

2024-06-22

On November 13, 2025, the company's Board of Directors resolved to distribute a dividend in the amount of NIS 47,000 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 30.09.2025.

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 the provisions of any law and agreement, including compliance by the company, at the time of each declaration of a dividend distribution, with the distribution tests set forth in Section 302 of the Companies Law, the company shall distribute quarterly, as a dividend to its shareholders, an amount of 66% of the distributable profits accrued in that quarter (the "Dividend Distribution Policy"). The dates of payment of the dividend shall be determined by the company's Board of Directors at its discretion. ¹

(b) The said distribution can 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 NIS 384,133 thousand), without detracting from additional and varied funding sources available and/or to be made available to the company, including, among other things, unused credit facilities and cash flows resulting from the company's operations.

(c) The Board of Directors determined, in view of the company's financial situation 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:

1. The company has distributable profits, as defined in the Companies Law, in the amount of NIS 696,038 thousand, and therefore the company meets the profit test (as defined in the Companies Law).
2. In the company's estimation, the distributable profits are sufficient for the purpose of distributing the dividend in the amounts detailed above.
3. The company meets the solvency test, as defined in the Companies Law, that is, the Board of Directors is of the opinion that there is no reasonable concern that the distribution of the dividend will impair the company's ability to meet its existing and anticipated obligations when they become due.
4. To the best of its assessment, the distribution of the dividend is not expected to affect the company's bond rating.

(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 balance of the company's retained earnings, as defined by the Companies Law, is NIS 696,038 thousand. The company has equity as of 30.09.2025 of NIS 831,878 thousand. The company has working capital as of 30.09.2025 of NIS 181,325 thousand. In addition, the company's Board of Directors examined data not included in the financial statements concerning the cash flow forecast of the company, including sensitivity analyses of the sources for fulfilling the existing and expected obligations, and the company's existing unused credit frameworks, for the period ending on 31.12.2028 (the "projected cash flow"). A significant part of the projected cash flows is expected to derive from the ongoing operations of subsidiaries that are controlled by the company.

It is clarified that the adoption of a dividend distribution policy should not be regarded as an undertaking by the company to declare or pay a dividend, and each such declaration or distribution, as aforementioned, 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 dividend distribution policy different from the one previously adopted, approve distributions in amounts different from those detailed in the Dividend Distribution Policy, and even approve distributions not by way of a cash dividend.

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(e)

In the assessment of the company's board of directors, the dividend distribution will not have a material impact on the company's capital structure, its level of leverage, or its ability to continue operating in its current manner 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 assessments above and the information as presented in the projected cash flow, constitute forward-looking information as defined in the Securities Law, 1968. Such assessments are based on data available to the company as of the date of this report, including outstanding loan balances, cash balances, credit balances, and backlog of orders. 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 others, changes in the company's financing needs, in 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 Iron Swords War on the economic environment in which the company operates, and in particular on the company's activities, its suppliers, and its customers.

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

Respectfully,

One Software Technologies Ltd.
