

**Nayax Ltd.**  
**(the “Company”)**

**Circular**

For offering options and restricted share units (RSUs) of the Company to officers and employees of the Company and of companies under its control, according to the provisions of Section 15b(1)(a) of the Securities Law, 5728-1968 (the “**Securities Law**”) and the Securities (Details of Circular for Offering Securities to Employees) Regulations, 5760-2000 (the “**Circular Regulations**”).

**For the offering of**

Up to 14,800,000 non-negotiable options, for no consideration, exercisable, assuming full exercise, into up to 14,800,000 ordinary shares of the Company (subject to adjustments as set forth in Section 15 below), with equal rights for all intents and purposes as the Company’s ordinary shares, as set forth hereunder, and up to 2,000,000 restricted share units (RSUs), non-negotiable, for no consideration, which shall be automatically converted upon vesting, assuming full vesting, into up to 2,000,000 ordinary shares of the Company (subject to adjustments as set forth in Section 15 below), with equal rights for all intents and purposes as the Company’s ordinary shares, as set forth hereunder, provided that total amount of options and restricted share units (jointly) to be actually allocated shall not exceed 14,800,000, all according to this Circular (the “**Circular**”).

**Date:** July 8, 2021

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## **Chapter A - Introduction**

### **1. General**

- 1.1. On December 17, 2018 (the “**Commencement Date**”), the Company’s board of directors adopted a global capital incentive plan, according to which the Company’s board of directors shall be entitled to allocate non-negotiable options exercisable into ordinary shares of the Company, ordinary shares of the Company, or any other kind of capital remuneration (including restricted share units), *inter alia* to employees, officers, directors, and consultants, who provide services to the Company or to entities related thereto, all subject to the provisions of applicable law and approvals required pursuant to applicable law (the “**Plan**” or “**Capital Remuneration Plan**”). The Capital Remuneration Plan includes a schedule referring to allocations under the Plan to Israeli offerees. On May 4, 2021, the Company’s board of directors approved an amendment to the Plan for purpose of adjusting its provisions to a public company.
- 1.2. On May 4, 2021, the board of directors and general meeting of the Company’s shareholders adopted a policy with respect to the terms of service and employment of officers of the Company (the “**Remuneration Policy**”).<sup>1</sup> Allocating options and restricted share units under this Circular to officers of the Company shall be made pursuant to the Company’s Remuneration Policy, and subject to the provisions of law.
- 1.3. On July 8, 2021 the Company’s board of directors confirmed that the Company shall be entitled to allocate, pursuant to this Circular, for no consideration, to employees<sup>2</sup> and to officers of the Company and of companies under its control (the “**Offerees**”): (a) up to 14,800,000 non-negotiable options, exercisable, assuming full exercise, into up to 14,800,000 ordinary shares of the Company (subject to adjustments as set forth in Section 15 below), with equal rights for all intents and purposes to the Company’s ordinary shares par value ILS 0.0001 each (the “**Ordinary Shares**” and the “**Options**”), as set forth hereunder, and (b) up to 2,000,000 restricted share units (RSUs), non-negotiable, which shall be automatically converted upon vesting, assuming full vesting, into up to 2,000,000 Ordinary Shares of the Company (subject to adjustments as set forth in Section 15 below), with equal rights in all respects to the Company’s Ordinary Shares, as set forth hereunder

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<sup>1</sup> For the Company’s Remuneration Policy, see Annex to Chapter 8 of the initial public offering prospectus, the secondary offering prospectus, and the shelf prospectus published by the Company on May 10, 2021 (reference no: 2021-01-082128).

<sup>2</sup> Including those for which there is no employment relationship, meaning, service providers.

(“**Restricted Share Units**”), provided that all options and restricted share units (jointly) to be actually allocated shall not exceed 14,800,000 (hereinafter: the “**Allocation Framework**”).

- 1.4. The Options and Restricted Share Units to be allocated to the Offerees under this Circular (if any), shall not be listed on the Tel Aviv Stock Exchange Ltd. (“**TASE**”). Subject to TASE’s approval, the Ordinary Shares to derive from exercising the Options and vesting of the Restricted Share Units as foregoing (the “**Exercise Shares**”) shall be listed on TASE, and as of their allocation date shall have equal rights in all respects to the Ordinary Shares currently existing in the Company’s share capital. The shares to derive from exercising the Options and from vesting of the Restricted Share Units, which shall be allocated under the Circular, shall be registered in the name of the nominee company of the Tel Aviv Stock Exchange Ltd. (the “**Nominee Company**”).
- 1.5. The Exercise Shares to derive from exercising all of the Options that may be allocated under this Circular (up to 14,800,000 Options) and the Exercise Shares deriving from vesting of all of the Restricted Share Units that may be allocated under this Circular (up to 2,000,000 Restricted Share Units), provided that the total of all Options and Restricted Share Units (jointly) to be actually allocated, shall not exceed 14,800,000, and shall jointly constitute, assuming full exercise and on a fully diluted basis,<sup>3</sup> approximately 3.9% of the Company’s issued and outstanding share capital and approximately 3.9% of its voting rights.
- 1.6. Allocation of the Options and Restricted Share Units to Offerees under this Circular is subject to obtaining all approvals and permissions set forth in Section 3 below, in accordance with the provisions of Section 15B(1)(a) of the Securities Law, through this Circular.
- 1.7. Allocation of the Options and Restricted Share Units to Offerees under the Circular shall be under Section 102 of the Income Tax Ordinance [New Version], 5721-1961 (the “**Ordinance**”), in the capital gains track with a trustee<sup>4</sup> that shall hold them in trust according to the provisions of Section 102 of the Ordinance and the rules thereunder, except: (a) in case of allocation under this Circular to employees or officers of the Company or of companies under the Company’s control, who are not residents of Israel, such allocation

