



Beeio Honey Ltd.
(the “Company”)

3 November 2022

Attention:
Israel Securities Authority www.isa.gov.il
The Tel Aviv Stock Exchange Ltd. www.tase.co.il
Via the MAGNA system

Dear Sir or Madam,

Re: Immediate report pursuant to the Securities Regulations (Private placement of Securities in a Listed Company) - 2000, regarding a Substantial private placement

Pursuant to the directives of the Securities Law - 1968 (“**Securities Law**”), the Companies Law - 1999 (“**Companies Law**”), the Securities Regulations (Private placement of Securities in a Listed Company) - 2000 (“**Offering Regulations**” or “**Private placement Regulations**”), Securities Regulations (Periodic and Immediate Reports) - 1970 (“**Reporting Regulations**” or “**Periodic and Immediate Report Regulations**”), the Company is pleased to present this substantive private placement report to Mr. Barak Matalon (hereinafter: the “**Offeree**”) for the allocation of 1,612,160 ordinary shares of the Company with no par value (hereinafter: “**Ordinary Shares**”), in consideration of about NIS 7,000,000, and the allocation of 1,076,923 options (unlisted) of the Company, which may be exercised as 1,076,923 Ordinary Shares, in consideration of an exercise price of 650 agorot per option (hereinafter: “**Offered Securities**”), all as set forth below.

- 1.1. **The Offeree:** On November 2, 2022, the Company’s Board of Directors approved execution of the substantive private placement set forth in this report to Mr. Barak Matalon, by which the Company will allocate to the Offeree, subject to receipt of the certifications set forth in Section 1.10 below, the Offered Securities in consideration of a total of NIS 7,000,000.
- 1.2. **If the Offeree is an interested party, details regarding the facts that render him an interested party:** To the best of the Company’s knowledge, upon the allocation of the securities by virtue of this private allocation report, the Offeree will become an “interested party” as this term is defined in the Private placement Regulations and in Section 270(5) of the Companies Law - 1999 (hereinafter: the “**Companies Law**”), due to the fact that following the allocation of the Offered Shares, the Offeree will become a substantial shareholder by virtue of his holdings in the Company.
- 1.3. **The terms of the Offered Shares and the offered options, their quantities and the holding rate that they will constitute of the voting rights and the issued and paid-up share capital of the Company, following the fully diluted allocation:**



- 1.3.1. As of the date of this report, the Company's listed share capital is 100,000,000 Ordinary Shares of the Company, each without a par value.
- 1.3.2. Subject to receipt of authorization from the Tel Aviv Stock Exchange Ltd. (hereinafter: "TASE"), as set forth in Section 1.10 below, the Company will allocate to the Offeree 1,612,160 Ordinary Shares of the Company without a par value (hereinafter: "Ordinary Shares"), in consideration of NIS 7,000,000, and an allocation of 1,076,923 options (unlisted) of the Company, which may be exercised as 1,076,923 Ordinary Shares, in consideration of an exercise price of 650 agorot per option.
- 1.3.3. The offered shares and the shares stemming from the exercise of the options will be listed under the nominee company of Bank Hapoalim Ltd. (or any other nominee company that will be the Company's nominee company at the relevant time) and will be listed for trading on the TASE.
- 1.3.4. The Ordinary Shares, as well as the shares stemming from the exercise of the Offered Shares ("Exercise Shares") are Ordinary Shares of the Company, each without a par value, that will be equal in terms of their rights, in all aspects, to the Ordinary Shares of the Company's capital on the date of publication of this report, including, *inter alia*, the right to participate in and vote at the Company's general meetings, whether general meetings or extraordinary general meetings, the right to participate in dividend distributions, bonus shares, and rights to a distribution of surplus Company assets at the time of its liquidation, all as set forth in the Company's articles of incorporation.
- 1.3.5. **Allocation terms:** The shares will be allocated to the Offeree in consideration of a payment of 434.2 agorot per share. Moreover, the Offeree will be entitled to receive 1,076,923 options (unlisted), which may be exercised as one share each at a price of 650 agorot per option (unlisted).
- 1.3.6. **Absence of third-party rights:** The Offered Shares and the offered options will be allocated free and clear of any debt, pledge, lien, foreclosure, lien rights, levy, claim, option, preemptive right, or third-party rights of any type whatsoever, with the exception of the limitations set forth in Section 1.12 of this report below regarding restriction.
- 1.3.7. **Allocation date:** The Offered Shares and the offered options will be allocated to the Offeree after receipt of all of the permits as required by law, including authorization from the TASE to list the shares and the Exercise Shares for trading.



