

This is an English translation of a Hebrew extraordinary annual general meeting report that was published on March 17, 2022 (reference no.: 2022-01-031237) (hereafter: the “**Hebrew Version**”). This English version is only for convenience purposes. This is not an official translation and has no binding force. Whilst reasonable care and skill have been exercised in the preparation hereof, no translation can ever perfectly reflect the Hebrew Version. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.

**Turpaz Industries Ltd.**

March 17, 2022

To: To

The Securities Authority

The Tel Aviv Stock Exchange Ltd.

**Via MAGNA**

**Via MAGNA**

Dear Sirs/Madams,

**Re: Turpaz Industries Ltd. (hereinafter - the “Company”) - transaction report in accordance with the Securities Regulations (Transaction between a Company and a Controlling Shareholder), 2001, private offering report in accordance with the Securities Regulations (Private Offering of Securities in a Listed Company), 2000 and convening of an extraordinary annual general meeting of the Company’ shareholders**

A transaction report is hereby issued pursuant to the Securities Regulations (Transaction between a Company and a Controlling Shareholder), 2001, the Securities Regulations (Periodic and Immediate Reports), 1970, the Companies Law, 1999 (hereinafter – the “**Companies Law**”) the Companies Regulations (Notice and Announcement of a General Meeting and a Class Meeting of a Public Company and the Addition of an Topic to the Agenda), 2000 (hereinafter – the “**Notice and Announcement Regulations**”), the Companies Regulations (Ballots and Position Notices), 2005, and Section 21 to the Securities Regulations (Private Offering of Securities in a Listed Company), 2000 (hereinafter - the “**Private Offering Regulations**”) on the convening of an Extraordinary Annual General Meeting of the Company’s shareholders to be held on April 28 2022, at 14:00 o’clock at the Company’s offices at 2 Halahav St. Holon. The agenda of the Meeting will include the topics listed below.

In view of the spread of Covid-19, the Company reserves itself the right to change the manner of

convening the meeting, and to hold the meeting via video call or a telephone conference call, in which all participants will be able to hear one another, subject to an immediate report and issuance of the required notices.

**1. The topics on the agenda and summary of the proposed resolutions:**

**1.1. Topic No. 1 - discussion of the Company's financial statements and the Board of Directors' report for the year ended December 31, 2021**

Discussion of the Company's financial statements and Board of Directors' report on the state of the Company's affairs for the year ended December 31, 2021.

The Company's 2021 periodic report (which includes the annual financial statements and Board of Directors' Report for that period), as published on March 14 2022 (Ref. No.: 2022-01-029359 (hereinafter - the "**2021 Periodic Report**")), may be reviewed on the websites of the Securities Authorities and the Tel Aviv Stock Exchange websites at: [www.isa.gov.il](http://www.isa.gov.il) and [www.maya.tase.co.il](http://www.maya.tase.co.il), respectively.

**No vote will be held with regard to this topic.**

**1.2. Topic No. 2 - reappointment of independent auditor to the Company and authorize the Company's Board of Directors to set its fee**

Reappointment of Cost, Forer, Gabbay & Kasierer & Co. as independent auditor to the Company and authorize the Company's Board of Directors to set its fee.

The Company's Board of Directors recommended that the Company's shareholders reappoint Cost, Forer, Gabbay & Kasierer & Co. as independent auditor to the Company, effective until the date of the next annual general meeting of the Company's shareholders.

The proposed resolution: *To reappoint Cost, Forer, Gabbay & Kasierer & Co. as independent auditor to the Company and authorize the Company's Board of Directors to set its fee.*

**1.3. Topics nos. 3-7 - reappointment of each of the Company's serving directors (other than external directors)**

It is hereby suggested to reappoint the Company's serving directors (excluding external directors), Ms. Karen Cohen Khazon, Dr. Israel Leshem, Mr. Erez Meltzer, Mr. Shay Khazon, and Mr. Ohad Finkelstein (hereinafter jointly: the "**Directors**"), with no changes in their terms of service, as Company directors for a further term in office, that will commence on the date on which their current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders.

A Signed statement of eligibility of each of the directors who reappointment is brought before the meeting in accordance with Section 224B to the Companies Law is attached as **Appendix A** to the Hebrew Version.

For information about the said directors, including their education and experience, see Regulation 26 to Part D attached to the 2021 Periodic Report, which is incorporated herein by way of reference. To the best of the Company's knowledge, as of the date of this report, there were no material changes in the Company's details compared to what is stated in the Periodic Report.

For description of the compensation, exemption, indemnification and insurance arrangements to which Company directors are entitled, see Regulations 21 and 29A to Part D attached to the 2021 Periodic Report.

The proposed resolutions:

- 1.3.1. *Topic No. 3 - to approve the appointment of Ms. Karen Cohen Khazon as a Company director for a further term in office, that will commence on the date on which her current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders.*
- 1.3.2. *Topic No. 4 - to approve the appointment of Dr. Israel Leshem as a Company director for a further term in office, that will commence on the date on which his current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders.*
- 1.3.3. *Topic No. 5 - to approve the appointment of Mr. Erez Meltzer as a Company director for a further term in office, that will commence on the date on which his current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders.*
- 1.3.4. *Topic No. 6 - to approve the appointment of Mr. Shay Khazon as a Company director for a further term in office, that will commence on the date on which his current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders.*
- 1.3.5. *Topic No. 7 - to approve the appointment of Mr. Ohad Finkelstein as a Company director for a further term in office, that will commence on the date on which his current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders.*
- 1.4. **Topic No. 8 - approval of allocation of options to Ms. Karen Cohen Khazon**

Ms. Karen Cohen Khazon, the Company's controlling shareholder, has been serving as Chairperson of the Company's Board of Directors and Company's CEO since 2011. For more information about Ms. Karen Cohen Khazon's terms of service, See Regulation 21 to Part D attached to the 2021 Periodic Report.

On March 13, 2022, the Company's Board of Directors approved the allocation - to Ms. Karen Cohen Khazon, the Company's controlling shareholder, Chairperson of the Board of Directors, and CEO - of 2,094,000 unlisted options, exercisable into 2,094,000 ordinary Company shares of no par value, which will constitute approximately 2.04% of the issued and paid-up share capital of the Company (approximately 2% in full dilution); the said approval was issued after the Compensation Committee approved the allocation. The options shall be allocated to Ms. Cohen Khazon without consideration, at an exercise price of NIS 23.51 per share and accordingly with and subject to the Company's equity-based compensation plan, which was adopted by the Company's Board of Directors in February 2021 (hereinafter - the **"Options Plan"**) and in accordance with all other conditions set out in this report. It

should be clarified, that other than the award of the equity-based compensation as described below, Ms. Cohen Khazon's terms of service shall be identical to those she was entitled to prior to the date of the resolution, which is the subject matter of this report.

Subject to the approval of the award of equity-based compensation, which is the subject matter of this report, the percentage of Ms. Cohen Khazon's variable compensation out of the total compensation package she was awarded will exceed the rate set in that context in the Company's Compensation Policy, and the annual economic value restrictions; therefore, the allocation which is the subject matter of this report does not comply with the provisions of the Compensation Policy.



For information about the allocation and the terms of the options in accordance with the Securities Regulations (Transaction between a Company and a Controlling Shareholder), 2001 and the Private Offering Regulations in connection with topic 8 on the agenda, see Section 2 - 8 to this report.

Set forth below are Ms. Cohen Khazon's terms of compensation in respect of a full year (in terms of annual cost in NIS thousand), in accordance with the Sixth Addendum of the Reports Regulations, assuming that the options, which are the subject matter of this report, are allocated:

Details of compensation recipient				Compensation* for services							Other compensation*			Total
Name	Title	Appointment percentage	Percentage of holding in corporation's share capital	Salary	Award <sup>(1)</sup>	Share-based payment <sup>(2)</sup>	Management fees	Advisory fees	Fee	Other	Interest	Rent	Other	
Karen Cohen Khazon	Chairperson of the Company's Board of Directors and Company's CEO	100%	44.31%	2,965	2,675	6,874	-	-	-	-	-	-	-	12,514

\* In terms of cost to the Company.

