

TEFRON LTD

("the Company")

November 21, 2023

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

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

Re: Immediate Report Concerning the Convening of an Annual General and Extraordinary Meeting

In accordance with the Provisions of the Companies Law – 1999 (hereinafter: the "**Law**" or the "**Companies Law**") and in accordance with the Securities Regulations (Periodic and Immediate Reports) 5730 – 1970 (hereinafter: the "**Reporting Regulations**"), the Company hereby respectfully notifies the convening of an *Annual General and Extraordinary Meeting* of the Company, which will take place on Wednesday, December 27, 2023 at 12:00 PM (Israeli time) at the law offices of M. Firon & Co., 2 Hashlosha Street, Tel Aviv.

1. The Agenda and Complete Text of the Proposed Resolutions:

- a. **Discussion of the audited financial reports of the Company for the year ended December 31, 2022.**

Text of the Proposed Resolution:

The General Meeting took note of the audited financial reports of the Company for the year ended December 31, 2022.

- b. **Reappointment of the accounting firm of Deloitte Brightman Almagor Zohar and Co., as the auditor of the Company until the next Annual Meeting of the Company and authorization that the Board of Directors shall determine the fees thereof.**

For details regarding the fees of the Company's auditor for 2022, for the auditing services as well as other services, see Section 13 of the Board of Directors Report for 2022, which constitutes an integral part of the Company's Periodic Report for 2022, published on March 16, 2022, Reference Number 2023-01-023722 (hereinafter: the "**Periodic Report**").

The Audit Committee of the Company has held discussions regarding the auditing services rendered by the auditor, and afterwards provided the Company's Board of Directors with its recommendation for the reappointment of the accounting firm Deloitte Brightman Almagor Zohar and Co. as the auditor of the Company. The aforementioned discussions in the Audit Committee included various aspects of the auditor's work, during which the Committee discussed, *inter alia*, the types of services provided by the auditor to the Company, the experience and expertise of the auditor in auditing corporations similar to the Company in terms of type and size, taking into account the scope and areas of activity thereof as well as the risks inherent in its activity, the terms of the contract concluded with it, its independence,

its commitment to the quality of the audit and the inputs dedicated to the audit procedure considering the size of the Company and its nature.

In addition, the Audit Committee was satisfied that the fees to be paid to the auditor in respect of its activities in 2023, based on the scope of the auditing process and its complexity, is reasonable, proportionate, and acceptable. The fees for the year 2023 is determined in accordance with the scope of expected working hours based on the scope and complexity of the auditing process and following negotiations between the Company's management and the auditor.

In addition, the Company's management provided the Audit Committee with a review regarding the current interface used by the auditor, the working methods, the nature of the discussions, the cooperation with other external consultants and its ability to identify the risks and material issues as well as the solutions provided by it as part of the audit.

In accordance with the Audit Committee's recommendation, and following discussions on the matter, the Company's Board of Directors decided to recommend to the General Meeting of the Company's shareholders to approve the reappointment of the auditor.

Text of the Proposed Resolution:

To reappoint the accounting firm of Deloitte Brightman Almagor Zohar and Co., as the auditor of the Company until the next Annual General Meeting of the Company and to authorize the Board of Directors to determine the fees thereof.

- c. **Reappointment of the following serving directors, who are not external directors: Messrs. Chairman Yossi Shachak, Ben Lieberman, Martin Lieberman and Eytan Stiassnie, until the next Annual General Meeting of the Company.** These directors together with the external directors will constitute the Company's Board of Directors.

The directors' statements, as required under Section 224b of the Law, are attached to this Immediate Report.

The vote on the appointment of each director will be conducted separately.

There has been no change in the details provided in respect of the aforementioned directors, according to Regulation 26 of the Reporting Regulations, since the publication of the Periodic Report.

Text of the Proposed Resolution:

To reappoint the following serving directors, who are not external directors: Messrs. Chairman Yossi Shachak, Ben Lieberman, Martin Lieberman and Eytan Stiassnie, until the next Annual General Meeting of the Company.

- d. **Approval of the terms of employment of Mrs. Miriam (Mimi) Lieberman, a relative (daughter) of the controlling shareholders of the Company** – all as specified in Section 2 of this report below.

