



VILLAR INTERNATIONAL LTD.

(hereinafter: "the Company")

August 27, 2025

To:

Israel Securities Authority

Via MAGNA

Tel Aviv Stock Exchange Ltd.

Via MAGNA

Dear Sir/Madam,

Subject: Immediate Report on the Company's Entry into Officers' Liability Insurance in Accordance with the Companies Regulations (Relief in Related Party Transactions), 2000

Pursuant to Regulation 37A(5) of the Securities Regulations (Periodic and Immediate Reports), 1970, and in accordance with Regulations 1B(5) and 1A1 of the Companies Regulations (Relief in Related Party Transactions), 2000 (hereinafter: "the Relief Regulations"), the Company is pleased to announce as follows:

1. Description of the Transaction and its Main Terms

- **1.1** On August 26, 2025, the Company's Board of Directors, following the approval of the Audit and Compensation Committee on August 24, 2025, approved the purchase of a directors and officers liability insurance policy by the Company ("the New Policy"), in accordance with the provisions of the Relief Regulations.
- **1.2** The approval for the purchase of the New Policy was made in accordance with the Company's compensation policy, which was approved at the general meeting on July 11, 2023, and in accordance with Israel Securities Authority Staff Position No. 101-21: Best Practice Compensation Policy regarding Officers' Liability Insurance. (For details regarding the Company's compensation policy, see the immediate report regarding the convening of a general meeting dated June 4, 2023, reference number: 2023-01-052342).
- **1.3** In accordance with the approvals of the Compensation Committee and the Board of Directors, the engagement in the New Policy will be for the period from September 1, 2025, until August 31, 2026. The total insurance coverage is USD 10 million. The annual premium will be USD 20,750.
- **1.4** As stated above, under the New Policy, all directors and officers of the Company will be insured under identical terms, including officers and directors in the Company who are controlling shareholders and their relatives, as detailed below.
- **1.5** Pursuant to Section 1B(a)(5) of the Relief Regulations, the extension of the insurance to officers and directors in the Company who are also controlling shareholders and their relatives serving as officers in the Company was approved by the Audit Committee and the Board of Directors on August 24 and 26, 2025, respectively, and is valid for a period of 3 years (until August 31, 2028).



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2. Rationale of the Compensation Committee and the Board of Directors for Entering into the New Policy

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2.1 The insurance terms detailed in the Company's compensation policy were approved by the Company's general meeting on July 11, 2023.

2.2 The terms of the New Policy are identical for all officers and directors and are consistent with the insurance terms as defined in the Company's compensation policy.

2.3 There is no justification to distinguish in this matter between officers or directors who are controlling shareholders or their relatives and other officers in the Company. Accordingly, the insurance policy terms applicable to the controlling shareholder and their relatives are identical to those applicable to the other directors and officers in the Company who are not controlling shareholders.

2.4 The Compensation Committee received confirmation from the insurance advisor that the engagement in the insurance policy is at market terms and determined that, in light of the costs borne by the Company, it does not materially affect the Company's profitability, assets and/or liabilities.

2.5 An insurance policy is a standard protection that a public company seeks to provide to its officers acting on its behalf and will allow the Company's officers to operate in a safe work environment, as long as they act for the benefit of the Company and in good faith, in order to advance the Company's objectives.

2.6 In accordance with the provisions of Section 275(d) of the Companies Law, 1999 ("the Companies Law"), the Audit and Compensation Committee and the Board of Directors have examined and determined that granting insurance coverage to the controlling shareholder does not constitute a distribution, as defined in the Companies Law, considering that the policy terms are identical for all officers in the Company, as stated in Section 2.3 above.

Respectfully,

VILLAR INTERNATIONAL LTD.

By: Matan Tisser,

CEO of the Company

