



# INROM CONSTRUCTION INDUSTRIES LTD

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("the Company")

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To:

Israel Securities Authority

Via MAGNA

Tel Aviv Stock Exchange Ltd.

Via MAYA

[www.isa.gov.il](http://www.isa.gov.il)

[www.tase.co.il](http://www.tase.co.il)

Date: August 21, 2025

## **Subject:**

**Immediate Report Prepared According to the Securities Regulations (Private Offering of Securities in a Listed Company), 2000 ("Private Offering Regulations"), Regarding a Private Offering That is Not a Material Private Offering and Not an Exceptional Private Offering of Unlisted Warrants of the Company, Allocated to Office Holders in the Group Companies Under the Employee Option Outline Published in July 2023.**

In accordance with the Private Offering Regulations, the Company hereby notifies of the Board of Directors' decision<sup>101</sup> dated 21.8.2025 regarding a non-material private allocation according to the Company's existing option plan<sup>102</sup> and under the employee option outline published on July 2, 2023<sup>104, 103</sup> ("the Grant Date" and "the Plan" or "the Option Plan", respectively) of 268,328 warrants (non-transferable and non-tradable) ("the Warrants"), at no consideration, exercisable into up to 268,328 ordinary shares of NIS 1 par value each of the Company, to office holders in the group companies ("the Offerees"), according to the terms detailed in this report below ("the Allocation").

The total average annual benefit value<sup>105</sup> of the above warrants granted to the Offerees, distributed linearly over the three-year vesting period as described below, is approximately NIS 454 thousand per vesting year (on average), and a total of approximately NIS 1,363 thousand for the entire three-year vesting period.

The above allocation was made under the Plan, with the aim, among other things, to incentivize, encourage, and strengthen the Offerees to maximize operational results, promote and develop the Company and its business, and to increase the value of its shares in the long term.

## **Below are details regarding the grant, as required by the Private Offering Regulations**

### **1. General**

- 1.1. The grant constitutes a "private offering that is not a material private offering or an exceptional private offering", as defined in the Private Offering Regulations.
- 1.2. The grant of the warrants is subject to the approval of the Tel Aviv Stock Exchange Ltd. ("the Stock Exchange") for the listing for trading of the shares to be derived from their exercise.

### **2. The Offerees**

- 2.1. The warrants are granted to Offerees who are senior office holders in the group companies, who are not directors or CEOs, in accordance with and subject to the provisions of the outline and the terms of the Plan, which was first adopted by the Company on March 18, 2020, and amended and submitted to the tax authorities in March 2020 and December 2024.

**2.2.** To the best of the Company's knowledge, as of the date of this report, the Offerees are not interested parties (as defined in section 270(5) of the Companies Law, 1999) ("the Companies Law") and will not become interested parties as a result of the grant, nor are they controlling shareholders of the Company by virtue of holdings, nor will they become controlling shareholders as a result of the grant.

**2.3.** The Offerees are employees and employed by the Company and/or its subsidiaries and/or affiliates, and there are employer-employee relationships between them.

### **3**

## **Terms of the Offered Warrants, Their Quantity, and the Percentage They Constitute of the Voting Rights and the Issued and Paid-Up Share Capital of the Company**

**3.1.** The registered share capital of the Company is 300,000,000 ordinary shares of NIS 1 par value each of the Company.

**3.2.** The issued and paid-up share capital of the Company, prior to the allocation subject of this report, consists of 148,382,371 ordinary shares of NIS 1 par value each of the Company, 6,623,877 warrants exercisable into 6,623,877 ordinary shares of NIS 1 par value each allocated to employees and office holders in the Company and its subsidiaries under the Plan and the outline, and 190,174 warrants exercisable into 190,174 ordinary shares of NIS 1 par value each allocated to the Chairman of the Board of the Company, under the Plan and the outline.

**3.3.** The Company will grant the Offerees a total of 268,328 warrants (divided among them) exercisable into up to 268,328 ordinary shares of NIS 1 par value each of the Company ("the Exercise Shares"), according to the monetary benefit embedded in the warrants at the time of exercise as detailed in section 4.2 below (Cashless Exercise), subject to adjustments and according to the terms of the Plan and as detailed below.

