TEFRON LTD.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF JUNE 30, 2026

(UNAUDITED)

TEFRON LTD.

Condensed Consolidated Financial Statements
as of June 30, 2026

(Unaudited)

Contents

A Review Report of the Independent Auditor to the shareholders of Tefron Ltd.

Introduction

We have reviewed the accompanying financial information of **Tefron Ltd.** and consolidated companies (hereafter- "the Company") which includes the condensed consolidated statement of financial position as of June 30, 2026, and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the periods of six and three months then ended. The Board of Directors and management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 "Interim Financial Reporting" and they are also responsible for the preparation of this interim financial information in accordance with Chapter D of Securities Regulations (Periodic and Immediate Reports) - 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the abovementioned financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the statements in the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the abovementioned financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Haifa, August 25, 2026

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TEFRON LTD.

Condensed Consolidated Balance Sheets

	As of June 30,		As of December 31,
	2026	2025	2025
	(Unaudited)		Audited
	US dollars in thousands		
ASSETS:			
CURRENT ASSETS			
Cash	12,112	7,511	7,663
Trade receivables, net	35,794	51,802	34,342
Other receivables	5,745	5,248	5,887
Inventory	43,563	47,635	49,682
Total current assets	97,214	112,196	97,574
NON-CURRENT ASSETS			
Property, plant and equipment, net	45,814	32,209	41,302
Right-of-use asset, net	9,605	10,350	9,469
Intangible assets, net	6,184	6,473	6,712
Long-term receivables	441	438	453
Deferred taxes, net	1,118	-	653
Total non-current assets	63,162	49,470	58,589
Total Assets	160,376	161,666	156,163

The notes to the condensed consolidated financial statements are an integral part thereof

TEFRON LTD.

Condensed Consolidated Balance Sheets

	As of June 30,		As of December 31,
	2026	2025	2025
	(Unaudited)		Audited
	US dollars in thousands		
LIABILITIES AND EQUITY:			
CURRENT LIABILITIES			
Bank credit	19,020	10,000	14,520
Trade payables	33,637	47,119	32,529
Other payables	8,946	8,200	9,308
Current maturities of lease liabilities	3,113	3,332	3,282
Total current liabilities	64,716	68,651	59,639
NON-CURRENT LIABILITIES			
Loans from banking corporations	7,960	-	8,470
Liabilities for benefits to employees, net	962	1,206	1,329
Long-term payables	693	3,678	2,378
Lease liabilities	6,287	7,026	5,915
Deferred taxes, net	-	168	-
Total non-current liabilities	15,902	12,078	18,092
EQUITY			
Share capital	36,159	35,982	36,008
Additional paid-in capital	101,558	101,406	101,614
Reserve for remeasurement of defined benefit plan	(2,444)	(2,314)	(2,444)
Accumulated deficit	(48,545)	(47,680)	(50,241)
Treasury shares	(7,408)	(7,408)	(7,408)
Other capital reserves	438	951	903
Total equity	79,758	80,937	78,432
Total liabilities and equity	160,376	161,666	156,163

August 25, 2026			
Date of approval of the financial statements	**Yossi Shachak Chairman of the Board**	**Ben Lieberman CEO**	**Gregory Davidson CFO**

The notes to the condensed consolidated financial statements are an integral part thereof

TEFRON LTD.