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<sup>3</sup> Assuming: (a) full exercise of the non-negotiable options that the Company allocated until the date of this Outline; (b) exercise of all the Options that may be allocated under this Outline (14,800,000 Options); and (c) exercise of all Restricted Share Units that may be allocated under this Outline (2,000,000 Restricted Share Units); provided no more than 14,800,000 Options and Restricted Share Units shall actually be allocated in total.

<sup>4</sup> It is clarified that any reference to granting the Exercise Shares to an Offeree or trustee thereof shall mean registering the shares in favor of the Offeree or trustee, as applicable, with a TASE member, whereby such shares shall be registered in the Company’s registry of shareholders in the name of the Nominee Company.

shall be made according to the tax laws of their country of residence; (b) other cases to which Section 102 of the Ordinance does not apply, including allocations under this Circular to consultants of the Company.

- 1.8. On December 25, 2018, the Company submitted the Plan to the Israel Tax Authority, according to the provisions of the capital gains track, and it shall allocate the Options and Restricted Share Units subject of this Circular pursuant thereto.<sup>5</sup> As of the publication date of this Circular, the Company is entitled to allocate Options and Restricted Share Units under the Plan.

## **2. Purpose of the Plan and its administration**

- 2.1. The purpose of the Plan is to promote the interests of the Company and its objectives through providing incentives and remuneration to the Offerees and increasing their commitment to the Company and its group, in order to encourage them to continue contributing to the Company and its group, and in order for them to have a proprietary interest in the Company's long-term success, in developing its business, and in maximizing its results.
- 2.2. According to the provisions of the Plan, it shall be administered by the Company's board of directors or by one of its committees that the Company's board of directors shall authorize for purpose of implementing the Plan.
- 2.3. The board of directors shall have the authority and discretion to decide, among others, the following: The identity of the Offerees, the type of capital remuneration to be granted to each Offeree, the number of Options and/or Restricted Share Units to be granted to each Offeree, the exercise price of options, and to set the grant and vesting dates of the Options and the Restricted Share Units. The Company's board of directors shall be entitled to alter or amend the terms of the Plan and/or change the terms of grants made thereunder. Similarly, the Company's board of directors shall have the authority to resolve any additional issue that is required for purpose of administering and interpreting the Plan.
- 2.4. The Plan shall be in effect for seven (7) years from the Commencement Date. For the avoidance of doubt, the expiration of the Plan shall not prejudice the validity of Options and Restricted Share Units that were granted prior to the Plan's expiration.

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<sup>5</sup> On June 27, 2021, the Company submitted the amended version of the Plan to the Israel Tax Authority, after adjusting it to the Company becoming a public company.

### 3. **Permits, approvals, and grant date of the Options**

- 3.1. On July 8, 2021, the Company's board of directors approved the publication of this Circular. For details regarding the board of directors' approval for adopting the Plan, see Section 1.1 above. The allocation of Options and/or Restricted Share Units of the Company to Offerees under the Circular shall be subject to obtaining the approval of the Company's relevant competent organs, as required under applicable law.
- 3.2. In addition, the allocation of Options and/or Restricted Share Units that may be offered under the Plan and Circular, shall be subject to obtaining TASE's approval for listing the Exercise Shares to derive from the Options and Restricted Share Units on TASE. The Options and Restricted Share Units shall be allocated to Offerees only after obtaining TASE's approval for listing the Exercise Shares to derive therefrom on TASE.
- 3.3. The Company shall act to obtain all the required approvals for purpose of allocating the Options and Restricted Share Units to the Offerees, if any additional approvals are required as foregoing.
- 3.4. The Options and Restricted Share Units shall be allocated to the Offerees according to the dates to be set in the Options and/or Restricted Share Units grant agreement to be executed with each relevant Offeree, but not before the lapse of at least fourteen business days from the publication date of this Circular, and no later than 36 months after the publication date of this Circular, and subject to obtaining all of the required approvals and permits as set forth in this Section 3 above.

### 4. **Powers of the Israel Securities Authority**

According to Regulation 9 of the Circular Regulations, the Israel Securities Authority (including an employee that it has authorized for such purpose) is entitled, within fourteen business days from the date of submitting this Circular, to order the Company to provide explanations, details, information, and documents with respect to the Circular, and order the Company to amend the Circular within a time period it shall set. Should the Israel Securities Authority order the amendment of this Circular, it shall be entitled to order the postponement of the commencement date for granting the securities offered under this Circular, to a date no earlier than the lapse of three business days, and no later than the lapse of fourteen business days, from the publication date of the amendment to this Circular. The amendment of this Circular, if any, and the postponement of the date for commencing the period to provide the offered securities, if postponed, shall be carried out in accordance with the Circular Regulations.

