



**NextFerm Technologies Ltd.**

March 15, 2022

Attn:

Israel Securities Authority

**Via MAGNA**

Attn:

Tel Aviv Stock Exchange Ltd.

**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, (the “**Private Placement Regulations**”), and 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, April 21, 2022, 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/81341459293>. 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 18).

**Part A - The Agenda Items and Summary of the Proposed Resolutions**

**1. Agenda Items**

- 1.1. Discussion on the 2021 annual financial statements and board of directors' report;
- 1.2. Reappointing the accounting firm Kesselman & Kesselman (PwC Israel) as the Company's auditors;
- 1.3. Approval of a variable annual compensation mechanism for Mr. Boaz Noy, the Company's CEO and a director;
- 1.4. Approval of the grant of a discretionary bonus to Mr. Boaz Noy, the Company's CEO and a director, for 2021;
- 1.5. Approval of the allotment of 170,100 non-marketable options to Mr. Boaz Noy, the Company's CEO and a director;

- 1.6. Approval of the allotment of 17,000 non-marketable options to each one of the Company's directors, who are not external directors and/or who do not hold another position in the Company.

## **2. Summary of the Proposed Resolutions**

### **2.1. Discussion on the 2021 annual financial statements and board of directors' report.**

Discussion on the financial statements and board of directors' report for the year ending December 31, 2021.

The Company's 2021 annual report, published on March 14, 2021 (including the 2021 financial statements and board of directors' report) (Ref. No: 2022-01-029404) (the "**2021 Annual Report**"), can be accessed via the Israel Securities Authority's distribution website, at [www.isa.gov.il](http://www.isa.gov.il), and the Tel Aviv Stock Exchange Ltd.'s distribution website, at [www.maya.tase.co.il](http://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. Approval of a variable annual compensation mechanism for Mr. Boaz Noy, the Company's CEO and a director**

2.3.1. Boaz Noy serves as CEO and a director of the Company. For details about Mr. Noy's education and experience, see Regulation 26 of the Annual Report, the contents of which are included herein by way of reference.

2.3.2. The terms and conditions of Mr. Noy's employment were determined before the Company became a public company in January 2021. For further details, see Regulation 21 of the Annual Report, the contents of which are included herein by way of reference.

2.3.3. In accordance with the Company's remuneration policy, in relation to the Company's CEO, it has been determined that the maximum annual bonus shall not exceed six monthly salaries, from which the CEO is entitled to a discretionary component that shall not exceed three monthly salaries, the approval of which is subject to the discretion of the remuneration committee and the board of directors, such being instead of or in addition to the bonus calculated pursuant to the annual bonus plan.

- 2.3.4. On March 13, 2022, the Company’s board of directors, after obtaining the remuneration committee’s approval, approved a mechanism for payment of an annual bonus to Mr. Noy that will apply from 2022 for three years from the date of the general meeting’s approval of the mechanism, as provided below, pursuant to which the cap for the annual variable remuneration is six monthly salaries (including the aforesaid discretionary bonus), in accordance with the Company’s remuneration policy. Noy’s annual bonus will be comprised of a bonus for achieving targets and a discretionary bonus, as follows:
- 2.3.4.1. Achieving general-company-wide targets from the following list: budgetary target (such as compliance with the Company’s expense target), capital raising, compliance with the product development plan, business development, attainment of regulatory milestones and sales targets. This component shall include at least one and not more than three of the aforesaid criteria. The part of the bonus for achieving targets shall not exceed five salaries and the remuneration committee and board of directors may determine how many salaries will be paid for achieving a specific target from the aforesaid list.
- 2.3.4.2. In addition, Mr. Noy may also be entitled to a discretionary bonus (based on non-quantifiable criteria); for the purpose of this component, the CEO’s performance will be evaluated by the remuneration committee and the board of directors. The discretionary bonus component shall not exceed three salaries (from a maximum annual bonus of up to six salaries). It is clarified that Mr. Noy also serves as a director of the Company; accordingly, insofar as a decision is made to pay him a discretionary bonus, this bonus will be brought for the separate approval of the general meeting.
- 2.3.5. For details about the remuneration components Mr. Noy is entitled in accordance with the provisions of the Sixth Schedule to the Report Regulations, see **Appendix “A”** to this report.
- 2.3.6. Summary of the reasons of the remuneration committee and the board of directors for establishing a variable annual bonus mechanism for Mr. Noy:
- 2.3.6.1. An annual bonus is a customary component for remunerating managers of companies in general and the Company in particular.
- 2.3.6.2. The remuneration committee and the board of directors consider it important to link part of the remuneration awarded to the Company’s officers for achieving targets that will incentivize the officers to achieve the targets determined by the Company’s remuneration committee and board of directors while having the Company’s best interests in mind.

