Unofficial Translation from Hebrew

Strauss Group Ltd.

2025 Annual Report

Board of directors	Ofra Strauss, Executive Chairperson of the Board of Directors Shaul Kobrinksy, Deputy Chair of the Board of Directors Adi Strauss Galia Maor Dorit Salinger Dalia Lev Ravit Barniv Yaniv Garty Annette (Anat) Gabriel
President and CEO	Shai Babad
Corporate Secretary	Yael Nevo, Adv.
Auditors	Somekh Chaikin KPMG
Registered office	49 Hasivim St., Kiryat Matalon, Petach Tikva 4959504

Strauss Group Ltd.

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Unofficial Translation from Hebrew

Strauss Group Ltd.

Introduction



Unofficial Translation from Hebrew

Company Profile

Strauss Group is a conglomerate of industrial and commercial companies operating in Israel and abroad, primarily engaged in the development, production, marketing and sale of a variety of branded food and beverage products. The Group is also active in the development, marketing, servicing and sale of water filtration, purification and carbonation products for home and office use. The Group is guided by its purpose: 'Nourishing a Better Tomorrow'. Strauss was established in 1933 and is now listed on the Tel Aviv Stock Exchange's flagship index, the TA-35 Index, which includes the largest public companies in Israel. According to non-GAAP financial measures, the Group's total global annual revenues in 2025 were over NIS 12.5 billion. The Group is active in 11 countries and operates 26 production sites.

The Group's areas of activity

Strauss Israel



The second-largest food and beverage group in Israel in terms of sales turnover (based on StoreNext data)[1]. Has approximately 12.1% of the total food and beverage market in Israel, operates 13 sites, including manufacturing facilities and logistics centers and employs approximate 3,900 employees.

Strauss Coffee



The Group's coffee activity (including 100% of the activity of the Três Corações (JV) and the Israel Coffee activity (which is part of the "Fun & Indulgence Israel Coffee" segment) made it the third largest player in the global retail market in terms of value market share (accounting to Euromonitor data for the 2025 annual period). The Group operates in Brazil, Russia, Ukraine, Poland, Romania, Germany, the Netherlands and Switzerland.

Strauss Water



A leading international company specializing in high-quality purified drinking water solutions. Strauss Water's primary markets are Israel, the UK and China.

[1] 2025 data were adjusted for StoreNext's updated calculations, which are current according to the report published on January 8, 2026.

Global presence



Strauss Israel	Strauss Coffee	Strauss Water
Israel	Holland	Israel
	Brazil	China
	Romania	UK
	Switzerland	
	Poland	
	Germany	
	Ukraine	
	Russia	

Collaborations and innovation

Strauss is a party to collaborations with several leading multinational corporations such as:

São Miguel, Danone, PepsiCo, Haier and Culligan.

Strauss Group's Mission Statement

The Strauss Group has always been a purpose-driven company.

In 2024 the Group defined its purpose as 'Nourishing a Better Tomorrow', a promise to leave a positive mark on the world through food, beverages and in other ways, and to nurture a better tomorrow. A world where people live in an egalitarian, supportive society, in a sustainable environment that will continue to flourish for generations to come (the "**Group's purpose**"). The purpose unites the Group around a common worldview, a shared way and values, and is a guiding star for all its activities.

The Company was founded on the idea of creating a better reality through the establishment and nurturing of the food industry - An industry that creates positive value for people's lives and for the country. The purpose is part of our DNA, it is part of us and it has guided our path and our strategy. Every few years, we examine the changes the world is undergoing, the evolving expectations from businesses, and the changes Strauss Group is experiencing. We refine the kind of impact we want to create and redefine Strauss's purpose.

The purpose serves as our North Star, through which we evaluate our decisions, and it guides us toward the type of impact we aim to make on the lives of Strauss's stakeholders. The purpose is connected to Strauss's roots and at the same time pushes us to act in a way that generates value and positive impact.

Creating food is a privilege. We love food and what it does for people. As a food and beverage company, we understand the essential role food plays in people's lives: In moments of joy or sadness, during special celebrations or as part of family traditions. Food is the way we care for people; the way we help them live longer, live in a better world, and live together.

STRAUSS GROUP'S PURPOSE:

Nourishing a better tomorrow

This is a promise to all of our stakeholders.

We have taken on ourselves a challenging and inspiring mission and undertaking: To leave a positive mark on the world through food, drink and in other ways - to nourish a better tomorrow where people live longer, live better, live in a society that is inclusive, equal and supportive, in a sustainable environment that will continue to flourish for generations to come.

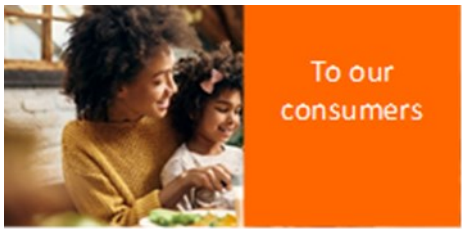
"Better" – this is our way of life, always striving for improvement. It is a proactive mindset that combines optimism, one that enables the creation of a better future. We will act to create long-term positive impact, not just short-term achievements. We will take responsibility for the entire supply chain, from farm to table.

The mission statement unites us around a shared worldview and common goals, expressing our way and culture. The purpose will attract the right people, managers, and partners, it will determine our goals, differentiate us, and allow us to continue growing. But first and foremost, the mission statement obligates us to ensure that we treat every individual and every party we interact with, both inside and outside the Company, with respect, honesty, fairness, and in accordance with the highest ethical and moral standards. The mission statement requires us to nurture and strengthen all of our stakeholders and those around us: Strauss Group personnel, our consumers, shareholders, and business partners, the various communities, future generations, and the planet.

In 2025, the Company defined its vision for the coming decade:

"Co-create and deliver bold nourishment, to scale loved local brands for people around the world". The vision focuses the Company and defines its strategic direction for the coming years. In line with this vision, the Company intends to focus its activities on creating innovation with a tangible impact – business, social and environmental.

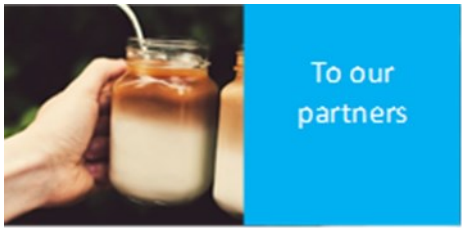
The Group aims to leverage innovation to develop well-loved local brands, enabling it to meet consumer needs in international markets while continuing its growth and evolution as a global company.



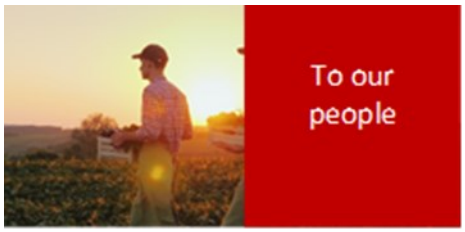
We will nurture the uniqueness of each individual and help each person live a happy and fulfilling life by providing them with safe and sustainable food that meets their needs and offers them choices.



The pursuit of a better tomorrow will be reflected in our drive for excellence in everything we do. We will continue to be a company with exceptional performance, today and tomorrow, for a sustainable future of growth and success.



We will continue to nurture our relationships and strengthen them with respect, integrity, and collaboration. We will ensure that you continue to feel like part of the family, because you truly are a part of it. Together, we will work towards a better tomorrow.



We will nurture and encourage the unique potential within each and every one of you. We will invest in the people who fulfill the promise of today, and in those who will secure the promise of tomorrow. We will continue to develop a caring, diverse, and inclusive company by treating one another with love and respect, just like in a family.



We promise to leave a positive impact on the society we live in and on the planet.

Summary of 2024 Financial Performance

All financial information in this section is based on the Company's non-GAAP reports, comparison figures are as reported in the 2024 annual report:

12,507
NIS million
Net sales

15.4%
Growth excluding foreign currency effects

11.6%
Total growth in sales

1,020
NIS million
Operating profit

37.7%
Change in operating profit (excluding foreign currency effects)

8.2%
Operating profit margin

1,434
NIS million
EBITDA

250
NIS million
Change in EBITDA

22.9%
Change in EBITDA (excluding foreign currency effects)

450
NIS million
Net profit attributable to shareholders

7.6%
Change in net profit attributable to shareholders

NIS 3.86
Net profit per share

566
NIS million
CAPEX, net

-85
NIS million
Change in CAPEX, net

4.5%
% CAPEX, net of total sales

781
NIS million
Cash flows utilized for current operations

181
NIS million
Cash flows utilized for current operations

215
NIS million
FFO

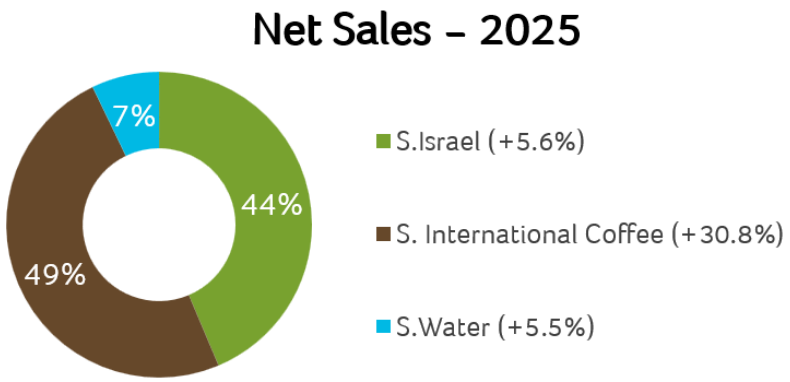
266
NIS million
Change in FFO

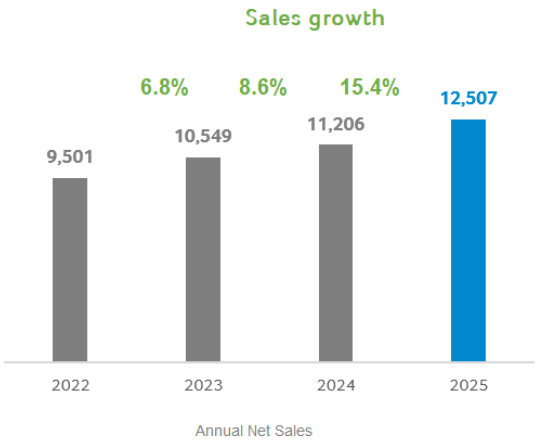
Selected financial data for the 2025 annual period and Q4 2025:

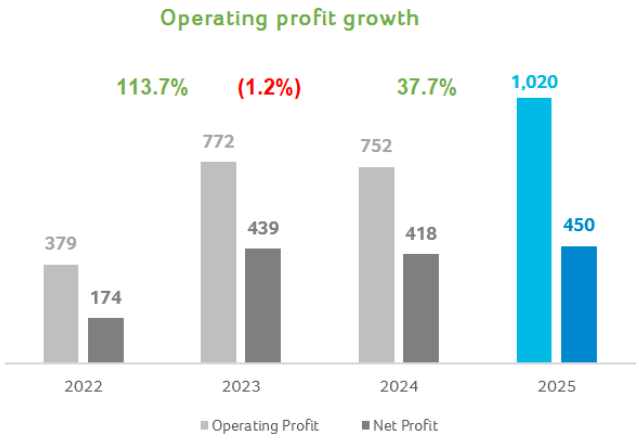
	2025	2024	Change	% change	Q4-2025	Q4-2024	Change	% change
Sales	12,507	11,206	1,301	11.6%	3,167	2,872	295	10.2%
Growth excluding foreign currency effects	15.4%	8.6%			12.7%	13.8%		
Gross profit	3,599	3,439	160	4.7%	990	813	177	21.9%
% of sales	28.8%	30.7%			31.3%	28.3%		
Total operating expenses	2,572	2,709	(137)	(5.1%)	693	643	50	7.7%
Company's share in profits of equity-accounted investees	39	55	(16)	(29.3%)	8	19	(11)	(57.7%)
Operating profit before the profits of the incubator investees	1,066	785	281	35.8%	305	189	116	61.4%
Share in losses of equity-accounted incubator investees	(46)	(33)	(13)	41.9%	(23)	(15)	(8)	60.2%
Operating profit	1,020	752	268	35.6%	282	174	108	62.3%
% of sales	8.2%	6.7%			8.9%	6.1%		
Financing expenses, net	(254)	(174)	(80)	46.1%	(70)	(66)	(4)	7.1%
Profit before taxes on income	766	578	188	32.5%	212	108	104	96.0%
Taxes on income	(219)	(73)			(38)	(8)		
Profit for the period	547	505	42	8.2%	174	100	74	73.4%
Profit attributable to shareholders of the Company	450	418	32	7.6%	151	74	77	103.3%
% of sales	3.6%	3.7%			4.8%	2.6%		
EPS (NIS)	3.86	3.59	0.3	7.6%	1.30	0.64	0.7	103.2%
Profit attributable to non-controlling interests	97	87	10	11.2%	23	26	(3)	(13.2%)

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

Segmentation of net sales for the 2025 annual period and their growth rates by segment







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

Vision, Sustainability, CSR, Corporate Social Investment and Donations

The Group's purpose reflects our passion and commitment to the food sector. We are dedicated to producing high-quality, great-tasting food and beverages that are designed to nourish and delight people. For us, however, this purpose extends beyond physical nourishment.

The Group views sustainability as a framework guiding all of its activities and, as part of this approach, strives to drive positive change while enhancing business productivity. To this end, the Group collaborates with key stakeholders, aligns with local and global trends, and draws on frameworks such as the United Nations Sustainable Development Goals, translating its vision into meaningful and practical actions.



Nutrition and Health

Strauss Group is committed to offering high-quality, tasty and nutritious food. As a company with a diverse snacks portfolio and one of the largest food advertisers in Israel, we recognize our influence and take responsibility through ongoing efforts to continuously improve our products.



Sustainable supply chain

Strauss Group assumes responsibility across the entire value chain of its products - from sourcing raw materials, through production and packaging, to the distribution of food and beverages. Through a comprehensive approach, from farm to consumer and beyond, the Group works to create a positive impact on people and the environment at every stage of its operations.



Climate and water

Strauss Group is committed to managing and reducing the environmental impact of its operations. The Group continuously seeks efficient solutions and implements them across its value chain, while maintaining high product quality.



People and communities

Strauss Group is committed to fostering a work environment in which all our people can thrive, based on principles of fair employment, fundamental rights, workplace safety, diversity, equity and inclusion, and opportunities for professional development. In addition, the Group is committed to investing in the communities around it and to promoting employee volunteering.

Key sustainability figures

91%
of suppliers are local

41%
of Strauss Israel's products are labeled vegan

71%
of Strauss Israel's products are labeled gluten free

25.8%
Of Strauss Group's employees come from disadvantaged population groups

67%
Of Strauss's directors are women

49%
of the Group's managers are women (excluding Brazil)

6,800
Employee volunteer hours donated

NIS 7.6 million
Strauss products donated to the community

NIS 7 million
Strauss Group donated NIS 7 million in cash and cash equivalents

100%
Of Strauss milk suppliers participate in programs to improve sustainability and cow welfare

~ 86%
Of the Group's packaging materials are recyclable or reusable (based on tons purchased)

6.85%
Renewable energy used of the total energy consumption (including biogas)

Definitions

The following defined terms shall have the subscribed meaning in all subsequent chapters:

"Strauss" / the "Company" / "the Corporation"	Strauss Group Ltd.
"Strauss Group" / the "Group"	Strauss Group Ltd. and companies controlled by it, including joint control.
"Strauss Holdings"	Strauss Holdings Ltd.
"Controlling shareholders"	For information, see section 1 in the Chapter Description of the Company's Business of the Group's Annual Report below
"Strauss International Coffee"	Strauss Coffee B.V.
"São Miguel"	São Miguel Holding e Investimentos S.A.
"Três Corações (JV)"	A joint venture in Brazil, held by the Group (50%) and by a loc holding company, São Miguel Holding e Investimentos S.A. (50%).
"Sabra"	Sabra Dipping Company LLC
"Obela"	PepsiCo-Strauss Fresh Dips & Spreads International GmbH.
"Danone"	Compagnie Gervais Danone S.A. of France.
"PepsiCo" / "PepsiCo, Inc."	The North American multinational food, snack and beverage corporation.
"PepsiCo Europe"	A subsidiary of PepsiCo, PepsiCo Investments Europe (I) B.V.
"Haier"	Haier Group Corporation of China.
"HSW"	Qingdao HSW Health Water Appliance Co. Ltd.
"TASE"	The Tel Aviv Stock Exchange Ltd.
"Financial Statements"	The financial statements of the Company, as defined in section 5 in the Chapter Description of the Company's Business of the Group's Annual Report below

The "Non-GAAP Reports" / "Non-GAAP Management Reports"	The Non-GAAP Reports of the Company, as defined in section 5 in the Chapter Description of the Company's Business of the Group's Annual Report below
The "Milk Law"	The Milk Sector Planning Law, 2011
The "Packaging Law"	Regulation of Processing of Packaging Law, 2011
The "Food Law"	Promotion of Competition in the Food Sector Law, 2014
"StoreNext"	StoreNext, a company specializing in measuring the FMCG market within the barcoded retail sector (including major supermarket chains, barcoded private minimarkets, and independent retail chains). According to information shared by StoreNext: As of the end of May 2024, the Shufersal chain ceased transmitting checkout data to StoreNext. Additionally, around mid-September 2024, the Rami Levy chain announced the termination of its engagement with StoreNext. Accordingly, adjustments have been made to StoreNext's statistical model to continue optimally reflecting market sales volumes and trends. However, it should be noted that these are estimates only and not actual data.
"Nielsen"	Nielsen Holdings plc is a leading global data and analytics company, which, to the best of the Company's knowledge, is active in ~110 countries, including Israel.
"Euromonitor"	Euromonitor is a provider of strategic market research. The company creates data and analysis on products and services around the world.
"ICE"	Intercontinental Exchange (ICE) is a supplier of commodity market information, which generates and provides commodities analyses. https://www.theice.com/index
"Bloomberg"	Bloomberg is a private company that provides financial services in the fields of software, media, and information. Bloomberg holds a one-third share of the global financial information market.

"Mintel"	Mintel is an online information platform specializing in consumer insights and trends, product launches, and business intelligence, primarily in the global consumer goods and personal care sectors.
"USD" or the "Dollar"	United States Dollar

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Strauss Group Ltd.

Update of the Description of the Company's Business



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Description of the General Development of the Group's Business Affairs

1. Group's activities and a description of the development of its business affairs

1.1 The Group's activities

Strauss Group is a conglomerate of industrial and commercial companies operating in Israel and abroad, primarily engaged in the development, production, marketing and sale of a variety of branded food and beverage products. The Group is also active in the development, marketing, servicing and sale of water filtration, purification and carbonation products for home and office use.

