



**Quarterly report for  
the period ended March 31, 2026**

**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, 2026 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, 2025, which was published on March 26, 2026 (reference number 2026-01-027511) "**the Company's 2025 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 managing and operating controlled payment systems constituting critical national infrastructures in charge cards and ATM. These systems allow, inter alia, transferring approvals for charge card transactions, collection of charge card transactions from terminals at businesses, and management of accounting interface and transferring clearing instructions between acquirers and issuers. As part of its operations, the Company operates a two-way communication system between acquirers and issuers and businesses and calculates net activity for charge card activity. The Company also manages and operates a switching system that connects ATM networks, enabling the transfer of transaction approvals for cash withdrawals and receipt of information at the various ATMs, regardless of the bank where the customer's account is held.

In the field of technological solutions, the Company has developed "Ashrait software (Web, PC and Android) for executing charge card transactions and has expanded its services with Shva Arena, which offers advanced payment solutions and Shva Insights, which provides access to aggregate and anonymous information. In addition to those, the Company also provides testing and certification services for payment terminals and designated services for discounting and adjustment companies.

The payment market in which the Company operates is dynamic, developing and growing at an accelerated pace which are reflected in frequent changes in the competitive and business environment.

These changes stem, among other things, from the entry of international players, the proliferation and growth of local players along the transaction value chain, as well as regulatory reforms and accelerated technological developments. To the best of the Company's knowledge, it is not currently exposed to significant competition in its central business sector and is a major provider of core services, but it is aware that advanced

technological solutions may change the face of the industry and increase competition in the world of payments.

In response to that, the Company is operating on several levels: investment and continuous improvement in technological infrastructure, with special emphasis on information and cyber security aspects; expanding and deepening the range of services and products offered to existing customers; developing advanced cloud-based infrastructures alongside creating new growth engines and diverse value propositions for new customer audiences; and constantly adapting to the changing business environment through systematic and active examination of the business strategy.

The Company is continuously examining the effects of the security and geopolitical environment on its operations. In light of the increasing threats and the required level of alertness, the Company intends to continue to invest significant resources to strengthen its information and cyber security systems. These investments which are needed even more at the present time, are intended to strengthen the strict standards already implemented, and to ensure the high level of survivability required of it as a central and critical junction in the Israeli economy that operates critical national infrastructure. At the same time, despite the complex situation, the Company is examining opportunities to integrate complementary activities that constitute a natural development for its operations, with the aim of expanding its value proposition to the market.

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 2025.

## **1.2 Economic developments in Israel**

The change in the consumer price index - in the three months ended March 31, 2026 increased at a rate of about 0.3%.

The inflation rate in the next four quarters (ending in the first quarter of 2027) is expected to be approximately 2.3%.

The Bank of Israel interest rate in the first quarter of 2026 was 4%. According to the Bank of Israel forecast from March 2026, the average interest rate in the first quarter of 2027 is expected to be 3.75%-3.5%.

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.

During the first quarter of 2026, the NIS strengthened against the Dollar by about 0.8% and against the Euro by about 2.9%.

## **1.3 Consequences of Operation "Lion's Roar"**

After that 2025 ended with a positive growth trend, on February 28, 2026, Operation Lion's Roar began. The campaign was conducted on two parallel fronts: intense fighting against Iran, which ceased with the entry into force of a ceasefire declared in April (after the reporting period), and air and ground campaign against Hezbollah in Lebanon, which remained active and continues to be conducted even at the publication date of this report, under a fragile ceasefire that is intermittently violated. In the background of these developments, uncertainty continues regarding the possibility of renewed fighting against Iran, and there is concern that in the absence of stable understandings or a arrangement mechanism, fighting against it may resume.

The period of intense fighting temporarily damaged private consumption. In the first days of the fighting, there was a drop in the volume of use in the leisure and retail sectors, while on the other hand, there was a jump in purchases in food chains and in emergency supplies. With the declaration of the ceasefire in April, there was a rapid recovery and the public returned to regular purchases while adapting to the complex security reality. Despite the complexity throughout the entire period of fighting and the transition to the ceasefire, the national payment systems managed by Shva provided a continuous and complete response to all players, a fact that was critical to the economy's ability to function and return to regular activity quickly.

As of the date of this report, the full scope and consequences of Operation "Lion's Roar" had not yet been clarified. The possibilities for further security developments in the various fronts could lead to wide ranging effects on sectors of activity in the economy, on different geographical regions and on the Israeli economy as a whole, including fluctuations in exchange rates, price levels, effects on the capital market, commodity prices and workforce challenges.

However, in the Company's assessment, it maintains high financial strength and proven operational resilience which are tangibly reflected in significant cash balances, bank deposits and a portfolio of trading securities.

The Company's customer base consists of stable entities characterized by long-term engagements, which constitute an anchor of stability even in times of emergency. In view of these data, the Company does not currently or in the foreseeable future anticipate any harm to its financial strength. The Company continues to finance its entire activity from its own sources only and does not anticipate the need to raise external credit or rely on foreign financing sources at this stage. This stability allows the Company to maintain full business continuity and provide a response to its customers even under conditions of extreme uncertainty.