2.3.6.3. The remuneration committee and the board of directors are of the opinion that having regard to the Company's financial position and Mr. Noy's experience and contribution to the Company, the terms of the annual bonus as aforesaid are reasonable and fitting and reflect an appropriate ratio between the fixed salary components and the variable components comprising Mr. Noy's total remuneration.

2.3.6.4. The proposed remuneration terms are consistent with the Company's remuneration policy.

***The proposed resolution:***

***To approve a variable annual remuneration mechanism for Mr. Boaz Noy that will apply from 2022 for a period of three years from the date of the general meeting's approval, as provided in section 2.3 of the meeting invitation report.***

2.4. Approval of the grant of a discretionary bonus to Mr. Boaz Noy, the Company's CEO and a director, for 2021

2.4.1. For details about Mr. Noy's education and experience, see Regulation 26 of the Annual Report, the contents of which are included herein by way of reference.

2.4.2. In accordance with the Company's remuneration policy, the CEO may be entitled, *inter alia*, to a discretionary bonus that shall not exceed three salaries, pursuant to non-quantifiable criteria, subject to obtaining the approval of the remuneration committee and the board of directors. In light of the fact that Mr. Noy serves as one of the Company's directors, approval of the discretionary bonus is being brought for the approval of the general meeting.

2.4.3. In light of the Company's performance in 2021 and the attainment of the three main milestones as determined in the Company's IPO prospectus for 2021 (for details see section 8.2.5 of Chapter A of the Company's Annual Report, the contents of which are included herein by way of reference), and in light of the fact that mechanisms were not approved as part of the IPO for variable remuneration for the Company's officers, it is proposed to approve a discretionary bonus to be awarded to for Mr. Noy, in a sum of 2.5 monthly salaries; i.e. - ILS 125,000, in accordance with the Company's remuneration policy (the "**Discretionary Bonus**").

2.4.4. For details about the remuneration components Mr. Noy is entitled in accordance with the provisions of the Sixth Schedule to the Report Regulations, see Appendix "A" to this report.

2.4.5. Summary of the reasons of the remuneration committee and board of directors for approving the Discretionary Bonus for Mr. Noy

2.4.5.1. Even though no variable bonus mechanism was determined for the Company's CEO prior to the Company's IPO in 2021, the remuneration committee and the board of directors believe that in light of the Company's achievement of the three main milestones as determined in the Company's IPO prospectus for 2021 and the contribution made by Mr. Noy, as the Company's CEO, to achieving these targets, it is appropriate to compensate Mr. Noy through payment of an annual bonus in a reasonable amount.

2.4.5.2. The Discretionary Bonus constitutes fitting and reasonable remuneration for the Company's CEO, having regard, *inter alia*, to his contribution to achieving the Company's goals, maximization of its profits and the Company's successful management during a challenging period involving a health and economic crisis and reflects the satisfaction of the Company's board of directors with the CEO's performance in 2021.

2.4.5.3. The Discretionary Bonus falls within the ranges established in the Company's remuneration policy as well as within the ranges of the bonuses actually paid to the Company's employees and officers for 2021.

