

Merger Agreement

Made and signed on the 1 day of the month of May 2018

Between MTI Computers and Software Services (1982) Ltd.
Company No. 520040981
of 11 Hamelacha Street, New Industrial Zone, Rosh Ha'ayin 4809121
(hereinafter: the "**Parent Company**" or the "**Target Company**")

Of the first part

And MTI Wireless Edge Ltd.
Company No. 512719303
of 11 Hamelacha Street, New Industrial Zone, Rosh Ha'ayin 4809121
(hereinafter: the "**Subsidiary**" or the "**Surviving Company**")

Of the second part

Whereas the Subsidiary is a Public Company that is not a Reporting Corporation, the issued and paid-up capital of which, as of the signing date of this Agreement, is composed of 55,438,288 ordinary shares in the Subsidiary, which are listed for trading on a secondary exchange in London, the AIM Market of the London Stock Exchange plc (hereinafter: the "**AIM**"); and

Whereas the Parent Company is a Public Company that is a Reporting Corporation, the shares in which are listed for trading on the Exchange, which, as of the signing date of this Agreement, directly holds 29,510,716 shares in the Subsidiary, which constitute, as of the signing date of this Agreement, approximately 53.23% of the issued and paid-up capital and the voting rights of the Subsidiary, and approximately 51.83% under the Assumption of Full Dilution, which confer control of the Subsidiary upon it; and

Whereas the Parent Company and the Subsidiary are seeking to merge in a way that, among other things, will increase efficiency and will enable a saving on costs with respect to the merged activity, pursuant to the merger of the activity into one Public Company (the Subsidiary) under one regulatory arrangement at the level of securities law, which will enable more managerial inputs to be freed up for the business development of the merged activity and will enhance the liquidity of the investment in the merged activity by way of an increase in the public's holdings in the merged activity and a broader distribution of the public's holdings in it; and

Whereas the Subsidiary, which reflects the majority of the Parent Company's (consolidated) activity, wishes to absorb by way of a merger, as this term is used in the Companies Law, the activity of the Parent Company, pursuant to the provisions of Sections 350-351 of the Companies Law, as an arrangement certified by a court of law between the Parent Company, the

Subsidiary and their shareholders, in such a way that the Parent Company will be dissolved without liquidation in the framework of a merger and against the transfer of the Parent Company's activity into the Subsidiary, in the format of a merger, and shares in the Subsidiary will be allocated to all of the Shareholders of the Parent Company, *pro rata*, according to the conversion ratio, all pursuant to the provisions of this Agreement; and

Whereas the audit committees and the boards of directors of the Parent Company and the Subsidiary have approved the execution of the Merger Transaction (as this term is defined below), pursuant to the provisions of this Agreement, pursuant to Section 275 of the Companies Law, as an exceptional transaction in which the controlling shareholders of the Parent Company and of the Subsidiary have a personal interest, all as is relevant:

Now therefore the Parties have agreed as follows:

1. **Preamble and definitions**

- 1.1 The Preamble and the Appendices to this Agreement constitute an integral part hereof.
- 1.2 The section headings are for the purposes of orientation only and are not to be used for any other purpose, including for the purpose of interpretation of this Agreement.
- 1.3 In this Agreement hereinabove and hereinafter, each of the following terms will have the meaning that is listed beside it:

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| The "Exchange" | – The Tel Aviv Stock Exchange Ltd. |
| The "Exchange in London" | – The AIM Market of the London Stock Exchange plc (hereinafter: the "AIM"). |
| The "Shareholders of the Parent Company" | – All of the holders of shares in the Parent Company on the date of record for the Merger. |
| The "Other Shareholders of the Subsidiary" | – All of the shareholders in the Subsidiary on the date of record for the Merger, other than the Parent Company, including some of the Controlling Shareholders of the Subsidiary, who hold a cumulative total of 25,927,572 shares in the Subsidiary, which constitute, as of the signing date of this Agreement, approximately 46.77% of the issued and paid-up capital and the voting rights of the Subsidiary, and approximately 48.17% under the Assumption of Full Dilution; in total, some of the shareholders of the controlling shareholder of the parent company (Mr. Zvi Borovitz and Mr. Moshe Borovitz) jointly hold 1,067,683 shares in the |

Subsidiary, which constitute, as of the signing date of this Agreement, approximately 1.93% of the issued and paid-up capital and the voting rights of the Subsidiary, and approximately 2.67% under the Assumption of Full Dilution.

The “Controlling Shareholders of the Subsidiary”

– Mokirey Aya Ltd. (a company held in equal shares by Mr. Zvi Borovitz, Ms. Amalia Borovitz-Brill, Mr. Moshe Borovitz and Mr. Alexander Borovitz (25% each)) and Mr. Zvi Borovitz, Mr. Moshe (Moni) Borovitz and Jacques and Rina Barr by virtue of the Subsidiary Shareholders’ Agreement (in the framework of the holdings of the Other Shareholders of the Subsidiary) on the signing date of this Agreement, as is relevant, and the conversion ratio, on the signing date of this Agreement, reflects, immediately after the Merger, approximately 45.70% of the issued and paid-up capital and the voting rights of the Subsidiary, and approximately 45.44% under the Assumption of Full Dilution.

The “Foreign Law”

– The law, regulation and rules applicable to the Subsidiary under the rules of the Exchange in London.

“Assumption of Full Dilution”

– An assumption of the exercise of all of the 1,500,000 of the options that were allocated for officers and employees of the Subsidiary and corporations under its control that have not yet expired, which, as of the signing date of this Agreement, can be exercised into 1,500,000 shares in the Subsidiary, subject to the conditions of eligibility and to adjustments pursuant to the terms thereof; including 200,000 options that were allocated to Mr. Zvi Borovitz and 250,000 options that were allocated to Mr. Moshe Borovitz .

The “Arrangement”

– An arrangement certified by a court of law

- pursuant to Sections 350 and 351 of the Companies Law for the implementation of the Merger.
- The “Parent Company’s Holdings in the Subsidiary”** – 29,510,716 shares in the Subsidiary, which are held by the Parent Company and which constitute, as of the signing date of this Agreement, approximately 53.23% of the issued and paid-up capital and the voting rights of the Subsidiary, and approximately 51.83% under the Assumption of Full Dilution, which confer control of the Subsidiary upon it.
- The “Subsidiary Shareholders’ Agreement”** – The main points of the agreement among the Controlling Shareholders of the Subsidiary, which will enter into force on the Date of Completion, subject to the entry into force of the Merger Transaction, and which is attached hereto as **Appendix A** to this Agreement, as communicated to the parties by the Controlling Shareholders of the Subsidiary;
- The “Recording Company”** – The Recording Company of Bank Hapoalim Ltd.
- “Public Company”** – A public company, as this term is defined in the Companies Law.
- The “Companies Law”** – The Companies Law, 5759-1999, and the regulations enacted pursuant thereto.
- The “Securities Law”** – The Securities Law, 5728-1968, and the regulations enacted pursuant thereto.
- The “Conversion Ratio”** – A ratio of 5.2689055 Sold Shares for each share in the Parent Company as of the date of entry into this Agreement, which is determined according to a valuation of the Activity of the Parent Company and the Subsidiary, on the basis of the consolidated and audited financial statements for the year 2017 of the Parent Company and the Subsidiary as valued by the Appraiser, which is attached hereto as **Appendix B** to this Agreement, and which is subject to updating by it, to the extent required, pursuant to the provisions of Section 4.4 below.