If upon the laps of fourteen business days from the date of submitting the Circular, no such notice was provided by the Israel Securities Authority, the Company shall be entitled to allocate securities under the Circular, provided all other conditions set forth in the Circular Regulations have been fulfilled and all of the approvals and permits required under applicable law have been obtained.

## **Chapter B - Details of the Offering**

### **5. Offered securities**

- 5.1. According to the approval of the Company's board of directors dated July 8, 2021, the Company is entitled to allocate Options and Restricted Share Units of the Company to the Offerees, as set forth in Section 1.3 above.
- 5.2. The shares to derive from exercising the entire Allocation Framework (meaning, the exercise of all of the Options and Restricted Share Units that may be allocated under this Circular) shall constitute, assuming full exercise and on a fully diluted basis,<sup>6</sup> approximately 3.9% of the Company's issued and outstanding share capital and approximately 3.9% of its voting rights.
- 5.3. The Options and Restricted Share Units to be allocated to the Offerees under the Circular (if any), shall not be listed on TASE. The Exercise Shares subject of the Options and Restricted Share Units shall be listed on TASE, and as of their allocation date shall have equal rights for all intents and purposes as the Ordinary Shares currently existing in the Company's share capital.
- 5.4. The Exercise Shares that shall be allocated to the Offerees under the Options and Restricted Share Units shall be listed to the name of the Nominee Company.

### **6. Details of the Offerees who are offered the Options and Restricted Share Units**

The Options and Restricted Share Units shall be offered to the Offerees as set forth in Section 1.3 above. The identity of the Offerees under the Circular and the number of Options and/or Restricted Share Units to be allocated to each of them shall be determined by the Company's competent organs, according to the provisions of applicable law.

### **7. Notice to the Offerees**

- 7.1. The Company shall provide written notice to each Offeree regarding the number of Options and/or Restricted Share Units that it shall be entitled to receive according to the Plan and the allocation agreement to be executed with it;
- 7.2. The Company shall publish an announcement to the Offerees with respect to submitting the

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<sup>6</sup> Assuming: (a) full exercise of the non-negotiable options that the Company allocated until the date of this Outline; (b) exercise of all the options that may be allocated under this Outline (14,800,000 Options); and (c) exercise of all Restricted Share Units that may be allocated under this Outline (2,000,000 Restricted Share Units); provided no more than 14,800,000 Options and Restricted Share Units shall actually be allocated.



Circular at the workplace of each Offeree, and it shall also provide copies of the reports referred to by the Circular for the Offerees' review at the Company's offices during customary work hours, as set forth in Chapter F below, in accordance with the provisions of the Circular Regulations.

7.3. According to the provisions of the Plan, each Offeree who shall be allocated Options and/or Restricted Share Units:

7.3.1. Shall bear all the tax liabilities deriving from granting, vesting, and exercising the Options and/or Restricted Share Units, payment for shares by virtue of exercising the Options, selling the Exercise Shares, transferring shares, or for any other action with respect to Options and/or Restricted Share Units and/or Exercise Shares, and it authorized the Company and/or trustee to withhold at source any such tax that shall apply;

7.3.2. With respect to Offerees that shall be allocated Options and/or Restricted Share Units under Section 102 of the Ordinance - the Offeree undertakes to fulfill the provisions of Section 102 of the Ordinance, the regulations promulgated and the rules set forth thereunder, and agrees to the application of Section 102, including the tax track chosen by the Company. In addition, the Offeree undertakes to fulfill the provisions of the trust agreement and the Options exercise and sale of Exercise Shares procedure, as shall be agreed between the Company and trustee.

7.4. The allocation of the Options and/or Restricted Share Units under the Plan and the Circular shall be made by way of written notice to be provided to the Offerees by the Company and shall be signed by the Company and Offeree.

## **8. The Company's share capital as of the date of this Circular**

8.1. The Company's registered share capital, as of the date of this Circular, is 700,000,000 Ordinary Shares par value of ILS 0.0001 each.

8.2. The Company's issued and outstanding share capital, as of the publication date of this Circular, is 325,404,362 Ordinary Shares par value of ILS 0.0001 each.

## **Chapter C - Terms of the Offered Securities**

### **9. The offered securities**

As foregoing, under the Circular the Company shall be entitled to offer, for no consideration: (a) up to 14,800,000 non-negotiable options, exercisable, assuming full exercise, into up to 14,800,000 Ordinary Shares of the Company (subject to adjustments as set forth in Section 15 below), and (b) up to 2,000,000 restricted share units (RSU), non-negotiable, that are automatically converted upon vesting, assuming full vesting, into up to 2,000,000 Ordinary Shares of the Company (subject to adjustments as set forth in Section 15 below), provided that the total amount of options and restricted share units (jointly) to be actually allocated shall not exceed 14,800,000.

Granting Options and/or Restricted Share Units according to the Plan shall be made under a grant agreement (hereinabove and after also “**Grant Letter**” or “**Allocation Letter**”), in the framework of which the terms of the grant shall be determined, including the type of capital remuneration that is granted, the number of Options and/or Restricted Share Units that are granted, vesting dates, and additional terms according to the Plan, subject to the Remuneration Policy (with respect to Options and/or Restricted Share Units to be allocated to officers of the Company) and to the provisions of law, and according to the discretion of the board of directors (and the Company’s other organs, if relevant).

