

#### **Legal clarification**

This presentation was prepared by Automatic Banking Services Ltd. ("SHVA" or "SHVA") as a general presentation regarding SHVA and following the publication of SHVA's annual statements for 2023. This presentation does not constitute an offer to purchase SHVA's securities or an invitation to receive such offers and it is Intended solely for providing information to the public, The presentation includes (with emphasis on pages: 13, 19, 20, 21, 22, 23, 24, 25, 31) SHVA's data, estimates, forecasts, goals and plans in relation to its activities, which are forward-looking information, as this term is defined by Section 32a of the Securities Law - 1968, the realization of which is uncertain and is not under the control of SHVA solely. The aforementioned information is based on SHVA's subjective assessment and among other things, is based on past experience, the professional knowledge SHVA has accumulated, existing information and current expectations and assessments, including future developments as known to SHVA today. For the avoidance of doubt, it is clarified that the information and details brought in this presentation are only partial, presented in a concise manner for convenience purposes only, and should be read together with the details, descriptions, clarifications, assumptions, reservations, assessments and description of the risk factors included in SHVA's periodic and annual report for 2023, and in SHVA's financial statements for December 31, 2023 that are included in SHVA's periodic and annual report for 2023. This presentation does not pretend to encompass or contain all the information that may be relevant or for the purpose of making any decision regarding the investment in SHVA's securities and in general it does not replace independent information collection and analysis.

There is no assurance that the data and/or estimates and/or forecasts and/or plans will be realized, fully or partially and they may differ from those included in the presentation, and this, among other things, due to their dependence on external factors beyond SHVA's control, such as: economic situation, changes and development of the competition in the business environment, regulatory changes, changes in consumer preferences and consumption habits, as well as changes in work assumptions data. In addition, the presentation may include data based on external sources that have not been independently reviewed by SHVA and therefore SHVA is not responsible for their correctness. Also, the presentation may include information that was not presented in SHVA's financial and immediate reports and/or was presented in a different manner and processing than the way it appears in the presentation. It is clarified that the presentation does not replace the immediate reports of SHVA, and in any case of contradiction between the reports published to the public and the data in this presentation, the data appearing in the reports published to the public shall prevail. The forecast and estimates in this presentation are based on the information available to SHVA at the time the presentation was prepared, and SHVA does not undertake to update and/or change the information and/or estimates included in this presentation.



SHVA's board of directors, SHVA's management, and its employees wish for the safety and return of all the hostages and the missing persons soon. Our hearts are with the numerous families who have lost their loved ones, and we wish a speedy recovery for all injured individuals, both in body and spirit.

SHVA supports and embraces all Israeli citizens, disaster victims, evacuees, and regular and reserve soldiers and will continue to be a central partner in the renewal and renewed growth of the economy and society in Israel.





#### **Preface**

The year 2023 was marked by significant challenges and complexities for the Israeli economy and society. The "Iron Swords" war, sparked by the events of October 7, had a profound impact on Israel, resulting in the loss of thousands of lives, injuries to soldiers, security personnel, and civilians, and the displacement of hundreds of thousands of residents from their homes.

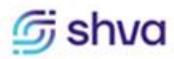
With the outbreak of the war, SHVA quickly mobilized and, in collaboration with other businesses, launched a leading philanthropic initiative. This project provided a robust support system to thousands of small businesses in the Gaza Envelope area, offering financial assistance through expedited approval.

Otef Laesek







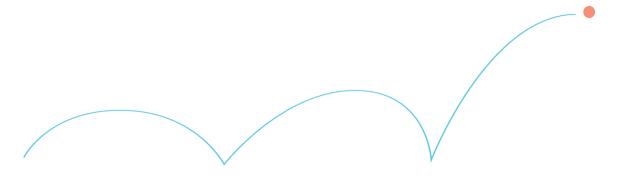








SHVA is a listed company that manages a critical national infrastructure at the core of the payment systems in Israel.