- The “Last Date for the Fulfillment of the Conditions Precedent”** – August 30, 2018, unless extended by all of the Parties, expressly and in writing (it is hereby clarified that the Parties are entitled to do so by common consent).
- The “Date of Completion”** – The date on which the transaction will be completed pursuant to this Agreement, as set forth in Section 6 below, which will fall on a business day to be determined by the Parties, and which will be no later than 12 business days after the date of fulfillment of all of the Conditions Precedent, provided that it will fall after the Date of Record for the Merger, unless that date is extended by common consent of the Parties, in advance and in writing.
- The “Date of Record for the Merger”** – The date determined for the eligibility of the shareholders in the Parent Company to receive the Sold Shares pursuant to this Agreement, which will be determined in coordination with the Exchange and will fall after the fulfillment of all of the Conditions Precedent, but before the Date of Completion.
- “Shares in the Subsidiary”** – Ordinary shares in the Subsidiary, at a nominal value of NIS 0.01 each.
- The “Allocated Shares”** – 31,600,436 shares in the Subsidiary, according to the Conversion Ratio as of the date of entry into this Agreement, subject to adjustment pursuant to Section 4.4 below, which will be allocated by the Subsidiary and will become part of the Sold Shares.
- The “Sold Shares”** – 61,111,152 shares in the Subsidiary, according to the Conversion Ratio as of the date of entry into this Agreement, subject to adjustment pursuant to Section 4.4 below – that is, the Parent Company’s holdings in the Subsidiary together with the Allocated Shares, which will be transferred to the Shareholders in the Parent Company on the Date of Completion, *pro rata* to their holdings of shares in the Parent Company on the Date of Record for the Merger, according to the Conversion Ratio, rounded to the nearest total number of shares to be received

- by each of the said Shareholders, provided that such cumulative amount does not exceed the total number of Sold Shares;
- The “Appraiser”** – S.C.A Economic Advisory Ltd.
- “Free and Clear”** – Free of any debt, encumbrance, pledge, right of lien, attachment, claim, option or other third-party right of any type and kind whatsoever, including a right of first refusal, a preemptive right, a tag-along right, or any other right of any entity, or any blockage.
- The “Merger Transaction or the “Merger”** – All of the actions set forth in subsections 2.1 through 2.3 below.
- The “Activity of the Parent Company”** – All of the activity, assets and liabilities of any type and kind whatsoever, of the Parent Company, including intangible assets (which include intellectual property of any type and kind whatsoever, such as trade secrets, franchises, licenses, patents, designs, copyrights and the like), known and unknown future conditional obligations, unknown future conditional rights, security of any type and kind whatsoever that was given and/or received (including encumbrances, mortgages, pledges, caveats with respect to property in the public registers, guarantees, indemnifications, rights of offset, lien and the like), standing in any legal proceeding and/or Debt Collection Office proceedings of the Parent Company and so forth, pursuant to the provisions of Section 2 below.
- The “Companies Ordinance”** – The Companies Ordinance [New Version], 5743-1983.
- “Pre-Ruling by the Tax Authorities”** – A pre-ruling by the tax authorities with respect to the tax implications in connection with the Merger, as set forth in Section 2.3 below.
- The “Parties”** – The Parent Company and the Subsidiary, in the matter of the relations pursuant to this Agreement.
- “Court Order”** – An order pursuant to Section 351 of the Companies Law for the execution of the Merger Transaction as

- set forth in Section 2 below.
- “Control”** – As this term is defined in the Securities Law.
- “Reporting Corporation”** – A reporting corporation, as this term is defined in the Securities Law.
- The “Conditions Precedent”** – All of the conditions precedent that are set forth in Section 5 below.
- The “Interim Period”** – The period from the signing date of this Agreement to the Date of Completion.
- The “Arrangement and Settlement Regulations”** – The Companies Regulations (Arrangement and Settlement), 5762-2002.
- The “Convocation of a Meeting Regulations”** – The Companies Regulations (Notice and Announcement of a General Meeting and a Type Meeting in a Public Company), 5760- 2000, and the Companies Regulations (Voting in Writing and Position Statements), 5766-2005.
- The “Conflict Transaction Regulations”** – The Securities Regulations (Transaction between a Company and its Controlling Shareholder), 5761-2001.

2. **The Merger Transaction**

Subject to the provisions of this Agreement and to the complete fulfillment of the Conditions Precedent (as defined above), as of the Date of Completion, the following actions will simultaneously and concurrently be performed and/or take effect:

- 2.1 The Parent Company will be merged with and into the Subsidiary, in such a way that the activity of the Parent Company will be transferred to the Subsidiary, subject to the provisions of Section 2.3 below, and, as a result, the Parent Company will be dissolved and deleted from the records of the Registrar of Companies, by virtue of the order that will be issued by the court, pursuant to the provisions of Section 351 of the Companies Law, which will reflect the validation of the Merger Transaction pursuant to the provisions of this Agreement and in accordance with which, *inter alia*, on the Date of Completion:
- a. All of the assets and liabilities of the Parent Company, including known and unknown future conditional obligations, and including known and unknown future conditional rights, as well as all of the security that was provided by the Parent Company and in its favor, will be transferred to and conferred upon the Subsidiary,

including the Parent Company's Holdings in the Subsidiary, which will constitute part of the Sold Shares, as set forth in subsection e below.

- b. Subject to the provisions of Section 2.3 below, the continuity of rights of all of the employees of the Parent Company who will be employed by the Subsidiary starting on the Date of Completion will be fully preserved. In other words, the employees will continue to fulfill the functions that were fulfilled by them in the framework of the Parent Company, *mutatis mutandis*, and they will continue to be entitled to all of the benefits and privileges to which they were entitled as employees of the Parent Company – this, in the framework of an employer-employee relationship with the Subsidiary – and their continuity of employment, seniority, social benefits and ancillary conditions will remain unchanged. In this regard, it should be clarified that, starting on the Date of Completion, the Subsidiary alone will bear all of the duties and rights vis-à-vis the above-referenced employees of the Parent Company, as if they had been hired by it in the first place.
- c. The Subsidiary will be considered as if it were the Parent Company in any legal proceeding, including Debt Collection Office proceedings that are pending on behalf of or against the Parent Company and any such proceeding for which a cause of action, whether known or unknown, has been finalized.
- d. The Ledger of Encumbrances, as this term is defined in Section 181 of the Companies Ordinance, and any other statutory record of security that was provided by the Parent Company, if any, will be transferred to the Ledger of Encumbrances and any other statutory register of security, as stated, of the Subsidiary, as is relevant.
- e. The Subsidiary will allocate the Allocated Shares and will transfer them, together with the Parent Company's Holdings in the Subsidiary (which jointly constitute the Sold Shares), to all of the shareholders in the Parent Company, *pro rata* to their holdings of shares in the Parent Company on the Date of Record for the Merger, according to the Conversion Ratio.
- f. On the Date of Completion, the Parent Company will be dissolved without liquidation, will be deleted from the records of the Registrar of Companies and will cease to be a Reporting Corporation.
- g. The Subsidiary will be entitled to receive a certificate from the Registrar of Companies, attesting to the execution of the Merger, and to register the Merger in the records for the Subsidiary at the Registrar of Companies.
- h. The following undertakings will be given the force of a judgment by the court: the undertaking by the Subsidiary, its directors and its controlling shareholders, as of the date of entry into this Agreement and as of the date of issuance of the Court Order, to bear liability for a deceptive detail, as this term is defined in the Securities Law, vis-

à-vis the Shareholders of the Parent Company, with respect to the disclosure that is made to them in the framework of the Merger, in light of the offer of shares in the Subsidiary to the Shareholders of the Parent Company, which will make it possible to file, *inter alia*, derivative actions and/or class actions with respect to the referenced liability, subject to the finalization of causes of action as set forth above pursuant to the provisions of applicable law, whereby sole jurisdiction with respect to such actions will rest with a court in Israel, and the Subsidiary, its directors and its controlling shareholders as stated above will irrevocably undertake not to raise arguments against the jurisdiction of the court in Israel in connection with such actions that are to be filed, if and to the extent that any such actions are filed, and not to approach a court outside Israel at their own initiative in order to obtain a defense against such actions that are to be filed, if and to the extent that any such actions are filed.

