



## Strauss Group Reports Half-Year 2024 Results

### Group revenues up 3%, reaching NIS 5.3 billion, with net profit rising 11% to NIS 242 million<sup>1</sup>

**Strauss Group President & CEO Shai Babad commented:** *"The Group continues to deliver growth in most businesses and is concentrating on implementing its strategic plan, which calls for focus on core business, on investments, and on the development of growth engines that will drive the Group forward in the next few years. Our sales growth is accompanied by the constant need to contend with the ongoing uptrend in raw material prices, which is taking a toll on the Group's margins."*

*The food industry is a meaningful part of Israel's civilian "Iron Dome". Strauss has manufacturing sites to the length of the country, from north to south, and together with our farmers, we are committed to food security and to sustaining the strength of Israeli industry."*

Results	H1 2024	H1 2023
Sales	NIS 5,343M	NIS 5,179M
% change	+3.2%	
Operating profit	NIS 355M	NIS 379M
% change	-6.0%	
% of sales	6.7%	7.3%
Net profit	NIS 242M	NIS 219M
% change	+10.6%	

This morning, Strauss Group published its financial statements, summing up the first half of 2024 with growth in revenues, which totaled NIS 5.3 billion, up 3.2% compared to the corresponding half last year. Operating profit was NIS 355 million, 6.7% of total sales. Operating profit was significantly impacted by the increase in raw material prices, which led to a decline of 6.0% compared to last year. Net profit was NIS 242 million, reflecting an increase of 10.6% compared to the first six months of 2023.

Strauss Group concluded the second quarter of 2024 with revenues of NIS 2.8 billion, up 4.9% compared to the same quarter last year. Operating profit in the quarter was NIS 151 million, down 10.3% compared to the corresponding period, and constituted 5.5% of total quarterly sales. Net income attributable to shareholders of the Company was NIS 83 million, a decline of 2.4% compared to the second quarter of 2023.

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<sup>1</sup> The data in this document are based on the Company's non-GAAP figures, which include the proportionate consolidation of jointly controlled entities and do not include share-based payment, mark-to-market at period end 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 net income and expenses, and the tax effect of excluding those items, unless stated otherwise.



## Q2 2024 summary by operating segment:

### **Strauss Israel** – revenue growth and higher operating profit.

Strauss Israel delivered revenues of NIS 2,521 million in the first half of 2024, up 3.9% compared to the corresponding half last year, and in the second quarter, revenues were NIS 1,212 million, up 6.3%. Strauss Israel's operating profit in the first half was NIS 250 million, up 5.1%, and in the second quarter, operating profit was NIS 99 million, up 9.5%.

Sales by the Health & Wellness segment in the first six months were NIS 1,485 million, down 0.8% compared to the corresponding period last year, and in the second quarter, sales were NIS 754 million, unchanged in relation to the same quarter last year. Operating profit in the first half was NIS 166 million, up 2.3% compared to the corresponding period, and in the second quarter, operating profit was NIS 92 million, up 18.4% compared to the second quarter of 2023.

Sales by the Fun & Indulgence (Snacks and Confectionery) segment in the first half were NIS 632 million, up 20.9%, and in the second quarter, sales were NIS 271 million, up 24.8% compared to the corresponding quarter last year. In the six-month period, the segment delivered operating profit of NIS 30 million, an increase of 28.5% over the first half last year, and in the second quarter, delivered an operating loss of NIS 12 million. The confectionery operation's market share in the quarter was 26.9%<sup>2</sup>, a slight increase over the same quarter last year.

The Fun & Indulgence (Israel Coffee) segment concluded the first six months with sales of NIS 404 million, down 0.7% compared to the same period last year, and sales of NIS 187 million in the second quarter, an increase of 10.7% compared to the corresponding period. The segment's operating profit in six-month period was NIS 54 million, up 2.9%, and in the second quarter, operating profit was NIS 19 million, up 35.5%.

