

November 27, 2025

Palram Industries (1990) Ltd. (the Company)

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

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

Subject: Approval of Transactions between the Company and Kibbutz Ramat Yohanan as Transactions according to the Relief Regulations (the Proposed Transactions)

The Company hereby announces that on November 20 and 27, 2025, the Audit Committee and the Board of Directors of the Company, respectively, in accordance with Regulation 1(5) of the Companies Regulations (Relief in Transactions with Interested Parties), 2000 (i.e., a transaction in market conditions and within the Company's normal course of business, which does not harm the Company's best interest), have approved two transactions with Kibbutz Ramat Yohanan (the Kibbutz) as detailed below:

A. Transactions for the supply of water and sewage, via the Kibbutz, for a period of 5 years with an option to extend for an additional 5 years.

As the Company has no option to receive water and sewage services from third parties, the Kibbutz has for many years provided these services, which have been classified as negligible transactions. For the provision of water and sewage services by the Kibbutz and maintenance of the water and sewage network, the Company pays the Kibbutz, according to actual consumption and according to the Water (Tariffs for Water Supplied by Local Suppliers) Rules, 1984, as updated from time to time, in comparison to the rate charged for a business licensee. In this regard, it is noted that in 2022-2024, the sums paid to the Kibbutz for such services were: in 2022 – NIS 72 thousand, in 2023 – NIS 162 thousand, and in 2024 – NIS 367 thousand (this amount includes settlements also for previous years), while according to the Company's estimation, the annual sum to be paid to the Kibbutz for these services and maintenance, per current rates, is approximately NIS 200 thousand per year. Accordingly, as approved by the Audit Committee and Board of Directors as above, the supply of water and sewage, via the Kibbutz, under said terms, for a period of 5 years starting January 1, 2025, with an option to renew for an additional 5 years, shall be approved, instead of inclusion in the Company's negligible transactions policy as was done previously.

B. Receipt of collections, back-to-back, via the Kibbutz from a third party (unrelated) in relation to the provision of carpentry services.

On May 22 and 29, 2025, the Audit Committee and Board of Directors approved, respectively, as non-exceptional transactions, the Company's engagement with Kibbutz Ramat Yohanan for a period of two years, starting from August 1, 2025, until July 31, 2027, with the option to extend for another two years: (a) by a lease agreement for the premises on which the Kibbutz's carpentry is located, as well as the equipment therein; and (b) by an agreement for the provision of carpentry services, through the employment of kibbutz employees (who are not kibbutz members), under the same conditions and the same compensation (TO BACK BACK) as paid by the Kibbutz to those employees. In this context, prior to signing the agreements mentioned, the Kibbutz engaged with a third party (not related to the Company) for the provision of carpentry services, up to an accumulated amount of approximately NIS 2,700 thousand. Since these services have been and are provided by the Company (not the Kibbutz), after signing the agreements with the Kibbutz as mentioned, it was agreed, subject to obtaining the required legal approvals, that the Kibbutz will transfer to the Company all payments received from that unrelated third party for this transaction. Accordingly, the Audit Committee and Board of Directors approved, as above, the receipt of the full collections from the third party (not related), via the Kibbutz, on a back-to-back basis, and the Kibbutz shall not receive any benefit, profit, or additional payment for transferring said collections.

Summary of the reasons of the Audit Committee and the Board of Directors:

1. The services described above are at the core of the Company's business and are required for its ongoing operations, all as part of the Company's routine business transactions.
2. The location of the Company's plant at the center of the Kibbutz and the geographic convenience of receiving the above services, together with the steady receipt of such services from the Kibbutz (or through it) according to the ongoing needs and requirements of the Company, enable the Company operational and managerial flexibility in its daily operations (while neutralizing risk factors).

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Relevant such as economic and legal exposures) and while receiving a range of services essential to its ongoing activity as needed and with full availability, in a manner that results in economic and managerial savings for the company.

3.

The good of the company requires receiving the above-detailed services in the proposed form. Water supply and sewage services, the maintenance of water and sewage networks, and the receipt of the proceeds, are services which the company cannot obtain from third parties other than the kibbutz. Therefore, the company has no alternative to receiving these services during the course of the proposed engagements.

4.

With regard to the supply of water and sewage – the company cannot obtain these services from third parties and the engagements in this matter are at market conditions given that for water and sewage services, the kibbutz charges the amounts as set out by the Water Regulations (rates for water supplied by local suppliers), 1994, as updated from time to time in regard to consumption by a business customer (whose annual consumption does not exceed 15,000 cubic meters). Furthermore, the service agreement for the supply of water and sewage in the proposed form ensures the company receives these services over time at a fair and reasonable consideration. It should be noted that this also serves as a basis for another procedure as required by law.

5.

With regard to receiving proceeds in connection with providing carpentry services to such third party (unrelated) – it is emphasized that the prices were set at arm's length with the third party and the kibbutz has not received and will not receive any benefit, profit, or additional payment in this regard.

6.

In view of the above, and the arguments and considerations detailed above, another procedure was carried out, the proposed engagements are for the benefit of the company and do not include a distribution as defined in the Companies Law, 1999.

Respectfully,

Palram Industries (1990) Ltd.

Signed by:

Mr. Ido Rudoi, Chairman of the Company's Board of Directors

Mr. Shai Michael, CEO of the company