- i. The Subsidiary will not be required to publish a prospectus for the public in Israel pursuant to the Securities Law for the purpose of offering the Sold Shares to the Shareholders and the Parent Company, and will not become a Reporting Corporation pursuant to the Merger (and accordingly will not be subject to the duties of disclosure and reporting pursuant to the Securities Law and regulations enacted by virtue thereof, as a result of the Merger).
- 2.2 The Sold Shares will be transferred by the Subsidiary to the Shareholders in the Parent Company, *pro rata* to their holdings of shares in the Parent Company on the Date of Record for the Merger, according to the Conversion Ratio, they then being Free and Clear, and the Allocated Shares will be admitted to trading on the Exchange in London.
 - 2.3 Pursuant to the Merger and as part of the terms thereof, the following changes will take place in the activity of the Parent Company and the Subsidiary, relative to their activity prior to the Merger:
 - a. All of the members of the Parent Company's board of directors who will serve on it until the Date of Completion will cease to serve as directors of the Parent Company on the Date of Completion, and the Subsidiary will not be obligated to appoint them and/or to employ them in the Subsidiary in any way whatsoever, starting on the Date of Completion. The foregoing does not derogate from the rights and duties of the referenced directors of the Parent Company vis-à-vis the Parent Company with respect to their term in office and the period of their employment in the Parent Company up to the Date of Completion, which will be considered, starting on the Date of Completion, as rights and duties vis-à-vis the Subsidiary. In addition, the foregoing does not derogate from the term in office of the referenced directors or from the period of their employment in the Subsidiary, if and to the extent that they are serving and/or are employed in the Subsidiary on the Date of Completion.

- b. The CEO of the Parent Company, Mr. Menashe Mani, will cease to serve in the referenced position on the Date of Completion and will be employed, starting on the Date of Completion, in the Subsidiary (as it will be following the Merger of the Parent Company's activity), in the framework of the continued existence of an employer-employee relationship with full continuity of rights, as the Systems Engineering Activity Manager (this activity is managed by him in the framework of his position as the CEO of the Parent Company on the signing date of this Agreement) – this, as an employee and an officer of the Subsidiary, who is subordinate to the CEO of the Subsidiary. There will be no change in the terms of Mr. Menashe Mani's service and employment in his above-referenced position in the Subsidiary, relative to the terms of his service and employment as the CEO of the Parent Company, and all of his rights and duties vis-à-vis the Parent Company will be considered, starting on the Date of Employment, as rights and duties vis-à-vis the Subsidiary, except for his rights and duties with respect to his actual service as the CEO of the Parent Company as a Public Company, and except for an undertaking to indemnification that was given to him with respect to his service as an officer in the Parent Company, which will remain in effect vis-à-vis the Subsidiary exclusively with respect to the period that preceded the Date of Completion. In addition, starting on the Date of Completion, Mr. Menashe Mani will be entitled, in his above-referenced position in the Subsidiary, to an undertaking of indemnification, at terms identical to those that are customary in the Subsidiary with respect to its officers.
- c. The Chair of the Parent Company's board of directors, Mr. Zvi Borovitz, who also serves as the Chair of the Subsidiary's board of directors, will cease to serve, on the Date of Completion, as the Chair of the Parent Company's board of directors, but will continue to serve as the Chair of the Subsidiary's board of directors, at a cumulative scope of employment that reflects his employment as the Chair of the Parent Company's board of directors and as the Chair of the Subsidiary's board of directors (that is, at a cumulative scope of employment that will not be less than 55%), with no change in the terms of his service and employment, other than as set forth below. The consideration to which Mokirey Aya Management Ltd. (hereinafter: the "**Management Company**") will be entitled with respect to Mr. Borovitz's service as the Chair of the Subsidiary's board of directors, starting on the Date of Completion, will reflect a cumulative consideration with respect to his service as the Chair of the Parent Company's board of directors and as the Chair of the Subsidiary's board of directors up to the Date of Completion, with no change (and specifically, the cumulative monthly management fees will continue to be in the amount of NIS 52,000, linked to the increase in the Consumer Price Index from the month of April 2016, plus VAT as provided by law). Nonetheless, with respect to the variable remuneration to which Mr. Zvi Borovitz is entitled with respect to his service as the Chair of the Parent Company's board of directors and as the Chair of the Subsidiary's

board of directors: (1) he will not be entitled, starting on the Date of Completion, to the variable remuneration to which he was entitled with respect to his service as the Chair of the Parent Company's board of directors; (2) he will continue to be entitled, starting on the Date of Completion, without change, to the variable remuneration with respect to his service as the Chair of the Subsidiary's board of directors (as it will be following the Merger of the Parent Company's activity). In addition, starting on the Date of Completion, Mr. Zvi Borovitz, as an officer in the Subsidiary, will not be entitled to the undertaking of indemnification to which he was entitled in the Parent Company with respect to his service as an officer of the Parent Company (without derogating from the validity of the undertaking to indemnification by the Parent Company with respect to the period that preceded the Date of Completion, which will apply to the Subsidiary, and without derogating from the Subsidiary's undertaking to indemnification for Mr. Zvi Borovitz).

In this regard, it is hereby clarified that there will be no change in the terms of Mr. Moshe Borovitz's service and employment as the CFO of the Subsidiary. The foregoing includes the fact that there will be no change in the scope of his employment in the referenced position in the Subsidiary, there will be no change in the consideration to which the Management Company is entitled with respect to his referenced employment, and there will be no change in the variable remuneration to which Moshe Borovitz is entitled as the CFO of the Subsidiary (as it will be following the Merger of the Parent Company's activity).

- d. On the Date of Completion, the Parent Company's remuneration policy for officers will expire, and there will be no change in the Subsidiary's remuneration policy for officers, as the latter policy will be in effect on the Date of Completion. However, the referenced remuneration policy of the Subsidiary will be brought before its competent organs for re-examination and approval, in light of the implications of the Merger, no later than March 2019.
- e. On the Date of Completion, all of the agreements between the Parent Company and the Subsidiary will expire.
- f. On the Date of Completion, an agreement between the Subsidiary and Mokirey Aya Ltd. (which is among the Controlling Shareholders of the Subsidiary), in connection with the exercise of the means of control of the Subsidiary – which is attached hereto as **Appendix C** to this Agreement – will take effect and will replace a similar agreement between the Parent Company and the Subsidiary, which will expire as set forth in subsection e above.
- g. The Merger Transaction, the activity of the Subsidiary after the Merger, and the Shareholders of the Parent Company and the Subsidiary, with respect to the Merger Transaction and after the Merger Transaction, will be subject to a tax arrangement in

accordance with a Pre-Ruling by the Tax Authorities, which will be obtained in connection with an application for a pre-ruling, which is attached hereto as **Appendix D** to this Agreement.

- h. The Subsidiary will not be a Reporting Corporation pursuant to the Merger, and the Subsidiary, the Controlling Shareholders of the Subsidiary and the senior officers of the Subsidiary, as the latter term is defined in the Securities Law, will not be subject to duties pursuant to the Securities Law following the Merger, other than their duties pursuant to the Securities Law up to the Date of Completion with respect to their liability vis-à-vis the Parent Company as a Reporting Corporation up to the Date of Completion, and other than with respect to their liability pursuant to the provisions of this Agreement.
- i. In the framework of the assignment of the Parent Company's insurance policies to the Subsidiary and/or the reissuance of such policies in the Subsidiary, as applicable, the Subsidiary will ensure, effective as of the Date of Completion, that the directors and the officers of the Parent Company shall be covered by a run-off insurance, pursuant to the terms of insurance coverage of the officers of the Parent Company prior to the Date of Completion, with limits of liability of up to US\$6 million per event and per period, for an insurance period of seven years from the Date of Completion, as is customary, at market terms and at a cost to the Subsidiary that will not exceed US\$ 30,000, and with a deductible of up to US\$25,000 per event and per period. [
- j. The registered share capital of the Subsidiary will be updated, to the extent necessary and as part of the terms of the Merger, in order to enable the allocation of the Allocated Shares in the framework of the Merger, and without derogating from the registered capital of the Subsidiary, which is necessary for the purpose of allocating shares in the Subsidiary with respect to convertible securities of the Subsidiary.