In view of the foregoing, the Company does not currently or in the near term anticipate an impact on its financial strength.

As of the date of the report, work is conducted as usual and there is no material impact on the Company's workforce. The Company's operations continue uninterrupted and services are provided regularly to its customers.

**The Company's estimate of the consequences of the security situation on its activities is based on public information where such estimate is forward-looking information, as this term is defined by the Israel Securities Law, and is an assessment that relies on the information available to the Company as of the date of publishing the financial statements. This information includes forecasts, assessments, estimates and other information that relate to future events and matters the realization of which is 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,
	2026	2025	2025
Debiting transactions	642	614	2,583
Crediting transactions	6	6	26

##### ATM switching services

**Number of balance checks and withdrawals** – The number of times that holders of bank-issued charge cards or non-bank issuer request to check their account balance or makes cash withdrawals on ATM's of the bank that operate it (hereinafter: the "Clearing Bank").

**Amount** – The cumulative total amount of withdrawal requests that Clearing Bank or non-bank operator submitted through the Company to the issuing bank and when relevant to the non-bank issuer.

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,
	2026	2025	2025
Total numbers of account balance checks and withdrawals (in thousands of transactions)	13,678	14,861	60,053
Total amounts of withdrawal requests (in millions of NIS)	12,564	12,856	53,090

**Material events during the Reported Period**

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 2025:****Update to Section 3.1.1 in the chapter of description of the Corporation's Business**

RAPYD has completed its connection to the payment system and commenced operations as the first global acquirer.

In the first quarter of 2026, approval was received from the Bank of Israel's Payment Systems Supervision Department to begin the entry of Grow Payments Ltd. into the system.

The Company continues to add new participants in a gradual and controlled manner, while ensuring a high level of information security and system safety, a high level of service, promoting rapid growth and full compliance with all regulatory requirements.

**Update to sections 8.2 and 8.3 in the chapter of description of the Corporation's Business**

The Company has developed support for transactions aimed at transferring funds - AFT (Account Funding Transaction). The service is used for various solutions such as transferring funds to prepaid cards or digital wallets.

**Update to sections 8.23 in the chapter of description of the Corporation's Business**

After the reporting period, the Company's board of directors approved the update of the Company's pricing policy and price list, in light of the large-scale investments required in the worlds of technology, information security and cyber, infrastructures that constitute the backbone of the Company's activities. In an era of geopolitical volatility and given the complex security situation in the country, the Company sees utmost importance in investing in advanced protection solutions to ensure the business continuity of services and the resilience of systems. The Company's goal is to enable all of its customers to continue to be at the forefront of technology in the world of payments, knowing that they are relying on a secure, reliable and advanced system adapted to the challenges of the hour. The Company has worked to update the Bank of Israel with details of the update of the Company's pricing policy and price list. The Company is expected to publish the latest price list during the month of May, which is expected to enter into force in July 2026.

**The foregoing regarding the expected date for the publication and entry into force of an updated price list 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 price list that was approved by the Company's board of directors. The Company is uncertain whether its expectations and estimates will be realized, and the results of the Company's activity may differ substantially from the results estimated or implied from the above, among other things, due to a change in regulation, the security situation or actions taken by the other party to the contract.**

### 1.5 Financial position and results of activity

The following presents key information from the financial statements of the Company and explanations of main changes in statement of financial position items as of March 31, 2026 compared to December 31, 2025 (NIS in thousands):

	As of March 31, 2026 (Unaudited)	As of December 31 2025 (Audited)	Change	Comments and explanations
<b>Assets</b>				
Cash and cash equivalents	27,126	15,537	11,589	
Held- for-trading securities	134,930	135,330	(400)	
Trade receivables	20,159	27,922	(7,763)	The timing of receiving funds from customers
Other accounts receivable	11,254	10,268	986	Mainly due to an increase in short-term prepaid expenses.
Current tax assets	2,163	1,271	892	
Excess plan assets for post-retirement employee benefits	2,703	2,689	14	
Property, plant and equipment, net	30,647	31,063	(416)	
Self-developed software, software and licenses, net	50,450	49,794	656	
Right-of-use assets	17,426	17,995	(569)	
Prepaid expenses	9,810	9,145	665	In light of technological engagements including for the core computer
<b>Liabilities and equity</b>				
Current maturities of lease liabilities	2,583	2,519	64	
Trade payables	5,729	6,462	(733)	Timing of payments to suppliers
Other accounts payable	54,913	24,027	30,886	resulting from a dividend declared during the reporting period and paid subsequently
Long term deferred income	2,189	2,675	(486)	
Lease liabilities	16,307	16,890	(583)	
Liabilities for deferred taxes	854	1,386	(532)	
Employee benefits liabilities	1,304	1,309	(5)	
Equity attributed to the Company's shareholders	222,789	245,746	(22,957)	The change is due to a special dividend that was paid in the third quarter last year.

