

**IAI Reports Financial Results for Q3 2025:
Order Backlog Breaks Another Record Reaching approx. USD 26.5 Billion**

The most profitable first nine months of the year in Company history with net income of USD 484 million; record high in EBITDA, operating margin, gross margin and sales

- **16% increase in net income** in the period of nine months ended September 30, 2025 ("**the Reporting Period**") to about **USD 484 million** compared with about USD 416 million in the corresponding period of 2024, **the most profitable nine-month period in Company history**. Increase in net income to about USD 164 million in Q3 2025 compared with about USD 122 million in Q3 2024.
- **12% growth in EBITDA** in the Reporting Period to about USD 724 million (about 14.1% of sales) compared with about USD 646 million (about 14.7% of sales) in the corresponding period of last year. EBITDA in Q3 2025 amounted to about USD 256 million (about 13.4% of sales) compared with about USD 195 million (about 12.7% of sales) in Q3 2024.
- **Operating income grew** in the Reporting Period to about USD 489 million (about 9.5% of sales) compared with operating income of about USD 431 million (about 9.8% of sales) in the corresponding period of last year. Operating income in Q3 2025 was about USD 174 million (about 9.1% of sales) compared with operating income of about USD 121 million (about 7.9% of sales) in Q3 2024.
- **Gross profit growth** in the Reporting Period to about USD 954 million (about 19% of sales) compared with about USD 836 million (about 19% of sales) in the corresponding period of last year. Increase of about 26% in gross profit in Q3 2025, amounting to about USD 356 million (about 19% of sales) compared with about USD 282 million (about 18% of sales) in Q3 2024.
- **17% growth in sales** to about USD 5,137 million in the Reporting Period, compared with about USD 4,393 million in the nine months ended September 30, 2024. Increase of about 24% in sales in Q3 2025 to about USD 1,909 million compared with about USD 1,541 million in Q3 2024.
- **Inhouse R&D expenses** in the Reporting Period amounted to about USD 208 million, compared with about USD 212 million in the corresponding period of 2024. Inhouse R&D expenses in Q3 2025 amounted to about USD 90 million compared with about USD 81 million in Q3 2024.
- The Company has liquid assets of some USD 3.9 billion.

Boaz Levy, IAI's President and CEO: "We are proud to conclude a strong third quarter that continues IAI's growth and trajectory throughout 2025, reflecting our support for Israeli national defense and range our customers around the globe. IAI's strength builds on an extensive and diversified technological portfolio and a broad global presence, which together give us stability and flexibility in the face of evolving demands. These foundations allow us to maintain high levels of order backlog and provide the balance between addressing our customers' immediate demands and investing in the long-term development of tomorrow's capabilities. This quarter's achievements reflect the dedication and professionalism of IAI's employees, who continue to drive the Company forward during a period of intensive operational requirements and increased demand for our cutting-edge defense systems. We will continue to invest in groundbreaking technologies, strengthen international partnerships and enhance our contribution to the State of Israel's homeland security."

Israel Aerospace Industries Ltd., a leader in the Israeli military and commercial homeland defense and aerospace markets, issues its consolidated financial statements for the periods of nine and three months ended September 30, 2025 ("the Reporting Period" and "Q3 2025", respectively).

Main data for the Reporting Period and Q3 2025

The Company's sales in the Reporting Period grew to about USD 5,137 million compared with about USD 4,393 million in the corresponding period of 2024, an increase of about 17%, deriving from increased sales in all of the Company's divisions, mainly in the Systems Missiles & Space division and the ELTA division.

The sales of the Military divisions (*) in the Reporting Period increased by about 21% to about USD 4,485 million compared with about USD 3,720 million in the corresponding period of 2024, an increase of USD 765

The net income of the Military divisions ^(*) in the Reporting Period increased to about USD 521 million compared with net income of about USD 414 million in the corresponding period of last year. The net income of the Aviation division ^(*) in the Reporting Period amounted to about USD 18 million, compared with net income of about USD 36 million in the corresponding period of last year. The net income of the Military divisions ^(*) in Q3 2025 amounted to about USD 176 million compared with about USD 131 million in the corresponding quarter of last year. The net income of the Aviation division ^(*) in Q3 2025 amounted to about USD 5 million, compared with net income of about USD 16 million in the corresponding quarter of last year.