Condensed Consolidated Statements of Income

	For the six-month period ended June 30,		For the three-month period ended June 30,		For the year ended December 31,
	2026	2025	2026	2025	2025
	(Unaudited)				
	US dollars in thousands (excluding data on income per share)				
Sales	103,627	127,883	52,619	68,824	237,254
Cost of sales	77,221	100,405	36,396	54,173	188,636
Gross profit	26,406	27,478	16,223	14,651	48,618
Development expenses	3,982	3,476	2,043	1,829	7,243
Selling and marketing expenses	15,771	13,297	8,083	6,567	27,077
General and administrative expenses	2,761	2,683	1,390	1,448	5,614
Operating profit	3,892	8,022	4,707	4,807	8,684
Financing income	281	77	281	7	77
Financing expenses	(2,428)	(1,617)	(1,458)	(844)	(3,740)
Financing expenses, net	(2,147)	(1,540)	(1,177)	(837)	(3,663)
Income before taxes on income	1,745	6,482	3,530	3,970	5,021
Tax income	(49)	(1,233)	(639)	(576)	(2,333)
Net income	1,696	5,249	2,891	3,394	2,688
Income per share (in dollars)					
Basic income per share	0.13	0.41	0.22	0.27	0.21
Diluted income per share	0.13	0.39	0.22	0.26	0.20

The notes to the condensed consolidated financial statements are an integral part thereof

TEFRON LTD.

Condensed Consolidated Statements of Comprehensive Income

	For the six-month period ended June 30,		For the three-month period ended June 30,		For the year ended December 31,
	2026	2025	2026	2025	2025
	(Unaudited)		(Unaudited)		Audited
	US dollars in thousands				
Net income	1,696	5,249	2,891	3,394	2,688
Other comprehensive income (loss)					
Amounts that will not be reclassified thereafter to the statements of income (net of tax):					
Loss from remeasurement of defined benefit plans	-	-	-	-	(130)
Subtotal of items that will not be reclassified thereafter to the statements of income	-	-	-	-	(130)
Amounts that will be reclassified or are reclassified to the statements of income provided that specific terms are met:					
Income (expenses) from exchange rate differences in respect of translation of foreign operations	(465)	722	(226)	484	674
Total items that shall be reclassified or are reclassified to the statements of income	(465)	722	(226)	484	674
Total other comprehensive income (loss)	(465)	722	(226)	484	544
Total comprehensive income attributed to the Company's shareholders	1,231	5,971	2,665	3,878	3,232

The notes to the condensed consolidated financial statements are an integral part thereof

TEFRON LTD.

Condensed Consolidated Statements of Changes in Shareholders' Equity

	For the six-month period ended June 30, 2026						
	Share capital	Additional paid in capital	Reserve for the remeasurement of defined benefit plan	Accumulated deficit	Treasury shares	Other capital reserves	Total equity
	US dollars in thousands						
Balance as of January 1, 2026	36,008	101,614	(2,444)	(50,241)	(7,408)	903	78,432
Net income	-	-	-	1,696	-	-	1,696
Other comprehensive loss	-	-	-	-	-	(465)	(465)
Share based payment to employees and consultants	-	95	-	-	-	-	95
Issue of shares from the exercise of options	151	(151)	-	-	-	-	-
Balance as of June 30, 2026 (Unaudited)	36,159	101,558	(2,444)	(48,545)	(7,408)	438	79,758

	For the six-month period ended June 30, 2025						
	Share capital	Additional paid in capital	Reserve for the remeasurement of defined benefit plan	Accumulated deficit	Treasury shares	Other capital reserves	Total equity
	US dollars in thousands						
Balance as of January 1, 2025	35,753	101,401	(2,314)	(50,869)	(7,408)	229	76,792
Net income	-	-	-	5,249	-	-	5,249
Other comprehensive income	-	-	-	-	-	722	722
Share based payment to employees and consultants	-	234	-	-	-	-	234
Issue of shares from the exercise of options	229	(229)	-	-	-	-	-
Dividend paid	-	-	-	(2,060)	-	-	(2,060)
Balance as of June 30, 2025 (Unaudited)	35,982	101,406	(2,314)	(47,680)	(7,408)	951	80,937

The notes to the condensed consolidated financial statements are an integral part thereof

TEFRON LTD.