(1) Assuming that the maximum bonus is paid in accordance with Ms. Cohen Khazon's terms of service.

(2) The estimated accounting expense, which the Company is expected to incur in respect of share-based payment in the 12 months after the allocation. In accordance with accounting principles, the total amount of the expenses in respect of share-based payment to Ms. Cohen Khazon, is estimated at NIS 12,872 thousand, for the entire plan period (4 years).



Summary of the Compensation Committee and Board of Directors' Reasons:

The Compensation Committee and Board of Directors approved the allocation of options to Karen Cohen Khazon, based on the following reasons:

- a. The suggested award of an equity-based compensation as part of Ms. Karen Cohen Khazon's compensation was determined, among other things, after taking into account her education, qualifications, significant professional experience, in-depth knowledge of the Company and its activity, her contribution to the Company's success and her areas of responsibility.
- b. The award of options to Ms. Karen Cohen Khazon as part of the options plan for employees and officers is executed out of the desire to compensate Ms. Cohen Khazon for the increase in the Company's value, over time, and to enhance the link between the Company's performances and Ms. Cohen Khazon's compensation.
- c. The addition of a share-based compensation component to the compensation package comprising current service terms and annual bonus derived from the Company's performances, create a compensation mix that is designed to give adequate incentives and encourage the maximization of the Company's profits and improve its business results in the long-term, while avoiding taking uncalculated risks.
- d. The allocation to Ms. Karen Cohen Khazon, who is the Company's controlling shareholder, shall be carried out at the terms of the options offered to 20 Company and subsidiary employees, as approved by the Board of Directors on that date, and as described in the outline for Company employees, officer and advisors, which was published simultaneously with this report.
- e. The allocation to Ms. Karen Cohen Khazon, enables the Company to give Ms. Karen Cohen Khazon an additional compensation which is appropriate and reasonable noting the scope of her responsibility and the investment she is required to make in the Company's businesses, without the Company accruing significant cash outflows.
- f. The offered terms of compensation are acceptable and reasonable under the circumstances of the matter and in relation to Company employees and contractor employees' average and median salary, and they are not expected to have an adverse effect on work relations in the Company, noting Ms. Cohen Khazon's position as the Chairperson of the Company's Board of Directors and CEO, and the scope of her responsibilities.
- g. In accordance with the provisions of Section 275(D) to the Companies Law, the Company's Compensation Committee and Board of Directors determined that the resolution does not include a distribution, since, among other things, the allocation of shares is carried out as part of the compensation terms under the service terms and the transaction with the controlling shareholder and her relatives, and against services rendered to the Company and the subsidiaries.

**The proposed resolution: To approve the allocation of 2,094,000 unlisted options, exercisable into 2,094,000 ordinary Company shares of no par value to Ms. Karen Cohen Khazon, the Company's controlling shareholder, Chairperson of the Board of Directors and CEO, in accordance with and subject to the Company's Options Plan. The options will be exercisable at an exercise price of NIS 23.51 per share, in cash or through a cashless mechanism.**

**1.5. Topics nos. 9 -10 - Approval of allocation of options and payment of annual bonuses to Mr. Shay Khazon, Chief Operating Officer at Turpaz Perfume and Flavor Extracts Ltd. (hereinafter - "Turpaz Extracts")**

1.5.1. Mr. Shay Khazon, the husband of Ms. Karen Cohen Khazon, the Company's controlling shareholder, Chairperson of the Company's Board of Directors and Company's CEO, has been providing Turpaz Extracts services relating to operation, supply chain and maintenance since March 2015 through a privately held company he owns; Mr. Khazon has also been serving as a Company director since May 2021. For more information about Mr. Khazon's terms of service, See Regulation 22 to Part D attached to the 2021 Periodic Report.

On March 13, 2022, the Company's Board of Directors approved the updating of Mr. Khazon's compensation as described below; the said approval was issued after the Compensation Committee approved the updated compensation. It should be clarified, that other than the award of the equity-based compensation and the updating of Mr. Khazon's bonus payment mechanism as described above, Mr. Khazon's terms of service shall be identical to those he was entitled to prior to the date of the resolution, which is the subject matter of this report.

1.5.2. Variable component - equity-based compensation: It is suggested to offer Mr. Khazon, 157,000 unlisted options, exercisable into 157,000 ordinary shares, which will constitute approximately 0.15% of the issued and paid-up share capital of the Company (approximately 0.15% in full dilution). The options shall be allocated without consideration, at an exercise price of NIS 23.51 per share, in accordance with and subject to the Company's Options Plan and in accordance with all other conditions set out in this report.

1.5.3. Variable component - annual bonus: It is suggested to approve that Mr. Khazon will be entitled to annual bonuses in respect of the years 2022 through 2025, in accordance with the Company's compensation policy as it shall be from time to time in relation to VPs; the bonuses shall be calculated in accordance with measurable targets to be set by the Compensation Committee and Board of Directors from time to time, and in accordance with the approvals that will be required as per the compensation policy, and the provisions of the law. It should be clarified that in accordance with the Company's current compensation policy, the bonus awarded to VPs in respect of meeting 100% of the targets that will be set is capped at up to 4 monthly considerations. For information about the Company's compensation policy as of the date of the publication of this report, see Appendix B to the prospectus of the Company's issuance as published on May 20, 2021 (Ref. No. 2021-01-027967) (hereinafter - the "**Company's Compensation Policy**").

1.5.4. Annual bonus in respect of 2021: In May 2021, the Company completed its IPO, as part of which the Company's Compensation Policy was adopted for the first time. Therefore, no measurable targets were set in advance for Mr. Khazon in respect of 2021 for the purpose of paying the annual bonus. In 2021, Mr. Khazon made a considerable contribution to the operational efficiency in the field of fragrances, by, among other things, meeting supply timetables and efficient and cost-effective management of Turpaz Extracts' plants in Holon, which increased its profitability. In view of the above, it is suggested to approve the payment of an annual bonus to Mr. Khazon in respect of 2021 at the total amount of NIS 100,000 (2 monthly considerations).

For more information, including information about the allocation and the terms of the options in accordance with the Securities Regulations (Transaction between a Company and a Controlling Shareholder), 2001 and the Private Offering Regulations in connection with topic 9 and 10 on the agenda, see Section 2 - 8 to this report.





1.5.5. Set forth below are Mr. Khazon's terms of compensation in respect of a full year (in terms of annual cost in NIS thousand), in accordance with the Sixth Addendum of the Reports Regulations, assuming that the options which are the subject matter of this report are allocated, and that the terms of the annual bonus, which is the subject matter of this report, is updated:

Details of compensation recipient				Compensation* for services							Other compensation*			Total
Name	Title	Appointment percentage	Percentage of holding in corporation's share capital	Salary	Award <sup>(1)</sup>	Share-based payment	Management fees	Advisory fees	Fee	Other	Interest	Rent	Other	
Shay Khazon	Chief Operating Officer at Turpaz Extracts	80%	-	600	100	515	-	-	-	-	-	-	-	1,215

\* The compensation amounts are in terms of cost to the Company.

(1) A bonus equal to 2 monthly considerations, for the year 2021.

(2) The estimated accounting expense, which the Company is expected to incur in respect of share-based payment in the 12 months after the allocation. In accordance with accounting principles, the total amount of the expenses in respect of share-based payment to Mr. Khazon, is estimated at NIS 965 thousand, for the entire plan period (4 years).

