

International food and beverage corporation Strauss Group wraps up a successful 2020 with 4.6% organic growth¹, recording an increase in local currency sales across geographies in most categories

Approximately 7% of the Company's products in Israel are sold via the various online platforms

This morning, Strauss Group published its 2020 financial non-GAAP statements, demonstrating that the international food and beverage company has dealt with the challenges posed by the COVID-19 pandemic successfully. The company's sales in local currencies grew in most categories in which it is active globally. The Group ended 2020 with NIS 8.35 billion in revenues, reflecting a sharp organic rise of 4.6%. Negative currency translations on the back of a very strong NIS, particularly from the Brazilian real, totaled NIS 589 million, leading to a 2.2% decline in the company's reported income.

Organic operating profit, excluding the foreign currency effect, rose by a sharp 5.4% and amounted to NIS 924 million – 11.1% of revenues. The company wrapped up the year with NIS 551 million in profit attributable to shareholders – an increase of 0.7% compared to last year and accounting for 6.6% of revenues. This morning, the company also published its thirteenth sustainability report.

Strauss Group chair, **Ofra Strauss**: "Today we are summing up 2020 using the same words as always, through the various elements in our financial statements. Seemingly, life goes on as usual, but 2020 was a year that was anything but usual. Everything we perceived in our personal lives changed, and it was the same for Strauss Group. This year in its entirety was a test of Strauss Group's resilience and its ability to maintain business continuity in unprecedented conditions. All along the way, protecting people's lives and health was our guiding light, and contacts with our stakeholders took on a new meaning. The ability to collaborate with retailers to supply people with food was a test of our abilities, but it was mainly a test of the trust and partnerships that were built, in the course of many years, between Strauss Group and all our stakeholders in Israel and around the world. These relationships were what enabled us to fulfill our mission and continue to supply security and food in times when uncertainty was great and food was both a cure and a comfort.

"This year, the term 'sustainability' took on a broader meaning. Sustainability in its most basic sense once again became our top priority – responsibility for the physical and emotional health of people while protecting our natural resources.

"For me personally, this year was also a year of great loss and sad parting on the passing of my father, Michael Strauss. My father founded and shaped Strauss Group on the basis of values of partnership and mutual responsibility. This year was living proof of the importance and centrality of these values to our ability to cope with the unexpected, prevail over crises, big and small alike, and to keep on doing what we are meant to do, together.

"Next week we will be celebrating Passover. This year, we will be able to once again celebrate together with our extended families, under lighter restrictions than those that were imposed on us last year. Passover is the festival of freedom, and I truly hope that the unprecedented vaccination campaign will allow us, at least here in Israel, a little more freedom, general and personal, less social distancing and greater physical closeness."

Strauss Group CEO, **Giora Bardea**, commented on the Group's results this morning: "Thanks to the strength of our business, our financial resilience, our operational stability and flexibility, we were able to emerge from this singular, complex and unexpected year with impressive growth in sales and profitability. This achievement was made possible by our ability to generate strong sales in most categories across all our businesses, particularly sales to the retail sector, and in this way, we were able to overcome the drop in sales in the away-from-home (AFH) channels, notably on-the-go impulse buys, restaurants, cafés, offices and hotels – all of which were harmed by the pandemic. I estimate that in

¹ Organic growth – excluding the impact of mergers and acquisitions and the impact of foreign currency translation differences.

the near future, we will also see recovery in this sector as Israel returns to routine, and later on, in other countries as well.

Despite the many challenges, in 2020 we continued to plan ahead and even expedited processes of growth and development in numerous strategic channels: we broadened our collaboration with Arla, began distributing Alpro products in Israel and decided on the establishment of a manufacturing plant for the production of plant-based milk substitutes in Israel. Moreover, this year we built a new production site for fresh vegetables at Kibbutz Bror Hayil and saw progress in the construction of Strauss Water's manufacturing facility in China, which will be completed in the coming months. We built a new logistics center for our coffee business in Ukraine and made two acquisitions that will grow the coffee business in Brazil.

This year we also enlarged our startup portfolio in our FoodTech incubator with the addition of six new companies. Several of these startups have completed additional rounds of funding, raising tens of millions of dollars, which is evidence of their technological progress, of the various investors' belief in them, and of their inherent potential for the Group.