It is hereby clarified that there will be no change in the terms of the non-negotiable options that were allocated by the Subsidiary to employees and officers of the Subsidiary and/or of corporations under its control.

3. **Declarations by the parties**

- 3.1 Each of the parties relies, at the time of its engagement in this Agreement, on the representations made by the other party in this Section 3.
- 3.2 The Parent Company hereby declares and undertakes as follows:

- 3.2.1 The Parent Company was lawfully founded and incorporated under the laws of the State of Israel, it is lawfully registered with the Registrar of Companies, and there are no pending proceedings for its liquidation or its deletion from the records of the Registrar of Companies.
- 3.2.2 The registered capital of the Parent Company is NIS 15,000,000, which is divided into 15,000,000 ordinary shares in the Parent Company, at a nominal value of NIS 1 each. In addition, the issued and paid-up capital of the Parent Company is NIS 11,598,453, divided into 11,598,453 ordinary shares in the Parent Company, at a nominal value of NIS 1 each.
- 3.2.3 The Memorandum and Articles of Association of the Parent Company are attached hereto as **Appendix E** to this Agreement, updated as of the signing date of this Agreement.
- 3.2.4 The Parent Company has not issued guarantees and/or is not a guarantor for the undertakings of any third parties, other than the guarantees that are set forth in **Appendix F** to this Agreement.
- 3.2.5 The Parent Company is not a party to any legal proceedings, other than the legal proceedings that are set forth in **Appendix G** to this Agreement.
- 3.2.6 There are no encumbrances on the Parent Company's assets, other than the encumbrances that are set forth in **Appendix H** to this Agreement.
- 3.2.7 Subject to the receipt of the approvals and the fulfillment of the Conditions Precedent as set forth in this Agreement, there is no prohibition, limitation or other impediment, whether under law or by virtue of an agreement or an undertaking, that precludes the Parent Company from engaging in this Agreement and carrying out all of its undertakings pursuant hereto, in full and in a timely manner, and it is entitled, competent and able to carry out all of its undertakings pursuant to or by virtue of this Agreement, with no need for any consent, approval, order, empowerment, record or permit from any authority or from any other third party. Notwithstanding the foregoing, the consent of a number of customers of the Parent Company may be required for the assignment of their agreements to the Subsidiary, whose financial volume in annual terms, according to data based on the Parent Company's audited consolidated financial statements as of December 31, 2017, is up to US\$ 500,000.
- 3.2.8 Subject to the receipt of the approvals and the fulfillment of the Conditions Precedent as set forth in this Agreement, its engaging in this Agreement is not in violation of any law whatsoever that applies to it, does not constitute a breach of any agreement to which it is a party, and does not conflict with its incorporation documents.

- 3.2.9 The signers of this Agreement on behalf of the Parent Company are competent, as required by law, to bind it with their signature and to require it to act pursuant to the provisions of this Agreement.
- 3.2.10 The Parent Company's periodic report for the year 2017, as published in the MAGNA system of the Israel Securities Authority, including all of the chapters and components thereof, including its consolidated audited financial statements as at December 31, 2017 and for the period ended on that date, and any other report in the MAGNA system that was made by it simultaneously with, or following, the publication of the above-referenced periodic report and up to the date of its engaging in this Agreement, include all of the disclosure required pursuant to the provisions of applicable law and all of the substantive and relevant information with respect to the Parent Company's activity and situation, which is required for a reasonable investor who is considering the purchase of the Parent Company's securities; all of the details included therein are complete, accurate and updated to the signing date of this Agreement; and they do not include any deceptive detail (as this term is defined in the Securities Law). In addition, as of the signing date of this Agreement, the Parent Company is not in possession of any substantive and relevant information with respect to the Parent Company's activity and situation, which is required for a reasonable investor who is considering the purchase of the Parent Company's securities, and the reporting of which has been delayed, or of any inside information, as this term is defined in the Securities Law; and, since the publication of the Parent Company's periodic report for the year 2017, there has been no substantive change for the worse in the Parent Company's business environment or in the business and the situation of the Parent Company and of corporations held by it, which are not the business of the Subsidiary. For the purposes of this section, **"Substantive"** means reflecting an influence or a potential consequential influence in an amount equivalent, in annual terms, to 2.5% or more of the Parent Company's equity capital, which is attributed to the owners of the Parent Company and/or influence or potential balance sheet influence in an amount equal to 5% or more of the total assets of the Parent Company, and all according to its consolidated audited financial statements as at December 31, 2017.
- 3.2.11 Subject to the fulfillment of the undertakings and the accuracy of the declarations and representations that were given by the Subsidiary, on which the Parent Company relies, and to the remaining provisions of this Agreement, neither the Parent Company nor anyone on its behalf has or will have any argument, claim or demand against the Subsidiary and/or against any of its senior officers (as this term is defined in the Securities Law) with respect to the Merger and/or to the outcome thereof (and, without derogating from the generality of the foregoing –

with respect to any of the assets of the Subsidiary and/or corporations that are held by it, directly and/or indirectly, and/or with respect to the liabilities of the Subsidiary and/or corporations that are held by it, directly and/or indirectly, and/or with respect to exposures and/or rights of the Subsidiary and/or corporations that are held by it, directly and/or indirectly), and, in any event, it undertakes not to raise any argument and/or demand and/or claim, of any type and kind whatsoever, with respect to the Merger Transaction and/or the outcome thereof, against the Subsidiary and/or its officers and/or its shareholders.

3.3 The Subsidiary hereby declares and undertakes as follows:

- 3.3.1 The Subsidiary was lawfully founded and incorporated under the laws of the State of Israel, it is lawfully registered with the Registrar of Companies, and there are no pending proceedings for its liquidation or its deletion from the records of the Registrar of Companies.
- 3.3.2 The registered capital of the Subsidiary is NIS 1,000,000, which is divided into 100,000,000 ordinary shares in the Subsidiary (at a nominal value of NIS 0.01 each), and which, as of the signing date of this Agreement, is sufficient for the allocation of the Allocated Shares, at the Conversion Ratio as of the signing date of this Agreement, and the allocation of the exercise shares under the Assumption of Full Dilution. In addition, the Subsidiary's issued and paid-up share capital is NIS 554,382.88, divided into 55,438,288 shares in the Subsidiary. Moreover, as of the signing date of this Agreement, the Subsidiary has allocated 1,500,000 non-negotiable options to employees and officers, which are exercisable into 1,500,000 shares in the Subsidiary, subject to the terms of eligibility and to adjustments according to their terms.
- 3.3.3 The Memorandum and Articles of Association of the Subsidiary are attached hereto as **Appendix I** to this Agreement, updated as of the signing date of this Agreement.
- 3.3.4 The Subsidiary has not issued guarantees and/or is not a guarantor for the undertakings of any third parties, other than the guarantees that are set forth in **Appendix J** to this Agreement.
- 3.3.5 The Subsidiary is not a party to any legal proceedings, other than the legal proceedings that are set forth in **Appendix K** to this Agreement.
- 3.3.6 There are no encumbrances on the Subsidiary's assets, other than the encumbrances that are set forth in **Appendix L** to this Agreement.
- 3.3.7 Subject to the receipt of the approvals and the fulfillment of the Conditions Precedent as set forth in this Agreement, including the increase in the

Subsidiary's registered share capital, to the extent that this is required pursuant to the provisions of this Agreement, there is no prohibition, limitation or other impediment, whether under law or by virtue of an agreement or an undertaking, that precludes the Subsidiary from engaging in this Agreement and carrying out all of its undertakings pursuant hereto, in full and in a timely manner, and it is entitled, competent and able to carry out all of its undertakings pursuant to or by virtue of this Agreement, with no need for any consent, approval, order, empowerment, record or permit from any authority or from any other third party. In this regard it should be emphasized that after checking with the Subsidiary's nominated advisor (NOMAD) for the examination and supervision of complying with the provisions of Foreign Law, in light of the ratio between the volume of activity, profits, assets and Shareholders' equity of the Parent Company (excluding the Subsidiary) to the Subsidiary at the date of signing this Agreement according to the audited consolidated financial statements of the parties as of 31 December 2017 and in view of the consideration in the merger (the "**Parameters for Exemption from Prospectus in London**"), the Merger Transaction does not qualify as a Reverse Merger as defined under the Foreign Law, and according to Foreign Law the Subsidiary is not required to publish prospectus disclosure in the form of an Admission Document for the purpose of implementing the Merger Transaction. It is also emphasized that after verification by the Subsidiary with its UK legal advisers, admission of the Allotted Shares is not subject to receipt of a discretionary approval from the Exchange in London and such admission will occur upon submission of an application to admit the Allotted Shares to trading on the Exchange in London in accordance with the Foreign Law.

