



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about its contents or as to the action which you should take, you are recommended to seek your own independent financial advice from your stockbroker, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 (as amended).

If you have sold or transferred any or all of your shares in Plus500 Ltd. please pass this document together with the accompanying Form of Proxy or Form of Direction as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This document should be read as a whole together with the accompanying Form of Proxy or Form of Direction. Whether or not shareholders propose to attend the 2020 Annual General Meeting (the "AGM"), they are requested to complete and return the enclosed Form of Proxy or Form of Direction in accordance with the instructions printed on such form. The return of a Form of Proxy or Form of Direction will not preclude a member from attending and voting at the AGM in person should he/she subsequently decide to do so.

Plus500 Ltd.

Notice of Annual General Meeting



Letter from the Chairman of the Board

11 August 2020

Registered Office:

Matam, Building 25
Haifa 3190500
Israel

Dear Shareholder,

Annual General Meeting

I am writing to inform you that Plus500's (the "Company's") Annual General Meeting ("AGM") will be held on 16 September 2020 at 10.00 a.m. BST. The formal notice of the AGM and full details of all resolutions to be proposed are set out on pages 3 to 5 of this document.

The Company is closely monitoring developments relating to the current outbreak of COVID-19, including the related public health guidance and legislation issued by the UK Government. As at the date of this notice, the UK Government has prohibited indoor public gatherings, save in certain limited circumstances. In light of these measures, and to protect the health and safety of our employees, shareholders and the wider community, the AGM will be run as a closed meeting and shareholders will not be able to attend in person. The Company will ensure that the legal requirements to hold the AGM can be satisfied through the attendance of a minimum number of Directors or employee shareholders, either in person or by electronic means.

Although shareholders are not able to attend the AGM in person this year, shareholder engagement and participation remains important to the Board, therefore shareholders will be able to access the meeting via a teleconference. Dial-in details for this teleconference will be published on the Company's website and by an announcement via a Regulatory Information Service in due course. Please note that this facility will allow shareholders to listen to the business of the AGM only - it will not be possible to use this facility to vote or ask questions. Shareholders are invited to submit questions in advance of the meeting via email at ir@plus500.com.

Importantly, with these arrangements in mind, shareholders are strongly urged to vote by proxy as soon as possible.

If there are any changes to the current arrangements for the AGM, the information will be made available on our website and, where appropriate, by an announcement via a Regulatory Information Service.

This year, there are nineteen resolutions for shareholders to vote on. The first eight ordinary resolutions involve re-electing all five Board directors (who are not External Directors), the election of Anne Grim, a new independent non-executive director, and the re-appointment of the Company's auditors and the fixing of their remuneration.

The final eleven resolutions are special resolutions. Three of the special resolutions are similar to those approved at last year's AGM, involving the waiving of shareholder pre-emption rights on the issuance of equity securities and the granting of approval for the buying back of the Company's shares, the fourth special resolution is to amend the Company's Articles of Association to increase the size of the Board in order to elect Anne Grim, our new independent non-executive director and the fifth special resolution is to amend the Company's Remuneration Policy for Directors and Executives, as required by Israeli law, in order to incorporate in the policy clawback and malus provisions, as detailed in the notice.

In accordance with Israeli law requirements, we are also asking shareholders to approve remuneration of Anne Grim for her services as an independent non-executive director, the proposed increases to the remuneration of our independent non-executive directors, Daniel King and Steven Baldwin, to reflect their

expanded roles as chairman of the newly formed Environment, Social and Governance (ESG) Committee and as the designated non-executive director for workforce engagement respectively; and the proposed increase to the annual salary of our newly appointed Executive Director and Chief Executive Officer, David Zruia, and the substitution of the LTIP award previously granted to him.

In addition, the Remuneration Committee and the Board have approved, and recommend that the shareholders approve at the meeting, a special bonus to Elad Even-Chen, the Company's Executive Director and Chief Financial Officer, in recognition of his extraordinary contribution and commitment in obtaining in July 2020, after more than three years of ongoing extensive efforts, a highly beneficial approval from the Israel Tax Authority (ITA) and the Israel Innovation Authority (IIA) recognising the Company as a "Preferred Technological Enterprise" for the financial years 2017, 2018 and 2019 resulting in an immediate and substantial benefit for shareholders.