***The proposed resolution:***

***To approve a discretionary bonus for Mr. Boaz Noy in a sum of ILS 125,000, in respect of 2021.***

2.5. The allotment of options to Mr. Boaz Noy, the Company's CEO and a director

An allotment of 170,100 non-marketable options, exercisable into up to 170,100 ordinary shares of ILS 0.01 n.v. each (“**ordinary share**”), constituting approximately 0.95% of the issued and paid-up capital and voting rights therein on a fully diluted basis<sup>1</sup>, to Mr. Boaz Noy, in accordance with the Company's remuneration policy and the Company's option plan, at an exercise price of ILS 7.07 per option and in accordance with the terms and conditions detailed in **Part B** below.

For details about the remuneration components Mr. Noy is entitled in accordance with the provisions of the Sixth Schedule to the Report Regulations, see **Appendix “A”** to this report.

***The proposed resolution:***

---

<sup>1</sup> Including, assuming an allotment of the securities offered in the framework of this report and an allotment of 672,000 options to employees and officers as detailed in the Company's investment memorandum published concurrently with this meeting invitation report (“**Company's Investment Memorandum**”).

*To approve the grant of 170,100 non-marketable options to Mr. Boaz Noy, in accordance with the terms and conditions detailed in section 2.5 of the meeting invitation report.*

2.6. Approval of the allotment of 17,000 non-marketable options to each one of the Company's directors, who are not external directors and/or who do not hold another position in the Company

An allotment of 17,000 non-marketable options exercisable, into up to 17,000 ordinary shares of ILS 0.01 n.v. each, constituting approximately 0.09% of the issued and paid-up capital and voting rights therein on a fully diluted basis<sup>2</sup>, to each one of the Company's directors, who are not external directors and/or who do not hold another position in the Company (Mr. Yossi Peled (chairman of the board of directors), Mr. Shachar Nachmias, Mr. Ari Fried and Mr. Ran Meged (the "Offeree Directors")); in accordance with the Company's remuneration policy and the Company's option plan, at an exercise price of ILS 7.07 per option and in accordance with the terms and conditions detailed in **Part B** below).

For details of the remuneration terms to which the said directors are entitled, see Chapter D of the Annual Report, the contents of which are included herein by way of reference.

For details about the remuneration components to which the said directors are entitled in accordance with the provisions of the Sixth Schedule to the Report Regulations, see **Appendix "A"** to this report.

Voting for the allotment to each one of the Offeree Directors shall take place separately.

*The proposed resolution:*

*To approve the grant of 17,000 non-marketable options to Mr. Yossi Peled, chairman of the board of directors, in accordance with the terms and conditions detailed in section 2.6 of the meeting invitation report.*

*To approve the grant of 17,000 non-marketable options to Mr. Shachar Nachmias, in accordance with the terms and conditions detailed in section 2.6 of the meeting invitation report.*

*To approve the grant of 17,000 non-marketable options to Mr. Ari Fried, in accordance with the terms and conditions detailed in section 2.6 of the meeting invitation report.*

*To approve the grant of 17,000 non-marketable options to Mr. Ran Meged, in accordance with the terms and conditions detailed in section 2.6 of the meeting invitation report.*

---

<sup>2</sup> See footnote 1 above.

**Part B - Further details required pursuant to the Private Placement Regulations in respect of a material private placement for securities offered in the framework of this invitation report:**

**3. Details about the offerees**

- 3.1. Mr. Boaz Noy, the Company's CEO, who also serves as a director thereof.
- 3.2. Mr. Yossi Peled, chairman of the board of directors.
- 3.3. Mr. Shachar Nachmias, a director of the Company.
- 3.4. Mr. Ari Fried, a director of the Company.
- 3.5. Mr. Ran Meged, a director of the Company.