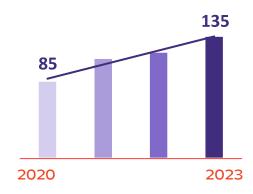
SHVA manages two national payment systems controlled and supervised by the Bank of Israel's Payment and Clearing Systems Department. SHVA was declared a critical state infrastructure in accordance with the provisions of the National Cyber System



#### **SHVA** | stability and growth in all indicators



Financial Strength



#### **Steady revenue** growth

NIS in millions

36.1%

Profit before tax

#### No financial leverage

231 NIS million

Equity

## Data and Technology

#### 99.999%

Payment cards and ATM switches availability

#### 2 Data Centers

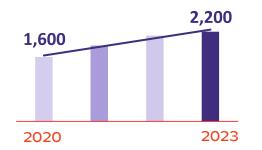
Resilient and protected data centers with high-level security

#### **Rich data**

Approximately 2.2 billion transactions annually

#### Steady growth in payment transactions

in millions



#### 45 years of quality service

SHVA runs a professional and experienced service system, providing expert support and consultation to clients, and is recognized as an authority in the payments industry

experience

**Expertise and** 

#### A public company from June 2019

SHVA's shares are held by the public

#### Wide distribution system

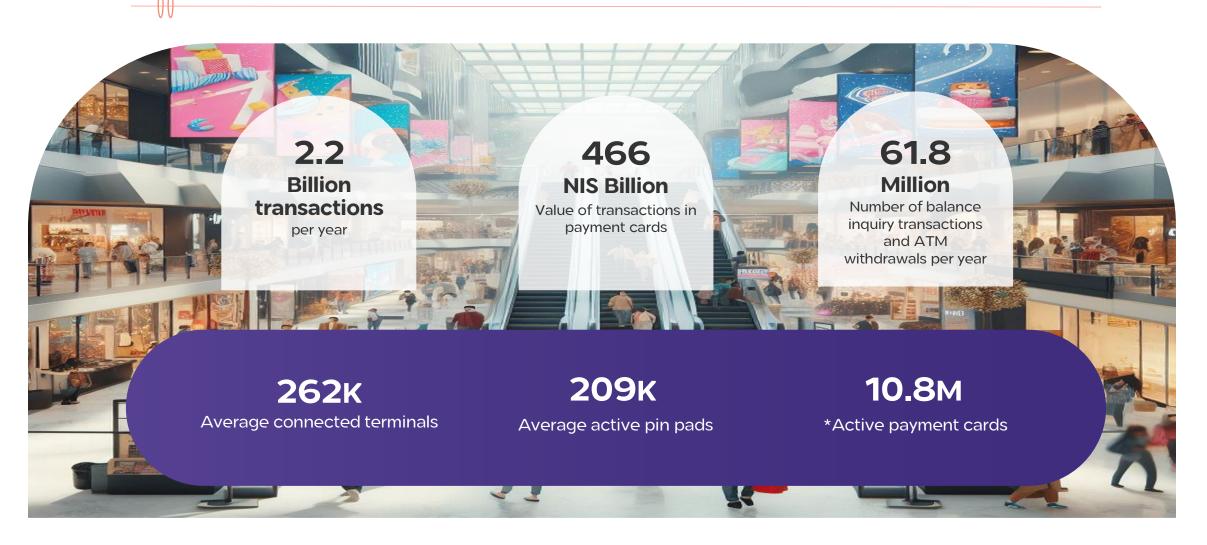
SHVA has extensive experience working with distributors across various channels, continually enhancing their value propositions

#### **Critical payment systems**

SHVA operates critical national infrastructures at the core of the payments system in the Israeli economy

