ARTICLES OF ASSOCIATION

of

Bet Shemesh Engines Holdings (1997) Ltd.

("The Company")

Table of Contents

Chapter Three - General Meetings

Chapter Four - The Board of Directors

Chapter Five - Secretary and Auditor

Chapter Six - Maintenance and Distribution of Company Capital

Chapter One - General

1. Introduction

1.1. Each of the words detailed below shall have in these Articles the meaning appearing alongside it:

Law -	The provisions of any law applicable in the State of Israel.
Companies Law	The Companies Law, 5759 - 1999.
Securities Law -	The Securities Law, 5728 - 1968.
Business Day -	Sundays-Thursdays of the week, except for holidays, holiday eves, and official sabbaticals in the State of Israel.
Writing -	Print and any other form of printing words, including documents transmitted in writing via facsimile, telegram, telex, email, computer, or any other electronic communication means that creates or enables the creation of a copy and/or a printed output of the document.
Securities	Shares, BONDS, capital notes, securities convertible into shares, and rights to any of the above, issued by the Company.
Incompetent	Anyone declared incompetent according to the Legal Capacity and Guardianship Law, 5722 - 1962.
Ordinary Majority -	A majority of more than half of the votes of the shareholders entitled to vote and who voted in person or by proxy, excluding abstainees.
Control	As the definition of this term in the Securities Law.
Articles	The Company's Articles of Association in their version herein or as lawfully amended from time to

time, whether explicitly or by any law.

Companies Regulations	Regulations enacted by virtue of the Companies Law and/or by virtue of the Companies Ordinance.

Securities Regulations	Regulations enacted by virtue of the Securities Law.
Related Corporation	A corporation that directly and/or indirectly controls the Company and/or any corporation controlled, directly and/or indirectly, by such corporation and/or a corporation under joint control with the Company, directly or indirectly.

1.2. In these Articles, the reference to any organ or officer is to those of the Company.

1.3. The provisions of sections 3 - 10 of the Interpretation Law, 5741 - 1981, shall apply with the necessary changes also to the interpretation of the Articles, if there is no other provision regarding the matter and if there is nothing in the matter or context that is inconsistent with such application.

Except for what is stated in this section, every word and expression in the Articles shall have the meaning attributed to them in the Companies Law, and if they have no meaning in the Companies Law, then the meaning attributed to them in the Companies Regulations, and if they have no such meaning, then the meaning attributed to them in the Securities Law, and if they have no such meaning, then the meaning attributed to them in the Securities Regulations, and if they have no such meaning, then the meaning attributed to them in any other law, all provided that there is no contradiction between the meaning given as stated above and the context in which such word or expression appears or the purpose of the relevant provision in the Articles.

If these Articles refer to a provision of law, and this provision was amended or repealed, the said provision shall be considered as being in force and as if it were part of the Articles, unless as a result of the amendment or repeal as stated, this provision is no longer valid.

The provisions of these Articles are intended to add to and condition the provisions established in the Companies Law. In any case where one of the provisions of these Articles is contrary to what is permitted by law, the provisions of these Articles shall be interpreted as much as possible in accordance with the provisions of the law.

2. **<u>Public Company</u>**

The Company is a public company.

3. **<u>Donations</u>**

The Company may donate a reasonable amount to a worthy cause, even if the donation is not within the framework of business considerations.

4. **<u>Company's Objects</u>**

The Company's objects shall be as stated in the Company's Memorandum and in the absence of objects in the Company's Memorandum or in the absence of a Memorandum, the Company's objects shall be to engage in any legal occupation.

5. **Limitation of Liability**

The liability of the shareholders in the Company is limited, each to the full payment of the amount they undertook to pay for the shares allocated to them at the time of allocation.

Chapter Two - The Company's Share Capital

6. **Share Capital**

6.1 The registered share capital of the Company is 12,000,000 ordinary shares, without any par value each (hereinafter: "share", "ordinary share", "shares" or "ordinary shares", as the case may be). Each share grants the right to receive invitations, participate and vote in general meetings. A shareholder shall have one vote for every share in their possession. All shares have equal rights among them in relation to the capital amounts paid or credited as paid on their par value, as far as they have a par value, in everything related to dividend, distribution of bonus shares and any other distribution, for the return of capital and participation in the distribution of the Company's surplus assets in liquidation.

6.2 The provisions of these Articles regarding shares shall also apply to other securities issued by the Company, with the necessary changes.

6.3 The Company may change these Articles by a resolution adopted at the General Meeting by a majority of sixty-six percent of all votes of the shareholders present at the General Meeting who are entitled to vote and who voted therein, without taking into account the votes of those who abstained.

7. Issuance of Shares and Other Securities

7.1 No Preemptive Right - The existing shareholders in the Company shall not have a preemptive right, a priority right or any other right to purchase securities of the Company. The Board of Directors may, at its sole discretion, offer securities of the Company first to existing shareholders or some of them.

7.2 Redeemable Securities - The Company's Board of Directors may issue redeemable securities, having rights and subject to conditions, as shall be determined by the Board of Directors.