**4. The terms and conditions of the Offered Securities**

- 4.1. Mr. Boaz Noy will be allotted 170,100 non-marketable options, exercisable into up to 170,100 ordinary shares of the Company, constituting approximately 0.95% of the Company's issued and paid-up share capital and of the voting rights on a fully diluted basis<sup>3</sup> ("**CEO's Options**").
- 4.2. The Offeree Directors will be allotted 68,000 non-marketable options, exercisable into up to 68,000 ordinary shares of the Company, constituting approximately 0.38% of the Company's issued and paid-up share capital and of the voting rights on a fully diluted basis<sup>4</sup> ("**Directors' Options**"), i.e., 17,000 options to each one of the Offeree Directors constituting approximately 0.09% of the Company's issued and paid-up share capital and of the voting rights on a fully diluted basis<sup>5</sup>.

(The "**CEO's Options**" and the "**Directors' Options**" hereinabove and hereinafter jointly - the "**Offered Securities**").

- 4.3. The Offered Securities are non-marketable options, by virtue of each one of which the offeree will be entitled to purchase one ordinary share from the Company with no nominal value of the Company, in accordance with the Company's remuneration policy and option plan that was adopted by the board of directors in May 2015 (the "**Option Plan**"), and they will be allotted on a capital track (with a trustee) pursuant to section 102 of the Income Tax Ordinance [New Version], 1961 (the "**Ordinance**") in accordance with the material terms and conditions detailed below.
- 4.4. The options will be allotted to each one of the offerees shortly after receipt of all the approvals required by law for the private placement the subject of this report, including the general

---

<sup>3</sup> See footnote 1 above.

<sup>4</sup> See footnote 1 above.

<sup>5</sup> See footnote 1 above.

meeting's approval of the allotment (with the majority detailed in section 15 below) and approval of the Tel Aviv Stock Exchange Ltd (“TASE”) for the listing of the shares deriving from exercise of the Offered Securities (“**Exercise Shares**”). The Exercise Shares will be registered in the name of the Tel-Aviv Stock Exchange Nominee Company Ltd., and will be listed for trade on TASE, and, from the date of their allotment, will have equal rights and rank *pari passu* for all intents and purposes with the Company's ordinary shares having no par value. An option that is not exercised by the exercise deadline will expire, become void and will not vest its holder with any right. The Company shall view the Exercise Shares as fully paid-up.

- 4.5. The exercise price of the Offered Securities is ILS 7.07 per option, which is the average price of the Company's share in the thirty (30) day trading period preceding the date of the allotment's approval by the board of directors (March 13, 2022).
- 4.6. The vesting period for the CEO's Options will be four (4) years commencing on the vesting date, whereby the options will vest in thirteen (13) tranches, as follows: the first tranche, in a quantity constituting 25% of all the CEO's Options, will vest on December 31, 2022. The other options allotted to the CEO will vest in 12 equal tranches in a quantity each constituting 6.25% of the CEO's Options, at the end of each quarter, commencing from the vesting date of the first tranche as aforesaid. Each option may be exercised within ten (10) years of its date of grant.
- 4.7. The vesting period for the Directors' Options will be two (2) years commencing on the vesting date, and the options will vest in eight (8) equal tranches in a quantity each constituting 12.5% of each of the Directors' Options, with the first tranche vesting on March 31, 2022 and the other tranches vesting at the end of each quarter commencing from the vesting date of the first tranche. All the options may be exercised within ten (10) years of the date of grant.
- 4.8. Notwithstanding the provisions of sections 4.6 and 4.7 above, in the event of a transaction in which all the Company's issued and paid-up capital is sold, by way of a merger or in any other way, in relation to which, or in the period of 9 months after its closing, the offeree's employment with the Company is terminated at the Company's initiative (other than for cause) or at the offeree's initiative in instances defined in the allotment agreement with each offeree, all the options allotted to the offeree and not yet vested as at such date will vest immediately, and they may be exercised immediately and subject to the provisions of the option plan in connection with the options' expiry in the event of termination of the offeree's employment with the Company as provided below.
- 4.9. In the event that an offeree's employment is terminated, for any reason, except for cause (as defined in the relevant offeree's employment agreement), the options that have vested may be exercised until the earlier of: (a) a period of up to three months, or a shorter or longer period as determined by the board of directors; or (b) expiration of the exercise period as determined in the

option agreement. In cases of death or disability, the options that have vested may be exercised for a period of 12 months.