### **10. Terms of the Exercise Shares**

The Exercise Shares to derive from the Options and Restricted Share Units shall be listed on TASE, and starting from their allocation date shall have equal rights for all intents and purposes as the Ordinary Shares currently existing in the Company’s share capital, including the fact that they shall entitle the Offerees to a right to receive dividends or bonus shares, which the record date for entitlement is the exercise date of the Options and/or the vesting of the Restricted Share Units (as applicable) or thereafter. The rights attached to the Company’s shares are described in Chapter D below.

### **11. Consideration of the offered securities and exercise price**

11.1. The Options and Restricted Share Units shall be offered to the Offerees for no financial consideration, as remuneration in the framework of their employment with the Company or with companies under the Company’s control, according to Section 15B(1)(a) of the Securities Law, the Circular Regulations, and the Plan.

11.2. The exercise price for the Options to be offered (if any) under this Circular shall be determined by the Company’s board of directors, provided that the exercise price shall not

be lower than the par value of the Company's shares, subject to the provisions of applicable law and subject to fulfilling the provisions of TASE's regulations and the guidelines thereunder, including the requirement for the exercise price not to be lower than the minimum price set forth in TASE's regulations and the guidelines thereunder, as in effect at such time. According to the provisions of the Company's remuneration policy, the exercise price of Options to be offered to officers of the Company shall be equal to the weighted average of the Company's share price on TASE in the thirty (30) days preceding the approval date of the board of directors with respect to such allocation.<sup>7</sup>

Such basic exercise prices shall be subject to adjustments, as set forth in Section 15 below and/or as shall be set forth in the Allocation Letter of each Offeree.

- 11.3. Upon the vesting of each Restricted Share Unit into a share of the Company, the Offeree shall not be required to pay any financial consideration to the Company. Similarly, the Offeree shall not pay the par value of the Exercise Shares deriving from the Restricted Share Units on the vesting date of the Restricted Share Units, and in light of the provisions of Section 304 of the Companies Law, the Company shall transform part of its earnings into share capital, from premium on shares or from any other source in its permitted equity in the event of issuing shares in consideration for an amount that is lower than par value, according to the provisions of Section 304 of the Companies Law.

## **12. Exercise period and vesting terms**

- 12.1. The vesting period of the Options and/or Restricted Share Units to be allocated to the Offerees under this Circular shall be determined by the Company's board of directors, in its discretion, and shall be set forth within the Allocation Letter that the Company shall provide the Offeree. According to the provisions of the Company's remuneration policy, Options and/or Restricted Share Units to be allocated to officers of the Company shall vest in a number of (equal or unequal) portions as determined by the Company's remuneration committee and board of directors, and shall vest over at least three years from the grant date (subject to adjustment and acceleration mechanisms, as set forth in Sections 14 and 15 below and/or as shall be determined in the Allocation Letter of each Offeree).
- 12.2. Unless determined otherwise by the Company's board of directors within the Grant Letter

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<sup>7</sup> According to the provisions of the Remuneration Policy, under extraordinary circumstances where there is significant fluctuation in the prices of the Company's securities, the remuneration committee and the board of directors may determine a shorter or longer period for examining the average price of the Company's shares prior to the Options grant.

regarding the grant of Options to an Offeree, the Options to be allocated to the Offerees shall expire, unless they were first exercised into shares, upon the earlier date of: (1) the lapse of seven (7) years from their grant date; (2) the expiration date of the Options in instances set forth in Sections 14 and 15 below.

### 13. Manner of exercising the Options and Restricted Share Units

- 13.1. Restricted Share Units to be allocated to Offerees under this Circular shall be automatically converted into Ordinary Shares of the Company, upon vesting of each portion, according to the vesting periods determined within the Allocation Letter that the Company has granted to each Offeree, provided that the Offeree will be employed in (or provide services to) the Company or an entity related thereto on the vesting date. The Restricted Share Units shall be automatically converted by the Company on such dates, without need for any notice on the part of the Offeree. Notwithstanding the foregoing, if the conversion date of Restricted Share Units to allocated under this Circular falls during a period that was determined by the Company to be a lock-up period due to the existence or potential existence of inside information<sup>8</sup> (blackout period) (hereinafter: the “**Lock-Up Period**”) or on a date when the Offeree has inside information, then the conversion date of the Restricted Share Units shall be automatically postponed, without need for any additional resolution by the Company’s competent organs, by a number of days equal to the number of days of the Lock-Up Period, or until the date on which the Offeree shall not have inside information (as applicable). The Company shall inform the Offeree regarding the postponement of the conversion date as set forth above.
- 13.2. Options to be allocated to the Offerees under this Circular shall be exercisable according to the terms of the Plan, the terms of the Allocation Letter that the Company granted to each Offeree, and the provisions of any law that applies to the Company and/or Offerees, including the relevant tax laws (including Section 102 of the Ordinance).
- 13.3. Exercise of Options that were granted according to the Plan shall be made by providing an exercise notice to the Company, on a designated form. Options shall be exercised after receiving an exercise notice by the Company.
- 13.4. Options that were granted according to the Plan shall be exercised by way of allocating shares in consideration for payment of the exercise price by the Offeree, or in other ways, as determined by the board of directors, including by way of net exercise, whereby the Offeree

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<sup>8</sup> As such term is defined in the Securities Law, 5728-1968.

shall be entitled to receive from the Company, for exercising the Options, a number of Ordinary Shares of the Company that reflects the financial benefit inherent in the exercised Options, while the exercise price shall not be paid by the Offeree, but rather shall only be used for purpose of calculating the benefit component, according to anything set forth in the Plan.