**3.4.** The Exercise Shares constitute, as of the date of this report, 0.18% of the issued and paid-up share capital of the Company and of the voting rights therein (after the allocation, assuming only the warrants offered under this allocation are exercised into shares) and about 0.17% of the issued and paid-up share capital of the Company and of the voting rights therein on a fully diluted basis (after the allocation, i.e., assuming exercise into shares of all the warrants offered under this allocation and assuming exercise of all existing warrants in the Company). It is emphasized that the above calculation is theoretical only, as in practice the above percentages are expected to be lower, since according to the allocation terms set in the Plan, the Exercise Shares will actually be allocated in a quantity reflecting the monetary benefit embedded in the warrants at the time of exercise (Cashless Exercise).

**3.5.** The warrants will be granted to each Offeree at no monetary consideration, and according to the terms of the Option Plan and the option agreement to be signed with them, as part of the long-term compensation within the employment of the Offerees in the group companies.

**3.6.** Vesting Period: The warrants will vest (become exercisable) over a period of 3 years, in three equal tranches, such that after every twelve (12) full months of continuous service<sup>206</sup> of the Offerees from the grant date, one third (1/3) of the warrants will vest, until all the warrants have vested (i.e., 100% of the warrants will be exercisable at the end of 3 years from the grant date), with the Board of Directors of the Company having the option to set different vesting periods, all subject to the Option Plan and the option agreements to be signed with the Offerees.

It is also determined that vesting may be subject to meeting measurable targets, set by the Board of Directors of the Company based on objective criteria.

**3.7. Exercise Period:** As a rule, the warrants will be exercisable from their vesting date as stated in section 3.6 above and up to five (5) years from their grant date, unless they expire earlier according to the provisions of the Option Plan and the option agreement to be signed with the Offerees.

**\*\*3.8.\*\*** Warrants not exercised by the end of the above exercise period will expire and wi

Without derogating from the above, after the end of an Offeree's service not due to "Cause"<sup>307</sup>, the expiration date of the Offeree's vested warrants will be the earlier of:

- (A) The expiration date of the vested warrants as in effect immediately prior to the end of such service;
- (B) Six (6) calendar months from the end of such service, or, if the end of such service is due to the Offeree's death or disability, twelve (12) calendar months from the end of such service.

**3.9.** If the Offeree wishes to exercise the warrants (all or part), subject to fulfilling the Plan's conditions, they will notify the trustee in writing of their desire to exercise the warrants, or part thereof. The exercise notice will specify the number of warrants the Offeree wishes to exercise and any other detail as may be required from time to time according to the Company's procedures.

**3.10.** According to the Stock Exchange's guidelines, as applicable from time to time, no exercise of warrants into Company shares will be made on the record date for a bonus share distribution, rights offering, dividend distribution, capital consolidation, capital split, or capital reduction (each of the above: "Company Event"). In addition, if the "ex-date" of a Company Event occurs before the record date of a Company Event, no exercise of the warrants into shares will be made on such "ex-date".

## **4. Exercise Price**

**4.1** The exercise price for each warrant allocated to each Offeree is NIS 22.75 per warrant, the average closing price of an ordinary share of the Company on the Stock Exchange in the 30 trading days preceding the grant date plus a 5% premium. The exercise price was set according to the Plan's provisions, as the higher of the average closing price of an ordinary share of the Company on the Stock Exchange in the 30 trading days preceding the grant date plus a 5% premium, or the closing price of the Company's share on the Stock Exchange on the last trading day preceding the decision date as stated.

It is clarified that the exercise price will be used solely for determining the monetary benefit component, and the number of Exercise Shares actually allocated to each Offeree as detailed in section 4.2 below, and that at the time of exercise the Offerees will not be required to pay the exercise price.