7.3 Commissions - The Company may pay any person a commission (including underwriting fees) in exchange for underwriting, marketing or distribution services for the Company's securities, whether conditional or unconditional, and this under terms that shall be determined by the Board of Directors. Payments as stated in this section may be paid in cash or in securities of the Company, or partly in one way and partly in another.

7.4

The Board of Directors may introduce differences between owners of the Company's securities regarding the terms of allocation of the Company's securities and the rights attached to these securities, as well as change these terms, including waiving part of them. Furthermore, the Board of Directors may issue payment demands to the security holders for the funds which have not yet been settled for the securities they hold.

7.5 Any payment on account of a share shall be credited first on account of the par value and only afterwards on account of the premium for each share, if not otherwise determined in the allocation terms.

7.6 A shareholder shall not be entitled to their rights as a shareholder, including to a dividend, unless they have paid the full amounts in accordance with the allocation terms, plus interest, linkage and expenses, if there were any, and all if not otherwise determined in the allocation terms.

The Board of Directors may forfeit and also sell, reallocate or otherwise transfer any security for which full consideration has not been paid as it shall decide, including without consideration.

7.8 Forfeiture of a security shall entail at the time of forfeiture the cancellation of any right in the Company and any claim or demand against it in relation to the security, except for those rights and obligations excluded from this by these Articles of Association or which the law grants to or imposes on a former security holder.

8. <u>The Company's Register of Shareholders and the Issuance of Share Certificates</u>

8.1 The Company Secretary or whoever was appointed for this by the Company's Board of Directors shall be responsible for managing the Register of Shareholders. A shareholder is entitled to receive from the Company, free of charge, within two months after the allocation or registration of the transfer (unless the issuance terms stipulate another time period) one certificate or several certificates, at the Company's decision, regarding all shares of a certain type registered in their name, which shall detail the number of shares, the type of shares (if any) and any additional detail important in the Board of Directors' opinion. In the case of a jointly held share, the Company shall not be obligated to issue more than one certificate to all joint holders, and the delivery of such a certificate to one of the joint holders shall be considered as delivery to all of them.

8.2 The Board of Directors may close the Register of Shareholders for a total period of up to 30 days each year.

8.3 Each certificate shall be signed with the seal or stamp of the Company or its printed name and shall bear the signature of one director and the Company Secretary, or of two directors or any other person appointed by the Board of Directors for this purpose.

8.4 The Company may issue a new certificate in place of a certificate that was issued and lost or damaged or defaced, based on evidence and guarantees as the Company shall require, and after payment of an amount to be determined by the Board of Directors, and the Company may also, according to the decision of the Board of Directors, replace existing certificates with new certificates free of charge subject to conditions determined by the Board of Directors.

8.5. Where two or more persons are registered as joint holders of shares, each of them may approve the receipt of dividend or other payments in connection with that share and their approval shall bind all holders of the share.

8.6.

The Company is entitled to recognize the holder of a share as a trustee and issue a share certificate in the name of the trustee, provided that the trustee has informed it who the beneficiary of the trust is. The Company shall not be obligated or required to recognize a right based on the rules of equity or a conditional right, or a future right, or a partial right in a share, or any other right in connection with the share, except for the absolute right of the registered owner regarding each share, unless this is done based on a judicial decision or according to the requirements of any law.

9. <u>Transfer of Company Shares</u>

9.1. Shares of the Company are transferable.

9.2. No transfer of shares shall be registered unless a share transfer deed was submitted to the Company (hereinafter: "Transfer Deed"). The transfer deed shall be prepared in the following form or in a form as similar as possible or in another form, which shall be approved by the Board of Directors.

<u>Transfer Certificate</u>

I, ________ ID/Co. No. ____________ (hereinafter: "the Transferor"), from ________

transfer to ________ ID/Co. No. ____________ (hereinafter: "the Transferee"),

from ________ in exchange for the amount of ________ NIS paid to me, ________ shares

________________ without par value each, marked with numbers ________________

until ________ inclusive of ________________ Ltd. (hereinafter: "the Company"),

and they shall be held by the Transferee, the administrators of their estate, their guardians and those coming through them, according to the conditions under which I held the share at the time of signing this document, and I the Transferee agree to receive the said shares according to the conditions mentioned above and subject to the Company's Articles of Association, as they shall be from time to time.

In witness whereof, we have signed on the ________ day of the month of ________ year ________

<u>Transferor -</u>

Name: ________________________

Signature: ________________________

<u>Transferee</u>

Name: ________________________

Signature: ________________________

<u>Witness to the signature of the Transferor-</u>

Name: ______________________ , Adv.

Signature: ______________________

Witness to the signature of the Transferee-

Name: ______________________ , Adv.

Signature: ______________________

9.3 The transfer of shares not fully paid, or shares on which the Company has a lien or charge, shall not be valid unless approved by the Board of Directors which may, at its absolute discretion and without giving any reasons for it, refuse to register such a transfer.

The Board of Directors may refuse the transfer of such shares and the Board of Directors may also condition the transfer of such shares on the Transferee's undertaking, to the extent and in the manner determined by the Board of Directors, to pay the Transferor's obligations regarding the shares or the obligations for which the Company has a lien or charge on the shares.

9.4 The Transferor shall continue to be considered the owner of the transferred shares, until the name of the recipient of the transfer is registered in the Company's Register of Shareholders.

