Periodic Report
For the Year Ended
December 31, 2023

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.

Table of contents

PART A

Description of the Corporation's Business as of December 31, 2023

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Table of Contents:

Part A - Description of the General Development of the Company’s Business

1. General

Automated Banking Services Ltd. is pleased to submit the Company's business description report as of December 31, 2023, which reviews the Company's description and the development of its business, as took place in 2023.

The data appearing in this chapter are correct as of the report date or the date on or about the approval of the report, unless otherwise stated.

The substance of the information contained in this report was examined from the Company's point of view, where in some cases an additional description is given to give a comprehensive picture of the described subject. The information presented below and the Company's estimates are based, inter alia and as the case may be, on the publications of the Central Bureau of Statistics, Bank of Israel data, and other data and/or studies.

The description of the Company's business contained in this chapter was prepared, among other things, taking into account the position of the Securities Authority on the subject of shortened reports as published by it.

Glossary

For the sake of convenience, in this chapter, the following terms will have the meanings ascribed next to them:

“**Business**” or “**Provider**” **-** A business engaged with an acquirer regarding the clearing of charge card transactions;
"**Directors report**" **-** A report containing management explanations of corporate affairs for the year ended December 31, 2023.
"**Periodic report for 2021**" **-** The Company's periodic report for 2021 which was published on March 30, 2022 (reference number: 2022-01-039127).
“the Company” or "**Shva**"**-** Automated Banking Services Ltd.;
“**Law for the Promotion of Competition in the Banking Market**” **-** The Law for the Promotion of Competition and Reduction of Concentration in the Israel Banking Market (Legislative Amendments), -2017;
"**The Reduction of Cash Usage Law** " **-** the Reduction of Cash Usage Law, -2018;
“**Commissioner**” **-** The Competition Commissioner;
“**Supervisor**” **-** The Supervisor of Banks at the Bank of Israel;
"**Joint Service Company**" – as defined in the Banking Law (Licensing)
“**Banking Law (Licensing)**” **-** The Banking Law (Licensing), -1981;
"Privacy Protection Law" – Privacy Protection Law - 1981.
“**Companies Law**” **-** The Companies Law, -1999.
"**The Regulation of Payment Services Law -** The Regulation of Payment Services Law and Payment Initiation – 2023;
“**Competition Law**” **-** The Economic Competition Law, -1988;
"**The Security Regulation Law in Public Entities** – The Security Regulation Law in Public Entities 1998;
“**Payment Systems Law**” **-** The Payment Systems Law, -2008;
“The Securities Law” **-** The Securities Law, -1968;
"Financial Information Service Law - Financial Information Service Law -2021;
"**Payment Services Law**" **-** Payment Services Law – 2019;
“**Charge Card**” **-** As defined by the Banking Law (Licensing);
"**Date Close to the Date of Approving the Report**" – March 25, 2024;
“**ATM**” – **Automated Bank Machines** or **Automated teller machines** (ATM) are automatic connected machines that allow authorized charge card users to withdraw cash from their checking accounts and/or to receive other services such as viewing their account balance, and performing monetary transfers and monetary deposits;
"**Accounting interface**" – a system that performs a settlement of accounts between an issuer and an acquirer;
“**Clearing Interface**” – a system that performs clearing directly in the Zahav system operated by the Bank of Israel, through the SWIFT system;
“**Issuer**” **-** An entity issuing charge cards to consumers;
“**Masav**” **-** Bank Clearing Center Ltd.; A banking corporation which is a joint service company operating controlled payment system for transferring funds between bank accounts;

"**Terminal**" - A device that allows reading data from charge cards, and processing transaction execution requests made using charge cards. Terminals are located at businesses and consist of a software component, which connects the business to the Company's charge card switch, and a hardware component, which allows to input charge card information, either through physical reading proximity reading, or keypad. [1]It is noted that a terminal may be connected to several acquirers, in which case any transaction is routed for clearing according to the settings of the charge card in use;
"**Zahav system (credit and transfers in real time)**" - a payment system for the intraday clearing of real-time payments (RTGS) operated by the Bank of Israel;
"**Charge Card System**" - A system which is used to provide approval and collection services (as the term is defined below) and to provide clearing interface services (as the term is defined above) for transactions in charge cards and businesses;
"**Controlled payment system**" – as defined in the payment system law;
"**ATM system**" - A system used to provide confirmation and accounting services for cash withdrawal transactions;
"**Hotam**" – payment and clearing systems of the Bank of Israel;
"**Acquirer**" - An entity holding a clearing license issued by the Governor of the Bank of Israel, for which the Company manages the authorizations of the business with which it entered into a business agreement, and is responsible for the activity that will be allowed through the terminal in accordance with the business activity of the business. In addition, the Company transfers to the acquirer the details of the transactions carried out at the businesses for the purpose of clearing charge card transactions;
"**Clearing**" - The process of transferring, matching, and in certain cases, approving transactions before clearing, which may include offsetting the transactions and determining the final balances for clearing;
"**Clearing of Charge Card Transactions**" - Payment made to a business for assets acquired by a customer from that the business is using a charge card, against the receipt of the consideration for the assets from the charge card issuer;
"**Transaction**" - A charge card purchase transaction performed by a consumer with a business, including online transactions. As part of the transaction, the business transfers to the acquirer the details of the transaction performed, and the acquirer, which is bound by an agreement with the issuer, undertakes to transfer to the business the consideration for the transaction, on an agreed-upon date, depending on the type of charge card. Concurrently, the issuer undertakes to transfer to the acquirer the consideration for the transaction as collected from the consumer on the agreed-upon date;
"**Cross-Clearing of Charge Card Transactions**" - Clearing performed by entities other than the issuer of the charge card used to execute the transaction;
"**ON US transaction**" - A transaction carried out at a business for which the entity that provides clearing services for the card where the transaction is carried out is also the issuer of the card through which the transaction was carried out;
"**Banking Ordinance**" – Banking Ordinance -1941.
"**Income Tax Ordinance**" – Income tax ordinance (New Version) – 1961.

[1] The above does not apply to virtual card transactions, such as transactions executed over the internet or by telephone, by transmitting the consumer's charge card details. Such transactions require a software component only.

"**Communication Protocol**" - A technological specification (a set of rules in a predefined format for the exchange of information between two parties) used to transfer information regarding charge card transactions between entities in the chain of its execution and which links the Company, acquirers, issuers, businesses, manufacturers, and in certain cases, payment gateways[2], allowing them all to communicate in the same "language";

"**Additional Corporate Information**" – Chapter D to the 2023 periodic report – Additional Corporate Information;

"**Securities Regulations** (Annual Financial Statements)" - Securities Regulations (Annual Financial Statements) - 2010.

"**EMV Standard**" - A set of specifications developed by international charge card industry organizations in order to provide a standard and secure format for charge card payment transactions. The purpose of the standard is to minimize credit fraud and raise the level of security in performing charge card transactions. EMV-supporting credit card reading devices read the credit card's electronic chip, instead of reading through a magnetic card reader. Transactions with this device require inserting the credit card into the EMV reader connected to the seller's cash register, and entering a PIN code (similarly to withdrawal of funds at an ATM) or by NFC technology allowing the performance of a transaction without entering the card to the terminal and entering a code (Contactless).

Prospectus" – A supplementary prospectus and shelf prospectus that was published by the Company on May 27, 2019, dated May 28, 2019 (Ref. no. 2019-01-044844).

"**CLP**" - (Close Loop Payment) closed payment system for transferring confirmations from businesses to club operators for the purpose of approving charge card transactions.

[2] Entities which provide transaction transfer services between the business and acquirer or the processor on its behalf. The service is mostly given to businesses which execute charge card transactions over the internet.

2. Description of the Company and the Development of its Business

The Company was incorporated in Israel in 1978 as a private company pursuant to the Companies Law. In early June 2019, after completing a public offering of its shares, the Company became a public company whose shares are traded on the Tel Aviv Stock Exchange and a reporting corporation, as this term is defined in the Securities Law. Effective this date, the reporting format of the Company is based on International Financial Reporting Standards (IFRS) and the Securities Regulations (Annual Financial Statements), -2010.

3. The Company's areas of activity

The Company is engaged in the operation of controlled payment systems, charge cards and ATMs allowing, among others, transferring approvals for charge card transactions, collection of charge card transactions from terminals at businesses, accounting and clearing interface between acquirers and issuers of charge cards and transferring approvals for cash withdrawal transactions, management and operation of accounting and clearing interface between acquirers and issuers at the ATM system as detailed below:

3.1 The Company has a single operating segment (hereinafter: the "Clearing Segment"), which includes several services, as follows:

3.1.1 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**"). For more information, see section 8.2 below. The credit card companies participating in the system are Isracard Ltd., Israel Credit Cards Ltd. and Max It Finance Ltd. 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 process of Upay Clearing Ltd. (**Upay**) as an additional clearing company for the charge card payment system, in accordance with a temporary clearing license obtained from the supervision of banks on June 20, 2023.

3.1.2 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. As of June 2023, clearing is carried out directly in the Zahav system in the Bank of Israel.

3.1.3 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 the fixed entry window in July 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.

3.1.4 In accordance with the instructions of the Bank of Israel, the Company is expected to begin providing management services and operation of the ATM accounting interface in May 2023. 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.

3.1.5 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.

3.1.6 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.

3.1.7 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.

3.1.8 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.

3.1.9 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.

3.1.10 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 placed in businesses.

3.1.11 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.

3.1.12 For further details regarding the services provided by the Company and its area of activity see section 8 below and Note 1a of the financial statements as of December 31, 2023 attached herewith (**the Financial Statements**).

3.1.13 For further details regarding restrictions on the scope of operating areas by virtue of the exemption that was given by the Commissioner on December 28, 2022, see Note 17 to the financial statements and section 8.14.2 below.

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 about 240 civilians and soldiers. The State of Israel declared the outbreak of the "Iron Swords" war ("**the war**"), and a massive mobilization of reservists was carried out. 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, and the outbreak of the war, restrictions on gatherings, restrictions on studies in the education system, damage to infrastructure, cancellation of flights and a significant reduction in tourism, and more. The war led to a significant slowdown in business activity in the entire Israeli economy and significant decreases in charge card spending mainly at the beginning of the war. For more details regarding the impact of the war on the Company, see immediate report of the Company dated November 16, 2023 (reference number 2023-01-125034) the content therein is brought by way of reference.

At the time of preparing this report, 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 and 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.

As of the date of the report, and already from December 2023, a recovery of the economy and an increase in charge cards activity can be seen in most sectors of activity. The Company estimates that it is financially solvent which is expressed, among other things, in the balance of cash, deposits in banks and a portfolio of trading securities. The Company's 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. The Company finances all its activities from its own sources and does not anticipate at this stage that it will require credit that is not from its own sources.

Aspects of current work and business continuity

As soon as the war broke out, the Company continued to work from home, and after a short period of time returned to work in a "war routine" in a hybrid format. As of the report date, work continues as usual and there is no material impact on the Company's manpower situation. The Company works regularly to make sure that the Company's activity goes on continuously and services are regularly provided to its customers. In this regard, it should be noted that the Company has implemented relevant measures in accordance with its procedures for ensuring business continuity to deal with emergency situations in various scenarios, the purpose of which is to ensure the continued provision of services to its customers.

Also, the Company worked and is working to increase controls frequently in the field of information security and cyber. In addition, the Company's management holds frequent control discussions with close monitoring of the development of matters with the Company's employees, its customers and suppliers, as well as with Hotam.

Donations and voluntary activity in the war

In view of the events of the war, the exceptional and extreme situation the country faces and the impact of the war on the entire economy, the Company also mobilized for the campaign and took a number of initiatives as part of the war:

1. The Company mobilized through its employees in a series of volunteer actions initiated for the community;
2. "Otef Laesek" initiative – thousands of small businesses in the Gaza Envelope were closed or forced to discontinue completely their activity because of the war. In view of the situation, Shva leads together with the Jewish Agency for Israel, venture capital network (IVN association) and Clearmark Capital Ltd., launched the philanthropic project "Otef Laesek" in order to immediately assist small businesses at a distance of 0.7 KM in the Otef that were damaged from the war. The Company with its partners volunteered together for the assistance efforts and recruited businesses and donors from Israel and around the world. The project helped providing immediate grants to thousands of businesses in Otef affected by the war in order to give them immediate assistance so they can survive in this difficult period and return to move local and national economy.
3. Shva transferred donations to the association that works to assist the residents of the south who were evacuated from their homes and to the rescue unit association that works to save lives, locate and rescue missing people in cooperation with the Israel Police and Magan David Adom.

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 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, 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.

4. Investments in the Company's equity and transactions involving its shares

Changes in the Company's equity

4.1 In accordance with a collective agreement signed by the Company, on December 27, 2023, the Company's board of directors approved the grant of up to 358,944 convertible options to ordinary shares of NIS 0.0001 par value to the Company's employees. For further details regarding the grant of the options, see the Company's immediate report of January 3, 2024 (No. Reference 2024-01-001068) the content in which is brought by way of reference as well as an immediate report of the Company dated February 4, 2024 (reference number 2024-01-023595).

4.2 On January 24, 2024, the Company's Board of Directors approved the grant of 30,000 convertible options to ordinary shares of NIS 0.0001 par value of the Company, to an officer in the Company. For further details, see immediate report of the Company dated January 29, 2024 (Reference 2024-01-011208) and a supplementary immediate report dated February 4, 2024 Reference 2024-01-013080) which are brought by way of reference.

For additional details, see Note 14 to the financial statements.

5. Dividend distribution

For information regarding limitations on dividend distributions and dividends distributed see Note 14 to the financial statements

5.1. Dividend distribution policy

5.1.1. On November 11, 2018, the Company's Board of Directors adopted an earnings distribution policy, subject to the Company becoming a public company, according to which the Company may distribute to its shareholders annual dividends of up to 50% of the annual net profit during the preceding year, as reflected in the Company's audited annual financial statements, after neutralizing non-recurring profits from non-operating activities, provided that the Company has distributable earnings, in accordance with the provisions of the Companies Law and subject to the provisions of any applicable law, as specified in this section 5 above, and the provisions of the Company's articles of association.

5.1.2. A dividend distribution subject to the aforementioned restrictions may be made provided that no substantial adverse impact is caused to: (A) the Company's cash flow and/or (B) the Company's business plans and investment plans, as approved and defined by its Board of Directors, from time to time. In accordance with the adopted policy, the Company's Board of Directors is authorized to set the dates and amount of the distribution, while considering the Company's liabilities, liquidity and business plans.

5.1.3. It is hereby clarified that the dividend distribution policy described above may not prejudice the authority of the Company's Board of Directors to change the Company's policy regarding dividend distributions, at its discretion from time to time, and there is no liability towards the Company's shareholders and/or any third party whatsoever, subject to any applicable law, including regarding dividend payment dates, or regarding the rates of future dividend distributions.

5.2. The balance of distributable earnings according to the "profit test" in the Companies Law, as of December 31, 2023, is approximately NIS 207 million.

6. **Financial information regarding the Company's operating segments**

Presented below is a summary of financial data regarding the Company's operating segment (in thousands of NIS), for the years 2023 and 2022:

	2023	**2022**
Total revenues of the segment (1)	134,919	117,283
Payroll and associated expenses	56,386	46,776
Other expenses, net, excluding depreciation and amortization	27,850	17,824
Total costs, excluding depreciation and amortization	84,236	64,600
Operating profit before depreciation and amortization	50,683	52,683
Depreciation and amortization	8,715	6,852
Results of the segment (operating profit)	41,968	45,831
Assets of the segment (2)	103,431	78,344
Liabilities of the segment (3)	43,682	41,478

(1) All of the Company's income and expenses are attributed to the activity of the segment.

(2) The assets of the segment include all of the operating assets used in the segment, and mostly include trade receivables, property, plant and equipment, right of use assets and other operating assets. In addition to the foregoing assets, the Company also has liquid assets (cash and deposits in banks and held-for-trading securities) which amounted, as of December 31, 2023 and 2022, to a total of NIS 171,619 thousand and 175,582 thousand, respectively.

(3) The liabilities of the segment include all of the operating liabilities in respect of the segment's operating activities, and mostly include lease liabilities, expenses payable in respect of payroll and related expenses, trade payables, and other operating liabilities.

7. General environment and impact of external factors on the Company's activities

General

The payment market in which the Company operates is dynamic, developing and growing at an accelerated pace in recent years. This is reflected, among other things, in frequent and substantial changes in the competitive and business environment as a result of the implementation of various regulatory reforms, technological developments and global developments, in joining of international players and fintech companies and a significant increase in the number of local players in the payment market ecosystem. To the best of the Company's knowledge, the Company is not exposed to substantial competition in its activity sector and is the main supplier of all the services it provides. At the same time, the Company is aware that the changes detailed above, including advanced technological solutions, may change the world of payments and increase the growing competition in the field of payment methods. The Company deals with these changes, among other things, through the following actions: 1) investment and continuous improvement in the Company's technological infrastructure; 2) increasing and expanding the services and products for its clientele; 3) Adapting the Company to the changing environment by constantly and actively challenging the Company's strategy.

Below are trends, events and developments in the macroeconomic environment that affect or may affect the business results or the developments in the Company's area of activity:

7.1 Developments in the economy

Various macroeconomic characteristics and sectoral characteristics, including the growth rate of the economy and the state of the local economy, the inflation rate, private consumption per capita (including disposable income per capita), may affect the Company's activity as detailed below. In 2023, Israel's economy experienced a slowdown even before the outbreak of the war, among other things, due to the increase in interest rates and the legal reform (for further details on this subject, see section 7.2 below). The trend intensified with the outbreak of the war, especially in the first month during which a severe damage to private consumption was observed, while affecting most sectors of the economy, a sharp increase in unemployment and weakening of the NIS. However, in November-December 2023, an improvement was recorded in the economic data, although most of them are still low compared to the situation prior to the war.

In April 2023, the rating company Moody's ("**Moody's**") changed the rating outlook for the State of Israel from "positive" to "stable" due to its assessment that the events related to the implementation of the legal reform point to the weakening of Israel's institutional strength. Later this year and at the backdrop of the war, the rating companies put the State of Israel on credit watch and S&P announced the lowering of the rating outlook from "stable" to "negative". In February 2024, Moody's lowered Israel's credit rating to A2, mainly due to the war and its consequences.

According to the Bank of Israel's estimates for 2024, the expected damage to GDP in 2023 and 2024 results from damage to the supply aspect and the demand aspect as a result of the war. According to the Bank of Israel's forecast, the gross domestic product is expected to grow in 2024 and 2025 at rates of approximately 2% and 5% respectively, compared to rates of approximately 6.5% and approximately 2% in 2022 and 2023, respectively.

Since it is impossible to predict the length of time in which the current atmosphere will prevail in the global and local macroeconomic situation and especially in relation to the trends in the current consumer goods market that characterized 2021 and 2022, it is difficult to estimate the total scope of direct and indirect economic consequences, in the short, medium and long term of said situation on the Company's activities.

Inflation and interest rates in Israel and throughout the world

Following macroeconomic developments around the world and in Israel that took place in 2023, there was a decrease in growth and an increase in inflation rates, a trend that commenced prior to the war.

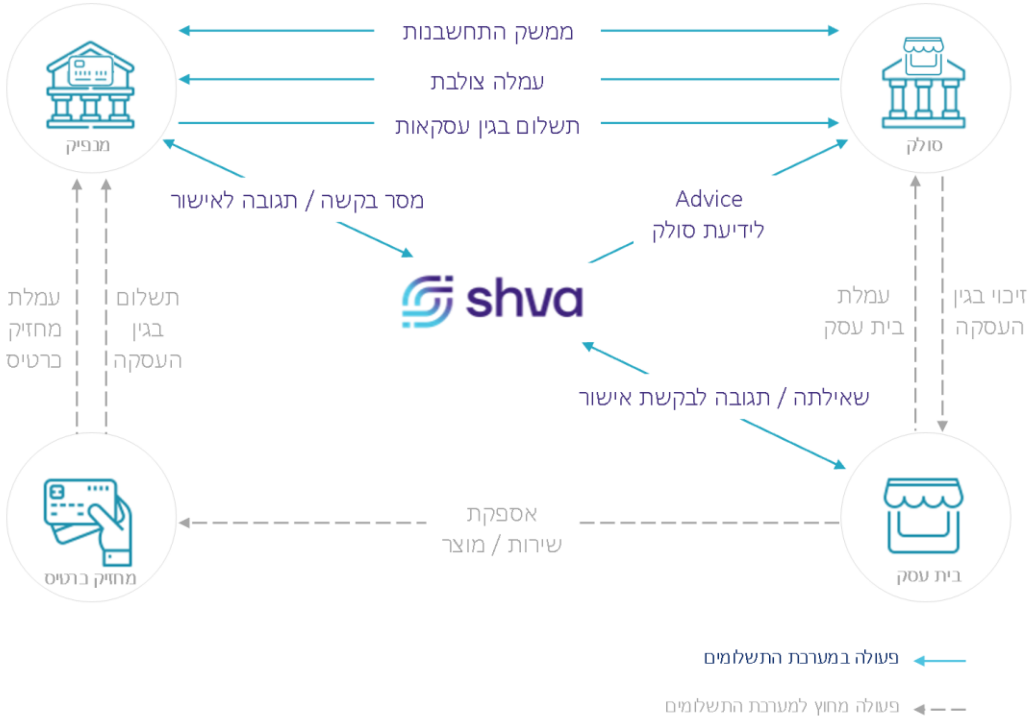
In order to help stabilizing the financial markets and support local demands, the Bank of Israel lowered the interest rate until the date of the report by a cumulative rate of 0.25%. It should be indicated that the Company conducts its business in Israel. Therefore, most of its assets, liabilities, income and expenses are in NIS. Fluctuations in the inflation rate in Israel may affect the Company's business results. In 2023, inflation was 3.3% (which is higher than the original forecast of 2.5% set by the Bank of Israel) compared to 5.1% in 2022 and 2.8% in 2021. According to the Bank of Israel's forecast, inflation rate in 2024 is expected to be 2.4% and in 2025 inflation is expected to be 2%.

An economic slowdown and recession in the economy, if and to the extent they occur, including as a result of an increase in inflation and/or the trend of increasing interest rates in the economy and/or damage to the scope of consumption, may have a negative effect on the Company as they are factors that harm per capita consumption rates in Israel and which may lead to a decrease in the volume of charge card transactions.

In the Company's estimation, the main impact of the increase in inflation and interest rates will be reflected in the value of the Company's securities held for trading portfolio.

7.2 Charge card clearing industry

In 2023, the number of transactions (charge and credit transactions) increased compared to 2022 to 2.2 billion transactions in 2023 from 2.1 billion transactions in 2022. The increase stems from growth in the economy's activity despite the war that broke out in Israel.



The charge card payment system in Israel consists, for the most part, of an issuer, an acquirer an international brand/organization (which owns the relevant card brand), a business and card holder, when the operations accompanying the issuance of the card may be performed by an issuing operator who sometimes is also a non-bank issuer.

Charge cards are divided into two (2) main types - (1) bank-issued charge cards are charge cards which are issued by virtue of an arrangement in which the credit card companies are bound with different banks for distribution and operation, and whereby, in general, and in accordance with information which was submitted to the Company, the charges associated with them are the responsibility of the relevant bank; and (2) non-bank-issued charge cards, which are not issued by virtue of an arrangement between the credit card companies and banks, which are mostly issued under agreements between the credit card companies and various entities and organizations.

As of the report date, the companies operating in Israel in the credit card issuance and clearing sector (in addition to banks that are providers of bank-issued charge cards) are: (1) Isracard Ltd., which, to the best of the Company’s knowledge, issues and clears credit cards of the Isracard brand and issuer and clearer of credit cards of the MasterCard brand, and an issuer and clearer of credit cards of the Visa brand; (2) Premium Express Ltd., a wholly owned subsidiary of Isracard, which, to the best of the Company’s knowledge, exclusively issues and clears credit cards of the American Express brand; (3) Max which, to the best of the Company’s knowledge, issues and clears charge cards of the Visa and MasterCard brands, and clears charge cards of the Isracard brand;

(4) Israel Credit Cards Ltd. (hereinafter: "**CAL**") which, to the best of the Company's knowledge, issues and clears charge cards of the Visa and MasterCard brands, and clears charge cards of the Isracard brand; (5) Diners Club Israel Ltd. (hereinafter: "**Diners**") which, to the best of the Company's knowledge, is a subsidiary of CAL, which exclusively issues and clears charge cards of the Diners brand; (6) Cardcom a company that provides clearing solutions which entered the clearing market and to the best of the Company's knowledge, clears charge cards from the brands "Visa" and "MasterCard" and "Isracard"; (7) Tranzila a company that provides clearing solutions which entered the clearing market and to the best of the Company's knowledge, clears charge cards from the "Visa" and "MasterCard" brands.

Other than Cardcom and Tranzila which clear charge cards only, all the aforementioned credit card companies in addition to clearing charge cards also engage in issuing. To the best of the Company's knowledge, the activity in this segment has expanded in recent years, inter alia, due to the effects of various factors, the main of which are expansion of the scope of services provided by credit card companies and the ongoing growth in the use of charge cards. Other reasons for the expansion of the activity in this segment is legislative amendments intended to reduce the use of cash, encouraging regulators for the entry of new players to the payments world, the issuance of debit cards and increase in online purchases and e-commerce applications in smartphones.

As aforesaid, the market is in continued material change in payment habits including the transition from cash to credit cards, among others through new payment solutions and the adaptation of the Israeli market to EMV "smart" charge cards is in advanced stages. Since October 2015, issuers are prohibited from issuing non-smart cards, i.e., cards without a chip that protects charge card information and supporting the EMV standard. Upon executing a transaction using "smart" card customers are required to identify themselves using a PIN code at a terminal, which allows the performance of transactions wisely and safely and reduce the amount of forgeries and fraud related to charge card transactions in which the card is present (namely, a transaction with physical use of the card). Also the use of the Contactless charging method although it does not require entering a PIN code, also raises the security level and reduces the use of fake cards. The transition to the use of smart cards, as described above, brings various advantages, such as reducing the potential for fraud when physically using charge cards, as well as expanding the possibility and reducing the barriers for payments abroad with Israeli charge cards. It is noted that, as part of the development of Ashrait EMV software, the Company developed a program intended to allow participation of new Acquirers and/or issuers in the Company's range of services.

The Company completed at the end of 2015 its preparations for the implementation of the EMV standard, in accordance with regulatory guidance. It is indicated that the Company continues to evaluate end-point equipment and to support the process of distributing end-point equipment to support the standard, as stated above, which also depends on completing the process of adjusting the market to allow all charge cards in Israel, as well as the accompanying infrastructure, to transition to the use of smart cards. For further details regarding the acceptance tests see section 8.5 below.

On January 9, 2020, an update was published to Directive 472, titled "Acquirers and Clearing of Charge Card Transactions", and to Directive 470, titled "Charge Cards". The update determined that an acquirer may not allow a business to execute a transaction by means other than EMV technology.

In accordance with these updates, effective March 31, 2020, only EMV and Contactless charge cards are issued in Israel (excluding prepaid cards and cash withdrawal cards). The directive also prohibits acquirers for clearing charge card transactions unless they have been executed through EMV technologies, effective gradually according to the size of the business and the transactions' turnover in charge cards and other characteristics at various dates. As of the date of the report, the standard has been fully implemented except for gas stations which received a special exclusion that allowed them to complete the conversion no later than December 31, 2024. In view of another request on behalf of the gas stations against the backdrop of the war, in accordance with the directive of Hotam that was sent to the gas companies and the Company after the report period, on March 12, 2024, despite the complexity and implications of extending the deadline, including the risks coupled with the continued operation of the current system (charge card switch 96), the deadline for completing the conversion is scheduled for May 31, 2025.

The meaning of the above outline is that upon completion of the transition of all businesses to perform transactions using the EMV technology, the Company’s support of the old technology will be discontinued.

To the best of the Company's knowledge, the use of the EMV standard caused an increase in the use of charge cards as a result of the use of terminals that support Contactless technology as well as new developments. In addition, the technology enabled the use of Pin Pads (terminals through which the smart card is identified with strict identification and through which the secret code is entered) for which the Company charges a fee. Also, the implementation of the EMV standard in charge card switch developed in Shva enables many new uses, including the possibility to connect new participants and other entities to act as CLP operators in the charge card system.

7.3 <u>Significant regulatory changes in the charge card market in Israel</u>

In recent years there has been a significant increase in legislation, regulatory provisions and reforms in the banking sector in general, and in the charge card industry, payment and financial services for consumers in particular, with the regulator’s intent being to promote competition in these sectors. For additional details regarding the regulatory trends and processes in the Company’s business operating environment, and regarding the implications (including future implications) of these changes and reforms for the Company and for its competitive environment, see section 8.13 below.

As of the report date, the Company is working on several channels in order to prepare for the implications of the aforementioned changes on the market, inter alia, working in the regulator's spirit to promote competition that may result in cost reduction, expanding the product basket and making the services accessible to the entire population as specified in section 19 below regarding “business objectives and strategy”. The Company’s preparations, as stated above, currently require, and may require in the future, the investment of financial resources and other inputs.

7.4 Technological changes

In general, the payment infrastructure in Israel and around the world has been gaining momentum in recent years, and electronic payments (including, inter alia, charge card transactions) are taking the place of transactions using paper-based methods, such as cash and checks. Technological development has resulted in the creation of payment methods allowing consumers to pay remotely using new ways, such as using digital wallets and smartphones instead or in addition to physical charge cards. For additional details see sections 8.19 and 8.22 below.

Below are details regarding the main technological changes in the field of advanced payment methods and charge cards in recent years:

7.4.1 **Transition to EMV standard** – see section 7.3 above).

7.4.2 **Contactless transactions** - Contactless transactions are a technological solution allowing wireless transmission of data, including for making payments, with the most common method being the use of the NFC standard. Contactless transactions, allowing charge card-based payment to be used in non-traditional environments, such as public transportation, micro-payment transactions and more. Charge card transactions through Contactless technology can be executed using a chip installed on charge cards - as a sticker, or using a smartphone. The execution of Contactless payments is possible at businesses only with a designated reader installed in the payment terminals, or connected to it as peripheral. The Company's data show that in 2023 the increase trend in using digital wallets for Contactless payment in businesses in Israel continues.

7.4.3 **Tokenization** - a technology allowing the use of smartphones and similar means to make payments without exposing the means of payment ID at the time of payment. The technology requires converting the means of payment ID into another number, which is then presented at the time of payment (a “token”). This process of conversion is called “tokenization”. The process of conversion in the opposite direction, i.e., converting the token into the card number, is called “detokenization”.

The Company has developed infrastructure that can serve for the development of conversion solutions of this kind. Such solutions can assist credit card companies or other entities wishing to develop charge card-based payment applications or other means of payment without exposing the number itself on the mobile device. Note that the Company developed technological infrastructure for a detokenization project in its systems for a third party. In addition, the Company is currently developing the possibility of de-tokenization for authorization requests using CLP cards that will enable the redemption of gift cards through digital wallets.

7.4.4 **Electronic clearing of checks and digital checks** - An innovative development, which allows increasing the efficiency of the check clearing process and making it faster. This innovative process allows consumers, inter alia, to perform deposit services through smart devices at lower costs (the consumer is not required to physically go to a bank branch in order to deposit the check, which also reduces deposit costs by approximately 75%). This service is extensively used by banks. This services may be an alternative product to some charge card transactions, and could therefore adversely affect the charge card activity and the Company’s revenues.

7.4.5 **Use of blockchain technology -** an innovative technology which allows, inter alia, managing secure online monetary transactions in real time, without a managing central entity, where the managing entity is replaced by encrypted "blocks" of information. The technology has the potential for a wide variety of applications which could lead to dramatic change in the payment world, such as the replacement of existing payment interfaces in the banking and payment system, and the use of virtual currencies. The Company is unable, at this stage, to estimate the effect that this technology will have on its activity.

7.4.6 **Public transportation** –The Ministry of Transportation and other entities are promoting solutions which will allow charge card payments on public transportation. From September 2022, the transition from payment by Rav kav to charge cards and payment applications has commenced. Since the launch of the option to pay with credit cards in public transportation, there has been an increase in credit card payment data. In 2023, the active terminals of the Israel Railways and another public transportation company were authorized to operate with charge cards. It should be noted that during the past year a bill was submitted to amend the traffic ordinance, the purpose of which is to oblige public transportation operators to allow credit card payment for travel tickets on buses, the national railway, and local trains. The Company estimates that the approval of the law may have a positive effect on charge card activity and the Company's revenues.

7.4.7 **Execution of payments with mobile devices -** Technological progress in the development and use of smartphone apps (e.g., Bit, and PayBox) allows making transactions, viewing information and performance of additional actions with smartphone and other smart mobile devices. In recent years, the use of digital wallets developed by technology companies or retail chains has also begun, which allow executing payments at businesses through smartphones, among other devices. To the extent that technologies that do not use charge cards are developed, and consequently the Company's products, they may have an adverse impact on the Company's revenues.

7.5 <u>Consumer changes</u>

The technological developments occurring in recent years, as described above, also affect consumer preferences, and the manner of using payment methods is changing accordingly. Thus, for example, when more advanced methods for executing monetary transfers, purchases and payments by electronic means penetrate the market, they capture market share on account of the traditional means which had existed in the market until then (such as payment via cash or checks). Similarly, the e-commerce sector in Israel has grown significantly in recent years. As part of the growth in this sector, the mobile payment sector has also been growing, and capturing a significant share of total online purchases. Furthermore, the use of digital wallets among consumers and businesses has been increasing in a faster rate. These wallets are, in part, based on charge card payments (and may, in this regard, contribute to growth in clearing amounts), while some are based on direct crediting and debiting of the bank accounts outside of the charge card scheme.

The end consumers expect to receive simple, immediate and fast solutions offering a personal-unique, efficient and personally tailored user experience, sometimes also at a premium cost for using advanced services and means. However, increased consumer awareness is also contributing to sensitivity to price, to service quality and to the set of associated benefits. Concurrently, loyalty to longstanding brands has been decreasing, mostly among younger consumers, and there is willingness to purchase financial products from new technology-focused companies.

In general, this trend supports the growth of the Company’s activity, although e-commerce transactions which are not cleared in Israel and digital wallets that are not charge card-based, do not make use of the Company’s systems. An increase in such transactions on account of purchases on Israeli websites or physical stores in Israel may adversely affect the Company’s revenues.

This section 7 above, including all of its subsections, also includes forecasts, estimates, assessments and other information pertaining to future events and matters, whose materialization is uncertain, and which are not under the Company’s exclusive control (“Forward Looking Information”). The main facts and figures that served as the basis for this information are facts and figures pertaining to the current situation of the Company and its business affairs, facts and figures pertaining to the current situation in Israel which affects the Company’s area of activity, various regulatory guidance applicable to the Company, and macro-economic facts and figures, as these are known to the Company on the reporting date. The Company is uncertain whether its forecasts and estimates will materialize, and the Company’s operating results may differ significantly from the estimated or implied results described above, inter alia, due to changes to any of the foregoing factors, as well as their intensity, scope, and duration, and the Company’s ability to handle them.

Part B - Description of the Corporation's Business by Operating Segments

8. The Company's areas of activity – clearing transactions with charge cards

As stated above, the Company is currently engaged in the clearing segment, which includes several activities, as follows: (1) Connecting terminals to the charge card switch; (2) Approval and collection services and accounting and clearing interface; (3) ATM switching services, including approval, accounting and clearing; (4) Development and distribution of Ashrait software; (5) tests and certification of POS devices or Pin Pad devices to EMV system; (5) certification of EMV terminals; (7) services to discounting companies; (8) services to adjustment companies; (9) Shva Arena services; (10) Shva Insights - aggregate information access services; (11) information access service for the purpose of providing services by Mastercard; and everything as elaborately detailed below.

