



CONVENIENCE TRANSLATION

The Hebrew version is the binding version

15.1.2024

Re: Strauss Group announces the continuation of efficiency measures and updates prices for retailers on some of the company's products at an average rate of 1.7%

Strauss Group reports this morning that the company's board of directors has approved further organizational efficiency measures for the group, following those carried out in the past year. The purpose of the program is to continue to improve efficiency and savings while adapting the organizational structure of the activity in Israel to the group's strategy and the macro-economic environment. Most of the efficiency will come from a reduction in the administrative layers and will not include employees who were evacuated from their homes or those who serve in the military reserves. The company estimates that the implementation of the program is expected to result in annual savings estimated at approximately NIS45 to NIS55 million.

In addition, mainly due to sharp increase in the prices of raw materials in the last year, which include cocoa butter (+88%), tahini (+30%), sugar and olive oil (+60%), among others, resulting in a cost impact to the company which is estimated at more than NIS100 million in annual terms, the company announces it will update prices for retailers at an average rate of approximately 1.7% of the group's products in Israel.

The price update will only be implemented for c25% of the group's products, the production cost of which has become significantly higher due to the sharp increase in the prices of raw materials, and it compensates for these increases only partially.

The company avoided updating the price of about 75% of the products in Israel, including: dairy products, Roast and Ground coffee (Turkish coffee), coffee capsules, instant coffee, Yad Mordechai honey, fresh vegetable salads, "Taste of Nature" products and others.

The price update for retailers will take effect on 1/2/2024. Products which are included in the price update include, among others, some of the confectionery, salty snacks, hummus, Yad Mordechai olive oil and chocolate products among others.



Shai Babad President and CEO of Strauss Group: "We are aware of the complex situation in which we operate, and therefore the price increases reflect the minimum necessary in the current business reality. The focus and streamlining moves within the company will allow us to continue investing in infrastructure and future growth. In 2023 we invested hundreds of millions of shekels, in all production sites in Israel and in our supply chain across the country and we will continue doing so this year as well based on our commitment to produce food security in general, and in times of war in particular."

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