Condensed Consolidated Statements of Changes in Shareholders' Equity

	For the three-month period ended June 30, 2026						
	Share capital	Additional paid in capital	Reserve for the remeasurement of defined benefit plan	Accumulated deficit	Treasury shares	Other capital reserves	Total equity
	US dollars in thousands						
Balance as of April 1, 2026 (Unaudited)	36,159	101,511	(2,444)	(51,436)	(7,408)	664	77,046
Net income	-	-	-	2,891	-	-	2,891
Other comprehensive loss	-	-	-	-	-	(226)	(226)
Share based payment to employees and consultants	-	47	-	-	-	-	47
Balance as of June 30, 2026 (Unaudited)	36,159	101,558	(2,444)	(48,545)	(7,408)	438	79,758

	For the three-month period ended June 30, 2025						
	Share capital	Additional paid in capital	Reserve for the remeasurement of defined benefit plan	Accumulated deficit	Treasury shares	Other capital reserves	Total Equity
	US dollars in thousands						
Balance as of April 1, 2025 (Unaudited)	35,982	101,289	(2,314)	(51,074)	(7,408)	467	76,942
Net income	-	-	-	3,394	-	-	3,394
Other comprehensive income	-	-	-	-	-	484	484
Share based payment to employees and consultants	-	117	-	-	-	-	117
Balance as of June 30, 2025 (Unaudited)	35,982	101,406	(2,314)	(47,680)	(7,408)	951	80,937

The notes to the condensed consolidated financial statements are an integral part thereof

TEFRON LTD.

Condensed Consolidated Statements of Changes in Shareholders' Equity

	For the year ended December 31, 2025						
	Share capital	Additional paid in capital	Reserve for the remeasurement of defined benefit plans	Accum. deficit	Treasury shares	Other capital reserves	Total equity
	Audited						
	US dollars in thousands						
Balance as of January 1, 2025	35,753	101,401	(2,314)	(50,869)	(7,408)	229	76,792
Net income	-	-	-	2,688	-	-	2,688
Total other comprehensive income (loss)	-	-	(130)	-	-	674	544
Issue of shares from the exercise of options	255	(255)	-	-	-	-	-
Share based payment to employees and consultants	-	468	-	-	-	-	468
Dividend paid	-	-	-	(2,060)	-	-	(2,060)
Balance as of December 31, 2025	36,008	101,614	(2,444)	(50,241)	(7,408)	903	78,432

The notes to the condensed consolidated financial statements are an integral part thereof

TEFRON LTD.

Condensed Consolidated Statements of Cash Flows

	For the six-month period ended June 30,		For the three-month period ended June 30,		For the year ended December 31,
	2026	2025	2026	2025	2025
	(Unaudited)		(Unaudited)		Audited
	US dollars in thousands				
Cash flows from operating activities					
Net income	1,696	5,249	2,891	3,394	2,688
Adjustments required to present cash flows from operating activities:					
Adjustments to the statement of income items:					
Depreciation and amortization	5,059	3,627	2,753	1,697	7,205
Expenses (income) in respect of share-based	95	(107)	47	238	(70)
Loss due to impairment of slow inventory	1,277	613	1,136	469	2,289
	6,431	4,133	3,936	2,404	9,424
Change in deferred taxes, net	(465)	(141)	(374)	(86)	(962)
Change in liabilities for benefits to employees, net	(367)	3	86	47	(4)
Interest recognized on lease liabilities	375	280	253	142	545
Interest recognized on royalty liabilities	106	138	49	62	263
Taxes on income paid in cash, net	1,983	1,510	1,035	1,401	3,229
Interest expenses paid in cash	1,326	991	645	448	2,151
	2,958	2,781	1,694	2,014	5,222
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(1,603)	(2,036)	(1,583)	(11,701)	15,391
Decrease (increase) in other receivables	69	(989)	78	475	(1,651)
Decrease (increase) in inventory	4,677	438	(1,001)	1,758	(3,312)
Increase (decrease) in trade payables	1,318	2,686	7,415	4,154	(11,779)
Increase (decrease) in other payables	(717)	(320)	311	(575)	415
	3,744	(221)	5,220	(5,889)	(936)
Cash paid and received during the period for:					
Interest paid	(1,326)	(991)	(645)	(448)	(2,151)
Taxes paid	(1,983)	(1,510)	(1,035)	(1,401)	(3,242)
Taxes received	-	-	-	-	13
	(3,309)	(2,501)	(1,680)	(1,849)	(5,380)
Net cash provided from operating activities	11,520	9,441	12,061	74	11,018

The notes to the condensed consolidated financial statements are an integral part thereof

TEFRON LTD.