As a result of this approval, the corporate tax rates for these years were significantly reduced from a full tax rate of 24 per cent., 23 per cent. and 23 per cent. in each respective year to 12 per cent. in each of these years. Over \$100 million of initial repayments and cash savings are expected to be delivered, with a substantial c. USD 47 million rebate already received from the ITA in July 2020, as set out in our interim results announced today, reflecting these reduced tax rates. As described in the Company's interim announcement of 11 August 2020, the Company is also expected to benefit from the significantly reduced 12 per cent. corporate tax rate for the financial years 2020 and 2021 (instead of the full tax rate of 23 per cent.), subject to complying with the statutory Israeli R&D costs threshold. In addition, the Withholding Tax rate applicable for dividends has been reduced from 25 per cent. to 20 per cent.

This is also applicable to the recent final dividend for the financial year 2019 paid to shareholders and onwards for future dividends, up to the financial year 2021. The amount representing the 5 per cent. difference in the Withholding Tax rate for the final 2019 dividend will be paid to the Company's shareholders as a direct distribution in due course. The Company is one of the first companies to receive this accreditation under the new tax regime by the IIA and the ITA. The "Preferred Technological Enterprise" accreditation will remain in force until the end of the financial year 2021 and has the potential to be extended after that.

The Board

We keep the performance and the structure of your Board under constant review. Last year we initiated a formal evaluation process using an independent external specialist. A recommendation from this review, as set out in our 2019 Annual Report and Accounts, was to look for additional independent non-executive directors, which the Board concurred with. Following a search undertaken by an external search consultancy, True Europe LLP (True Search), we are delighted to announce the nomination of Anne Grim as a new external independent non-executive director and we seek shareholder approval of her appointment and remuneration at the forthcoming AGM of the Company. The Board welcomes the significant additional expertise and increased diversity this appointment brings to its overall composition, and is continuing to search, with the assistance of True Search, for additional independent non-executive director candidates to provide further expertise and diversity to the Board. Biographical details for Anne Grim are set out in the notes below.

On 20 April 2020 the Company announced that the Chief Executive Officer, Asaf Elimelech, had decided to step down from his role and resign from the Board and the Company. The Board appointed David Zruia, the Company's then Chief Operating Officer, to assume the role of Interim Chief Executive Officer. Following an extensive internal and external search process undertaken by True Search together with the Board, the Company was pleased to announce on 7 July 2020 that David Zruia was to be appointed as permanent Chief Executive Officer and shareholders are being asked to approve his salary at the forthcoming AGM of the Company.

RECOMMENDATION

The Board considers that all of the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole. The Board unanimously recommends that you vote in favour of them as they intend to do in respect of their own beneficial holdings in the Company.

Yours sincerely,

Penelope Judd
Chairman of the Board



Notice of Annual General Meeting

Notice is hereby given that the 2020 Annual General Meeting of Plus500 Ltd. (the “**Company**”) will be held on 16 September 2020 at 10.00 a.m. BST.

The Company is closely monitoring developments relating to the current outbreak of COVID-19, including the related public health guidance and legislation issued by the UK Government. As at the date of this notice, the UK Government has prohibited indoor public gatherings, save in certain limited circumstances.

In light of these measures, and to protect the health and safety of our employees, shareholders and the wider community, the AGM will be run as a closed meeting and shareholders will not be able to attend in person.

The Company will ensure that the legal requirements to hold the AGM can be satisfied through the attendance of a minimum number of Directors or employee shareholders, either in person or by electronic means.

While shareholders will not be able to attend in person, the Board remains committed to shareholder engagement and participation, and therefore shareholders will be able to access the meeting via a teleconference. Dial-in details for this teleconference will be published on the Company’s website and by an announcement via a Regulatory Information Service in due course. Please note that this facility will allow shareholders to listen to the business of the AGM only - it will not be possible to use this facility to vote or ask questions. Shareholders are invited to submit questions in advance of the meeting via email at ir@plus500.com.

