



**Quarterly report for
the period ended March 31, 2025**

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

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

We are pleased to present to shareholders the report of the Board of Directors of Automated Banking Services Ltd. (hereinafter: "the **Company**" or "**Shva**") as of March 31, 2025 for the three months then ended (hereinafter: "**Reported Period**") in compliance with the provisions of Regulation 48 of the Israel Securities Regulations (Periodic and Immediate Reports), 1970. This directors' report presents events and changes that occurred in the Company's position during the reported period and which had material impact on the interim financial statements and the corporation's business report. This report is limited in scope and therefore should be read in conjunction with periodic report for the year ended December 31, 2024, which was published on March 30, 2025 (reference number 2025-01-021938) "**the Company's 2024 Periodic Report**", which is presented in this report by way of reference.

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

1.1 General review

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

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

- (1) Operation of a bidirectional communication system between acquirers and charge card issuers and businesses, for the approval and collection of transactions performed using charge cards at businesses (hereinafter, respectively: the "**Approval and Collection Interface**" and the "**Approval and Collection Services**"). The credit card companies participating in the system are Isracard Ltd. (**Isracard**), Israel Credit Cards Ltd. (**CAL**) and Max It Finance Ltd. (**Max**) as the issuing and clearing companies (Isracard, Cal and Max are collectively referred to below as: "**the credit companies**" or "**credit card companies**"). In April 2024 and July 2023, the Bank of Israel granted a clearing license to two additional companies that commenced their activities as clearing companies - Tranzilla Ltd. (**Tranzilla**) and Cardcom Clearing Ltd. (**Cardcom**); Cardcom and Tranzilla will be referred to collectively: "**the new acquirers**") who joined as participants in the charge cards system. In 2023, the Bank of Israel approved the joining of Upay Clearing Ltd. (**Upay**) as an additional clearing company for the charge card payment system.

In 2024, the Bank of Israel approved the joining process of RPYD, the first global entity authorized to join the foreign-licensed acquirers' scheme to the charge card system. The Company is in the process of preparing for their entry into operation.

- (2) Management and operation of the accounting interface of the charge card system - for the purpose of calculating the net activity, i.e. the final accounting between an issuer and an acquirer for charge card activity at businesses, the system receives from the acquirers the transactions that were not issued by them, and offsets the credit amounts amongst them, offsetting the cross commission. At the end of the calculation, credit/charge files are produced for the relevant parties. From May 2023, clearing is carried out directly in the Zahav system in the Bank of Israel.
- (3) Management and operation of a switching system connecting different ATM networks, including those operated by various banks, such as Bank Leumi Le-Israel Ltd. (hereinafter: "**Bank Leumi**"), Bank Hapoalim Ltd. (hereinafter: "**Bank Hapoalim**"), Israel Discount Bank Ltd. (hereinafter: "**Discount Bank**"), First International Bank of Israel Ltd. (hereinafter: "**FIBI**"), Mizrahi Tefahot Bank Ltd. (hereinafter: "**Mizrahi Tefahot Bank**"), Bank of Jerusalem Ltd. (hereinafter: "**Bank of Jerusalem**") and Bank Yahav for Government Employees Ltd. (hereinafter: "**Bank Yahav**") and One Zero Digital Bank Ltd. ("**One Zero**"), Ofek Cooperative Credit Society Ltd. (**Ofek Cooperative Credit Society**) which joined the system in August 2024 as an acquirer and ATMS Matrix Ltd. (**Matrix**) which joined the system in August 2024 as an ATM operator, 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**").

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 and as of the date of this report the entry window to ATM payments system was not yet determined.

- (4) In accordance with the instructions of the Bank of Israel, in May 2023 the Company began providing management services and operation of the ATM accounting interface of the ATM system. For the purpose of calculating the net activity between issuers and ATM operators for cash withdrawals, the ATM operators will transfer files containing the cash withdrawals made with cards of other banks or non-bank issuance operators. At the end of the calculation, the system will generate credit/debit files that will be sent to the relevant parties at the same time as they are deposited in the Zahav system operated by the Bank of Israel, for the purpose of direct clearing.
- (5) Development and distribution of the Ashrait PC and Ashrait WEB software - the Company has developed infrastructure software for points of sale, which allows the execution of charge card transactions at businesses, including in internet websites. The software allows for two work configurations – running on the computer of the place of business or running on servers of the Company. The Company has Ashrait software that is supported by Android devices.
- (6) Shva Arena- the company expanded 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.
- (7) Shva Insights – the Company has developed three innovative value propositions that address a dedicated and diverse customer base: "Shva Insights Commerce", "Shva Insights Finance" and "Shva Insights Review". These services provide aggregated and anonymous information regarding businesses and are based on information from charge card activity, in accordance with the legal provisions applicable to the Company.

- (8) 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.
- (9) 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.
- (10) 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 with the EMV standard.
- (11) 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.
- (12) 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.
- (13) CLP – the Company provides services to CLPs that operate consumer clubs in the Closed Loop Payments model, on the Company's charge card payment system.
- (14) Charge Card Scheme – on July 17, 2024, the Governor of the Bank of Israel declared the "Charge Card Scheme" system, known by its name "the Local Agreement", as a controlled payment system under the Payment Systems Law and the Company as the system operator.

For further details regarding the services provided by the Company and its area of activity see Chapter A – Description of the Corporation's Business in the Periodic Report for 2024.

1.2 Economic developments in Israel

The consumer price index increased in the three months ended March 31, 2025 at a rate of about 0.3%.

In July 2024, the Bank of Israel decided to leave the interest rate in Israel unchanged at the level of 4.5%. According to Bank of Israel forecasts from January 2025, the inflation rate in 2025 is expected to be 2.6% and the interest rate is expected to decline in the fourth quarter of 2025 and be 4%-4.5% on average.

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

1.3 Consequences of the "Iron Swords" war

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

In addition, from the outbreak of the war and until now, Iran, the terrorist organization Hezbollah and the Houthis have initiated various attack throughout the country. As of the report's preparation date, the IDF continues operational activity in various locations, most recently embarking on a new operation called "Gideon's Chariots." About a year and eight months after the start of the war, its full scope, duration, and effects are still unclear..

The continuation of the war may have wide-ranging consequences on various sectors of activity, various geographic areas in the country, and the state of the entire economy, among other things in terms of personnel resources, fluctuations in foreign exchange rates, impact on the capital market and more.