13.5. With respect to Offerees who are allocated Options under Section 102 of the Ordinance, should the Offeree desire to exercise an Option, it shall inform the trustee and the Company in writing to such end. The Offeror's notice shall be in a form to be determined by the Company from time to time, which shall include, *inter alia*, the name of the Offeree, the number of options that it wishes to exercise, and the exercise price set forth in the Allocation Letter (the "**Exercise Notice**"). The exercise date shall be the date set forth in the Exercise Notice (the "**Exercise Date**").

13.6. With respect to Offerees who are allocated Options under Section 102 of the Ordinance, after receiving the Exercise Notice and paying the exercise price as set forth above, and subject to obtaining all approvals required under law, the Company shall allocate the Exercise Shares to the trustee on behalf of the Offeree, or to the Offeree (according to the number of Options that the Offeree asked to exercise within the Exercise Notice).

13.7. Notwithstanding the foregoing, according to the provisions of TASE's regulations and the guidelines thereunder, there shall be no exercise of Options or conversion of Restricted Share Units to be allocated under this Circular on the record day for distributing bonus shares, for an offering by way of rights, for distribution of dividends, for capital consolidation, for capital split, or for reduction of capital (each of the above shall be referred to as "**Company Event**"), and the aforementioned exercise or conversion (as applicable) shall be postponed to the next trading day. Should the ex-dividend date of a Company Event fall before the record date of a Company Event, there shall be no exercise or conversion (as applicable) on such ex-dividend date, and the exercise or conversion (as applicable) shall be postponed to the next trading date.

#### **14. Provisions to apply in the event of terminating the employment of an Offeree at the Company**

Upon the occurrence of any of the events set forth below, the Offeree's right to purchase shares by virtue of the Options and/or Restricted Share Units to be allocated under this Circular, shall be subject to the provisions set forth below (except if determined otherwise within the Grant Letter that the Company gave to the Offeree and subject to the provisions of the Plan):

14.1. Except as set forth below, in the Plan or Grant Letter of every Offeree, on the termination date of the employment or tenure or engagement (as applicable) of the Offeree at the Company or at an entity related thereto (as applicable) (the “**Termination of Employment**” and “**Termination of Employment Date**”, as applicable), all of the Options and/or Restricted Share Units that were granted to the Offeree and not yet vested on the Termination of Employment Date, shall expire on the Termination of Employment date.

14.2. In case employment is terminated under circumstances that are not death or disability (as such term is defined in the Plan) or “cause” (as such term is defined in the Plan) (“**Cause**”), Options that were granted to an Offeree and have vested by the Termination of Employment Date, shall be exercisable by the Offeree, unless they first expire, by the earlier of: (1) 90 days after the Termination of Employment Date; or (2) the original expiration date of the Options.

14.3. Termination of employment for Cause

In the event of Termination of Employment of an Offeree for Cause (as defined in the Plan), all of the Options that were allocated to the Offeree shall expire on the Termination of Employment Date (whereby Options not yet vested shall not vest, and Options that have vested can no longer be exercised), according to the provisions of the Plan.

14.4. Termination of Employment due to the Offeree’s death

In the event of Termination of Employment due to the Offeree’s death, Options that were granted to the Offeree and that have vested by the Termination of Employment Date, shall be exercisable by the Offeree’s heirs for a period of 12 months from the Termination of Employment Date or until the expiration date of the Options as foregoing, according to the earlier thereof.

14.5. Termination of Employment due to the Offeree’s disability

In the event of Termination of Employment of the Offeree as a result of the Offeree’s disability (as defined in the Plan), Options that were granted to the Offeree and that have vested by the Termination of Employment Date, shall be exercisable by the Offeree for a period of 90 days from the Termination of Employment Date or until the expiration date of the Options, according to the earlier thereof.

15. Adjustments

Upon the occurrence of each of the events set forth below, the Offeree’s right to purchase shares by virtue of the Options and/or Restricted Share Units allocated to it shall be subject to the

adjustments set forth below (unless determined otherwise within the Grant Letter that the Company gave to the Offeree and subject to the provisions of the Plan):

