below.

It should be noted that in the Reporting Period and as of the Report Approval Date, the Company's credit and alternative investment operations, as detailed in paragraphs 1.1.2 and 1.1.3 above, are limited in scope compared to the provident and pension fund management operation and mainly compared to the Company's revenues from the credit and alternative investment operations which account for about 1.4% and 1.61% of the Company's total revenues in the Reporting Period, respectively.

See information of the developments in the Company's operating segments in the Reporting Period through the Report Approval Date in paragraphs 1.4, 2.3 and 2.4 below.

1.2 The Company's holding structure as of the Report Approval Date



(1) The sketch reflects the Company's holdings in principal companies. The Company and/or its subsidiaries hold several immaterial private companies (some of which in liquidation process), including for making investments for the Company's customers. Such companies are not depicted in this sketch; (2) of which 26.43% held in trust by Altshuler Trusts Ltd.; (3) of which 27.63% held in trust by Altshuler Trusts Ltd.; (4) of which 27.02% held in trust by Altshuler Trusts Ltd.; (5) note that the remaining interests in Altshuler Shaham Ltd. (about 2.73%) are held by Altshuler Trusts Ltd. (in trust for employees); (6) the entire Ordinary Shares are held in trust by Shenkar Lax Trust Company Ltd.; (7) Altshuler Provident wholly owns the entire shares of these companies for investment for members of the provident and pension funds managed by it.

1.3 Significant developments and changes in the Company's business environment

Capital market trends

In H1 2025, the Tel-Aviv Stock Exchange ("**TASE**") was affected by numerous developments both locally and internationally. The announcement of U.S. President Trump's tariff plan followed by the Israel-Iran 12-day conflict had positive effects on the markets. Other than certain moderate stock declines noted on the first trading day of Israel's military operation launched against Iran, TASE stocks soared in the backdrop of the strengthening of the NIS and the decrease in the risk premium led by the finance, real estate and technology sectors. While Israeli stocks surged in Q2 2025, continuing their rise from the beginning of the year, the U.S. market recorded milder yields during this period. The Bank of Israel and the Fed in the United States kept their benchmark interest rates with no major change in H1 2025 while the ECB lowered its interest rate for the fourth time in the Reporting Period, the latest lowering in June 2025 from 2.25% to 2%. The local and global capital markets in H1 2025 rose while the forex market continued to react with extreme sensitivity to the security tensions in Israel and the geopolitical developments in the region. The USD significantly weakened against the NIS, ending H1 2025 at NIS 3.37.

In H1 2025, the investment channels in which the Company operates displayed positive results. In Israel, the stock market surged with new highs and the leading indices in the U.S. also showed positive yields in the Reporting Period. These trends affected the assets managed by Altshuler Provident. See details of Altshuler Provident's investment management policy in paragraph 3.1.16 to Chapter A to the Periodic Report.

Index overview

H1 2025 closed with positive trends in the different risk asset, stock and bond markets. In the U.S., the S&P 500 increased by about 5.5% and the NASDAQ added about 7.9%. The STOXX Europe 600 increased by about 6.6% and the German DAX leaped by about 20.09%. The MSCI WORLD Index rose by about 9.0%.

The global bond market experienced a slight increase in yields in Q2 2025. In the U.S., the United States 10Y Government Bond yields grew by 2 base points to 4.23% at the end of Q2 2025.

The Israeli stock market benefited from soaring indices in H1 2025 with the TA 35 Index rising by about 23.5%, the TA 125 Index adding about 24.5% and the TA 90 Index leaping by about 25.5%.

U.S.

147 thousand new jobs were added to the U.S. labor market in June 2025, exceeding early forecasts which expected an addition of only 111 thousand jobs. The unemployment rate dropped to 4.1% compared with the 4.3% forecast. U.S. inflation grew in June 2025 on the backdrop of President Trump's tariff plan. The CPI rose by 0.3%, as expected, compared with 0.1% in May 2025. In annual terms, the inflation rate in the U.S. was 2.7%.

Shortly before President Trump's 90-day tariff plan suspension period effective from April 9, 2025, ended, President Trump announced his decision to levy tariffs on the import of commodities from 14 countries which will become effective on August 1, 2025 instead of July 9, 2025 as previously planned. He also stated that he was willing to negotiate the tariffs. President Trump levied a 25% tariff on imports from Japan, South Korea, Malaysia, Kazakhstan and Tunisia, a 40% tariff on Laos and Myanmar, a 36% tariff on Cambodia and Thailand and more. President Trump also declared an impending 50% tariff on the import of copper. As a result and despite the uncertainty regarding the effective date of such tariff, copper prices soared to record highs.

In H1 2025, the Fed kept the interest rate unchanged at 4.5%, yet Fed economists anticipate that the interest will be lowered twice in 2025 and stated that they will adjust their policy to the economic developments. The decision echoes the uncertainty arising from the ongoing global trade war and President Trump's tariff policy as well as the escalation in the Middle East.

In H1 2025, U.S. stocks were traded with positive trends. The NASDAQ rose by about 7.9%, the S&P 500 added about 5.5% and the Dow Jones increased by about 3.6%. The United States 10Y Government Bond yields rose by 2 base points to 4.23% in H1 2025.

<u>Europe</u>

Headed by Christine Lagarde, the European Central Bank lowered its Euro Area interest rate in H1 2025 four times, the latest being in June 2025 from 2.25% to 2%. The interest decrease was nearly fully priced in the markets, with the background for the decision being the clear slowdown in the inflation rate. The ECB made no commitment to continue lowering the interest rate and remained guarded with respect to its future policy.

In the UK, the interest rate was lowered from 4.5% to 4.25% in May 2025 in the backdrop of the consistent decline in the CPI and with the intention to boost local economy. Simultaneously, President Trump announced a trade treaty between the U.S. and the UK which may assist in enhancing the relations between the two countries.

In conclusion of H1 2025, positive trends were witnessed in the European stock exchanges with the Euro Stoxx 50 increasing by about 8.3%, the Euro Stoxx 600 gaining about 6.6% and the German Dax notably rising by about 20.1% in H1 2025.

<u>Asia</u>

In H1 2025, U.S. President Trump announced his tariff plan according to which the highest tariff will be imposed on import of goods to the U.S. from China. The tariff was initially set at 104% and in keeping with Trump's decision to freeze the tariff plan for 90 days, it was raised to about 125%. The White House later issued a clarification that the tariff on Chinese imports will be about 145%. In response, China announced raising the tariff on the import of U.S. goods into China to 125%. In May 2025, China and the U.S. reported signing a trade treaty which will reduce the reciprocal tariffs between the countries.

The global accelerated computing pioneer, Nvidia, reported that it had been promised by President Trump to be able to renew the sale of its H20 GPUs to China. In April 2025, the Trump Administration banned the marketing of this AI chip to China in the context of aggravating U.S. sanctions on China but later agreed to allow the renewal of exports following Nvidia's license reapplication.

U.S. also reached a trade treaty with Japan to impose a 15% tariff on the import of Japanese goods to the United States instead of Trump's originally planned 25% tariff. Japan is the biggest economy which reached a tariff agreement with the U.S. to date.

In Japan, the Bank of Japan raised the interest rate in January 2025 to 0.5% for the first time in many years of keeping the interest rate at zero or even negative, marking an end to Japan's negative interest era. The last time the BOJ's interest rate was 0.5% was in 2008, some 17 years ago.

<u>Israel</u>

<u>General</u>

In H1 2025, the Bank of Israel kept the market interest rate unchanged at 4.5%. In its interest notice of July 7, 2025, the BoI stated that the inflation forecast remains unchanged and that it expects a relief in the job market's limited supply assuming the end of the war in Gaza and the ensuing return of army reservists to the workplace. Combined with a moderation in demand for public consumption, this development is expected to continue the inflation mitigation trend.

During the Israel-Iran conflict in June 2025 arising from Israel launching airstrikes against military and nuclear sites in Iran, the TASE noted index surges which culminated into double-digit increases in Q2 2025 with the TA-RealEstate Index soaring by 31%. The Banks Index rose by 29.9% and the TA 90 added 26.28% in Q2 2025. From the beginning of the year, stocks surged with the TA 125 growing by 24.5%, the TA 35 adding 23.5% and the TA 90 rising by 25.5%.

In May 2025, S&P reaffirmed Israel's credit rating at A with a negative outlook but expressed its concern regarding the escalation of the fighting in the Gaza Strip to other areas. Notwithstanding the aforesaid, in its review of June 17, 2025, in the midst of the recent Israel-Iran conflict, S&P acknowledged the Israeli economy's fortitude, also owing to its robust hi-tech industry and extensive remote work capabilities. In its review, S&P discussed four potential war scenarios, the optimistic of which envisioning fighting limited to less than three months which ultimately became a reality.

Moody's also reaffirmed Israel's credit rating of Baa1 with a negative outlook. It also recognized the local economy's impressive strength despite the complex national security conditions and the support offered by Israel's GNI and dynamic hi-tech industry. Moody's mentioned simultaneously that it was expecting Israel's national debt and deficit to increase. In the short term, Moody's expects a slowdown in growth due to reduced consumer trust, diminished tourism and manpower shortages.

For the first time since the October 7 war began in 2023 and after having avoided any intervention in the forex market, in June 2025, the BoI sold $ 300 million to prevent the shekel's devaluation. This sale was effected following Israel's airstrikes in Iran, yet despite the sale, the BoI continues holding huge USD reserves.

In June 2025, the Israeli CPI rose by 0.3%. Annual inflation increased to 3.3% compared with 3.1% in May 2025. Markups were noted in prices of foreign travel, entertainment and culture as well as in produce.

The war in Israel and the recent Israel-Iran conflict

In H1 2025, Israel and Hamas reached a ceasefire agreement which became effective on January 19, 2025 and consisted of the IDF's withdrawal from the Gaza Strip, the return of Palestinians to their homes in the north of the Strip and the release of 33 Israeli hostages in several steps. On March 17, 2025, in view of Hamas' refusal to release more Israeli hostages, the ceasefire collapsed and the IDF launched a widespread maneuver in the Gaza Strip. The ceasefire agreement with Hezbollah in the northern border with Lebanon became effective on November 27, 2024 and has lasted through the Report Approval Date.

On June 13, 2025, Israel launched a widespread surprise attack on Iran which included targeted countermeasures and airstrikes against nuclear sites and ballistic missile manufacturing and storage sites. Shortly after the operation was initiated, a special state of emergency was declared by Israel's home front command which included closing down Israel's airspace and suspending all educational and social activities. In response, Iran launched some 500 ballistic missiles and 1,000 UAVs towards civilian and military targets in Israel during the 12 days of the conflict. On June 22, 2025, the U.S. intervened by launching airstrikes against the uranium enrichment plants in Fordow, Natanz and Isfahan. As per various evaluations, these airstrikes set Iran's nuclear plan back by several months to several years. Israel and Iran agreed to the ceasefire brokered by the U.S. on June 24, 2025.

The above developments have the potential of adversely affecting the capital market in which Altshuler Provident operates and impair the scope and value of the assets managed by it. However, at present, the ongoing state of war has not had a material impact on the scope or value of the assets managed by Altshuler Provident, mainly owing to the Company's investment policy and diversified investment portfolio whereby, in practice, more than 60% of the assets are managed in global capital markets.

Moreover, the Company concluded that the risk level of small and medium businesses in the credit market has risen due to the war and has adjusted its credit policy accordingly. In addition, as of the Report Approval Date, the various investments in the alternative investment operation are only exposed to foreign markets and are not directly exposed to the events and developments in Israel.

In the Reporting Period, the Company continued to operate regularly and raised capital for its alternative investment funds. Also, the geopolitical events are likely to negatively affect the business environment in which the Group operates, yet the Company estimates that to date the ongoing war has not had a material impact on its operations.

Furthermore, the Company estimates that at present, the war has not had an effect on the Group's financial stability or ability to comply with financial covenants as per financing agreements (see details of financial covenants in paragraph 1.8.1 below). Notwithstanding the aforesaid, as of the Report Approval Date, the Company is unable to fully and reliably assess the extent of the future effect of the war on its operations, also in view of the current fluctuations in the markets, the uncertainty involving the duration, intensity and impact of the war on the Company's operating segments or any measures that might be adopted by the Israeli Government. See details of the effect of inflation and market interest hikes on the Company's operating segments in paragraph 2.1 below.

The Company's evaluations as presented above represent forward-looking information, as this term is defined in the Securities Law. These evaluations are based, among others, on information that is currently available to the Company and consist of the Company's forecasts or intentions as of the Report Approval Date, yet there is no certainty that these evaluations relating to any of the factors described above or their effects on the Company's operations and business will materialize in whole or in part and therefore their actual effect may be materially different than anticipated. The potential factors underlying the non-materialization of the above evaluations and forecasts include changes in global and local capital markets, regulatory changes and mandatory regulatory approvals as well as the realization of any of the other risk factors to which the Company's provident and pension fund management, credit and alternative investment operations are exposed, as specified in paragraphs 4.11 and 3.2.2.1.4 to Chapter A to the Periodic Report.

1.4 Developments in the operating segments

1.4.1 Provident and pension fund management

1.4.1.1 General data of Altshuler Provident

As of June 30, 2025 and for the period of six months then ended (NIS in thousands)

	New pension funds		Personal provident funds for benefits and severance pay	Study funds	Investment provident funds	Long-term Savings for Every Child Plan	Central Funds*	Total
	Comprehensive	General						
Number of members**	395,311	22,290	770,431	592,603	171,364	964,886	5,604	**2,922,489**
Managed assets	35,706,030	1,177,612	54,862,834	51,480,243	11,951,863	10,846,317	911,879	**166,936,778**
Receipts from fees	2,014,694	96,880	312,027	1,601,451	981,695	513,461	2,971	**5,523,179**
Of which, nonrecurring fees	-	-	96,561	26,683	606,294	23,361	-	**752,899**
Annualized fees for newly enrolled members	405,081	44,996	16,599	213,040	90,056	33,067	3	**802,842**
Annualized fees for all members	4,080,068	205,376	482,887	3,278,759	720,867	997,185	6,235	**9,771,377**
Accruals transferred to the fund	1,777,675	124,042	576,357	329,285	73,792	2,661	923	**2,884,735**
Accruals transferred from the fund	(2,450,167)	(119,815)	(4,422,062)	(4,996,275)	(790,654)	(147,422)	(13,583)	**(12,939,978)**
Payments	(558,771)	(4,342)	(1,047,694)	(1,298,033)	(508,904)	(127,725)	(23,637)	**(3,569,106)**
Surplus revenues (losses) over expenses in the period	2,168,761	65,176	2,847,861	2,841,492	691,995	824,352	44,019	**9,483,656**
Revenues from accrual management fees	24,995	982	172,080	176,796	35,243	11,559	2,590	**424,245**
Revenues from deposit management fees	25,450	1,196	978	-	-	-	-	**27,624**
Average annual rate of management fees from active assets	0.13	0.15	0.65	0.71	0.62	0.23	0.20	
Average annual rate of management fees from inactive assets	0.14	0.20	0.62	0.66	0.59	0.23	0.62	
Average annual rate of management fees from assets – annuities	0.37	0.35	-	-	-	-	-	
Average annual rate of management fees from deposits	1.25	1.26	0.29	-	-	-	-	

* Central Funds - include (1) Altshuler Shaham Severance Pay Central Severance Pay Fund, (2) Altshuler Shaham Marpeh Central Sick Leave Fund and (3) Altshuler Shaham Central Provident Fund for Budgetary Pension Participation which were transferred to the management of Altshuler Provident in the context of a voluntary transfer on October 1, 2021.

** Refers to the number of provident fund member and pension fund member accounts.

As of June 30, 2024 and for the period of six months then ended (NIS in thousands)

	New pension funds		Personal provident funds for benefits and severance pay	Study funds	Investment provident funds	Long-term Savings for Every Child Plan	Central Funds*	Total
	Comprehensive	General						
Number of members**	378,646	21,421	834,882	664,910	162,123	973,258	5,863	**3,041,103**
Managed assets	29,480,800	860,423	54,988,037	52,087,077	10,413,805	8,910,147	890,345	**157,630,634**
Receipts from fees	1,854,194	97,815	375,771	1,884,997	800,231	525,382	3,055	**5,541,445**
Of which, nonrecurring fees	-	-	117,797	26,147	492,481	24,505	-	**660,930**
Annualized fees for newly enrolled members	321,457	16,804	20,457	232,472	83,906	16,215	10	**691,321**
Annualized fees for all members	3,771,636	158,117	548,641	3,849,043	647,594	994,040	6,278	**9,975,349**
Accruals transferred to the fund	1,126,749	65,937	729,819	355,970	82,774	1,004	1,602	**2,363,855**
Accruals transferred from the fund	(2,252,193)	(109,044)	(4,697,061)	(6,191,132)	(934,640)	(109,037)	(23,746)	**(14,316,853)**
Payments	(173,163)	636	(1,130,479)	(1,540,948)	(553,086)	(90,766)	(25,970)	**(3,513,776)**
Surplus revenues over expenses in the period	2,354,577	60,896	3,329,045	3,546,830	876,613	805,712	44,050	**11,017,723**
Revenues from accrual management fees	19,551	791	176,553	185,373	32,174	9,632	2,630	**426,704**
Revenues from deposit management fees	25,042	1,104	1,253	-	-	-	-	**27,399**
Average annual rate of management fees from active assets	0.12	0.16	0.66	0.73	0.63	0.23	0.21	
Average annual rate of management fees from inactive assets	0.14	0.22	0.63	0.68	0.61	0.23	0.64	
Average annual rate of management fees from assets – annuities	0.37	0.34	-	-	-	-	-	
Average annual rate of management fees from deposits	1.32	1.37	0.32	-	-	-	-	

* Central Funds - include (1) Altshuler Shaham Severance Pay Central Severance Pay Fund, (2) Altshuler Shaham Marpeh Central Sick Leave Fund and (3) Altshuler Shaham Central Provident Fund for Budgetary Pension Participation which were transferred to the management of Altshuler Provident in the context of a voluntary transfer on October 1, 2021.