### **Strauss International Coffee** – revenue growth

Strauss International Coffee concluded the first half with revenues of NIS 2,159 million, up 2.9% compared to the corresponding period last year, and closed the second quarter with revenues of NIS 1,205 million, up 5.0% compared to the same quarter in 2023. Strauss International Coffee's operating profit was NIS 99 million in the first six months, down 27.5% compared to the corresponding period, and NIS 61 million in the second quarter, down 20.8% compared to the same quarter last year.

The coffee business in Brazil (for 50%) concluded the first six months of 2024 with NIS 1,487 million in revenues, up 5.9%, and revenues of NIS 842 million in the second quarter, an increase of 7.6% compared to last year. The business in Brazil concluded the first half with NIS 51 million in operating profit, down 25% compared to last year, and operating profit of NIS 38 million in the second quarter, down 3.6% compared to the second quarter of 2023.

Três Corações' average value market share in roasted and ground coffee (R&G) in the first half of 2024 reached 32.9%, compared to 33.8% last year.

The coffee business in Russia and Ukraine ended the first half with sales of NIS 312 million, down 7.2%, and sales of NIS 183 million in the second quarter, an increase of 6.8%. Sales by the coffee business in

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<sup>2</sup> According to the StoreNext report published on July 8, 2024. StoreNext measures consumption in the FMCG market.



Romania in the half-year period were NIS 105 million, down 6.1%, and in the second quarter, sales were NIS 60 million, down 2.0% compared to the same quarter last year. In Poland, coffee sales in the first

half were NIS 205 million, an increase of 21%, and in the second quarter, NIS 102 million, an increase of 13.2%.

#### **Strauss Water – stronger revenue and margins**

Strauss Water concluded the first half of 2024 with revenues of NIS 403 million, up 2.9% compared to the corresponding half last year, and revenues of NIS 210 million in the second quarter, up 2.9% compared to the same quarter last year. Operating profit in the first half was NIS 49 million, up 7.6%, and operating profit in the second quarter was NIS 25 million, up 5.3%. The water business in China (for 100%) concluded the first six months with sales of NIS 446 million, up 13.1%, and sales of NIS 230 million in the second quarter, up 12.7% compared to last year. The business in China (for 100%) ended the first half with net profit of NIS 53 million, an increase of 10.4%, and net profit of NIS 26 million in the second quarter, an increase of 11.3% compared to the same quarter last year.

#### **Sabra and Obela – operating break-even**

Sabra's sales (for 50%) in the first half of 2024 were NIS 220 million, down 0.6%, and in the second quarter, sales were NIS 110 million, down 5.5% compared to corresponding period last year. Sabra's operating profit in the first half was NIS 4 million, and in the second quarter, the company recorded an operating loss of NIS 2 million.

Obela delivered sales (for 50%) of NIS 37 million in the first six months, down 2.2%, and in the second quarter, Obela's sales were NIS 17 million, down 0.2% compared to last year. Obela recorded an operating loss of NIS 1 million in the half-year period and of NIS 2 million in the quarter.

According to Circana<sup>3</sup>, Sabra's average market share of the hummus market in the quarter ended June 30, 2024 was 36.6% (Number 1 in the market), compared to 38.5% in the corresponding period last year.

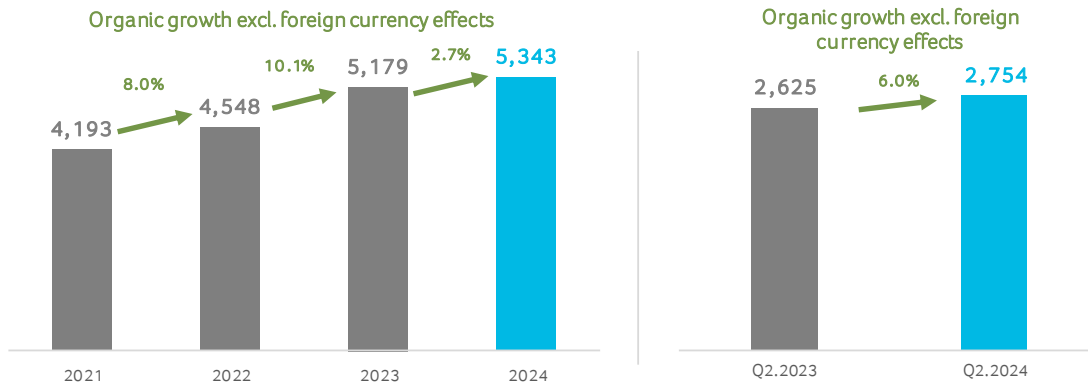
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<sup>3</sup> Circana (IRI) is a data analytics and market research company which focuses on the consumer goods market in the US.

