



**Quarterly report for
the period ended June 30, 2024**

The accompanying financial statements are a non-binding translation into English of the original financial statements published in Hebrew.

The version in Hebrew is the approved text.

Board of Directors' Report on the state of the company's affairs

We are pleased to present to shareholders the report of the Board of Directors of Automated Banking Services Ltd. (hereinafter: "the Company" or "Shva") as of June 30, 2024 for the three months and six months then ended (hereinafter: "Reported Period") in compliance with the provisions of Regulation 48 of the Israel Securities Regulations (Periodic and Immediate Reports), 1970. This directors' report presents events and changes that occurred in the Company's position during the reported period and which had material impact on the interim financial statements and the corporation's business report. This report is limited in scope and therefore should be read in conjunction with periodic report for the year ended December 31, 2023, which was published on March 28, 2024 (reference number 2024-01-034602) "**the Company's 2023 Periodic Report**", which is presented in this report by way of reference.

1. Key data from the description of the corporation's business and the explanations of the board of directors for the state of the corporation's business**1.1 General review**

The Company was incorporated in Israel in 1978 as a private company under the Companies Law. In early June 2019, after completing a public offering of its shares, the Company became listed and a 'reporting corporation', as this term is defined by the Securities Law. Accordingly, as of this date, the Company reports under International Financial Reporting Standards (IFRS) and Israel Security Regulations (Annual Financial Statements), 2010.

The Company is engaged in the operation of controlled payment systems which are national critical infrastructures, which allow, inter alia, collection of charge card transactions from terminals at businesses, transferring approvals for charge card transactions, clearing interface between acquirers and issuers of charge cards and transferring approvals for cash withdrawal transactions, management and operation of accounting interface at the ATM system, the Company is also engaged in providing aggregate information and other related activities. The Company has a single operating segment, the clearing segment, which includes, among others, several activities, as detailed below:

:

- (1) Operation of a bidirectional communication system between acquirers and charge card issuers and businesses, for the approval and collection of transactions performed using charge cards at businesses (hereinafter, respectively: the "**Approval and Collection Interface**" and the "**Approval and Collection Services**"). The credit card companies participating in the system are Isracard Ltd. (**Isracard**), Israel Credit Cards Ltd. (**CAL**) and Max It Finance Ltd. (**Max**) as the issuing and clearing companies (Isracard, Cal and Max are collectively referred to below as: "**the credit companies**" or "**credit card companies**"). In April 2017 and March 2018, the Bank of Israel granted a clearing license to two additional companies that commenced their activities as clearing companies - Tranzilla Ltd. (**Tranzilla**) and Cardcom Clearing Ltd. (**Cardcom**); Cardcom and Tranzilla will be referred to collectively: "**the new acquirers**") who joined as participants in the charge cards system. In 2023, the Bank of Israel approved the joining of Upay Clearing Ltd. (**Upay**) as an additional clearing company for the charge card payment system.

In February 2024, the Company began the process of adding 019 Payment Services Ltd. as an additional issuer, and in March 2024, the company began adding RPYD in accordance with the Bank of Israel's instructions for foreign licensed entities.

- (2) Management and operation of the accounting interface of the charge card system - for the purpose of calculating the net activity, i.e. the final accounting between an issuer and an acquirer for charge card activity at businesses, the system receives from the acquirers the transactions that were not issued by them, and offsets the credit amounts amongst them, offsetting the cross commission. At the end of the calculation, credit/charge files are produced for the relevant parties. From May 2023, clearing is carried out directly in the Zahav system in the Bank of Israel.
- (3) Management and operation of a switching system connecting different ATM networks, including those operated by various banks, such as Bank Leumi Le-Israel Ltd. (hereinafter: “**Bank Leumi**”), Bank Hapoalim Ltd. (hereinafter: “**Bank Hapoalim**”), Israel Discount Bank Ltd. (hereinafter: “**Discount Bank**”), First International Bank of Israel Ltd. (hereinafter: “**FIBI**”), Mizrahi Tefahot Bank Ltd. (hereinafter: “**Mizrahi Tefahot Bank**”), Bank of Jerusalem Ltd. (hereinafter: “**Bank of Jerusalem**”) and Bank Yahav for Government Employees Ltd. (hereinafter: “**Bank Yahav**”) and One Zero Digital Bank Ltd. (“**One Zero**”) in a manner that allows transmitting transaction approvals for withdrawal and information requests at various ATMs (operated by those banks, and also for other banks through them), regardless of the bank at which the customer has an account or the entity that owns the ATM (hereinafter: the “**ATM Switch**” and the “**ATM Switching Services**”). On March 15, 2021, a license to provide deposit and credit services was granted to Ofek Cooperative Credit Society Ltd. (**Ofek Cooperative Credit Society**) by the Capital Market, Insurance and Savings Authority. The validity of the license was extended until December 31, 2024. Ofek Credit Society is planned to connect to the Company's ATM switch in July 2024. In August 2023, an approval was received from Hotam for including ATMS Matrix (**Matrix**) to the ATM system as an ATM operator. ATMS Matrix Ltd. has a license to provide a basic financial asset service from the Capital Market, Insurance and Savings Authority and as of the date of this report is expected to join the ATM system in August 2024. In November 2023, Hotam's approval was received for including Smart Advanced ATM Services HaTamar Fund Ltd. (hereinafter: “**Smart ATM Services**”) in the ATM system as an ATM operator. Smart ATM Services is a company that has a license to provide extended financial asset services from the Capital Market, Insurance and Savings Authority and as of the date of this report is expected to join the ATM system in the January 2025 entry window.
- (4) In accordance with the instructions of the Bank of Israel, in May 2023 the Company began providing management services and operation of the ATM accounting interface of the ATM system. For the purpose of calculating the net activity between issuers and ATM operators for cash withdrawals, the ATM operators will transfer files containing the cash withdrawals made with cards of other banks or non-bank issuance operators. At the end of the calculation, the system will generate credit/debit files that will be sent to the relevant parties at the same time as they are deposited in the Zahav system operated by the Bank of Israel, for the purpose of direct clearing.
- (5) Development and distribution of the Ashrait PC and Ashrait WEB software - the Company has developed an infrastructure software for points of sale, which allows the execution of charge card transactions at businesses, including in internet websites. The software allows for two work configurations – running on the computer of the place of business or running on servers of the Company. The Company is working to certify the Ashrait software that will be supported by Android devices.
- (6) Membership in the association for managing EMV terminals protocol in Israel – the Company is active in the association and promotes changes to improve the payment systems in Israel.

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- (7) Tests to approve POS devices (Point of sale) or Pin Pad devices in the EMV system - for the purpose of starting the operation of new devices in businesses, the Company performs testing services to confirm the operation of the devices according to the EMV protocol.
- (8) Certification of terminals for EMV - as a supplementary service to acquirers with the intention of promoting deployment of EMV-supporting terminals, the Company offers an end-to-end certification service for terminals for the purpose of qualifying the EMV standard.
- (9) Services to discount companies - the Company provides a service to discount companies that offer advance payments to businesses for transactions carried out at terminals placed in businesses.
- (10) Service to adjustment companies - the Company provides information services to adjustment companies that perform comparison between the data that is transferred to it from the Company and the credits that the business receives from the acquirers at terminals.
- (11) Shva Arena- the Company expands its "Ashrait" software services in accordance with the changing market needs and enables payment solution providers (PSPs - Payment service providers) to provide businesses with a variety of new value propositions and advanced technologies on the charge card system infrastructure. The aforementioned services include the 3DS service - a service of increased authentication while identifying charge card holders in internet transactions, for the purpose of reducing fraud and denials, as well as the TOP service - a service in the form of an application that allows the business to turn the smartphone into a mobile clearing device. The service is currently available for smartphones with Android operating system.
- (12) Shva Insights - the Company provides access to aggregate and anonymous information for the end customer and everything is subject to the legal provisions applicable to the Company. These days this service is expanding and consolidating into an advanced service of accessing aggregate information with advanced technology. The information is used by the Company's customers for supporting, financial, marketing, sales, research and business decisions.
- (13) CLP – the Company has developed a solution in the charge card payment system that allows connection of CLP operators (Close Loop Payment) for transmission of approvals between businesses and club operators for the purpose of approving requests to carry out a transaction with cards authorized to operate in the closed system.