Nevertheless, it should be indicated that already from December 2023, a recovery of the economy and increase in charge cards activity can be seen in most sectors of activity. This trend continues over 2024 and in the first quarter of 2025, despite the complex security challenges. The Company estimates that it is financially solvent and its main customers are characterized by stability and long-term engagements.

In view of the above, the Company does not foresee an impact on its financial strength at the present time or in the near term.

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

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

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

1.4 Activity of the Company in the Reported Period

Transactions with charge cards

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

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

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

	For the three-month period ended March 31		For the year ended December 31,
	2025	2024	2024
Debiting transactions	614	570	2,388
Crediting transactions	6	6	24

ATM switching services

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

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

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

	For the three-month period ended March 31		For the year ended December 31,
	2025	2024	2024
Total numbers of account balance checks and withdrawals (in thousands of transactions)	14,861	14,791	61,082
Total amounts of withdrawal requests (in millions of NIS)	12,856	12,376	52,128

Material events during the Reported Period

- On January 29, 2025, the Company's board of directors approved the allocation of 35,000 options convertible into ordinary shares of NIS 0.0001 par value of the Company to an office holder in the Company. The options were granted in February 2025. For details, see immediate report from February 9, 2025 (reference 2025-01-009566).
- The information contained in the aforementioned reports is presented herein by way of reference.

Updates in the Description of the Corporation's Business in the Company's Periodic Report for 2024:**Update to Sections 8.9 and 8.10 in the chapter of description of the Corporation's Business:****SHVA Arena services**

During the first quarter of 2025, the Company continues to advance the development and expansion of its Ashrait software capabilities in accordance with the changing market needs, thus enabling payment solution providers (PSPs) to provide businesses with a variety of new services and advanced technologies over the payment system infrastructure.

Shva Insights Services - aggregate information access services - during the first quarter of 2025, the Company expanded its activities with a diverse customer base, such as organizations and suppliers from the food retail world, various municipal entities and government ministries. The Company entered into agreement with several authorities such as the Tel Aviv Municipality, the Jerusalem Municipality and the Haifa Municipality and provided aggregate information containing in-depth macroeconomic reviews with a dedicated characterization tailored to the needs of the customers.

Update to section 8.21 in the chapter of description of the corporation's business:

The Company has implemented another phase in the modernization process for its core systems and is progressing toward completing the full transition, thus continuing to work to implement, develop, and realize projects and business initiatives.

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

Report of the Board of Directors and Management for the quarter ended March 31, 2025

1.5 Financial position and results of activity

The following presents key information from the financial statements of the Company and explanations of main changes in statement of financial position items as of March 31, 2025 compared to December 31, 2024 (NIS in thousands):

	As of March 31, 2025	As of December 31 2024		
	(Unaudited)	(Audited)	Change	Comments and explanations
Assets				
Cash and cash equivalents	53,572	44,050	9,522	Current flow
Held- for-trading securities	147,819	147,860	(41)	
Trade receivables	27,906	26,001	1,905	The timing of receiving funds from customers
Other receivables	10,349	8,522	1,827	Mainly due to an increase in short-term prepaid expenses.
Current tax assets	-	2,805	(2,805)	The balance of the item was transferred to liabilities.
Excess plan assets for post-retirement employee benefits	2,075	2,049	26	
Property, plant and equipment, net	21,340	21,830	(490)	
Self-developed software, software and licenses, net	35,004	29,709	5,295	The change mainly derives from investment (capitalization and purchases) in growth engines
Right-of-use assets	18,114	18,545	(431)	
Prepaid expenses	4,633	4,813	(180)	
Deferred taxes	298	-	298	The balance of the item was transferred from liabilities.
Liabilities and equity				
Current maturities for lease liabilities	2,033	2,044	(11)	
Trade payables	4,140	2,699	1,441	
Other payables	52,692	20,196	32,496	Derives from a dividend declared in the reported period and paid thereafter

Report of the Board of Directors and Management for the quarter ended March 31, 2025

Liabilities for current taxes	1,139	-	1,139	
Long term deferred revenues	2,843	3,174	(331)	
Lease liabilities	17,367	17,706	(339)	
Liabilities for deferred taxes	-	106	(106)	
Liabilities for employee benefits	1,079	1,080	(1)	
Equity attributed to shareholders of the Company	239,817	259,179	(19,362)	The change is due to income for the period less declared dividend.

Report of the Board of Directors and Management for the quarter ended March 31, 2025

1.6 Results of operations

The following are the key changes in profit and loss items for the period ended March 31, 2025 compared to March 31, 2024 (NIS in thousands):

	For the three-month period ended March 31,		For the year ended December 31	Change compared to March 31	Comments and explanations compared to corresponding period last year
	2025	2024	2024	2024	
	(Unaudited)		(Audited)		
Revenue from services provided to acquirers and issuers	32,807	32,045	130,829	762	The change is mainly due to an increase in transaction-based revenues
Revenue from services provided to others	5,380	4,756	20,629	624	Increase in new revenues from existing products
Total revenues	38,187	36,801	151,458	1,386	
Operational, general and administrative expenses	25,987	23,294	95,857	2,693	The change is due to a net increase in expenses, mainly from the continued strengthening of the technological and information security system and an increase in depreciation
Operating income	12,200	13,507	55,601	(1,307)	
Finance income, net	1,078	2,025	9,358	(947)	The change is due to market volatility
Income before income tax	13,278	15,532	64,959	(2,254)	
Provision for income tax	2,997	3,431	14,054	(434)	
Net income attributed to shareholders	10,281	12,101	50,905	(1,820)	
Net basic and diluted earnings per share	0.26	0.30	1.27		

EBITDA less equity compensation for the three months ended March 31, 2025 amounted to NIS 15.9 million compared to NIS 16.4 million in the corresponding period last year and NIS 67.1 million in 2024.

