

TADIRAN GROUP LTD

("the Company")

September 18, 2025

To:

Israel Securities Authority
Via MAGNA

TEL AVIV STOCK EXCHANGE LTD
Via MAYA

Subject: Immediate Report Regarding a Non-Material or Non-Exceptional Private Offering

The Company is pleased to submit this immediate report in accordance with Regulation 21 of the Securities Regulations (Private Offering of Securities in a Listed Company), 2000 (hereinafter: "Private Offering Regulations"), regarding a private offering by the Company that is not material or exceptional, as detailed below:

1. Background

- 1.1 On March 6 and 8, 2016, the Compensation Committee and the Board of Directors of the Company, respectively, approved an option plan for employees and office holders of the Company as well as for consultants of the Company (hereinafter: "the Plan"). On November 9, 2021, the Board of Directors approved an amendment to the Plan whereby the Company may allocate under the Plan a total of 237,382 options instead of 212,382 options as per the Plan prior to the said amendment.
- 1.2 On September 17, 2025, the Board of Directors of the Company approved a private offering of 14,500 non-tradable warrants exercisable into 14,500 ordinary shares of NIS 1.00 par value each (hereinafter: "Warrants" or "Options" and "Ordinary Shares", respectively), of which 10,000 warrants will be allocated to Mr. Ran Saban, who serves as the CFO of the Company and is an office holder in the Company (as defined in the Companies Law, 1999), and 4,500 warrants to an employee in the group who is not an office holder in the Company, all in accordance with the terms of the Plan and as detailed below (hereinafter: "the Offeree" or "the Offerees").

2. Amount of Securities Offered and the Percentage They Constitute of the Voting Rights and the Issued and Paid-Up Share Capital of the Company

- **2.1** As of September 17, 2025, the registered share capital of the Company is NIS 10,000,000, divided into 10,000,000 ordinary shares, and the issued and paid-up share capital of the Company is 8,586,001 ordinary shares, and on a fully diluted basis 8,615,001 ordinary shares.
- **2.2** The total number of securities offered under the allocation of the warrants subject to this report is 14,500 non-tradable warrants exercisable into a total of 14,500 ordinary shares of the Company (the shares resulting from the exercise of the warrants will hereinafter be referred to as: "Exercise Shares"), which as of September 17, 2025, constitute approximately 0.16% of the issued and paid-up share capital of the Company and of the voting rights therein, and approximately 0.17% on a fully diluted basis.
- **2.3** It is clarified that the percentages described above are based on the assumption of the maximum possible allocation of exercise shares for the said options and for additional options previously allocated by the Company to office holders and employees of the Company that have not yet been exercised or expired. It is clarified that this assumption is theoretical only, since according to the terms of the option plan and the decision of the Board of Directors, the offeree will be entitled to exercise the warrants (all or part), only through a cashless exercise mechanism as detailed in section 3.1.3 below.

3. Terms of the Securities Offered

Below is a summary of the main terms of the options as detailed in the Company's option plan:

3.1 Exercise Price

- **3.1.1** According to the terms of the Plan, the exercise price to be paid to the Company for the exercise of one option will be determined by the Board of Directors or a committee appointed by the Board and authorized to manage the Company's option plan ("Plan Administrator"). The Plan Administrator may set different exercise prices for each allocation of options. It is emphasized that according to the terms of the Plan, the exercise price will not actually be paid by the offeree, but the offeree will be allocated exercise shares in a quantity reflecting the benefit component embedded in those options exercised, as calculated at the time of exercise.
 - In each allocation of exercise shares, the Company will capitalize to share capital the nominal value of the exercise shares allocated, from profits as defined in section 302(b) of the Companies Law, 1999 (hereinafter: "Companies Law"), from share premium or from any other source included in its equity in its financial statements, all in accordance with and subject to the provisions of the Companies Law and any law. Notwithstanding the above, the Plan Administrator may, at its sole discretion, determine that the offeree must pay the nominal value of the exercise shares to be allocated before their allocation.
 - **3.1.2** According to the Board of Directors' decision of September 17, 2025, the exercise price per share for the options subject to this report will be NIS 167.48, reflecting the average closing price of the Company's share over the thirty (30) trading days preceding the date of approval of the grant by the Board of Directors as stated.
 - **3.1.3** Cashless Exercise
 - According to the Board's decision, the offeree will be entitled to exercise part or all of the options intended to be exercised, only through a cashless exercise mechanism.
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3.2 Vesting Period and Option Period

