



This is an English translation of a Hebrew immediate report that was published on April 18, 2024 (reference no.: 2024-01-039112) (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. (hereinafter - the “Company”)

April 18, 2024

To:

The Securities Authority

Via MAGNA

To:

The Tel Aviv Stock Exchange Ltd.

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**”), and the Companies Regulations (Ballots and Position Notices), 2005, and 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 **Sunday, May 26, 2024, at 12:00 o’clock** at the offices of the Company’s attorneys - Meitar | Law Offices, 16 Abba Hillel Silver Rd., Ramat Gan (10th floor).

In view of the security situation in Israel and the Iron Swords War, 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, 2023, and report on the independent auditor's fees

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, 2023.

The Company's 2023 periodic report (which includes the annual financial statements and Board of Directors' Report for that period), as published on March 20, 2024 (Ref. No.: 2024-01-023989) (hereinafter - the "**2023 Periodic Report**"), may be reviewed on the websites of the Securities Authorities and the Tel Aviv Stock Exchange websites at: www.isa.gov.il and www.maya.tase.co.il, respectively.

For information about the fees paid to the Company's independent auditor in respect of 2023, see Section 12 to the Board of Directors' Report, which is included in the 2023 Periodic Report.

No vote will be held with regard to this topic.

1.2. Topic No. 2 - the appointment of an independent auditor to the Company and the authorization of the Company's Board of Directors to set its fee

The reappointment of Cost, Forer, Gabbay & Kasierer & Co. as independent auditor to the Company and the authorization of 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.

Except in its capacity as an independent auditor, and from time to time as an advisor in work of immaterial scope, Cost, Forer, Gabbay & Kasierer & Co. has no further dealings with the Company and or its privately held subsidiaries.

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 this convening report.

For information about the said directors, including their education and experience, see Regulation 26 to Part D attached to the 2023 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 2023 Periodic Report.

It should be noted that the vote shall be cast separately regarding the appointment of each and every director.

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 an independent 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. **Topics 8 - 9 - extending the term in office of Ms. Limor Avidor and Mr. Mordechai Peled as external Company directors, for a second term in office of three years starting on July 4, 2024**

On July 4, 2021, the Company's General Meeting approved the appointment of Ms. Limor Avidor and Mr. Mordechai Peled as external Company directors, for a first term in office. It is suggested to reappoint Ms. Limor Avidor and Mr. Mordechai Peled (hereinafter jointly: the "**External Directors**") as external Company directors, for a further term in office of 3 years starting at the end of their first term in office (that is to say, starting on July 4, 2024).

A Signed statement of eligibility of each of the External Directors who reappointment is brought before the meeting in accordance with Section 224B(a) and 241 to the Companies Law is attached as **Appendix A** to this convening report.

For information about the said external directors, including their education and experience, see Regulation 26 to Part D attached to the 2023 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 external directors' details compared to what is stated in the Periodic Report.

For description of the compensation, exemption, indemnification and insurance arrangements to which Company's External Directors are entitled, and to which they will continue to be entitled in their second term in office, see Regulations 21 and 29A to Part D attached to the 2023 Periodic Report.

It should be noted that the vote shall be cast separately regarding the appointment of each and every External Director.

The proposed resolutions:

1.4.1. Topic 8 - to reappoint Ms. Limor Avidor as an External Company Director, for a further term in office of 3 years starting on July 4, 2024.

1.4.2. Topic 9 - to reappoint Mr. Mordechai Peled as an External Company Director, for a further term in office of 3 years starting on July 4, 2024.

1.5. Topics 10 - 11 - approval of the allocation of options and approval of the revision to the service and employment terms of Mr. Shay Khazon, Chief Operating Officer of the Fragrance Segment in Israel and a Company director.

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 to the Company services relating to operation, supply chain and maintenance, through a privately-owned company under his ownership, since March 2015 through a privately held company, he owns; Mr. Khazon has also been serving as a Company director since May 2021.

On March 19, 2024, and April 17, 2024, the Company's Compensation Committee and Board of Directors, respectively, approved the revision to the terms of engagement with Mr. Khazon, and the award of an equity-based compensation, and recommended that the Company's General Meeting approves the above, all as set out below:

Management fees and full-time equivalent (FTE): Mr. Khazon will provide the services on a full-time basis (instead of an 80% FTE). Management fees: Mr. Khazon's monthly management fees will amount to NIS 61,740, linked to the CPI in respect of April 2024 (instead of the current monthly management fees of Mr. Khazon, which amounted, as of April 2024, to NIS 56,127¹ per month). Furthermore, Mr. Khazon will be entitled to reimbursement of vehicle expenses.

¹ Prior to the meeting's approval, Mr. Khazon is eligible to receive a monthly management fee of NIS 50,000, which is indexed to the CPI of February 2021.