For further details regarding the services provided by the Company and its area of activity see Chapter A – Description of the Corporation's Business in the Periodic Report for 2023.

1.2 Economic developments in Israel

The consumer price index increased in the six months ended June 30, 2024 at a rate of about 2%.

In July 2024, the Bank of Israel decided to leave the interest rate in Israel unchanged at the level of 4.5%. According to Bank of Israel forecasts from July 2024, the inflation rate in 2024 is expected to be 3% (compared to 2.7% in the forecast provided in April 2024).

The inflation forecast has been updated upwards due to revising the working assumptions regarding the intensity and duration of the fighting.

The growth forecast of the Bank of Israel from July 2024 has been updated downwards and is expected to be approximately 1.5% (compared to 2% in the forecast provided in April 2024) and this is due to revising the assumption regarding the intensity and duration of the fighting and in view of the downward update of the data underlying the forecast.

The main effect of the increase in inflation and interest rates is on the value of the Company's trading securities portfolio, which is reflected in financing income.

1.3 Consequences of the "Iron Swords" war

On Saturday, October 7, 2023, the terrorist organization Hamas launched a murderous attack on the State of Israel, in which they murdered and killed many Israelis and kidnapped civilians, soldiers and foreign nationals. The State of Israel declared the outbreak of the "Iron Swords" war ("**the war**"). The war also expanded to the northern region and also affects the center of the country and the Israeli home front throughout the country. The war resulted in a series of consequences and restrictions, among others, the evacuation of complete communities, the closing of many businesses, and in particular the closing of factories in the south and north of the country for the period.

In the days after the outbreak of the war and until now, Iran, the terrorist organization Hezbollah and the Houthis have initiated various attack events on the northern and southern borders. The war resulted in a series of consequences and restrictions, among others, the evacuation of entire settlements, the closing of many businesses, and in particular the closing of factories in the south and north of the country for a considerable period.

At the time of preparing this report, about 10 months after the outbreak of the war, the full scale of the war, its duration and effects are still unclear. The continuation of the war may have wide-ranging consequences on various sectors of activity, various geographic areas in the country, and the state of the entire economy, among other things in terms of personnel resources, fluctuations in foreign exchange rates, impact on the capital market and more.

Nevertheless, it should be indicated that already from December 2023, a recovery of the economy and increase in charge cards activity can be seen in most sectors of activity. The Company estimates that it is financially solvent and its main customers are characterized by stability and long-term engagements. In view of the above, the Company does not foresee an impact on its financial strength at the present time or in the near term.

As of the date of the report, work is being carried out as usual and there is no material impact on the Company's manpower. The Company's activity continues continuously and the services are regularly provided to its customers.

The aforementioned regarding the Company, including the Company's estimate of the consequences of the war on its activities and the effects of the war which is in progress are not yet clear and its full impact is forward-looking information, as this term is defined by the Israel Securities Law, 1968, and is an assessment that relies on the information available to the Company as of the date of publishing the financial statements. This information includes forecasts, assessments, estimates and other information that relate to future events and matters that are uncertain and not exclusively controlled by the Company ("Forward-Looking Information").

Key facts and data underlying this information concerning the current position of the Company and its business, are facts and data concerning the war and the current situation in Israel that affects the activity of the Company, various regulatory guidance that apply to the Company and macroeconomic data, all as known to the Company on the date of this report. It is uncertain whether the expectations and assessments of the Company will eventually materialize, and its results of operations may be significantly different than the results that are estimated or implied above, among other factors, due to change in each of the above factors, the intensity, scope, duration of such circumstances, and the ability of the Company to manage them.

1.4 Activity of the Company in the Reported Period

Transactions with charge cards

Debit transactions – The number of debit transactions executed with all credit card companies.

Credit transactions – The number of credit transactions executed with all credit card companies.

Below are the total numbers of debit and credit transactions completed using the Ashrait system (in millions of transactions):

	For the six -month period ended June 30		For the year ended December 31,
	2024	2023	2023
Debit transactions	1,165	1,082	2,174
Credit transactions	11	10	22

ATM switching services

Number of balance checks and withdrawals – The number of times that holders of bank-issued charge cards request to check their account balance on ATM's of the bank that operate it (hereinafter: the "Clearing Bank"), and the number of cash withdrawal requests that the Clearing Bank submitted, through the Company, to the issuing bank.

Amount – The cumulative total amount of withdrawal requests that Clearing Bank submitted through the Company to the issuing bank.

Below are total numbers of account balance checks and withdrawals (in thousands of transactions) and total amounts of withdrawal requests (in millions of NIS):

	For the six -month period ended June 30		For the year ended December 31,
	2024	2023	2023
Total numbers of account balance checks and withdrawals (in thousands of transactions)	30,020	31,558	61,795
Total amounts of withdrawal requests (in millions of NIS)	25,499	25,835	51,211

Material events during the Reported Period

- On January 24, 2024, the Company's board of directors approved the allocation of 30,000 options convertible into ordinary shares of NIS 0.0001 par value of the Company to an office holder in the Company. The options were granted in February 2024. For details, see immediate report from January 29, 2024 (reference 2024-01-013080).
- On February 22, 2024, 351,200 options were issued to the Company's employees. For details, see immediate report dated February 22, 2024 (reference 2024-01-018837).
- On March 14, 2024, the general meeting approved the terms of office of the chairman of the Company's board of directors, Mr. Sharon Haran. For details, see immediate reports from February 4, 2024 (reference 2024-01-013200) and from March 14, 2024 (reference 2024-01-026457).
- On April 9, 2024, the general meeting of the Company's shareholders approved the Company's entering into a permanent agreement to separate from Masav. For details, see an immediate report dated May 29, 2024 (reference 2024-01-054154).
- On April 18, 2024, the Company received the commissioner's decision to accept the Company's request and cancel section 1 of the exemption decision. The commissioner specifies in her decision that she is convinced that the existence of the condition leads to a delay in the Company's development in areas that are not necessarily relevant to the competition between the banking corporations and creates difficulties for its operations. These difficulties may prevent the Company from offering services that benefit the public or delay the offering of these services, without any competitive justification. On the other hand, as for the concern underlying the imposition of the condition as part of the exemption decision - the commissioner's position has not changed according to which the Company's entry into any new field of activity is similar to another new joint venture between the banking corporations. Therefore, the cancellation of the aforementioned clause in the conditions of the exemption does not change the essence of the competitive obligations imposed on the Company, but changes the legal situation only in that the examination of the competitive effects of the Company's entry into a new field of activity will be done by the Company, in accordance with the Rules of Economic Competition (Type Exemption for Joint Ventures) (Temporary Order), 2006 - whereas the commissioner will examine this retrospectively, as far as enforcement is concerned, and not from the outset, similar to other joint ventures between competitors.
- On June 17, 2024, the general meeting of the Company's shareholders approved: (1) re-appointments of the Company's auditors; (2) adoption of an up-to-date remuneration policy for the Company's officers; (3) Approval of the updated terms of office of the Company's CEO, Mr. Eitan Lev Tov. For details see immediate report dated June 17, 2024 (reference 2024-01-061297).
- The information contained in the aforementioned reports is presented herein by way of reference.

Updates in the Description of the Corporation's Business in the Company's Periodic Report for 2023:

Update to sections 8.9 and 8.10 in the chapter of description of the corporation's business:

SHVA Arena

During the first and second quarter of 2024, the Company continues to advance the development and expansion of its Ashrait software capabilities in accordance with the changing market needs, thus enabling payment solution providers (PSPs) to provide businesses with a variety of new value propositions and advanced technologies over the payment system infrastructure. As part of the aforementioned, additional services were added to the existing services such as transaction storage services in cloud and back office services which include, among other things, a terminal management portal for performing manual operations such as managing authorizations at the terminals, search queries for transactions, delaying and crediting transactions and more.