9.5 The transfer deed shall be submitted to the office for registration together with the certificates in which the shares are registered, which are intended to be transferred (if issued) and any other evidence that the Company shall require regarding the Transferor's right of ownership in the shares or their right to transfer them. The share transfer deeds shall remain with the Company. The Company shall not be obligated to keep the transfer deeds and the canceled share certificates.

9.6 A joint shareholder with others seeking to transfer their right in a share but who does not hold the share certificate, shall not be obligated to attach the share certificate to the transfer deed, provided that the transfer deed states that the Transferor does not hold the share certificate regarding the share whose right is being transferred and that the transferred share is held jointly with others, including their details.

9.7 The Company may demand payment of a fee for registration of the transfer in an amount or at a rate, which shall be determined by the Board of Directors from time to time.

9.8 Upon the death of a holder of shares in the Company, the Company shall recognize the guardians or the estate administrators, the executors of the will, and in the absence of such, the legal heirs of the shareholder, as the sole owners of the rights to the shareholder's shares, after entitlement has been proven, as determined by the Board of Directors.

9.9 In the event that a deceased shareholder held shares in partnership with others, the Company shall recognize the survivor as the shareholder regarding the said shares, unless...

All joint holders of a share notified the company in writing before one of them passed away of their desire that the provisions of this regulation would not apply, however, this shall not exempt the estate of a joint holder in a share from any obligation the joint holder in the share would have been liable for had they not passed away.

9.10. A person acquiring a right to shares due to being a guardian, estate administrator, heir of a shareholder, receiver, liquidator or trustee in bankruptcy of a shareholder or according to another provision of law, may, upon bringing evidence of their right as the Board of Directors shall require, be registered as the shareholder or transfer them to another person, subject to the provisions of the Regulations regarding the transfer.

9.11. A person acquiring a right to a share as a result of its transfer by operation of law shall be entitled to the dividend and other rights in respect of the share and shall also be entitled to receive and give receipts for dividends or other payments payable in connection with the share, but shall not be entitled to receive notices in connection with the general meetings of the company (as far as such a right exists), and to participate or vote in them in connection with that share or to use any right granted by the share, except as stated above, until after their registration in the shareholders' register.

10. **Share warrant to bearer**

The company shall not issue share warrants to bearer, from which it follows that the holders thereof are the owners of the rights in the shares specified therein.

11. **Pledge of shares**

11.1. The company shall have a first pledge and a right of lien on all shares not fully paid, registered in the name of any shareholder, and on the proceeds of their sale, in respect of funds (whether the time for their payment has arrived or not), the payment of which has already been demanded or is to be paid at a fixed time for these shares. The company shall also have a first pledge on all shares (except for shares fully paid), registered in the name of any shareholder to secure the funds due from them or their property, whether their own debts or jointly with others. The said pledge shall also apply to the dividends declared from time to time in respect of these shares.

11.2. For the purpose of realizing the pledge and the lien, the Board of Directors may sell the shares to which the pledge applies, or any part thereof, in such manner as it sees fit. No such sale shall be made except after written notice has been given to that shareholder regarding the company's intention to sell them, and the amounts have not been paid within fourteen days after the notice. The net proceeds from any such sale, after payment of the sale expenses, shall be used to settle the debts or obligations of that shareholder and the balance (if any) shall be paid to them.

11.3.

If a sale of shares was made for the realization of a pledge or lien while using ostensibly the powers granted above, the Board of Directors may register these shares in the shareholders' register in the buyer's name, and the buyer shall not be required to examine the legality of the actions or the manner of using the purchase price. After the said shares have been registered in the shareholders' register in the buyer's name, no person shall have the right to challenge the validity of the sale.

12. **<u>Changes in the share capital</u>**

The General Meeting may decide at any time to perform any of the following actions -

12.1. **<u>Increasing the registered share capital</u>**

To increase the registered share capital of the company, whether all the shares registered at that time have been issued or not. The increased capital shall be divided into shares with ordinary rights, preference rights, deferred rights or other special rights (subject to special rights of an existing class of shares) or subject to conditions and restrictions in respect of dividend, capital return, voting or other conditions, as directed by the General Meeting in its resolution on the increase of the registered capital.

12.2. **<u>Classes of shares</u>**

To divide the share capital into different classes of shares and to determine and change the rights attached to each class of shares, under the conditions detailed below -

a. As long as it is not otherwise determined in the terms of the share issuance, rights of any class may be changed after a resolution of general meetings of the shareholders of

each class of shares separately or the written consent of all shareholders of all classes.

b. The rights granted to the holders of shares of a certain class shall not be deemed to have been changed by the creation or issuance of other shares with identical rights, or changing rights of existing shares, unless otherwise stipulated in the terms of issuance of those shares.

