



Trucknet Enterprise LTD

("the Company")

August 2, 2021

To:
Israel Securities Authority
www.isa.gov.il

To:
Tel Aviv Stock Exchange
www.tase.co.il

Dear Sir/ Madam,

Re: Immediate Report - Substantial Private Offer

The Company respectively submits a substantial private offer report in accordance with the provisions of the Securities Regulations (Periodic and Immediate Reports), 5730-1970 and Securities Regulations (Private Offering of Securities in a Listed Company), 5760-2000 ('**Private Offer Regulations**').

Number of securities offered subject to this report:

Name	Investment Amount (in Nis)	Quantity of Shares	Number of Options (non-negotiable)
Arbitrage Value Hedge Fund Ltd (1)	5,300,000	913,793	913,793
Yossi Avrahami Civil Engineering Works Ltd. (2)	700,000	120,690	120,69
Tachlit Composite Structures Ltd. (3)	500,000	86,207	86,207
Total	6,500,000	1,120,690	1,120,690

- (1) To the best of the Company's knowledge, Arbitrage Value Hedge Fund Ltd. is the general partner that manages Arbitrage Value Investment Partners- Limited Partners. The controlling shareholders of Arbitrage Value Hedge Fund Ltd. are Ilan Rosenberg and Shlomi Ardan.
- (2) To the best of the Company's knowledge, a private company controlled by Mr. Yossi Avrahami.
- 3) To the best of the Company's knowledge, Tachlit Composite Structures Ltd. is a privately owned company of Meitav Dash Securities and Investments Ltd., which is a solely owned company of Meitav Dash Investments Ltd., a public company traded on the Tel Aviv Stock Exchange and controlled by Mr. Eli Barkat and Avner Stepak.



The beneficiaries are not affiliated with the Company or its controlling shareholders. To the best of the Company's knowledge, no beneficiary is an interested party, according to the definition of this term in Section (5)270 of the Companies Law, 5759-1999; The beneficiaries shall not become an interested party as a result of the allocation of securities subject to this report (except for Arbitrage Value Hedge Fund Ltd, assuming the exercise of the warrants shortly following their allocation). Regarding the proportion of the beneficiaries' holdings in the Company's share capital prior to and following the allocation and on the assumption of the exercise of the proposed warrants - see Appendix A to this immediate report.

The substantial private offer to the beneficiaries includes the following securities:

1. 1,120,690 ordinary shares of NIS 0.0001 par value each of the Company (hereinafter: '**Offered Shares**') in exchange for payment in cash in the amount of NIS 5.80 per share.
2. 1,120,690 non-negotiable options (hereinafter: '**Warrants**') that can be exercised for 1,120,690 shares of the Company (hereinafter: '**Exercisable Shares**'), so that each Warrant will be exercisable until March 2, 2025, from the date of allocation of the Warrants against payment of a cash exercisable price in the amount of 7.47 NIS (unlinked), according to the following adjustments.

(The shares and the Warrants together, hereinafter: the '**Offered Securities**').

Upon completion of the private offering (and before the Warrants are exercised) the beneficiaries are expected to hold (cumulatively) shares at a rate of approximately 5.87% - of the issued share capital of the Company (approximately 4.88% - fully diluted assuming all Warrants in the Company are converted to shares except those offered in this private offering).

Assuming full exercise of the Warrants allocated in this private offering, without converting other Warrants in the Company, the offerors are expected to hold (cumulatively) shares at a total rate of approximately 11.08% of the Company's issued share capital (approximately 9.31%), fully diluted assuming all Warrants in the Company, including those allocated under this private offering, shall be converted into shares).

1. The Consideration, Price and Board of Directors Reasons

- 1.1. In exchange for the allocation of the proposed shares, the beneficiaries will pay a gross total of approximately NIS 6,500,000, i.e.: NIS 5.80 per proposed share. The Warrants are allocated to the beneficiaries without consideration.

