



BEEIO HONEY LTD
(the “Company”)

August 11, 2022

To:
Israel Securities Authority
www.isa.gov.il

To:
Tel Aviv Stock Exchange Ltd .
www.tase.co.il

Dear Sirs and Madams,

Re: Execution of a Non-Binding LOI with a Strategic Investor for the performance of a Substantial Private Placement

The Company is honored to report that on August 10, 2022, the Company entered into a non-binding Letter of Intent (the “**LOI**”), with a third party, a potential international investor which is not related to the Company and/or to its controlling shareholder (the “**Potential Investor**”), according to which, subject to the signing of Definitive Agreements and the fulfillment of Conditions to Closing as defined bellow, the Potential Investor will invest in the Company a total of USD 30 million in consideration of the issuance of ordinary shares of the Company, par value NIS 0.01 each (the: “**Shares**”) and options to purchase Shares of the Company (the: “**Options**” and together with the Shares: the “**Securities**”), under the terms as set forth herein.

The Potential Investor is a company with international business affairs that includes, among others, activities in the United States and Latin America.

The main terms of the non-binding LOI are as follows:

1. **The Investment and the Price Per Share.** The investment shall be in an aggregate amount of USD 36 million, of which USD 30 million will be invested by the Potential Investor at the Closing date, and at least NIS 20 million shall be invested by existing shareholders of the Company, as described in section 2 below.

The Price Per Share shall be based on a pre-money valuation of the Company of USD 65 million, calculated on a fully-diluted basis, including, among other, a free unallocated and non-promised pool for ESOP, representing 10% of the of the fully-diluted post-money share capital of the Company as of immediately following the receipt of the full Investment Amount (the “**Price per Share**”).



Following the signing of the Definitive Agreements, and subject to the existence of a shelf prospectus for the Company and as a condition to the completion of the transaction, the Company will publish a shelf offering report, under which the Company will offer to its shareholders a package of securities which will include Shares that reflect an aggregate immediate investment by existing shareholders, with a total amount of NIS 20 million (based on the Price per Share as defined above) (the “**Public Offering**” and the “**Existing Shareholders**”, respectively), plus, without any additional consideration, three series of Options, as set forth below: (1) an Option to acquire 1/6 Share for each one (1) Share acquired by an Existing Shareholder in the framework of the Public Offering, having an exercise price that reflects a 25% premium over the Price per Share; (2) an Option to acquire 1/6 Share for each one (1) Share acquired by an Existing Shareholder, having an exercise price that reflects a 50% premium over the Price per Share; (both, under acceptable adjustments); (3) options to acquire up to an aggregate number of 521,000 Shares (the “**Conditioned Options**”)¹, having an exercise price of NIS 0.30 per Share. The Conditioned Options shall be exercisable solely in the event that the Potential Investor has been issued additional Shares in accordance with paragraph B of Section 4 below. The existing controlling shareholder of the Company has indicated its interest to participate in the Public Offering and to invest its pro-rata share therein.

2. **Options.** The Potential Investor shall be granted, without any additional consideration, Options to acquire 1/3 Share for each one (1) Share acquired by him. 50% of the Options will have an exercise price that reflects a 25% premium over the Price per Share, and the remaining 50% of the Options will have an exercise price that reflects a 50% premium over the Price per Share (both, under acceptable adjustments).
3. **Entry Price Protection.** (A) The Potential Investor would be entitled to a full ratchet anti-dilution protection if the Company issues any new securities (excluding standard exceptions), at an effective price per share that is lower than the effective Price Per Share in the Initial Investment Amount (the “**Reduced PPS**”) at any time prior to the lapse of 24 months following the Closing, provided and only to the extent that such issuance was also approved by the Company's audit committee (in addition to any approval required under applicable law); (B) Additionally, if the weighted average price per one Ordinary Share does not equal to or exceed an amount equal to 90% of the Price Per Share (subject to acceptable adjustments), for a period of 90 consecutive days during the 12 months following the closing date of the transaction, then the Price per Share, will be reduced to the lower of: (1) NIS 8; or (if applicable) (2) the Reduced PPS, and the Potential investor would be entitled to additional shares to reflect such reduction. Respectively, the number of Ordinary Shares underlying the Options and the exercise price thereof will be adjusted accordingly.

¹ the exact amount of the Ordinary Shares will be determined prior to the signing of the Definitive Agreements.



4. **Exclusivity, Definitive Agreement and completion of the Transaction.** The Company has agreed to grant the Potential Investor exclusivity with respect to the investment as of the execution date of the non-binding LOI for a period of 30 days (the “**Exclusivity Period**”). The Exclusivity Period shall be extended twice for a period of 15 days each (up to a total of 60 days), provided that at that time the parties negotiate the Closing of the Transaction. The Closing of the transactions will be within 75 days from the date of the LOI. In the event that Definitive Agreements were not executed within the Exclusivity Period, then upon the lapse of such Exclusivity Period, the Company shall be entitled to raise up from the shareholders a total of NIS 7 million, *provided that* the Company offers the Potential Investor the right to participate in such investment on terms and conditions that are not less favorable than those proposed Company to the shareholders.
5. **Normal course of business.** As of the date of signing the LOI and until the closing of the transactions, the Company will continue to conduct its affairs in the normal course of business, without declaring or making any distribution to its shareholders.
6. **Conditions to Closing.** The signing of Definitive Agreements and the closing of the transactions shall be contingent on the satisfaction of standard conditions to closing, which shall be set forth in the Definitive Agreements, including, inter alia: the completion of the Public Offering (raising NIS 20 million, without taking into account the exercise price of the options issued together therewith); the completion of any approval process/receipt of any internal approvals required on the part of Potential Investor and Company, its board of directors and its shareholders, the completion of due diligence, the approval of the Tel Aviv Stock Exchange Ltd. (“**TASE**”) for (i) the listing of the Shares on TASE and (ii) the listing of the Ordinary Shares underlying the Options on TASE upon and subject to the exercise of the Options, the appointment of directors on behalf of the Potential Investor, the execution of an indemnification agreements with each of its directors in form acceptable to the Potential Investor and the procurement of a D&O insurance, and any other approval required by law (collectively, the “**Closing Conditions**”).

The information mentioned in this notice is a “Forward-Looking Statement” as defined in the Securities Law, 5728-1968, and the regulations promulgated thereunder, based on the information known to the Company as of this date, it’s realization is not certain and depends, among others, on meeting the Closing Conditions and on other factors that are beyond the Company’s control. It is clarified that there is no certainty as to the execution of the Definitive Agreements and/or if executed, the date of their execution and their final terms, including without limitation, the investment amount and/or the valuation of the Company and/or the completion of the Public Offering.

Sincerely,
OFIR DVASH, CEO
BEEIO HONEY LTD