Shva Arena and Shva Insights services - the Company signed the first engagement agreements for the provision of Shva Arena and Shva Insights services with new customers.

Update to section 8.25 in the chapter of description of the corporation's business:

De-tokenization service for CLP cards - the Company is expanding its services for participants who operate in the charge card payment system as CLP (CLOSED LOOP PAYMENT SYSTEM) operators and is working to enable contactless operations for club cards as well. The application is made possible through cooperation with MasterCard and the first CLP operator in Israel, which enables the issuance and adding club cards into payment wallets in an innovative application that is expected to be implemented during the third quarter of 2024.

Information access service for the purpose of providing services by MasterCard - the Company has developed the possibility of accessing enriched information that will be added through MasterCard, for the issuers in applications for approval. The enriched information is expected to help the issuers connected to the system in making a decision regarding the approval of the application as part of the issuer's risk management. The service has commenced as a 9-month pilot, from the customer's signing of an agreement with the Company, at the end of which it will be decided whether to fully implement the service.

The foregoing regarding the expected date for the provision of services and collaborations is forward-looking information within the meaning of this term in the Securities Law, 1968 and is an estimate based on the information available to the Company at the time of publication of the financial statements and which also includes forecasts, assessments, estimates relating to future events and matters, the realization of which is not certain and is not under the control of the Company ("forward-looking information"). The key facts and data used as a basis for this information are the existing contracts of the Company and the progress of the relevant projects as known to the Company at the time of the report. The Company is uncertain whether its expectations and estimates will be realized, and the results of the Company's activity may differ substantially from the results estimated or implied from the above, among other things, due to a change in regulation, the security situation or actions taken by the other party to the contract.

1.5 Financial position and results of activity

The following presents key information from the financial statements of the Company and explanations of main changes in statement of financial position items as of June 30, 2024 compared to December 31, 2023 (NIS in thousands):

	As of June 30,	As of December 31		
	2024	2023		
	(Unaudited)	(Audited)	Change	Comments and explanations
Assets				
Cash and cash equivalents	15,189	17,833	(2,644)	Decrease mainly derives from dividend distribution
Short term deposits	6,084	14,095	(8,011)	
Marketable securities portfolio	140,762	139,691	1,071	
Trade receivables	29,698	26,454	3,244	Increase mainly derives from increase in activity
Other receivables	7,878	6,268	1,610	
Current tax assets	2,434	2,639	(205)	
Excess plan assets for post-retirement employee benefits	2,322	1,625	697	
Property, plant and equipment, net	23,244	25,033	(1,789)	
Intangible assets, net	21,590	13,784	7,806	In respect of investment in projects and development of new products.
Right-of-use assets	18,610	19,451	(841)	
Long-term prepaid expenses	6,172	7,627	(1,455)	
Deferred taxes	532	550	(18)	
Liabilities and equity				
Current maturities for leases	2,015	2,142	(127)	
Trade payables	2,391	2,264	127	
Other payables	16,978	17,342	(364)	
Long term deferred income	3,354	2,339	1,015	
Lease liabilities	17,635	18,187	(552)	
Liabilities for employee benefits	1,303	1,408	(105)	
Equity attributed to shareholders of the Company	230,839	231,368	(529)	

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1.6 Results of operations

The following are the key changes in profit and loss items for the period ended June 30, 2024 compared to the period ended June 30, 2023 (NIS in thousands):

	For the six-month period ended June 30,		For the year ended December 31	Change compared to June 30	Comments and explanations compared to corresponding period last year
	2024	2023	2023	2024	
	(Unaudited)		(Audited)		
Revenue from services provided to credit card companies	64,799	58,643	120,540	6,156	Increase is mainly in transactions and infrastructure based revenues and price list updates from May 2023 in view of increase in inputs.
Revenue from services provided to others	9,542	5,852	14,379	3,690	The increase is mainly due to failure arrangement, new revenues and price list update starting in May 2023 in view of increase in inputs.
Total revenues	74,341	64,495	134,919	9,846	
Operational, general and administrative expenses	46,090	42,404	92,951	3,686	Continued reinforcement of the technological system, information security and adding manpower as part of implementing the strategic plan
Operating income	28,251	22,091	41,968	6,160	
Financial income, net	1,576	3,238	6,696	(1,662)	Moderate increase in the Company's securities portfolio in view of the capital market's volatility
Income before income tax	29,827	25,329	48,664	4,498	
Provision for income tax	6,792	5,126	10,448	1,666	
Net income attributed to shareholders	23,035	20,203	38,216	2,832	
Net basic and diluted earnings per share	0.58	0.51	0.96		

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1.7 Liquidity and sources of financing

The following are the key changes in cash flow items in the period ended June 30, 2024 compared to the period ended June 30, 2023 (NIS in thousands):

	For the six-month period ended June 30		For the year ended December 31	Comments and explanations compared to corresponding period last year
	2024	2023	2023	
	(Unaudited)		(Audited)	
Net income for the period	23,035	20,203	38,216	
Adjustments to income	10,605	7,261	14,583	
Cash flows before changes in asset and liability items and before finance and taxes	33,640	27,464	52,799	
Changes in asset and liability items, net	(2,621)	(13,429)	(7,713)	Mainly from prepaid expenses paid last year
Cash flow from taxes and finance	(5,353)	(7,886)	(13,385)	
Net cash provided by operating activity	25,665	6,150	31,701	
Net cash used in investing activity	(2,210)	(8,905)	(27,486)	
Net cash used in financing activity	(26,099)	(23,150)	(24,323)	Increase in the dividend amount that was paid

1.8 Financing sources

The Company finances all activity from using its own resources.

2. Exposure to and management of market risks

Market risk exposure of the Company

In the first six months of 2024, there were no material changes in the Company's risk assessment and risk profile. For more details regarding the description of the market risks to which the Company is exposed, see section 2 of the Company's board of directors and management report attached to the Company's periodic report for 2023. The marketable securities portfolio as of June 30, 2024 amounted to NIS 140,762 thousand, compared to NIS 139,691 thousand as of December 31, 2023. Cash and bank deposits as of June 30, 2024 amounted to NIS 21,273 thousand, compared to NIS 31,928 thousand as of December 31, 2023. The value of the marketable securities portfolio, cash and bank deposits as of June 30, 2024 amounted to NIS 162,035 thousand compared to NIS 171,619 thousand as of December 31, 2023.

Officer responsible for market risk of the Company

The officer responsible for market risk of the Company is Mr. Eitan Lev Tov, CEO of the Company.

Market risk management policy of the Company

The overall responsibility for market risk management and oversight is of the Company's board of directors. For information about risk management policy, investment policy and oversight of market risk, see the Company's board of directors and management report in the Company's 2023 periodic report.