Report of the Board of Directors and Management for the quarter ended March 31, 2025

1.7 Liquidity and sources of financing

The following are the key changes in cash flow items in the period ended March 31, 2025 compared to March 31, 2024 (NIS in thousands):

	For the three-month period ended March 31		For the year ended December 31	Comments and explanations compared to corresponding period last year
	2025	2024	2024	
	(Unaudited)		(Audited)	
Net income for the period	10,281	12,101	50,905	
Adjustments to income	5,591	4,229	15,629	
Cash flows before changes in asset and liability items and before finance and taxes	15,872	16,330	66,534	
Changes in asset and liability items, net	(1,239)	(1,608)	4,253	
Cash flow from taxes and finance, net	2,015	(1,752)	(10,819)	During the reporting period, an income tax refund was received
Net cash provided by operating activity	16,648	12,970	59,968	
Net cash used in investing activity	(6,582)	242	(6,515)	Continued acquisitions and investments in growth engines
Net cash used in financing activity	(544)	(558)	(27,236)	

1.8 Financing sources

The Company finances all activity from using its own resources.

2. Exposure to and management of market risks

Market risk exposure of the Company

In the first three months of 2025, there were no material changes in the Company's risk assessment and risk profile. For more details regarding the description of the market risks to which the Company is exposed, see section 2 of the Company's board of directors and management report attached to the Company's periodic report for 2024. The marketable securities portfolio as of March 31, 2025 amounted to NIS 147,819 thousand, compared to NIS 147,860 thousand as of December 31, 2024. Cash and bank deposits as of March 31, 2025 amounted to NIS 53,572 thousand, compared to NIS 44,050 thousand as of December 31, 2024. The value of the marketable securities portfolio, cash and bank deposits as of March 31, 2025 amounted to NIS 201,391 thousand compared to NIS 191,910 thousand as of December 31, 2024.

Officer responsible for market risk of the Company

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

Market risk management policy of the Company

Report of the Board of Directors and Management for the quarter ended March 31, 2025

The overall responsibility for market risk management and oversight is of the Company's board of directors. For information about risk management policy, investment policy and oversight of market risk, see the Company's board of directors and management report in the Company's 2024 periodic report.

2.1 Fair value of financial instruments and sensitivity tests

2.1.1 Fair value of financial instruments

	As of March 31, 2025				
	NIS in thousands				
	Israeli currency		Foreign currency		
	Unlinked	Linked	US dollar	Other	Total
Assets					
Cash and cash equivalents	42,051	-	11,093	428	53,572
Held- for- trading securities	83,843	58,175	5,801	-	147,819
Trade receivables	27,906	-	-	-	27,906
Other receivables	502	-	-	-	502
Total financial assets	154,302	58,175	16,894	428	229,799
Current maturities of lease liabilities	-	2,033	-	-	2,033
Trade payables	4,128	-	2	10	4,140
Other payables	51,186	-	-	-	51,186
Liabilities for current taxes	-	1,139	-	-	1,139
Lease liabilities	-	17,367	-	-	17,367
Total financial liabilities	55,314	20,539	2	10	75,865
Net fair value of financial instruments	98,988	37,636	16,892	418	153,934

	As of March 31, 2024				
	NIS in thousands				
	Israeli currency		Foreign currency		
	Unlinked	Linked	US dollar	Other	Total
Assets					
Cash and cash equivalents	28,775	-	982	730	30,487
Short term deposits	9,126	-	-	-	9,126
Held- for- trading securities	81,100	49,634	10,268	-	141,002
Trade receivables	30,009	-	-	-	30,009
Other receivables	1,750	-	-	-	1,750
Current tax assets	1,817	-	-	-	1,817
Total financial assets	152,577	49,634	11,250	730	214,191
Current maturities of lease liabilities	-	2,024	-	-	2,024
Trade payables	2,473	-	21	-	2,494
Other payables	39,502	-	-	-	39,502
Lease liabilities	-	17,736	-	-	17,736
Total financial liabilities	41,975	19,760	21	-	61,756
Net fair value of financial instruments	110,602	29,874	11,229	730	152,435

2.1.1 Fair value of financial instruments (Cont.)

	As of December 31, 2024				
	NIS in thousands				
	Israeli currency		Foreign currency		
	Unlinked	Linked	US dollar	Other	Total
Assets					
Cash and cash equivalents	36,900	-	6,594	556	44,050
Held- for- trading securities	84,953	56,259	6,648	-	147,860
Trade receivables	26,001	-	-	-	26,001
Other receivables	825	-	-	-	825
Current tax assets	-	2,805	-	-	2,805
Total financial assets	148,679	59,064	13,242	556	221,541
Current maturities of lease liabilities	-	2,044	-	-	2,044
Trade payables	2,674	-	25	-	2,699
Other payables	13,558	-	-	-	13,558
Lease liabilities	-	17,706	-	-	17,706
Total financial liabilities	16,232	19,750	25	-	36,007
Net fair value of financial instruments	132,447	39,314	13,217	556	185,534

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

	As of March 31, 2025						
	NIS in thousands						
	Net fair value of financial instruments considering change in interest rate						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 1%	95,876	35,890	16,842	418	149,026	(4,908)	(3.19)
Immediate increase of 0.1%	98,674	37,462	16,888	418	153,442	(492)	(0.32)
Immediate decrease of 1%	102,097	39,383	16,944	418	158,842	4,908	3.19
Immediate decrease of 0.1%	99,299	37,811	16,898	418	154,426	492	0.32

	As of March 31, 2024						
	NIS in thousands						
	Net fair value of financial instruments considering change in interest rate						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 1%	107,286	27,884	11,195	730	147,095	(5,340)	(3.50)
Immediate increase of 0.1%	110,271	29,676	11,224	730	151,901	(534)	(0.35)
Immediate decrease of 1%	113,919	31,866	11,260	730	157,775	5,340	3.50
Immediate decrease of 0.1%	110,934	30,074	11,231	730	152,969	534	0.35

Report of the Board of Directors and Management for the quarter ended March 31, 2025

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

	As of December 31, 2024						
	NIS in thousands						
	Net fair value of financial instruments considering change in interest rate						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 1%	115,580	37,453	13,192	556	166,781	(4,737)	(2.55)
Immediate increase of 0.1%	117,598	39,128	13,215	556	170,497	(474)	(0.26)
Immediate decrease of 1%	120,065	41,175	13,242	556	175,038	4,737	2.55
Immediate decrease of 0.1%	118,047	39,500	13,220	556	171,323	474	0.26