To the extent that all the Warrants are exercised, the future consideration expected from the exercise of Warrants alone will amount to a total of NIS 8,371,552.



- 1.2. In its reasons for approving the proposal, the Company's Board of Directors referred, inter alia to-
 - (A) The scope of recruitment.
 - (B) The Company's equity requirements.
 - (C) The Company's cash requirements.
 - (D) For the purpose of rapid completion of the capital raising procedure.
- 1.3. The consideration was determined by way of negotiations between the Company's management and the beneficiaries, considering, inter alia, the share price at the time of the Board's approval.
- 1.4. The Company is targeting the proceeds of the private offering to enable the Company to accelerate the implementation of its strategic plans for market expansion in the United States.

Recently, there has been a change of government in the United States, with the new administration expressing its commitment to significantly reduce emissions and return to the "Paris Agreement".

The market in the United States is considered to be the largest and most significant in the world and, to the best of the Company's knowledge, there are approximately 1.2 million freight companies and approximately 73 million trucks that operate - to which Trucknet can offer solutions.

The terms of the proposed securities, their quantity, and the percentage they will constitute of the voting rights and capital of the Company:

2.1. Ordinary Shares

- 2.1.1. In accordance with the decision of the Company's Board of Directors, and subject to the receipt of all approvals listed in Section 7 below, the Company will allocate to the beneficiaries 1,120,690 ordinary shares, which will be capitalized following the allocation of approximately 5.87% of the Company's issued and paid share capital.
- 2.1.2. The registered capital of the Company consists of 30,000,000 - ordinary shares of NIS 0.0001 par value each.
- 2.1.3. The offered shares will be listed for trading on the Tel Aviv Stock Exchange Ltd. (hereinafter: the '**Stock Exchange**') and will be subject to receipt of all required approvals set forth in Section 7 below.

- 2.1.4. The offered shares will be equal in their rights, for all intents and purposes, to the ordinary shares of the Company existing in the issued and paid-up capital of the Company at the date of publication of this report.
- 2.1.5. The proposed shares will be registered in the Register of Shareholders of the Company in the name of the Company for listings of the Tel Aviv Stock Exchange Ltd.

2.2. Warrants

In addition, and as part of the private offering, the Company will allocate to the beneficiaries, 1,120,690 unlisted Warrants, exercisable to 1,120,690 ordinary shares, subject to adjustments and protection of the beneficiaries as set forth in Section 2.2.3 below.

2.2.1. Price and Exercise Period

2.2.1.1. The Warrants will be exercisable from the date of their actual allocation until 2.3.2025 (hereinafter: "**Exercise Period**").

2.2.1.2. On each trading day, from the date of their allocation until the end of the Exercise Period, each Warrant will be exercisable for one ordinary share, so that each Warrant will be exercisable against payment in cash of NIS 7.47 (hereinafter: '**Exercise Price**').

2.2.1.3. The Exercise Price will not be linked to any index.

2.2.2. Manner of Exercise

2.2.2.1. The Warrants will be exercisable in full or in two installments, at the sole and absolute discretion of the beneficiary during the Exercise Period. Any part of the Warrant that is not exercised by the end of the Exercise Period will expire and will not furnish the beneficiary any right.

2.2.2.2. Notice of exercise of the Warrant will be delivered to the Company by the beneficiary in writing and will be deemed to have been received by the Company on the date of its delivery if delivered in person, and within three business days of delivery to the Post Office if sent by registered mail. The Exercise Notice will be accompanied by a payment for the Exercise Shares.

2.2.2.3. The Company will allocate to the beneficiary the exercise shares for which the Exercise Notice was given when they are free of any lien, debt, foreclosure or any other third party right, and will make all reports to the Securities Authority and the Stock Exchange, within three business days of

receipt of the Exercise Price in full, in respect of the same portion of the Exercise Shares of the requested exercise.