12.3. **<u>Consolidation of share capital</u>**

To consolidate and re-divide its share capital, all or part of it, into shares of a larger par value than that specified in the Regulations. In the event that as a result of the consolidation there are shareholders whose consolidation of shares leaves fractions, the Board of Directors shall be entitled, if it receives the approval of the General Meeting in the resolution on the consolidation of capital as aforesaid:

a. To sell the total of all fractions and for this purpose to appoint a trustee, in whose name the share certificates including the fractions will be issued, who will sell them and the proceeds received minus commissions and expenses will be distributed to those entitled. The Board of Directors shall be entitled to decide that shareholders entitled to proceeds, which is less than an amount to be determined by it, will not receive proceeds from the sale of the fractions as aforesaid, and their share in the proceeds will be distributed among the shareholders entitled to proceeds exceeding the amount to be determined, in proportion to the proceeds to which they are entitled;

b. To allocate to each shareholder for whom the consolidation and re-division leaves a fraction of a share, shares of the class of shares prior to the consolidation, fully paid, in such number that their consolidation with the fraction will be sufficient for one whole consolidated share, and such allocation shall be deemed valid immediately before the consolidation;

c. To determine that shareholders shall not be entitled to receive a consolidated share for a fraction of a consolidated share resulting from the consolidation of half or less than the number of shares whose consolidation creates one consolidated share, and shall be entitled to receive a consolidated share for a fraction of a consolidated share resulting from the consolidation of more than half of the number of shares whose consolidation creates one consolidated share.

In the event that an action according to paragraphs b or c above requires the issuance of additional shares then payment shall be made in the way in which bonus shares can be paid. Consolidation and division as aforesaid shall not be considered a change in the rights of the shares subject to the consolidation and division.

12.4. <u>Cancellation of unallocated registered share capital</u>

To cancel registered share capital that has not yet been allocated, provided that there is no obligation of the company to allocate these shares.

12.5. <u>Splitting the share capital</u>

To split the share capital of the company, all or part of it, into shares of a smaller par value than that specified in the Regulations by dividing the company's shares, all or part of them, at that time.

<u>12A. Ensuring the essential interests of the State in the company</u>

As long as the company is subject to the Order for the Regulation of Security in Public Bodies (Definition of Defense System Plants and Plants Producing Products for the Defense System) (Amendment), 2019 (hereinafter: the 'Order') control in the company shall not be transferred and no person shall hold means of control in the company at a rate of 10% or more (hereinafter: 'Effective Interested Party') without receiving prior written approval from the Ministry of Defense (hereinafter: 'Ministry Approval'). However, it will be clarified that anyone who was an Effective Interested Party at the time of the adoption of this provision will not be required to receive such approval from the Ministry for the mere fact of being an Effective Interested Party after this date.

Holding or acquiring shares that would make a shareholder an Effective Interested Party without receiving the Ministry's approval shall not grant the holder thereof any right against the company in respect of those shares above the threshold of an Effective Interested Party (hereinafter: 'Holdings that Exceeded the Threshold') including rights to vote at general meetings, appoint directors or other officers, or economic right.

In view of the above, prior to receiving the said approval the company will not allocate shares to an offeree who will become an Effective Interested Party as a result of the allocation before receiving the said Ministry approval. In the event that a shareholder becomes an Effective Interested Party before receiving the said Ministry approval, the company shall have the right, only in respect of the holdings that exceeded the threshold, either to forfeit, without consideration, and/or to freeze (dormant) the holdings that exceeded the threshold by that same owner, so that after the forfeiture and/or freezing of the shares, that shareholder will not be an Effective Interested Party in the company. The decision regarding the forfeiture and/or freezing of the shares will be made by the company's Board of Directors, provided that Ministry of Defense approval is given.

The forfeiture and/or dormancy of the shares as stated shall be canceled and the forfeited and/or dormant shares shall be returned to the same shareholder.

This regulation is intended to ensure the security interests of the Ministry of Defense in the Company, and therefore the Ministry of Defense shall have the right to enforce the existence of this regulation directly against whoever holds securities of the Company in violation of this regulation.

Any amendment to this regulation and/or its cancellation shall be carried out only by a special majority of 95% of the total shares voting on the resolution for such amendment and/or cancellation.

Chapter Three - General Meetings

13. Transfer of powers by the General Meeting

The General Meeting may assume powers given to another organ and may also transfer powers given to the General Manager to the authority of the Board of Directors, all for a specific matter or for a specific period of time.

14. Annual and Special General Meetings and Class Meetings

14.1. **General Meetings**

An annual meeting shall be held at the registered offices of the Company.

14.2. **Notice of a General Meeting**

No notice of a General Meeting shall be given to all shareholders registered in the register of shareholders.

15. Deliberations at General Meetings

15.1. **Adjournment of the General Meeting in the absence of a quorum**

If half an hour has passed from the time set for the meeting and a quorum was not found, the meeting shall be adjourned to the business day following the day of the meeting, at the same time and place without further notice, or to such other day, time, and place as the Board of Directors shall determine in a notice to the shareholders, and at the adjourned meeting, the matters for which the first meeting was called shall be discussed. If a quorum is not found at the adjourned meeting as stated, at least one shareholder, present in person or by proxy, shall constitute a quorum, unless it was convened at the request of shareholders.

A quorum is the presence of at least two shareholders holding together not less than 40% of the company's shares.

15.2. Chairman of the General Meeting

The Chairman of the Board of Directors shall chair every General Meeting, and in his absence, whoever was appointed for that purpose by the Board of Directors. In the absence of a Chairman, or if he did not appear at the meeting within 15 minutes of the time set for the meeting, the shareholders present at the meeting shall elect one of the directors of the company as Chairman, or if no director is present, they shall elect one of the shareholders present to chair the meeting. The Chairman of the meeting shall not have an additional or casting vote.