Options granted to the trustee for the offeree on a certain date will vest and become exercisable according to the schedule detailed below, provided that the offeree is employed by the Company or a subsidiary at the relevant date:

- **3.2.1** A quarter (25%) of the warrants (hereinafter: "the First Tranche") will be exercisable from the end of one year from the vesting date until the end of six (6) years from the vesting date at 17:00 (Israel time);
- **3.2.2** A quarter (25%) of the warrants (hereinafter: "the Second Tranche") will be exercisable from the end of two (2) years from the vesting date until the end of six (6) years from the vesting date at 17:00 (Israel time);
- **3.2.3** A quarter (25%) of the warrants (hereinafter: "the Third Tranche") will be exercisable from the end of three (3) years from the vesting date until the end of six (6) years from the vesting date at 17:00 (Israel time);
- **3.2.4** A quarter (25%) of the warrants (hereinafter: "the Fourth Tranche") will be exercisable from the end of four (4) years from the vesting date until the end of six (6) years from the vesting date at 17:00 (Israel time).

"Vesting date" for this purpose - the date from which the vesting period of the options begins, which will be the date of the Board of Directors' decision to grant the options subject to this report, i.e., September 17, 2025.

- **3.2.5** Acceleration of the offeree's entitlement to options in the event of a change of control (acceleration) - Notwithstanding sections 3.2.1 - 3.2.4 above, in the event of termination of employer-employee relations between the offeree and the Company and/or a subsidiary (as applicable) due to resignation or dismissal (except in the case of termination of employment under the circumstances detailed in section 3.4.3 below), during 12 months after a change of control in the Company (as defined below), the offeree's entitlement to exercise only the next closest tranche of options that would have vested (if any) after such termination will be accelerated, and the offeree will be entitled to exercise the options included in this tranche during the period specified in section 3.4.1 below.

It should be noted that the acceleration terms as stated above, with respect to an offeree who is an office holder, will be subject to the Company's compensation policy and the required approvals by law.

For the purposes of this section, "change of control" means a transaction or any other transfer action resulting in Mr. Moshe Mamrud no longer being the controlling shareholder of the Company, directly or indirectly. "Control" for this purpose as defined in the Securities Law, 1968.

- **3.2.6** Notwithstanding the above, if the option period of any tranche ends during a period determined by the Company as a blackout period due to the existence or potential existence of inside information (hereinafter: "Blackout Period"), then subject to compliance with all other terms of the Plan, the option period will be automatically extended, without any further decision by the Board of Directors, its Compensation Committee, or the Plan Administrator, for an additional period equal to the number of days included in the Blackout Period. The Plan Administrator will notify the offeree of the extension of the option period as stated above.
- **3.2.7** The shares resulting from the exercise of the warrants will be identical and equal in their rights, for all intents and purposes, to the rights granted to holders of ordinary shares of NIS 1.00 par value of the Company, existing in the issued and paid-up share capital of the Company, and will entitle the holder to any dividend or other benefit for which the record date falls after the exercise date. The Company will consider the exercise shares as fully paid shares.
- **3.2.8** The shares resulting from the exercise of the warrants will be registered in the name of the Company for the records of the TEL AVIV STOCK EXCHANGE LTD (or any other registration company as determined by the Company from time to time, in the event the Company decides to replace the registration company in connection with all its securities).