2.2.2.4. The Exercise Shares will be registered in the Register of Shareholders of the Company in the name of the listing company of the Tel Aviv Stock Exchange Ltd. or any other listing company in which the Company's securities will be registered in its name.

2.2.3. Adjustments and Provisions for the Protection of the Warrant Holder.

From the date of allocation of the Warrants, and in so far as the Warrants are not exercised or expire in accordance with their terms, but in any event, no later than the end of the Exercise Period, the following provisions will apply:

2.2.3.1. The Company will retain a sufficient number of ordinary shares in the registered capital to ensure the right of exercise, and if necessary, will increase the registered capital.

2.2.3.2. Adjustments due to distribution of benefit shares – in the event that the Company distributes benefit shares, the beneficiary's rights will be preserved so that the number of shares resulting from the exercise that the beneficiary will be entitled to from their exercise will increase in the number of shares of the same type that the beneficiary would have been entitled to in the event that he exercised the Warrant by the last trading day prior to the Ex-Date. The Exercise Price of the Warrant will not change as a result of the addition of such shares.

2.2.3.3. Adjustments due to dividend distribution - In the event of a cash dividend distributed by the Company, the Exercise Price will be reduced by the amount of the dividend per ordinary share in NIS.

2.2.3.4. Adjustment due to issue of rights – In the event that the Company offers its shareholders securities of any kind by way of issue of rights, the number of Exercise Shares in respect of the exercise of the Warrants, which have not yet been exercised for ordinary shares of the Company until the last trading day, on which the Warrants can be exercised before the day determining the entitlement to rights offered in the rights issue, depending on the benefit component of the rights as it is expressed in the ratio between the closing price of the stock on the Stock Exchange on the last trading day prior to the 'Ex-Date' and the base price of the stock the base price of the stock 'Ex Rights'.



- 2.2.3.5. Adjustments due to consolidation or split – In the event that the Company consolidates the ordinary shares into shares with a greater face value or splits them into shares with a lower face value, will be reduced or increased, as the case may be, the number of Exercise Shares allocated due to exercise of the Warrants following such action.
- 2.2.3.6. Adjustments due to merger – In the event that the Company merges with another company and as a result of the merger the Exercise Shares that have not yet been exercised are replaced by another company's (hereinafter: '**New Shares**'), the Warrant will apply to the same amount of New Shares received by the Company in exchange for Exercise Shares and Exercise Price will be adjusted as follows: The adjusted Exercise Price will be equal to the number of the Exercise Shares not yet exercised at the Exercise Price divided by the number of New Shares.
- 2.2.3.7. Such adjustment methods are immutable. As long as the number of Exercise Shares is incomplete, then the number of Exercise Shares will be rounded to the nearest whole number.
- 2.2.3.8. The Warrants for the Company's shares may not be exercised on the determining date for the distribution of benefit shares, an offer by way of rights, a dividend distribution, a capital consolidation, a capital split or a capital reduction (each of the aforesaid shall be hereinafter referred to as '**Company Event**'). In addition, if the "Ex-Date" of a Company Event occurs before the determining day of a Company Event, it will not be possible to exercise the Warrants on such Ex-Date. For this purpose, " Ex-Date" means it shall be subject to the Stock Exchange's regulations and the guidelines thereunder periodically.
- 2.2.3.9. The Exercise Shares issued due to the exercise of Warrants shall be equal to the ordinary share rights and will entitle the holders to the full dividends or rights for which the determining day, according to the decision of the Company's Board Of Directors, will be the Exercise Date.
- 2.2.3.10. The Warrants are not and shall not be listed for trading on the Stock Exchange and/or in an institutional sequence and/or in any other regulated market.
- 2.2.4. The Exercise Shares will be listed for trading on the Stock Exchange, and they will be equal In their rights in all respects to ordinary shares of the Company, from the date of their allocation.

