

Electra Consumer Products (1970) Ltd. (the "Company")

31 March 2022

To
The Israel Securities Authority
<https://www.magna.isa.gov.il>

To
The Tel Aviv Stock Exchange Ltd.
<http://maya.tase.co.il>

Ladies and gentlemen,

Re: **Contractual Engagements with Quik Super Online Ltd.**

Further to the Company's immediate report dated 6 March 2022 (reference number: 2022-01-022260) regarding negotiations between Bitan Wines Ltd. (a subsidiary of the Company that operates through subsidiaries/investees, jointly: the "**Bitan Wines Group**") and Quik Super Online Ltd., a publicly traded company whose shares are listed for trade on the Tel Aviv Stock Exchange Ltd ("**Quik**"), in connection with establishing a partnership to carry out online retail operations for products and services, the Company hereby respectfully gives notice that on 30 March 2022, the Bitan Wines Group entered into a series of agreements with Quik that govern the establishment of the new partnership (the "**Partnership**"), the transfer of operations thereto, and the management thereof (the "**Joint Operations**").

The Joint Operations will be based on the technological platform and operating infrastructure that Quik developed and shall operate in the supermarket – food and non-food – categories known as fast-moving consumer goods (FMCG).

Pursuant to the agreements, the Partnership will be held by the Bitan Wines Group (51%) and by Quik (49%). The Partnership will hold and manage all of Quik's existing operations as well as all of the Bitan Wines Group's online activities falling within the Joint Operations. The Partnership shall have the right to use the Bitan Wines Group's sales floor and operating areas as operating infrastructure. Similarly, the Partnership can purchase its products from the Bitan Wines Group at the net purchase price plus direct operating cost.

The agreements include a mechanism whereby in the event that any of the parties, Quik, the Bitan Wines Group, or the Company wishes to enter into new activities in the area of online sales of products or services, it will first offer it to the new Partnership that is to be established (other than certain exceptions stipulated in said agreements). The Bitan Wines Group and Quik, each independently, will inject initial equity into the Partnership in the sum of NIS 30,000,000, divided pro rata according to their holdings in the Partnership.

The parties also entered into a management agreement that governs how decisions are to be made and their agreements regarding general shared management, management of the Partnership by means thereof, establishment of a business plan, and the implementation thereof. The management agreement granted Quik certain veto rights.

The closing of the agreements is subject to the fulfilment of conditions precedent within a period of 120 days, including: (A) obtaining the relevant approvals for the engagement from the Israel Tax Authority and the Israel Competition Authority, not including conditions that materially burden either of the parties or the transferred assets; and (B) completing the transfer of operations to the new Partnership. Similarly, there is a stipulation for liquidated damages to be the sole relief in the event of a material breach due to which the transaction would not be completed.

The Company's assessments as set forth in this report, including regarding the completion of the agreements, are forward-facing information as defined in the Securities Law, 5728-1968, which is based, *inter alia*, on expectations and assessments regarding economic and other developments the realisation thereof is uncertain and outside of the Company's control. Therefore, it is possible that the developments and trends described above shall differ in practice, *inter alia*, because of the occurrence of any of the risk factors involved in the Company's activities which factors are described in the Company's 2021 periodic report.

Respectfully,

Electra Consumer Products (1970) Ltd.

By: Daniel Salkind, Chairman of the Board of Directors

Zvika Schwimmer, Chief Executive Officer