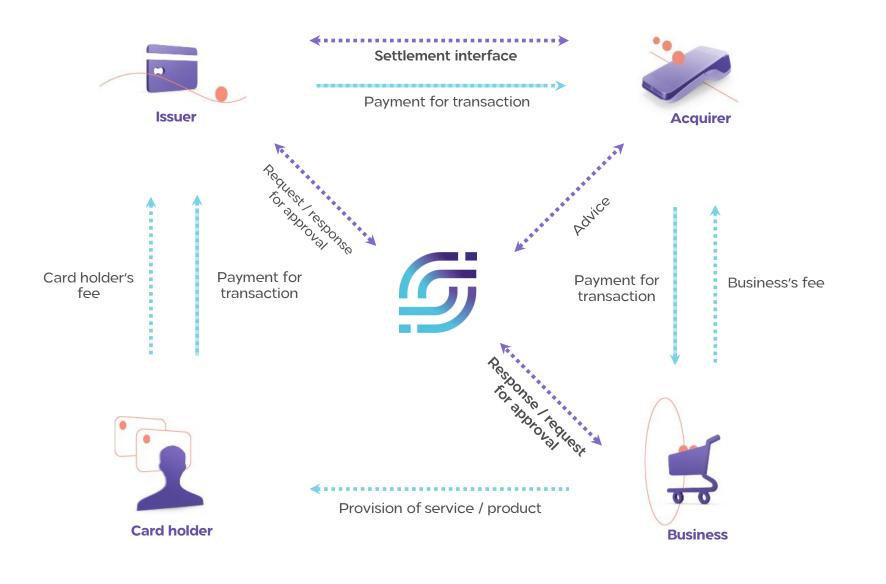


#### **SHVA - Always in Motion**



With advanced payment methods, at any point of sale, at any time



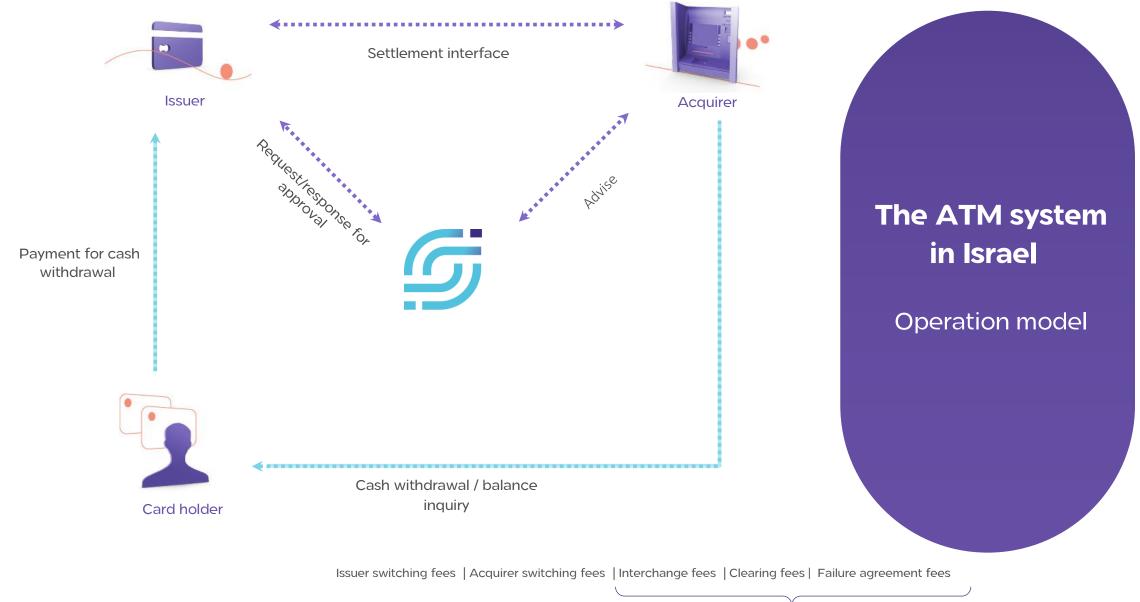


The payment card system in Israel

Operation model

Authorization fees | Transaction feed | Interchange fees | Terminals subscription | Pin cards subscription | Clearing fees | Failure agreement fees







#### A major factor in an accelerated growing market

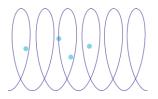




#### **Growth in Private Consumption**

In 2023, consumption levels continued to grow significantly. The substantial increase in consumption during the first three quarters of 2023 offset the negative impact of the "Iron Swords" war in the final quarter, resulting in overall growth for the year despite the war.

Additionally, there was a continued trend towards reduced cash usage and increased reliance on payment cards, particularly digital wallets based on payment cards.



#### Technological development

The increased adoption of digital wallets and the growth in online commerce have led to a proliferation of card-based payment methods.

The shift to cloud services, digital payment growth, and data processing capabilities advancements created a new market for advanced data products to meet business, marketing, and financial needs.