Importantly, with these arrangements in mind, shareholders are strongly urged to vote by proxy as soon as possible.

If there are any changes to the current arrangements for the AGM, the information will be made available on our website and, where appropriate, by an announcement via a Regulatory Information Service.

The Annual General Meeting will be held for the following purposes:

To receive and discuss the financial statements of the Company for the year ended 31 December 2019 together with the report of the auditors thereon.

As ordinary business to consider, and, if thought fit, pass Resolutions 1 to 8 inclusive below:

1. To re-elect Penelope Judd, who retires by rotation pursuant to Article 42 of the Company’s Articles of Association, as an independent non-executive director (if re-elected, Ms. Judd shall continue to serve as Chairman of the Company’s Board of Directors following the Annual General Meeting).
2. To re-elect Gal Haber, who retires by rotation pursuant to Article 42 of the Company’s Articles of Association, as a director.
3. To re-elect David Zruia, who retires by rotation pursuant to Article 42 of the Company’s Articles of Association, as a director.
4. To re-elect Elad Even-Chen, who retires by rotation pursuant to Article 42 of the Company’s Articles of Association, as a director.
5. To re-elect Steven Baldwin, who retires by rotation pursuant to Article 42 of the Company’s Articles of Association, as an independent non-executive director.
6. To elect Anne Grim as an external director and independent non-executive director of the Company for a three year term in accordance with Israeli law requirements.
7. To re-appoint Kesselman & Kesselman, a member firm of PricewaterhouseCoopers International Limited, as the Company’s independent external auditor for 2020.

8. To authorise the Company's Board of Directors (or, the Audit Committee, if authorised by the Board of Directors) to fix the remuneration of the Company's independent external auditor.

As special business to consider, and, if thought fit, pass Resolutions 9 to 19 inclusive below:

9. To authorise the directors pursuant to Article 10(c) of the Company's Articles of Association to allot and issue up to 5,298,958 Ordinary Shares (representing just under 5 per cent. of the Company's issued share capital (excluding shares held in treasury)) for cash as if Article 10(b) of the Articles of Association did not apply to such allotment.
 - The authority conferred by this Resolution shall expire at the conclusion of the annual general meeting of the Company to be held in 2021 or, if earlier, at the close of business on 16 December 2021, unless such authority is renewed prior to this time. Under the authority conferred by this Resolution the directors may before such expiry make an offer or enter into an agreement which would or might require shares to be allotted or rights to subscribe for, or convert any security into, shares to be granted after the authority expires and the directors may allot shares or grant rights to subscribe for, or convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the relevant authority conferred in this Resolution had not expired.
10. To authorise the directors pursuant to Article 10(c) of the Company's Articles of Association to allot and issue up to 5,298,958 Ordinary Shares (representing just under 5 per cent. of the Company's issued share capital (excluding shares held in treasury)) for cash as if Article 10(b) of the Articles of Association did not apply to such allotment and issue, such authority to be limited to the allotment of equity securities or sale of treasury shares, to be used only for the purposes of: (i) financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; or (ii) reducing any debt service costs the Company may incur in the future.
 - The authority conferred by this Resolution shall expire at the conclusion of the annual general meeting of the Company to be held in 2021 or, if earlier, at the close of business on 16 December 2021, unless such authority is renewed prior to this time. Under the authority conferred by this Resolution the directors may before such expiry make an offer or enter into an agreement which would or might require shares to be allotted or rights to subscribe for, or convert any security into, shares to be granted after the authority expires and the directors may allot shares or grant rights to subscribe for, or convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the relevant authority conferred in this Resolution had not expired.
11. To authorise the Company to make purchases of up to 10,597,917 Ordinary Shares (representing just under 10 per cent. of the Company's issued share capital (excluding shares held in treasury)) for cash, provided that:
 - a. the minimum price which may be paid for an Ordinary Share is NIS 0.01, such minimum price being exclusive of any expenses;
 - b. the maximum price which may be paid for an Ordinary Share is the higher of: (i) an amount equal to 105 per cent. of the average of the market value for an Ordinary Share as derived from the London Stock Exchange plc Daily Official List for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an Ordinary share and the highest current independent bid for an Ordinary Share on the London Stock Exchange at the time the purchase is carried out, such maximum price being exclusive of any expenses; and
 - c. this authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2021 or, if earlier, at the close of business on 16 December 2021, unless such authority is renewed prior to this time.
 - Under the authority conferred by this Resolution, the Company may before the authority expires make an offer or enter into an agreement to purchase Ordinary Shares under this authority which would or might be executed wholly or partly after such expiry, and the Company may make a purchase of Ordinary shares in pursuance of such an offer or agreement as if the power conferred in this Resolution had not expired.