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2.1 Fair value of financial instruments and sensitivity tests

2.1.1 Fair value of financial instruments

	As of June 30, 2024				
	NIS in thousands				
	Israeli currency		Foreign currency		
	Unlinked	Linked	US dollar	Other	Total
Assets					
Cash and cash equivalents	13,645	-	887	657	15,189
Short term deposits	6,084	-	-	-	6,084
Marketable securities	75,229	56,030	9,503	-	140,762
Trade receivables	29,698	-	-	-	29,698
Other receivables	1,075	-	-	-	1,075
Income tax receivable	2,434	-	-	-	2,434
Total financial assets	128,165	56,030	10,390	657	195,242
Current maturities of lease liabilities	-	2,015	-	-	2,015
Trade payables	2,174	-	217	-	2,391
Other payables	10,644	-	-	-	10,644
Lease liabilities	-	17,635	-	-	17,635
Total financial liabilities	12,818	19,650	217	-	32,685
Net fair value of financial instruments	115,347	36,380	10,173	657	162,557

	As of June 30, 2023				
	NIS in thousands				
	Israeli currency		Foreign currency		
	Unlinked	Linked	US dollar	Other	Total
Assets					
Cash and cash equivalents	10,791	-	1,133	112	12,036
Short term deposits	10,128	-	-	-	10,128
Marketable securities	78,050	47,446	5,445	-	130,941
Trade receivables	28,549	-	-	-	28,549
Other receivables	878	-	-	-	878
Total financial assets	1,052	-	-	-	1,052
Current maturities of lease liabilities	129,448	47,446	6,578	112	183,584
Trade payables	-	2,239	-	-	2,239
Other payables	3,064	-	-	-	3,064
Income tax payable	8,296	-	-	-	8,296
Lease liabilities	-	18,981	-	-	18,981
Total financial liabilities	11,360	21,220	-	-	32,580
Net fair value of financial instruments	118,088	26,226	6,578	112	151,004

2.1.1 Fair value of financial instruments (Cont.)

	As of December 31, 2023				
	NIS in thousands				
	Israeli currency		Foreign currency		
	Unlinked	Linked	US dollar	Other	Total
Assets					
Cash and cash equivalents	15,790	-	1,207	836	17,833
Short term deposits	14,095	-	-	-	14,095
Marketable securities	89,620	41,219	8,852	-	139,691
Trade receivables	26,454	-	-	-	26,454
Other receivables	450	-	-	-	450
Total financial assets	2,639	-	-	-	2,639
Current maturities of lease liabilities	149,048	41,219	10,059	836	201,162
Trade payables	-	2,142	-	-	2,142
Other payables	2,214	-	50	-	2,264
Income tax payable	11,762	-	-	-	11,762
Lease liabilities	-	18,187	-	-	18,187
Total financial liabilities	13,976	20,329	50	-	34,355
Net fair value of financial instruments	135,072	20,890	10,009	836	166,807

2.1.2 Impact of hypothetical changes in interest rate on net fair value of financial instruments:

	As of June 30, 2024						
	NIS in thousands						
	Net fair value of financial instruments considering change in interest rate						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 1%	112,031	34,514	10,143	657	157,344	(5,213)	(3.21)
Immediate increase of 0.1%	115,015	36,194	10,170	657	162,036	(521)	(0.32)
Immediate decrease of 1%	118,663	38,247	10,202	657	167,770	5,213	3.21
Immediate decrease of 0.1%	115,679	36,567	10,176	657	163,078	521	0.32

	As of June 30, 2023						
	NIS in thousands						
	Net fair value of financial instruments considering change in interest rate						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 1%	115,013	25,084	6,578	112	146,787	(4,217)	(2.79)
Immediate increase of 0.1%	117,780	26,112	6,578	112	150,582	(422)	(0.28)
Immediate decrease of 1%	121,163	27,368	6,578	112	155,221	4,217	2.79
Immediate decrease of 0.1%	118,395	26,341	6,578	112	151,426	422	0.28

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2.1.2 Impact of hypothetical changes in interest rate on net fair value of financial instruments(Cont.):

	As of December 31, 2023						
	NIS in thousands						
	Net fair value of financial instruments considering change in interest rate						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 1%	131,860	19,413	9,971	836	162,080	(4,727)	(2.83)
Immediate increase of 0.1%	134,752	20,742	10,004	836	166,334	(473)	(0.28)
Immediate decrease of 1%	138,287	22,366	10,045	836	171,534	4,727	2.83
Immediate decrease of 0.1%	135,395	21,037	10,012	836	167,280	473	0.28

2.1.3 Impact of hypothetical changes in prices of marketable shares on net fair value of financial instruments:

	As of June 30, 2024						
	NIS in thousands						
	Net fair value of financial instruments considering change in prices of marketable shares						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 10%	116,559	36,380	10,992	657	164,588	2,031	1.25
Immediate increase of 5%	115,953	36,380	10,582	657	163,572	1,015	0.62
Immediate decrease of 10%	114,135	36,380	9,354	657	160,526	(2,031)	(1.25)
Immediate decrease of 5%	114,741	36,380	9,764	657	161,542	(1,015)	(0.62)

	As of June 30, 2023						
	NIS in thousands						
	Net fair value of financial instruments considering change in prices of marketable shares						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 10%	118,912	26,226	7,507	112	152,757	1,753	1.16
Immediate increase of 5%	118,500	26,226	7,043	112	151,881	877	0.58
Immediate decrease of 10%	117,265	26,226	5,648	112	149,251	(1,753)	(1.16)
Immediate decrease of 5%	117,676	26,226	6,113	112	150,127	(877)	(0.58)

	As of December 31, 2023						
	NIS in thousands						
	Net fair value of financial instruments considering change in prices of marketable shares						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 10%	136,281	20,890	10,764	836	168,771	1,964	1.18
Immediate increase of 5%	135,677	20,890	10,387	836	167,790	983	0.59
Immediate decrease of 10%	133,866	20,890	9,251	836	164,843	(1,964)	(1.18)
Immediate decrease of 5%	134,469	20,890	9,629	836	165,824	(983)	(0.59)

2.1.4 Impact of changes in the Israel Consumer Price Index on net fair value of financial instruments:

	As of June 30, 2024						
	NIS in thousands						
	Net fair value of financial instruments considering change in the Israel Consumer Price Index						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 2%	115,347	37,108	10,173	657	163,285	728	0.45
Immediate increase of 1%	115,347	36,744	10,173	657	162,921	364	0.22
Immediate decrease of 2%	115,347	35,652	10,173	657	161,829	(728)	(0.45)
Immediate decrease of 1%	115,347	36,016	10,173	657	162,193	(364)	(0.22)

	As of June 30, 2023						
	NIS in thousands						
	Net fair value of financial instruments considering change in the Israel Consumer Price Index						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 2%	118,088	26,750	6,578	112	151,528	524	0.35
Immediate increase of 1%	118,088	26,488	6,578	112	151,266	262	0.17
Immediate decrease of 2%	118,088	25,702	6,578	112	150,480	(524)	(0.35)
Immediate decrease of 1%	118,088	25,964	6,578	112	150,742	(262)	(0.17)

	As of December 31, 2023						
	NIS in thousands						
	Net fair value of financial instruments considering change in the Israel Consumer Price Index						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 2%	135,072	21,308	10,009	836	167,225	418	0.25
Immediate increase of 1%	135,072	21,099	10,009	836	167,016	209	0.13
Immediate decrease of 2%	135,072	20,472	10,009	836	166,389	(418)	(0.25)
Immediate decrease of 1%	135,072	20,681	10,009	836	166,598	(209)	(0.13)

3. Disclosure regarding financial reporting of the Company**3.1 Limits on dividend distributions**

Distribution of dividend to shareholders of the Company is subject to the provisions of the statute and the Company's articles, as well as the rules and conditions for dividend distribution in the Companies Law.

On March 26, 2024, the Company's Board of Directors decided to distribute a dividend of NIS 25,000 thousand (approximately NIS 0.625 per share) constituting 50% of the profits of 2023 in accordance with the distribution policy in addition to one-time amount of NIS 6 million. The dividend was distributed on April 16, 2024. For further details, see the immediate report published by the Company on March 28, 2024 (reference: 2024-01-034623).

For information about dividend distribution by the Company, see section 5 in Chapter A (Description of the Corporation's Business) in the Company's 2023 Annual Report.

3.2 Liabilities by maturity

For information about liabilities of the Company, please refer to an immediate report published on the date of this report regarding the liabilities of the corporation as published in the distribution website of the Israel Securities Authority at <http://www.magna.isa.gov.il>.

4. Corporate governance**Executives (other than directors) who ceased serving during the reported year:**

No changes took place in the reported period.

5. Legal proceedings

See note 3b to the financial statements.

6. Internal auditor

For details regarding the internal auditor, including the manner of his appointment, the work plan and the scope of the internal audit, see section 5 of the Company's Board of Directors' Report for 2023, which is attached to the Company's Periodic Report for 2023 the information contained therein is by reference.

7. Critical accounting estimates

In the Reported Period, no changes have taken place in critical accounting estimates as discussed in note 2 to the financial statements of the Company as of December 31, 2023.

