



## Strauss Group Reports Third Quarter 2024 Results

### Group revenues up 12%, reaching NIS 3 billion, and operating profit rises 4% to NIS 223 million<sup>1</sup>

**Strauss Group President & CEO Shai Babad commented:** *"In the past week, the company announced a transaction to sell its ownership interest in Sabra for NIS 900 million. This transaction represents another step in executing the Group's strategy to focus on core business, better leverage resources, and drive significant initiatives for Strauss. The Group has delivered a quarter of growth across all business segments, despite ongoing challenges posed by rising raw material prices, which continue to put pressure on our margins. I am immensely proud of our dedicated employees, who have ensured business continuity in the face of the war and its repercussions."*

Results	Q3 2024	Q3 2023
<b>Sales</b>	NIS 2,991M	NIS 2,675M
<b>% change</b>	+11.8%	
<b>Operating profit</b>	NIS 223M	NIS 212M
<b>% change</b>	+4.2%	
<b>% of sales</b>	7.4%	8.0%
<b>Net profit</b>	NIS 102M	NIS 120M
<b>% change</b>	-15.4%	

This morning, Strauss Group published its financial statements, summing up the third quarter of 2024 with growth in revenues, which totaled NIS 3 billion, up 11.8% compared to the corresponding period last year. Operating profit was NIS 223 million, 7.4% of total sales. Net income attributable to shareholders of the company was NIS 102 million, reflecting a decline of 15.4% compared to the same quarter last year.

Strauss Group concluded the first nine months of 2024 with revenues of NIS 8.3 billion, up 6.1% compared to the same period last year. Operating profit in the nine months was NIS 578 million, down 2.3% compared to the corresponding period, and constituted 6.9% of total sales in the period. Net income attributable to shareholders of the company was NIS 344 million, up 1.3% compared to the corresponding period last year.

Over the past few months, the Group has completed several key strategic initiatives as part of executing its strategy. As part of this process, the company announced at the end of last week the sale of its ownership interest in Sabra and Obela for NIS 900 million. Sabra and Obela will be acquired by the global food and beverage giant, PepsiCo, the Group's partner in the joint ventures.

Several months ago, Strauss launched a revised strategy for the Group, prioritizing a renewed focus on its core activities, strengthening its home base in Israel, expanding the business in Brazil and continuing to grow the water business internationally, while making further investments in the development of

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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 businesses 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 and/or the financial derivative is exercised, other income and expenses, net, and the tax effects of excluding those items, unless stated otherwise.



capabilities and boosting robustness and readiness for the future. The company will continue to pursue the implementation of the Group's strategy.

#### Q3 2024 summary by operating segment:

##### **Strauss Israel – revenue and EBIT growth**

In the third quarter, Strauss Israel delivered revenues of NIS 1,371 million, up 9.0% compared to the corresponding period last year. Strauss Israel's operating profit in the quarter was NIS 158 million, up 27.8% versus last year.

Sales by the Health & Wellness segment in the third quarter reached NIS 827 million, up 2.8% compared to the same quarter last year, and operating profit was NIS 120 million, reflecting an increase of 19.5% over last year.

Sales by the Fun & Indulgence (Snacks and Confectionery) segment in the third quarter were NIS 323 million, up 32.6% compared to the corresponding quarter last year, and operating profit was NIS 9 million, an increase of 219.5% compared to an operating loss in the same quarter of 2023.

The Fun & Indulgence (Israel Coffee) segment concluded the third quarter of the year with sales of NIS 221 million, up 5.4% compared to the corresponding period, and operating profit was NIS 29 million, a decline of 6.8% compared to last year.

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

Strauss International Coffee delivered revenues of NIS 1,259 million in the third quarter of 2024, up 17.8% compared to the same quarter in 2023, and operating profit was NIS 68 million, up 12.6% compared to the same quarter last year.

The coffee company in Brazil, Três Corações (50%) concluded the third quarter with NIS 897 million in revenues, up 25.6% compared to last year, and operating profit of NIS 48 million, reflecting an increase of 61.7% compared to the third quarter of 2023.