12. To amend Article 41 of the Company's Articles of Association to increase the maximum size of the Company's Board of Directors from seven directors to eight directors
13. As required by Israeli law, to amend the Company's Remuneration Policy for Directors and Executives to incorporate clawback and malus provisions.
14. To approve the fees payable to Anne Grim for her services as a Non-Executive Director of £65,000 gross per annum (which amount shall increase in the future to £75,000 gross per annum in the event she is appointed at a later date to chair a committee of the Board).
15. To approve an increase to the fees payable to Steven Baldwin for his services as a Non-Executive Director from £65,000 gross per annum to £75,000 gross per annum effective 1 September 2020.
16. To approve an increase to the fees payable to Daniel King for his services as a Non-Executive Director from £65,000 gross per annum to £75,000 gross per annum effective 1 September 2020.
17. To approve a special bonus payment of NIS 4,250,000 (approx. USD 1,227,000) to Elad Even-Chen, the Company's Executive Director and Chief Financial Officer, for his extraordinary contribution and commitment in obtaining in July 2020 a highly beneficial approval from the Israel Tax Authority (ITA) and the Israel Innovation Authority (IIA), as set forth in the explanatory notes.
18. To approve an increase to the annual salary of David Zruia, the Company's new Executive Director and Chief Executive Officer, from NIS 1,100,000 (approx. USD 318,000) per annum to NIS 1,520,000 (approx. USD 439,000) per annum, effective 20 April 2020.
19. To approve the grant to David Zruia, the Company's new Executive Director and Chief Executive Officer of a restricted share unit (RSU) award under an Israeli compliant incentive program in lieu of a similar LTIP award previously granted to Mr Zruia in his prior role as Chief Operating Officer, with an aggregate value of up to NIS 800,000 (approx. USD 231,000), subject to the terms set forth in the explanatory notes.

By order of the Board of Directors

Penelope Judd
Chairman of the Board

Dana Comber
Company Secretary

11 August 2020

Registered Office:
Matam, Building 25
Haifa 3190500
Israel
Registered in Israel number 514142140

Explanatory Notes:

Resolutions 1-6. The Articles require the directors (other than External Directors (as defined in the Articles)) to retire and if wishing to serve again, to offer themselves for re-election by the shareholders at each Annual General Meeting. Provision B.7.1 of the UK Corporate Governance Code issued by the Financial Reporting Council (the "Code") recommends that all directors of FTSE 350 listed companies should be put forward for annual re-election by shareholders. All directors (other than External Directors which are subject to mandatory term requirements under Israeli law as set forth below) are therefore acting in accordance with the Articles and the Code and, being eligible, will retire voluntarily and submit themselves for re-election. Biographical details for these directors are provided on pages 53 to 56 of the Company's Annual Report and Accounts for the year ended 31 December 2019 (the "Annual Report and Accounts").

This year, the Nomination Committee has proposed to increase the size of the Board by appointing Anne Grim as an additional independent non-executive director and as an external director under Israeli law, to contribute to the Board with her skills, knowledge and experience. In connection with Anne Grim's appointment to the Board, shareholders are also being asked in Resolution 12 to amend the Articles of Association to increase the maximum size of the Board from seven members to eight members and in Resolution 14 to approve her fees.