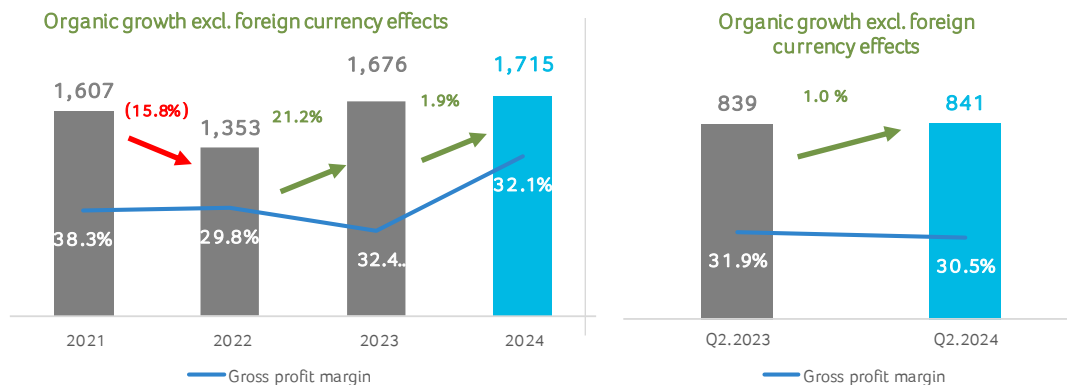


Following are key financial data in a quarterly and multi-year comparison, according to the management (non-GAAP) reports:

### Net Sales



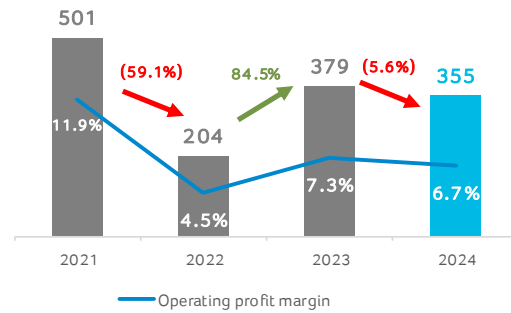
### Gross Profit and Gross Margin



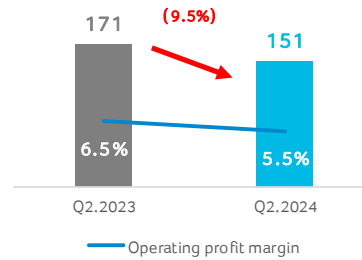
Financial data were rounded to NIS millions. Percentages changes were calculated based on the exact figures in NIS thousands.

## Operating Profit and Operating Margin

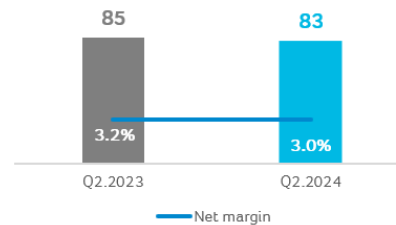
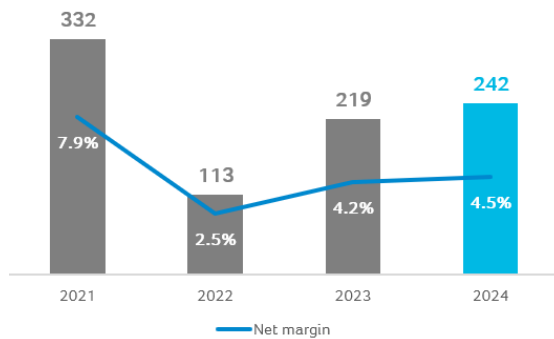
Organic growth excl. foreign currency effects