The coffee business in Russia summed up the third quarter with revenues of NIS 148 million, up 16.9%. The business in Ukraine concluded the quarter with revenues of NIS 40 million, an increase of 3.3%. In Poland, revenues in the quarter were NIS 104 million, an increase of 15.9%, and the business in Romania delivered NIS 73 million in quarterly revenues, up 26.7% compared to corresponding period last year.

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

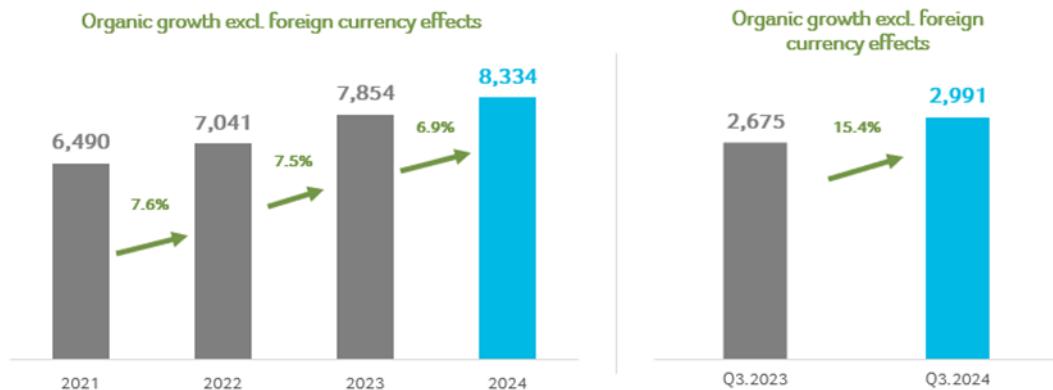
Strauss Water concluded the third quarter of 2024 with revenues of NIS 224 million, up 1.6% compared to the corresponding period last year, and operating profit of NIS 26 million, up 23.3% compared to the corresponding period. The water business in China (for 100%) delivered revenues of NIS 213 million in the quarter, up 6.5%, and net profit of NIS 28 million, an increase of 47.4% versus last year.

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

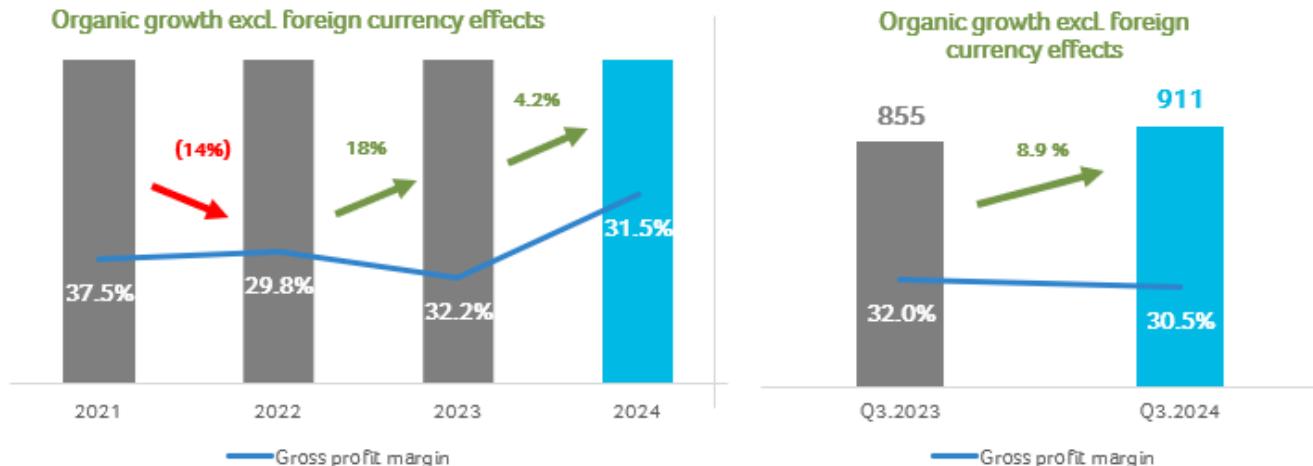
Sabra's revenues (for 50%) in the third quarter of 2024 were NIS 114 million, up 6.4%, and operating profit was NIS 1 million, a decline of 95.7% compared to the corresponding period last year. Obela delivered revenues (for 50%) of NIS 21 million in the quarter.