8. Events after the reported period:

For more details, see note 5 to the financial statements.

Sharon Haran
Chairman of the Board

Eitan Lev Tov
Chief Executive Officer

Date of approving the financial statements: August 20, 2024.

AUTOMATED BANKING SERVICES LTD.
INTERIM FINANCIAL INFORMATION
(UNAUDITED)
AS OF JUNE 30, 2024



AUTOMATED BANKING SERVICES LTD.
CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
AS OF JUNE 30, 2024

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Auditors' review report to the shareholders of Automated Banking Services Ltd.

Introduction

We have reviewed the attached financial information of Automated Banking Services Ltd. (hereinafter - "the Company"), which is comprised of the condensed consolidated statement of financial position as of June 30, 2024 and the condensed consolidated statements of profit or loss, comprehensive income, changes in shareholder's equity and cash flows for the three months and six months ended on that date. The Board of Directors and management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with the provisions of IAS 34 "Interim Financial Reporting" and are also responsible for preparing financial information for these interim periods in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), -1970. Our responsibility is to express a conclusion with respect to the financial information for these interim periods, based on our review.

Scope of review

Our review was conducted in accordance with the provisions of Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel concerning "Review of financial information for interim periods undertaken by the entity's auditor". A review of financial information for interim periods consists of making enquiries, in particular, of those officials responsible for financial and accounting matters, and of the application of analytical and other review procedures. A review is substantially lesser in scope than an audit conducted in accordance with auditing standards generally accepted 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 above financial information is not prepared, in all material respects, in accordance with IAS 34.

Further to the preceding paragraph, based on our review, nothing has come to our attention that causes us to believe that the above financial information is not in compliance, in all material respects, with the disclosure provisions in Chapter D of Israel Security Regulations (Periodic and Immediate Reports), 1970.

Emphasis of matter paragraph

Without qualifying our opinion, we draw attention to note 3 to the financial statements which describes a decision by the Commissioner of Competition to grant a conditioned exemption from recognition as a restrictive arrangement.

Tel Aviv
August 20, 2024

Kesselman & Kesselman
Certified Public Accountants
Member firm of PricewaterhouseCoopers International Limited

AUTOMATED BANKING SERVICES LTD.
CONDENSED STATEMENTS OF FINANCIAL POSITION
Amounts in thousand NIS

	As of June 30		As of December 31,
	2024	2023	2023
	(Unaudited)		(Audited)
A s s e t s			
CURRENT ASSETS:			
Cash and cash equivalents	15,189	12,036	17,833
Short term deposits	6,084	10,128	14,095
Marketable securities	140,762	130,941	139,691
Trade receivables	29,698	28,549	26,454
Other receivables	7,878	9,531	6,268
Current tax assets	2,434	1,052	2,639
Total current assets	202,045	192,237	206,980
NON-CURRENT ASSETS:			
Excess plan assets for post-retirement employee benefits	2,322	968	1,625
Property, plant and equipment, net	23,244	25,481	25,033
Intangible assets, net	21,590	8,551	13,784
Right-of-use assets	18,610	20,497	19,451
Prepaid expenses	6,172	3,208	7,627
Deferred taxes	532	719	550
Total non-current assets	72,470	59,424	68,070
Total assets	274,515	251,661	275,050

AUTOMATED BANKING SERVICES LTD.
CONDENSED STATEMENT OF FINANCIAL POSITION
Amounts in thousand NIS

	As of June 30		As of December 31,
	2024	2023	2023
	(Unaudited)		(Audited)
Liabilities and equity			
CURRENT LIABILITIES:			
Current maturities of lease liabilities	2,015	2,239	2,142
Trade payables	2,391	3,064	2,264
Other payables	16,978	14,103	17,342
Total current liabilities	21,384	19,406	21,748
NON-CURRENT LIABILITIES:			
Long term deferred revenues	3,354	-	2,339
Lease liabilities	17,635	18,981	18,187
Liability for employee benefits	1,303	1,319	1,408
Total non-current liabilities	22,292	20,300	21,934
Total liabilities	43,676	39,706	43,682
EQUITY			
Share capital	4,587	4,587	4,587
Share premium	150	150	150
Capital reserve for share based payment	5,796	3,443	4,783
Other comprehensive loss	(1,387)	(1,870)	(1,810)
Retained earnings	221,693	205,645	223,658
Total equity attributed to shareholders of the Company	230,839	211,955	231,368
Total liabilities and equity	274,515	251,661	275,050

Sharon Haran
Chairman of the
Board

Eitan lev Tov
Chief Executive
Officer

Ofer Eden
VP of Finance
and CFO

Date of approving the financial information: August 20, 2024

The notes to the condensed financial information are an integral part thereof.

AUTOMATED BANKING SERVICES LTD.
CONDENSED STATEMENT OF PROFIT OR LOSS
Amounts in thousand NIS

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited)		(Unaudited)		(Audited)
Revenues					
From the provision of services to credit card companies	64,799	58,643	32,754	30,261	120,540
From the provision of services to others	9,542	5,852	4,786	3,503	14,379
Total Revenues	74,341	64,495	37,540	33,764	134,919
Operating, general and administrative expenses	46,090	42,404	22,796	21,444	92,951
Operating profit	28,251	22,091	14,744	12,320	41,968
Finance Income (expenses) from marketable securities, net	1,243	3,155	(562)	2,643	6,393
Finance income	666	500	269	185	1,068
Finance expenses	(333)	(417)	(156)	(184)	(765)
Finance income (expenses), net	1,576	3,238	(449)	2,644	6,696
Profit before taxes on income	29,827	25,329	14,295	14,964	48,664
Income tax	6,792	5,126	3,361	2,740	10,448
Net profit attributable to Company shareholders	23,035	20,203	10,934	12,224	38,216
Net basic and diluted earnings per share attributable to shareholders (in NIS)	0.58	0.51	0.27	0.31	0.96

The notes to the condensed financial information are an integral part thereof.

AUTOMATED BANKING SERVICES LTD.
CONDENSED STATEMENT OF PROFIT OR LOSS
Amounts in thousand NIS

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited)		(Unaudited)		(Audited)
Net income	23,035	20,203	10,934	12,224	38,216
Components of other comprehensive income					
Amounts not reclassified to profit or loss:					
Adjustments required for employee benefits	549	-	549	-	78
Relevant tax impact	(126)	-	(126)	-	(18)
Other comprehensive income attributed to shareholders, after tax	423	-	423	-	60
Total comprehensive income attributed to shareholders	23,458	20,203	11,357	12,224	38,276

The notes to the condensed financial information are an integral part thereof.

AUTOMATED BANKING SERVICES LTD.
CONDENSED STATEMENT OF CHANGES IN EQUITY
Amounts in thousand NIS

For the six-month period ended June 30, 2024 (unaudited)

	Share capital	Share premium	Capital reserve for share based payment	Accumulated other comprehensive loss	Retained earnings	Total equity
Balance at January 1, 2024	4,587	150	4,783	(1,810)	223,658	231,368
Changes during period:						
Net income for the period	-	-	-	-	23,035	23,035
Other comprehensive income	-	-	-	423	-	423
Total comprehensive income		-		423	23,035	23,458
Cost of share based payment	-	-	1,013	-	-	1,013
Dividend payable	-	-	-	-	(25,000)	(25,000)
Balance at June 30, 2024	<u>4,587</u>	<u>150</u>	<u>5,796</u>	<u>(1,387)</u>	<u>221,693</u>	<u>230,839</u>

For the six-month period ended June 30, 2023 (unaudited)

	Share capital	Share premium	Capital reserve for share based payment	Accumulated other comprehensive loss	Retained earnings	Total equity
Balance at January 1, 2023	4,587	150	2,139	(1,870)	207,442	212,448
Changes during period:						
Net income for the period	-	-	-	-	20,203	20,203
Cost of share based payment	-	-	1,304	-	-	1,304
Dividend distributed	-	-	-	-	(22,000)	(22,000)
Balance at June 30, 2023	<u>4,587</u>	<u>150</u>	<u>3,443</u>	<u>(1,870)</u>	<u>205,645</u>	<u>211,955</u>

The notes to the condensed financial information are an integral part thereof.