1.3.8. **Listing:** The Offered Shares and the Exercise Shares will be listed, following their allocation, under the nominee company of Bank Hapoalim Ltd. (“**Nominee Company**”).

1.3.9. **Terms of the offered options**

1.3.9.1. **Exercise price and manner of exercise** The Offeree will be entitled to exercise any option in consideration of payment of an exercise fee of 650 agorot.

1.3.9.2. **Periods for maturity and exercise:** The options that are allocated will mature as of their allocation date and will be exercisable for 18 months from their allocation (the “**Exercise Period**”). All of the options that are not exercised as Company shares at the end of the Exercise Period will be expropriated and will not impart their owners with any rights in the Company.

1.3.9.3. **Transferability** The options will not be listed for trading on the TASE, but will be transferable.

1.3.9.4. **Excercise date:** Pursuant to the directives of the TASE due to the transition to clearing on day T+1 for convertible unlisted shares and securities, exercising of options will not be permitted on the determining date for distribution of bonus shares, for an offering by means of rights, for dividend distribution, for capital consolidation, for capital splitting, or for capital reduction (each of the foregoing will be referred to as: a “**Company Event**”). In addition, if the ex-dividend date of the Company Event occurs before the determining date of the Company Event, no exercise will take place on said ex-dividend date.

1.3.9.5. **Adjustments and directives to protect the Offeree:**

Options will be subject to the adjustments set forth below, by which if the events described below take place during the period between their allocation date and their exercise date, adjustments will be made to the allocated options as set forth below:



- 1.3.9.5.1. **Changes in Company Capital:** If the number of shares in the Company's capital changes as a result of operations such as share splitting or share consolidation, the number of allocated shares and/or the Exercise Shares (as relevant) will be adjusted relatively (regarding the allocated shares - without changing the price per share in the transaction, and regarding the exercise shares - without changing the exercise price).
- 1.3.9.5.2. **Bonus shares:** In the event of a distribution of bonus shares by the Company, the number of allocated shares and/or exercise shares (as relevant) to which the Offeree will be entitled will increase relatively by the number of shares of the same type to which the Offeree would have been entitled as bonus shares had he held the allocated shares/Exercise Shares (assuming full exercise of the options) on the determining date for the bonus share distribution.
- 1.3.9.5.3. **Dividends:** In the event that the Company distributes a dividend in cash or in kind to all of its shareholders, and the determining date for eligibility occurs during the adjustment period, the price per share and/or exercise price with regard to Exercise Shares that were not yet allocated to the Offeree until that date (as relevant) will be deducted at the amount of the gross dividend per share that the Company distributed (or the value of the dividend, in the event of a distribution in kind).
- 1.3.9.5.4. **Rights issue:** In the event that the Company offers all of its shareholders Company securities by means of a rights issue, and the determining date for participation in the rights issue occurs during the adjustment period, the price per share or exercise price will not be adjusted; rather, the number of allocated shares and the number of Exercise Shares not yet allocated to the investor up to that date will be adjusted relative to the bonus component of the rights issue, as expressed in the ratio between the closing price of the Company shares on the last trading day prior to the ex-dividend date and the base price of the shares less the rights.
- 1.3.9.5.5. These adjustments will apply to the offered options as of the date of their allocation.



- 1.4. **If securities are from the same series as the Offered Securities listed for trading on the TASE, the price of the Offered Securities and the price on the TASE from the same series on the day prior to the date of publication of the immediate report will be used, and the ratio between them as a percentage.**

The price of a Company share on the TASE on the date prior to publication of this immediate report was 390.6 agorot. The ratio between the price of the share offered to the Offeree (NIS 4.342) and the price of a Company share on the date prior to publication of this immediate report is 111.16%. The ratio between addition of the offered Exercise Price for each option (650 agorot) and the price of a Company share on the TASE on the date prior to publication of the immediate report is approximately 166.41%.