3.3 Adjustments

3.3.1 Bonus Share Distribution

If the Company distributes bonus shares to its ordinary shareholders during the option period, the offeree's rights will be preserved, so that the number of shares resulting from the exercise of the options, which the offeree will be entitled to receive upon exercise, will increase by the number of shares of the same type that the offeree would have been entitled to receive as bonus shares had he exercised the options (not yet exercised) before the bonus share distribution. The exercise price of each warrant will not change as a result of the increase in the number of exercise shares the offeree is entitled to due to the bonus share distribution.

It is clarified that the number of exercise shares to which the offeree will be entitled will be adjusted only in the case of a bonus share distribution as stated above, but not in the case of any other issuances (including issuances to interested parties), except in the case of a rights offering as detailed in section 3.3.3 below. It is further clarified that the offeree's right to increase the number of shares due to a bonus share distribution as stated will actually apply only to warrants actually exercised by the offeree, according to the terms of the Plan.

3.3.2 Structural Change

In any case of merger, split, reorganization, and/or any other structural change of the Company (hereinafter in this section: "Structural Change"), warrants allocated under the option plan will be replaced or converted for cash and/or for a replacement warrant in the corporation after the structural change as stated or any other adjustment will be made, all at the absolute discretion of the Plan Administrator and subject to legal approvals, who may set provisions regarding one or more of the options detailed in the option plan, including, inter alia, updating the vesting period of the options, exercise or replacement of the options, and may set any provision and perform any action and/or adjustment in connection with the warrants and their terms, as required at his discretion.

In addition, in the case of such a structural change, the Company may require the offeree for all options held by or for him and not yet exercised, to accept options exercisable into shares of the other corporation, in exchange for the Company's options held by him, according to the exchange ratio determined for all ordinary shareholders of the Company, provided that the total exercise price for all replacement options allocated will be equal to the total exercise price for all such options held by or for the offeree and not yet exercised.

It is clarified that in any case, the Plan Administrator will exercise his powers as stated in this section in a manner that does not materially harm the offeree's rights regarding warrants granted under the plan, without first obtaining the offeree's consent as stated.

3.3.3 Rights Offering

In the event of a rights offering by the Company to its shareholders, the exercise price of each option will be reduced by an amount equal to the benefit component. For this purpose, "benefit component" means: the ratio between the closing price of the Company's share on the stock exchange on the last trading day before the ex-rights date and the base price of the Company's share on the stock exchange ex-rights.

3.3.4 Dividend Distribution

In any case of a cash dividend payment by the Company to its ordinary shareholders, the exercise price of each option will be reduced by the amount of the dividend in new shekels. For the avoidance of doubt, the exercise price will not in any case be less than the par value of the share.

3.3.5 Split or Consolidation

In any case of a split or consolidation of the Company's share capital, or any other corporate capital event of a similar nature, the Company will make the necessary changes or adjustments to prevent dilution or enhancement of the offeree's rights under the plan regarding the number and type of exercise shares for options not yet exercised by the offeree and/or the exercise price of each option.

3.3.6

Without derogating from the provisions of section 3.3, it is clarified that no conversion of warrants into shares of the Company will be made on the record date for a bonus share distribution, dividend distribution, rights offering, capital consolidation, capital split, or capital reduction (each of the above will be called: "Company Event").

If the ex-date of a Company Event occurs before the record date of a Company Event, it will not be possible to exercise the options granted and/or to be granted under the option plan on the ex-date as stated. For this purpose, "ex-date" means as defined in the stock exchange regulations and the guidelines from time to time.

3.4 Termination of Employment

3.4.1 Termination of Employment Due to Resignation, Dismissal, or Retirement

In the event of termination of the offeree's employment with the Company or a subsidiary of the Company (unless the offeree moves to work for the Company or another subsidiary), for any reason not described in sections 3.4.2-3.4.4 below (including in the case of retirement), the offeree's right to exercise the options allocated to him will be only for options that have vested by the date of termination of his employment with the Company and/or its subsidiary (subject to section 3.2.5 above), and they will be exercisable (subject to the limitations of section 102) for a period of ninety (90) days from the date of termination of employment unless the Board of Directors determines another period as detailed in the grant letter, or until the end of the option period, whichever is earlier. The offeree's entitlement to the remaining options allocated for his benefit will expire upon termination of employment.