In addition to the financial statements and in our desire, as a resilient company, to be one that creates an impact on the communities in which it is active, this morning we also published our annual sustainability report, which reflects Strauss's commitment to working to create economic, social and environmental value as a foundation for our stakeholders' trust."

Strauss Israel, which holds a 12% share of the Israeli food and beverage market, recorded impressive growth of 7.9% in 2020 – more than the growth of the market that is relevant to its products (according to StoreNext). The company's revenues amounted to NIS 3.7 billion, and most of the sales growth is due to the brands of the dairies, Strauss, Yotvata and Danone; Achla salads, dips and spreads; Yad Mordechai products; and Elite "Para" (the iconic Cow) chocolate tablets. The increased sales is the result of the lengthy lockdowns that kept people at home, as well as the home cooking and baking trend that flourished during the pandemic. Operating profit this year was NIS 418 million, rising by 12.8% to 11.3% of sales. Strauss Israel has reported a significant increase in online (e-tail) sales on the various platforms used by the company, which now account for about 7% of sales.

Strauss Coffee reported growth in sales by volume in most countries, with strong growth in local currency sales in Poland, Russia and Ukraine as well as Brazil, where Três Corações reached a market share of 31.2% following 8.4% organic growth in local currency. In Israel, the coffee company recorded a dramatic increase of 31% in coffee capsule sales (according to StoreNext) and a continued rise in the number of BeanZ customers. However, the company's sales to hotels and restaurants, as well as sales by the Elite Café chain, which account for around 10% of its business, were significantly harmed by the lockdowns. The coffee company ended 2020 with NIS 3.28 billion in revenues, reflecting 2.5% organic growth (excluding the foreign currency effect) as a result of an increase in sales in the retail channels, which was offset by the damage to the AFH channels.

Sabra, which is the biggest dips and spreads company in the US and has a market share of 61.9%, experienced a challenging year. The company was mainly affected by its AFH sales, including sales to restaurants and sales of combination packs intended for on-the-go consumption. Sabra also experienced supply chain difficulties as a result of the pandemic. The company ended 2020 with sales of NIS 1.3 billion, an organic drop of 3.2% compared to 2019 excluding the foreign currency effect. Obela, which this year began self-distribution of its products in Germany, wrapped up the year with sales of NIS 163 million – 1.2% organic decrease excluding the foreign currency effect.

Strauss Water has continued on its path of improvement and success. The company experienced a strong year in its global activities, posting dramatic growth of 6.4% in sales, which amounted to NIS 668 million, as well as an extremely sharp rise of 21.4% in operating profit. These results were achieved despite the lockdown in China in early 2020 and the COVID-19-related restrictions throughout the year in Israel. The company has reported record sales of new water bars in Israel and the UK, and impressive growth in fourth quarter sales in China, particularly online.

Summary of the Sustainability Report

In line with Strauss Group's guiding concept and its desire to create an impact in the communities in which it works, the Group is publishing its sustainability report today for the thirteenth time.

The report describes the impacts of the Group's business, social and environmental activities on its stakeholders in 2020. The report presents the Group's main activities across the globe, aimed at creating economic, environmental and social value within and for the benefit of the communities in which it operates. This year's report focuses on four central themes – activities for the benefit of stakeholders during the pandemic, activities for the benefit of people and communities, environmental protection and responsible business practices.

During the pandemic, the Group worked vigorously everywhere in the world to protect and support various population groups, medical personnel, senior citizens, vulnerable populations and families badly affected by the pandemic. This year, the Group continued to broaden its diversity and inclusion activities, with 45.4% of management positions and 58% of board seats filled by women. The Group also increased its investment in the integration of diverse population groups throughout the entire job spectrum, and in tandem with the in-house launch, Strauss is working to further the subject in numerous circles outside the Group.