2. **Details Regarding Item D on the Agenda**

Approval of the terms of employment of Mrs. Miriam (Mimi) Lieberman, a relative (daughter) of the controlling shareholders of the Company

2.1 Description of the Topic

- a. In light of the Company's wish to develop the area of internet sales and the sales of international brands products, by virtue of license agreements, in consideration for payment of royalties, all within the scope of the Company's retail activity (hereinafter collectively: the "**Activity**"), Mrs. Miriam (Mimi) Lieberman (hereinafter: "**Mrs. Lieberman**") has been appointed to serve as of January 1, 2024 as Vice President of Business Development at the Company's US subsidiary, Tefron USA, Inc. (hereinafter: "**Tefron USA**"). In this framework, Mrs. Lieberman will be responsible for the Activity, and she will be subordinate to the CEO of Tefron USA, Mr. Michael Goldenblatt. Mrs. Lieberman will not serve as an officer of the Company.
- b. Mrs. Lieberman is the daughter of a controlling shareholder of the Company, who serves as a director and CEO of the Company, Mr. Ben Lieberman.
- c. Mrs. Lieberman's appointment to the aforementioned position was made based on her extensive business and professional experience in the aforementioned fields, after Mrs. Lieberman served, in the last six years, as Vice President at the textile company Terramar Sports owned by the controlling shareholders of the Company, where she was engaged in strategy, product development, sales, sources, planning and procurement for product sales volumes of approximately 60 million US dollars, which is similar to the field of Activity. Prior to that, Mrs. Lieberman worked for about six years as a brand manager at New Balance, where she developed a brand with a sales volume of about 35 million US dollars.
- d. Mrs. Lieberman has a bachelor's degree in biology and a master's degree in mathematics, both from Yeshiva University.
- e. In the framework of the discussions held at the Compensation Committee and at the Company's Board of Directors regarding the terms of employment for Mrs. Lieberman, the members of the Committee and the Board of Directors were presented with comparative data regarding customary salary conditions for VPs in similar companies in the place of activity of Mrs. Lieberman - the Company's offices in New York. After discussions, the Compensation Committee and the Company's Board of Directors approved Mrs. Lieberman's terms of employment to be as follows:
 1. A gross monthly salary in the amount of 20,000 US dollars per month, together with customary ancillary conditions such as car maintenance fees, medical insurance and a 401k retirement plan, so that the Company's total monthly cost incurred due to her will be approximately 28,000 US dollars per month.
 2. A monthly bonus in the amount of up to 3 gross monthly salaries based on meeting the targets, and subject to the approval of the Compensation Committee and the Company's Board of Directors.

3. Reimbursement of direct expenses incurred by her related to her position at the Company, against the submission of receipts, and in accordance with what is customary at the Company.
4. The contract with Mrs. Lieberman will begin on January 1, 2024 and will be for a period of three years, until December 31, 2026, and each party may terminate the contract within the said period, by giving the other party an advance written notice of 30 days.

2.2 Tabular Disclosure

Below is a condensed summary of the compensations included in the terms of employment listed above (in terms of cost to the Company):

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Details of the Compensation Recipient				Compensations for Services						Other Compensations				Total
Name	Position	Scope of Position	Rate of Capital Holding ¹ in the Capital	Salary	Bonus	Share-based payment	Management Fees	Consulting Fees	Com-mission	Other	Interest	Rent	Other	Total
Miriam (Mimi) Lieberman	Vice President of Business Development at the Company's US subsidiary	100%	-	\$20,000	up to 3 gross monthly salaries based on meeting the targets, and subject to the approval of the compensation committee and the Company's Board of Directors.	-	-	-	-	Ancillary terms whose monthly cost amounts to \$8,000	-	-	-	\$28,000 per month + annual bonus, if paid.

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¹ Not including the holdings of the brothers Messrs. Ben Lieberman and Martin Lieberman, the controlling shareholders of the Company.

2.3 Text of the Proposed Resolution

To approve the terms of employment of Mrs. Miriam (Mimi) Lieberman, in her position as VP Business Development of the subsidiary, Tefron USA, in accordance with the terms specified in this report.

