



This is an English translation of segments of a Hebrew immediate report published on November 29, 2023 (Reference no: 2023-01-108526) (hereinafter: 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.

Max Stock announces it has signed a contract for the construction and lease of a logistics center in southern Israel

CAESAREA, Israel, November 29, 2023 – Max Stock Ltd. (TASE: MAXO) (the "Company") announces that it signed a lease agreement with a company in the Mega Or Holdings Ltd. corporate group (in partnership with Kibbutz Shomria) (the "Lessor") for the construction of a project in Kibbutz Shomria with an area of approximately 31,000 sqm, which shall serve as a consolidated logistics center for the Company's operations (the "consolidated logistics center"), which is currently fulfilled through three logistic centers and external suppliers.

Presented below is a description of the key provisions of the agreement:

1. **Period of the lease:** 10 years from the date of possession upon completion of construction of the consolidated logistics center by the Lessor which is anticipated for May 2024 (the "lease period"). The lease period will automatically be extended for two additional periods of 5 years each, and an additional period of 4 years and 11 months, subject to meeting the terms and conditions stipulated in the lease agreement (the "additional lease periods"), including a 5% increase in the real rental fees at the start of each of the additional lease periods.
2. **Primary securities:** To secure its undertakings in the lease agreement, at signing of the agreement the Company shall provide a bank guarantee in favor of the Lessor guaranteeing approximately one month of rent, and on the date of possession the security will guarantee an amount equal to 3 months of rent. Pursuant to the terms of the agreement, the amount of the guarantee will also be subject to VAT and linkage.
3. **Additional area:** Under the lease agreement, the Lessor shall act to submit an application to change the city building plan zoning designation for an additional area of 10,000 sqm adjoined to the premises, and after obtaining approval, it will act to construct an additional building on this area (the "additional building"), whereby, subject to approval of the city building plan and completing construction, the Company shall have possession of a consolidated logistics center with a total area of approximately 40,000 sqm. The lessor is required to act to publish the city building plan within 4 years from the execution date of the lease agreement, and if said city building plan is not published in the official gazette then the Company may give notice of termination of the lease agreement upon the conclusion of 5 years from the commencement of the lease period. The Company will be obligated to lease the additional building if the city building plan is published as required and if a building permit is obtained within two years from when the city building plan is published. The Company may give notice that it will not lease the additional building if the building permit is not obtained by said date.
4. **Rent:** The Company assesses that the monthly rent is anticipated to total approximately ILS 1 million (plus VAT and CPI linkage as established in the lease agreement). The rent will likely increase in the additional periods according to the provisions of the agreement (see section 1 above) and as a result of renting the additional area (see section 3 above).
5. **Investment in the construction and customization of the consolidated logistics center:** The Company assesses that the customization works of the consolidated logistics center for its needs will cost approximately ILS 30 million.

Based on milestones, the consolidated logistics center will replace the logistic centers currently used by the Company. The transition to the consolidated logistics center is intended to support the Company's expansion and growth plan in Israel in the upcoming years, and the Company assesses that this will assist in cutting down on logistics costs.

The information in this announcement regarding the date of possession of the consolidated logistics center, the date for receiving the permits required for construction of the additional area, the timing and scope of the Company's investment in the consolidated logistics center and the cutting down of logistics costs, is forward-looking information as defined in the Israel Securities Law, 1968, based on the information held by the Company as of the date of the report and the Company's plans and assessments as of the date of the report. There is no certainty that the plans and assessments presented in this report will eventuate and are not necessarily within the Company's control. The Company's plans and assessments may not eventuate, in whole or in part, or may eventuate in a manner materially different to that which has been anticipated.

About Max Stock

Max Stock is Israel's leading extreme value retailer, currently present in 62 locations throughout Israel and 3 locations in Portugal. Max Stock offers a broad assortment of quality products for customers' everyday needs at affordable prices, helping customers "Dream Big, Pay Small". For more information, please visit <https://ir.maxstock.co.il>

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