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Dividend Distribution Policy

On August 11, 2025, the Board of Directors of the Company decided to distribute a dividend in the amount of NIS 44,000 thousand (the "Dividend") to the shareholders of the Company in accordance with Section 302 of the Companies Law, 1999 (the "Companies Law") from the distributable profits of the Company based on the Company's financial statements as of June 30, 2025.

In this context, it should be noted that:

- **(A)** On March 12, 2015, the Company adopted a dividend distribution policy, according to which, subject to any law and agreement, including the Company's compliance at the time of each dividend declaration with the distribution tests set forth in Section 302 of the Companies Law, the Company will distribute each quarter as a dividend to its shareholders, an amount equal to 66% of the distributable profits accumulated in that quarter (the "Dividend Distribution Policy"). The dates of dividend payment will be determined by the Board of Directors at its discretion.
- **(B)** The aforementioned distribution can be made from the Company's cash and cash equivalents (which, according to the Company's financial statements as of June 30, 2025, amount to NIS 479,988 thousand), without prejudice to additional and diverse funding sources available and/or to be made available to the Company, including, among others, unused credit lines, cash flows from the Company's operations.
- **(C)** The Board of Directors determined, considering the Company's financial position and the significant risk factors to which the Company is exposed, and after reviewing, at the time of the decision, the information presented to it as detailed below, that:
 - i. The Company has "distributable profits" as defined in the Companies Law in the amount of NIS 668,436 thousand,
 - ii. Therefore, the Company meets the profit test (as defined in the Companies Law).
 - iii. In the Company's estimation, the distributable profits are sufficient for the execution of the dividend distribution in the amounts detailed above.
 - iv. The Company meets the solvency test, as defined in the Companies Law, i.e., the Board of Directors is of the opinion that there is no reasonable concern that the dividend distribution will prevent the Company from meeting its existing and expected obligations as they become due.
 - v. To the best of its assessment, the dividend distribution is not expected to affect the Company's debt rating.
- **(D)** The Company's Board of Directors approved the dividend distribution based on the Company's financial data as of June 30, 2025. As stated above, the Company's retained earnings, as defined in the Companies Law, amount to NIS 668,436 thousand. The Company's equity as of June 30, 2025, is NIS 803,625 thousand. The Company's working capital as of June 30, 2025, is NIS 152,552 thousand. In addition, the Board of Directors reviewed data not included in the financial statements regarding the Company's expected cash flow, including sensitivity analyses of repayment sources for existing and expected obligations and the Company's credit sources and unused credit lines, in relation to the period ending December 31, 2028 (the "Projected Cash Flow"). A significant portion of the projected cash flow is expected to derive from the ongoing operations of subsidiaries controlled by the Company.



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Company Logo

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Signature/Emblem

E In the opinion of the Company's Board of Directors, the dividend distribution will not have a material impact on the Company's capital structure, its leverage level, or its ability to continue operating in its current business format while implementing its business plans. The Company complies, and will continue to comply after the dividend distribution, with its financial covenants towards the financing banks.

F The Company's above assessments and the information as presented within the projected cash flow constitute forward-looking information as defined in the Securities Law, 1968. The Company's assessments are based on the data available to the Company as of the date of this report, including the Company's loan balances, cash balances, credit balances, and order backlog. The Company's assessments may not materialize or may materialize differently and are dependent, among other things, on external factors to the Company's operations, over which the Company has no control, including changes in the Company's financing needs and market conditions that may affect its ability to raise financing, changes in the competitive environment in which the Company operates, as well as changes regarding the implications of global inflation and/or changes in interest rates and/or the implications of the "Swords of Iron" war on the economic environment in which the Company operates, and in particular on the Company's operations, its suppliers, and its customers.

In light of all the above, the Board of Directors decided to approve the dividend distribution.

Respectfully,

ONE SOFTWARE TECHNOLOGIES LTD



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FOOTNOTE:

¹⁰¹ It is clarified that the adoption of the dividend distribution policy should not be regarded as a commitment by the Company to declare or execute a dividend distribution, and any such declaration or distribution will be discussed separately by the Company's Board of Directors, which may also decide not to distribute any dividend at all. The Company's Board of Directors may also adopt a different dividend distribution policy than the one adopted, approve distributions in amounts different from those detailed in the dividend distribution policy, and even approve distributions not in the form of a cash dividend.