

THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY OR FORM OF INSTRUCTION ARE IMPORTANT, REQUIRE YOUR IMMEDIATE ATTENTION AND SHOULD BE READ AS A WHOLE. If you are in any doubt about the contents of these Documents and/or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in your own jurisdiction.

If you have sold or transferred all your Ordinary Shares or Depositary Interests you should hand this Document, but not the personalised Form of Proxy or Form of Instruction enclosed with it, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or transferred only part of your holding in Ordinary Shares or Depositary Interests, you should retain these documents.

The Directors accept responsibility for the information contained in this Document and to the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

MTI Wireless Edge Ltd.

(Incorporated in Israel with Company No. 512719303)

**Proposed merger with MTI Computers & Software Services (1982) Ltd.
and
Notice of Extraordinary General Meeting**

Your attention is drawn to the letter from the Independent Directors of MTI Wireless Edge Ltd., set out on pages 9 to 16 of this Document, which recommends that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting referred to below. The Extraordinary General Meeting has been convened by the Directors on the order of the Israeli court, for the purpose of considering the proposed Merger between the Company and MTI Computers & Software Services (1982) Ltd.

Notice of an Extraordinary General Meeting of MTI Wireless Edge Ltd, to be held at the offices of Allenby Capital Limited, 5 St. Helen's Place, London, EC3A 6AB, at 10:00 am on 18 July 2018, is set out at the end of this Document. To be valid the enclosed Form of Proxy should be completed and returned in accordance with the instructions printed on it so as to be received no later than 10:00 am on 16 July 2018 or 2 days before any adjourned meeting. To be valid the enclosed Form of Instruction should be completed and returned in accordance with the instructions printed on it so as to be received no later than 10:00 am on 15 July 2018 or 3 days before any adjourned meeting. Completion and return of the Form of Proxy or Form of Instruction will not preclude a Shareholder from attending in person and voting at the Extraordinary General Meeting. Shareholders holding Ordinary Shares whose names appear on the Company's Shareholders' register by close of business on 20 June 2018 will also be entitled to vote using a Written Ballot in accordance with the instructions printed thereon. Holders of Depositary Interests shall not be entitled to vote using a Written Ballot. To be valid the enclosed Written Ballot should be completed and returned in accordance with the instructions printed on it so as to be received no later than 6:00 am on 18 July 2018 or 4 hours before any adjourned meeting.

Allenby Capital Limited, which is a member of the London Stock Exchange, is authorised and regulated in the United Kingdom by the FCA and is acting as nominated adviser and joint broker to the Company. Allenby Capital Limited does not accept any liability whatsoever for the accuracy of opinions contained in this Document (or for the omission of any material information) and is not responsible for the contents of this Document.

Copies of this Document and the Merger Agreement (together with an English translation of the Merger Agreement, not including its appendices) are available on the Company's website and from the offices of Allenby Capital Limited, 5 St. Helen's Place London, EC3A 6AB during normal business hours on business days up until the date of the Extraordinary General Meeting.

Dated 12 June 2018

CONTENTS

	Page
Expected Timetable of Principal Events	3
Share Capital Statistics	4
Definitions	5 – 7
Directors, Secretary and Advisers	8
Letter from the Independent Directors	9 – 16
Notice of Extraordinary General Meeting	17 - 18
Schedule 1 – Description of the Merger Agreement	19-26

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	12 June 2018
Latest time and date for receipt of Forms of Proxy	10:00 am on 16 July 2018
Latest time and date for receipt of Forms of Instruction	10:00 am on 15 July 2018
Latest time and date for receipt of Written Ballot	6:00 am on 18 July 2018
Extraordinary General Meeting	18 July 2018

Notes

1. References to times in this Document are to London time unless otherwise stated.
2. If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by an announcement on an RNS (and posted on the Company's website).
3. All events in the above timetable following the Extraordinary General Meeting are conditional upon approval by the Shareholders of the Resolution and satisfaction of the Conditions Precedent.

SHARE CAPITAL STATISTICS

Ordinary Shares in issue as at the date of this Document	55,438,288
Par value of Ordinary Shares	NIS 0.01
MTIC Holdings in the Company (i.e. Ordinary Shares currently held by MTIC)	29,510,716
Allotted Shares to be issued as part of the consideration for the Merger	31,600,436
Number of Ordinary Shares in issue following the Merger ¹	87,038,724
Number of Ordinary Shares to be held by MTIC Shareholders following the Merger	61,111,152

¹ Excluding 1,500,000 options granted by the Company to officers and employees of the Company and corporations under its control.

DEFINITIONS

The following definitions apply throughout this Circular unless the context requires otherwise:

"AIM Rules"	the AIM Rules for Companies;
"AIM"	the market of that name operated by the London Stock Exchange;
"Allotted Shares"	31,600,436 Ordinary Shares to be issued to the MTIC Shareholders as part of the consideration for the Merger;
"Application for a Pre-Ruling"	the application for a tax pre-ruling made to the ITA by the Company and MTIC on 26 April 2018;
"Appraiser"	S.C.A Economic Advisory Ltd.;
"Board" or "Directors"	the directors of the Company at the date of this Document whose names are set out on page 8 of this Document;
"Circular" or "Document"	this document dated 12 June 2018;
"Company" or "MTIWE"	MTI Wireless Edge Ltd., a company incorporated and registered in Israel with registered number 512719303;
"Conditions Precedent"	the conditions precedent to the Merger that are set forth in Section 5 of the Merger Agreement;
"Consideration Shares"	the Allotted Shares together with the MTIC Holdings, amounting to 61,111,152 Ordinary Shares of the Company;
"Conversion Ratio"	a ratio of 5.2689055 Consideration Shares for each ordinary share in MTIC as of the date of entry into the Merger Agreement;
"Conversion Ratio Mechanism"	an update of the quantity of Allotted Shares pursuant to the fairness opinion issued by the Appraiser, subject to the receipt of all of the approvals required by the Company and MTIC pursuant to the terms of the Merger Agreement, and subject to certification by the court in the framework of the Scheme of Arrangement;
"Court Order"	an order to be issued by the court, pursuant to the provisions of Section 351 of the Israeli Companies Law, which will confirm the validation of the Merger pursuant to the provisions of the Merger Agreement;
"Date of Completion"	the completion date of the Merger as set forth in the Merger Agreement;
"Depository Interests"	depository interests representing underlying Ordinary Shares;
"Extraordinary General Meeting"	the Extraordinary General Meeting of Shareholders of the Company to be held on 18 July 2018 at 10:00 am at the offices of Allenby Capital Limited;
"FCA"	the Financial Conduct Authority;
"Form of Instruction"	the form of instruction accompanying the Circular for use by holders of depository interests at the Extraordinary General Meeting;