16. Shareholders' Vote

16.1. Proof of Ownership - a shareholder must provide the company with proof of ownership at least two business days before the date of the General Meeting. The company may waive such requirement.

16.2. Vote of a legally incapacitated person - a legally incapacitated person may vote only through a trustee, natural guardian, or other legal guardian. These persons may vote in person or by proxy.

16.3. Vote of joint owners in a share - where two or more shareholders are joint owners of a share, one of them shall vote, whether in person or by proxy. Should more than one partner seek to participate in the vote, only the first of the partners may vote. For this purpose, the first of the partners shall be the person whose name is listed first in the register of shareholders.

16.4. Defect - a non-material defect in the convening of the General Meeting or its conduct, including a defect resulting from non-compliance with a provision or condition set forth in the law or the company's articles of association, including regarding the manner of convening the General Meeting or its conduct, shall not disqualify any resolution adopted at the General Meeting and shall not affect the deliberations held therein.

17. Appointment of a Proxy for Voting

17.1. **Voting by Proxy**

A shareholder may appoint a proxy to participate and vote in his place, whether at a specific General Meeting or at General Meetings of the company in general, provided that a proxy form for the appointment of the proxy was delivered to the company at least two business days before the date of the General Meeting, unless the company has waived this requirement. A proxy need not be a shareholder in the company.

In the event that the proxy form is not for a specific General Meeting, then a proxy form deposited before one General Meeting shall also be valid for other General Meetings following it.

The above shall also apply to a shareholder, being a corporation, that appoints a person to participate and vote in its place at the General Meeting.

17.2. **Wording of the Proxy Form**

The proxy form shall be signed by the shareholder or by their authorized representative in writing, and if the appointor is a corporation, it shall be signed in a manner that binds the corporation. The company may require that it be provided with written certification to its satisfaction regarding the authority of the signatories to bind the corporation. The proxy form shall be prepared in the format detailed below. The Secretary of the Company or the Board of Directors shall be entitled, at their discretion, to accept a proxy form in a different format, provided that the changes are not material. The company will only accept an original proxy form or a copy of the proxy form, provided it is certified by a notary or a lawyer with an Israeli license.

Proxy Form

Date: _________

To:

[Company Name]

[Company Address]

Dear Sir/Madam,

Subject: <u>Annual/Special General Meeting of</u> ___________________ ("the Company")

<u>To be held on</u> ________ ("the Meeting")

I, the undersigned, ___________________, ID/Registration No. ___________________, of ___________________ St., being the registered owner of ___________________ (*) ordinary shares of no par value each, hereby appoint ___________________ ID (**) and/or ___________________ ID ___________________ and/or ___________________ ID ___________________ to participate and vote in my name and place at the subject meeting and at any adjourned meeting of the subject meeting of the Company/at any general meeting of the Company, until I notify you otherwise.

Signature

(*) A registered shareholder may grant several proxy forms, each referring to a different quantity of the company's shares held by them, provided that they do not grant proxy forms for quantities of shares greater than the quantity held by them.

(**) In the event that the proxy holder does not hold an Israeli identity card, the passport number and the issuing country must also be noted instead.

17.3. Validity of Letter of Authorization - Voting according to the letter of authorization shall be legal even if before then the appointer passed away, or became legally incompetent, or went bankrupt, or if it is a corporation - dissolved, or canceled the letter of authorization, or transferred the share in respect of which it was given, unless a written notice was received at the company's office before the meeting that such an event occurred.

17.4. Disqualification of Letters of Authorization - Subject to the provisions of any law, the company secretary shall be entitled, at his discretion, to disqualify letters of authorization if there is a reasonable suspicion that they are forged or that they were given by virtue of shares for which other letters of authorization were given.

Chapter Four - The Board of Directors

18. **Appointment of Directors and Termination of their Office**

18.1. Number of Directors - The number of directors in the company shall be no less than two (2) and no more than ten (10), unless otherwise decided by the General Meeting.

18.2. Appointment of Directors at a Special Meeting - A special meeting of the company may appoint directors to the company in place of directors whose office has been terminated and in any case where the number of board members has fallen below the minimum set in the Articles of Association or by the General Meeting. Such appointment shall be valid until the next annual meeting, unless otherwise determined in the appointment resolution.

Appointment of Directors by the Board of Directors - The Board of Directors has the right, at any time, to appoint any person as a director subject to the maximum number of directors set in these Articles of Association, whether to fill a casual vacancy or as an addition to the Board of Directors, and also to terminate his office. Any director so appointed shall serve until the next annual meeting and may be re-elected, unless his office was terminated by the Board of Directors or by the General Meeting.

18.3. Validity of the Appointment - The elected directors shall enter their office starting at the end of the general meeting in which they were elected or on the date of their appointment by the Board of Directors as stated in Section 18.3 above, as the case may be, unless a later date is determined in the resolution on their appointment.