Summary of the Compensation Committee and Board of Directors' Reasons:

The Compensation Committee and Board of Directors approved the allocation of options and payment of annual bonuses to Mr. Shay Khazon, based on the following reasons:

- a. Mr. Khazon's compensation terms were determined after the Compensation Committee and Board of Directors assessed his professional experience, education and qualifications and his areas of responsibility, his contribution to the Company's activity and the terms of the engagement with him.
- b. The award of options to Mr. Khazon as part of the options plan for employees and officers is executed out of the desire to compensate Mr. Khazon for the increase in the Company's value, over time, and to enhance the link between the Company's performances and Mr. Khazon's compensation.
- c. The addition of a variable compensation component comprising a share-based compensation and target-based bonuses to the compensation package comprising current service terms, create a compensation mix that is designed to give adequate incentives and encourage the maximization of the Company's profits and improve its business results in the long-term, while avoiding taking uncalculated risks.
- d. The allocation to Mr. Khazon, who is a relative of the Company's controlling shareholder, shall be carried out at the terms of the options offered to 20 Company and subsidiary employees, as approved by the Board of Directors on that date, and as described in the outline for Company employees, officer and advisors, which was published simultaneously with this report.
- e. The setting of a mechanism for payment of future bonuses does not oblige the Company to pay to Mr. Khazon any bonuses in respect of future years; the only aim of such a mechanism is to regulate the parameters on the basis of which Mr. Khazon's entitlement to a bonus in respect of 2022 thorough 2025 and his efforts to promote the Company's interests and execute his role will be assessed.
- f. In relation to the bonus in respect of 2021, the Compensation Committee and Board of Directors noted, in addition to the above, Mr. Khazon's contribution and achievements in 2021, including increasing operational efficiency in the field of fragrances, meeting supply time tables and efficient and cost-effective management of Turpaz Extracts' plants in Holon, which increased its profitability.
- g. In accordance with the provisions of Section 275(D) to the Companies Law, the Company's Compensation Committee and Board of Directors determined that the resolution does not include a distribution, since the allocation of shares and payment of bonus are carried out as part of the compensation terms under the service terms, and against services rendered to the Company.

1.5.6. The proposed resolutions:

- 1.5.6.1. ***Topics no. 9 - To approve the allocation of 157,000 unlisted options, exercisable into an identical number of ordinary Company shares of no par value to Mr. Shay Khazon, Chief Operating Officer at Turpaz Extracts and a director, at an exercise price of NIS 23.51 per***

*share, which can be exercised in cash or through a cashless mechanism, in accordance with and subject to the Company's options plan.*

*1.5.6.2. Topic no. 10 - To approve that Mr. Shay Khazon, Chief Operating Officer at Turpaz Extracts, will be entitled to annual bonuses in accordance with the compensation policy applicable to VPs as its shall be from time to time, which will be calculated in accordance with Company's targets to be set in accordance with the compensation policy from time to time, and to approve the payment of annual bonus of NIS 100,000 in respect of 2021.*

**1.6. Topic No. 11 - 12 - approval of allocation of options and payment of an annual bonus in respect of 2021 to Ms. Shir Kesselman, Head of Sales and Development in the fragrances segment**

Ms. Shir Kesselman, the daughter in law of the Company's controlling shareholder, is employed by as a Head of Sales and Development in the fragrances segment in Turpaz Extracts since January 2014. For more information about Ms. Kesselman's terms of service, See Regulation 22 to Part D attached to the 2021 Periodic Report.

On March 13, 2022, the Company's Board of Directors approved the payment of variable compensation to Ms. Kesselman, as described below; the said approval was issued after the Compensation Committee approved the payment of such compensation.

1.6.1. Equity-based compensation: It is suggested to offer Mr. Khazon, 105,000 unlisted options, exercisable into 105,000 ordinary shares, which will constitute approximately 0.10% of the issued and paid-up share capital of the Company (approximately 0.10% in full dilution). The options shall be allocated without consideration, at an exercise price of NIS 23.51 per share, in accordance with and subject to the Company's Compensation Policy and in accordance with all other conditions set out in this report.

It should be clarified, that other than the award of the equity-based compensation as described below, Ms. Kesselman's terms of service shall be identical to those she was entitled to prior to the date of the resolution, which is the subject matter of this report.

1.6.2. Annual bonus in respect of 2021: Ms. Kesselman's terms of employment, as recently approved in May 2021, include provisions as to payment of annual bonuses that will be paid in accordance with the provisions of the Company's Compensation Policy. In 2021, the Company completed its IPO, as part of which the Company's Compensation Policy was adopted for the first time. Therefore, no measurable targets were set in advance for Ms. Kesselman in respect of 2021. In 2021, Ms. Kesselman took part in sales and marketing activities in the fragrances segment, which achieved a 22.7% increase as a result of organic growth. Furthermore, Ms. Kesselman contributed to the increase in the orders backlog and to the promotion of the cross-selling activities between Group companies across the world; in view of the above, it is suggested to

approve the payment of an annual bonus to Mr. Khazon in respect of 2021 at the total amount of NIS 50,000 (2 monthly considerations).

For information required in accordance with the Securities Regulations (Transaction between a Company and a Controlling Shareholder), 2001 and the Private Offering Regulations in connection with topics 11 and 12 on the agenda, see Section 2 - 8 to this report.



1.6.3. Set forth below are Ms. Kesselman's terms of compensation in respect of a full year (in terms of annual cost in NIS thousand), in accordance with the Sixth Addendum of the Reports Regulations, assuming that the options, which are the subject matter of this report, are allocated:

Details of compensation recipient				Compensation* for services							Other compensation*			Total
Name	Title	Appointment percentage	Percentage of holding in corporation's share capital	Salary	Award <sup>(1)</sup>	Share-based payment	Management fees	Advisory fees	Fee	Other	Interest	Rent	Other	
Shir Kesselman	Head of Sales and Development in the Fragrances Segment	100%	-	478	50	345	-	-	-	-	-	-	-	873

\* The compensation amounts are in terms of cost to the Company.

(1) A bonus equal to 2 monthly salaries, for the year 2021.

(2) The estimated accounting expense, which the Company is expected to incur in respect of share-based payment in the 12 months after the allocation. In accordance with accounting principles, the total amount of the expenses in respect of share-based payment to Ms. Kesselman, is estimated at NIS 645 thousand, for the entire plan period (4 years).

Summary of the Compensation Committee and Board of Directors' Reasons:

The Compensation Committee and Board of Directors approved the allocation of options and payment of annual bonus in respect of 2021 to Ms. Shir Kesselman, based on the following reasons:

- a. Ms. Shir Kesselman's compensation terms were determined after the Compensation Committee and Board of Directors assessed her professional experience, education and qualifications and her areas of responsibility, her contribution to the Company's activity and the terms of the engagement with her.
- b. The award of options to Ms. Kesselman as part of the options plan for employees and officers is executed out of the desire to compensate Ms. Kesselman for the increase in the Company's value, over time, and in order to retain Ms. Kesselman, who has experience and proven capabilities.
- c. The addition of a share-based compensation component to the compensation package comprising current service terms and annual bonus derived from the Company's performances, create a compensation mix that is designed to give adequate incentives and encourage the maximization of the Company's profits and improve its business results in the long-term, while avoiding taking uncalculated risks.
- d. The allocation to Ms. Kesselman, who is a relative of the Company's controlling shareholder, shall be carried out at the terms of the options offered to 20 Company employees, as approved by the Board of Directors on that date, and as described in the outline for Company employees, officer and advisors, which was published simultaneously with this report.
- e. In relation to the amount of the bonus in respect of 2021, the Compensation Committee and Board of Directors also noted Ms. Kesselman's contribution and achievements in 2021 in increasing the sales and marketing activities of the fragrances segment, which recorded a 22.7% increase as a result of organic growth. Furthermore, Ms. Kesselman contributed to the increase in the orders backlog and to the promotion of the cross-selling activities between Group companies across the world.
- f. In view of the above, the members of the Compensation Committee and Board of Directors believe that the compensation package to Ms. Kesselman, comprising allocation of options and an annual bonus in respect of 2021, are appropriate, reasonable and serve the Company's interest.
- g. In accordance with the provisions of Section 275(D) to the Companies Law, the Company's Compensation Committee and Board of Directors determined that the resolution does not include a distribution, since the allocation of shares and award of the annual bonus are part of the compensation terms under Ms. Kesselman's employment terms, and against services rendered to the Company and the subsidiaries.

1.6.4. The proposed resolutions:

- 1.6.4.1. ***Topic No. 11 - To approve the allocation of 105,000 unlisted options, exercisable into 105,000 ordinary Company shares of no par value to Ms. Shir Kesselman, a relative of the Company's controlling shareholder, at an exercise price of NIS 23.51 per share, which can***

*be exercised in cash or through a cashless mechanism, in accordance with and subject to the Company's Options Plan.*

*1.6.4.2. Topic No. 12 – to approve the payment to Ms. Shir Kesselman's, a relative of the Company's controlling shareholder, of an annual bonus of NIS 50,000 in respect of 2021.*

**2. Details regarding the Company's controlling shareholders who have a vested interest and the nature of the personal interest**

The Company's controlling shareholder is Ms. Karen Cohen Khazon, who holds 44.31% of the Company's issued and paid up share capital and voting rights as of the date of this report.

