Dividend Distribution Policy

On November 13, 2025, the company's board of directors decided on the distribution of a dividend in the amount of 47,000 thousand NIS (the dividend) to the company's shareholders pursuant to Section 302 of the Companies Law, 1999 (the Companies Law), out of the distributable profits of the company based on the company's financial statements as of 30.09.2025.

A (A)

On March 12, 2015, the company adopted a dividend distribution policy, according to which, subject to all applicable laws and agreements, including compliance at the time of each declaration of dividend distribution with the distribution tests set forth in Section 302 of the Companies Law, the company shall distribute each quarter, as a dividend to its shareholders, a sum equal to 66% of the distributable profits accumulated during that quarter (the dividend distribution policy). The payment dates of the dividend will be determined by the board of directors at its discretion.[1]

B (B)

The aforesaid distribution may be made from the cash and cash equivalents held by the company (which, according to the company's financial statements as of 30.09.2025, amount to 384,133 thousand NIS), without derogating from other and varied sources of financing available to the company and/or that will become available to it, including, inter alia, unused credit facilities, and cash flows arising from the company's operations.

C (C)

The board of directors determined, in consideration of the financial condition of the company, and the significant risk factors to which the company is exposed, and after reviewing, at the time of its decision, the information presented to it, as detailed below, that:

1. The company has distributable profits as defined in the Companies Law in the amount of 696,038 thousand NIS, and thus the company meets the profit test (as defined in the Companies Law).
2. In the company's assessment, the distributable profits are sufficient for the execution of the dividend distribution in the amounts detailed above.
3. 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 foreseeable obligations when due.
4. To the best of its assessment, the dividend distribution is not expected to affect the company's credit rating.

D (D)

The company's board of directors approved the dividend distribution based on the company's financial data as of 30.09.2025. As stated above, the company's retained earnings, as defined by the Companies Law, amount to 696,038 thousand NIS. The company has equity as of 30.09.2025 of 831,878 thousand NIS. The company has working capital as of 30.09.2025 of 181,325 thousand NIS. In addition, the company's board of directors reviewed data not included in the financial statements regarding the company's expected cash flows, including sensitivity analyses of available sources for fulfilling existing and anticipated commitments, as well as credit sources and unused credit facilities available to the company, in relation to the period ending 31.12.2028 (the projected cash flow). A significant part of the projected cash flow is expected to originate from the ongoing operations of subsidiaries that the company controls.

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[1] It is clarified that the adoption of the dividend distribution policy does not constitute an obligation of the company to declare or execute a dividend distribution. Each 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 board of directors may also adopt a different dividend distribution policy from the one adopted, approve distributions of different amounts than those detailed in the dividend distribution policy, and even approve distributions not by way of cash dividends.

(e) In the assessment of the Company's board of directors, the dividend distribution will not have a material effect on the Company's capital structure, its leverage level, or its ability to continue operating in its current manner while implementing its business plans. The Company complies, and will continue to comply even after the dividend distribution, with its financial covenants towards its financing banks.

(f) The Company’s assessments above and the information as presented within the projected cash flow constitute forward-looking information as defined in the Securities Law, 1968. Such assessments of the Company are based on the data available to the Company as of the date of this report, including loan balances held by the Company, 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, among other factors, changes in the Company's financing needs, market conditions that may affect its ability to raise financing, changes in the competitive environment in which the Company operates, as well as changes relating to the implications of global inflation and/or changes in interest rates and/or the implications of the 'Iron Swords' war on the economic environment in which the Company operates, and in particular, on the operations of the Company, its suppliers, and its customers.

In light of all the above, the board of directors has resolved to approve the dividend distribution.

Respectfully,

ONE SOFTWARE TECHNOLOGIES LTD