Equity-based compensation: 105,000 unlisted options, exercisable into 105,000 ordinary shares, which will constitute approx. 0.10% of the Company's issued and paid-up share capital (approx. 0.10% on a fully diluted basis). The options shall be allocated without consideration - at an exercise price of NIS 15.96 per share, which reflect the Company's average share price in the thirty trading days prior to the Board of Directors' resolution of April 17, 2024, plus 5%, in accordance with and subject to the Company's Options Plan and in accordance with all other conditions set out in this report. For more information, including information about the allocation and the terms of the options in accordance with the Controlling Shareholder Regulations and the Private Offering Regulations in connection with topics 10 and 11 on the agenda, see Sections 7-8 to this report.

It should be clarified that other than the revisions stated expressly 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.

The allocation of the options and Mr. Khazon's terms of service and employment after the allocation of the options and the updating of the monthly management fees, are consistent with the Company's Compensation Policy.



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 revised terms of service are approved, including the allocation of the options, which are the subject matter of this report:

Details of compensation recipient				Compensation* for services							Other compensation*			Total
Name	Title	Appointment percentage	Percentage of holding in corporation's share capital	Salary	Award ⁽¹⁾	Share-based payment ⁽²⁾	Management fees	Advisory fees	Fee	Other	Interest	Rent	Other	
Shay Khazon	Chief Operating Officer of the Fragrance Segment in Israel	100%	-	-	185	240 ⁽³⁾	741	-	-	-	-	-	-	1,166

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

(1) Mr. Khazon is entitled to an annual bonus of up to three (3) monthly management fee, in accordance with achievement of measurable targets, which are determined by the Company's Compensation Committee and Board of Directors.

(2) It should be clarified that Mr. Khazon has confirmed to the Company that he will not be allowed to exercise the options such that as a result of the exercise his holding rate together with Ms. Karen Cohen Khazon and other shareholders from among the Controlling Shareholders (if any) 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.

(3) 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 785,257 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 the updating of the monthly management fees to Mr. Shay Khazon, based on the following reasons:

- a. Mr. Khazon has been serving as the Chief Operating Officer of the Group's fragrance plant in Israel over 9 years. As part of his work, Mr. Khazon has set up the Group's new fragrances plant in Israel, where he introduced and led operative streamlining processes, both within the organization and in connection with the relevant authorities. Mr. Khazon works to support the plant's human capital, while placing an emphasis on professionalism and reliability in the employees' dealings with the Company and its customers.
- b. In view of the setting up of the Group's new fragrances plant in Israel, and the increase in the scope of activity and required managerial resources, the plant's needs require a full-time manager. In view of the above, during the past reporting period the scope of Mr. Khazon's role increased significantly, and the scope of his work in practice reflects a full time position.
- c. In light of the acquaintance of the members of the Compensation Committee and Board of Directors with Mr. Khazon and placing an emphasis on his work for the Group, having 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, the Compensation Committee and Board of Directors are of the opinion that the terms of compensation offered to him are consistent with Mr. Khazon's skills and professional capabilities as reflected in his work and his contribution to the Group's activity, and in his areas of responsibility.
- d. Mr. Khazon has many years of experience in the management and operation of industrial sites, and in particular in the fragrance industry, and his work for the Company supports the promotion of operational processes in other Group companies and across the world.
- e. The monthly management fees offered to Mr. Khazon do not deviate from what is generally accepted in the Company for other officers of his rank.
- f. 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.
- g. The combination between a share-based compensation component, the revised monthly management fees and the annual bonus creates a compensation mix that reflects an adequate ratio between fixed and variable salary components and 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.
- h. 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 16 Company employees, officers and a company advisor, as approved by the Board of Directors on March 19, 2024, and as described in the outline for Company employees and officers, which was published on March 20, 2024 (Ref. No.: 2024-01-024088). The number of options offered to Mr. Khazon (105,000 options) is

identical to the number of options awarded as part of the outline as stated above, to offerees serving as VPs in the Company.

- i. The Compensation Committee and Board of Directors assessed the ratios between the suggested terms of compensation and the average pay in the Company and the median salary of Company's employees, and found that the ratios are reasonable and acceptable.
- j. A comparative work was presented to the Company's Board of Directors in connection with the compensation offered to Mr. Shay Khazon. Based on its findings, among other factors, the Board of Directors found that the proposed compensation terms are reasonable and do not deviate from what is customary in comparable industrial companies in the Israeli market and in relation to the salaries of other office bearers in the Company.
- k. The terms of compensation offered to Mr. Khazon comply with the provisions of the Company's Compensation Policy.
- l. In view of the above, the members of the Compensation Committee and Board of Directors believe that the compensation package to Mr. Khazon, comprising allocation of options and revision of the management fees payable to Mr. Khazon, are appropriate, reasonable and serve the Company's interest.
- m. 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 is carried out as part of the compensation terms under the service terms, and against services rendered to the Company.