"Form of Proxy"	the form of proxy accompanying the Circular for use by Shareholders at the Extraordinary General Meeting;
"Independent Directors"	Lihi Elimelech-Bechor, Richard Bennett and Zvi Kanor who are the independent directors for the purposes of AIM Rule 13;
"Interim Period"	such period between the signing date of the Merger Agreement and the Date of Completion;
"Israeli Companies Law"	the Israeli Companies Law, 5759-1999, as amended from time to time;
"Israeli Securities Law"	the Israeli Securities Law, 5728-1928, as amended from time to time;
"Israeli Tax Ordinance"	the Israeli Income Tax Ordinance (New Version), 1961, as amended from time to time;
"ISA"	the Israeli Securities Authority;
"ITA"	the Israeli Tax Authorities;
"London Stock Exchange"	the London Stock Exchange PLC;
"Losses"	losses for tax purposes;
"Merger"	the statutory merger to be carried out via a Scheme of Arrangement, in accordance with Sections 350-351 of the Israeli Companies Law, pursuant to which MTIC will be merged with and into the Company, in accordance with the terms of the Merger Agreement;
"Merger Agreement"	the merger agreement between the Company and MTIC dated 1 May 2018, details of which are set out in Schedule 1 to this Document;
"Merging Companies"	both the Company and MTIC;
"Mokirei Aya"	Mokirei Aya Ltd., incorporated and registered in Israel with company number 513223222; held in equal shares by Mr. Zvi Borovitz, Mrs. Amalia Borovitz-Brill, Mr. Moshe Borovitz and Mr. Alexander Borovitz (25% each);
"MTIC or MTI Computers"	MTI Computers & Software Services (1982) Ltd., incorporated and registered in Israel with company number 520040981, and whose shares are listed on the Tel Aviv Stock Exchange;
"MTIC Holdings"	MTIC's shareholdings in the Company, amounting to 29,510,716 Ordinary Shares;
"MTIC Shareholders"	holders of ordinary shares in MTIC;
"NIS"	New Israeli Shekels, the lawful currency of Israel;
"Ordinary Shares"	the ordinary shares of nominal value NIS 0.01 each in the capital of the Company;
"Record Date for the Merger"	the date determined for the eligibility of the MTIC Shareholders to receive the Consideration Shares pursuant

	to the Merger Agreement, which will be determined in coordination with the Tel Aviv Stock Exchange Ltd. and will fall after the fulfilment of all of the Conditions Precedent, but before the Date of Completion;
“Registrar of Companies”	the Israeli Registrar of Companies;
“Relationship Agreement”	a relationship agreement, to be entered into by and between the Company and Mokirei Aya on the Date of Completion;
“Resolution”	the resolution set out in the notice of Extraordinary General Meeting contained within this Circular;
“Restricted Period”	the longer of the following two time periods: (1) a period of two years starting on the date of the Merger; or (2) a period commencing on the date of the Merger and ending one year after the end of the tax year in which the Merger order is issued. The “date of the Merger” shall mean the end of the tax year in which the Merger order was issued or the end of the previous tax year, provided that it does not precede the date of the submission of the application for the Merger;
“Scheme of Arrangement”	The court approved scheme of arrangement between the Company, MTIC and their shareholders;
“Shareholders”	holders of Ordinary Shares in the Company from time to time;
“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 MTIC with respect to the Company, or to the Company with respect to MTIC, 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 signing date of the Merger 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 MTIC and/or more than 5% of the value of the Company, as is relevant, as that value will be determined in the fairness opinion;
“Valuation Report”	a valuation of the business activities of MTIC and the Company prepared by the Appraiser on the basis of the consolidated and audited financial statements of each company for the year ended 31 December 2017.
“Written Ballot”	Written ballot accompanying the Circular for use by holders of Ordinary Shares whose names appear on the Company’s Shareholders’ register by close of business on 20 June 2018.

Directors, Secretary and Advisers

Directors	Zvi Borovitz – Chairman of the Board of Directors Moshe Borovitz – Financial Director Dov Feiner - Chief Executive Officer and Director David Yariv – Director Zvi Knorr – Independent Director Lih Elimelech Bechor - External Director Richard Bennett - External Director
Chief Executive Officer	Dov Feiner
Registered Office	11 Hamelacha Street New Industrial Zone Rosh Ha'ayin 4809121 Israel
Nominated Adviser and Joint Broker	Allenby Capital Limited 5 St. Helen's Place London EC3A 6AB
Joint Broker	Peterhouse Corporate Finance Limited New Liverpool House 15 Eldon Street London EC2M 7LD UK
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY UK
Company's website	http://www.mtiwe.com
Company's telephone no. and fax	Tel: +972 (0)3 900 8900; Fax: +972 (0)3 900 8901

Part I - Letter from the Independent Directors of MTI Wireless Edge Ltd.
(Incorporated in Israel with Company No. 512719303)

Directors:

Zvi Borovitz – Chairman of the Board
Moshe Borovitz – Financial Director
Dov Feiner - Chief Executive Officer and Director
David Yariv – Director
Zvi Knorr – Independent Director
Lihi Elimelech Bechor - External Director
Richard Bennett - External Director

Registered Office:

11 Hamelacha Street
New Industrial Zone
Rosh Ha'ayin 4809121
Israel

12 June 2018

To Shareholders and holders of Depositary Interests

**Proposed merger with MTI Computers & Software Services (1982) Ltd.
and
Notice of Extraordinary General Meeting**

1. Introduction

On 2 May 2018, the boards of directors of the Company and MTIC announced that they had entered into the Merger Agreement, pursuant to which, and in accordance with the provisions of Sections 350-351 of the Israeli Companies Law, as a court approved Scheme of Arrangement between the Company, MTIC and their shareholders, MTIC will be merged into the Company in a statutory merger. As part of the Merger MTIC will be dissolved and all of its activities, assets and liabilities, subject to certain qualifications, will be transferred to the Company in consideration for the allotment of the Allotted Shares and the transfer of the MTIC Holdings, *pro rata* to all of the MTIC Shareholders.

As consideration for the Merger, the Company will allocate to the MTIC Shareholders the 31,600,436 Allotted Shares, subject to adjustment in accordance with the Conversion Ratio Mechanism. In addition, the MTIC Holdings in the Company (being 29,510,716 Ordinary Shares) will be transferred to all of the MTIC Shareholders, *pro rata* to their holdings of shares in MTIC. Further details of the consideration for the Merger can be found in paragraph 4 below and the summary of the Merger Agreement set out in Schedule 1 to this Document.

Details regarding the benefits of the Merger can be found in paragraph 2 below. Further details regarding MTIC can be found in paragraph 5 below.

The purpose of this Circular is to provide you with the background to and to explain why the Independent Directors consider the Merger to be in the best interests of the Company and its Shareholders as a whole and why they recommend that Shareholders should vote in favour of the Resolution to be proposed at the Extraordinary General Meeting.

A notice convening an Extraordinary General Meeting to be held on 18 July 2018 at 10:00 am, at the offices of Allenby Capital Limited, 5 St. Helen's Place, London, EC3A 6AB, to consider and if thought fit to pass the Resolution, is set out at the end of this Circular.