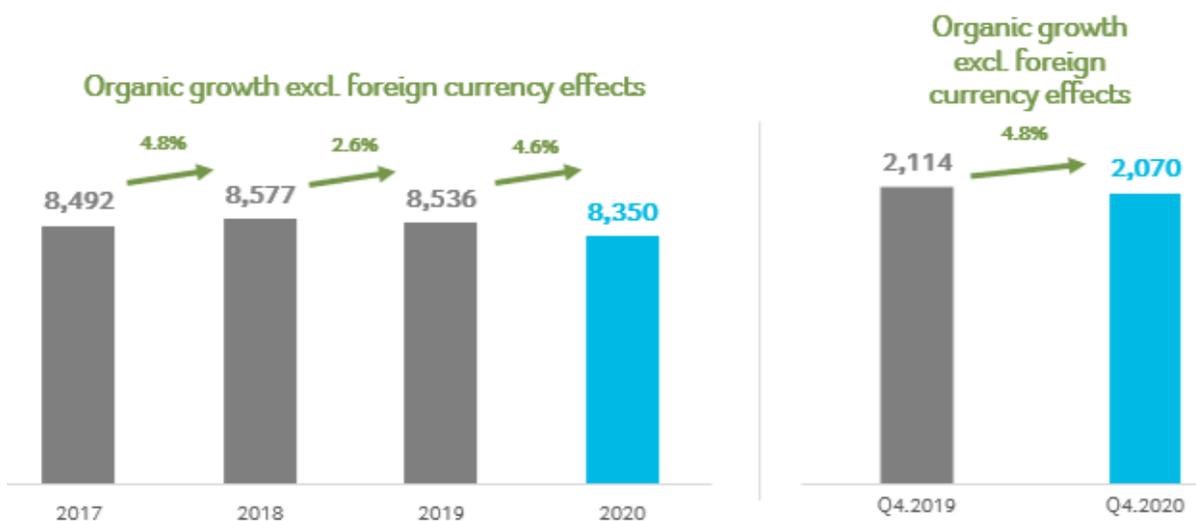
As part of our commitment to improve the food we manufacture and to enable diverse populations to enjoy our products, this year we removed 142 tons of sugar, reached 786 gluten-free products, and 74% of our products are adapted to the needs of diverse consumer groups (gluten-free, vegan, lactose-free, etc.). Guided by our commitment to the environment, in the past five years we reduced our greenhouse gas emissions by 17% and recycled or reused approximately 90% of our solid waste. The report, published this morning, presents the environmental goals set by the Group for the coming years.

Contributions:

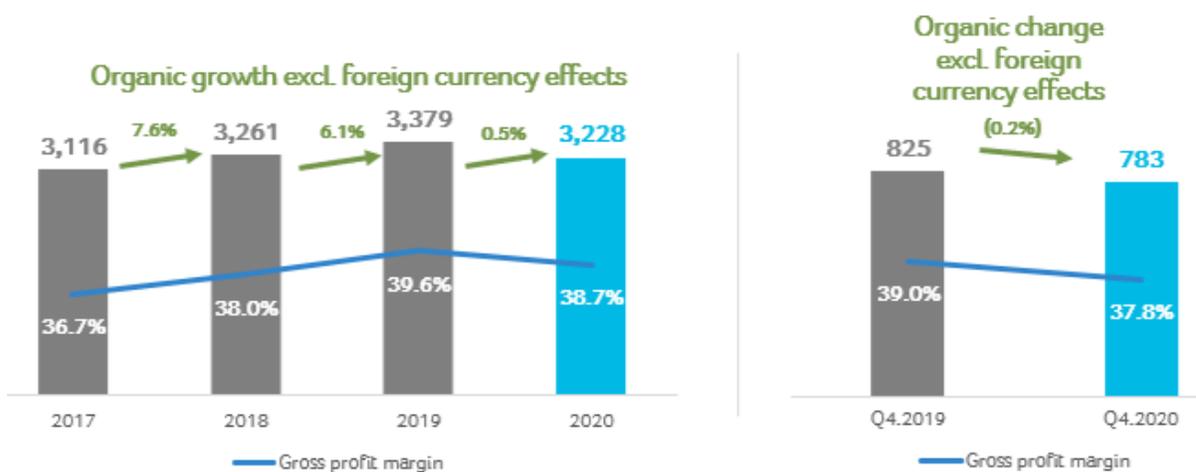
Strauss Group is active in diverse communities, placing emphasis on diversity and inclusion and on promoting a balanced diet and healthy lifestyle, and supports its stakeholders in a variety of ways. In total, in 2020 the Group donated more than NIS 25 million – double the amount donated in 2019. Despite the pandemic, this year Strauss employees devoted some 7,000 volunteer hours in the framework of different projects in communities around the world.