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

	As of March 31, 2025						
	NIS in thousands						
	Net fair value of financial instruments considering change in prices of marketable shares						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 10%	100,559	37,636	17,340	418	155,953	2,019	1.31
Immediate increase of 5%	99,772	37,636	17,116	418	154,942	1,008	0.65
Immediate decrease of 10%	97,414	37,636	16,447	418	151,915	(2,019)	(1.31)
Immediate decrease of 5%	98,201	37,636	16,671	418	152,926	(1,008)	(0.65)

	As of March 31, 2024						
	NIS in thousands						
	Net fair value of financial instruments considering change in prices of marketable shares						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 10%	111,758	29,874	12,125	730	154,487	2,052	1.35
Immediate increase of 5%	111,180	29,874	11,677	730	153,461	1,026	0.67
Immediate decrease of 10%	109,447	29,874	10,332	730	150,383	(2,052)	(1.35)
Immediate decrease of 5%	110,025	29,874	10,780	730	151,409	(1,026)	(0.67)

	As of December 31, 2024						
	NIS in thousands						
	Net fair value of financial instruments considering change in prices of marketable shares						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 10%	134,030	39,314	13,755	556	187,655	2,121	1.14
Immediate increase of 5%	133,239	39,314	13,485	556	186,594	1,060	0.57
Immediate decrease of 10%	130,864	39,314	12,679	556	183,413	(2,121)	(1.14)
Immediate decrease of 5%	131,656	39,314	12,948	556	184,474	(1,060)	(0.57)

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

	As of March 31, 2025						
	NIS in thousands						
	Net fair value of financial instruments considering change in the Israel Consumer Price Index						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 2%	98,988	38,389	16,892	418	154,687	753	0.49
Immediate increase of 1%	98,988	38,013	16,892	418	154,311	377	0.24
Immediate decrease of 2%	98,988	36,883	16,892	418	153,181	(753)	(0.49)
Immediate decrease of 1%	98,988	37,259	16,892	418	153,557	(377)	(0.24)

	As of March 31, 2024						
	NIS in thousands						
	Net fair value of financial instruments considering change in the Israel Consumer Price Index						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 2%	110,602	30,472	11,229	730	153,033	598	0.39
Immediate increase of 1%	110,602	30,173	11,229	730	152,734	299	0.20
Immediate decrease of 2%	110,602	29,276	11,229	730	151,837	(598)	(0.39)
Immediate decrease of 1%	110,602	29,575	11,229	730	152,136	(299)	(0.20)

	As of December 31, 2024						
	NIS in thousands						
	Net fair value of financial instruments considering change in the Israel Consumer Price Index						
	Israeli currency		Foreign currency			Change in fair value	
	Unlinked	Linked	US dollar	Other	Total	NIS in thousands	%
Immediate increase of 2%	132,447	40,100	13,217	556	186,320	786	0.42
Immediate increase of 1%	132,447	39,707	13,217	556	185,927	393	0.21
Immediate decrease of 2%	132,447	38,528	13,217	556	184,748	(786)	(0.42)
Immediate decrease of 1%	132,447	38,921	13,217	556	185,141	(393)	(0.21)

3. Disclosure regarding financial reporting of the Company

3.1 Dividend distributions

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

On March 27, 2025, the Company's Board of Directors updated the earnings distribution policy, according to which the Company will distribute to its shareholders an annual dividend at a rate of at least 50% and no more than 70% of the net annual income in the previous year as reflected in the Company's annual audited financial statements, excluding one-time profits that are not from operating activities, subject to the existence of earnings that are eligible for distribution in accordance with the provisions of the Companies Law and subject to the provisions of any law, including the provisions of the Competition Commissioner and the provisions of the Company's Articles of Association.

Dividend distribution subject to the above restrictions will be made provided that there is no significant harm 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.

It is clarified that this policy should not be considered an obligation of the Company to distribute a dividend or regarding the rate of the dividend to be distributed, and that any actual distribution will be subject to the approvals required under any law, including individual approval by the Board of Directors to carry out the distribution at its discretion, and subject to compliance with the provisions of the law applicable to dividend distribution, inter alia, under the Companies Law. The Board of Directors will be entitled to review the dividend distribution policy from time to time and to decide at any time, taking into account business considerations and the provisions of the law, on changes to the dividend policy, including the rate of the dividend to be distributed and may also decide not to distribute a dividend at all.

On March 27, 2025, the Company's Board of Directors decided to distribute a dividend in the amount of NIS 30,000 thousand (approximately NIS 0.75 per share), which constitutes approximately 59% of the income for 2024 in accordance with the updated distribution policy approved by the Company's Board of Directors. The dividend was distributed on April 21, 2025. For additional details, see immediate report published by the Company on March 30, 2025 (reference number: 2025-01-021963).

For details regarding the Company's dividend distribution policy, see Section 5 in Part A (Description of the Corporation's Business) in the Company's Annual Report for 2024.

3.2 Liabilities by maturity

For information about liabilities of the Company, please refer to an immediate report regarding the liabilities as published in the distribution website of the Israel Securities Authority at [http:// www.magna.isa.gov.il](http://www.magna.isa.gov.il).

4. Corporate governance

Executives (other than directors) who ceased serving during the reported year:

In the reported period, no senior executives have ceased serving in the Company.

5. Legal proceedings

See note 3b to the financial statements.

6. Internal auditor

For details regarding the internal auditor, including the manner of his appointment, the work plan and the scope of the internal audit, see section 5 of the Company's Board of Directors' Report for 2024, which is attached to the Company's Periodic Report for 2024 the information contained therein is by reference.

7. Critical accounting estimates

In the Reported Period, no changes have taken place in critical accounting estimates as discussed in note 2 to the financial statements of the Company as of December 31, 2024.

8. Events after the reported period:

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

Sharon Haran
Chairman of the Board of
Directors

Eitan Lev Tov
Chief Executive Officer

Date of approving the financial statements: May 27, 2025.

