



CONVENIENCE TRANSLATION

The Hebrew version is the binding version

08.12.2022

Following the sharp increase in the prices of raw materials, energy, packaging and other inputs that had an impact of NIS 300 million over the past two years, Strauss is updating the prices of its products for retailers in Israel

After 12 years in which it avoided raising prices in Israel¹ and after significant efficiency measures were deployed, the company announces a moderate update of the price list for retailers of some dairy products, salads, salty snacks and confectionery;
The average price of the company's products shall increase by about 2.9%

The company will not increase the price of a variety of products including: Elite coffee products, Cottage and Symphony cheeses, some of Elite's chocolate bars and olive oil among others;

The company notes that this price increase comprises a small proportion of the overall input inflation it is absorbing

After 12 years in which it did not raise the prices of its products in Israel, today the company is updating the price list for retailers of some of the dairy products, salads, salty snacks, confectionery and Yad Mordechai by an average rate of about 2.9%.

The increase in price that will come into effect on 12.19.2022 is due, among other things, to the increase in the prices of raw materials and other inputs in Israel and globally, primarily the prices of milk, sugar, oils, cocoa, energy and packaging which rose sharply in the last two years.

For example, the target price of milk has increased in the last two years by nearly 30%, the prices of corn, wheat and soybean oil have increased in the last two years by approximately 200%; The price of oil has increased in the last two years by about 70%, electricity prices in Israel have increased by about 10% and are expected to rise by a further 8.2% shortly, packaging materials have increased by up to 45% in the last two and a half years. Also, sugar prices have risen by about 140% in two years and cocoa, which has become more expensive by about 125% in the last two years. The UN food price index reflects a 135% increase from the pre-Covid period to today.

Elite Coffee chain is updating some of its products as well.

¹ Excluding some government supervised products



The company wishes to clarify that it took all necessary measures to ensure a complete separation between the recall damages, as a result of the stoppage of production at the Nof HaGilil confectionery factory, and the price increases that were imposed on the company as a result of input inflation.

It is also important to emphasize that this price increase comprises a small proportion of the overall input inflation it is absorbing.

Eyal Dror, CEO of Strauss Israel: "It is clear to us that this is not a simple move and that dealing with the cost of living affects every home in Israel. However, we believe that carrying out a proportional price update is necessary for maintaining a balance between the public's needs, the company's employees, its suppliers, its customers and its long term investors - pension, mutual and provident funds among others - in an environment where the high rate inflation, globally and in Israel is evident to all.

"Over the past 12 years, Strauss has carried out many initiatives, including significant efficiencies throughout the company. During these years, the company has absorbed the increases in the prices of raw materials, overheads and other input inflation and has refrained from raising prices in Israel. The company's approach over the years has been to do as much as possible in order to improve and become more efficient, and that price increases will be the last resort and this is indeed how Strauss has operated until now. Recently we even carried out painful efficiency measures that included layoffs.

"However, due to the high rate of inflation in Israel and globally and the rising prices of many raw materials and other inputs, and in light of the expectation that this trend will continue in the coming months, we are forced to announce the price update of some of our products to retailers which offset only a small proportion of the overall input inflation we are absorbing."

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