Following are key financial data presented in a quarterly and multiyear comparison, according to the Management (Non-GAAP) Reports:

Net Sales

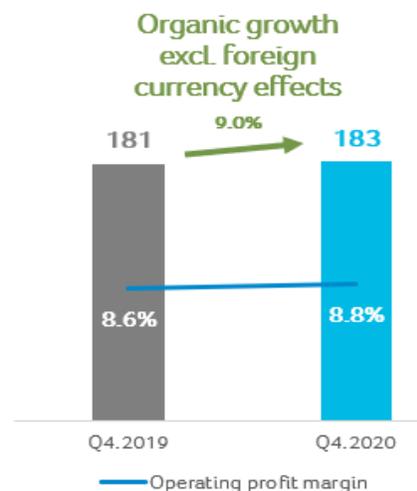
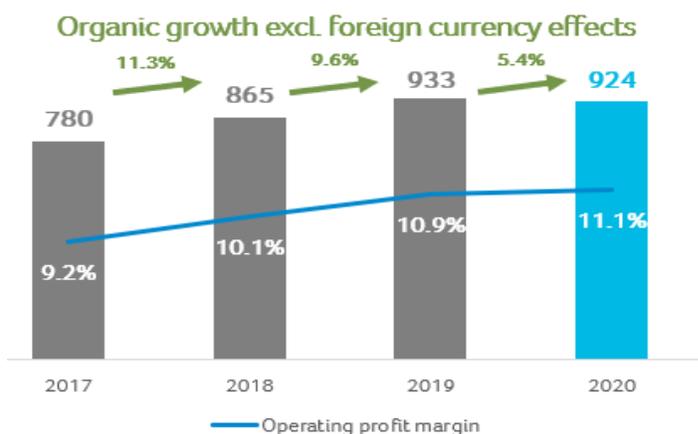


Gross Profit and Gross Profit Margin

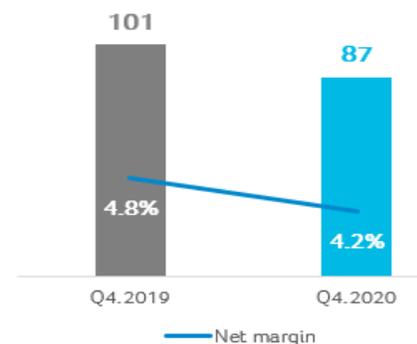
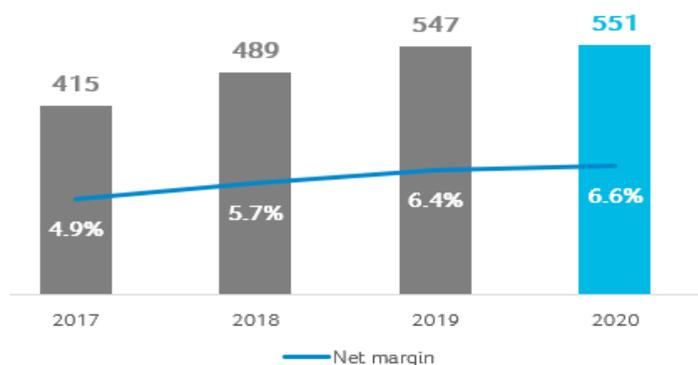


Financial data were rounded to NIS millions. Percentages changes were calculated on the basis of the exact figures in NIS thousands.

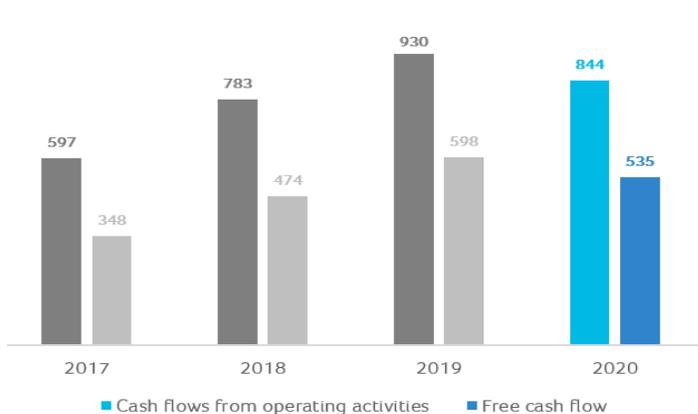
Operating Profit and Operating Profit Margin



Net Profit and Profit Margin



Cash Flows from Operating Activities and Free Cash Flow



Financial data were rounded to NIS millions. Percentages changes were calculated on the basis of the exact figures in NIS thousands.