In addition to the above, in the event of termination of the offeree's employment with the Company or a subsidiary due to his dismissal by the Company or the subsidiary (unless the offeree moves to work for the Company or another subsidiary) for any reason not described in section 3.4.3 below, the proportional part of only the next closest tranche of options that would have vested (if any) after such termination (hereinafter: "the Next Tranche", "the Proportional Part", respectively), will be accelerated and the offeree will be entitled to exercise the number of options included in the Proportional Part as stated, during the period specified in section 3.4.3 above.

"The Proportional Part" for this subsection - will be calculated as follows: the total options in the Next Tranche multiplied by the ratio between the number of months the offeree worked for the Company or the subsidiary and the total 12 vesting months of the Next Tranche.

Below is a numerical example for calculating the Proportional Part:

- Number of options in the Next Tranche: 100
- Vesting period for the Next Tranche: 1/1/2025-31/12/2025
- Date of termination of the offeree's employment: 30/6/2025
- The Proportional Part of the number of options in the Next Tranche: 50

3.4.2 Termination of Employment Due to Disability or Death

In the event of termination of the offeree's employment with the Company or its subsidiary due to disability or death, the offeree (or his heirs) will be entitled to exercise (subject to the limitations of section 102) the options included in the tranches that have vested by the date of termination of employment, until the end of the option period for those tranches. In addition, the offeree, or his heirs, will be entitled to exercise the options included in the tranche that would have vested at the end of the annual vesting period in which the disability or death event occurred, until the end of the option period.

3.4.3 Termination of Employment Due to Dismissal Without Severance Pay

In the event of termination of the offeree's employment with the Company and/or its related company for cause, the offeree's entitlement to all options allocated to the trustee for him under the plan will immediately expire at the time of dismissal, whether or not the offeree's entitlement to the options has vested (and they have not yet been exercised by him) or not.

If after termination of employment and before exercising the warrants, the Plan Administrator determines that the offeree acted - whether before or after termination of employment - in a manner that meets the definition of cause, then the offeree's right to exercise the warrants granted to him will expire at that time, whether vested or not.

All the above is subject to the provisions of section 102.

"Cause" for this section - Reason or basis for termination of employment or service or office as stated due to an act or omission that denies severance pay by law, including, but not limited to:

- Dishonesty towards the Company or a subsidiary,
- Disobedience,
- Malice,
- Breach of fiduciary duty,
- Disclosure of confidential information about the Company's or a subsidiary's business,
- Conduct that harms the Company's or a subsidiary's business
- And a material breach by the offeree of:
 - (1) Employment or service agreement,
 - (2) Any other obligation towards the Company or the subsidiary.

3.4.4 Exceptions

In exceptional cases related to the termination of employment between the Company or the subsidiary and the offeree, the Plan Administrator may, at his sole discretion, extend the periods specified in sections 3.4.1 to 3.4.3 above.

Options for which the offeree's entitlement to exercise has expired as a result of the cases described above will return to the option pool and may be reallocated to any offeree, in accordance with the provisions of the Plan.

3.5 Tax Provisions

According to the Board of Directors' decision, the allocations subject to this report will be granted under the capital gains route through a trustee in accordance with the provisions of section 102 of the Income Tax Ordinance [New Version] 1961 ("Income Tax Ordinance").

The lock-up period under this route will be 24 months from the vesting date, or for a different period, as may be determined in any amendment to section 102 of the Income Tax Ordinance (hereinafter: "Lock-Up Period").

Subject to the provisions of section 102 and the Income Tax (Tax Relief in Allocation of Shares to Employees) Rules, 2003 (hereinafter: "the Rules"), the offeree under this section may not receive from the trustee, sell, or perform any action with the exercise shares before the end of the Lock-Up Period. If the offeree sells or transfers the exercise shares from the trustee before the end of the Lock-Up Period (hereinafter: "Breach"), the offeree will pay all taxes required to be paid due to the breach according to section 7 of the Rules.