AUTOMATED BANKING SERVICES LTD.
CONDENSED STATEMENT OF CHANGES IN EQUITY
Amounts in thousand NIS

For the three-month period ended June 30, 2024 (unaudited)

	Share capital	Share premium	Capital reserve for share based payment	Accumulated other comprehensive loss	Retained earnings	Total equity
Balance at April 1, 2024	4,587	150	5,349	(1,810)	210,759	219,035
Changes during period:						
Net income for the period	-	-	-	-	10,934	10,934
Other comprehensive income	-	-	-	423	-	423
Total comprehensive income	-	-	-	423	10,934	11,357
Cost of share based payment	-	-	447	-	-	447
Balance at June 30, 2024	<u>4,587</u>	<u>150</u>	<u>5,796</u>	<u>(1,387)</u>	<u>221,693</u>	<u>230,839</u>

For the three-month period ended June 30, 2023 (unaudited)

	Share capital	Share premium	Capital reserve for share based payment	Accumulated other comprehensive loss	Retained earnings	Total equity
Balance at April 1, 2023	4,587	150	2,785	(1,870)	193,421	199,073
Changes during period:						
Net income for the period	-	-	-	-	12,224	12,224
Cost of share based payment	-	-	658	-	-	658
Balance at June 30, 2023	<u>4,587</u>	<u>150</u>	<u>3,443</u>	<u>(1,870)</u>	<u>205,645</u>	<u>211,955</u>

The notes to the condensed financial information are an integral part thereof.

AUTOMATED BANKING SERVICES LTD.
CONDENSED STATEMENT OF CHANGES IN EQUITY
Amounts in thousand NIS

For the year ended December 31, 2023 (audited)

	<u>Share capital</u>	<u>Share premium</u>	<u>Capital reserve for share based payment</u>	<u>Accumulated other comprehensive loss</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at January 1, 2023	4,587	150	2,139	(1,870)	207,442	212,448
Changes during period:						
Net income	-	-	-	-	38,216	38,216
Other comprehensive income	-	-	-	60	-	60
Total comprehensive income	-	-	-	60	38,216	38,276
Cost of share based payment	-	-	2,644	-	-	2,644
Dividend paid	-	-	-	-	(22,000)	(22,000)
Balance at December 31, 2023	<u>4,587</u>	<u>150</u>	<u>4,783</u>	<u>(1,810)</u>	<u>223,658</u>	<u>231,368</u>

The notes to the condensed financial information are an integral part thereof.

AUTOMATED BANKING SERVICES LTD.
CONDENSED STATEMENT OF CASH FLOWS
Amounts in thousand NIS

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited)		(Unaudited)		(Audited)
Cash flows from operating activity:					
Net income for the period	23,035	20,203	10,934	12,224	38,216
Adjustments required to present cash flows from operating activity					
Adjustments to profit and loss items:					
Depreciation and amortization	4,628	4,108	2,298	2,194	8,715
Expenses in respect of share based payment transactions	1,013	1,304	447	658	2,644
Liability for post-retirement employee benefits, net	(128)	(15)	(12)	(4)	(587)
Changes in liabilities for employee benefits, net	(125)	(23)	(169)	39	59
Income tax	6,792	5,126	3,361	2,740	10,448
Finance expenses (income), net	(1,576)	(3,238)	449	(2,644)	(6,696)
Change in asset and liability items:					
Decrease (increase) in trade receivables	(3,244)	(6,590)	311	(4,079)	(4,495)
Decrease (increase) in other receivables	(155)	(7,412)	1,866	(5,088)	(8,569)
Increase (decrease) in trade payables	127	(497)	(103)	(1,498)	(1,297)
Increase (decrease) in other payables	651	1,070	(3,087)	(708)	6,648
Cash flows from operating activity before finance and taxes	31,018	14,036	16,295	3,834	45,086
Interest received	1,785	1,056	642	329	2,769
Interest and fees paid	(442)	(539)	(225)	(363)	(993)
Taxes paid, net	(6,696)	(8,403)	(4,018)	(3,921)	(15,161)
Net cash provided by operating activity	25,665	6,150	12,695	(121)	31,701

The notes to the condensed financial information are an integral part thereof.

AUTOMATED BANKING SERVICES LTD.
CONDENSED STATEMENT OF CASH FLOWS
Amounts in thousand NIS

	For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
	2024	2023	2024	2023	2023
	(Unaudited)		(Unaudited)		(Audited)
Cash flows from investing activity:					
Investment in short term deposits	-	(10,000)	-	-	(4,000)
Repayment (investment) of short term deposits, net	8,000	10,000	3,000	-	-
Purchase of marketable securities	(35,520)	(52,043)	(20,087)	(13,643)	(107,700)
Proceeds from sale of marketable securities	34,694	51,336	19,503	13,342	100,476
Acquisitions and investments in property, plant and equipment and intangible assets	(9,384)	(8,198)	(4,868)	(4,008)	(16,262)
Net cash provided by (used in) investing activity	(2,210)	(8,905)	(2,452)	(4,309)	(27,486)
Cash flows from financing activity:					
Maturity of lease liabilities	(1,099)	(1,150)	(541)	(572)	(2,323)
Dividend paid	(25,000)	(22,000)	(25,000)	(22,000)	(22,000)
Net cash used in financing activity	(26,099)	(23,150)	(25,541)	(22,572)	(24,323)
Change in cash and cash equivalents	(2,644)	(25,905)	(15,298)	(27,002)	(20,108)
Balance of cash and cash equivalents at beginning of the period	17,833	37,941	30,487	39,038	37,941
Balance of cash and cash equivalents at end of the period	15,189	12,036	15,189	12,036	17,833

The notes to the condensed financial information are an integral part thereof.

AUTOMATED BANKING SERVICES LTD.
CONDENSED STATEMENT OF CASH FLOWS
Amounts in thousand NIS

For the six-month period ended June 30		For the three-month period ended June 30		For the year ended December 31
2024	2023	2024	2023	2023
(Unaudited)		(Unaudited)		(Audited)

Appendix A – material non-cash transactions

Recognition of right-of-use assets against lease liability	420	998	431	333	1,280
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The notes to the condensed financial information are an integral part thereof.

AUTOMATED BANKING SERVICES LTD.**NOTES TO FINANCIAL STATEMENTS****NOTE 1 - GENERAL****a. The reporting entity**

1. Automated banking Services Ltd. (hereinafter: the “**Company**”) was incorporated in Israel on September 13, 1978, and its official corporate address is 26 HaRokmim St., Holon.
2. On May 27, 2019, the Company published a supplementary prospectus and a shelf prospectus dated May 28, 2019 (hereinafter: the “Prospectus”), in which Company's shares were sold to the public by Company's shareholders. The Company's shares were also listed on the Tel Aviv Stock Exchange and trading of the shares began on June 12, 2019, and the Company became a public company (reporting corporation).
3. On June 20, 2022, a notification was received on behalf of the supervisor of banks about the end of the period of application of proper banking management directives to the Company.
4. The company currently operates in single operating segment, the clearing sector, which includes several activities, as follows: (1) connecting terminals to the charge card switch; (2) confirmation, transaction collection, accounting and settlement interface services; (3) ATM switch services including authorization, accounting and settlement; (4) development and distribution of "Ashrait" software; (5) tests to certify POS devices or Pin Pad devices for the EMV system; (6) certification of EMV terminals; (7) services for discount companies; (8) service to adjustment companies; (9) Shva Insights Services; (10) Shva Arena - aggregate information access services; (11) Information access service for the purpose of providing services by MasterCard. Most of the Company's revenues derive from providing services to the credit card companies. Regarding the decision of the Commissioner of Competition regarding the cancellation of clauses in the conditions of the exemption from approval of a restrictive arrangement, which define the areas of activity in which Shva is allowed to engage and the condition of Shva's entry into any other field of activity with the prior approval of the Commissioner of Competition as detailed in Note 17 in Part C (financial statements) for the company's periodic report for 2023 see note 3 below.

b. The interim financial information is reviewed and not audited.**c. Iron Swords War**

On October 7, 2023, a murderous terror attack broke out from Gaza strip began where hundreds of terrorist penetrated settlements in southern Israel from land, air and sea and a massive firing of thousands of rockets was carried out to the State of Israel. In this terror attack more than a thousand civilians were murdered, including members of security forces and thousands were injured. In addition, tens of civilians and soldiers were taken hostage by the Hamas terror organization to Gaza strip. On this day the Iron Swords war broke out in the state of Israel ("the war"). The war that is taking place around the Gaza strip and the Gaza strip border expanded to the north and has an impact on central Israel and the Israeli home front throughout the country.