2.4 The controlling shareholder who has a personal interest in the transaction, the nature of his personal interest and the details of his holdings in the Company

The controlling shareholder of the Company that has a personal interest in Mrs. Lieberman's terms of employment is Litef Holdings Inc., a private company incorporated in Canada, which is controlled by Mr. Ben Lieberman, who is Mrs. Lieberman's father, and his brother, Mr. Martin Lieberman, in equal shares.

Below is a breakdown of the said controlling shareholders' holdings in the voting rights and in the issued and paid-up capital of the Company:

Name of the Shareholders	Number and rate of Holdings in Capital and in Voting			Number and Rate of Holdings in Capital and in Voting, Assuming Full Dilution ²		
	Quantity	% in Capital	% in Voting	Quantity	% in Capital	% in Voting
Litef Holdings Inc.	7,539,270	60.65%	61.14%	7,539,270	56.14%	56.56%

2.5 The Manner in Which the Consideration Was Determined in the Framework of the Transaction

Mrs. Lieberman's terms of employment were determined in negotiations between the Company and Mrs. Lieberman, based also on comparative data presented to the Company regarding customary salary terms for VPs in similar companies in Mrs. Lieberman's place of activity.

2.6 Transactions of the Type of Transaction or Similar Transactions in the Last Two Years

- a. On July 5, 2023, the Company's General Meeting approved the terms of the management agreement with Mr. Ben Lieberman in his position as the company's CEO.
- b. On February 21, 2022, the Company's shareholders' Meeting approved the renewal of the validity of the letters of indemnity for Messrs. Ben and Martin Lieberman, directors and officers of the Company, who are the controlling shareholders of the Company, in the same wording as the wording of the letter of indemnity granted to other officers of the Company.

² Assuming the conversion of all warrants issued by the Company into shares, excluding options that, in relation to their allocation in an immaterial private offer, the Company published an immediate report on November 15, 2023, reference number 2023-01-103594, which as of the date of this immediate report had not yet been allocated.

2.7 Reasons of the Compensation Committee and the Board of Directors for Approving the Transaction

The Compensation Committee and the Company's Board of Directors decided to approve Mrs. Lieberman's terms of employment, unanimously, for the following reasons:

- a. Mrs. Lieberman's proposed terms of employment were examined taking into account her position, her powers in said position, the responsibilities she will be assigned, and taking into account the expected sales turnover of the department she is expected to lead and manage. The members of the Committee and the Board of Directors were presented with a business plan for the new department in the Company, which Mrs. Lieberman will manage, which justifies the necessity of Mrs. Lieberman in this position, since she has extensive experience in the areas of internet sales of fashion brands and license development in the area, and the terms of employment with them.
- b. The proposed terms of employment for Mrs. Lieberman fit the scope of Mrs. Lieberman's activities and responsibilities in her position and constitute adequate and reasonable compensation for the performance of her duties, also in accordance with comparative salary data presented to the members of the Committee and the Board of Directors in relation to holders of similar positions as stated above.
- c. The awarding of bonuses that are contingent on her performance will create a direct connection between the manner in which Mrs. Lieberman fulfills her position and her achievements and the compensation to which she will be entitled and will increase Mrs. Lieberman's identification with the Company and its results, and therefore this is a proper and acceptable bonus. Giving a bonus that is conditional on meeting the targets increases the chance of improving the return to the Company's shareholders, as long as the aforementioned targets are indeed met.
- d. The ratio between the fixed components (annual salary and ancillaries) to the total salary, which includes entitlement to a bonus of up to 3 gross monthly salaries, subject to meeting the targets, is a proper and reasonable ratio in the opinion of the members of the Committee and the Board of Directors, and it even corresponds to the salary structure customary at the Company.
- e. The members of the Committee and the Board of Directors confirmed, after an overall examination of the terms of employment, that the proposed terms of employment are acceptable, reasonable and fair under the circumstances, and that approval of the proposed terms of employment for Mrs. Lieberman is in the best interest of the Company.

Prof. Shoshana Anili (external director), Aviram Lahav (external director) and Eytan Stiassnie participated in the Meeting of the Compensation Committee.