* Refers to the number of provident fund member and pension fund member accounts.

As of December 31, 2024 and for the year then ended (NIS in thousands)

	New pension funds		Personal provident funds for benefits and severance pay	Study funds	Investment provident funds	Long-term Savings for Every Child Plan	Central Funds*	Total
	Comprehensive	General						
Number of members**	392,166	21,899	811,046	634,090	169,845	965,387	5,740	**3,000,173**
Managed assets	32,753,838	1,021,099	56,596,344	53,002,323	11,503,939	9,780,990	901,186	**165,559,719**
Receipts from fees	3,836,118	210,637	1,003,581	3,875,498	2,069,641	1,041,644	6,488	**12,043,607**
Of which, nonrecurring fees	-	-	416,818	70,149	1,434,831	50,136	-	**1,971,934**
Annualized fees for newly enrolled members	692,371	42,527	31,305	423,220	225,610	33,049	10	**1,448,092**
Annualized fees for all members	3,891,753	179,772	562,387	3,810,886	762,600	974,030	5,935	**10,187,363**
Accruals transferred to the fund	3,103,437	200,437	2,327,300	1,241,894	256,527	2,566	11,065	**7,143,226**
Accruals transferred from the fund	(4,301,839)	(232,720)	(6,684,785)	(9,152,628)	(1,334,419)	(208,833)	(37,110)	**(21,952,334)**
Payments	(383,211)	(5,777)	(2,270,201)	(3,077,965)	(1,085,418)	(206,691)	(48,673)	**(7,077,936)**
Surplus revenues over expenses in the period	4,001,649	108,250	5,839,508	6,084,164	1,455,695	1,374,452	78,062	**18,941,780**
Revenues from accrual management fees	42,007	1,730	352,465	367,663	65,744	20,471	5,270	**855,350**
Revenues from deposit management fees	50,853	2,316	2,436	-	-	-	-	**55,605**
Average annual rate of management fees from active assets	0.12	0.16	0.65	0.72	0.62	0.23	0.20	
Average annual rate of management fees from inactive assets	0.14	0.21	0.62	0.67	0.60	0.23	0.63	
Average annual rate of management fees from assets – annuities	0.37	0.35	-	-	-	-	-	
Average annual rate of management fees from deposits	1.30	1.34	0.25	-	-	-	-	

* Central Funds - include (1) Altshuler Shaham Severance Pay Central Severance Pay Fund, (2) Altshuler Shaham Marpeh Central Sick Leave Fund and (3) Altshuler Shaham Central Provident Fund for Budgetary Pension Participation which were transferred to the management of Altshuler Provident in the context of a voluntary transfer on October 1, 2021.

* Refers to the number of provident fund member and pension fund member accounts.

1.4.1.2 Developments and major changes in the Reporting Period

In the Reporting Period, Altshuler Provident continued marketing activities for retention, sale and distribution of products managed by it and continued promoting and positioning the Company's pension fund as a known brand in the Israeli public. In the Reporting Period, there was an increase in the balance of member assets, mainly due to positive yields and surplus deposits over withdrawals against shifting of members to competitors, net. See more information of the global capital market trend in paragraph 1.3 above.

Provident fund assets

As of June 30, 2025, total local provident fund assets (compensation and severance pay, study funds, central severance pay funds, investment provident funds and the Savings for Every Child long-term investment provident fund) totaled approximately NIS 916.16 billion compared with approximately NIS 850.40 billion at the end of 2024, representing an increase of about 7.73%.

In the Reporting Period, the scope of provident fund assets managed by Altshuler Provident decreased from approximately NIS 131.78 billion at the end of 2024 to approximately NIS 130.05 billion as of June 30, 2025, representing a decrease of about 1.31% in total provident fund assets managed by Altshuler Provident.

Pension fund assets

As of June 30, 2025, total local pension fund assets (new, comprehensive and general) totaled approximately NIS 1,029.64 billion compared with approximately NIS 933.80 billion at the end of 2024, representing an increase of about 10.26%.

In the Reporting Period, the scope of pension fund assets managed by Altshuler Provident increased from approximately NIS 33.77 billion at the end of 2024 to approximately NIS 36.88 billion as of June 30, 2025, representing an increase of about 9.20%.

Investments in provident fund and pension fund assets

In H1 2025, the Company kept the exposure of its managed assets to the quoted and unquoted stock component at about 50% in the general tracks. The main stock exposure in Israel remains to local bank and the main stock exposure abroad remains to the leading U.S. indices and underlying stocks.

1.4.2 **The credit operation**

See information of the credit operation and developments therein in the Reporting Period through the Report Approval Date in paragraph 2.3 below.

1.4.3 **The alternative investment operation**

See more information of the alternative investment operation and developments therein in the Reporting Period through the Report Approval Date in paragraph 2.4 below.

1.5 Financial position

Following are data from the Company's interim consolidated financial statements for the periods of six and three months ended June 30, 2025.

Main items from the Company's consolidated statements of financial position (NIS in thousands):

	June 30,		December 31, 2024	Company's explanations
	2025	2024		
Current assets	328,365	301,984	315,492	The increase in current assets in the Reporting Period compared to the corresponding period of 2024 mainly arises from an increase in loans to customers, receivables and current taxes receivable against a decrease in cash and cash equivalents, short-term investments and net lease investment.
Non-current assets	929,223	856,855	894,070	The increase in non-current assets in the Reporting Period compared to the corresponding period of 2024 mainly stems from an increase in loans to customers, investments in associated partnerships and deferred tax assets against a decrease in long-term investments, deferred acquisition costs (DAC), net lease investment, right-of-use assets, property plant and equipment and intangible assets. The movement in DAC in the Reporting Period arises from payment of agent commissions of approx. NIS 28,891 thousand less write downs of approx. NIS 36,829 thousand.
Total assets	**1,257,588**	**1,158,839**	**1,209,562**	---
Current liabilities	365,131	215,335	284,606	The increase in current liabilities in the Reporting Period compared to the corresponding period of 2024 is mainly a result of an increase in short-term credit, short-term payables and current taxes payable against a decrease in current maturities of lease liabilities.
Non-current liabilities	332,178	414,261	379,646	The decrease in non-current liabilities in the Reporting Period compared to the corresponding period of 2024 is mainly a result of a decrease in loans from banks, lease liabilities, employee benefit liabilities, net and deferred tax liabilities.
Equity	560,279	529,243	545,310	The increase in equity in the Reporting Period compared to the corresponding period of 2024 derives from the comprehensive income of approx. NIS 51.8 million recognized in the Reporting Period and cost of share-based payment of approx. NIS 3.1 million against a decrease in equity due to a dividend declared in the amount of approx. NIS 40 million.
Total liabilities and equity	**1,257,588**	**1,158,839**	**1,209,562**	---

1.6 Operating results

Main items from the Company's consolidated statements of profit or loss and other comprehensive income (NIS in thousands):

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2025	**2024**	**2025**	**2024**	**2024**
Revenues:					
From management fees, net	457,581	453,484	227,369	224,882	911,738
From commissions	2,439	3,722	210	2,685	7,629
Finance income from nonbank credit	6,510	-	3,670	-	2,399
Total revenues	**466,530**	**457,206**	**231,249**	**227,567**	**921,766**
Expenses:					
Marketing, operating, general and administrative expenses	394,214	373,854	196,203	186,302	754,691
Expenses in respect of credit losses	1,252	-	207	-	1,342
Finance expenses on nonbank credit	2,007	-	1,465	-	83
Total expenses	**397,473**	**373,854**	**197,875**	**186,302**	**756,116**
Operating income	69,057	83,352	33,374	41,265	165,650
Finance income	5,916	5,357	3,212	2,832	10,765
Finance expenses	6,934	5,945	3,536	2,795	(14,228)
Other income	299	25	276	9	473
Company's share of earnings (losses) of associated partnerships accounted for at equity	10,998	(2)	10,958	-	(192)
Income before taxes on income	**79,336**	**82,787**	**44,284**	**41,311**	**162,468**
Taxes on income	26,441	27,740	13,992	13,654	52,147
Net income	**52,895**	**55,047**	**30,292**	**27,657**	**110,321**
Other comprehensive income (loss) (net of tax)	(1,059)	(33)	(1,281)	(20)	665
Comprehensive income	**51,836**	**55,014**	**29,011**	**27,637**	**110,986**
Net income (loss) for the period attributable to:					
Equity holders of the Company	55,075	55,899	31,482	28,166	113,065
Non-controlling interests	(2,180)	(852)	(1,190)	(509)	(2,744)
	52,895	**55,047**	**30,292**	**27,657**	**110,321**
Comprehensive income (loss) attributable to:					
Equity holders of the Company	54,016	55,866	30,201	28,146	113,730
Non-controlling interests	(2,180)	(852)	(1,190)	(509)	(2,744)
	51,836	**55,014**	**29,011**	**27,637**	**110,986**

Revenues

Revenues from management fees, net – total revenues from net management fees attributable to the provident and pension fund management operation in the Reporting Period amounted to approximately NIS 451,897 thousand compared with approximately NIS 451,009 thousand in the corresponding period of 2024. The increase mainly arises from an increase in assets managed by Altshuler Provident against a decrease in the average rate of management fees charged by it. Total revenues from net management fees attributable to the alternative investment operation in the Reporting Period amounted to approximately NIS 7,529 thousand compared with approximately NIS 5,576 thousand in the corresponding period of 2024. The increase arises from an increase in the balance of managed assets.

Revenues from commissions – the decrease in revenues from commissions in H1 2025 mainly derives from a decrease in development commissions due to a decrease in the scope of alternative real estate investment transactions closed in the Reporting Period compared with H1 2024.

Finance income from nonbank credit – the increase in finance income from the credit operation in the Reporting Period compared to H1 2024 arises from fully launching this operation in Q3 2024.

Expenses

Marketing, operating, general and administrative expenses – total expenses attributable to the provident and pension fund management operation amounted to approximately NIS 366,329 thousand in H1 2025 compared with approximately NIS 358,149 thousand in H1 2024. The increase is mainly a result of an increase in salary and related expenses, the grant of employee options and the raising of the VAT rate against a decrease in depreciation and amortization and in commissions. Total expenses attributable to the credit operation amounted to approximately NIS 8;853 thousand in H1 2025 as this operation was launched in Q3 2024. Total expenses attributable to the alternative investment operation amounted to approximately NIS 12,430 thousand in H1 2025 compared with approximately NIS 8,889 thousand in H1 2024. The increase stems from the acquisition of iFunds in February 2024 and the increase in salary and related expenses.

Expenses in respect of credit losses – the increase in these expenses in H1 2025 compared with H1 2024 mainly stems from launching the credit operation in Q3 2024.

Finance expenses on nonbank credit – the increase in finance expenses in respect of nonbank credit in H1 2025 compared with H1 2024 mainly stems from entering the credit operation in Q3 2024.

Finance income – the increase in finance income in H1 2025 compared with H1 2024 mainly arises from increased finance income from bridge loans granted to partnerships.

Finance expenses – the increase in finance expenses in H1 2025 compared with H1 2024 is mainly a result of the increase in interest paid to banks following the increase in financial liabilities, the rise in the average interest rate and finance expenses on bridge loans granted to partnerships.

Other income – the increase in other income in H1 2025 compared with H1 2024 mainly arises from the derecognition of assets and liabilities, net in respect of a lease following the termination of an agreement for the lease of several levels in the Psagot House. See also Note 8d to the Financial Statements hereby attached.

The Company's share of earnings (losses) of associated partnerships accounted for at equity - the increase in the Reporting Period mainly arises from the revaluation of the investment in an associated real estate partnership in the amount of NIS 10.6 million based on an external valuation obtained. This includes the Company's share of expected carried interest as GP and its share of earnings as LP. See details of the valuation in Note 6 to the Financial Statements hereby attached.

1.7 Liquidity

Main items from the Company's consolidated statements of cash flows (NIS in thousands):

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2025	2024	2025	2024	2024
Cash flows from operating activities:					
Net income in the period	52,895	55,047	30,292	27,657	110,321
Adjustments to income	5,613	32,588	17,977	11,999	44,727
Net cash provided by operating activities	**58,508**	**87,635**	**48,269**	**39,656**	**155,048**
Net cash provided by (used in) investing activities	**(17,359)**	**(27,404)**	**(10,279)**	**17,021**	**(40,563)**
Net cash used in financing activities	**(71,080)**	**(76,999)**	**(65,006)**	**(57,666)**	**(146,353)**
Increase (decrease) in cash and cash equivalents	**(29,931)**	**(16,768)**	**(27,016)**	**(989)**	**(31,868)**
Cash and cash equivalents at beginning of period	**83,988**	**115,856**	**81,073**	**100,077**	**115,856**
Cash and cash equivalents at end of period	**54,057**	**99,088**	**54,057**	**99,088**	**83,988**

Net cash provided by operating activities – the decrease in cash flows provided by operating activities in H1 2025 compared with H1 2024 is mainly a result of the decrease in the Company's net income, items not involving cash flows and cash paid in the period against an increase in changes in other balance sheet items.

Net cash used in investing activities – the decrease in cash flows used in investing activities in H1 2025 compared with H1 2024 is mainly a result of a decrease in purchases of financial investments, net, acquisition of newly consolidated company last year and repayment of loan from associated partnerships against an increase in loan granted to associated partnerships.

Net cash used in financing activities – the decrease in cash flows used in financing activities in H1 2025 compared with H1 2024 is mainly a result of an increase in receipt of loans from banks against an increase in repayment of loans from banks.

1.8 Financing resources

As of the Report Approval Date, the Company finances its operations and the operations of the Group companies using its own resources and loans and borrowings provided to the Group companies by banks.

As of the Report Approval Date, the average scope of short-term credit, current maturities of loans and long-term loans from banks approximates NIS 137.9 million, NIS 49.4 million and NIS 277.7 million, respectively.

1.8.1 The provident and pension fund management operation

To secure its entire credit facilities from banks, Altshuler Provident has undertaken to meet the following financial covenants towards the banks:

a) Altshuler Provident's revenues from management fees will not be lower than NIS 200 million a quarter. In Q2 2025, Altshuler Provident's revenues from management fees totaled NIS 224.2 million.

b) Altshuler Provident's shareholders' equity less capital reserves will not be lower than NIS 245 million. As of the Report Date, Altshuler Provident's shareholders' equity less capital reserves approximated NIS 413.3 million.

c) Altshuler Provident's bank debt coverage ratio divided by its EBITDA in the latest four calendar quarters will not exceed 2.8. As of the Report Date, the ratio is 2.

d) The debt service coverage ratio (DSCR) – the result of dividing the EBITDA less investments in PP&E and in software and less tax in the latest relevant calendar quarters (accumulated interest expenses and linkage differences with the addition of current maturities – principal and interest, excluding principal on credit provided to finance compliance with minimum capital requirements of provident fund manager and repayment of any credit principal for a period not exceeding 12 months but rather only interest on such credit, which Altshuler Provident will have to pay the banks in the four consecutive calendar quarters as of the Report Date, other than borrowings repayable in a lump sum at period end will not be lower than 1.5. As of the Report Date, the ratio is 3.

1.8.2 The credit operation

In keeping with the Company's Board approval of March 19, 2025, on April 22, 2025, the Company signed agreements with banks to receive additional credit facilities totaling approximately NIS 300 million as follows: (1) NIS 100 million will be provided by Bank A[1] as follows: NIS 50 million as on call credit for one year and the other NIS 50 million as binding credit for one year (in respect of which the Company will be charged non-utilization commission of 0.5%). The interest on the above credit will be Prime less 0.2%-0.25%[2]; (2) NIS 200 million will be provided by another bank as on call credit under which the Company may request loans bearing interest of Prime less 0.2%-0.25% for one year. See also the Company's immediate report of April 22, 2025 (TASE reference: 2025-01-028610), whose information is hereby included by reference.

As stated above, the Company was given credit facilities totaling NIS 400 million that can be used to provide loans to customers by Altshuler Business Credit. The credit facility of NIS 100 million granted to the Company by Bank A on October 1, 2024 ends on September 30, 2025.

As of June 30, 2025, the carrying amount of the credit facilities (including interest accrued thereon) in the credit operation approximates NIS 120,757 thousand.

1.8.3 The alternative investment operation

See details of credit facilities extended by banks to Altshuler Real Estate and Altshuler Investment Funds for providing bridge loans to partnerships and their current activities in Notes 9e and 9f to the Company's Financial Statements hereby attached and Note 18 to the Company's financial statements for 2024.

On August 21, 2025, after the Reporting Period, the Company's Board approved the decision to allow Altshuler Real Estate to use a bank credit facility also for investing in a partnership managed by it at a scope of some $ 4 million.

As of June 30, 2025, the carrying amount of the credit facilities (including interest accrued thereon) in the alternative investment operation approximates NIS 12,627 thousand.