2. Background to and Reasons for the Merger

- 2.1. The terms of the Merger Agreement were formulated by specially constituted committees of the independent directors of each of the Merging Companies (consisting of members of the audit committees, as applicable) with the assistance of independent external consultants (including the Appraiser). The Merging Companies' audit committees determined the proper process for identifying and managing instances where the controlling shareholders of the Merging Companies have or may have a personal interest, as the case may be. The Merger Agreement was approved, effective 1 May 2018, by the audit committees and the board of directors of each of the Merging Companies (consisting of the members of the audit committees of the Merging Companies, as the case may be) as a transaction that is in the best interests of MTIC and the Company (as applicable), which does not constitute a Distribution (as defined under the Israeli Companies Law) in favour of the controlling shareholders, as the case may be.
- 2.2. Prior to the execution of the Merger Agreement, the Company and MTIC received approvals for the Merger from their respective financial creditors, confirming that the Merger will not constitute a breach of the Company's and MTIC's undertakings to such financial creditors.
- 2.3. On 6 May 2018, the Company and MTIC received a pre-ruling from the ISA, pursuant to which the ISA agreed that it will not make a determination as to whether the Company will be required to publish a prospectus in Israel for the purpose of carrying out the Merger and consequently, the ISA also agreed that it will not make a determination as to whether the Company will become subject to the Ongoing Reporting Obligations under the Israeli Securities Law following the Merger.
- 2.4. On 29 May 2018, the Company and MTIC filed an application with the Israeli court requesting the court to order the convening of extraordinary general meetings of the shareholders of each company in accordance with Sections 350-351 of the Israeli Companies Law, 1999. The court's order was issued on 5 June 2018. .
- 2.5. On 7 June 2018 the Merging Companies received an exemption from the Israel Antitrust Authority from the requirement to file a merger application in connection with the Merger.
- 2.6. The Merger is subject to satisfaction of additional Conditions Precedent, details of which are set out in paragraph 3 of the description of the Merger Agreement contained in Schedule 1 to this Document
- 2.7. The Directors believe that the key benefits of the Merger are as follows:
 - 2.7.1. Creating a larger company - post Merger the Company will have revenues which are approximately 30 percent above the Company's current revenues.
 - 2.7.2. Broadened business base – post Merger the Company will still focus on Radio Frequency and Microwave solutions but will add two divisions that will diversify the business (namely, Representation Radio Frequency and Microwave solutions in Israel and Russia and System Engineering – see paragraph 5 below for further details).
 - 2.7.3. Alignment of shareholder interests and the elimination of potential conflicts of interest.
 - 2.7.4. Costs savings and efficiency - shares of the Company post Merger will be traded on one stock exchange, being AIM, and this will save significant costs and allow management to

spend more time on developing the combined business.

2.7.5. Increased liquidity - at the end of the merger process, non-controlling shareholders will hold an increased proportion of the Company's Ordinary Shares with more diversified holdings, thus assisting liquidity.

3. The Merger Agreement

3.1. A detailed summary of the terms of the Merger Agreement is set out in Schedule 1 to this Document.

3.2. A copy of the Merger Agreement (together with an English translation of the Merger Agreement, not including its appendices) is available on the Company's website and from the offices of Allenby Capital Limited, 5 St. Helen's Place London, EC3A 6AB during normal business hours on business days up until the date of the Extraordinary General Meeting.

4. Details of the consideration payable

4.1. Subject to the fulfilment of the Conditions Precedent, the Allotted Shares will be allotted and the MTIC Holdings will be transferred to all MTIC Shareholders, *pro rata*, according to the Conversion Ratio. The Conversion Ratio was determined by the Appraiser based on the Appraiser's opinion of equity valuation ratio of the Company versus MTIC (net of its holdings in the Company) as of 31 December 2017. A copy of the Valuation Report prepared by the Appraiser is available on the Company's website. This Valuation Report contains certain forward-looking statements and estimates which relate to future events and performance. Such forward-looking statements were prepared by the Appraiser based on information provided by the Company's and MTIC's management. Neither the Company nor its Directors can guarantee that any anticipated future results will be achieved.

4.2. The Valuation Report provides a detailed analysis of the Appraiser's opinion of the fair market value of each company, using a discounted cash flow approach. The assumptions used in the valuations for the Company and MTIC were made based on discussions with the management of each company. A preliminary draft of the Valuation Report was reviewed by a special independent committee of the Company's Board. This review process included meeting with representatives of the Appraiser who presented the Appraiser's work and the assumptions that the Appraiser had made in arriving at the respective company valuations and resulting valuation ratio.

4.3. The Allotted Shares and the Conversion Ratio are subject to adjustment in the event of a Substantive Adverse Change during the Interim Period. In such event, each of MTIC or the Company may request that the Appraiser issue a fairness opinion with respect to the fairness and reasonableness of the consideration due under the Merger Agreement, in its estimation and according to its professional experience, and, to the extent required, also with respect to the fair Conversion Ratio following such Substantive Adverse Change and additional changes that have taken place since the date of the valuation according to which the Conversion Ratio was determined, provided that, 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 Company or MTIC during the period since 31 December 2017, it will be necessary to update the quantity of Allotted Shares (and, as a result, the quantity of Consideration Shares), and if the independent committees of the Company and MTIC (as described in paragraph 2 of Schedule 1 to this

Document), give their consent to update the quantity of Allotted Shares, the quantity of Allotted 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 Company and MTIC pursuant to the terms of the Merger Agreement, and subject to certification by the court in the framework of the Scheme of Arrangement. If the parties do not reach an agreement with respect to the update to be made to the quantity of Allocated Shares (or if not all of the approvals by the competent bodies of the Company and MTIC and/or certification by the court are obtained), each of the parties will be entitled to cancel the Merger Agreement.

5. Information on the MTIC units being acquired as part of the Merger

- 5.1. In addition to the MTIC Holdings, MTIC has two operating divisions, which will be transferred to the Company as part of the Merger. These are the Representation Radio Frequency and Microwave Solutions division ("**Representation**") and the System Engineering division ("**System Engineering**").
- 5.2. The Representation division, which has been operating since 1970, specialises in consulting to and the representation of international companies in the fields of Radio Frequency/Microwave components, solutions and applications, and communication intelligence (COMINT) systems, where such companies are seeking to sell and promote their products in Israel. In 2014, the Representation division expanded partially into Eastern Europe following the opening of an office in Russia.
- 5.3. The Representation activity is carried out in two ways. The first is the acquisition of the represented company's products and the sale of such products to industries in Israel and Eastern Europe, ("**Stock Sale Based Representation**"). The Second involves acting as a broker between represented companies and the Israeli/Eastern European industries for a fixed fee ("**Fee-Based Representation**"). Most of MTIC's revenues in this activity are derived from Stock Sale Based Representation.
- 5.4. Under the Fee-Based Representation, orders are received from customers in Israel and are transferred to represented companies abroad. The products are supplied directly from the represented companies to customers in Israel, the representation fee is paid after the represented companies are paid for the products.
- 5.5. The System Engineering division operates in the "Lighter-than-Air" or "aerostat" field. The System Engineering division's business is based on know-how encompassing the overall aerostat operation and commercial ballooning applications, including system design and integration of platform subsystems, signals intelligence (SIGINT), RADAR and Communication and Observation systems. The System Engineering division's team of experts includes experienced Israel Defense Forces reserve officers with up to 40 years of field, design, and management experience. MTIC has been involved in this type of System Engineering since 1987 as consultants to the local defense industry in Israel and to TCOM L. P. of the US since 1988.
- 5.6. MTIC's audited results for the year ended 31 December 2017 recorded revenues of US\$34.65 million and a profit before income tax of US\$2.45 million. For the first calendar quarter of 2018, the Representation division generated revenues of US\$1.38 million and profit before income tax of US\$96,000, and the System Engineering division generated revenues of US\$355,000 and profit before income tax of US\$6,000. The audited total assets of MTIC as at 31 December 2017

were US\$29.5 million. The financial statements of MTI are consolidated in full within the MTIC financial information stated above. The majority of MTIC's operating revenues (excluding revenues from MTI) are generated from its Representation division.