AUTOMATED BANKING SERVICES LTD.
INTERIM FINANCIAL INFORMATION
(UNAUDITED)
AS OF MARCH 31, 2025



AUTOMATED BANKING SERVICES LTD.
CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
AS OF MARCH 31, 2025

TABLE OF CONTENTS

	Page
Review report of the independent auditor to shareholders	22
Condensed interim financial information	
Condensed statement of financial position	23-24
Condensed statement of profit or loss	25
Condensed statement of comprehensive income	26
Condensed statement of changes in equity	27-28
Condensed statement of cash flows	29-31
Notes to the condensed financial statements	32-38

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

Introduction

We have reviewed the attached financial information of Automated Banking Services Ltd. (hereinafter - "the Company"), which is comprised of the condensed consolidated statement of financial position as of March 31, 2025 and the condensed consolidated statements of profit or loss, comprehensive income, changes in shareholder's equity and cash flows for the three months ended on that date. The Board of Directors and management are responsible for the preparation and presentation of the financial information for these interim periods in accordance with the provisions of IAS 34 "Interim Financial Reporting" and are also responsible for preparing financial information for these interim periods in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), -1970. Our responsibility is to express a conclusion with respect to the financial information for these interim periods, based on our review.

Scope of review

Our review was conducted in accordance with the provisions of Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel concerning "Review of financial information for interim periods undertaken by the entity's auditor". A review of financial information for interim periods consists of making enquiries, in particular, of those officials responsible for financial and accounting matters, and of the application of analytical and other review procedures. A review is substantially lesser in scope than an audit conducted in accordance with auditing standards generally accepted in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

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

Emphasis of matter paragraph

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

Tel Aviv
May 27, 2025

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

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

	As of March 31		As of
	2025	2024	December 31,
	(Unaudited)		2024 (Audited)
A s s e t s			
CURRENT ASSETS:			
Cash and cash equivalents	53,572	30,487	44,050
Short term deposits	-	9,126	-
Held-for-trading securities	147,819	141,002	147,860
Trade receivables	27,906	30,009	26,001
Other receivables	10,349	8,704	8,522
Current tax assets	-	1,817	2,805
Total current assets	239,646	221,145	229,238
NON-CURRENT ASSETS:			
Excess plan assets for post-retirement employee benefits, net	2,075	1,741	2,049
Property, plant and equipment, net	21,340	23,967	21,830
Self-developed software, software and licenses, net	35,004	17,686	29,709
Right-of-use assets	18,114	18,790	18,545
Prepaid expenses	4,633	7,212	4,813
Deferred taxes	298	619	-
Total non-current assets	81,464	70,015	76,946
Total assets	321,110	291,160	306,184

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

	As of March 31		As of December 31,
	2025	2024	2024
	(Unaudited)		(Audited)
Liabilities and equity			
CURRENT LIABILITIES:			
Current maturities of lease liabilities	2,033	2,024	2,044
Trade payables	4,140	2,494	2,699
Other payables	52,692	45,303	20,196
Liabilities for current taxes	1,139	-	-
Total current liabilities	60,004	49,821	24,939
NON-CURRENT LIABILITIES:			
Long term deferred revenues	2,843	3,116	3,174
Lease liabilities	17,367	17,736	17,706
Liabilities for deferred taxes	-	-	106
Liability for employee benefits	1,079	1,452	1,080
Total non-current liabilities	21,289	22,304	22,066
Total liabilities	81,293	72,125	47,005
EQUITY			
Share capital	4,587	4,587	4,587
Share premium	150	150	150
Capital reserve for share based payment	6,911	5,349	6,554
Other comprehensive loss	(1,675)	(1,810)	(1,675)
Retained earnings	229,844	210,759	249,563
Total equity attributed to shareholders of the Company	239,817	219,035	259,179
Total liabilities and equity	321,110	291,160	306,184

Sharon Haran
Chairman of the
Board

Eitan lev Tov
Chief Executive
Officer

Ofer Eden
VP of Finance
and CFO

Date of approving the financial information: May 27, 2025

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

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

	For the three-month period ended March 31		For the year ended December 31
	2025	2024	2024
	(Unaudited)		(Audited)
Revenues			
From the provision of services to acquirers and issuers	32,807	32,045	130,829
From the provision of services to others	5,380	4,756	20,629
Total Revenues	38,187	36,801	151,458
Operating, general and administrative expenses	25,987	23,294	95,857
Operating income	12,200	13,507	55,601
Finance Income from Held-for-trading securities, net	493	1,805	8,482
Finance income	747	397	1,363
Finance expenses	(162)	(177)	(487)
Finance income, net	1,078	2,025	9,358
Income before taxes on income	13,278	15,532	64,959
Income tax	2,997	3,431	14,054
Net income attributable to Company shareholders	10,281	12,101	50,905
Net basic and diluted earnings per share attributable to shareholders (in NIS)	0.26	0.30	1.27

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

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

	For the three-month period ended March 31		For the year ended December 31
	2025	2024	2024
	(Unaudited)		(Audited)
Net income	10,281	12,101	50,905
Other comprehensive income before taxes:			
Amounts not to be reclassified to profit or loss:			
Adjustments required for employee benefits	-	-	175
Other comprehensive income before taxes	-	-	175
Relevant tax impact	-	-	(40)
Other comprehensive income attributed to shareholders, after tax	-	-	135
Total comprehensive income attributed to shareholders	10,281	12,101	51,040

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

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

For the three-month period ended March 31, 2025 (unaudited)

	Share capital	Share premium	Capital reserve for share based payment	Accumulated other comprehensive loss	Retained earnings	Total equity
Balance at January 1, 2025	4,587	150	6,554	(1,675)	249,563	259,179
Changes during period:						
Net income for the period	-	-	-	-	10,281	10,281
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	10,281	10,281
Cost of share based payment	-	-	357	-	-	357
Dividend payable	-	-	-	-	(30,000)	(30,000)
Balance at March 31, 2025	<u>4,587</u>	<u>150</u>	<u>6,911</u>	<u>(1,675)</u>	<u>229,844</u>	<u>239,817</u>

For the three-month period ended March 31, 2024 (unaudited)

	Share capital	Share premium	Capital reserve for share based payment	Accumulated other comprehensive loss	Retained earnings	Total equity
Balance at January 1, 2024	4,587	150	4,783	(1,810)	223,658	231,368
Changes during period:						
Net income for the period	-	-	-	-	12,101	12,101
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	12,101	12,101
Cost of share based payment	-	-	566	-	-	566
Dividend payable	-	-	-	-	(25,000)	(25,000)
Balance at March 31, 2024	<u>4,587</u>	<u>150</u>	<u>5,349</u>	<u>(1,810)</u>	<u>210,759</u>	<u>219,035</u>

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

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

For the year ended December 31, 2024 (audited)