See more information of the Group's financing resources, including financing agreements signed by it in the Reporting Period in Notes 5, 8 and 9 to the Company's Financial Statements hereby attached and Note 18 to the Company's financial statements for 2024.

[1] As defined in the Company's immediate report of October 1, 2024 (TASE reference: 2024-01-607531).

[2] It should be noted that the credit facility of NIS 100 million provided to the Company on October 1, 2024 by Bank A for one year from the signing date is in effect until September 30, 2025. See details of this credit facility in the Company's immediate report of October 1, 2024 (TASE reference: 2024-01-607531) and in paragraph 3.2.2.5 to Chapter A to the Periodic Report.

2. Material Events during and after the Reporting Period and Updates to Chapter A to the Periodic Report

As per the provisions of Regulation 39A to the Report Regulations, following is a description of the material events during and after the Reporting Period and of material developments in the Company's business in the six months ended June 30, 2025 through the Report Approval Date which have not yet been disclosed in the Periodic Report.

2.1 Effects of inflation and market interest hikes

As described in paragraph 1.3 above, in H1 2025, the Bank of Israel and the Fed in the United States kept their benchmark interest rates relatively high, with no major change. While the BoI and Fed interest rates remained at 4.5% in the first half of 2025, the ECB continued rapidly lowering its Euro Area interest rate and in H1 2025 lowered it four times to 2.0% at half year end.

2.1.1 Provident and pension fund management operation

Due to the nature of its operations, Altshuler Provident is exposed to capital market fluctuations. It should be noted that the bulk of Altshuler Provident's financial debt bears unindexed fixed interest and therefore its finance expenses have not been materially affected. In general, changes in the interest and inflation environments are liable to have a negative impact on the capital markets and the business environment in which Altshuler Provident operates, thereby also causing a decrease in the scope and value of assets managed by it, whether due to changes in the number of active members of the various saving channels or due to market slowdown and price decline trends. Nevertheless, the Company believes that Altshuler Provident's financial stability, asset portfolio, debt structure, composition of financial investments, free cash flow and high cash flow generated by operating activities will all allow it to continue to finance its operations and meet its obligations.

2.1.2 Credit operation

The inflationary environment indirectly affects the market for providing credit to businesses, yet given the nature of Altshuler Business Credit's portfolio of entirely bearing variable interest of Prime and being unindexed, the level of direct exposure to inflationary fluctuations is limited. The credit portfolio is characterized by an average short term which contributes to minimizing sensitivity to changes in macroeconomic parameters. In addition, using variable interest based on Prime allows updating the interest rate on a regular basis to adapt to the changes in the market interest environment and eliminates the risk of direct linkage to the inflation rate. The Company believes that continuously extremely high inflation rates are liable to raise the market's risk profile due to the challenges that businesses will face in maintaining the level of their operating expenses and the value of their money. The Company takes regular steps to manage those risks and adapt its underwriting policy to the changes in the business environment.

2.1.3 Alternative investment operation

The lowered interest rate in Europe in the past two years has enabled obtaining financing for purchasing assets at relatively low interest rates, yet the need to refinance real estate transactions purchased before 2022 involves significantly higher interest rates. In contrast, in the U.S., the relatively high interest rate has reduced property value and afforded opportunities for bargain purchases at attractive prices against costly loans and free cash flow impairment. Moreover, inflation affects cost of expenses in the various projects and project budgets although there is currently a trend of inflation stabilization in Europe and the U.S. which is expected to enhance certainty in the market.

Disclaimer - the Company's evaluations of the future effects of the inflation acceleration and interest increase trends on the Company's operating results represent forward-looking information, as this term is defined in the Securities Law, whose materialization is uncertain and not controlled by the Company. Such evaluations rely on the assessments of the Company's management and may not materialize or materialize differently than expected due to factors which are not under the Company's control such as continued inflation acceleration and market interest rises and other macroeconomic changes, as well as the materialization of any of the other risk factors detailed in paragraphs 4.11 and 3.2.2.1.4 to Chapter A to the Periodic Report.

2.2 Update to paragraph 2.1 to Chapter A to the Periodic Report - financial information of the operating segments

Since the credit operation was presented for the first time as a reportable operating segment in the Company's financial statements for Q1 2025 and the alternative investment operation is presented for the first time as a reportable operating segment in the Company's Financial Statements hereby attached, following are updates to paragraph 2.1 to Chapter A to the Periodic Report.

Below are financial data of the Group's operating segments based on the Financial Statements hereby attached (NIS, million):

Six months ended June 30, 2025

	Provident and pension fund management operation	Credit operation	Alternative investment operation	Other	Unallocated to operating segments	Total
Revenues from external customers	451,897	6,510	7,529	594	-	466,530
Company's share of earnings of associated partnerships accounted for at equity	-	-	10,998	-	-	10,998
Cost of revenues from external customers	366,329	12,112	12,430	-	6,602	397,473
Fixed costs*	191,263	11,781	10,709	-	6,602	220,355
Variable costs*	175,066	331	1,721	-	-	177,118
Segment results	85,568	(5,602)	6,097	594	(6,602)	80,055
Attributable to equity holders of the Company	85,568	(4,482)	7,205	594	(6,602)	82,283
Attributable to non-controlling interests	-	(1,120)	(1,108)	-	-	(2,228)
Segment assets	1,013,477	185,520	53,055	292	5,244	1,257,588
Segment liabilities	(552,586)	(124,367)	(17,844)	-	(2,512)	(697,309)

Three months ended June 30, 2025

	Provident and pension fund management operation	Credit operation	Alternative investment operation	Other	Unallocated to operating segments	Total
Revenues from external customers	224,211	3,670	3,076	292	-	231,249
Company's share of earnings of associated partnerships accounted for at equity	-	-	10,958	-	-	10,958
Cost of revenues from external customers	182,372	6,289	6,148	-	3,066	197,875
Fixed costs*	95,173	6,039	5,569	-	3,066	109,847
Variable costs*	87,199	250	579	-	-	88,028
Segment results	41,839	(2,619)	7,886	292	(3,066)	44,332
Attributable to equity holders of the Company	41,839	(2,250)	8,471	292	(3,066)	45,286
Attributable to non-controlling interests	-	(369)	(585)	-	-	(954)
Segment assets	1,013,477	185,520	53,055	292	5,244	1,257,588
Segment liabilities	(552,586)	(124,367)	(17,844)	-	(2,512)	(697,309)

* The distinction between fixed and variable costs relies on principal costs per expense category. Mostly fixed expenses are included in fixed costs while mostly variable expenses are included in variable costs.

2.3 Updates to the credit operation

Since the credit operation was presented for the first time as a reportable operating segment in the Company's financial statements for Q1 2025, following are updates to paragraphs 2.2 and 3.2.2 to Chapter A to the Periodic Report.

2.3.1 General environment and the effect of external factors on the Company's operations

For information of trends, events and developments in the operating segment's macroeconomic environment and their effects on the operation, see paragraph 1.3 above.

2.3.2 Operation overview

In this operating segment, Altshuler Credit provides loans to businesses through Altshuler Business Credit which holds an extended credit provider license from the Capital Market Authority and offers various business solutions such as real estate funding, procurement funding, working capital funding and more. The loans are provided by Altshuler Credit against different types of collaterals (personal guarantees, third party guarantees, real estate properties, equipment etc.).

Furthermore, after the Reporting Period, Altshuler Credit, through Altshuler Construction Loans, a wholly owned private company that was founded after the Reporting Period, began providing loans to real estate developers including closed-end credit, capital infusion and extraction. See details of loan agreements signed with Israeli real estate project development and holding companies in paragraph 2.3.4 below.

It should be noted that Altshuler Construction Loans operates in keeping with the licensing exemption prescribed in Regulation 2(8) to the Financial Services Control Regulations (Regulated Financial Services) (Licensing Exemption), 2022. Moreover, in the Reporting Period, the Company began taking steps for expanding Altshuler Business Credit's operation into the business loan collateral market and applied to the Israel Capital Authority for a license to provide collaterals.

2.3.3 Structure of the operation and changes therein

The players in the business loan market include banks, credit card companies and nonbank lenders which are partly held by insurance companies, pension funds and provident funds, some public and some private. The Company estimates that the nonbank loan market will continue to grow in the near future due to growing market needs and the process innovativeness and quickness and thought flexibility that characterize the players in this market. The nonbank loan market's current positioning and recent improvement in its image compared with decades ago contribute to the growing trend of referrals by various – large and small - corporations and private parties to nonbank financing channels as a valid alternative other than banks. The Company believes that recent regulations enacted in this field will allow the nonbank credit market to reinforce its reputation as a whole and positively affect large entities operating in this market.

The activity in the market for extending project loans to residential and commercial real estate developers used to be dominated by the bank system but there is a recently growing trend of market penetration by nonbank lenders such as public companies, institutional investors and private equity funds. The Company estimates that the inelastic demands for real estate development in Israel, with emphasis on the residential market, in combination with the regulatory restrictions that apply to bank credit and the strict capital requirements are expected to continue supporting the entry of additional players into the nonbank credit market and substantiate the position of existing players. The elasticity that is characteristic of nonbanks, their readiness for quick adaptability to market needs and independence of banking capital restrictions all afford a significant competitive advantage. The Company is of the opinion that the continued grounding of nonbank lenders in the residential development market will contribute to diversification of financing sources in the industry and allow healthier and more efficient competition that will benefit both developers and consumers.

Disclaimer - the Company's evaluations as stated above represent forward-looking information, as this term is defined in the Securities Law, which rely, among others, on information available to the Company as of the Report Approval Date and whose materialization, in whole or in part, is uncertain. The actual effect on the market and on the Company's operations may be materially different than anticipated. The potential factors underlying the failure of materialization of the above evaluations and forecasts include changes in local and global capital markets, regulatory changes and mandated regulatory approvals, as well as the materialization of any of the other risk factors to which the Company is exposed as detailed in paragraphs 4.11 and 3.2.2.1.4 to Chapter A to the Periodic Report.

2.3.4 Changes in the operation's volumes and profits

2.3.4.1 On May 18, 2025, Altshuler Business Credit entered into an agreement according to which it undertook to provide a loan facility of NIS 47 million to an Israeli residential project development and construction company to be used by the borrower for financing the purchase of land in the center of the country. For details of the loan agreement, see Note 8e to the Financial Statements hereby attached and an immediate report of May 18, 2025 (TASE reference: 2025-01-034716), whose information is hereby included by reference.

2.3.4.2 On August 7, 2025, Altshuler Credit, through Altshuler Construction Loans, entered into an agreement according to which it undertook to provide a loan facility of NIS 100 million to an Israeli real estate project development and holding company to be used by the borrower for financing its operating activities and for repaying owners' loans and equity investments in existing and future urban renewal projects in the center of the country. For details of the loan agreement, see Note 9b to the Financial Statements hereby attached and an immediate report of August 10, 2025 (TASE reference: 2025-01-058829), whose information is hereby included by reference.

See additional information of changes in loans granted to customers in paragraph 2.3.8 below. See additional information of changes in the operation's volumes and profits in paragraphs 1.1.3, 1.3 and 1.6 above.

2.3.5 Financing

See paragraph 1.8.2 above.

2.3.6 Breakdown of revenues and profits from products and services

As of the Report Date, Altshuler Business Credit generates revenues from extending loans to businesses which are recognized as they accrue using the effective interest method. As of the Report Date, Altshuler Business Credit does not generate any other source of revenue that accounts for 10% or more of total revenues by Altshuler Credit.

2.3.7 Supervision and restrictions applicable to the operation

Altshuler Business Credit's operations are governed by various legislations and regulated by various legal authorities. The grant of credit requires Altshuler Business Credit to comply with a multitude of rules, laws, regulations and orders we well as the regulations and guidelines of the Capital Market Authority and other regulators. Following are updates to paragraph 2.2.7 to the Report of the Board of Directors for Q1 2025 issued on May 20, 2025 (TASE reference: 2025-01-035254), whose information is hereby included by reference, regarding the main legal requirements applicable to Altshuler Business Credit's credit operation:

On July 20, 2025, an amendment was published to the circular offering guidelines to holders of a credit provider license on credit reporting to the Commissioner which becomes effective on August 3, 2025. The amendment settles the process of filing credit reports by holders of a credit provider license to the Commissioner. It was enacted due to a technicality involving the digital reporting process and the transition to reporting using a new portal instead of the former online system. The change requires holders of a credit provider license to designate a reporting officer in the online system who will have access to the reporting portal.

2.3.8 Customers

As of the Report Date, Altshuler Business Credit's customer portfolio is comprised of Israeli businesses that are incorporated as companies, partnerships and authorized dealers. Total transactions made in the Reporting Period approximate NIS 145.3 million.

As of the Report Date, Altshuler Business Credit has 161 borrowers, of which 5 individually account for more than 5% of the credit portfolio with a collective outstanding debt of some NIS 66 million.

As of the Report Date, outstanding customer credit provided by Altshuler Business Credit approximates NIS 155 million compared with NIS 64 million as of December 31, 2024. In the period after the Report Date through the Report Approval Date, additional customer credit was provided in a total of approximately NIS 63.5 million against repayment by customers of approximately NIS 26.2 million.

The Company estimates that as of the Report Date Altshuler Business Credit is not dependent on any single customer or limited number of customers whose loss would materially affect its operations given the diversification of the customer portfolio and the fact that Altshuler Business Credit's customers operate in a multitude of different industries.

Disclaimer - the Company's evaluations in connection with Altshuler Business Credit's independence of any single customer or limited number of customers as detailed above rely, among others, on information available to the Company as of the Report Approval Date, yet there is no certainty that such evaluations or their effects on the Company's operations and businesses will materialize, in whole or in part. Actual effects could potentially materially differ from forecasts.

Following is the diversification of Altshuler Business Credit's ten largest customers by gross credit volume as of June 30, 2025:

Customer	Percentage of customer portfolio
1	12.73%
2	8.11%
3	7.42%
4	6.63%
5	6.41%
6	4.10%
7	3.00%
8	2.81%
9	2.75%
10	2.35%

Following is the diversification of Altshuler Business Credit's trade receivables by operating segment as of June 30, 2025:

Operating segment	Percentage of customer portfolio
Construction and real estate	56.59%
Trade	14.04%
Industrial and manufacturing	7.90%
IT and telecommunications	6.72%
Transportation and storage, courier and delivery	6.38%
Other business services	4.80%
Hotels, hospitality and food	2.85%
Other	0.40%
Electricity	0.32%
Total	100%

Following is the aging of Altshuler Business Credit's trade receivables by maturity dates as of June 30, 2025:

Days to repayment *	Percentage repaid of customer portfolio
0-30	7.7%
31-60	6.6%
61-90	6.1%
91-120	6.0%
121-180	9.0%
181-365	14.6%
365<	47.4%
Past due refinanced debts **	2.6%
Total	100%

* Number of days from Report Date to contractual maturity date.

** Of which approximately NIS 876 thousand carried to allowance for expected credit losses.

The average maturity profile of the credit portfolio as of June 30, 2025 is about 1.2 years.

See more information of customer credit including the borrowing rate, types of collaterals and allowance for ECLs in Note 4 to the Financial Statements hereby attached.

2.3.9 Working capital

Working capital items mainly consist of cash and cash equivalents, loans to customers, short-term investments, short-term credit and trade payables and are managed at the Group level. See also paragraph 4.4 to Chapter A to the Periodic Report.

2.3.10 Taxation

The credit operation's income is taxed at the Israeli corporate income tax rate – 23%. See also Note 15 to the Company's annual financial statements for 2024.

2.4 Updates to the alternative investment operation

Since the alternative investment operation is presented for the first time as a reportable operating segment in the Company's Financial Statements hereby attached, following are updates to paragraphs 2.2 and 3.2.1 to Chapter A to the Periodic Report.

2.4.1 Operation overview

As of the Report Date, the Company manages, initiates, markets and distributes alternative investments through Altshuler Real Estate, Altshuler Investment Funds and iFunds.

2.4.2 Structure of the operation and changes therein

This operation consists of managing, initiating, marketing and distributing alternative investments in real estate and other markets with the target customers being qualifying and institutional investors or other investors that meet the provisions of applicable laws and with the objective to become a leading market player. The activities in this operation are performed by Altshuler Real Estate, Altshuler Investment Funds and iFunds.

Altshuler Real Estate locates prospective real estate investments independently or using third parties and raises capital for making investments in income yielding properties and development projects. Mainly in the U.S. and Western Europe. The investments are made in partnership with local developers with proven experience and knowledge of the target markets. Following the necessary due diligence and other contract studies, once a decision is made to promote a certain investment, Altshuler Real Estate raises capital and/or debt from investors by incorporating them into an investment entity with respect to a specific property or portfolio of properties. Altshuler Real Estate serves as the GP and/or manager of the real estate investment entities. It may also invest and participate in the investments at its sole discretion and as permitted by law. In addition, Altshuler Real Estate continues to promote other activities in the real estate investment market by analyzing prospective investments and foundation of more designated funds including public funds.