- 5.7. A major part of the System Engineering division's activity is directed at the defense industry and is therefore subject to relevant confidentiality restrictions. Accordingly, the individuals who operate under this area of activity possess high-level security clearance.
- 5.8. The main customers in this field are manufacturers of warfare systems in the security and defence sector. There are two main customers in Israel, which as of 2017 accounted for 65% of the division's revenues. In addition, MTIC represents a US company (TCOM L. P.) which accounted for approximately 20% of MTIC's System Engineering revenues in 2017.
- 5.9. MTIC is an approved supplier to the Israeli Ministry of Defence and is a supplier to a number of companies in the defence industry. The division's activity is occasionally monitored and supervised by security officers of the Israeli Ministry of Defence and the defence industry.
- 5.10. Historical financial information on the Representation and System Engineering divisions up to 31 December 2017, is set out in paragraphs 3.3 and 3.4 of the Valuation Report, which is available on the Company's website.

6. Israeli tax implications of the Merger

- 6.1. The tax treatment in Israel with respect to the Merger, the Company's activities after the Merger, and the shareholders of the Company and MTIC, will be subject to tax arrangements in accordance with a pre-ruling to be received from the ITA issued following the Application for a Pre-Ruling. The Application for a Pre-Ruling was made in accordance with the provisions of the Israeli Tax Ordinance.
- 6.2. The significance of the pre-ruling from the ITA, as set out in the Application for a Pre-Ruling, is receipt of a tax exemption with respect to the Merger and the taxable event for the shareholders of both companies as a result of the Merger being deferred until the sale of their holdings in the Company. In addition, there will be a number of material implications for the Company and its Shareholders following the Merger, which will apply during the Restricted Period. According to the Israeli Tax Ordinance, these are generally as follows:
 - 6.2.1. The holdings of the "Controlling Shareholders", as such term is defined in section 103 to the Israeli Tax Ordinance², in the Company and MTIC on the eve of the Merger, shall, following the Merger and during the Restricted Period, not be less than that stipulated in the pre-ruling to be issued by the ITA in connection³ with the Application for a Pre-Ruling³,

² A "Controlling Shareholder" is defined in the Israeli Tax Ordinance as someone who holds or is entitled to acquire (other than a provident fund or trust fund), directly or indirectly, alone or together with a relative, one of the following: (1) at least 5% of the issued share capital; (2) at least 5% of the voting rights; (3) the right to receive at least 5% of the profits or assets upon liquidation; (4) the right to appoint a manager.

³ According to section 104C(8) of the Israeli Tax Ordinance, all of the holders of rights in the merging companies other than those who are not Controlling Shareholders whose rights are traded on a stock exchange shall jointly hold, immediately following the Merger, all of the rights in the surviving entity, and during the course of the Restricted Period, the total sum of the rights held by such rights holders, in whole or in part, shall be not less than 25% of each of the rights in the surviving entity. Following receipt of an undertaking from Mokirei Aya Ltd., this restriction will only apply to Mokirei Aya Ltd. In addition, the 25% threshold may be set at a lower amount in the pre-ruling to be issued by the ITA.

including the right to assets upon liquidation, rights to profits, and managerial or voting rights, subject to the qualifications stipulated in the Ordinance.

- 6.2.2. Mokirei Aya, as one of the Controlling Shareholders of the Company prior to the Merger as well as one of the Controlling Shareholders of the Company after the Merger, has provided an undertaking to the Company agreeing, *inter alia*, not to cause a breach of the above restriction. Following receipt of this undertaking from Mokirei Aya there will be no holding restrictions on any of the other Shareholders following the Merger with respect to their Ordinary Shares in the Company. Further details of the holdings of the Controlling Shareholders prior to and following the Merger are available on the Company's website.
- 6.2.3. During the Restricted Period, the Company, as the surviving entity, will continue the primary economic activities that existed in each of the Company and MTIC on the eve of the Merger (the income from which activities is subject to or expected to be subject to income tax at the marginal rate as stipulated in the Ordinance).
- 6.2.4. Most of the assets that were transferred to the Company from MTIC in the framework of the Merger and most of the assets that were in the possession of the Company on the eve of the Merger, will not be sold during the Restricted Period, and during such period will be used appropriately (taking into account the circumstances), in the course of the Company's business.⁴
- 6.2.5. Regarding the matter of setting off MTIC's Losses and those of the Company, it was determined that, as a rule (subject to the qualifications and exceptions stipulated in the Israeli Tax Ordinance), Losses incurred by MTIC or the Company as at the date of the Merger, will be permitted to be offset against the Company's income as of the tax year following the Merger, provided that in each tax year until the end of the fifth year after the date of the Merger, the Company will not be permitted to offset an amount exceeding 20% of the aggregate of all Losses of MTIC and the Company, or exceeding 50% of the taxable income of the Company during the relevant tax year, before the offset of Losses from previous years; whichever is the lower.

The above is a summary of the expected tax implications of the Merger on the Company and its Israeli Shareholders only. It is recommended that Shareholders consult with their own professional tax adviser regarding the tax implications of the Merger with respect to such Shareholder, taking into account such Shareholder's specific particulars and circumstances. The above description does not purport to be an authorised interpretation of the provisions of the Israeli Tax Ordinance cited above or an exhaustive description of the tax provisions relating to the Company and its shares.

7. Related Party Transaction

The Merger constitutes a related party transaction under Rule 13 of the AIM Rules because MTIC is a Substantial Shareholder in the Company.

⁴ "Most of the assets" means such assets which, on the date of the Merger, had a market value of more than 50% of the market value of all of the assets during that same period, subject to the exceptions stipulated in the Ordinance.

The Independent Directors, having consulted with the Company's nominated advisers, Allenby Capital Limited, believe that the terms of the Merger are fair and reasonable insofar as the Company's shareholders are concerned.

8. Extraordinary General Meeting

A Notice convening the Extraordinary General Meeting to be held to be held on 18 July 2018 at 10.00 am, at the offices of Allenby Capital Limited, 5 St. Helen's Place, London, EC3A 6AB, to consider and if thought fit, pass the Resolution, is set out at the end of this Circular.

9. Voting requirements

In accordance with the provisions of the Israeli Companies Law, the Resolution requires the affirmative vote of the majority in number of Shareholders attending (in person or by proxy) and voting at the Extraordinary General Meeting (excluding any abstentions) who shall together hold at least 75 percent of the Ordinary Shares represented and voting on the proposal. In addition, the Resolution requires the approval of the Shareholders at the Extraordinary General Meeting, provided that one of the following conditions is satisfied: (a) the majority of votes in favour includes the majority of the Ordinary Shares of Shareholders who are not "controlling shareholders" or have no "personal interest" in the approval of the Resolution (excluding a personal interest that does not result from connections with the "controlling shareholder"), and who participate in the vote; or (b) the total number of Ordinary Shares of Shareholders who are not "controlling shareholders" or have no "personal interest" and who vote against the Resolution does not exceed 2 percent of the voting rights based on issued share capital of the Company.