Non GAAP Figures (1)

Fourth Quarter

	2020	2019	Change
Total Group Sales (NIS mm)	2,070	2,114	-2.1%
Organic Sales Growth excluding FX			4.8%
Gross Profit (NIS mm)	783	825	-5.2%
Gross Margins (%)	37.8%	39.0%	-120 bps
EBITDA (NIS mm)	275	270	1.7%
EBITDA Margins (%)	13.3%	12.8%	+50 bps
EBIT (NIS mm)	183	181	1.1%
EBIT Margins (%)	8.8%	8.6%	+20 bps
Net Income Attributable to the Company's Shareholders (NIS mm)	87	101	-14.1%
Net Income Margin Attributable to the Company's Shareholders (%)	4.2%	4.8%	-60 bps
EPS (NIS)	0.74	0.87	-14.3%
Operating Cash Flow (NIS mm)	264	384	-31.3%
Capex (NIS mm) (2)	-103	-108	-4.6%
Net debt (NIS mm)	1,878	2,023	-7.2%
Net debt / annual EBITDA	1.5x	1.6x	(0.1x)

(1) The data in this document are based on the company's non-GAAP figures, which include the proportionate consolidation of jointly controlled businesses and do not include share-based payment, mark-to-market at end-of-period of open positions in the Group in respect of financial derivatives used to hedge commodity prices and all adjustments necessary to delay recognition of gains and losses arising from commodity derivatives until the date when the inventory is sold to outside parties, other income and expenses, net, and the tax effect of excluding those items, unless stated otherwise.

(2) Investments include the acquisition of fixed assets and investment in intangible assets.

Note: Financial data were rounded to NIS millions. Percentages changes were calculated on the basis of the exact figures in NIS thousands.

Non GAAP Figures (1)

	Fourth Quarter							
	Sales (NIS mm)	Sales Growth vs. Last Year	Organic Sales Growth excluding FX	EBIT (NIS mm)	NIS Change in EBIT	% Change in EBIT	EBIT margins	Change in EBIT margins vs. 2019
Sales and EBIT by Operating Segments and Activities								
Strauss Israel:								
Health & Wellness	626	10.7%	10.7%	72	10	14.5%	11.4%	+40 bps
Fun & Indulgence (2)	268	0.7%	0.7%	18	0	-0.1%	6.8%	--
Total Strauss Israel	894	7.5%	7.5%	90	10	11.2%	10.0%	+30 bps
Strauss Coffee:								
Israel Coffee	169	-1.7%	-1.7%	32	17	118.4%	19.4%	+1060 bps
International Coffee (2)	665	-12.8%	5.2%	39	-32	-45.1%	5.8%	-340 bps
Total Strauss Coffee	834	-10.7%	3.8%	71	-15	-16.5%	8.6%	-50 bps
International Dips & Spreads:								
Sabra (50%) (2)	140	-13.8%	-9.8%	4	-6	-58.1%	2.9%	-310 bps
Obela (50%) (2)	21	-14.9%	-16.1%	-2	-1	-154.0%	NM	NM
Total International Dips & Spreads	161	-13.9%	-10.7%	2	-7	-76.6%	1.3%	-350 bps
Strauss Water (2)	181	13.0%	13.1%	21	1	5.3%	11.3%	-90 bps
Other	0	NM	NM	-1	13	96.4%	NM	NM
Total Group	2,070	-2.1%	4.8%	183	2	1.1%	8.8%	+20 bps

(1) The data in this document are based on the company's non-GAAP figures, which include the proportionate consolidation of jointly controlled businesses and do not include share-based payment, mark-to-market at end-of-period of open positions in the Group in respect of financial derivatives used to hedge commodity prices and all adjustments necessary to delay recognition of gains and losses arising from commodity derivatives until the date when the inventory is sold to outside parties, other income and expenses, net, and the tax effect of excluding those items, unless stated otherwise.

(2) Fun & Indulgence figures include Strauss's 50% share in the salty snacks business. International Coffee figures include Strauss's 50% share in the Três Corações joint venture (3C) – Brazil – a company jointly held by the Group (50%) and by the local São Miguel Group (50%). International Dips & Spreads figures reflect Strauss's 50% share in Sabra and Obela. Strauss Water EBIT figures include Strauss's share in Haier Strauss Water (HSW) in China (49%).

Note: Financial data were rounded to NIS millions. Percentages changes were calculated on the basis of the exact figures in NIS thousands. Total figures for International Dips & Spreads were calculated on the basis of the exact figures for Sabra and Obela in NIS thousands.