Altshuler Investment Funds offers investments in nonnegotiable transactions and/or investment funds in partnership with leading local and international investment entities. It renders access to the realm of investment funds and nonnegotiable transactions for qualifying and institutional investors by offering exclusive and diversified products that allow co-investing with local and international institutional investors by exposing the investors to a variety of investment opportunities. As of the Report Date, the Company's activities are performed through Altshuler Investment Funds under a master partnership agreement entered into by the Company through Altshuler Alternative and Altshuler Investment Funds and the fund managers (as defined below) with Pantheon Ventures LP (US) for co-founding private alternative investment funds that will be managed by entities held by Altshuler Investment Funds ("**the fund managers**"). The Company may also co-invest in these investments at its sole discretion and as permitted by law.

iFunds operates in partnership with the global iCapital Network and offers customers access to a platform for investing in private equity funds, hedge funds, REITs and debt funds, all of which are members of leading multinational management groups under different risk levels and for different investment periods. iFunds may also distribute the Company's products and/or initiate and distribute alternative products by raising investments for alternative feeder funds that are not on iFunds' platform once they are founded and added to the platform. See more information in paragraph 3.2.1.1 to Chapter A to the Periodic Report.

In 2025, the high interest environment continued to affect the alternative investment market and the Company's investment strategy. In view of the prevailing macroeconomic conditions, the Company proactively adjusted its investment mix by distinguishing between product categories and customizing them to its customers. The Company was also aware of the change in investor preferences who sought to benefit from the high interest environment by making investments with a higher risk-reward profile in order to up their returns. To offer a response to this trend, the Company is expanding the diversity of its investment products to PE investments, designated debt funds, structured financing transactions and opportunities in unique markets while focusing on segments that reflect a more attractive risk-reward ratio based on market opportunities and maintaining strict risk management policies and a balance between potential returns and risk levels.

2.4.3 Changes in the operation's volumes and profits

See information of changes in the operation's volumes and profits in paragraphs 1.3 and 1.6 above.

2.4.4 Products and services

As of the Report Date, total amounts raised in respect of alternative assets managed by Altshuler Real Estate and Altshuler Investment Funds and distributed by iFunds in this operating segment approximated $ 590 million compared with $ 374 million as of December 31, 2024.

In the Reporting Period, Altshuler Real Estate raised two investments in the U.S. in an aggregate of $ 21 million, of which the Company invested approximately $ 1.028 million. As of the Report Date, total investments raised by Altshuler Real Estate approximate $ 158 million compared with $ 130 million as of December 31, 2024. The change derives from investments raised in the Reporting Period and the effect of foreign exchange rates.

After the Report Date, Altshuler Real Estate began raising an additional investment in U.S. properties in a total of some $ 18.8 million. The investment round has not yet been closed as of the Report Approval Date and so far $ 18.3 million have been raised. The Company invested in this transaction approximately $ 940 thousand as LP. Altshuler Real Estate is expected to invest in this transaction another $ 4 million as LP. Altshuler Real Estate continues to pursue additional real estate investments through due diligence studies and the foundation of special purpose funds, including public funds.

Altshuler Investment Funds' operation consists of serving as GP in limited partnerships and/or special purpose funds for which it raises capital in private placements and/or public offerings.

As of the Report Date, total amounts raised for investment funds by Altshuler Investment Funds approximated $ 75 million compared with $ 36.4 million as of December 31, 2024.

In the Reporting Period, a total investment of approximately $ 38.5 million was raised for another investment fund, in which the Company participated by approximately $ 500 thousand. After the Report Date, the investment round closed and as of the Report Approval Date, another $ 2 million were raised.

Moreover, after the Report Date, Altshuler Investment Funds, through a special purpose entity (SPE) controlled by it, entered into an investment transaction with a fund that had purchased share capital in an industrial food company. As of the Report Approval Date, Altshuler Investment Funds provided the SPE's share using bridge financing in an aggregate of $ 7.5 million and is also acting to raise funds from qualifying investors.

As of the Report Approval Date, total assets managed by Altshuler Investment Funds approximate $ 85 million.

Alternative investments in real estate and infrastructures through Altshuler Real Estate:

Subsidiary name	Holding structure	Investment field	Revenue structure
Altshuler Real Estate (founded in 2022)	Controls the GP of real estate partnerships. As of the Report Approval Date, the GP manages 12 partnerships that invest in properties in the U.S. and Europe along with leading real estate developers: 2 investment partnerships investing in residential real estate in the U.S. (one through REIT), one investment partnership investing in U.S. commercial center, one investment partnership investing in U.S. office property, 4 investment partnerships investing in U.S. industrial properties and 4 investment partnerships investing in European office properties (3 of which through REITs).	Direct and indirect investment in specific real estate properties in the U.S. and Europe together with local partners. Investments are made through special purpose partnerships (SPPs) in a predetermined single property or cluster of properties for predetermined investment period as per each purchased property's or property cluster's business plan. Investments can be made in REITs based on predetermined investment policies and periods. The SPPs aim to appreciate LP profits also by buying income-yielding properties that generate cash inflows or profits from disposal on planned investment termination date.	The subsidiary is entitled to receive from all SPPs development fees and annual management fees as well as carried interest based on minimum RoR to the investors. Carried interest is payable on the property disposal date but can be recognized on a current basis (see paragraph 2.4.5 below).

Alternative investments in private funds through Altshuler Investment Funds:

Subsidiary name	Holding structure	Investment field	Revenue structure
Altshuler Investment Funds (founded in 2023)	Controls the GP of private investment funds. As of the Report Date, the GP manages 2 SPPs that invest in equity of private companies around the globe.	Foundation of private alternative investment funds that invest in equity of private companies around the globe. The investment strategy targets mature companies through co-investments and single and multi-asset investments.	The subsidiary is entitled to receive from all SPPs annual management fees as well as carried interest based on minimum RoR to the investors.

Data of funds managed in the real estate and other sectors by Altshuler Real Estate and Altshuler Investment Funds:

Name of operation and subsidiary	Investor equity managed as of June 30, 2025 (NIS, million)	Overall asset value as of June 30, 2025 (NIS, million)	No. of investors	Status at Report Approval Date
Real estate investments-Altshuler Real Estate	455	506	908	Active
Investments through investment funds-Altshuler Investment Funds	253	271	281	Active

The alternative investment operation also includes holding iFunds, a private company incorporated in Israel, founded in 2021. iFunds offers qualifying investors easy access to an alternative investment platform for investing in PE and hedge funds. The platform facilitates access to a large variety of alternative investment funds which are members of the world's leading management groups. It also affords easy access and readily available investment information to investment advisors.

2.4.5 Breakdown of revenues and profits from products and services

See details of revenues in the operating segment in paragraph 1.6 above and in Note 3 to the Financial Statements hereby attached.

Information of carried interest not recognized as revenue in the Company's financial statements:

Carried interest represents a contractual right held by Altshuler Real Estate and/or Altshuler Investment Funds as GP to receive distributions from investment entities subject to meeting a minimum annual rate of return for the investors.

Following is a disclosure of the potential carried interest receivable, computed based on investee business plans and actual investments made in investees in the alternative investment operation through Altshuler Real Estate and/or Altshuler Investment Funds from the date of launching this operation through June 30, 2025:

	Total mount raised (USD, million)	**Expected carried interest range (USD, million)**
Investments raised in investees	238	16-28

As of the Report Date, the Company has invested in investees approximately $ 3.6 million. The partnerships in which the Company invests are accounted for in conformity with IAS 28 regarding investments in associates and joint ventures. The Company has investments in various associates as LP therein. This type of interests in combination with being the GP, indirectly through investees, qualifies the Company to receive carried interest, among others. The Company's share of the earnings of the investees relies on the business model of each investee, taking into consideration changes in the fair value of assets and liabilities and assuming that the investee readily divests of its assets at their carrying amount at that time, which is based on their fair value, as well as other liabilities and investments made on a net basis.

Revenue from carried interest in investee partnerships is recognized per IFRS 15 regarding revenue from contracts with customers and therefore revenue from carried interest can be recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the recognized revenue is subsequently resolved.

As stated above, as of the Report Date, revenue from expected carried interest from investments in associated partnerships accounted for at equity has been recognized in the Company's financial statements in a total of approximately NIS 8.5 million in respect of the Washington D.C. Sheriff Rd LP ASR transaction. The Company also recognized revenue of approximately NIS 2.1 million from the associated partnership's earnings as LP. See Note 6 to the Financial Statements hereby attached.

The Company regularly considers recognition of revenue from carried interest and therefore it is possible that in subsequent periods certain carried interest will be recognized in the financial statements as revenue. In contrast, in view of the long-term nature of the divestiture of certain operations and/or fluctuations in the base assets, unrecognized carried interest may decrease or even become eliminated altogether before it is realized.

Disclaimer – as of the Report Approval Date, the Company is unable to evaluate if and when the above amounts will be recognized in the financial statements or quantify them. The evaluations of potential carried interest receivable represent forward-looking information, as this term is defined in the Securities Law. These evaluations rely on information that is currently available to the Company which may materialize differently than described among others due to factors which are not under the Company's control such as changes in the assets in which the investees invest, the economic environment, macroeconomic changes, a recession in the market, monetary changes as well as the materialization of any of the other risk factors detailed below.

2.4.6 Marketing and distribution

The marketing activity in this operating segment is performed by the Company's marketing and sales department and also in collaboration with other sales departments of the Altshuler Group. The Company has also entered into marketing and lead agreements with external distributors based on predefined distribution contracts.

See details of distribution agreements with Altshuler Group's insurance agencies in paragraphs 8.15 and 8.16 to Chapter D to the Periodic Report. See details of an agreement signed by iFunds with Bank Leumi in paragraph 3.2.1.1.3 to Chapter A to the Periodic Report.

2.4.7 Competition

The principal competition to which iFunds, Altshuler Real Estate and Altshuler Investment Funds are exposed in their operations arises from other groups investing in real estate and in alternative channels such as IBI, Phoenix Advanced Investments, Harel Alternative and more as well as family owned companies, investment funds and institutional investors, all of which benefit from a solid financial structure. These groups also buy and appreciate real estate, create feeder funds and compete for property purchase opportunities and import of international products.

As of the Report Approval Date and to the Company's best knowledge, there is information available on the Company's market share in the alternative investment segment. However, there is competition in this segment when raising capital from investors based on the diversity of local and foreign investment funds or real estate transactions. Furthermore, alternative investment funds represent an alternative product for the more traditional investment products in the capital market such as mutual funds, portfolio management, foreign currency deposits etc. On the other hand, the Company has identified a growing trend of capitalists enhancing their nonnegotiable portfolio investments.

Main ways of contending with the competition in the operating segment:

The Company benefits from the reputation, experience and expertise of its managers which facilitate locating potential high yield transactions, performing transaction analytics, harvesting extensive networking and understanding of developers and other market players and having direct access to leading global fund and alternative investment managers. During the investment management stage, the Group's officers strive to achieve efficient and cost-effective management and invest resources in investment appreciation. During the divestiture stage, they take advantage of their business relations and familiarity with the local market to achieve optimal divestiture and investor capital appreciation.

The marketing activity consists of participation in professional conferences, holding designated professional sessions with distributors and prospective customers, scheduling webinars for offering professional values and social media messaging and campaigns.

The operation benefits from the Group's track record, with emphasis on its longstanding market presence and institutional character. Simultaneously, most of the investments in this operating segment are nonnegotiable, which distinguishes them from the Group's negotiable investments.

2.4.8 Vendors

In its ordinary course of business, Altshuler Alternative has entered into agreements with a CRM vendor and a CPA administrator who provides investment transaction administration and consulting services, including compiling, processing and analyzing investor documents and data verification, organizing transaction related information and performing documentation control. The Company estimates that Altshuler Alternative is not dependent on any of its vendors.

Supplier information	Nature of engagement
Agora Real Estate Technologies Ltd., registered private company no. 515859049	CRM system vendors
BDO (Ziv Haft, CPAs), registered partnership no. 540180262	Investment transaction administration and consulting, compiling, processing and analyzing investor documents and data verification, organizing transaction related information and performing documentation control

2.4.9 Financing

See details in paragraph 1.8.3 above.

2.4.10 Discussion of risk factors

See details in paragraph 3.2.1.8 to Chapter A to the Periodic Report.

2.5 Litigation

For updates in the Reporting Period, see Note 6 to the Financial Statements hereby attached.

2.6 The October 7 war in Israel

See more information of the ongoing war in Israel in paragraph 1.3 above.

2.7 Altshuler Credit's engagement in loan agreements through Altshuler Business Credit and Altshuler Construction Loans

See more information in paragraph 2.3.4 above.

2.8 Update to paragraph 1.7 to Chapter A to the Periodic Report - dividend distributions

2.8.1 On March 19, 2025, the Company's Board approved the distribution of a dividend based on the Company's financial statements as of December 31, 2024 in the amount of NIS 22 million. See information in connection with the dividend distribution in the Company's immediate reports of March 20, 2025 and April 6, 2025, as amended on April 7, 2025 (TASE references: 2025-01-018616, 2025-01-025220 and 2025-01-025574, respectively), whose information is hereby included by reference.

2.8.2 On May 19, 2025, the Company's Board approved the distribution of a dividend of NIS 18 million based on the Company's interim financial statements as of March 31, 2025. See information in the Company's immediate reports of May 20, 2025 and May 27, 2025 (TASE references: 2025-01-035269 and 2025-01-037743, respectively), whose information is hereby included by reference.

2.8.3 On August 21, 2025, after having established that the Company meets the distribution tests in the Companies Law, the Company's Board approved the distribution of a dividend of NIS 23 million based on the Company's interim financial statements attached to this report. See also Note 9c to the Financial Statements hereby attached.

2.9 Issue of options to employees and officers

2.9.1 On January 9, 2025, the Company allocated 9,245,436 options that are exercisable into 9,245,436 ordinary shares of the Company to employees, service providers and officers in the Company and in companies that are wholly or partially owned by it and to employees, service providers and officers in Altshuler Ltd. and in companies that are wholly or partially owned by Altshuler Ltd. Assuming full exercise, the options account for 4.33% of the Company's issued and outstanding share capital (post allocation on a fully diluted basis). See more information in a meeting notice report of January 2, 2025 and in a shelf offering report of January 9, 2025 (TASE references: 2025-01-000917 and 2025-01-003207, respectively), whose information is hereby included by reference.

2.9.2 On March 26, 2025, the Company allocated 226,100 nonmarketable options that are exercisable into 226,100 ordinary shares of the Company to employees in the Company and to employees in Altshuler Ltd. and in companies that are wholly or partially owned by Altshuler Ltd. Assuming full exercise on a cashless basis, the options account for about 0.11% of the Company's issued and outstanding share capital (post allocation on a fully diluted basis). See more information in a shelf offering report of March 26, 2025 (TASE reference: 2025-01-020852), whose information is hereby included by reference.

2.9.3 On May 28, 2025, the Company allocated 110,970 nonmarketable options that are exercisable into 110,970 ordinary shares of NIS 0.01 par value each of the Company to employees in the Company and in companies controlled by it and to employees in Altshuler Ltd. and in companies that are wholly or partially owned by Altshuler Ltd. Assuming full exercise on a cashless basis, the options account for about 0.05% of the Company's issued and outstanding share capital (post allocation on a fully diluted basis). See more information in a shelf offering report of May 28, 2025 (TASE reference: 2025-01-038395), whose information is hereby included by reference.

2.9.4 Shortly after this report is published, the Company plans to issue a shelf offering report for allocating 224,045 nonmarketable options that are exercisable into 224,045 ordinary shares of NIS 0.01 par value each of the Company to employees in the Company and in companies controlled by it and to employees in Altshuler Ltd. and in companies that are wholly or partially owned by Altshuler Ltd. Assuming full exercise on a cashless basis, the options will account for about 0.11% of the Company's issued and outstanding share capital (post allocation on a fully diluted basis).

2.10 General meetings

2.10.1 On January 7, 2025, the special annual general meeting of the Company's shareholders approved the following resolutions: (1) increasing the pool of options that may be granted to the controlling shareholder; (2) allocating options from time to time to employees of the Company or of companies that are wholly or partially owned by it who provide services to the controlling shareholder based on an approved cost allocation mechanism or to employees whose grant may create a personal interest for the Company's controlling shareholders; (3) allocating options from time to time to employees of the controlling shareholder group who provide services to the Company under service agreements based on an approved cost allocation mechanism; (4) allocating options from time to time to employees of the controlling shareholder group who do not provide services to the Company under service agreements. See also the meeting notice report issued by the Company on November 21, 2024, as amended on January 2, 2025 (TASE references: 2024-01-617519 and 2025-01-000917, respectively), whose information is hereby included by reference.

2.10.2 On June 24, 2025, the special annual general meeting of the Company's shareholders approved the following resolutions: (1) the reappointment of Ms. Yael Naftali and Ms. Adi Blumenfeld as external directors in the Company for a second term of three years from the general meeting approval date; and (2) the Company's engagement in an amended service agreement with Altshuler Shaham Properties Ltd. (indirectly) in whose approval the controlling shareholders in the Company have a personal interest. See also the meeting notice report issued by the Company on May 20, 2025, as amended on June 19, 2025 (TASE references: 2025-01-043925 and 2025-01-035264, respectively), whose information is hereby included by reference.

2.10.3 On August 21, 2025, the Company's Board approved convening a special annual general meeting of the Company's shareholders with the following agenda: (1) discussing the Company's Board of Directors Report and financial statements for the year ended December 31, 2024; (2) reappointing the Company's current external auditors and authorizing the Board to determine their fees; (3) reapproving the Company's officers' remuneration policy; (4) extending the validity of the letters of indemnity and quittance issued by the Company to officers who are controlling shareholders, to officers who are family relatives of controlling shareholders and to officers whose letters of indemnity and quittance may pose personal interest for controlling shareholders for a period of three years from the general meeting approval date.