In the event that an offeree's employment is terminated by the Company for cause, all the options granted to the offeree will expire immediately on the employment's termination, such that all those options that have not yet vested will expire and all the options that have vested will no longer be exercisable.

#### 4.10. **Protective provisions**

On the occurrence of the events described below in the period between the date of the options' allotment to the offerees and the date of their exercise by any of them, the offeree's rights will be adjusted, as follows:

The Exercise Shares will grant a right to receive invitations to, participate in and vote at the Company's general meetings. All the Company's shares, including the Exercise Shares, will have equal rights and rank *pari passu* with respect to the capital sums paid or credited as paid on account of their nominal value, in relation to dividends, and any other distribution and to participation in a distribution of the Company's surplus assets on liquidation.

The exercise price and the number of options not yet exercised will be adjusted in the instances and under the terms and conditions detailed below, subject to the TASE rules:

(1) In the event of a redistribution of the Company's capital, including a share split, consolidation or swap, reclassification, or any similar event occurring without the receipt of consideration by the Company, then the board of directors may make adjustments at its sole discretion. In respect of an issue of shares, or securities convertible into shares, no adjustments will be made in relation to the quantity of options or their price.

(2) In the event of a merger and/or sale of all and/or most of the Company's shares and/or sale of most and/or all of the Company's assets and/or any similar event as determined by the board of directors, every option (including options that have not vested) will be replaced by or converted into an option to purchase a share or other security of the new company or purchasing company, including an affiliate of the purchasing company, in accordance with the quantity of shares distributed to the Company's shareholders against their shares in the framework of the merger transaction and/or sale of all the Company's assets as aforesaid, and suitable adjustments will be made to the exercise price and to the quantity of shares that reflect the terms and conditions of said transaction, and all the other terms and conditions of the options will remain unchanged. In the event that the new company or the purchasing company, including an affiliate of the purchasing company, does not give its consent to replacement or conversion as aforesaid, the

board of directors may, in its sole discretion, decide how the aforesaid transaction will impact the options before the date of the event, that might include one or more of the following resolutions (in relation to all or some of the offerees): (1) all or some of the options will vest in full on the dates determined by the board of directors; (2) all or some of the options will be cancelled on the transaction's closing and in their stead the offerees will be entitled to receive consideration, or without consideration, in the amounts determined by the board of directors; (3) the terms and conditions of the option will be adjusted or interpreted in order to enable the transaction's closing.

(3) In the event of the Company's liquidation (whether voluntary or not), the board of directors will have sole discretion to determine the impact of the liquidation on the unexercised or unvested options, which may include accelerating the vesting dates or cancelling the options.

(4) In the event of an issue of bonus shares, issue of rights or distribution of a dividend, no adjustment will be made.

In accordance with the provisions of the TASE Regulations, the options will not be exercised on the date of record for distribution of bonus shares, an offering by way of rights, a dividend distribution, capital consolidation, capital split or capital reduction (each of the foregoing shall hereinafter be referred to as: a "**Company event**"). In addition, if the 'ex-date' of a Company event occurs before the date of record for a Company event, the offered options will not be exercised into shares on the ex-date, as aforesaid.

## **5. The fair value of the Offered Securities**

5.1. Pursuant to the provisions of the TASE Rules, the financial value of the Offered Securities pursuant to the Black & Scholes formula is approximately ILS 480,561 for the **CEO's Options**.

The assumptions underlying the calculation of the options' financial value are as follows:

- 5.1.1. The calculation date: March 13, 2022.
- 5.1.2. The share price for the purpose of the calculation: 6.97.
- 5.1.3. The exercise period of the options: 10 years.
- 5.1.4. Risk free interest rate: 0%.
- 5.1.5. Weekly standard deviation: 4.72%.
- 5.1.6. Dividend yield: 0%.

5.2. Pursuant to the provisions of the TASE Rules, the financial value of the Offered Securities pursuant to the Black & Scholes formula is approximately ILS 192,111 for the **Directors' Options**.