Non GAAP Figures (1)

	Year		
	2020	2019	Change
Total Group Sales (NIS mm)	8,350	8,536	-2.2%
Organic Sales Growth excluding FX			4.6%
Gross Profit (NIS mm)	3,228	3,379	-4.5%
Gross Margins (%)	38.7%	39.6%	-90 bps
EBITDA (NIS mm)	1,277	1,270	0.5%
EBITDA Margins (%)	15.3%	14.9%	+40 bps
EBIT (NIS mm)	924	933	-1.0%
EBIT Margins (%)	11.1%	10.9%	+20 bps
Net Income Attributable to the Company's Shareholders (NIS mm)	551	547	0.7%
Net Income Margin Attributable to the Company's Shareholders (%)	6.6%	6.4%	+20 bps
EPS (NIS)	4.75	4.73	0.5%
Operating Cash Flow (NIS mm)	844	930	-9.2%
Capex (NIS mm) (2)	-309	-332	-6.9%
Net debt (NIS mm)	1,878	2,023	-7.2%
Net debt / annual EBITDA	1.5x	1.6x	(0.1x)

(1) The data in this document are based on the company's non-GAAP figures, which include the proportionate consolidation of jointly controlled businesses and do not include share-based payment, mark-to-market at end-of-period of open positions in the Group in respect of financial derivatives used to hedge commodity prices and all adjustments necessary to delay recognition of gains and losses arising from commodity derivatives until the date when the inventory is sold to outside parties, other income and expenses, net, and the tax effect of excluding those items, unless stated otherwise.

(2) Investments include the acquisition of fixed assets and investment in intangible assets.

Note: Financial data were rounded to NIS millions. Percentages changes were calculated on the basis of the exact figures in NIS thousands.

Non GAAP Figures (1)

	Year							
	Sales (NIS mm)	Sales Growth vs. Last Year	Organic Sales Growth excluding FX	EBIT (NIS mm)	NIS Change in EBIT	% Change in EBIT	EBIT margins	Change in EBIT margins vs. 2019
Sales and EBIT by Operating Segments and Activities								
Strauss Israel:								
Health & Wellness	2,537	11.4%	11.4%	307	56	22.3%	12.1%	+110 bps
Fun & Indulgence (2)	1,144	0.9%	0.9%	111	-8	-7.1%	9.7%	-80 bps
Total Strauss Israel	3,681	7.9%	7.9%	418	48	12.8%	11.3%	+50 bps
Strauss Coffee:								
Israel Coffee	712	-5.6%	-5.6%	158	15	10.7%	22.3%	+330 bps
International Coffee (2)	2,567	-13.6%	5.0%	196	-85	-30.2%	7.6%	-180 bps
Total Strauss Coffee	3,279	-12.0%	2.5%	354	-70	-16.4%	10.8%	-60 bps
International Dips & Spreads:								
Sabra (50%) (2)	641	-6.4%	-3.2%	63	-16	-20.2%	9.8%	-170 bps
Obela (50%) (2)	81	-5.3%	-1.2%	-7	1	9.5%	NM	NM
Total International Dips & Spreads	722	-6.3%	-3.0%	56	-15	-21.3%	7.7%	-150 bps
Strauss Water (2)	668	6.4%	6.4%	91	16	21.4%	13.6%	+170 bps
Other	0	NM	NM	5	12	190.2%	NM	NM
Total Group	8,350	-2.2%	4.6%	924	-9	-1.0%	11.1%	+20 bps

- (1) The data in this document are based on the company's non-GAAP figures, which include the proportionate consolidation of jointly controlled businesses and do not include share-based payment, mark-to-market at end-of-period of open positions in the Group in respect of financial derivatives used to hedge commodity prices and all adjustments necessary to delay recognition of gains and losses arising from commodity derivatives until the date when the inventory is sold to outside parties, other income and expenses, net, and the tax effect of excluding those items, unless stated otherwise.
- (2) Fun & Indulgence figures include Strauss's 50% share in the salty snacks business. International Coffee figures include Strauss's 50% share in the Três Corações joint venture (3C) – Brazil – a company jointly held by the Group (50%) and by the local São Miguel Group (50%). International Dips & Spreads figures reflect Strauss's 50% share in Sabra and Obela. Strauss Water EBIT figures include Strauss's share in Haier Strauss Water (HSW) in China (49%).