3.6 Provisions Regarding Lock-Up of Exercise Shares

In addition to the lock-up period dictated by section 102, upon a public offering of the Company's securities, the Plan Administrator may decide that the exercise shares will be subject to a lock-up period of up to 180 days, or a longer period as recommended by the Board of Directors, during which the offeree will not be allowed to sell these shares.

3.7 Voting

As long as exercise shares are held for the offeree by the trustee, the offeree will be entitled to vote with respect to the exercise shares. The Company will send notices regarding general meetings of the Company to the trustee, and the trustee will forward such notices to the offeree according to the Plan. If the offeree wishes to participate in the Company's general meetings or exercise his right to vote with respect to the exercise shares held for his benefit by the trustee, he will contact the trustee in writing at least fourteen (14) days before the meeting date, and the trustee will provide the offeree with a proxy to participate in the general meeting and vote with respect to the exercise shares held for the offeree by the trustee, according to the mechanism determined by the Company for all its shareholders.

4. The Fair Value of the Securities Offered

The Company has chosen to apply the Black-Scholes model for calculating the fair value of the securities offered. According to the data as of September 17, 2025, the fair value of each warrant according to the Black-Scholes model is NIS 83.09. The assumptions underlying the above fair value calculation as of September 17, 2025, are:

4.1 The exercise price for each warrant is NIS 167.48 (not linked) according to the average of 30 trading days preceding the grant date.

4.2 The life of each warrant is 6 years from the grant date.

4.3 The risk-free interest rate is 4.05%.

4.4 Standard deviation of 40.6% (measured based on daily observations (annualized) over a period equal to the life of the warrant).

4.5 No dividend adjustment was required since dividend adjustments will be made to the exercise price of the option as stated in section 3.3.4 above.

5. Consideration

The warrants are granted to the offeree free of charge and are part of the offeree's compensation terms for his office in the Company.

6. Agreements Regarding the Purchase or Sale of Securities or Voting Rights

To the best of the Company's knowledge, based on an examination conducted with the offerees, there are no agreements, whether written or oral, between the offeree and shareholders of the Company, or between the offeree and others, regarding the purchase or sale of the Company's securities or regarding voting rights therein.

7. Details of Prohibition or Restriction on Actions in the Offered Securities

Below are details regarding prohibitions or restrictions on actions in the offered securities that will apply to the offeree:

- **7.1** The allocation of the warrants as stated is subject to the approval of the TEL AVIV STOCK EXCHANGE LTD for the registration for trading of the shares resulting from the exercise of the warrants.
 - **7.2** According to the provisions of the Securities Law, 1968 (hereinafter: "the Law") and the Securities Regulations (Details Regarding Sections 15A to 15C of the Law), 2000, the offeree will be subject to restrictions on the resale of the shares resulting from the exercise of the warrants, in accordance with the provisions of section 15C of the Law and the said regulations as they may be from time to time, where the allocation to the offeree is considered an allocation under section 15A(a)(1) of the Law.
 - **7.3** Restrictions under the applicable tax provisions, as detailed in section 3.5 above.
 - **7.4** Restrictions under the vesting period provisions of the options, as detailed in section 3.2 above.
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Sincerely,

TADIRAN GROUP LTD

This is an unofficial AI generated translation of the official Hebrew version and has no binding force. The only binding version is the official Hebrew version. For more information, please review the legal disclaimer.

By: Ayelet Krishpin, VP and Chief Legal Counsel

FOOTNOTE:

¹⁰¹ Employer-employee relations exist between the offerees and the Company/subsidiary. To the best of the Company's knowledge, the offerees are not interested parties in the Company by virtue of their holdings in the Company's securities and will not become interested parties as a result of exercising the options allocated under this report.

¹⁰² Assuming a theoretical exercise that all 29,000 options previously allocated to employees and office holders in the Company (excluding the options allocated under this report) are exercised into shares.

³ Assuming a theoretical exercise that all 14,500 options allocated under this report and all 29,000 options previously allocated to office holders and employees in the Company that have not been exercised as of the date of this report are exercised into shares.