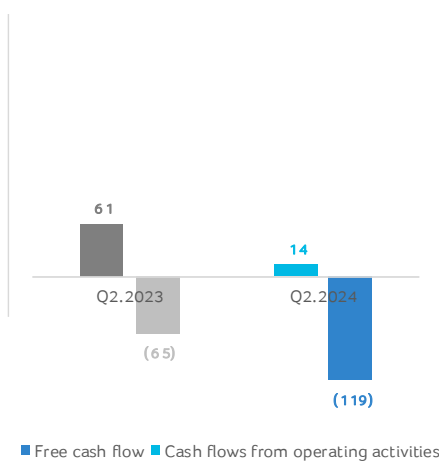
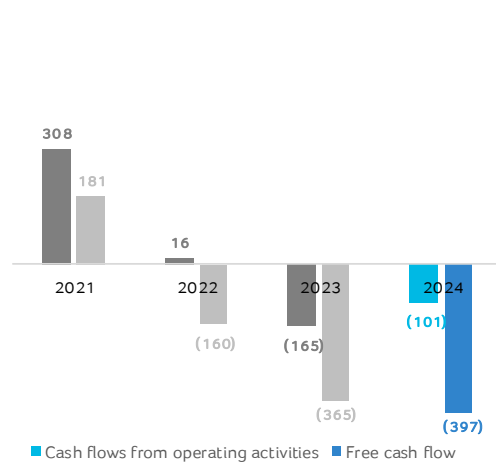
Organic growth excl. foreign currency effects



## Net Profit and Net Margin



## Operating Cash Flow and Free Cash Flow



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



## Non GAAP Figures <sup>(1)</sup>

Second Quarter			
	2024	2023	Change
Total Group Sales (NIS mm)	2,754	2,625	4.9%
Organic Sales Growth excluding FX	6.0%	12.4%	
Gross Profit (NIS mm)	841	839	0.4%
Gross Margins (%)	30.5%	31.9%	-140 bps
EBITDA (NIS mm)	262	275	-4.4%
EBITDA Margins (%)	9.6%	10.5%	-90 bps
EBIT (NIS mm)	151	171	-10.3%
EBIT Margins (%)	5.5%	6.5%	-100 bps
Net Income Attributable to the Company's Shareholders (NIS mm)	83	85	-2.4%
Net Income Margin Attributable to the Company's Shareholders (%)	3.0%	3.2%	-20 bps
EPS (NIS)	0.71	0.72	-2.5%
Operating Cash Flow (NIS mm)	14	61	
Capex (NIS mm) <sup>(2)</sup>	133	127	
Net debt (NIS mm)	3,223	2,977	8.3%
Net debt / annual EBITDA	2.7x	3.0x	(0.3x)

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(2) Investments include the acquisition of fixed assets, investment in intangible assets and proceeds from the sale of fixed 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 <sup>(1)</sup>

