



NextFerm Technologies Ltd.

August 19, 2021

Attn: Attn:

Israel Securities Authority Tel Aviv Stock Exchange Ltd.

Via MAGNA **Via MAGNA**

Ladies and Gentlemen,

Re: Invitation to the Company's Annual and Extraordinary General Meeting

Pursuant to the Israel Companies Law, 1999 (the “**Companies Law**”), the Securities Regulations (Periodic and Immediate Reports), 1970 (the “**Report Regulations**”), the Securities Regulations (Private Securities Placement of a Listed Company), 2000, and the report regarding the convention of the Company’s extraordinary general meeting in accordance with the Companies Regulations (Notice and Advertisement of a General Meeting and Class Meeting of a Public Company and Adding an Agenda Item), 2000, the Company hereby announces that at 12:00PM on Thursday, September 23, 2021, the Company’s annual and extraordinary general meeting will convene through video conference via Zoom, which can be accessed through the link: <https://us02web.zoom.us/j/82280347540?from=addon>. To receive an access code please send an email to Mr. Yossi Ohana together with a copy of your ID card or certificate of incorporation or other form of identification, to the Company’s satisfaction together with proof of ownership as of the Date of Record (as specified below in Section 6).

1. Agenda items and summary of the proposed resolutions

- 1.1. Discussion on the 2020 annual financial statements and board of directors’ report;
- 1.2. Reappointing the Company’s auditors;
- 1.3. Amending the terms of service of the board chairman, Mr. Joseph Peled.

2. Summary of proposed resolutions

2.1. Discussion on the 2020 annual financial report and board of directors’ report.

Discussion on the financial report and board of directors’ report for the year ending December 31, 2020.

The Company’s 2020 periodic report, published on March 21, 2020 (including the 2020 financial report and board of directors’ report) (Ref. No: 2021-01-040413) (the “**2020 Periodic Report**”),

can be accessed via the Israel Securities Authority's distribution website, at www.isa.gov.il, and the Tel Aviv Stock Exchange Ltd.'s distribution website, at www.maya.tase.co.il.

2.2. Reappointing the Company's auditors

Reappointing the accounting firm Kesselman & Kesselman (PwC Israel) as the Company's auditors until the next annual general meeting. According to the Company's articles of association, the Company's board of directors may determine the auditors' fees.

The proposed resolution:

To approve the reappointment of the accounting firm Kesselman & Kesselman (PwC Israel) as the Company's auditors until the date of the next annual general meeting.

2.3. Amending the terms of service of the board chairman, Mr. Joseph Peled

Mr. Peled has served as the chairman of the Company's board of directors since January 2015. As of the date of this report, Mr. Peled's monthly remuneration is fixed at ILS 2,000 (plus VAT). On August 18, 2021, the Company's board of directors (following the approval of the remuneration committee obtained on June 21, 2021), approved amending Mr. Peled's terms of office, whereby his monthly fee shall total ILS 6,000, for a role entailing no less than a 20% scope of engagement, retroactively, commencing January 24, 2021 (the date on which the Company's shares were listed on the Tel Aviv Stock Exchange). It is clarified that his other terms of office, as specified below, were not subject to any change.

2.3.1. Details of education and professional experience

For information about Mr. Peled's education and experience, see Regulation 26 in Chapter D of the 2020 Periodic Report.

2.3.2. Information about the key terms of the services agreement

2.3.2.1. Scope of the position - The chairman's position shall be no less than that of a 20% scope of engagement.

2.3.2.2. Period of the agreement - The agreement shall be retroactively effective as of January 24, 2021 (the date on which the Company's shares were listed on the Tel Aviv Stock Exchange) and shall continue to be effective as long as Mr. Peled serves as the Company's chairman.

2.3.2.3. Monthly fee - For his service as chairman, Mr. Peled shall be entitled to monthly remuneration totaling ILS 6,000 (plus VAT), which shall be paid to him against an invoice for a position of no less than that of a 20% scope of engagement (the "Salary").