- 3.3.8 Subject to the receipt of the approvals and the fulfillment of the Conditions Precedent as set forth in this Agreement, its engaging in this Agreement is not in violation of any law whatsoever that applies to it, does not constitute a breach of any agreement to which it is a party, and does not conflict with its incorporation documents.
- 3.3.9 The signers of this Agreement on behalf of the Subsidiary are competent, as required by law, to bind it with their signature and to require it to act pursuant to the provisions of this Agreement.
- 3.3.10 The Subsidiary's periodic report for the year 2017, as published in the MAGNA system of the Israel Securities Authority, including all of the chapters and components thereof, including its consolidated audited financial statements as at December 31, 2017 and for the period ended on that date, and any other report in the MAGNA system that was made by it simultaneously with, or following, the publication of the above-referenced periodic report and up to the date of its engaging in this Agreement, include all of the disclosure required pursuant to the

provisions of the Foreign Law and all of the substantive and relevant information with respect to the Subsidiary's activity and situation, which is required for a reasonable investor who is considering the purchase of the Subsidiary's securities; all of the details included therein are complete, accurate and updated to the signing date of this Agreement; and they do not include any deceptive detail (as this term is defined in the Securities Law). In addition, as of the signing date of this Agreement, the Subsidiary is not in possession of any substantive and relevant information with respect to the Subsidiary's activity and situation, which is required for a reasonable investor who is considering the purchase of the Subsidiary's securities, and the reporting of which has been delayed, or of any inside information, as this term is defined in the Securities Law; and, since the publication of the Subsidiary's periodic report for the year 2017, there has been no substantive change for the worse in the Subsidiary's business environment or in the business and the situation of the Subsidiary and of corporations held by it. For the purposes of this section, "**Substantive**" means reflecting an influence or a potential consequential influence in an amount equivalent, in annual terms, to 2.5% or more of the Subsidiary's equity capital, which is attributed to the owners of the Subsidiary and/or influence or potential balance sheet influence in an amount equal to 5% or more of the total assets of the Parent Company, and all according to its consolidated audited financial statements as at December 31, 2017.

- 3.3.11 Subject to the fulfillment of the undertakings and the accuracy of the declarations and representations that were given by the Parent Company, on which the Subsidiary relies, and to the remaining provisions of this Agreement, neither the Subsidiary nor anyone on its behalf has or will have any argument, claim or demand against the Parent Company and/or against any of its senior officers (as this term is defined in the Securities Law) with respect to the Merger and/or to the outcome thereof (and, without derogating from the generality of the foregoing – with respect to any of the assets of the Parent Company and/or corporations that are held by it, directly and/or indirectly, and/or with respect to the liabilities of the Parent Company and/or corporations that are held by it, directly and/or indirectly, and/or with respect to exposures and/or rights of the Parent Company and/or corporations that are held by it, directly and/or indirectly), and, in any event, it undertakes not to raise any argument and/or demand and/or claim, of any type and kind whatsoever, with respect to the Merger Transaction and/or the outcome thereof, against the Parent Company and/or its officers and/or its shareholders.
- 3.3.12 To bear liability with respect to a deceptive detail, as this term is defined pursuant to the Securities Law, vis-à-vis the Shareholders of the Parent Company with respect to

the disclosure that is made to them in the framework of the Merger, in light of the offer of shares in the Subsidiary to the Shareholders of the Parent Company, which will make it possible to file, *inter alia*, derivative actions and/or class actions with respect to the referenced liability, subject to the finalization of causes of action as set forth above pursuant to the provisions of applicable law, whereby sole jurisdiction with respect to such actions will rest with a court in Israel, and the Subsidiary irrevocably undertakes not to raise arguments against the jurisdiction of the court in Israel in connection with such actions that are to be filed, if and to the extent that any such actions are filed, and not to approach a court outside Israel at their own initiative in order to obtain a defense against such actions that are to be filed, if and to the extent that any such actions are filed.

- 3.3.13 To cause the Subsidiary's directors who are serving in the Subsidiary on the signing date of this Agreement and on the date of issuance of the Court Order, and the Controlling Shareholders of the Subsidiary, to take upon themselves the undertakings that are set forth in Section 3.3.12 above, as set forth in **Appendix M** to this Agreement, and the directors as stated will act in accordance with the closing passage of Section 5.2.

4. **Undertakings during the Interim Period**

4.1 During the Interim Period, the Parties will act as follows:

- 4.1.1 The Parties to this Agreement undertake to perform all of the actions and to sign all of the documents that are necessary for the execution of the provisions of this Agreement and in a timely manner, and to make their best efforts to obtain any and all approvals required for the completion of the Transaction pursuant to and in accordance with the provisions of this Agreement, including all of the parts hereof, and including as set forth in Section 5.2 below. In so doing, the Parties will take measures toward the approval of the Merger in the framework of the Arrangement, including its approval at meetings of the Parent Company's and the Subsidiary's shareholders, as is relevant, as set forth in this Agreement, under the supervision of the court, pursuant to the Companies Law, the Arrangement and Settlement Regulations and the Convocation of a General Meeting Regulations, and the disclosure that will be included in the invitation of the Parent Company will include disclosure pursuant to the Conflict Transaction Regulations.

Without derogating from the generality of the foregoing, none of the Parties will perform any action that conflicts with the undertakings that were given by them and/or by any of them in this Agreement.

- 4.1.2 Each of the Parties will conduct itself within its own ordinary and ongoing course of business only; no actions will be performed and no decisions will be made that deviate from the ordinary course of business of any of the Parties, as is relevant, other than actions that have been expressly set forth in this Agreement, and other than actions that will be approved in writing by the Parties.
- 4.2 Without derogating from the generality of the foregoing, during the Interim Period, each of the Parties (hereinafter: the “**Company**”) will refrain from performing any of the actions set forth below:
 - 4.2.1 A change in the Company’s Memorandum and/or Articles of Association.
 - 4.2.2 A change in the Company’s capital structure that is not required for the execution of this Agreement, including the allocation of shares in the Company or securities convertible to shares in the Company (other than as a result of the exercise of non-negotiable options that were allocated to the Company’s employees before it entered into this Agreement, pursuant to the terms of those options) and/or splitting and/or consolidation of the Company’s share capital and the like.
 - 4.2.3 Any distribution and/or allocation of bonus shares, as this term is defined in the Companies Law.
 - 4.2.4 Engaging in agreements with the controlling shareholders of the Company and/or with their relatives (as the latter term is defined in the Companies Law) and/or in transactions in which the controlling shareholders of the Company have a personal interest, as this term is defined in the Companies Law.
 - 4.2.5 Taking out new loans in such a way that the Company’s total credit will exceed its credit frameworks on the signing date of this Agreement and/or a significant change in the composition of the Company’s sources of funding and/or a change in the financial stipulations that the Company has taken upon itself, other than ongoing repayments pursuant to the terms of the financing and/or a change that is beneficial for the Company, and/or the waiver or forgiveness of a debt to the Company or any undertaking that a third party owes to the Company.
 - 4.2.6 Creating new encumbrances on the Company’s assets and/or providing new guarantees of any type and kind by the Company and/or granting a right or issuing an undertaking to provide guarantees and/or encumbrances by the Company and/or on its assets, other than the provision and/or replacement of security for the Company’s customers and/or suppliers and/or as part of the securing of the Company’s existing bank credit, in the ordinary course of the Company’s business, including the provision of performance bonds and advances payments, to the extent required, and the like.