Background

For details regarding the various types of charge cards, see details in section 7.3 above.

Charge card payments may be executed through card-present transactions at points of sale (hereinafter: "**POS Devices**" or **Point of Sale**), whether manned or unmanned, or in card not present transactions through a website, app, call center, etc.

Charge card transactions are executed through an agreement-based system between the following entities: issuer, acquirer, international organization (which owns the brand of the relevant card), business and consumer. Each of the players operates in accordance with defined rules: the issuer issues charge cards to consumers by virtue of the issuer's license/the issuer's status in the international organization; The consumer uses the card as a payment method at the business for purchasing goods or services; The business transfers to the acquirer the details of the executed transaction (mostly through the Company, and in case of transactions which are executed through a foreign acquirer- through the relevant international organization), and the acquirer, which is bound by an agreement with the issuer, undertakes to transfer to the business the consideration for the transaction, on the agreed-upon date, depending on the type of charge card. Concurrently, the issuer undertakes to transfer to the acquirer the consideration for the transaction, which is collected from the consumer on the agreed-upon date.

For this service, the acquirer charges clearing fee from the business, with this fee used by the acquirer to pay the issuer, if the issuer and acquirer are two separate entities (hereinafter: the "**Cross-Fee**"), and the remaining clearing fee represents the acquirer's fee. The issuer also sometimes collects card fees from cardholders (consumer) in respect of the service rendered to them.

As stated above, there are several companies in Israel that issue and clear charge cards, of which the primary companies include the credit card companies. Banks also function as charge card issuers. Additionally, as stated in section 3.1.1 above, two companies joined the clearing market Tranzilla and Cardcom, which provide only clearing service. Such credit card companies are engaged between them in agreements for cross-clearing of charge cards, which allow each of them to clear charge cards issued by the other companies (**the local agreement**).

In this regard, it is indicated that in May 2021, Hotam notified the banking corporations and the acquirers and the Company that it examined the local agreement and found that it should be declared as a controlled payment system. In 2023, negotiations were conducted by the Company, BOI with the system participants to formulate decision making mechanism regarding the local agreement. in addition, the Bank of Israel is expected to declare the Company as operator of the local agreement.

It is further indicated in this regard that credit card companies are subject to the Commissioner's exemption as from April 25, 2018.

Note that according to a decision by the Commissioner, beginning on July 1, 2021, transfer of money between an issuer and an acquirer for transactions performed in a single installment need to be performed not later than one day after processing the transaction in the Company.

8.1 Connection of terminals to the charge card switch

For proper credit activity at businesses, the Company manages the authorizations and parameters that enable activity in accordance with the risk management of the acquirers at the terminal.

With respect to each terminal which is connected to the Company's payment systems (including terminals at businesses), the Company collects a fixed monthly payment for managing and updating the terminal. The fixed monthly payment is paid by all acquirers at the terminal, divided according to the number of transactions which were processed from that terminal to each acquirer during that month, and in respect of connected terminals which do not process transactions - divided according to the number of acquirers at the terminal during that month (hereinafter: "**Connected Terminals**").

It is indicated that effective May 1, 2023, the Company updated its price list with respect to certain rates included therein, and also with respect to this section.

The average number of connected terminals was approximately 256 thousand in 2022 and 262 thousand in 2023.

In addition, in order to perform a secure credit operation in the EMV system, the physical businesses are required to install a charge card reader, an additional hardware component, which enables the identification of the credit card and typing a secret code if necessary.

For each charge card reader, the Company charges a fixed monthly fee for managing and updating the data of the charge card reader and the fixed monthly payment is paid by all acquirers in the terminal.

The average number of connected charge card readers (Pin Pad) is about 187 thousand charge card readers in 2022 and about 209 thousand charge card readers in 2023.

8.2 Transaction approval and collection services and accounting and clearing interface

As part of the approval and collection services activity, the Company operates as a processor of charge card transactions. As part of the above, it is connected to all terminals at businesses, provides to acquirers with terminal management service and transfers to issuers the request for the purpose of receipt of approval and continued handling of the transaction. As part of its activity as a processor, the Company performs additional technical actions for acquirers and issuers.

Transactions at businesses are executed through the terminals installed in them. Those terminals contain a software component, which connects the business to the charge card switch, and a hardware component, which reads charge cards. In order to connect to the approval and collection interface, the Company performs tests on the terminal software in order to verify their compliance with the communication protocol and the connection to the approval and collection interface.

As noted above, charge card transactions are executed by the issuer which represents the cardholder on the one hand, and by the acquirer which provides clearing services to the business on the other. There are two types of transactions: (1) “On Us Transaction, and (2) Cross-Clearing Transaction.

The Company collects a fixed fee from the acquirers for each transaction, irrespective of its amount, in respect of the collection services and in respect of the approval services and fees in respect of a third party interface (the clearing interface). It is noted that the Company performs collection services for all transactions executed at businesses using charge cards; however, there are some transactions for which approval services are not performed, such as standing order transactions and low volume transactions, as defined by the acquirer, in varying amounts from time to time.

A cross-clearing transaction requires connectivity between the acquirer and the issuer, in several respects - the acquirer may request the issuer’s approval to execute the transaction, the acquirer is required to transmit the information regarding the transactions which were executed using the issuer’s cards at the business, and the funds must be transferred to the business.

In order to complete a charge card transaction, it is necessary, inter alia, for the issuer and the acquirer to make a contractual and technological engagement: the contractual engagement defines payment transfer timing, and the liability borne by each party in different situations. The approval and collection interfaces operated by the Company allow the collection of transaction details from the business, electronic transfer of a transaction approval request to the acquirer and issuer and the response to that request. The clearing interface allows clearing the transaction at the agreed-upon times (when the actual clearing process is not done by the Company). In Israel, the technological engagement is made through the clearing interface for charge card transactions, which is operated by the Company.

Through the accounting interface, a calculation is made of the total credit and debit for each issuer and acquirer, in accordance with pre-defined rules as agreed between the parties, in relation to all types of transactions carried out with charge cards at the businesses. The services in the clearing interface are only relevant in cross clearing transactions. The clearing reports issued by the Company include the credit and debit data for each issuer and acquirer, in accordance with the defined rules agreed between the parties, is transferred to each issuer and effective May 2023, the settlement of accounts is transferred for direct clearing in the Zahav system of BOI where payment instructions are actually carried out between acquirers and issuers.

For the purpose of submitting requests to approve charge card transactions from the terminal to the issuer, and submitting the response from the issuer back to terminal, the Company operates the approval interface. In addition, the interface between the terminal and Shva allows the collection of transactions from terminals for continued processing in the charge cards system.

The average fee for transaction approval and collection services and the clearing interface in 2022 and 2023 (based on the number of transactions) was an average 2.4 and 2.43 agorot per transaction, respectively.

Failure arrangement - in accordance with the letter from Hotam of July 28, 2021, the participants and the Company as a payment system operator are required to implement this failure arrangement, including formulating types of participation in the system, access conditions and models for access, formulating a final outline for the implementation of a failure arrangement, participation in the Zahav system, including a direct connection to Zahav system and signing system rules and opening and managing accounts at the Bank of Israel for the purpose of managing the failure arrangement. In view of the regulations and the aforementioned, over the past two years, the Company, together with the participants of the charge card payment system, has formulated a failure arrangement whose purpose is to handle the failure of a participant in the charge card system - the Company has formulated processes and actions that it will take if one of the participants is unable to complete his financial obligations towards the other participants. This arrangement will enter into force on May 1, 2023. For the benefit of managing the arrangement, a bank account was opened at the central bank in which the participants' funds were deposited to be used by the Company to complete daily clearing, if necessary.

For details about the rules of the "charge card services" system, see sections 8.26 and 8.27 below.

The Company provides "de-tokenization" services as described in section 7.5.3 above. The Company's price list includes a minimum cost per month as well as transaction cost.

The Company developed for credit card companies a service for converting charges from NIS to local currencies of payors (DCC – Dynamic Currency Conversion), allowing for currency conversion, offering tourists to pay for transactions in Israel in their respective local currencies. The Company's price list includes a minimum monthly cost for participating credit card companies, as well as a fee per transaction.

Additionally, the Company developed a support mechanism that allows dual credit card activity. The mechanism enables the use of a given credit card with two different brands, based on the location of purchase. The Company's price list includes a minimum monthly cost, as well as a fee per transaction.

The Company even provides the participants of the system with an increased authentication service in telephone transactions that these entities required according to the provisions of the law applicable to them. The use of this service involves a fee according to the price list.

Moreover, as part of all the services that the Company provides to its customers, the Company provides the issuing system participants with a STIP (Stand In Process) service, in the event of communication unavailability on their part, which enables an accurate response on behalf of the issuer and in accordance with his instructions in the event of non-response/availability on his part. The Company is working on constant improvement and accuracy of the mechanism. In addition, the Company allows a response according to business rules defined in advance with the cooperation of the issuer, for the purpose of providing a quick response to the approval requests from businesses.

8.3 ATM switching services including approval, accounting and clearing

The Company operates the ATM switch and provides ATM switching services. As part of these services, the switching system connects the Company to the ATM networks of various banks, in a manner that allows transmitting approvals for cash withdrawals requests and information requests at various ATMs, and do so independently of the bank with which a customer has an account. ATM switching services are provided based on an agreement between the banks for mutual recognition across ATMs operated by them.

In order to allow the customers of the various banks who hold charge cards to make use of all ATMs throughout the country, independently of their bank, connectivity is needed between all networks. An operator of an ATM network that qualifies by law to receive ATM switching services from the Company may connect to the communications switch through the Company’s ATM switch, based on the conditions and rules set forth in the Commissioner’s exemption.

The various banks operate in accordance with the mutual recognition agreement, as defined in section 16.2 below. The system connects between ATM networks of the various banks, and can be used to execute the following actions using charge cards at ATMs: (1) Transmission of monetary withdrawal approval requests and receiving approval or rejection responses; (2) Checking current account balance of the charge card holder's bank account (provided that the respective bank shares that information, and that the ATM operator allows the balance checking and balance display action at the ATM); and (3) In case bank systems are unavailable, the Company provides a bank-specific predetermined response (STIP) as determined by each bank, and (4) services for changing the PIN in the ATM Switch (SSP-Self Selected PIN). In this regard it should be indicated that effective from June 2023, the Company performs the accounting transactions among banks.

Similar to the charge card payment system, Hotam addressed the participants and the Company in a letter dated July 28, 2021 according to which they are required to implement this failure arrangement, including formulating types of participation in the system, access conditions and models for access, formulating a final outline for the implementation of a failure arrangement, participation in the Zahav system, including a direct connection to Zahav system and signing system rules and opening and managing accounts at the Bank of Israel for the purpose of managing the failure arrangement. In view of the foregoing, over the past two years, the Company has developed a system that performs accounting among ATMs operators and issuers of cards starting from July 2023 where cash withdrawals are made. Using the accounting interface, a calculation is made of the total credit and debit for each ATM issuer and acquirer in accordance with pre-defined rules, as agreed between the parties, in relation to cash withdrawal transactions. The clearing reports issued by the Company, which include the credit and debit data for each issuer and acquirer, in accordance with the defined rules agreed upon between the parties, are forwarded to each issuer and the accounting result is transferred to direct clearing in the Bank of Israel's Zahav system, where the actual payment instructions are carried out between issuers and the ATM's acquirers.

In accordance with Hotam's provisions, the Company formulated an arrangement whose purpose is to deal with the failure of a participant in the ATM system - the Company formulated processes and actions that it will take if one of the participants is unable to complete its financial obligations towards the other participants. For the benefit of managing the arrangement, a bank account was opened at the central bank in which the participant's funds, which the Company will use, were deposited for the purpose of completing daily clearing, if necessary.

8.4 Development and distribution of Ashrait software

As specified above, the execution of charge card transactions requires communication between different entities in the chain of execution of transaction, including the Company, acquirers, issuers, businesses, producers, and in certain cases, payment gateways. The communication between these entities is done through a terminal communication protocol, which allows all of the entities to communicate between them using the same "language".

Various producers, including the Company, have developed a POS software. The Company has developed the Ashrait PC software program, which is registered as a trademark of Shva with the Patens Registrar which is an infrastructure for POS program sold to businesses through distributors and is integrated in software products sold by them to businesses, and which allow the execution of charge card transactions at those businesses. The software includes two work configurations – one running on the computer of the business and the other running on servers of the Company. Regarding this matter, it is noted that the Company sells the software to distributors which integrate it into software they developed, and sell it to businesses, and which provide support and malfunction repair services to businesses. Currently, the Company expands the functionality of the Ashrait software for other services to its customers.

8.5 Tests for approval of POS devices or Pin Pad devices for the EMV system

Before marketing a POS device or a Pin Pad device to businesses, the marketer is required to hand over the device to the Company for the purpose of performing acceptance tests and confirming that the device operates according to the EMV protocol. The marketer who carried out developments and tests on his part according to the EMV protocol, hands over a physical device to the Company and the Company performs tests according to scenarios written according to the protocol. After the completion of the tests and confirmation that the device is operating properly and according to the protocol, the device will undergo certification, as detailed in section 8.6 below. The use of this service involves a fee according to the Company's price list.

8.6 Certification of EMV terminals

The Company offers an end-to-end certification service for terminals for the purpose of complying with the EMV standard. The Company performs the service for all clearing companies in the State of Israel.

The certification process takes place between EMV compatible terminal and the international credit card companies (Visa MasterCard, Diners) and is designed to ensure that the application route for approving and collecting charge card transactions complies with the EMV standard from reading the card in the card reader at the terminal through the systems of acquirers handling transactions and to the systems of international organizations.

The Company begins the certification process only for a terminal that has successfully passed a terminal acceptance testing process aimed at confirming that the terminal has been developed in accordance with the EMV protocol. The use of the terminal acceptance test service and certification of the terminals involves payment in accordance with the Company's price list.

8.7 Services for discounting companies

The Company provides a service to discounting companies that offer advance payments to businesses for the transactions carried out at the terminals placed in businesses. As part of the service, the Company updates the acquirer at the terminal that the proceeds for the transactions must be transferred to the discounting company (instead of the business), and the discounting company advances the proceeds to the business, in exchange for a commission. The use of this service involves a fee according to the Company's price list.

8.8 Service for adjustment companies

The Company provides information services to adjustment companies that perform a comparison between the data that is transferred to it from the Company and between the credits that the business receives from the acquirers at the terminal. The use of this service involves a fee according to the Company's price list.

8.9 Shva Arena services

The Company expands its "Ashrait" software services in accordance with the changing market needs and allows payment solution providers (PSPs - Payment service providers) to provide businesses with a variety of new value propositions and advanced technologies on the payment system infrastructure. The services include, as of the date of the report, the following services: (1) 3DS service - 3DS is a protocol that enables one-to-one authentication of the holder of identification information for the credit card holder in online transactions (on the Internet) in a way that significantly reduces the ability to commit fraud and deny transactions. The Company enables the service through a technological connection to an international technology company which performs the risk management tests and returns its answer to the terminal through the Company; (2) TOP – a Tap on Phone solution that complies with the EMV standard and enables turning the "smart" phone into a payment terminal. The development that allows any business to receive payments by linking charge cards and digital wallets directly to the mobile screen. The service is currently available for smartphones with Android operating system.

8.10 Shva Insights - aggregate information access services

The Company provides accessibility to aggregate and anonymous information from the point of view of the end customer, subject to legal provisions applicable to the Company. Currently, this service is expanding and consolidating into an advanced service of making aggregate information accessible with advanced technology, while connecting directly and using advanced tools to financing and credit companies, insurance companies, institutional entities, businesses, payment service providers, chains, shopping centers, etc. The information is used by the Company's customers to support financial, monetary, marketing, sales, research and business decisions. The Company will provide aggregate information services that include, among other things, the possibility of deriving insights and signals adapted to the industry according to the considerations and needs of the customers only.

In addition, information will be made accessible regarding specific businesses subject to their express written consent to information transfer, for the benefit of supporting financial and business decision-making

8.11 Information access service for providing services by MasterCard.

In 2022, the Company signed an agreement and completed a technological connection directly to MasterCard, one of the interested parties in the Company, with the aim of providing value-added services to system participants who are also customers of MasterCard. Currently, the Company is developing the possibility of making enriched information available that will be added through MasterCard, for the issuers in approval applications. The enriched information is expected to help issuers connected to the system in decision making regarding the approval of the application as part of the issuer's risk management.

8.12 Structure of the operating segment and changes occurring therein

For details regarding technological changes in the operating segment, see section 7.5 above.

8.13 Restrictions, legislation, standardization, and special constraints which apply to the operating segment

On June 2, 2019, a notification was received on behalf of the Bank of Israel according to which the Company's license for a joint services company granted to it in 1981 was canceled by the Governor of the Bank of Israel. It was also stated in the notification that for three years after the cancellation of the license of a joint service company, the Proper Conduct of Banking Business Directives of the supervision of banks relating to corporate governance, as well as the provisions of section 11a of the Banking Ordinance) regarding the examination of competence and suitability for directors and officers of the Company will apply to the Company.

On June 20, 2022, the Company received a notification from the Supervisor of Banks, according to which, with the expiration of three years from the date of cancellation of the Company's license as a joint service company, the period of application of Proper Conduct of Banking Business Directives to the Company has ended.

The Company is also supervised by Hotam by virtue of its status as 'operator of controlled payment systems', pursuant to the Payment Systems Law. In this regard, it should be noted that on February 28, 2023 and after the period of the report, on January 31, 2024, the Company was forwarded drafts of Hotam's provisions in the field of corporate governance, including provisions regarding the composition and work of the board of directors and officers, compensation policy, internal audit, risk management, compliance risk management, and financial reports and an accounting audit of a payment system operator. In addition, the Company is supervised by the Securities Authority in accordance with the Securities Law and Regulations and the regulations amended thereunder. The Company also operates in accordance with, and subject to the Commissioner’s decisions, as specified below.

The regulation applicable to the Company has direct impact on the Company's operating segments, and an indirect impact on the Company's scope of activities, and also on possible competition vs. the Company due to regulation applicable to the participants of the various systems operated by the Company, restrictions on the use of charge cards and more.

The following are details about regulation affecting the Company's operating segments and its activity vis-à-vis third parties:

8.14 Decision of the Competition Commissioner

8.14.1 Exemption from approval of a restrictive arrangement – exemption of the competition commissioner dated December 28, 2022

Since 2002, the Company's activity has been regulated through decisions of the Competition Authority regarding exemption from approval of a restrictive arrangement between Bank Hapoalim Ltd, Bank Leumi Ltd, Discount Bank Ltd, First International Bank of Israel Ltd, Mizrahi Tefahot Bank Ltd and the Company.

The latest decision regarding the exemption from approval of a restrictive agreement was given on December 28, 2022 for a five-year period and through December 28, 2026 (hereinafter: the "**Exemption Decision**").

The exemption 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) Under the exemption the Company may engage in the following areas of activity:

(1) Operation of an ATM switch;
(2) Operation of a charge cards switch and transaction processing and collection systems;
(3) Engagement in activities involving the Ashrait 96 protocol;
(4) Development, operation and distribution of the Ashrait PC software;
(5) End-to-end certification services for the EMV standard;

(6) Activities associated with the aforementioned fields of activity;
(7) 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 the 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.

8.14.2 **<u>Approval of the competition commissioner for the Company to engage in the provision of aggregate information</u>**

The foregoing is added to the commissioner approval dated April 25, 2011, in which the Commissioner 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.

8.14.3 **<u>The Company's request to engage in providing a financial information service</u>**

For on the subject see Note 17 to the financial statements and the Company's immediate report dated March 13, 2023 (reference number: 2023-01-026226) which is brought herein by way of reference.

For further details regarding the decisions of the Competition Commissioner including the separation of the Company and Masav – separation outline see Note 17 to the financial statements.

The foregoing section includes, inter alia, forward looking information. The main facts and figures that served as the basis for this information are facts and figures known to the Company as of the reporting date.

8.15 **<u>Designation of payment systems of the Company as "controlled systems" in accordance with the Payment Systems Law</u>**

8.15.1 On July 18, 2013, the Bank of Israel designated the payment systems operated by the Company, as specified below, as "controlled systems", pursuant to the Payment Systems Law: charge card services system (the system that provides the approval and collection services and the clearing interface services) and the ATM system (which provides the ATM switching services). The meaning of this designation is increasing the regulatory and oversight burden on the Company and adjusting the Company's corporate governance and oversight mechanisms to Hotam's provisions.

8.15.2 The provisions of the Payment Systems Law authorize the Bank of Israel to designate a payment system as "controlled systems", if the activity of these systems is essential for the entire payment infrastructure in the Israeli economy, and if there is concern that the dysfunctional, inefficient, or unreliable operation of the system could harm the economy's payment infrastructure. The meaning of this designation is that the Bank of Israel may conduct inspections of the systems in order to verify their stability, effectiveness and proper operation.

8.15.3 Hotam issued, since November 2016, a series of directives that apply the PFMI (Principles for Financial Market Infrastructure), as published by BIS (Bank for International Settlements) in April 2014, to the payment systems of the Company, subject to required adjustments for the local market and for the payment systems.

These directives include, inter alia, provisions pertaining access and participation requirements, indirect participation arrangements, corporate governance, economic business risk, credit risk, collateral and liquidity risk. As aforesaid, Hotam issued draft of directives regarding corporate governance and to the best of the Company's knowledge, Hotam intends to issue additional directives, which will affect the Company's activity.

8.16 <u>The following describes regulations applicable to credit card companies and banks, and partially also to the Company, which may indirectly affect the scope of activities in the Company's field of activity:</u>

8.16.1 <u>Open banking</u>

In recent years, regulation has developed around the world that regulates the field of open banking. Open banking in the world allows customers of banks and various financial institutions to give access to third parties, to information concerning them which is held by sources of financial information, including banks and financial institutions and to provide payment instructions in their accounts, in order to receive services from those third parties which are tailored to customer needs.

On February 24, 2020, Proper Conduct of Banking Business Directive 368 was published, regarding the implementation of open banking. The directive defines the infrastructure for open banking in order to strengthen the customer's control over the financial information relating to him and the method used to perform transactions in his account. The directive does not apply to the Company.

In November 2021, the Financial Information Services Law was enacted, which authorized the Securities Authority to grant licenses for the provision of financial information services to corporations that meet the requirements determined by law and to supervise such licensees in accordance with the principles set forth in the law. The law settles the entire activity included in providing financial information both on the part of the entities that will provide the service and on the part of the financial entities where the customers' financial information is concentrated. The Company applied to the Competition Authority for approval to engage in the activity of providing financial information service. For further details, see the Company's immediate report dated February 27, 2022 (reference: 2022-01-019740) which is included herein by way of reference.

After the report period, on March 12, 2023, the commissioner's decision was made not to approve at this stage the Company's request to engage in the activity of providing a financial information service according to the Financial Information Service Law, because at the current time such activity, she believes, could raise concerns about harming competition. For more details, see the Company's immediate report dated March 13, 2023 (reference number: 2023-01-026226) which is included herein by way of reference.

8.16.2 <u>The Law for Increasing Competition in the Banking Market (Strum Law)</u>

On January 31, 2017, the Law for Increasing Competition in The Banking Market was published. The main provisions of the law that are relevant to the Company are:

8.16.2.1 The law set in place provisions for the purpose of holding controlling means in the Company. Under this directive, Strum Law amended the Payment System Law such that no person in a corporation can hold more than 10% of any type of controlling means therein; however, the Governor of the Bank of Israel, with consent of the Minister of Finance or based on a proposal by the Minister of Finance and approval of the Finance Committee of the Knesset may issue a decree enacting other provisions for that purpose regarding all holders of the Company or a specific type thereof, provided that: (a) other provisions may not determine a holding rate that is lower than 10%; (b) if participants in the payment system that the company operates hold more than 75% of the controlling means therein, provisions will be put in place to ensure, as much as possible, that as long as participants hold controlling means at that rate, each type of participants may not hold over 50% of controlling means of the company.

8.16.2.2 Additionally, and for the purpose of appointing directors in the Company, it was determined that as long as participants of the interface system control or hold more than 50% or more of any type of controlling means in a company, or no additional regulated system is operational that interfaces between issuers and acquirers to approve charge card transactions, the Company will be governed by the provisions for the purpose of appointing directors, their term and termination of their service which determine, among others, that any participant in the system may not appoint more than one director on his behalf, and most directors on the board of the Company are to be appointed by the general meeting of the Company based on the proposal of the Committee for Appointment of Directors in Banking Corporation, according to the provisions of section 11e(b) of the Banking Ordinance and part of the provisions for the purpose of external director in the Companies' Law.

8.16.3 Regulating the Practice of Payment Services and Payments Initiation

On June 6, 2023, the law of regulating the practice of payment services and payment initiation was published, which will regulate the licensing and supervision of the provision of payment services and payment initiation. In accordance with the law of regulating the practice of payment services and payments initiation it was determined that engaging in payment and payment initiation actions require a license and supervision from the Securities Authority (or approval from another relevant regulator), include these: a basic initiation service and an advanced initiation service, clearing a payment, issuing of payment methods as well as payment account management. This is a regulation of the activity in the electronic payments market and it is expected to encourage competition in this market by allowing non-banking parties to enter the field of payments and develop therein, alongside the existing banking players in the market. The law of regulating the practice of payment services and payments initiation also includes a number of indirect amendments to various laws, including the payment systems law and the banking (licensing) law. As a general rule, the effective date of the law of regulating the practice of payment services and payments initiation is one year from the date of its publication, except for various matters in this law for which other initial periods have been determined. In the Company's estimation, the regulation of payment services and payment initiation is expected to increase competition in the payments market, among others, by the entry of new players who will offer solutions for making payments directly between payment accounts, but at the same time, such a solution may constitute a route that bypasses the use of charge card systems.

It should be noted that the law of regulating the practice of payment services and payment initiation exclude from the scope of the law, among other things, a payment service provided to a participant in a controlled system as part of its activity in the system, as well as a basic initiation service provided by a controlled system to a participant in a controlled system, as part of its activity as a payment system. As far as the Company is aware, as of the report date, and in accordance with the Payment Service and Payment Initiation Law, there are payment solutions for transferring money from account to account that are expected to provide an alternative solution for payment and money transfer. In the Company's estimation, to the extent that these payment solutions are not based on charge cards, and to the extent that the accounting for them is not performed by the Company, these solutions may harm the Company's revenues.

8.16.4 The Committee for Examining Competition in the Credit Market

The Committee for Examining Competition in Credit market was established by virtue of the Strum Law. As part of its duties, the committee was tasked with monitoring the implementation of the law to increase competition, recommending steps to improve and increase competition in the credit market and conducting periodic inspections of the competition state in the credit market and identifying barriers to the development of market competition.

On January 3, 2023, the fourth and final report of the Committee for Examining Competition in the Credit Market was published, in which the Company's recommendations and findings were examined and presented in detail, including a report on the implementation of measures to remove barriers by the government and regulators and by the players in the market and the analysis of the competition in the retail credit market and in the charge card issuing market in Israel. In addition, the report provides an update on the changes that occurred after the publication of the third report and reviews the period between December 2016 and June 2022. As part of the competitive examination, it is shown that between 2016 and June 2022, competition in the retail credit market increased moderately, and mainly in consumer credit, where the institutions and credit card companies increased during this period the credit significantly. However, in credit for small and tiny businesses, there was no significant change in the balance of power between bank credit and non-bank credit, and banks are almost the exclusive source of credit for small and tiny businesses.

8.16.5 Payment Services Law

In October 2020, the Payment Services Law came into effect, which establishes a standard arrangement of consumer protections in the field of payment services.

The law regulates the contractual relationship and consumer protections that apply to the provision of payment services, between a provider of payment services and its customers (payers or beneficiaries). Payment service providers within the scope of the law include, inter alia, banks, credit card companies, acquirers, payment applications, and more, and will apply to all existing and advanced payment methods.

The law cancels and supersedes the Charge Cards Law - 1986; however, as opposed to the Payment Services Law, the Payment Services Law applies to many various types of payment services and payment methods, both physical and non-physical, and not only to the performance of transactions using charge cards (thus, for example, the law applies, inter alia, to the performance of transfers, deposits and withdrawals of funds from a bank checking account).

It is noted that the new Payment Services Law excludes, inter alia, payment services that are rendered to a participant in the payment system. Therefore, the Payment Services Law is not expected to have a significant direct impact on the Company.

8.16.6 Definition of the Company as a critical state infrastructure ("CSI")

On November 19, 2019, the Company received an update regarding the decision of the Steering Committee for the Protection of Essential Computerized Systems, led by the National Cyber Organization, to recommend adding the Company to the fifth addendum to the Security Regulation Law in Public Entities, - 1998.

In accordance with the aforementioned, on April 11, 2022, the order for security regulation in public entities (amending the second, third and fifth addendums to the law), 2022, was published, amending the fifth addendum and defining the Company as CSI. With the announcement of the company as CSI, the Company took significant actions and invested many resources to upgrade its information security capabilities.

8.16.7 <u>The Reduction of Cash Usage Law</u>

On March 18, 2018, the Reduction of Cash Usage Law, -2018, was published.
The law, which is based on the recommendations of the Committee on Reducing the Use of Cash in the Israeli Economy determined that, over certain amounts, giving and receiving cash payments would be prohibited, in a wide variety of monetary transactions. The restrictions on the use of cash became effective on January 1, 2019, and the restrictions on the use of checks entered into effect on July 1, 2019.

As of August 2022, the maximum amounts in the reduction of cash usage law were reduced.

The regulatory process of reducing the use of cash could have various effects on the market of clearing and issuing charge cards: reducing the use of cash will require consumers to use alternative payment methods. Accordingly, an increase is expected in the use of charge cards and advanced payment methods. However, the scope of the increase is still unclear, since options for advanced payment methods available to consumers is continuously increasing. Some of the foregoing advanced payment solutions directly compete with charge card payment methods. Additionally, the Company's revenues stem from the number of transactions processed in its systems, and not from the amount of transactions.

The multitude of instructions and changes in the world of payments, including the implementation of the provisions of New Competitors Entrance Law and the trends in this market, in addition to general provisions applicable to the Company such as: by virtue of the Companies Law, Securities Law, Privacy Protection Law, Competition Law etc. including rules, and/or orders and/or regulations enacted thereunder, and guidance and/or provisions of various authorities, including the national cyber organization, whether listed above or not, may have a negative effect on the Company, but at this stage it is not yet possible to accurately estimate their overall impact.

8.16.8 <u>Legislative changes in Israel - legal reform</u>

During 2023, the Israeli government began legislative measures, some of which have already passed in the Knesset, and whose purpose is to make constitutional changes in the Israeli legal system, which led to a wave of protest in the Israeli public and warnings from economic experts in connection with damage to the Israeli economy. As of the report date, it is not yet possible to estimate these events on the Company's business activity, if at all.

The foregoing section includes, inter alia, forward looking information. The main facts and figures that served as the basis for this information are facts and figures pertaining to the current situation of the Company and its business affairs, and various regulatory directives that apply to the Company, as these are known to the Company on the reporting date. The Company is uncertain whether its forecasts and estimates will materialize, and the Company's operating results may differ significantly from the implied results described above, inter alia, due to changes to any of the foregoing factors, as well as their intensity, scope, and duration, and the Company's ability to handle them.

8.17 Developments in the markets of the operating segment, or changes in the characteristics of the segment's customers

The payment infrastructure in Israel has undergone a continuous process of change in recent years, due to the implementation of various reforms, technological developments and global developments. This change is leading, inter alia, to the promotion of various ventures in the field of advanced payment methods. These markets are experiencing accelerated growth alongside diversification in the services associated with the payment options.

The implementation of EMV technology has resulted in a significant increase in the use of ContactLess payments and digital wallets, along with a constant increase in the volume of consumption and online transactions based on charge cards, the technological development and use of digital platforms allow businesses to consume new products and services such as: increased authentication, use of Pin Pad, etc. This trend is also strengthening in light of the promotion of legislation by the regulator to diversify payment methods and encourage competition in the payments market.

8.18 Technological changes in the operating segment

In August 2020, the Bank of Israel published a policy document regarding the need to establish an infrastructure for instant payments in Israel. The document included a general reference to the Bank of Israel's expectation regarding the characteristics of an instant payments system. To the Company's best knowledge, Masav acted according to the directive of the Bank of Israel and commenced providing services of instant payments. In the Company's estimation, as payment solutions based on the transfer of funds between banks expand and to the extent that their settlement of accounts does not use the Company's products, these solutions may harm the Company's activities and business, a damage that may be substantial, but the Company does not have the ability to anticipate, at this stage, the progress of the developments and consumer preferences about them.

The foregoing section includes, inter alia, forward looking information. The main facts and figures that served as the basis for this information are facts and figures pertaining to the current situation of the Company and its business affairs, and various regulatory directives that apply to the Company, as these are known to the Company on the reporting date. The Company has no certainty that its forecasts and estimates will materialize, and the Company's operating results may differ significantly from the implied results described above, inter alia, due to changes to any of the foregoing factors, as well as their intensity, scope, and duration, and the Company's ability to handle them.

8.19 Critical success factors in the operating segment

The main critical success factors in the operating segment, including its various branches, are as follows: (1) scope of activities in the market; for example, the more charge card transactions are completed in the market and the more places of businesses, the greater the Company's revenue from the activity of the approval and collection interface and from the clearing interface (which depends on the number of transactions, and not on their monetary value). And insofar as more cash withdrawal transactions are performed at ATMs of the various banks, the greater the revenue of the Company in the ATM switch segment (which depends on the number of transactions, and not on their monetary value); (2) development of new services by the Company and selling them to existing customers and to additional player in the payment market;
(3) the stability of service and real time availability for customers, as well as the maintenance and operation of advanced IT systems for the purpose of ensuring the availability and stability of the services provided by the Company, and providing support; (4) A professional and effective workforce, inter alia, to provide technical support to customers, and to resolve problems; and (5) Financing sources available for investment in innovative technological infrastructure as required to provide the services in the operating segment.

8.20 Main barriers to entry into the operating segment

The main barriers to entry into the operating segment include the following:

8.20.1 Compliance with the provisions of the law and regulations applicable to companies of the Company's type;

8.20.2 Technological development underlying the Company's operating segment, including the need for financial resources and professional knowledge required to make investments in technological infrastructure which include an operations unit, sophisticated data and telecommunication systems, risk management infrastructure, information security, etc.; The Company has developed an advanced, highly resilient system offering actual availability, as of the reporting date, of "five nines" (error-free system 99.999% of the time). With reference to its primary systems, the Company has two protected IT centers, designated IT systems and an experienced workforce.

During 2023, the Company began the process of modernizing significant parts of its core system, while adapting the technological tools and capabilities to the challenges of the future by converting the system to an open architecture, which will allow simple and easy access and connection capability for its partners and customers; As part of innovation and digital transformation processes, the Company moves to advanced technology and develops in the cloud environment a service and product platform in the worlds of transferring payments and financial information for a variety of uses. The Company will continue to work for a balance between new growth engines and maintaining and expanding existing revenues both by strengthening the relationship with the market and existing customers and by preparing in response to future competition from alternative infrastructures and solutions, while establishing and expanding the Company's capabilities to implement, develop and realize projects and business initiatives. In accordance with the instructions of the competition commissioner, the Company transferred the EMV protocol to the terminal of the association that was established, which may make it easier for a competitor to establish a system that will compete with the interface between the businesses and the Company.

8.20.3 Engagements with entities engaged in the operating segment. It is noted that the creation of an infrastructure to compete against the Company’s activity would require multi-participant engagements - with businesses, with acquirers and issuers. The Company’s direct engagement is made vis-à-vis acquirers and issuers and it does not engage directly with businesses; however, the Company is connected to approximately 256,000 terminals located at businesses throughout the country, so that any entity wishing to compete against the Company would need to create similar connections to the businesses.