For more information of significant events during and after the Reporting Period, see Notes 8 and 9 to the Financial Statements hereby attached.

3. <u>Exposure to market risks</u>

The Group's financial operations, which are mainly performed by Altshuler Provident, expose it various market risks. Market risks include interest rate risk, stock price risk, CPI risk and foreign currency risk. Market risk is the risk that the fair value or future cash flows of financial assets and liabilities will fluctuate as a result of changes in market prices, exchange rates, returns, margins and other market parameters.

Market risks including at the nostro portfolio level are supervised by the Board and reported in the financial statements.

Altshuler Provident has a nostro portfolio whose main purpose is to retain the monetary value of its investments and enable it to meet the liquid asset requirement in the Supervision of Financial Services Regulations (Provident Fund) (Investment Rules Applicable to Institutional Investors), 2012 ("**the Investment Rules Regulations**"). According to the Investment Rules Regulations, Altshuler Provident must hold liquid assets, as this term is defined in the Regulations, against 50% of its mandatory minimum shareholders' equity as required by the Supervision of Financial Services Regulations (Provident Fund) (Minimum Shareholders' Equity of Provident Fund or Pension Fund Management Company), 2012. Moreover, any amount in the Group's nostro portfolio in excess of the mandatory liquid assets is invested in quoted or unquoted assets at the discretion of its finance managers and with the approval of the qualified functions.

According to this policy, the changes in the nostro portfolio have little effect on the Company's profits and financial strength.

In the Reporting Period, there were no material changes in the market risks to which the Company is exposed. See more information in the Company's Periodic Report.

<u>The Value at Risk ("**VaR**") model</u>

VaR is a standard model used for measuring exposure to market risks in companies in the financial services industry. VaR estimates the maximum loss in a certain investment or investment portfolio within a given timeframe and given probability of occurrence. As any statistical tool, VaR provides an estimate within reasonable ranges by measuring the potential loss for an investor due to the materialization of market risks (interest, inflation, exchange rates, commodity prices and security prices). To use the metric, the investment mix, holding period and predetermined statistical significance must all be taken into consideration.

As of the Report Date, the fair value of the Group's short-term investments is NIS 131,881 thousand whereas the VaR of these assets is NIS 256 thousand, accounting for 0.2% of the fair value of short-term investments.

Ran Shaham	**Yair Lowenstein**
Chairman of the Board of Directors	**CEO**

Report Approval Date: August 21, 2025

Report of Internal Control over Financial Reporting and Disclosure

Interim Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure Pursuant to Regulation 38C(a) to the Israeli Securities Regulations (Immediate and Periodic Reports), 1970 ("the Report Regulations")

Management, under the supervision of the Board of Directors of Altshuler Shaham Finance Ltd. ("**the Company**"), is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure in the Company, performed by the following key management personnel:

1. Mr. Yair Lowenstein, CEO and Director in the Company;
2. Ms. Sharon Gerszbejn, Deputy CEO, VP Finance in the Company;
3. Mr. Tzafrir Zanzuri, CEO of Altshuler Shaham Alternative Investments Ltd., Deputy CEO, VP Business Development in the Company;
4. Ms. Osnat Antebi, VP, Legal Counsel;
5. Ms. Anat Knafo-Tavor, CEO of Altshuler Shaham Provident and Pension;
6. Ms. Sigalit Raz, VP, HR;
7. Ms. Keren Fuchs, VP, IT;
8. Mr. Erez Yefet, CFO of the Company and of Altshuler Shaham Provident and Pension.

Internal control over financial reporting and disclosure consists of the Company's existing controls and procedures as planned by the CEO and most senior financial officer in the Company, or under their charge, or by anyone who is effectively in charge of said functions, with the supervision of the Company's Board of Directors, designed to provide reasonable assurance on the reliability of financial reporting and the preparation of the financial statements in conformity with the provisions of applicable laws, and ensure that all information which the Company is required to disclose in the financial statements issued by it is collected, processed, summarized and reported in a timely manner as required by law.

Among others, internal control consists of controls and procedures designed to ensure that all information which the Company is legally required to disclose as above is collected and transferred to the Company's Management, including the CEO and most senior financial officer in the Company or anyone who is effectively in charge of said functions, in order to allow decision making in a timely manner, with respect to the disclosure requirements.

Due to its inherent limitations, internal control over financial reporting and disclosure is not intended to provide absolute assurance that a material misstatement or omission of information in the financial statements will be prevented or detected.

In August 2024, closing was achieved for the transaction entered into by Altshuler Shaham Credit Ltd. (which is controlled by the Company, "**Altshuler Credit**") for the purchase of the entire issued share capital of CrediTeam Credit 2 Grow Ltd. ("**the transaction**" and "**CrediTeam**", respectively), as detailed in paragraph 3.2.2.1 to Chapter A to the Company's Periodic Report.

The evaluation of the effectiveness of internal control over financial reporting and disclosure performed by the Company's Management with the supervision of the Board of Directors did not include the evaluation of the effectiveness of internal control over financial reporting and disclosure in Altshuler Credit.

Report of Internal Control over Financial Reporting and Disclosure

As per the ISA Staff guidance of July 2010, FAQ (SOX) 1 ("**the ISA's guidance**"), when a company achieves control over another corporation in the reporting period ("**the acquired corporation**") and the company's management or board of directors are unable to evaluate the effectiveness of internal control in the acquired corporation, then:

"The ISA Staff will not consider it a violation of the regulations if disclosure is provided in the effectiveness assessment report regarding the scope of the assessment of the effectiveness of internal control in which the board of directors and management state that the acquired corporation is not included in the scope of the effectiveness assessment report".

Effectively, as per the ISA's guidance, an acquired corporation can be excluded from the effectiveness assessment report until the periodic report of the year following the year in which the control of the acquired corporation is achieved.

In view of the closing date of the transaction and following a comprehensive analysis, the Company's Management and Board of Directors have concluded that there is real difficulty in preparing an effectiveness assessment report relating to the acquired corporation since the implications of the transaction require making proper adjustments and changes by the Company for the purpose of planning, arranging work interfaces, setting up a control system that addresses all the inherent risks (if any), assimilating the controls in the acquired corporation and performing tests of the effectiveness of internal control over financial reporting and disclosure both for the Company's financial statement close process and for the Company's finance and IT systems and processes. Such adjustments and changes require extended time for planning, performance and implementation.

Notwithstanding all the aforesaid, the Company is of the opinion that the quality of the audit, procedures, internal implementation and financial reporting of the acquired corporation is sufficient to provide proper disclosure to the public given the controls that were practiced by the acquired corporation before the transaction.

Since closing of the acquisition, the Company has been taking steps to complete mapping the risks and identifying and testing the processes and controls in Altshuler Credit for the purpose of financial reporting and disclosure.

In the annual report on the effectiveness of internal control over financial reporting and disclosure attached to the periodic report for the period ended December 31, 2024 ("**the latest annual report of internal control**"), the Company's Board of Directors and Management evaluated the internal control in the Company and found it to be effective. Based on this evaluation, the Company's Board of Directors and Management concluded that internal control in the Company as of June 30, 2025 is effective.

Through the report date, no event or matter that are likely to change the evaluation of the effectiveness of internal control as presented in the latest annual report of internal control has been brought to the attention of the Company's Board of Directors or Management.

As of the report date, based on the evaluation of the effectiveness of internal control as presented in the latest annual report of internal control and based on information communicated to the Company's Board of Directors and Management as above, internal control is effective.

Report of Internal Control over Financial Reporting and Disclosure

CEO Certification as per Regulation 38C(d)(1)

I, Yair Lowenstein, hereby certify that:

1. I have reviewed the interim report of Altshuler Shaham Finance Ltd. ("**the Company**") for the second quarter of 2025 ("**the reports**").

2. To my knowledge, the reports do not contain any misrepresentation of any material facts and do not omit any representation of any material facts that are needed in order for the representations included therein, in view of the circumstances under which such representations were included, not to be misleading with reference to the period of the reports.

3. To my knowledge, the financial statements and the other financial information included in the reports adequately reflect, in all material respects, the financial position, operating results and cash flows of the Company for the dates and periods addressed in the reports.

4. I have disclosed to the Company's auditors and to the Company's Board of Directors, and the Board's Audit Committee, based on my latest evaluation of internal control over financial reporting and disclosure:

   (a) All the significant deficiencies and the material weaknesses in the establishment or operation of internal control over financial reporting and disclosure that are liable to reasonably adversely affect the Company's ability to record, process, summarize or report financial information in a manner that is to impair the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law; and

   (b) Any fraud, whether material or not, that involves the CEO or direct subordinates thereto or that involves other employees with a significant role in internal control over financial reporting and disclosure.

5. I, alone or along with others in the Company:

   (a) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to guarantee that material information relating to the Company, including to its subsidiaries, as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Company and in the subsidiaries, particularly during the period of the preparation of the reports; and

   (b) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to reasonably guarantee the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law, including according to generally accepted accounting principles;

   (c) Have not been informed of any event or matter that occurred in the period from the latest report date (interim or periodic, as applicable) through the date of this report that is likely to change the conclusion reached by the Board of Directors and Management regarding the effectiveness of internal control over financial reporting and disclosure in the Company.

There is nothing in the aforesaid to derogate from my responsibility or the responsibility of anyone else, pursuant to any law.

Yair Lowenstein
CEO and Director

August 21, 2025

Report of Internal Control over Financial Reporting and Disclosure

Certification of the Most Senior Financial Officer as per Regulation 38C(d)(2)

I, Sharon Gerszbejn, hereby certify that:

1. I have reviewed the interim financial statements and other financial information included in the interim reports of Altshuler Shaham Finance Ltd. ("**the Company**") for the second quarter of 2025 ("**the reports**").

2. To my knowledge, the interim financial statements and other financial information included in the interim reports do not contain any misrepresentation of any material facts and do not omit any representation of any material facts that are needed in order for the representations included therein, in view of the circumstances under which such representations were included, not to be misleading with reference to the period of the reports.

3. To my knowledge, the interim financial statements and other financial information included in the interim reports adequately reflect, in all material respects, the financial position, operating results and cash flows of the Company for the dates and periods addressed in the reports.

4. I have disclosed to the Company's auditors and to the Company's Board of Directors, and the Board's Audit Committee, based on my latest evaluation of internal control over financial reporting and disclosure:

   (a) All the significant deficiencies and the material weaknesses in the establishment or operation of internal control over financial reporting and disclosure as they address the interim financial statements and other financial information included in the interim reports that are liable to reasonably adversely affect the Company's ability to record, process, summarize or report financial information in a manner that is to impair the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law; and

   (b) Any fraud, whether material or not, that involves the CEO or direct subordinates thereto or that involves other employees with a significant role in internal control over financial reporting and disclosure.

5. I, alone or along with others in the Company:

   (a) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to guarantee that material information relating to the Company, including to its subsidiaries, as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my knowledge by others in the Company and in the subsidiaries, particularly during the period of the preparation of the reports; and

   (b) Have established controls and procedures, or have secured the establishment and existence of such controls and procedures under my supervision, designed to reasonably guarantee the reliability of financial reporting and the preparation of the financial statements in accordance with applicable law, including according to generally accepted accounting principles;

   (c) Have not been informed of any event or matter that occurred in the period from the latest report date (interim or periodic, as applicable) through the date of this report that relates to the interim financial statements and other financial information included in the interim reports that I consider is likely to change the conclusion reached by the Board of Directors and Management regarding the effectiveness of internal control over financial reporting and disclosure in the Company.

There is nothing in the aforesaid to derogate from my responsibility or the responsibility of anyone else, pursuant to any law.

Sharon Gerszbejn
Deputy CEO, CFO

August 21, 2025

ALTSHULER SHAHAM FINANCE LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2025

UNAUDITED

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Shape the future
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Auditors' review report to the shareholders of Altshuler Shaham Finance Ltd.

Introduction

We have reviewed the accompanying financial information of Altshuler Shaham Finance Ltd. and its subsidiaries ("**the Company**"), which comprises the consolidated statement of financial position as of June 30, 2025 and the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the periods of six and three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these periods in accordance with IAS 34, "Interim Financial Reporting", and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the abovementioned, based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Tel-Aviv, Israel
August 21, 2025

KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2025	June 30, 2024	December 31, 2024
	Unaudited	Unaudited	Audited
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	54,057	99,088	83,988
Short-term investments	131,728	149,940	130,329
Loans to customers	79,167	-	42,021
Accounts receivable	51,769	38,339	45,655
Net lease investment	8,759	13,127	13,323
Current tax assets	2,885	1,490	176
Total current assets	328,365	301,984	315,492
NON-CURRENT ASSETS:			
Long-term investments	5,021	5,667	3,114
Receivables	10,381	5,042	4,964
Loans to customers	76,173	-	22,294
Deferred acquisition costs	225,828	219,770	233,766
Net lease investment	12,259	33,630	29,895
Investment in associated partnerships	21,678	5,635	8,653
Right-of-use assets	34,123	39,301	36,157
Property, plant and equipment	21,216	25,651	24,253
Intangible assets	508,284	513,574	518,256
Deferred tax assets	14,260	8,585	12,718
Total non-current assets	929,223	856,855	894,070
Total assets	1,257,588	1,158,839	1,209,562

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2025	June 30, 2024	December 31, 2024
	Unaudited	Unaudited	Audited
	NIS in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term credit	183,384	32,751	92,520
Current maturities of loans from banks	49,390	49,390	49,390
Current maturities of lease liabilities	15,574	20,842	18,665
Accounts payable	114,678	110,532	121,981
Current taxes payable	2,105	1,820	2,050
Total current liabilities	365,131	215,335	284,606
NON-CURRENT LIABILITIES:			
Loans from banks	265,396	314,784	290,092
Payables	2,879	2,879	2,879
Lease liabilities	44,327	70,587	65,189
Employee benefit liabilities, net	1,519	2,294	1,461
Deferred tax liabilities	18,057	23,717	20,025
Total non-current liabilities	332,178	414,261	379,646
Total liabilities	697,309	629,596	664,252
EQUITY:			
Share capital	2,026	2,023	2,024
Share premium	242,937	241,387	242,008
Capital reserve from transaction with controlling shareholder	(5,576)	(4,396)	(4,671)
Capital reserve from share-based payment transactions	36,208	32,687	33,099
Capital reserve from financial assets measured at fair value through other comprehensive income	(34)	(24)	(35)
Foreign currency translation reserve	(1,175)	-	(115)
Retained earnings	291,793	260,730	276,720
Total equity attributable to equity holders of the Company	566,179	532,407	549,030
Non-controlling interests	(5,900)	(3,164)	(3,720)
Total equity	560,279	529,243	545,310
Total liabilities and equity	1,257,588	1,158,839	1,209,562

The accompanying notes are an integral part of the interim consolidated financial statements.

August 21, 2025			
Date of approval of the financial statements	Ran Shaham Chairman of the Board of Directors	Yair Lowenstein CEO	Sharon Gerszbejn Deputy CEO, CFO

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended June 30, 2025	Six months ended June 30, 2024	Three months ended June 30, 2025	Three months ended June 30, 2024	Year ended December 31, 2024
	Unaudited				Audited
	NIS in thousands (except per share data)				
Revenues from management fees, net	457,581	453,484	227,369	224,882	911,738
Revenues from commissions	2,439	3,722	210	2,685	7,629
Finance income in respect of nonbank credit	6,510	-	3,670	-	2,399
Total revenues	466,530	457,206	231,249	227,567	921,766
Marketing, operating, general and administrative expenses	394,214	373,854	196,203	186,302	754,691
Expenses in respect of credit losses	1,252	-	207	-	1,342
Finance expenses in respect of nonbank credit	2,007	-	1,465	-	83
Total expenses	397,473	373,854	197,875	186,302	756,116
Operating income	69,057	83,352	33,374	41,265	165,650
Finance income	5,916	5,357	3,212	2,832	10,765
Finance expenses	6,934	5,945	3,536	2,795	14,228
Other income	299	25	276	9	473
Company's share of earnings (losses) of associated partnerships accounted for at equity	10,998	(2)	10,958	-	(192)
Income before taxes on income	79,336	82,787	44,284	41,311	162,468
Taxes on income	26,441	27,740	13,992	13,654	52,147
Net income	52,895	55,047	30,292	27,657	110,321
Other comprehensive income (loss) (net of taxes):					
Amounts that will be or have been reclassified to profit or loss when specific conditions are met:					
Gain (loss) from investments in financial instruments measured at fair value through other comprehensive income	1	(33)	(1)	(20)	(44)
Foreign currency translation reserve for foreign operations	(1,060)	-	(1,280)	-	(115)
Total components of other comprehensive income (loss), net that will be subsequently reclassified to profit or loss	(1,059)	(33)	(1,281)	(20)	(159)
Amounts that will not be subsequently reclassified to profit or loss:					
Gain from remeasurement of defined benefit plan	-	-	-	-	824
Total components of other comprehensive income, net that will not be subsequently reclassified to profit or loss	-	-	-	-	824
Total other comprehensive income (loss) (net of taxes)	(1,059)	(33)	(1,281)	(20)	665
Total comprehensive income	51,836	55,014	29,011	27,637	110,986
Net income (loss) attributable to:					
Equity holders of the Company	55,075	55,899	31,482	28,166	113,065
Non-controlling interests	(2,180)	(852)	(1,190)	(509)	(2,744)
	52,895	55,047	30,292	27,657	110,321
Comprehensive income (loss) attributable to:					
Equity holders of the Company	54,016	55,866	30,201	28,146	113,730
Non-controlling interests	(2,180)	(852)	(1,190)	(509)	(2,744)
	51,836	55,014	29,011	27,637	110,986
Basic net earnings per share attributable to equity holders of the Company (NIS)	0.28	0.28	0.16	0.14	0.57
Diluted net earnings per share attributable to equity holders of the Company (NIS)	0.28	0.28	0.16	0.14	0.57