4.2.7 A change in employment agreements with the Company's employees and/or with the Company's officers. Notwithstanding the foregoing, the Company will be entitled to engage in agreements as stated, provided that the total cost to the Company in annual terms with respect to agreements that will be made during the Interim Period pursuant to this section will not exceed 3% of the Company's costs of salary in annual terms pursuant to the Company's consolidated audited financial statements as at December 31, 2017.

With respect to this Section 4.2 above, "Company" – including corporations under its control. However, the substantive nature of a matter with respect to the Company will be examined on the basis of the Company's consolidated audited financial statements as at December 31, 2017 and for the year then ended.

4.3 Each Party will report to the other Party immediately upon becoming aware of any substantive change that will and/or is expected to apply during the Interim Period, in the activity of the Parent Company and/or the Subsidiary (as is relevant), and that deviates from the foregoing, and will perform any action required in order to ensure the continued regular activity of the Parent Company and/or the Subsidiary, as is relevant, in the way in which it conducted itself prior to the signing date of this Agreement. It is hereby clarified that the publication of public reports by the Parent Company in the MAGNA system of the Israel Securities Authority and of public reports by the Subsidiary under the Foreign Law will be deemed equivalent to giving notice by the respective Party to the other Party in the matter that constitutes the object of the report, as is relevant.

4.4 If either of the Parties discovers that, during the Interim Period, a Substantive Adverse Change (as this term is defined below) has taken place in the situation and or the business of the Parent Company and/or of the Subsidiary, then an independent committee for finalizing the terms of the Merger on behalf of the Parent Company (in the case of a Substantive Adverse Change in the Subsidiary) and an independent committee for finalizing the terms of the Merger on behalf of the Subsidiary (in the case of a Substantive Adverse Change in the Parent Company), as is relevant, will be entitled, at their discretion, to contact the Appraiser and have it issue a fairness opinion with respect to the fairness and reasonableness of the consideration pursuant to this Agreement, in its estimation and according to its professional experience, and, to the extent required, also with respect to the fair Conversion Ratio pursuant to the Substantive Adverse Change and additional changes that have taken place since the date of the valuation according to which the Conversion Ratio was determined – all whereby the Appraiser's opinion as stated will not be binding upon the Parties. If the Appraiser gives notice that, in light of the changes that have taken place in the Parent Company and/or in the Subsidiary during the period after December 31, 2017, it will be necessary to update the quantity of Allocated Shares (and, as a result, the quantity of Sold Shares), and if the independent committees on behalf of the Parent Company and the Subsidiary, as stated above, give

their consent to update the quantity of Allocated Shares, the quantity of Allocated Shares will be updated according to the fairness opinion issued by the Appraiser, subject to the receipt of all of the approvals required in the Subsidiary and the Parent Company pursuant to the terms of this Agreement, and subject to certification by the court in the framework of the Arrangement. Without derogating from section 4.5 below, if the Parties do not reach an agreement with respect to the update to be performed on the quantity of Allocated Shares (or if all of the approvals by the competent organs of the Parties and/or certification by the court are not obtained), each of the Parties will be entitled to give notice of the cancellation of this Agreement, and the other party to this Agreement will have no right, claim or complaint with respect to the referenced cancellation.

In this regard, “**Substantive Adverse Change**” – an event, a change or an effect that occurred or applied (as is applicable) during the Interim Period, including in relation to any conditions attached to approvals received in connection with the Conditions Precedent, if any conditions are so attached, and that was not known to the Parent Company with respect to the Subsidiary, or to the Subsidiary with respect to the Parent Company, as is relevant, and was not taken into account in the basic assumptions used in the valuation according to which the Conversion Ratio was determined at the date of signing date of this Agreement, and that is capable of affecting the valuation and its outcome, in a way that entails a reduction of more than 5% of the value of the Parent Company and/or more than 5% of the value of the Subsidiary, as is relevant, as that value will be determined in the fairness opinion.

- 4.5 Without derogating from the provisions of Section 4.4 above, if in the Interim Period there is a change in the Exemption Parameters from a Prospectus in London that would require the Subsidiary to publish Prospectus Disclosure in the form of an Admission Document under the Foreign Law, either party may declare the cancellation of this Agreement without the other party to this Agreement having any right, claim or suit due to such cancellation.
- 4.6 Each of the parties will act, will assist and will pass on to the other Party and its advisors all of the documents required for the purpose of convening and holding meetings of the other Party's shareholders pursuant to the provisions of applicable law and to this Agreement.
- 4.7 The Parties will submit all of the reports required by law to the Tax Authority and the Registrar of Companies in connection with the execution of the Transaction that constitutes the object of this Agreement.
- 4.8 Subject to the provisions of any law, during the Interim Period, the Parent Company will act to the best of its ability, in its capacity as a shareholder of the Subsidiary, to ensure that the Subsidiary does not breach any of the provisions of this Agreement that apply to it.

- 4.9 Subject to the provisions of Sections 350-351 of the Companies Law and the provisions of the Arrangement and Settlement Regulations, and subject to the provisions of this Agreement and the fulfillment of all of the Conditions Precedent that are set forth herein, the Parent Company will publish the Date of Record for the Merger in an Immediate Report in the MAGNA system of the Israel Securities Authority.

5. **Conditions Precedent**

- 5.1 The conditions set forth below are conditions precedent to the completion of the Merger pursuant to this Agreement, and must be fulfilled by the Last Date for the Fulfillment of the Conditions Precedent:
- 5.1.1 Obtaining the approval of the Audit and/or Remuneration Committees (as is relevant) and the boards of directors of the Subsidiary and the Parent Company, pursuant to Section 275 of the Companies Law, for the Merger Transaction, and, in so doing, obtaining the confirmation of the boards of directors of the Subsidiary and the Parent Company that, to the best of their knowledge, as is relevant, there is no reasonable concern that, as a result of the Merger, the Subsidiary will be unable to comply with its undertakings vis-à-vis its creditors in the foreseeable future following the completion of the Merger, keeping in mind the financial situation of the Parties on the date of the confirmation.
- 5.1.2 Obtaining the approval of the meetings of shareholders of the Subsidiary and the Parent Company for the Merger pursuant to the provisions of this Agreement, with the majority required pursuant to Section 350 of the Companies Law, provided that this will also reflect the majority required pursuant to Section 275 of the Companies Law, as is relevant, in accordance with the instructions of the court in the framework of the Arrangement.
- 5.1.3 Obtaining a pre-ruling from the Israel Securities Authority by the Parent Company and the Subsidiary, pursuant to which the Subsidiary will continue to be traded on the Exchange in London only and will be exclusively subject to the regulation of the Exchange in London – in other words, it will not be required to publish a prospectus in Israel in connection with the Merger, and it will not become a Reporting Corporation as a result of the Merger (and furthermore, it will not be subject to the provisions with respect to disclosure and reporting pursuant to the Securities Law and the regulations enacted pursuant thereto).
- 5.1.4 Obtaining a pre-ruling from the tax authorities by the Parent Company and the Subsidiary with respect to the tax implications for them and for their shareholders as a result of the Merger, and, in so doing, obtaining a tax exemption with respect to the Merger between the Parent Company and the