Condensed Consolidated Statements of Cash Flows

	For the six-month period ended June 30,		For the three-month period ended June 30,		For the year ended December 31,
	2026	2025	2026	2025	2025
	(Unaudited)		(Unaudited)		Audited
	US dollars in thousands				
Cash flows from investing activities					
Purchase of fixed assets	(7,262)	(8,008)	(3,196)	(4,202)	(19,255)
Purchase of intangible assets	(744)	(321)	(370)	(67)	(629)
Net cash used for investing activities	(8,006)	(8,329)	(3,566)	(4,269)	(19,884)
Cash flows from financing activities					
Short-term bank credit, net	4,500	5,000	(1,000)	8,000	8,500
Receipt of a long-term loan	-	-	-	-	10,000
Repayment of long-term loans	(510)	-	(255)	-	(510)
Liability payment for the acquisition of operations	-	(376)	-	(178)	(960)
Repayment of long-term credit for property, plant and equipment	-	(435)	-	(201)	(488)
Dividend payment	-	(2,060)	-	(2,060)	(2,060)
Repayment of lease liabilites	(1,665)	(1,406)	(859)	(720)	(2,876)
Repayment of royalty liabilities	(1,429)	(630)	(580)	(78)	(1,481)
Net cash provided from (used for) financing activities	896	93	(2,694)	4,763	10,125
Exchange rate volatility	39	90	(99)	42	188
Increase in cash and cash equivalents	4,449	1,295	5,702	610	1,447
Balance of cash and cash equivalents at beginning of period	7,663	6,216	6,410	6,901	6,216
Balance of cash and cash equivalents at end of period	12,112	7,511	12,112	7,511	7,663

Appendix a – Significant non-cash transactions:

	For the six-month period ended June 30,		For the three-month period ended June 30,		For the year ended December 31,
	2026	2025	2026	2025	2025
	(Unaudited)		(Unaudited)		Audited
	US dollars in thousands				
Recognition of right-of-use assets against a lease liability	1,413	4,393	-	695	4,436
Recognition of franchise assets against a liability for minimum royalty payments	-	-	-	-	535

The notes to the condensed consolidated financial statements are an integral part thereof

TEFRON LTD.

Notes to the Condensed Consolidated Financial Statements

Note 1 – General

a. These financial statements were prepared in a condensed format as of June 30, 2026, and for the periods of six months and three months then ended (hereinafter – "interim consolidated financial statements"). These statements should be read together with Tefron Ltd.'s (hereinafter - "the Company") annual financial statements as of December 31, 2025, and for the year then ended, and the notes accompanying them (hereinafter - the "annual consolidated financial statements").

b. Since the Company meets the definition of a "Small Corporation" as set forth in Regulation 5C of the Securities Regulations (Periodic and Immediate Reports), 1970 (hereinafter: "the Reporting Regulations"), within the framework of this quarterly report the Company has not included separate financial information, in accordance with the relief granted to a small corporation under Regulation 5D(6) of the Reporting Regulations. Notwithstanding the above, in accordance with Regulation 9C(c) of the Reporting Regulations, the Company believes that the separate financial data of the Company is negligible from a qualitative standpoint, despite its quantitative scope, the reason for which is mainly due to the fact that as stated in Note 14(2) to the annual consolidated financial statements, the Group's credit agreement with the lending bank refers to Tefron Group as a whole with cross-guarantees between the entities of the Group and providing information regarding separate financial statements will not carry with it any additional material information to the reasonable investor (shareholder) or to the creditors regarding the liquidity risk of the parent company, that is not already included in the framework of the consolidated financial statements of the Company.