## 1.6 Results of operations

The following are the key changes in profit and loss items as of March 31, 2026 compared to March 31, 2025 (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
	2026	2025	2025	2025	
	(Unaudited)		(Audited)		
Revenue from services provided to acquirers and issuers	<b>32,836</b>	32,807	134,335	29	The item was affected, among other things, by the "Lion's Roar" campaign as well as by the end of multi-brand card service in light of the completion of full transition to EMV.
Revenue from services provided to others	<b>5,608</b>	5,380	22,642	228	Increase in new revenues for existing products and growth engines alongside a decrease in ATM switch revenues in light of the impact of the "Lion's Roar" campaign.
Total revenues	<b>38,444</b>	38,187	156,977	257	
Operational, general and administrative expenses	<b>29,995</b>	25,987	110,195	4,008	Increase mainly from the continued strengthening of the technological system, information security, depreciation and ongoing maintenance expenses
Operating income	<b>8,449</b>	12,200	46,782	(3,751)	
Finance income, net	<b>500</b>	1,078	11,732	(578)	The change is due to market volatility in view of Operation Lion's Roar
Income before income tax	<b>8,949</b>	13,278	58,514	(4,329)	
Provision for income tax	<b>2,069</b>	2,997	13,256	(928)	
Net income attributed to shareholders	<b>6,880</b>	10,281	45,258	(3,401)	
Net basic and diluted earnings per share	<b>0.17</b>	0.26	1.13		

EBITDA less equity compensation for the three months ended March 31, 2026 amounted to NIS 12.7 million compared to NIS 15.9 million in the corresponding period last year and NIS 62.7 million in 2025.

### 1.7 Liquidity and sources of financing

The following are the key changes in cash flow items as of March 31, 2026 compared to March 31, 2025 (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
	2026	2025	2025	
	(Unaudited)		(Audited)	
Net income for the period	<b>6,880</b>	10,281	45,258	
Adjustments to income	<b>5,836</b>	5,591	17,252	
Cash flows before changes in asset and liability items and before finance and taxes	<b>12,716</b>	15,872	62,510	
Changes in asset and liability items, net	<b>5,566</b>	(1,239)	(774)	
Cash flow from taxes and finance, net	<b>(2,530)</b>	2,015	(7,911)	
Net cash provided by operating activity	<b>15,752</b>	16,648	53,825	
Net cash used in investing activity	<b>(3,537)</b>	(6,582)	(18,643)	Net proceeds from the sale of securities, less acquisitions and investments in growth engines
Net cash used in financing activity	<b>(626)</b>	(544)	(62,348)	In the reporting period and last year, the negative cash flow stems from the repayment of a lease liability

### 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 2026, 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 2025. The marketable securities portfolio as of March 31, 2026 amounted to NIS 134,930 thousand, compared to NIS 135,330 thousand as of December 31, 2025. Cash and bank deposits as of March 31, 2026 amounted to NIS 27,126 thousand, compared to NIS 15,537 thousand as of December 31, 2025. The value of the marketable securities portfolio, cash and bank deposits as of March 31, 2026 amounted to NIS 162,056 thousand compared to NIS 150,867 thousand as of December 31, 2025.

### Officer responsible for market risk of the Company

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

### Market risk management policy of the Company

The overall responsibility for market risk management and oversight is of the Company's board of directors. For information about risk management policy, investment policy and oversight of market risk, see the Company's board of directors and management report in the Company's 2025 periodic report.

## 2.1 Fair value of financial instruments and sensitivity tests

### 2.1.1 Fair value of financial instruments

	As of March 31, 2026				
	NIS in thousands				
	Israeli currency		Foreign currency		
	Unlinked	Linked	US dollar	Other	Total
<b>Assets</b>					
Cash and cash equivalents	25,213	-	1,655	258	27,126
Held- for- trading securities	80,857	52,221	1,852	-	134,930
Trade receivables	20,159	-	-	-	20,159
Other accounts receivable	302	-	-	-	302
<b>Total financial assets</b>	126,531	54,384	3,507	258	184,680
Current maturities of lease liabilities	-	2,583	-	-	2,583
Trade payables	5,628	-	79	22	5,729
Other accounts payable	46,680	-	-	-	46,680
Liabilities for current taxes	-	-	-	-	-
Lease liabilities	-	16,307	-	-	16,307
<b>Total financial liabilities</b>	52,308	18,890	79	22	71,299
<b>Net fair value of financial instruments</b>	74,223	35,494	3,428	236	113,381

	As of March 31, 2025				
	NIS in thousands				
	Israeli currency		Foreign currency		
	Unlinked	Linked	US dollar	Other	Total
<b>Assets</b>					
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 accounts receivable	502	-	-	-	502
<b>Total financial assets</b>	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 accounts payable	51,186	-	-	-	51,186
Income tax payable	-	1,139	-	-	1,139
Lease liabilities	-	17,367	-	-	17,367
<b>Total financial liabilities</b>	55,314	20,539	2	10	75,865
<b>Net fair value of financial instruments</b>	98,988	37,636	16,892	418	153,934