Ms. Cohen Khazon has a vested interest in the approval of resolution no. 8 on the agenda, due to her being the beneficiary of this resolution, as well as in resolutions 9-12 due to her being the wife of Mr. Shay Khazon and the mother in law of Ms. Shir Kesselman.

**3. The names of the directors who have vested interest in the approval of topics 8 - 12 on the agenda and the nature of the vested interest**

Ms. Cohen Khazon has a vested interest as set out in Section 2 above.

Mr. Shay Khazon, a Company director, has a vested interest in resolutions 9 and 10 on the agenda, to his being the beneficiary under those resolutions, and a vested interest in resolution 11 and 12 on the agenda due to his being Ms. Cohen Khazon's husband and the father-in-law of Ms. Kesselman.

**4. The names of the directors who participated in the meeting of the Compensation Committee and Board of Directors who approved topics 8 - 12 on the agenda**

4.1. The Compensation Committee's resolution was passed in a meeting held on March 13, 2022, attended by Ms. Limor Avidor, Mr. Mordechai (Modi) Peled and Mr. Ohad Finkelstein.

4.2. The Board of Directors' resolution was passed in a meeting held on March 13, 2022, attended by the directors Ms. Limor Avidor, Mr. Mordechai (Modi) Peled and Mr. Ohad Finkelstein, Mr. Erez Meltzer and Dr. Israel Leshem.

**5. The manner by which the consideration was determined**

The allocation of options, the award of annual bonuses to Mr. Shay Khazon and the award of the annual bonus to Ms. Shir Kesselman in respect of 2021 were approved after the Company's Compensation Committee and Board of Directors held a discussion as to the reasonability of the allocation terms and the terms of the proposed bonuses, noting all terms of compensation of each offeree, while referring, among other things, to matters that the Company is required to refer to under Section 267B and Parts A and B to the First Addendum to the Companies Law, and after the Compensation Committee and Board of Directors reached the conclusion that the offerees' compensation conditions are appropriate and reasonable under the circumstances of the matter, taking into account the considerations listed in Section 5 below. Furthermore, the amount of the annual bonus awarded to Mr. Shay Khazon and Ms. Shir Kesselman in respect of 2021 was determined, among other things, noting the provisions of the

compensation policy, the Company's results and performance in 2021, and the contribution and achievements of Mr. Shay Khazon and Ms. Shir Kesselman (as the case may be).

**6. Required approvals and terms for execution of the transactions listed in topics 8 - 12 on the agenda**

- 6.1. Topics 8 - 12 were approved by the Company's Compensation Committee and Board of Directors on March 13, 2022, and are subject to the approval of the General Meeting convened in accordance with this report, and to the approval of the Stock Exchange for trading of the shares that will arise from the proposed option warrants. Shortly after the publication of this immediate report, the Company will file such an application to the Stock Exchange.
- 6.2. For information about the majority required for the approval of the said engagements, see Section 9 to this report below.

**7. Engagements of the type of the engagements in topics nos. 8 - 12 to the agenda or similar engagements between the Company and the controlling shareholder, or in which the controlling shareholder had a vested interest during the past two years or as of the date of the General Meeting**

No engagements were entered into of the type of the engagements on the agenda between the Company and the controlling shareholder, or in which the controlling shareholder had a vested interest during the past two years or as of the date of the General Meeting, other than engagements of the Company or companies under its control in an agreement for the provision of Chairperson of the Board of Directors and CEO services with Ms. Karen Cohen Khazon, services agreement with Mr. Shay Khazon and employment agreement with Ms. Shir Kesselman. For more information, see Regulations 21 and 22 to Chapter D to the 2021 periodic report.

**8. Additional details, in accordance with the Private Offering Regulations in connection with topics nos. 8 - 12 on the agenda:**

**8.1. Identity of the offerees:**

- 8.1.1. Karen Cohen Khazon, controlling shareholder, Chairperson of the Company's Board of Directors and Company's CEO
- 8.1.2. Mr. Shay Khazon, Ms. Cohen Khazon's husband, Chief Operating Officer at Turpaz Extracts and a director.
- 8.1.3. Ms. Shir Kesselman, daughter in law of Ms. Cohen Khazon, Head of Sales and Business Development in the fragrances segment; (hereinafter jointly: the "Offerees")

**8.2. Additional details about the Offerees:**

Ms. Karen Cohen Khazon is an "interested party" as this term is defined in Section 270(5) to the Companies Law, 1999, due to her being the Company's controlling shareholders holding 44.31% of the Company's issued and paid up share capital. For the purpose of this report, Mr. Shay Khazon and Ms. Shir Kesselman are considered "interested parties" in view of their status as relatives of the controlling shareholder, as described in Section 2 above.

**8.3. The terms of the allocated options**



The offering securities are 2,356,000 non-marketable options exercisable into ordinary Company shares of no par value. The allocation of the options shall be carried out in accordance with and subject to the Options Plan (as defined above).

Assuming that all allocated options of each of the offerees are exercised and assuming that all Company options are exercised, the exercise shares shall constitute, as of the publication date of this report, 2.29% of the Company's issued and paid share capital and voting rights, and 2.25% of the Company's issued and paid share capital on a diluted basis.<sup>1</sup>

The offered options are non-marketable and will not be listed on The Tel Aviv Stock Exchange Ltd. or in any other exchange. The exercise shares shall be allotted in the name of The Tel Aviv Stock Exchange Nominee Company Ltd., or any other nominee company that will replace it.

#### 8.3.1. Vesting and expiry date

The option warrants shall vest over four (4) years from allotment date; the option warrants shall vest as follows: the first tranche (25% of the options) shall vest a year after allotment date, and all remaining options shall vest in 6 semi-annual tranches (12.5% of the options in each such tranche) starting 18 months after the allotment date. The allotted options shall be exercisable by each offeree in full or in part, provided that the offeree serves in the Company or a company under its control (including by way of engaging with any of them in a services provision agreement), whether directly and/or indirectly and no later than two years from the vesting date (hereinafter: the **"Exercise Period"**) and the **"End of the Exercise Period"**, respectively).

It should be clarified that in relation to the options allotted to Ms. Karen Cohen Khazon, Mr. Shay Khazon and Ms. Shir Kesselman (hereinafter - the **"Offerees from Among the Controlling Shareholders"**), the Offerees from Among the Controlling Shareholders will not be allowed to exercise the options such that as a result of the exercise the holding rate of the Offerees from Among the Controlling Shareholders shall exceed 45% of the Company's issued and paid up share capital, without first executing a special tender offer, should the execution of such an offer is required by law at that time.

Upon the termination of the engagement with the offeree, the latter may exercise any options that vested by the engagement's termination date; exercise will take place within the period set in this section below, so long as that they have not yet expired.

Unless otherwise provided in the option agreement with the offeree, the following provisions shall apply in connection with the exercise of options after the termination of the engagement with an

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offeree: Where the engagement with an offeree was terminated for any reason whatsoever, other than grounds as defined in the plan, any vested options may be exercised until the end of six months from the engagement termination date, but no later than the options' original expiry date. In the event of death or disability, the vested options may be exercisable over a period of 12 months. If the Board of Directors decided, before the termination of the engagement, that the options will be exercisable for a longer period, but in no event a period ending later than the options' original expiry date.

If the engagement with the offeree was terminated by the Company due to grounds (as defined in the equity compensation plan), all options awarded to an offeree, regardless of whether they vested as of that date or not, shall expire immediately upon the termination of the engagement.

The Company has undertaken to maintain in its authorized share capital unissued ordinary shares at a number that will suffice for the allocation of the exercise shares; such shares will be maintained until the end of the exercise period.