As of the publication date of the report, the Group is active in some 11 countries worldwide with a strong home base in Israel and focuses on branded products with high added value for the consumer.

According to StoreNext,[1] as of December 31, 2025, the Group is the second-largest food and beverage group in the barcoded market in Israel based on total sales, in 2025 the Group had approximately 12.1% of the total retail food and beverage market in Israel (in terms of value), compared with a market share of approximately 11.6% in 2024 (it should be noted that the total food and beverage market in Israel does not include Strauss Water activities in Israel). Additionally, according to Euromonitor data[2], in 2025, Strauss Coffee (including 100% of the activity in Brazil and the Israel Coffee activity) was the third largest player in the global retail market in terms of value market share, with approximately 2.8% of the global coffee market in terms of value.

As of the date of the report, the Group is active in various geographic regions: In Israel, the Group is active with the development, production, marketing and sale of a variety of branded food and beverage products; in Brazil,[3][4] Poland, Romania, Ukraine and Russia, the Group is active with the development, production, marketing and sale of a variety of coffee products; in Germany - the

[1] Based on the StoreNext report published on January 8, 2026.

[2] Based on the Euromonitor data report published on November 17, 2025.

[3] The activity in Brazil is performed through the Três Corações joint venture. 50% of the shares in the Três Corações joint venture are held by São Miguel Holding e Investimentos S.A. ("São Miguel Group").

[4] Brazil (through Três Corações (JV)) also includes activity in categories other than R&G coffee – *inter alia*, the manufacturing, marketing and sale of corn products, plant-based dairy alternatives, chocolate powders and juice powders.

Group owns a production facility for freeze dried instant coffee which is primarily sold to the Group members as well as to third-parties; in 2025, Brazil comprised approximately 70% of the entire International Coffee segment's sales turnover. In Israel, the UK and China,[5] the Group is active with the marketing, sale and servicing of drinking water filtration, purification and carbonation products.

The Group collaborates with four multinational corporations, as follows: the French concern Danone (Compagnie Gervais Danone S.A.); the American corporation PepsiCo, Inc.; Haier Group of China; and the global water treatment company, Culligan; as well as with three local partners - the Lima family in Brazil, Kibbutz Yotvata and Kibbutz Yad Mordechai in Israel.

Strauss Holdings Ltd. ("**Strauss Holdings**") is the direct controlling shareholder of the Company (approximately 48% of the Company's equity and voting rights). To the best of the Company's knowledge, the controlling shareholder of Strauss Holdings is Michael Strauss's Assets Ltd. ("**Michael's Assets**") (100% of Strauss Holdings' equity and voting rights). Ms. Ofra Strauss, Ms. Irit Strauss and Mr. Adi Strauss hold the shares of Michael's Assets (jointly, approximately 94.6% of the right to dividends and 100% of the voting rights in Michael's Assets), granting them control of Michael's Assets and, indirectly, control of the Company. The above three members of the Strauss family have an agreement to jointly act *vis-a-vis* Michael's Assets, by virtue of which they are deemed "joint owners" of Michael's Assets. Ms. Ofra Strauss, Ms. Irit Strauss and Mr. Adi Strauss are therefore the controlling shareholders of the Company.

There is no arrangement for the demarcation of activities between the Company and the controlling shareholders; however, according to the agreement for the use of the Strauss brand, for as long as a member of the Strauss family directly or indirectly holds shares of the Company or serves as an officer of the Company or a subsidiary, that family member will refrain from competing with the Company. For more information see section 21.1 below. To the best of the Company's knowledge, as of the date of the report, the controlling shareholders of the Company have no other business in the Group's operating segments.

1.2 Development of the Group's businesses

The Company was incorporated and registered in Israel in 1933, and in 1973 became a public company whose shares are listed for trade on the Tel Aviv Stock Exchange Ltd. ("TASE").

The Company began operating in 1934 with the production of chocolate bars and assorted sweet snacks. The Group began manufacturing instant coffee in Israel in the mid 1950's. The Group subsequently expanded its snacks and coffee businesses in Israel by building new plants and acquiring companies active in these categories. The Group began collaborating with

[5] The activity in China is performed through a material investment (49%) in an investee – HSW.

PepsiCo in the Israel salty snack food segment in 1990.

In the early 1990's, the Group launched its International Coffee business in Europe, principally in the roast and ground (R&G) coffee market. The Group expanded its global operations through the acquisition of companies active in the sector, as well as through the establishment of new businesses. At the end of 2000, the Company began operating in Brazil following the acquisition of a coffee company in Brazil.

In 2004 the Group initiated operations in dairy products and dips following the acquisition of the Strauss family's dairy business which was founded in the 1930's by Hilde and Dr. Richard Strauss, who opened a family dairy in Nahariya. In 1969, the dairy became active in yogurt and dairy desserts, and in 1996, the French concern Danone acquired 20% of the dairy's shares.

In 2005, the Group significantly expanded the International Coffee activity through a series of acquisitions in Poland and by entering the Três Corações JV in Brazil. The expansion of the International Coffee activity continued in the following years through the acquisition of additional companies and brands in Brazil through Três Corações (JV), in Russia and Romania.

In 2009, the Company acquired Tana Industries Ltd. (today, Strauss Water), which operates under the Tami4 brand, and initiated operations in the water filtration segment in Israel. In 2010, the Group, together with Haier Group, formed a joint venture in the water business in China, and on the date of the report, Strauss Water holds 49% of the rights in the joint venture. Additionally, Strauss Water starting operating in the UK in 2011.

In 2015, the Group launched the "The Kitchen" technology incubator (as part of the Israel Innovation Authority's Technological Incubator Program), in which the Group invested in early-stage FoodTech startups. "The Kitchen 2.0" was launched in 2022, after being awarded another concession to operate an incubator. Upon the expiration of the concession awarded for Incubator 1,[6] the Board of Directors of the Group passed a resolution to take steps (in principle) to realize the investments in the incubator companies. For more information see section 11.1 below.

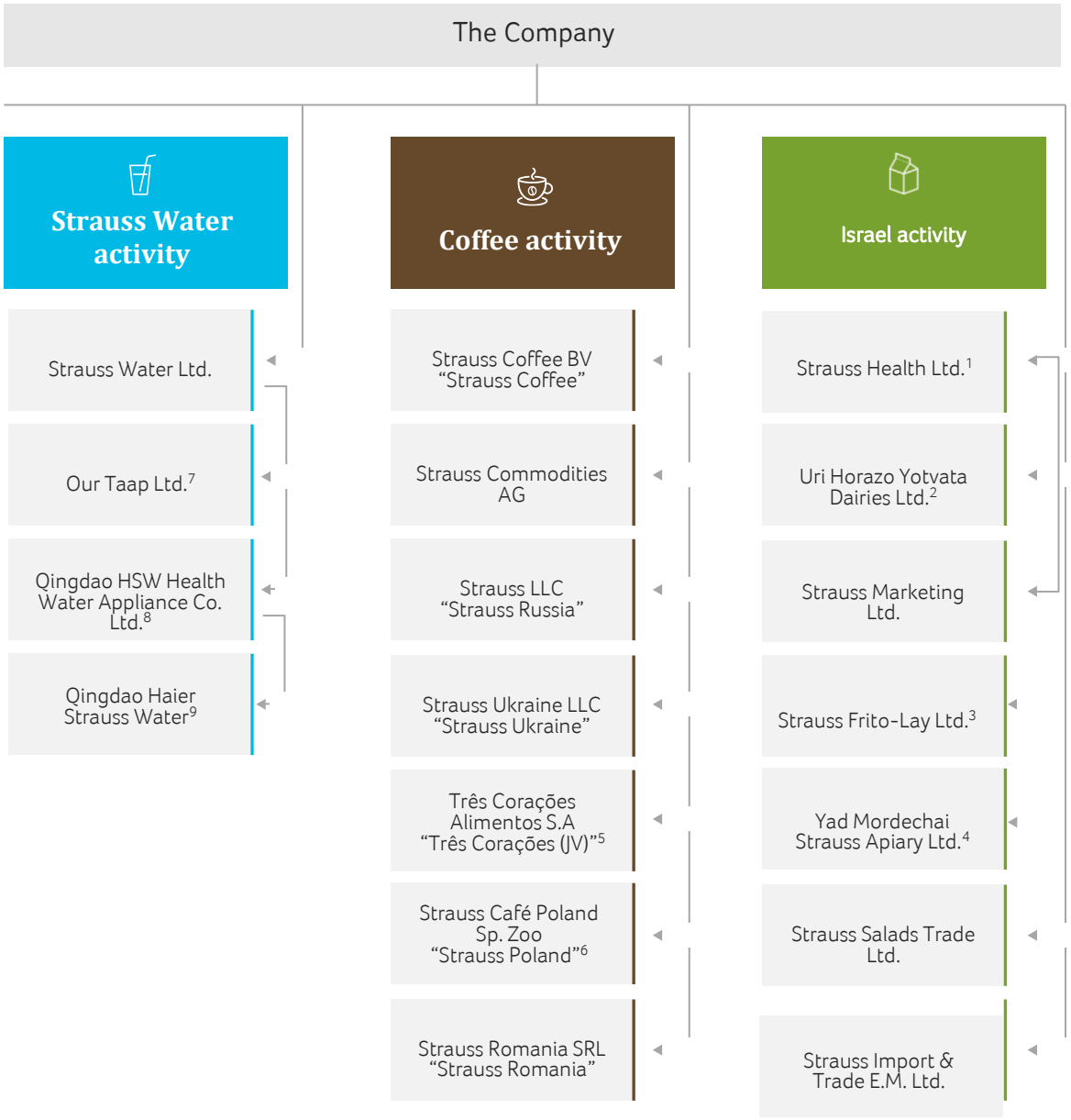
In March 2025 the Group (through Três Corações (JV))[7] entered into an agreement to acquire Yoki - a leading food company in Brazil. The execution of this purchase agreement is part of the implementation of the Group's commercial strategy to expand its activity in Brazil into new categories. Completion of the transaction is subject to the fulfillment of customary conditions precedent. For further information, see section 9.1.1 below and the immediate report of March 17, 2026 (reference no. 2026-01-023426).

[6] It should be clarified that the concession for Incubator 2 is anticipated to end on March 31, 2026.

[7] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

The following chart presents the structure of the Company's holdings in major companies on or about the date of the Periodic Report:

The Holding Structure Diagram



Notes to the Company's holding structure chart diagram.

Where a 100% holding is noted, the holding is direct or indirect through wholly owned subsidiaries.

1 20% of the shares of Strauss Health are held by the French corporation, Danone. For a description of the agreements with Danone, see section 8.2.15.1 below.

2 50% of the shares of Yotvata are held by Kibbutz Yotvata. For a description of the agreements with Yotvata, see section 8.2.15.2 below.

[3] 50% of the shares of Strauss Frito-Lay are held (indirectly) by the American corporation, PepsiCo. For a description of the agreements with PepsiCo, see section 8.3.15 below.

[4] 49% of the shares of Yad Mordechai Strauss Apiary Ltd. are held by Kibbutz Yad Mordechai.

[5] 50% of the shares of Três Corações (JV) are held by São Miguel Group. For a description of the 50/50 joint venture with São Miguel Group, see section 9.1.20 below. It should be clarified that the Group's activity in Brazil described in this report refers to the Company's activity through Três Corações (JV), the Company's joint venture in Brazil. Unless specified otherwise, the data reflect the Company's share (50%), for more information see section 9 below.

[6] Strauss Poland was acquired more than 20 years ago. The Company learned following the acquisition that it did not have the government approval formerly required to transfer the shares in the purchase transaction. This approval is no longer required in similar transactions. In the opinion of Strauss Poland's legal counsel, notwithstanding the Company's potential exposure to legal action regarding the legal invalidity of the ownership of the acquired shares, the risk that action will be brought on this issue by state authorities in Poland or by third parties, including the historic shareholders, is remote, particularly considering the time that has elapsed since the shares were transferred, and the fact that no action has been instituted against the Company throughout this considerable period. Additionally, according to the aforementioned legal opinion, if legal action is to be instituted, the Company can raise legal arguments in its defense such as abuse of right and a basis for a monetary refund of the full market value of the shares of the investee company, including the value that accrued since the historic acquisition date. The information contained in this section regarding the success of these arguments is forward-looking information as defined in the Securities Law, which is based on the information available to the Company on the date of this report and includes the Company's estimates, whose materialization is uncertain, and they depend on how the relevant judicial forum will examine the issue, as well as the conduct of the historic shareholders and them refraining from raising any opposition over the years.

[7] 49% of the shares of Our Taap Ltd. are held by Culligan.

[8] 49% of the shares of Qingdao HSW Health Water Appliances Co. Ltd. are held by Strauss Water and 51% of the shares are held by Haier Group of China. See section 10.13 below.

[9] 49% of the shares of Qingdao Haier Strauss Water Sino-German Co. are held by Strauss Water and 51% of the shares are held by Haier Group of China. See section 10.13 below.

2. Operating segments

As of the reporting date, the Group is engaged in five key areas of activity that are reported as operating segments, as described in Note 24 to the Financial Statements of the Company as of December 31, 2025. Three of the operating segments are part of the Israel activity, as described below.

The Israel activity – As part of the Israel activity, the Group develops, produces, sells, markets and distributes a wide range of branded food and beverage products in Israel. As part of the Group's focus on consumer preferences, the Group's activity in Israel is based on three consumer trends and is accordingly divided into three segments: "Health & Wellness", "Fun & Indulgence (Snacks and Confectionery)" and "Fun & Indulgence (Israel Coffee)".

a. **The Health & Wellness segment**: In this operating segment, the Group manufactures and markets yogurts, dairy desserts, soft cheeses, milk and flavored milk beverages, whipping and cooking creams, refrigerated dips and spreads (hummus, tahini, eggplant, etc.), fresh pasta products, canned beans, honey products, olive oil, culinary products and confitures. The Group also manufactures and markets plant-based products under the "Alpro" brand (belonging to the Danone group). The Group also sells and distributes other product

categories besides the product portfolio manufactured by the Group, such as a series of sauces, dressings and spreads manufactured by **Alalechem**, dry yeast and refrigerated doughs, margarine manufactured by **Shimrit**, goat milk yogurt from **Halav Ha'Aretz**, **Wyler Farm** tofu, and **Arla** butter spreads and cream cheeses.

b. **The Fun & Indulgence (Snacks and Confectionery) segment** - In this segment, the Group manufactures, markets, sells and distributes, among others, sweet snack bars, chocolate tablets, sweet spreads, candies, chewing gum, wafers, salty snacks, and cereal and granola snacks.

c. **The Fun & Indulgence (Israel Coffee) segment** - In this segment, the Group develops, manufactures, sells, markets and distributes in Israel assorted coffee products (roasted coffee, instant coffee, capsules, coffee beans and canned coffee beverages), chocolate powders and other drink powders, including cocoa powders for baking; as part of this activity, the Company directly markets and distributes home coffee machines, freshly roasted coffee beans direct-to-consumer (D2C) online; and the Company is also engaged in the away-from-home (AFH) segment in marketing and selling to the B2B commercial sector, primarily hotels, workplaces and coffee houses and provides servicing and maintenance to end users.
The Group also sells and distributes "Sucrazit" sweeteners. The Fun & Indulgence (Israel Coffee) segment includes the activity of the Strauss Coffee head office.

In addition to the Israel activity, the Group also has two additional operating segments:

a. **The International Coffee segment:** In the International Coffee segment the Group develops, manufactures and markets a broad range of assorted coffee products, including ready-to-drink, and drink powders in Brazil (through Três Corações (JV)[8]), as well as in Poland, Russia, Ukraine and Romania, and also markets and distributes coffee machines for home use in Brazil (through Três Corações (JV)[9]). In Germany - The Group owns a manufacturing facility to produce freeze-dried instant coffee which is primarily sold to the Group members as well as to third-parties. Additionally, as part of its activity in Brazil (through Três Corações (JV)[10]) the Group purchases and processes green coffee, corn products, plant-based dairy alternatives and juice powders.

b. **The Strauss Water segment -** In this segment, the Group develops, manufactures (through subcontractors), sells, markets and distributes, as well as services drinking water filtration, purification and carbonation systems in Israel and the UK, as well as provides servicing for

[8] The Brazilian Três Corações joint venture – 50% of the shares in the joint venture are held by the Strauss Group and 50% are held by a local holdings company Sao Miguel Fundo de Investimento em Participações Multiestratégia ("**São Miguel Group**") ("**Três Corações (JV)**").

[9] The Brazilian Três Corações joint venture – 50% of the shares in the joint venture are held by the Strauss Group and 50% are held by a local holdings company Sao Miguel Fundo de Investimento em Participações Multiestratégia ("**São Miguel Group**") ("**Três Corações (JV)**").

[10] The Brazilian Três Corações joint venture – 50% of the shares in the joint venture are held by the Strauss Group and 50% are held by a local holdings company Sao Miguel Fundo de Investimento em Participações Multiestratégia ("**São Miguel Group**") ("**Três Corações (JV)**").

these products in Israel and the UK. In addition, Strauss Water has an investment (49%) in an associate (HSW) that is a joint venture with the Haier Group, which is active in China, mainly in the purification and filtration of drinking water at the point of use (POU systems) as well as systems that treat the water at the point of entry to the home (POE systems).

In addition to the segments described above, the Group has various other activities, which do not meet the quantitative threshold for disclosure in the financial statements as reportable segments or as aggregation criteria for separate presentation as reportable segments. These operations are included in the Company's Financial Statements as of December 31, 2025, as part of the "other activity" segment, and mainly include the activity of the incubator and Group headquarter activity.

3. Investments in the Company's equity and transactions with its shares

To the best of the Company's knowledge, in 2024, 2025 and through to the publication date of this report, there were no investments in the Company's equity or off-exchange transactions by interested parties in the Company's shares, other than the following:

- On March 27, 2024, Strauss Holdings Ltd. sold 4,662,361 shares, constituting approximately 4% of the Company's issued and outstanding share capital at that time, in an off-exchange transaction, as detailed in the immediate report on changes to holdings of interested parties and senior officers dated March 27, 2024 (reference no: 2024-01-027184).
- On July 3, 2025, Strauss Holdings Ltd. sold 2,282,000 shares, constituting approximately 1.98% of the Company's issued and outstanding share capital at that time, in an off-exchange transaction, as detailed in the immediate report on changes to holdings of interested parties and senior officers dated July 3, 2025 (reference no: 2025-01-048643).
- On January 27, 2026, Strauss Holdings Ltd. sold 3,532,834 shares, constituting approximately 3% of the Company's issued and outstanding share capital at that time, in an off-exchange transaction, as detailed in the immediate report on changes to holdings of interested parties and senior officers dated January 27, 2026 (reference no: 2026-01-010200). For more information about the controlling shareholders' holdings in the Company as of the publication date of the report, see section 1.1 above.