	As of December 31, 2025				
	NIS in thousands				
	Israeli currency		Foreign currency		
	Unlinked	Linked	US dollar	Other	Total
<b>Assets</b>					
Cash and cash equivalents	12,680	-	2,615	242	15,537
Held- for- trading securities	80,640	51,714	2,976	-	135,330
Trade receivables	27,922	-	-	-	27,922
Other accounts receivable	1,777	-	-	-	1,777
Current tax assets	-	1,271	-	-	1,271
<b>Total financial assets</b>	123,018	52,985	5,592	242	181,836
Current maturities of lease liabilities	-	2,519	-	-	2,519
Trade payables	5,037	-	1,176	249	6,462
Other accounts payable	15,858	-	-	-	15,858
Lease liabilities	-	16,890	-	-	16,890
<b>Total financial liabilities</b>	20,895	19,409	1,176	249	41,729
<b>Net fair value of financial instruments</b>	102,123	33,576	4,416	(7)	140,108

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

	As of March 31, 2026						
	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%	71,074	33,947	3,394	236	108,651	(4,730)	(4.17)
Immediate increase of 0.1%	73,908	35,339	3,425	236	112,908	(473)	(0.42)
Immediate decrease of 1%	77,371	37,041	3,462	236	118,110	4,730	4.17
Immediate decrease of 0.1%	74,538	35,649	3,432	236	113,855	473	0.42

	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 December 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%	98,883	31,939	4,379	(7)	135,194	(4,914)	(3.51)
Immediate increase of 0.1%	101,800	33,412	4,412	(7)	139,617	(491)	(0.35)
Immediate decrease of 1%	105,363	35,213	4,453	(7)	145,022	4,914	3.51
Immediate decrease of 0.1%	102,446	33,740	4,420	(7)	140,599	491	0.35

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

As of March 31, 2026							
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%	75,987	35,494	3,538	236	115,255	1,874	1.65
Immediate increase of 5%	75,105	35,494	3,483	236	114,318	937	0.83
Immediate decrease of 10%	72,459	35,494	3,318	236	111,507	(1,874)	(1.65)
Immediate decrease of 5%	73,341	35,494	3,373	236	112,444	(937)	(0.83)

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 December 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%	103,882	33,576	4,599	(7)	142,050	1,942	1.39
Immediate increase of 5%	103,003	33,576	4,507	(7)	141,079	971	0.69
Immediate decrease of 10%	100,364	33,576	4,233	(7)	138,166	(1,942)	(1.39)
Immediate decrease of 5%	101,244	33,576	4,324	(7)	139,137	(971)	(0.69)

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

As of March 31, 2026							
NIS in thousands							
Net fair value of financial instruments considering change in the Israel Consumer Price Index							
	Israeli currency		Foreign currency		Total	Change in fair value	
	Unlinked	Linked	US dollar	Other		NIS in thousands	%
Immediate increase of 2%	74,223	36,204	3,428	236	114,091	710	0.63
Immediate increase of 1%	74,223	35,849	3,428	236	113,736	355	0.31
Immediate decrease of 2%	74,223	34,784	3,428	236	112,671	(710)	(0.63)
Immediate decrease of 1%	74,223	35,139	3,428	236	113,026	(355)	(0.31)

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		Total	Change in fair value	
	Unlinked	Linked	US dollar	Other		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 December 31, 2025							
NIS in thousands							
Net fair value of financial instruments considering change in the Israel Consumer Price Index							
	Israeli currency		Foreign currency		Total	Change in fair value	
	Unlinked	Linked	US dollar	Other		NIS in thousands	%
Immediate increase of 2%	102,123	34,248	4,416	(7)	140,780	672	0.48
Immediate increase of 1%	102,123	33,912	4,416	(7)	140,444	336	0.24
Immediate decrease of 2%	102,123	32,904	4,416	(7)	139,436	(672)	(0.48)
Immediate decrease of 1%	102,123	33,240	4,416	(7)	139,772	(336)	(0.24)

### **3. Disclosure regarding financial reporting of the Company**

#### **3.1 Dividend distributions**

Distribution of dividends 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 24, 2026, 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 66% of the income for 2025 in accordance with the updated distribution policy approved by the Company's Board of Directors. The dividend was distributed on April 27, 2026. For additional details, see immediate report published by the Company on March 26, 2026 (reference number: 2026-01-027648).

#### **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>.

**4. [Corporate governance](#)****Senior officers:**

There were no changes during the reported period.

On February 19, 2026, the Company reported (Reference No. 2026-01-016274) the retirement of Mr. Ofer Eden, the Company's Chief Financial Officer, effective May 31, 2026.

On April 30, 2026, the Company reported (Reference No. 2026-01-039714) that Ms. Shani Federman Terem is expected to conclude her term as a director of the Company on June 29, 2026.

On April 30, 2026, the Company published a preliminary notice regarding an annual general meeting and announced that shareholders who meet the conditions set forth in the Company's Articles of Association may propose candidates for office as directors of the Company until May 21, 2026 (Reference No. 2026-01-040128).

On May 1, 2026, the Company announced the appointment of Mr. Asael Ben Yaakov as the Company's Chief Financial Officer effective June 1, 2026, subject to approval by the Payments System Supervisor at the Bank of Israel or its lack of objection (Reference No. 2026-01-040389).