#### 8.3.2. The exercise price

Each option shall be exercisable into one ordinary Company share of no par value at an exercise price of NIS 23.51 per option (subject to the adjustments listed below). The exercise price is determined in accordance with the average of the closing prices of the Company's share on the Stock Exchange during the thirty trading days prior to the Board of Directors' resolution of March 13 2022. It is hereby clarified that upon the exercise of the options, the offerees will not be required to pay the exercise price, and the latter shall only be used to determine the amount of the financial benefit and the actual number of exercise shares that will be allotted.

#### 8.3.3. The exercise of the options

- (a) An offeree who will wish to exercise the allotted options into shares in accordance with the terms of the equity-based compensation plan and subject to the exercise terms as listed below, shall provide the Company and the trustee a written notice signed by him/her, whose wording will be determined by the Company (hereinafter - the "**Exercise Notice**"). The Exercise Notice shall include, among other things, the offeree's identity, and the number of option warrants he/she wishes to exercise. Each and every offeree, rather than the trustee, shall have discretion over whether and when to exercise the options, and will bear the responsibility to pay the exercise price.
- (b) At the date of exercise, the offeree may choose one of the following two ways of exercise: according to one way - exercise of the options in exchange for payment to the Company of their full exercise price; And by the other way not all shares arising from the option shall be allotted on exercise date; rather, only a number reflecting the financial benefit arising from the option warrants will be allotted (cashless exercise), that is to say, a number reflecting the difference between the price of

an ordinary Company share on exercise date, and the option's exercise price (subject to adjustments).

- (c) The offeree shall pay the Company the consideration payable to the Company for the exercise shares that will be allotted to the offeree in accordance with the Exercise Notice in a manner that will be determined by the Company.

#### 8.3.4. Rights of the exercise shares

The shares that will arise from the exercise of the allotted options shall have equal rights to those of the Company's ordinary shares for all intents and purposes.

#### 8.3.5. Restrictions regarding the exercise date in accordance with the Stock Exchange's regulations

Notwithstanding the above, the option shall not be converted on the record date of a distribution of bonus shares, an offering by way of rights, dividend distribution, capital consolidation, capital split or capital reduction (each of the above shall be named hereafter - "**Company Event**"). Furthermore, the optioned warrants offered shall not be exercised on the "Ex-date" if the "Ex-date" of a Company Event falls before the Company Event's record date.

#### 8.4. Provisions designed to protect the offeree

Upon the occurrence the following events during the period between the option warrants' allocation date and their exercise date, the following adjustments shall be made to the offeree's rights:

- 8.4.1. In any event of a change in the Company's issued share capital by way of a split of shares, consolidation or a change in the Company's capital structure or any similar event, then the number and type of shares and the exercise price will be adjusted proportionally, in order to proportionally preserve the number of shares and their cumulative exercise price.
- 8.4.2. If the Company is a party to a merger agreement and/or a share exchange arrangement where shareholders will be offered to replace those shares with the securities of any other corporation (hereinafter - the "**Exchange Transaction**"), the Company will act to ensure that the same other corporation undertakes to allocate to the offeree, if the offeree exercised options after the Exchange Transaction during the exercise period and under the exercise conditions specified above in this plan, the securities offered as aforesaid to the ordinary shareholders of the Company, as if the offeree were the shareholder of the exercise shares on the determining day for the purpose of the said Exchange Transaction.
- 8.4.3. In the case of such an Exchange Transaction, the Company may oblige the offeree in respect of all the awarded securities held by him/her or for him/her that have not yet been exercised, to receive options that can be exercised for the shares of the other corporation, instead of options of the Company held by him/her, this is in accordance with the exchange ratio that will be determined for all the ordinary shareholders of the Company, provided that the total exercise price in respect

of all the alternative options to be allotted shall be equal to the total exercise price in respect of all those options held by or for the offeree and which have not yet been exercised.

8.4.4. In the event of voluntary liquidation of the Company, each holder of an allotment letter shall be deemed to have exercised his/her right to exercise the option into the share immediately upon the liquidation decision, with no need to issue an exercise notice in relation to options not exercised by virtue of the Compensation Plan. In such a case, the exercise price shall be deducted from the payments that will be transferred to the shareholders as part of the liquidation.

8.4.5. In the event that the Company distributes bonus shares, the offeree's shares will be retained such that the number of shares to which the offeree is entitled at the time of exercise of the options will increase by the number of shares to which the offeree would have been entitled as a bonus share if he/she had exercised the options, and the exercise price per option will not change. No such adjustment will be made in the event of other issuances of the Company's shares.

8.4.6. In the event of an issuance of rights by the Company to the shareholders, an adjustment will be made between the number of the exercise shares and the bonus component as reflected in the difference between the share price on the Stock Exchange on the ex-day, and the "ex rights" price.

8.4.7. In the event of a distribution of a cash dividend, the record day for the distribution of which shall fall before the exercise date of options, including options the conferring date in respect of which has not yet occurred, the exercise price of each option will be reduced by the amount of the cash dividend distributed by the Company, and the offerees' rights into the options will be retained. No such adjustment will be made in the event of a distribution of a dividend in kind.

#### **8.5. Taxation**

The offeree alone will bear all tax liabilities in respect of the award and exercise of the allotted options, payment for shares arising from the exercise of the allotted options, sale of the exercise shares, their transfer or any other action pertaining to the allotted options and/or the exercise shares.

#### **8.6. The consideration for the option and the price share on**

The offered option warrants are exercisable into ordinary Company shares, which are listed on the Stock Exchange, and awarded to offerees without consideration as part of the compensation under their terms of service and employment. The closing price of the Company's share on the trading day preceding the Company's Board of Directors approval of the material private offering (i.e., on March 10, 2022) was NIS 23.78 per shares; on the end of the trading day preceding to the publication date of this report (i.e., on March 16, 2022), the Company's share price was NIS 20.85 per share. The exercise price is lower than the share price immediately before the Board of Directors' resolution, and higher than the share price on the day preceding to the publication date of this report by 1.13% and 12.76%, respectively.

### 8.7. The fair value of the offered options

The Company's share price at the end of the trading day on March 10, 2022 (the trading day preceding the Board of Directors' resolution was NIS 23.78.

The fair value of the offered options was calculated using the Black-Scholes model as of the trading day preceding to the date on which the options were awarded by the Company's Board of Directors (i.e., as of March 10, 2022), and it amounts to NIS 3.97 per option, and NIS 14,482,641 in total; the key assumptions used to calculate the fair value of the offered options are:

- The underlying asset price (closing price on March 10, 2022, the trading day that preceded the approval date of the award of the options by the Board of Directors: NIS 23.78.
- Exercise price: NIS 23.51 per share.
- Expiry period: 2025-2028
- Expected volatility: 32.96% - 27.89%
- Risk-free interest rate: 0.22%-0.69%

The aggregate economic value of all option warrants to be allotted pursuant to this report (2,356,000 option warrants), in accordance with the above is NIS 14,482,641.

### 8.8. Company's share capital

For information about the total holdings in the Company's issued and paid up share capital and voting rights by interested parties and officers prior to the allocation, to the best of the Company's knowledge, see immediate report of January 3 2022 (Ref. No.: 2022-01-001048) (hereinafter - the "**Latest Status of Holdings**").

Set forth below are total holdings in the Company's issued and paid up share capital and voting rights by interested parties and officers prior to the allocation, to the best of the Company's knowledge, after the allocation of the options:

Name	Before the allocation			After the allocation				
	Ordinary shares	Options	Rate of holdings in equity and voting rights (%)	Ordinary shares	Options	Rate of holdings in equity and voting rights (%)	Ordinary shares	Rate of holdings in equity and voting rights (%)
	Not diluted			Partial dilution <sup>(1)</sup>			Fully diluted <sup>(2)</sup>	
Karen Cohen Khazon <sup>(3)</sup>	44,348,800	-	44.31	46,442,800	-	45.33	46,442,800	44.40

Israel Leshem	7,323,200	-	7.32	7,323,200	-	7.14	7,323,200	7.00
Nurit Leshem	7,323,200	-	7.32	7,323,200	-	7.14	7,323,200	7.00
Alon Granot	3,584,000	-	3.58	3,584,000	521,000	3.49	4,105,000	3.92
Rivka Granot	3,584,000	-	3.58	3,584,000	-	3.49	3,584,000	3.43
Eyal Azulay	5,251,200	-	5.25	5,251,200	-	5.12	5,251,200	5.02
Erez Meltzer	-	757,560	-	-	757,560	-	757,560	0.72
Shay Khazon <sup>(3)</sup>	-	-	-	157,000	-	0.15	157,000	0.15
Shir Kesselman <sup>(3)</sup>	-	-	-	105,000	-	0.1	105,000	0.10
Officers and employees	6,380	-	0.01	6,380	875,000	0.00	881,380	0.84
Other Company shareholders	28,663,996	-	28.63	28,663,996	-	27.98	28,663,996	27.40
<b>Total</b>	<b>100,084,776</b>	<b>757,560</b>	<b>100%</b>	<b>102,440,776</b>	<b>2,153,560</b>	<b>100%</b>	<b>104,594,336</b>	<b>100%</b>

(1) Assuming that all option warrants that will be allotted (to the extent that they are allotted) to Ms. Karen Cohen Khazon, Mr. Shay Khazon and Ms. Shir Kesselman as per this report are exercised.