Biographical details for Anne Grim are available below:

Anne Grim is an experienced executive turned advisor, consultant and Board Director with more than 30 years in senior financial services leadership roles at Barclays, Wells Fargo, American Express, Mastercard and most recently as Chief Customer Officer at Fidelity International. Her expertise is in customer experience, strategic planning and execution, technology innovation and business transformation. She is currently an independent non-executive Board member for Insight Investment, Metro Bank PLC and Openwork Holdings Ltd. She is also an Advisor to the Investment Association's FinTech Velocity Accelerator and a Trustee on the UK board of Opportunity International.

In accordance with the Israeli Companies Law, 5759-1999 (the "Companies Law"), the Board must always have at least two external directors who meet certain statutory requirements of independence (the "External Directors").

Charles Fairbairn and Daniel King serve as the Company's External Directors, and were last re-elected in 2019 for a three-year period ending in 2022. In accordance with Companies Law, they are not standing for re-election at this Annual General Meeting, and, subject to restrictions of Israeli law as currently in effect, may not stand for re-election for an additional term as External Directors following the end of their current term of office in 2022.

As noted above, Anne Grim is being appointed as an External Director. Until 2022, she will serve as the Company's third External Director aside Charles Fairbairn and Daniel King, and following the end of the term of office of Charles Fairbairn and Daniel King in 2022 and assuming no change to the current Israeli law restrictions, Anne Grim, together with an additional new External Director to be nominated before 2022, will serve as the Company's sole External Directors and ensure continued uninterrupted compliance by the Company with the applicable Israeli law External Director requirements.

While the Code recommends the submission of all directors for re-election annually, as a company registered in Israel, the Company is subject to mandatory corporate governance requirements under the Companies Law, which require that External Directors be elected for three-year terms and not annually as the Code recommends.

Resolution 7. This resolution proposes the re-appointment of Kessleman & Kessleman, a member firm of PricewaterhouseCoopers International Limited, as Auditor of the Company

Resolution 8. This resolution authorises the directors to set the Auditors' remuneration.

The following table provides details of the audit fees and non-audit fees paid by the Company and its subsidiaries to Kessleman & Kessleman, a member firm of PricewaterhouseCoopers International Limited, for each of the years ended 31 December 2019 and 2018:

U.S. dollars in millions	Year ended 31 December	
	2019	2018
Audit Plus500 Ltd.'s consolidated financial statements	0.2	0.2
Audit of financial statements of Plus500 Ltd.'s subsidiaries	0.3	0.2
Total audit fees	0.5	0.4
Other assurance related services	0.1	*0.4
Tax compliance services	0.2	0.2
Total non-audit fees	0.3	0.6
Total fees	0.8	1.0

*These amounts include expenses related to the admission to the premium listing segment of the official list of the Financial Conduct Authority.

Resolution 9. Under Article 10 of the Articles, if the directors wish to allot any shares or grant rights over shares (other than pursuant to an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings. There may be occasions, however, when the directors need the flexibility to finance business opportunities by the issue of shares for cash without a pre-emptive offer to existing shareholders. This cannot be done under the Articles unless the shareholders have first waived their pre-emption rights. Resolution 9 asks shareholders to do this, and provides for non-pre-emptive allotments of up to 5,298,958 Ordinary Shares, representing approximately 5 per cent. of the Company's issued ordinary share capital (excluding shares held in treasury) as at 10 August 2020 (being the latest practicable date prior to publication of this notice) until 16 December 2021 or, if earlier, the conclusion of the next annual general meeting of the Company.

Resolution 10. This resolution will enable the directors, in appropriate circumstances, to issue for cash, without a preemptive offer to existing ordinary shareholders under Article 10 of the Articles, equity securities of up to 5,298,958 Ordinary Shares, representing

approximately 5 per cent. of the Company's issued ordinary share capital (excluding shares held in treasury) as at 10 August 2020 (being the latest practicable date prior to publication of this notice); provided that the Company confirms that it intends to use such additional 5 per cent. authority only in connection with an acquisition or specified capital investments. This authority is in line with institutional shareholder guidance, and in particular with the Pre-emption Group's Statement of Principles. These principles allow the authority for an issue of shares for cash (otherwise than in connection with a pre-emptive offer) to be increased from 5 per cent. to 10 per cent. of the Company's current issued ordinary share capital, provided that the Company confirms that it intends to use the additional 5 per cent. authority only in connection with an acquisition or specified capital investments.