**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 2025, which is attached to the Company's Periodic Report for 2025 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, 2025.

**8. [Events after the reported period:](#)**

During the reported period, 13,200 options granted to employees expired due to termination of their employment, and 342,014 options granted to employees for Company shares were exercised, including 105,980 options exercised by the CEO.

For additional details, see Note 5 to the financial statements.

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**Sharon Haran**  
**Chairman of the Board of**  
**Directors**

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**Eitan Lev Tov**  
**Chief Executive Officer**

Date of approving the financial statements: May 19, 2026.

**AUTOMATED BANKING SERVICES LTD.**  
**INTERIM FINANCIAL INFORMATION**  
**(UNAUDITED)**  
**AS OF MARCH 31, 2026**



**AUTOMATED BANKING SERVICES LTD.**  
**CONDENSED INTERIM FINANCIAL INFORMATION**  
**(UNAUDITED)**  
**AS OF MARCH 31, 2026**

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

*Introduction*

We have reviewed the attached financial information of Automated Banking Services Ltd. (hereinafter - "the Company"), which is comprised of the condensed consolidated statement of financial position as of March 31, 2026 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 19, 2026

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 December 31,
	2026	2025	2025
	(Unaudited)		(Audited)
<b>A s s e t s</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	27,126	53,572	15,537
Held-for-trading securities	134,930	147,819	135,330
Trade receivables	20,159	27,906	27,922
Other accounts receivable	11,254	10,349	10,268
Current tax assets	2,163	-	1,271
<b>Total current assets</b>	<b>195,632</b>	239,646	190,328
<b>NON-CURRENT ASSETS:</b>			
Excess plan assets for post-retirement employee benefits, net	2,703	2,075	2,689
Property, plant and equipment, net	30,647	21,340	31,063
Self-developed software, software and licenses, net	50,450	35,004	49,794
Right-of-use assets	17,426	18,114	17,995
Prepaid expenses	9,810	4,633	9,145
Deferred taxes	-	298	-
<b>Total non-current assets</b>	<b>111,036</b>	81,464	110,686
<b>Total assets</b>	<b>306,668</b>	321,110	301,014

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

	As of March 31		As of December 31,
	2026	2025	2025
	<u>(Unaudited)</u>		<u>(Audited)</u>
<b>Liabilities and equity</b>			
<b>CURRENT LIABILITIES:</b>			
Current maturities of lease liabilities	2,583	2,033	2,519
Trade payables	5,729	4,140	6,462
Other accounts payable	54,913	52,692	24,027
Liabilities for current taxes	-	1,139	-
<b>Total current liabilities</b>	<u>63,225</u>	<u>60,004</u>	<u>33,008</u>
<b>NON-CURRENT LIABILITIES:</b>			
Long term deferred income	2,189	2,843	2,675
Lease liabilities	16,307	17,367	16,890
Liabilities for deferred taxes	854	-	1,386
Employee benefits liabilities	1,304	1,079	1,309
<b>Total non-current liabilities</b>	<u>20,654</u>	<u>21,289</u>	<u>22,260</u>
<b>Total liabilities</b>	<u>83,879</u>	<u>81,293</u>	<u>55,268</u>
<b>EQUITY</b>			
Share capital	4,587	4,587	4,587
Share premium	3,408	150	150
Capital reserve for share based payment	4,595	6,911	7,690
Other comprehensive loss	(1,502)	(1,675)	(1,502)
Retained earnings	211,701	229,844	234,821
<b>Total equity attributed to shareholders of the Company</b>	<u>222,789</u>	<u>239,817</u>	<u>245,746</u>
<b>Total liabilities and equity</b>	<u>306,668</u>	<u>321,110</u>	<u>301,014</u>

\_\_\_\_\_  
**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 19, 2026

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
	2026	2025	2025
	(Unaudited)		(Audited)
<b>Revenues</b>			
From the provision of services to acquirers and issuers	<b>32,836</b>	32,807	134,335
From the provision of services to others	<b>5,608</b>	5,380	22,642
<b>Total Revenues</b>	<b>38,444</b>	38,187	156,977
<b>Operating, general and administrative expenses</b>	<b>29,995</b>	25,987	110,195
<b>Operating income</b>	<b>8,449</b>	12,200	46,782
Finance Income from Held-for- trading securities, net	<b>526</b>	493	12,607
Finance income	<b>104</b>	747	1,220
Finance expenses	<b>(130)</b>	(162)	(2,095)
<b>Finance income, net</b>	<b>500</b>	1,078	11,732
<b>Income before taxes on income</b>	<b>8,949</b>	13,278	58,514
Income tax	<b>2,069</b>	2,997	13,256
<b>Net income attributable to Company shareholders</b>	<b>6,880</b>	10,281	45,258
<b>Basic and diluted earnings per share attributable to shareholders (in NIS)</b>	<b>0.17</b>	0.26	1.13