- 2.3. Assuming the full exercise of the Warrants allocated in the framework of this private offering, without converting other Warrants in the Company, the beneficiaries are expected to hold shares at a total rate of approximately 11.08% of the Company's issued share capital (approximately 9.31% fully diluted assuming all Warrants in the Company, including those allocated in this private offering, will be converted into shares).
- 2.4. The average value of each of the Warrants is approximately NIS 0.765, which is calculated according to the Black & Scholes model, taking into account the following assumptions: (a) a share price of NIS 5.49 (the closing price of the Company's share on 1.8.2021); (B) an annual standard deviation of 32.31%; (C) a risk-free interest rate of 0.4%; (D) Exercise Period until - 2.3.2025; and (e) the Exercise Price of NIS 7.47.

3. The Share Price on the Stock Exchange

- 3.1. The package for each beneficiary includes one Warrant against each proposed share, the effective price per share according to the Stock Exchange's calculation formula is approximately NIS 5.04. The ratio between the effective price per share as stated and the price per share on the Stock Exchange on the trading day preceding the date of approval of the Board of Directors (which is the closing price of the share as of 1.8.2021, NIS 5.49) is 31.7%
- 3.2. The average price of the share on the Stock Exchange from the Company's initial date of issue, until 1.8.2021, taking into account any division, split or issue of rights, is NIS 8.01 (per share trading as of 25.03.21). The ratio between the effective price per share according to the formula of the Stock Exchange on the date of approval by the Board of Directors on 1.8.2021, which is approximately NIS 5.04, and the average share price in six months as aforesaid is 62.8%
- 3.3. The share price on the Stock Exchange shortly before the publication of this report (closing price on 1.8.2021) was NIS 5.49.

4. Share Capital Issued in the Company, the Amount and Rate of Holdings of the Beneficiaries and Stakeholders in the Company

To the best of the Company's knowledge, the number and percentage of holdings of the beneficiaries, the stakeholders in the Company and the total holdings of the other shareholders prior to and following allocation to the beneficiaries, are as specified in **Appendix A** below.



5. **Prevention or Restriction of the Performance of Action in the Proposed Securities**

Restriction under the Securities Law and regulations by virtue of it.

Pursuant to the provisions of Section 15C of the Securities Law, 5728-1968 and the provisions of the Securities Regulations (details regarding Sections 15A and 15C of the Law), 5760-2000, the restrictions set forth below will apply to the sale while trading on the Stock Exchange of the offered shares or the Exercise Shares that will be allocated upon the exercise of the Warrants:

- 5.1. During a period of six months beginning on the day of the allocation (hereinafter: the '**Initial Period**'), the beneficiary shall not be entitled to offer the offered shares or the Exercise Shares while trading on the Stock Exchange, without publishing a prospectus authorized by the Securities Authority.
- 5.2. For a period of six consecutive quarters, following the end of the Initial Period, the beneficiary may bid within the framework of trading on the Stock Exchange, without publishing a prospectus that the Authority has permitted, on each trading day, no more than the daily average trading volume of shares, during the period of eight weeks preceding the offer date, provided that the total proposed amount of the Exercise Shares and of the offered shares, in each quarter, shall not exceed 1% of the Company's issued and paid-up capital, as of the offer date. For this purpose, "Issued and Repaid Capital" excluding shares that result from the realization or conversion of convertible securities that have been allocated to the date of the offer and have not yet been exercised or converted.

Off-exchange sales will not be subject to restrictions on dates or quantities, however, any person who purchased the Exercise Shares from the beneficiary, not in accordance with a prospectus and not during trading on the Stock Exchange will ensure compliance with the restrictions and provisions as stated in this Section above.

6. **Personal Interest**

To the best of the Company's knowledge, no substantial shareholder or Company official has any personal interest.

7. **Required Approvals**

- 7.1. Approval of the Company's Board of Directors - On August 1, 2121, the Company's Board of Directors approved the allocation of the proposed securities.