Resolution 11. This resolution seeks authority for the Company to make purchases of its own Ordinary Shares. If passed, the resolution gives authority for the Company to purchase up to 10,597,917 Ordinary Shares, representing just under 10 per cent. of the Company's issued ordinary share capital (excluding shares held in treasury) as at 10 August 2020 (being the latest practicable date prior to publication of this notice) until 16 December 2021 or, if earlier, the conclusion of the next annual general meeting of the Company.

The Company currently has a buyback programme in place. Ordinary Shares that are being purchased as part of the Company's buyback programme are held in treasury.

During 2019 the Company repurchased an aggregate of 4,746,566 Ordinary Shares for an aggregate purchase price of \$47.2 million, an average purchase price of £8.19 per share.

From 1 January 2020 through 10 August 2020 (being the latest practicable date prior to publication of this notice), the Company repurchased an aggregate of 3,051,527 Ordinary Shares for an aggregate purchase price \$38.9 million, an average purchase price of £10.45 per share.

Resolution 12. Resolution 12 proposes to amend Article 41 of the Articles to increase the maximum size of the Company's Board of Directors from seven directors to eight directors, as described above. Following the amendment, Article 41 shall read as follows:

"41. NUMBER OF DIRECTORS

The Board of Directors of the Company shall consist of not less than four Directors nor more than eight Directors."

Resolution 13. Pursuant to the Companies Law, all public Israeli companies, including companies whose shares are only publicly-traded outside of Israel, such as the Company, are required to adopt a written remuneration policy for their executives and directors, which addresses certain items prescribed by the Companies Law. The adoption, amendment and restatement of the policy is to be recommended by the Remuneration Committee and approved by the Board and shareholders. The Company's policy was last updated and approved by the shareholders in January 2018.

The Remuneration Committee has recommended to amend the Company's Remuneration Policy for Directors and Executives to provide that the remuneration packages of the Company's executives shall be subject to clawback and malus provisions authorising the Remuneration Committee to reduce any payout due (including, for the avoidance of doubt, to nil) in the event (i) of discovery of a material misstatement in the audited consolidated accounts of the Company (which include the Company's subsidiaries) resulting in a restatement of such accounts; and/or (ii) it is determined that the assessment of the payout was based on error, or inaccurate or misleading information; and/or; (iii) action or conduct of a participant which, in the reasonable opinion of the Remuneration Committee, amounts to fraud or material dishonesty or leads to employment termination for serious misconduct; and/or (iv) the Company or a subsidiary of the Company suffers a material failure of risk management, provided that the participant's fraud or material dishonesty or gross negligence significantly contributed to such material failure of risk management. In any such event, the Remuneration Committee may also (i) require the participant to pay to the Company an amount equal to some or all of the payout; and/or (ii) reduce the amount of any future bonus payable to the participant; and/or (iii) reduce or cancel any awards under any other Company equity or cash incentive plan, that have not yet been satisfied.

The Board subsequently approved the recommendation of the Remuneration Committee to amend the Company's Remuneration Policy for Directors and Executives and recommended that such amendments be adopted by the shareholders at the Annual General Meeting.

Resolution 14. Resolution 14 proposes to set the remuneration of Anne Grim, the new independent non-executive director, at £65,000 gross per annum. Anne Grim will not initially serve as the chair of a Board committee. However, in the event she is appointed at a later date to chair a committee of the Board, her remuneration shall increase at such time to £75,000 gross per annum. The remuneration was approved and recommended by the Remuneration Committee and the Board and requires approval of the shareholders pursuant to Israeli law.

Resolution 15 and 16. Resolutions 15 and 16 propose to increase the remuneration of the Non-Executive Directors, Steven Baldwin and Daniel King, from £65,000 gross per annum to £75,000 gross per annum, to reflect Steven Baldwin's expanded role as the designated non-executive director for workforce engagement and Daniel King's expanded role as chair of the Board's newly formed Environmental, Social and Governance (ESG) Committee.