In this regard, it is noted that multiple acquirers may also impose difficulties on the entry of new competitors, in light of the need for those potential competitors to enter into agreements with many entities and create communication connections with businesses, as stated above.

8.20.4 Connection of businesses to the Company’s systems allows them to operate simultaneously vis-à-vis several acquirers (divided according to the card brand), and to transition between acquirers rapidly and conveniently, while the entry of competitors to the switch could affect the convenience of that transition, insofar as those competitors are not connected to all acquirers.

8.21 <u>Alternatives to products in the operating segment and changes occurring therein</u>

As stated above, the Company provides approval and collection services and clearing interface services in connection with charge card transactions, as well as ATM switching services (as these services are defined above). There are alternative payment methods in the economy to charge card payments – i.e. checks, bank transfers and cash payments.

In recent years, new payment solutions were launched which do not use the Company's services. As far as the Company is aware, there are payment solutions and money transfers using apps which are charge card-based, but some of which do not use the Company's services.

In addition, as far as the Company is aware as of the date of the report and in accordance with the legislation being formulated as part of the payment service regulation and payment initiation, there are payment solutions for transferring money from account to account which are expected to provide an alternative solution for payment and money transfer. In the Company's estimation, to the extent that these payment solutions are not based on charge cards, and to the extent that the account settlement is not performed by the Company, these solutions may harm the Company's revenues. The Company is not able to predict, at this stage, whether all entities will choose to use the charge card infrastructure and the Company's products.

To the best of the Company's knowledge, for the Ashrait PC software distributed by the Company there are competitors in the market. These competitors develop infrastructure software which compete with Ashrait and hardware to points of sale which are marketed to businesses by various market entities (producers), allowing the execution of charge card transactions.

ATM switch - To the best of the Company's knowledge, one of the companies in the ATM industry directs transactions directly to some of the issuers by direct interfaces it has created with them, without using the Company's switch.

The Company is unable to predict, at this stage, whether the aforementioned will harm the Company's revenues.

8.22 Structure of competition in the operating activity and changes therein

Most charge card transactions made in Israel are authorized, and clearing services are given for them through the payment system operated by the Company. To the best of the Company's knowledge, the Company is not exposed to significant competition in the operating segment, and it is a primary provider of all services it provides. However, the Company is aware of the fact that advanced technological solutions exist that could change the payment world, including effects on Israel, and including changes as specified above which could impact the Company's results. The Company monitors developments in Israel and around the world and evaluates courses of action accordingly.

The Company's competitive position and the entry of new competing entities into the Company's area of activity, are mostly affected by possible regulatory changes, including a conditional exemption from approval of a restrictive arrangement, which was given by the Commissioner.

To the best of the Company's knowledge, as of the report date, global MasterCard and Visa provide a transaction transfer interface service that does not rely on the Company's products and infrastructure.

With respect to possible competition in ATM switching services, it is noted that there are several companies in Israel operating machines for cash withdrawal, which direct the transactions executed through their devices to the issuing bank, and do not use the Company's services. Those companies have the potential technology infrastructure for providing ATM switching services.

The Company also has several competitors that produce or distribute software that is similar to Ashrait PC. The Company works to advance new developments for enriching the services offered to distributors as part of the Ashrait software to various players in the payment segment and the general public.

It is indicated that it is possible to transfer transactions directly to the international charge card brands, and to the best of the Company's knowledge, there are issuers, who execute the transaction approval and collection process through the Company, although it executes the clearing interface directly vis-à-vis the international charge card brands, and not through the Company.

The Company deals with its competition (as specified above) by providing professional, continuous and available service, through constant innovation and maintaining the highest standards in its industry and maintaining competitive rates.

8.23 Products and services

For details regarding the services provided by the Company within its operating segment, see sections 9.1 to 9.11 above.

8.24 Segmentation of revenue from products and services

Presented below is a segmentation of the Company's revenues in respect of the services it provides in the operating segment in 2023 and 2022:

Service type	2023		2022	
	Revenue (NIS in thousands)	Proportion of the Company's total revenue	Revenue (NIS in thousands)	Proportion of the Company's total revenue
Terminals and PIN pads connected to the charge card switch (infrastructure-based revenue)	59,344	44%	54,731	47%
Mainly - transaction approval and collection and clearing interface (transaction-based revenue)	59,181	44%	52,329	45%
Other (1)	16,021	12%	10,102	8%
Total operating income	134,546		117,162	

(1) Including revenues from ATM switching services (including failure arrangement, connection to Zahav and accounting interface) from the distribution of Ashrait PC and Ashrait WEB software, revenue from credit discount services - advance payment services to businesses and adjustments, failure arrangement and connection to Zahav in the charge card system and others. each revenue component constitutes less than 10% of operating revenue.

The Company’s rates are published on its price list that is available on the Company’s website.

The price list is updated at the Company’s discretion, including notification on the Company’s website, with no requirement for pre-approval from regulators, but with attention given to the provisions of the Economic Competition Law, the exemption decision by the Israel Competition Authority, and are also subject to the oversight of the Bank of Israel over payment systems.

After the approval of the Company's pricing policy by Hotam after examining the costing of all existing services in the Company's price list and updating the Company's customers by advance notice, in May 2023, the Company updated the price list for the services provided by the Company's systems.

8.25 <u>New products and new activities</u>

As part of the strategic plan, the Company continues to develop solutions for a wide range of entities and businesses. The Company responds accordingly to challenges and changes in its areas of activity and formulates a broad response adapted to the technological changes applicable in the market and the needs arising from customers in the field.

The Company continues to expand its Ashrait software services under the Shva Arena growth engine in accordance with the changing market needs and will continue to enable payment solution providers (PSPs) to provide businesses with a variety of new value propositions and advanced technologies on top of the payment system infrastructure to receive in one arena a wide range of technological solutions and services for businesses through the expansion of "Ashrait" software services. As a regulated, neutral, stable and reliable entity over the years, with an infrastructure connected to all businesses in Israel, the Company will expand a basket of solutions to distributors and all payment service providers in the payments arena and will respond to the existing demand in the market for all of its customers, including: payment service providers, other fintech companies and acquirers. As part of these services, the Company commenced providing access to innovative solution such as Tap on Phone and 3DS service.

As stated in section 8.10 above, as part of the SHVA Insights services, aggregate and anonymous information is accessible from the point of view of the end customer, subject to the legal provisions applicable to the Company. Through the service that is formulated currently, the Company will make aggregate information accessible with advanced technology, while connecting directly and using advanced tools to various entities for the purpose of supporting financial, monetary, marketing, sales, research and business decisions.

Below is a list of additional services:

- Response on behalf of the issuer - in view of the increase in the number of approval requests over the years, the Company has developed an option for response on behalf of the issuers according to a pre-defined business logic, for the purpose of providing a quick answer to requests for approval. The use of this service involves a fee according to the Company's price list.

- Credit card support of international scheme, combined with a solution for clubs. The Company is expected to support a solution where one card will be used as a card with a loaded balance in businesses that will be designated for a club, and as an ordinary credit card in other businesses.

- Contactless cash withdrawal at ATMs - under the directive of the Bank of Israel, the Company is expected to allow cash withdrawal by attaching a credit card or digital wallet to a designated component for making the withdrawal.

- Cross-deposit of cash in ATMs - under the directive of the Bank of Israel, the Company is expected to support cross-deposit of cash between different banks. This service will allow the consumer to deposit cash in any bank branch, even one where his account is not managed.

The foregoing regarding additional products, developments and services and the date on which the company will provide them, also includes forecasts, estimates, assessments and other information relating to future events and matters, the realization of which is uncertain and not under the control of the Company alone are "forward-looking information". The main facts and data used as a basis for this information are facts and data regarding the current situation of the Company and its businesses, facts and data regarding the current situation in Israel that affects the Company's area of activity, various regulatory provisions applicable to the Company and macroeconomic facts and data, all as known to the Company at the time of the report. The Company is uncertain whether its expectations and estimates will indeed be realized, and the date on which these products, developments and services will be provided and their impact on the Company may differ substantially from what is described above, among other things, due to a change in each of the above factors, their strength, scope, duration of their occurrence and the Company's ability to cope with them.

8.26 Customers

The Company's revenues from credit card companies constitute a significant part of its operating revenues (in 2023 approximately 89% and in 2022 approximately 93%). Hence, there is a dependency between the Company and the credit card companies in Israel, the loss of income from which will significantly affect the activity sector.

The Company's customers are characterized by stability and purchase the Company's services over a long period of time. The Company's engagement with its customers regarding services provided to them as part of the payments system is based on agreements that include the definitions of the service the Company will provide to the relevant customer, as well as in accordance with the rules of the "charge card services" system, as detailed below.

In accordance with the Payment Systems Law, the Company is required, by virtue of being a controlled payment system operator, to apply system rules to each of the controlled payment systems it operates. In July 2018, the rules of the "charge card services" system (hereinafter: the "**rules**") entered into force, which form the basis of the Company's contract with the system's participants. The rules regulate the activity of the charge card service system, which includes both the authorization and collection interface system and the clearing interface system (hereinafter in this section: "the **system**") and include, among others, the following topics:

- Ensuring the stability, efficiency and proper functioning of the system;
- Conditions for participating in the system, including the conditions for applying to participate in the system, eligibility of the participant, procedural processes for connecting to the system, suspension of a participant, cancellation of participation;
- Description of the system, including details of possible failure events and ways of handling them;
- Principles for risk management;
- Backup arrangements for emergencies.

8.27 According to the system rules, which form the basis of the Company's contract with the system's participants, the direct participants bear full and exclusive responsibility for the risks they transfer to the system, due to its activities, the activities of their customers in the system, and the activities of the indirect participants and their customers which use the system through it, including activity configuration where the indirect participant connects operationally directly to the system; Participants are not entitled to sell, license (or sub-license), rent out, market, distribute, assign, transfer or pledge their rights to use the system without the Company’s advance written approval. Additionally, the Company and other parties acting on its behalf will not bear any responsibility or liability whatsoever for any action and/or omission and/or damage in respect of and/or associated with and/or due to the Company’s position as the system operator and/or from its actions in accordance with the rules and/or any action and/or omission thereunder, except if all of the following conditions have been met (cumulatively): (A) The action and/or omission of the Company and/or of others acting on its behalf was done deliberately, or with gross negligence; (B) The damage which was caused was direct damage only, and not consequential or indirect damage, and in any such case, the total amount of damages may not exceed NIS 200,000.

The consideration in respect of the use of the system will be according to the Company’s price list, as determined from time to time.

The rules provide that the payment system operator (the Company) is entitled to improve, amend or change the rules, at its exclusive discretion, and no significant change in the rules will be made until after a discussion is held with the participants' committee on the proposed change. When the change is relevant to a certain participant or participants, a discussion will be held with those participants about the planned change in the rules. When the change is relevant to a participant or all participants, a discussion will take place with all the participants as part of the participants' committee. It was further determined that the system operator is exempt from the aforementioned consultation in urgent cases where an immediate change in the rules is required or when the change in the rules originates from statutory requirements.

It should be noted that as of the date of the report, the Company is examining and working on updating the wording of the rules, and after their approval with Hotam will distribute them to all system participants.

In addition, the Company also formalized rules for the ATM switching system. Those rules were discussed in the Participants Committee established by the Company and were signed by the system's participants. As part of the committee the Company consults with all the system participants but the final version of the rules will be determined by the Company. These rules take precedence over any previous agreement which was signed with the participants.

According to the exemption, the Company is obligated to ensure that the requirements on the access to its systems by all participants are equal.

In light of the above, and based on the provisions of the Economic Competition Law, the fees collected by the Company, inter alia, in respect of using the approval and collection services system and the clearing interface services system, are the same for all system participants, and the Company publishes, on its website, the rates for using its systems and a price list for its services, as determined from time to time.

8.28 Presented below is information regarding revenue from customers that account for over 20% of the Company's total revenue (total revenue in thousands of NIS, and as a percent the Company's total revenue):

	2023	**2022**	**2021**
	NIS in thousands		
Isracard and American Express			
Revenues	51,591	47,667	45,127
Proportion of total revenues	38%	41%	41%
CAL and Diners			
Revenues	39,129	33,401	29,686
Proportion of total revenues	29%	28%	27%
MAX			
Revenues	30,244	27,855	25,437
Proportion of total revenues	22%	24%	23%

8.29 **Marketing and distribution**

The Ashrait PC software produced by the Company and the 3DS service are marketed to businesses through distributors. The distributors are, in some cases, software firms that provide business management solutions to the businesses, and incorporate Ashrait PC software and 3DS service into their solutions to enable executing charge card transactions. Some distributors provide payment gateway[3] services to businesses and/or traders, using Ashrait PC software on their servers.

8.30 **Competition**

For details regarding the competition in the operating segment and alternatives to the operating segment's products, see sections 9.21 and 8.22 above.

[3] Payment Gateway - entities that provide transaction transfer services between the businesses and the acquirer or processor on his behalf. The service is provided mainly to businesses that perform charge card transactions over the internet.

8.31 Seasonality

The scope of charge card transactions, as well as the scope of transactions executed at ATMs, are mostly based on the level of private consumption in Israel. Seasonality in the Company's operating segments is mostly due to the seasonality of private consumption in Israel, which is characterized by high demand before the Passover holiday, in the months of the summer vacation, and before the High Holidays period and before international sale days which mostly take place at the end of calendar year; however, this seasonality has no significant effect on the Company's quarterly results.

8.32 Production capacity

The Company routinely makes evaluations and adjustments in respect of its ability to provide its services even in periods of high demand. In the past, the highest demand was recorded on holiday eves and shopping holidays (as specified in section 8.31 above), and the Company met this demand. The Company has operating entities working 24 hours a day, seven days a week, and in case of malfunctions or other exceptional events, the Company activates other technical entities to solve the problems within a short timeframe. However, communication problems on a national level or on the communication media through which the businesses and participants are connected to the Company, or IT problems of the participants, may also affect the provision of the Company's services.

8.33 Property, plant and equipment land and facilities

The Company's offices are located at Azrieli Center, Tower A, at 26 HaRokmim St., Holon, which the Company leases from an unrelated third party, inter alia, in accordance with the requirements of the Banking Supervision Department, as set forth in Proper Conduct of Banking Business Directive 355, regarding "Business Continuity Management". The Company signed an agreement regarding the rental of an office site for a period of ten years (until 2025) with an option to extend by two additional terms of five years each, and in total, for an additional period of ten years. The Company estimates, with a high degree of probability that it will exercise the option. It is further indicated in this regard that until May 24, 2022, the offices and lease fees were divided equally between the Company and Masav and from the date Masav left to its new offices the Company is the exclusive lessee of the offices.

In addition, the Company rents space that is used as an alternative backup site for the employees' activities and uses an additional backup site to save data for a partial backup and everything in accordance with the Bank of Israel's requirement. In April 2021, the Company signed an agreement with Masav, jointly and severally (each of which bears 50% of the rental costs), for rental of alternative backup facility for a period of five years (effective January 11, 2020) with an option to extend by two additional terms of five years each, and in total, for an additional period of ten years. For further details, see Note 11of the financial statements.

The Company's significant property, plant and equipment include computers, data systems and infrastructure, telecommunication equipment and peripheral equipment, which are used in the Company's activities. The aforementioned IT and information systems are at the core of the Company's activity (including for backup purposes), and constitute the foundation for the Company's activity. The core systems are based on special computers designed to ensure maximum availability and to avoid loss of information in case of failure. Property, plant and equipment that are used by both the Company and Masav were purchased jointly by the two companies, some in equal parts and some in unequal parts, where in most cases, the Company's share is greater than the Masav's share. The cost is divided between the companies, and each company records in its books its share in the assets. The current expenses involving the maintenance of the shared property, including maintenance and warranty in respect of software and hardware are managed in accordance with the charging agreement, as specified in section 16.3 below. In this regard, it should be noted that after the period of the report and as part of a mediation process conducted by the Company and the Masav, the companies accepted the mediator's proposal that was approved by the companies' boards of directors and is awaiting the approval of the Company's general meeting scheduled for April 9, 2024, which includes an agreement according to which each company will continue to bear the cost of the hardware and software it currently bears, without change, until the date of its exit from that software/hardware in accordance with the dates set in the separation outline. It was also agreed that there will be no additional accounting for hardware and/or software that remains in the hands of the parties.

The Company routinely evaluates the status of the IT systems which it uses, against the technological needs and developments, and periodically upgrades its IT equipment. The Company is the owner of proprietary software applications. For additional details, see Notes 9 and 10 to the financial statements. For details regarding the Masav's share in the rental agreement see Regulation 22 of the chapter of Additional Details.

8.34 <u>Research and development</u>

The Company has developed, and continues developing, IT and communication systems for its field of activity, as specified above.

8.35 <u>Intangible assets and databases</u>

The Company is the owner of the Ashrait trademark for the Ashrait PC software. For further details, see Note 9 to the financial statements for 2023. The Company also holds databases regarding workforce and payroll and regarding automated bank services (customers and business partners) in accordance with the provisions of the Protection of Privacy Law.

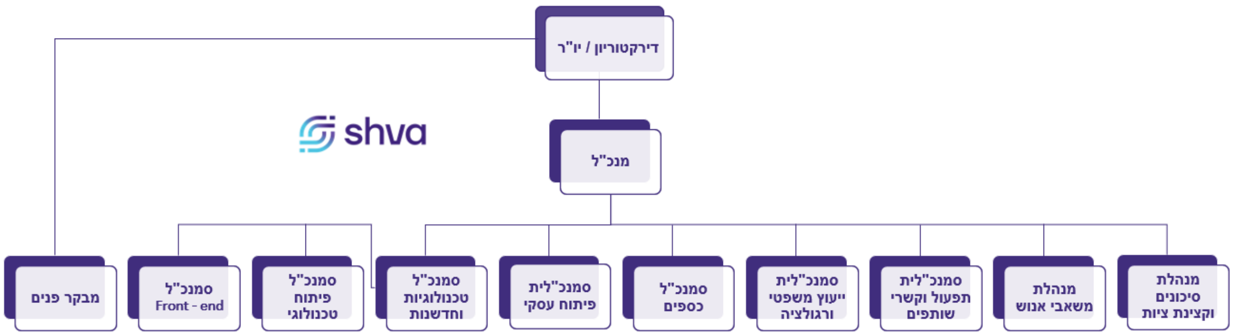
Chapter C - Matters Pertaining to the Activity of the Company as a Whole

9. **Human capital**

9.1 The Company’s organizational structure

The day-to-day management of the Company is the responsibility of the Company's CEO, who is assisted for exercising his duties by the management team, who serve as the executive arm of the Company and comprise the CFO, VP Legal and Regulation, VP Technologies and Innovation, VP Technology Development, VP FrontEnd System Development, VP Business Development, VP Operations and Partner Relations, VP HR, VP Risks and Compliance Officer and Internal Auditor.

The following is an organizational chart of executives, including CEO and VPs, as existed as of the Date Close to the Date of Approving the Report:



For additional details regarding the Company’s directors and officers, see Regulation 26 and 26A in the additional details below.

9.2 The Company’s workforce

	Shortly before date of this report	31.12.2023	31.12.2022
Total employees *	124	126	115

*Not including overtime

In addition, the company receives services from 16 external employees by external companies.

9.3 Obligations to employees

The Company grants its employees various bonuses during their periods of employment, such as annual bonuses, jubilee benefits, etc. Additionally, some of the Company's employees are entitled to a 13th salary, and some even to a 14th salary (supplement of recreation pay to the base salary).

Some of the Company's employees are not subject to the arrangement in section 14 of the Severance Pay Law -1963. The Company has a central severance pay fund which covers, together with the employees' personal funds, all its liabilities in respect of severance pay to those employees.

9.4 Welfare payments and services

In addition to their salaries, some employees of the Company also receive welfare services and payments, including: grossed-up payments for meals and vouchers for buying clothing.

9.5 Absence of material dependency on any specific employee

The Company has no material dependency on any specific employee/officer.

9.6 Training and education

In 2023, the Company invested in the professional promotion of the Company's employees, which was reflected in individual professional courses to employee; professional certifications; mandatory organizational-wide training on data security, prohibition of use of inside information, compliance, code of ethics, and enrichment lectures on diverse topics.

9.7 Organizational culture and code of ethics

The Company has a longstanding tradition of providing professional and reliable service and strives to operate fairly, with integrity, and with honor, towards its business partners, its direct and indirect customers, and its employees. The Company has also established operational excellence as a central value guiding its activity, and operates in accordance with a code of ethics, which is approved by the board of directors periodically. The Company has also implemented an internal enforcement plan in the area of securities law and corporate law.

9.8 Significant efficiency and cost-cutting plans

The Company operates all its services through a limited number of employees, thanks to efficient work processes, and dedicated and professional employees. There are therefore no significant plans regarding increased efficiency and/or cutback in human resources. However, the Company consistently works to continue the efficiency of processes and adjust the organizational structure according to its strategic goals.

9.9 Collective bargain agreements

For details regarding the collective agreement applicable to the Company and its employees see Note 8 to the financial statements.

9.10 Officers and senior executives

For details regarding the officers and senior management employees, see Regulations 26 and 26A of the chapter of Additional Details About the Corporation.

For details regarding the remuneration paid in the reported year to the five highest paid employees in the Company among the senior officers in the Company, see Regulation 21 in the chapter of Additional Details About the Corporation.

10. Providers

10.1 Shared activities of the Company and Masav

For details regarding the customer - supplier agreement between the Company and Masav, see Note 17.B.2 to the financial statements.

10.2 Service providers

The Company obtains services from a wide variety of providers in Israel and around the world, according to the various issues in the field of information systems and development, and is not significantly dependent on any provider, except for various services, mostly involving workforce services and operation services from Masav of the accounting interface.

The Company engaged with two third parties that are unrelated to the Company, and which provide various services requires in the field of information systems, including agreements regarding the purchasing and maintenance of equipment, and software purchasing. One of the aforementioned companies is the exclusive provider for the Company’s central computers, and the other company, Hewlett Packard Enterprise (“HPE”), provides the unique front-end computer system that the Company uses. To the best of the Company’s knowledge, the Company is one of the only customers using that computer in Israel, and the discontinuation of the engagement with HPE may cause the Company to incur highly significant additional costs in the short term, in light of the uniqueness of that system. The Company also buys communication services from various communication providers, through various access methods, such as (1) point-to-point communication services; (2) internet communication; and (3) dialup communication.

11. Working capital

The Company's working capital (in thousands of NIS) is as follows:

31.12.2023	31.12.2022
185,232	180,104

12. Investments

The Company's Proprietary investment portfolio is managed by three portfolio managers, in accordance with the Company's investment policy, which was approved by the Company's Board of Directors, under the supervision of an external consultant who was appointed on its behalf. The Board of Directors is periodically presented with a written report regarding the performance of the Company's Proprietary investment portfolio and annually the Board of Directors discusses the need for an update to the investment policy and for the replacement of portfolio manager(s) whose performance did not meet the Company's expectations. The investment policy which was determined by the Company's Board of Directors is conservative, and as stated above, it is periodically evaluated by the Board of Directors. For additional details, see section 20.9 below.

13. Financing

The Company finances all of its activities using its own resources.

14. Taxation

The Company is assessed for tax purposes pursuant to the Income Tax Ordinance, and is registered as a "authorized dealer" for VAT purposes. For additional details regarding taxation, see Note 12 to the financial statements.

15. Restrictions and oversight over the Company

As stated above, in early June 2019, after completing a public offer of the Company's shares, the Company became a public company and a 'reporting corporation', as this term is defined in the Securities Law, and so long as the public holds securities of the Company, it will be subject to the provisions of the Securities Law and the regulations enacted pursuant thereto. In light of the above, changes were made to the financial reporting regulations applicable to the Company, from a reporting framework which is based on the public reporting regulations and directives of the Supervisor of Banks, and on generally accepted accounting principles in Israel (Israeli GAAP), to a reporting framework based on International Financial Reporting Standards (IFRS) and the Securities Regulations (Annual Financial Statements).

16. Material agreements

As stated in sections 8.26 and 8.27 above, in accordance with the provisions of the law, the Company formulated rules for the charge card services system as the operator of a 'controlled payment system', which were distributed to participants, and which entered into effect in July 2018 and updated from time to time. Once the rules came into effect, the agreements specified in section 16.1 below were not terminated, although the rules take precedence over any previous agreement signed with participants.

It should be noted that regulating the failure arrangement, the rules of the system were updated in the chapters referring to the arrangement, including the appendices to the rules the various participants are required to sign.

In this regard, it should be noted that the Company signed an agreement with the Bank of Israel for the purpose of opening a security account that will be managed by the Company for the participants as part of the failure settlement. In addition, the Company signed an agreement with Zahav system for the purpose of regulating clearing with Zahav system instead of Masav.

16.1 Agreements with credit card companies

16.1.1 Agreement with credit card companies - approval and collection interface

The Company entered into agreements with each of CAL, Isracard , MAX[4] Tranzila and Cardcom that govern the relationship between the parties, in connection with the use by credit card companies and new acquirers of the Company's approval and collection interface. The agreements were signed for an indefinite period, where each party has the right to terminate the agreement by giving advance notice of 180 days to the other party. As stated in this section 16 above, these agreements are subject to the provisions of the rules.

16.1.2 Agreement with credit card companies - clearing and account settlement interface

On September 12, 2001, an agreement was signed between the Company and each of the three credit card companies pertaining to the execution of a project involving the development of a clearing interface, whose development has been completed, as well as settling of accounts and operation of the aforementioned interface. As stated above, these agreements are subject to the provisions of the rules.

Charging the credit card companies for the services which are given in accordance with this section is done in accordance with the Company's price list, as published on the Company's website from time to time.

16.2 Inter-bank agreement

As described above, the Company provides, inter alia, switching services between all ATM networks operated by the banks. On February 13, 1984, a mutual recognition agreement was signed between Bank Leumi, Bank Hapoalim, Bank Discount Mizrahi Tefahot Bank, and FIBI, which was later joined by Bank of Jerusalem and Bank Yahav, for the mutual recognition of ATMs which regulates the terms of the cross-use of the parties' ATMs, including on all matters associated with the cross-fee paid between them in respect of the withdrawal of cash from the ATMs they own, by entities other than their customers (hereinafter: the "**Mutual Recognition Agreement**"), and in accordance with the exemption given to the parties to the mutual recognition agreement on July 30, 2018.

[4] The agreement was signed between the Company and Alpha Card. Upon the establishment of MAX, all of the rights and obligations of Alpha Card under the agreement were transferred to MAX.

To the best of the Company's knowledge, on March 25, 2020, a new mutual recognition agreement was signed (hereinafter: "**the New Mutual Recognition Agreement**"), which replaced the February 1984 agreement.

The Company is not party to the New Mutual Recognition Agreement, and operates the ATM switch and charges a payment in accordance with the Company's price list for each transaction and minimum payment, as required.

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16.3 <u>Agreement with Masav</u>

Regarding the separation between the Company and Masav and the decision of the Commissioner, see Note 17 to the financial statements.

17. <u>Collaboration agreements</u>

For details regarding the cooperation agreement between the Company and Masav, see Note 17 to the financial statements.

18. <u>Legal proceedings</u>

For a description of the significant legal proceedings to which the Company is party, and are pending against the Company, see Note 17 to the financial statements. No provisions whatsoever were included in the financial statements in respect of the legal proceedings pending against the Company.

19. <u>Business objectives and strategy and expected developments in the coming year</u>

The payments market is undergoing significant changes, in view and further to a strategic plan devised over the previous year, the Company has re-examined its strategic plan with the aim of examining the growth engines and the strategic targets compared to the changes and trends in the market. After the aforementioned examination, the Company refined its goals. The Company's strategy combines two main goals: the development and management of the existing payment infrastructures and their accompanying value propositions alongside business growth based on new and advanced services and products that are integral activities and ancillary activities to the Company's traditional services, while diversifying and expanding the Company's customer circle and its sources of income. The Company's business strategy was determined taking into account the business environment in which the Company operates, which is influenced by many factors, the main ones being regulatory changes, technological developments, and changes in consumer behavior. The Company's main goals and business strategy are a derivative of the Company's vision to be a central and leading junction in Israel for transferring transactions and aggregate information, enabling advanced and technological payment solutions while providing equal opportunity and access to progress for all entities and businesses in Israel.

In the coming years, the Company will focus on developing and expanding a portfolio of diverse digital products and services for business, institutional and municipal entities, payment solution providers (PSP), acquirers and issuers alongside stability and efficiency of the controlled payment systems under its management and operation.

The Company will enable smart management of payment transfers and making aggregate macro financial and economic information available in accordance with the requirements of the developing market and the needs of businesses in Israel, through the initiation of infrastructure solutions based on advanced technology.

In 2022, the Company went through a rebranding process, with the aim of adapting itself to the developing market, to the world of international payments and to continue and strengthen its position as mentioned above. As part of the process, the brand language was redefined and in 2023, the Company strengthened messages and the values that are integrated into the Company's work advanced technology, responsibility, caring, equal opportunity and partnership.

As a business technology company, the Company expands the product portfolio, while maintaining and strengthening the stability of the Company's systems and maintaining the availability of the main services that the Company provides to its customers in real time. The Company promotes high technological level, innovation and support in the development of products and services for the Company's customers, including expansion into new areas of activity, subject to the approval of the regulatory bodies, as required. In addition, for supporting distribution of services and products, the company plans to establish an innovative and advanced developers' portal that will allow the development teams of its customers to be exposed and connect to services and products easily, simply and independently.

Within that framework, the Company continued in 2023 to develop different products as described in section 8.25 above, which started generating for the Company new revenue streams, along with potential business cooperation with new parties and improving its ties with credit card companies and banks. Additionally, the Company continued a process of scaling up its technology systems and the ability to execute infrastructure upgrading, continued investment in business continuity, reinforcing the IT system for formalizing a technology roadmap for the future.

Accordingly, in 2023, the Company commenced the process of modernizing significant parts of the Company's central core system, which is expected to reach its peak at the end of 2024.

The Company's estimates in this section are forward looking information, as defined in Securities Law, which is based decisions, estimates and assessments of the management of the Company as of the signing date of the report, in connection with its activity markets and customers. The Company is uncertain whether its estimates will materialize, and the Company’s actual activity may differ significantly from the foregoing, inter alia, due to changes to any of the foregoing factors, as well as their intensity, scope, duration, and the Company’s ability to handle them.

20. Discussion of risk factors

Below is the description, in the Company's estimation, of the main risk factors affecting the Company's activities. The Company is exposed to risks due to the environment in which it operates and the services it provides, which involve many complex work processes and systems designed to execute its tasks, as well as the regulatory framework applicable to its activity.

<u>Macro risks:</u>

20.1 Security situation risk - "Iron Swords" war

During the fourth quarter of 2023, the war broke out. The current fighting is expected to increase the budget deficit, while significantly reducing tax revenues compared to large expenditures on the security sector that may affect the citizens of Israel.

In addition, many businesses are not operating, there is a decrease in private consumption as well as a reduction in the scope of employment.

These material changes and the continuation of the war may affect the tastes and preferences of the Israeli business community and cause a reduction in the scope of activity and credit cards spending in a way that may negatively affect the Company's results. For more details about the "Iron Swords" war, see section 3 above.

<u>Sectoral risks:</u>

20.2 <u>Strategic risk</u>

Strategic risk is the risk of damage to income, capital, reputation or status of the Company resulting from taking erroneous business decisions, inappropriate implementation of decisions or lack of response to changes in the industry, economy, regulations and technology.

Strategic risks can be grouped into three types:

External environment – Risks arising from changes in the political, economic and social environments.

Competitive environment – Risks arising from changes in the competitive environment in which the Company is operating.

Internal environment – Risk arising from decisions, processes or actions the Company has taken or avoided taking.

The Company operates in a dynamic and frequently changing environment, in both the technological and regulatory aspects and the Company’s operating market includes a limited number of customers. These changes have significant implications on the Company’s activity and results. The strategic risk management of the Company is based on coping through a strategy that is being reassessed continuously, and includes, among other things, the following:
Developing a strategic plan, including review and assessment of different events in the work environment (regulation, competition, technology, etc.) and projecting the expected changes relative to each of the lines of operation of the Company, discussions in the Company's board of directors in which those changes are presented and the need for revisions to the strategy is reviewed.

Risk Manager periodically challenges the assessment of strategic trends as identified by the Company, and that way brings up issues that are relevant to the strategic risk, if necessary.

20.3 <u>Regulatory risk</u>

A regulatory risk is the risk of a loss resulting from the impact of expected future legislation and/or provisions by different regulatory bodies. The Company's activity is regulated and supervised in a stringent manner. The Company is exposed to regulatory risk in relation to all its areas of activity. The business environment in which the Company operates is dynamic, and is currently at the focus of attention of regulators and lawmakers.

Due to the multitude of regulations applicable to the Company, the investment of many financial and administrative resources is required to ensure compliance with the regulations, including investment in information systems, computer processes, implementation of procedures and controls, employee training and other costs that affect the company's business results.

As a consequence, there is a risk of damage to the group's income and/or capital, arising from legislative processes and/or provisions of regulatory bodies that may cause changes in the Company's business environment. The Company monitors in-process regulation and takes steps as much as possible to adjust its activities and reduce the risk of harm. It should also be noted that since the Company is a reporting corporation, the Company has an enforcement plan in the field of securities that is managed by the enforcement officer and is reported to the Company's organs every year. The Company's enforcement plan was recently implemented during 2023 in accordance with the provisions of the Securities Authority.

20.4 <u>Compliance risk</u>

Compliance risk is defined as the risk of the imposition of legal or regulatory penalties, significant financial loss or reputation damage, which the Company could suffer by not complying with relevant regulations.

Without derogating from the foregoing, the Company maintains control and supervision processes carried out by the compliance officer, including periodic compliance surveys, however, compliance risk management is an integral part of business activity of the Company, and is not only the responsibility of the Compliance function. Business lines bear considerable responsibility for compliance and take active part in the management and mitigation of compliance exposure in the Company. The Company is routinely active to integrate statutory provisions to prevent exposure to compliance risks.

20.5 <u>Legal risk</u>

A risk arising from the activity of the Company that is misaligned with primary or secondary legislation, provisions or instructions by a competent authority, case law precedence, and risk arising from legal proceedings pending against the Company.

Additionally, legal risk also includes the risk of having a flawed legal opinion, including drafting agreements that do not protect the rights of the Company or failure to give appropriate guidelines following legislative and case law developments.

The management of legal risk is an integral part of the business environment. Consequently, decisions about legal policy are taken jointly by VP Legal and Regulation and long-standing legal advisors of the Company, who specialize in the Company's area of activity and embedded risks therein.

20.6 Operational risks

Operational risk is defined as "the risk for loss resulting from inappropriateness or a fault of internal processes, people or systems, or as a result of external events."

The Company’s core activity is providing technological services to its customers. The main risk category to which the Company is exposed is therefore the category of operational risks in general, and information technology risks in particular, including a commitment to business continuity.

The risk centers for operational risks to materialize are:

(a) IT risks

Risks due to failure of technological factors, including system disruptions, inadequate backup of information systems, deficiencies in the information security system, obsolescence of existing systems and reliance on old systems. The realization of operational risks related to information systems, the central computing infrastructures or the integrity and availability of the systems may cause the Company financial and reputational damage.

(b) Information security and cybersecurity risks

Cyber risk is defined as a potential for damage from a cyber-event, considering the probability and severity of consequences. A cyber event is one in which computer systems and/or computer-embedded infrastructures are targeted by rivals (internal or external to the Company) or on their behalf, which may cause materialization of the cyber risk.