The Meeting of the Board of Directors was attended by Yossi Shahak (Chairman of the Board), Prof. Shoshana Anili (External Director), Aviram Lahav (External Director) and Eytan Stiassnie.

2.8 The Names of the Directors of the Company who have a Personal Interest in the Transaction and the Nature of this Interest

The directors Messrs. Ben Lieberman and Martin Lieberman have a personal interest in the transaction due to Mr. Ben Lieberman being the father of Mrs. Lieberman, and due to the fact that Mr. Martin Lieberman is the brother of Mr. Ben Lieberman.

2.9 The Approvals Required to Take the Resolution

1. Approval of the Compensation Committee of the Company, which was granted at its Meetings on October 9, 2023, and November 14, 2023.
2. Approval of the Company's Board of Directors, which was granted at its Meeting on November 14, 2023.
3. Approval of the General Meeting of the Company's Shareholders, which will convene for this purpose on Wednesday, December 27, 2023, as specified in this report.

2.10 The Company's Representative for the Handling of the Report

The Company's representative for handling this report is attorney Yitzchak Blau from the law office of Firon & Co., 2 Hashl0sha St., Tel Aviv, Telephone: 03-7540020; Facsimile: 03-7540011.

3. The Quorum for Holding the Meeting and the Deferred Meeting

The quorum for opening discussions at the General Meeting is two (2) shareholders or more (whose shares have been fully paid), attending the Meeting in person or via a proxy, or by means of a voting card, as applicable, and holding at least twenty-five (25%) of the voting rights in the Company.

If half an hour has passed from the time that was scheduled for the Meeting and a quorum hasn't been established, the Meeting shall be deferred for the exact same day and hour in the forthcoming week, or to a different day, hour and place as determined by the Chairman of the Meeting, with the agreement of the majority of the holders of the voting rights attending the Meeting in person or via a proxy, or via a voting card and voting in the matter of the date of the deferred Meeting. The Company shall give notice of the deferral of the Meeting and date thereof via an immediate report. The quorum in the deferred Meeting shall be two (2) shareholders attending the meeting in person or via a proxy, as applicable, and holding at least twenty-five (25%) of the voting rights in the Company.

4. The Required Majority for the Approval of the Resolutions on the Agenda

- a. The required majority at the General Meeting for the purpose of approving items b-c which are on the agenda of the meeting (reappointment of an auditor and reappointment of directors who are not external directors) is an ordinary majority of the votes of the shareholders who are present at the meeting, who are entitled to vote and have voted thereat.

It shall be noted that the rate of holdings of the controlling shareholders in the Company's shares will grant the controlling shareholders the majority required to decide on the aforementioned resolutions on the agenda.

- b. The required majority at the General Meeting for the purpose of approving item d on the agenda of the Meeting (approval of Mrs. Lieberman's terms of employment) is an ordinary majority of the votes of the Company's shareholders who are present at the Meeting, in person or via their proxies, provided that one of the following occurs: (a) in counting the majority votes in the General Meeting, a majority of all the votes of the shareholders who are not the controlling shareholders of the Company or have a personal interest in the approval of the compensation, participating in the vote, will be included; In counting the aforementioned shareholders, the votes of the abstainers will not be taken into account; (b) The total number of dissenting votes from among the shareholders mentioned in subsection (a) above did not exceed two percent of the total voting rights in the Company.

It shall be noted that the rate of holdings of the controlling owners in the Company's shares will not grant the controlling shareholders the majority required to decide on the aforementioned resolutions on the agenda.

5. Meeting and Voting Procedures

a. The Quorum and the Deferred Meeting

The quorum for opening discussions at the General Meeting is two (2) shareholders or more (whose shares have been fully paid), attending the Meeting in person or via a proxy, or by means of a voting card, as applicable, and holding at least twenty-five (25%) of the voting rights in the Company.