Resolution 17. The Remuneration Committee and the Board have approved, and recommend that the shareholders approve at the meeting, a special bonus to Elad Even-Chen, the Company's Executive Director and Chief Financial Officer, in the amount of NIS 4,250,000 (approx. USD 1,227,000), in recognition for his extraordinary contribution and commitment in obtaining in July 2020, after more than three years of ongoing extensive efforts, a highly beneficial approval, with an immediate and substantial benefit to the shareholders, from the Israel Tax Authority (ITA) and the Israel Innovation Authority (IIA) recognising the Company as a "Preferred Technological Enterprise" for the financial years 2017, 2018 and 2019 resulting in an immediate and substantial benefit for shareholders. As a result of this approval, the corporate tax rates for these years were significantly reduced from a full tax rate of 24 per cent., 23 per cent. and 23 per cent. in each respective year to 12 per cent. in each of these years. Over \$100 million of initial repayments and cash savings are expected to be delivered, with a substantial c. USD 47 million rebate already received from the ITA in July 2020, as set out in our interim results announced today, reflecting these reduced tax rates. As described in the Company's interim announcement of 11 August 2020, the Company is also expected to benefit from the significantly reduced 12 per cent. corporate tax rate for the financial years 2020 and 2021 (instead of the full tax rate of 23 per cent.), subject to complying with the statutory Israeli R&D costs threshold. In addition, the Withholding Tax rate applicable for dividends has been reduced from 25 per cent. to 20 per cent.

This is also applicable to the recent final dividend for the financial year 2019 paid to shareholders and onwards for future dividends, up to the financial year 2021. The amount representing the 5 per cent. difference in the Withholding Tax rate for the final 2019 dividend will be paid to the Company's shareholders as a direct distribution in due course. The Company is one of the first companies to receive this accreditation under the new tax regime by the IIA and the ITA. The "Preferred Technological Enterprise" accreditation will remain in force until the end of the financial year 2021 and has the potential to be extended after that.

Resolutions 18 and 19. On 20 April 2020, David Zruia was appointed Executive Director and Interim Chief Executive Officer, and on 7 July 2020 David Zruia was appointed as the Company's permanent Chief Executive Officer.

In connection with his appointment and promotion from his previous role as the Company's Chief Operating Officer, the Remuneration Committee and the Board have approved, and recommend that the shareholders approve at the meeting, an increase to his annual salary from approximately NIS 1,100,000 (approx. USD 318,000) per annum to NIS 1,520,000 (approx. USD 439,000) per annum, effective 20 April 2020, the date of David Zruia's appointment as Executive Director and Interim Chief Executive Officer. The proposed increased amount of NIS 1,520,000 reflects the entire salary cost to the Company and includes all contributions to pension and other social benefits required to be made by the Company on behalf of David Zruia.

In addition, the Remuneration Committee and the Board are recommending to approve the grant to David Zruia of a restricted share unit (RSU) award under an Israeli complaint incentive program in lieu of a similar LTIP award previously granted to Mr Zruia prior to his appointment in April 2020 with respect to his role as Chief Operating Officer, with an aggregate value of up to NIS 800,000 (approx. USD 231,000), subject to achievement of TSR, EPS and HR KPIs, with a three year vesting period (ending 31 December 2022) and a two year holding lock-up period (ending 31 December 2024).

The Remuneration Committee does not recommend changing at this time other elements of David Zruia's 2020 remuneration package, which were approved prior to his appointment in April 2020 with respect to his role as Chief Operating Officer. Such additional remuneration package elements include (i) the payment to David Zruia of an annual performance bonus for the year ending 31 December 2020, with an aggregate value of up to NIS 3,500,000 (approx. USD 1,011,000), subject to achievement of financial and non-financial KPIs and the gradual deferral of the payment of 1/3 of the achieved bonus over a three year period, and (ii) the grant on 31 December 2019 to David Zruia of a share appreciation right in the amount of NIS 2,200,000 (approx. USD 635,000) vesting after three years from the date of grant (31 December 2022), with a maximum payout amount of NIS 6,600,000 (approx. USD 1,906,000), subject to achievement of operational KPIs.