- 15.1. Change in capital - In the event of an increase or reduction in the issued share capital of the Company as a result of a share split, reverse share split, share consolidation, reclassification of shares, or any event that increases or reduces the Company's issued share capital, which is made without receiving consideration by the Company, the number of shares to derive from exercising the Options and/or from converting the Restricted Share Units that were allocated to the Offeree under the Plan (the "**Exercise Shares**"), as well as the exercise price of the Options, shall be proportionally adjusted.
- 15.2. Distribution of bonus shares - In the event the Company distributes bonus shares, the Offeree's rights shall be reserved whereby the number of Exercise Shares to which the Offeree shall be entitled upon exercise of the Options and/or conversion of the Restricted Share Units, shall increase by the number of shares of the class that the Offeree would have been entitled to had it exercised the Options or had it converted the Restricted Share Units (as applicable), on the last trading day before the record date for distributing the bonus shares. The exercise price of each Option shall not change as a result of adding exercise shares as foregoing.
- 15.3. Issuance of rights - In the event the Company offers securities to its shareholders by way of rights, the number of Exercise Shares deriving from the Options and/or from the Restricted Share Units shall be adjusted in a manner reflecting the bonus component in the issuance of the rights, as it is expressed in the ratio between the closing rate of the Company's shares on TASE on the last trading day before the "X" day, and the base rate of the share "Ex rights".
- 15.4. Distribution of dividends - In the event of distributing of dividends in cash, the exercise price of the Options shall be reduced by the dividends amount that was paid. Notwithstanding the foregoing, in any event, the exercise price shall not be lower than the par value of the Company's shares. Making adjustments shall be subject to obtaining a suitable ruling from the Israel Tax Authority.

- 15.5. Transaction - In the event of a transaction,<sup>9</sup> the Options and/or Restricted Share Units that

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<sup>9</sup> In this respect, "**Transaction**" - (1) merger, reorganization, or consolidation of the Company with or into a different entity, or acquisition of the Company's shares by another person or entity in one transaction or within a series of related transactions (except for a good faith investment in the Company or acquisition, merger, reorganization, or consolidation as foregoing, in which the shares of the Company that were allocated immediately prior to such transaction shall continue to represent, or are converted into, or replaced with, shares, which immediately after such transaction, constitute at least a majority of the voting rights in the surviving or purchasing corporation's share capital,

were allocated to the Offerees under the Plan, and that were not exercised (whether or not vested) or converted (as applicable), shall be replaced with a different capital remuneration or with a right to receive consideration (as defined in the Plan) from the purchasing or surviving entity of the transaction, or from an entity related thereto, as shall be determined by such entity and/or by the Company's board of directors, subject and according to the terms of the Plan. Insofar as the purchasing or surviving entity shall not act as foregoing, the Company's board of directors shall determine the transaction's implications on the Options and/or Restricted Share Units that were not exercised or converted (as applicable), at its discretion, and subject and according to the terms of the Plan.

- 15.6. Winding up or liquidation of the Company - The Company's board of directors shall have sole and absolute discretion to determine the effect of winding up or liquidation of the Company on the Options and/or Restricted Share Units that were granted under the Plan, and that have not yet vested or been exercised, including acceleration or cancellation of all or part thereof.
- 15.7. The Company's board of directors may determine, at its discretion, that within a transaction (as set forth in Section 15.5 above) or liquidation of the Company (as set forth in Section 15.6 above), the Options and/or Restricted Share Units that were granted have no monetary value, and therefore the Offeree shall not be entitled to any consideration within the transaction or liquidation, and the board of directors may terminate the capital remuneration given to the Offeree starting from the transaction completion date, or on the date to be set by the board of directors, in the event of liquidation. Similarly, the board of directors shall be entitled to cancel capital remuneration, with not consideration for the Offeree, in the event of a transaction or liquidation, insofar as its exercise price is higher than the fair market value (as such term is defined in the Plan) of the Company's shares on the date of the transaction or liquidation.
- 15.8. Delisting the Company's shares from TASE - In the event of delisting the Company's shares from TASE, the Company's board of directors shall have the authority, at its discretion, to determine the suitable adjustments to be performed in connection with the Options and/or Restricted Share Units, as set forth in the Plan.

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as applicable; or (2) sale or disposition of all or almost all of the Company's shares or assets (including provision of a license, transfer, sale, or disposition or all or almost all of the Company's intellectual property rights, in a manner that in the economic essence is similar to a sale of all or almost all of the Company's intellectual property), whether in one transaction or in the framework of a series of related transactions; (3) any other transaction or set of circumstances that the board of directors, at its discretion, determined to be a transaction with a similar effect.



## 16. **General provisions**

- 16.1. In the event of expiry of an Option that was allocated according to the Plan or cancellation thereof for any reason prior to being exercised, such Option shall revert to the pool of Options from which the Company may grant Options, so that new Options in equal amount to the Options that expired may be allocated thereunder, according to the Plan (whether under this Circular, or another Circular, or in a different manner according to the provisions of law).
- 16.2. The Options are exercisable from time to time by any Offeree in full or in part, should the vesting date of the Options (or part thereof) arrive, as set forth in Section 12 above, and until their expiration date (as set forth in Section 12.2 above), provided that subject to the conditions of Section 14 above, the tenure of the Offeree in the Company or entity related thereto has not ended, and all unless determined otherwise in the options agreement of the Offeree or in the Plan, and subject to the restriction on trading securities of the Company as shall be in effect at such time, and to anything else set forth in this Circular.
- 16.3. For the avoidance of doubt, until the actual allocation date of the Exercise Shares following the exercise of Options or conversion of Restricted Share Units into shares subject to the terms of the Plan, the Offerees shall not have the rights conferred to the shareholders of the Company, with respect to shares that they are entitled to receive by virtue of exercising the Options or converting the Restricted Share Units.
- 16.4. The Allocation Letter to be granted to each Offeree under the Plan can include additional and/or other terms, according to the discretion of the board of directors and/or remuneration committee (as applicable) and the approval of the Company's competent organs.