4. Distribution of dividends

Decisions on dividend payouts are made by the Company's Board of Directors. The frequency and amounts of distributions are based on the Group's operating results and according to its needs.

For information on dividends per share paid by the Company over 2015 to 2025, see Note 23.3 to the Financial Statements of the Company as of December 31, 2025, and also section 2.3 in the Board of Directors' Report as of December 31, 2025.

For information on the approval of a dividend distribution by the Board of Directors on March 24, 2026, see section 2.3 of the Board of Directors' Report as of December 31, 2025 and Note 35.2 to the Financial Statements of the Company as of December 31, 2025.

The balance of retained earnings on the date of the statement of financial position as of December 31, 2025 was approximately NIS 4,232 million.

For information on the Company's undertakings to external sources of finance to comply with financial covenants, which may influence the Company's ability to distribute dividends in the future, see Note 18.5 to the Financial Statements of the Company as of December 31, 2025.

According to the terms and conditions of the Series E and Series F Debentures, the Company has undertaken not to effect a distribution, as this term is defined in the Companies Law, if, on the date of the resolution regarding a distribution or as a result of the distribution, one or more of the following occurs: (1) Grounds exist for immediate repayment as specified in the deed (disregarding the remedial periods); (2) The Company is not in compliance with the financial covenants specified in the trust deed for the debentures as mentioned above (the ratio of the Company's net financial debt to annual EBITDA shall not exceed 7 and the ratio between the Company's equity in the consolidated financial statements (disregarding minority interests) to the Company's total consolidated balance sheet shall not be less than 20%), disregarding the remedial and waiting periods associated with those financial covenants; (3) The Company's equity in its consolidated financial statements disregarding minority interests, excluding a reduction in equity resulting from an acquisition of non-controlling interests after the date of issue of the Series E Debentures, is less than NIS 700 million, and less than NIS 800 million for the Series F Debentures. The Company's compliance with this condition will be calculated as described in Note 18.5 to the Financial Statements of the Company as of December 31, 2025. For more information see section 17.2 below.

Other information

5. Financial information on the Company's operating segments

5.1. Method of consolidating the operations of the subsidiaries in the management (non-GAAP) reports

As of the date of the report, the Group jointly owns (50:50) two companies (directly or through subsidiaries):

- Três Corações Joint Venture (the coffee activity in Brazil);
- Strauss Frito-Lay Ltd. (the salty snacks business in Israel).

According to generally accepted accounting principles, in the Company's audited consolidated financial statements (the statement of profit and loss and statements of financial position, comprehensive income, changes in equity and cash flows (the "**Financial Statements**")), businesses which are jointly controlled by the Group members (with other partners) are presented in one separate row ("Profit of equity-accounted investees", and in the relevant section in the other reports). Notwithstanding the foregoing and in light of the reports to Group Management and the method in which Group Management measures the results of the subsidiaries and jointly owned companies, the Group maintains management (non-GAAP) reports in which it presents the activity segments by presenting the Group's relative share of the income and expenses of the jointly controlled companies (50%) as well as other adjustments, as described in section 11 of the Board of Directors' Report as of December 31, 2025 (hereinafter: the "**Management (Non-GAAP) Reports**", the "**Management Reports**" or the "**Non-GAAP Reports**"). Presentation of the data in this manner is different to the manner of their presentation in the Financial Statements of the Company.

The chapter Description of the Company's Business in the Periodic Report is presented according to the Company's operating segments, and all data presented in this chapter are in accordance with the Company's Management Reports, unless expressly stated otherwise.

For information on the Company's Management Reports, see sections 11-16 of the Board of Directors' Report as of December 31, 2025.

To clarify, the amounts of income, expenses, assets (including inventory, fixed assets and other assets) and liabilities of the various activities that are directly attributable to the segments – were attributed accordingly. Mixed operations were attributed to a single operating segment, according to the main activity carried out therein. Expenses and assets (including trade

receivables) which cannot be directly attributed – were allocated according to the financial models implemented by the Group as of the date of the Periodic Report.

Presented below are the Company's financial data (consolidated and according to the Management Reports), presented according to operating segments. For further information, see Note 25 to the Financial Statements of the Company as of December 31, 2024.

5.2. Financial data for 2025

2025 (based on the Management Reports)										
		Health & Wellness	Fun & Indulgence - Snacks and Confectionery	Fun & Indulgence - Israel Coffee	Total Israel	International Coffee	Water	Other	Adjustments for consolidation (2)	Consolidated
Revenues	From external entities	3,159	1,395	903	5,457	6,155	895	-	-	12,507
	From other operating segments	7	5	2	14	4	-	-	(18)	-
	Total	**3,166**	**1,400**	**905**	**5,471**	**6,159**	**895**	**-**	**(18)**	**12,507**
Total attributable costs	Costs not constituting income in another segment:									
	Fixed	779	418	212	1,409	720	163	108	48	2,448
	Variable [1]	1,980	967	578	3,525	4,946	615	-	-	9,086
	Costs that constitute income in other segments	2	3	2	7	-	2	10	(18)	1
	Total	**2,761**	**1,388**	**792**	**4,941**	**5,666**	**780**	**118**	**30**	**11,535**
Profit from operating activities:										
Attributable to majority interest		283	12	113	408	493	113	(118)	(52)	844
Attributable to minority interest		122	-	-	122	-	2	-	4	128
Total assets		**1,901**	**1,800**	**907**	**4,608**	**3,556**	**1,626**	**527**	**-**	**10,317**
Total liabilities		**842**	**735**	**750**	**2,327**	**1,763**	**662**	**1,942**	**-**	**6,694**

According to the Management Reports. Figures are in NIS millions.

[1] Variable costs are costs that are directly and immediately affected by the volume of business activity, as opposed to a fixed cost, which does not change in the short term, and is therefore not directly and immediately affected by the volume of business activity. For example, a variable cost includes the cost of materials and regular operation of the plant, as opposed to the cost of buildings and machinery, which is a fixed cost.

The Company's main variable costs include the consumption of materials, most of the production and energy costs, and part of wage costs. The extent of the Company's

flexibility in changing the volume of these costs is closely related to its ability to control its manufacturing activities. The Company can decide to discontinue the operation of production lines, thus having a decisive impact on the volume of these variable costs. A mechanism is in place between Group headquarters and the Group's subsidiaries and associates for the allocation of joint costs, adjusted so that each company bears its relative share of the joint expenses.

(2) The adjustment of revenues and costs to consolidated data arises from inter-segmental sales of finished goods and goods in process, as well as non-recurring depreciation and amortization, revenue and expenses.

For an explanation regarding developments occurring in the past year, see the Board of Directors' Report as of December 31, 2025.

5.3. Financial data for 2024

2024 (based on the Management Reports)										
		Health & Wellness	Fun & Indulgence - Snacks and Confectionery	Fun & Indulgence - Israel Coffee	Total Israel	International Coffee	Water	Other	Adjustments for consolidation (2)	Consolidated
Revenues	From external entities	3,076	1,264	830	5,170	4,705	848	483	-	11,206
	From other operating segments	9	6	2	17	2	-	-	(19)	-
	Total	3,085	1,270	832	5,187	4,707	848	483	(19)	11,206
Total attributable costs	Costs not constituting income in another segment:									
	Fixed	766	409	246	1,421	681	157	246	(344)	2,161
	Variable (1)	1,929	814	487	3,230	3,812	574	333	-	7,949
	Costs that constitute income in other segments	1	3	4	8	-	2	9	(19)	-
	Total	2,696	1,226	737	4,659	4,493	733	588	(362)	10,110
Profit from operating activities:										
Attributable to majority interest		276	44	95	415	214	115	(105)	343	983
Attributable to minority interest		113	-	-	113	-	-	-	-	113
Total assets		1,730	1,774	1,062	4,566	3,083	1,539	1,080	-	10,268
Total liabilities		872	739	934	2,545	1,563	628	1,936	-	6,672

According to the Management Reports. Figures are in NIS millions.

(1) Variable costs are costs that are directly and immediately affected by the volume of business activity, as opposed to a fixed cost, which does not change in the short term, and is therefore not directly and immediately affected by the volume of business activity. For example, a variable cost includes the cost of materials and regular operation of the plant, as opposed to the cost of buildings and machinery, which is a fixed cost.

The Company's main variable costs include the consumption of materials, most of the production and energy costs, and part of wage costs. The extent of the Company's

flexibility in changing the volume of these costs is closely related to its ability to control its manufacturing activities. The Company can decide to discontinue the operation of production lines, thus having a decisive impact on the volume of these variable costs. A mechanism is in place between Group headquarters and the Group's subsidiaries and associates for the allocation of joint costs, adjusted so that each company bears its relative share of the joint expenses.

(2) The adjustment of revenues and costs to consolidated data arises from inter-segmental sales of finished goods and goods in process, as well as non-recurring depreciation and amortization, revenue and expenses.

5.4. Financial data for 2023

2023 (based on the Management Reports)										
		Health & Wellness	Fun & Indulgence - Snacks and Confectionery	Fun & Indulgence - Israel Coffee	Total Israel	International Coffee	Water	Other	Adjustments for consolidation (2)	Consolidated
Revenues	From external entities	3,066	1,008	793	4,867	4,361	805	516	-	10,549
	From other operating segments	8	6	2	16	1	-	-	(17)	-
	Total	**3,074**	**1,014**	**795**	**4,883**	**4,362**	**805**	**516**	**(17)**	**10,549**
Total attributable costs	Costs not constituting income in another segment:									
	Fixed	641	302	147	1,090	1,161	169	215	(58)	2,577
	Variable (1)	2,077	682	537	3,296	2,953	545	349	-	7,143
	Costs that constitute income in other segments	1	3	4	8	-	1	7	(17)	(1)
	Total	**2,719**	**987**	**688**	**4,394**	**4,114**	**715**	**571**	**(75)**	**9,719**
Profit from operating activities:										
Attributable to majority interest		262	27	107	396	248	93	(55)	58	740
Attributable to minority interest		93	-	-	93	-	(3)	-	-	90
Total assets		**1,540**	**1,602**	**842**	**3,984**	**3,144**	**1,352**	**1,054**	**-**	**9,534**
Total liabilities		**761**	**693**	**833**	**2,287**	**1,340**	**562**	**2,030**	**-**	**6,219**

According to the Management Reports. Figures are in NIS millions.

(1) Variable costs are costs that are directly and immediately affected by the volume of business activity, as opposed to a fixed cost, which does not change in the short term, and is therefore not directly and immediately affected by the volume of business activity. For example, a variable cost includes the cost of materials and regular operation of the plant, as opposed to the cost of buildings and machinery, which is a fixed cost.

The Company's main variable costs include the consumption of materials, most of the production and energy costs, and part of wage costs. The extent of the Company's flexibility in changing the volume of these costs is closely related to its ability to control its manufacturing activities. The Company can decide to discontinue the operation of production lines, thus having a decisive impact on the volume of these variable costs. A mechanism is in place between Group headquarters and the Group's subsidiaries and

associates for the allocation of joint costs, adjusted so that each company bears its relative share of the joint expenses.

(2) The adjustment of revenues and costs to consolidated data arises from inter-segmental sales of finished goods and goods in process, as well as non-recurring depreciation and amortization, revenue and expenses.

6. General environment and the effects of external factors on the Group's activity

In addition to the trends and developments in the food and beverage industry and in the Group's business areas (see section 7 below), there are macroeconomic factors which had or are expected to have a material impact on the Group's activities and its operating results. For further information, see sections 5-10 of the Board of Directors' Report and section 20 of the Description of the Company's Business Report as of December 31, 2025.

7. General – the food and beverage industry

The Group operates in the food and beverage industry, which is a key industry in the fast-moving consumer goods (FMCG) sector and among the most competitive and mature industries in the world, including Israel. It is a dynamic industry that responds to a variety of diverse needs, demands and changing tastes of the consumer public worldwide. The food and beverage industry is impacted by macroeconomic changes, geopolitical factors, consumer trends, technological development and the competitive environment.

Macro-economic and geo-political influences:

For details about the inflation rates (in Israel and around the world) throughout the reporting period, see section 8 of the Board of Directors Report as of December 31, 2025.

In 2025 volatility continued with the prices of raw materials relevant to various sectors, including the food and beverage sector. Accordingly, changes occurred with the raw materials that are material to the Group's operations: The average cocoa prices decreased compared to the previous year – a decrease of 9% in the annual average compared to 2024 and an average decrease of 39% in the last three months of 2025 compared to the last three months of 2024. On the other hand, there was a notable increase in the average market price of green coffee in 2025 (following the price increases in 2024). The average annual price of Arabica green coffee increased by 56%, and by 38% in the last three months of 2025, compared with the last three months of 2024. The average annual price of Robusta green coffee increased by 9%, however in the last three months of 2025 there was a 9% decline year-over-year. Furthermore, the average price of raw milk increased in the 2025 annual period and Q4 2025 compared to the corresponding periods the previous year, by approximately 3.3% and 5.7%, respectively.[1]

[1] Taken from the data published on: https://www.bloomberg.com/middleeast

However, the impact of the change in the price of the raw materials, other than raw milk, on the Group's cost of using the material is gradual due to the Group's procurement processes and coverage policy. For further information about the prices of raw materials, see section 5 of the Board of Directors' Report as of December 31, 2025 as well as sections 8.1.10, 8.2.12, 8.3.12, 9.1.16 as well as the risk factors below in section 25.1.I.

Moreover, the average exchange rate of the Shekel particularly strengthened against most of the operating currencies, other than the Ruble, in the 2025 annual period and in Q4 2025. Also see the risks factors in section 25.2.D.2. below.

Political uncertainty also had a significant impact on the food industry throughout the year. The war in Israel, the Russia-Ukraine war, international trade and tariff tensions, including US trade policy and changing tariff rates.

Political and economic instability led, in most markets, to a marked decline in public confidence, which resulted in reduced demand, including in the food and beverage sector.[2] For example, according to Brazilian publications, consumers attest to having a pessimistic outlook on their economic position (a 7 point decline compared with November 2024).[3] In Israel, public sentiment remained stable at a negative level due to uncertainty regarding the geopolitical situation, widespread reserve military call-ups and the state of independent businesses[4][5]. Also see the risks factors in section 25.2.B. below.

Positive financial growth and moderate growth in volume demand was seen in many geographic regions in the global barcoded food and beverage sector. In Israel, the barcoded food market saw a 3.9% nominal value increase and a 0.7% decrease in volume compared with 2024, while the beverage market saw a 6.7% nominal value increase and a 1.5% decrease in volume compared with 2024.[6] In China there was an approximately 3.7% increase in product consumption in the retail market in 2025 compared with 2024 and the home electronics sector increased by approximately 11%[7], while in Brazil, there was a 3.6% increase in consumer products in the barcoded market.[8]

[2] According to this tariff monitoring report https://www.jpmorgan.com/insights/global-research/current-events/us-tariffs revised on January 29, 2026.

[3] Based on the McKinsey report of August 29, 2025: https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/the-state-of-the-brazilian-consumer

[4] Taken from the macro-economic outlook of the Bank of Israel Research Division, published in September 2025.

[5] Based on the report published by the Meitav Dash Chief Economist on November 30, 2025.

[6] According to StoreNext data - 2025 annual summary, received on January 8, 2026.

[7] According to a report published by The National Bureau of Statistics China dated January 20, 2026 https://www.stats.gov.cn/english/PressRelease/202601/t20260120_1962354.html.

8Based on ABRAS data published on November 27, 2025.

Consumer trends:

The food and beverage industry as well as the home electronics sector which the Group is active in (through the water bars sold by the Group), are generally characterized by global consumer trends including physical health, a healthy lifestyle, environmental responsibility, the cost of living, convenience, the tech transformation and the desire for unique experiences. These, together with the change in population composition and lifestyle, have led to the following key trends in the food and beverage industry.[9]

1. **Care for Health**
    a. **Special Dietary Needs (lifestyle diet):** A diet tailored to meet unique dietary needs, whether by necessity, choice or belief. Different "food communities" have emerged due to specific needs, such as the celiac community, whose members consume a gluten-free diet, the food allergy community, the low-carb or high-protein community, the plant-based community and the vegan community. Over the past year, the use of GLP-1-based weight-loss injections has increased significantly, particularly in the United States. These medications are having a broad impact on consumer appetite and consumption patterns.[10]
    b. **Functional nutrition (added value):** Enrichment of the consumer's diet with functional foods that help strengthen and maintain a healthy body and mind. Of note is the ongoing rise in the demand for high-protein products, fiber-rich foods, vitamins, etc. Hydration is increasingly perceived as a key component of health and overall well-being worldwide. Consumers across various markets view maintaining adequate hydration levels as an important health objective, with water still regarded as the most effective hydration solution.[11]
    c. **Natural product diet (plain and natural):** Consumption of foods from natural sources that consist of unprocessed raw materials and contain a small number of ingredients.

2. **Lifestyle and Experience**
    a. **Snackification:** A growing trend in response to the consumer's busy lifestyle, such as consumption of single-portion products designed for snacking and portion-controlled light meals, as well as snack products that are an indulgent treat.

[9] According to Mintel data from the 2023 and 2024 end of year summary presentations.

[10] According to an article published in November 2025 by Circana: https://www.circana.com/post/glp-1-medication-users-to-represent-35-percent-of-u-s-food-and-beverage-sales-by-2030.

[11] According to the report "Mintel – Still and Sparkling Waters – US – 2026", published on March 10, 2026.

b. **Need for a unique experience:** Products that deliver a unique experience in terms of taste, texture and unusual combinations reflected in the manner of consumption, preparation or purchase. In addition, for home appliances there is a growing preference for technological and automated interfaces that enhance the user experience, alongside modern designs that complement contemporary kitchens.

c. **Glimmers (small pleasures):** Small pleasures may take the form of satisfying daily rituals or occasional moments of joy. They are typically based on simple yet rewarding experiences.

d. **Heritage and nostalgia:** Reliving the past, expressed as returning to one's roots, to a time associated with joy or comforting familiarity reminiscent of cherished memories.

e. **Shared meals, shared experiences:** Creating enjoyable shared physical and virtual experiences, that boost feelings of family, friendship, closeness and belonging.