The NIS amounts have been translated to USD with the exchange rate of 30 June 2020 NIS/USD 3.463.

Notes:

1. Holders of depositary interests in respect of ordinary shares (“DI holder”) may only appoint Link Market Services Trustees Limited (the “Depository”) as their proxy. DI holders wishing to attend, speak and vote at the meeting should contact the Depository to request a Letter of Representation as set out in the notes on the Form of Direction.
2. If you do not have a Form of Proxy or Form of Direction and believe that you should have one, or if you require additional forms, please contact Link Market Services Limited on +44 (0) 371 664 0300. All forms must be signed and should be returned together in the same envelope.
3. To be valid, any Form of Proxy or other instrument appointing a proxy and any power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must be received by post or (during normal business hours only) by hand at Link Market Services Limited, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 10.00 a.m. on 14 September 2020.
4. In the case of DI holders, a Form of Direction must be completed in order to instruct the Depository whose registered office is at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU to vote on the holder’s behalf at the meeting. To be effective, a completed and signed Form of Direction must be deposited at Link Market Services Limited no later than 10.00 a.m. on 11 September 2020.
5. The return of a completed Form of Proxy, Form of Direction, or other such instrument or any CREST Proxy Instruction (as described in paragraph 12 below) will not prevent a shareholder or DI holder attending the Annual General Meeting and voting in person if he/she wishes to do so.
6. Pursuant to the Companies Law, to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of the Company at close of business on 17 August 2020. Changes to the Company’s register after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Annual General Meeting.
7. The quorum for the Annual General Meeting shall be two or more shareholders present in person or by proxy and holding shares conferring in the aggregate 25 per cent. of the voting power of the Company. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be adjourned to the same day in the next week, at the same time and place, or to such day and at such time and place as the Chairman may determine.
8. Any shareholder attending the Annual General Meeting is entitled pursuant to the Companies Law to ask any question relating to the business being dealt with at the meeting. The Company will answer any such questions unless (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; or (ii) the answer has already been given on a website in the form of any answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
9. As at 10 August 2020 (being the last business day prior to the publication of this Notice) the Company’s issued share capital consisted of 114,888,377 ordinary shares of which 8,909,202 were held as treasury shares. Therefore, the total voting rights in the Company as at 10 August 2020 were 105,979,175.
10. The Board recommends that shareholders vote in favour of all items in the Notice.
11. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.
12. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with CRESTCo’s specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to an instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer’s agent ID (RA10) by 10.00 a.m. on 11 September 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
15. Under the Companies Law, the proposals as set forth in Resolutions 6, 13, 14, 18 and 19, each requires the affirmative vote of the holders of a majority of the voting power represented and voting on the Resolution in person or by proxy. In addition, the shareholders’ approval must either include at least a majority of the ordinary shares voted by DI holders who are not controlling shareholders of the Company nor are they shareholders who have a personal interest in the applicable Resolution, or the total ordinary shares of non-controlling shareholders and non-interested shareholders voted against such Resolution must not represent

more than two per cent. of the outstanding ordinary shares. For this purpose, you are asked to indicate in the Form of Proxy card whether you are a controlling shareholder or have a personal interest in Resolutions 6, 13, 14, 18 and 19.

16. The proposals set out in Resolution 9, Resolution 10 and Resolution 11 require the affirmative vote of the holders of 75 per cent. of the voting power represented and voting on the relevant resolution in person or by proxy.
17. Copies of the service contracts of the executive directors under which they are employed by the Company and the letters of appointment (and other related documents) of the non-executive directors, which are available for inspection during normal business hours at the registered office of the Company and at the offices of Bryan Cave Leighton Paisner LLP, Governor's House, 5 Laurence Pountney Hill, London EC4R 0BR, United Kingdom, on any weekday (Saturdays, Sundays and public holidays excluded), will also be available for inspection at the place of the AGM from 9.00 a.m. on the day of the AGM until the conclusion of the AGM.