If half an hour has passed from the time that was scheduled for the Meeting and a quorum hasn't been established, the Meeting shall be deferred for the exact same day and hour in the forthcoming week, or to a different day, hour and place as determined by the Chairman of the Meeting, with the agreement of the majority of the holders of the voting rights attending the meeting in person or via a proxy, or via a voting card and voting in the matter of the date of the deferred Meeting. The Company shall notify the deferral of the Meeting and date thereof via an immediate report on the deferral of the Meeting and the date on which the deferred Meeting shall be held. The quorum in the deferred Meeting shall be two (2) shareholders attending the Meeting in person or via a proxy, or via a voting card, as applicable, and holding at least twenty-five (25%) of the voting rights in the Company.

b. The Record Date for Determining the Eligibility of the Shareholders to Participate and Vote at the General Meeting

The record date for determining the eligibility of a shareholder of the Company to participate and vote at the General Meeting, is the end of the trading day on Tuesday, November 28, 2023 (hereinafter: "**the Record Date**").

If you are a holder of an "American Share", meaning: a Company's share that is not an "Israeli Share", as this term is defined below, in order to vote at the Meeting, please see the voting instructions detailed on the voting card which can be found on the Company's internet site whose address is: www.tefron.com.

"An Israeli Share"- A Company's share that fulfills one of the following: (a) The share is registered on the Company's Israeli shareholder register (for the avoidance of doubt, a

Company's share which is registered on the Company's American shareholder register, that is managed by the American Stock Transfer & Trust Company, is not "an Israeli Share"); or (b) The share is registered in favor of the shareholder pursuant to Section 177(1) of the Companies Law, meaning, the share is registered with a member of the Stock Exchange (Tel Aviv Stock Exchange Ltd.) and the aforesaid share is included in the shares registered on the Company's Israeli shareholder register in the name of the Registration Company of Bank Hapoalim Ltd. (hereinafter: "**Unregistered Shareholder**").

c. **The Manner of Voting**

The Shareholders are entitled to vote on the resolution which is on the Meeting's agenda, in person or via a proxy and via a voting card within the meaning of Section 87 of the Law, the text of which is attached to this Convening Report (the "**Voting Card**"). In addition a non registered Shareholder may also vote by means of an electronic voting card that will be transferred to the Company through the electronic voting system at the address <http://votes.isa.gov.il>, which operates according to Article Two of Chapter Seven "B" of the Securities Law, 1968 ("**Electronic Voting**", "**Electronic Voting System**" and "**Electronic Voting Card**", respectively).

d. **A Proxy Voting**

A shareholder may appoint a proxy to vote in his place, who is not necessarily a shareholder of the Company. The letter of authorization regarding the appointment of the proxy shall be conducted in accordance with the Company's regulations. The letter of authorization must be delivered to the Chairman of the Meeting or to the Company's offices (to the CFO of the Company, Mr. Gregory Davidson), while making sure the aforementioned letter of authorization would arrive to the Company's offices at least two hours prior to the convening of the Meeting. The Chairman of the Meeting shall have the authority to receive letters of authorization which shall be delivered even after the aforementioned appointed time and till the beginning of the Meeting.

e. **Proof of Ownership**

An Unregistered Shareholder shall be entitled to attend the General Meeting only if he will provide the Company, prior to the General Meeting, with an original proof of ownership from the member of the Stock Exchange with whom his right to the share is registered, regarding his ownership of the Company's shares on the Record Date, in accordance with the form in the Schedule to the Companies Regulations (Proof of Ownership of a Share for Voting at a General Meeting), 5760-2000 ("**Proof of Ownership**") or alternatively by sending the Company a Proof of Ownership through the Electronic Voting System,. In this matter, it shall be noted that an electronic message approved in accordance with Section 44k5 of the Securities Law concerning the Electronic Voting System's user data – shall be viewed as Proof of Ownership for each shareholder included therein.

An Unregistered Shareholder is entitled to receive the Proof of Ownership from the member of the Stock Exchange through whom he holds his shares, at the branch of the member of the Stock Exchange or by mail to his address, paying only the postage fees, if he has asked for it. A request in this matter would be given in advance for a specific securities account.