The Company, as a provider of critical infrastructure is an attractive target for various attackers. Therefore, the Company is at high risk for cyber-attacks and IT threats.
The IT systems, data networks and IT systems used by the Company’s customers are targeted by cyber-attacks, penetration of malware, malicious codes, phishing attacks, and other exposures, which are intended to harm the Company’s services, steal information, or harm the Company’s database.

The Company has drafted a strategy document for information security and cyber protection that defines the Company's concept and goals regarding information security and cyber protection in accordance with the Company's strategy.

These documents are validated and approved by the Company's management and board of directors every three years.

In addition, the Company has an annual work plan for information security and cyber protection as well as an information security and cyber protection policy document which aims to be a framework for managing information security and cyber protection risks, setting goals, establishing work procedures that define the principles of management and implementation, the responsibilities of the officers, and the controls that are used by the Company for cyber risk and information security Management - these documents are approved annually by the Company's board of directors.

During 2023, the Company invested many resources in strengthening the information security and cyber protection system.

The Company complies with PCI DSS international security standards - and as such there is an annual certification on the subject.

It should also be noted that in accordance with the provisions of the law, Shva is classified as a "critical state infrastructure body" and as such is supervised by the National Cyber System, which is a government body. In this framework, the Company is subject to strict guidelines and audits regarding information and cyber security.

(c) Business continuity

Since the Company provides critical national infrastructure, the Company is required to develop, fulfil and maintain an operative plan designed to ensure the continuity of its activities and the provision of its critical services, in the event of operational failure events, a disaster and/or emergency.

In accordance with the directives of the supervision of payment systems, the Company is required to verify its ability to restore its critical systems and processes at the times set by the supervisory body. Damage to the continuity of the Company's activity may lead to substantial exposure to lawsuits from system participants and market players, to the intervention by supervisory authorities and damage to the Company's reputation.

The Company maintains an emergency alternative site whose purpose is to provide a response in cases where the Company's main site fails to function. In addition, the Company has a practice program of variable scope and frequency, in accordance with multi-annual plan designed to test the Company's ability to restore its activities in the alternative facility and in a short time.

(d) Human factor risk

The characteristics of the Company's activity confer importance to the Company's ability to recruit and retain professional and high-quality employees, some of whom have unique specialties. Damage to this ability may increase the risk of damages due to incompetence, human error or lack of professionalism of the Company's employees.

The Company maintains internal controls in all processes and activities in order to ensure that the Company's activities are efficient and effective. In addition, the Company has various human resources procedures that are designed to accompany the "life cycle" of the employee, including during recruitment, apprenticeship and training phase, compensation and termination of employment. The Company's employees participate in personal professional courses, professional certifications, mandatory organizational trainings on information security, prohibition of using inside information, compliance, code of ethics and enrichment lectures on various topics.

In addition, the Company has a professional liability insurance policy for the activities of the Company's employees. However, there is no assurance that the insurance policy will fully cover the operations and/or the amounts that will be claimed for the risks of the human factor.

Operational risk management is implemented in the Company in accordance with the directives of the supervision of payment systems, which determine, among other things, the basic principles for risk management. Risk management in the Company is an ongoing process of identifying and assessing risks, measuring the exposures and capital needs required for coverage on an ongoing basis and reporting to management and the board of directors.

Below are the key principles in operational risk management:

- Three lines of defense – As a first line of defense, business units take the risk, and they are responsible for putting in place internal controls in order to reduce the risk and minimize the probability of the risks being materialized and the consequential damage. The second line of defense is the Operational Risk function, which is an independent party outlining the policy and framework for risk management. The third line of defense is Internal Audit, which performs independent audits.
- Risk management policies – The Company has policies for managing risks, which is validated and approved by management and the Board annually. This policy includes, among others, corporate governance for managing risk, a framework for risk management and limits on risk appetite.
- Operational risk mapping – The Company has a map of operational risks to key processes of the Company. Risk mapping includes an assessment of the embedded risk, of the corresponding control and of the residual risk. Identification of the risks and their assessment are determined based on an internal methodology of the Company. The operational risk map is used as a tool to support business decision taking, and analyzing the level of operational risk exposure.

- Operational loss and near-loss events – The Company has an official process for reporting operational loss and near loss, as well as a process for learning lessons from such events. Collecting data on loss events, supports, among other things, the process for assessing the exposure to operational risk.
- Methodology of risk identification, measurement and assessment – The Company has a uniform methodology for identification and assessment of operational risks inherent in its various activities. Identification methodologies make use of a range of tools and includes a quantitative and qualitative assessment of risk and estimate of effectiveness of controls over the risks.

20.7 Reputational risk

Reputational risk is the risk that a negative publication, market rumors or public perceptions with reference to the Company's activities will lead to compromised relationships between the Company and its customers, regulators or cause high legal costs or reduced revenue. Reputational risks are inherent in the activity of the Company and exist across the organization. Risk management in the Company is primarily based on a process of identifying reputation exposures (any action that may be associated with the Company and may create media coverage or negative discourse). Monitoring and response are performed regularly.

20.8 Risk of separation outline from Masav

Such separation of the Company from Masav is carried out according to gradual, audited outline approved to the Competition Court, which includes, among others, the separation of shared infrastructures, joint computer equipment and joint development and testing bodies to a situation where each company conducts its business separately.

Such a separation is a process of strict, gradual and audited planning of separating the infrastructures and information systems and all joint affiliations to both companies.

Financial risks

20.9 Market risks

Market risk results from change in market conditions (change in pricing levels in various markets, interest rates, exchange rates, inflation, share prices and commodity prices).
The Company is exposed to market risks in relation to its proprietary investment portfolio. Its proprietary investment is managed based on a conservative investment policy, which is tested annually. The responsibility for market risk management and oversight in the Company lie with Company's Board of Directors.
Portfolio management is performed by three portfolio managers, overseen by an external advisor who was appointed by the Company to monitor compliance with the investment policy in place. Performance of the portfolio and adherence with the policy adopted are periodically reviewed by management and the Board.
The Board examines periodically the need for updating the investment policy and the need for replacing those portfolio managers whose performance is below Company expectations.

20.10 <u>Liquidity risk</u>

Liquidity risk is a risk to profitability and stability of the Company arising from inability to provide its liquidity needs. The Company has excess financial resources and it does not rely on external credit sources.

20.11 <u>Credit risk</u>

Credit risk is the risk that customers of the Company will not pay amounts due from them. The main customers of the Company are credit card companies and banks, which have robust financial positions. Therefore, the exposure of the Company in relation to customer credit is minimal.

Presented below is mapping of the main risk factors to which the Company is exposed. The assessment of the risks and of their respective effects, constitutes a subjective assessment by management. For the purpose of performing this assessment, definitions were established regarding the effects of the risks, while taking into account their magnitude of materialization, as follows:

- The effect was defined as **major** if the materialization of the risk could result in significant harm to the Company.
- The effect was defined as **moderate** if the materialization of the risk could harm the Company's business objectives
- The effect was defined as **low** if the materialization of the risk could result in immaterial harm to the Company's business results.

Number	Risk	Estimate of the risk and their effect		
		Low	Moderate	Major
1.	**Macro – security situation risk**	✓		
2.	**Strategic risk**		✓	
3.	**Regulatory risk**		✓	
4.	**Compliance risk**		✓	
5.	**Legal risk**	✓		
6.	**Operational risk**			✓
7.	**Cybersecurity and data security risk**			✓
8.	**Reputational risk**	✓		
9.	**Risk of separation outline from Masav**		✓	
10.	**Market risk**		✓	
11.	**Liquidity risk**	✓		
12.	**Credit risk**	✓		

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PART B

Report of the Board of Directors and Management as of December 31, 2023

Remarks of the Chairman of the Board

I am pleased to present you with the financial statements for 2023, which was characterized by challenges and great complexity for the Israeli economy and society. The "Iron Swords" war, which broke out due to the events of October 7, significantly affected the activity of the Israeli economy when thousands of families lost their most precious possessions, thousands of soldiers, members of the security forces and other civilians were injured and hundreds of thousands of residents were forced to leave their homes.

I want to strengthen the families of the 134 hostages who are still being held captive by Hamas in Gaza, may we get to see them with us soon.

With the outbreak of the events, the Company mobilized and in cooperation with other business entities established a leading enterprise that provided a system of assistance and support to thousands of small businesses in the Gaza Envelope while providing financial assistance in a quick approval process.

Despite the many challenges we faced, Shva continued to focus on its deep commitment to strengthening the stability of the national payments system. Through hard work, perseverance and an impressive mobilization of all employees and management, we managed to maintain the continuity of the essential services and ensure the continued full functioning of the national payment systems concurrently with continued implementation of the Company's strategic plan, successful completion of complex technological projects and the construction of new growth engines, activities that are reflected in the Company's financial results and continued growth in its revenues.

Shva concludes 2023 with an increase of about 15% in revenues compared to the previous year, which is due to the local economy and the new services. Operating profit of approximately NIS 42 million, which was affected in the last quarter by a decrease in activity in view of the Iron Swords War and the Company's contributions to the Otef Laesek project. The Company's equity is solid and stable and will be used by the Company, among other things, to implement the Company's strategic plan and promote the aforementioned new growth engines.

I would like to express my deep appreciation to all of the Company's employees, who have demonstrated exemplary dedication, determination and professionalism during this difficult period. My sincere thanks go to you, dear employees, for the supreme efforts you invested for the sake of society and the country.

Also, I would like to give special thanks to the outgoing chairman, Mr. Shlomo Bisteri, for his outstanding leadership and significant contribution to the Company during his tenure. Shlomo demonstrated firm leadership and a clear vision that led the Company in the right path for the past nine years.

Despite the difficulties that challenged us in 2023, Shva came out stronger and more cohesive than ever. I am sure that thanks to the motivation, dedication and professionalism of our employees, we will continue to successfully face any challenge that may be required and we will ensure the prosperity and growth of the national payment systems for the benefit of all the citizens of the country.

Sharon Haran
Chairman of the Board
March 26, 2024

Report of the Board of Directors and Management as of December 31, 2023

Board of Directors' Report Regarding the State of the Company's Affairs

1. Overview, objectives and strategy

1.1 Concise description of the Company and its business environment

We are hereby pleased to present to shareholders the Board of Directors' Report of Automated Banking Services Ltd. (hereinafter: the "**Company**" or "**Shva**") as of December 31, 2023 and for the one-year period then ended (hereinafter: the "**Reporting Period**"), in accordance with the provisions of Regulation 10 of the Securities Regulations (Periodic and Immediate Reports), -1970.

The Company was incorporated in Israel in 1978 as a private company pursuant to the Companies Law. In early June 2019, after completing a public offering of its shares, the Company became a public company whose shares are traded on the Tel Aviv Stock Exchange and a 'reporting corporation', as this term is defined in the Securities Law. Accordingly, beginning on that date, the reporting format of the Company is based on International Financial Reporting Standards (IFRS) and the Securities Regulations (Annual Financial Statements), -2010.

The Company is operating controlled payment systems constituting critical national infrastructures that allow, inter alia, the collection of charge card transactions from terminals at businesses, transferring approvals for charge card transactions, a clearing interface between acquirers and charge card issuers, and sending approvals for cash withdrawal transactions at ATMs, management and operation services of ATM's accounting interface and makes aggregate information available to its customers. For further details, see section 3 in Chapter A - the Description of the Company's Business.

The payment market in which the Company operates is dynamic, developing and growing at an accelerated pace in recent years. This is reflected, among other things, in frequent and substantial changes in the competitive and business environment as a result of the implementation of various regulatory reforms, technological developments and global developments, in joining of international players and fintech companies and a significant increase in the number of local players in the payment market ecosystem. To the best of the Company's knowledge, the Company is not exposed to substantial competition in its activity sector and is the main supplier of all the services it provides. At the same time, the Company is aware that the changes detailed above, including advanced technological solutions, may change the world of payments and increase the growing competition in the field of payment methods. The Company deals with these changes, among other things, through the following actions: 1) investment and continuous improvement in the Company's technological infrastructure; 2) increasing and expanding the services and products for its clientele; 3) Adapting the Company to the changing environment by constantly and actively challenging the Company's strategy.

In accordance with the Company's strategic plan, 2023 was mainly characterized by: (a) increased investments in new products and services; (b) Continued implementation of the Company's separation from Masav in accordance with the decision of the Competition Commissioner; (c) updating the Company's price list from May 2023 in line with the increase in inputs (d) Strengthening the cyber protection and infrastructure while carrying out an organization-wide digital transformation process that includes modernization of the core systems; (e) developing new growth engines (f) automation of organizational processes (g) continued characterization of a cloud-based platform for the sale of new services and products in the worlds of payments and business information, all as detailed below.
In the Company's estimation, the investments in new products and business development which will intensify in 2024, will diversify the sources of income and the Company's customers and will allow the continued development and growth of the Company and its revenues in the following years of activity.

The "Iron Swords" war and its effects

Regarding the actions taken by the Company at the outbreak of the war and a broad description of its impact on the activity, including explanations regarding the actions taken by the Company in the areas of cyber and HR, see section 3.2 in Chapter A, description of the Company's business. In view of the fact that the war broke out on October 7, 2023, around and after the beginning of the fourth quarter of the year, its business results, explained in this board report, reflect the Company's business reality as expressed in its business results. In the shadow of the war, despite the significant slowdown in business activity in the entire Israeli economy and the decrease in charge card spending, especially at the beginning of the war, the Company was able to maintain the continuity of services and ensure the continued full functioning of the national payment systems in a stable and efficient manner, concurrently with the continued implementation of the Company's strategic plan, a successful completion of complex technological projects and building new growth engines. As of the date of the report, it is possible to see a recovery of the economy and an increase in charge card activity in most sectors of activity.

The Company's estimates regarding its future sources of income as well as changes that will apply in 2024 is forward-looking information, as defined in the Securities Law, which there is no assurance as to how it will materialize and which may materialize in a different way and at different dates than estimated by the Company, and this is, among other things, taking into account the preferences of the market, the Company's performance and the situation the economy.

1.2 Entry of new products as part of the strategic plan

In accordance with the Company's strategic plan, during 2023 the Company continued to invest in promoting business development, new services as well as future growth engines as follows:

New services:

- Failure arrangement of charge cards and the ATM system, bilateral accounting between the participants of the ATM system and connection to the Bank of Israel's Zahav system - the Company developed and launched the aforementioned services in accordance with the directives of the supervision of payment systems and Bank of Israel.

- Additional services on the switch - response on behalf of the issuer (quick response by the Company to requests for approval instead of the issuer), charge card-based payment in public transportation and other services.

- SHVA Insights - The Company is developing a system to make aggregate information accessible to businesses, institutional entities, financial entities, etc. subject to the legal provisions applicable to the Company. The system is expected to be operable during 2024.

- SHVA Arena - The Company is expanding its infrastructure services in accordance with the changing market needs and will enable payment solution providers (PSPs) to provide businesses with a variety of new value propositions and advanced technologies on top of the payment system infrastructure. The basket of additional services and solutions is expected to be operable during 2024.

- SHVA CLP (Close Loop Payments) – The Company allows operators of customer clubs and other entities to connect to charge cards payment system in accordance with Bank of Israel guidelines. During 2024, a new CLP operator/club joined the payments system and these days the Company negotiates with additional participants, all subject to the approval of the Bank of Israel

For further details and elaborating on the subject, see Section 8 in Chapter A - Description of the Company's business.

1.3 Expenses and investments required for the separation of the Company and Masav

In accordance with the decision of the Competition Commissioner and the separation outline of the Company and Masav that was approved by the court, until December 31, 2027, all joint affiliations that exist between them will be completely severed, so that at the end of the date for approving the restrictive arrangement, no joint affiliations will remain and no services will be provided from one of the companies to the other that are not as part of the services they sell to the general public. In this regard, see the chapter on separation of the Company and Masav in note 17 to chapter C of the financial statements.

The effect of the separation from Masav on the Company's results in 2023 amounts to approximately NIS 11.8 million (in 2022, approximately NIS 5.3 million, in 2021 NIS 0.7 million) resulting mainly from increase in the salaries and related expenses section due to the reduction of services provided by the Company to Masav, net of the portion that was discounted to intangible assets, increase in other operational expenses (mainly hardware and software maintenance and depreciation and amortization expenses) resulting from the gradual exit of Masav from the shared infrastructures.

As to the fixed assets (mainly computers and electronic equipment, software and licenses), part of which is jointly owned by the Company with Masav.

In accordance with the proposal of the mediator as published in the summons to the meeting dated March 5, 2024, which is awaiting the approval of the general meeting scheduled for April 9, 2024, in accordance with the agreements, each company will continue to bear the current costs of each system until the date of its exit from the system. There will be no additional accounting for hardware and/or software that remains in the hands of the parties.

The Company's estimates that the current expenses for the separation in 2024 will increase to a total of about NIS 13- 15 million. In addition, as per the Company's estimate, current separation expenses at the end of the separation, which is planned to be completed in 2027, are expected to amount to a total of NIS 16.6 million each year. For further details, see Note 17 to Chapter C of the financial statements.

For further details regarding the approval of a permanent agreement between the Company and Masav see an immediate report dated March 5, 2024 (reference: 2024-01-022479)

The estimate mentioned in this section above is forward-looking information, as defined in the Securities Law, based on the Company's management's estimates and understanding. The Company's estimates may not materialize, in whole or in part, or materialize differently, including materially than expected, as a result of incorrect estimates, changes in the Company's work plan, unexpected changes in the payments market, changes in the behavior of external parties and regulatory changes over which the Company has no control.

1.4 Expenses and investments required for strengthening cyber protection and starting a modernization process for the technological systems

In 2023, the Company continued to strengthen the technological system while maintaining very high standards and availability required to support the Company's activities, including increase in expenses on protection from cyber threats that have risen in recent years. In addition, in accordance with the decision of the National Cyber System, the Company was declared a critical political infrastructure.

During 2022, a multi-annual work plan for 2025-2023 was approved, the essence of which is strengthening protection and increasing security, in order to allow continued effective dealing with information security challenges and a response to the increasing cyber threats.

Also, as part of the Company's strategy for technological progress, the Company approved a modernization plan for one of the core systems, which will be converted to advanced technology. The project commenced in 2023 (was registered as self-developed software as part of intangible assets) and is expected to last for about two years and its cost is estimated at about NIS 10 million.

Carrying out the modernization project will promote the Company's technological vision for an advanced architecture allowing fast connections and the expansion of the Company's portfolio of services.

As part of the substantial changes made by the Company as detailed above and in accordance with the Bank of Israel's requirement to examine the pricing of all existing services in the Company's price list, the Company has worked to update the price list for services it renders from May 1, 2023 in line with the increase in inputs.

The development costs in sections 1.2-1.4 were capitalized in 2022 and 2023 to the Company's intangible assets with an aggregate amount of approximately NIS 12.7 million.

The content of this section is forward-looking information, as defined in the Securities Law, which is based on the Company's plans and the Company's subjective assessments regarding technological changes and the expansion of the services and products it offers, and which may be rejected and/or not exist, among other things, following regulatory provisions, changes in market preferences and other external changes over which the Company has no control.

1.5 The Company’s activity during 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.

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

	Year ended December 31	
	2023	**2022**
Debit transactions	**2,174**	2,045
Credit transactions	**22**	21

ATM switching services

Number of balance checks and withdrawals – The number of times that holders of bank-issued charge cards check their account balance on ATMs of banks (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 a clearing bank submitted through the Company to the issuing bank.

Presented below is the total number of account balance checks and withdrawals (in thousands of movements) and the amounts of withdrawal requests (in millions of NIS):

	Year ended December 31	
	2023	**2022**
Total number of balance checks and withdrawals (thousands of transactions)	**61,795**	64,974
Total amount of withdrawal requests (in millions of NIS)	**51,211**	52,264

Significant trends, phenomena and developments

Economic developments in Israel and in the credit card industry

The consumer price index increased by approximately 3.3% in 2023. According to the assessment of the Bank of Israel, the forecasted inflation rate for 2024 is expected to be in the upper limit of the target (2.4%)

On January 1, 2024, the Bank of Israel decided to decrease the interest rate by 0.25 percentage points to 4.5%. According to the Bank of Israel's forecast, that was published in January 2024, the interest rate is expected to be in the range of 3.75% - 4% at the end of 2024.

In 2023, the NIS weakened relative to the Euro by 11.3% and weakened relative to the US dollar by 8.9%. The main impact of the increase in inflation and interest rates affected the value of the Company's held for trading securities portfolio and was reflected in financing expenses.

Purchases by credit card

In accordance with reports of the Israel Central Bureau of Statistics, total credit card purchases increased in 2023 by 1.4% in the total purchases by credit cards, following an increase of 5.9% in 2022.

Economic developments around the world

According to the IMF, the forecast is that world economy is expected to expand in 2024 by 3.1% and in 2025 by 3.2% compared to a growth forecast of 2.9% for 2024 published in October 2023. According to the estimates of the research division of the Bank of Israel, the scope of the expected growth in GDP for 2024 is 2%, and about 5% for 2025.

Changes in legislation in Israel – legal reform

For details on the subject see section 7.2 in the description of the Company's business.

The reference that appears in this section in connection with the Company's assessments of future developments in the global and local economic environment as well as in connection with the possible consequences of these developments on its activities, are considered forward-looking information as defined in section 32a of the Securities Law. These developments and consequences are not under the control of the Company, they are not certain and are based on information available to the Company as of the approval date of the report.

1.6 Financial position

Presented below is an analysis of the main changes in statement of financial position items as of December 31, 2023, compared to December 31, 2022 (in thousands of NIS):

	December 31		Change	Comments and explanations
	2023	2022		
	Audited			
Assets				
Cash and cash equivalents	**17,833**	37,941	(20,108)	Decrease mainly derives from dividend distribution
Short term deposits	**14,095**	10,087	4,008	
Held-for-trading securities	**139,691**	127,554	12,137	Difference derives from increase in value of portfolio and investments made
Trade receivables	**26,454**	21,959	4,495	Increase is mainly due to an increase in the Company's activity and price list
Other accounts receivable	**6,268**	3,447	2,821	Mainly due to increase in prepaid expenses for technological engagements
Income tax receivable	**2,639**	-	2,639	
Excess plan assets for post-retirement employee benefits	**1,625**	953	672	
Property, plant and equipment, net	**25,033**	24,891	142	
Intangible assets, net	**13,784**	3,720	10,064	Derives mainly from investments in projects and development of new products
Right of use assets	**19,451**	20,788	(1,337)	
Prepaid expenses	**7,627**	1,922	5,705	Derives mainly from technological engagements for long periods
Deferred taxes	**550**	664	(114)	
Liabilities and equity				
Current maturities of lease liabilities	**2,142**	2,120	22	
Trade payables	**2,264**	3,561	(1,297)	
Other accounts payable	**17,342**	13,033	4,309	Mainly derives from liabilities for employee rights that have increased in light of the increase in manpower, expenses payable and prepaid income received for development of projects
Income tax payable	**-**	2,170	(2,170)	
Long term deferred income	**2,339**	-	2,339	Mainly derives from revenues from project development
Lease liability	**18,187**	19,252	(1,065)	

Employee benefit liabilities	**1,408**	1,342	66	
Equity attributed to the Company's shareholders	**231,368**	212,448	18,920	The increase during the reporting period was due to the profits this year net of dividend distributed

1.7 Operating results

Presented below is an analysis of the main changes in statement of income items as of December 31, 2023, relative to the corresponding period last year (in thousands of NIS):

	Year ended December 31		Change	Comments and explanations relative to the corresponding period last year
	2023	2022		
	Audited			
Revenue from provision of services to credit card companies	**120,540**	108,495	12,045	Mainly increase in movement-based revenues, increase in the number of PinPads and updating prices in May 2023 in view of increase in inputs.
Revenue from provision of services to others	**14,379**	8,788	5,591	Mainly new revenues and update of price list from May 2023 in view of increase in inputs.
Total revenues	**134,919**	117,283	17,636	
Operating, general and administrative expenses	**92,951**	71,452	21,499	Mainly implementation of separation from Masav as described above, strengthening cyber defense and the technological system in the amount of about NIS 4 million, additional manpower as part of the implementation of the strategic plan and a contribution of about NIS 2 million to businesses in the Gaza Envelope.
Operating profit	**41,968**	45,831	(3,863)	Mainly in view of the contribution of to businesses in the Gaza Envelope.
Finance income (expenses), net	**6,696**	(11,391)	18,087	Increase in the Company's securities portfolio (compared to a decrease last year) and this in light of the fluctuations in the capital market.
Profit before taxes on income	**48,664**	34,440	14,224	
Provision for taxes on income	**10,448**	10,355	93	In respect of losses (utilization of losses) in the securities portfolio, no deferred taxes were made. For further details, see Note 12 C to the financial statements.
Net income attributable to shareholders	**38,216**	24,085	14,131	The change derives from the trends described above.
Net earnings per share	**0.96**	0.60		

1.8 Presented below is an analysis of the main changes in statement of cash flows items as of December 31, 2023, relative to the corresponding period last year (in thousands of NIS):

	Year ended December 31		Comments and explanations relative to the corresponding period last year
	2023	2022	
	(Audited)		
Net profit for the period	**38,216**	24,085	
Adjustments to profit	**14,583**	30,261	The change is mainly due to increase in value of held for trading securities portfolio
Cash flows before changes in asset and liability items and before financing and taxes	**52,799**	54,346	
Changes in asset and liability items, net	**(7,713)**	4,233	
Cash flows from taxes and financing, net	**(13,385)**	(11,445)	The change derives from the payment of current taxes
Net cash provided by operating activities	**31,701**	47,134	The change derives from the foregoing
Net cash used in investing activities	**(27,486)**	(29,105)	The change derives from investment in investments in projects and new products
Net cash used in investment activities	**(24,323)**	(23,915)	The negative flow results derives from distribution of dividends and the repayment of a lease liability

1.9 Financing sources

The Company finances all of its activities using its own resources.

2. Exposure to and management of market risks and management methods

Officer responsible for market risk management in the Company

Mr. Eitan Lev Tov, CEO of the Company, is responsible for managing the Company's market risks. In accordance with the investment policy determined, as stated above, by the Company's Board of Directors. For details regarding Mr. Eitan Lev Tov, see Regulation 26A in Chapter D of this report, additional details (hereinafter: "**Additional Details**").

Market risks to which the Company is exposed

The market risks to which the Company is exposed are mostly due to the holding of its portfolio of held-for-trading securities (hereinafter: the "**Proprietary Investment Portfolio**"). The proprietary investment portfolio amounted to a total of approximately NIS 139,691 thousand as of December 31, 2023. Cash and deposits in banks as of December 31, 2023 amounted to a total of approximately NIS 31,928 thousand. The aforementioned assets amounted, as of December 31, 2023, to a total of approximately NIS 171,619 thousand compared to NIS 175,582 thousand as of December 31, 2022.

The Company's proprietary investment portfolio is presented in the financial statements at fair value, which is determined in accordance with the prices on the stock exchange as of the balance sheet date. The proprietary investment portfolio is mostly invested in Israeli government bonds. Therefore, the main market risk to which the Company is exposed are due to factors affecting the market for government bonds, including average interest rates and other exogenous factors. A small part of the proprietary investment portfolio is also invested, in accordance with the policy specified below, in stocks and corporate bonds hence, the Company is also exposed to market factors affecting stock prices in general.

Company policy regarding the management of market risks

The Company's Board of Directors bears overall responsibility for the Company's framework for the management of market risks and for its oversight.
The risk management policy was formulated with the aim of achieving a certain level of profitability from the proprietary investment portfolio, while minimizing risk, in accordance with the defined risk appetite. The investment policy adopted is conservative and is evaluated and updated annually. The policy most recently adopted by the Company's Board of Directors includes, inter alia, investments in the following assets:

- Up to 10% of the portfolio value can be invested in corporate bonds rated at least AA- by Maalot or Aa3 by Midroog and foreign bonds with a minimum international rating of BBB.
- Up to 20% of the portfolio value can be invested in shares using index products only while limiting to leading indices.
- The balance of the portfolio value can be invested in bonds and treasury bills of the State of Israel, bank deposits and treasury bills of the State of Israel and leading countries in the world.
- The duration of the entire case shall not exceed 5 years.
- The total exposure to foreign exchange will not exceed 10% of the entire portfolio.

Oversight over management of market risks

The portfolio is managed by three portfolio managers, under the supervision of an external consultant who was appointed on the Company's behalf, and who oversees the implementation of the adopted investment policy. The Company's management and Board of Directors receive periodic reports regarding the portfolio's performance and implementation of the policy.

The Company's Board of Directors evaluates annually the need for updates to the investment policy and the need for replacing portfolio managers whose performance does not meet the Company's expectations.

2.1 Fair value of financial instruments and sensitivity tests

2.1.1 Fair value of financial instruments

	As of December 31, 2023 NIS in thousands				
	In Israeli currency		Foreign currency		
	Unlinked	CPI-linked	USD	Other	Total
Assets					
Cash and deposits in banks	15,790	-	1,207	836	17,833
Short term deposits	14,095	-	-	-	14,095
Held-for-trading securities	89,620	41,219	8,852	-	139,691
Trade receivables	26,454	-	-	-	26,454
Other accounts receivable	450	-	-	-	450
Income tax receivable	2,639	-	-	-	2,639
Total financial assets	149,048	41,219	10,059	836	201,162
Current maturities in respect of lease	-	2,142	-	-	2,142
Trade payables	2,214	-	50	-	2,264
Other accounts 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

	As of December 31, 2022 NIS in thousands				
	In Israeli currency		Foreign currency		
	Unlinked	CPI-linked	USD	Other	Total
Assets					
Cash and deposits in banks	37,937	-	2	2	37,941
Short term deposits	10,087	-	-	-	10,087
Held-for-trading securities	74,064	50,038	3,452	-	127,554
Trade receivables	21,959	-	-	-	21,959
Other accounts receivable	596	-	-	-	596
Total financial assets	144,643	50,038	3,454	2	198,137
Current maturities in respect of lease	-	2,120	-	-	2,120
Trade payables	3,561	-	-	-	3,561
Other accounts payable	8,529	-	-	-	8,529
Current tax liabilities	-	2,170	-	-	2,170
Lease liabilities	-	19,252	-	-	19,252
Total financial liabilities	12,090	23,542	-	-	35,632
Net fair value of financial instruments	132,553	26,496	3,454	2	162,505

2.1.2 Effect of hypothetical changes in interest rates on the net fair value of financial instruments:

	As of December 31, 2023 NIS in thousands						
	Net fair value of financial instruments after changes in interest rates						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	CPI-linked	USD	Other	Total	NIS in thousands	In percent
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

	As of December 31, 2022 NIS in thousands						
	Net fair value of financial instruments after changes in interest rates						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	CPI-linked	USD	Other	Total	NIS in thousands	In percent
Immediate increase of 1%	130,551	25,474	3,454	2	159,481	(3,024)	(1.86)
Immediate increase of 0.1%	132,352	26,395	3,454	2	162,203	(302)	(0.19)
Immediate decrease of 1%	134,554	27,519	3,454	2	165,529	3,024	1.86
Immediate decrease of 0.1%	132,753	26,598	3,454	2	162,807	302	0.19

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

	As of December 31, 2023 NIS in thousands						
	Net fair value of financial instruments after changes in the prices of marketable stocks						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	CPI-linked	USD	Other	Total	NIS in thousands	In percent
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)

	As of December 31, 2022 NIS in thousands						
	Net fair value of financial instruments after changes in the prices of marketable stocks						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	CPI-linked	USD	Other	Total	NIS in thousands	In percent
Immediate increase of 10%	133,868	26,496	4,428	2	164,794	2,289	1.41
Immediate increase of 5%	133,210	26,496	3,942	2	163,650	1,145	0.70
Immediate decrease of 10%	131,237	26,496	2,481	2	160,216	(2,289)	(1.41)
Immediate decrease of 5%	131,894	26,496	2,968	2	161,360	(1,145)	(0.70)

2.1.4 Effect of changes in the consumer price index on the net fair value of the financial instruments:

	As of December 31, 2023						
	NIS in thousands						
	Net fair value of financial instruments after changes in the consumer price index						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	CPI-linked	USD	Other	Total	NIS in thousands	In percent
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)

	As of December 31, 2022						
	NIS in thousands						
	Net fair value of financial instruments after changes in the consumer price index						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	CPI-linked	USD	Other	Total	NIS in thousands	In percent
Immediate increase of 2%	132,553	27,026	3,454	2	163,035	530	0.33
Immediate increase of 1%	132,553	26,761	3,454	2	162,770	265	0.16
Immediate decrease of 2%	132,553	25,966	3,454	2	161,975	(530)	(0.33)
Immediate decrease of 1%	132,553	26,231	3,454	2	162,240	(265)	(0.16)

3. Disclosure in Connection with the Corporation’s Financial Reporting

3.1. Dividend distribution

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 28, 2023, the Company's board of directors resolved to distribute a dividend in the amount of NIS 22,000 thousand (NIS 0.55 per share) from the profits for 2022 in accordance with the distribution policy in addition to one-time amount of NIS 10,000 thousand that was approved by the Company's board of directors. For further details, see immediate report issued by the Company or March 29, 2023 (reference number 2023-01-034542).

On March 26, 2024, the Company's board of directors resolved to distribute a dividend of NIS 25,000 thousand NIS (about NIS 0.625 per share) consisting of 50% of the profits for 2023 in accordance with the distribution policy plus a one-off sum of about NIS 6,000 thousand approved for distribution by the Company's board of directors. For more details, see an immediate report published by the Company on or about the date of this publication.

For details regarding restrictions on dividend distribution see section 5 of the Description of the Company's Business and Note 14 to the financial statements.

4. Events After the Reporting Period

For details regarding subsequent events, see Note 20 to the financial statements.

5. Corporate Governance

Directors with accounting and financial expertise:

- The Company’s Board of Directors includes a sufficient number of directors with accounting and financial expertise to allow the Board of Directors to fulfill its obligations, mostly in connection with its responsibility to evaluate the Company’s financial position, and the preparation of the financial statements.
- Considering the Company’s current scope, size, and complexity of its operations, the Board of Directors determined that the minimum number of directors with accounting and financial expertise on the Board of Directors (and on the Audit Committee) is two.
- As of the report date, there are five members on the Board members who have accounting and financial expertise, and their knowledge and experience in financial matters was evident in the process of approving the Company’s financial statements. After the Board of Directors evaluated the directors’ declarations regarding their education and experience, as of the publication date of the report, the five directors whom the Company considers as having accounting and financial expertise are Jacqueline Natalie Strominger, Ester Levy, Sharon Haran, Danny Cohen and Baruch Gasol.
- For details regarding directors with accounting and financial expertise, and their education, see Regulation 26 disclosures in the chapter of additional details below.

Changes in the board of directors:

- On October 11, 2023, the Company published an immediate report (reference number 2023-01-114948) according to which the Company's general meeting approved:

- The re-appointment of Ms. Shani Friedman as director of the Company for a term of three years.
- The re-appointment of Mr. Shay On as independent director of the Company for a term of three years.
- The re-appointment of Ms. Ester levy (Eti) as independent director of the Company for a term of three years.
- The appointment of Baruch Gasol as director of the Company for a term of three years.
- The appointment of Danny Cohen as director of the Company for a term of three years.
- The re-appointment of Ron Shamir as independent director of the Company for an additional term of three years.

After the report period on January 3, 2024, Mr. Sharon Haran was elected by the Company's board of directors to serve as the chairman of the board of directors and in this regard see an immediate report dated January 3, 2024 (reference number 2024-01-001671) which is included herein by way of reference.

Changes in management:

- After the report period and effective from January 1, 2024 Ms. Odelia Green Katz was appointed as the Company's VP human resources.