18.4. Alternate Director - A director may from time to time appoint an alternate director for himself (hereinafter: "**Alternate Director**"), dismiss such an alternate director, and appoint another alternate director in place of any alternate director whose position has been vacated for any reason, whether for a specific meeting or on a permanent basis.

18.5. Proxy of a Director - Each director and each alternate director may appoint a proxy to participate and vote in their place at any board meeting or board committee meeting. Such appointment can be general or for the purpose of one meeting or several meetings. If a director or an alternate director is present at such a meeting, the proxy will not be able to vote in place of the director who appointed him. Such appointment shall be valid in accordance with its terms or until its cancellation by the person who gave it. A director or an alternate director in the company can serve as such a proxy.

18.6. Consequences of the Termination of a Director's Office on the Actions of the Board of Directors - In the event that a director's position is vacated, the remaining directors shall be entitled to continue to act as long as the number of remaining directors does not fall below the minimum number of directors set in the Articles of Association or by the General Meeting. In the event that the number of directors falls below the aforementioned, the remaining directors shall be entitled to act solely for the purpose of summoning a general meeting of the company.

18.7. Holding a Meeting via Communication

In a meeting held through the use of any communication means, it is sufficient that all directors entitled to participate in the discussion and voting participate in the meeting.

19. Chairman of the Board of Directors

19.1. Appointment - The Board of Directors shall elect one of its members to serve as Chairman of the Board of Directors and shall also determine in the appointment resolution the period for which he will serve in his office. Unless otherwise determined in the appointment resolution, the Chairman of the Board of Directors shall serve until another is appointed in his place or until he ceases to serve as a director, whichever is earlier. If the Chairman of the Board of Directors ceases to serve as a director in the company, the Board of Directors shall elect a new Chairman at the first board meeting to be held thereafter.

19.2. Absence of a Casting Vote - Should the votes be equal in a board resolution, the Chairman of the Board of Directors or whoever was elected to manage the meeting shall not have an additional vote.

20. Actions of the Directors

20.1. Summoning a Board of Directors Meeting - Any notice of a board meeting may be given orally or in writing, provided that the notice is given at least two business days before the scheduled date of the meeting, unless all members of the Board of Directors or their alternates or their proxies agreed to shorten the said time.

Such notice shall be delivered in writing, by facsimile, by email, or by other communication means, all to the address or facsimile number, email address, or the address to which notices can be sent by other communication means, as the case may be, that the director provided to the company upon his appointment, or in a written notice to the company thereafter.

20.2. Validity of Directors' Actions in Case of a Disqualified Director - All actions taken in good faith in a meeting of the Board of Directors or by a committee of the Board of Directors or by any person acting as a director shall be valid even if it is later discovered that there was a defect in the appointment of a director or such a person acting as aforesaid or that they or one of them were disqualified, just as if every such person had been duly appointed and was qualified to be a director.

21. Approval of Non-Extraordinary Transactions

Subject to the provisions of the Companies Law, a transaction of the company with an officer in it or with a controlling shareholder in it or a transaction of the company with another person in which an officer of the company has a personal interest or a controlling shareholder of the company has an interest, and which are not extraordinary transactions, shall be approved by the Board of Directors or by the Audit Committee or by whomever the Board of Directors shall authorize for this purpose. Such approval may be either a one-time approval for a specific transaction or a general approval for a certain type of transactions. Such authorization may be either a one-time authorization for a specific transaction or a general authorization for all types or a certain type of transactions.

Chapter Five - Secretary and Auditor

22. **Secretary**

The Board of Directors may appoint a secretary for the company, under such conditions as it sees fit, and appoint an assistant secretary and determine their duties and powers. If a secretary is not appointed for the company, the general manager, or whoever he authorizes for this purpose, and in the absence of a CEO, whoever is authorized for this purpose by the Board of Directors, shall perform the duties prescribed for the secretary by law, by these Articles of Association, and by a resolution of the Board of Directors.

The company secretary shall be responsible for all documents kept at the company's registered office, and shall manage the registers maintained by the company according to law.

23. **Auditor**

23.1. Subject to the provisions of the Companies Law, the General Meeting may appoint an auditor for a period exceeding one year, as shall be determined by the General Meeting.

23.2. The Board of Directors shall determine the salary of the company's auditor for audit work as well as his salary for additional services that are not audit work, unless otherwise determined by the company's General Meeting.

Chapter Six - Maintenance of the Company's Capital and its Distribution

24. **Dividend and Bonus Shares**

24.1. **Right to Dividend or Bonus Shares**

A dividend or bonus shares shall be distributed to whoever is registered in the company's register of shareholders on the date of the distribution resolution or on another date to be determined in the same resolution.

24.2. **Payment of the Dividend**

24.2.1. **Method of Payment**

If no other instructions were given in the decision on the distribution of the dividend, it shall be permitted to pay any dividend net of the tax required by any law by a check for the beneficiary only, which shall be sent by registered mail according to the registered address of the shareholder entitled to it, or by bank transfer. Every such check shall be made to the order of the person to whom it is sent. A dividend in kind shall be distributed as determined in the distribution decision.

In the case of registered joint owners, the check shall be sent to the shareholder whose name is listed first in the register of shareholders in relation to the joint ownership.