(2) Assuming that all (non-marketable) option warrants allotted to officers, including directors and Group employees, as of the date of this report, which are exercisable into 757,560 ordinary Company shares, and 1,396,000 option warrants to be allotted (to the extent that they are allotted) to a Company advisor and to Company officers and employees in accordance with an outline and private offering report published simultaneously with this report are exercised.

(3) It should be clarified that in relation to the options allotted to the Offerees from Among the Controlling Shareholders, the latter will not be allowed to exercise the options such that as a result of the exercise the holding rate of the Offerees from Among the Controlling Shareholders shall exceed 45% of the Company's issued and paid up share capital, without first executing a special tender offer, should the execution of such an offer is required by law at that time.

#### 8.9. **Details of the consideration**

The securities offered pursuant to this report are awarded without consideration as part of the offerees' service and employment terms.

#### 8.10. **Agreements between the offeree/offerees and Company shareholders**

To the best of the Company's knowledge, after it checked the matter with any of the offerees (having obtained their approval for such a check), there are no agreements, either in writing or orally, between the offerees and a shareholder in the Company regarding the purchase or sale of the Company's securities or voting rights.

**8.11. Details of preclusions or restrictions**

The sale of the exercise shares shall be subject to the restrictions set in the Securities Law, 1968, and in the Securities Regulations (Details Regarding Section 15A to 15C to the Law), 2000.

The allotted options or rights of any offeree in connection with the options, whether or not payment is made in respect thereof or not, may not be transferred, assigned, guaranteed, or any right in respect of them granted to a third party other than by virtue of a will or inheritance law, except as expressly provided under the plan, and for the life of the offeree, all of the offeree's rights to sell the exercise shares may be exercised by the offeree only.

The allocation of the options to each offeree shall be executed in accordance with and subject to the Options Plan (as defined above) and in accordance with the provisions of Section 3(I) to the Income Tax Ordinance [New Version], 1961, as currently worded or as modified in the future.

**8.12. The Company's authorized and issued share capital and its securities**

As of the report date, the Company's authorized capital comprises 1,000,000,000 ordinary shares; the Company's issued and paid share capital is 100,084,776 ordinary shares, and the Company's issued capital on a fully diluted basis is 104,594,336 ordinary shares.

**8.13. Securities allocation date**

The options will be allocated after all approvals listed in Section 6 above are obtained. Shortly after the publication of this immediate report, the Company will file such an application to the Stock Exchange.

**9. The majority required for approval of the topics on the agenda**

9.1. The majority required to pass the resolutions in respect of topics 2 - 7 on the Meeting's agenda (reappointment of the independent auditor, reappointment of Ms. Karen Cohen Khazon, Dr. Israel Leshem, Mr. Erez Meltzer, Mr. Shay Khazon and Mr. Ohad Finkelstein as directors), is a simple majority out of the total votes of the shareholders present in the meeting, who are entitled to vote and that voted therein; The count of the participants' votes shall not take into account abstaining votes.

9.2. The majority required to pass the resolutions in respect of topics 8 - 12 on the Meeting's agenda (approval of the allocation of options to Ms. Karen Cohen Khazon, approval of the allocation of options to Mr. Shay Khazon, approval of the payment of annual bonuses to Mr. Shay Khazon, and approval of the allocation of options and payment of annual bonus to Ms. Shir Kesselman), is as set in the provisions of Section 275(a)(3) to the Companies Law, that is to say, a simple majority out of the total votes of the shareholders present in the meeting, who are entitled to vote, as long as one of the following conditions is met:

9.2.1. The count of majority votes shall include a majority out of the participants in the vote who are not controlling shareholders in the Company or have a vested interest in the decision, (abstaining votes shall not be taken into account in counting the votes of the said shareholders);

- 9.2.2. The total objecting votes from among the shareholders detailed in Subsection 9.2.1 above shall not exceed a rate of 2% of all voting rights in the Company.

**10. Legal quorum and adjourned meeting**

A legal quorum for the General Meeting shall be formed when shareholders holding at least 33% of the Company's voting rights will be present in person or by proxy. If within half an hour from the time appointed for the opening of the Meeting a legal quorum is not present, the Meeting shall stand adjourned to the same day on the following week, at the same time and place, without an obligation to give notice to that effect to the shareholders, or to a later date if such a date was noted in the notice regarding the Meeting, or to another day, time and place, as set by the Board of Directors in a notice to the shareholders. If within half an hour from the time appointed for the opening of the adjourned Meeting, a legal quorum was not present as stated above, the Meeting shall take place with any number of participants.

**11. The record date**

The record date fixed for determining a shareholder's entitlement to vote at the General Meeting pursuant to Section 182 of the Companies Law is end of trading day on Thursday, March 24 2022 (hereinafter - the "**Record Date**"). If no trading is held on such a date, then the record date shall be the last trading date prior to this date.

**12. Manner of voting in the Meeting and position notices**

- 12.1. A shareholder will be entitled to participate in the Meeting vote in person or by proxy, via a voting ballot within the meaning thereof in Section 87 of the Companies Law, whose text is attached hereto ("hereinafter - the "**Voting Ballot**").
- 12.2. Pursuant to the Companies Regulations (Proof of Ownership of a Share for the Purpose of Voting at the General Meeting), 2000 (hereinafter – the "**Proof of Ownership Regulations**"), a shareholder in whose favor a share is registered with a Member of the Stock Exchange and that share is included among the Company's shares which are registered in the shareholders' register in the name of a nominee company and who wishes to vote in the General Meeting, shall present to the Company a confirmation of the Member of the Stock Exchange with whom his right to the share is registered regarding his ownership of the share as of the record date, pursuant to Form 1 set out in the Addendum to the Proof of Ownership Regulations. Furthermore, an unregistered shareholder may instruct the stock exchange member to deliver his/her ownership confirmation to the Company via the electronic voting system.
- 12.3. The address of the Israel Securities Authority's distribution website (hereinafter - the "**Distribution Website**") and the Tel Aviv Stock Exchange Ltd.'s website, where the texts of the voting ballots and the position notices are available, as defined in Section 88 to the Companies Law are: [www.magna.isa.gov.il](http://www.magna.isa.gov.il) and [www.maya.tase.co.il](http://www.maya.tase.co.il), respectively. The vote via a voting ballot shall be carried out using the second part of the voting ballot as published on the Distribution Website of the Israel Securities Authority. A shareholder may contact the Company directly and receive from it the text of the voting ballot and position notices (if any). A Member of the Stock Exchange shall email, free of charge, a link to the texts of the voting ballot and position notices posted on the Distribution Website to any shareholder of the Company who is not registered in the shareholder register of the Company and whose shares are registered with



such Member of the Stock Exchange, unless the shareholder has given notice that he/she does not wish to receive such a link, and provided that the notice is given in respect of a specific securities account and on a date prior to the record date. A shareholder whose shares are registered with a Member of the Stock Exchange may obtain confirmation of ownership from the Member of the Stock Exchange through which he holds his/her shares at a branch of the said member or by mail to his address in consideration for a delivery fee only, if he/she so requests. An application on this matter shall be delivered in advance for a particular securities account. A shareholder in whose favor a share is registered with a Member of the Stock Exchange and that share is included among the shares registered in the shareholders register in the name of a nominee company, may vote via the voting ballot to be transferred to the Company via the electronic voting system.

