

Withholding Tax on Dividends

Plus500 sets out below the process by which the Company will withhold tax on any dividends distributed by the Company, including with respect to the upcoming dividend, as set forth below.

On 17 February 2021, the Company announced a final dividend and a special dividend in a total amount of \$0.8292 per share, a total pay-out of \$85.0 million¹ (the "**Dividend**"), representing 60% of net profit² and a special dividend³. Payment of the Dividend will be made on 12 July 2021 to shareholders on the register as at close of business on 26 February 2021.

Withholding Tax Treatment

As set out in the Group's Prospectus, with respect to dividends sourced from regular earnings, under the Israeli Tax Ordinance and regulations ("**ITO**"), the current Israeli rate of withholding tax on dividends paid by an Israeli company is 30% for distributions to a "substantial shareholder" (in general, being someone who holds, directly or indirectly, by himself or together with others, at least 10% of one or more of the means of control in the company) and 25% with respect to distributions to all other holders of Ordinary Shares ("**Withholding Tax**").

Law for the Encouragement of Capital Investments, 5719-1959 - Tax benefits under the 2017 Amendment

Under the amendment of the Encouragement of Capital Investment Law which became effective in January 2017, provided the conditions stipulated therein are met, dividends distributed derived by Preferred Technological Enterprise (as defined in the 2017 Amendment) ("**PTE**"), paid out of Preferred Technology Income, are generally subject to withholding tax at source at the rate of 20% (or such lower rate as may be provided in an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate).

In May 2019 the Company obtained a tax ruling (the "**2019 Tax Ruling**") from the Israeli Tax Authorities ("**ITA**") and subject to the Company complying with the conditions stipulated by the 2019 Tax Ruling which the company met and the Encouragement of Capital Investment Law, the Company is considered as PTE and therefore entitled to a 20% withholding tax rate on dividends distributed.

Entitlement of Non-Israeli Tax Residents to a Reduced Rate of Withholding Tax

In order for a holder of depositary interests in respect of ordinary shares ("**DI holder**"), which is not an Israeli tax resident, to benefit from a reduced withholding tax rate under a tax treaty between Israel and the country of his/her residence, such as the UK, a shareholder must apply to the Israel Tax Authority (the "**ITA**") and obtain from the ITA a certificate for a reduced withholding tax rate as set in the applicable tax treaty (the "**Certificate**"). In general, under the Double Taxation Treaty between Israel and the UK (the "**UK Treaty**"), a DI holder who is a British tax resident who holds less than 10% of the rights of the company and such dividend income is subject to tax in the UK and should be entitled to benefit from the UK Treaty, is entitled to a reduced withholding tax rate of 15% (the "**Reduced Withholding Tax Rate**"), provided the DI holder submits a duly issued Certificate prior to the payment date.

A DI holder may obtain a Certificate by submitting to the ITA a completed ITA Form A/114 (titled "Claim for Reduced Rate of Withholding Tax/Exemption from Withholding Tax in Israel for Non-Residents Form") and any additional information or documents that may be requested by the ITA.

¹ The total estimated dividend payout of \$85.0m is based on that 102,517,226 Ordinary Shares are issued as at 16 February 2021. In the event that the Company enters into the New Share Buyback Programme and that Ordinary Shares are repurchased between 17 February 2020 and the dividend record date of 26 February 2021 pursuant to the New Share Buyback Programme, such Ordinary Shares will be held in treasury and therefore will not be entitled to a dividend and the actual aggregate dividend payout will be reduced accordingly.

² Based on the Israeli corporate tax rate (23%)

³ Based on the difference between the full Israeli corporate tax rate (23%) and the Israeli Preferred Technology Enterprise corporate tax rate (12%)

In order to assist Plus500's investors who are residents of countries that have a tax treaty with Israel from the requirement to apply to the ITA with respect of obtaining a Certificate in order to benefit from the Reduced Withholding Tax Rate, Plus500 is applying to the ITA to obtain a special tax ruling (the "**Tax Ruling**"). According to the Tax Ruling, **ESOP Management & Trust Services Ltd.** is being appointed to serve as a processing agent of the ITA for the benefit of the investors (the "**Agent**"). Accordingly, Plus500's investors who are residents of countries that have a tax treaty with Israel may approach the Agent within the required time and provide the Agent with the required documentation and declarations as was set in the Tax Ruling ("**Documentation and Declarations**") in order to be entitled to receive the Reduced Withholding Tax Rate from the dividend according the tax treaty between his/her country of residency and Israel. If such relief is relevant for you, please contact the Agent for additional information. Contact information of the Agent is provided at the bottom of this announcement. **We encourage you to contact the Agent if you need any assistance or have any questions concerning the process.**

A DI holder must present all the required Documentation and Declarations or valid Certificate to the Agent no later than 29 July 2021 (the "**Deadline**"), in order to benefit from the Reduced Withholding Tax Rate. Accordingly, if all the required Documentation and Declarations or a valid Certificate is presented to the Agent before the Deadline, it is expected that the Agent, would be able to reimburse the difference between the applied Withholding Tax rate at the time of payment of the Dividend and the Reduced Withholding Tax Rate, if applicable.

If the Documentation and Declarations or the valid Certificate is not provided to the Agent by the Deadline, Plus500 would be required to withhold tax from the Dividend according to the rates set above without taking into account the Reduced Withholding Tax Rate.

As the required Documentation and Declarations contain official approvals from the authorities relevant to the DI Holder, we recommend you to initiate the process with the Agent as soon as practical following the Dividend announcement date and not wait to the Deadline.

Shareholders are advised to consult with their own personal tax and financial advisers as to the tax consequences resulting from their personal tax situation.