Sending the check to a person who, on the record date, is registered in the register of shareholders as the owner of a share, or in the case of joint owners - to one of the joint owners, shall constitute a release regarding all payments made in connection with that share.

The company may decide that a check below a certain amount will not be sent, and the dividend amounts that were supposed to be paid as such shall be considered as an unclaimed dividend.

The company may offset from the dividend amount to which a shareholder is entitled any debt of the shareholder to the company, whether its payment date has arrived or not.

24.2.2. Unclaimed dividend

The board of directors may invest any dividend amount that has not been claimed for one year after it was declared or use it in another way for the benefit of the company until it is claimed. The company shall not be liable to pay interest or linkage for an unclaimed dividend.

24.3. Manner of capitalizing profits and distribution of bonus shares

24.3.1. Funds

The board of directors may, at its discretion, set aside to special capital funds any amount from the company's profits, or from the revaluation of its assets, or its proportional parts

in the revaluation of the assets of the companies affiliated with it and determine the purpose of these funds. The board of directors may also cancel such funds.

24.3.2. Distribution of bonus shares - For the purpose of distributing bonus shares, the board of directors may settle as it sees fit any difficulty that may arise and make adjustments, including deciding that fractional shares will not be distributed, issuing certificates for an accumulated quantity of fractional shares, selling the fractions and paying their proceeds to those entitled to receive the fractional bonus shares, and deciding that cash payments shall be paid to the shareholders, or that fractions whose value is less than a determined amount (and if not determined, then whose amount is less than 50 NIS) shall not be taken into account for the purpose of making such adjustments.

Chapter Seven - Indemnification and Insurance of Officers

25. Indemnification of officers

25.1. The company may indemnify officers to the maximum extent permitted by any law, provided that the indemnification amount for all officers in the company, in aggregate, for one or more of the types of events detailed in the supplement, shall not exceed an aggregate amount equal to a rate of 25% of the company's equity according to its last known financial reports in the year of actual payment. Without derogating from the generality of the above, the following provisions shall apply.

25.2. The company may indemnify an officer for a liability or expense imposed on them or that they incurred due to an action performed by virtue of being an officer therein, as detailed below:

A. A financial liability imposed on them in favor of another person according to a judgment, including a judgment given in a settlement or an arbitrator's award approved by a court.

B. Reasonable litigation expenses, including lawyer's fees, incurred by the officer due to an investigation or a proceeding conducted against them by an authority authorized to conduct an investigation or proceeding, and which ended without the filing of an indictment against them and without a financial liability being imposed on them as an alternative to a criminal proceeding, or that ended without

the filing of an indictment against them but with the imposition of a financial obligation as an alternative to a criminal proceeding for an offense that does not require proof of criminal intent.

For this matter, the following definitions shall apply:

"Ending a proceeding without filing an indictment in a matter in which a criminal investigation was opened" - means closing the case according to section 62 of the Criminal Procedure Law [Consolidated Version], 1982-5742 (in this sub-section – the Criminal Procedure Law), or a stay of proceedings by the Attorney General according to section 231 of the Criminal Procedure Law;

"Financial obligation as an alternative to a criminal proceeding" – a financial obligation imposed by law as an alternative to a criminal proceeding, including an administrative fine according to the Administrative Offenses Law, 1985-5746, a fine for an offense determined as a fine offense according to the provisions of the Criminal Procedure Law, a financial sanction, or a ransom;

C. Reasonable litigation expenses, including lawyer's fees, incurred by the officer or which they were charged by a court, in a proceeding filed against them by the company or on its behalf or by another person, or in a criminal charge from which they were acquitted, or in a criminal charge in which they were convicted of an offense that does not require proof of criminal intent.

D. Expenses incurred by the officer or which they were charged, in connection with an administrative enforcement proceeding conducted in their matter, including reasonable litigation expenses, and including lawyer's fees, as far as this is permitted by law. For this matter, the following definitions shall apply:

"Administrative enforcement proceeding" - an administrative enforcement proceeding in accordance with the provisions of any law and including a proceeding in accordance with the Antitrust Law, the Efficiency of Enforcement Proceedings Law, and the Securities Law, including an administrative petition, objection, or appeal in connection with such a proceeding.

"Efficiency of Enforcement Proceedings Law" – the Efficiency of Enforcement Proceedings in the Securities Authority Law (Legislative Amendments), 2011-5771, as updated from time to time.

"Securities Law" – the Securities Law, 1968-5728, as updated from time to time.

"Antitrust Law" – the Antitrust Law, 1988-5748

E. Payment to an infringement victim as stated in section 52nd(a)(1)(a) of the Securities Law, as amended in the Efficiency of Enforcement Law (hereinafter: "Payment to an infringement victim").

F. Any other obligation or expense for which it is permitted or will be permitted by law to indemnify an officer.

<u>Advance indemnification</u> 25.3

The company may give an undertaking in advance to indemnify an officer therein for liabilities or expenses as specified in section 25.2(a) above, provided that the undertaking for advance indemnification shall be limited to events that in the board of directors' opinion are expected in light of the company's actual activities at the time of giving the undertaking for indemnification and also to an amount or a criterion that the board of directors determined are reasonable under the circumstances, and that the undertaking for indemnification shall specify the events that in the board of directors' opinion are expected in light of the company's actual activities at the time of giving the undertaking as well as the amount or the criterion which the board of directors determined are reasonable under the circumstances. And the company may also give an undertaking in advance to indemnify an officer therein for liabilities or expenses as specified in sections 25.2 (b) - 25.2 (f) above.