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



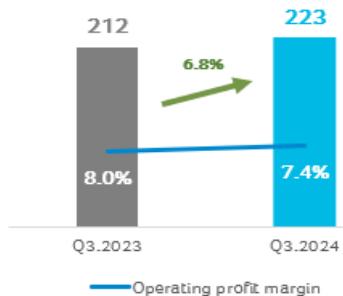
Financial data were rounded to NIS millions. Percentages changes were calculated based on the exact figures in NIS thousands.

## Operating Profit and Operating Margin

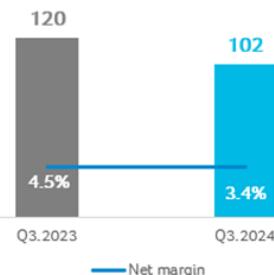
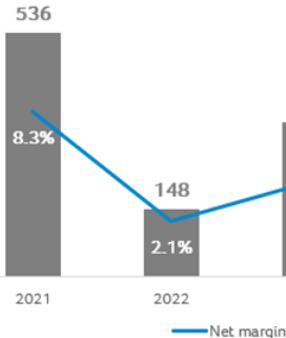
Organic growth excl. foreign currency effects



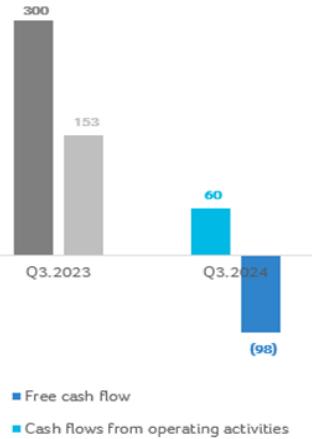
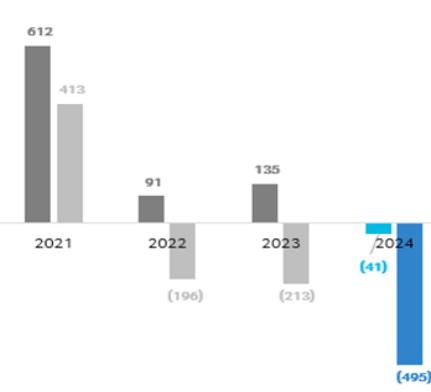
Organic growth excl. foreign currency effects



## Net Profit and Net Margin



## Operating Cash Flow and Free Cash Flow



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



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

	Third Quarter		
	2024	2023	Change
Total Group Sales (NIS mm)	2,991	2,675	11.8%
Organic Sales Growth excluding FX	15.4%	2.8%	
Gross Profit (NIS mm)	911	855	6.5%
Gross Margins (%)	30.5%	32.0%	-150 bps
EBITDA (NIS mm)	332	320	3.3%
EBITDA Margins (%)	11.1%	12.0%	-90 bps
EBIT (NIS mm)	223	212	4.2%
EBIT Margins (%)	7.4%	8.0%	-60 bps
Net Income Attributable to the Company's Shareholders (NIS mm)	102	120	-15.4%
Net Income Margin Attributable to the Company's Shareholders (%)	3.4%	4.5%	-110 bps
EPS (NIS)	0.88	1.04	-15.5%
Operating Cash Flow (NIS mm)	60	300	-80.0%
Capex (NIS mm) <sup>(2)</sup>	158	147	7.5%
Net debt (NIS mm)	3,286	2,880	14.1%
Net debt / annual EBITDA	2.7x	2.7x	(0.0x)

(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, 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>