Note: Financial data were rounded to NIS millions. Percentages changes were calculated on the basis of the exact figures in NIS thousands. Total figures for International Dips & Spreads were calculated on the basis of the exact figures for Sabra and Obela in NIS thousands.

Condensed financial accounting (GAAP)

Fourth Quarter

	2020	2019	Change
Sales	1,454	1,423	2.2%
Cost of sales excluding impact of commodity hedges	866	850	2.0%
Adjustments for commodity hedges	-3	-18	
Cost of sales	863	832	3.7%
Gross profit	591	591	0.0%
% of sales	40.7%	41.5%	
Selling and marketing expenses	344	341	1.2%
General and administrative expenses	119	119	-0.2%
Total expenses	463	460	0.8%
Share of profit of equity-accounted investees	53	52	3.2%
Operating profit before other expenses	181	183	-1.1%
% of sales	12.4%	12.8%	
Other income (expenses), net	-1	-1	
Operating profit after other expenses	180	182	-0.7%
Financing expenses, net	-56	-20	178.9%
Income before taxes on income	124	162	-23.3%
Taxes on income	-28	-37	-24.0%
Effective tax rate	22.6%	22.8%	
Income for the period	96	125	-23.1%
Attributable to the Company's shareholders	83	109	-23.8%
Attributable to non-controlling interests	13	16	-18.2%

Condensed financial accounting (GAAP)

Year

	2020	2019	Change
Sales	5,873	5,695	3.1%
Cost of sales excluding impact of commodity hedges	3,489	3,362	3.8%
Adjustments for commodity hedges	-4	-15	
Cost of sales	3,485	3,347	4.1%
Gross profit	2,388	2,348	1.7%
% of sales	40.7%	41.2%	
Selling and marketing expenses	1,316	1,320	-0.3%
General and administrative expenses	420	416	1.0%
Total expenses	1,736	1,736	0.0%
Share of profit of equity-accounted investees	235	270	-12.8%
Operating profit before other expenses	887	882	0.6%
% of sales	15.1%	15.5%	
Other income (expenses), net	-1	-4	
Operating profit after other expenses	886	878	1.0%
Financing expenses, net	-138	-116	19.5%
Income before taxes on income	748	762	-1.8%
Taxes on income	-149	-168	-11.2%
Effective tax rate	19.9%	22.0%	
Income for the period	599	594	0.8%
Attributable to the Company's shareholders	533	537	-0.8%
Attributable to non-controlling interests	66	57	16.3%

Note: Financial data were rounded to NIS millions. Percentages changes were calculated on the basis of the exact figures in NIS thousands.

Conference Call

Strauss Group will host a Zoom conference call in Hebrew on Monday, March 22, 2021 at 14:00 (Israel time) with the participation of company management to review the financial statements of the company for the fourth quarter and full year 2020.

Meeting URL: <https://strauss-group.zoom.us/j/96882252532?pwd=NnE4dTA3aWNBa3FBM3Bqa0pkdCtZUT09>

Meeting ID: 968 8225 2532

Password: 810938

Strauss Group will also host a conference call in English on Monday, March 22, 2021 at 16:30 (Israel time) (14:30 UK, 10:30 EST) with the participation of company management to review the financial statements of the company for the fourth quarter and full year 2020.

To participate in the conference call in English, please call one of the following numbers as appropriate:

UK: 0-800-917-9141

US: 1-888-642-5032

Israel: 03-918-0650

A recording of the calls will subsequently be available on the company's website at:

<https://ir.strauss-group.com/company-presentations/conference-call-recordings/>

The financial statements for the for the fourth quarter and full year 2020 and the presentation that will accompany the calls will be available prior to the conference calls on the following websites:

<https://ir.strauss-group.com/company-presentations/quarterly-presentations/>

<https://ir.strauss-group.com/earning-releases/>

For further information, please contact:

Daniella Finn

Director of Investor Relations

Strauss Group Ltd.

972-54-577-2195

972-3-675-2545

Daniella.Finn@Strauss-Group.com

Or

Shlomi Sheffer

External Communications Director

Strauss Group Ltd.

972-50-620-8000

972-3-675-6713

Shlomi.Sheffer@Strauss-Group.com

Osnat Golan

VP Communications, Corporate Brand & Sustainability

Strauss Group Ltd.

972-52-828-8111

972-3-675-2281

Osnat.Golan@Strauss-Group.com