Donations:

The Company has donations policy. In view of the war events, the exceptional and extreme situation in which the country is in and the impact of the war on the entire economy, like most citizens of the State of Israel, the Company mobilized in the campaign and took a number of initiatives as part of the war:

1. The Company mobilized through its employees in a series of volunteer actions initiated for the community;
2. In order to assist in the restoration of businesses in Gaza Envelope settlements, Shva led, together with the Jewish Agency for Israel Venture Network (IVN association) and Klirmark Capital Ltd., the "Otef Laesek " project, which assists in providing immediate grants to thousands of businesses in Gaza Envelope affected by the war in order to give them immediate assistance.

3. Shva transferred donations to the association working to assist the residents of the south who were evacuated from their homes and to the rescue unit association working to save lives, locate and rescue missing persons in cooperation with Israel Police and Magan David Adom.

The amount of donations made by the Company in the year ended on December 31, 2023 amounts to a total of about NIS 2 million.

For further details, see Chapter A description of the Company's business.

The Company’s internal auditor:

On November 29, 2021, Mr. Eli Hillel was appointed as the Company's Internal Auditor (hereinafter: "the Internal Auditor"),

Mr. Eli Hillel holds a bachelor's degree in business administration majoring in accounting and information systems from the Kiryat Ono Academic Campus from the College of Management, a certified public accountant since 1999, certification holder of Certified Internal Auditor (CIA) from the Institute of Internal Auditor - USA, (CRISC) Certified in Risk and Information, System Control Certified Information Systems Auditor (CISA) and Certified Data Privacy Solutions Engineer CDPSE) by ISACA USA. He also a graduate of computerized information systems analysis from John Bryce Training. Mr. Hillel has extensive professional knowledge in the areas of internal audit, information systems, finance and regulation.

To the best of the Company's knowledge, and according to the information provided to it by the Internal Auditor, he meets the conditions prescribed in section 3(a) of the Internal Audit Law, -1992 (hereinafter: the “**Internal Audit Law**”). The Internal Auditor also complies with the provisions of section 146(b) of the Companies Law, and with the provisions of section 8 of the Internal Audit Law.

The Internal Auditor is an employee of the Company, other than options granted to the internal auditor as detailed in the immediate report dated February 22, 2022 (Reference. 2022-01-021400), he does not hold any securities of the Company and/or of any related entity thereof, and has no significant business ties or other significant ties with the Company or any related entity thereof, which could create a conflict of interest with his position as internal auditor.

The Board of Directors was satisfied that the internal auditor met the foregoing requirements, based on his declaration, and on an evaluation of the reports he submitted.

A. Methods of appointment

On November 29, 2021, the Company's Board of Directors, following the approval of the Audit Committee dated November 22, 2021, approved the appointment of Mr. Eli Hillel to the position of the Company's internal auditor, as well as his tenure and employment (after approval by the Remuneration Committee). His appointment was based on his training and professional experience. On February 9, the Supervisor of Banks announced that he did not object to the appointment.

The Internal Auditor is working in accordance with a charter letter that was approved by the Company’s Board of Directors. The duties, powers and responsibilities of the internal auditor were determined in accordance with the law, including in compliance with the Proper Conduct of Banking Business Directive that apply to the Company.

B. The person in charge of the internal auditor

In accordance with the provisions of Proper Conduct of Banking Business Directive 301 titled "The Board of Directors", the internal auditor is working under the Chairman of the Board and reports to the Board of Directors through the Audit Committee.

The internal auditor has the authority to engage directly, and at his initiative, with the Audit Committee members, with Board members, or with the independent auditor, when appropriate, and all in accordance with rules that may be set in the Internal Auditor’s letter of appointment.

C. Work plan

- The internal audit work plan was prepared based on the principles set forth in the Companies Law, in Proper Conduct of Banking Business Directive 307, Hotam directives, in commonly accepted professional standards, and in the internal audit policy which was approved by the Audit Committee, including the necessary adjustments, in consideration of, inter alia, the Company's size and scope of activity, and the various risks to which the Company is exposed.
- The internal audit function is working in accordance with a multi-annual work plan for four years, which serves to derive annual work plans. The work plans of the internal audit function are discussed by the Audit Committee and approved by a committee of the Board of Directors plenum at least annually and when adjustments are required.
- For the purpose of outlining the multi-annual work plan, and for the purpose of outlining the annual work plan, the Internal Auditor consulted with the CEO, members of the management team, the Audit Committee Chairman and the Chairman of the Board.

- **Creation of multi-annual work plan**

  The multi-annual work plan is based on an analysis and assessment of the risks that are associated with the Company's various activities. The work plan of the internal audit division includes an emphasis on the implementation of regulatory directives, significant technological processes and critical infrastructure.
- The Internal Auditor has the discretion to deviate from the work plan, in response to changes and unexpected needs, and also to respond to special events and unplanned audits, including demands issued by competent entities, such as the CEO, Compliance and Regulation Officer, Compliance Officer the Board of Directors and regulators. Subject to the update and approval of the Board of Directors.

- **Material transactions**
  In general, the work plan of the internal audit function also includes the evaluation of material transaction authorization processes, if any, based on a comprehensive view of focusing on risks.

D. Scope of resources available to the internal audit unit

The internal auditor is employed at full time position. If necessary, the internal auditor is assisted by external consultants to perform the audit tasks.

E. Performance of internal auditing

- Internal auditing in the Company is performed within the framework of laws, regulations, directives and guidelines issued by the Supervisor of Banks, including Proper Conduct of Banking Business Directive 307, regarding the internal audit function, Hotam directives and the instructions issued by the Board of Directors.
- The internal audit function also operates in accordance with the professional standards of the International Institute of Internal Auditors (IIA) (the Institute of Internal Auditors) as well professional directives of the Israeli Institute of Internal Auditors – IIA Israel).
- The Internal Auditor develops and implements a quality assurance and improvement plan that covers all aspects of activity of the internal audit function. The quality assurance and improvement plan are designed to allow assessing the compatibility of the internal audit work to professional guidelines and standards for internal audit.

- The Board of Directors, which (A) has evaluated the work plan of the internal audit function, and the implementation thereof, and (B) relied on the internal audit plan developed by the Internal Auditor, including a periodic self-review report on the activities of the internal audit function, believes that the Company's internal audit unit fulfills the rules which were determined for the work of internal auditing.

F. <u>Access to information</u>

Documents, files and information were submitted to the internal audit function, as specified in section 9 of the Internal Audit Law, and continuous and independent access was given to the Company's information systems, including financial data, as required for the performance of its tasks.

G. <u>Internal audit reports</u>

- The reports of the internal audit unit are prepared in accordance with the provisions of any applicable law, Proper Conduct of Banking Business Directive 307, Hotam directives, generally accepted professional standards, policies of the Board of Directors, and internal audit policies, including periodic reports, which are submitted in writing to the Company's Chairman of the Board, Audit Committee Chairman and CEO.
- A full updated and approved internal audit work plan was carried out fully. Any deviation from the original plan has been approved in advance by the Board of Directors/Audit Committee, while taking into account explanations presented by the internal auditor.

H. <u>Board of directors' assessment of the Internal Auditor's work</u>

The Board of Directors believes that the scope, nature and continuity of the Internal Auditor's work, and his work plan, are reasonable in light of relevant circumstances, and are adequate in order to achieve the objectives of internal auditing in the Company.

I. <u>Compensation</u>

- The tenure and employment of the internal auditor were approved by the Board of Directors, in respect of his employment with the Company. In 2023, total compensation to the internal auditor was NIS 815 thousand.
- The Board of Directors believes that the payments to the internal auditor do not influence his judgment.

Independent auditor:

- Presented below are details regarding the auditors' fees for 2023 and for 2022, in thousands of NIS:

For	2023	2022
Kesselman & Kesselman (PwC Israel)		
Audit, clearing, SOX and current tax services	220	185
Other services	188	38

Sharon Haran
Chairman of the Board

Eitan Lev Tov
CEO

Approval date of the reports: March 26, 2024

PART C

Financial Statements

As of December 31, 2023

Financial Statements as of December 31, 2023

Table of Contents:

Auditors' report to the shareholders of Automated Banking Services Ltd
With regard to audit of internal controls over financial reporting
pursuant to section 9B(c) of the Securities Regulations
(Periodic and Immediate Reports), 1970

We have audited components of internal controls over financial reporting of Automated Banking Services Ltd (hereinafter: "the Company") as of December 31, 2023. These control components have been determined as explained in the next paragraph. The Company's management and Board of Directors are responsible for maintaining effective internal control over financial reporting, and for an assessment of the effectiveness of components of internal controls over financial reporting, which is enclosed with the periodic report as of the said date. Our responsibility is to express an opinion on the Company's components of internal control over financial reporting based on our audit.

The components of internal control over financial reporting which we audited were determined in accordance with Israeli Auditing Standard 911 of the Institute of Certified Public Accountants in Israel "Audit of Components of Internal Control over Financial Reporting" (hereafter: "Israel Auditing Standard 911"). Those Components are: (1) Entity-level control, including controls over the process of preparation and closing of financial reporting and general controls over information technology; (2) controls over revenue recognition; (3) controls over cash and investments; (4) controls over payroll and actuary; (5) controls over related parties (all the above together hereinafter - "the audited control components").

We have conducted our audit in accordance with (Israel) Audit Standard 911. This standard requires us to plan and perform the audit to identify the audited control components, and to achieve reasonable assurance whether these control components have been effectively maintained in all material aspects. Our audit consisted of an understanding of internal control over financial reporting, identification of the audited control components, assessment of the risk of material weakness in the audited control components, as well as review and assessment of the effectiveness of design and operation of said control components, based on the assessed risk. Our audit, with regard to the aforementioned control components, also consisted of other procedures we deemed necessary under the circumstances. Our audit is only in reference to the audited control components, unlike internal control of all material processes related to financial reporting, and therefore our opinion only refers to the audited control components. Further, our audit did not refer to mutual influence among audited control components and non-audited ones, and therefore our opinion does not take into account such potential influence. We believe that our audit, and the reports of the other auditors, provide an appropriate basis for our opinion within the aforementioned context.

Because of its inherent limitations, internal control over financial reporting in general and certain components thereof in particular, may not prevent or detect misstatement. Also, projections of any evaluation of the effectiveness of specific controls or internal control over financial reporting overall to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, based on our audit and the reports of the other auditors, the Company effectively maintained, in all material aspects, the audited control components as of December 31, 2023.

We have also audited, in accordance with generally accepted audit standards in Israel, the Company's financial statements as of December 31, 2023 and 2022 and our report dated March 26, 2024 included our unqualified opinion of said financial statements.

Tel Aviv, Israel
March 26, 2024

Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

Independent Auditors' Report to the Shareholders of Automated Banking Services Ltd.

We have audited the statements of financial position of Automated Banking Services Ltd. (hereinafter: the "Company") as at December 31, 2023 and 2022, as well as the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for each of the two years then ended. These financial statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on these financial statements, based on our audit.

We have conducted our audit in accordance with generally accepted accounting principles in Israel, including standards set forth in the Auditors' Regulations (Auditor's Mode of Performance), -1973. According to these standards, we are required to plan the audit and perform it in order to obtain a reasonable measure of assurance regarding whether the financial statements are free of any material misrepresentation. Performing an audit includes testing, on a sample basis, the evidence provided to support the amounts and information presented in the financial statements. An audit also includes performing an evaluation of the accounting principles used and of the significant estimates made by the Company's management, as well as an evaluation of the overall adequacy of presentation in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements fairly reflect, in all material respects, the Company's financial position as of December 31, 2023 and 2022, as well as its operating results, changes in equity and cash flows for each the two years then ended, in accordance with International Financial Reporting Standards (IFRS) and the provisions of the Securities Regulations (Annual Financial Statements), -2010.

Without qualifying our foregoing opinion, we hereby draw attention to that stated in Note 17 to the financial statements, regarding the decision of the Competition Commissioner concerning the issue of a conditional exemption from the approval of a restrictive arrangement.

We have also audited, in accordance with Israeli Auditing Standard 911 of the Institute of Certified Public Accountants in Israel "Audit of Components of Internal Control over Financial Reporting", the Company's components of internal controls over financial reporting as of December 31, 2023, and our report dated March 26, 2024, included an unqualified opinion on the presence of effective components.

Key matters in the audit

Key matters in the audit are matters that were communicated, or were required to be communicated, to the Company's board of directors and which, according to our professional judgment, were most significant in the audit of the financial statements for the current period. These matters include, among others, any matter which: (1) refers, or may refer, to material sections or disclosures in the financial statements, and (2) our judgment regarding which was particularly challenging, subjective or complex. We determined that there are no key matters in the audit to communicate.

Tel Aviv, Israel	Kesselman & Kesselman
March 26, 2024	Certified Public Accountants (Isr.)
	A member firm of PricewaterhouseCoopers International Limited

Financial Statements as of December 31, 2023

Statements of Financial Position as of December 31

Amounts in thousands of NIS

	Note	2023	2022
Assets			
Current assets			
Cash and cash equivalents	3	**17,833**	37,941
Short term deposits	4	**14,095**	10,087
Held-for-trading securities	5	**139,691**	127,554
Trade receivables	6	**26,454**	21,959
Other accounts receivable	7	**6,268**	3,447
Current tax assets	12	**2,639**	-
Total current assets		**206,980**	200,988
Non-current assets			
Excess of plan assets for post-retirement employee benefits, net	8	**1,625**	953
Property, plant and equipment, net	9	**25,033**	24,891
Intangible assets - software programs and licenses, net	10	**13,784**	3,720
Right-of-use assets	11	**19,451**	20,788
Prepaid expenses		**7,627**	1,922
Deferred taxes	12	**550**	664
Total non-current assets		**68,070**	52,938
Total assets		**275,050**	253,926

The accompanying notes to the financial statements are an integral part thereof.

Statements of Financial Position as of December 31

Amounts in thousands of NIS

	Note	2023	2022
Liabilities and equity			
Current liabilities			
Current maturities of lease liabilities	**11**	**2,142**	2,120
Trade payables		**2,264**	3,561
Other accounts payable	**13**	**17,342**	13,033
Current tax liabilities	**12**	**-**	2,170
Total current liabilities		**21,748**	20,884
Non-current liabilities			
Long term deferred revenues		**2,339**	-
Lease liabilities	**11**	**18,187**	19,252
Liabilities for employee benefits	**8**	**1,408**	1,342
Total non-current liabilities		**21,934**	20,594
Total liabilities		**43,682**	41,478
Equity	**14**		
Share capital		**4,587**	4,587
Share premium		**150**	150
Capital reserve from share based payment transactions		**4,783**	2,139
Other comprehensive loss		**(1,810)**	(1,870)
Retained earnings		**223,658**	207,442
Total equity attributable to company shareholders		**231,368**	212,448
Total liabilities and equity		**275,050**	253,926

The accompanying notes to the financial statements are an integral part thereof.

Sharon Haran Chairman of the Board	Eitan Lev Tov CEO	Ofer Eden VP of Finance and CFO

Approval date of the reports: March 26, 2024

Financial Statements as of December 31, 2023

Statements of Profit or loss for the Year Ended December 31

Amounts in thousands of NIS

	Note	2023	2022	2021
Revenues				
From the provision of services to credit card companies		**120,540**	108,495	102,164
From the provision of services to others		**14,379**	8,788	8,244
Total revenues		**134,919**	117,283	110,408
Operating, general and administrative expenses	15	**92,951**	71,452	60,078
Operating income		**41,968**	45,831	50,330
Finance income (expenses) from marketable securities, net	**16**	**6,393**	(11,142)	7,725
Finance income	**16**	**1,068**	325	59
Finance expenses	**16**	**(765)**	(574)	(382)
Finance income (expenses), net		**6,696**	(11,391)	7,402
Income before taxes on income		**48,664**	34,440	57,732
Income tax	12	**10,448**	10,355	13,175
Net income attributable to Company shareholders		**38,216**	24,085	44,557
Net earnings per share attributable to shareholders (in NIS)		**0.96**	0.60	1.11

The accompanying notes to the financial statements are an integral part thereof.

Statements of Comprehensive Income for the Year Ended December 31

Reported amounts in thousands of NIS

	2023	2022	2021
Net income	**38,216**	24,085	44,557
Other comprehensive income before tax:			
Amounts not subsequently to be classified to profit or loss:			
Adjustments of liabilities in respect of employee benefits	**78**	1,839	847
Other comprehensive income before tax	**78**	1,839	847
Attributable tax impact	**(18)**	(423)	(195)
Other comprehensive income attributable to shareholders, after taxes	**60**	1,416	652
Comprehensive income attributable to shareholders	**38,276**	25,501	45,209

The accompanying notes to the financial statements are an integral part thereof.

Financial Statements as of December 31, 2023

Statement of Changes in Equity

Reported amounts in thousands of NIS

	Share capital	Share premium	Capital reserve from share based payment transactions	Accumulated other comprehensive loss	Accumulated retained earnings	Total equity
Balance as of January 1, 2023	**4,587**	**150**	**2,139**	**(1,870)**	**207,442**	**212,448**
Changes during the year:						
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 as of December 31, 2023	**4,587**	**150**	**4,783**	**(1,810)**	**223,658**	**231,368**

	Share capital	Share premium	Capital reserve from share based payment transactions	Accumulated other comprehensive loss	Accumulated retained earnings	Total equity
Balance as of January 1, 2022	4,587	150	-	(3,286)	205,357	206,808
Changes during the year:						
Net income	-	-	-	-	24,085	24,085
Other comprehensive income	-	-	-	1,416	-	1,416
Total comprehensive income	-	-	-	1,416	24,085	25,501
Cost of share based payment	-	-	2,139	-	-	2,139
Dividend paid	-	-	-	-	(22,000)	(22,000)
Balance as of December 31, 2022	4,587	150	2,139	(1,870)	207,442	212,448

	Share capital	Share premium	Accumulated other comprehensive loss	Accumulated retained earnings	Total equity
Balance as of January 1, 2021	4,587	150	(3,938)	186,000	186,799
Changes during the year:					
Net income	-	-	-	44,557	44,557
Other comprehensive income	-	-	652	-	652
Total comprehensive income	-	-	652	44,557	45,209
Dividend paid	-		-	(25,200)	(25,200)
Balance as of December 31, 2021	4,587	150	(3,286)	205,357	206,808

The accompanying notes to the financial statements are an integral part thereof.

Financial Statements as of December 31, 2023

Statements of Cash Flows for the Year Ended December 31

Amounts in thousands of NIS

	2023	2022	2021
Cash flows from operating activities:			
Net income for the year	**38,216**	24,085	44,557
Adjustments required to present cash flows from operating activities:			
Adjustments to profit or loss items:			
Depreciation and amortizations	**8,715**	6,852	6,553
Capital loss	**-**	3	4
Expenses for share based remuneration transactions	**2,644**	2,139	-
Liability in respect of post-retirement employee benefits, net	**(587)**	47	(58)
Changes in liabilities for employee benefits, net	**59**	(526)	100
Income tax	**10,448**	10,355	13,175
Finance expense (income), net	**(6,696)**	11,391	(7,402)
Changes in asset and liability items, net:			
Decrease (increase) in trade receivables	**(4,495)**	407	(4,392)
Decrease (increase) in other accounts receivable	**(8,569)**	2,271	(139)
Increase (decrease) in trade payables	**(1,297)**	2,406	(202)
Increase (decrease) in other accounts payable	**6,648**	(851)	(2,719)
Cash flows from operating activities before finance and taxes	**45,086**	58,579	49,477
Interest received	**2,769**	3,077	2,874
Interest paid	**(993)**	(824)	(523)
Taxes paid, net	**(15,161)**	(13,698)	(8,748)
Net cash from operating activities	**31,701**	47,134	43,080
Cash flows from investing activities:			
Investment in short term deposits	**(4,000)**	(10,000)	-
Purchase of held-for-trading securities	**(107,700)**	(77,827)	(73,920)
Consideration from the sale of held-for-trading securities	**100,476**	73,413	53,606
Purchase and investment in property, plant and equipment and intangible assets	**(16,262)**	(14,691)	(1,722)
Net cash used in investing activities	**(27,486)**	(29,105)	(22,036)
Cash flows from financing activities:			
Repayment of lease liabilities	**(2,323)**	(1,915)	(1,360)
Dividend paid	**(22,000)**	(22,000)	(25,200)
Net cash used in financing activities	**(24,323)**	(23,915)	(26,560)
Decrease in cash and cash equivalents	**(20,108)**	(5,886)	(5,516)
Balance of cash and cash equivalents at beginning of year	**37,941**	43,827	49,343
Balance of cash and cash equivalents at end of year	**17,833**	37,941	43,827

The accompanying notes to the financial statements are an integral part thereof.

Annex to the Statements of Cash Flows for the Year Ended December 31

Amounts in thousands of NIS

	2023	2022	2021
Annex A - Non-Cash Material Operations			
Recognition of right-of-use asset against lease liability	**1,280**	11,119	4,228

The accompanying notes to the financial statements are an integral part thereof.

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 shares were sold to the public by Company 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 (A reporting corporation as defined in the Securities Law, 1968).

3. Until the beginning of June 2019, the Company was a banking corporation classified as a “joint service company”, as this term is defined in the Banking Law (Licensing), -1981. On June 1, 2019, the Governor of the Bank of Israel canceled the joint service company license that had been given to the Company. In light of the above, the holders of the Company’s control means are not subject to restrictions on the holding of the control means of a “banking corporation” in accordance with the provisions of the Banking Law (Licensing), although the restrictions pursuant to the Law for the Promotion of Competition and Reduction of Concentration in the Israel Banking Market (Legislative Amendments) do continue to apply. In accordance with the notice which the Company received from the Supervisor of Banks, and for three years after the cancellation of the license, the Company will be subject to certain Proper Conduct of Banking Business Directives pertaining to corporate governance and risk management.

4. On June 20, 2022, the Company received a notification from the Supervisor of Banks, according to which, with the expiration of three years from the date of cancellation of the Company's license as a joint services company, the period of application of Proper Conduct of Banking Business Directives to the Company has ended.

5. The Company is currently operating in a single operating segment, the clearing segment, which includes the operation of a bidirectional communication system connecting acquirers and charge card issuers and businesses, management and operation of a clearing interface for communication between acquirers and charge card issuers, which allows the settling of accounts and the transfer of information between them in connection with such transactions, management and operation of a switching system that connects ATM networks and development and distribution of the Ashrait PC and Ashrait EMV software, making aggregate information available as part of Shva Insights services and ancillary activities to such activity. Most of the Company’s revenues derive from the provision of clearing services to credit card companies. For details regarding the Competition Commissioner’s decision dated December 28, 2022 to grant an additional exemption for the Company’s activity in the transaction collection and authorization services and in interface services for acquirers and issuers, see Note 17 below.

B. **Failure arrangements in the charge cards payment system and the ATM payment system** - in accordance with the requirement of the supervision of the payments systems in the Bank of Israel letter from July 28, 2021, the participants and the Company as a payment system operator are required to implement this failure arrangement in both systems, including formulating types of participation in the system, access conditions and models for access, formulating a final outline for the implementation of a failure arrangement, participation in the Zahav system, including a direct connection to Zahav system and signing system rules and opening and managing accounts at the Bank of Israel for the purpose of managing the failure arrangement.

In view of the regulations and the aforementioned, over the past two years, the Company, together with the participants of the charge card payment system and the ATM payment system, has formulated a failure arrangement whose purpose is to handle the failure of a participant in the charge card system and failure in the ATM system - the Company has formulated processes and actions that it will take if one of the participants is unable to complete his financial obligations towards the other participants. It is indicated in this regard that for the benefit of managing the arrangements, collateral accounts were opened in the Bank of Israel in which the participants' funds that are managed by the Company for the system's participants only were deposited to be used by the Company to complete daily clearing in case of failure and in accordance with the provisions of the law and the rules that were defined in the system rules.

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. As part of the war, hundreds of thousands of Israelis were evacuated from their homes and a massive mobilization of reservists was carried out for an unknown period. In addition, the war led to, especially at its beginning, a series of consequences and restrictions, such as the closing of many businesses and in particular the closing of factories in the south and north of the country, restrictions on gatherings, restrictions on studies in the education system, damage to infrastructure and more. The war situation led to a slowdown in business activity in the entire Israeli economy which led to 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.

In view of the foregoing, the Company experienced a decrease in the amount of transactions with charge cards starting with the outbreak of the war. The extent of the decrease in the use of charge cards was not stable and it changed throughout the days of the war, especially at the beginning. According to the data accumulated by the Company, the aforementioned decrease had a material (negative) effect on the Company's revenues and profitability in the last quarter of 2023 and accordingly on the entire year of 2023, however, it should be noted in this regard that 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.

As soon as the war broke out, the Company continued to operate in a work-from-home format, and after a short period returned to work in a "wartime routine" in a hybrid format. As of the date of the report, the work is being carried out regularly and there is no material impact on the Company's manpower situation. The Company's activity continues consecutively and the services are regularly provided to its customers. It should also be noted that the Company has implemented relevant measures in accordance with its procedures for ensuring business continuity to deal with emergency situations in various scenarios whose purpose is to ensure the continued provision of services to its customers. Also, the Company worked and is working to increase controls frequently in the field of information and cyber security. In addition, the Company's management held frequent control discussions in close monitoring of development of matters with the Company's employees, its customers and suppliers, as well as with the supervision of payment systems at the Bank of Israel.

Note 1 - General (Cont.)

D. Definitions

In these financial statements:

International Financial Reporting Standards (hereinafter: "IFRS")	-	Standards and interpretations which have been adopted by the IASB, including International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS), including interpretations thereof which have been published by the International Financial Reporting Interpretations Committee (IFRIC), or interpretations published by the Standing Interpretation Committee (SIC), respectively.
Company	-	Automated Banking Services Ltd.
Functional Currency	-	The currency of the Company's primary economic operating environment. This is usually the currency of the environment in which the Company generates and spends most of its cash.
Presentation Currency	-	The currency in which the financial statements are presented.
Interested party and controlling shareholder	-	As defined in the Securities Law, -1968, including its regulations.
Related Parties	-	As defined in IAS 24
Related Company	-	Bank Clearing Center Ltd. ("Masav"), a company controlled by some of the banks. For further details, see Note 17 below.
CPI	-	The consumer price index, as published by the Central Bureau of Statistics.

E. The financial statements were approved for publication by the Company's Board of Directors on March 26, 2024.

Note 2 - Significant Accounting Policies

A. Basis for preparation of these financial statements

(1) The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter: "**IFRS**") and clarifications thereof which were published by the International Accounting Standards Board (IASB). The significant accounting policies specified below were applied consistently in respect of all of the reporting periods which are presented in these financial statements, unless stated otherwise.
(2) The financial statements were prepared in accordance with the Securities Regulations (Annual Financial Statements), -2010.
(3) The Company's financial statements were prepared on a historical cost basis, excluding assets and liabilities, mostly including financial instruments, such as investments in held-for-trading securities which are presented at fair value.
(4) The financial statements are prepared in New Israeli Shekels, the Company's functional currency, which is the currency that best reflects the economic environment of the Company's operations and transactions. The figures in the financial statements are presented in thousands of NIS.

B. Use of estimates and judgment

In the preparation of the financial statements in accordance with IFRS, the Company's management is required to use judgment, estimates and assumptions, which affect the implementation of the policy, and the amounts of assets and liabilities, income and expenses. It is hereby clarified that actual results may differ from these 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 which 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.

The estimates and assumptions underlying these estimates, 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 were amended and in all affected periods in the future.

Critical estimates

The Company does not have critical estimates.

C. Property, plant and equipment

1. **Recognition and measurement**
items of property, plant and equipment are measured at cost less accrued depreciation and losses from impairment.
Income or loss due to the derecognition of a component of property, plant and equipment is determined by comparing the net consideration from the derecognition of the asset to its carrying value, and is recognized on a net basis under the item for other income in the statement of profit or loss.

Note 2 - Significant Accounting Policies (Cont.)

2. Depreciation

Depreciation is carried to the statement of profit or loss according to the straight-line method throughout the estimated useful lifespan of each of the fixed asset items. Leased assets are depreciated throughout the shorter period of either the lease period or the period of the assets' use.

The estimated depreciation rates, based on useful lifetimes, are as follows:

	%
Computers and peripheral equipment	20-33
Office furniture and equipment	7 – 15
Leasehold improvements	5 – 10

The estimates in respect of the depreciation method, the useful lifetime and the residual value are re-evaluated annually at the end of each reporting year.
Leasehold improvements are amortized throughout the lease period (including the Company's option to extend the lease period), which does not exceed the asset's estimated useful lifetime.

D. Intangible assets

Intangible assets acquired separately are measured upon initial recognition at cost, plus direct acquisition costs. Costs in respect of self-generated intangible assets, except for discounted development costs, as specified below, are carried to the statement of profit or loss as incurred.

Intangible assets with finite useful lives are amortized throughout their useful lives, and are tested for impairment when indicators of impairment arise. The amortization period and amortization method of intangible assets are evaluated at least annually.

The estimated amortization rates, based on useful lifetimes, are as follows:

	%
Projects under construction (1)	20-33
Software and licenses (2)	20-33

1. **Projects under construction**

Research costs are carried to the statement of profit or loss as incurred. Intangible assets due to a development project or recognized self-development are recognized as assets if it is possible to prove the technological feasibility of the completion of the intangible asset, in a manner which makes it available for use or for sale; The Company's intention of completing the intangible asset and using it, or selling it; The ability to use or sell the intangible asset; The manner in which the intangible asset will generate future economic benefits; The existence of the required resources: technical, financial and others, which are available to complete the intangible asset, and the ability to reliably measure the expenses with respect thereto during its development.

Note 2 - Significant Accounting Policies (Cont.)

Costs directly related to the development of identified and unique software products, controlled by the company, that meet the conditions for recognition of intangible assets that were created in the entity, as detailed above, are recognized as intangible assets. The costs include the salary costs of the development workers.

Other expenses for development, which do not meet these conditions, are recognized as expenses as incurred. Development costs previously recognized as an expense are not recognized as an asset in a later period. Capitalized development costs are shown as intangible assets, and are deducted from the point in time when the asset is available for use, that is, when it is in the location and condition required for it to be able to operate in the manner intended by management, in accordance with the straight-line method, over its useful life. The asset is measured at cost and presented less accumulated amortization, and less accumulated impairment. An impairment test is performed annually and throughout the development period.

2. **Software and licenses**

The Company's assets include computer systems which consist of hardware and software. Software programs that constitute an integral part of hardware that cannot operate without the software installed on it are classified as property, plant and equipment. However, licenses for standalone software programs which provide additional functionality to hardware are classified as intangible assets.

The Company usually makes payments in advance for the use of hardware and software. These payments are spread over the period of the expense and are classified as short or long term prepaid expense depending on the period

E. Leases

The Company leases its offices, vehicles and backup facility as detailed below.

1. The Company as lessee

In respect of transactions in which the Company is the lessee, it recognizes, on the lease commencement date, a right-of-use asset against a lease liability, except for lease transactions for periods of up to 12 months, and lease transactions in which the underlying asset has a low value, for which the Company chose to recognize the lease payments as an expense in the statement of profit or loss, in a straight line throughout the lease period. As part of the measurement of the lease liability, the Company chose to adopt the expedient provided in the standard, and did not separate between the lease components and the non-lease components, such as management services, maintenance services, etc. which are included in that transaction.

The following provides information about the number of years of depreciation of relevant right-of-use assets by groups of such assets. Leased assets are depreciated throughout the shorter of either the lease period or the assets' period of use, as follows:

	%
The Company's offices	5 (the lease period plus the option period)
Vehicles	33 (lease period)
Back up site	10 (lease period plus one option period)

Note 2 - Significant Accounting Policies (Cont.)

2. Options to extend and cancel the lease period

   The non-cancellable lease period also includes periods which are covered by an option to extend the lease, when it is reasonably likely that the option to extend will be exercised, as well as periods covered by an option to cancel the lease, when it is reasonably likely that the option to cancel will not be exercised.

F. Financial assets

Financial assets covered under IFRS 9 are measured on the date of initial recognition at fair value plus transaction costs which are directly attributable to the purchase of the financial asset, except in case of a financial asset which is measured at fair value through profit or loss, whose transaction costs are carried to profit or loss.

1. **Debt instruments**

   Following initial recognition, as stated above, the Company classifies and measures debt instruments in its financial statements based on the following criteria:
   The Company's business model regarding the management of financial assets, and the contractual characteristics of the financial asset's cash flows.
   The Company's business model is to hold the financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset assure the right, on predefined dates, to the cash flows which constitute principal and interest payments in respect of the unpaid amount of principal. In light of the above, after initial recognition, the debt instruments in this group are presented in accordance with their terms, at cost plus direct transaction costs, using the amortized cost method.

2. **Equity instruments**

   Financial assets which constitute an investment in equity instruments are measured at fair value through profit or loss.

G. CPI-linked assets and liabilities which are not measured at fair value

The value of CPI-linked financial assets and liabilities which are not measured at fair value is revalued in each period in accordance with the actual rate of increase of the CPI, and is carried to the statements of profit or loss.

H. Provisions

Provisions are made when the Company has a legal obligation or a constructive obligation due to an event which occurred in the past, for which economic resources are expected to be required, in an amount which is reliably estimable, in order to settle the liability.

The amount which is recognized as a provision reflects the best estimate of management regarding the amount which will be required to settle the liability on the balance sheet date, while taking into account the risks and uncertainty associated with the liability. The carrying value of the provision is the amount of the present value of the projected cash flows.

Note 2 - Significant Accounting Policies (Cont.)

I. Lawsuits

The provision for claims is included when the Company has a legal or constructive obligation as a result of a past event, when it is more likely than not that the Company will be required to use economic resources to settle the obligation, and when it can be reliably estimated. When the impact of the value of time is significant, the provision is measured in accordance with its present value.

J. Revenue recognition

1. Revenue from the provision of services is recognized over time, over the period when the customer receives and consumes the benefits which are produced by the Company’s performance. The revenue is recognized in accordance with the reporting periods when the service was provided.

   When determining the amount of revenue in contracts with customers, the Company evaluates whether it functions as a primary provider or as an agent. The Company is the primary provider when it controls the guaranteed good or service before they are transferred to the customer. In these cases, the Company recognizes revenue according to the gross amount of consideration.

   In cases where the Company functions as an agent, Company recognizes revenue in a net amount, after deducting the amounts which are owed to the primary provider.

2. Determination of the transaction price - The Company is required to determine the transaction price separately for each customer contract. When exercising this judgment, the Company estimates the effect of each variable consideration in the agreement, taking into account discounts, fines, changes, claims. The Company includes amounts of variable consideration only if it is highly probable that a significant cancellation of the amount of recognized revenue will not occur.

K. Earnings per share

The Company calculates basic earnings per share in respect of profit or loss attributable to the Company’s shareholders by dividing the profit or loss attributable to the Company’s shareholders by the weighted average number of ordinary shares which were outstanding during the reporting period.

The Company calculates the diluted earnings per share and adjusts the profit or loss, attributable to the Company's ordinary shareholders, and the weighted average of the number of outstanding shares for the effects of all potential dilutive ordinary shares, as follows:

To the profit or loss, attributable to the Company's ordinary shareholders the amount after tax of dividends and interest recognized in the period is added with reference to the potential dilutive ordinary shares and is adjusted for any other changes in income or expense, which would result from the conversion of the potential dilutive ordinary shares;
To the weighted average of the number of outstanding ordinary shares the weighted average of the number of additional outstanding ordinary shares is added assuming that all potential dilutive ordinary shares have been converted. The potential shares are taken into account only when their effect is dilutive (reduces the earnings per share or increases the loss per share).

The Company calculates the diluted earnings per share when options are "in the money".

Note 2 - Significant Accounting Policies (Cont.)

L. Operating cycle period

The Company's operating cycle period is one year. Due to the foregoing, current assets and current liabilities include items which are designated and expected to be realized within the Company's ordinary operating cycle period.