AUTOMATED BANKING SERVICES LTD.**NOTES TO FINANCIAL STATEMENTS****NOTE 1 – GENERAL (CONT.)**

The war led to a slowdown in the business activity of the entire Israeli economy causing sharp declines in the financial markets in Israel, a sharp devaluation of the Shekel exchange rate as well as a decline in the use of charge cards, however, as of December 2023 a recovery began in the economy and increase in the activity of charge cards can be seen in most operating sectors and in most of the country.

Work in the Company is being carried out regularly and the Company's activity continues consecutively and the services are regularly provided to its customers.

- c. The condensed interim financial information was approved for publication by the Company's Board of Directors on August 20, 2024.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**a. Basis of presentation of the present financial information**

The interim condensed consolidated financial information of the Company as of June 30, 2024 (hereinafter – the "Interim Financial Information") was prepared in accordance with IAS 34 "Interim Financial Reporting", including the additional disclosure required by Chapter D of Securities Regulation (Periodic and Immediate Reports), 1970.

The interim financial information does not include all the information and disclosures required in the annual financial statements. The interim financial information should be read in conjunction with the annual financial statements for 2023 and the accompanying notes, which comply with the International Financial Reporting Standards, which are standards and interpretations published by the International Accounting Standards Board (hereinafter - IFRS) and include the additional disclosure required in accordance with the Securities Regulations (Annual Financial Statements), 2010.

b. Use of estimates and judgment

The preparation of interim financial information in accordance with IFRS requires management to make judgment in estimates and assumptions that affect application of policy and the carrying amounts of assets and liabilities, income and expenses items. It is clarified that actual results may differ from those estimates.

When formulating the accounting estimates used in the preparation of the Company's financial statements, management is required to make assumptions regarding circumstances and events that involve significant uncertainty. When using its discretion in determining these estimates, the Company's management relies on past experience, various facts, external factors, and reasonable assumptions according to the relevant circumstances for every estimate.

AUTOMATED BANKING SERVICES LTD.**NOTES TO FINANCIAL STATEMENTS****NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

The estimates and assumptions underlying them, including those arising from the Company's economic operating environment, are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates are amended and in all affected periods in the future.

Critical estimates

The Company does not have critical estimates.

- b. **Significant accounting policies and calculation methods applied in preparing the interim financial information are consistent with those used in preparing the 2023 annual financial statements of the Company.**

NOTE 3 – CONTINGENT LIABILITIES AND COMMITMENTS**a. Decisions of the Commissioner of Competition****Exemption from restrictive arrangement**

Since 2002, the Company has operated in compliance with decisions of the Competition Authority regarding an exemption from approval of a restrictive arrangement between Bank Hapoalim Ltd, Bank Leumi Ltd, Bank Discount Ltd, the First International Bank of Israel Ltd and the Company.

The latest decision regarding the exemption from approval of a restrictive arrangement under conditions was issued on December 28, 2022 for a period of five years (hereinafter: the "**Exemption Decision**").

The exemption decision refers to several main points:

- (a) As part of the exemption decision, the Commissioner did not accept the Company's request to cancel the condition which limits the areas of activity permitted and which requires that its entry into any additional area of activity be subject to the approval of the commissioner. Also, the Commissioner expressed her position that to the extent that the banks' share in the Company's shares was lower than the current situation, so that each bank's share would not exceed 5%, this was to significantly alleviate the competitive concerns, as per the commissioner's position and to eliminate the need for this exemption.
- (b) The Company may only be engaged in the following areas of activity:
 - (1) Operation of an ATM switch;
 - (2) Operation of a charge cards switch and systems for collecting and processing transactions;
 - (3) Engagement in activity related to the protocol for a limited period, as specified in the exemption decision;
 - (4) Engagement in activities involving the Ashrait 96 protocol;
 - (5) Development, operation and distribution of the Ashrait PC software;
 - (6) End-to-end certification services for the EMV standard;

AUTOMATED BANKING SERVICES LTD.**NOTES TO FINANCIAL STATEMENTS****NOTE 3 – CONTINGENT LIABILITIES AND COMMITMENTS (CONT.)**

- (7) Activities associated with the aforementioned fields of activity;
- (8) Any additional field of activity that may be approved by the Commissioner.

- (c) The terms of the services the Company is obligated to provide, including various instructions regarding the conditions for connecting to the Company's systems, as well as instructions regarding activity with manufacturers and the execution of end-to-end certifications to EMV standard.
- (d) Also, the exemption decision stipulates that the Company will publish on its website a rate for each of the services it provides within the Company's systems as defined in the definitions section, as follows: one or more of these: an ATM switch, a charge card switch and a transaction collection and processing system.

The decision of the Competition Commissioner regarding the limit established in section 1 for exemption from approval for a restrictive arrangement

On April 18, 2024, the Company received the commissioner's decision to accept the Company's request and cancel section 1 of the exemption decision. The commissioner specifies in her decision that she is convinced that the existence of the condition leads to a delay in the Company's development in areas that are not necessarily relevant to the competition between the banking corporations and creates difficulties for its operations. These difficulties may prevent the Company from offering services that benefit the public or delay the offering of these services, without any competitive justification. On the other hand, as for the concern underlying the imposition of the condition as part of the exemption decision - the commissioner's position has not changed according to which the Company's entry into any new field of activity is similar to another new joint venture between the banking corporations.

Therefore, the cancellation of the aforementioned section in the conditions of the exemption does not change the essence of the competitive duties imposed on the Company, but changes the legal situation only that the examination of the competitive effects of the Company's entry into a new field of activity will be done by the Company, in accordance with the Rules of Economic competition (Type Exemption for Joint Ventures) (Temporary Order), -2006, whereas the commissioner will examine this retrospectively, in an enforcement aspect and not from the outset. This is similar to other joint ventures between competitors.

Approval of the Competition Commissioner for the Company to engage in the provision of aggregate Information

On April 25, 2011, it was approved for the Company to engage in providing aggregate information based on the data stored in the Company's databases according to the conditions specified in the exemption decision.

AUTOMATED BANKING SERVICES LTD.**NOTES TO FINANCIAL STATEMENTS****NOTE 3 – CONTINGENT LIABILITIES AND COMMITMENTS (CONT.)****Separation of the Company from Masav – separation outline**

On February 27, 2022, the Company and Masav submitted an application for approval of a restrictive arrangement under conditions with the consent of the Commissioner to the Competition Court that was approved on March 27, 2022 by the competition court.

The following are the main terms agreed upon between the parties:

- Until December 31, 2027, all joint affiliations between the applicants will be completely disconnected, so that at the end of the date for approving the restrictive arrangement, no joint affiliations will remain between them and no services will be provided from one company to another that are not as part of the services they sell to the public.
- Severing the joint affiliations will be done gradually and in a controlled manner.
- In the interim period until the complete separation of all affiliations, the applicants will cooperate in a manner that reduces the fear of reducing competition between them, and only between the officers required for a particular matter, in accordance with the conditions.
- The terms and conditions require the documentation of the meetings and joint conversations of the companies' managements, in a manner that will allow the Commissioner, if necessary, to monitor the implementation of the terms and the affiliations among the applicants.