Pursuant to the Israeli Companies Law, a "Personal Interest" is deemed to be a personal interest in the engagement contemplated by the resolution, including the interest of certain family relatives and of corporations affiliated to any person having such interest, but excluding a personal interest stemming from the fact of a shareholding in the Company, and including a personal interest of a person voting pursuant to a proxy given to him by another person even if the said other person does not have a personal interest.

Pursuant to the Israeli Companies Law, a "controlling shareholder" is deemed to be any shareholder that has the ability to direct the activities of the Company, other than such ability resulting only from serving as a director or as another office holder of the Company. Any Shareholder holding 50 percent or more of either the voting rights in the Company or the rights to appoint directors or the Company's general manager is presumed to be a controlling shareholder.

Without derogating from the generality of the above, the voting of a person with a proxy given to him by another person who has a personal interest in the matter in question, shall be counted as a personal interest in the voting, whether the discretion in the actual vote is of the shareholder or not.

Pursuant to the Law, "Relative" is deemed to be a spouse, sibling, parent, grandparent, child or child sibling or parent of the spouse or the spouse of any of the above.

Each Shareholder participating in the vote on Resolution is required, as a condition to having his/her vote counted, to indicate on the Form of Proxy or the Form of Instruction if he/she has a "Personal Interest" in the approval of the Resolution. Each Shareholder should seek appropriate legal counsel as to whether such Shareholder has a "Personal Interest" for the purpose herein.

10. Action to be taken

Shareholders will find a Form of Proxy, a Form of Instruction and a Written Ballot enclosed for use at the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting, holders of Ordinary Shares are requested to complete and return the Form of Proxy or Written Ballot and holders of Depositary Interests are requested to complete and return the Form of Instruction, in accordance with the instructions printed thereon as soon as possible. To be valid, completed Forms of Proxy must be received by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not later than 10:00 am on 16 July 2018, being two (2) days before the time appointed for holding the Extraordinary General Meeting. To be valid, completed Written Ballots must be received by the Company, 11 Hamelacha Street, New Industrial Zone, Rosh Ha'ayin 4809121, Israel not later than 6:00 am on 18 July 2018, being four (4) hours before the time appointed for holding the Extraordinary General Meeting. To be valid, completed Forms of Instruction must be received by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, not later than 10:00 am on 15 July 2018, being three (3) days before the time appointed for holding the Extraordinary General Meeting. Holders of Ordinary Shares are entitled to appoint a proxy to attend and to exercise all or any of their rights to vote and to speak at the Extraordinary General Meeting instead of them. Completion of the Form of Proxy or Written Ballot will not preclude holders of Ordinary Shares from attending and voting at the Extraordinary General Meeting in person if they so wish. Holders of Depositary Interests may only appoint Computershare Company Nominees Limited as their proxy. Should a holder of Depositary Interests wish to attend, speak and vote at the meeting, they must submit a request to Computershare Company Nominees Limited and ask for a Letter of Representation in accordance with the notes on the Form of Instruction. Your attention is drawn to the notes to the Form of Proxy, Written Ballot and Form of Instruction.

Recommendation

The Independent Directors, after consultation with Allenby Capital Limited, the Company's Nominated Adviser, consider the terms of the Merger to be fair and reasonable insofar as the Shareholders are concerned and recommend Shareholders to vote in favour of the Resolution.

Yours faithfully,

Lihi Elimelech-Bechor, Richard Bennett and Zvi Kanor (the Independent Directors)

MTI Wireless Edge Ltd.
(Incorporated in Israel with Company No. 512719303)
(the “**Company**”)

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Company’s board (the “**Board**”) announces that an Extraordinary General Meeting (“**EGM**”) will be held at 10.00 am. (London time) on 18 July 2018 at the offices of Allenby Capital Limited, 5 St Helen's Place, London, EC3A 6AB, for the purpose of considering and, if thought fit, passing the following resolution:

To approve the merger of the Company with MTI Computers & Software Services (1982) Ltd. pursuant to the terms of the Merger Agreement.

Shareholders should also note that the Company will not be posting hard copies of this notice to its Shareholders. Shareholders who require a hard copy may download it from the Company’s website at www.mtiwe.com or write to the Company at MTI Wireless Edge Ltd Headquarters, 11 Hamelacha St. New Industrial Zone, Rosh Ha'Ayin, Israel requesting a hard copy.

By order of the Board
Zvi Borovitz
Chairman
Dated: 12 June 2018

Notes:

1. Holders of depositary interests in respect of Ordinary Shares ("**DI holder**") may only appoint Computershare Company Nominees Limited (the "**Depositary**") as their proxy. Should a DI holder wish to attend, speak and vote at the meeting, they must submit a request to the Depositary and ask for a Letter of Representation and this instruction is covered off in the notes on the Form of Instruction.
2. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact Computershare Investor Services PLC. All forms must be signed and should be returned together in the same envelope. If you do not have a Written Ballot and believe that you should have one you may download it from the Company's website at www.mtiwe.com.
3. To be valid, any Form of Proxy or other instrument appointing a proxy and any power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must be received by post or (during normal business hours only) by hand at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom, by no later than 10:00 a.m. on 16 July 2018.
4. To be valid, any Written Ballot must be received by post, by fax (+972 (0)3 9008901 for the attention of Mr. Moshe Borovitz) or (during normal business hours only) by hand at the MTI Wireless Edge Ltd., 11 Hamelacha Street, New Industrial Zone, Rosh Ha'ayin 4809121, Israel, by no later than 6:00 a.m. on 18 July 2018.
5. In the case of DI holders, a Form of Instruction must be completed in order to appoint the Depositary whose registered office is at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom, to vote on the holder's behalf at the meeting. To be effective, a completed and signed Form of Instruction must be deposited at Capita no later than 10:00 a.m. on 15 July 2018.
6. The return of a completed Form of Instruction, or other such instrument will not prevent a DI holder attending the EGM and voting in person if he/she wishes to do so.
7. Pursuant to the Companies Law, to be entitled to attend and vote at the EGM (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of the Company by close of business on 20 June 2018. Changes to the Company's register after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the EGM.
8. The quorum for the EGM shall be two or more shareholders present in person or by proxy and holding shares conferring in the aggregate 25 per cent of the voting power of the Company. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be adjourned to 10:45am on the same day at the same place.
9. Under the Companies Law, the approval of the Resolution requires the affirmative vote of the majority in number of Shareholders attending (in person or by proxy) and voting at the EGM (excluding any abstentions) who shall together hold at least 75 percent of the Ordinary Shares represented and voting on the proposal. In addition, the shareholders' approval for the resolution must either include at least a majority of the Ordinary Shares voted by shareholders who are not controlling shareholders of the Company and who do not have a personal interest in such resolution, or the total Ordinary Shares of non-controlling shareholders and non-interested shareholders voted against the resolution must not represent more than two per cent of the outstanding Ordinary Shares. For this purpose, you are asked to indicate in the Form of Proxy or Form of Instruction whether you are a controlling shareholder or have a personal interest in the resolution.
10. One or more Shareholders holding at least one percent (1%) of the voting rights represented at the EGM may ask the board of directors of the Company to include an issue on the agenda of the meeting, provided that the subject is suitable for discussion at the meeting, as determined by the board of directors of the Company (the "Additional Subject"). A request by a Shareholder to include an Additional Subject shall be delivered to the Company up to seven (7) days after delivery of the notice convening the EGM. If such a request is submitted, Additional Subjects may be added to the agenda of the meeting and their details shall be posted on the Company's website. The publication of an updated agenda (including any Additional Subjects), insofar as updated, shall not change the scheduled date and time of the meeting as specified in this notice.
11. The last date for the delivery by Shareholders of position statements (as defined under section 88 of the Israeli Companies Law) to the Company is up to ten (10) days before the date of the EGM. The last date for the delivery of the Board's response to position statements, if and insofar as Shareholders' position statements are submitted and the Board chooses to submit its response to such position statements, shall be no later than five (5) days before the date of the EGM. Following delivery of this notice there may be changes to the agenda of the meeting, including an addition of an issue or release of position statements. The up-to-date agenda and any released position statements will be available on the Company's website.