2.3.2.4. Additional terms -

- Insurance and indemnification - The chairman shall be entitled to D&O insurance and an indemnification letter, like the Company's other officers.
- The services agreement includes a confidentiality undertaking.

2.3.2.5. Equity award - For information about the terms of the Company's options held by Mr. Peled (which have fully vested), see Chapter 3 of the Company's prospectus which was published on January 19, 2021 (Ref. No: 2021-01-008307).

2.3.3. Presented below is information about the components of the remuneration which shall be paid to Mr. Peled under the services agreement and in accordance with Schedule III of the Report Regulations:

Payee details				Remuneration* for services							Other remuneration*			
Name	Position	Scope of position	% holdings of the corporation's equity ¹	Salary	Bonus	Share-based payment	Management fees	Consulting fees	Commission	Other	Interest	Rent	Other	Total
*Joseph Peled	Chairman of the Board of Directors	20%	0.11%			ILS 47,400	ILS 68,500							ILS 115,500

* The calculation is the anticipated cost in 2021.

** The remuneration amounts are stated in terms of the cost to the corporation.

2.3.4. Summary of the reasons of the Remuneration Committee and Board of Directors to approve Mr. Peled's terms of office

2.3.4.1. The Company's remuneration committee and board of directors examined Mr. Peled's terms of office and amended salary, *inter alia*, considering the scope of the role and responsibility placed on him as the chairman of the Company's board of directors and his actual involvement in the Company's affairs, and they found them suitable for his role, the size of the Company and the nature of its activities.

2.3.4.2. The terms of office and amended fees that will be paid to Mr. Peled are reasonable and fair and are consistent with the provisions of the Company's

¹ As of June 30, 2021, Mr. Joseph Peled holds 10,909 ordinary shares in the Company, which constitute approximately 0.11% of the Company's outstanding share capital, and 170,750 options exercisable into ordinary shares of the Company at an exercise price of ILS 0.01.

remuneration policy. The Company's board of directors is of the opinion that amending his fees and the terms under the services agreement are reasonable and fair under the circumstances.

The proposed resolution:

To approve amending the terms of service of the Company's chairman, Mr. Joseph Peled, as specified in Section 2.3 of the general meeting invitation report.

3. Majority required to approve the agenda items

An ordinary majority of the shareholders participating in the vote is required to approve the general meeting's agenda items.

4. Legal quorum and an adjourned meeting

A legal quorum for the general meeting shall be constituted in the presence, in person or by proxy, of one or more shareholders holding at least 33% of the Company's voting rights. In the event a legal quorum is still not in attendance within half an hour from the time scheduled for the general meeting to commence, the general meeting shall be deferred to the same day of the following week, at the same time and place, or at a later time, if so stated in the notice of the general meeting. If a legal quorum is not in attendance within half an hour from the time the Adjourned Meeting was scheduled to convene, then the general meeting shall be held with any number of participants whatsoever.

5. Date of record

The Date of Record to determine the entitlement of the Company's shareholders to vote at the general meeting, as stated in Section 182 of the Companies Law, is at the end of the trading day on August 26, 2021 (the "**Date of Record**"). If such a date is not a trading day, then the Date of Record shall be the last trading day before such date.

6. Ways to vote at the general meeting and position statements

- 6.1. Shareholders may participate in the general meeting and vote thereat either personally, via proxy, through a voting card as defined in Section 87 of the Companies Law, in the form attached to this invitation report (the "**Voting Card**") or through the electronic voting system.
- 6.2. Pursuant to the Companies Regulations (Proving Ownership of a Share for Voting at the General Meeting), 2000 (the "**Ownership Regulations**"), a shareholder who desires to vote at the general meeting, who is registered to hold a share with a TASE member, where such share is included among the Company shares recorded in the shareholder register in the name of the nominee company, shall provide the Company with an approval from the TASE member with whom their right to a share has been registered, of their ownership of the share on the Date of

Record, in accordance with Form 1 of the Schedule to the Ownership Regulations. Similarly, unregistered shareholders may instruct the TASE member to send their confirmation of ownership to the Company via the electronic voting system.