#### **Active Regulator**

Promoting legislation to diversify payment solutions and increase competition in the payment market

Reducing the use of cash

The Bank of Israel has been working in recent years to regulate the connection of local and global players to the payment systems in Israel

Increasing the number of acquirers may boost SHVA's revenues





#### SHVA's strategy – key targets

The strategy is based on two key targets:



**Business growth** 

Focusing on expanding and diversifying SHVA's sources of income based on advanced technologies

Development and management of core services

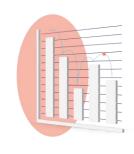
Ensure the stability and efficiency of the payment switch as a critical national payment infrastructure

An advanced and stable payment switch allows SHVA's potential to grow and expands significantly



#### **SHVA's strategy – implementation**

The implementation of the strategy is driven by three growth engines and the management and enhancement of the core services







#### **SHVA Insights**

Ancillary services and products based on SHVA's data infrastructure

#### **SHVA Arena**

Ancillary services and products for customers of the core infrastructures

#### New payment solutions

Payment solutions based on the existing infrastructure

# Development & management of core services

## SHVA Members

Supplementary services for system participants



## Technological development strategy that supports stability and promotes innovation

In 2023, SHVA established a cloud infrastructure to promote new and advanced value propositions

#### Innovative cloud-based service solutions

Allowing easy and convenient connection for participants to SHVA's products



Cloud-based architecture

**Technological transformation** 

Reliability and resilience

Establishing an advanced cloud infrastructure

New API-based services

Maximum resilience, low response times, full monitoring, and high level of security System upgrade

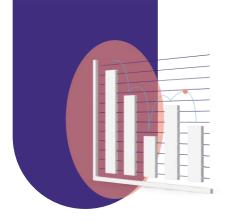
Modernization of a significant part of the core systems

Separation of the shared infrastructures from Masav

Increasing information security processes

Establishing and implementing business continuity





#### A complete view of the market

#### **SHVA Insights**

Services and products based on SHVA's data infrastructure



#### **Recent year developments**

In 2023, SHVA developed an advanced technological cloud system integrated with its data infrastructure. This system provides centralized access to comprehensive and intelligent aggregate information, enabling business, institutional, financial, and governmental entities to make informed operational, managerial, and financial decisions.

#### **Data core products**

- Aggregated information at the merchant level includes an insight engine and signals, subject to the consent of the business.
- Comprehensive macroeconomic data by industry and geographic segments, tailored to customer's needs.
- 3. In-depth data analysis to provide aggregated data insights according to customer's requirements.

#### **Growing and expanding**

SHVA is developing the market for payment data-based products and services, aiming at:

- Commercial companies
- Financial institutions
- Retail companies
- Retail shopping centers
- Wholesalers and distributors
- Government and municipalities
- Research and investment firms



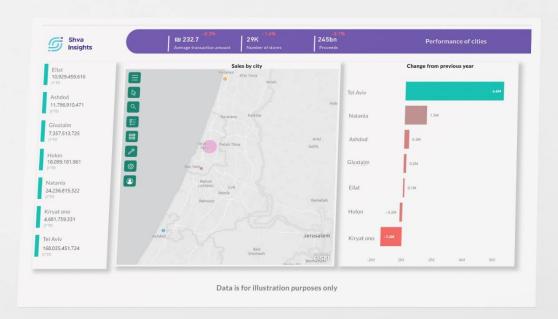


#### A complete view of the market

#### **SHVA Insights**

Business decision-making market data – accessible dashboard for customers

Access to aggregated sales data





By geographic segmentation

By business sectors





#### All payment solutions in one place

#### **SHVA Arena**

Expanding the Ashrait software and payment system infrastructure services Development of advanced and stable technological services and products



#### **Recent year developments**

In 2023, SHVA developed advanced and innovative technological capabilities on the cloud infrastructure for payment solution providers.

In the meantime, it expanded its Ashrait software services and established advanced and stable technological payment solutions for businesses.

#### **Data core products**

SHVA enables **payment service providers (PSPs)** to provide businesses with various new value propositions.

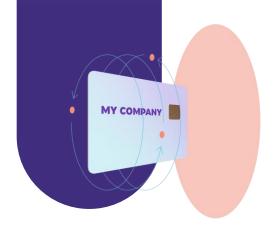
- (1) **3DS** service: Strong authentication of a cardholder in online transactions significantly reduces the ability to commit fraud and deny transactions.
- (2) **TOP** the Tap on Phone solution enables turning a smartphone into a payment terminal.

#### **Growing and expanding**

SHVA is expanding the offering to new customers, aiming at:

- Payment solution providers (PSPs)
- Clearing companies
- Fintech companies
- Reconciliation and accounting adjustments services firms





## Smart infrastructure for alternative payment methods

Additional solutions for payment transfers



#### **Recent year developments**

During 2023, SHVA expanded the access of small and medium businesses to the world of clubs.