	Third Quarter							
	Sales (NIS mm)	Sales Growth vs. Last Year	Organic Sales Growth excluding FX	EBIT	NIS (NIS mm)	% Change in EBIT	% Change in EBIT	Change in EBIT margins vs. 2023
<b>Sales and EBIT by Operating Segments and Activities</b>								
<b>Strauss Israel:</b>								
Health & Wellness	827	2.8%	2.8%	120	19	19.5%	14.5%	+200 bps
Fun & Indulgence (Snacks and sweets) <sup>(2)</sup>	323	32.6%	32.6%	9	17	219.5%	2.8%	+590 bps
Fun & Indulgence (Coffee Israel)	221	5.4%	5.4%	29	(1)	-6.8%	12.9%	-170 bps
<b>Total Strauss Israel</b>	<b>1,371</b>	<b>9.0%</b>	<b>9.0%</b>	<b>158</b>	<b>35</b>	<b>27.8%</b>	<b>11.5%</b>	<b>+170 bps</b>
<b>International Coffee <sup>(2)</sup></b>	<b>1,259</b>	<b>17.8%</b>	<b>28.0%</b>	<b>68</b>	<b>8</b>	<b>12.6%</b>	<b>5.4%</b>	<b>-20 bps</b>
<b>Strauss Water <sup>(2)</sup></b>	<b>224</b>	<b>1.6%</b>	<b>1.4%</b>	<b>26</b>	<b>5</b>	<b>23.3%</b>	<b>11.6%</b>	<b>+210 bps</b>
<b>Other</b>	<b>137</b>	<b>6.1%</b>	<b>6.1%</b>	<b>(29)</b>	<b>(37)</b>	<b>-443.9%</b>	<b>NM</b>	<b>NM</b>
<b>Total Group</b>	<b>2,991</b>	<b>11.8%</b>	<b>15.4%</b>	<b>223</b>	<b>11</b>	<b>4.2%</b>	<b>7.4%</b>	<b>-60 bps</b>

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(2) Fun & Indulgence (Snacks and Confectionery) 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)

Third Quarter	2024	2023	Change
<b>Sales</b>	1,873	1,746	7.3%
Cost of sales excluding impact of commodity hedges	1,245	1,126	10.5%
Adjustments for commodity hedges	(25)	41	
Cost of sales	1,220	1,167	4.5%
<b>Gross profit</b>	<b>653</b>	<b>579</b>	<b>12.9%</b>
% of sales	34.9%	33.1%	
Selling and marketing expenses	360	369	-2.5%
General and administrative expenses	127	118	7.7%
<b>Total expenses</b>	<b>487</b>	<b>487</b>	
Share of profit of equity-accounted investees	58	70	-16.4%
Share of loss of equity-accounted incubator investees	(8)	(6)	33.3%
<b>Operating profit before other expenses</b>	<b>216</b>	<b>156</b>	<b>39.3%</b>
% of sales	11.6%	8.9%	
Other expenses, net	(19)	(3)	
<b>Operating profit after other expenses</b>	<b>197</b>	<b>153</b>	<b>28.5%</b>
Financing expenses, net	(40)	(20)	89.0%
<b>Income before taxes on income</b>	<b>157</b>	<b>133</b>	<b>19.0%</b>
Taxes on income	(36)	(33)	9.7%
Effective tax rate	22.8%	24.8%	
<b>Income for the period</b>	<b>121</b>	<b>100</b>	<b>22.1%</b>
<b>Attributable to the Company's shareholders</b>	<b>99</b>	<b>80</b>	<b>23.7%</b>
Attributable to non-controlling interests	22	20	15.3%



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

First Nine Months	2024	2023	Change
Total Group Sales (NIS mm)	8,334	7,854	6.1%
Organic Sales Growth excluding FX	6.9%	7.5%	
Gross Profit (NIS mm)	2,626	2,531	3.8%
Gross Margins (%)	31.5%	32.2%	-70 bps
EBITDA (NIS mm)	912	905	0.7%
EBITDA Margins (%)	10.9%	11.5%	-60 bps
EBIT (NIS mm)	578	591	-2.3%
EBIT Margins (%)	6.9%	7.5%	-60 bps
Net Income Attributable to the Company's Shareholders (NIS mm)	344	339	1.3%
Net Income Margin Attributable to the Company's Shareholders (%)	4.1%	4.3%	-20 bps
EPS (NIS)	2.95	2.91	1.3%
Operating Cash Flow (NIS mm)	(41)	135	-130.4%
Capex (NIS mm) <sup>(2)</sup>	454	348	30.5%
Net debt (NIS mm)	3,286	2,880	14.1%
Net debt / annual EBITDA	2.7x	2.7x	(0.0x)