The assumptions underlying the calculation of the options' financial value are as follows:

- 5.2.1. Date of calculation: March 13, 2022.
- 5.2.2. The share price for the purpose of the calculation: 6.97.
- 5.2.3. The exercise period of the options: 10 years.
- 5.2.4. Risk free interest rate: 0%.
- 5.2.5. Weekly standard deviation: 4.72%.
- 5.2.6. Dividend yield: 0%.

- 6. As of the date of the report, the Company's issued and paid-up capital is 14,329,099 ordinary shares, and its issued capital on a fully diluted basis is 17,009,236 ordinary shares.
- 7. For details of the quantity and percentage holdings of the offeree, interested parties in the Company and the total holdings of the other shareholders in the issued and paid-up capital and in the voting rights before and after the allotments the subject of this report, and assuming that they are exercised by the offerees, see **Appendix "B"** of this invitation.

**8. Consideration for the Offered Securities**

The Offered Securities are being granted without consideration as part of the long-term compensation in the framework of the terms and conditions of their employment and/or service in the Company (as the case may be), except for payment of the exercise price.

**9. The manner in which the consideration was determined**

The options granted to the offerees as part of the terms and conditions of their employment and/or service in the Company (as the case may be), as determined after negotiations between the parties.

**10. Personal interest**

To the best of the Company's knowledge, as of the date of this report, none of the Company's material shareholders or officers have a personal interest in the allotment consideration under this report except for the offerees, since the allotment the subject of this report relates to them. For the sake of caution, it is noted that Mr. Ran Meged (a director of the Company and offeree as detailed in this report) is an investment manager in the Merage Venture Fund LLC, which is a material shareholder of the Company.

**11. The approvals required for the private placement**

- 11.1. Approval of the private placement in relation to each one of the offerees is on the agenda of the general meeting that is being convened under this invitation report.
- 11.2. The allotment to offerees (as well as the terms and conditions of the variable annual remuneration mechanism as detailed in section 2.3 above and the Discretionary Bonus to Mr. Boaz Noy as detailed in section 2.4 above) were discussed by the Company's remuneration committee at its meetings held on February 21, 2022 and February 23, 2022 (at which all the aforesaid items were

also approved), and were also discussed by the Company's board of directors at its meeting held on March 6, 2022 and approved at its meeting held on March 13, 2022. The following directors participated in the remuneration committee's meetings: Ms. Suzana Nahum Zilberberg (external director), Liora Ettinger (external director) and Ran Meged. The following directors participated in the board of directors' meetings: Boaz Noy, Yossi Peled, Shachar Nachmias, Ari Fried, Ran Meged, Suzana Nahum Zilberberg (external director) and Liora Ettinger (external director). It is clarified that Mr. Boaz Noy did not participate in the discussion and resolution on his proposed remuneration terms, including approval of allotment of the CEO's Options.

11.3. The allotment of the Offered Securities is subject to receiving TASE approval to list the Exercise Shares.

**12. Agreements between the offerees and the Company's shareholders**

To the best of the Company's knowledge, there are no agreements between any of the offerees and shareholders of the Company regarding the purchase or sale of the Company's securities or regarding voting rights in the Company.

**13. Description of the lock-up provisions governing allotment of the Exercise Shares**

The Exercise Shares are governed by lock-up provisions pursuant to section 15C of the Securities Law, 1968 and the Securities Regulations (Details regarding Sections 15A and 15C of the Law), 2000.

**14. The date of the Offered Securities' allotment**

Subject to receipt of the approvals detailed in section 11 of this report, the Company will allot the options shortly after obtaining the above-stated approvals.