	Second 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. 2023
<b>Sales and EBIT by Operating Segments and Activities</b>								
<b>Strauss Israel:</b>								
Health & Wellness	754	0.0%	0.0%	92	15	18.4%	12.1%	+190 bps
Fun & Indulgence (Snacks and sweets) <sup>(2)</sup>	271	24.8%	24.8%	(12)	(12)	NM	-4.1%	-380 bps
Fun & Indulgence (Coffee Israel)	187	10.7%	10.7%	19	5	35.5%	10.1%	+190 bps
<b>Total Strauss Israel</b>	<b>1,212</b>	<b>6.3%</b>	<b>6.3%</b>	<b>99</b>	<b>8</b>	<b>9.5%</b>	<b>8.2%</b>	<b>+30 bps</b>
<b>International Coffee <sup>(2)</sup></b>	<b>1,205</b>	<b>5.0%</b>	<b>7.8%</b>	<b>61</b>	<b>(16)</b>	<b>-20.8%</b>	<b>5.1%</b>	<b>-160 bps</b>
<b>Strauss Water <sup>(2)</sup></b>	<b>210</b>	<b>2.9%</b>	<b>2.7%</b>	<b>25</b>	<b>1</b>	<b>5.3%</b>	<b>12.0%</b>	<b>+20 bps</b>
<b>Other</b>	<b>127</b>	<b>-3.9%</b>	<b>-5.8%</b>	<b>(34)</b>	<b>(13)</b>	<b>60.2%</b>	<b>NM</b>	<b>NM</b>
<b>Total Group</b>	<b>2,754</b>	<b>4.9%</b>	<b>6.0%</b>	<b>151</b>	<b>(20)</b>	<b>-10.3%</b>	<b>5.5%</b>	<b>-100 bps</b>

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(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)			
Second Quarter			
	2024	2023	Change
Sales	1,701	1,631	4.3%
Cost of sales excluding impact of commodity hedges	1,124	1,048	7.2%
Adjustments for commodity hedges	(6)	(4)	
Cost of sales	1,118	1,044	7.1%
<b>Gross profit</b>	<b>583</b>	<b>587</b>	<b>-0.6%</b>
% of sales	34.3%	36.0%	
Selling and marketing expenses	347	346	0.2%
General and administrative expenses	126	120	5.2%
<b>Total expenses</b>	<b>473</b>	<b>466</b>	
Share of profit of equity-accounted investees	49	47	2.7%
Share of loss of equity-accounted incubator investees	(8)	(9)	-11.1%
<b>Operating profit before other expenses</b>	<b>151</b>	<b>159</b>	<b>-4.9%</b>
% of sales	8.9%	9.7%	
Other expenses, net	(13)	(9)	
<b>Operating profit after other expenses</b>	<b>138</b>	<b>150</b>	<b>-7.9%</b>
Financing expenses, net	(16)	(19)	-15.4%
<b>Income before taxes on income</b>	<b>122</b>	<b>131</b>	<b>-6.8%</b>
Taxes on income	(21)	(45)	-53.4%
Effective tax rate	17.1%	34.3%	
<b>Income for the period</b>	<b>101</b>	<b>86</b>	<b>17.6%</b>
<b>Attributable to the Company's shareholders</b>	<b>82</b>	<b>73</b>	<b>13.4%</b>
Attributable to non-controlling interests	19	13	39.2%





## Non GAAP Figures <sup>(1)</sup>

First Half			
	2024	2023	Change
Total Group Sales (NIS mm)	5,343	5,179	3.2%
Organic Sales Growth excluding FX	2.7%	10.1%	
Gross Profit (NIS mm)	1,715	1,676	2.3%
Gross Margins (%)	32.1%	32.4%	-30 bps
EBITDA (NIS mm)	580	585	-0.7%
EBITDA Margins (%)	10.9%	11.3%	-40 bps
EBIT (NIS mm)	355	379	-6.0%
EBIT Margins (%)	6.7%	7.3%	-60 bps
Net Income Attributable to the Company's Shareholders (NIS mm)	242	219	10.6%
Net Income Margin Attributable to the Company's Shareholders (%)	4.5%	4.2%	+30 bps
EPS (NIS)	2.07	1.88	10.5%
Operating Cash Flow (NIS mm)	(101)	(165)	
Capex (NIS mm) <sup>(2)</sup>	296	201	
Net debt (NIS mm)	3,223	2,977	8.3%
Net debt / annual EBITDA	2.7x	3.0x	(0.3x)

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## Non GAAP Figures <sup>(1)</sup>