Note 2 – Significant accounting principles

a. Basis for the preparation of the financial statements:

The consolidated financial statements (hereinafter – "interim financial statements") have been prepared in accordance with International Accounting Standard IAS 34 – "Financial Reporting for Interim Periods" (hereinafter – "IAS 34").

During the preparation of these interim financial statements, the Group implemented accounting policies, presentation rules, and calculation methods identical to those applied in its financial statements as of December 31, 2025, and for the year then ended.

The consolidated financial statements were prepared in accordance with the disclosure requirements in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

b. Taxes on income in interim financial reports:

The tax expenses (income) for the presented periods include the total current taxes, taxes in respect of previous years as well as the total change in the balances of deferred taxes.
Current tax expenses (income) in interim periods are accrued using the average effective annual income tax rate. For the purpose of calculating the effective income tax rate, tax losses for which deferred tax assets were not recognized, which are expected to reduce the tax liability in the reporting year, are deducted.

Note 3 – Meeting the financial covenants

As of June 30, 2026, the Company met the financial covenants set forth in the financing agreement with the Company's financing bank, CITIBANK CANADIAN BRANCH, as detailed as follows:

Debt service cover ratio of at least 1.20 times, was 1.33.
Debt to EBITDA ratio (as defined in the financing agreement) of no more than 3.50 times was 1.03.

Note 4 - Assessment of the recoverable amount of a cash-generating unit

As of March 31, 2026, in light of an indication of possible impairment, the Company assessed whether the carrying amount of the assets of a cash-generating unit in respect of which such indication was identified does not exceed the unit's recoverable amount. For the purpose of this assessment, the Company estimated the recoverable amount as the present value of the future cash flows expected to be derived from the cash-generating unit, with the assistance of an external independent valuation specialist. Since the estimated recoverable amount of the unit significantly exceeded the carrying amount of the unit's assets, no impairment loss was recognized. As of June 30, 2026, the Company reviewed the underlying assumptions used in the valuation performed as of March 31, 2026. Based on this review, and since there has been no adverse change in actual results or in the forecasts, the Company did not perform a further assessment of the recoverable amount.

Note 5 - Significant events during the period of the report and thereafter

a. The security situation in Israel

On October 9, 2025, an agreement was signed to end the fighting in Gaza and secure the return of the hostages, after more than two years of war that began on October 7, 2023, with a surprise attack by the Hamas organization from the Gaza Strip on the State of Israel. The war was characterized by significant business impacts on the Israeli economy in general and on the financial markets in particular.

Notwithstanding the aforementioned, since the outbreak of the war, the Company has continued its production and marketing activities as usual, given that the majority of its production and sales take place outside of Israel. However, restrictions on movement to and from Israel due to the war have, from time to time, affected customers' ability and willingness to visit the Company's development center in Israel which closely manages the brands segment, and over time, there has been an absence of joint development processes with customers in Israel, particularly for future seasons. This impact was reflected primarily in the brands segment.

On February 28, 2026, Israel and the United States launched a joint military operation against governmental and military targets in Iran, referred to as "Roaring Lion". In response, rockets were fired from Iran toward the Israeli home front and U.S. targets across the Persian Gulf and the Middle East. Subsequently, the military operation expanded to Lebanon due to attacks on Israel by Hezbollah and it has been affecting the entire Middle East, as well as the Company's operations both in Israel and in Jordan where the Company's production hub is located. On April 8, 2026, a ceasefire between the United States and Iran entered into force for the purpose of negotiations between the parties. The ceasefire has since been extended from time to time. Concurrently with the ceasefire with Iran, a ceasefire was established in Lebanon.

Note 5 - Significant events during the period of the report and thereafter (Cont.)

a. The security situation in Israel (Cont.)

