



Midroog Upgrades Outlook for the Group to Stable

PETAH TIKVA, Israel, June 17, 2025 – Strauss Group Ltd. (TASE: STRS), announces today that the credit rating agency Midroog, an affiliate of Moody's, announced today that it has upgraded Strauss Group's outlook from negative to stable, while affirming the Aa1.il rating of the Group's debentures (Series E and F). Midroog cited several key factors behind the outlook revision, including its expectation of improved profit margins, execution of the Group's optimization program, and a reduction in debt levels following the divestment by its divisions of non-core operations, in line with the Group's business strategy.

Midroog noted that the outlook revision from negative to stable reflects the Group's recovery of its pre-recall market shares, alongside pricing adjustments – particularly in the Brazilian coffee joint venture – implemented in 2024 and 2025, which have contributed to sales growth.

In parallel, the Group took active steps to reduce its debt through the divestment of non-core operations, consistent with its business strategy. In December 2024, the company completed the sale of the Sabra and Obela dips and spreads business, generating NIS 723 million in net cash flow, which was largely allocated to debt reduction.

Additionally, Midroog cited its expectation that debt reduction, combined with measures aimed at improving profit margins over the medium term – including the company's productivity program to enhance operational efficiency, pricing adjustments, and margin improvements in Brazil – will support a stronger debt-to-EBITDA ratio, expected to fall within the 1.8-2.1 range, which is consistent the current rating level.

The rating agency further noted the Group's longstanding stable and conservative business and financial management, as well as its competence in the management and integration of acquired businesses – factors that also contributed positively to the rating.

Midroog stated that the rating is supported by the Group's strong business positioning, sustained by its leading status in the Israeli food market. This positioning is driven by a broad portfolio of leading products with significant market share across all business categories, as well as internal growth that surpasses industry levels, supported by marketing innovation and strategic collaborations with international food manufacturers.

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