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

**AUTOMATED BANKING SERVICES LTD.**  
CONDENSED STATEMENT OF OTHER COMPREHENSIVE INCOME  
Amounts in thousand NIS

	For the three-month period ended March 31		For the year ended December 31
	2026	2025	2025
	(Unaudited)		(Audited)
<b>Net income</b>	<b>6,880</b>	10,281	45,258
Other comprehensive income before taxes:			
Amounts not to be reclassified to profit or loss:			
Adjustments required for employee benefits	-	-	225
Other comprehensive income before taxes	-	-	225
Relevant tax impact	-	-	(52)
<b>Other comprehensive income attributed to shareholders, after tax</b>	<b>-</b>	-	173
<b>Total comprehensive income attributed to shareholders</b>	<b>6,880</b>	10,281	45,431

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, 2026 (unaudited)

	Share capital	Share premium	Capital reserve for share based payment	Accumulated other comprehensive loss	Retained earnings	Total equity
<b>Balance at January 1, 2026</b>	4,587	150	7,690	(1,502)	234,821	245,746
Changes during period:						
Net income for the period	-	-	-	-	6,880	6,880
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	6,880	6,880
Exercise of warrants to officers	-	3,258	(3,258)	-	-	-
Cost of share-based payment	-	-	163	-	-	163
Dividend payable	-	-	-	-	(30,000)	(30,000)
<b>Balance at March 31, 2026</b>	<b>4,587</b>	<b>3,408</b>	<b>4,595</b>	<b>(1,502)</b>	<b>211,701</b>	<b>222,789</b>

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

**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
<b>Balance at January 1, 2025</b>	<b>4,587</b>	<b>150</b>	<b>6,554</b>	<b>(1,675)</b>	<b>249,563</b>	<b>259,179</b>
Changes during period:						
Net income for the period	-	-	-	-	<b>10,281</b>	<b>10,281</b>
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	<b>10,281</b>	<b>10,281</b>
Cost of share-based payment	-	-	<b>357</b>	-	-	<b>357</b>
Dividend payable	-	-	-	-	<b>(30,000)</b>	<b>(30,000)</b>
<b>Balance at March 31, 2025</b>	<b>4,587</b>	<b>150</b>	<b>6,911</b>	<b>(1,675)</b>	<b>229,844</b>	<b>239,817</b>

**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, 2025 (audited)**

	<u>Share capital</u>	<u>Share premium</u>	<u>Capital reserve for share based payment</u>	<u>Accumulated other comprehensive loss</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance at January 1, 2025	4,587	150	6,554	(1,675)	249,563	259,179
Changes during the year:						
Net income	-	-	-	-	45,258	45,258
Other comprehensive income	-	-	-	173	-	173
Total comprehensive income	-	-	-	173	45,258	45,431
Cost of share-based payment	-	-	1,136	-	-	1,136
Dividend paid	-	-	-	-	(60,000)	(60,000)
Balance at December 31, 2025	<u>4,587</u>	<u>150</u>	<u>7,690</u>	<u>(1,502)</u>	<u>234,821</u>	<u>245,746</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		For the year ended
	March 31		December 31
	2026	2025	2025
	(Unaudited)		(Audited)
<b>Cash flows from operating activity:</b>			
<b>Net income for the period</b>	<b>6,880</b>	10,281	45,258
Adjustments required to present cash flows from operating activity			
Adjustments to profit and loss items:			
Depreciation and amortizations	<b>4,123</b>	3,342	14,778
Expenses in respect of share-based payment transactions	<b>163</b>	357	1,136
Liability for post-retirement employee benefits, net	<b>(14)</b>	(26)	(418)
Changes in liabilities for employee benefits, net	<b>(5)</b>	(1)	232
Income tax	<b>2,069</b>	2,997	13,256
Finance income, net	<b>(500)</b>	(1,078)	(11,732)
<b>Change in asset and liability items:</b>			
Decrease (increase) in trade receivables	<b>7,763</b>	(1,905)	(1,921)
Decrease (increase) in other accounts receivable	<b>(1,651)</b>	(1,647)	(6,148)
Increase (decrease) in trade payables	<b>(946)</b>	148	3,963
Increase in other accounts payable	<b>400</b>	2,165	3,332
<b>Cash flows from operating activity before finance and taxes</b>	<b>18,282</b>	14,633	61,736
Interest received	<b>1,119</b>	1,670	3,476
Interest and fees paid	<b>(156)</b>	(215)	(899)
Taxes received, net	<b>(3,493)</b>	560	(10,488)
<b>Net cash provided by operating activity</b>	<b>15,752</b>	16,648	53,825

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

	For the three-month period ended		For the year ended
	March 31		December 31
	2026	2025	2025
	(Unaudited)		(Audited)
<b>Cash flows from investing activity:</b>			
Purchase of Held-for-Trading securities	<b>(4,885)</b>	(14,750)	(52,217)
Proceeds from sale of Held-for-Trading securities	<b>4,822</b>	14,397	75,243
Acquisitions and investments in property, plant and equipment and intangible assets	<b>(3,474)</b>	(6,229)	(41,669)
<b>Net cash used in investing activity</b>	<b>(3,537)</b>	(6,582)	(18,643)
<b>Cash flows from financing activity:</b>			
Maturity of lease liabilities	<b>(626)</b>	(544)	(2,348)
Dividend paid	-	-	(60,000)
<b>Net cash used in financing activity</b>	<b>(626)</b>	(544)	(62,348)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>11,589</b>	9,522	(27,166)
<b>Balance of cash and cash equivalents at beginning of the period</b>	<b>15,537</b>	44,050	44,050
<b>Gains (losses) from exchange rate differences on cash and cash equivalents</b>	-	-	(1,347)
<b>Balance of cash and cash equivalents at end of the period</b>	<b>27,126</b>	53,572	15,537

