

Acro Group Ltd. (the Company)

Immediate Report Regarding a Private Offering of Warrants to Employees

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

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

November 23, 2025

The company hereby reports that on November 23, 2025, the members of the compensation committee¹ and the board of directors of the company approved an allocation of 465,838 warrants, registered in the name but not listed for trading, exercisable into 465,838 ordinary shares with no par value of the company (the "warrants" and the "shares," respectively), to employees and officers of the company and its subsidiaries, among whom are Ms. Dikla Persico (Head of Urban Renewal and CEO of Acro Urban Renewal Limited Partnership, wholly owned by the company through final chain holding of 100%) (Dikla) and Ms. Vered Lazar Arbiv (VP, Legal Advisor, and Company Secretary) (Vered) (hereinafter together: the "officers" and together with the other employees: the "offerees").

The warrants will be allocated to the offerees within the framework of an employee and officer non-tradable warrant plan for the company and its subsidiaries, which was approved by the board of directors in July² 2023, and they will be allocated to the offerees in accordance with the provisions of section 102 of the Israeli Income Tax Ordinance [New Version], 1961, in the capital gain track via a trustee (which is I.B.I. Capital Compensation Trusts (2004) Ltd.) (the "plan," the "section 102," the "ordinance," and the "trustee," respectively).

It is clarified that employer-employee relations exist between the offerees and the company, and that the offerees are not controlling shareholders and will not be controlling shareholders in the company by virtue of their holdings in company shares after the exercise of all convertible securities of the company held by them (including those to be granted to them in the private allocation covered in this immediate report) into company shares.

Below are the details of the offer to the offerees pursuant to the Securities Regulations (Private Offering of Securities in a Listed Company), 2000, which is considered, as stated in the said regulations, as a non-material private offering.

2.1 Number of Warrants Allocated

As part of their employment terms with the company, the company will allocate to the offerees, for no consideration, 465,838 warrants, which, subject to the following, will be exercisable until the end of 5.5 years from their allocation date into 465,838 shares, constituting, as of this date and assuming the exercise of all warrants covered by this immediate report, approximately 0.739% of the company's share capital and voting rights therein, and approximately 0.720% of the company's share capital and voting rights therein, on a fully diluted basis³.

Out of the aforementioned amount, a total of 203,804 warrants will be allocated to the officers, distributed as follows:

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¹ With respect to company officers only.

² For the main points of the plan, see section 3.2.3(a) of the company's shelf prospectus published on August 11, 2025, dated August 12, 2025 (the Shelf Prospectus).

³ On a fully diluted basis - assuming all 1,673,411 warrants not listed for trading allocated by the company (including the warrants covered by this immediate report) and not yet exercised will be exercised into 1,673,411 company shares. It should be emphasized that the fully issued and paid-up share capital of the company on a fully diluted basis was calculated under the theoretical assumption that all unlisted warrants will be exercised into a number of shares equivalent to the number of warrants exercised. However, in practice, employees holding 1,156,169 warrants (including those covered by this immediate report) are expected to exercise their warrants via a cashless exercise mechanism based on the benefit value, instead of paying the exercise price in cash. Therefore, for the exercise of these warrants, a number of shares lower than the total number of outstanding warrants will be allocated, and thus, the fully issued and paid-up share capital of the company on a fully diluted basis will be lower than the total used for the full dilution calculation.

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Nevertheless, it should be emphasized that despite the aforementioned, the number of shares actually allotted to the offeree upon exercise of the warrants offered may be different from what was stated above, since according to the terms of the plan, the offeree will be entitled to exercise the offered warrants only by way of a Cashless mechanism, so that he will be allotted shares whose market value equals the benefit value embodied in the exercise of the exercised warrants at that time, meaning the market price (being the company's share closing price on the trading day preceding the warrant exercise date) less the exercise price specified below, multiplied by the number of shares derived from the exercise of the warrants (the cashless mechanism).

It will be clarified that the company will consider the exercise shares arising from the exercise of the warrants as fully issued and paid.

The warrants allocated to the offerees will be deposited with the trustee and will be locked for a period not less than 24 months from their allocation and deposit with the trustee (or any other period as determined by law), as stipulated in section 102 (the lockup period). The foregoing does not affect continued holding with the trustee even after the lockup period. If any of the offerees requests to exercise the warrants before the end of the lockup period, such exercise will constitute a breach of the provisions of section 102 of the Ordinance and the income from exercising the warrants will be taxed as employment income at the marginal tax rate of the offeree.

It is clarified that the exercise shares resulting from the exercise of the warrants will have equal rights in all respects to the ordinary shares of the company existing in the company's capital at the time of their allocation (which entitle their holders, inter alia, to equal rights to receive invitations to general meetings of the company, to participate and vote in them, to receive dividends), and they will be registered, pursuant to the rules of the Tel Aviv Stock Exchange Ltd. and its guidelines, in the company's register of shareholders in the name of the company for the records of the Tel Aviv Stock Exchange Ltd. or any other registration company that may replace it.