The proposed resolution:

- 1.5.1. Topic 10 - To approve the revision of Mr. Shay Khazon's monthly management fees, such that they will amount to NIS 61,740, linked to the CPI in respect of April 2024, and reimbursement of vehicle expenses, for a period of 3 years, starting on the date of approval by the Meeting. Mr. Khazon will provide the services on a full-time basis – 100% (instead of an 80% FTE).**
- 1.5.2. Topic 11 - To approve the allocation of 105,000 unlisted options, exercisable into an identical number of ordinary Company shares of no-par value to Mr. Shay Khazon, Chief Operating Officer of the Fragrance Segment in Israel and a director, at an exercise price of NIS 15.96 per share, exercisable into cash or on a cashless basis, in accordance with and subject to the Company's options plan.**

1.6. Topics 12 - 13 - approval of the allocation of options and approval of the service and employment terms of Ms. Shir Kesselman, who serves as the Head of the Fragrance Division.

Ms. Shir Kesselman, the daughter in law of the Company's controlling shareholder, has been employed by the Group since 2014, and as from January 2021, she has been serving as the Head of Sales and Development in the fragrance segment in Turpaz Extracts Ltd. On June 29, 2023, Ms. Kesselman was appointed as VP Fragrance Division, in view of, among other things, her contribution and achievements in the areas of sales and marketing in the fragrance segment, which grew both organically and through mergers and acquisitions during her term in office, and the development of the fragrances sector across the world.

On March 19, 2024, and April 17, 2024, the Company's Compensation Committee and Board of Directors, respectively, approved the revision to Ms. Kesselman's salary, and the award of an equity-based compensation, and recommended that the Company's General Meeting approves the above, all as set out below:

Monthly salary: In view of the promotion of Ms. Kesselman to the role of VP of the Group's Fragrance Division, which includes a transition to a senior managerial role in the Group, increased responsibilities and an increase in the number of persons reporting to her, it is suggested that the monthly salary that will be paid to Ms. Kesselman will amount to a gross amount of NIS 55,000 (instead of a gross monthly salary of NIS 25,000 that was paid to her in respect of her previous role as Head of sales and Development in the fragrance segment).

Equity-based compensation: 105,000 unlisted options, exercisable into 105,000 ordinary shares, which will constitute approx. 0.10% of the Company's issued and paid-up share capital (approx. 0.10% on a fully diluted basis). The options shall be allocated without consideration, at an exercise price of NIS 15.96 per share, which reflect the Company's average share price in the thirty trading days prior to the Board of Directors' resolution of April 17, 2024, plus 5%, in accordance with and subject to the Company's Compensation Policy and in accordance with all other conditions set out in this report. For information required in accordance with the Controlling Shareholder Regulations and the Private Offering Regulations in connection with topics 12 and 13 on the agenda, see Section 7-8 to this report.

Except as specified above, no change will apply to Ms. Kesselman's terms of service and employment, including her eligibility for annual bonuses.

The suggested terms of service and employment, including the equity-based compensation, are consistent with the Company's Compensation Policy.



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 revised terms of service are approved, including the allocation of the options, which are the subject matter of this report:

Details of compensation recipient				Compensation* for services							Other compensation*			Total
Name	Title	Appointment percentage	Percentage of holding in corporation's share capital	Salary	Bonus ⁽¹⁾	Share-based payment ⁽²⁾	Management fees	Advisory fees	Fee	Other	Interest	Rent	Other	
Shir Kesselman	VP Fragrance Division	100%	-	948	165	240 ⁽³⁾	-	-	-	-	-	-	-	1,353

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

(1) Ms. Kesselman is entitled to an annual bonus of up to three (3) salaries, in accordance with achievement of measurable targets, which are determined by the Company's Compensation Committee and Board of Directors.

(2) It should be clarified that Ms. Shir Kesselman has confirmed to the Company that she will not be allowed to exercise the options such that as a result of the exercise her holding rate together with Ms. Karen Cohen Khazon and other shareholders from among the Controlling Shareholders (if any) 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.

(3) 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 approx. NIS 785,257 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 revision of the terms of service and employment and the allocation of options to Ms. Shir Kesselman, based on the following reasons:

- a. Ms. Kesselman has been working for the Group for over 10 years, during which she worked and is working to develop the Group's fragrance segment. Ms. Kesselman progressed over the years in line with the Company's growth and progress, until her appointment to a senior managerial role as VP Fragrance segment. Accordingly, upon her appointment in June 2023 as VP Fragrance Division of the Group across the world, the responsibilities and scope of work of Ms. Kesselman increased significantly, both due to her promotion and in view of the increase in the scope of activities of the fragrance segment, upon completion of mergers and acquisitions carried out by the Company in recent years.
- b. Ms. Kesselman's pay rise, which is brought for approval by the meeting following her appointment as VP of the Group's Fragrance Division reflects the scope of her responsibilities as of the publication date of this report. As part of her areas of responsibility, Ms. Kesselman is in charge of the CEOs of the subsidiaries in the fragrance segment, and places an emphasis on development, leveraging of synergies, and compliance with growth and innovation targets.
- c. In light of the acquaintance of the members of the Compensation Committee and Board of Directors with Ms. Kesselman, having assessed her CV and professional achievements during her term in office, the Compensation Committee and Board of Directors are of the opinion that the terms of compensation offered to her are consistent with Ms. Kesselman's skills and professional capabilities as reflected in her work and her contribution to the Group's activity, and in her areas of responsibility.
- d. Ms. Kesselman's extensive experience in the field of fragrances, both from a research and professional perspective and from a commercial perspective, the knowledge she accumulated working for the Company, and the relationships she formed with leading customers in the global fragrance industry, are unique in the global fragrance industry.
- e. The monthly salary offered to Ms. Kesselman does not deviate from what is generally accepted in the Company for other officers of her rank.
- f. 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.
- g. The combination between a share-based compensation component, the revised monthly salary and the annual bonus creates a compensation mix that reflects an adequate ratio between fixed and variable salary components and 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.
- h. 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 16 Company employees, officers and a Company advisor, as approved by the Board of Directors on March 19, 2024, and as described in the outline for Company employees and officers, which was published on March 20, 2024 (Ref. No.: 2024-01-024088). The number of options offered to Ms. Kesselman (105,000 options) is

identical to the number of options awarded as part of the outline as stated above, to offerees serving as VPs in the Company.

- i. The Compensation Committee and Board of Directors assessed the ratios between the suggested terms of compensation and the average pay in the Company and the median salary of Company's employees, and found that the ratios are reasonable and acceptable.
- j. A comparative work was presented to the Company's Board of Directors in connection with the compensation offered to Mr. Shay Khazon. Based on its findings, among other factors, the Board of Directors found that the proposed compensation terms are reasonable and do not deviate from what is customary in comparable industrial companies in the Israeli market and in relation to the salaries of other office bearers in the Company.
- k. The terms of compensation offered to Ms. Kesselman comply with the provisions of the Company's Compensation Policy.
- l. 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 revision to her terms of service, are appropriate, reasonable and serve the Company's interest.
- m. 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, and that the allocation is part of the compensation terms under Ms. Kesselman's employment terms.

The proposed resolutions:

1.6.1. *Topic 12 - to approve the revision of Ms. Shir Kesselman's monthly salary, such that it will amount to NIS 55,000, for a period of 3 years, starting on the date of approval by the Meeting.*

1.6.2. *Topic 13 - to approve the allocation of 105,000 unlisted options, exercisable into 105,000 ordinary Company shares of no-par value to Ms. Shir Kesselman, VP Fragrance Division, at an exercise price of NIS 15.96 per share, exercisable into cash or on a cashless basis in accordance with and subject to the Company's Options Plan.*

1.7. Topics 14 -15 - approval of the revision of the terms of the advisory services agreement with Mr. Erez Meltzer, a Company director, in effect as from December 1, 2022.

In accordance with an advisory services agreement of February 2021, Mr. Erez Meltzer provides to the Company director and advisory services at the scope of approx. 25% full time equivalent, which include director services in subsidiaries, advisory services and involvement in representing the Company in strategic moves, including the acquisition of companies and operations, and advisory services in connection with the Company's activity (hereinafter - the "**Services**"), in consideration for monthly advisory services fees of NIS 55,000 net of the directors' fees paid to Mr. Meltzer in respect of that month (hereinafter - the "**Consideration**"). The term of the agreement is not limited in time, and each of the parties may terminate it by giving a 3-month advance notice (hereinafter - the "**Advisory Services Agreement**").

As from December 1, 2022, the scope of the Services provided by Mr. Meltzer to the Company was reduced such that it will stand at 10 hours per months on average, and accordingly, the Consideration for the Services was reduced such that it will stand at NIS 5,000 as from that date. All other terms of the Advisory Services Agreement did not change. The revision of the

Advisory Services Agreement was approved by the Company's Compensation Committee and Board of Directors in their meetings on March 19, 2024.

If the Advisory Services Agreement will not be renewed, Mr. Meltzer will be entitled - in respect of his service as a director - to compensation in respect of participation in meetings and to annual compensation, according to the Companies Regulations (Rules Regarding Compensation and Expenses to External Director), 2000 (hereinafter - the "**Compensation Regulations**") and as is generally accepted for Company directors. The fees suggested to Mr. Meltzer for advisory services are consistent with the Company's Compensation Policy.