- Subsidiary and the deferment of a tax event of the shareholders of the Parent Company and the Subsidiary as a result of the Merger until the realization of their holdings in the Subsidiary.
- 5.1.5 Obtaining the certification of the court for the Merger in the framework of the Arrangement, and, in so doing, obtaining the Court Order.
 - 5.1.6 Obtaining the approval of the Antitrust Commissioner for the Merger or obtaining an exemption from filing merger applications by the Parent Company and the Subsidiary, as is relevant, if and to the extent necessary.
 - 5.1.7 Obtaining the approval of the Parties' financial creditors for the Merger, if and to the extent necessary, in order for the Merger not to constitute a breach of the undertakings of the Parent Company and/or of the Subsidiary vis-à-vis them.
 - 5.1.8 On the Date of Completion, no court order that prohibits the implementation of the Merger will be pending.
- 5.2 All of the Parties to this Agreement, jointly and severally, will take all of the measures and perform all of the actions required in order to obtain all of the approvals as stated and to give rise to the fulfillment of all of the conditions required for the implementation of the Merger, as soon as possible and, in any event, by and no later than the Date of Completion, including the filing and/or publication of all of the documents and reports required by law to the relevant authorities. As part of the foregoing, a report on the convocation of a meeting of shareholders of the Parent Company for the approval of the Merger Transaction (as required pursuant to Section 5.1.1 above) will be signed by the Parent Company and, in addition, by the Subsidiary through its signatories, and the Subsidiary will also cause it to be signed by a majority of the members of the Subsidiary's board of directors, including at least one director who is an external director, as this term is defined in the Companies Law.
- 5.3 If all of the Conditions Precedent are not fulfilled by the Last Date for the Fulfillment of the Conditions Precedent, this Agreement will be null and void, and neither of the Parties, and no third party, will have any cause of action that results from or is related to this Agreement, including in connection with the nullity hereof, including a cause of action and/or a complaint and/or right of claim and/or a remedy against either of the Parties to this Agreement, their officers, their serving directors, their managers, their employees, their shareholders, their advisors, their service providers and/or anyone on their behalf, other than arguments with respect to a breach of undertakings that are included in this Agreement, if and to the extent that any such undertakings were breached.
- 5.4 If all of the Conditions Precedent set forth in Section 5.1 above have been fulfilled, all of the Parties that have signed this Agreement will be obligated to complete the Merger

pursuant to the provisions of Section 6 below and, in such a case, they will not be able to withdraw from their undertakings to complete the Merger pursuant to this Agreement.

6. **Completion of the Merger Transaction**

6.1 The completion of the Merger Transaction will take place on the Date of Completion, subject to the fulfillment of the Conditions Precedent. On the Date of Completion, the Parties will perform the actions set forth below, which will be deemed to have been performed simultaneously for the purpose of the completion of the Merger Transaction:

6.1.1 The Subsidiary will provide the Parent Company with a copy of the minutes of meetings of the Audit Committee, the board of directors and the general meeting of its shareholders, pursuant to which the Merger Transaction was approved with the majority required pursuant to Section 5.1.1 above, to the extent that they have not yet been provided.

6.1.2 The Subsidiary will provide the Parent Company [sic] with a copy of the minutes of meetings of the Audit Committee, the board of directors and the general meeting of its shareholders, pursuant to which the Merger Transaction was approved with the majority required pursuant to Section 5.1.1 above, to the extent that they have not yet been provided.

6.1.3 The Subsidiary will provide the Parent Company with a copy of the application sent to the Exchange in London for the listing of the Allocated Shares to trading on the Exchange in London together with a copy of the confirmation that such shares have been admitted to trading on the Exchange in London under the Foreign Law.

6.1.4 Each Party will provide the other Party with the approvals required by it, as set forth in Section 5.1.8 above.

6.1.5 The Parties will ensure that each of them is in possession of the positions and approvals set forth in Sections 5.1.3, 5.1.4, 5.1.5 and 5.1.7, and, if necessary, each Party will forward the positions and the approvals as stated that are in its possession to the other Party.

6.1.6 The Parent Company will declare that, up to the Date of Completion, no changes have taken place with respect to its declarations as set forth in Section 3.2 above; that it acted, during the Interim Period, in accordance with that which has been set forth in Section 4 above with respect to it; and that the Agreement will not be canceled, as far as it is concerned, pursuant to the provisions of Sections 4.4 and/or 4.5 above.

- 6.1.7 The Subsidiary will declare that, up to the Date of Completion, no changes have taken place with respect to its declarations as set forth in Section 3.3 above; that it acted, during the Interim Period, in accordance with that which has been set forth in Section 4 above with respect to it; and that the Agreement will not be canceled, as far as it is concerned, pursuant to the provisions of Sections 4.4 and/or above.
- 6.1.8 The Parent Company will complete the Merger Transaction and, within that framework, will transfer and assign, effective as of the Date of Completion, all of the activity of the Parent Company to the Subsidiary in the format set forth in Sections 2.1 and 2.3 above, other than agreements and decisions by the Parent Company that will expire on the Date of Completion, as set forth in Section 2.3 above, and, in so doing, will transfer to the Subsidiary all of the Parent Company's holdings in the Subsidiary.
- 6.1.9 The Subsidiary will complete the Merger Transaction and, within that framework, will receive, by way of transfer and assignment, effective as of the Date of Completion, all of the activity of the Subsidiary [sic] in the format set forth in Sections 2.1 and 2.3 above, other than agreements and decisions by the Parent Company that will expire on the Date of Completion, as set forth in Section 2.3 above, and the provisions of Section 2.3 above, effective as of the Date of Completion, will apply to it, as is relevant.
- 6.1.10 The Subsidiary will increase its registered share capital, to the extent required, keeping in mind the provisions of Section 4.4 above, in order to enable the allocation of the Allocated Shares, without derogating from the registered share capital required for the purpose of allocating shares with respect to securities convertible into shares in the Subsidiary. The Subsidiary will allocate the Allocated Shares and will transfer them, together with the Parent Company's Holdings in the Subsidiary, to all of the shareholders of the Parent Company, *pro rata* to their holdings of shares in the Parent Company on the Date of Record for the Merger, according to the Conversion Ratio, they then being Free and Clear, against the transfer of all of the Parent Company's shareholders' holdings of shares in the Parent Company to the Subsidiary and the expiry thereof, all with the assistance of the Nominee Company, the Stock Exchange Clearing House, entities responsible for the clearing and holding of foreign securities and/or any other entity, if and to the extent required, and will sign the Subsidiary's updated Ledger of Shareholders, accordingly.
- 6.2 On the Date of Completion, following the completion of the actions set forth in Section 6.1 above, the following outcomes will apply:

- 6.2.1 The activity of the Parent Company that was absorbed by the Subsidiary, pursuant to the provisions of Section 2 above, will be considered as the activity of the Subsidiary, and the Subsidiary will be subject to all of the duties with respect thereto, and will be entitled to all of the rights with respect thereto, as provided by law.
- 6.2.2 The Target Company will be dissolved without liquidation pursuant to the provisions of the Companies Law.
- 6.3 In any case where, after the Date of Completion, the performance of any additional action is required in order to execute the provisions of this Agreement, the Subsidiary will do all that is reasonably required for this purpose, including by signing any document that will be required for this purpose. Without derogating from the generality of the foregoing, the Subsidiary:
- a. Will report to the Registrar of Companies on changes that occurred in its records at the Registrar of Companies as a result of the completion of the Merger Transaction, including the updating of the Ledger of Encumbrances, as this term is defined in Section 181 of the Companies Ordinance, and will make sure to obtain a merger certificate and the deletion of the Parent Company from the records at the Registrar of Companies accordingly.
 - b. Will make sure that any other statutory record of security that was given by the Parent Company, if any, will be transferred to another statutory record of security as stated of the Subsidiary.

7. Taxes and Expenses

Each Party will bear the tax liability, the compulsory payments, the expenses, the costs and the commissions that will be incumbent upon it pursuant to the provisions of any law and/or that were expended by it in its actions pursuant to this agreement and/or in the execution hereof. In connection with joint actions and/or joint services with respect to the Merger, including with respect to legal services provided by the firm of Shimonov & Co., Law Office, with respect to the Appraiser's services, with respect to the costs of the Pre-Ruling by the Tax Authorities and the Pre-Ruling by the Israel Securities Association, and with respect to the costs of the Arrangement – the Parties will bear them in equal shares.