Schedule 1

1. Summary of the Merger Agreement

Subject to the provisions of the Merger Agreement and the fulfillment of the Conditions Precedent, effective from the Date of Completion, the following actions will be carried out and/or will take place simultaneously:

- 1.1. MTIC will be merged with and into the Company, in such a way that the activities of MTIC⁵ will be transferred to the Company, subject to the provisions of paragraph 3 below, and as a result MTIC will be dissolved and deleted from the records of the Registrar of Companies, by virtue of the Court Order and in accordance with which, *inter alia*, on the Date of Completion:
 - a. All of the assets and liabilities of MTIC, including contingent, future, known and unknown obligations, and including contingent, future, known and unknown rights, as well as all securities and charges provided by or in favour of MTIC, will be transferred to and conferred upon the Company, including the MTIC Holdings, which will constitute part of the Consideration Shares, as set forth in sub-paragraph (f) below.
 - b. Subject to the provisions of paragraph 1.3 below, all of the employees of MTIC who will be employed by the Company starting on the Date of Completion will enjoy the continuity of their rights. This means that the employees will continue in the same functions they fulfilled for MTIC, *mutatis mutandis*, and they will continue to be entitled to all the benefits and privileges to which they were entitled as employees of MTIC in the framework of an employer-employee relationship with the Company; and their continuity of employment, seniority, social benefits and ancillary conditions will remain unchanged in this regard. Effective from the Date of Completion, the Company alone will bear all of the duties and rights *vis-à-vis* the above-referenced employees of MTIC, as if they had been employees of the Company in the first place.
 - c. The Company will be considered as if it were MTIC in any legal proceeding, including any debt collection office proceedings that are pending on behalf of or against MTIC and any such proceeding for which a cause of action, whether known or unknown, exists.
 - d. The Register of Pledges, as this term is defined in Section 181 of the Israeli Companies Ordinance (New Version), 5743-1983, and any other statutory record of security that was provided by MTIC, if any, will be transferred to the Register of Pledges and any other statutory register of security, as stated, of the Company, as applicable.
 - e. On the Record Date for the Merger the Company will allocate the Allotted Shares to the shareholders of MTIC, according to the Conversion Ratio as of the date of the Merger Agreement, subject to the Conversion Ratio Mechanism and will allocate them, together

⁵ All of the business, assets and liabilities of any type and kind whatsoever of MTIC, 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), contingent, future, known and unknown obligations and contingent, future, known and unknown 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 MTIC and so forth, as further detailed below.

with the MTIC Holdings, to all of the shareholders of MTIC, pro rata to their holdings of shares in MTIC on the Record Date for the Merger, according to the Conversion Ratio. According to the Valuation Report, the equity ratio as of 31 December 2017, between the value of MTIC excluding the MTIC Holdings (approximately US\$10.7 million as of 31 December 2017), when compared with the value of the Company (approximately US \$18.8 million as at 31 December 2017) is approximately 1.75 in favor of the Company⁶. Following completion of the Merger, assuming that the Conversion Ratio is not adjusted in accordance with the Conversion Ratio Mechanism, and provided none of the options granted by the Company are exercised, the issued share capital of the Company will be 87,038,724 Ordinary Shares.

- f. On the Date of Completion, MTIC will be dissolved without liquidation and will be deleted from the records of the Registrar of Companies and will cease to be a Reporting Corporation (as defined in the Israeli Securities Law).
- g. The Company will be entitled to receive a certificate from the Registrar of Companies, confirming the completion of the Merger, and to register the Merger in the records for the Company at the Registrar of Companies.
- h. The following undertakings will be given the force of a judgment by the court: the undertaking by the Company, its directors and its controlling Shareholders, as of the date of entry into the Merger Agreement and as of the date of issuance of the Court Order, to bear liability for any Misleading Information (as this term is defined in the Israeli Securities Law) vis-à-vis the shareholders of MTIC 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 Company to the shareholders of MTIC, which undertaking will make it possible to file, *inter alia*, derivative actions and/or class actions with respect to the referenced liability, subject to having grounds to do so pursuant to the provisions of applicable law, whereby sole jurisdiction with respect to such actions will rest with a court in Israel, and the Company, its directors and its controlling Shareholders as stated above will irrevocably undertake not to challenge 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 on their own initiative in order to obtain protection against such actions that are to be filed, if and to the extent that any such actions are filed.
- i. The Company will not be required to publish a prospectus to the public in Israel pursuant to the Israeli Securities Law for the purpose of offering the Consideration Shares to the shareholders of MTIC, and will not become a Reporting Corporation (as defined under Israeli Securities Law) as a result of the Merger, and accordingly will not be subject to the duties of disclosure and reporting pursuant to the Israeli Securities Law and regulations enacted by virtue thereof, as a result of the Merger.

1.2. The Consideration Shares will be transferred by the Company to the shareholders of MTIC, pro rata to their holdings of shares in MTIC on the Date of Record for the Merger, according to the Conversion Ratio, free and clear of any debt, lien, pledge, attachment, claim, option or any other

⁶ The Conversion Ratio is derived from the said ratio of shares and the number of shares in the issued and paid-up share capital of MTIC and of the Company on the date of the Merger Agreement.

third party right of any kind or type, including a right of first refusal, preemptive right, tag along or any other right of any party or any restriction, and the Allotted Shares will be admitted to trading on AIM.