- 12.4. The voting ballot should be delivered to the Company's offices at 2 Halahav St. Holon during normal office hours, and by email at [mandi@turpaz.co.il](mailto:mandi@turpaz.co.il). The voting ballots should be delivered no later than four hours before the time appointed for the Meeting.
- 12.5. **The voting ballot shall be valid only if a power of attorney from the nominee company is attached thereto as described in Section 12.2 the relevant share is included among the shares registered in the shareholders register in the name of the nominee company, or a photocopy of an I.D. card, passport or certificate of incorporation, if the shareholder is registered in the Company's shareholders register.**
- 12.6. The electronic voting system shall be accessible for casting votes as from the end of the record date and up to six hours before the Meeting is convened.
- 12.7. A shareholder who wishes to participate and vote in the Meeting without arriving to the place on which the Meeting will take place, may deposit a power of attorney for participation and voting in the meeting at least 48 hours before the time appointed for the Meeting, at the Company's offices at 2 Halahav St. Holon.
- 12.8. One or more shareholders holding shares constituting five percent or more of the Company's voting rights (i.e., 4,917,125 shares), and anyone holding such a percentage of all voting rights not held by the Company's controlling shareholder (i.e., 2,699,685 shares), may peruse the voting ballots as described in Regulation 10 to the Companies Regulations (Ballots and Position Notices), 2005.
- 12.9. The deadline for submission of position notices to the Company is ten days before the convening date of the meeting, and the deadline for submission of the Board of Directors' response to the position papers is five days before the convening date of the meeting.
- 12.10. A shareholder's request to include a topic in the meeting's agenda in accordance with Section 66(B) to the Companies Law, and in accordance with Regulation 5A to the Notice and Announcement Regulations shall be furnished to the Company no later than seven days after the publication date of this report. Where the Company is furnished with requests to include topics in the meeting's agenda, it is possible that topics will be added to the agenda as a result of such requests. The revised agenda and position notices published (if any) may be perused on the Israel Securities Authority and the Tel Aviv Stock Exchange's websites. The latest date on which the Company will issue a revised voting ballot, should it be requested to add a topic to the agenda, is the publication date of the revised agenda by the Company. The publication of a revised agenda as aforesaid, if any, will not constitute a reason to change the meeting's record date.

### **13. The Israel Securities Authority's Powers**

In accordance with Regulation 10 to the Securities Regulations (Transaction between a Company and a Controlling Shareholder), within twenty one (21) days from the publication date of this immediate report, the Israel Securities Authority or an employee thereof authorized for that purpose may order to Company to provide, within a period set by the Israel Securities Authority, explanations, information, details and documents in connection with the proposed engagements which are the subject matter of this immediate report, and order the Company to amend this immediate report on the date and in the manner set by the Israel Securities Authority. Where the Company was ordered to amend the report as aforesaid, the Israel Securities Authority may order to defer the date of the general meeting to a date that will be no earlier than three (3) business days and no later than thirty five (35) days from the date of publication of the amended immediate report.

**14. Perusal of documents**

The complete text of the proposed resolutions may be perused by advance appointment at the Company's offices at 2 Halahav St. Holon, during normal office hours Tel: 03-5560913.

**15. Company's contact person in connection with this report**

Adv. Yoav Nahir; Adv. Nitzan Markovits, Adv. Sapir Bar;

Meitar | Law Offices

16 Abba Hillel Silver, Ramat Gan

Telephone: 03-6103100 Fax: 03-6103111

Sincerely,

**Turpaz Industries Ltd.**

By:

Karen Cohen Khazon, Chairperson of the  
Company's Board of Directors and CEO



**Turpaz Industries Ltd.**

**(hereinafter - the "Company")**

**Voting ballot in accordance with the Companies Regulations (Ballots and Position Notices), 2005**  
**(hereinafter - the "Regulations")**

**Part A**

**Company's name:** Turpaz Industries Ltd

**Type of General Meeting:** Extraordinary annual general meeting (hereinafter - the "Meeting")

**Meeting convening date:** 28 April 2022, at 14:00.

**Location of meeting:** At the Company's offices at 2 Halahav St. Holon.

**1. Topics on the meeting's agenda and the proposed resolution**

**1.1. Reappointment of independent auditor to the Company and authorizing the Company's Board of Directors to set its fee**

The proposed resolution: To reappoint Cost, Forer, Gabbay & Kasierer & Co. as independent auditor to the Company and authorize the Company's Board of Directors to set its fee.

**1.2. Reappointment of Ms. Karen Cohen Khazon as a Company director**

The proposed resolution: To approve the appointment of Ms. Karen Cohen Khazon as a Company director for a further term in office, that will commence on the date on which her current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders.

**1.3. Reappointment of Dr. Israel Leshem as a Company director**

The proposed resolution: To approve the appointment of Dr. Israel Leshem as a Company director for a further term in office, that will commence on the date on which his current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders.

**1.4. Reappointment of Erez Meltzer as a Company director**

The proposed resolution: To approve the appointment of Mr. Erez Meltzer as a Company director for a further term in office, that will commence on the date on which his current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders.

**1.5. Reappointment of Shay Khazon as a Company director**

The proposed resolution: To approve the appointment of Mr. Shay Shlomo Khazon Leshem as a Company director for a further term in office, that will commence on the date on which his current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders.

**1.6. Reappointment of Ohad Finkelstein as a Company director**

The proposed resolution: To approve the appointment of Mr. Ohad Finkelstein as a Company director for a further term in office, that will commence on the date on which his current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders.

**1.7. Approval of allocation of options to Ms. Karen Cohen Khazon**

The proposed resolution: To approve the allocation of 2,094,000 unlisted options, exercisable into 2,094,000 ordinary Company shares of no par value to Ms. Karen Cohen Khazon, the Company's controlling shareholder, Chairperson of the Board of Directors and CEO, in accordance with and subject to the Company's Options Plan and the Compensation policy. The options will be exercisable at an exercise price of NIS 23.51 per share, on cash or on a cashless basis.

**1.8. Approval of allocation of options to Mr. Shay Khazon, Chief Operating Officer at Turpaz Perfume and Flavor Extracts Ltd. (hereinafter - "Turpaz Extracts")**

The proposed resolution: To approve the allocation of 157,000 unlisted options, exercisable into an identical number of ordinary Company shares of no par value to Mr. Shay Khazon, Chief Operating Officer of Turpaz Extracts and a director, at an exercise price of NIS 23.51 per share, on cash or on a cashless basis, in accordance with and subject to the Company's options plan.

**1.9. Approval of payment of annual bonuses to Mr. Shay Khazon, Chief Operating Officer at Turpaz Extracts and a director**

The proposed resolution: To approve that Mr. Khazon, Chief Operating Officer of Turpaz Extracts and a director, will be entitled to annual bonuses in accordance with the compensation policy applicable to VPs as its shall be from time to time, which will be calculated in accordance with Company's targets to be set in accordance with the compensation policy from time to time, and to approve the payment of annual bonus of NIS 100,000 in respect of 2021.

**1.10. Approval of allocation of options to Ms. Shir Kesselman, Head of Sales and Development in the fragrances segment**

The proposed resolution: To approve the allocation of 105,000 unlisted options, exercisable into 105,000 ordinary Company shares of no par value to Ms. Shir Kesselman, a relative of the Company's controlling shareholder, at an exercise price of NIS 23.51 per share, on cash or on a cashless basis in accordance with and subject to the Company's Options Plan.

**1.11. Approval of payment of an annual bonus in respect of 2021 to Ms. Shir Kesselman, Head of Sales and Development in the fragrances segment**

The proposed resolution: To approve the payment of an annual bonus of NIS 50,000 in respect of 2021 to Ms. Shir Kesselman, a relative of the Company's controlling shareholder.

**2. Place and date for reviewing the complete text of the proposed resolutions**

The complete text of the proposed resolutions may be perused by advance appointment (Tel: 03-5560913) at the Company's offices at 2 Halahav St. Holon, between Sunday to Thursday during normal office hours, until the date of the Meeting. Furthermore, the complete text may also be perused on the Israel Securities Authority's publication website and the Tel Aviv Stock Exchange Ltd.'s website, at the addresses detailed in Section 11 below.