Set forth below are details about the cost of the services of Mr. Meltzer in terms of annual cost to the Company (in NIS thousand) in accordance with the Sixth Addendum to the Reports Regulations:

Set forth below are details about the annual compensation to which Mr. Meltzer will be entitled from the Company in accordance with the Advisory Services Agreement, assuming that the Meeting will approve the extension of the term of the agreement as set out above.

Details of compensation recipient				Compensation* for services							Other compensation*			Total
Name	Title	Appointment percentage	Percentage of holding in corporation's share capital	Salary	Bonus	Share-based payment	Management fees	Advisory fees	Fee	Other	Interest	Rent	Other	
Erez Meltzer	Advisor, a Company director	10 consultation hours on average per month	-	-	-	470	-	60	-	-	-	-	-	530

Summary of the Compensation Committee and Board of Directors' reasons for the approval of the extension of the term of the Advisory Services Agreement

Mr. Meltzer's advisory services contribute to the Company as part of its strategic moves, including the acquisition of companies and operations, and advice in connection with the Company's activity.

The fees suggested to Mr. Meltzer for advisory services are consistent with the provisions of the Company's Compensation Policy.

The payment of the fees for advisory services, noting that Mr. Meltzer is not entitled to any additional compensation in respect of his service as a Company director, constitute - in the opinion of the members of the Company's Compensation Committee and Board of Directors - a fair and reasonable compensation under the circumstances of the matter.

The proposed resolutions:

- 1.7.1. ***Topic 14 - Approval of the revision of the terms of the Advisory Services Agreement with Mr. Erez Meltzer, a Company director, in effect as from December 1, 2022, and through the date of approval by the Meeting, such that the scope of Services will be reduced and will stand at 10 hours per month on average in consideration for NIS 5,000 per month.***
- 1.7.2. ***Topic 15 - Approval of the revision of the terms of the advisory services agreement with Mr. Erez Meltzer, a Company director, in effect as from the date of approval by the Meeting, such that the scope of services will be reduced and will stand at 10 hours per month on average in consideration for NIS 5,000 per month.***

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 44.27% 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 resolutions 10 - 13, 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 10 - 13 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 10 - 11 on the agenda, due to his being the beneficiary under those resolutions, and a vested interest in resolutions 12 and 13 on the agenda due to his being Ms. Kesselman's father-in-law.

4. The names of the directors who participated in the meeting of the Compensation Committee and Board of Directors who approved topics 10-13 and 15 on the agenda

- 4.1 The Compensation Committee's resolution was passed in a meeting held on March 19, 2024, attended by Ms. Limor Avidor and Mr. Mordechai (Modi) Peled.

4.2 The Board of Directors discussed the issues on the agenda on its meetings of March 19, 2024, and April 17, 2024. The Board of Directors' resolutions were passed in a meeting held on April 17, 2024, attended by the directors Ms. Limor Avidor, Mr. Mordechai (Modi) Peled, Mr. Erez Meltzer, Mr. Ohad Finkelstein and Dr. Israel Leshem.

5. The manner by which the consideration was determined

The allocation of options to Mr. Shay Khazon and Ms. Shir Kesselman and the revision of the terms of employment of Mr. Khazon and Ms. Shir Kesselman 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 proposed terms of employment, 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 below.

6. Required approvals and terms for execution of the transactions listed in topics 10 - 13 on the agenda

Topics 10-13 were approved by the Company's Compensation Committee on March 19, 2024, and by the Company's Board of Directors on April 17, 2024, 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.

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. 10-13 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 as described below:

7.4.1 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 2023 Periodic Report.

7.4.2 On May 2, 2022, the Company's General Meeting approved the award of options to Mr. Shay Khazon and Ms. Shir Kesselman. For more information, see Regulations 21 and 22 to Chapter D to the 2023 Periodic Report.

8. Additional details, in accordance with the Private Offering Regulations in connection with topics nos. 10 - 13 on the agenda:

8.1 Identity of the offerees:

8.1.1 Mr. Shay Khazon, Ms. Cohen Khazon's husband, Chief Operating Officer of the fragrance segment and a director;

8.1.2 Ms. Shir Kesselman, daughter in law of Ms. Cohen Khazon, VP fragrance segment; (hereinafter jointly: the "Offerees")

8.2 Additional details about the Offerees:

For the purpose of this report, Mr. Shay Khazon and Ms. Shir Kesselman are considered "interested parties", as the term is defined in Section 270(5) to the Companies Law, 1999, 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 210,000 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, approx. 0.21% of the Company's issued and paid share capital and voting rights, and approx. 0.20% of the Company's issued and paid share capital on a diluted basis.²

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 the award date as follows: The first tranche (66.66% of the options) shall vest three years after allotment date, and the second tranche (33.33% of the options) will vest after 4 years. The allotted options shall be exercisable by each offeree in full or in part, from time to time, 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

² Including after the allocation and exercise of all securities which are the subject matter of this report, and the securities that were allocated to Company's employees, officers and a company advisor, by virtue of the outline published on March 20, 2024 (Ref. No.: 2024-01-024088).

agreement), whether directly and/or indirectly. All option warrants will be exercisable within 5 years from the allocation date, that is to say, the first tranche will be exercisable within two years from its vesting date, and the second tranche shall be exercisable within one year from its vesting date (hereinafter - the “**Exercise Date**” and the “**End of the Exercise Period**”) respectively).