3. **Home Centric Living**

a. **Hyper-convenience:** As technology evolves, many consumers want convenience, ease and experiences delivered to their doorstep. For example, consumers are interested in easier and time-saving strategies for food preparation, workshops and technology platforms which make products available to one's home. The demand for greater convenience is also evident in the home appliances sector, where there is an expectation for a significant reduction in preparation or work time and for appliances that offer optimal functionality.

b. **Value for money:** Growing sensitivity to the relationship between price and the value received, reflected in a preference for solutions that enable cost savings, including upgraded products.

c. **Cooking and baking:** Enable self-expression and experiences, as well as control over the ingredients and cost of the dish. This arena is greatly influenced by social media, which inspires the consumer and expands the variety of raw materials and culinary aspects they are exposed to.

4. **Sustainability**

The desire to protect the environment and its various resources for a better, more sustainable future, and to advance processes that promote a better society. Public awareness of climate change and the need for proactive initiatives to further environmental and social goals is growing. This trend is directly impacting the food

industry as consumers want, for example, biodegradable packaging, local economy, less meat consumption, a reduction in environmental pollution, etc. In recent years, an increasing number of consumers have been seeking solutions to reduce the use of single-use plastic bottles, driven by growing awareness of environmental impact. Instead, they are turning to more sustainable and convenient alternatives, such as reusable bottles, home water filtration systems, and purchasing water in bulk containers or through refill systems.

5. **Polarization of spend**

   Many consumers have become sensitive to food and beverage prices with the high cost of living and growing inflation and sometimes look for cheaper alternatives. Nevertheless, consumers still look for ways to maximize the shopping experience and to satisfy their personal preferences, and value premium products that offer added value - like searching for functional products, natural raw materials and more.

6. **Digital consumers**

   In recent years, a trend has emerged of widespread adoption of digital tools, particularly among younger generations. Gen Z and Gen Y are rapidly adopting digital shopping habits, such as the use of social media platforms and social commerce, a seamless omnichannel experience and DTC brands.

   At the same time, the pace of adoption of AI technologies has accelerated, significantly influencing consumer behavior. Consumers now have access to extensive real-time information, enabling more informed decision-making, product comparisons, and the selection of solutions that best meet their needs. In parallel, the adoption of smart home technologies and connected systems is becoming increasingly common. These trends are having a significant impact on both the food industry and the home appliances industry.

Trends in the Food Industry

The food industry is very active with mergers and acquisitions, with large companies occasionally finding opportunities to acquire high-growth, innovative small companies alongside the divestiture of non-core businesses. In 2025 there was an approximately 8% decline in the global number of mergers and acquisitions in the food and beverage sector. 2025 saw investments totaling approximately USD 105 billion, compared with investments of approximately USD 110 billion in 2024.[12]

[12] From a report published by Cohn Reznick summarizing 2024 in the field of mergers and acquisitions in the food industry – published on January 30, 2025. Food & Beverage M&A Report: Q4 and year-end 2024 - CohnReznick

The food-tech sector, which has been evolving in recent years following a decline in investment, is currently focusing on several key areas that offer new technologies, such as alternative raw materials (for example, cocoa), cultured milk based on advanced precision fermentation technology, smart packaging, and more.[13] Some of the industry's leading companies have obtained the necessary regulatory approvals required for marketing products based on this technology.[14], [15]

AI technology, much like in other industries, is also having a significant impact on the work processes in the food, beverage and home appliance sector. Food and beverage companies are integrating advanced technological tools throughout the supply chain to optimize processes and enhance their offerings to consumers.

For information on the effects of the Swords of Iron war on the food and beverage industry in Israel, see section 3 of the Board of Directors' Report as of December 31, 2025.

For information on macroeconomic effects on the Group's activities, see sections 3-11 of the Board of Directors' Report as of December 31, 2025.

Barriers to entry for the sector – the main entry barriers that are common to all of the Group's operating segments arise from the need to maintain a brand that is relevant; the need for technological knowhow in product development and manufacturing and extensive investments required to build production sites; as well as the need for sales and distribution infrastructure to serve customers.

In some categories in the sector, these barriers, which formerly made it difficult for new players to enter the market, were lowered due to online marketing and selling capabilities, for example, marketing via social media; the ability to outsource production and marketing; and regulatory changes, as described below in section 20. On the other hand, the demands made by consumers and regulators of food companies have raised the barriers to entry as far as food safety issues and food quality challenges are concerned, as has the increase in raw material prices, which impact profitability.

Success factors

In the Group's activity in the food and beverage sectors several central success factors can be identified that are common to all of the Group's operating segments and also contribute to the Group's competitive position: The strength of its brands, branded products that provide the end

[13] According to the Digital Food Labs report: https://digitalfoodlab.com/foodtech-trends-2026.

[14] January 2024 - Press reports on FDA approval: The Marker - https://www.themarker.com/technation/2024-01-04/ty-article/.premium/0000018c-cfc8-ddba-abad-cfe9d9210000.

[15] November 2024 - Press report on marketing approval in Israel by the Ministry of Health: YNET - https://www.ynet.co.il/digital/technews/article/rkx03abq1l

consumer with an experience and added value, a broad and diverse product range in each operating segment that caters to the entire population and to different consumption occasions, as well as entering new product categories and implementing productivity measures.

Alongside these factors, several additional success drivers stand out in evolving markets, depending on the Company's operating segments and the geographies in which it operates: Continuous product innovation based on a deep connection with consumers, including a focus on health (Care for Health), such as needs-based nutrition, functional nutrition, and nutrition based on natural products. In addition, lifestyle and experience trends (Lifestyle & Experience) are shaping consumption patterns and are reflected in snackification, including experiential eating, rootedness and nostalgia, and shared dining. At the same time, the Home-Centric trend is leading to increased time spent at home, strengthening the home-cooking experience and increasing the demand for convenience - including solutions that reduce preparation time and the use of accessible ingredients - as well as the expansion of baking and cooking as forms of self-expression. Furthermore, there is growing demand for innovation that takes environmental considerations into account, including the use of biodegradable or accessible packaging, improvements in production efficiency, and the reduction of environmental impact. Another emerging trend is polarization of spend, reflected in a combination of cost-saving behavior alongside a preference for products that offer added value or premium products. Finally, adaptation to the digital consumer, who operates across diverse media channels such as social networks and direct channels, constitutes an additional key component in maintaining relevance and strengthening the relationship with the consumer.

Description of the Group's business affairs by operating segments

Presented below is a description of the Group's businesses presenting each operating segment individually, except for matters that relate to all segments, which are described in the fourth part of this chapter.

8. Israel activity

8.1. General information about the Israel activity

Presented below is general information about the Israel activity, which is common to the Health & Wellness, Fun & Indulgence (Snacks and Confectionery), and the Fun & Indulgence (Israel Coffee) segments.

8.1.1. Structure of the Israel activity and changes thereto

As part of the Israel activity, the Group develops, produces, sells, markets and distributes a wide range of branded food and beverage products. According to StoreNext data,[16] as of December 31, 2025, the Group is the second-largest food and beverage group in Israel in terms of sales turnover in the barcoded market. According to StoreNext, the Group's market share in Israel in 2025 was 12.1%, compared with 11.6% the previous year.

In 2024 and 2025, significant volatility was recorded in the average market prices of some of the raw materials used by the Group in its Israel operations, as detailed in section 8.1.10 below. This volatility was partially offset in 2025 by the strengthening of the Shekel (based on the average exchange rate relative to the main currencies used by the Group for imports).

The Group opened a new plant for plant-based products in Q3 2025. The plant is part of the "Michael" production campus, located in the Bar Lev Industrial Zone (Achihud) adjacent to the Achihud Dairy owned by the Group.

For information on the impact of the Swords of Iron War and operations Rising Lion and Roaring Lion on the Group's Israel business, see section 3 of the Board of Directors' Report as of December 31, 2025.

8.1.2. Changes to the scope of activity and profitability

The CPI in Israel rose in 2025 by approximately 2.6% compared to approximately 3.2% in 2024. For further information, see section 8 of the Board of Directors' Report as of December 31, 2024.

According to StoreNext data, the cash value of sales in the Israeli barcoded food and beverage market in 2025 is estimated at approximately NIS 52 billion. This reflects nominal growth of approximately 4.2% compared to 2024,[17] when the cash value of sales was estimated at approximately NIS 50 billion. This growth continues the trend observed in 2024, which recorded growth of approximately 6.8% in the cash value of sales compared to 2023, when the cash value of sales totaled approximately NIS 46 billion.

In the Company's assessment, based in part on data from StoreNext, the growth in the cash value of sales in the Israeli food and beverage market in 2025 was primarily driven by price revisions. While the cash value of sales recorded nominal growth, in real terms the Israeli food and beverage market declined by approximately 0.5% in 2025 compared to 2024. This gap reflects the impact of food price inflation and adjustments in consumers' consumption baskets

[16] StoreNext data are current according to a report published on January 8, 2026.

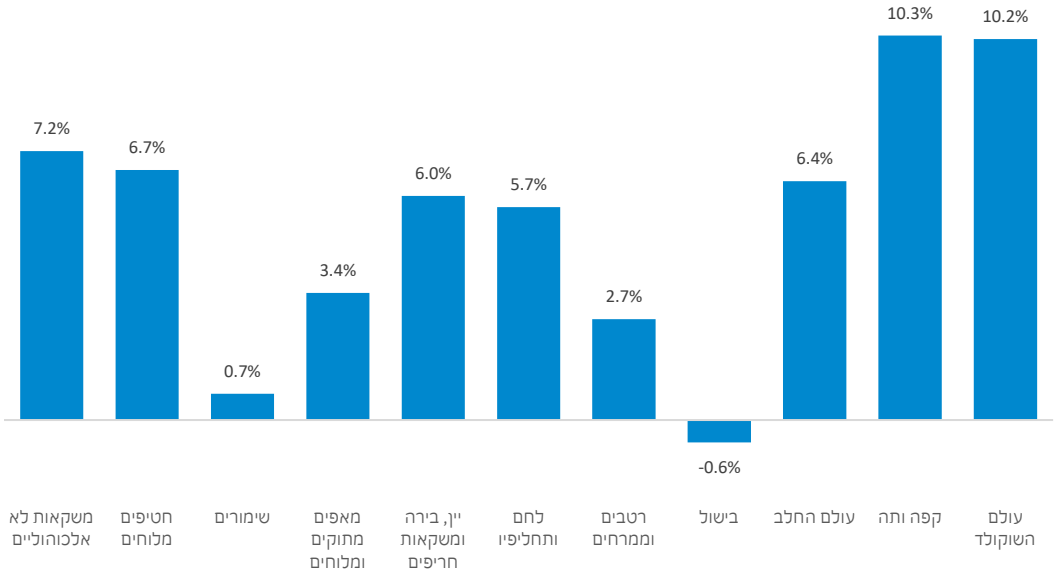
[17] It is clarified that the data presented above have been adjusted to reflect the classification updates carried out by StoreNext (the "**StoreNext calculation update**"), as published on January 8, 2026. This update results from changes in the internal classification of certain product categories and subcategories in the food sector and was applied retrospectively by StoreNext to enable comparability of the data between 2024 and 2025.

in response to the changing price environment.

For information on the price revisions made by the Group, see section 20.1 (The Group's activity in Israel) of the Board of Directors' Report as of December 31, 2025.

The increase in sales by value in 2025 is evident in most of the main food categories (according to StoreNext figures):

Changes in the scope of sales by value in 2025 in leading food and beverage categories



* Not including butchery and fresh fish.
Figures for 2024 were adjusted for StoreNext's updated calculations, published on January 14, 2026.

The growth in the Israel activity in the 2025 annual period is primarily attributable to greater sales due to revised sale prices, growth in volume and improved sales mix.

For information regarding the condensed operating results, based on the management (non-GAAP) reports, of the Israel activity, see section 20.1 of the Board of Directors' Report.

8.1.3. Market developments in the operating segments and changes in customer characteristics

The past few years have been characterized by steadily intensifying competition in the food and beverage sector in Israel, alongside stricter regulation and growing public discourse on the cost of living and concentration in the sector. These trends have led, among other things, to changes

in consumption patterns, including a shift by consumers toward discount retail chains.

In 2025, most of the changes in the sector were reflected in store conversions carried out by the retail chains themselves. Thus, Shufersal converted Shufersal Deal branches to operate under the Universe brand, while Carrefour continued converting branches to operate under the Carrefour brand. In addition, the Super Sapir chain (which is not material to the Group's operations in Israel) acquired central urban branches from the Super City chain and rebranded them under the Super Sapir brand.

In the online commerce arena, alongside the activities of the large retail chains, the trend toward the establishment of platforms specializing exclusively in online sales (online-only) continued, such as Wolt and Yango Deli.

In addition, during 2024–2025, the large retail chains expanded their activities in the distribution of dry products, including through the expansion of cash-and-carry store formats, which operate as wholesale sales centers serving retailers and small businesses.

For details regarding Directive 5.2 of the Director General of the Ministry of Economy and Industry – "The Israel Basket" – and its potential impact on the Group's operations, see section 20.4 below.

8.1.4. Major consumer trends in the Israeli food and beverage market in 2025

As stated above in section 7, the 2025 annual period was characterized by several prominent consumer trends: Lifestyle Diets (special dietary needs), Added Value (functional nutrition), Plain & Natural (natural product-based nutrition), Unique Experience (experiential eating), Sustainability (environmental responsibility), Heritage & Nostalgia (rooted traditions and nostalgia), Shared Experience (communal eating), Glimmers (small moments of necessary indulgence), VFM (value for money sensitivity), Cooking & Baking (home cooking and baking), Hyper Convenience (enhanced convenience), and Snackification (snack-based eating).

For an overview of the consumer trends in the Health & Wellness segment, see section 8.2.3 below, in the Fun & Indulgence (Snacks and Confectionery) segment, see section 8.3.3 below, and in the Fun & Indulgence (Israel Coffee) segment, see section 8.4.3 below.

8.1.5. Restrictions, legislation, standardization and special constraints applicable to the Company

See section 20 below for an overview of the restrictions and oversight of the Group's operations in the Israel activity.

8.1.6. Critical success factors in the Israel activity and changes thereto

For an overview of the critical success factors common to all of the Group's operating segments - see section 7 above. Additionally, success factors that are unique or particularly important to the Israel activity include:

Brand equity and consumer trust – Ownership of a leading corporate brand and a broad portfolio of brands, based on a deep understanding of consumer preferences and market trends. This factor relies on the high quality of the products, with particular emphasis on freshness, and on the strong trust that consumers place in the Company.

Unique operational and logistical capabilities – Required for the production, distribution and storage of products that require chilled conditions, including the replacement and refreshment of products at points of sale, and a large-scale distribution system that enables rapid and efficient delivery of products to points of sale at a high frequency.

Product development and innovation – Rapid launch of innovative, experience-intensive products, the ability to adapt existing products to evolving consumer trends, and the ability to develop unique products tailored to different population segments and their specific needs.

Investments in brand and infrastructure – Financial strength enabling substantial investments in branding and capital investments to support growth, innovation and improvements in product quality.

Tailored marketing communication – Broad, prominent and clear marketing activity adapted to different target audiences across a wide range of media channels.

8.1.7. Major barriers to entry relevant to the operations and changes thereto

In addition to the major barriers to entry that are common to all of the Group's operating segments as described in section 7 above, kosher requirements occasionally form a barrier to entry for foreign manufacturers, which are required to adapt their products to kashrut requirements in Israel. Other major barriers to entry with respect to the production of dairy products are the need for large investments in the dairy product production infrastructure; the need for relatively sophisticated manufacturing technology and for advanced quality control systems; the need to develop capabilities for addressing the freshness issue in mass production and in distribution; a short shelf life and in the Israel Coffee segment - the need for expansive technological knowhow and investments to establish a production plant for the food product segment.

8.1.8. Competition and substitutes for the activity products

The Israeli food and beverage industry is characterized by robust competition between manufacturers and importers that sell similar and interchangeable products. All of the Group's products have substitutes manufactured by a competitor, including imported products, and including private labels marketed by the retail chains. Already now for many years, the large retail chains have been promoting their "private label" products, which compete with the products of food manufacturers. According to StoreNext data[18], in 2025, a decline of approximately 9.1% was recorded in private label sales in the FMCG market[19] which came to approximately NIS 3.95 billion, compared with sales totaling approximately NIS 4.35 billion in 2024[20]. The market share of private labels in the FMCG market in 2025 decreased to 6.3%, compared with 7.2% in 2024. For further information on the possible impact of private labels, see section 25.2.M.2 below.

The Group continuously contends with the competition by developing and launching innovative products; entering new categories; investing in manufacturing facilities and the development of technological capabilities, alongside implementing productivity measures; concentrating marketing and advertising efforts; building and maintaining its brands; maintaining a comprehensive distribution network; and collaborations with international concerns (Danone and PepsiCo), which enable the Group to make use of knowhow and trademarks.

Negative factors which, in the Group's opinion, impact or are likely to impact its competitive position in Israel, include: Raw material and energy price volatility and increases, the strengthening of private labels, especially of the retail chains, expanded operation of the international food companies in the local Israeli market; increased import to Israel of both cheaper international branded and non-brand products through single import promotions; increasing regulatory requirements and greater public dialogue on the cost of living, competitors able to develop brands and those with sale and marketing capabilities.

For information on positive factors influencing the Group's competitive position in Israel, see section 7 above.

For an overview of the competition and alternatives to the products in the Health & Wellness segment, see section 8.2.5 below, in the Fun & Indulgence (Snacks and Confectionery) segment, see section 8.3.5 below, and in the Fun & Indulgence (Israel Coffee) segment, see section 8.4.9 below.

[18] StoreNext data are current according to a report published on January 14, 2026.

[19] FMCG (fast-moving consumer goods): Products that are purchased frequently, consumed quickly, and marketed in high sales volumes, such as food, beverages, toiletries, and cleaning products.

[20] 2024 figures were adjusted for StoreNext's updated calculations, according to a report published on January 14, 2026.

8.1.9. Property, plant and equipment

Fixed assets shared by all the Israel activity				
Nature and location	**Site designation**	**Land area**	**Built-up area**	**Liens**
Logistics center, Shoham Business Park complex	Logistics center	71 dunam[1]	47,507 sqm	-

Rights in and to the site:

[1] Leased by the State of Israel Development Authority for 49 years commencing on December 9, 2009, with an option to extend for a further 49 years.