	Share capital	Share premium	Capital reserve for share based payment	Accumulated other comprehensive loss	Retained earnings	Total equity
Balance at January 1, 2024	4,587	150	4,783	(1,810)	223,658	231,368
Changes during period:						
Net income	-	-	-	-	50,905	50,905
Other comprehensive income	-	-	-	135	-	135
Total comprehensive income	-	-	-	135	50,905	51,040
Cost of share based payment	-	-	1,771	-	-	1,771
Dividend paid	-	-	-	-	(25,000)	(25,000)
Balance at December 31, 2024	<u>4,587</u>	<u>150</u>	<u>6,554</u>	<u>(1,675)</u>	<u>249,563</u>	<u>259,179</u>

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

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

	For the three-month period ended March 31		For the year ended December 31
	2025	2024	2024
	(Unaudited)		(Audited)
Cash flows from operating activity:			
Net income for the period	10,281	12,101	50,905
Adjustments required to present cash flows from operating activity			
Adjustments to profit and loss items:			
Depreciation and amortizations	3,342	2,330	9,740
Expenses in respect of share-based payment transactions	357	566	1,771
Liability for post-retirement employee benefits, net	(26)	(116)	(182)
Changes in liabilities for employee benefits, net	(1)	44	(395)
Income tax	2,997	3,431	14,054
Finance income, net	(1,078)	(2,025)	(9,358)
Change in asset and liability items:			
Decrease (increase) in trade receivables	(1,905)	(3,555)	453
Decrease (increase) in other receivables	(1,647)	(2,021)	576
Increase (decrease) in trade payables	148	230	(465)
Increase in other payables	2,165	3,738	3,689
Cash flows from operating activity before finance and taxes	14,633	14,723	70,787
Interest received	1,670	1,144	3,431
Interest and fees paid	(215)	(217)	(861)
Taxes received (paid), net	560	(2,679)	(13,389)
Net cash provided by operating activity	16,648	12,971	59,968

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

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

	For the three-month period ended March 31		For the year ended December 31
	2025	2024	2024
	(Unaudited)		(Audited)
Cash flows from investing activity:			
Repayment of short-term deposits, net	-	5,000	14,000
Purchase of Held-for-Trading securities	(14,750)	(15,433)	(65,255)
Proceeds from sale of Held-for-Trading securities	14,397	15,191	63,755
Acquisitions and investments in property, plant and equipment and intangible assets	(6,229)	(4,516)	(19,015)
Net cash provided by (used in) investing activity	(6,582)	242	(6,515)
Cash flows from financing activity:			
Maturity of lease liabilities	(544)	(558)	(2,236)
Dividend paid	-	-	(25,000)
Net cash used in financing activity	(544)	(558)	(27,236)
Change in cash and cash equivalents	9,522	12,655	26,217
Balance of cash and cash equivalents at beginning of the period	44,050	17,833	17,833
Balance of cash and cash equivalents at end of the period	53,572	30,487	44,050

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

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

For the three-month period ended March 31		For the year ended December 31
2025	2024	2024
(Unaudited)		(Audited)

**Appendix A – material non-cash
transactions**

Recognition of right-of-use assets against lease liability	194	(11)	1,656
Purchase of property, plant and equipment against trade payables	1,293	918	900
Dividend declared but not yet paid	30,000	25,000	-

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

AUTOMATED BANKING SERVICES LTD.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - GENERAL**a. The reporting entity**

1. Automated Banking Services Ltd. (hereinafter: the “**Company**”) was incorporated in Israel on September 13, 1978, and its official corporate address is 26 HaRokmim St., Holon.
2. On May 27, 2019, the Company published a supplementary prospectus and a shelf prospectus dated May 28, 2019 (hereinafter: the “**Prospectus**”), in which Company's shares were sold to the public by Company's shareholders. The Company's shares were also listed on the Tel Aviv Stock Exchange and trading of the shares began on June 12, 2019, and the Company became a public company (reporting corporation).
3. On June 20, 2022, a notification was received on behalf of the supervisor of banks about the end of the period of application of proper banking management directives to the Company.
4. The Company currently operates in single operating segment, the clearing segment, which includes several activities, as follows: (1) connecting terminals to the charge card switch; (2) confirmation, transaction collection, accounting and settlement interface services; (3) ATM switch services including authorization, accounting and settlement; (4) development and distribution of "Ashrait" software; (5) tests to certify POS devices or Pin Pad devices for the EMV system; (6) certification of EMV terminals; (7) services for discount companies; (8) service to adjustment companies; (9) Shva Insights Services; (10) Shva Arena - aggregate information access services; (11) Information access service for the purpose of providing services by MasterCard. Most of the Company's revenues derive from providing services to the credit card companies. Regarding the decision of the Commissioner of Competition regarding the cancellation of clauses in the conditions of the exemption from approval of a restrictive arrangement, which define the areas of activity in which Shva is allowed to engage and the condition of Shva's entry into any other field of activity with the prior approval of the Commissioner of Competition as detailed in Note 17 in Part C (financial statements) in the Company's periodic report for 2024 see note 3 below.

b. The interim financial information is reviewed and not audited.

c. Iron Swords War

On Saturday, October 7, 2023, the terrorist organization Hamas launched a murderous attack on the State of Israel, in which they murdered and killed many Israelis and kidnapped civilians, soldiers and foreign nationals. Due to the terror attack, the State of Israel declared the outbreak of the "Iron Swords" war that is still going on (“**the war**”). The war also expanded to the northern region and also affects the center of the country and the Israeli home front throughout the country. The war resulted in a series of consequences and restrictions, among others, the evacuation of complete communities, the closing of many businesses, and in particular the closing of factories in the south and north of the country for a considerable period. In addition, from the outbreak of the war and until now, Iran, the terrorist organization Hezbollah and the Houthis have initiated various attack throughout the country. As of the report's preparation date, the IDF continues operational activity in various locations, most recently embarking on a new operation called "Gideon's Chariots." About a year and eight months after the start of the war, its full scope, duration, and effects are still unclear..

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

The war led to a slowdown in the business activity of the entire Israeli economy causing sharp declines in the financial markets in Israel, a sharp devaluation of the Shekel exchange rate as well as a decline in the use of charge cards, however, as of December 2023 a recovery began in the economy and increase in the activity of charge cards can be seen in most operating sectors and in most of the country. In most sectors of activity, this trend continued throughout 2024 and the first quarter of 2025, despite the complex security challenges. Work in the Company is being carried out regularly, the Company's activity continues consecutively there is no material impact on the Company's workforce and services are provided regularly to its customers.