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment transactions	Capital reserve from financial assets measured at fair value through other comprehensive income	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total equity
	Unaudited								
	NIS in thousands								
Balance at January 1, 2025 (audited)	2,024	242,008	(4,671)	33,099	(35)	(115)	276,720	(3,720)	545,310
Net income (loss)	-	-	-	-	-	-	55,075	(2,180)	52,895
Other comprehensive income (loss) (net of taxes):									
Gain from investments in financial instruments measured at FVOCI	-	-	-	-	1	-	-	-	1
Foreign currency translation reserve for foreign operations	-	-	-	-	-	(1,060)	-	-	(1,060)
Total comprehensive income (loss)	-	-	-	-	1	(1,060)	55,075	(2,180)	51,836
Transactions with owners carried directly to equity:									
Cost of share-based payment	-	-	(905)	4,040	-	-	-	-	3,135
Exercise of employee options	2	929	-	(931)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(40,002)	-	(40,002)
Balance at June 30, 2025	2,026	242,937	(5,576)	36,208	(34)	(1,175)	291,793	(5,900)	560,279

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment transactions	Capital reserve from financial assets measured at fair value through other comprehensive income	Retained earnings	Non-controlling interests	Total equity
	Unaudited							
	NIS in thousands							
Balance at January 1, 2024 (audited)	2,021	240,239	(4,264)	33,444	9	248,831	(643)	519,637
Net income (loss)	-	-	-	-	-	55,899	(852)	55,047
Other comprehensive income (loss) (net of taxes):								
Loss from investments in financial instruments measured at FVOCI	-	-	-	-	(33)	-	-	(33)
Total comprehensive income (loss)	-	-	-	-	(33)	55,899	(852)	55,014
Transactions with owners carried directly to equity:								
Cost of share-based payment	-	-	(132)	393	-	-	-	261
Non-controlling interests arising from newly consolidated company	-	-	-	-	-	-	(1,669)	(1,669)
Exercise of employee options	2	1,148	-	(1,150)	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	(44,000)	-	(44,000)
Balance at June 30, 2024	2,023	241,387	(4,396)	32,687	(24)	260,730	(3,164)	529,243

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment transactions	Capital reserve from financial assets measured at fair value through other comprehensive income	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total equity
					Unaudited				
					NIS in thousands				
Balance at April 1, 2025	2,025	242,705	(5,123)	34,434	(33)	105	278,311	(4,710)	547,714
Net income (loss)	-	-	-	-	-	-	31,482	(1,190)	30,292
Other comprehensive income (loss) (net of taxes):									
Gain from investments in financial instruments measured at FVOCI	-	-	-	-	(1)	-	-	-	(1)
Foreign currency translation reserve for foreign operations	-	-	-	-	-	(1,280)	-	-	(1,280)
Total comprehensive income (loss)	-	-	-	-	(1)	(1,280)	31,482	(1,190)	29,011
Transactions with owners carried directly to equity:									
Cost of share-based payment	-	-	(453)	2,007	-	-	-	-	1,554
Exercise of employee options	1	232	-	(233)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(18,000)	-	(18,000)
Balance at June 30, 2025	2,026	242,937	(5,576)	36,208	(34)	(1,175)	291,793	(5,900)	560,279

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment transactions	Capital reserve from financial assets measured at fair value through other comprehensive income	Retained earnings	Non-controlling interests	Total equity
	Unaudited							
	NIS in thousands							
Balance at April 1, 2024	2,022	240,604	(4,330)	33,344	(4)	253,564	(2,655)	522,545
Net income (loss)	-	-	-	-	-	28,166	(509)	27,657
Other comprehensive income (loss) (net of taxes):								
Loss from investments in financial instruments measured at FVOCI	-	-	-	-	(20)	-	-	(20)
Total comprehensive income (loss)	-	-	-	-	(20)	28,166	(509)	27,637
Transactions with owners carried directly to equity:								
Cost of share-based payment	-	-	(66)	127	-	-	-	61
Exercise of employee options	1	783	-	(784)	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	(21,000)	-	(21,000)
Balance at June 30, 2024	2,023	241,387	(4,396)	32,687	(24)	260,730	(3,164)	529,243

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Capital reserve from transaction with controlling shareholder	Capital reserve from share-based payment transactions	Capital reserve from financial assets measured at fair value through other comprehensive income	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total equity
	Audited								
	NIS in thousands								
Balance at January 1, 2024	2,021	240,239	(4,264)	33,444	9	-	248,831	(643)	519,637
Net income (loss)	-	-	-	-	-	-	113,065	(2,744)	110,321
Other comprehensive income (loss) (net of taxes):									
Gain from remeasurement of defined benefit plan	-	-	-	-	-	-	824	-	824
Loss from investments in financial instruments measured at FVOCI	-	-	-	-	(44)	-	-	-	(44)
Foreign currency translation reserve for foreign operations	-	-	-	-	-	(115)	-	-	(115)
Total comprehensive income (loss)	-	-	-	-	(44)	(115)	113,889	(2,744)	110,986
Transactions with owners carried directly to equity:									
Cost of share-based payment	-	-	(407)	1,427	-	-	-	-	1,020
Non-controlling interests arising from newly consolidated companies	-	-	-	-	-	-	-	(333)	(333)
Exercise of employee options	3	1,769	-	(1,772)	-	-	-	-	-
Dividend to equity holders of the Company	-	-	-	-	-	-	(86,000)	-	(86,000)
Balance at December 31, 2024	2,024	242,008	(4,671)	33,099	(35)	(115)	276,720	(3,720)	545,310

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2025	2024	2025	2024	2024
	Unaudited				Audited
	NIS in thousands				
Cash flows from operating activities:					
Net income for the period	52,895	55,047	30,292	27,657	110,321
Items not involving cash flows:					
Finance income in respect of nonbank credit	(6,510)	-	(3,670)	-	(2,399)
Other finance expenses (income), net	1,501	128	(316)	(295)	2,391
Finance expenses in respect of nonbank credit	2,021	-	1,479	-	83
Loss (gain) from disposal of property, plant and equipment and derecognition of right-of-use asset	(351)	966	(295)	950	872
Cost of share-based payment	3,135	261	1,554	61	1,020
Expenses in respect of credit losses	1,252	-	207	-	1,342
Company's share of losses (earnings) of associated partnerships accounted for at equity	(10,998)	2	(10,958)	-	192
Depreciation and amortization:					
Right-of-use assets	4,383	4,361	2,314	2,152	8,566
Property, plant and equipment	4,200	4,272	2,034	2,080	8,581
Intangible assets	22,211	26,822	11,284	13,446	53,474
Taxes on income	26,441	27,740	13,992	13,654	52,147
	47,285	64,552	17,625	32,048	126,269
Changes in other balance sheet items:					
Change in deferred acquisition costs, net	7,937	12,111	8,137	5,662	(1,885)
Change in loans to customers	(93,348)	-	(52,080)	-	(47,297)
Change in loans from banks received to provide nonbank credit	77,653	-	43,798	-	32,000
Change in accounts receivable	3,834	(9,137)	12,383	(1,804)	(11,503)
Change in accounts payable	(16,764)	(18,281)	811	(10,068)	(12,528)
Change in employee benefit liabilities, net	60	(195)	38	(210)	75
					(41,138)
	(20,628)	(15,502)	13,087	(6,420)	(41,138)
Cash paid and received during the period for:					
Interest paid	(5,880)	(4,510)	(2,549)	(2,241)	(11,965)
Interest received	9,678	1,622	4,919	467	5,974
Taxes paid	(24,842)	(24,260)	(15,105)	(11,855)	(45,152)
Taxes received	-	10,686	-	-	10,686
Dividend received	-	-	-	-	53
	(21,044)	(16,462)	(12,735)	(13,629)	(40,404)
Net cash provided by operating activities	58,508	87,635	48,269	39,656	155,048

The accompanying notes are an integral part of the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30,		Three months ended June 30,		Year ended December 31,
	2025	2024	2025	2024	2024
	Unaudited				Audited
	NIS in thousands				
Cash flows from investing activities:					
Receipts from lease	4,051	4,879	240	441	8,317
Grant of loan to associated partnerships	(106,437)	(26,748)	(62,452)	(26,748)	(50,329)
Repayment of loan from associated partnerships	97,693	25,029	63,439	25,029	41,392
Acquisition of newly consolidated subsidiaries	-	(6,246)	-	-	(26,833)
Receipt of contingent consideration for acquisition of subsidiaries	2,070	-	-	-	-
Acquisition of associated partnerships	(3,415)	(5,637)	(390)	(5,023)	(9,034)
Purchase of property, plant and equipment	(1,110)	(240)	(723)	(135)	(1,465)
Investment in intangible assets	(10,419)	(7,540)	(6,035)	(3,218)	(15,271)
Purchase (sale) of financial investments, net	208	(10,901)	(4,358)	26,675	12,660
Net cash used in investing activities	(17,359)	(27,404)	(10,279)	17,021	(40,563)
Cash flows from financing activities:					
Repayment of lease liability	(8,501)	(10,984)	(2,487)	(3,999)	(19,420)
Receipt of bank loans	106,413	27,000	58,372	27,000	93,829
Repayment of bank loans	(128,990)	(49,015)	(80,889)	(36,667)	(134,762)
Divided paid to equity holders of the Company	(40,002)	(44,000)	(40,002)	(44,000)	(86,000)
Net cash used in financing activities	(71,080)	(76,999)	(65,006)	(57,666)	(146,353)
Decrease in cash and cash equivalents	(29,931)	(16,768)	(27,016)	(989)	(31,868)
Cash and cash equivalents at the beginning of the period	83,988	115,856	81,073	100,077	115,856
Cash and cash equivalents at the end of the period	54,057	99,088	54,057	99,088	83,988
Material non-cash transactions:					
Right-of-use asset recognized against lease liability	2,511	1,756	1,650	1,077	3,602

The accompanying notes are an integral part of the interim consolidated financial statements.

NOTE 1:- GENERAL

a. Altshuler Shaham Finance Ltd. ("**the Company**") was incorporated in Israel as a private company limited in shares on December 9, 2001 by the name of A.S. Matrat Hanpaka Ltd. and on March 17, 2022 changed its name to the current name – Altshuler Shaham Finance Ltd. The Company operates out of its offices on 19a HaBarzel Street, Ramat HaChayal, Tel Aviv.

On March 31, 2022, the Company obtained a merger certificate from the Registrar of Companies according to which Altshuler Provident and Pension Ltd. ("**Altshuler Provident**"), whose shares had been traded on the Tel-Aviv Stock Exchange ("**the TASE**") until that date, became a wholly owned subsidiary of the Company ("**the Business Restructuring**"). The merger certificate was obtained on the eve of the merger transaction according to which Altshuler Provident became a wholly owned subsidiary of the Company and ceased being a reporting entity as this term is defined in the Securities Law, 1968 ("**the Securities Law**").

On April 4, 2022, the Company's shares began trading on the TASE and were allocated to the shareholders of Altshuler Provident in return for the shares the latter had granted to the Company prior to the Business Restructuring. As a result, the Company became a public company, as this term is defined in the Companies Law, 1999, and a reporting entity, as this term is defined in the Securities Law.

Although from a legal standpoint the Company acquired the shares of Altshuler Provident, since on the share purchase transaction closing date, Altshuler Provident's shareholders became holders of voting rights in the Company, the share purchase transaction was accounted for in the financial statements as a reverse acquisition. Accordingly, these financial statements have been issued in the name of the Company, but the accounting treatment herein serves as a continuation of the financial statements of Altshuler Provident, the buyer in the transaction for accounting purposes. These interim consolidated financial statements therefore reflect the continued financial position, operating results and cash flows of Altshuler Provident and the Group's other operations.

As of the date of approval of the financial statements, the Company's core operation consists of managing provident and pension funds through holding the entire (100%) issued and outstanding share capital of Altshuler Provident. As of the date of approval of the financial statements, the Company has three operations which are classified as separate reportable operating segments for accounting purposes in the financial statements: (1) provident and pension fund management operation; (2) credit operation; and (3) alternative investment operation. The credit operation was presented as a separate operating segment for accounting purposes for the first time in the Company's interim financial statements as of March 31, 2025. The alternative investment operation is presented for the first time as a separate operating segment for accounting purposes in these interim consolidated financial statements. The alternative investment operation consists of managing, initiating, marketing and distributing alternative real estate and other investments through Altshuler Shaham Real Estate Ltd. ("**Altshuler Real Estate**"), Altshuler Shaham Alternative Investment Funds Ltd. ("**Altshuler Investment Funds**") and iFunds Capital Ltd. ("**iFunds**").

NOTE 1:- GENERAL (Cont.)

b. These financial statements have been prepared in a condensed format as of June 30, 2025 and for the periods of six and three months then ended ("**interim consolidated financial statements**"). These financial statements should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2024 and for the year then ended and accompanying notes ("**annual consolidated financial statements**").

The Company did not publish separate financial information as permitted by an amendment to the Securities Regulations (Periodic and Immediate Reports), 1970.

c. The effects of the ongoing war in Israel and the recent Israel-Iran conflict:

In the first half of 2025, Israel and Hamas reached a ceasefire agreement which became effective on January 19, 2025 and consisted of the IDF's withdrawal from the Gaza Strip, the return of Palestinians to their homes in the north of the Strip and the release of 33 Israeli hostages in several steps. On March 17, 2025, in view of Hamas' refusal to release more Israeli hostages, the ceasefire collapsed and the IDF launched a widespread maneuver in the Gaza Strip. The ceasefire agreement with Hezbollah in the northern border with Lebanon became effective on November 27, 2024 and has lasted through the date of approval of the consolidated financial statements.

On June 13, 2025, a direct conflict arose between Israel and Iran following Israel's launching of airstrikes against military and nuclear sites across Iran. As a result of Iran's counterattacks against Israel, a state of emergency was declared in Israel. The military operation ended on June 24, 2025. During this period, the local economy sustained a slowdown in business activity, damage to various infrastructures, recruitment of army reservists for an indefinite period and disruptions to economic activity throughout the country.

The above developments have the potential of adversely affecting the domestic capital market and impair the scope and value of the assets managed by Altshuler Provident. At present, the ongoing state of war has not had a material impact on the scope or value of the assets managed by Altshuler Provident, mainly owing to its investment policy and diversified investment portfolio whereby, in practice, more than 60% of the assets are managed in global capital markets.

Moreover, the geopolitical events are likely to negatively affect the business environment in which the Group operates. The Company concluded that the risk level of small and medium businesses in the credit market has risen due to the war and has adjusted its credit policy accordingly. In addition, as of the report date, the various investments in the alternative investment operation are only exposed to foreign markets and are not directly exposed to the events and developments in Israel. In the reporting period, the Company continued to operate regularly and raised capital for its alternative investment funds. Furthermore, the Company estimates that at present, the war has not had a material effect on the Company's operations or on the Group's financial stability or ability to comply with financial covenants as per financing agreements.

Notwithstanding the aforesaid, as of the date of approval of these financial statements, the Company is unable to fully and reliably assess the extent of the future effect of the war on its operations, also in view of the current fluctuations in the markets, the uncertainty involving the duration, intensity and impact of the war on the Company's operating segments or any measures that might be adopted by the Israeli Government.

NOTE 1:- GENERAL (Cont.)

d. Effects of inflation and market interest rises:

In the first half of 2025, the Bank of Israel and the Fed in the United States kept their benchmark interest rates relatively high, with no major change. While the BoI and Fed interest rates remained at 4.5% in the first half of 2025, the ECB continued rapidly lowering its interest rate and in H1 2025 lowered it four times to 2.0% at the end of the reporting period.

Due to the nature of its operations, Altshuler Provident is exposed to capital market fluctuations. It should be noted that the bulk of Altshuler Provident's financial debt bears unindexed fixed interest and therefore its finance expenses have not been materially affected. In general, changes in the interest and inflation environments are liable to have a negative impact on the capital markets and the business environment in which Altshuler Provident operates, thereby also causing a decrease in the scope and value of assets managed by it, whether due to changes in the number of active members of the various saving channels or due to market slowdown and price decline trends. Nevertheless, the Company believes that Altshuler Provident's financial stability, asset portfolio, debt structure, composition of financial investments, free cash flow and high cash flow generated by operating activities will all allow it to continue to finance its operations and meet its obligations.

Moreover, the current inflationary environment indirectly affects the credit market for small and medium businesses, yet given the nature of Altshuler Business Credit's credit portfolio, which is entirely unindexed and bears variable interest of Prime, the level of direct exposure to changes in inflation is limited. The credit portfolio consists of loans with short terms on average, which contributes to reducing their sensitivity to changes in macroeconomic parameters. In addition, using variable interest based on Prime allows updating the interest rate on a regular basis to adapt to the changes in the market interest environment and eliminates the risk of direct linkage to the inflation rate. The Company believes that continuously extremely high inflation rates are liable to raise the market's risk profile due to the challenges that small businesses will face in maintaining the level of their operating expenses and the value of their money. The Company takes regular steps to manage those risks and adapt its underwriting policy to the changes in the business environment.