8.1.10. Raw materials and suppliers

The raw materials used across the Group's operations in Israel include raw milk, coffee and cocoa. In recent years, the global commodities market has been characterized by high volatility and an upward trend in prices ("commodity inflation"), which has had a material impact on the Company's procurement costs for these raw materials. For example, between 2022 and 2025 the market price of cocoa increased cumulatively by approximately 149%, the average price of Robusta coffee increased by approximately 92%, and the average price of Arabica coffee increased by approximately 47%. In addition, the price of raw milk increased by approximately 3.4%.

During 2025, the average market prices of cocoa declined by approximately 9% in the commodities market. However, the impact of the change in the price of the raw material on the Group's cost of using the material is gradual due to the Group's procurement processes and coverage policy. For further information about the Group's coverage policy, see section 7 above. For details regarding the impact of raw material market prices on the Group's operations, see section 5 of the Company's Board of Directors' Report as of December 31, 2025.

On the other hand, in 2025 the average prices of Robusta green coffee in the commodities market continued their upward trend and recorded an additional increase of approximately 9%. See section 9.1.17 below for more information about green coffee prices. For details regarding the impact of raw material market prices on the Group's operations, see section 5 of the Company's Board of Directors' Report as of December 31, 2025. At the same time, the strengthening of the Shekel against the relevant currencies partially reduced the cost of imported raw materials, although in amounts immaterial to the Group.

All operating segments within the Israel activity use packaging materials, primarily including laminates and plastic sheeting, polystyrene, cartons, tin sheet metal/ aluminum, cups, plastic bottles and glass jars, which are purchased from various manufacturers in Israel and abroad

(mostly in Europe). The trend of higher prices continued in 2025, primarily with the prices of industrial tin and paper materials. For more information on energy prices, see section 6 of the Board of Directors' Report as of December 31, 2025.

The prices of raw and packaging materials used by the Group in Israel are volatile, and, *inter alia*, the Group contends with volatility with the prices of raw and packaging materials through efficiency enhancements in procurement, production, sales and marketing processes as well as the use of substitute materials.

The availability of raw and packaging materials purchased outside of Israel depends, among other things, on the ability to import them to Israel, on sea or air shipping schedules and on regular activity at the Israeli ports. For details about the impact of the "Swords of Iron" war on the availability of raw and packaging materials, see section 3 of the Board of Directors' Report as of December 31, 2025.

It is the Group's practice to purchase raw and packaging materials from a range of suppliers according to its requirements. Suppliers are chosen based on the quality of the goods they offer, availability, the supplier's credibility and stability, and the prices quoted. The Group purchases some raw materials from single suppliers. To manage the risk, the Group maintains safety stocks to assure business continuity, but instances are possible where the Group will be obliged to seek other alternatives to those suppliers, which could lead to higher manufacturing costs or to limitations on production in the short term. Notwithstanding the foregoing, the Group is not dependent on these suppliers and is able to replace them without significant additional cost.

8.2. The Health & Wellness segment

8.2.1. General information

In this segment the Group develops, manufactures, sells, markets and distributes a range of milk products, protein rich/enriched products as well as plant-based milk substitute products. Health & Wellness products are characterized by an emphasis on nutritional and functional aspects that are important to the consumers' diet. Features emphasized in the development of these products include raw material composition and the inclusion of functional health values. A considerable part of Health & Wellness products are fresh products, characterized by a relatively short freshness period (usually between 5 to 45 days) and by the need for refrigerated storage, transportation and sale (4ºC).

As part of the strategic decision to strengthen the Group's presence in plant-based solutions as stated below in section 23, in Q3 2025 the Group opened and started to partially operate a new manufacturing facility to produce "Alpro" and "Alpro-Strauss" brand plant-based milk substitute products. The plant is part of the "Michael" production campus, located in the Bar Lev Industrial

Zone (Achihud) adjacent to the Achihud Dairy owned by the Group. The Group has an agreement with Danone[21] (which owns the "Alpro" brand) which enables it to manufacture milk substitute products at the new factory under the various "Alpro" and "Strauss" brands. In 2025 the Group launched oat-based milk substitute beverages and in 2026 expects to launch a wide range of other plant-based products, in a wide-range of categories. The assessment regarding the launch of additional products in 2026 is forward-looking information as defined in the Securities Law, which is based on the information available to the Company on the date of this report, it includes the Company's estimates on the reporting date, and there can be no certainty as to their materialization. The actual materialization of these forecasts depends on various factors, including market conditions, consumer preferences, operational feasibility, raw material availability, and changes in the commercial and competitive environments, factors which cannot be assessed in advance and not within the Group's control.

8.2.2. Changes to the scope of activity and profitability

In 2025, the categories relevant to the Health & Wellness segment in the Israeli food market recorded volume growth of approximately 1%, alongside value growth of approximately 3%. The Group's activity in the Health & Wellness segment continued to grow on the backdrop of these trends. The growth is primarily attributable to growth in volume, *inter alia*, thanks to product innovation, as well as value growth due to sale price revisions.

8.2.3. Products

Generally, the Group's major Health & Wellness products are marketed in Israel under the Group's brands, as follows:

[21] For details see section 8.2.14.1 below.

(1) The "**Strauss**" corporate brand, and under it, the brands "**Milky**", "**Dany**", "**Daniela**", "**Gamadim**", "**Ma'adan Hagolan**", "**Ski**", "**Symphony**", "**Cottage**" cottage cheese – mostly dairy desserts and soft white cheeses. By way of illustration:



(2) The "**Danone**" brand, and under it, the brands "**Actimel**", "**Activia**", "**Danone - Crunch**", "**Danone PRO**" and "**Danone Multi**". By way of illustration:



The Group also manufactures and markets **Alpro** branded plant-based products (of Groupe Danone) in Israel, as well as under a joint "Alpro-Strauss" branding, which include plant-based dairy substitute drinks, desserts and cream. For more information, see section 8.2.15 below. By way of illustration:



(3) The "**Yotvata**" brand – flavored milk beverages, milk, enriched milk, protein enriched milk beverages, sweet cream, including cream sauces for quick preparation, cold coffee beverages in a cup and the **Cow Free** product line which uses BLG protein identical to that found in animal-derived milk. By way of illustration:



(4) The "**Achla**", "**Strauss Pasta**" and "**Strauss in a Box**" brands – ready-to-eat packaged salads, dips and spreads, including hummus, eggplants, tahini and spicy salads, fresh pasta, ready-to-eat legumes packed in cartons.
By way of illustration:



(5) The "**Yad Mordechai**" brand - honey products, olive oil, fruit preserves, cooking sauces, tomato sauces, balsamic vinegar, natural lemon juice, natural maple syrup and natural date syrup. By way of illustration:



The Group also markets and distributes products manufactured by other companies, which are not sold under its brands, such as a line of refrigerated sauces, spreads and aioli manufactured by "**Alalechem**", dry yeast, refrigerated pastry dough and margarine manufactured by "**Shimrit**", goat's milk yogurt manufactured by "**Halav Haaretz**", tofu manufactured by "**Weiler Farms**", butter spreads under the "**Lurpak**" brand, and cream cheese and Bulgarian cheese manufactured by **Arla**. In the reporting year the Group stopped marketing and distributing "Zehavi" products as well as "Ganir" natural juices, which did not have a material impact on the Group's results.

2025 was marked by continuing innovation and diversification in most Health & Wellness categories consistent with the consumption trends described above in sections 7 and 8.1.4.

In response to the 'plain & natural' trend, which emphasizes plant-based products, the Group has launched plant-based refrigerated milk beverages under the "Alpro" and "Alpro Strauss" brand.

In response to the 'lifestyle diets' trend (special dietary needs), the Group acted to expand the "Pro" brand, which includes a variety of protein rich/enriched products, a variety of products with no added white sugar (in both the yogurt, pudding and milk beverage categories) and expanded the series: "Danone Pro Crunch". The "Danone Multi" product series was also expanded by launching a collagen enriched product and by expanding the fruit series (peach), without added sugar and without sweetener.

As part of the launch of a groundbreaking technology in the dairy sector, in 2025 the Group introduced the **Cow Free** product line, which includes a beverage and a spread containing BLG protein identical to that found in animal-derived milk and produced using precision fermentation technology. The series is aimed at a variety of audiences: Those who separate meat and dairy, vegans, flexitarians, and others.

In response to the 'unique experience' consumption trend, the Group expanded the product series under the Milky brand, (including: expanding and diversifying the "Milky Trio" featuring three layers, the return of Milky with chocolate lentils after an absence of about two years and additional variations in the "Milky Top" series.

In response to the 'hyper convenience' (home cooking and baking) trend - the Group expanded the pasta category and launched a fresh pasta series which gives a restaurant culinary experience at home with products with only four ingredients.

In response to the 'plain & natural' (nutrition from natural sources and raw ingredients) trend - the product series under the Achla brand involving smaller 250 gram weights was expanded.

8.2.4. Segmentation of revenues and profitability of products

Presented below is information on the segmentation of the Group's income from external entities (consolidated) according to the Company's Management Reports, as defined in section 5 above, arising from groups of similar products in the Health & Wellness segment, constituting 10% or more of the total of said revenues, in the years 2025, 2024 and 2023:

Segmentation of the Group's income from external entities (consolidated)						
Group of similar products	Revenues			% of Group's total revenues		
	2025	2024	2023	2025	2024	2023
Dairy products [1]	2,338	2,207	2,158	18.7%	19.7%	20.5%

In NIS millions.

[1] Mainly including yogurt, dairy desserts, soft white cheeses, enriched milk and flavored milk beverages.

8.2.5. Competition

The past few years have been characterized by an intensification of the competition in Israel's food sector, including competition from imports (see section 8.3.5 below).

The Group's main competitors in dairy products are Tnuva and Tara (of the Central Bottling Company). Other competitors include Gad, Ramat Hagolan Dairies, Tzuriel and Jacobs Dairy Farm, mainly in cheeses. There are also importers who mainly import hard cheeses, butter and yogurt such as Willi-Food (under the Euro brand), Neto and Seyman. The leading food retail chains also directly import dairy products, including hard cheeses and butter, under customs exempt quotas allocated by the Ministry of Economy. There are additional competitors in every product group in the segment.

2025 was marked by increased competition in the yogurt market (particularly in the high-protein/protein-enriched segment), with which the Group contended through innovation that delivers added value and by strengthening the 'Pro' brand.

For information regarding the dairy reform and its potential impact on the competition in the field, see section 20 below.

Competition grew in the plant-based category in 2025, particularly in the refrigerated beverage segment. The Group's main rival in this category is Tnuva (under the "Alternative" brand), while other competitors include small brands with limited market shares.

The major rival in salads, dips and spreads is Osem (under the Tzabar brand). There are other brands as well - "Mashani", "Shamir", and "Monte Carlo". Competition in this market is characterized by a relatively low level of stability and by the presence of small competitors from the "transparent market" (such as delis, greengrocers and other stores that are not included in the barcode market) expanding into the retail space.

The major rivals in pasta are Tempo (under the Pasta Nonna brand), the Rami Levy and Shufersal private labels, and Tnuva (under the Pasta Rico brand).

The main competitor in the canned bean category is "Yachin".

The primary competitors in the honey segment include various private labels, some of which are directly imported by the large retailers, other rivals include Emek Hefer Apiary, Ein Harod Apiary and others.

In 2025, the olive oil market was characterized by an expansion of small brands, including imported ones, some of which are imported directly by the retailers, each having a small market share - but collectively having a significant share of the sales in the category.

The following table presents information on the market shares of the Group and its major

competitor in each group of similar products in the years 2025 and 2024 with respect to the Group's main Health & Wellness products, according to weighted data based on StoreNext figures[22] for the barcoded retail market (which includes the large supermarket chains, barcoded private minimarkets and independent food chains).

Weighted market share (1)				
Products	**2025**		**2024(2)**	
	The Group	Primary competitor	The Group	Primary competitor
Yogurts (3)	54.2%	27.5%	52.4%	29.9%
Cheeses (4)	10.1%	52.2%	10.3%	53.4%
Dairy desserts (5)	77.7%	14.4%	75.7%	16.2%
Milk beverages (6)	69.2%	17.8%	73.1%	12.7%
Fresh drinking milk and substitutes (7)	15.0%	63.0%	15.2%	61.4%
Packaged salads/dips/spreads (8)	44.5%	19.2%	44.4%	20.6%
Honey	49.5%	27.0%	53.0%	21.8%
Olive oil	15.0%	24.8%	15.7%	23.5%
Chilled pasta (9)	63.7%	15.8%	59.9%	16.5%

(as a % - in financial terms)

(1) It should be clarified that figures do not include the transparent market and the institutional market.
(2) Figures for 2024 were adjusted for StoreNext's updated calculations in accordance with footnote 2 above.
(3) Including probiotic beverages.
(4) Including cottage cheese, cream cheeses and soft cheeses.
(5) Including cheese desserts for toddlers – Gamadim, Daniela, etc.
(6) Including Shoko and Pro beverages.
(7) Including fresh and enriched milk, Alpro and Cow Free.
(8) Including Achla brand products and refrigerated spreads.
(9) Refrigerated packaged foods, ready-to-cook meals, chilled pasta.

8.2.6. Seasonality

Presented below are data for 2025 and 2024 with respect to the Group's income in the Health & Wellness segment, by quarter, according to the Company's Management Reports, as defined in section 5 above:

[22] StoreNext data are current according to a report published on January 14, 2026.

Quarterly income in the Health & Wellness segment				
	2025		2024	
	Revenues[1]	% of total revenues in the segment	Revenues[1]	% of total revenues in the segment
Q1	742	23.5%	731	23.8%
Q2	806	25.5%	754	24.5%
Q3	821	26.0%	827	26.9%
Q4	790	25.0%	764	24.8%
Total	3,159	100%	3,076	100%

(1) In NIS millions

There is no distinct seasonality trend for Health & Wellness products. However, revenues are generally relatively higher in Q3 during the hot summer months, which are characterized by greater consumption of dairy products. This trend was also seen in 2025.

8.2.7. Manufacturing capabilities

The production capacity of the Group's plants in the Health & Wellness segment is measured in annual quantities of product. The production lines in the Group's sites in the Health & Wellness segment are automatic, and most of them are operated in three daily shifts other than weekends and national holidays. Presented below are details regarding the maximum potential annual production capacity of the Group's main manufacturing sites in the Health & Wellness segment, operating in three shifts, in tons of product per year, and actual capacity utilization rates in 2025 and 2024.

		2025		2024	
		Maximum potential production capacity	Average actual capacity utilization rate	Maximum potential production capacity	Average actual capacity utilization rate
Michael Campus	Dairy	136,748	71%	130,087	72%
	Vegan Dairy [1]	45,540	1%	-	-
Dairy - Yotvata		146,577	67%	157,845	61 %

(1) The production capacity presented above for the vegan dairy is only a partial assessment since consistent product (after completing the launch period) only started in Q4 2025. In reality, only some of the production lines were consistently operating at the end of 2025.

It should be noted that the maximum potential production capacity presented above is theoretical, as in practice, actual production capacity is affected by numerous qualitative factors such as the availability of raw materials, logistic constraints, line cleanliness, allergen

constraints and manpower issues. Furthermore, several production lines serving the operating segment are liable, at certain points in time and during holiday periods, to reach their maximum production capacity. The Group manufactures some of its products through outsourcing as necessary, which affords it operational flexibility. It is the Group's practice to regularly improve and upgrade the machinery and equipment in its production sites and to expand production lines with the aim of maintaining and increasing production capacity according to the Group's work plans. The Company worked to establish an additional production line at the Yotvata plant in 2025. The Group assesses that the production line is expected to begin to fully operate in H1 2026. The foregoing constitutes forward-looking information as defined in the Securities Law, which is based on the assessments of the Company's management as of the date of the report, the eventuation of which is uncertain and depends, *inter alia*, on the completion of construction and setup, operational aspects and other external factors not within the Company's control.

8.2.8. Property, plant and equipment



8.2.8.1. Plants

Plants in the Health & Wellness segment				
Nature and location	**Site designation**	**Land area**	**Built-up area**	**Liens**
The Michael Campus in the Bar Lev Industrial Park	Production of dairy products and dairy alternatives(1)	~ 91,650 sqm (2)	~ 27,436 sqm primary area (as well as ~15,830 sqm as service areas)	---
Dairy at Kibbutz Yotvata	Production of milk beverages and enriched milk	~ 34,500 sqm (3)	~ 13,000 sqm	---

Plants in the Health & Wellness segment				
Nature and location	**Site designation**	**Land area**	**Built-up area**	**Liens**
Plant in Carmiel	Production of salads, dips and spreads	~ 18,500 sqm (4)	~ 12,600 sqm	---
Apiary at Kibbutz Yad Mordechai	Production of honey products, olive oil, fruit preserves, cooking sauces, natural lemon juice and maple syrup	~ 15,600 sqm (5)	~ 5,200 sqm	---

Rights in and to the site:

(1) The Michael Campus includes the dairy and the plant-based dairy facility (with an area of approximately 9,600 sqm), the construction of which was completed during 2025.

(2) The Company leases the land at the Bar Lev Industrial Zone under two contracts. The first, from April 1, 1997 until March 31, 2046, with an option to extend for an additional 49 years. The second, from June 1, 1997 until June 14, 2046, with an option to extend for an additional 49 years.

(3) The premises include an area to store finished goods in proximity to the dairy. Kibbutz Yotvata leases the land from the Israel Land Authority (ILA). The Kibbutz recently initiated a process of regularizing the rights in three lots, whereby the lease agreements will be amended following the completion of the regularization process.

(4) Lease from the ILA for a period of 49 years. Lease agreement in effect until January 2, 2044.

(5) A rental agreement with Kibbutz Yad Mordechai which is effective until December 31, 2034.

8.2.8.2. Distribution, logistics and cross-docking centers

Distribution, logistics and cross-docking centers in the Health & Wellness segment				
Nature and location	**Site designation**	**Land area**	**Built-up area**	**Liens**
Cross-docking site in Beer Sheva	Chilled storage site for chilled distribution in the northern Negev and Lachish region	~ 4,920 sqm(1)	~ 2,000 sqm	---
Logistics center in Kfar Masaryk	Chilled storage site for chilled distribution in the northern region and offices	~ 25,300 sqm (2)	~ 8,000 sqm	---

Rights in and to the site:

(1) Leased from the ILA under a capitalized lease contract for a 49-year period ending in 2029.