In June 2026, a memorandum of understanding providing was signed between the United States and Iran, establishing a temporary ceasefire and a framework for continued negotiations between the parties. However, significant disputes remain between the parties, including with respect to Iran's nuclear program, economic sanctions and regional security arrangements, and the entire region remains in a state of ongoing security tensions despite the existence of ceasefires. It should be noted that security tensions also continue to prevail on the Lebanon and Gaza fronts. Accordingly, as of the date of publication of this report, it is not possible to assess whether the fighting involving Israel will resume, what its scope will be, or what its implications will be.

As a result of the fighting, an increase occurred in shipping prices and an extension of shipping times to the region, and significant volatility in energy prices also occurred, including oil prices, which led to increases in raw material costs. As of the date of publication of this report, the Company cannot estimate the scope, duration, or timing of the potential impacts of the aforementioned developments on its operations and business results. As of this date, the aforementioned impacts are not material, and the Company continues to monitor any developments and examines their implications on an ongoing basis.

Nevertheless, it should be noted that a renewed deterioration into an intense and prolonged war in particular, and a regional war in general, could affect Israel's relationship with Jordan and the Company's local production in Jordan, something that could have significant effects, particularly in regard to the brands segment.

b. Imposing additional tariffs on products imported to the United States

During the year 2025, a new customs tariff program on goods imported into the United States was approved in the U.S., under which customs duty rates on imports from various countries were raised by various percentage rates.

On February 20, 2026, the U.S. Supreme Court issued a ruling on a petition filed by business groups and states challenging the administration's new tariff policy. According to the ruling, the Supreme Court annulled the tariffs that had been imposed under a specific law addressed in the petition and under which the additional tariffs had been applied.

Following the ruling, the administration, under a different law not addressed in the Supreme Court decision, imposed alternative tariffs at a rate of 10% for a period of 150 days. As a result, in general, a reduction of up to ten percent in the tariff rate was applied depending on the country, compared to the rate that applied prior to the aforementioned ruling.

Subsequent to the Supreme Court's decision as stated, a portal was opened by the U.S. customs authorities, allowing companies to submit a refund claim for the customs amounts paid by them. In April 2026, the Company submitted, through its American subsidiary, a refund claim for customs amounts in the total sum of USD 7.3 million.

Note 5 - Significant events during the period of the report and thereafter (Cont.)

b. Imposing additional tariffs on products imported to the United States (Cont.)

As of the date of publication of this report, a full refund was received in respect of the refund claim submitted by the Company, and in total, a refund was received from the U.S. customs authorities (principal and interest) in the amount of USD 7.65 million.

The effect of the tariff refund on the results on the second quarter and the first half of 2026 is a decrease in cost of sales and in financing expenses of USD 6.4 million and USD 0.3 million, respectively. In addition, approximately USD 0.95 million of the refund was deducted from the value of inventory included in the balance sheet of June 30, 2026.

In addition, the Company intends to submit, through its American subsidiary, an additional refund claim in the amount of USD 0.15 million.

Subsequent to the report date, on July 24, 2026, the U.S. administration decided to impose tariffs of 10% and 12.5% on the import of goods from 60 trading partners, including the Far East countries and Jordan, in which the Company operates. In addition, the U.S. administration exempted most textile products manufactured in Jordan, including products manufactured by the Company, from the additional tariff. The new tariffs took effect immediately, replacing the temporary 10% tariffs that the administration had imposed after the Supreme Court annulled most of the President’s tariff programs in February of this year.