7.2. Stock Exchange Approval - The allocation that is the subject of this Immediate Report is subject to the receipt of Stock Exchange approval for the listing of the proposed shares and the Exercise Shares. The Company intends to contact the Stock Exchange for the purpose of obtaining such approval, immediately following the publication of this report. Failure to obtain approval from the Stock Exchange will result in the cancellation of the allocation and the beneficiaries shall have no claim or demand against the Company.

8. Agreements Between Beneficiaries and Holders of the Company's Shares

To the best of the Company's knowledge, there are no agreements between the beneficiaries and the holders of the Company's shares, regarding the purchase or sale of securities in the Company or voting rights therein.

9. Allocation Date

The offered securities will be allocated to the beneficiaries immediately following receipt of approval of the Stock Exchange for the trading of the offered shares and the shares which will result from the exercise of the Warrants.

10. Company Representatives Regarding the Handling of this Report

The Company's representatives regarding the handling of this report are attorneys Ofer Ben Yehuda and Yitzhak Cohen-Yehonatan, from Shiblat & Co., 4 Berkowitz St., Tel Aviv, Tel. 03-7778333; Fax: 03-7778444

Yours Sincerely,

Trucknet Enterprise Ltd.

Signed by: Hanan Fridman, Chairman of the Board and CEO



Appendix A

To the best of the Company's knowledge, the following is the structure of the Company's holdings of stakeholders, employees, the public and the beneficiaries, prior to and following the allocation:

Prior to Allotment				
Name	Shares	Warrants	Capital & Voting Rate (Without dilution)	Capital & Voting Rate (Fully diluted)
Avi Harel	950,000	-	5.28%	4.35%
Oriella Ltd.	1,050,000	350,000	5.84%	6.42%
Capital Nature Ltd.	4,256,400	252,100	23.67%	20.66%
Hanan Fridman	3,588,900	673,900	19.96%	19.53%
Ofer Glazer	1,507,300	99,100	8.38%	7.36%
Robert Zarmati	1,111,100	-	6.18%	5.09%
More Investment House Ltd.	1,370,700	685,350	7.62%	9.42%
Phoenix Holdings Ltd	1,365,924	683,700	7.60%	9.39%
Excellence Investments Ltd.	643,461	258,551	3.58%	4.13%
Beneficiaries				
Arbitrage Value	-	-	0.00%	0.00%
Yossi Avrahami	-	-	0.00%	0.00%
Tachlit Composite Structures Ltd. (Meitav Dash Group)	425,073	222,258	2.36%	2.97%
Public	1,712,110	616,873	9.52%	10.67%
Total	17,980,968	3,841,832	100%	100%

Following Allotment				
Name	Shares	Warrants	Capital & Voting Rate (Without dilution)	Capital & Voting Rate (Fully diluted)
Avi Harel	950,000	-	4.97%	4.35%
Oriella Ltd.	1,050,000	350,000	5.84%	6.42%
Capital Nature Ltd.	4,256,400	252,100	23.67%	20.66%
Hanan Fridman	3,588,900	673,900	19.96%	19.53%
Ofer Glazer	1,507,300	99,100	8.38%	7.36%
Robert Zarmati	1,111,100	-	6.18%	5.09%
More Investment House Ltd.	1,370,700	685,350	7.62%	9.42%
Phoenix Holdings Ltd	1,365,924	683,700	7.60%	9.39%
Excellence Investments Ltd.	643,461	258,551	3.58%	4.13%
Beneficiaries				
Arbitrage Value	913,793	913,793	0.00%	0.00%
Yossi Avrahami	120,690	120,690	0.00%	0.00%
Tachlit Composite Structures Ltd. (Meitav Dash Group)	511,280	308,465	2.36%	2.97%
Public	1,712,110	616,873	9.52%	10.67%
Total	19,101,658	4,962,522	100%	100%