- 6.3. The URL of the Israel Securities Authority's distribution site (the "**Distribution Site**") and the URL of the Tel Aviv Stock Exchange Ltd.'s website, where it is possible to access the Voting Card and the position statements, as defined in Section 88 of the Companies Law, are: www.magna.isa.gov.il and www.maya.tase.co.il, respectively. Voting via the Voting Card may be done on Part II of the Voting Card as published on the Distribution Site. Shareholders are entitled to contact the Company directly and receive the text of the Voting Card and position statements (if relevant). The TASE member shall send a link to the text of the Voting Card and position statements (if relevant) on the Distribution Site by email, free of charge, to any shareholder not registered in the shareholder register and whose shares are registered with that TASE member, if the shareholder gave notice that they are interested in receiving the internet link and provided that notice was given regarding a specific securities account prior to the Date of Record. A shareholder whose shares are registered with a TASE member is entitled to obtain a confirmation of ownership from the TASE member through which they are holding their shares at one of the TASE member's branches or sent by mail to their address only for the cost of dispatch, if they so request. Requests in this regard shall be made in advance with respect to a specific securities account. Similarly, a shareholder in whose favor a share is registered with a TASE member and such share is registered to the nominee company in the Company's shareholder register may vote via a Voting Card which shall be submitted to the Company via the electronic voting system.
- 6.4. The Voting Cards shall be delivered to the Company's address at 2 HaYetzirah St., Yokneam Illit, during regular work hours and concurrently by email: yossio@nextferm.com. The Voting Cards shall be delivered no later than four hours before the time scheduled for the general meeting to convene.
- 6.5. **The Voting Card will only be valid if it is attached to a power of attorney from the nominee company as stated above in Section 6.2, if that share is included in the shares registered to the nominee company in the shareholder register; or if it is attached to a photocopy of the shareholder's ID card, passport or certificate of incorporation if the shareholder is registered in the Company's shareholder register.**
- 6.6. Voting through the electronic voting system will be possible from the Date of Record until six hours before the time the general meeting is scheduled to commence.
- 6.7. A shareholder interested to participate and vote at the general meeting without physically attending the general meeting may furnish a power of attorney to participate and vote at the

general meeting at least 48 hours prior to the time scheduled for the general meeting to commence, at the Company's office at 2 HaYetzirah St., Yokneam Illit.

- 6.8. One or more shareholders holding shares representing five percent or more of the Company's total voting rights (i.e., 514,790 shares) are entitled to view the Voting Cards as detailed in Regulation 10 of the Companies Regulations (Voting in Writing and Position Statements), 2005.
- 6.9. The deadline to submit position statements to the Company is ten days before the date scheduled for the general meeting and the deadline for the board of directors to submit a response to position statements is five days prior to the date scheduled for the general meeting.
- 6.10. A shareholder's request to include an item on the general meeting's agenda pursuant to Section 66(b) of the Companies Law and in accordance with Regulation 5A of the Notice and Announcement Regulations shall be sent to the Company up to seven days following the publication of this report. In the event that requests are made for the Company to include items on the general meeting's agenda, it is possible that this may result in items being added to the agenda. The updated agenda and position statements (if any) can be viewed on the ISA and TASE Distribution Sites. The final date by when the Company may publish an amended Voting Card, in the event that a request is made to add an agenda item, is the publication date of the notice with the Company's updated agenda. The publication of an updated agenda, as said (if relevant), does not change the General Meeting's Date of Record.

7. Details regarding the Company's representative handling the invitation

The Company's representative to deal with this invitation is Adv. Debi Berenson of Meitar | Law Offices, 16 Abba Hillel rd., Ramat Gan. Tel: 03-6103897; Fax: 03-6103111; Email: Debib@meitar.com.

8. Review of documents

It is possible to view the full version of the proposed resolutions at the Company's offices, 2 HaYetzirah St., Yokneam Illit, during ordinary working hours, after scheduling an appointment with Mr. Yossi Ohana (yossio@nextferm.com) up to the date of the general meeting.

Respectfully,

NextFerm Technologies Ltd.

By:

Boaz Noy, CEO and Director

Yossi Ohana, CFO