(2) Sublease from a third party for a 15-year period that began on the date of delivery of possession (January 1, 2023), as defined in the lease agreement, with two option periods, the first for 5 years and the second for 4 years and 11 months. There is an agreement for the expansion of the site, which began in 2024 (Masaryk B). The works at the site are anticipated to be completed in 2026. The foregoing regarding the anticipated completion of the expansion works in 2026 constitutes forward-looking information as defined in the Securities Law, which is based on the assessments of the Company's management as of the date of the report, the eventuation of which is uncertain and depends, *inter alia*, on the completion of the expansion works, operational aspects and other external factors not within the Company's control.

For information on the Group's logistics center in Shoham, see section 8.1.9 above.

For the Company's policy regarding the depreciation of machinery and equipment at its various plants, see Note 3.5 to the Financial Statements of the Company as of December 31, 2025.

8.2.9. Research and development

For a description of the Group's research and development, see section 15 below. Dairy products are developed, *inter alia*, using Danone's comprehensive knowhow as described below in section 8.2.15.1.

8.2.10. Intangible assets

8.2.10.1. Licenses and franchises

Strauss Health has a licensing agreement with Danone (which also owns the "Alpro" brand) for the use of knowhow and trademarks. For information on the licensing agreement and payments in respect thereof, see section 8.2.15.1 below.

8.2.10.2. Trademarks

The importance of registering trademarks on its brand names is considerable in view of the Group's focus on branded products. Trademarks are registered in the Group's name in Israel on most of the brand names it uses in the Health & Wellness segment, except for trademarks that are registered in Danone's name, which are used by the Group under the licensing agreement with Danone as described in section 8.2.15.1 below.

For information on the right granted by Strauss Holdings to the Company to use the Strauss name, see section 21.1 below.

Registration of trademarks in Israel is valid for limited periods prescribed in the legislation and is renewable at the end of each period. In view of the many years these trademarks have been used and their dominant status in the market, the Group assesses that the economic life of its main trademarks is indefinite. For further information, see Note 14.2 to the Consolidated Financial Statements of the Company as of December 31, 2025.

For an itemization of costs and changes in intangible assets over 2024 and 2025, see Note 14.1 to the Financial Statements of the Company as of December 31, 2025.

8.2.11. Human capital

Presented below is information on the number of employees in the Group in the Health & Wellness segment:

Number of Employees in the Health & Wellness Segment		
	As of Dec. 31, 2025	As of Dec. 31, 2024
Management and administration	73	74
Sales and distribution [1]	106	372
Logistics	289	256
Operations	796	746
Total	1,264	1,448

Including 72 and 35 agency workers as of December 31, 2025 and 2024, respectively.

[1] The change in employee headcount compared with 2024, is attributable to the termination of the employment of merchandisers in accordance with the "arrangement exemption". For further information about the "arrangement exemption", see section 20 above.

8.2.12. Raw materials and suppliers

The major raw material used by the Group in the Health & Wellness segment (in addition to packaging materials, as described in section 8.1.10 above) is raw milk, whose comprises more than 28% of total purchases of the raw and packaging materials in the segment.

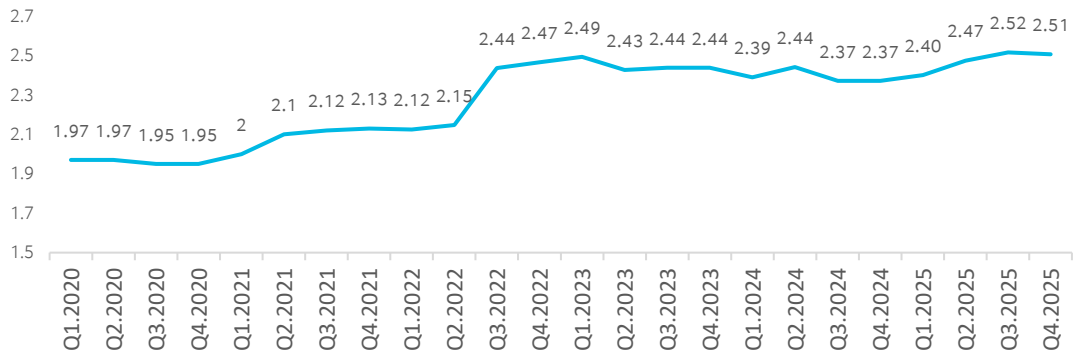
Raw milk is purchased from various dairy farmers in the Western Galilee, Jezreel Valley, Golan Heights, Coastal Plain, Zevulun region, Arava Plain, the northern Negev and Ramat HaNegev. Under the Milk Sector Planning Law, 2011, the Group is obliged to accept the entire quota of milk produced by the dairy farm from which it purchases milk. Most of the quantity purchased is used to manufacture products, and the surplus (particularly in the winter) is dehydrated as milk powder, made into butter and milk fat and is used by the Company (mainly in the summer) or is sold to a third party at target prices all in accordance with the Milk Sector Planning Law, 2011, and its regulations.

It should be noted that the Group also purchases raw milk from Kibbutz Yotvata (which also holds shares in Yotvata). The total quantity of milk supplied by Kibbutz Yotvata to the Group accounted for less than 5% of total milk procurement in 2025. The Group is not dependent on this supply.

For information on the arrangements with respect to determining raw milk prices and the potential impact of the dairy reform, see section 20 below.

The graph below presents the changes in the price of raw milk in the years 2020-2025. (The figures on the vertical axis represent the cost price ("target" price) in NIS per 1 liter).

Changes in the price of raw milk



Price in NIS per 1 liter

The average price of raw milk in 2025 was approximately 3.4% higher than the average price in 2024, with the price increasing by approximately 8 agurot compared to 2024. As of December 31, 2025, the price of raw milk was NIS 2.507 per liter.

The Group uses additional raw materials, including: Milk powders and proteins, added ingredients for yogurt, stabilizers, essences, sugar, lactic acid cultures, tahini, hummus, vegetables, olive oil, honey and oats.

For details regarding the impact of raw material market prices on the Group's operations, see section 5 of the Company's Board of Directors' Report as of December 31, 2025.

Some of the Group's products in this segment are manufactured by external suppliers the Group has engaged in manufacturing agreements.

8.2.13. Working capital

Presented below is the composition of working capital in the Health & Wellness segment in 2025, according to the Company's Management Reports as defined in section 5 above:

Working capital in the Health & Wellness segment	
	Amount included in the Management Reports[3]
Current operating assets [1]	597
Current operating liabilities [2]	511
Excess of current assets over current liabilities	86

(1) Including net trade receivables, inventory, income receivable and prepaid expenses.
(2) Including net trade payables, prepaid income and accounts payable.
(3) In NIS millions.

8.2.14. Restrictions and oversight in the segment

8.2.14.1. Declaration as a monopoly in dairy desserts

On March 26, 1998, Strauss Holdings (including any other corporation that manufactures or markets dairy desserts which is controlled by Strauss Holdings, controls Strauss Holdings or is controlled by its controlling shareholders), was declared a monopoly in dairy desserts by the Competition Commissioner pursuant to the Economic Competition Law, 1998 (the "**Economic Competition Law**"). The declaration defined "dairy desserts" as "an unfermented milk product, sweetened with sugar or alternative sweetening agents and containing, in addition to the dairy ingredients, typical flavoring ingredients (chocolate, vanilla, chocolate powder, etc.) and intended for consumption with a spoon". For more information see sections 20.4 and 25.3.J.3 below.

8.2.14.2. Arrangements relating to raw milk

For information regarding raw milk arrangements, including the Milk Sector Planning Law, its regulations and regulatory developments, see section 20.9 (regulation in the dairy sector), below.

8.2.14.3. Price control

Following the inter-ministerial agreement between the Ministry of Agriculture, the Ministry of Finance, the Israel Cattle Breeders' Association, the Israel Farmers' Federation, and the Dairy Board, as described below in section 20.9, the regulated prices of dairy products were revised by approximately 1.4% in May 2025. The cumulative increase since 2023 amounts to approximately 16.9%, including the impact of the VAT change that came into effect in January 2025. The adjustment rates relate to the consumer price (including VAT) of fresh milk in cartons with 3% fat, which serves as a representative product.

8.2.15. Material agreements

8.2.15.1. Agreements with Danone

Investment and shareholder agreement: On December 13, 1996, Strauss Health and Strauss Holdings entered into an agreement with the French concern, Groupe Danone, for the allotment of 20% of Strauss Health's issued share capital.

In this agreement (which was amended in January 2017 and in June 2021), limitations were imposed on the transfer of shares, including a right of first refusal in the event of the acquisition of shares by a third party (not including a related party of the shareholders, as defined in the

agreement, provided that the transferee agrees to be bound by the terms and conditions and obligations applying to the transferor) and a tag-along right to a sale of shares resulting in a third party holding more than 50% of Strauss Health's issued share capital, under the terms and conditions set forth in the agreement.

In addition, each shareholder holding 10% of Strauss Health's issued share capital is entitled to appoint a director to Strauss Health. Danone will be entitled to appoint 20% of the directors, rounded upward for as long as it holds 20% of Strauss Health's issued share capital.

The agreement determines a list of actions that will not be executed if opposed by all directors appointed by Danone, which include transactions between Strauss Health and other companies controlled by Strauss Group or with an interested party in Strauss Group, unless they are performed at arm's length terms or were in effect at the time the purchase agreement was signed, other than in a case where Danone is willing to accept compensation for the difference between the value at arm's length terms and the actual value of the transaction; payment of a dividend of less than 25% of the net annual profit (after retaining the reserves required by Strauss Health, as determined in the agreement); a public offering or alteration of the share capital diluting Danone's holding; establishment of subsidiaries by Strauss Health which are not directly or indirectly wholly owned by Strauss Health and which are active in products that are not dairy products, and if a shareholder thereof is a competitor of Danone; a material change in Strauss Health's business or investments in a field that is not the dairy business or the plant-based product category (excluding baby food), which result in the turnover from such other categories that are not dairy products or plant-based products exceeding the percentage of Strauss Health's and its subsidiaries' turnover as stated in the agreement; and distribution by Strauss Health or its subsidiaries of products manufactured by Strauss Holdings or by any company controlled by it or by its shareholders, if total annual sales of said products exceed the percentage of Strauss Health's consolidated annual turnover stated in the agreement.

The agreement also determines that the export of products by Strauss Health must be coordinated with Danone, and, in any event, Strauss Health will be prohibited from exporting products bearing Danone's trademarks without Danone's prior approval.

By virtue of the agreement (and after the Company assumed Strauss Holdings' obligations pursuant to the agreement as part of the merger transaction), the Company is subject to the obligation that it and any of its subsidiaries or shareholders shall not sell, manufacture or import refrigerated baby food or refrigerated dairy products in Israel (including the Golan Heights, East Jerusalem, the Gaza Strip and the West Bank) other than through Strauss Health, except for products in which milk is not the main ingredient, such as salads with yogurt, pasta with cheese and cheese pastries; ice cream, frozen yogurt and other products sold at temperatures below 0ºC; long-life milk and long-life milk products; and dairy confectionery and chocolate.

Additionally, the Company and Danone have undertaken not to make use of any knowhow acquired by them or obtained from Strauss Health, without Strauss Health's advance written consent.

The agreement prescribes provisions relating to collaboration between the shareholders with respect to activity in other countries neighboring Israel. These provisions do not apply to plant-based dairy alternatives ("**plant-based products**"). The agreement will remain in effect, unless the grounds for cancellation specified in the agreement are met.

The agreement further determines that commencing from the execution date of the June 2021 amendment to the agreement, the Company and Danone will collaborate on setting up a production site for plant-based products by Strauss Health, which will be funded by Strauss Health, with Danone assisting Strauss Health in setup and planning. If necessary, the parties shall agree on additional production sites that will manufacture the products under an outsourcing arrangement.

Licensing agreement: In early 2017 Strauss Health entered a licensing agreement with Danone for the use of Danone's knowhow and trademarks (which replaced an earlier agreement) relating to all Danone's present and future fresh, frozen and refrigerated dairy products, including cheeses and cheese products, dessert products, yogurt, fermented milk products and all dairy products for infants over one year of age, at present and in the future, not including infant formula and dedicated infant products (hereinafter in this section: the "**products**").

The license granted to Strauss Health is an exclusive, non-transferable license that does not include the right to award sub-licenses, for the use of knowhow to manufacture the products and for the sale of the products under the trademarks set forth in the licensing agreement in the territory of Israel, the Gaza Strip and the West Bank only (hereinafter in this section: the "**territory**"). According to the agreement, Strauss Health is prohibited to export the products bearing Danone's trademarks from the territory without Danone's advance consent.

Use of trademarks other than Danone on the products requires Danone's advance approval (other than with respect to the "**Strauss**" trademark). Strauss Health further undertook to use the trademarks on every live thermophilic fermented milk product and on every new product globally marketed on the date of the licensing agreement or in the future by Danone under one trademark.

It should be noted that the licensing agreement does not prevent Danone from making use of the trademarks in the territory on other products, except for those under the licensing agreement and other chilled products.

Strauss Health has undertaken that the products bearing the trademarks will satisfy the quality

requirements specified in the agreement and the quality requirements in place in the territory. Strauss Health is also obliged, *inter alia*, to inform Danone of any material proceeding by a government or regulatory authority and also of any official inspection or inquiry relating to the quality or safety of any of the products, in which context Danone will provide assistance and advice if necessary.

Danone has undertaken to provide Strauss Health with all technical and marketing information and assistance that may be required, as set forth in the licensing agreement. It is further established that Danone will provide Strauss Health with information regarding a marketing strategy for the products bearing the trademarks.

The licensing agreement is for a term of 10 years, after which it will be automatically renewed for further periods of 5 years each; before each renewal, the parties will discuss the need for alterations to the agreement, and in the absence of agreement on the alterations, the agreement will be renewed in its original form. It is also established that unless agreed upon otherwise by and between the parties, the licensing agreement will not be cancelled other than in the following cases: in cases of bankruptcy, appointment of a liquidator, a trustee in bankruptcy, receiver, etc.; if Strauss or any other company in Strauss Group transfers shares in Strauss Health without Danone's advance written consent such that the Group's total holdings in Strauss Health fall below 51% of the share capital in a manner that a material part or all of the abovementioned shares have been sold to one or more of the ten largest dairy product manufacturers in the world, Danone will have the right to immediately revoke the agreement; and if Strauss Health fails to act in accordance with the provisions of the licensing agreement regarding the matters set forth below, Danone will have the right to declare the cancellation of the licensing agreement, such cancellation taking effect within a period of 3 or 12 months, according to the nature of the breach: breach of Strauss Health's undertakings not to assign its rights under the license or grant sub-licenses; breach of its undertakings relating to the territorial limitations in the license; breach of its undertaking to comply with Danone's instructions relating to the use of the trademarks specified in the licensing agreement in a manner that is liable to materially harm Danone's interests; and breach of its undertaking to discontinue sales of the products under the aforesaid brand names if Danone has so requested.

The agreement also includes provisions that will apply to the parties if the licensing agreement is revoked in the cases set forth above, including, *inter alia*, that Strauss Health will not be entitled to any compensation if the licensing agreement is cancelled by Danone pursuant to its provisions.

It is further determined that if the licensing agreement is revoked on certain grounds, Danone will not be involved in manufacturing and marketing activities for the products in the territory under the trademarks in use prior to cancellation until two years have elapsed from the date the

notice of cancellation was sent.

Strauss Health makes various payments to Danone on a quarterly basis, at the rates prescribed in the licensing agreement in consideration for the license.

The percentage of royalties for the license was determined on the basis of a certain percentage of net sales (as defined in the agreement) for the products determined in the licensing agreement, as well as a fixed payment for knowhow at an immaterial amount.

It is noted that the total costs paid in respect of the license, knowhow and royalties according to the agreement with Danone in 2025, 2024 and 2023 were approximately NIS 39 million, NIS 37 million and NIS 34 million, respectively.

As part of expanding the partnership between Strauss and Danone into plant-based dairy alternatives, in June 2021 another licensing agreement was signed between Strauss Health and Danone, granting Strauss Health a license to use Danone's knowhow, patents and trademarks for plant-based dairy alternative (food or beverage) products.

In the agreement, Danone granted Strauss Health an exclusive right to manufacture, promote and sell plant-based products registered under Danone's trademarks in Israel, including Ramat Hagolan, East Jerusalem, the West Bank and Gaza Strip (hereinafter in this section: the "**territory**"), and to use Danone's trade secrets (for products sold under Danone's trademarks or Strauss Health's trademarks) for said products, in the territory. Accordingly, a restriction was imposed on exporting the products outside the territory without Danone's advance approval.

The licensing agreement determines that Danone or Alpro (of Groupe Danone) shall not grant a license to use their trademarks in the territory for rival products, and shall not use them themselves, without Strauss Health's advance approval. However, this shall not prohibit or limit Danone's and Alpro's right to use their trademarks in the territory for other products, which shall be done in a manner not adversely impacting the goodwill of the trademarks.

Strauss Health may manufacture and market plant-based desserts and flavored plant-based beverages under its own brands, subject to approval by Strauss Health's board of directors and provided that the director on behalf of Danone does not oppose this. However, the director on behalf of Danone may not oppose on grounds that are unreasonable.

The licensing agreement is for a period of ten years, after which it shall automatically be renewed for further periods of five years each. Before each renewal, the parties shall discuss the need to make changes to the agreement. The licensing agreement will not be cancelled other than in the following cases:

A material breach of the agreement by a party thereto, not remedied within 60 days, bankruptcy,

appointment of a liquidator, receiver, etc., in a case of change of control ("control" as defined in the agreement) of one of the parties. Furthermore, if Danone has ceased to be a shareholder of Strauss Health, it shall be entitled to announce the cancellation of the licensing agreement through the provision of 24 months prior notice, and in any case, no earlier than before a ten-year period has elapsed.

It is further established that if the licensing agreement is cancelled under particular grounds, Danone shall not initiate manufacturing and marketing activities for the products in the territory under the trademarks in use prior to cancellation, until one year has passed from the date on which the notice of cancellation was furnished.

According to the agreement, Strauss Health shall pay Danone royalties for the use of Danone's brands, as well as royalties for the use of knowhow in Strauss Health's products. The amount of the royalties is determined based on sales quantities.

Alpro approved the terms and conditions of the agreement by signing the agreement and undertook that in any case of early termination of its licensing agreement with Strauss Health (other than due to a breach thereof by Strauss), Alpro shall ensure that Strauss Health shall be able to continue to use its trademarks and knowhow according to the terms and conditions of the licensing agreement with Danone.

To provide a full picture, it should be noted that Strauss Health has entered agreements with the Company for the receipt of services pertaining to sales and distribution, as well as general administrative services. In May 2020 Strauss Health signed an exclusive distribution agreement for Alpro products (Alpro is a member of Groupe Danone) in Israel. The distribution of Alpro products was initiated on July 1, 2020. Also see the risks factors in section 25.2.P.1, P.2 and N.1 below.