M. Fair value

For the purpose of preparing the financial statements, the Company is required to determine the fair value of certain assets and liabilities. Additional information regarding the assumptions which were used in the determination of fair value is included in the following notes:

Note 5 regarding held-for-trading securities.
Note 13 regarding liabilities for employee benefits.
Note 18 regarding financial instruments.

In the determination of the fair value of an asset or liability, the Company uses observable market inputs, as much as possible.

The value measurement is divided into three levels of the fair value hierarchy, based on the inputs which were used in the recognition, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs that are observable, directly or indirectly, which are not included in Level 1 above.
Level 3: Inputs that are not based on observable market inputs.

N. Exchange rate and linkage base

(1) Balances in foreign currency, or linked thereto, are included in the financial statements according to the representative exchange rates which were published by the Bank of Israel and which were in effect as of the balance sheet date.
(2) Balances linked to the consumer price index are presented according to the last known index on the balance sheet date, or according to the index for the last month of the reporting period, in accordance with the terms of the transaction.

O. Management of Accounts for the Benefit of Failure Arrangements in the payment system of charge cards and ATM payment system

As stated in note 1b, for the benefit of managing failure arrangements, collateral accounts were opened in trust at the Bank of Israel in which the funds of the participants managed by the Company for the participants of the system only were deposited. Accordingly, the interest on the deposited funds belongs to the system participants and the Company has no obligation to supplement funds in the event of a shortage. Therefore, these amounts are not presented as an asset or as a liability in the Company's financial statements.

P. Initial adoption of new standards

During the reported period, a number of interpretations and amendments to accounting principles came into force, the effect of which on the interim reports is as follows:

Note 2 - Significant Accounting Policies (Cont.)

1. **Amendment to Standard 1 IAS Presentation of Financial Statements, "Disclosure of Accounting Policies"**

   The amendment to IAS 1 requires companies to disclose their material accounting policies, rather than their significant accounting policies. According to the amendment, information about the accounting policies is material if, when taken into account together with other information provided in the financial statements, it can reasonably be expected that it will influence decisions that the primary users of the financial statements make on the basis of these financial statements. The amendment to IAS 1 even clarifies that information about the accounting policy is expected to be material if, without it, the users of the financial statements would be deprived of the possibility of understanding other material information in the financial statements. In addition, the amendment clarifies that there is no need to disclose information about immaterial accounting policies. However, to the extent that such information is given, it should not distract from material information about accounting policies. The amendment to IAS 1 will be applied for annual periods beginning on or after January 1, 2023. As a result of the implementation of the amendment, the company adjusted the note of accounting policies in these financial statements in order to comply with the provisions of the amendment.

2. **Amendment to International Accounting Standard 12 Income Taxes (Amendment to IAS 12**)

   The amendment to IAS 12 clarifies that the exemption from the creation of deferred taxes resulting from the initial recognition of an asset or liability in a transaction that is not a business combination, does not affect the accounting profit at the time of the transaction, nor does it affect the taxable income for the first time in which taxable temporary differences and deductible temporary differences are created in identical amounts or on loss for tax purposes at the time of the transaction (initial recognition exemption) cannot be applied for transactions that are recognized

   Such transactions include, for example, lease transactions where their initial recognition by the lessee, the lessee recognizes the asset and rehabilitation of the seller against the cost of fixed assets. The right of use in an amount equal to the balance of the lease liabilities; as well as situations of recognition of the liabilities for dismantling, evacuation and rehabilitation of the seller against the cost of fixed assets.

   The amendment to IAS 12 will be applied for annual periods beginning on or after January 1, 2023. According to the instructions the amendment was implemented by the company as of January 1, 2023, for all transactions starting from the beginning of the early reporting period for the first time, an entity must recognize at the beginning of the earliest reporting period shown in the financial statement where the amendment was first applied. Also, within the framework of the financial statements in which the amendment will be implemented, its early implementation is possible. The amendment will be applied to all transactions starting from the beginning of the earliest reporting period shown in the financial statement. The initial application of the amendment to IAS 12 did not have a material impact on the company's financial statements.

Note 2 - Significant Accounting Policies (Cont.)

Q. New standards that were not yet implemented in the reported period:

1. Amendment to IAS 1 - Presentation of Financial Statements: Classification of liabilities as current or non-current

In 2020, an amendment to IAS 1 was published regarding the classification of liabilities as current or non-current. The amendment clarified that the classification of liabilities is based on the rights that exist at the end of the reporting period and is not affected by the entity's expectation of exercising this right. The amendment replaces certain classification requirements of liabilities as current or non-current. In addition, the amendment clarified that if the right to defer a settlement is conditional on meeting financial covenants, the right exists if the entity meets the financial covenants established at the end of the reporting period, even if the examination of compliance with the covenants is done by the lender at a later date. That is, a right exists as of the reporting date only if an entity meets the conditions for deferring payment as of this date.

Also, as part of the amendment, a definition was added to the term "settlement" in order to clarify that settlement can mean the transfer of cash, goods and services or equity instruments of the entity itself to a counterparty. In this regard, it was clarified that if, according to the terms of the commitment, the counterparty has an option to demand settlement in the entity's equity instruments, this condition does not affect the classification of the liability as current or non-current if the option is classified as a separate equity component in accordance with IAS 32 "Financial Instruments: Presentation".

In October 2022, another amendment was published regarding the classification of liabilities with financial covenants, which clarified that only financial covenants that the entity is required to meet at or before the end of the reporting period affect the entity's right to defer the settlement of a liability for 12 months after the reporting period, even if compliance with them is examined after the reporting period. For example, according to the amendment, a liability will be classified as non-current when the entity has the right to defer payment for a period of at least 12 months after the reporting period, and exists at the end of the reporting period. In addition, this amendment states that if the entity's right to defer the settlement of the liability is subject to the entity meeting financial covenants within 12 months after the reporting period, the entity is required to provide a disclosure that will allow the users of the financial statements to understand the risk inherent therein.

The other amendments published as part of the amendment in 2020 remain in place.
The commencement date of the 2020 amendment and the 2022 amendment is determined for annual reporting periods beginning on or after January 1, 2024. Early application is permitted and provided that both amendments are carried out at the same time. The amendment will not have a material impact on the Company's financial statements.

Note 2 - Significant Accounting Policies (Cont.)

Note 3 - Cash and cash equivalents

	As of December 31	
	2023	2022
Composition:	NIS in thousands	
In Israeli currency - interest-bearing deposits	**15,790**	37,937
In foreign currency	**2,043**	4
	17,833	37,941

Note 4 – Short term deposits

	As of December 31	
	2023	2022
Composition:	NIS in thousands	
Deposit at fixed interest of 4.39% - 4.52%	**14,095**	10,087

Note 5 - Held-for-Trading Securities

	As of December 31	
	2023	2022
	NIS in thousands	
Financial assets classified as held-for-trading at fair value through profit or loss:		
Government bonds and government loans	**112,775**	104,172
Israeli and international stocks	**26,916**	23,382
	139,691	127,554

Note 6 - Trade Receivables

	As of December 31	
	2023	2022
	NIS in thousands	
Credit card companies	**21,473**	20,338
Banks	**3,676**	317
Other debts	**1,305**	1,304
Total trade receivables	**26,454**	21,959

Note 7 - Other Accounts Receivable

	As of December 31	
	2023	2022
	NIS in thousands	
Other accounts receivable:		
Prepaid expenses	**5,796**	2,794
Related company in respect of reimbursement of expenses	**444**	583
Vehicle deposits	**22**	49
Other	**6**	21
Total other accounts receivable	**6,268**	3,447

Note 8 - Assets and Liabilities for Employee Benefits

A. Composition

Presented below are post-employment benefit obligations:

	As of December 31	
	2023	**2022**
	NIS in thousands	
Excess of post-retirement obligations, net – presented in non-current assets	**1,625**	953

Presented below is the composition of other employee benefit liabilities:

	As of December 31	
	2023	**2022**
	NIS in thousands	
Presented under current liabilities:		
Liability for leave pay	**3,859**	3,596
Institutions, employees and other payroll-related liabilities	**7,518**	6,220
Liability to adjustment benefit	**322**	218
Total for salary and related expenses presented in accounts payable	**11,699**	10,034
Presented under non-current liabilities:		
Liability for jubilee benefits (1)	**1,408**	1,342

(1) As noted below, employees who complete 20, 25 and 30 years of work with the Company are entitled to monetary benefits that are equivalent to several monthly salaries, and special leave time.

B. Post-employment benefits

Labor laws and the Severance Pay Law in Israel obligate the Company to pay severance pay to an employee upon dismissal or retirement, or to make regular deposits to defined contribution plans, in accordance with section 14 of the Severance Pay Law, as described below. The Company’s liabilities of this kind are accounted for as a post-employment benefit. The Company's liability in respect of employee benefits is calculated according to the employment agreement in effect, and is based on the employee’s salary and years of employment that entitle the employee to severance pay.

Post-employment benefits plans are generally financed through contributions to plans that are classified as either defined benefit plans or defined contribution plans, as specified below.

Note 8 - Assets and Liabilities for Employee Benefits (Cont.)

(1) Defined contribution plans

Some of the severance payments are subject to the terms of section 14 of the Severance Pay Law, -1963, which prescribes that the Company's current contributions to pension funds and/or to insurance policies exempt it from any additional obligation towards the employees for whom the aforementioned amounts were contributed. These contributions, as well as those made towards pension, are defined contribution plans. In 2023, the Company transferred a total of NIS 642 thousand to defined contribution plans.

(2) Defined benefit plans

The share of severance pay that is not covered by contributions to defined contribution plans, as stated above, is accounted for by the Company as a defined benefit plan. Under those plans, the obligation for employee benefits is recognized, and for which the Company deposits amounts in appropriate pension funds and insurance policies. The Company also made in the past deposits to a central fund for severance pay.

C. Post-employment benefit plan for severance pay- defined benefit plan

C.1 Plan assets and liabilities, net

	As of December 31	
	2023	**2022**
	NIS in thousands	
Total liability (C,2)	**(15,510)**	(17,007)
Fair value of plan assets (C,3)	**17,135**	17,960
Excess of assets over liabilities included in noncurrent assets	**1,625**	953

Note 8 - Assets and Liabilities for Employee Benefits (Cont.)

C.2 Total liability

	As of December 31	
	2023	2022
	NIS in thousands	
Liability at beginning of year	**17,007**	19,366
Current service cost	**550**	774
Interest cost, net	**795**	490
Actuarial loss (gain)	**89**	(2,586)
Benefits paid	**(2,931)**	(1,037)
Defined benefit liability at end of year	**15,510**	17,007

C.3 Fair value of plan assets

	As of December 31	
	2023	2022
	NIS in thousands	
Fair value of plan assets at beginning of year	**17,960**	18,574
Projected return on plan assets	**872**	478
The Company’s contributions to the plan	**642**	739
Benefits paid	**(2,435)**	(1,037)
Transfer of profit to provident fund	**(79)**	-
Actuarial loss (gain) -Remeasurements	**175**	(794)
Fair value of plan assets at end of year	**17,135**	17,960

C.4 Expenses in respect of employee rights recognized in the statement of profit or loss

	As of December 31	
	2023	2022
	NIS in thousands	
Current service cost	**550**	774
Interest, net	**(77)**	12
Transfer of profit to provident fund	**79**	-
Total expenses in respect of employee benefits in the statement of profit or loss	**552**	786

Note 8 - Assets and Liabilities for Employee Benefits (Cont.)

C.5 Actuarial assumptions

Main actuarial assumptions as of the reporting date

	As of December 31		
	2023	**2022**	**2021**
		%	
Discount rate as of December 31	**5.17**	5.09	2.60
Projected rate of return on plan assets as of January 1	**5.10**	2.60	2.27
Anticipated rate of salary increases for employees	**3.00**	3.00	3.00
Anticipated rate of salary increases for officers	**4.50**	4.50	3.00

D. The Company's executive remuneration policy

The Company's executive remuneration policy was approved on November 11, 2018. In accordance with Regulation 1 of the Companies Regulations (Expedients Regarding Obligation to Establish Remuneration Policy) -2013, the remuneration policy that was approved prior to the publication of the Company's prospectus would remain in effect for 5 years after the initial listing date of the Company's shares on the stock exchange, i.e., beginning in June 2019.

On December 30, 2021, the Company's Board of Directors approved the grant of 792,652 convertible options to ordinary shares of NIS 0.0001 par value of the Company, to the CEO and officers and employees of the Company. On February 13, 2022, the general meeting of the Company approved the amendment of the Company's Remuneration Policy, as part of which an update was made to the annual maximums of the value of capital components and the range of the possible remuneration ratio in section 66 of the existing remuneration policy and cancelling section 51 of the remuneration policy relating to adjustment of the annual maximum if maximum capital remuneration is granted without amendments to the other terms of the policy. The meeting also approved the grant of options to the CEO.

The remuneration policy refers to all the tenure and employment of officers including the maximum possible ratio between the variable remuneration and the fixed remuneration, the fixed remuneration component (including fixed salary, social benefits, related conditions and additional benefits) and employee retirement conditions, as well as the framework and conditions for grant of annual bonus in each of the policy years.

<u>Eligibility of all Company employees for annual bonuses</u>
<u>Thresholds for annual bonuses</u>
Insofar as a decision is reached to distribute an annual bonus, as stated above, the granting of such annual bonus in respect of a certain year to any of the Company's officers is subject to the Company's cumulative fulfillment of all of the following thresholds:

- The Company achieved at least 70% of its annual profit target from operating activities (not including capital gains), as determined by the competent organs;
- The Company's other employees (who are not officers) are entitled to an annual bonus in respect of that year;
- During the relevant year, the Company met its operational targets, including regarding the availability of the critical services provided by the Company, a matter specified by the annual work plan as approved by the Board of Directors.

Note 8 - Assets and Liabilities for Employee Benefits (Cont.)

For this purpose, “critical services” means credit card transaction authorization services and real time ATM withdrawal services, and any other services that have been designated by the Board of Directors as critical services at the time.

The Remuneration Committee and Board of Directors, on the recommendation of the Company’s CEO, are entitled to determine the payment of an annual bonus to officers reporting to the CEO, which can be determined (in whole or in part) on a discretionary basis, instead of, or in addition to, a target-based bonus (based on non-discretionary measurable criteria) to officers, provided that: the total bonus (whether entirely discretionary, or a combination of discretionary and target-based) to each of the officers may not exceed a cap of 4 monthly salaries, or, for officers in the sales department, a cap of 6 salaries (hereinafter: the “**Bonus Cap**”).

In exceptional cases (and in respect of officers other than the CEO - in accordance with the CEO’s recommendation), the Board of Directors is entitled to approve the granting of an extraordinary bonus in respect of a certain year, to any of the Company’s officers, even though the Company does not meet the thresholds for the year in question, subject to the following conditions, and to the presentation of detailed explanations for the resolution.
The Board of Directors is entitled to determine, in respect of a certain year, that no bonuses are to be granted by the Company, even if it met the aforementioned thresholds in that year.

CEO bonus

Performance-based grant - Mr. Lev Tov will be entitled to a variable and performance-based grant.

The structure of the CEO’s bonus includes 2 parts: (1) A target-based bonus - The component representing the Company’s targets, as stated above, where the selection of the targets and weights pertaining to the bonus are determined by the Remuneration Committee and the Board of Directors each year in advance, by the end of the first quarter; (2) A discretionary component. The bonus cap for the target-based component is limited to 5 salaries; the bonus cap for the discretionary component may not exceed two salaries.

Refund of variable compensation

An officer is required to refund the Company bonus amounts paid in accordance with the remuneration policy, if paid based on figures that were found to be incorrect and restated in the Company’s financial statements during a period of up to three years after receipt of the bonus, in a manner to be determined by the Board of Directors.

Note 8 - Assets and Liabilities for Employee Benefits (Cont.)

Collective agreements

On September 6, 2023, a special new collective agreement was signed between the Company and the union of the Company's employees and the new general Histadrut – the department for the trade union and the workers' union in the Tel-Aviv-Jaffa area (hereinafter: the "**Agreement**" or the "**New Collective Agreement**").
Below are the main points of the new collective agreements:

- The collective agreement is valid from January 1, 2023 to December 31, 2027, and will be renewed automatically for an additional year, subject to each party's right to terminate the agreement, by giving a notice 60 days in advance.
- The agreement applies to all employees of the Company, excluding the company's management and employees under personal contract as detailed in the agreement.
- The agreement includes an undertaking to pay a minimum monthly salary of NIS 6,500, and an undertaking to provide an annual salary raise in respect of 2023-2027 to the Company's employees, at a total annual rate of 3% of base salary (plus fixed overtime if any is paid) or a raise at a lower rate, in case the Company does not meet the targets set in the agreement for all employees who have completed 12 months of employment as of the payment date of salary increase.
- Salary update distribution to employees will be carried out according to a mechanism established in the collective agreement – 0.8% per employee, and the remainder is divided up between employees at the Company's discretion, with a maximum raise of 10% per year per employee.
- As part of the agreement, it was agreed on the allocation of 300,000 options to employees that can be exercised for up to 300,000 shares, under conditions similar to the terms of the options allocated to the Company's officers, subject to receiving the approvals required by law.
- As part of the agreement, a variety of additional benefits were agreed upon in various social fields.
- The agreement also includes, among other things, instructions regarding hiring employees to work in the Company, manning positions and employee mobility, working hours, work rules in the Company, vacations, working conditions and termination of employment, as well as call-to-work compensation.
- The effect of the aforementioned collective agreement on the Company's expenses is immaterial.

E. Other employee benefits

Jubilee benefit

In accordance with the employment agreement, an employee who completed 20 years of work is entitled to a bonus equivalent to one monthly salary. After 25 years of work, they are entitled to a bonus equivalent to three monthly salaries, and after 30 years of work, they are entitled to a bonus equivalent to six salaries.

Note 9 - Property, Plant and Equipment, Net

The composition of property, plant and equipment by main groups, and the movement therein during the years 2023 and 2022, were as follows:

	Computers and electronic equipment	Backup facility	Leasehold improvement, furniture and equipment	Total
	NIS in thousands			
2023:				
Cost				
Balance as of January 1, 2023	26,071	2,848	17,819	46,738
Acquisitions this year	4,109	79	665	4,853
Disposals this year	-	-	-	-
Balance as of December 31, 2023	30,180	2,927	18,484	51,591
Accumulated depreciation				
Balance as of January 1, 2023	16,011	2,715	3,121	21,847
Depreciation during the year	3,528	29	1,154	4,711
Disposals this year	-	-	-	-
Balance as of December 31, 2023	19,539	2,744	4,275	26,558
Depreciated cost as of December 31, 2023	10,641	183	14,209	25,033
2022:				
Cost				
Balance as of January 1, 2022	21,770	2,848	10,283	34,901
Acquisitions this year	4,304	-	7,536	11,840
Disposals this year	(3)	-	-	(3)
Balance as of December 31, 2022	26,071	2,848	17,819	46,738
Accumulated depreciation				
Balance as of January 1, 2022	13,222	2,687	2,220	18,129
Depreciation during the year	2,789	28	901	3,718
Disposals this year	-	-	-	-
Balance as of December 31, 2022	16,011	2,715	3,121	21,847
Depreciated cost as of December 31, 2022	10,060	133	14,698	24,891

Some of the foregoing property, plant and equipment are jointly owned and held by the Company together with the related company Masav (hereinafter: the "**Joint Assets**"). The foregoing amounts are according to the Company's share in the joint assets.

Note 10 - Intangible Assets, Net

The composition of intangible assets by main groups, and the movement therein during the years 2023 and 2022, is as follows:

	Software and licenses	Projects under construction	Total
2023:			
Cost			
Balance as of January 1, 2023	15,430	10,087	25,517
Acquisitions and capitalized development costs during the year	556	10,853	11,409
Balance as of December 31, 2023	15,986	20,940	36,926
Accumulated depreciation			
Balance as of January 1, 2023	14,249	7,548	21,797
Depreciation during the year	653	692	1,345
Balance as of December 31, 2023	14,902	8,240	23,142
Depreciated cost as of December 31, 2023	1,084	12,700	13,784

	Software and licenses	Projects under construction	Total
2022:			
Cost			
Balance as of January 1, 2022	14,622	8,044	22,666
Acquisitions and capitalized development costs during the year	808	2,043	2,851
Balance as of December 31, 2022	15,430	10,087	25,517
Accumulated depreciation			
Balance as of January 1, 2022	13,565	7,262	20,827
Depreciation during the year	684	286	970
Balance as of December 31, 2022	14,249	7,548	21,797
Depreciated cost as of December 31, 2022	1,181	2,539	3,720

Some of the foregoing assets are jointly owned and held by the Company together with the related company Masav (hereinafter: the "**Joint Assets**"). The foregoing amounts are in accordance with the Company's interest in the joint assets. In this regard see note 17 (4) below.

Note 11 - Leases

1. **Lease transactions**

A. The Company has lease agreements including office building, backup facility and vehicles that are used to perform its operating activities.

1. In November 2015, the Company signed an agreement with Masav, jointly and severally (with each company bears 50% of rental costs), for leasing an office site for a ten-year period, with an option to extend by two additional periods of five years each, and ten years in total. The Company believes that exercising the option is highly likely. In accordance with the separation outline of the two companies and the agreements between them, on May 24, 2022, Masav moved from the shared offices to its new offices and in September 2022, the Company and Masav signed an addendum to the lease agreement assigning Masav's rights in the offices to the Company.

   The area of the leased property is 2,283 square meters. The annual rental fees linked to the consumer price index, including management and parking fees, amount to a total of about NIS 2,400 thousand per year.

   Accordingly, the Company recognized in the property a right of use and a lease liability as detailed below.

2. In April 2021, the Company signed an agreement with Masav, jointly and severally, (with each company bears 50% of the rental costs), for leasing a backup facility for a five-year period (as of January 11, 2020) with an option to extend by two additional periods of five years each, and ten years in total.

3. The Company has vehicle lease agreements, mostly for three-year periods.

The Company has vehicle lease agreements for a period shorter than 12 months and lease agreements for office equipment of low monetary value. With respect to these leases, the Company applies the expedient in the standard and recognizes the lease costs as an expense on a straight line basis over the lease period.

Note 11 - Leases (Cont.)

2. Right-of-use assets

	The Company's offices	Vehicles	Backup facility	Total
	NIS in thousands			
2023				
Cost				
Balance as of January 1, 2023	19,534	2,647	3,091	25,272
Additions during the year:				
Additions in respect of new leases during the period	-	705	-	705
Disposals from right-of-use assets in respect of leases discontinued in the period	-	(461)	-	(461)
Changes in respect of linkage to CPI	571	51	77	699
Balance as of December 31, 2023	20,105	2,942	3,168	26,215
Accumulated depreciation				
Balance as of January 1, 2023	2,705	1,116	663	4,484
Additions during the year:				
Depreciation and amortizations	1,289	1,016	354	2,659
Disposals from right-of-use assets	-	(379)	-	(379)
Balance as of December 31, 2023	3,994	1,753	1,017	6,764
Depreciated cost as of December 31, 2023	16,111	1,189	2,151	19,451

Note 11 - Leases (Cont.)

	The Company's offices	Vehicles	Backup facility	Total
	NIS in thousands			
2022				
Cost				
Balance as of January 1, 2022	9,647	1,993	2,957	14,597
Additions during the year:				
Additions in respect of new leases during the period	9,192	1,160	-	10,352
Disposals from right-of-use assets in respect of leases discontinued in the period	-	(584)	-	(584)
Changes in respect of linkage to CPI	695	78	134	907
Balance as of December 31, 2022	19,534	2,647	3,091	25,272
Accumulated depreciation				
Balance as of January 1, 2022	1,730	727	325	2,782
Additions during the year:				
Depreciation and amortizations	975	851	338	2,164
Disposals from right-of-use assets	-	(462)	-	(462)
Balance as of December 31, 2022	2,705	1,116	663	4,484
Depreciated cost as of December 31, 2022	16,829	1,531	2,428	20,788

Note 11 - Leases (Cont.)

3. **Lease liabilities - analysis of repayment dates**

	Principal payments	Interest payments	Total forecasted cash flow
	NIS in thousands		
First year - current maturities	2,142	688	2,830
Second year	1,796	620	2,416
Third year	1,561	564	2,125
Fourth year	1,583	513	2,096
Fifth year	1,636	461	2,097
Sixth year and thereafter	11,611	1,667	13,278
Non-current liabilities	18,187	3,825	22,012
Total lease liabilities	**20,329**	**4,513**	**24,842**

4. **Amounts recognized in the statement of profit or loss**

	Year ended December 31, 2023	Year ended December 31, 2022
	NIS in thousands	
Interest expenses in respect of lease liability	737	556
Depreciation expenses	2,659	2,164
Total expenses in respect of lease	3,396	2,720

5. **Amounts recognized in the statement of cash flows**

Cash flows used in lease transactions – cash outflows for financing activities – NIS 2,323 thousand (2022 – NIS 1,915 thousand)

Interest payments – cash outflows for operating activities – NIS 737 thousand (2022- NIS 556 thousand)

Total cash outflows for leases – NIS 3,082 thousand (2022 – NIS 2,487 thousand).

Note 12 - Taxes on Income

A. Composition:

	Year ended December 31		
	2023	**2022**	**2021**
	NIS in thousands		
Current taxes in respect of the reported year	**10,750**	11,100	12,450
Current taxes in respect of prior years	**(398)**	169	(159)
Total current taxes	**10,352**	11,269	12,291
Add (less):			
Deferred taxes in respect of the reported year (see section B below)	**96**	(914)	884
Total taxes on income	**10,448**	10,355	13,175

B. Deferred tax assets and liabilities:

Deferred tax assets and liabilities recognized –

Deferred taxes are calculated according to the tax rate expected to apply on reversal date, as specified in section d below.

Deferred tax assets and liabilities refer to the following items:

Note 12 - Taxes on Income (Cont.)

	In respect of employee benefits - carried to the statement of profit or loss	In respect of employee benefits - to other comprehensive income	In respect of property, plant and equipment	In respect of right of use asset	In respect of lease liability	In respect of held-for-trading securities	Total
				NIS in thousands			
Balance as of January 1, 2021	756	1,179	(277)	(2,070)	2,139	(475)	1,252
Recording in profit or loss	(247)	-	(91)	(629)	660	(577)	(884)
Changes recorded in other comprehensive income	-	(195)	-	-	-	-	(195)
Balance as of December 31, 2021	509	984	(368)	(2,699)	2,799	(1,052)	173
Recording in profit or loss	(103)	-	(93)	(2,059)	2,117	1,052	914
Changes recorded in other comprehensive income	-	(423)	-	-	-	-	(423)
Balance as of December 31, 2022	406	561	(461)	(4,758)	4,916	-	664
Recording in profit or loss	(37)	-	(131)	312	(240)	-	(96)
Changes recorded in other comprehensive income	-	(18)	-	-	-	-	(18)
Balance as of December 31, 2023	369	543	(592)	(4,446)	4,676	-	550

Note 12 - Taxes on Income (Cont.)

C. Theoretical tax

Reconciliation between the theoretical tax that would have applied had the profit been taxable according to the statutory tax rate applicable to the Company in Israel, and the provision for taxes on income, as recognized in the statement of profit or loss:

	As of December 31		
	2023	2022	2021
	NIS in thousands		
Income before taxes on income	**48,664**	34,440	57,732
Statutory tax rate	**23.0%**	23.0%	23.0%
Tax liability based on the statutory tax rate	**11,193**	7,921	13,278
Increase (decrease) of the tax liability in respect of:			
Losses from marketable securities (utilization of losses) for which deferred taxes were not calculated	**(1,063)**	1,650	-
Taxes for previous years	**(398)**	169	(159)
Non-deductible expenses *	**703**	557	23
Others, net	**13**	58	33
Provision for taxes on income	**10,448**	10,355	13,175

(*) in 2023 includes a total of NIS 608 thousand for share-based payments that are non-deductible (2022 – NIS 492 thousand) .

D. Tax rate

The relevant corporate tax rate for the Company in 2021-2023 is 23%.

Current taxes for the reporting periods were calculated in accordance with the tax rates presented above.

Deferred tax balances as of December 31, 2023 and 2022 were calculated using the tax rate expected to apply on the date of reversal.

E. Final Assessments

In accordance with section 145 of the Income Tax Ordinance, the Company's returns up to and including 2018 are considered final tax assessments, subject to the terms specified in the Income Tax Ordinance.

Note 13 - Other Accounts Payable

	As of December 31	
	2023	2022
	NIS in thousands	
Expenses payable in respect of payroll and related expenses [(1)]	**11,699**	10,034
Expenses payable and miscellaneous	**2,948**	1,415
Short term deferred revenues	**1,399**	690
Government institutions	**1,296**	894
Total other accounts payable	**17,342**	13,033

[(1)] See Note 8.

Note 14 - Equity

1. The Company's share capital comprises the following:

	As of December 31, 2023 and 2022	
	Number of shares	
	Registered	Issued and paid-up
Ordinary shares of NIS 0.0001 par value each	**1,000,000,000,000**	**40,000,000**

<u>Rights associated with ordinary shares</u>

The ordinary shares confer upon holders the following rights proportionally to their share in the issued and paid-up share capital:

- To participate in the Company's profits, the distribution thereof through dividends, benefits and rights, will be decided upon, if at all, according to the method set forth in the Company's articles of association on a proportionate basis, according to the amounts which have been paid, or credited as paid, on the par value of the shares which are held by the shareholders, without taking into account the premium paid for them. This right is subject to the conditions of the exemption and to the approval of the Bank of Israel, and to the provisions of the Company's articles of association regarding dividends and reserves;
- Upon the Company's liquidation, the Company's surplus assets will belong to the shareholders and will be divided among them proportionally according to the amounts which have been paid, or credited as paid, on the par value of those shares.
- The right to be invited, to participate and to vote in the Company's general meetings.

The Company's shares are listed on the Tel Aviv Stock Exchange.

Note 14 – Equity (Cont.)

2. Restrictions on the distribution of earnings

On November 11, 2018, the Company's Board of Directors adopted an earnings distribution policy, subject to the Company becoming public, according to which the Company will distribute to its shareholders annual dividends at a rate of up to 50% of the net annual profit during the preceding year, as reflected in the Company's audited annual financial statements, after neutralizing non-recurring profits from non-operating activities, provided that the Company has distributable earnings, in accordance with the provisions of the Companies Law and subject to the provisions of any applicable law, including the Commissioner's directives, as specified above, and the provisions of the Company's articles of association.

3. Distributed dividends

On March 28, 2023, the Company's board of directors decided to distribute a dividend in the amount of NIS 22,000 thousand (approximately NIS 0.55 per share) from the profits of 2022. The dividend was distributed on April 24, 2023.

4. Share based payment

1. Convertible options to shares

- On December 30, 2021, the Company's Board of Directors approved the grant of 792,652 convertible options to ordinary shares of NIS 0.0001 par value of the Company, to the CEO and officers and employees of the Company.
- On February 13, 2022, the Company's general meeting approved the grant of options to the CEO of the Company and amending the Company's remuneration policy.
- During February, April and June 2022, 742,606 options were allocated to the offerees, including the CEO of the Company. The employees will be entitled to exercise the options at the end of the vesting periods as follows: 50% at the end of two years from the date of their grant, 25% at the end of 3 years from the date of their grant and the remaining 25% at the end of 4 years from the date of grant. The options can be exercised until the end of two years from the vesting date. An option that is not exercised by that date will expire. The exercise price of the options is determined according to the date of issuance.
  The conversion of the warrants into the Company's shares will be by the "net exercise in shares" method ("Cashless").
- In 2023, 58,583 options have been expiration due to employee's departure.
- On December 27, 2021, the Company's board of directors approved the grant of 358,944 convertible options into 358,944 ordinary shares of 0.0001 NIS par value of the company, to employees of the Company. The allocation of the options was made after the report period.
- After the report period, on January 24, 2024, the Company's board of directors approved the grant of 30,000 convertible options into 30,000 ordinary shares of NIS 0.0001 par value of the Company to an office holder in the Company, after receiving the approval of the remuneration committee on January 21, 2024.

Note 14 – Equity (Cont.)

2. The movement in the number of options to shares and the weighted averages of their exercise prices are as follows:

	Number of options	Weighted average exercise price
		NIS
Outstanding at the beginning of the year	742,606	24.87
Granted	-	-
Expired	(58,583)	24.87
Exercised	-	-
Outstanding at the end of the year	684,023	24.25
Exercisable at the end of the year	-	-

3. Expenses recognized in profit or loss

The amounts of expenses recognized in the Company's profit or loss in 2023 for granting of employee options are NIS 2,644 thousand.

The plans are conducted within the framework of rules established for this matter in section 102 of the Income Tax Ordinance.

Note 15 - Operating, General and Administrative Expenses

	Year ended December 31		
	2023	2022	2021
	NIS in thousands		
Payroll and related expenses	**56,386**	46,776	39,150
Hardware and software maintenance	**13,387**	7,102	4,859
Depreciation and amortization	**8,715**	6,852	6,553
Professional services	**4,696**	3,697	3,648
Salary of the Board members	**2,068**	2,149	2,587
Office maintenance	**1,642**	1,527	866
Insurance	**1,258**	1,195	812
Telecommunications	**494**	567	583
Vehicle maintenance	**654**	553	581
Professional courses and literature	**498**	290	158
Donations	**2,013**	179	177
Others	**1,140**	565	104
Total operating general and administrative expenses	**92,951**	71,452	60,078

Note 16 - Finance Income (expenses), Net

	Year ended December 31		
	2023	2022	2021
	NIS in thousands		
Interest income from held-for-trading securities, net	**2,177**	2,758	2,829
Gains (losses) from disposal and changes in fair value of held-for-trading securities	**4,424**	(13,731)	5,051
Management fees on securities	**(208)**	(169)	(155)
Total income (expenses) from held-for-trading securities, net	**6,393**	(11,142)	7,725
Interest income from bank deposits	**1,068**	288	4
Interest income from institutions	**(21)**	31	41
Finance expenses in respect of leases	**(737)**	(556)	(356)
Exchange rate differences	**20**	6	14
Other finance expenses	**(27)**	(18)	(26)
Total finance income (expenses), net	**6,696**	(11,391)	7,402

Note 17 - Contingent Liabilities and Commitments

A. **Pledges** - The Company's assets are free of any pledges and charges.

B. **Commitments**

1. **Rental agreements**

In this regard see Note 11 section 1a(1) and the commissioner's decisions regarding the separation of the Company from Masav in section c. below.

2. **Charging agreement – Shva -Masav**

On December 27, 2017, an agreement was signed between the Company and Masav (hereinafter in this section, jointly: the "**Companies**"), which established a netting arrangement between the Company and Masav. This agreement formalized understandings that had existed between the Company and Masav until that date, with immaterial impact on the Company. On June 12, 2019, a new charging agreement was signed, instead of the aforementioned agreement (hereinafter: the "**Charging Agreement**").

The charging agreement will apply to engagements for the provision of services of various types, and investments in property, plant and equipment:

(1) Services given by the companies to one another, and not to other customers, including in respect of officers;
(2) Services that are shared by the two companies, and given by one of the companies to both of them;
(3) Expenses shared by the companies, in respect of services given to both;
(4) Property, plant and equipment used by the two companies;
(5) The charging agreement does not apply to services given by the companies to one another, and which are also given to other customers, and which are paid for according to the companies' price list, as displayed on their websites;

The entry into force of the charging agreement was conditional on the Company becoming a public company. The charging agreement was signed for a period of five years, starting on April 1, 2019 and ending on March 31, 2024, subject to right of termination before the end of the agreement period subject to prior notice as detailed below and it will be automatically extended for an additional indefinite period and will remain in effect as long as one of the parties has not exercised its right to terminate the agreement (hereinafter each period as stated: "the **extended period**"). During the extended period, each of the parties may terminate the agreement, subject to 36 months' prior written notice. However, in accordance with section 9.5.9 of the charging agreement, the foregoing shall not apply in the event that the regulation forces the parties to stop providing one or all of the services included in this agreement as occurred with respect of the companies with the request of the competition authority detailed below under the section on the separation of the Company and Masav - separation outline. In this case, the Company and Masav will work together to formulate an agreed separation outline.
For further details regarding the Company's engagements with Masav and regarding the separation of the company and Masav - the separation outline, transition to a temporary supplier – customer model - the company and Masav and the formation of a permanent supplier- customer agreement - the Company and Masav see the section on the separation outline of the Company and Masav - separation outline is below.