	<b>For the three-month period ended</b>		<b>For the year ended</b>
	<b>March 31</b>		<b>December 31</b>
	<b>2026</b>	<b>2025</b>	<b>2025</b>
	<b>(Unaudited)</b>		<b>(Audited)</b>
<b>Appendix A – material non-cash transactions</b>			
Recognition of right-of-use assets against lease liability	<b>107</b>	194	2,007
Purchase of property, plant and equipment against trade payables	<b>213</b>	1,293	(200)
Dividend declared but not yet paid	<b>30,000</b>	30,000	-

**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** and/or Shva") 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.**

**AUTOMATED BANKING SERVICES LTD.**

NOTES TO FINANCIAL STATEMENTS

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

**c. Financial strength and business resilience against the backdrop of the security situation**

On February 28, 2026, following the renewal of the Iranian threat, the IDF and the US military launched Operation “Lion’s Roar”, a powerful strategic campaign against the terrorist regime in Iran. Upon the opening of the operation, the Minister of Defense declared a “special situation in the home front” throughout the country. This development led to a renewed slowdown in business activity in the economy, after recovery trends recorded during 2024 and early 2025.

On April 8, 2026, a ceasefire came into effect after 40 days of fighting.

Work in the Company is taking place regularly, the Company’s activities goes on continuously, there is no material impact on the Company’s workforce and services are provided regularly to its customers.

- d. The condensed interim financial statements were approved for publication by the Company’s Board of Directors on May 19, 2026.

**a. Basis of presentation of the present financial information**

The interim condensed consolidated financial information of the Company as of March 31, 2026 (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 2025 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, 2026 are not necessarily indicative of the revenues and results that can be expected in the year ending December 31, 2026.

**AUTOMATED BANKING SERVICES LTD.**

## NOTES TO FINANCIAL STATEMENTS

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONT.)****Use of estimates and judgment**

In the preparation of the financial statements in accordance with IFRS, the Company's management is required to use judgment, estimates and assumptions, which affect the implementation of the policy, and the amounts of assets and liabilities, income and expenses. It is hereby clarified that actual results may differ from these estimates. When formulating the accounting estimates used in the preparation of the Company's financial statements, management is required to make assumptions regarding circumstances and events which involve significant uncertainty. When using its discretion in determining these estimates, the Company's management relies on past experience, various facts, external factors, and reasonable assumptions according to the relevant circumstances for every estimate.

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

**Critical estimates**

The Company does not have critical estimates.

- b. Significant accounting policies and calculation methods applied in preparing the interim financial information are consistent with those used in preparing the 2025 annual financial statements of the Company.

**NOTE 3 – CONTINGENT LIABILITIES AND COMMITMENTS****a. Separation of the Company and Masav - Separation Outline**

- Following the Competition Authority's request in October 2019 regarding the joint affiliations between the Company and Masav, it was alleged that despite the change in the ownership structure (in accordance with the Law to Increase Competition and Reduce Concentration), the companies continue to have significant affiliations between them that raise competition concerns. In view of the above, the Company and Masav submitted an application in May 2020 for approval of a restrictive arrangement to the Competition Court, and subsequently, in April 2021, a temporary permit for the arrangement was approved subject to conditions agreed upon with the Competition Commissioner and the Bank of Israel. The permit conditions included key milestones for separation, including the appointment of separate CEOs for each of the companies by June 2021, and the submission of an activity outline that distinguishes between services and assets that are required to be shared in the short term and those that are required in the long term.
- As part of this outline, the companies were required to separate all administrative and application-related affiliations, as well as to regulate infrastructure affiliations such as computer systems and shared offices. In accordance with the regulatory requirements for physical separation of the offices, the companies' managements reached agreements regarding compensation for the departing party for investments in property and furniture. In February 2022, an updated application was submitted to the court for approval of a permanent "separation outline" until the end of 2029, which includes detailed terms agreed upon by the Commissioner.

The following are the principles of the separation outline agreed upon between the parties:

1. By December 31, 2027, all existing joint affiliations between the applicants will be completely severed, so that at the end of the approval date of the restrictive arrangement, no joint affiliations will remain between them and no services will be provided by one of the companies to the other that are not part of the services they sell to the general public.

**NOTE 3 – CONTINGENT LIABILITIES AND COMMITMENTS (CONT.)**

2. Severing of the joint affiliations will be done in a gradual and controlled manner. As a general rule, affiliations that have a greater impact on competition and that are likely to raise more significant competition concerns will be separated earlier. Affiliations that have a lesser impact on competition and whose separation involves greater technical complexity will be separated later.
3. During the interim period until the full separation of all affiliations, the applicants will cooperate in a manner that minimizes the concern of reducing competition between them, and only between the positions required for a particular matter, in accordance with the conditions.
4. The conditions require documentation of the joint meetings and discussions of the companies' managements, in a manner that will allow the Commissioner, if necessary, to supervise the implementation of the conditions and the affiliations between the applicants.