In addition, in the alternative investment operation, the lowered interest rate in Europe in the past two years has enabled obtaining financing for purchasing assets at relatively low interest rates, yet the need to refinance real estate transactions purchased before 2022 involves significantly higher interest rates. In contrast, in the U.S., the relatively high interest rate has reduced property value and afforded opportunities for bargain purchases at attractive prices against costly loans and free cash flow impairment. Moreover, inflation affects cost of expenses in the various projects and project budgets although there is currently a trend of inflation stabilization in Europe and the U.S. which is expected to enhance certainty in the market.

NOTE 2:- ACCOUNTING POLICIES

a. Change in the structure of the financial statements:

Through the annual consolidated financial statements, the Group presented its statement of financial position based on order of liquidity without distinguishing between current and non-current assets and liabilities and also presented its profit or loss items in keeping with the disclosures provided by Altshuler Provident in its reports, which adhere to the disclosure requirements of the Israeli Director General of the Capital Market, Insurance and Savings Authority as per the Law for Supervision of Financial Services (Provident Funds), 2005. From the first quarter of 2025, given management's method of analyzing the Group's business activities as a result of initially reporting the nonbank credit operation as an operating segment and in view of common practices in the industry, the Company changed the reporting format of its statement of financial position to distinguish between current and non-current assets and liabilities and of its profit or loss items to apply the nature of expense method (and consequently restructured the statements of financial position and profit or loss and other comprehensive income for comparative periods).

For the purpose of restructuring the statements of financial position and profit or loss and other comprehensive income, the Company selected the most useful information for the users of the financial statements based on common practices in the market (among others to allow comparability with other market players) and adjusted the financial reporting to its internal management reporting according to which it measures its operating and business results.

As per management, the restructuring provides a detailed presentation which is more reliable and relevant in accordance with the provisions of IAS 1, "Presentation of Financial Statements".

It should be noted that the change in the presentation of the financial statements has no effect on the reported results or the various profit margins recorded by the Company.

NOTE 2:- ACCOUNTING POLICIES (Cont.)

Below is the presentation of the consolidated statements of financial position as of December 31, 2023 by order of liquidity with distinction between current and non-current assets and liabilities (as included in the comparative figures in the annual consolidated financial statements):

	December 31, 2023
	Audited
	NIS in thousands
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	115,856
Short-term investments	134,869
Accounts receivable	21,260
Net lease investment	12,882
Current taxes receivable	16,869
Total current assets	301,736
NON-CURRENT ASSETS:	
Long-term investments	5,787
Receivables	6,260
Deferred acquisition costs	231,881
Net lease investment	37,031
Right-of-use assets	45,265
Property, plant and equipment	29,567
Intangible assets	529,312
Deferred tax assets	6,106
Total non-current assets	891,209
Total assets	1,192,945

NOTE 2:- ACCOUNTING POLICIES (Cont.)

	December 31, 2023
	Audited
	NIS in thousands
LIABILITIES AND EQUITY	
CURRENT LIABILITIES:	
Current maturities of loans from banks	49,390
Current maturities of lease liabilities	20,847
Accounts payable	113,428
Current taxes payable	5,251
Total current liabilities	188,916
NON-CURRENT LIABILITIES:	369,482
Loans from banks	2,879
Payables	79,780
Lease liabilities	2,490
Employee benefit liabilities, net	29,761
Deferred tax liabilities	484,392
Total non-current liabilities	369,482
Total liabilities	673,308
EQUITY:	
Share capital	2,021
Share premium	240,239
Capital reserve from transaction with controlling shareholder	(4,264)
Capital reserve from share-based payment transactions	33,444
Capital reserve from financial assets measured at fair value through other comprehensive income	9
Retained earnings	248,831
Total equity attributable to equity holders of the Company	520,280
Non-controlling interests	(643)
Total equity	519,637
Total liabilities and equity	1,192,945

NOTE 2:- ACCOUNTING POLICIES (Cont.)

b. Basis of preparation of the interim consolidated financial statements:

The interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements.

c. Reclassification:

The Company reclassified certain immaterial comparative figures for previous periods in order to adjust them to the current period's presentation.

NOTE 5:- OPERATING SEGMENTS

a. General:

Operating segments were determined based on information reviewed by the Chief Operating Decision Maker (CODM) for the purpose of making decisions concerning resource allocation and performance evaluation. Therefore, for management purposes, the Company operates in the following operating segments:

1. Provident fund and pension fund management operation

Management of provident funds, including study funds, and pension funds. The segment's products include provident and severance pay funds, study funds, central severance pay funds, central sick pay provident fund, central provident fund for budgetary pension participation, investment provident funds and investment provident funds – Savings for Every Child, New Comprehensive Pension Fund and New General Pension Fund.

2. Credit operation

Provision of credit to small and medium businesses in Israel. This segment was presented as a reportable segment for the first time in the interim consolidated financial statements as of March 31, 2025.

3. Alternative investment operation

Management, initiation, marketing and distribution of alternative investments in the real estate and other sectors. This segment is presented as a reportable segment for the first time in these interim consolidated financial statements.

4. Other

Mainly receipt of commissions for marketing products of Altshuler Ltd. and companies controlled by it.

NOTE 5:- OPERATING SEGMENTS (Cont.)

Until December 31, 2024, the Company reported two segments: provident and pension fund management and other. Following a quantitative analysis, from the first quarter of 2025, the Company reports the credit operation as a separate operating segment and from the second quarter of 2025, it also reports the alternative investment operation as a new reportable segment. Accordingly, comparative figures have been restated.

Segment performance is evaluated based on results of profit or loss before taxes on income excluding expenses and income not attributed to segments, as presented on the financial statements.

b. Operating segment reporting:

	Six months ended June 30, 2025					
	Provident and pension fund management	Credit operation	Alternative investment operation	Other	Adjustments	Total
	Unaudited					
	NIS in thousands					
Revenues from external customers	451,897	6,510	7,529	594	-	466,530
Inter-segment revenues	-	-	-	-	-	-
Total revenues	451,897	6,510	7,529	594	-	466,530
Company's share of earnings of associated partnerships accounted for at equity	-	-	10,998	-	-	10,998
Segment income (loss)	85,568	(5,602)	6,097	594	-	86,657
Expenses not allocated to segments						6,602
Finance income						5,916
Finance expenses						6,934
Other income, net						299
Income before taxes on income						79,336
Additional information						
Commissions, marketing expenses and other acquisition expenses	159,363	331	1,721	-	-	161,415
General and administrative and other expenses	206,966	8,522	10,709	-	-	226,197
Total expenses allocated to segments	366,329	8,853	12,430	-	-	387,612
Expenses not allocated to segments						6,602
Total marketing, operating, general and administrative expenses						394,214

NOTE 5:- OPERATING SEGMENTS (Cont.)

Additional information on provident and pension fund management operation:

	Six months ended June 30, 2025		
	Pension funds	Provident funds	Total
		Unaudited	
		NIS in thousands	
Revenues from management fees, net	53,423	398,474	451,897
Commissions, marketing expenses and other acquisition expenses	10,083	149,280	159,363
Operating fees	2,704	12,649	15,353
Total joint expenses	12,787	161,929	174,716
Total allocated income	40,636	236,545	277,181
General and administrative and other expenses			191,613
Segment income			85,568

NOTE 5:- OPERATING SEGMENTS (Cont.)

	Six months ended June 30, 2024				
	Provident and pension fund management	Alternative investment operation *)	Other	Adjustments	Total
	Unaudited				
	NIS in thousands				
Revenues from external customers	451,009	5,576	621	-	457,206
Inter-segment revenues	-	-	-	-	-
Total revenues	451,009	5,576	621	-	457,206
Company's share of losses of associated partnerships accounted for at equity	-	(2)	-	-	(2)
Segment income (loss)	92,860	(3,315)	621	-	90,166
Expenses not allocated to segments					6,816
Finance income					5,357
Finance expenses					5,945
Other income, net					25
Income before taxes on income					82,787
Additional information					
Commissions, marketing expenses and other acquisition expenses	161,177	1,323	-	-	162,500
General and administrative and other expenses	196,972	7,566	-	-	204,538
Total expenses allocated to segments	358,149	8,889	-	-	367,038
Expenses not allocated to segments					6,816
Total marketing, operating, general and administrative expenses					373,854

*) Restated, see Note 3a(3).

NOTE 5:- OPERATING SEGMENTS (Cont.)

Additional information on provident and pension fund management operation:

	Six months ended June 30, 2024		
	Pension funds	Provident funds	Total
		Unaudited	
		NIS in thousands	
Revenues from management fees, net	46,517	404,492	451,009
Commissions, marketing expenses and other acquisition expenses	8,772	152,405	161,177
Operating fees	3,446	12,074	15,520
Total joint expenses	12,218	164,479	176,697
Total allocated income	34,299	240,013	274,312
General and administrative and other expenses			181,452
Segment income			92,860

NOTE 5:- OPERATING SEGMENTS (Cont.)

	Provident and pension fund management	Credit operation	Alternative investment operation	Other	Adjustments	Total
	Three months ended June 30, 2025					
	Unaudited					
	NIS in thousands					
Revenues from external customers	224,211	3,670	3,076	292	-	231,249
Inter-segment revenues	-	-	-	-	-	-
Total revenues	224,211	3,670	3,076	292	-	231,249
Company's share of earnings of associated partnerships accounted for at equity	-	-	10,958	-	-	10,958
Segment income (loss)	41,839	(2,619)	7,886	292	-	47,398
Expenses not allocated to segments						3,066
Finance income						3,212
Finance expenses						3,536
Other income, net						276
Income before taxes on income						44,284
Additional information						
Commissions, marketing expenses and other acquisition expenses	79,451	249	579	-	-	80,279
General and administrative and other expenses	102,921	4,368	5,569	-	-	112,858
Total expenses allocated to segments	182,372	4,617	6,148	-	-	193,137
Expenses not allocated to segments						3,066
Total marketing, operating, general and administrative expenses						196,203

NOTE 5:- OPERATING SEGMENTS (Cont.)

Additional information on provident and pension fund management operation:

	Three months ended June 30, 2025		
	Pension funds	Provident funds	Total
	Unaudited		
	NIS in thousands		
Revenues from management fees, net	27,206	197,005	224,211
Commissions, marketing expenses and other acquisition expenses	5,420	74,031	79,451
Operating fees	1,328	6,328	7,656
Total joint expenses	6,748	80,359	87,107
Total allocated income	20,458	116,646	137,104
General and administrative and other expenses			95,265
Segment income			41,839

NOTE 5:- OPERATING SEGMENTS (Cont.)

	Three months ended June 30, 2024				
	Provident and pension fund management	Alternative investment operation *)	Other	Adjustments	Total
	Unaudited				
	NIS in thousands				
Revenues from external customers	223,559	3,694	314	-	227,567
Inter-segment revenues	-	-	-	-	-
Total revenues	223,559	3,694	314	-	227,567
Company's share of losses of associated partnerships accounted for at equity	-	-	-	-	-
Segment income (loss)	46,238	(1,428)	314	-	45,124
Expenses not allocated to segments					3,859
Finance income					2,832
Finance expenses					2,795
Other income, net					9
Income before taxes on income					41,311
Additional information					
Commissions, marketing expenses and other acquisition expenses	79,683	842	-	-	80,525
General and administrative and other expenses	97,638	4,280	-	-	101,918
Total expenses allocated to segments	177,321	5,122	-	-	182,443
Expenses not allocated to segments					3,859
Total marketing, operating, general and administrative expenses					186,302

*) Restated, see Note 3a(3).

NOTE 5:- OPERATING SEGMENTS (Cont.)

Additional information on provident and pension fund management operation:

	Three months ended June 30, 2024		
	Pension funds	Provident funds	Total
		Unaudited	
		NIS in thousands	
Revenues from management fees, net	23,708	199,851	223,559
Commissions, marketing expenses and other acquisition expenses	4,395	75,288	79,683
Operating fees	1,713	6,038	7,751
Total joint expenses	6,108	81,326	87,434
Total allocated income	17,600	118,525	136,125
General and administrative and other expenses			89,887
Segment income			46,238

NOTE 5:- OPERATING SEGMENTS (Cont.)

	Year ended December 31, 2024					
	Provident and pension fund management	Credit operation	Alternative investment operation	Other	Adjustments	Total
	Audited					
	NIS in thousands					
Revenues from external customers	905,643	2,399	12,516	1,208	-	921,766
Inter-segment revenues	-	-	-	-	-	-
Total revenues	905,643	2,399	12,516	1,208	-	921,766
Company's share of earnings of associated partnerships accounted for at equity	-	-	(192)	-	-	(192)
Segment income (loss)	192,025	(3,685)	(9,415)	1,208	-	180,133
Expenses not allocated to segments						14,675
Finance income						10,765
Finance expenses						14,228
Other income, net						473
Income before taxes on income						162,468
Additional information						
Commissions, marketing expenses and other acquisition expenses	319,080	104	2,949	-	-	322,133
General and administrative and other expenses	394,538	4,555	18,790	-	-	417,883
Total expenses allocated to segments	713,618	4,659	21,739	-	-	740,016
Expenses not allocated to segments						14,675
Total marketing, operating, general and administrative expenses						754,691

*) Restated, see Note 3a(3).

NOTE 5:- OPERATING SEGMENTS (Cont.)

Additional information on provident and pension fund management operation:

	Year ended December 31, 2024		
	Pension funds	Provident funds	Total
		Audited	
		NIS in thousands	
Revenues from management fees, net	98,186	807,457	905,643
Commissions, marketing expenses and other acquisition expenses	16,747	302,333	319,080
Operating fees	6,307	24,158	30,465
Total joint expenses	23,054	326,491	349,545
Total allocated income	75,132	480,966	556,098
General and administrative and other expenses			364,073
Segment income			192,025

NOTE 4:- LOANS TO CUSTOMERS

a. Composition:

	June 30, 2025	December 31, 2024
	Unaudited	Audited
	NIS in thousands	
Credit to customers	83,453	43,663
Less – expected credit losses	(2,594)	(1,342)
Add – interest income receivable	1,112	637
Less – deferred revenue (*)	(2,804)	(937)
Total short-term loans to customers	79,167	42,021
Total long-term loans to customers	76,173	22,294
	155,340	64,315

(*) Receipts from origination fees are recognized as revenue using the effective interest method. Outstanding origination fees from customers that have not yet been recognized as revenue are carried as deferred revenue.

NOTE 4:- LOANS TO CUSTOMERS (Cont.)

b. Movement in allowance for expected credit losses:

	Six months ended June 30, 2025			
	12 month expected credit losses	Lifetime expected credit losses	Originated credit impaired assets	Total
	Unaudited			
	NIS in thousands			
Opening balance	881	12	449	1,342
Charge during the period	815	11	426	1,252
Closing balance	1,696	23	875	2,594

	Three months ended June 30, 2025			
	12 month expected credit losses	Lifetime expected credit losses	Originated credit impaired assets	Total
	Unaudited			
	NIS in thousands			
Opening balance	1,587	7	793	2,387
Charge during the period	109	16	82	207
Closing balance	1,696	23	875	2,594

	Year ended December 31, 2024			
	12 month expected credit losses	Lifetime expected credit losses	Originated credit impaired assets	Total
	Audited			
	NIS in thousands			
Opening balance	-	-	-	-
Charge during the year	881	12	449	1,342
Closing balance	881	12	449	1,342

NOTE 4:- LOANS TO CUSTOMERS (Cont.)

c. Composition of allowance for expected credit losses:

		12 month expected credit losses	Lifetime expected credit losses	Originated credit impaired assets	Total
		June 30, 2025			
		Unaudited			
		NIS in thousands (except rates)			
Loans collateralized by personal guarantees	Gross carrying amount	54,690	162	1,035	55,887
	Loss allowance	1,043	7	583	1,633
	Expected loss rate	1.91%	4.32%	56.56%	2.92%
Loans to customers collateralized by immobile collaterals (real estate and/or plant)	Gross carrying amount	99,738	555	3,446	103,739
	Loss allowance	653	16	292	961
	Expected loss rate	0.65%	2.88%	8.47%	0.93%
Total	Gross carrying amount	154,428	717	4,481	159,626
	Loss allowance	1,696	23	875	2,594
	Expected loss rate	1.10%	3.21%	19.55%	1.63%

As of June 30, 2025, a wholly owned subsidiary, Altshuler Shaham Credit Ltd. ("**Altshuler Credit**"), has collaterals whose value is estimated at approximately NIS 138,161 thousand.

		12 month expected credit losses	Lifetime expected credit losses	Originated credit impaired assets	Total
		December 31, 2024			
		Audited			
		NIS in thousands (except rates)			
Loans collateralized by personal guarantees	Gross carrying amount	26,844	236	887	27,967
	Loss allowance	584	12	52	648
	Expected loss rate	2.2%	5.1%	5.9%	2.3%
Loans to customers collateralized by immobile collaterals (real estate and/or plant)	Gross carrying amount	34,887	-	3,103	37,990
	Loss allowance	297	-	397	694
	Expected loss rate	0.9%	-	12.8%	1.8%
Total	Gross carrying amount	61,731	236	3,990	65,957
	Loss allowance	881	12	449	1,342
	Expected loss rate	1.4%	5.1%	11.3%	2%

As of December 31, 2024, Altshuler Credit has collaterals whose value is estimated at approximately NIS 47,822 thousand.