2.2 Exercise Price

Each warrant may be exercised into one ordinary share of the company for a payment of NIS 53.31 (the average price of the company's share on the stock exchange in the 30 trading days preceding the date of the board's approval of the granting of the warrants, plus 10%, per footnote 4), not linked. Notwithstanding the above, the offerees will not be required to actually pay the company the exercise price since exercise of the warrants will only be made by the net exercise mechanism (cashless), as detailed in section 2.1 above.

Officer	Warrants	Percentage of Company Capital and Voting Rights Assuming Full Exercise of All Warrants	Percentage of Company Capital and Voting Rights on a Fully Diluted Basis
Dikla	116,459	0.185%	0.180%
Vered	87,345	0.139%	0.135%

2.3 Exercise Period

As stated, each warrant may be exercised into one ordinary share of the company, up to the end of 5.5 years from its allocation date (the exercise period). However, it is clarified that as long as the company's shares are listed for trading on the stock exchange, and according to the stock exchange's guidelines, no exercise of the warrants shall take place on the record date for the distribution of bonus shares, rights issue, dividend distribution, capital consolidation, capital split or reduction of capital (any of these events shall be called: "corporate event"). Additionally, if the ex-date of a corporate event falls before the record date of a corporate event, no exercise of the warrants shall be made on said ex-date.

⁴ It should be noted that in this regard, according to the plan as well as the provisions of the company's compensation policy, the exercise price of warrants granted by the company to its officers will not be lower than the highest of the following share prices, plus 10%: A. The average price of the company's share on the stock exchange in the 30 trading days preceding the board's approval of the granting of the warrants; and B. The price of the company's share on the stock exchange shortly before the board's approval of the granting of the warrants.

2.4 Vesting Dates

The vesting dates for receiving and exercising the warrants by the offerees are as follows: (1) 25% of the warrants will be exercisable starting from the end of 24 months from their allocation date; (2) 25% of the warrants will be exercisable starting from the end of 36 months from their allocation date; (3) 25% of the warrants will be exercisable starting from the end of 48 months from their allocation date; and (4) 25% of the warrants will be exercisable starting from the end of 60 months from their allocation date (the vesting dates).

The offeree's right to receive and/or exercise, as applicable, the warrants is conditional upon the offeree being an employee and/or officer of the company and/or one of its subsidiaries on the relevant vesting dates. If, after any of the relevant vesting dates, any of the offerees ceases to be an employee and/or officer of the company and/or one of its subsidiaries, his right to receive and/or exercise any warrants for which the vesting date has not yet arrived shall lapse. As for the final date for exercising warrants that have vested in the event of termination of employment with the company – see the provisions of section 3.2.3(a) of the shelf prospectus, which will also apply regarding the allocation of the warrants to the offerees.

2.5 Adjustments

From the date of allocation of the warrants to the offerees until the end of the exercise period (or actual exercise), the exercise price and/or the number of shares for the exercise of each warrant (prior to calculating the actual number of shares allocated to the offerees using the Cashless mechanism) will be adjusted in the following cases and manner, provided that the relevant record date for the events detailed below occurs before the exercise date, including during the lockup period:

undefined	Method of Adjustment
Distribution of Bonus Shares	If the company distributes bonus shares with the record date for their distribution falling before the exercise date, the number of shares each offeree is entitled to when exercising will increase by the number of bonus shares they would have been entitled to as if they had exercised their unexercised warrants before the bonus share record date. The exercise price of each unexercised warrant will not change due to the increase in the number of shares each offeree is entitled to owing to the bonus share distribution, so the payment for each exercised share (after the increase in quantity) will decrease accordingly. The adjustment method as detailed above is not subject to change. It is clarified that the bonus shares allocated to each offeree by virtue of the shares as mentioned shall also be held by the trustee for at least the lockup period applicable to the underlying shares, and the same tax track applicable to the underlying shares shall apply to them as well as those under which they were allocated.
Dividend	If the company distributes a dividend, where the record date for its distribution falls before the allocation date of the exercise shares, there will be no change in the number of shares allocated due to the exercise of the warrants, but the exercise price per warrant shall equal the previous exercise price less the amount of the gross dividend per share (before tax) distributed to the company's shareholders. It is clarified that in any case, the exercise price will not be less than the par value of the exercise shares (if such have a par value).
Rights Issue	As long as the company's shares are listed for trading on the stock exchange, if the company offers its shareholders any securities by way of a rights issue, the exercise price will not be adjusted for the purpose of calculating the number of exercise shares, but the number of exercise shares each offeree is entitled to at the time of exercise (prior to calculating the number of shares allocated by the Cashless mechanism) shall be adjusted according to the benefit component of the rights as reflected in the ratio between the share price on the stock exchange on the record date and the base price ex-rights. If any adjustment results in fractional shares, the offerees shall not be entitled to receive such fractions, and the number of shares shall be rounded down.
Share Consolidation/Split	If the company consolidates its ordinary shares or splits them by way of a subdivision or changes its articles of association so as to change its registered and issued share capital into ordinary shares of any par value, and thereafter consolidates such ordinary shares into shares of a larger par value or splits them by way of a subdivision into shares of a smaller par value, and such event occurs before the exercise date of the warrants, then the number of exercise shares and the exercise price will be adjusted proportionally in order to preserve the number of shares and accumulated exercise price and the resulting monetary benefit. In such a case, the offerees shall not be entitled to receive a fraction of one share, and any resulting share fractions shall be handled as the company's board deems fit.