- d. The condensed interim financial information was approved for publication by the Company's Board of Directors on May 27, 2025.

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

The interim condensed consolidated financial information of the Company as of March 31, 2025 (hereinafter – the "Interim Financial Information") was prepared in accordance with IAS 34 "Interim Financial Reporting", including the additional disclosure required by Chapter D of Securities Regulation (Periodic and Immediate Reports), 1970.

The interim financial information does not include all the information and disclosures required in the annual financial statements. The interim financial information should be read in conjunction with the annual financial statements for 2024 and the accompanying notes, which comply with the International Financial Reporting Standards, which are standards published by the International Accounting Standards Board (hereinafter - IFRS) and include the additional disclosure required in accordance with the Securities Regulations (Annual Financial Statements), 2010.

The Company's revenues and results of operations for the three-month period ended March 31, 2025 are not necessarily indicative of the revenues and results that can be expected in the year ending December 31, 2025.

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.

AUTOMATED BANKING SERVICES LTD.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)**Critical estimates**

The Company does not have critical estimates.

- c. Significant accounting policies and calculation methods applied in preparing the interim financial information are consistent with those used in preparing the 2024 annual financial statements of the Company.

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

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

On April 18, 2024, the decision of the Commissioner of Competition (hereinafter: "the **Commissioner**") was made regarding the decision regarding the conditioned exemption from the approval of a restrictive arrangement granted in December 2022 (for a period of five years) (hereinafter: "the **Exemption Decision**"), as well as regarding the Company's request to cancel the condition that limits the permitted areas of activity requiring that its entry into any additional area of activity be subject to the approval of the Commissioner. The commissioner specifies in her decision that she is convinced that the existence of the condition leads to a delay in the Company's development in areas that are not necessarily relevant to competition between the banking corporations and creates difficulties for its operations. These difficulties may prevent the Company from offering services that benefit the public or delay the offering of these services, without any competitive justification. On the other hand, as for the concern underlying the imposition of the condition as part of the exemption decision - the commissioner's position has not changed according to which the Company's entry into any new field of activity is similar to another new joint venture between the banking corporations. Therefore, the cancellation of the aforementioned clause in the conditions of the exemption does not change the essence of the competitive obligations imposed on the Company, but changes the legal situation only in that the examination of the competitive effects of the Company's entry into a new field of activity will be done by the Company, in accordance with the Rules of Economic Competition (Type Exemption for Joint Ventures) (Temporary Order), 2006 - whereas the commissioner will examine this retrospectively, as far as enforcement is concerned, and not from the outset, similar to other joint ventures between competitors.

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

The exemption decision refers to several main points:

- (a) 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) 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.

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

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

Separation of the Company from Masav – separation outline

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

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

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

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

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

In accordance with the terms of the restrictive arrangement and the separation outline approved by the Competition Court on March 27, 2022, on April 9, 2024, the Company's shareholders' meeting approved the terms of the permanent agreement for separation between the Company and Masav. Therefore, and in view of the agreements reached by the Company and Masav in the mediation process regarding the terms of accounting for the provision of services provided by the companies to one another, as well as regarding the separation of assets, the companies signed the mediator's proposal on April 11, 2024. On December 22, 2024, the Company and Masav signed a permanent agreement regulating the agreements between them that relates to additional aspects and the mediator's proposal is an addendum and an integral part thereof.

Following Masav's request to change the schedules determined under the conditions approved by the court on March 27, 2022, the Competition Authority approved Masav's request to postpone the separation dates of the affiliations requested by it. Accordingly, the deadline for separating all joint affiliations was postponed to June 30, 2029.

During the reporting period, the Company signed an addendum to the agreement regarding the separation of the Company's cages at the backup site from Masav. In accordance with the agreements, as of December 2024, the Company's share of the rental cost is 62.5% (whereas until this date each company paid 50% of the cost).

For more details regarding the separation of the Company and Masav, see Note 17c to the financial statements for 2024.

b. Claims and class actions**Claim by S.A.G. Mall Management Ltd. and Aphrodite Import and Export Ltd.**

- A. On November 7, 2024, S.A.G. Mall Management Ltd. and Aphrodite Import and Export Ltd. (hereinafter respectively – “S.A.G.”; “Aphrodite”; and collectively – “the **Plaintiffs**”) filed a claim against Gamma Management and Clearing Ltd., Control Credit Adjustments Ltd. and Ariel Ganout (hereinafter respectively – “**Gamma**”; “**Control**”; “**Mr. Ganout**”; and collectively – “**Defendants 1-3**”), and against the Company (hereinafter – “the **Claim**”).
- B. The main claim is various allegations against defendants 1-3, including, inter alia, breach of certain obligations related to financing services (discounting credit card vouchers and loans) and control services in relation to these services (credit adjustments). In addition, the plaintiffs allege that the Company refused to disclose to them documents and information that were requested from the Company, in the course of legal proceedings between the other parties to this lawsuit in which the Company was not involved.
- C. The financial relief claimed in the lawsuit was set by the plaintiffs in the amount of NIS 6 million.

NOTE 3 – CONTINGENT LIABILITIES AND COMMITMENTS (CONT.)

- D. On January 31, 2025, the Company filed a defense on its behalf, as well as a motion to dismiss the lawsuit in limine (hereinafter – the “**Motion to Dismiss**”). It was argued, among other things, that the lawsuit does not disclose a cause of action against the Company, and it is clear that its sole purpose is to compel the disclosure of documents and information. This is an improper act that constitutes an abuse of legal proceedings, and in any case is destined to failure, since a lawsuit for disclosure of documents is not recognized or permitted by Israeli law.
- E. On February 5, 2025, defendants 1-3 filed a defense on their behalf. On March 11, 2025, the plaintiffs filed a response to the motion to dismiss. As of the date of this letter, a decision has not yet been made on the motion to dismiss and/or in relation to the plaintiffs’ response thereto.
- F. The parties are in preliminary proceedings and a pre-trial hearing is scheduled for October 15, 2025.
- G. Due to the preliminary stage of the proceeding, it is not yet possible to assess the prospects of the claim.