The approval of the restrictive arrangement is valid until December 31, 2029.

In accordance with the terms of the restrictive arrangement and the separation outline approved by the Competition Court on March 27, 2022, after the report period and at the end of a mediation procedure, on April 9, 2024, the Company's shareholders' meeting approved the terms of the permanent agreement for separation between the Company and Masav. Therefore, and in view of the agreements reached by the Company and Masav in the mediation process regarding the terms of accounting for the provision of services provided by the companies to one another, as well as regarding the separation of assets, the companies signed the mediator's proposal on April 11, 2024. The companies are working to settle a broad agreement that is expected to address additional aspects.

For more details regarding the separation of the Company and Masav, see the periodic report for 2023.

b. Claims and class actions

In the ordinary course of business there are no legal proceedings against the Company.

AUTOMATED BANKING SERVICES LTD.**NOTES TO FINANCIAL STATEMENTS****NOTE 4 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT****a. Financial instruments**

The Company's financial instruments include the following assets and liabilities: cash and cash equivalents, bank deposits, held-for-trading securities, other accounts receivable trade payables, and other accounts payable. Due to their nature, the fair value of the Company's financial instruments is identical to, or approximates their carrying amounts in the financial statements.

b. Financial risk management

The activity of the Company exposes it to a range of financial risks: market risk (including CPI risk, exchange rate risk, price risk and interest rate risk), credit risk and liquidity risk.

As discussed above, the interim financial information does not include all information and disclosures required in annual financial statements, including regarding financial risk management of the Company, and therefore, the interim financial information should be read together with the 2023 annual financial statements and accompanying notes.

No material changes in the financial risk management policy of the Company took place relative to that reported in the 2023 annual financial statements.

NOTE 5 – EVENTS AFTER THE REPORTED PERIOD

- On July 17, 2024, the Bank of Israel declared Automated Bank Services as the operator of a controlled payment system of the charge card scheme and this in view of the fulfillment of the conditions in Section 2(a) of the Payment Processing Law, 2008.

Quarterly Report on Effectiveness of Internal Control over Financial Reporting and Disclosure according to Regulation 38C(a)

Management, supervised by the Board of Directors of Automated Banking Services Ltd. (the "**Company**"), is responsible to set and maintain proper internal control over financial reporting and disclosure by the corporation.

For this matter, management consists of:

1. Eitan Lev Tov, General Manager (CEO);
2. Ofer Eden, VP Finance (CFO);

Internal control over financial reporting and disclosure consists of controls and procedures in place at the Company, which have been designed by the General Manager and the most senior financial officer, or under their supervision, or by those performing in practice said capacities, under oversight of the Company's Board of Directors, and which are intended to provide reasonable assurance regarding the reliability of financial reporting and preparation of reports pursuant to statutory provisions, and to ensure that information the Company is required to disclose in reports it issues pursuant to statutory provisions is collected, analyzed, summarized and reported duly and in the format prescribed by law.

Internal control includes, inter alia, controls and procedures designed to ensure that information that the Company is required to disclose, as above, is collected and submitted to corporate management, including to the General Manager and to the most senior financial officer, or to those performing in practice said capacities, so as to enable decisions to be duly made with regards to the required disclosure.

Due to its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute assurance that misrepresentation or omission of information on the reports is prevented or detected.

In the quarterly report on the effectiveness of internal control over financial reporting and disclosure that accompanies the quarterly report for the period ended March 31, 2024 (hereinafter - **the Latest Annual Report on Internal Control**), internal control was effective.

Through the date of this report, no event or matter has been brought to the attention of the Board of Directors and management that may change the evaluation of internal control effectiveness as presented in the Latest Annual Report on Internal Control.

As of the date of this report, based on the Latest Quarterly Report on the last Internal Control, and based on the information that was brought to the attention of management and the Board of Directors, the internal control is effective.

CEO declaration pursuant to Regulation 38C(d)(1)

I, Eitan Lev Tov, declare that:

- (1) I have reviewed the interim report of Automated Banking Services Ltd. (hereinafter: "the Company") for the second quarter of 2024 (hereinafter "**the Reports**" or "**the Interim Reports**");
- (2) To my knowledge, the interim reports are free of any misrepresentation of any material fact and no representation of any material fact required for making the representations therein, under the circumstances in which they were made, not misleading in reference to the period covered by the report is missing.
- (3) To my knowledge, the interim reports and the other financial information included in the interim reports present fairly, in all material respects, the financial position, results of operations and cash flows of the Company as of the dates and for the periods presented in the Reports.
- (4) I have disclosed to the Company's independent auditor, Board of Directors and the Board's Audit Committee, based on my most up-to-date assessment of the internal control over financial reporting and disclosure:
 - (a) All significant deficiencies and material weaknesses in the design or implementation of internal control over financial reporting and disclosure which may reasonably and adversely impact the corporation's ability to collect, analyze, summarize or report financial information in a manner that may cast doubt over the reliability of financial reporting and preparation of financial statements pursuant to statutory provisions; and
 - (b) Any fraud, whether or not material, involving the General Manager or any of the direct reports thereof, or involving any other employees with significant capacity in internal control over financial reporting and disclosure.
- (5) I, alone or together with others in the Company:
 - (a) have established controls and procedures, or have verified their determination and existence under my supervision of controls and procedures, designed to ensure that material information relating to the Company is brought to my attention by others in the Company, in particular during the preparation period of the reports; and-
 - (b) have established controls and procedures, or have verified their establishment and existence under my supervision of controls and procedures, designed to reasonably ensure the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
 - (c) I have not been informed of any event or matter that occurred during the period between the date of the last quarterly report and the date of this report, which may change the conclusions of the board of directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the corporation.

The foregoing shall not derogate from my statutory responsibility, or that of any other person, under any law.

August 20, 2024

Eitan Lev Tov
CEO

Declaration of the most senior financial officer pursuant to Regulation 38C(d)(2)

I, Ofer Eden, declare that:

- (1) I have reviewed the interim financial statements and other financial information included in the interim reports of Automated Banking Services Ltd. (hereinafter: "**the Company**") for the second quarter of 2024 (hereinafter "**the Reports**" or the "**Interim Reports**");
- (2) To my knowledge, the Interim Reports and the other information included in the Interim Reports is free of any misrepresentation of any material fact and no representation of any material fact required for making the representations therein, under the circumstances in which they were made, not misleading in reference to the period covered by the report is missing.
- (3) To my knowledge, the Interim Reports and the other information included in the Interim Reports present fairly, in all material respects, the financial position, results of operations and cash flows of the Company as of the dates and for the periods presented in the Reports.
- (4) I have disclosed to the Company's independent auditor, Board of Directors and the Board's Audit Committee, based on my most up-to-date assessment of the internal control over financial reporting and disclosure:
 - (a) All significant deficiencies and material weaknesses in the design or implementation of internal control over financial reporting and disclosure, to the extent is refers to the Interim Reports and the other information included in the Interim Reports, which may reasonably and adversely impact the Company's ability to collect, analyze, summarize or report financial information in a manner that may cast doubt over the reliability of financial reporting and preparation of financial statements pursuant to statutory provisions; and
 - (b) Any fraud, whether or not material, involving the General Manager or any of the direct reports thereof, or involving any other employees with significant capacity in internal control over financial reporting and disclosure.
- (5) I, alone or together with others in the Company:
 - (a) have established controls and procedures, or have verified their determination and existence under my supervision of controls and procedures, designed to ensure that material information relating to the Company is brought to my attention by others in the Company, in particular during the preparation period of the reports; and-
 - (b) have established controls and procedures, or have verified their establishment and existence under my supervision of controls and procedures, designed to reasonably ensure the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
 - (c) I have not been informed of any event or matter that occurred during the period between the date of the last quarterly report and the date of this report, which may change the conclusions of the board of directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the corporation.

The foregoing shall not derogate from my statutory responsibility, or that of any other person, under any law.

August 20, 2024

Ofer Eden - VP Finance (CFO)