**4.2** The exercise of the warrants whose vesting date has arrived will be by means of a cashless exercise mechanism, whereby the Offerees will be entitled to receive shares reflecting the benefit component embedded in the exercised warrants according to the following formula (in this section: "Exercise Shares"):

(AXB) - (AXC)  
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B

- A = Number of warrants the Offeree wishes to exercise as specified in the exercise notice.
- B = Closing price in NIS of the Company's share on the Stock Exchange known on the day preceding the exercise date.
- C = Exercise price in NIS per warrant.

In each allocation of Exercise Shares, the Company will capitalize to share capital the nominal value of the Exercise Shares allocated as stated.

**\*\*5.\*\*** The shares derived from the exercise of the warrants will, from their allocation date,

**6.** The allocation of warrants to the Offeree will be under the capital gains route, as stated in section 102 of the Income Tax Ordinance [New Version], 1961 ("the Ordinance").

**7.** The shares derived from the exercise of the warrants will be registered in the name of the Company in the records of the Tel Aviv Stock Exchange Ltd. (or any other registration company that will be the Company's registration company at the relevant time).

**8. Adjustments**

**8.1. Adjustments Due to Bonus Share Distribution**



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In any case of a bonus share distribution where the record date for entitlement to participate in the distribution occurs after the allocation date of the warrants but before all the warrants have been exercised and before the Offerees' right to exercise them has expired ("the Record Date"), additional shares will be added to the Exercise Shares the Offerees are entitled to upon exercise of the warrant, in the number that the warrant holder would have been entitled to as bonus shares had they exercised the warrant before the Record Date.

The exercise price of each warrant will not change as a result of the addition of shares as stated. The provisions relating to the adjustment of the number of Exercise Shares will also apply in the case of an additional bonus share distribution to the shares added to the Exercise Shares, subject to necessary changes.

The additional shares resulting from the increase in the number of Exercise Shares of each warrant, as stated, which will be allocated upon actual exercise of the warrants, will entitle their holders to participate in the full cash dividend and any other distribution, including additional bonus shares whose record date is the exercise date or thereafter. The additional bonus shares allocated as stated will also be equal in their rights in all other respects to shares of the same type in the Company's share capital.

The Offeree's right to additional Exercise Shares of the Company in the case of a bonus share distribution as set forth above in this section will apply only from the exercise date of the warrants and in respect of warrants actually exercised by the Offeree.

## **8.2. Adjustments Due to Rights Offering**

If the Company offers its shareholders securities by way of a rights offering, where the record date for their receipt (in this section: "Ex-Rights Date") occurs before the warrants have been exercised or expired, the rights of the warrant holders at the time of exercise (if any) will be preserved such that the number of shares resulting from the exercise of the warrant will be adjusted to the benefit component in the rights offering as reflected in the ratio between the closing price of the share on the Stock Exchange on the last trading day before the Ex-Rights Date and the base price set for the Company's shares "ex-rights".

## **8.3. Adjustments Due to Share Capital Split or Consolidation**

If the Company consolidates its shares into shares of a higher par value or splits them by way of a subdivision into shares of a lower par value or with no par value at all, the number of Exercise Shares to be allocated upon exercise of the warrant after such action will be reduced or increased or otherwise changed, as the case may be.

## **8.4. Adjustments Due to Dividend Distribution**

If the Company distributes a cash or in-kind dividend or by the Company to all its shareholders (including a distribution approved by a court under section 303 of the Companies Law, or any other section applicable in this matter), and the record date for entitlement occurs after the allocation date of the warrants but before all the warrants have been exercised and before the Offeree's right to exercise them has expired, the exercise price of the warrants will be adjusted by reducing the exercise price per warrant by the amount equal to the dividend distributed per share. It is clarified that in any case the reduction will not exceed the exercise price as it was before such distribution, so that no negative exercise price will be created.

#### **8.5. Voluntary Liquidation**

If it is decided to voluntarily liquidate the Company while there are outstanding warrants under the Plan, the Company will notify all Offerees of the decision, and each Offeree will have ten (10) days to exercise the warrants not yet exercised into shares and for which the vesting date has arrived, according to the exercise procedure set forth below. After these ten (10) days, all warrants not yet exercised into shares by that day will immediately expire.