It should be clarified that in relation to the options allotted to 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 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 sixty (60) days 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.

The Company’s Board of Directors will be allowed to decide on an acceleration of the equity-based compensation awarded to an offeree in cases of change of control or suspension of trade of the securities awarded as part of the equity-based compensation and/or termination of employment under certain circumstances. Notwithstanding the above, the acceleration of the equity-based compensation in the event of termination of employment other than due to death or disability and change of control (where the trade of the securities awarded as part of the equity-based compensation was not discontinued following such change of control), will only be possible with regard to the nearest unvested tranche.

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 15.96 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 April 17, 2024, plus 5%. It is hereby clarified that upon the exercise of the options as part of a cashless exercise mechanism, 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 options 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) On the exercise date, the Offeree will be able to opt for one of the following exercise options: According to one option - exercise of the options in consideration for payment to the Company of their full exercise price; and according to the second option - on the Exercise Date not all shares arising from the option warrants shall be allotted to the Offeree 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). In the event of a cashless exercise as stated above, the Company shall deem the exercise shares as fully paid.
- (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 warrants 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. 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.

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.

8.4.3 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.

8.4.4 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.

8.4.5 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.

8.4.6 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 in to 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 April 16, 2024) was NIS 16.60 per share; and on the end of the trading day preceding to the publication date of this report (i.e., on April 17, 2024), the Company's share price was NIS 16.35 per share. The exercise price, which reflect the Company's average share price in the thirty trading days prior to the Board of Directors' resolution of April 17, 2024, plus 5%, is lower than the share price immediately before the Board of Directors' resolution, and lower than the share price on the day preceding to the publication date of this report by approx. 4% and approx. 2.4 respectively.

8.7 The fair value of the offered options

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 April 16, 2024), and it amounts to NIS 7.48 per option, and NIS 1,570,514 in total; the key assumptions used to calculate the fair value of the offered options are:

- a. The calculation date: 16.4.2024
- b. Share price: NIS 16.60
- c. Exercise price - the average price of the share in the 30 trading days prior to the award date plus 5%: NIS 15.96
- d. The term of the option: 5 years
- e. Expected volatility: 43.76%
- f. Risk-free interest rate: 3.97%

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 14.4.2024 (Ref. No.: 2024-01-042864) (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 ⁽¹⁾			Fully diluted ⁽²⁾	
Karen Cohen Khazon ⁽³⁾	44,348,800	-	44.27%	44,348,800	-	44.17%	44,348,800	42.65%
Israel Leshem	6,823,200	-	6.81%	6,823,200	-	6.80%	6,823,200	6.56%
Nurit Leshem	6,823,200	-	6.81%	6,823,200	-	6.80%	6,823,200	6.56%
Alon Granot	3,584,000	1,042,000	3.58%	3,584,000	1,042,000	3.57%	4,626,000	4.45%
Rivka Granot	3,584,000	-	3.58%	3,584,000	-	3.57%	3,584,000	3.45%
Erez Meltzer		568,170	-	-	568,170	-	568,170	0.55%

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 ⁽¹⁾			Fully diluted ⁽²⁾	
Shay Khazon ⁽³⁾	-	157,000	-	105,000	157,000	0.10%	262,000	0.25%
Shir Kesselman ⁽³⁾	-	105,000	-	105,000	105,000	0.10%	210,000	0.20%
Officers and employees	6,380	1,710,000	0.01%	6,380	1,710,000	0.01%	1,710,000	1.65%
Other Company shareholders	35,009,891	-	34.95%	35,009,891	-	34.87%	35,009,891	33.67%
Total	100,179,471	3,582,170	100%	100,389,471	3,582,170	100%	103,971,641	100%

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

(2) Assuming the exercise of all (non-marketable) option warrants allotted to advisors and officers, including directors and Group employees, as of the date of this report, which are exercisable into 1,710,000 ordinary Company shares, and 210,000 option warrants to be allotted as part of this report.

(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 100,179,471 ordinary shares, and the Company's issued capital on a fully diluted basis is 103,761,641 ordinary shares.³

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 and 15 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, and the approval of the terms of the Advisory Services Agreement with Mr. Erez Meltzer, a Company director, in effect from the date of approval by the Meeting), 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 8-9 on the Meeting's agenda (reappointment of the External Directors, Ms. Limor Avidor and Mr. Mordechai Peled, for a further term in office), is as set in the provisions of Section 239B 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 Including after the allocation and exercise of all securities which are the subject matter of this report, and the securities that were allocated to 16 employees, officers and advisors, by virtue of the outline published on March 20, 2024 (Ref. No.: 2024-01-024088).