8.2.15.2. Agreement with Yotvata

According to an agreement of November 12, 1998 for the acquisition of shares of Yotvata, the parties thereto being Kibbutz Yotvata (the "**Kibbutz**"), Yotvata Uri Horazo Dairies (Limited Partnership), and Strauss Health, which was amended on August 20, 2003 and on September 25, 2017, Strauss Health acquired by way of an allotment of shares: (a) 50% of Yotvata's issued and paid-up ordinary share capital, conferring the rights generally conferred on shareholders in a limited liability company, including the right to appoint or dismiss directors. The rest of the ordinary shares remained owned by the Kibbutz; (b) two management shares, each conferring the right to appoint or dismiss a director in Yotvata. Three additional management shares are held by the Kibbutz; and (c) one casting share, conferring the right to

appoint or dismiss one director in Yotvata who is also chairman of the board of directors or chairman of the general meeting and who will have a casting vote in meetings of the board of directors and in general meetings in the case of a deadlock.

The agreement establishes the agreed arrangements relating to Yotvata's governance, including that the CEO of Yotvata is appointed by the board of directors of Yotvata at the recommendation of the Kibbutz. The directors representing Strauss Health have a veto right to prevent the appointment of a CEO.

The chairman of the board of directors is appointed by Strauss Health. The directors representing the Kibbutz have the right to oppose the appointment of a chairman who does not possess the appropriate qualifications for the position. Yotvata's CFO is appointed by Strauss Health. The directors representing the Kibbutz have a veto right over the appointment of the CFO, but they may only exercise this right on reasonable grounds.

Additionally, Strauss Health was issued convertible capital notes at a nominal amount of NIS 79,108 thousand, unlinked to the CPI and interest-free, redeemable only upon the winding-up of Yotvata, but not before the year 2100. The capital notes are convertible into Yotvata shares such that each NIS 500 thousand of the capital notes may be converted into one share of NIS 1 par value. The agreement prescribes that whenever capital notes are converted into shares, additional shares shall be allotted to the Kibbutz in the same number and of the same par value, in consideration for their par value, so that the Kibbutz's relative holding of Yotvata shares will remain identical to its relative holding prior to the allotment. The share allotment and issue of the capital notes were executed against the payment of a consideration determined in the agreement totaling USD 32 million.

The agreement establishes that Yotvata's areas of expertise are milk beverages and premium milk, and that other than exceptions set forth in the agreement, Strauss Health will not market products in the milk beverages and premium drinking milk categories unless they are manufactured by Yotvata and the transfer prices are determined by and between the parties. It is further established that Strauss Health will refrain from manufacturing these products unless the Kibbutz has approved the manufacturing and marketing thereof. The abovementioned provisions will not apply to the marketing and manufacture of certain products enumerated in the agreement.

The Kibbutz has undertaken not to use the Yotvata brand or logo in the food industry other than with the prior approval of Yotvata's board of directors, which will be entitled not to approve such use without being required to give grounds for its decision. The Kibbutz has further undertaken not to use the Yotvata brand or logo in other categories which are not in the food sector, other than with the prior approval of Yotvata's board of directors, which may only not approve such

use on reasonable grounds.

The agreement establishes that for as long as the Kibbutz holds at least 20% of Yotvata's ordinary share capital, resolutions of Yotvata's board of directors or general meeting relating to certain matters, including, *inter alia*, a material change in Yotvata's business or entry into business areas that are not related to manufacturing and marketing dairy products; changes in Yotvata's equity (such as a change in the rights attached to shares and a capital increase); establishment of a new manufacturing plant for Yotvata; dilution of the Kibbutz's stake other than as provided in the agreement; a reduction in the amount of dividend distributions to below the rate set in the agreement; a change in the provisions of the agreement concerning the work arrangements of Yotvata employees who are members of the Kibbutz, and others – will be passed by a majority of votes (of the directors or shareholders, as the case may be), provided that the majority of votes includes the vote of at least one director appointed by the Kibbutz or the Kibbutz's representative at the general meeting, as the case may be. The chairman of the board will have an additional vote in case of a deadlock. Notwithstanding the foregoing, in the case of a deadlock between the directors appointed on behalf of the Kibbutz and those appointed on behalf of Strauss Health or between the shareholders on the issues of a new Yotvata manufacturing site or a change in the provisions of the agreement concerning the work arrangements of Yotvata employees who are Kibbutz members, the matter will be referred for resolution by a deciding director who shall be appointed with the consent of the parties according to the mechanism described in the agreement, and his decision will be binding upon Yotvata. It should be clarified that this arrangement constitutes a special arrangement in the context of the general mechanism for deciding matters in the case of a deadlock, as described above.

The Kibbutz has the right to demand the distribution of a dividend of at least 25% of Yotvata's distributable profits, and Strauss Health has undertaken that in such case, it will procure that a resolution is duly adopted for the distribution thereof or will grant a loan to the Kibbutz totaling the amount of the dividend it is entitled until the dividend is actually distributed.

The agreement determines that Strauss Health will distribute Yotvata's products for a commission at the rates set forth in the agreement. It further establishes that Strauss Health will provide Yotvata with various management services, and that the Kibbutz will provide Yotvata with management services commencing in 2003 and will also provide various services such as security and accounting services.

The agreement establishes that the parties may not transfer all or part of their shares in Yotvata to a third party other than subject to the parties' right of refusal, which is subject, *inter alia*, to an undertaking to only transfer the casting share to the Kibbutz. The agreement further establishes that if the transfer of shares held by Strauss Health results in its holding in Yotvata

falling below 25% of Yotvata's ordinary share capital, it will be obliged to transfer the casting share to Yotvata, free of charge, and the Kibbutz will transfer one management share to Strauss Health or to the third party acquiring the shares from Strauss Health, and will be obliged, among other things, to grant the third party acquiring the shares and Strauss Health a non-controlling interest, as set forth in the agreement.

The agreement also determines that if the Kibbutz transfers its shares to a third party, Strauss Health will undertake to the third party acquiring the shares and to the Kibbutz to grant it a non-controlling interest, as set forth in the agreement.

The agreement further establishes that any party selling all or most of its shares to a third party will deposit with Yotvata, as a loan, an amount in NIS that is equal to USD 8 million, against an unlinked, interest-free capital note, payable only after 49 years have elapsed from the date on which the loan was made to Yotvata. Where a party has sold less than 50.1% of its shares, it will transfer to Yotvata a relative portion of the abovementioned sum under the aforesaid terms and conditions. Also see the risks factors in section 25.2.P.1, P.2 and N.1 below.

8.3. Fun & Indulgence (Snacks and Confectionery)

8.3.1 General information about the Fun & Indulgence (Snacks and Confectionery) segment

In this segment the Group develops, manufactures, sells, markets and distributes in Israel a range of sweet snacks, chocolate tablets, better-for-you (BFY) snacks, salty snacks, Quaker oat products and sugar-free candy and bubblegum, for personal and family consumption as a snack, or for bakeries.

The Group's products in the Fun & Indulgence (Snacks and Confectionery) products are manufactured at its sites in Israel, alongside products that are purchased from other manufacturers in Israel and abroad (such as: candies, chewing gum, some premium baked goods and Quaker brand products).

The products in the segment are generally characterized by a relatively long shelf life of approximately 3 to 18 months. Chocolate products are stored and transported in a temperature-controlled environment (16º-18ºC), whereas the rest of the products do not require special storage and transportation conditions.

In recent years, the global commodities market has been characterized by high volatility and an upward trend in prices ("commodity inflation"), which has had a material impact on the Company's procurement costs for certain raw materials used in the Fun & Indulgence segment, particularly cocoa. See sections 8.1.10 and 8.3.12 below for more information on raw materials.

8.3.2 Changes to the scope of activity in the segment and its profitability

In 2025, the categories relevant to the Fun & Indulgence segment in the Israeli food market recorded a volume decline of approximately 1.3%, alongside value growth of approximately 10.2%. Despite these market trends, the Group's activity in the Fun & Indulgence (Snacks and Confectionery) segment continued to grow. Among other things, the growth was driven by revised sale prices introduced by the Group due to an increase in the price of cocoa as a raw material (as detailed in sections 8.3.1 and 8.3.12 below), as well as by volume growth, and by the momentum of innovation in chocolate. The Group's activity in this segment in the 2025 annual period recorded volume growth of approximately 1% (and approximately 4% excluding sweet spreads) and value growth of approximately 13%, driven across all categories and particularly by the tablets category.

8.3.3 Products

(1) The Group's main products in the Fun & Indulgence segment are generally marketed as follows: "**Bakery**" - Baked goods which include wafers and premium cakes primarily under the "Reva L'Sheva", "Ad Hatzot" and "Baflot" brands. By way of illustration:







(2) **Sweet snacks** - individual and family pack snacks, under the primary brands "Mekupelet", "Kif Kef", "Torteet", "Taami", "Egosi", "Pesek Zman", "Milky Bar". By way of illustration:













(3) **Chocolate tablets** primarily under the "Para" (Cow), and "Splendid" brands. By way of illustration:















(4) **Candies and chewing gum** – under the "Must" and "Bazooka" brands. By way of illustration:













(5) **Salty snacks** – "Tapuchips", "Doritos", "Cheetos", "Elite Popcorn", "Sababa". By way of illustration:











(6) **BFY snacks** - cereal snack bars, protein and rice snacks, under the "Energy" and "Pro" brands. Illustrative images:



(7) **"Quaker"**, manufactured by PepsiCo – flavored instant oatmeal. By way of illustration:



The general health trend in the food and beverage sector continued in 2025 and is also evident in the products of the Fun & Indulgence (Snacks and Confectionery) segment, expressed in the consumer's desire for indulgence without compromising on health. As part of enhancing the consumption experience and developing new solutions aligned with consumption trends, in 2025 the Group maintained its focus on products that deliver special added value to the consumer, such as portion-controlled products and assorted mixes in bags and multipacks like the portion size, mini snacks, sugar free snacks and tablets, wafers and other gluten free products.

8.3.4 Segmentation of revenues and profitability of products

As demonstrated by the information on the segmentation of the Company's income from external entities (consolidated) according to the Company's Management Reports as defined in section 5 above, in the Fun & Indulgence (Snacks and Confectionery) segment there is no group of similar products that constitutes 10% or more of the total said revenues.

8.3.5 Competition

The Fun & Indulgence (Snacks and Confectionery) segment is characterized by a wide range of products manufactured and marketed by both international and domestic brands. This segment is characterized by a significant scale of imports, *inter alia*, due to there not being customs duties and quotas, which allow many players to enter the market, including importers which distribute known international brands, such as Kinder, Mars, Oreo, Milka, Lindt and Orbit, along with importing unbranded products or products with limited brand recognition. The international brands pose significant competition for local manufacturers, and are even leaders in terms of market share in some categories such as chewing gum and premium cookies.

The Group's major competitors in this segment include: Unilever, Osem Nestle, Diplomat, Maya Food Industries Ltd., Leiman Schlussel, Frey, Sides, Ferrero Israel, Mars Israel, Godiva, Lotus and the private label products of various retail chains. Along with the primary competitors, there are smaller manufacturers and importers, primarily engaged in parallel importing, which add to the supply in the various categories.

The Group contends with competition in the Fun & Indulgence (Snacks and Confectionery) segment by strengthening innovation initiatives, expanding its product range, creating cross-segment brand synergies (such as Pro protein snacks and Milky Bar), and providing unique added value to its products.

The following table presents information on the market shares of the Group and its major competitor in each group of similar products in the years 2025 and 2024 with respect to the Group's main product groups in the Fun & Indulgence (Snacks and Confectionery) segment, according to weighted data based on StoreNext figures for the barcoded retail market (which includes the large supermarket chains, barcoded private mini-markets and independent food chains)[23]:

[23] StoreNext data are current according to a report published on January 14, 2026.

Weighted market share				
Products	2025		2024[1]	
	The Group	Primary competitor	The Group	Primary competitor
Chocolate tablets	55.2%	7.8%	49.6%	6.4%
Sweet snacks	41.7%	21.9%	42.7%	21.8%
Chewing gum	21.2%	41.5%	21.4%	43.3%
Wafers	23.5%	31.6%	20.7%	30.2%
Sweet baked goods [2]	14.6%	17.7%	14.7%	17.6%
Salty snacks	40.0%	45.5%	39.6%	44.0%
Bread and bread substitutes [3]	24.4%	26.9%	22.2%	24.4%

as a % - in financial terms

(1) Figures for 2024 were adjusted for StoreNext's updated calculations.
(2) Sweet baked goods (excluding wafers), cakes and tea biscuits
(3) Crispbreads/rice cakes and bread substitutes for snacking

8.3.6 Seasonality

Presented below are data for 2025 and 2024 with respect to the Group's revenues in the Fun & Indulgence (Snacks and Confectionery) segment, by quarter, according to the Company's Management Reports, as defined in section 5 above:

Quarterly income in the Fun & Indulgence (Snacks and Confectionery) segment				
	2025		2024	
	Revenues[1]	% of total revenues in the segment	Revenues[1]	% of total revenues in the segment
Q1	394	28.2%	361	28.6%
Q2	301	21.6%	271	21.4%
Q3	365	26.2%	323	25.6%
Q4	335	24.0%	309	24.4%
Total	1,395	100%	1,264	100%

(1) In NIS millions.

Income from the sale of products in the Fun & Indulgence segment is generally (relatively) higher in the first third of the year and generally (relatively) lower in the second third of the year. Seasonality is mainly affected by the winter months, which fall in the first quarter of the year and are marked by greater consumption of chocolate products as well as by increased consumption of Fun & Indulgence products with the approach of Purim and Passover. Sales of Fun & Indulgence products in the salty snack category are affected by seasonality and are generally higher (comparatively) in the summer months and during holiday seasons.

8.3.7 Manufacturing capabilities[24]

For details on measuring production capacity of the Group's manufacturing sites in the segment, see section 8.2.8 above with respect to the Group's plants in the Health & Wellness segment, *mutatis mutandis*.

Presented below are details regarding the maximum potential annual production capacity of the Group's main manufacturing sites in the Health & Wellness segment, operating in three shifts daily, other than weeks and national holidays, in tons of product per year, and actual capacity utilization rates in 2024 and 2025:

Maximum annual production capacity of the Group's plants in the segment				
	2025		2024	
	Maximum potential production capacity	Average actual capacity utilization rate	Maximum potential production capacity	Average actual capacity utilization rate
Confectionery - Nazareth	37,295	54%	43,700	43%
Salty - Sderot	22,786	88%	23,141	77%

It should be noted that the maximum potential production capacity presented above is theoretical, as in practice, actual production capacity is affected by numerous qualitative factors such as the availability of raw materials, logistic constraints, line cleanliness, allergen constraints and manpower issues. Furthermore, several production lines serving the operating segment are liable, at certain points in time and during holiday periods, to reach their maximum production capacity. The Group manufactures some of its products through outsourcing as necessary, which affords it operational flexibility. It is the Group's practice to regularly improve and upgrade the machinery and equipment in its production sites and to expand production lines with the aim of maintaining and increasing production capacity according to the Group's work plans.

[24] Maximum potential annual production capacity data include 100% of the figures for Strauss Frito-Lay, although financial data on Strauss Frito-Lay are stated according to the Company's relative holding, i.e., 50%.

8.3.8 Property, plant and equipment

Plants in the Fun & Indulgence (Snacks and Confectionery) segment



Plants				
Nature and location	**Site designation**	**Land area**	**Built-up area**	**Liens**
Plant in the Nof Hagalil industrial area [1]	Production of confectionery and baked products	~ 70,000 sqm [2]	~ 38,700 sqm	---
Plant in the Sha'ar Hanegev industrial zone	Manufacturing of salty snacks	~ 26,400 sqm [3]	~ 13,000 sqm	---

[1] Part of the plant area in Nof Hagalil does not have a valid City Building Plan, however, an outline for regularization is currently being formalized with the municipality. The Company assesses that this has no significant implications on the activity in the plant.

[2] The rights to part of the property are leasehold rights, with the various leasehold periods being for 49 years with an option for an additional 49 years, and ownership rights in part of the property.

[3] Leasehold right for a period of 49 years, until October 2058, with an option to renew for a further 49 years.

Distribution, logistics and cross-docking centers

Distribution, logistics and cross-docking centers in the Fun & Indulgence (Snacks and Confectionery) segment				
Nature and location	**Site designation**	**Land area**	**Built-up area**	**Liens**
Distribution and logistics center in Akko	Distribution of products that do not require refrigeration, in northern Israel	~ 20,000 sqm [1]	~ 8,008 sqm	---
Yevulim warehouses, Sha'ar Hanegev industrial zone	For distribution of products that do not require refrigeration, in southern Israel	~ 40,000 sqm [2]	~ 7,000 sqm	---
Cross-docking sites	Most of the cross-docking sites serve the Health & Wellness segment, and a small number also serve the Fun & Indulgence (Snacks and Confectionery) segment. For information on the Group's main cross-docking sites in Israel, see section 8.2.8.2 above.			

Rights in and to the site:

(1) An agreement to extend the lease by an additional 5 years until January 31, 2031, was signed on January 14, 2025.

(2) Leased from a third party for 5 years commencing December 4, 2016, plus options for several periods for a total of 15 more years. The Company is working to establish a new warehouse facility in Kibbutz Bror Hayil. Upon completion of the construction and operational readiness of the facility, the Company intends to transfer its warehouse operations thereto. The Company's estimates regarding the timing of completion of the storage facility in Bror Hayil and the transfer of operations thereto constitute forward-looking information, as defined in the Israeli Securities Law, 1968. These estimates are based on the Company's current plans and the information available to it as of the date of this report; however, they involve uncertainties. Actual results may differ materially from those anticipated, *inter alia*, due to delays in infrastructure works or other operational factors not solely within the Company's control.

For the Company's policy regarding the depreciation of machinery and equipment at its various plants, see Note 3.5 to the Financial Statements of the Company as of December 31, 2025.

8.3.9 Research and development

For a description of the Group's research and development, see section 15 below. Salty snack products are developed, *inter alia*, using PepsiCo's knowhow, as described below in section 8.3.15.

8.3.10 Intangible assets

8.3.10.1 Licenses and franchises

Strauss Frito-Lay has an agreement with PepsiCo for the use of PepsiCo's trademarks with respect to all salty snack products marketed by Strauss Frito-Lay, which are based on PepsiCo's knowhow. For information on the licensing agreement and the payments paid in its respect, see section 8.3.15 below. In addition, the Group has trademark licenses for its products from several third parties with which the Group has contracted, in consideration for the payment of royalties for such use in amounts that are immaterial to the Company.