**Part C - General**

**15. The majority required to approve the agenda items**

15.1. For the purpose of approving items 2.3 (the annual remuneration mechanism for the Company's CEO), 2.4 (Discretionary Bonus) and 2.5 (allotment of the CEO's Options) that are on the meeting's agenda, it is necessary to have the majority stipulated in Section 267A(b) of the Companies Law, meaning, an ordinary majority of the shareholders permitted to vote and participating in the vote, provided that one of the following two conditions have been satisfied:

15.1.1. The tally of the majority votes at the general meeting shall include a majority of all votes of shareholders who are not the Company's controlling shareholders or have no personal interest in the approval of such items, who participate in the vote (the tally of all votes of such shareholders shall disregard abstaining votes);

15.1.2. The total objecting votes among the shareholders described in sub-paragraph 15.1.1 above shall not exceed two percent of the Company's total voting rights.

15.2. For the purpose of approving items 2.2 (appointment of an auditor) and 2.6 (allotment of the Directors' Options) that are on the meeting's agenda, an ordinary majority of the shareholders participating in the vote is required.

**16. Legal quorum and adjourned meeting**

A legal quorum for the shareholders' 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 that a legal quorum is still not present within half an hour from the time scheduled for the meeting, the meeting will be postponed 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 meeting. If a legal quorum is not present within half an hour from the time scheduled for the adjourned meeting, the meeting will be held with any number of participants.

**17. 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 March 24, 2022 (the "**date of record**"); insofar as no trading takes place on that date, the date of record will be the last trading day prior thereto.

**18. Ways to vote at the meeting and position statements**

18.1. A shareholder may participate in the meeting and vote thereat personally, via proxy or through the electronic voting system.

18.2. Pursuant to the Companies Regulations (Proving Ownership of a Share for Voting at the General Meeting), 2000 (the "**Ownership Regulations**"), a shareholder to whose right a share is registered with a TASE member, that is included among the Company's shares entered in the register of shareholders in the name of a nominee company, and who wishes to vote at the general meeting, shall provide the Company with confirmation from the TASE member with whom their right to a share is registered, of its ownership of the share on the date of record, in accordance with Form 1 of the Schedule to the Ownership Regulations. Unregistered shareholders may also instruct the TASE member to send their ownership confirmation to the Company via the electronic voting system.

18.3. 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](http://www.magna.isa.gov.il) and [www.maya.tase.co.il](http://www.maya.tase.co.il), respectively.

18.4. 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](mailto:yossio@nextferm.com). The voting

cards shall be delivered no later than four hours before the time scheduled for the general meeting to convene.

- 18.5. 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.
- 18.6. A shareholder interested in participating and voting 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.
- 18.7. One or more shareholders holding shares representing five percent or more of the Company's total voting rights (i.e., 716,455 shares) are entitled to view the voting cards as detailed in Regulation 10 of the Companies Regulations (Voting in Writing and Position Statements), 2005.
- 18.8. 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(b) of the Notice and Announcement Regulations shall be sent to the Company up to three 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.

**19. Details of 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.

**20. 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@nextfarm.com) up to the date of the general meeting.

Respectfully,

**Nextfarm Technologies Ltd.**

By:

Boaz Noy, CEO and Director

Yossi Ohana, CFO



## Appendix A

### Details in accordance with the provisions of the Sixth Schedule to the Report Regulations

Payee details				Remuneration* for services							Other remuneration*			Total
Name	Position	Scope of position	% holdings of the corporation's equity****	Salary	Bonus	Share-based payment**	Management fees	Consulting fees	Commission	Other	Interest	Rent	Other***	
Boaz Noy <sup>(1)</sup>	CEO	100%	1.55% (3.33% on a fully diluted basis)	900	50	259								1,209
Yossi Peled <sup>(2)</sup>	Chairman of the board	20%	0.08% (1.11% on a fully diluted basis)	72		38								110
Shachar Nachmias <sup>(2)</sup>	Director		0.00% (0.09% on a fully diluted basis)	38		38								76
Ari Fried <sup>(2)</sup>	Director		0.00% (0.09% on a fully diluted basis)	38		38								76
Ran Meged <sup>(2)</sup>	Director		0.00% (0.10% on a fully diluted basis)	40		38								78

\* The remuneration amounts are stated in terms of the cost to the corporation in ILS thousands, and they are the anticipated cost for 2022 on an annualized calculation.