1.5. **The fair value of the Offered Securities**

- 1.5.1. **The Offered Shares:** Considering that as part of the offering pursuant to this report, 1,612,160 Ordinary Shares of the Company are offered at a price of 434.2 agorot per share, the total value of the Offered Shares pursuant to this report is approximately NIS 7 million.
- 1.5.2. **The offered options:** In respect of purchasing Company shares, the Offeree will be entitled, without additional consideration aside from the consideration in Section 1.5.1 above, to 1,076,923 options (unlisted); each option (unlisted) may be exercised as one Company share, in consideration of an exercise fee of 650 agorot per option. After the Offeree provides the Company with an exercise notice and transfers the aforementioned exercise fee, the Company will allocate the Exercise Shares to the Offeree pursuant to the exercise fee that was paid, and the Company will view the Exercise Shares as issued and fully paid-up shares.
- 1.5.3. The fair value of the offered options is calculated using the Black & Scholes model and is estimated at 32.52 agorot per option (unlisted), pursuant to the following assumptions: (a) calculation date: 2 November 2022 (date that the allocation was approved by the Company's Board of Directors); (b) share price on the date of the calculation (before trading): 402.2 agorot per share; (c) the options duration, which is 18 months from the date of their allocation; (d) exercise price of 650 agorot; (e) capitalization coefficient of 2.75%; (f) fluctuation (for annual calculation): 44.91%.
- 1.5.4. The total value of all of the offered options is NIS 350,172.



1.6. Data regarding the listed and issued share capital of the Company, the numbers and holding rates of the Offeror, Company stakeholders, and other shareholders

- 1.6.1. The Company's listed share capital is 100,000,000 Ordinary Shares of the Company, each without a par value. The Company's issued and paid-up share capital, as of the date of this report, is 16,816,398 Ordinary Shares of the Company, each without a par value. In addition, the Company has 12 dormant shares under its ownership.
- 1.6.2. Furthermore, on the date of the publication of this report, the Company capital contains 415,326 non-tradable options allocated by the Company to its employees, which may be exercised as 415,326 Ordinary Shares of the Company (employee options), 1,692,298 non-tradable options allocated by the Company to investors, which may be exercised as 1,692,298 Ordinary Shares of the Company (investor options 03/22), as well as 478,543 restricted share units allocated by the Company to functionaries at the Company (RSU for employees).
- 1.6.3. The rate of Ordinary Shares and options, assuming full exercise, prior to the allocation is 15.99% of the Company's issued and paid-up capital, not fully diluted, and approximately 12.63% of the Company's issued and paid-up capital, fully diluted.
- 1.6.4. It is clarified that the rate of Ordinary Shares and options, assuming full exercise, after the allocation constitutes approximately 14.59% of the Company's issued and paid-up capital, not fully diluted, and approximately 12.15% of the Company's issued and paid-up capital, fully diluted.
- 1.6.5. Holdings of the Offeree, the controlling shareholders, and the public in the Company's securities:



1.6.5.1. The following, to the best of the Company's knowledge, is a table of the holdings of the Offeree, the controlling shareholders, and the public in the Company's securities, prior to allocation of the offered securities.

Shareholders	Ordinary shares	RSU for employees	Options (unlisted)	Total, fully diluted	Rate of capital	Fully diluted
Adi Zim (controlling shareholder)	4,237,003	-	538,461	4,775,464	25.20%	24.60%
SS Accord Ltd. (controlling shareholder)	82,250	-	-	82,250	0.49%	0.42%
Hagay Israelovich (Director)	3,128	-	-	3,128	0.02%	0.02%
Yossi Akav (Chair)	12,000	-	-	12,000	0.07%	0.06%
Itay Paz Chen (Director)	30,769	-	30,769	61,538	0.18%	0.32%
Ofir Dvash, CEO	20,105	319,772	40,214	380,091	0.12%	1.96%
Efrat Dvash-Riesefeld	15,842	158,682	31,684	206,207	0.09%	1.06%
Tal Malka Salhov - VP Marketing		-	20,000	20,000	0.00%	0.10%
Options for employees and advisors		-	355,428	355,428	0.00%	1.83%
Barak Matalon	-	-	-	-	-	-
Dormant shares	12	-	-	12	-	-
Total public	12,415,281	-	1,123,068	13,538,349	73.83%	69.63%
Total	16,816,390	478,453	2,139,624	19,414,467	100%	100%



1.6.5.2. The following, to the best of the Company's knowledge, is a table of the holdings of the Offeree, the controlling shareholders, and the public in the Company's securities, post to allocation of the offered securities.