In addition, an Unregistered Shareholder may instruct that his Proof of Ownership be sent to the Company through the Electronic Voting System.

f. **Voting in writing by Means of a Voting Card and Position Statements**

A shareholder is entitled to vote on a resolution on the agenda of the Meeting by means of a voting card. For this matter, the vote of a shareholder who voted using a voting card will be considered as if he was present and participated in the Meeting. Voting by means of a voting card, in relation to a shareholder who wishes to vote by means of a voting card instead of participating in the meeting in person or by means of a proxy, will be done on the second part of the voting card attached to this report.

The websites of the Israel Securities Authority and the Tel Aviv Stock Exchange Ltd. where one can find the text of the voting card and the position statements, as defined in section 88 of the Companies Law, are: the Israel Securities Authority's distribution site <http://www.magna.isa.gov.il> (hereinafter: the "**Distribution Website**"); the website of the Tel Aviv Stock Exchange Ltd. <http://maya.tase.co.il>. Shareholders will be entitled to contact the Company directly and receive from it the text of the voting card and position statements, if applicable.

A stock exchange member will send by e-mail, free of charge, a link to the text of the voting card and the position statements on the Distribution Website, to each shareholder who is not registered in the shareholders' register and whose shares are registered with that stock exchange member, unless the shareholder has informed the stock exchange member that he does not wish to receive such a link, provided that the notification was given regarding a specific securities account and at a time prior to the Record Date.

The voting card must be submitted to the Company's offices (together with the ownership certificate) up to 4 hours before the date of the Meeting. For this matter, the date of submission is the date on which the voting card and the documents that must be attached to it arrived at the Company's offices.

Also, a non-registered shareholder will be entitled to submit the ownership confirmation through the electronic voting system as mentioned in Section 5 above.

The deadline for submitting position statements is up to 10 days before the convening of the Meeting, i.e., until December 17, 2023.

A voting card to which no certificate of ownership has been attached (or alternatively, a certificate of ownership was not produced through the electronic voting system) will be invalid.

g. **An Electronic Voting Card**

As aforementioned, an Unregistered Shareholder may also vote through the Electronic Voting System. Voting via an Electronic Voting Card shall be permitted from the end of the Record Date and up to six hours prior to the convening of the General Meeting (or until an earlier date which shall be determined by the Securities Authority, as long as it is no more than 12 hours prior to the convening of the Meeting) (the "**System Lock Date**"). The Electronic Voting may

be changed or canceled until the System Lock Date, and no one shall be able to change it through the system after this date.

h. General Provisions

A shareholder may contact the Company's registered office and after proving his identity withdraw his voting card and proof of ownership up to 24 hours before the date of the Meeting.

It shall be noted that in accordance with Section 83(d) of the Companies Law, if a shareholder has voted in more ways than one, the later vote shall be counted, while, in this matter, a vote of a shareholder in person or via a proxy shall be considered as a later vote to the vote submitted through the Electronic Voting System.

i. Reviewing the Voting Cards

One or more shareholders who hold shares at a rate of five percent or more of the total voting rights in the Company, as well as those who hold such a rate out of the total voting rights that are not held by the controlling shareholder of the Company as defined in Section 268 of the Companies Law, are entitled, after convening of the General Meeting, to review the voting cards and voting records by means of the electronic voting system that the company received, as specified in Regulation 10 of the Companies Regulations (Voting in Writing and Position Statements), 5766-2005.

6. Adding an Item to the Agenda

A shareholder, one or more, who holds at least one percent of the voting rights at the General Meeting, may ask the Board of Directors, up to 7 days after the date of convening the Meeting, to include an item on the agenda of the General Meeting provided that the item is an appropriate item to be discussed at the General Meeting. In such a case the Company shall publish an amended immediate report and this no later than seven days after the last date for submitting a shareholder's request for adding an item to the agenda, as stated above.

7. Reviewing the Documents

A copy of this immediate report together with the addendums thereto shall be made available for review at the Company's offices, at the Industrial Area of Teradion, Misgav, Sunday to Thursday during normal working hours, after making prior arrangement through telephone: 04-9900881; and this until the date of the convening of the Meeting, as well as on the Securities Authority's website at the address: www.magna.isa.gov.il.

Respectfully,
Tefron Ltd.

Signed by:

Mr. Ben Lieberman, CEO and Director
Mr. Gregory Davidson, CFO