EBITDA in the Reporting Period amounted to about USD 724 million (about 14.1% of sales), compared with about USD 646 million (about 14.7% of sales) in the corresponding period of 2024. EBITDA in Q3 2025 amounted to about USD 256 million (about 13.4% of sales), compared with about USD 195 million (about 12.7% of sales) in Q3 2024.

In the Reporting Period, the Company recorded net financial income of about USD 142 million, compared with net financial income of about USD 94 million in the corresponding nine months of 2024. In Q3 2025, the Company recorded net financial income of about USD 40 million, similarly to Q3 2024.

Inhouse R&D expenses in the Reporting Period amounted to about USD 208 million, compared with USD 212 million in the corresponding period of 2024 (accounting for about 4.0% and about 4.8% of sales, respectively), a decrease of USD 4 million. Inhouse R&D expenses in Q3 2025 amounted to about USD 90 million, compared with about USD 81 million in Q3 2024 (accounting for about 4.7% and about 5.3% of sales, respectively).

In the Reporting Period, the Company recorded net tax expenses of about USD 138 million compared with net tax expenses of about USD 110 million in the nine months ended September 30, 2024. In Q3 2025, the Company recorded net tax expenses of about USD 46 million compared with net tax expenses of about USD 40 million in Q3 2024. **The Company's income is subject to the ordinary corporate tax rate in Israel – 23%, and it is not entitled to any tax benefits pursuant to the Israeli Law for the Encouragement of Capital Investments, 1959 as it is a wholly-owned government company. The sale of any interests in the Company, even at a miniscule rate, to a non-government party will render the Company eligible for a reduced corporate income tax rate ranging between 6% and 15% as per said Law.**

The **order backlog** as of September 30, 2025 amounted to about USD 26.5 billion, compared to about USD 24.9 billion at the end of 2024. 72% of the order backlog is held for sale to foreign customers with wide geographical dispersal. The order backlog is comprised of a large variety of projects and secures 4.3 years of operation given the current sales volumes.

Positive cash flows from operating activities in the Reporting Period amounted to about USD 537 million compared with positive cash flows from operating activities of about USD 1,828 million in the corresponding period of 2024. In Q3 2025, negative cash flows from operating activities amounted to about USD 128 million compared with positive cash flows from operating activities of about USD 61 million in Q3 2024.

^(*) **The data of the divisions' sales, gross profit, operating income and net income (loss) consist of inter-divisionary activities and are identical to the data included in the note on business segments in the consolidated financial statements.**

Condensed balance sheet data (USD in millions)

	<u>September 30, 2025</u>		<u>December 31, 2024</u>	
	<u>Amount</u>	<u>% of total balance sheet</u>	<u>Amount</u>	<u>% of total balance sheet</u>
Total assets	11,386	100%	10,396	100%
Of which:				
Current assets	9,228	81%	8,320	80%
Non-current assets	2,158	19%	2,076	20%
Total liabilities	8,989	79%	8,526	82%
Of which:				
Current liabilities	8,516	75%	8,093	78%
Non-current liabilities	473	4%	433	4%
Equity	2,397	21%	1,870	18%
Current ratio	1.08		1.03	
Quick ratio	0.95		0.90	

Condensed profit and loss data (USD in millions)

	<u>Nine months ended September 30,</u>		<u>Increase (decrease) compared to corresponding quarter of last year</u>	<u>Three months ended September 30,</u>		<u>Increase (decrease) compared to corresponding quarter of last year</u>
	<u>2025</u>	<u>2024</u>		<u>2025</u>	<u>2024</u>	
Sales	5,137	4,393	17%	1,909	1,541	24%
Gross profit	954	836	14%	356	282	26%
Gross margin	18.6%	19.0%		18.6%	18.3%	
Research and development expenses	208	212	(2%)	90	81	11%
Operating income	489	431	13%	174	121	44%
Operating margin	9.5%	9.8%		9.1%	7.9%	
Net income	484	416	16%	164	122	34%
Net profit margin	9.4%	9.5%		8.6%	7.9%	
EBITDA (*)	724	646	12%	256	195	31%
EBITDA margin	14.1%	14.7%		13.4%	12.7%	

(*) Operating income before financial expenses (income), net and tax expenses, with the addition of depreciation and amortization.