SHVA expanded its activities with additional Customer Loyalty Program to launch a unique CLP solution that allows various payment methods, such as gift cards, vouchers, dining cards, loyalty cards, and more, based on the existing payment infrastructure.

The first operator went into production.

#### **Data core products**

#### 1. Closed-loop Payments - CLP

Using various Customer Loyalty Program in the national payment system and allowing them to be added to a digital wallet.

2. Solutions for public transportation

#### **Growing and expanding**

SHVA is developing the market for Closed-loop payments, aiming at:

- Customer Loyalty Program operators
- Gift and dining card operators





### Development and expansion of core services for system participants

#### **SHVA Members**

Expansion of operational and technology services for companies in the payment system



#### **Recent year developments**

SHVA has set a strategic goal to develop Value-Added Services (VAS) for the payment system participants (Members) to support operational and infrastructural processes for SHVA's core services.

These VAS allow customers to use payments safely and smoothly, strengthening relationships with the schemes and Members to create unique and relevant solutions for the market.

#### **Data core products**

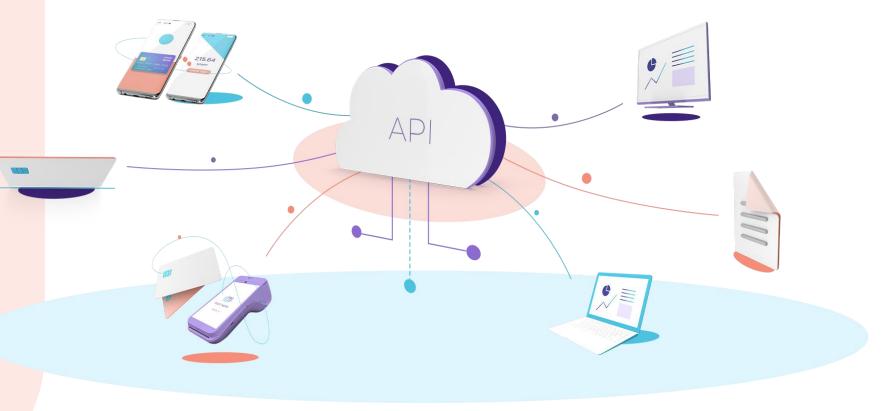
- Collection and approval of transactions
- Terminals and pin pads management
- Settlement interface for the payment cards system
- Cash withdrawals branding
- Selection of a PIN code
- Settlement interface for the ATM system
- VAS improvement of the STIP process, response on behalf of the issuer
- Terminal certification
- Supporting operational processes
- And more

#### **Growing and expanding**

- Acquirers
- Issuers
- Banks



A robust business model that ensures long-term stability while enabling the diversification of SHVA's revenue streams







2023 Summary

**Looking Ahead** 



#### **Key Financial Data (2023)**

**135M** NIS

**42M** NIS

**38N** NIS

Revenues

Operating profit

Income Attributable to Shareholders

**275M** NIS

Of them

**231M** NIS

**25M** NIS

**Assets** 

Cash, Cash equivalents, Short term deposits, and Held-fortrading securities

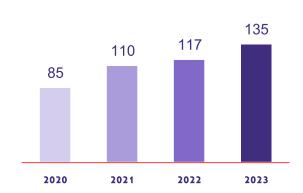
Dividends



#### Financial Resilience and Steady Growth (in NIS Million)



#### Revenues

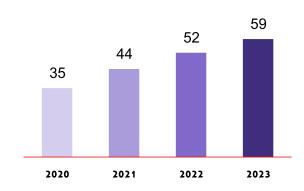


#### Other income \*

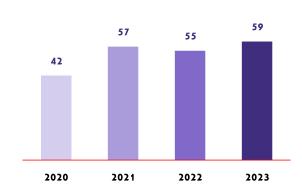


\*including ATM switching services, failure arrangement and connection to Zahav in the payment card system and more

#### Transaction based revenues



#### Infrastructure based revenues

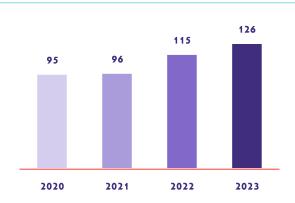




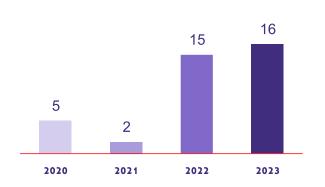
#### **Financial Resilience and Steady Growth**