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

	First Nine Months							
	Sales (NIS mm)	Sales Growth vs. Last Year	Organic Sales excluding FX	EBIT	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	2,312	0.5%	0.5%	286	23	8.9%	12.4%	+100 bps
Fun & Indulgence (Snacks and sweets) <sup>(2)</sup>	955	24.6%	24.6%	39	23	146.7%	4.1%	+200 bps
Fun & Indulgence (Coffee Israel)	625	1.4%	1.4%	83	-	-0.6%	13.2%	-30 bps
<b>Total Strauss Israel</b>	<b>3,892</b>	<b>5.6%</b>	<b>5.6%</b>	<b>408</b>	<b>46</b>	<b>12.8%</b>	<b>10.5%</b>	<b>+70 bps</b>
<b>International Coffee</b> <sup>(2)</sup>	<b>3,418</b>	<b>7.9%</b>	<b>10.3%</b>	<b>167</b>	<b>(30)</b>	<b>-15.3%</b>	<b>4.9%</b>	<b>-130 bps</b>
<b>Strauss Water</b> <sup>(2)</sup>	<b>627</b>	<b>2.4%</b>	<b>2.2%</b>	<b>75</b>	<b>9</b>	<b>12.6%</b>	<b>11.9%</b>	<b>+100 bps</b>
<b>Other</b>	<b>397</b>	<b>1.7%</b>	<b>1.7%</b>	<b>(72)</b>	<b>(38)</b>	<b>115.8%</b>	<b>NM</b>	<b>NM</b>
<b>Total Group</b>	<b>8,334</b>	<b>6.1%</b>	<b>6.9%</b>	<b>578</b>	<b>(13)</b>	<b>-2.3%</b>	<b>6.9%</b>	<b>-60 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)

## First Nine Months

	2024	2023	Change
Sales	5,300	5,090	4.1%
Cost of sales excluding impact of commodity hedges	3,459	3,280	5.4%
Adjustments for commodity hedges	40	(16)	
Cost of sales	3,499	3,264	7.2%
<b>Gross profit</b>	<b>1,801</b>	<b>1,826</b>	<b>-1.3%</b>
% of sales	34.0%	35.9%	
Selling and marketing expenses	1,060	1,045	1.4%
General and administrative expenses	382	359	6.6%
<b>Total expenses</b>	<b>1,442</b>	<b>1,404</b>	
Share of profit of equity-accounted investees	143	162	-11.9%
Share of loss of equity-accounted incubator investees	(18)	(23)	-21.7%
<b>Operating profit before other expenses</b>	<b>484</b>	<b>561</b>	<b>-13.7%</b>
% of sales	9.1%	11.0%	
Other income (expenses), net	(82)	58	
<b>Operating profit after other expenses</b>	<b>402</b>	<b>619</b>	<b>-35.1%</b>
Financing expenses, net	(73)	(50)	44.2%
<b>Income before taxes on income</b>	<b>329</b>	<b>569</b>	<b>-42.1%</b>
Taxes on income	(36)	(137)	-73.7%
Effective tax rate	11.0%	24.1%	
<b>Income for the period</b>	<b>293</b>	<b>432</b>	<b>-32.1%</b>
<b>Attributable to the Company's shareholders</b>	<b>232</b>	<b>384</b>	<b>-39.5%</b>
Attributable to non-controlling interests	61	48	27.9%

## **Conference call**

Strauss Group will host a Zoom conference call in Hebrew on Monday, November 25, 2024 at 14:00 (Israel time) with the participation of company management for a review of the financial statements of the company for the third quarter of 2024. Following is the information for those wishing to join the online conference:

[https://us02web.zoom.us/webinar/register/WN\\_0IC9yHxQQa2s9EpVY-I6VQ](https://us02web.zoom.us/webinar/register/WN_0IC9yHxQQa2s9EpVY-I6VQ)

Strauss Group will also host a Zoom conference call in English on Monday, November 25, 2024 at 15:30 (Israel time) with the participation of company management for a review of the financial statements of the company for the third quarter of 2024. Following is the information for those wishing to join the online conference:

[https://us02web.zoom.us/webinar/register/WN\\_Y3TuLOrtSoaK\\_0zV3Ay36Q](https://us02web.zoom.us/webinar/register/WN_Y3TuLOrtSoaK_0zV3Ay36Q)

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