NOTE 4:- LOANS TO CUSTOMERS (Cont.)

d. Breakdown of loans to customers collateralized by immobile collaterals (real estate and/or plant) based on collateral type and LTV ratio:

	LTV of 30%-50%	LTV of 50%-70%	LTV above 70%	Total
	June 30, 2025			
	Unaudited			
	NIS in thousands			
Loans to customers	8,921	10,765	84,053	103,739

	LTV of 30%-50%	LTV of 50%-70%	LTV above 70%	Total
	December 31, 2024			
	Audited			
	NIS in thousands			
Loans to customers	654	12,063	25,273	37,990

NOTE 5:- FINANCIAL INSTRUMENTS

a. Fair value:

<u>Financial liabilities</u>

	June 30, 2025		June 30, 2024		December 31, 2024	
	Carrying amount *)	Fair value **)	Carrying amount *)	Fair value **)	Carrying amount *)	Fair value **)
	Unaudited					Audited
	NIS in thousands					
Bank loans	498,500	466,060	397,214	344,049	432,379	390,514
Total financial liabilities	498,500	466,060	397,214	344,049	432,379	390,514

*) Including accrued interest.

**) The fair value relies on future discounted cash flows (principal and interest) of each loan at the relevant market interest based on the Company's credit rating and the relevant loan term.

b. Bank loans:

As of June 30, 2025, Altshuler Provident is in compliance with all the financial covenants determined with banks.

NOTE 5:- FINANCIAL INSTRUMENTS (Cont.)

c. Classification of financial instruments by fair value hierarchy:

	June 30, 2025			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS in thousands			
Short-term investments	131,703	-	25	131,728
Long-term investments	-	96	*) 4,925	5,021
Total	131,703	96	4,950	136,749

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
	Unaudited			
	NIS in thousands			
Short-term investments	149,931	9	-	149,940
Long-term investments	-	-	*) 5,667	5,667
Total	149,931	9	5,667	155,607

	December 31, 2024		
	Level 1	Level 3	Total
	Audited		
	NIS in thousands		
Short-term investments	130,305	24	130,329
Long-term investments	-	*) 3,114	3,114
Total	130,305	3,138	133,443

*) Mainly comprising expected future gains of approximately NIS 3,264 thousand, NIS 5,667 thousand and NIS 3,138 thousand as of June 30, 2025, June 30, 2024 and December 31, 2024, respectively. The expected future gains plus income receivable were discounted using a 7% discount rate. Also includes a long-term investment of NIS 1,686 thousand in nostro investment funds as of June 30, 2025.

In the reporting period, the Company recognized a net gain from revaluation of long-term financial investments amounting to NIS 16 thousand, which was charged to finance income.

NOTE 6:- CONDENSED INFORMATION OF ASSOCIATED PARTNERSHIP ACCOUNTED FOR AT EQUITY

The Company includes financial information from the financial statements of ASR Washington D.C. Sheriff Rd. L.P. ("the Partnership"), an associated partnership. The Partnership prepares its financial statements in conformity with IFRS Accounting Standards, which match the Company's accounting policies. The Company invests in the Partnership at a rate of about 4.9%. It is also entitled to receive carried interest if the LP's comprehensive income exceeds a predetermined capital return rate. The Company holds less than 20% of the Partnership but since it controls the Partnership's GP who manages and controls the Partnership's decisions, the Company has significant influence over the Partnership.

The Partnership operates in the U.S. and prepares its financial statements in USD. The balances in the statement of financial position have been translated into NIS based on the exchange rate as of June 30, 2025 (US$1 = NIS 3.37). The operating results in the statements of profit or loss and other comprehensive income have been translated into NIS based on the exchange rate from the investment date through the reporting date (US$1 = NIS 3.59).

Following is condensed information of the Partnership as included in the statement of financial position:

	June 30, 2025
	Unaudited
	NIS in thousands
Current assets	860
Non-current assets	110,806
Current liabilities	125
Total equity	111,541
Company's share of Partnership's equity	13,849

Following is condensed information of the Partnership's operating results as included in the statements of profit or loss and other comprehensive income:

	Six months ended June 30, 2025	Three months ended June 30, 2025
	Unaudited	
	NIS in thousands	
Operating loss	(2,292)	(234)
Gain from revaluation of real estate property	54,129	54,227
Net income	51,837	53,993
Company's share of Partnership's earnings in the period	10,665	10,678

NOTE 6:- CONDENSED INFORMATION OF ASSOCIATED PARTNERSHIP ACCOUNTED FOR AT EQUITY (Cont.)

The Partnership's net income in the last four quarters accounts for about 7.7% of the consolidated income in the financial statements. The Company does not attach the Partnership's financial statements since the underlying criteria have not been met.

As of the report date, a valuation was obtained for a property in which the Partnership invests. The change in the property's value mainly arises from the loss of an anchor tenant in the property at the end of the second quarter of 2025 whose contractual rent of $ 4 per sq ft was significantly lower than market price. The valuation therefore analyzed the property as vacant and took into account rent of $ 14.5 per sq ft as is normally paid in the property's location.

The valuation relied on the DCF method under the following assumptions:

- Discount rate (on net revenues) of 6.5%
- Annual rental income of $ 8,975,005
- Dry spaces at $ 14.25 per sq ft
- Cooling spaces at $ 15.25 per sq ft
- Vacancy rate of 6%

NOTE 7:- CONTINGENT LIABILITIES AND COMMITMENTS

a. Legal and other proceedings filed against Altshuler Provident:

The table below shows a summary of amounts claimed in pending motions for class action certification filed against Altshuler Provident, as noted by plaintiffs in their statements of claim. Note that the amount claimed may not necessarily be a quantification of the exposure as estimated by Altshuler Provident, since these are assessments by the plaintiffs which will be elaborated in the legal proceeding. Note, also, that the table below does not show concluded proceedings, including proceedings concluded after a settlement agreement has been approved.

Motions for approval of class actions filed against Altshuler Provident:

	Number of claims	Claimed amount
		NIS in millions
Claims approved as class actions:		
Claims whose amount is specified	-	-
Claims whose amount is not specified	1	-
Pending class action certification motions:		
Claims whose amount is specified	-	-
Claims whose amount is not specified	4	-

In keeping with the matters discussed in Note 27a(4) to the annual consolidated financial statements, the parties submitted notice to the Court whereby they had reached understandings for concluding the case outside the court. In the reporting period, the parties notified the Court that the settlement negotiations had failed.

NOTE 7:- CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

b. Legal and other proceedings filed against Psagot Provident and Pension Funds Ltd. ("**Psagot Provident**"), which was merged into Altshuler Provident:

Motions for approval of class actions filed against Psagot Provident:

	Number of claims	Claimed amount
		NIS in millions
Pending class action certification motions:		
Claims whose amount is specified	-	-
Claims whose amount is not specified	2	-

In keeping with the matters discussed in Note 27c(2) to the annual consolidated financial statements, the Attorney General submitted a position on the settlement agreement and the parties now have to submit their response.

In the reporting period, other than as described above, no material developments occurred compared to the information disclosed in Note 27 to the Company's annual consolidated financial statements.

The overall provision recorded as of June 30, 2025 in respect of claims filed against the Company, Psagot and Psagot Provident less amounts receivable from Altshuler Provident's insurers amounts to approximately NIS 6,089 thousand.

NOTE 8:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

a. On March 19, 2025, in keeping with the Company's dividend distribution policy, the Company's Board declared the distribution of a dividend of approximately NIS 22,000 thousand to the Company's shareholders, representing approximately NIS 0.11 per share. The dividend was paid on April 9, 2025.

b. In keeping with the matters discussed in Note 26c to the annual consolidated financial statements, on March 19, 2025, the Company's Board approved the grant of another 226,100 options of the Company to employees in the Company and in related companies by virtue of a shelf offering report issued by the Company based on the following terms:

- The exercise price of the options will be the quoted market price of the Company's share at the end of the grant date.

- 50% of the options will vest within two years from the Board's meeting approval date, another 25% will vest the following year and the remaining 25% the year thereafter. Vesting is contingent on the optionee's continued employment in the Company and on the Company's compliance with the KPIs specified in the option letters.

NOTE 8:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

- The contractual life of the vested options is 10 years from the grant date.

- The allocation of the options is capital gains taxable through a trustee as set forth in Section 102(b)(2) to the Israeli Income Tax Ordinance (for qualifying service providers, the allocation will be governed by Section 3(j) to the Ordinance). The vested options will be exercised on a net cashless basis so that the exercise price is theoretical only for calculating the value of the benefit and not to be paid by the optionee.

c. On April 22, 2025, the Company signed agreements with banks to receive additional credit facilities totaling approximately NIS 300 million as follows: (1) NIS 100 million will be provided as follows: NIS 50 million as on call credit for one year and the other NIS 50 million as binding credit for one year (in respect of which the Company will be charged non-utilization commission of 0.5%). The interest on the above credit will be Prime less 0.2%-0.25%; (2) NIS 200 million will be provided by another bank as on call credit under which the Company may request loans bearing interest of Prime less 0.2%-0.25% for one year. As of the reporting date, the unutilized credit amounts to approximately NIS 66 million.

As stated above, as of the financial statement publication date, the Company has credit facilities totaling NIS 400 million that can be used to provide loans to customers by Altshuler Business Credit. The credit facility of NIS 100 million granted to the Company by the first bank on October 1, 2024 ends on September 30, 2025.

As of the report date, the utilized loan balance approximates NIS 121 million.

d. In keeping with the matters discussed in Note 6c to the annual consolidated financial statements, on April 30, 2025, Altshuler Provident and subtenants signed an agreement that cancels the rent of certain floors of the Psagot House from the building's owners in return for compensation to be paid to the building owners by Altshuler Provident and/or the subtenants. Any rental fees paid by Altshuler Provident will be fully reimbursed by the subtenants. The cancelation of the rent has no material effect on the Company's operating results.

e. On May 18, 2025, Altshuler Business Credit entered into an agreement with an Israeli residential developer and contractor ("the borrower") according to which Altshuler Business Credit undertook to provide the borrower a credit facility of NIS 47 million for financing the purchase of lands in the central region of Israel. The borrower may withdraw the loan facility in instalments, subject to the prerequisites of the loan agreement and as customary in this type of agreement. Any amount withdrawn under the loan facility will bear unindexed variable interest of Prime plus 1%-2%, plus VAT and plus commissions as commonly practiced by Altshuler Business Credit. The loan principal is repayable in a lump sum at the end of 18 months from the loan grant date. To secure the credit, the borrower will record a senior fixed mortgage on the land rights, on the rights of the borrower's shareholder and on the borrower's rights as per land agreements. Moreover, its shareholders will guarantee the fulfillment of the borrower's liabilities towards the Company.

NOTE 8:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

f. On May 19, 2025, in keeping with the Company's dividend distribution policy, the Company's Board declared the distribution of a dividend of NIS 18 million to the Company's shareholders, representing approximately NIS 0.09 per share. The dividend was paid on June 11, 2025.

g. In keeping with the matters discussed in Note 26c to the annual consolidated financial statements, on May 19, 2025, the Company's Board approved the grant of another 110,970 options of the Company to employees in the Company and in related companies by virtue of a shelf offering report that will be issued by the Company based on the following terms:

- The exercise price of the options will be the quoted market price of the Company's share at the end of the grant date.

- 50% of the options will vest within two years from the Board's meeting approval date, another 25% will vest the following year and the remaining 25% the year thereafter. Vesting is contingent on the optionee's continued employment in the Company and on the Company's compliance with the KPIs specified in the option letters.

- The contractual life of the vested options is 10 years from the grant date.

- The allocation of the options is capital gains taxable through a trustee as set forth in Section 102(b)(2) to the Israeli Income Tax Ordinance (for qualifying service providers, the allocation will be governed by Section 3(j) to the Ordinance). The vested options will be exercised on a net cashless basis so that the exercise price is theoretical only for calculating the value of the benefit and not to be paid by the optionee.

h. In continuation of the matter discussed in Note 13 to the annual consolidated financial statements, the Company exercised its right to make nostro investments in transactions managed by Altshuler Real Estate and Altshuler Investment Funds, both subsidiaries of the Company. In the reporting period, the Company invested the full $ 1,038 thousand of an investment commitment of $ 1,038 thousand, as a limited partner in real estate ventures. The Company also invested approximately $ 500 thousand, representing its entire investment commitment, as a limited partner in an investment fund transaction. See condensed information of the Company's investment in an associated partnership accounted for at equity in view of a revaluation of NIS 10.6 million of the investment based on an external valuation obtained in Note 6 above.

i. In keeping with the matters discussed in Note 18c(2)(b) to the annual consolidated financial statements, in the reporting period, Altshuler Real Estate utilized about NIS 98 million of its credit facilities to provide bridge loans to partnerships, of which it repaid approximately NIS 100 million by the reporting date. Also, in the reporting period, Altshuler Real Estate utilized approximately NIS 8.7 million of the credit facility, of which it repaid approximately NIS 4.5 million by the reporting date.

NOTE 8:- SIGNIFICANT EVENTS DURING THE REPORTING PERIOD (Cont.)

j. On June 24, 2025, after obtaining the approval of the Company's Audit Committee and Board, the General Meeting approved the Company's engagement in an amendment to the service agreement with Altshuler Shaham Properties Ltd. (indirectly) ("**Altshuler Properties**") in whose approval the Company's controlling shareholders have a personal interest. As per the amendment, certain services rendered by Altshuler Real Estate under this agreement to Altshuler Properties will be charged at a fixed fee of NIS 130 thousand (plus VAT) per transaction for an entire calendar year or the relative portion thereof per transaction ending in a calendar year. The parties also agreed that Altshuler Real Estate will be entitled to an additional fee of up to NIS 20 thousand (plus VAT) for services actually provided by it and/or by the Company in connection with sale of assets in investment transactions.

NOTE 9:- SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a. In keeping with the matters discussed in Note 18c(1) to the annual consolidated financial statements, on July 2, 2025, Altshuler Provident renewed a credit facility of NIS 150 million for a period of one year from the end of the former credit facility under the same terms. Moreover, on August 6, 2025, Altshuler Provident used another NIS 20 million from its credit facility which bears variable NIS interest of Prime-0.5% for a one-year period. As of the publication date of these interim consolidated financial statements, the utilized credit facility amounts to approximately NIS 70 million.

b. On August 7, 2025, a wholly controlled subsidiary of the Company, Altshuler Shaham Credit Ltd. ("**Altshuler Credit**"), through a company that is wholly controlled by Altshuler Credit, Altshuler Shaham Construction Loans Ltd. ("**Altshuler Construction Loans**"), entered into an agreement according to which Altshuler Construction Loans undertook to provide a loan facility of NIS 100 million to a borrower to be used by the borrower for financing its operating activities and for repaying owners' loans and making equity investments in existing and future urban renewal projects in the center of the country. As per the loan agreement, the borrower may withdraw the loans in five maximum instalments subject to meeting the preconditions set forth in the loan agreement as customary in this type of agreement. Any loan provided out of the loan facility will bear variable unindexed interest of Prime+4%-5%, plus VAT, with the addition of the standard commissions practiced by Altshuler Business Credit. The loan principal is repayable in a lump sum at the end of 48 months from the loan grant date.

To secure the loan facility, the borrower will provide the following collaterals: senior fixed liens in respect of and in connection with its entire rights to surplus earnings of the relevant project and junior fixed and floating liens (subordinate to liens in respect of lending banks) in connection with certain projects. Moreover, the majority holders of the borrower's issued and outstanding share capital will provide personal guarantees and negative liens.

NOTE 9:- SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD (Cont.)

c. On August 21, 2025, the Company's Board declared the distribution of a dividend of NIS 23,000 thousand, representing approximately NIS 0.12 per share, to the Company's shareholders in keeping with the Company's dividend distribution policy.

d. In keeping with the matters discussed in Note 26c to the annual consolidated financial statements, on August 21, 2025, the Company's Board approved the grant of another 224,045 options of the Company to employees in the Company and in related companies by virtue of a shelf offering report that will be issued by the Company based on the following terms:

- The exercise price of the options will be the quoted market price of the Company's share at the end of the grant date.

- 50% of the options will vest within two years from the Board's meeting approval date, another 25% will vest the following year and the remaining 25% the year thereafter. Vesting is contingent on the optionee's continued employment in the Company and on the Company's compliance with the KPIs specified in the option letters.

- The contractual life of the vested options is 10 years from the grant date.

- The allocation of the options is capital gains taxable through a trustee as set forth in Section 102(b)(2) to the Israeli Income Tax Ordinance (for qualifying service providers, the allocation will be governed by Section 3(j) to the Ordinance). The vested options will be exercised on a net cashless basis so that the exercise price is theoretical only for calculating the value of the benefit and not to be paid by the optionee.

e. In keeping with the matters discussed in Note 8h above, after the reporting period, Altshuler Real Estate raised investments in an investment round in an aggregate of $ 18.8 million. The Company participated in the investment round as an LP and invested approximately $ 940 thousand. Altshuler Real Estate will also invest in this round by itself in an amount of approximately $ 4 million.

f. In keeping with the matters discussed in Note 8i above, Altshuler Real Estate utilized approximately NIS 1.3 million of its credit facility and repaid on-call credit in same amount.

g. After the reporting date, Altshuler Investment Funds, through a special purpose entity (SPE) controlled by it, entered into an investment transaction with a fund that had purchased share capital in an industrial food company. On August 20, 2025, Altshuler Investment Funds invested the SPE's share using bridge financing in an aggregate of $ 7.5 million and is also acting to raise funds from qualifying investors.

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