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

**Permanent Supplier Customer Agreement - Shva - Masav**

In accordance with the separation outline and the terms of the restrictive arrangement approved by the Competition Court on March 27, 2022, and after a lengthy mediation process between the Company and Masav, in which disputes regarding mutual service costs and the principles of separation of joint assets were resolved, the Company's shareholders' meeting on April 9, 2024 approved the terms of the permanent separation agreement for the separation of the companies.

Subsequently, on April 11, 2024, the parties signed the mediator's proposal and on December 22, 2024, the permanent agreement regulating all agreements was signed (with the mediator's proposal forming an integral part thereof).

Regarding the schedules for implementing the separation, following Masav's request to change the fixed schedules under the conditions approved by the court on March 27, 2022, the Competition Authority approved Masav's request to postpone the separation dates for the relevant affiliations. Accordingly, the deadline for separating all joint affiliations was postponed to June 30, 2029.

**NOTE 3 – CONTINGENT LIABILITIES AND COMMITMENTS (CONT.)****b. Exemption from the Competition Commissioner dated december 28, 2022**

From 2002, the Company operates in compliance with decisions of the Competition Authority regarding an exemption from a restrictive arrangement between Bank Hapoalim Ltd, Bank Leumi Ltd, Discount Bank, First International Bank of Israel Ltd, and the Company. The latest decision regarding the exemption from approval of a restrictive arrangement was issued on December 28, 2022 for a period of five years until December 28, 2026 (hereinafter: the "**Exemption Decision**").

On April 18, 2024, the Company received the Competition Commissioner's decision (the **Commissioner**) regarding the exemption decision and also regarding the Company's request to cancel the condition that limits the areas of activity permitted to it and requires that its entry into any additional area of activity be subject to the approval of the Commissioner.

The Commissioner specified in her decision that she was 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 banking corporations and imposes difficulties on its activities. 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 to the concern underlying imposing the condition within the framework 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 banking corporations. Therefore, the cancellation of said clause in the exemption conditions does not change the essence of the competitive obligations imposed on the Company, but changes the legal situation only such that the examination of the competitive effects of the Company's entry into a new field of activity will be carried out by the Company, in accordance with the Rules of Economic Competition (Class Exemption for Joint Ventures) (Temporary Order), -2006, while the Commissioner will examine this retrospectively, in an enforcement context, and not from the outset, similar to other joint ventures between competitors.

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.

**NOTE 3 – CONTINGENT LIABILITIES AND COMMITMENTS (CONT.)**

- (b) 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.

**c. Claims and class actions**

- **Claim by S.A.G. Mall Management Ltd. and Aphrodite Import and Export Ltd.**

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"). The financial relief sought in the lawsuit by the plaintiffs is in the amount of NIS 6 million.

- On February 2, 2026 a ruling was rendered in which the Company was struck from the proceeding.
- **Motion to approve class action 12789-01-25 Niles T.L.V. (E.L.) Ltd. et al. v. Automated Banking Services Ltd.**

On January 5, 2025, application to approve a class action (hereinafter, respectively, the "Application for Approval" or the "Application" and the "Claim") was filed with the Central District Court in Lod.

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 application are baseless and the Company is acting in accordance with the provisions of the law. A pre-trial hearing in the lawsuit was held on February 15, 2026, and another pre-trial hearing was scheduled for June 24, 2026.

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 2025 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 2025 annual financial statements.

**NOTE 5 – EVENTS AFTER THE REPORTED PERIOD**

On March 24, 2026, 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 66% of the profits for 2025. The dividend was distributed on April 27, 2026. For further details, see immediate report published by the Company on March 26, 2026 (Reference No.: 2026-01-027648).

On May 7, 2026 (Reference No. 2026-01-042707), the Company published a description of the equity remuneration plan for the Chairman of the Board of Directors, CEO, officers and other offerees, subject to approval by the general meeting of shareholders.

## **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, processed, 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 annual report on the effectiveness of internal control over financial reporting and disclosure, which was attached to the Company's periodic report for the period ended December 31, 2025 (hereinafter - "the latest annual report on internal control"), the Board of Directors and Management assessed the Company's internal control as effective. Based on this assessment, the Board of Directors and Management of the Corporation concluded that the internal control as stated, as of December 31, 2025 is effective .

As of the date of the report, no event or matter has been brought to the attention of the Board of Directors and Management that could change the assessment of the effectiveness of internal control, as presented in the most recent annual report on internal control.

As of the date of the report, based on the assessment of the effectiveness of internal control in the most recent annual report on internal control, and based on information brought to the attention of the Board of Directors and Management as stated above, 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 2026 (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 periodic 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 19, 2026

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**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 2026 (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 periodic 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 19, 2026

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**Ofer Eden - VP Finance (CFO)**