1.3. Pursuant to the Merger and as part of the terms thereof, the following changes will take place in the activity of MTIC and the Company, relative to their activity prior to the Merger:

- a. All of the members of MTIC's board of directors prior to the Date of Completion will cease to serve as directors of MTIC on the Date of Completion, and as of the Date of Completion the Company will not be obligated to appoint them or to employ them in the Company in any way whatsoever. The foregoing does not derogate from any rights and duties of the referenced directors of MTIC vis-à-vis MTIC with respect to their term in office and the period of their employment in MTIC prior to the Date of Completion, which will be deemed, as of the Date of Completion, as rights and duties vis-à-vis the Company.
- b. The CEO of MTIC, 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, by the Company (as it will be following the Merger of MTIC's activity). Mr. Mani will enjoy full continuity of his rights as the Systems Engineering Division's Manager (this division is currently managed by him in his position as the CEO of MTIC). As of the Date of Completion, Mr. Mani will be engaged as an employee and an officer of the Company, who is subordinate to the CEO of the Company. There will be no change in the terms of Mr. Mani's service and employment in his above-referenced position in the Company, relative to the terms of his service and employment as the CEO of MTIC, and all of his rights and duties vis-à-vis MTIC will be deemed, as of the Date of Completion, as rights and duties vis-à-vis the Company, except for his rights and duties with respect to his actual service as the CEO of MTIC as a Public Company, and except for an indemnification undertaking that was given to him with respect to his service as an officer in MTIC, which will remain in effect vis-à-vis the Company exclusively with respect to the period that preceded the Date of Completion. In addition, starting on the Date of Completion, Mr. Mani will be entitled, in his above-referenced position in the Company, to an indemnification undertaking on terms identical to those that are customary in the Company with respect to its officers.
- c. The Chairman of MTIC's board of directors, Mr. Zvi Borovitz, who also serves as the Chairman of the Company's Board, will cease to serve, on the Date of Completion, as the Chairman of MTIC's board of directors, but will continue to serve as the Chairman of the Company's Board Of Directors, with a cumulative scope of employment that reflects his employment as the Chairman of MTIC's board of directors and as the Chairman of the Company's Board (that is, with 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. From the Date of Completion, Mokirey Aya Management Ltd. will be entitled to a consideration with respect to Mr. Borovitz's services, which will reflect a cumulative consideration with respect to his service as the Chairman of MTIC's board of directors and as the Chairman of the Company'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 increases in the Israeli Consumer Price Index from the month of April 2016, plus VAT as provided by law). Notwithstanding the above, with respect to the variable remuneration to which Mr. Zvi Borovitz is entitled in connection with

his services as the Chairman of MTIC's board of directors and as the Chairman of the Company'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 Chairman of MTIC'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 services as the Chairman of the Company's board of directors (as it will be following the Merger of MTIC's activity). In addition, starting on the Date of Completion, Mr. Borovitz, as an officer in the Company, will not be entitled to the indemnification undertaking to which he was entitled in MTIC with respect to his service as an officer of MTIC (without derogating from the validity of the indemnification undertaking from MTIC with respect to the period that preceded the Date of Completion, which will apply to the Company, and without derogating from the Company's indemnification undertaking for Mr. Borovitz).

There will be no change in the terms and scope of Mr. Moshe Borovitz's service and employment as the Chief Financial Officer of the Company, and there will be no change in the consideration to which Mokirey Aya Management Ltd. is entitled with respect to his referenced employment, and there will be no change in the variable remuneration to which Mr. Moshe Borovitz is entitled as the Chief Financial Officer of the Company (as it will be following the Merger of MTIC's activity).

- d. On the Date of Completion, MTIC's remuneration policy for its officers will expire. While there will be no change in the Company's remuneration policy for its officers in effect on the Date of Completion, the Company's remuneration policy will be brought before its competent organs for re-examination and approval, in light of the Merger implications, no later than March 2019.
- e. On the Date of Completion, all the agreements between MTIC and the Company will expire.
- f. On the Date of Completion, the Company and Mokirei Aya (which forms part of the controlling Shareholders of the Company and which will be a controlling shareholder of the Company as of the Date of Completion) will enter into the Relationship Agreement (a copy of which is available on the Company's website). Under the terms of the Relationship Agreement, and in addition to the provisions of the law, regulations and rules applicable to the Company as an AIM listed company, Mokirei Aya is obligated, *inter alia*, to refrain from exercising its powers in a manner that would result in the majority of directors on the Company's board of directors not being independent, and Mokirei Aya is further obligated to require the consent of 50% or more of the Shareholders (excluding Mokirei Aya and its affiliates and related parties) at a Shareholders' meeting in order to cancel the listing of the Company's shares from AIM. The validity of the Relationship Agreement is conditional upon Mokirei Aya, together with its affiliates and related parties, controlling at least 30% of the voting rights in the Company.

It should be noted that in accordance with the main points of an agreement by and among Mokirei Aya and the controlling Shareholders of the Company in connection with their holdings in the shares of the Company after the Merger, which will be entered into effective on the Date of Completion, subject to the Merger's entry into force, as provided to the Merging Companies by the controlling Shareholders of the Company: the controlling

Shareholders of the Company have agreed, among other things, right of first offer and right of first refusal mechanisms upon the sale of their holdings in the Company's shares by any of them under certain circumstances (as defined) to third parties (subject to qualifications), and the tag along right of Jacques and Rina Beer in the event of the sale by Mokirei Aya of its holdings (in whole or in part) in the Company to third parties. In addition, the controlling Shareholders of the Company have agreed on certain voting arrangements with respect to their shares in the Company, including with respect to the appointment of directors in the Company. The said agreement also includes certain termination provisions which will be triggered based on minimum holding levels in the Company's shares by the controlling Shareholders of the Company. In addition, under the terms of such agreement, the controlling Shareholders of the Company are obligated to act in accordance with the Relationship Agreement. It should further be noted that immediately after the Merger the aggregate holdings of the controlling Shareholders of the Company by virtue of such agreement in the shares of the Company following the Merger, according to their holdings in MTIC and the Company on the signing date of the Merger Agreement, as applicable, and the Conversion Ratio, on the signing date of the Merger Agreement, shall reflect approximately 45.70% of the issued share capital and the voting rights of the Company, and approximately 45.44% on a fully diluted basis⁷.

- g. The Merger, the activity of the Company after the Merger, and the shareholders of MTIC and the Company, with respect to the Merger and after the Merger, will be subject to a tax arrangement in accordance with a pre-ruling issued by the ITA, which will be obtained following the Application for a Pre-Ruling, in accordance with the provisions of Part E2 (Structural Change and Merger) of the Israeli Income Tax Ordinance.
- h. The Company will not become a Reporting Corporation as a result of the Merger, and the Company, the controlling Shareholders of the Company and the senior officers of the Company, as the latter term is defined in the Israeli Securities Law, will not be subject to duties pursuant to the Israeli Securities Law following the Merger, other than their duties pursuant to the Israeli Securities Law up to the Date of Completion with respect to their liability vis-à-vis MTIC as a Reporting Corporation, and other than with respect to their liability pursuant to the provisions of the Merger Agreement.
- i. In the framework of the assignment of MTIC's insurance policies to the Company and/or the reissuance of such policies in the Company, as applicable, the Company will ensure, effective as of the Date of Completion, that the directors and officers of MTIC shall be covered by a run-off insurance, pursuant to the terms of insurance coverage of the directors and officers of MTIC 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, on market terms and at a cost to the Company that will not exceed US\$30,000, and with a deductible of up to US\$25,000 per event and per period.

⁷ That is, assuming the exercise of all of the 1,500,000 of the options that were granted to officers and employees of the Company and corporations under its control that have not yet expired, which, as of the signing date of the Merger Agreement, can be exercised into 1,500,000 shares in the Company, subject to the conditions of eligibility and to adjustments pursuant to the terms thereof; including 200,000 options that were granted to Mr. Zvi Borovitz and 250,000 options that were granted to Mr. Moshe Borovitz.