In addition, shortly prior to the publication of this report, the United States and Canada imposed reciprocal tariffs of 50% on each other. According to the Company’s assessment, as of the date of publication of this report, the foregoing changes will not have a material effect on the Company.

c. Fluctuations in exchange rates

During the second quarter and the first half of 2026, an appreciation of approximately 17% and approximately 15%, respectively, occurred in the average exchange rate of the NIS against the US Dollar, compared to the corresponding periods in 2025. The appreciation, as aforesaid, had an impact on the increase in the Company’s expenses denominated in NIS. According to the Company’s assessment, a change of 1% in the exchange rate of the NIS against the US Dollar impacts the Company’s operating expenses by approximately USD 40 thousand per quarter..

d. Renewal of the management agreement with the Company’s CEO

Subsequent to the report date, on July 8, 2026, an extraordinary general meeting of the Company was held, at which the renewal of the Company’s engagement with the Company’s CEO, Mr. Ben Lieberman, one of the Company’s controlling shareholders. Under the renewed agreement, Mr. Lieberman will continue to provide management services to the Company as CEO for an additional three-year period, in consideration for management fees of NIS 150,000 per month, plus VAT as required by law.

Note 6 - Operating segments

a. General:

The information that the Company provides in accordance with the IFRS 8 definitions is based on the available financial information, which is reviewed regularly and is used by the Company's CEO, who is the Company's chief operating decision maker (CODM), for the purpose of making decisions regarding the resources to be allocated to the segment and in order to evaluate the segment's performance.

Based on the criteria in IFRS 8 for determining reportable operating segments and the available financial information, which is reviewed regularly by the Company's CEO, the Company has determined that it operates in two reportable operating segments:

(a) Brands – This segment engages in the design, development, production, and marketing of seamless intimate apparel and activewear and leisurewear, which are manufactured in the Company's plants and through subcontractors and are sold to customers with leading brands.

(b) Retail – This segment engages in the design, development, production, and marketing of seamless intimate apparel and activewear and leisurewear, which are sold worldwide to customers in the retail market and are characterized by purchasing large quantities of less complex products compared to the products of the brands segment.

Note 6 - Operating segments (Cont.)

b. Reporting in respect of operating segments

	For the six-month period ended June 30, 2026			For the six-month period ended June 30, 2025		
	Brands	Retail	Total	Brands	Retail	Total
	Unaudited					
	Dollars thousand					
Total segment revenues from external customers	20,290	83,337	103,627	26,394	101,489	127,883
Cost of goods sold	17,692	59,529	77,221	22,899	77,506	100,405
Gross profit	2,598	23,808	26,406	3,495	23,983	27,478
Segment results	(1,493)	5,385	3,892	60	7,962	8,022
Financing expenses, net			(2,147)			(1,540)
Tax expenses			(49)			(1,233)
Net profit			1,696			5,249

	For the three-month period ended June 30, 2026			For the three-month period ended June 30, 2025		
	Brands	Retail	Total	Brands	Retail	Total
	Unaudited					
	Dollars thousand					
Total segment revenues from external customers	11,871	40,748	52,619	13,730	55,094	68,824
Cost of goods sold	10,046	26,350	36,396	11,903	42,270	54,173
Gross profit	1,825	14,398	16,223	1,827	12,824	14,651
Segment results	(280)	4,987	4,707	38	4,769	4,807
Financing expenses, net			(1,177)			(837)
Tax expenses			(639)			(576)
Net profit			2,891			3,394

Note 6 - Operating segments (Cont.)

b. Reporting in respect of operating segments (Cont.)

	For the year ended December 31, 2025		
	Brands	**Retail**	**Total**
	Audited		
	US dollars in thousands		
Total segment revenues from external customers	56,674	180,580	237,254
Cost of goods sold	48,231	140,405	188,636
Gross profit	8,443	40,175	48,618
Segment results	629	8,055	8,684
Financing expenses, net			(3,663)
Tax expenses			(2,333)
Net profit			2,688

c. Regarding splitting revenue from contracts with customers into groups that detail how the nature of the amount, timing, and uncertainty of revenue and cash flows are affected by economic factors, see the note related to segments above.

Note 7 - Financial instruments

Fair Value:

The carrying amount of cash, trade receivables, other receivables, banks' credit and long-term loans, trade payables and other payables matches or approximates their fair value.