In this regard, each of the Parties confirms that, at its request, it will be represented by the firm of Shimonov & Co., Law Office, with respect to drafting the terms of this Agreement and confirms that it will have no complaint and/or claimant or demand vis-à-vis the firm of Shimonov & Co., Law Office, on the basis of their joint representation as stated. The Parties hereby confirm that the representation as stated does not constitute the representation of independent committees of either of the Parties that were established for the purpose of finalizing the terms of this Agreement, with respect to finalizing the terms of this Agreement.

8. Notices and Reports

- 8.1 The Parties will coordinate the dates of the public reports that the Parties are required to submit pursuant to the provisions of applicable law, to the extent that any such reports are required, with respect to the Merger Transaction, and the dates of the convocation and holding of meetings of shareholders of the Parent Company and the Subsidiary, in the framework of the Arrangement, pursuant to the Convocation of a Meeting Regulations, and will cooperate in discussions with the relevant authorities with respect to the Merger, to the extent that any such discussions are required. Without derogating from the foregoing, the Parties undertake to refrain from any report or publication that was not coordinated in advance (without derogating from the duties of reporting that apply to each of the Parties under law).
- 8.2 The Parties agree that the Agreement will be presented to authorities or government entities, to the extent that this is required pursuant to this Agreement.

9. Applicable law and jurisdiction

- 9.1 This Agreement and all matters related and/or pertaining to it and/or resulting from it will be subject to the laws of the State of Israel and will be interpreted in accordance with those laws.
- 9.2 Sole and exclusive jurisdiction with respect to the Agreement and all matters related and/or pertaining to it and/or resulting from it is conferred upon the competent court in the city of Tel Aviv-Jaffa.

10. Miscellaneous

- 10.1 Any delay in or refraining from the enforcement of any right pursuant to this Agreement by either of the Parties hereto will not be deemed to constitute a waiver by that Party or an impediment that precludes it from exercising its rights in the future, and it will be entitled to exercise its rights, in whole or in part, at any time as it sees fit. No waiver, concession, extension, situation, modification, addition to or derogation from this Agreement or in accordance herewith will be valid unless made in writing and signed by all of the Parties to this Agreement.
- 10.2 Any change, amendment and/or supplement of this Agreement will not be valid, and will be deemed not to have been made, unless made in writing and signed by all of the Parties.
- 10.3 This Agreement, including the Appendices hereto, exhausts the entirety of that which is been agreed upon by the Parties in the matters set forth herein. Any representation, consent or draft or prior undertaking, whether direct or in favor of a third party, between the Parties, which is related to the matters set forth in this Agreement, and any negotiation, summary, understanding or agreement between the Parties that precedes the

signing of the Agreement and that is related to the matters set forth herein, will not be valid.

- 10.4 This Agreement can be signed in several copies, including by way of signing by fax, and each of those copies will be deemed to constitute an original copy, but all of them jointly will be deemed to constitute a single copy of the same document.
- 10.5 The addresses and contact details of the Parties for the purposes of this Agreement are as set forth in the Preamble to this Agreement or any other address in Israel or other contact details of either of the Parties, with respect to which that Party gave notice in writing to the other Parties to this Agreement.
- 10.6 Notices pursuant to this Agreement will be given in writing and will be sent according to the addresses set forth in the Preamble to this Agreement or any other address, with respect to which one Party has notified the other in writing. Any notice that will be sent to such an address will be deemed to have been received by the addressee: if sent by registered mail – within 72 hours after being handed in for sending; if sent by facsimile – at the end of the first business day after the date on which it was sent, provided that the sender has received confirmation of sending and has confirmed the receipt of the notice by telephone and has documented it in writing; if sent by email – at the end of the first business day after the date on which it was sent, provided that the sender has received confirmation of sending and has confirmed the receipt of the notice by telephone and has documented it in writing, or at the time of receipt of confirmation by email that the notice has been read, whichever is earlier; if delivered by hand – at the end of the day of its delivery.

In witness whereof the Parties have affixed their signatures:

MTI Computers and Software Services (1982) Ltd.
By: _____
Position: _____

MTI Wireless Edge Ltd.
By: _____
Position: _____

Appendix M

To:
 MTI Computers and Software Services (1982) Ltd. (hereinafter: the “Parent Company”)
 MTI Wireless Edge Ltd. (hereinafter: the “Subsidiary”)

Gentlemen:

Re: **Merger Agreement between the Parent Company and the Subsidiary, dated May 1, 2018**
(hereinafter: the “Merger Agreement”)

I, the undersigned, do hereby declare and undertake, in connection with the Merger Agreement, subject to the completion of the Merger Transaction pursuant to the Merger Agreement and effective as of the Date of Completion thereof, as follows:

To bear liability with respect to a deceptive detail, as this term is defined pursuant to the Securities Law, vis-à-vis the Shareholders of the Parent Company with respect to the disclosure that is made to them in the framework of the Merger, in light of the offer of shares in the Subsidiary to the Shareholders of the Parent Company, which will make it possible to file, *inter alia*, derivative actions and/or class actions with respect to the referenced liability, subject to the finalization of causes of action as set forth above pursuant to the provisions of applicable law, whereby sole jurisdiction with respect to such actions will rest with a court in Israel, and I irrevocably undertake not to raise arguments against the jurisdiction of the court in Israel in connection with such actions that are to be filed, if and to the extent that any such actions are filed, and not to approach a court outside Israel at my own initiative in order to obtain a defense against such actions that are to be filed, if and to the extent that any such actions are filed.

Each of the terms set forth above will have the same meaning that was given to it in the Merger Agreement, unless expressly otherwise stated.

_____	<u>Mokirey Aya Ltd., Company No. 513223222</u>	<u>Among the Controlling Shareholders</u>	_____
Date	Full name and Identification/Passport/Corporation No.	Position or affinity to the Subsidiary	Signature
_____	<u>Jacques Barr, Identity No. 342470473</u>	<u>Among the Controlling Shareholders</u>	_____
Date	Full name and Identification/Passport/Corporation No.	Position or affinity to the Subsidiary	Signature
_____	<u>Rina Barr, Identity No. 051717742</u>	<u>Among the Controlling Shareholders</u>	_____
Date	Full name and Identification/Passport/Corporation No.	Position or affinity to the Subsidiary	Signature
_____	<u>Zvi Borovitz, Identity No..007014475</u>	<u>Chair of the board of directors and</u>	_____
Date	Full name and Identification/Passport/Corporation No.	<u>among the Controlling Shareholders</u>	Signature
_____	<u>Moshe Borovitz, Identity No. 027858356</u>	<u>Director, CFO and</u>	_____
Date	Full name and Identification/Passport/Corporation No.	<u>among the Controlling Shareholders</u>	Signature
_____	<u>Dov Feiner, Identity No. 054266036</u>	<u>Director and CEO</u>	_____
Date	Full name and Identification/Passport/Corporation No.	Position or affinity to the Subsidiary	Signature
_____	<u>David Yariv, Identity No. 040865065</u>	<u>Director</u>	_____
Date	Full name and Identification/Passport/Corporation No.	Position or affinity to the Subsidiary	Signature
_____	<u>Zvi Knorr, Identity No. 003152030</u>	<u>Independent Director</u>	_____
Date	Full name and Identification/Passport/Corporation No.	Position or affinity to the Subsidiary	Signature
_____	<u>Lihl Elimelech Bechor, Identity No. 034327205</u>	<u>External Director</u>	_____
Date	Full name and Identification/Passport/Corporation No.	Position or affinity to the Subsidiary	Signature
_____	<u>Richard Bennett, P.N. (foreign) 720112969</u>	<u>External Director</u>	_____
Date	Full name and ID	Duty	Signature