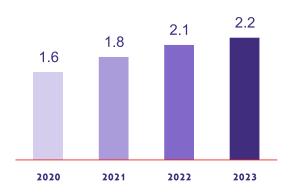
#### **Human capital** (number of employees)



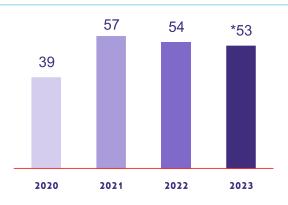
Purchases and investments in property, plant and equipment, and intangible assets (NIS in millions)



Number of debit and credit transactions in the payment card system (billions of transactions)



Cash flow before changes in asset and liability items and before financing and taxes (NIS in millions)



\*Including a donation of about NIS 2 million to businesses in the Gaza Envelope



#### **Expenses for separation from MASAV** (in NIS millions)





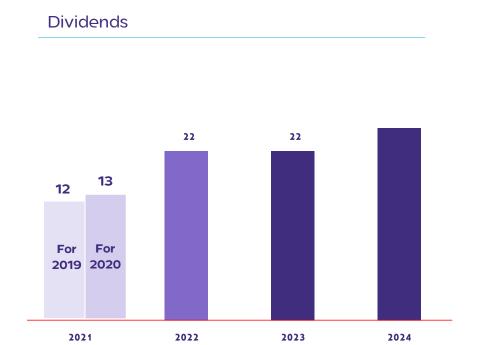
Following the competition authority's requirement and the court's decision, SHVA and the Banking Clearing Center Ltd. are working to implement a separation outline that is expected to be completed at the end of December 2027



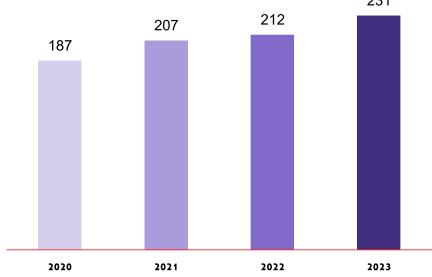
These are estimates and forecasts based on the information known to SHVA at the time of the presentation publication, which may change in the future, among other things in accordance with the decisions of SHVA's board of directors, and taking into account the risk factors that characterize SHVA's activities, as well as the developments in the economic environment and the external factors that affect SHVA's activities, which cannot be evaluated in advance and by their nature are not under the control of SHVA.

#### Equity and dividends (NIS in millions)









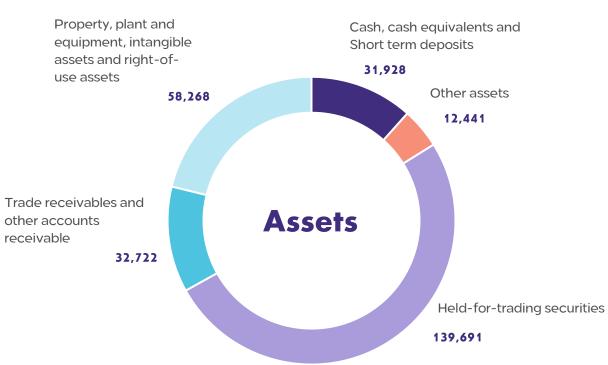






#### **Statement of Financial Position for 2023** (NIS in millions)





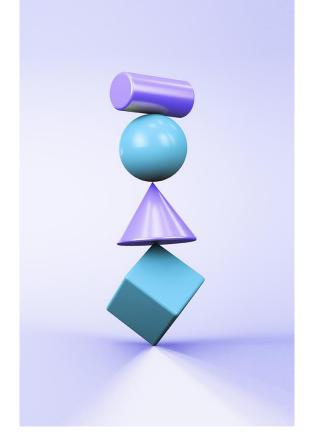


#### FY23 Annual Income Statement in thousands NIS

	Λ	Λ	
-		Н	
	V	V	

	2023	2022	2021
Revenues	134,919	117,283	110,408
Payroll and associated expenses	56,386	46,776	39,150
Operational general and administrative expenses	36,565	24,676	20,928
Total operating general and administrative expenses	92,951	71,452	60,078
Operating profit	41,968	45,831	50,330
Profits before taxes on income	48,664	34,440	57,732
Income Attributable to Shareholders	38,216	24,085	44,557





Thank you •