Shareholders	Ordinary shares	RSU for employees	Options (unlisted)	Total, fully diluted	Rate of capital	Fully diluted
Adi Zim (controlling shareholder)	4,237,003	-	538,461	4,775,464	22.99%	21.59%
SS Accord Ltd. (controlling shareholder)	82,250	-	-	82,250	0.45%	0.37%
Hagay Israelovich (Director)	3,128	-	-	3,128	0.02%	0.01%
Yossi Akav (Chair)	12,000	-	-	12,000	0.07%	0.05%
Itay Paz Chen (Director)	30,769	-	30,769	61,538	0.17%	0.28%
Ofir Dvash, CEO	20,105	319,772	40,214	380,091	0.11%	1.72%
Efrat Dvash-Riesenfeld	15,842	158,682	31,684	206,207	0.09%	0.93%
Tal Malka Salhov - VP Marketing	-	-	20,000	20,000	0.00%	0.09%
Options for employees and advisors	-	-	355,428	355,428	0.00%	1.61%
Barak Matalon	1,612,160	-	1,076,923	2,689,083	8.75%	12.15%
Dormant shares	12	-	-	12	-	-
Total public	12,415,281	-	1,123,068	13,538,349	67.35%	61.20%
Total	18,428,550	478,453	3,216,547	22,123,550	100%	100%



- 1.7. **Information regarding the consideration:** In consideration of each share offered in this report, the Offeree will pay NIS 4.342, for a total of NIS 7 million. Furthermore, the Company has allocated for the Offeree, without any consideration, 1,076,923 options (unlisted), which can be exercised as 1,076,923 Ordinary Shares of the Company, for 650 agorot per option; assuming full exercise, the Company will be paid NIS 7 million.
- 1.8. **Manner in which the consideration was determined:** In the negotiations conducted between the Company CEO and the Offeree.
- 1.9. **Name of every substantial shareholder or functionary at the Company who has, to the best of the Company's knowledge, a personal interest in the consideration, and the nature of each such personal interest:** According to the information provided to the Company, none of the substantial shareholders and/or officer of the Company have a personal interest in the allocation subject of this report.
- 1.10. **Required confirmations**
- 1.10.1. **Approval by the Company's Board of Directors** On 2 November 2022, the Company's Board of Directors approved the allocation as set forth in this allocation report.
- 1.10.2. **Authorization from the TASE to list the shares and the Exercise Shares for trading:** The allocation subject of this report is contingent upon receipt of the TASE's authorization to list the Offered Securities. The Company intends to contact the TASE in order to receive this authorization soon after the publication of this report.
- 1.11. **Agreements to which the Offerees are a party in relation to holdings of Company shares:** To the best of the Company's knowledge at the time of the report, after checking with the Offeree, there are no agreements, written or oral, regarding a sale or purchase of Company securities or regarding voting rights therein, between the Offeree and the Company's shareholders or between the Offerees, jointly or severally, themselves and/or with others.
- 1.12. **Information regarding an impediment or limitation on transactions involving the Offered Securities that will apply to the Offeree, to the best of the Company's knowledge:**
- 1.12.1. **Restriction pursuant to the Securities Law and the regulations promulgated thereunder**
- Pursuant to the Securities Law - 1968 and the Securities Regulations (Details with Regard to Sections 15a to 15c of the Law) - 2000, the restrictions set forth below will apply to a sale during trading on the TASE of the Offered Shares and the Exercise Shares (hereinafter in this section only, jointly: the "**Shares**"):
- A. The Offeree will not be entitled to offer the Shares for sale on the TASE, except by means of a prospectus, for six months following the allocation of the Offered Shares and offered options to the Offeree ("**Restriction Period**").



B. For six consecutive quarters, beginning immediately after the Restriction Period, the Offeree will not be entitled to offer the Shares for sale on the TASE, except by means of a prospectus, unless the following cumulative terms apply:

- i. If the quantity of Shares offered by the Offeree every day of trading on the TASE does not exceed the daily average of the trading turnover of Company shares during the period of eight weeks prior to the offering date of the Shares as aforementioned.
- ii. The rate offered by the Offeree, out of the Company's issued and paid-up capital, on the date that the Shares are offered does not exceed one percent of the quantity of Company shares in the turnover for the entire quarter.
- iii. A "quarter" for purposes of section ii above means a period of three months; the first quarter begins at the end of the Restriction Period. The "offeror" for purposes of section ii means - the Offeree and anyone who purchases from him the Shares allocated to him pursuant to this report.
- iv. The foregoing will also apply to securities purchased from the offeror during the Restriction Period or during the period set forth in this section, without a prospectus and not during the course of trading on the TASE.

1.13. Date of allocation of securities:

Allocation of the Offered Shares and the options offered by virtue of this report is subject to receipt of the authorizations set forth in Section 1.10 above.

1.14. The Company's representative handling this report:

The Company's representatives handling this immediate report are Adv. Yaron Kaiser and Adv. Tamir Yaniv from Kaufman, Kaiser, Raz and Associates, 40 Tuval Street, Ramat Gan, Tel. 03-3742282, Fax. 03-3742282.

Respectfully,

Beeio Honey Ltd.

Signed by:

Ofir Dvash, CEO