## 17. **Preclusion and/or restrictions on performing actions and transferability of the Options, Restricted Share Units, and Exercise Shares**

- 17.1. The Options and Restricted Share Units to be allocated to the Offerees under this Circular, shall not be listed on TASE.
- 17.2. The Options and Restricted Share Units cannot be sold, transferred, assigned, charged, etc., except by the power of a will or inheritance or as required under the provisions of law.
- 17.3. According to the terms of the Plan, for the duration of the Offeree's life, the Options shall be exercisable only by the Offeree itself.

**18. Non-exclusiveness of the Plan**

The adoption of the Plan by the board of directors shall not be interpreted as amending, altering, or terminating any incentive arrangement that was approved beforehand or as limiting the powers of the board of directors to adopt other incentive arrangements as it shall deem fit, including granting additional Options and/or Restricted Share Units to any of the Offerees or to others not under the Plan, and those arrangements may apply in general or in specific cases.

**19. Continued tenure or work period**

No provision in the Plan and/or in the Allocation Letter with any of the Offerees under the Plan shall be interpreted as an undertaking and/or agreement on the part of the Company and/or entity related to the Company that the tenure of the Offeree as an officer of the Company and/or of an entity related to the Company shall continue, or in the event of an Offeree that is not an officer - that the Company and/or entity related to the Company undertake to continue employing, and no provision in the Plan and/or in the Allocation Letter with any of the Offerees shall be interpreted as granting the Offeree any right to continue serving as an officer of the Company and/or of an entity related to the Company, to continue being employed as an employee of the Company and/or of an entity related to the Company, or to continue being employed as a consultant of the Company and/or of an entity related to the Company, or as limiting the right of the Company and/or entity related to the Company to terminate the tenure of the Offeree as an officer or to at any time terminate the employment of an employee or consultant of the Company and/or of an entity related to the Company.

## **Chapter D - The Rights Attached to the Company's Shares**

A description with respect to the rights attached to the Company's shares is presented by way of reference to the Company's articles of association, which was published on May 11, 2021 (reference no: 2021-01-082962) on the website of the Israel Securities Authority at: [www.magna.co.il](http://www.magna.co.il) and on TASE's website at: [www.maya.tase.co.il](http://www.maya.tase.co.il).

With respect to arrangements set forth in the Company's articles of association according to certain provisions in the Companies Law, as set forth in Regulation 26(d) of the Securities (Prospectus Details and Prospectus Draft - Form and Structure) Regulations, 5729-1969, see Chapter 4 of the initial public offering prospectus, the secondary sale prospectus, and the shelf prospectus that the Company published on May 10, 2021 (reference no: 2021-01-082128), which are presented in this Circular by way of reference.

The foregoing does not constitute a substitute to reviewing the full and binding version of the Company's articles of association.

It is clarified that insofar as there shall be changes to the provisions of the articles of association with respect to the rights attached to the shares, these changes shall apply to the Exercise Shares to derive from exercising the Options and the Restricted Share Units.

## **Chapter E - Tax and Indemnity Aspects**

### **20. Tax aspects and mandatory payments**

- 20.1. The Plan includes a schedule referring to allocations under the Plan to Israeli offerees (the “**Schedule**”). According to the provisions of the Schedule, Options and/or Restricted Share Units to be allocated to employees and officers of the Company, or of entities related thereto, who are residents of Israel (except for employees or officers who are controlling shareholders (as such term is defined in the Ordinance) (in this section: “**Israeli Employees**”) shall be allocated according to the provisions of Section 102 of the Ordinance, and Options and/or Restricted Share Units to be allocated to non-employees shall be allocated according to the provisions of Section 3(i) of the Ordinance. The Company shall be entitled to allocate Options and/or Restricted Share Units to Israeli employees according to the provisions of Section 102(b) of the Ordinance, or according to the provisions of Section 102(c) of the Ordinance. The Company submitted the Plan for the approval of an assessing officer, under the capital gain track through a trustee under Section 102(b)(2) and 102(b)(3) of the Ordinance and shares to derive from the exercise of Options and/or from converting Restricted Share Units shall be deposited with a trustee on their allocation date, and the trustee shall hold them in trust in favor of the Offeree according to the provisions of Section 102 of the Ordinance. Options and/or Restricted Share Units that were allocated to Israeli Employees under Sections 102(b)(2) and 102(b)(3) of the Ordinance and shares to derive from exercising Options and/or from converting Restricted Share Units as foregoing, shall be held by the trustee until full payment by the Israeli Employees of the tax obligations that apply in connection with the Options, Restricted Share Units, and shares as foregoing.
- 20.2. It is noted that with respect to Offerees who are not employees of the Company and of companies under its control in Israel, and with respect to Offerees that are controlling shareholders, the taxation of the Options and Restricted Share Units shall be according to the provisions of Section 3(i) of the Ordinance and/or according to applicable law in their country of residence.
- 20.3. The Offerees shall alone bear all liabilities and tax payments in connection with granting the Options and/or Restricted Share Units, vesting of the Options and/or Restricted Share Units, exercising the Options, and from holding and selling the Exercise Shares by the Offerees. The Company and/or trustee (as applicable) shall be entitled to withhold any taxes under applicable law, regulations, and rules, including withholding tax at source. The Offerees shall

indemnify the Company and/or companies related to the Company, and they shall release them from any liability with respect to such payments for tax, interest, and fees, and from any other payment, including liabilities originating from the requirement to withhold tax or from failing to withhold tax from any payment that was transferred to the Offerees.