	First Half							
	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. 2023
<b>Sales and EBIT by Operating Segments and Activities</b>								
<b>Strauss Israel:</b>								
Health & Wellness	1,485	-0.8%	-0.8%	166	4	2.3%	11.2%	+40 bps
Fun & Indulgence (Snacks and sweets) <sup>(2)</sup>	632	20.9%	20.9%	30	6	28.5%	4.8%	+30 bps
Fun & Indulgence (Coffee Israel)	404	-0.7%	-0.7%	54	1	2.9%	13.4%	+50 bps
<b>Total Strauss Israel</b>	<b>2,521</b>	<b>3.9%</b>	<b>3.9%</b>	<b>250</b>	<b>11</b>	<b>5.1%</b>	<b>9.9%</b>	<b>+10 bps</b>
<b>International Coffee <sup>(2)</sup></b>	<b>2,159</b>	<b>2.9%</b>	<b>2.0%</b>	<b>99</b>	<b>(38)</b>	<b>-27.5%</b>	<b>4.6%</b>	<b>-190 bps</b>
<b>Strauss Water <sup>(2)</sup></b>	<b>403</b>	<b>2.9%</b>	<b>2.6%</b>	<b>49</b>	<b>4</b>	<b>7.6%</b>	<b>12.1%</b>	<b>+50 bps</b>
<b>Other</b>	<b>260</b>	<b>-0.5%</b>	<b>-3.3%</b>	<b>(43)</b>	<b>(1)</b>	<b>3.2%</b>	<b>NM</b>	<b>NM</b>
<b>Total Group</b>	<b>5,343</b>	<b>3.2%</b>	<b>2.7%</b>	<b>355</b>	<b>(24)</b>	<b>-6.0%</b>	<b>6.7%</b>	<b>-60 bps</b>

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# Condensed financial accounting (GAAP)

## First Half

	2024	2023	Change
Sales	3,427	3,344	2.5%
Cost of sales excluding impact of commodity hedges	2,214	2,154	2.8%
Adjustments for commodity hedges	65	-57	
Cost of sales	2,279	2,097	8.7%
<b>Gross profit</b>	1,148	1,247	-7.9%
% of sales	33.5%	37.3%	
Selling and marketing expenses	700	676	3.5%
General and administrative expenses	255	241	6.0%
<b>Total expenses</b>	955	917	
Share of profit of equity-accounted investees	85	92	-8.4%
Share of loss of equity-accounted incubator investees	(10)	(17)	-41.2%
<b>Operating profit before other expenses</b>	268	405	-33.9%
% of sales	7.8%	12.1%	
Other income (expenses), net	(63)	61	
<b>Operating profit after other expenses</b>	205	466	-56.0%
Financing expenses, net	(33)	(30)	12.7%
<b>Income before taxes on income</b>	172	436	-60.7%
Taxes on income	-	(104)	-99.9%
Effective tax rate	0.1%	23.9%	
<b>Income for the period</b>	172	332	-48.3%
<b>Attributable to the Company's shareholders</b>	133	304	-56.3%
Attributable to non-controlling interests	39	28	36.5%

## **Conference Call**

### **Strauss Group to Report Q2 2024 Results; Zoom Conference Call to be held Thursday, August 29th, 2024 at 15:30 local Israel time / 13:30 UK / 08:30 am EST**

Strauss Group (TASE: STRS) will host an online conference call to discuss Q2 2024 results on Thursday, August 29th, 2024 at 15:30 local Israel time / 13:30 UK / 08:30 am Eastern time.

The online conference call will be hosted by Shai Babad, CEO and Ariel Chetrit, CFO, and will be followed by a question and answers session.

To join the live call please use the following link:

<https://strauss-group.zoom.us/j/93776565298?pwd=EQaB4nV9EtoU5KpUZbsFNMyP5UfW7n.1>

Passcode: 841012

The online conference call will be accompanied by a presentation which will be available on the Investor Relations section of our website on Thursday, August 29<sup>th</sup>, 2024 :

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

Strauss Group's Q2 2024 earnings press release and financial statements will be available on August 29<sup>th</sup>, following the release, on the Company's website:

<https://ir.strauss-group.com/reports/>

<https://ir.strauss-group.com/financial/>

### **For further information, please contact:**

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