\*\* The amount of the share-based payment is comprised of the benefit component in granting the Company's options.

\*\*\* Other refers to ongoing vehicle expenses while disregarding the provisions of IFRS 16 (leases) and health insurance.

\*\*\*\* On a fully diluted basis - assuming the issuance of all the securities convertible into Company shares, the securities being offered under this invitation report and assuming issuance of all the securities stated in the Company's Investment Memorandum as published concurrently with this invitation report.

(1) Assuming approval of the Discretionary Bonus, granting the CEO's Options and assuming payment of the maximum annual bonus of 6 monthly salaries, as detailed in this invitation report.

(2) Assuming that the grant of the Directors' Options will be approved. The calculation of the directors' fees is according to the payment for board meetings paid in 2021.

For further details about the terms of service and employment of Mr. Noy and of each one of the Offeree Directors, see Regulation 21 of the Annual Report, the contents of which are included herein by way of reference.



### Appendix B

Holder's name	Prior to the allotment the subject of this report (1)				After the allotment the subject of this report				
					On a partially diluted basis			On a fully diluted basis <sup>(2)</sup>	
	No. of shares	No. of options	% of capital and voting rights	% of capital and voting rights on a fully diluted basis	No. of shares	No. of options (marketable and non-marketable)	% of capital and voting rights	No. of shares	% of capital and voting rights on a fully diluted basis
<b>Interested parties</b>									
Boaz Noy	221,818	204,900	1.55%	2.51%	221,818	375,000	1.55%	596,818	3.33%
Cider Holdings Ltd	2,205,240	78,431	15.39%	13.43%	2,205,240	78,431	15.39%	2,283,671	12.74%
Merage Venture Fund, LLC's	1,421,356	78,431	9.92%	8.82%	1,421,356	78,431	9.92%	1,499,787	8.37%
Arancia International Inc	653,012	31,372	4.56%	4.02%	653,012	31,372	4.56%	684,384	3.82%
Inmobiliaria Tierra de Occidente SA de CV	483,559	-	3.37%	2.84%	483,559	-	3.37%	483,559	2.70%
Orgad - Agricultural Collective Ltd.	946,797	15,686	6.61%	5.66%	946,797	15,686	6.61%	962,483	5.37%
The Phoenix Holdings Ltd. - Nostro	114,002	58,824	0.80%	1.02%	114,002	58,824	0.80%	172,826	0.96%
The Phoenix Holdings Ltd. - Provident Funds	739,087	372,550	5.16%	6.54%	739,087	372,550	5.16%	1,111,637	6.20%

Excellence Investments Ltd. - Mutual funds management companies	17,343	-	0.12%	0.10%	17,343	-	0.12%	17,343	0.10%
Excellence Investments Ltd. - Market maker	8,983		0.06%	0.05%	8,983		0.06%	8,983	0.05%
Ran Meged (director)	438	219	-	0.01%	438	17,219	-	17,657	0.10%
Yossi Peled (director)	10,909	170,750	0.08%	1.07%	10,909	187,750	0.08%	198,659	1.11%
Shachar Nachmias (director)	-	-	-	-	-	17,000	-	17,000	0.09%
Ari Fried (director)	-	-	-	-	-	17,000	-	17,000	0.09%
The Company's other shareholders	7,506,555	1,668,974	52.38%	53.93%	7,506,555	2,341,174	52.38%	9,847,729	54.97%
<b>Total</b>	<b>14,329,099</b>	<b>2,680,137</b>	<b>100%</b>	<b>100%</b>	<b>14,329,099</b>	<b>3,590,437</b>	<b>100%</b>	<b>17,919,536</b>	<b>100%</b>

(1) As disclosed to the Company by its interested parties, as of December 31, 2021.

(2) Assuming exercise of all the convertible securities existing in the Company as of the date of this report, including all the securities offered under this invitation report, and also assuming exercise of all the options under the Company's Investment Memorandum which is being published concurrently with this invitation.