- 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.
- 9.3 The majority required to pass the resolutions in respect of topics 10-13 on the Meeting's agenda (revision of the terms of service of Mr. Shay Khazon, approval of the allocation of options to Mr. Shay Khazon, approval of the revision to the terms of service of Ms. Shir Kesselman, and approval of the allocation of options 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:
 - 9.3.1 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);
 - 9.3.2 The total objecting votes from among the shareholders detailed in Subsection 0.1 above shall not exceed a rate of two percent of all voting rights in the Company.
- 9.4 The majority required to pass the resolution in respect of topic 14 on the Meeting's agenda (approval of the revision of the terms of the advisory services agreement with Mr. Erez Meltzer, a Company director, in effect as from December 1, 2022 and through the Meeting's approval date), is as set in the provisions of Section 267A(b) 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:
 - 9.4.1 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);
 - 9.4.2 The total objecting votes from among the shareholders detailed in Subsection 9.4.2 above shall not exceed a rate of two percent 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, April 25, 2024 (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 and 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 yonni.adini@turpaz-group.com. 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 above, 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.
- 12.8 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.
- 12.9 One or more shareholders holding shares constituting five percent or more of the Company's voting rights (i.e., 5,006,739 shares), and anyone holding such a percentage of all voting rights not held by the Company's controlling shareholder (i.e., 2,789,299 shares), may peruse the voting ballots as described in Regulation 10 to the Companies Regulations (Voting Ballots and Position Papers), 2005.
- 12.10 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.
- 12.11 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 Tel Aviv Stock Exchange's websites. The latest date on which the Company will issued 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, the position papers (if any are submitted to the Company) and in the 2023 Periodic Report may be perused on the Distribution Website and on the website of The Tel Aviv Stock Exchange Ltd. (whose addresses are detailed in Section 12.3 above), and 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. 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: Sunday, May 26, 2024, at 12:00.

Meeting's convening place: At the offices of the Company's attorneys - Meitar | Law Offices, 16
Abba Hillel Silver, Ramat Gan (10th floor).

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

1.1. **The appointment of an independent auditor to the Company and the authorization of 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 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 an independent Company director

The proposed resolution: To approve the appointment of Mr. Ohad Finkelstein as an independent 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. Extending the term in office of Ms. Limor Avidor as external Company director, for a second term in office of three years starting on July 4, 2024

The proposed resolution: It is suggested to reappoint Ms. Limor Avidor as an External Company Director, for a further term in office of 3 years starting on July 4, 2024.

1.8. Extending the term in office of Mr. Mordechai Peled as external Company director, for a second term in office of three years starting on July 4, 2024

The proposed resolution: to reappoint Mr. Mordechai Peled as an External Company Director, for a further term in office of 3 years starting on July 4, 2024.

1.9. Approval of the revision to the service and employment terms of Mr. Shay Khazon, Chief Operating Officer of the Fragrance Segment in Israel and a Company director.

The proposed resolution: to approve the revision of Mr. Shay Khazon's monthly management fees, such that they will amount to NIS 61,740, linked to the CPI in respect of April 2024, and reimbursement of vehicle expenses, for a period of 3 years, starting on the April 1, 2024. Mr. Khazon will provide the services on a full-time basis – 100% (instead of an 80% FTE).

1.10. Approval of allocation of options to Mr. Shay Khazon

The proposed resolution: To approve the allocation of 105,000 unlisted options, exercisable into an identical number of ordinary Company shares of no par value to Mr. Shay Khazon, Chief Operating Officer of the Fragrance Segment in Israel and a director, at an exercise price of NIS 15.96 per share, exercisable into cash or on a cashless basis, in accordance with and subject to the Company's options plan.

1.11. Approval of the terms of service of Ms. Shir Kesselman, who serves as the Head of the Fragrance Division

The proposed resolution: It is suggested to approve the revision of Ms. Shir Kesselman's monthly salary, such that it will amount to NIS 59,000, for a period of 3 years, starting on the date of approval by the Meeting.

1.12. Approval of allocation of options to Ms. Shir Kesselman

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, VP Fragrance Division, at an exercise price of NIS 15.96 per share, exercisable into cash or on a cashless basis in accordance with and subject to the Company's Options Plan.

1.13. Approval of the revision of the terms of the advisory services agreement with Mr. Erez Meltzer, a Company director, in effect as from December 1, 2022 and through the date of approval by the Meeting.

The proposed resolution: Approval of the revision of the terms of the advisory services agreement with Mr. Erez Meltzer, a Company director, in effect as from December 1, 2022 and through the date of approval by the Meeting, such that the scope of services will be reduced and will stand at average of 10 consultation hours per month for NIS 5,000 per month.