<u>Retroactive indemnification</u> 25.4

Without derogating from the provisions of regulation 25.3 above, and subject to the provisions of any law, the company may indemnify an officer therein retroactively.

<u>Insurance of officers</u> .26

26.1 The company may insure officers therein to the maximum extent permitted by law. Without derogating from the generality of the above, the company may enter into a contract for the insurance of an officer's liability in the company for a liability that will be imposed on them due to an action they performed by virtue of being an officer therein, in any of these:

A. Breach of the duty of care towards the company or towards another person;

B. Breach of fiduciary duty towards the Company, provided that the officer acted in good faith and had a reasonable basis to assume that the action would not harm the Company's interests;

C. Monetary liability imposed upon him in favor of another person;

D. Expenses incurred by the officer or in which he was charged, in connection with an administrative enforcement proceeding conducted in his matter, including reasonable litigation expenses, and including attorney's fees.

E. Payment to a party harmed by a breach.

F. Any other event for which it is or will be permitted by law to insure the liability of an officer.

27. <u>Indemnification and Insurance - General</u>

27.1 It shall be clarified that in this chapter, an undertaking regarding indemnification and insurance as aforesaid for an officer may also be in effect after the officer has ceased to serve in the Company.

Chapter Eight - Liquidation and Reorganization of the Company

28. <u>Liquidation</u>

28.1 If the Company is liquidated, whether voluntarily or otherwise, the liquidator may, with the approval of a general meeting, distribute in kind among the shareholders parts of the Company's property, and he may, with similar approval, deposit any part of the Company's property with trustees for the benefit of the shareholders as the liquidator, with the aforementioned approval, sees fit.

28.2 Subject to special rights of shares, if shares with special rights were issued, the Company's shares have equal rights among them in relation to the amounts of capital paid or credited as paid on the par value of the shares, to the extent they are of value.

par value, in all matters related to the return of capital and participation in the distribution of surplus assets of the Company in liquidation.

.29 Reorganization of the Company

.29.1 At the time of selling property of the Company, the Board of Directors, or the liquidators (in case of liquidation), if authorized by a resolution adopted by the general meeting of the Company, may receive fully or partially paid-up shares, BONDS or securities of another company, Israeli or foreign, whether incorporated or about to be incorporated for the purpose of buying the Company's property, or part thereof, and the directors (if the Company's profits allow) or the liquidators (in case of liquidation), may distribute among the shareholders the aforementioned shares or securities or any other property of the Company without realizing them or depositing them with trustees for the shareholders.

.29.2 The general meeting may, by a resolution adopted by the general meeting of the Company, decide on the valuation of the securities or property mentioned above at the same price and in the same manner as the general meeting decides, and all shareholders shall be obligated to accept any valuation or distribution authorized as aforesaid and to waive their rights in this regard, except, in the case where the Company is about to be liquidated or is in the process of liquidation, for those legal rights (if any) which under the provisions of the law cannot be changed or reserved.

Chapter Nine - Notices

.30 Notices

.30.1 A notice or any other document may be delivered by the Company to any shareholder, appearing in the register of shareholders of the Company, either personally or by sending via registered mail addressed according to the registered address of that shareholder in the register of shareholders or according to the same address that the shareholder provided in writing to the Company as an address for delivering notices.

.30.2 All notices to be given to the shareholders shall be given, in relation to shares whose owners are joint, to that person whose name is mentioned first in the register of shareholders and every

notice given in this manner shall be sufficient notice to all joint shareholders.

.30.3 Any notice or other document which was delivered or sent to a shareholder in accordance with these Articles shall be considered as if it was duly delivered and sent regarding all shares held by him (whether regarding shares held by him alone or by him in partnership with others), even if that shareholder died at that time, or went bankrupt, or an order for his liquidation was given, or a trustee or liquidator or receiver was appointed over his shares (whether the Company knew of it or not), until another person is registered in the register of shareholders in his place as the holder thereof, and delivery or sending of a notice or document as aforesaid shall be considered as sufficient delivery or sending to any person who has a right in these shares.

.30.4 Any notice or other document sent by the Company by mail to an address in Israel shall be considered as if it was delivered within 48 hours from the day on which the letter containing the notice or document was delivered to the post office, or within 96 hours in the case where the address is abroad, and when proving delivery, it shall be sufficient to prove that the letter containing the notice or document was addressed to the correct address and delivered to the post office.

.30.5 An accidental omission in giving notice of a general meeting to any shareholder or the non-receipt of a notice regarding a meeting or other notice by any shareholder shall not cause the cancellation of a resolution adopted at that meeting or the cancellation of proceedings based on that notice.

.30.6 Every shareholder and every member of the Board of Directors may waive his right to receive notice or his right to receive notice at a certain time and may agree that a general meeting of the Company or a board meeting, as the case may be, shall convene and be held even though he did not receive notice thereof, or even though the notice was not received by him at the time that was required.