

January 4, 2026

Torpaq Industries Ltd. (the Company)

Company Number: 514574524

Address: HaShita 10, Caesarea

Phone: 03-5560913, Fax: 03-5560915

To:

Israel Securities Authority

Via MAGNA

To:

Tel Aviv Stock Exchange Ltd.

Via MAGNA

To whom it may concern,

Re: Immediate report regarding a private placement that is not material and not extraordinary

The company is pleased to hereby submit an immediate report in accordance with Regulation 21 of the Securities Regulations (Private Placement of Securities in a Registered Company), 2000 (Private Placement Regulations), concerning a non-material and non-extraordinary private placement to an employee of the company (hereinafter: the offeree)¹, according to the outline published by the company on March 20, 2024 (Reference: 2024-01-024088) (the Outline), pursuant to the decision of the company's board of directors on January 4, 2026.

1. The amount of securities offered and the percentage they will constitute of the issued and paid-up share capital of the company after the allocation and full dilution

1.1. 25,000 non-traded warrants, each of which may be exercised into one ordinary share with no par value of the company, according to the company's 2021 option plan, and which will be granted to the offeree under the capital gains route (with trustee) pursuant to Section 102 of the Income Tax Ordinance [New Version] under the essential terms detailed below (the warrants shall hereinafter be referred to as the "offered securities" or the "warrants"). **The warrants shall hereinafter be referred to as the "offered securities" or the "warrants".**

1.2. The shares arising from the exercise of the warrants will constitute, based on the company's share capital as of the date of this report, approximately 0.02% of the issued and paid-up capital of the company and voting rights therein (approximately 0.02% on a fully diluted basis ²).

1.3. As of the date of the report, the company's registered capital is 1,000,000,000 ordinary shares with no par value, the issued and paid-up capital is 108,408,160 ordinary shares, and the fully diluted share capital is 111,188,160 ordinary shares ³.

1.4. The offered securities are not traded and will not be listed for trading on the Tel Aviv Stock Exchange Ltd. (the exchange) or any other stock exchange.

1.5. The shares arising from the exercise of the offered securities (the exercise shares) will be registered for trading on the exchange in the company's name in the records of the Tel Aviv Stock Exchange Ltd. and, from the date of their allocation, shall have equal rights in all respects as any other ordinary share with no par value of the company. The company will consider the exercise shares as fully paid-up shares.

2. Terms of the offered securities

¹ The offeree is not an interested party in the company by virtue of his holdings and will not become an interested party as a result of the allocation that is the subject of this report. In addition, there is an employer-employee relationship between the offeree and the company.

² Including, after the allocation and exercise of all the securities that are the subject of this report, and the allocation of warrants to the chairman of the company's board of directors, subject to the approval of the company's shareholders' meeting as detailed in the report published by the company on 17.12.2025 (Reference: 2025-01-100393).

³ Including, after the allocation of the securities that are the subject of this report, and the allocation of warrants to the chairman of the company's board of directors, subject to the approval of the company's shareholders' meeting as detailed in the report published by the company on 17.12.2025 (Reference: 2025-01-100393).

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- 2.1. The exercise price of each warrant is 66.80 NIS and will be subject to adjustments as detailed below.
- 2.2. The vesting period for the warrants shall be four (4) years from the date of grant as follows: first tranche (66.66% of the options) will vest after three years from the allocation date, and the second tranche (33.33% of the options) will vest after four years. The allocated options may be exercised by the offeree in whole or in part from time to time, provided that the offeree is employed by the company or its subsidiary (including through an agreement for the provision of services with any of them), directly and/or indirectly. All warrants will be exercisable until the lapse of 5 years from the date of allocation; that is, the first tranche may be exercised until two years after its vesting and the second tranche may be exercised until one year after its vesting period (the exercise period and end of exercise period, respectively). At the end of the exercise period, all warrants will expire (if they have not expired or been exercised earlier, in accordance with the provisions of the equity compensation plan) and the warrants will not be exercisable from that date. The company has undertaken to reserve in its registered share capital a sufficient number of ordinary shares, not issued, for the allocation of exercise shares, until the end of the exercise period.
- 2.3. For details regarding the process for exercising the options, terms of the plan in case of termination of employment or office, and protection provisions for the offeree, see sections 8, 9, and 10 of the outline, respectively, which are incorporated herein by reference.
- 2.4. Restrictions on the exercise date in accordance with the rules of the stock exchange.

In accordance with the instructions of the stock exchange, notwithstanding the above, options shall not be exercised on the record date for the distribution of bonus shares, for a rights offering, for the distribution of a dividend, for a capital consolidation, for a capital split, or for a capital reduction (each of the foregoing will be referred to as a corporate event). In addition, if the ex-date for a corporate event falls before the record date for a corporate event, the options offered shall not be exercised into shares on the said ex-date.

3. Consideration for the offered securities

The offered securities shall be allocated to the offeree at no cost.

4. Agreements between the offeree and holders of the company's shares

To the best of the company's knowledge, as of the date of publication of this report, there are no agreements—either written or oral—between the offeree and holders of company shares, or with others, regarding the purchase or sale of the company's securities, or regarding voting rights in the company.

5. Details of prohibition or restriction on transactions in the offered securities

The offered options and/or the exercise shares shall be subject to limitations under any applicable law, including the stock exchange rules and resale restrictions (lock-up provisions) prescribed in section 15 of the Securities Law, 1968, and regulations promulgated thereunder. Additionally, limitations shall apply under the equity compensation plan, and with respect to options allocated to employees and officers, also in accordance with section 102 of the Income Tax Ordinance.

Respectfully,

Torpaz Industries Ltd.

By: Yoni Adini Cohen, Legal Advisor and Company Secretary