**3. The majority required to pass the proposes resolutions**

3.1. The majority required to pass the resolutions in respect of topics 1.1. - 1.6 above (reappointment of the independent auditor, reappointment of Ms. Karen Cohen Khazon, Dr. Israel Leshem, Mr. Erez Meltzer, Mr. Shay Shlomo Khazon and Mr. Ohad Finkelstein as directors), is a simple majority out of the total votes of the shareholders present in the meeting, who are entitled to vote and that voted therein; The count of the participants' votes shall not take into account abstaining votes.

3.2. The majority required to pass the resolutions in respect of topics 1.7. - 1.11 above (approval of the allocation of options to Ms. Karen Cohen Khazon, approval of the allocation of options to Mr. Shay Khazon, approval of the payment of annual bonuses to Mr. Shay Khazon, and approval of the allocation of options and payment of annual bonus to Ms. Shir Kesselman), is as set in the provisions of Section 275(a)(3) to the Companies Law, that is to say, a simple majority out of the total votes of the shareholders present in the meeting, who are entitled to vote, as long as one of the following conditions is met:

3.2.1. The count of majority votes shall include a majority out of the participants in the vote who are not controlling shareholders in the Company or have vested interest in the approval of the



appointment, other than a vested interest that does not arise from relations with the controlling shareholder (abstaining votes shall not be taken into account in counting the votes of the said shareholders);

3.2.2. The total objecting votes from among the shareholders detailed in Subsection 3.2.1 above shall not exceed a rate of 2% of all voting rights in the Company.

4. A shareholder shall state its vote with regard to the topics on the agenda in the second part of this voting ballot. Furthermore, in the second part of the ballot shareholders should mark whether they have or do not have an affiliation, and to describe the nature of the relevant affiliation, as required under the provisions of the Companies Law. It should be clarified that the vote of any shareholder who did not mark or did not describe the nature of its affiliation shall not be counted.
5. For an unregistered shareholder, the voting ballot will only be valid if the shareholder attaches to it the confirmation of ownership or if the confirmation of ownership was sent to the Company through the electronic voting system).
6. The voting ballot will be valid with respect to a shareholder in accordance with Section 177(2) to the Companies Law, only when a photocopy of an ID card, passport, or certificate of incorporation was attached to it.
7. An unregistered shareholder may vote via the electronic voting system. The electronic voting system shall be accessible for casting votes up to six (6) hours before the Meeting is convened. Casting a vote via the voting ballot will be possible only if the voting ballot with the attached documents listed in Sections 5-7 above shall be delivered to the Company at the address set out above, no later than four (4) hours before the Meeting is convened.
8. **Address for the delivery of voting ballots and position notices**  
The Company's offices at 2 Halahav St. Holon during normal office hours, and by email at [mandi@turpaz.co.il](mailto:mandi@turpaz.co.il).
9. **The deadline for submission of position papers to the Company and the deadline for submission of the Board of Directors' response to the position notices**

The deadline for submission of position notices to the Company is ten (10) days before the convening date of the Meeting, as described in the report convening the Meeting (hereinafter - the "**Deadline for Submission of Position Notices**"), and the deadline for submission of the Board of Directors' response to the position notices is five (5) days before the convening date of the Meeting.

10. **Address of the Israel Securities Authority's publication website and the Tel Aviv Stock Exchange Ltd.'s website, where the voting ballots and the position notices are available: [www.magna.isa.gov.il](http://www.magna.isa.gov.il) and [www.maya.tase.co.il](http://www.maya.tase.co.il) (hereinafter - the "Distribution Website").**
11. A shareholder may receive the ownership confirmation at the branch of the Stock Exchange member with whom his shares are registered or by postal delivery, if it so requests. An application on this matter shall be delivered in advance for a particular securities account. Furthermore, an unregistered shareholder may instruct to deliver his ownership confirmation to the Company via the electronic voting system.
12. An unregistered shareholder is entitled to receive by email, free of charge, a link to the format of the voting ballot and position notices on the Distribution Website, from the Stock Exchange member through which it holds its shares, unless it informs the Stock Exchange member that it is not interested in receiving such a link, or that it is interested to receive voting ballots by mail in consideration for a fee. A notice on the matter of the voting ballots shall also apply to the matter of receiving position notices.
13. After the publication of this voting ballot, changes may take place in the agenda, including the adding of a topic to the agenda, position notices may be published, and it shall be possible to review the up-to-date agenda and the position notices published in the Company's reports on the Distribution Website. If a request to add a topic to the agenda is submitted, and the Company publishes an amended notice about the convening of a general meeting, the latest date on which the Company will issue a revised voting ballot, is the publication date of the revised notice by the Company as aforesaid.



## **Voting Ballot - Part Two**

### **Companies Regulations (Ballots and Position Notices), 2005 (hereinafter - the "Regulations")**

Company's name: Turpaz Industries Ltd.

Company's address (for delivery and mailing of voting ballots): 2 Halahav St. Holon, and by email at mandi@turpaz.co.il;

Company's number: 514574524;

Meeting convening date: April 28 2022, at 14:00;

Type of General Meeting: Extraordinary annual general meeting;

Record date: March 24 2022.

### **Shareholder's details**

Shareholder's name: \_\_\_\_\_

I.D. number: \_\_\_\_\_

If the shareholder does not have an Israeli I.D. card -

Passport number: \_\_\_\_\_

Country of issue: \_\_\_\_\_

Expiry date: \_\_\_\_\_

If the shareholder is a corporation -

Corporation number: \_\_\_\_\_

Country \_\_\_\_\_ of  
incorporation: \_\_\_\_\_



### Vote

Topic on the meeting agenda	No. of topic on the agenda	Vote <sup>1</sup>			Are you a controlling shareholder, or do you have a vested interest in approving the resolution, a senior officer or an institutional investor <sup>2</sup> ?	
		In favor	Against	Abstaining	Yes*	No
2	Reappointment of independent auditor to the Company and authorizing the Company's Board of Directors to set its fee					
3	Reappointment of Ms. Karen Cohen Khazon as a Company director for a further term in office, that will commence on the date on which her current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders					
4	Reappointment of Dr. Israel Leshem as a Company director for a further term in office, that will commence on the date on which his current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders					
5	Reappointment of Erez Meltzer as a Company director for a further term in office, that will commence on the date on which his current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders					
6	Reappointment of Shay Khazon as a Company director for a further term in office, that will commence on the date on which his current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders					
7	Reappointment of Ohad Finkelstein as a Company director for a further term in office, that will commence on the date on which his current term in office ends, and will end at the end of the next annual general meeting of the Company's shareholders					
8	Approval of allocation of options to Ms. Karen Cohen Khazon					



9	Approval of allocation of options to Mr. Shay Khazon, Chief Operating Officer at Turpaz Perfume and Flavor Extracts Ltd.					
10	Approval of payment of annual bonuses to Mr. Shay Khazon, Chief Operating Officer at Turpaz Perfume and Flavor Extracts Ltd.					
11	Approval of allocation of options to Ms. Shir Kesselman, Head of Sales and Development in the fragrances segment					
12	Approval of payment of an annual bonus in respect of 2021 to Ms. Shir Kesselman, Head of Sales and Development in the fragrances segment					

Are you an interested party, a senior officer or an institutional investor? Yes\_\_\_ No\_\_\_

\*Provide details below.

- (1) Failure to mark shall be deemed as abstaining from voting on that topic.
- (2) The vote of a shareholder who does not fill this column or who signs "yes" and does not specify, shall not be counted. There is no need to provide details regarding vested interest in the approval of the appointment if such vested interest does not arise from relations with the controlling shareholder.

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Signature**

**Description**

Set forth below are details concerning my status as a controlling shareholder, holder of a vested interest in approving the resolutions, a senior officer or an institutional investor:

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For shareholders holding shares through a Stock Exchange member (pursuant to Section 177(1) to the Companies Law - this voting ballot is effective only when attached a certificate of ownership, excluding cases where voting is performed through the system.

For shareholders registered in the Company's shareholder registry - the voting ballot is effective when attached a photocopy of the ID card/passport/certificate of incorporation.