20.4. The income of Israeli Employees from allocation of Options and/or Restricted Share Units under the capital gains track through a trustee, shall not be taxable on the allocation date or exercise date, but rather on the date the Exercise Shares are sold by the trustee or transferred from the trustee to the Offeree, according to the earlier. Offerees who hold Options and/or Restricted Share Units that are subject to taxation under the provisions of Section 3(i) of the Ordinance, shall be taxed on the exercise date of the Options and/or vesting date of the Restricted Share Units into Company shares.

21. **The trustee for the Options and Restricted Share Units to be allocated to Offerees under the Circular according to the provisions of Section 102 of the Ordinance**

21.1. The trustee under the Circular with respect to the Options and/or Restricted Share Units to be allocated to the Offerees under the Circular shall be Altshuler Shaham Trusts Ltd. or any other person to be appointed by the Company (hereinafter: the “**Trustee**”).

21.2. According to the terms of Section 102(b) of the Ordinance, the Options and/or Restricted Share Units shall be allocated to the Trustee for each Offeree, and the Trustee shall act with the Options, Restricted Share Units, and Exercise Shares, according to the terms of Section 102 of the Ordinance, and according to the provisions of the Trust Agreement and procedure for exercising and selling the Exercise Shares, as shall be determined between the Company and Trustee, including the provisions set forth below:

21.2.1. The Trustee shall hold the Options and/or Restricted Share Units and shares to derive from their exercise, and/or other shares to be issued by virtue of exercising rights for Options, Restricted Share Units, and/or shares as foregoing, including bonus or split shares, at least for the duration of the periods set forth and required in Section 102 of the Ordinance<sup>10</sup> (the “**Minimum Lock-Up Period**”).

21.2.2. The Trustee shall not transfer shares to the Offeree that were allocated as a result of exercising the Options and/or Restricted Share Units and/or shares (including bonus shares) that were allocated as a result of exercising rights for Options, Restricted Share Units, or shares as foregoing, prior to payment of all tax liabilities deriving

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<sup>10</sup> Unless approval for a shorter lock-up period is obtained from the tax authorities.

according to the provisions of applicable law, and any agreement with the tax authorities.

21.2.3. Subject to the terms of Section 102 of the Ordinance, an Offerees shall not sell shares or transfer shares from the Trustee that were allocated as a result of exercising the Options and/or Restricted Share Units and/or shares that were allocated as a result of exercising rights for the Options, Restricted Share Units, and/or shares as foregoing, including bonus shares, prior to the passing of the Minimum Lock-Up Period. Notwithstanding the foregoing, should such a sale or transfer occur during the Minimum Lock-Up Period, sanctions under Section 102 of the Ordinance shall apply to the Offeree.

21.2.4. The Trustee shall hold the Options and/or Restricted Share Units for any Offeree during the entire period they exist, and it shall hold the Exercise Shares (including bonus shares) until their sale or until payment of the tax applicable to the Offeree, according to the earlier. Should the Offeree ask to sell the Exercise Shares prior to the applicable tax being paid, it shall be entitled to do so through the trustee subject to the terms of an arrangement to be determined, if any, with the tax authorities, and subject to payment of the tax. The Trustee shall be entitled to deduct any amount from the sale consideration for securing payment of the tax.

**The Offerees should consider the tax implications related to receiving the Options and/or Restricted Share Units as set forth in this Circular. The aforementioned does not constitute an authorized or exhaustive interpretation of the relevant provisions of law in this respect or an exhaustive description of the tax provisions relating to the allocation of Options and/or Restricted Share Units and is no substitute for professional consultation in this respect. It is proposed that the Offerees apply for professional consultation in accordance with the special circumstances of each Offeree. It is hereby clarified that the tax provisions relating to the allocation of the Options and/or Restricted Share Units, as foregoing, may change, and the Offeree shall bear all tax implications deriving from such change, if any.**

## **Chapter F - Additional Details**

### **22. Following are additional details that are required according to the provisions of the Law:**

#### **22.1. Details on the Company's share prices**

Following are details regarding the highest and lowest adjusted closing prices of the Company's shares on TASE starting from the date the Company's shares were listed on TASE, i.e. from May 13, 2021, until immediately before the publication of this Circular:

Period	High closing price (in Agorot)		Low closing price (in Agorot)	
	Rate	Date	Rate	Date
Starting May 13, 2021, until the publication date of the Circular	1,100	May 13, 2021	June 17, 2021	900

#### **22.2. Review of documents and reference to periodic and immediate reports**

Attention is hereby directed to the initial public offering prospectus, the secondary offering prospectus, and the shelf prospectus published by the Company on May 10, 2021 (reference no: 2021-01-082128), and to the reports that the Company published thereafter. Such documents can be reviewed on the website of the Israel Securities Authority at: <https://http://maya.tase.co.il> and at the Company's registered offices, during customary office hours, and by appointment at the phone number 03-7694380.

Date: July 8, 2021

**Sincerely,**

**Nayax Ltd.**

**Signed by: Yair Nechmad, Chairman of the Board of  
Directors and CEO of the Company**

**David Ben-Avi, Director**