Motion to approve class action 12789-01-25 Niles T.L.V. (E.L.) Ltd. et al. v. Automated Banking Services Ltd.

- A. This is a motion to approve a class action (hereinafter, respectively – the “**Motion for Approval**” or the “**Motion**” and the “**Claim**”). The motion for approval was filed on January 5, 2025 with the Central District Court in Lod.
- B. According to the applicants, the Company launched a service called Shva Insights, in which it sells information to third parties. In doing so, according to the applicants, the Company allegedly violates the provisions of the law, including the provisions of the Privacy Protection Law, -1981. As per the Company's position, the allegations in the motion are baseless and the Company is acting in accordance with the provisions of the law.
- C. The applicants estimate the amount of the claim, if it were certified as a class action, to be over NIS 5 million.
- D. The Company's response to the motion for approval has not yet been submitted.
- E. The date for a pre-trial hearing has been set to November 6, 2025.
- F. Due to the preliminary stage of the proceeding, it is not yet possible to assess the prospects of the lawsuit.

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

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

b. Financial risk management

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

As discussed above, the interim financial information does not include all information and disclosures required in annual financial statements, including regarding financial risk management of the Company, and therefore, the interim financial information should be read together with the 2024 annual financial statements and accompanying notes

No material changes in the financial risk management policy of the Company took place relative to that reported in the 2024 annual financial statements.

NOTE 5 – EVENTS AFTER THE REPORTED PERIOD

On March 27, 2025, the Company's Board of Directors updated the earnings distribution policy, according to which the Company will distribute to its shareholders an annual dividend at a rate of at least 50% and no more than 70% of the net annual income in the previous year as reflected in the Company's annual audited financial statements, excluding one-time profits that are not from operating activities, subject to the existence of earnings that are eligible for distribution in accordance with the provisions of the Companies Law and subject to the provisions of any law.

The Board of Directors also decided to distribute a dividend in the amount of NIS 30 million (approximately NIS 0.75 per share), which constitutes approximately 59% of the income for 2024. The dividend was distributed on April 21, 2025.

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

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

For this matter, management consists of:

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

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

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

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

In the quarterly report on the effectiveness of internal control over financial reporting and disclosure that accompanies the quarterly report for the period ended March 31, 2025 (hereinafter - **the Latest Quarterly Report on Internal Control**), internal control was effective.

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

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

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

I, Eitan Lev Tov, declare that:

- (1) I have reviewed the interim report of Automated Banking Services Ltd. (hereinafter: "the Company") for the first quarter of 2025 (hereinafter "**the Reports**" or "**the Interim Reports**");
- (2) To my knowledge, the interim reports are free of any misrepresentation of any material fact and no representation of any material fact required for making the representations therein, under the circumstances in which they were made, not misleading in reference to the period covered by the report is missing.
- (3) To my knowledge, the interim reports and the other financial information included in the interim reports present fairly, in all material respects, the financial position, results of operations and cash flows of the Company as of the dates and for the periods presented in the Reports.
- (4) I have disclosed to the Company's independent auditor, Board of Directors and the Board's Audit Committee, based on my most up-to-date assessment of the internal control over financial reporting and disclosure:
 - (a) All significant deficiencies and material weaknesses in the design or implementation of internal control over financial reporting and disclosure which may reasonably and adversely impact the Company's ability to collect, analyze, summarize or report financial information in a manner that may cast doubt over the reliability of financial reporting and preparation of financial statements pursuant to statutory provisions; and
 - (b) Any fraud, whether or not material, involving the General Manager or any of the direct reports thereof, or involving any other employees with significant capacity in internal control over financial reporting and disclosure.
- (5) I, alone or together with others in the Company:
 - (a) have established controls and procedures, or have verified their determination and existence under my supervision of controls and procedures, designed to ensure that material information relating to the Company is brought to my attention by others in the Company, in particular during the preparation period of the reports; and-
 - (b) have established controls and procedures, or have verified their establishment and existence under my supervision of controls and procedures, designed to reasonably ensure the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
 - (c) I have not been informed of any event or matter that occurred during the period between the date of the last quarterly report and the date of this report, which may change the conclusions of the board of directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the corporation.

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

May 27, 2025

Eitan Lev Tov
CEO

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

I, Ofer Eden, declare that:

- (1) I have reviewed the interim financial statements and other financial information included in the interim reports of Automated Banking Services Ltd. (hereinafter: "**the Company**") for the first quarter of 2025 (hereinafter "**the Reports**" or the "**Interim Reports**");
- (2) To my knowledge, the Interim Reports and the other information included in the Interim Reports is free of any misrepresentation of any material fact and no representation of any material fact required for making the representations therein, under the circumstances in which they were made, not misleading in reference to the period covered by the report is missing.
- (3) To my knowledge, the Interim Reports and the other information included in the Interim Reports present fairly, in all material respects, the financial position, results of operations and cash flows of the Company as of the dates and for the periods presented in the Reports.
- (4) I have disclosed to the Company's independent auditor, Board of Directors and the Board's Audit Committee, based on my most up-to-date assessment of the internal control over financial reporting and disclosure:
 - (a) All significant deficiencies and material weaknesses in the design or implementation of internal control over financial reporting and disclosure, to the extent is refers to the Interim Reports and the other information included in the Interim Reports, which may reasonably and adversely impact the Company's ability to collect, analyze, summarize or report financial information in a manner that may cast doubt over the reliability of financial reporting and preparation of financial statements pursuant to statutory provisions; and
 - (b) Any fraud, whether or not material, involving the General Manager or any of the direct reports thereof, or involving any other employees with significant capacity in internal control over financial reporting and disclosure.
- (5) I, alone or together with others in the Company:
 - (a) have established controls and procedures, or have verified their determination and existence under my supervision of controls and procedures, designed to ensure that material information relating to the Company is brought to my attention by others in the Company, in particular during the preparation period of the reports; and-
 - (b) have established controls and procedures, or have verified their establishment and existence under my supervision of controls and procedures, designed to reasonably ensure the reliability of the financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;
 - (c) I have not been informed of any event or matter that occurred during the period between the date of the last quarterly report and the date of this report, which may change the conclusions of the board of directors and management regarding the effectiveness of internal control over financial reporting and disclosure of the corporation.

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

May 27, 2025

Ofer Eden - VP Finance (CFO)