1.14. Approval of the revision of the terms of the advisory services agreement with Mr. Erez Meltzer, a Company director, in effect as from the date of approval by the Meeting.

The proposed resolution: Approval of the revision of the terms of the advisory services agreement with Mr. Erez Meltzer, a Company director, in effect as from the date of approval by the Meeting, such that the scope of services will be reduced and will stand at average of 10 consultation hours per month in consideration for NIS 5,000 per month.

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 proposed resolutions

3.1. The majority required to pass the resolutions in respect of topics 1.1.-1.6 and 1.15 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.

- 3.2. The majority required to pass the resolutions in respect of topics 1.7-1.8 on the Meeting's agenda (reappointment of the External Directors, Ms. Limor Avidor and Mr. Mordechai Peled, for a further term in office), is as set in the provisions of Section 239B 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 a vested interest in the decision, (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.
- 3.3. The majority required to pass the resolutions in respect of topics 1.9-1.12 on the Meeting's agenda (revision of the terms of service of Mr. Shay Khazon, approval of the allocation of options to Mr. Shay Khazon, approval of the revision to the terms of service of Ms. Shir Kesselman, and approval of the allocation of options 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:
 - 3.3.1. 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);
 - 3.3.2. The total objecting votes from among the shareholders detailed in Subsection 3.3.1 above shall not exceed a rate of two percent of all voting rights in the Company.
- 3.4. The majority required to pass the resolution in respect of topic 1.13 on the Meeting's agenda (Approval of the revision of the terms of the advisory services agreement with Mr. Erez Meltzer, a Company director, in effect as from December 1, 2022 and through the Meeting's approval date), is as set in the provisions of Section 267A(b) 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:

3.4.1. 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);

3.4.2. The total objecting votes from among the shareholders detailed in Subsection 3.4.1 above shall not exceed a rate of two percent 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 5-6 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 to Adv. Yoni Adini, the Company's general counsel, by email at yoni.adini@turpaz-group.com.

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 and 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 yonit@turpaz.co.il;

Company's number: 514574524;

Meeting date: May 26, 2024, at 12:00.

Type of General Meeting: Extraordinary annual general meeting;

Record date: April 25, 2024.

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 agenda	No. of topic on the agenda	Vote ¹			Are you a controlling shareholder, or do you have a vested interest in approving the resolution, a senior officer or an institutional investor ² ?	
		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 an independent 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					

Topic on the agenda	No. of topic on the agenda	Vote ¹			Are you a controlling shareholder, or do you have a vested interest in approving the resolution, a senior officer or an institutional investor ² ?	
		In favor	Against	Abstaining	Yes*	No
	of the next annual general meeting of the Company's shareholders					
8	Reappointment of Ms. Limor Avidor as an External Company Director, for a further term in office of 3 years starting on July 4, 2024.					
9	Reappointment of Mr. Mordechai Peled as an External Company Director, for a further term in office of 3 years starting on July 4, 2024.					
10	To approve the revision of Mr. Shay Khazon's monthly management fees, such that they will amount to NIS 61,740, linked to the CPI in respect of April 2024, and reimbursement of vehicle expenses, for a period of 3 years, starting on the date of approval by the Meeting. Mr. Khazon will provide the services on a full-time basis – 100% (instead of an 80% FTE).					
11	To approve the allocation of 105,000 unlisted options, exercisable into an identical number of ordinary Company shares of no-par value to Mr. Shay Khazon, Chief Operating Officer of the Fragrance Segment in Israel and a director, at an exercise price of NIS 15.96 per share, exercisable into cash or on a cashless basis, in accordance with and subject to the Company's options plan.					
12	To approve the revision of Ms. Shir Kesselman's monthly salary, such that it will amount to NIS 55,000, for a period of 3 years, starting on the date of approval by the Meeting.					
13	To approve the allocation of 105,000 unlisted options, exercisable into 105,000 ordinary Company shares of no-par value to Ms. Shir Kesselman, VP Fragrance Division, at an exercise price of NIS 15.96 per share, exercisable into cash or on a					



Topic on the agenda	No. of topic on the agenda	Vote ¹			Are you a controlling shareholder, or do you have a vested interest in approving the resolution, a senior officer or an institutional investor ² ?	
		In favor	Against	Abstaining	Yes*	No
	cashless basis in accordance with and subject to the Company's Options Plan.					
15	Approval of the revision of the terms of the advisory services agreement with Mr. Erez Meltzer, a Company director, in effect as from December 1, 2022 and through the date of approval by the Meeting.					
16	Approval of the revision of the terms of the advisory services agreement with Mr. Erez Meltzer, a Company director, in effect as from the date of approval by the Meeting.					

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:

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.