**8.6.** The number of Exercise Shares will not increase, and the exercise price for one Exercise Share will not be reduced, in the case of any issues or distributions (including issues to interested parties), that do not constitute a bonus share distribution, cash dividend distribution as stated in section 8 above, and in the case of a rights offering, the provisions of section 8.2 above will apply. The provisions relating to the Exercise Shares will also apply to shares added to the Exercise Shares as stated above.

#### **8.7. Structural Change**

In the case of a split or structural change of the Company (except for a merger), the warrants allocated under the Option Plan will be replaced or converted for cash or for replacement warrants in the corporation after the structural change as stated or any other adjustment will be made, all at the sole discretion of the Company's Board of Directors.

#### **8.8. Fractional Shares**

In any case where, as a result of the adjustments detailed in section 8 or in the calculation of the benefit component as stated in section 4.2 above, the Company is required to allocate fractional shares, the Company will not allocate fractional shares, and the number of shares allocated to the Offeree will be rounded down for any fraction less than 0.5, and up for any fraction equal to or greater than 0.5.

#### **8.9. Delisting**

It is clarified that in certain circumstances, the Company may delist its shares from trading and cease to exist as a public company. If the Company decides to delist its shares from trading or if the Company's securities are no longer publicly traded, for any reason, including in the case of a full tender offer, the Board of Directors may determine, at its sole discretion, how the delisting will affect the vesting of unvested warrants, including accelerating their vesting, as well as the exercise rights of vested warrants up to the delisting date.

**8.10.** It is clarified that in any case, the Company will not indemnify nor be required to indemnify the Offerees in relation to the results of the actions described above, even if such action causes a change in the original tax route of the warrants, including due to an increase in the tax liability of an Offeree in connection with the warrants.

**8.11.** For provisions regarding change of control, see section 7.5.3 of the outline.

## **9. Taxation**

**10.1.** All tax consequences arising from the grant of any warrant or from its exercise, from the payment for the Exercise Shares or from their transfer to the Offeree or from any other event or action (of the Company, any related company, the trustee, or the Offeree) under the Option Plan, including and without limitation, failure to comply with the provisions of section 102 of the Ordinance under the capital gains route for any reason, any non-compliance by the Offerees with the provisions of the Option Plan, will apply solely to the Offerees. The Offerees will indemnify the Company and/or the trustee as applicable, and release them from any liability for any tax payment or fine, interest, or linkage.

**\*\*10.2.\*\*** The Company, any related company, and the trustee may, each of them, deduct (inc

**10.3.** Furthermore, Offerees will indemnify the Company and the trustee, or any of them, and compensate them for any such tax liability or for interest or fine imposed in connection therewith, including and without limitation, liabilities related to the obligation to withhold any such tax from any payment made to the Offerees, or that should have been withheld.

**10.4.** Without derogating from the above, it is hereby clarified that the Offerees will bear and be liable for any tax and any other liability in the event that their warrants under the trustee route, and/or the Exercise Shares, are not held for the entire lock-up period, all as provided in section 102 of the Ordinance.



**It is clarified that the above is a summary only, and does not exhaust all the arrangements, agreements, and conditions between the Company and the Offerees in connection with the warrants, including regarding: non-tradability and non-transferability of the warrants, terms of the Option Plan in case of termination of employment or office, exercise procedure, provisions of the Ordinance, taxation, Offeree obligations, etc., all subject to the provisions of the Plan and the Board of Directors' decisions thereunder.**

For further details regarding the warrants, see the description provided in the employee option outline published on 5.7.2023.

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## **10. Agreements to which the Offeree is a Party Regarding Holdings in the Company's Shares**

To the best of the Company's knowledge, as of the date of this report, based on an inquiry made with the Offerees, there are no agreements, written or oral, between the Offerees and any other holder of the Company's shares, and between the Offerees and others regarding the purchase or sale of the Company's securities or regarding voting rights therein.

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## **11. Prohibition or Restriction on Actions in the Warrants**

**12.1.** The warrants are not traded on the Stock Exchange and will not be listed for trading on the Stock Exchange. The Company will act to list the shares derived from the exercise of the warrants for trading on the Stock Exchange, subject to the Stock Exchange's approval.