Note 17 - Contingent Liabilities and Commitments (Cont.)

C. Decision of the Competition Commissioner

1. Separation of the Company and Masav – separation outline

- On October 28, 2019, an application was received from the Competition Authority regarding the joint affiliations of the Company and Masav. In the application, the Competition Authority claimed that despite the change in the ownership structure of the Company that was carried out, and as part of the implementation of the provisions of the law to increase competition and reduce concentration in the banking market in Israel (Legislative Amendments) - 2017, as a result of which the major banks hold less than 50% of the Company's shares while the full share capital of Masav is still held by the five major banks, the Company and Masav continue to have significant relationships between them. On May 10, 2020, the Company, together with Masav, submitted a request for approval of a restrictive arrangement to the competition court at the Jerusalem District Court. On April 8, 2021, the Company and Masav submitted to the court a motion for temporary permit, as recommended by the Competition Commissioner, to continue the existing restrictive arrangement (**the temporary permit**). The Company and Masav requested the court to order the issue of the temporary permit under the terms specified in the application after reaching agreements with the Commissioner in joint discussions with the Bank of Israel, and following an approval by the BoI to a proposed process for separating the managements of the Company and Masav.
- According to the terms of the temporary permit, it was determined that by June 30, 2021, two separate CEOs would be appointed for each of the two companies; and the companies would submit to the Commissioner an outline for the activity of each of them by December 31, 2021. That outline will differentiate between services, activities or assets that require cooperation in the short term and those that also require such cooperation in the long term. The outline also needs to elaborate the means that would be taken to mitigate competitive concerns resulting from such continued cooperation in the long run. According to the outline, all affiliations highlighted by the Bank of Israel need to be separated by February 28, 2022, including separation of the function managing the development of technology applications. Additionally, the outline needs to address additional affiliations that are not covered by the BoI outline, including infrastructure, computer systems and shared offices.
- On April 11, 2021, the Competition Court accepted the motion and granted a temporary permit to a restrictive arrangement between the Company and Masav, effective until January 31, 2022, subject to the terms and conditions in the motion.
- In light of the regulator's requirement, the Company and Masav are required, among other things, to separate the offices, so that one of the companies must leave the joint offices. In view of the above, the managements of the companies reached agreements, including the compensation of the leaving party for improvements to the leased property and furniture, which the parties used in equal parts in accordance with the charging agreement. As of the report publication date, the companies are working to sign the agreement to separate the offices and data center services.
- On February 27, 2022, the Company and Masav submitted an application for approval of a restrictive arrangement on conditions with the consent of the Commissioner to the Competition Court. The Commissioner and the companies requested the court to approve in the conditions attached as an appendix to their application the restrictive arrangement between the companies submitted for the court's approval on May 10, 2020, until December 31, 2029 (the separation outline).

Note 17 - Contingent Liabilities and Commitments (Cont.)

Simultaneously with filing the motion for approving the separation outline the companies' motion for a temporary permit for a restrictive arrangement for two months so as to allow the court to decide on the motion for approving the restrictive arrangement and the commissioner's recommendation was submitted for granting a temporary permit.

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

1. 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 general public.

2. Severing the joint affiliations will be done gradually and in a controlled manner. In general, affiliations that have a greater impact on competition and that may raise more significant competitive concerns will be separated sooner. Affiliates whose impact on competition is lesser and whose separation involves greater technical complexity will be separated later.

3. 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.

4. 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.

   On March 27, 2022, conditional approval was given for restrictive arrangement by the Competition Court, in light of the reasons for the request and the agreement of the parties. The validity of the approval of the restrictive arrangement is until December 31, 2029.

Note 17 - Contingent Liabilities and Commitments (Cont.)

Transition to a temporary supplier - customer model - Shva - Masav

In accordance with the terms of the separation outline between the Company and Masav that was approved by the court and the Competition Authority, as of June 1, 2022, one company will not bear the costs of employing employees of the other company. Therefore, and in view of the short schedule established as part of the separation outline by the Competition Authority, the Company and Masav transferred to a temporary supplier - customer model in accordance with the charging agreement between them.

The following are the principles of the transition to a supplier - customer model in accordance with the temporary agreement in this matter:

a. It was agreed to transfer to a temporary supplier-customer model for HR services.
b. The model entered into force on June 1, 2022, and will be in effect until September 30, 2022 or until the formation of a permanent agreement, whichever is later, and in any case no later than June 15, 2023, as detailed below:
c. The costs of the services during the period of the temporary agreement will be based on the average adjusted cost in 2021 as paid by the companies one to the other (which includes an average salary update in July each year of 3% as stipulated in the collective agreement), based on a similar scope of services from 2021 and in accordance with the lists compiled by the companies.

In addition, as part of the temporary agreement, the principles for the formation of a permanent agreement were determined and it was agreed on a mediation proceeding taking place between the companies, appointment of an arbitrator and agreement with independent economic consultant.

Permanent supplier - customer agreement – Shva – Masav

The mediation process between the companies, which included multiple meetings between the companies and the mediator and the financial advisor, lasted for a period of approximately 21 months, during which the parties raised various claims regarding their disputes, among other things regarding the costs of the services that the companies provide to each other as well as regarding the principles of the separation of the joint assets. At the end of the mediation process and after the report period, the mediator's proposal was accepted, which to the best of the Company's knowledge was approved by the Board of Directors of Masav and was also approved by the Company's audit committee and board of directors and is now awaiting the approval of the general meeting scheduled for April 9, 2024 (hereinafter: "**the mediator's proposal**")

Note 17 - Contingent Liabilities and Commitments (Cont.)

Below are the main points of the mediator's proposal:

a. The companies will continue to provide the services they provide today one to the other, with the same scope, level of service and quality (the same SLA). The cost of the services detailed above is in accordance with the cost of services today, when the overhead cost for personnel will increase by an additional 15%, from 15% to 30% starting July 1, 2024 in relation to its cost today and to be determined in the charging agreement, so that the amount detailed above, which is added 15% today for the overhead component will be added 30% for the overhead.

b. Each company will have to provide the service by the earliest of these: six months after notification by a company receiving the service of its desire to discontinue the service; or the date set in the separation outline (as detailed above). Any company that wants to change the schedules with the competition commissioner will do so while including the other party to the procedure.

c. Regarding the separation of the joint assets (hardware and software) - each company will continue to bear the costs of the hardware and software it currently bears, without change, until the date of its exit from that software. Also, regarding the joint assets, there will be no additional accounting for hardware and/or software that remains in the hands of the parties.

d. Regarding the general branding and without the parties admitting any of the claims and without deciding on them, and without this settlement having the purpose of granting or denying any of the parties' rights that did not exist prior to this agreement: neither company will have the right to prevent the other from using its branding, protocol or code, and as part of the mediator's proposal, the Company will pay Masav a fixed amount of NIS 20 thousand per month (without sending messages and without reducing or increasing the amount due to the scope of use or non-use of the general branding) until December 31, 2030.

e. Allegations of violations of the agreement or disputes concerning its implementation - will be brought before the mediator before any of the parties can turn to legal instances. (This does not prevent the parties from applying to court for temporary relief). In the absence of agreement on the identity of a mediator, the chairman of the bar association will appoint a mediator, and subject to conflicts of interest, his appointment will bind the parties. The parties will bear in equal shares the costs of the mediation process unless the mediator determines otherwise.

f. In providing the services, the parties will comply with regulatory provisions applicable to them.

Note 17 - Contingent Liabilities and Commitments (Cont.)

2. The Commissioner's exemption dated December 28, 2022 - since 2002, the Company operates in compliance with decisions of the Competition Authority regarding an exemption from a restrictive arrangement between Bank Hapoalim Ltd, Bank Leumi Ltd, Discount Bank, First International Bank of Israel Ltd, Mizrahi Tefahot Bank Ltd and the Company.

The latest decision regarding the exemption from approval of a restrictive arrangement was issued on September 28, 2022 for a period of five years, until September 28, 2026 (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) Under the exemption the Company may engage in the following areas of activity:

(1) Operation of an ATM switch;
(2) Operation of a charge cards switch and transaction processing and collection systems;
(3) Engagement in activities involving the Ashrait 96 protocol;
(4) Development, operation and distribution of the Ashrait PC software;
(5) End-to-end certification services for the EMV standard;
(6) Activities associated with the aforementioned fields of activity;
(7) 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 the 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.

Note 17 - Contingent Liabilities and Commitments (Cont.)

3. **Approval of the Competition Commissioner for the Company to engage in the provision of aggregate information**

The foregoing is added to the Commissioner approval dated April 25, 2011, in which the Commissioner 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.

4. **The Company's request to engage in providing a financial information service**

Under the conditions established within the Commissioner's exemption decision of September 24, 2017, the areas of activity in which the Company may engage were defined in section 1. In addition, the Company was also allowed to engage in any additional field of activity that the Commissioner would approve (section 1.8). In accordance with the aforementioned, the Company applied to the Commissioner with a request to engage in providing a financial information service in accordance with the Financial Information Service Law, 2021 (hereinafter: "Financial Information Service Law"). As part of this request, the Company stated that in its activity of providing information services, it is expected to allow the competitive activity in the field of open banking, by establishing an infrastructure separate from the controlled payment system, which will provide technological back-office services, aggregation services and a link (based on an API interface) between financial service providers (such as fintech companies and other financial entities) to all information sources in Israel (such as banks, credit card companies, institutional bodies, etc.).

After many discussions between the Company and the competition authority, including a conversation of concerns and a hearing, after the report period, on March 12, 2023, the commissioner's decision was made not to approve at this stage the Company's request to engage in the activity of providing a financial information service in accordance with the Financial Information Service Law 2021 because the current activity may raise concerns of harming competition.

Note 17 - Contingent Liabilities and Commitments (Cont.)

D. Claims and class actions

One claim was filed against the Company in the ordinary course of business.

After conducting a complete proceeding, on March 7, 2023, a ruling in Mitug's lawsuit was given by the District Court in Tel Aviv, where it was determined:

- That the ownership of the MultiXFS software belongs to Mitug and has not been transferred to the Company. However, the court ruled that the Company purchased, in accordance with contractual system between the Company and Mitug, 290 licenses to install the software in the ATM devices, in which the software was installed to Hatamar Fund as part of the transaction, contrary to what was claimed by Mitug and there was no infringement of Mitug's rights.

  Accordingly, the court ruled that "Shva was entitled to transfer to Hatamar Fund the copies for which it had acquired the use licenses from Mitug".

- In addition, it was determined that the transfer of one more copy (beyond the 290 copies) for which no consideration was paid to Mitug constitutes a violation of Mitug"s copyright as an "infringing copy".

- With regard to the additional copies that were installed on the Hatamar Fund devices, it was determined that "the copies of the software that were installed on additional ATM machines in Hatamar Fund were created in a manner contrary to the license agreements assigned to it and the conduct of the fund can be seen as a violation of the agreements or a violation of copyrights".

- It is not possible to establish a factual finding of transferring source code from Shva to Hatamar Fund.

- In light of these determinations:

  - The court prohibits the Company from using the source code or transferring it to the Hatamar Fund or any third party.

  - Since the Company was entitled to transfer to Hatamar Fund the 290 copies for which it had paid, these copies do not entitle Mitug to any compensation.

  - The court ruled that Mitug will be entitled to compensation for the additional copies (beyond the 290 copies for which license fees were paid by Shva) that were installed in Hatamar Fund devices without a permit from Mitug after the transaction with Shva. The compensation is NIS 1,821 per copy.

Note 17 - Contingent Liabilities and Commitments (Cont.)

On July 16, 2023, a decision and a supplementary judgment was issued by the court (hereinafter: "supplemental judgment") which determined, among other things, that the Company was charged in the amount of NIS 2,188.31 and the HaTamar Fund was charged in the amount of NIS 708,352.36 as of the date of the partial judgment. In addition, it was determined that the Company and HaTamar Fund are liable for the plaintiff's expenses regarding the fee paid, the plaintiff's share in the recording and transcription expenses) the expenses bear linkage differences and interest since they were incurred and participation in its additional expenses in the amount of NIS 75,000. It was clarified that despite the difference in the financial liability between the defendants regarding the remedies, based on findings of the hearing in the partial judgment, the court deemed it appropriate to charge the Company and HaTamar Fund jointly and severally with costs. The Company acted in accordance with the judgment and paid the costs it was requested to pay to the plaintiff.

Note 18 - Financial Instruments and Management of Financial Risks

A. Management of financial risks - general

The Company is exposed to the following risks due to the use of financial instruments:
(1) Credit risk
(2) Liquidity risk
(3) Market risk (including currency risk, interest rate risk and other price risk)

This note provides information regarding the Company’s exposure to each of the foregoing risks, as well as the Company's goals, policies and procedures regarding the measurement and management of the risk. Additional quantitative disclosure is included throughout these entire financial statements.

The Company’s CEO, Mr. Eitan Lev Tov is responsible for risk management, while the Board of directors has the overall responsibility for creating and overseeing the framework for managing risk at the Company.

The market risks to which the Company is exposed are mostly due to the holding of its portfolio of held-for-trading securities.

The Company’s risk management policy was formulated in order to identify and analyze the risks faced by the Company, to establish appropriate restrictions for risks and controls, and to oversee the risks and compliance with restrictions. The policy and methods of risk management are reviewed on an ongoing basis in order to reflect changes in market conditions and in the Company’s activity.

The information included in this note relies significantly on estimates. For this purpose, attention is hereby drawn to the discussion in Note 2C above regarding the use of estimates in the financial reports, and the uncertainty associated with these estimates.

(1) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and mostly arises from cash and cash equivalents, investments in marketable securities, customer debts and other receivables.

(A) The Company has cash, cash equivalents, deposits and capital market investment portfolios which are deposited with a large banking corporation. Accordingly, Company management does not expect losses due to this credit risk.

(B) The Company’s main customers are financially robust credit card companies. There is also a large number of other entities whose debts to the Company amount to immaterial sums. The Company’s exposure to customer credit is therefore minimal. The Company is not required to set aside a provision for doubtful debts.

(2) Liquidity risk

Liquidity risk is the risk that the Company will not be able to service its financial liabilities when they come due. The Company’s approach to the management of its liquidity risk is to ensure, to the extent possible, a liquidity level that is sufficient for duly meeting its obligations, under ordinary and distressed conditions, without incurring unwanted losses or damage to its reputation.

Note 18 - Financial Instruments and Management of Financial Risks (Cont.)

The Company continuously monitors its cash flow requirements, and ensures that sufficient amounts of cash are available on demand to pay expected operating expenses, amounts required to service financial liabilities, and amounts required for investments and for the development of the Company's business. The Company has cash balances and marketable securities portfolio and does not require external financing sources, and finances all of its activities and investments using its own resources.

(3) Market risk

Market risk is the risk that changes in market prices, such as foreign currency exchange rates, the consumer price index, interest rates and prices of marketable financial instruments, will affect the Company's revenue or the value of its holdings of financial instruments. The purpose of market risk management is to manage and oversee the exposure to market risk within commonly-used parameters, in order to achieve a particular return from the proprietary investment portfolio, while keeping risks at a minimum.

The Company has a securities portfolio that is presented at fair value, in accordance with quoted market prices. This portfolio is exposed to risks in accordance with the prices of securities on the stock exchange.

(A) Exchange rate and inflation risk

A part of the Company's portfolio of held-for-trading securities is denominated in and/or linked to foreign currency, mostly to the USD and/or to the Israeli CPI. The Company therefore has a certain currency exposure, and exposure to changes in the CPI in respect to this portfolio.

(B) Interest rate risk

Some of the held-for-trading securities are government bonds and/or corporate bonds, and the Company also has interest bearing deposits in NIS. The Company therefore has exposure to changes in the Bank of Israel interest rates in connection to these items.

Note 18 - Financial Instruments and Management of Financial Risks (Cont.)

B. Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

	As of December 31	
	2023	**2022**
	NIS in thousands	
Cash and deposits in banks	17,833	37,941
Short term deposits	14,095	10,087
Held-for-trading securities	139,691	127,554
Trade receivables	26,454	21,959
Other receivables	450	596
Income tax receivable	2,639	-
Total	201,162	198,137

The maximum exposure to credit risk is as follows:

C. Liquidity risk

The following table presents the contractual maturity periods of financial liabilities, in undiscounted amounts (including interest payments):

	As of December 31, 2023					
	Up to one year	**One to two years**	**Two to 3 years**	**4 years or more**	**Contractual cash flow**	**Carrying value**
	NIS in thousands					
Trade payables	2,264	-	-	-	2,264	2,264
Lease liability	2,830	2,416	2,125	17,471	24,842	20,329
Other accounts payable	11,762	-	-	-	11,762	11,762
Current tax liabilities	-	-	-	-	-	-
Total	16,856	2,416	2,125	17,471	38,868	34,355

Notes to the Financial Statements as of December 31, 2023

Note 18 - Financial Instruments and Management of Financial Risks (Cont.)

	As of December 31, 2022					
	Up to one year	One to two years	Two to 3 years	4 years or more	Contractual cash flow	Carrying value
	NIS in thousands					
Trade payables	3,561	-	-	-	3,561	3,561
Lease liability	2,824	2,533	2,130	18,930	26,417	21,372
Other accounts	8,529	-	-	-	8,529	8,529
Current tax	2,170	-	-	-	2,170	2,170
Total	17,084	2,533	2,130	18,930	40,677	35,632

D. Index and foreign currency risks

(1) Exposure to inflation risk and foreign currency risk

The Company's exposure to inflation risk and foreign currency, which is based on nominal values, is as follows:

	December 31, 2023			
		In foreign currency		
	In foreign currency	Linked to the consumer price index	Unlinked	Total
Assets				
Cash and cash equivalents	2,043	-	15,790	17,833
Short term deposits	-	-	14,095	14,095
Held-for-trading securities	8,852	41,219	89,620	139,691
Trade receivables	-	-	26,454	26,454
Other accounts receivable	-	-	450	450
Income tax payable	-	2,639		2,639
Total financial assets	**10,895**	**43,858**	**146,409**	**201,162**
Liabilities				
Current maturities in respect of lease	-	2,142	-	2,142
Trade payables	50	-	2,214	2,264
Other accounts payable	-	-	11,762	11,762
Lease liabilities	-	18,187	-	18,187
Total financial liabilities	**50**	**20,329**	**13,976**	**34,355**
Excess of financial assets over financial liabilities	**10,845**	**23,529**	**132,433**	**166,807**

Note 18 - Financial Instruments and Management of Financial Risks (Cont.)

	December 31, 2022			
	In foreign currency			
	In foreign currency	Linked to the consumer price index	Unlinked	Total
Assets				
Cash and cash equivalents	4	-	37,937	37,941
Short term deposits			10,087	10,087
Held-for-trading securities	3,452	50,038	74,064	127,554
Trade receivables	-	-	21,959	21,959
Other accounts receivable	-	-	596	596
Total financial assets	**3,456**	**50,038**	**144,643**	**198,137**
Liabilities				
Current maturities in respect of lease	-	2,120	-	2,120
Trade payables	-	-	3,561	3,561
Other accounts payable	-	-	8,529	8,529
Income tax payable	-	2,170	-	2,170
Lease liabilities	-	19,252	-	19,252
Total financial liabilities	**-**	**23,542**	**12,090**	**35,632**
Excess of financial assets over financial liabilities	**3,456**	**26,496**	**132,553**	**162,505**

Note 18 - Financial Instruments and Management of Financial Risks (Cont.)

(2) Sensitivity analysis

The chosen changes in the relevant risk variables were determined according to the estimates of management regarding reasonable possible changes in these risk variables.

The Company performed sensitivity tests of principal market risk factors which have the potential to affect the operating results or the reported financial position. The sensitivity tests present profit or loss and/or the change in equity (pre-tax), in respect of each financial instrument for the relevant risk factor which was chosen for it as of each reporting date. The evaluation of the risk factors was performed based on materiality of the exposure of operating results, or the financial position in respect of each risk factor, with reference to the functional currency, and assuming that all other variables remain unchanged.

A higher USD vs. the NIS as of December 31, and a higher consumer price index would have increased (decreased) equity and profit or loss by the amounts presented below. This analysis was performed assuming that all other variables, and particularly interest rates, remained unchanged.

A lower USD/NIS exchange rate at the same rate, and a lower consumer price index at the same rate, as of December 31, would have had an identical effect, although in the opposite direction, and in the same amounts, assuming that all other variables remained constant.

	As of December 31, 2023		**As of December 31, 2022**	
	Equity	**Profit (loss)**	**Equity**	**Profit (loss)**
	NIS in thousands			
Increase of 5% in the consumer price index	1,176	1,176	1,325	1,325
Increase of 5% in the exchange rate	173	173	173	173
Increase of 5% in the interest rate	6,622	6,622	6,628	6,628

Note 18 - Financial Instruments and Management of Financial Risks (Cont.)

E. Fair value of financial instruments

All the Company's financial instruments, except held-for-trading securities, are measured at amortized cost and their fair value is similar to amortized cost.

Marketable securities presented at fair value through profit and loss are measured according to their quoted price on the stock exchange and therefore their measurement is level 1 in the fair value hierarchy.

Note 19 - Interested Parties and Related Parties

A. Until the date when the Company became public, in May 2019, most of the Company's shareholders (the banks) held at least 10% or more of the Company's share capital. After the Company became public, as specified in Note 1 above, there is no shareholder holding over 10% of the Company's share capital.

B. Related company - The related company – Masav – is held by some of the Company's shareholders (at different holding rates than the Company), at rates higher than 25%, and it therefore qualifies as a related company.

C. Balances

	Balance as of December 31	
	2023	**2022**
	NIS in thousands	
Assets:		
Cash and deposits in banks [1]	**17,833**	37,941
Short term deposits [1]	**14,095**	10,087
Held-for-trading securities [1]	**139,691**	127,554
Receivables - Related company [2]	**444**	583
Trade receivables and income receivable (banks and companies issuing and clearing credit cards) [3]	**10,336**	7,612

(1) Refers to cash, deposits and held-for-trading securities held by the Company and deposited with a bank that is a shareholder of the Company.
(2) Refers to Masav, in respect of the reimbursement of expenses and participation in expenses.
(3) Refers to only two companies issuing and clearing credit cards that are still defined as interested parties.

Note 19 - Interested Parties and Related Parties (Cont.)

D. Summary of business results with interested parties and related parties

	Year ended December 31		
	2023	2022	2021
	NIS in thousands		
Revenues from related company (1)	**5,744**	10,626	14,381
Expenses and purchases to related company (1)	**1,229**	10,418	4,854
Revenue from the provision of services (2)	**46,899**	35,343	32,882
Finance income (expenses), net (3)	**3,042**	2,868	2,675

(1) Revenue, reimbursement of expenses, etc. that were received from / paid to Masav, as specified in Note 17B2. In 2022, NIS 7.5 million was included in respect of purchase of leasehold improvements and furniture from Masav.

(2) Revenues from credit card companies, banks that are the Company's shareholders, and entities associated with them; in 2023 and 2022, refers to only two companies issuing and clearing credit cards that are still defined as interested parties.

(3) Interest income and expenses include transactions made with interested parties under the same conditions that would have applied had those transactions been executed with non-interested parties or related parties. The information refers mostly to net gain (loss) earned by the Company from its portfolio of held-for-trading securities, which is deposited in a bank that is a shareholder of the Company, and not from direct transactions with that bank.

E. Covenants for the classification of negligible transactions

In April 2019, the Company's Board of Directors adopted rules and guidelines for the classification of transactions of the Company with Masav, or where Masav has direct interest, as "negligible transactions", as prescribed in Regulation 41(a)(6)(a) of the Securities Regulations (Preparation of Annual Financial Statements), -2010 (hereinafter: the "Negligible Transaction Policy"), such that, in the absence of special considerations arising from the circumstances of the matter, a (non-extraordinary) negligible transactions will be any of the transaction types specified below, and which will serve the Company, among others, in reaching decisions in connection with the approval and reporting of transactions. In May 2022, the audit committee ratified the covenants.

A negligible transaction of the Company takes place in the Company's ordinary course of business and under market conditions, is provided by the Company to Masav or by Masav to the Company, is not included under the charging agreement between the Company and Masav, is also given to other customers of the Company or of Masav, as the case may be, and does not exceed the materiality threshold for negligible transactions, as specified below.

1. **Evaluation of the transaction's market conditions:**
   The transaction is considered as a 'transaction at arm's length' insofar as it is executed in accordance with the price list of the Company or of Masav, as the case may be.

Note 19 - Interested Parties and Related Parties (Cont.)

2. **Evaluation of materiality:**
   In the absence of special qualitative considerations, as arising from the entire set of relevant circumstances, a transaction with Masav is considered negligible transaction based to the following factors:

   The annual revenue or expense in respect of the engagement in question does not exceed 1% of the Company's annual operating revenue (as defined below) in the Company's annual financial statements during the year preceding the date of the engagement.

   For the purpose of this section, operating revenue is calculated as the Company's revenue in the financial statements, after neutralizing finance income.

3. **Qualitative considerations:**
   It needs to be determined that a transaction is not exceptional in qualitative terms. In this regard, it is noted that the evaluation of the qualitative aspects of a transaction with Masav may result in the transaction being classified as an extraordinary transaction despite the foregoing.

   Note that if it is unclear whether a transaction meets the criteria, this issue needs to be presented to the Audit Committee.

   3.1 Each transaction is evaluated separately; however, if the transaction constitutes a step, entirety, or part of another transaction, a single evaluation is carried out for all the aforementioned transactions together, on an annual basis.
   3.2 The non-extraordinary status of a multi-annual transaction (a transaction over a period of several years) is re-evaluated each year based on the conditions described above, as per the relative share of the transaction in that year.

F. Liability for indemnification of directors and officers

According to the remuneration policy, subject to the approval of the Company's competent organs, and subject to the provisions of the Companies Law, the Company is entitled to issue advance letters of indemnity to officers of the Company and/or to indemnify officers of the Company retroactively, to acquire liability insurance policies for other directors and officers in the Company, and to release officers from liability in the Company.

The Company's general meeting held on July 7, 2014 approved an amendment to the Company's articles of association, which was intended to align its provisions with the updated legal provisions regarding waivers, indemnity and insurance. Inter alia, the amendment to the articles of association is intended to allow the Company to indemnify and/or insure officers in the Company, according to the scope and conditions permitted by the Companies Law. The proposed amendment is also intended to allow the Company to indemnify and/or insure officers in the Company in accordance with and subject to the provisions of the Restrictive Trade Practices Law, -1988, as amended within the Restrictive Trade Practices Law (Amendment No. 13), -2012.

Note 19 - Interested Parties and Related Parties (Cont.)

The general meeting of the Company's shareholders held on July 7, 2014 also resolved to approve granting to directors of the Company letters of indemnity with uniform wording. The letters of indemnity determine that the maximum amount of indemnification that may be given to all of the Company's officers, cumulatively, may not exceed an amount equal to 25% of the Company's equity, in accordance with the Company's latest financial statements as published before the approval date of the letter of indemnity.

It is the Company's practice to renew, each year, its engagement in the liability insurance policy for other Company directors and officers.

On October 2, 2018, after accepting the recommendation of the Company's Remuneration Committee and Board of Directors, the general meeting of the Company's shareholders approved a revision to the framework agreement regarding insurance, as follows:

(1) The Company's engagement in an insurance policy for directors and other officers (hereinafter: "Annual Policy") is made in respect of several insurance periods, beginning from the end of the current insurance policy (December 31, 2018) or the issuance date, whichever is earlier, until (no later than) the end of the policy period, which will be renewed in 2023; The annual policy may be purchased by extending and/or renewing the policy, or by purchasing another policy, if necessary;

(2) The Remuneration Committee, and later the Board of Directors, approve each purchase of an annual policy and confirm that the annual policy is in accordance with the Company's remuneration policy in effect as of the approval date;

(3) The Remuneration Committee and the Board of Directors approve, in connection with any purchase of an annual policy, that its conditions are reasonable and in the best interest of the Company, while considering the exposures of the officers and the Company, the scope of coverage, and market conditions, subject to the fulfillment of the following conditions:
    - The liability limit of the annual policy may not exceed USD 15 million per occurrence and per annual insurance period (plus reasonable legal expenses), plus the annual rate of devaluation of the USD vs. the NIS (if any), beginning from the date of the general meeting's approval;
    - The annual premium in respect of the annual policy may not exceed a total of USD 45,000, with an increase of up to 15% each year, and up to an annual premium that may not exceed USD 90,000 in any event.

(4) The Company is authorized to immediately increase the current annual policy up to a liability limit of USD 15 million. The premium for the increased liability limit relative to the current annual policy (with a liability limit of USD 5 million) may not exceed a total of USD 20,000.

Note 19 - Interested Parties and Related Parties (Cont.)

(5) For the purpose of the public offering, the Remuneration Committee, and later the Board of Directors, are authorized to approve the Company's engagement in a POSI policy to cover the liability of the Company's directors and other officers due to the offering (hereinafter: the "**POSI Policy**"). The POSI policy may cover a period of up to (not more than) 7 years after the offering date; The liability limit in the POSI policy may not exceed USD 15 million per occurrence and cumulatively for the entire insurance period (plus reasonable legal expenses); The total premium in respect of the POSI policy may not exceed a total of USD 50,000, and the POSI policy is non-cancelable unless the offering is effectively canceled. It is hereby clarified that this policy comes in addition to the current annual policy. On May 2, 2019, the Company engaged in a POSI policy in accordance with the terms of the framework decision.

G. Benefits to interested parties and to senior members of management:

	Year ended December 31		
	2023	**2022**	**2021**
Composition:	**NIS in thousands**		
Salary and associated benefits to the Company's employed CEO [(1)]	**1,761**	1,583	2,636
Actuarial changes	**208**	142	(894)
Participation of related company in the aforementioned costs (*)	**-**	-	(368)
Cost of share based payment	**822**	705	-
Total cost	**2,791**	2,430	1,373
Number of persons	**1**	1	2
Remuneration to directors who are not employees of the Company	**2,068**	2,149	2,587
Number of directors	**9**	9	9
Insurance premium in respect of directors and officers	**363**	343	280

1. As specified in Note 8 senior management members, including the CEO, receive bonuses, the eligibility for which and the amounts of which, are subject to the approval of the Board of Directors. The Board of Directors' approval, as stated above, is usually given after the approval date of the financial statements. However, in accordance with the accounting policy adopted by the Company, the financial statements include a provision for bonuses, according to an estimate that refers to all of the Company's employees together. The costs specified above include the costs that were actually paid by the Company in respect of the bonuses in each year, according to the bonus approved by the Board of Directors in a certain year, in respect of the previous year. In other words, the costs in 2023 and 2022, as specified above, include the bonuses approved in 2023 and 2022, in respect of 2022 and 2021, respectively.

(*) Regarding the participation of a related company in 2021, see note 17 2.

Note 19 - Interested Parties and Related Parties (Cont.)

H. Benefits to key management personnel:

	Year ended December 31		
	2023	**2022**	**2021**
Composition:	**NIS in thousands**		
Payroll and benefits	**4,756**	4,370	2,949
Actuarial changes	**313**	163	417
Bonuses	**1,190**	683	435
Cost of share based payment	**1,822**	1,516	-
Participation of related company in the aforementioned costs (*)	**-**	-	(788)
Total cost	**8,081**	6,733	3,012
Number of persons	**5**	5	4

(*) Regarding the participation of a related company in 2021, see note 17 2.

Note 20 - Subsequent Events

- On January 3, 2024, the board of directors appointed a new chairman of the board of directors. The chairman's remuneration and the terms of his contract were approved at the general meeting that was convened after the reporting period on March 14, 2024.
- On January 24, 2024, the Company's board of directors approved the allocation of 30,000 convertible options into ordinary shares of NIS 0.0001 par value of the Company to an office holder in the Company. The options were granted and issued in February 2024.
- In accordance with the collective agreement signed in the Company, on December 27, 2023, the Company's board of directors approved the grant of up to 358,944 convertible options into ordinary shares of NIS 0.0001 par value to the Company's employees. The options were granted and issued in February 2024.
- After the period of the report and as part of a mediation process conducted by the Company and Masav, the companies accepted the proposal of the mediator which was approved by the companies' boards of directors and is awaiting the approval of the general meeting of the company which scheduled for April 9, 2024. For further details, see note 17 section 4 above.
- On March 26, 2024, the Company's board of directors resolved to distribute a dividend in the amount of NIS 25,000 thousand (about NIS 0.625 per share).

PART D
Additional Details
Regarding the Corporation

Table of Contents:

Regulation 10A: The Corporation's condensed statements of comprehensive income, by quarters, in 2023 (NIS in thousands)

	In 2023				
	Q1	Q2	Q3	Q4	2023
	Unaudited				Audited
	NIS in thousands				
Revenues					
From the provision of services to credit card companies	28,382	30,261	31,540	30,357	120,540
From the provision of services to others	2,349	3,503	4,397	4,130	14,379
Total revenues	30,731	33,764	35,937	34,487	134,919
Operating, general and administrative expenses	20,960	21,444	24,328	26,219	92,951
Operating profit	9,771	12,320	11,609	8,268	41,968
Finance income (expenses) from marketable securities, net	512	2,643	(46)	3,284	6,393
Finance income	315	185	313	255	1,068
Finance expenses	(233)	(184)	(148)	(200)	(765)
Finance income, net	594	2,644	119	3,339	6,696
Income before taxes on income	10,365	14,964	11,728	11,607	48,664
Income tax	2,386	2,740	3,037	2,285	10,448
Net income attributable Company shareholders	7,979	12,224	8,691	9,322	38,216
Net earnings per share attributable to shareholders (in NIS)	0.20	0.31	0.22	0.23	0.96
Net income	7,979	12,224	8,691	9,322	38,216
Other comprehensive loss before tax:					
Adjustments of liabilities in respect of employee benefits	-	-	320	(242)	78
Attributable tax impact	-	-	(74)	56	(18)
Other comprehensive loss attributable to shareholders, after taxes	-	-	246	(186)	60
Comprehensive income attributable to shareholders	7,979	12,224	8,937	9,136	38,276

Regulation 20: Trading on the stock exchange - securities listed for trading - dates and reasons for suspension of trading

During the reporting year and up to the date of publication of the report, no trading breaks took place.