undefined	Method of Adjustment
Merger	If a merger is executed between the company and another company and the company is the transferring company within the merger, the offerees will receive equivalent warrants and/or shares in the acquiring company in exchange for the warrants and/or exercise shares held by the offeree, as appropriate, immediately prior to the merger, and the provisions of the plan will apply, with necessary modifications, to the replacement warrants and/or shares. Without derogating from the above, if the company's shares are replaced by new shares as a result of a merger, the warrants will be exercisable into the new shares, and the exercise price (including for purposes of calculating the number of Cashless shares, as applicable) will be adjusted in accordance with the ratio by which the company's shares are replaced by the new shares. The provisions of this section will be implemented fairly to avoid harming or benefiting the offerees as a result of the replacement of the warrants and/or exercise shares with other warrants and/or exercise shares, and subject to the approval of the tax authority. The above will apply, with necessary modifications, if as part of such a merger transaction, the shareholders of the company are allocated securities of a parent company or a subsidiary of the acquiring company.
Liquidation	If it is resolved to liquidate the company voluntarily while unexercised warrants exist, the company will give notice to the offerees regarding the adoption of such decision, and the offerees will have ten days to exercise the warrants allocated to them, whose entitlement has vested and have not yet been exercised into shares. If the offerees exercise such warrants within said period, such offerees will be entitled to participate in the distribution of the company's remaining assets upon liquidation (after settling all its debts) among its shareholders with respect to the exercised shares. Upon the passing of these ten days, all the warrants that have not been exercised into shares by that date will immediately expire.

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2.6 Tax Liability

The offerees shall bear all tax liabilities, levies, and mandatory payments imposed by the tax authorities (both in Israel and abroad), and any other mandatory payment arising from the warrants, the dividend, or any other benefit in connection therewith, in relation to liabilities arising to the offerees and/or to the trustee and/or to the company in connection with the plan. The offerees shall indemnify the company and the trustee for any expense or loss incurred by them as a result of tax payments made by them relating to the warrants and/or the exercise shares.

2.7 Approvals Required for Execution of the Allocation

As of this date, the allocation of warrants under the plan is subject to receiving the approval of the stock exchange for listing the shares that will arise from exercising the warrants for trading.

The warrants will be allocated to the trustee for the offerees shortly after the fulfillment of the aforementioned suspensive condition.

B. Agreements, whether written or oral, between the offerees and a shareholder of the company, or between the offerees and others, regarding the purchase or sale of securities of the company or regarding voting rights, to the best knowledge of the company and specifying the checks conducted

To the best knowledge of the company and as provided to it by the offerees, as of the date of this report, there are no agreements between the offerees and shareholders of the company, or between the offerees and others, whether written or oral, regarding the purchase or sale of the company's securities and/or regarding voting rights in the company.

C. Details of any restriction or limitation on transactions in the offered securities that will apply to the offerees

(1) The warrants and the exercise shares shall be deposited with the trustee and held by him for the offerees (unless otherwise agreed between the parties) during the lockup period.

(2) The rights of the offerees in connection with the warrants and/or the exercise shares, all or part of them, as long as the applicable tax is not paid due to their allocation, and as long as the warrants and/or the exercise shares, as applicable, have not been transferred from the trustee and registered in their name or in the name of the company for registration, as the case may be, are personal and non-divisible, may not be waived in favor of another, transferred, assigned, pledged, retained, seized or otherwise voluntarily or by law encumbered, except for transfer by will or by law (subject to the vesting dates as defined above), and no power of attorney or transfer note may be given in respect thereof, whether effective immediately or at a future date.

(3) The offerees may exercise the warrants only in accordance with the vesting dates specified above.

(4) The warrants and the exercise shares are subject to a lockup under section 15C of the Securities Law, 5728-1968, and the Securities Regulations (Details regarding sections 15A and 15C of the law), 5760-2000.

Respectfully,

Acro Group Ltd.

Signed by Ziv Yaakobi, CEO and Director