**12.2.** Except by way of a will or under inheritance laws, the warrants and the rights attached to them are not assignable, transferable, attachable, lienable, or pledgeable in any way or form, and the Offerees will not grant a power of attorney or transfer deed in connection with them, whether with immediate or future effect, all as detailed in the Option Plan.

**12.3.** The Offerees will be subject to the capital gains route provisions under section 102 of the Ordinance and the restrictions arising therefrom.

**12.4.** The sale of shares derived from the exercise of the warrants will be subject to the restrictions set forth in the Securities Law and the Securities Regulations (Details Regarding Sections 15A to 15C of the Law), 2000, as follows:

- **12.4.1.** During a period of six (6) months beginning on the allocation date ("the First Period"), the Offerees will not be permitted to offer the Exercise Shares for sale on the Stock Exchange without publishing a prospectus approved for publication by the Israel Securities Authority.
- **12.4.2.** During the six (6) subsequent quarters ("the Additional Periods") following the end of the First Period, the Offerees will not be permitted to offer the Exercise Shares for sale on the Stock Exchange without publishing a prospectus approved by the Authority, except as detailed below:
  - (A) On any trading day on the Stock Exchange, a quantity of shares not exceeding the average daily trading volume on the Stock Exchange of shares of the type of the Exercise Shares, during the eight (8) weeks preceding the offer date, will be offered for sale;
  - (B) The total quantity of Exercise Shares offered for sale in any quarter will not exceed 1% of the issued and paid-up share capital of the Company on the offer date. For this purpose – "issued and paid-up share capital" – excluding shares resulting from the exercise or conversion of convertible securities allocated up to the offer date and not yet exercised or converted.

**12.4.3.** No restrictions regarding timing or quantities will apply to sales outside the Stock Exchange, but any person who acquires the Exercise Shares from the Offerees not under a prospectus and not during trading on the Stock Exchange will step into their shoes regarding compliance with the lock-up provisions as stated above in this section.

Sincerely,

**INROM CONSTRUCTION INDUSTRIES LTD**

Signed by:

1. Peretz Shahr, Acting CEO.
2. Sagiv Mauda, CFO.

**FOOTNOTE:**

<sup>101</sup> The Board of Directors made the above decision through the Equity Compensation Committee authorized by it in May 2020 in accordance with the provisions of section 288(b) (1) of the Companies Law.

<sup>102</sup> For details regarding the existing option plan and its expansion, see the description provided in the outline sections and in section 5.2 of the outline.

<sup>103</sup> See the employee option outline published on 5.7.2023 and on 28.9.2023 (reference numbers 01-075417-2023 and 2023-01-090682) ("the outline").

<sup>104</sup> See the Company's report dated 19.03.2020 (reference number 2020-01-026733) included by way of reference.

<sup>105</sup> Based on the economic value per warrant calculated according to the binomial model by an external appraiser. It should be noted that according to accounting rules, the cost the Company is expected to record in its financial statements for the grant of the above warrants will be recorded differently and not linearly, so that in the first year a higher cost will be recorded than the average annual cost, all in accordance with accepted accounting rules and subject to the other terms of the warrants and the provisions of the plan.

<sup>206</sup> "Service" – including the employment of the Offeree and as defined in the Option Plan.

<sup>307</sup> According to the plan, the term "Cause" means: (A) the Offeree's conviction of any felony involving moral turpitude or affecting the Company or any related company; (B) embezzlement of the Company's or any related company's funds; (C) any breach of fiduciary duty or duty of care of the Offeree towards the Company or any related company (including and without limitation, any disclosure of confidential information of the Company or any related company or any breach of a non-compete undertaking); (D) any conduct not in good faith, which the Board of Directors has reasonably determined to be materially harmful to the Company, or, with respect to any related company, which the board of such related company has reasonably determined to be materially harmful to the Company or such related company; (E) any other event classified in any relevant agreement between the Offeree and the Company or between the Offeree and the related company, as applicable, as "Cause" for termination of services or any other similar term.