Regulation 21: Payments to interested parties and officers in 2023

Presented below are details regarding the compensation which was given in respect of 2023 to each of the highest compensation recipients among the executives of the Company or of any corporation under its control, or to interested parties, and which were given to them in connection with their tenure in the Company or in any corporation under its control (the following figures reflect the employer's cost, and are presented on an annual basis):

Details of compensation recipient*				Compensation for services * (NIS in thousands)							Other compensation* (NIS in thousands)			Total *
Name	**Position**	**Scope of position[(1)]**	**Stake in the Company's equity**	**Salary**	**Bonus [(2)]**	**Share-based payment**	**Management fees**	**Compensation of directors**	**Fee**	**Other ****	**Interest**	**Rent**	**Other**	
Eitan Lev Tov [(3)]	CEO	100	-	1,203	453	822	-	-	-	313	-	-	-	2,791
Meir Elberg[(4)]	VP Technology Development	100	-	822	277	303	-	-	-	112	-	-	-	1,514
Guy Ram [(5)]	VP Technology and Innovation	100	-	858	162	269	-	-	-	116	-	-	-	1,405
Ofer Eden[(6)]	CFO	100	-	726	153	249	-	-	-	151	-	-	-	1,279
Maxim Naigovazin [(7)]	VP Infrastructures	100	-	734	167	276	-	-	-	54	-	-	-	1,231
Shlomo Bisteri[(8)]	Chairman of the board of directors	40	-	-	-	-	-	458	-	-	-	-	-	458
Directors[(9)]	Directors	-	-	-	-	-	-	1,610	-	-	-	-	-	1,610

*

**Other includes food, clothing, telephone, holiday gift voucher, vehicle, vehicle maintenance, reimbursement of holiday gift voucher expenses, company vacation, and actuarial differences.

A. Presented below are explanations regarding the details of the compensation in the table:

(1) For details regarding options that were granted to officers see regulation 24.

(2) The amounts pertain to annual bonus for 2022 which were approved and paid in 2023. The financial statements for 2023 include a general (non-specific) provision for an annual bonus in respect of 2023 (hereinafter, jointly: the "**General Provision**"), in accordance with the Company's estimates. (The general provision was not included in the figures in the table).

(3) Mr. Eitan Lev Tov serves as the Company's CEO since July 2021, in accordance with the terms of the employment agreement signed between him and the Company on June 27, 2021. Below are the main points of Lev Tov's tenure: monthly salary of NIS 72,000 (gross); (which was updated in January 2023 to NIS 75,600 (gross) per month. In July 2023 his salary was updated to NIS 78,250 (gross) according to the approval of the remuneration committee and board of directors; the salary is not linked to the CPI; Performance-based grant - Mr. Lev Tov will be entitled to a variable and performance-based grant for measurable targets in accordance with the Company's remuneration policy where with respect to the provisions of Section 38.3 of the Remuneration Policy the following changes will apply: The Board of Directors will select at least 2 targets (without a maximum) out of the eight targets specified in said section, with each weight not exceeding 70% (without a minimum). The bonus amount will be as follows: for meeting 80% of the targets - 2 salaries; for meeting 90% of the targets - 3 salaries; for meeting 100% of the targets - 5 salaries; for meeting 150% or more of the targets - 2 additional salaries. The maximum grant for this component of a performance-based grant - up to 7 salaries. Accordingly, section 38.7 of the Remuneration Policy will not apply to the CEO. Discretionary grant - up to 2 salaries. Vehicle - The Company will make available to Mr. Lev Tov and for his work, a Skoda Superb vehicle or equivalent. The company will bear the fixed and variable expenses of the vehicle and the manager will bear the value of use; Annual leave - 26 days a year; Advanced study fund - The company will provide on annual basis an amount equal to 7.5% of the salary to the advanced study fund for the CEO and the CEO will provide an amount equal to 2.5% of the salary to the advanced study fund. Pension arrangement - the company will insure Mr. Lev Tov in a pension arrangement at the manager's choice (executive insurance, pension fund or a combination thereof) and in accordance with the general approval of section 14. Sick pay and convalescence allowance - Mr. Lev Tov is entitled to sick days and convalescence as acceptable; Advance notice - a 120-day mutual notice period. Non-compete - a non-compete commitment for 12 months from the end of the advance notice period; If the termination of the term of office is after a period of at least 36 months and the non-compete commitment has been fully met, a grant of 4 salaries will be paid. Insurance and indemnity - Mr. Lev Tov will be entitled to insurance for officers and a letter of exemption and indemnity, like the other officers in the company. On February 13, 2022, the general meeting of the Company's shareholders approved the allocation of 211,960 options to the CEO exercisable into 211,960 shares. Regarding the capital remuneration, the CEO agreed that the total annual monetary bonus will not exceed 7 salaries (instead of 9 Salaries as approved in the terms of his office and employment). For 2023, targets were set for the purpose of calculating the measurable portion of the CEO's grant based on meeting business development targets and revenues (40%), availability (30%) and main projects separation outline and MF modernization (30%).

(4) Mr. Meir Alberg has been employed in the Company since January 15, 2016, and serves as the Company's VP Technology Development in accordance with the terms of the employment agreement which was signed between him and the Company on December 21, 2015. For additional details, see section 8.2.8 in chapter 8 of the prospectus. On February 22, 2022, 71,095 options exercisable into 71,095 ordinary shares were allocated to the VP Technology Development.

(5) Mr. Guy Ram serves as the VP of Technology and Innovation in the Company as of March 20, 2022, according to the terms of the employment agreement as signed between him and the Company on January 27, 2022.
As part of the employment agreement, the VP of Technology and Innovation is entitled, in addition to the monthly salary, to social benefits that do not deviate from the standard practice (managers' insurance, disability insurance, study fund, 24 vacation days per year, sick days and Buffet). In addition, the Company provides him with a vehicle and a cell phone. Each party may terminate the employment agreement with three months' notice. On May 3, 2022, the VP of Technology and Innovation was allocated 97,516 options exercisable into 97,516 ordinary shares of the Company.

(6) Mr. Ofer Eden has been the Company's CFO since December 25, 2017, in accordance with the terms of the employment agreement as signed between him and the Company on December 25, 2017. Under the employment agreement, the CFO is entitled, in addition to the monthly salary, to social benefits that do not deviate from the standard practice (executive insurance, disability insurance, study fund, 24 vacation days per year, sick days and buffet). In addition, the Company provides a vehicle and a cellular telephone and each party may terminate the employment agreement with three months' advance notice. On February 22, 2002, the CFO was allocated 58,362 options exercisable into 58,362 ordinary shares of the Company.

(7) Mr. Maxim Naigovazin has been serving as the VP of Front End Systems Development in the Company since August 1992, for more details see Section 8.2.6 in Chapter 8 of the prospectus. In January 2021, his terms of employment were updated and his salary was updated to 12 salaries instead of 13 and 14 salaries. Each party may terminate the employment agreement with three months' notice. On February 22, 2022, the VP of Front End Systems Development was allocated 64,704 options exercisable into 64,704 ordinary shares of the Company.

(8) The tenure of Mr. Shlomo Bisteri as Chairman of the Company's Board of Directors was approved by the Company's shareholders' meeting on April 6, 2021, and entered into force on March 1, 2021. Mr. Bisteri is entitled to a monthly sum (management fee) of approximately NIS 38,000 plus VAT for the provision of services as chairman of the board at a scope of 40% of the position. The Company's Board of Directors may update the scope of the position, from time to time, in accordance with the Company's needs and accordingly the consideration will be updated in proportion to the consideration updated above and in any case, the monthly consideration will not be less than NIS 25,000 plus VAT. As of January 1, 2023, the Company's board of directors decided, in accordance with the request of the chairman of the board of directors, to reduce the scope of his position back to 40%. On January 2, 2024, his term as chairman of the board of directors ended and Mr. Bistri no longer holds a position in the company.

(9) The specified amount refers to compensation which is given to directors (excluding the chairman of the board of directors) and the associated expenses, which do not deviate from the standard practice. The foregoing amount represents the total amount that was paid to all of directors together, who served as directors in the Company during the reporting year, and who were entitled to directors' compensation, according to the standard practice. The annual compensation and compensation for participation in meetings for an expert external director in the Company is the maximum possible amounts of compensation for an expert external director, in accordance with the Fourth Addendum to the Companies Regulations (Rules Regarding Compensation and Expenses of External Director), -2000 (the "Regulations"), as they will be from time to time, in accordance with the Company's grade, as stated in the First Addendum to the Regulations, as will be from time to time. To the extent that a director does not meet the required conditions to be classified as an "expert external director" pursuant to the regulations, the director in question will be entitled to the maximum possible amounts of compensation as prescribed in the Second Addendum and in the Third Addendum to the Regulations.

B. Receipts and compensation vis-à-vis Masav:

Presented below are details regarding the reimbursement of expenses and the participation in expenses, in accordance with the charging agreement vis-à-vis Masav, as specified in section 6.17.4 of the prospectus, and the mutual settling of accounts in respect of investments in property, plant and equipment:

	Reimbursement of expenses which were received by Masav (in thousands of NIS)	**Participation in expenses which were paid to Masav (in thousands of NIS)**
2023	5,744	1,229

C. Information regarding the Company's compensation policy:
For information regarding the Company's compensation policy, as approved on November 11, 2018, effective from June 12, 2019 to June 11, 2024 and amended on February 13, 2022 see note 13e of the financial statements.

Regulation 21A: The corporation's controlling shareholder

The Company has no controlling shareholder.

Regulation 22: Transactions with the controlling shareholder or in which the controlling shareholder has a personal interest

As stated above, the Company has no controlling shareholder. It is noted that section 8.3 in chapter 8 of the shelf prospectus it issued on May 27, 2019, dated May 28, 2019 (Ref. no. 2019-01-044844) (hereinafter: "the Prospectus"), as a precaution, and notwithstanding the fact that the Company does not consider the banks to be controlling shareholders, details were provided regarding transactions of the Company with the banks, or in which the banks have a personal interest. Regarding transactions between the Company and Masav see Note 11 and Note 17 of the financial statements.

Regulation 24: Securities held by interested parties of the corporation on or about the publication date of the report

For details regarding holdings of interested parties in the Company on or about the reporting date, see the Company's immediate report regarding the list of interested party dated July 6, 2023 (reference number 2023-01-076527), which content is included herein by way of reference, and also see a report about the allocation of options to an office holder dated February 22, 2024 (reference number 2024-01-018822) which is brought herein by way of reference.

Regulation 24A: The Company's registered capital and convertible securities as close as possible to the reporting date

	Registered share capital			Issued share capital		
	Total	Not including voting rights	Not including any rights	Total	Not including voting rights	Not including any rights
Number of shares	1,000,000,000,000	-	-	40,000,000	-	-
Employee options 02/22	1,065,223	-	-	1,065,223	-	-

Regulation 24B: Register of the Corporation's shareholders

For details regarding the Company's registered and issued capital, and regarding the Company's register of shareholders, see the Company's report dated February 22, 2024 which was amended by a scribal amendment on March 7, 2024 (reference number: 2024-01-023595, which is brought herein by way of reference.

Regulation 25A: The Company's registered address and contact methods

Registered address: 26 HaRokmim St., Holon
Telephone number: 03-5264640
Fax number: 03-5253380
Email: irit@shva.co.il
Website: www.shva.co.il

Regulation 26: Directors in the Company

Name:	**Sharon Haran, Chairman of the Board**
ID number:	028958650
Date of birth:	16.11.1971
Address for service of process	30 Hatzanhanim, Givataim
Citizenship	Israeli
Membership in board committees:	Technology, Innovation and Risk Management Committee
Independent or outside director:	No
Accounting and financial expertise or professional qualifications:	Has professional qualifications and financial and accounting expertise
Position performed in the Company, or in a subsidiary, related company, investee company or interested party of the Company:	-
Commencement date of tenure as a director:	As a director from November 1, 2019, as chairman of the board of directors from January 3, 2024.
Education:	MBA (Finance and Marketing) from Tel Aviv University, Bachelor's degree in Economics and Economics from Tel Aviv University.
Activity during the last five years and details of other corporations in which they serve as a director:	VP of Parametrix Insurance. Serves as chairman of the board at Gaat Sharon Management and Investments Ltd. Serves as a director in the following companies: Keepit Ltd., SM Storage Solutions Ltd., and Hon and Teva Ltd. Has expertise in the area of cyber and information security in light of his professional experience.
Relative of another interested party of the Company:	No

Name:	**Ester Levy**
ID number:	056131022
Date of birth:	13.11.59
Address for service of process:	6 Kehilat Venetzia St., Tel Aviv, 6940010
Citizenship:	Israeli
Membership in board committees:	Audit Committee
Independent or outside director:	Yes, independent director
Accounting and financial expertise or professional qualifications:	Has accounting and financial expertise and professional qualifications
Position performed in the Company, or in a subsidiary, related company, investee company or interested party of the Company:	None
Commencement date of tenure as a director:	February 11, 2018
Education:	MBA (Finance) from Tel Aviv University, Licensed C.P.A. (ISR) B.A. in Economics and Accounting from Tel Aviv University
Activity during the last five years and details of other corporations in which they serve as a director:	Financial and business advisor at Iman I.B. Properties Ltd. Serves as an outside director in Nissan Medical Industries Ltd., Hiron Ltd., and as a director in ACUM Ltd.
Relative of another interested party of the Company:	No

Name:	Merav Leshem
ID number:	022647317
Date of birth:	29.10.1966
Address for service of process:	26 Hashoftim Tel Aviv
Citizenship:	Israeli
Membership in board committees:	Audit Committee, Remuneration Committee
Independent or outside director:	Yes, outside director
Accounting and financial expertise or professional qualifications:	Has professional qualifications
Position performed in the Company, or in a subsidiary, related company, investee company or interested party of the Company:	None
Commencement date of tenure as a director:	August 31, 2022
Education:	LLB, Hebrew University, Master's degree in Hebrew literature, Ben Gurion University, Master's degree in business administration, Technion.
Activity during the last five years and details of other corporations in which they serve as a director:	Director of Operations at ACC - the organization of internal legal advisors in Israel; Capital market consultant, including in the fields of underwriting, debt financing and crowdfunding; Legal consultant and manager of the legal department, Tel Aviv Stock Exchange Ltd.
Relative of another interested party of the Company:	No

Name:	**Shai On**
ID number:	057963779
Date of birth:	13.10.1962
Address for service of process:	1 Simtat Hayerek St., Hod HaSharon, 4526470
Citizenship:	Israeli
Membership in board committees:	Technology, Innovation and Risk Management Committee
Independent or outside director:	Yes, independent director
Accounting and financial expertise or professional qualifications:	Has professional qualifications
Position performed in the Company, or in a subsidiary, related company, investee company or interested party of the Company:	None
Commencement date of tenure as a director:	January 21, 2018
Education:	MBA (Marketing and Information Systems) from Tel Aviv University, B.A. in Economics and Computer Science, Bar Ilan University
Activity during the last five years and details of other corporations in which they serve as a director:	President and Chairman of Achilles Security Ltd. Has expertise in the area of cyber and information security in light of his professional experience.
Relative of another interested party of the Company:	No

Name:	**Jacqueline Natalie Strominger**
ID number:	017586751
Date of birth:	05.02.1971
Address for service of process	8 Bareli St., Tel Aviv
Citizenship	Israeli
Membership in Board of Directors committees	Audit Committee, Remuneration Committee
Independent or outside director:	Yes, outside director
Accounting and financial expertise or professional qualifications:	Has accounting and financial expertise and professional qualifications
Position performed in the Company, or in a subsidiary, related company, investee company or interested party of the Company:	None
Commencement date of tenure as a director:	13.11.2019
Education:	MBA from Tel Aviv University, Master's degree in Public Policy from Tel Aviv University, Bachelor's degree in Management in Economics, Tel Aviv University,
Activity during the last five years and details of other corporations in which they serve as a director:	Founder and CEO of Hishtalmuti, A member of the administration of the veteran pension funds Amitim, an external director at Solarair Renewable Energies Ltd. Compensation Fund for Employees of El Al Airlines and external director at Pioneer Planning.
Relative of another interested party of the Company:	No

Name:	**Shani Federman-Terem**
ID number:	021716808
Date of birth:	18.7.1985
Address for service of process	21/4 Shivtey Yisrael St., Modiin
Citizenship	Israeli
Membership in Board of Directors committees	No
Independent or outside director:	No
Accounting and financial expertise or professional qualifications:	Professional qualification
Position performed in the Company, or in a subsidiary, related company, investee company or interested party of the Company:	Head of business development and innovation at Discount Bank Ltd
Commencement date of tenure as a director:	1.11.2020
Education:	BA in Economics and Business Administration, the College of Management Academic Studies; MA in Business Administration, majoring in Finance and Banking, from the Hebrew University in Jerusalem.

Activity during the last five years and details of other corporations in which they serve as a director:	Head of Payments and Credit Cards at Discount Bank, Head of Technology Investment and Real Estate Prioritization at Bank Discount.
Relative of another interested party of the Company:	No

Name:	**Dan Cohen**
ID number:	058845207
Date of birth:	07/08/1964
Address for service of process	50 Yakinton, Haifa
Citizenship	Israeli
Membership in Board of Directors committees	Remuneration committee
Independent or outside director:	No
Accounting and financial expertise or professional qualifications:	Has accounting and financial expertise and professional qualifications
Position performed in the Company, or in a subsidiary, related company, investee company or interested party of the Company:	None
Commencement date of tenure as a director:	2.1.2024
Education:	AMP Business Administration Harvard University Boston; Bachelor's degree in economics and business administration, University of Haifa.
Activity during the last five years and details of other corporations in which they serve as a director:	Chairman of the Brown Hotels chain, Chairman of the Board of Directors of Blitzelblau Ltd.; Chairman of the Board of Directors of Group 107 Company and an external director of Gamla Harel Company.
Relative of another interested party of the Company:	No

Name:	Ron Shamir
ID number:	058066184
Date of birth:	17/05/1963
Address for service of process	98 Eshkol levy, Tel Aviv
Citizenship	Israeli
Membership in Board of Directors committees	Technology, Innovation and Risk Management Committee
Independent or outside director:	Independent director
Accounting and financial expertise or professional qualifications:	Has professional qualifications
Position performed in the Company, or in a subsidiary, related company, investee company or interested party of the Company:	None
Commencement date of tenure as a director:	4.2.2024
Education:	MBA, Tel Aviv University BSc, Tel Aviv university
Activity during the last five years and details of other corporations in which they serve as a director:	CEO of Phonetica, partner and founder of Terra Enterprises, independent consultant in the field of cyber and strategy, outside lecturer at Tel Aviv University, research fellow at the Hebrew University of Jerusalem, in addition, serving as a director of Phonetica Ltd., Terra Enterprises Ltd. and Terra Noble Ltd. Has professional expertise in the area of cyber and information security in light of his professional experience
Relative of another interested party of the Company:	No

Name:	**Baruch Gasol**
ID number:	016354656
Date of birth:	22/2/1972
Address for service of process	79 Brener, Hertzeliya
Citizenship	Israeli
Membership in Board of Directors committees	No
Independent or outside director:	No
Accounting and financial expertise or professional qualifications:	Has accounting and financial expertise
Position performed in the Company, or in a subsidiary, related company, investee company or interested party of the Company:	Product department manager in the retail division at Bank Hapoalim.
Commencement date of tenure as a director:	31.12.2023
Education:	MBA, Tel Aviv University; Supplementary year in Accounting at Tel Aviv University; BA in Economics and Accounting, Tel Aviv University;
Activity during the last five years and details of other corporations in which they serve as a director:	Director of the Products Division, Retail Division, Bank Hapoalim; Retail Credit Leader, Innovation Division, Bank Hapoalim
Relative of another interested party of the Company:	No

At the end of the fourth quarter of the reported year, Mr. Yossi Levy's term as director of the Company has ended. In this regard, see an immediate report dated October 17, 2023 regarding a senior office holder who ceased to serve in his position (reference number 2023-01-095413) which is brought herein by way of reference.

During the first quarter of 2024, Mr. Shalom Bisteri, who served as chairman of the Company's board of directors, and Mr. Ehud Wizner, who served as a director of the Company, ended their terms. In this regard, see an immediate report dated October 17, 2023 regarding a senior office holder who ceased to serve in his position (reference no. 2023 -01-095425 and reference number 2023-01-095404), respectively which is brough herein by way of reference.

<u>Regulation 26a: The Corporation’s executive officers</u>

Name:	**Eitan Lev Tov**
ID number:	22158943
Date of birth:	03/11/1965
Position in the Company, in a subsidiary or in an interested party:	CEO
Relative of another officer or interested party of the Company:	No
Education:	BA in Physics from Tel Aviv University.
Business experience in the last five years:	CEO of Soodexo Pass Israel Ltd. (Cibus Soodexo).
Tenure commencement date:	01.07.2021

Name:	**Ofer Eden**
ID number:	055643274
Date of birth:	26/01/1959
Position in the Company, in a subsidiary or in an interested party:	CFO
Relative of another officer or interested party of the Company:	No
Education:	MBA (Specialization in Finance and Accounting) from Tel Aviv University; Supplementary year in accounting at Tel Aviv University; BA in Accounting and Economics from Tel Aviv University. CPA certified by the Israel CPA Council;
Business experience in the last five years:	CFO of Masav
Tenure commencement date:	25.12.2017

Name:	**Rin Krichel Metsuyanim**
ID number:	037721057
Date of birth:	19/11/1983
Position in the Company, in a subsidiary or in an interested party:	VP Legal Consulting and Regulation
Relative of another officer or interested party of the Company:	No
Education:	Bachelor of Laws (LLB) from the College of Management in Rishon Lezion.
Business experience in the last five years:	Management member and in charge of enforcement and compliance in Psagot Provident and Pension Funds Ltd.
Tenure commencement date:	17.10.2021

Name:	**Guy Ram**
ID number:	036443703
Date of birth:	26/02/1979
Position in the Company, in a subsidiary or in an interested party:	VP Technologies and Innovation
Relative of another officer or interested party of the Company:	No
Education:	BSc in Computer Science from the University of Haifa; MBA in Business Administration from the Technion;
Business experience in the last five years:	Deputy Head of the Information Systems Division, Maccabi Health Services; Acting VP of Information Systems Maccabi Health Services; Director of Core and Data Systems Development Department at CAL;
Tenure commencement date:	20.3.2022

Name:	**Ronit Tishler Piti**
ID number:	040402760
Date of birth:	20/07/1980
Position in the Company, in a subsidiary or in an interested party:	VP Operations and Partner relations
Relative of another officer or interested party of the Company:	No
Education:	MBA (Social sciences and management) from the Open University
Business experience in the last five years:	Projects Department Manager at Shva; Project manager and systems analyst at Shva; Project manager and system analyst at Max It Finance Ltd.;
Tenure commencement date:	01.01.22

Name:	**Tali Holenberg**
ID number:	033291733
Date of birth:	11.03.1977
Position in the Company, in a subsidiary or in an interested party:	VP of Marketing, Sales and Business Development.
Relative of another officer or interested party of the Company:	No
Education:	Bachelor's degree in behavioral sciences and philosophy from Bar Ilan University.
Business experience in the last five years:	Manager of the Processing activity at Max It Finance Ltd.
Tenure commencement date:	01.06.2022

Name:	**Odelia Green Katz**
ID number:	040018558
Date of birth:	040018558
Position in the Company, in a subsidiary or in an interested party:	HR manager from 15.06.22 and from 01.01.24 serves as VP HR.
Relative of another officer or interested party of the Company:	No
Education:	LLB, Tel Aviv University, Master's degree in labor studies, Tel Aviv University
Business experience in the last five years:	Human Resources Manager at Israel Electric Company Ltd.
Tenure commencement date:	15.06.2022

Name:	**Meir Alberg**
ID number:	038251161
Date of birth:	04/12/1975
Position in the Company, in a subsidiary or in an interested party:	VP Technology Development
Relative of another officer or interested party of the Company:	No
Education:	Bachelor's degree in Mathematics and Computer Science from Ben Gurion University.
Business experience in the last five years:	Technological development manager at Shva
Tenure commencement date:	15.1.2016

Name:	**Maxim Naigovazin**
ID number:	308676873
Date of birth:	08/06/1964
Position in the Company, in a subsidiary or in an interested party:	VP FrontEnd System Development
Relative of another officer or interested party of the Company:	No
Education:	BSc and MSc in Mathematics from Baku University (USSR)
Business experience in the last five years:	Software engineering manager at Shva
Tenure commencement date:	09.2020

Name:	**Michal Mizrahi**
ID number:	032056657
Date of birth:	10/03/1975
Position in the Company, in a subsidiary or in an interested party:	Comptroller
Relative of another officer or interested party of the Company:	No
Education:	MBA (Specialization in Finance and Accounting) from The College of Management Academic Studies; Supplementary year in accounting at The College of Management Academic Studies; B.A. in Accounting and Business Administration, The College of Management Academic Studies. CPA certified by the Israel CPA Council;
Business experience in the last five years:	Was also the controller of Masav
Tenure commencement date:	23.6.2019

Name:	**Eli Hilel**
ID number:	27904655
Date of birth:	20/11/1970
Position in the Company, in a subsidiary or in an interested party:	Internal Auditor
Relative of another officer or interested party of the Company:	No
Education:	Bachelor's degree in business administration (Accounting) the College of Management, CPA, Certified Internal Auditor, Certified Information Systems Auditor (CISA), and Certified Data Privacy Solutions Engineer (CDPSE)
Business experience in the last five years:	Internal auditor of Menora Mivtachim Pension and Provident Ltd.
Tenure commencement date:	5/12/2021

Executives (other than directors) who ceased serving during the reported year and through the date of issuing the report:

Mr. Gadi Margalit served until January 2, 2023 as VP of Infrastructure in the company.

Regulation 26B: Number of independent authorized signatories

As of the present date, the Company has no independent authorized signatories.

Regulation 27: The Company's accountants

Kesselman & Kesselman (PwC Israel) of 146 Menachem Begin Rd. Tel Aviv

Regulation 28 change in Company memorandum or articles

None

Regulation 29: Recommendations and resolutions of the board of directors

A. Resolutions of the board of directors

On March 28, 2023, the Company's board of directors resolved to distribute a dividend to the Company's shareholders. For further details, see the Company's immediate report of March 28, 2023 (reference: 2023-01-034542) which is brought herein by way of reference.

As to the issuance of options to employees and officers, see Note 14 and Note 20 to the financial statements.

B. Resolutions of the general meeting which were passed in a manner which was not in accordance with the directors' recommendations

During the reporting year, no resolutions were passed by the general meeting in a manner which was not in accordance with the directors' resolutions.

C. Resolutions of special general meeting

On October 11, 2023, the general meeting of the Company's shareholders approved the appointment of Ms. Ester (Etti) Levy and the appointment of Mr. Ron Shamir as independent directors. The general meeting also approved the appointments of Mr. Dan Cohen, Ms. Shani Federman and Mr. Baruch Gasol as additional directors in the Company according to the proposal of the Company's shareholders. For further details, see the report on the results of the meeting published by the Company on October 11, 2023 (reference number: 2023-01-114948), which is brought herein by way of reference.

On March 14, 2024, the general meeting of the Company's shareholders approved the approval of the terms of employment of Mr. Sharon Haran as chairman of the board of directors. For further details, see the report on the results of the meeting published by the Company on March 14, 2024 (reference number: 2024-01-026457), which is brought herein by way of reference.

Regulation 29A: Details regarding the Company's resolutions

Letter of indemnity and release for directors and officers

On July 7, 2014 the general meeting of the Company's shareholders approved the provision of a letter of indemnity towards directors in the Company, according to a standard wording of the letter of indemnity. The letter of indemnity was given in respect of liabilities and expenses, in accordance with the provisions of the Companies Law, in connection with a series of events (grounds for indemnification) which were specified in the letter of indemnity.

The maximum amount of indemnification which the Company could pay to all of the aforementioned officers, cumulatively, according to the letter of indemnity, will not exceed an amount equal to 25% of the Company's equity, in accordance with the Company's last financial statements which were published before the approval date of the letter of indemnity. The aforementioned general meeting of the Company's shareholders also decided to allow granting a release, in advance, to the Company's officers (who hold office in the Company from time to time), each of them separately, from their liability for damage incurred due to a breach of their duty of care towards the Company, except in case of: (A) breach of the duty of care deliberately or rashly, except if done negligently only; and (B) breach of the duty of care of directors regarding a "distribution", as defined in the Companies Law. In May 2019, the Company's Remuneration Committee, Board of Directors, and general meeting of shareholders approved an update to the letter of release and indemnity, and an update to the list of events (grounds for indemnification) specified in the letter of indemnity.

Directors and officers' insurance

On October 2, 2018, after accepting the recommendation of the Company's Remuneration Committee and Board of Directors, the general meeting of the Company's shareholders approved an update to a framework agreement authorizing the Company, in advance, to purchase an insurance policy to cover the liability of directors and other officers of the Company (D&O insurance) from time to time, without requiring additional approval from the general meeting, subject to the terms which were specified in the resolution:

A. The Company's engagement in an insurance policy for directors and other officers (hereinafter: "**Annual Policy**") will be made in respect of several insurance periods, beginning from the end of the current insurance policy on the date of the resolution (December 31, 2018), until (no later than) the end of the policy period which will be renewed in 2023.
B. The annual policy may be purchased by extending and/or renewing the policy, or by purchasing another policy, if necessary;
C. The Remuneration Committee, and later the Board of Directors, will approve each purchase of an annual policy, and will approve that the annual policy is in accordance with the Company's remuneration policy which is in effect as of the approval date;
D. The Remuneration Committee and the Board of Directors will approve, in connection with any purchase of an annual policy, that its conditions are reasonable, and in favor of the Company, considering the exposures of the officers and the Company, the scope of coverage, and market conditions, subject to the fulfillment of the following conditions:
   - The liability limit of the annual policy will not exceed USD 15 million per occurrence and per annual insurance period (plus reasonable legal expenses), plus the annual rate of the USD's devaluation vs. the NIS (if any), beginning from the date of the general meeting's approval;
   - The annual premium in respect of the annual policy will not exceed a total of USD 45,000, plus up to 15% each year, and up to an annual premium which, in any case, will not exceed USD 90,000.
   - To authorize the Company to increase the current annual policy to a liability limit of USD 15 million immediately. The premium in respect of the increased liability limit for the current annual policy (with a liability limit of USD 5 million) will not exceed a total of USD 20,000.

In accordance with the above, in July 2023, the Company engaged in an annual insurance policy (through July 14, 2024), with a liability limit of up to USD 15 million, per occurrence and for the period. The deductible amounts to a total of USD 50-100 thousand. The annual premium in respect of the policy amounts to a total of approximately USD 75 thousand.

PART E

Report on the effectiveness of internal control over financial reporting and disclosure

Annual report on the effectiveness of internal control over financial reporting and disclosures in accordance with Israeli Regulation 9b(a)

Management, under the supervision of the board of directors of Automated Banking Services Ltd. ("the Company"), is responsible for determining and maintaining adequate internal control over financial reporting and disclosure in the Company.

For that purpose, members of management are:

1. Eitan Lev Tov, CEO.

2. Ofer Eden, VP Finance CFO.

Internal control over financial reporting and disclosure consists of the Company's existing controls and procedures that have been planned by the CEO and the most senior officer in finance or under their supervision, or by those performing those roles in practice, under the oversight of the Company's Board of Directors, intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in compliance with applicable laws, and to ensure that all information that the Company is required to disclose in the reports issued under the provisions of the law is collected, processed, summarized and reported in a timely manner and according to the format prescribed by law.

Among other things, internal control includes controls and procedures planned to ensure that all information that the Company is required to disclose as above is gathered and transferred to the Company's management, including the CEO and the most senior officer in finance, or anyone actually performing said position, in order to allow decision making on a timely basis with respect to the disclosure requirement.

Due to its inherent limitations, internal control over financial reporting and disclosure is not designed to provide absolute assurance that misstatements or omissions of information in the reports will be prevented or detected.

Management, under the Board of Directors' supervision, has tested and assessed the Company's internal control over financial reporting and disclosure in the Company and its effectiveness.

The assessment of the effectiveness of internal control over financial reporting and disclosure performed by management, under oversight of the Board of Directors, consisted of the following:

1. Updating the scoping document (Scoping) for 2023, which was used to identify the relevant business units and processes that are highly significant to financial reporting and disclosure, as follows: (1) controls over the revenue process; (2) controls over the payroll process; (3) controls over the cash and investment process; (4) controls over the related party process; (5) controls over the actuary process.

2. Additionally, the following internal control components were included: entity-level controls (ELC), including controls over the preparation and close of financial reporting and IT general controls (ITGCs).

Based on the assessment of effectiveness performed by management, under oversight of the Board of Directors, the Company's Board of Directors and management have concluded that the Company's internal control over financial reporting and disclosure as of December 31, 2023 is effective.

Attached below are declarations by managers under Regulation 9b(d)(1) and (2) to the Reports Regulations.

Declaration by the General Manager pursuant to Regulation 9B(d)(1)

I, Eitan Lev Tov, declare that:

(1) I have reviewed the periodic report by Automated Banking Services Ltd. (hereinafter: "the **Company**") for the 2023 (hereinafter "the **reports**");

(2) Based on my knowledge, the reports are free of any misrepresentation of material fact and are not lacking any representation of any material fact required for the representations made therein, under the circumstances in which they were made, to not be misleading in reference to the period covered by the reports.

(3) Based on my knowledge, the financial statements and other financial information included in the reports fairly present, in all material respects, the financial position, results of operations, and cash flows of the corporation as of the dates and for the periods presented in the reports.

(4) I have disclosed to the corporation's Independent Auditor, Board of Directors and to the Audit Committee of the corporation's Board of Directors, based on my most current assessment of the internal control over financial reporting and disclosure:

(a) All significant deficiencies and material weaknesses in specification or operation of internal control over financial reporting and disclosure which may reasonably impact the corporation's capacity to collect, process, summarize or report financial information in a manner which 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 having a significant capacity in internal control over financial reporting and disclosure.

(5) I, on my own or with others at the corporation:

(a) Have set controls and procedures or verified that controls and procedures have been put in place and maintained under my supervision, designed to ensure that material information with regard to the corporation is brought to my attention by others at the Company, and specifically during preparation of the reports; and -

(b) Have set controls and procedures or verified that controls and procedures have been put in place and maintained under my supervision, designed to reasonably ensure the reliability of financial reporting and preparation of the financial statements pursuant to statutory provisions, including pursuant to generally accepted accounting principles.

(c) I assessed the effectiveness of internal control over financial reporting and disclosure, and presented in this report the conclusions of the Board of Directors and management regarding the effectiveness of internal control as of the date of the reports.

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

March 26, 2024

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Eitan Lev Tov

CEO

<u>Declaration by the senior financial officer pursuant to Regulation 9B(d)(1)</u>

I, Ofer Eden, declare that:

(1) I have reviewed the periodic report by Automated Banking Services Ltd. (hereinafter: "the **Company**") for the 2023 (hereinafter "the **reports**");

(2) Based on my knowledge, the reports are free of any misrepresentation of material fact and are not lacking any representation of any material fact required for the representations made therein, under the circumstances in which they were made, to not be misleading in reference to the period covered by the reports.

(3) Based on my knowledge, the financial statements and other financial information included in the reports fairly present, in all material respects, the financial position, results of operations, and cash flows of the corporation as of the dates and for the periods presented in the reports.

(4) I have disclosed to the corporation's Independent Auditor, Board of Directors and to the Audit Committee of the corporation's Board of Directors, based on my most current assessment of the internal control over financial reporting and disclosure:

(a) All significant deficiencies and material weaknesses in specification or operation of internal control over financial reporting and disclosure which may reasonably impact the corporation's capacity to collect, process, summarize or report financial information in a manner which 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 having a significant capacity in internal control over financial reporting and disclosure.

(5) I, on my own or with others at the corporation:

(a) Have set controls and procedures or verified that controls and procedures have been put in place and maintained under my supervision, designed to ensure that material information with regard to the corporation is brought to my attention by others at the Company, and specifically during preparation of the reports; and -

(b) Have set controls and procedures or verified that controls and procedures have been put in place and maintained under my supervision, designed to reasonably ensure the reliability of financial reporting and preparation of the financial statements pursuant to statutory provisions, including pursuant to generally accepted accounting principles.

(c) I assessed the effectiveness of internal control over financial reporting and disclosure, and presented in this report the conclusions of the Board of Directors and management regarding the effectiveness of internal control as of the date of the reports.

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

March 26, 2024

Ofer Eden
VP Finance CFO