- j. The registered share capital of the Company will be updated, to the extent necessary and as part of the terms of the Merger, in order to enable the allocation of the Allotted Shares in the framework of the Merger, and without derogating from the registered capital of the Company, which is necessary for the purpose of allocating shares in the Company with respect to convertible securities of the Company.

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

2. Grounds for Cancelling the Merger Agreement

If either of the Merging Companies discovers that, during the Interim Period a Substantive Adverse Change has occurred in the situation and or the business of MTIC and/or of the Company, then an independent committee for finalising the terms of the Merger on behalf of MTIC (in the case of a Substantive Adverse Change in the Company) and an independent committee for finalising the terms of the Merger on behalf of the Company (in the case of a Substantive Adverse Change in MTIC), 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 the Merger Agreement, in the Appraiser's estimation and according to its professional experience. Such fairness opinion shall, to the extent required, also examine 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. The Appraiser's fairness opinion will not be binding upon the Merging Companies. If the Appraiser is of the opinion that, in light of the changes that have taken place in MTIC and/or in the Company during the period after 31 December 2017, it will be necessary to update the quantity of Allotted Shares (and, as a result, the quantity of Consideration Shares), and if the independent committees on behalf of MTIC and the Company, as stated above, give their consent to update the quantity of Allotted Shares, then the quantity of Allotted 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 Company and MTIC pursuant to the terms of the Merger Agreement, and subject to certification by the court in the framework of the Scheme of Arrangement. Without derogating from the additional ground below, if the Merging Companies do not reach an agreement with respect to the update to the quantity of Allotted Shares (or if all of the approvals by the competent organs of the Merging Companies and/or certification by the court are not obtained), each of the Merging Companies will be entitled to give notice of the cancellation of the Merger Agreement, and the other party to Merger Agreement will have no right, claim or action with respect to such cancellation.

Without derogating from the above, if during the Interim Period there is a change that would require the Company to issue an Admission Document under the AIM Rules, either Merging Company may declare the cancellation of the Merger Agreement without the other party to the Merger Agreement having any right, claim or action due to such cancellation⁸.

⁸ It should be noted that after consulting with its nominated advisor, Allenby Capital Limited, the Directors believe that the Merger transaction as currently contemplated does not qualify as a Reverse Takeover under the AIM Rules for Companies and the Company is therefore not required to publish an Admission Document in connection with the Merger.

3. Conditions Precedent to the Merger

- 3.1. The completion of the Merger pursuant to the terms of the Merger Agreement is contingent upon the fulfillment of the Conditions Precedent by 30 August 2018, unless such date is extended by the Merging Companies, explicitly and in writing:
- a. Obtaining the approval for the Merger from the Audit and/or Remuneration Committees (as is relevant) and the boards of directors of the Company and MTIC, pursuant to Section 275 of the Israeli Companies Law, and, in so doing, obtaining the confirmation of the boards of directors of the Company and MTIC that, to the best of their knowledge, as is relevant, there is no reasonable concern that, as a result of the Merger, the Company will be unable to comply with its undertakings *vis-à-vis* its creditors in the foreseeable future following completion of the Merger, bearing in mind the financial situation of the Merging Companies on the date of such confirmation.⁹
 - b. Obtaining the approvals for the Merger from the shareholders' meetings of both the Company and MTIC pursuant to the provisions of the Merger Agreement, including the majority required pursuant to Section 350 of the Israeli Companies Law and provided that this will also reflect the special majority required pursuant to Section 275 of the Israeli Companies Law, as is relevant, in accordance with the court instructions in the framework of the Scheme of Arrangement. In this regard, it should be noted that in accordance with the Company's undertakings, the circular to be issued when convening the meeting of MTIC's shareholders as aforesaid for approval of the Merger transaction will be signed, in addition to MTIC, by the Company through its authorised signatories and the Company will also procure that it is signed by a majority of the members of the board of directors, including at least one director who is an external director, as defined in the Israeli Companies Law. In addition, the disclosure to be included in the such circular shall include disclosure in accordance with the Israeli Securities Regulations (Transaction between a Company and its Controlling Shareholder), 5761-2001.
 - c. Obtaining a pre-ruling from the Israel Securities Authority by MTIC and the Company, pursuant to which the Company will continue to be traded on AIM only and will be exclusively subject to the rules and regulations that are applicable to companies that are traded on AIM - in other words, the Company 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 Israeli Securities Law and the regulations promulgated thereunder).¹⁰
 - d. MTIC and the Company obtaining a pre-ruling from the Israeli tax authorities with respect to the tax implications for them and for their respective shareholders as a result of the

⁹ The Merger Agreement was approved effective 1 May 2018 by the audit committees and the board of directors of each of the Merging Companies.

¹⁰ On 6 May 2018, the Merging Companies received a pre-ruling from the ISA, pursuant to which the ISA agreed that it will not make a determination as to whether the Company will be required to publish a prospectus in Israel for the purpose of carrying out the Merger and consequently, the ISA also agreed that it will not make a determination as to whether the Company will become subject to the Ongoing Reporting Obligations under the Israeli Securities Law following the Merger.

Merger, and, in so doing, obtaining a tax exemption with respect to the Merger and the deferment of a tax event for the shareholders of each of MTIC and the Company as a result of the Merger, until the realisation of their holdings in the Company.

- e. Obtaining the certification of the court for the Merger in the framework of the Scheme of Arrangement, and, consequently, obtaining the Court Order.
- f. Obtaining the approval of the Israel Antitrust Authority for the Merger or obtaining an exemption for MTIC and the Company to file a merger application, as is relevant, if and to the extent necessary.¹¹
- g. Obtaining the approval for the Merger from the Merging Companies' financial creditors, if and to the extent necessary, in order for the Merger not to constitute a breach of the undertakings of MTIC and/or of the Company vis-à-vis them.¹²
- h. On the Date of Completion, no court order that prohibits the implementation of the Merger will be pending.

3.2. The terms of the Merger Agreement were formulated by the independent directors' committees of the Merging Companies (consisting of members of the audit committees, as applicable) with the assistance of independent external consultants (including the Appraiser), in accordance with the determination of the Merging Companies' audit committees regarding a proper process in cases where the controlling shareholders of the Merging Companies have or may have a personal interest, as the case may be, and approved, effective 1 May 2018, by the audit committees and the boards of directors of each of the Merging Companies (consisting of the members of the audit committees of the Merging Companies, as the case may be) as a transaction in the best interest of MTIC and the Company (as applicable), which does not constitute a Distribution (as defined under the Israeli Companies Law) in favor of the controlling shareholders, as the case may be. Prior thereto, the audit committees of the Merging Companies classified the Merger transaction under the Merger Agreement as an Extraordinary Transaction, as defined in the Israeli Companies Law. In this context, the boards of directors of the Merging Companies each confirmed that they do not believe that there is a reasonable risk that due to the Merger the Company will not be able to meet its liabilities to its creditors in the foreseeable future after completion of the Merger, while taking into consideration the financial condition of the Merging Companies.

¹¹ On 7 June 2018 the Merging Companies received an exemption from the Israel Antitrust Authority from the requirement to file a merger application in connection with the Merger.

¹² Prior to the execution of the Merger Agreement, the Company and MTIC received approvals for the Merger from their respective financial creditors, confirming that the Merger will not constitute a breach of the Company's and MTIC's undertakings to such financial creditors.