8.3.10.2 Trademarks

The importance of registering trademarks on its brand names is considerable in view of the Group's focus on branded products. Trademarks are registered to the Group in Israel on most of the brand names serving it in the Fun & Indulgence segment, except for those that are registered to PepsiCo, which are used by the Group pursuant to the licensing agreement described below in section 8.3.15.

Registration of trademarks in Israel is valid for limited periods prescribed in the legislation and is renewable at the end of each period. In view of the many years of use of these trademarks and their dominant status in the market, the Group estimates that the economic life of its main trademarks is indefinite. For an itemization of costs and changes in intangible assets over 2025 and 2024, see Note 14.1 to the Financial Statements of the Company as of December 31, 2025.

8.3.11 Human capital

Presented below is information on the number of employees in the Group (including all employees of Strauss Frito-Lay, a joint venture in which the Company holds 50%) in the Fun & Indulgence (Snacks & Confectionery) segment:

Number of employees in the Fun & Indulgence (Snacks and Confectionery) segment		
	As of Dec. 31, 2025	As of Dec. 31, 2024
Management and administration	58	59
Sales and distribution	416	536
Logistics	273	267
Operations	877	902
Total	1,624	1,763

Including 99 and 81 agency workers as of December 31, 2025 and 2024, respectively.

The change in employee headcount compared with 2024, is attributable to the termination of the employment of merchandisers in accordance with the "arrangement exemption". For further information about the "arrangement exemption", see section 20 above.

8.3.12 Raw materials and suppliers

The main raw material used by the Group in its products in the Fun & Indulgence (Snacks and Confectionery) segment, (in addition to packaging materials, as described in section 8.1.10 above) is cocoa and its by-products (cocoa butter, cocoa mass and cocoa powder), the cost of which accounted for more than 52% of total purchases of raw and packaging materials in the segment in 2025.

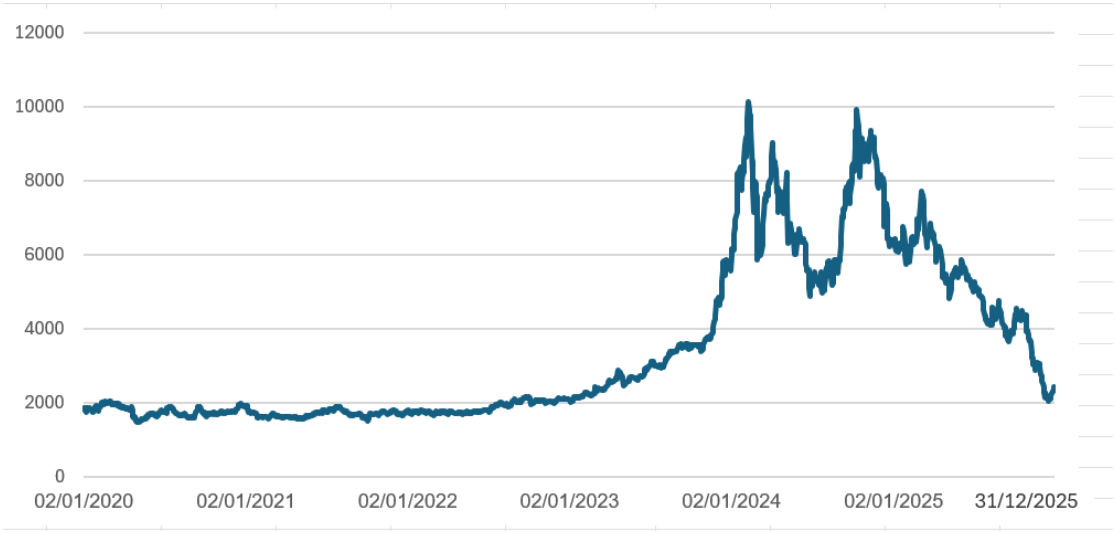
The Group also uses potatoes, HOSO oil, used to manufacture salty snacks, milk powders, sugar, nuts, vegetable oils and spices.

In 2025 there were declines in the average market prices of some of the primary raw materials, such as the price of sugar which was 25% lower in 2025 than its price in 2024. A considerable part of the these raw materials are commodities that are bought and traded on the commodities exchanges in London and New York in foreign currency (USD, EUR and GBP). Consequently, the cost of these raw materials is exposed to fluctuations in currency exchange rates and price volatility in commodity markets. Moreover, the cost of raw materials produced from agricultural crops (such as potatoes, sugar, cocoa, nuts) is affected by market volatility, notably supply fluctuations due to changing weather conditions, ripening periods, etc. However, the impact of the change in the price of the raw material on the Group's cost of using the material is gradual due to the Group's procurement processes and coverage policy. For further information about the Group's coverage policy, see section 7 above.

For details about the impact of raw material prices on the Group's operations, as well as the revaluation of cocoa commodity derivative positions on the Group's results, see sections 5 and 12 of the Board of Directors' Report as of December 31, 2025, respectively.

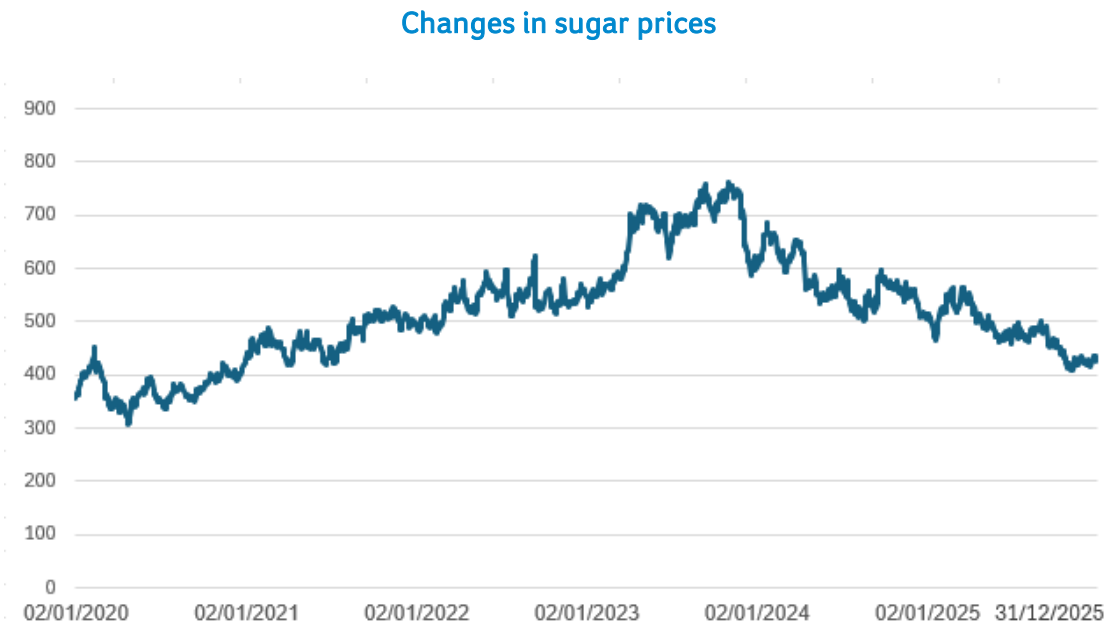
The graph below presents the changes in the price of cocoa beans over 2020-2025 according to Bloomberg, with the data on the vertical axis representing the cocoa bean price (GBP per ton):

Changes in the price of cocoa beans



Units: GBP per 10 tons

The graph below presents the changes in the price of sugar over 2020-2025 according to Bloomberg, with the data on the vertical axis representing the sugar price (USD per 50 ton):



Units: USD per 50 tons.

For further information, see sections 3-11, "Changes in the Economic Environment", of the Board of Directors' Report as of December 31, 2025.

In the reporting year the Group has two primary suppliers in the Fun & Indulgence (Snacks and Confectionery) segment, the scope of purchases from which comprised approximately 37% and 26% of the cost of sales in the segment.

8.3.13 Working capital

Presented below is the composition of working capital in the Fun & Indulgence (Snacks and Confectionery) segment in 2025, according to the Company's Management Reports, as defined in section 5 above:

Working capital in the Fun & Indulgence segment	
	Amount included in the Management Reports[3]
Current operating assets [1]	496
Current operating liabilities [2]	234
Excess of current assets over current liabilities	262

(1) Including net trade receivables, inventory, income receivable and prepaid expenses.
(2) Including net trade payables, prepaid income and accounts payable.
(3) In NIS millions.

8.3.14 Restrictions and oversight in the segment

See section 20 below for an overview of the restrictions and oversight of the Group's activity in the Fun & Indulgence segment.

Declaration as a monopoly in the chocolate tablet market: In 1988, the Company was declared a monopoly, *inter alia*, in the chocolate tablet market. For more information see sections 20.4 and 25.3.J.3 below.

8.3.15 Material agreements

Agreements with PepsiCo

Salty snacks are manufactured, marketed and sold in Israel by Strauss Frito-Lay, such that the Group holds 50% of the shares of Strauss Frito-Lay, and the remaining 50% are held by the American food concern PepsiCo through its subsidiary, PepsiCo Europe. As of the date of the report, according to the option agreement (described below in subsection f), the Company has an option until December 2026 to acquire up to 2.5% of the share capital of Strauss Frito-Lay. The Company, PepsiCo Europe and PepsiCo, Inc. entered a shareholder agreement that regulates the joint relationship in all aspects relating to Strauss Frito-Lay. Additionally, there is a licensing agreement between Strauss Frito-Lay and the PepsiCo concern for the use of certain PepsiCo trademarks. The primary terms of the agreements are, as follows:

Licensing agreement for the use of knowhow and trademarks: According to a 2016 agreement (which superseded a previous licensing agreement) between Strauss Frito-Lay and PepsiCo, Inc., Strauss Frito-Lay was granted an exclusive, non-transferable license for the manufacture, distribution and sale in Israel of salty snacks, spicy snacks and extruded snacks, and also for the use of PepsiCo, Inc.'s relevant trademarks. Under a 2018 amendment, commencing in October 2018, the license was extended to only include export to the kosher market in Europe of products under the Doritos, Cheetos and Elite Crunch brands. According to a 2019 amendment, commencing in August 2019, the license was extended to also include the export of products under the Lay's, Doritos, Cheetos and Elite Crunch brands to the US and Canada, only to the kosher market. The agreement further establishes that PepsiCo, Inc. has the right at any time to add to or alter the abovementioned trademarks at its exclusive discretion.

The licensing agreement will remain in force for as long as the Company (or a wholly owned subsidiary of the Company) is a shareholder of Strauss Frito-Lay and for as long as the shareholder agreement remains in force. The validity of the licensing agreement in a case where one of the parties ceases to be a shareholder of Strauss Frito-Lay is as provided in the shareholder agreement, as described below. PepsiCo, Inc. has the right to revoke the licensing

agreement in various cases, including a fundamental breach of the agreement by Strauss Frito-Lay.

In consideration for the grant of the license, Strauss Frito-Lay pays PepsiCo, Inc., each quarter, a certain percentage of net sales (as defined in the agreement) and at least a minimum amount, as set forth in the agreement. Strauss Frito-Lay also pays PepsiCo, Inc. a yearly payment for technical support services.

In 2025 and 2024, the Group credited PepsiCo, Inc. with payments under the royalty agreement totaling approximately NIS 10.5 million and NIS 10 million, respectively.

Shareholder agreement: According to the shareholder agreement, in a event the Company is controlled (directly or indirectly) by a party that is not the Strauss family, PepsiCo Europe will have the right, after 12 months have passed since control of the Company changed as aforesaid, to acquire all of the Company's remaining shares in Strauss Frito-Lay at the market price that will be determined according to the method set forth in the agreement, provided that PepsiCo Europe will itself reasonably determine that its attempt to cooperate in good faith with that party in said 12-month period did not succeed.

The term "control" in the shareholder agreement means the ability to directly or indirectly direct the activity of the relevant entity (not including the ability arising only as a result of holding the position of a director or other position), and a person is presumed to control a corporation if he directly or indirectly holds more than 50% of the share capital or voting rights in the relevant entity; or if he directly or indirectly has the right to appoint more than 50% of the directors of the relevant entity. The term "holding" in this section shall have the meaning defined in section 1 of the Securities Law, 1968.

PepsiCo Europe has the right to appoint the CEO and CFO of Strauss Frito-Lay with the Company's prior consent, which may only be withheld on reasonable grounds. The Company and PepsiCo Europe each have the right to appoint 50% of the members of the board of directors of Strauss Frito-Lay. The chairman of the board will be appointed by the Company from among the directors appointed by the Company (the chairman of the board does not have a casting vote), provided that he is not a manager of the Company. Board resolutions will be passed with a majority of votes, excluding resolutions required to be passed unanimously, *inter alia* with respect to the discontinuation of Strauss Frito-Lay's activity in Israel or its winding-up for any reason other than insolvency, change of the name or logo of Strauss Frito-Lay, merger, acquisition of companies or other businesses, alteration of the articles of association and changes in Strauss Frito-Lay's share capital (not including dilution as a result of financing by either of the shareholders).

The agreement defines provisions pertaining to the financing of Strauss Frito-Lay and to the

dilution of a shareholder who refuses to provide its share of additional financing requested by Strauss Frito-Lay's board of directors.

The shareholder agreement establishes that a shareholder may only transfer its shares to a third party after receiving the other shareholder's prior consent. The agreement further determines a right of first refusal mechanism upon the transfer of shares by the parties thereto, and requires that each of the parties will transfer all of its shares in Strauss Frito-Lay as a condition for the transfer (the abovementioned provisions do not apply to a "permitted transfer" to a wholly owned subsidiary, directly or indirectly, of the transferor).

The agreement also establishes a mechanism for the resolution of disputes between the parties (by means of a representative of each of the shareholders, and in the absence of agreement – by an outside arbitrator); should either party disagree with the arbitrator's decision, the counterparty will have the option of acquiring its shares. If the parties do not agree with the arbitrator's decision or in a case of failure to exercise a party's right to acquire the other's shares as aforesaid, the parties will jointly act to locate a buyer for all of Strauss Frito-Lay's shares. If no such buyer is located within 12 months, Strauss Frito-Lay will be wound up.

The agreement will remain in effect unless the causes for cancellation specified in the agreement are met. However, the agreement defines a number of "triggering" events (including regulatory changes that have a material influence on the parties' ability to draw dividends from Strauss Frito-Lay or to perform the agreement; a government act obliging either party to sell or transfer all or part of its holdings in Strauss Frito-Lay; a material breach of the agreement; a breach of the non-competition stipulation set forth in the agreement) on the occurrence of which either party (but not both parties simultaneously) will have the right to oblige the other to acquire its shares or sell it its shares, in the manner and at the price set forth in the agreement.

In the case of a sale of shares by a party to the other, the agreement establishes the obligation of the selling party to continue to abide by the agreements between it and Strauss Frito-Lay (if PepsiCo sells its shares – the licensing agreement; and if the Company sells its shares – the sales and distribution agreement, the major services agreement and the licensing agreement for the use of the Company's trademark) for periods ranging between 3 to 4 years, as set forth in the agreement (or shorter periods if the buyer party subsequently sells all or part of its shares in Strauss Frito-Lay to a third party not approved by the selling party).

If PepsiCo Europe's shares are sold following regulatory changes or government acts that are material to the agreement, PepsiCo, Inc. will continue to perform the licensing agreement for a period of 10 years, and PepsiCo Europe will be entitled to buy back its shares in Strauss within those 10 years under the terms and conditions set forth in the agreement. In this period PepsiCo Europe will have the right of first refusal to acquire the Company's shares in Strauss Frito-Lay.

In a case of the sale of the Company's shares to a third party and failure to exercise said right of first refusal, the period of PepsiCo, Inc.'s obligation to abide by the licensing agreement, as set forth in the agreement, will be reduced.

The parties have agreed to the distribution of an annual dividend of at least 33% of the distributable profits according to Israeli law and Strauss Frito-Lay's financial statements.

The agreement further determines that annulment of the shareholder agreement for any reason will not affect the parties' obligations under the abovementioned licensing agreement and under the agreements described below.

Option agreement: On November 21, 2024 (concurrently with the agreements to sell the Sabra and Obela activity (in this section: the "**sale agreements**")), the Company and PepsiCo entered into an option agreement with respect to their holdings (50%-50%) in Strauss Frito-Lay, under which PepsiCo granted the Company an option to acquire up to 2.5% of Strauss Frito-Lay's share capital in consideration for USD 100,000, at an exercise price of up to USD 9.9 million, which reflects a value of approximately USD 396 million for Strauss Frito-Lay. In the event the option is exercised, then the shareholders' agreement between the parties will be amended to reflect the Company's control of Strauss Frito-Lay by updating, inter alia, the representation of the parties on Strauss Frito-Lay's board of directors, so that the Company shall have the majority of the voting power in Strauss Frito-Lay's board of directors (subject to PepsiCo's limited veto right established in the agreement). The Company can exercise the option at any time within two years from the closing date of the sale agreements, i.e., until December 3, 2026, and its exercise will be subject to obtaining approval from the Commissioner of Competition.

To complete the picture, it is noted that the series of agreements between the Company and Strauss Frito-Lay also regulates the services provided to Strauss Frito-Lay by the Company, these include:

a. **A licensing agreement for the use of the Company's trademark**, pursuant whereto the Company has granted Strauss Frito-Lay a non-exclusive license to use the "Elite" trademark in Israel in all aspects related to the manufacture, sale, distribution, marketing and trade in salty snacks. Strauss Frito-Lay also undertook to use the "Elite" trademark for the entire term of the agreement. As of the date of the report, the agreement is renewed for five-year periods (it was most recently renewed on January 1, 2024) unless a party has announced its intention to terminate it at least six months before a five-year extension period, for as long as the Company is a shareholder of Strauss Frito-Lay. In the event the Company cease to be a shareholder of Strauss Frito-Lay, then the agreement will be valid according to the periods set forth therein.

b. **A major services agreement** in which the Company undertook to provide Strauss Frito-Lay with management services and IT services. The agreement is valid for as long as the Company (or a wholly owned subsidiary) is a shareholder of Strauss Frito-Lay, subject to the provisions of the shareholder agreement pertaining to its validity.

c. **A sales and distribution agreement** in which the Company undertook to exclusively distribute and sell the salty snacks manufactured by Strauss Frito-Lay, in Israel. The Company provides Strauss Frito-Lay with storage services, as well as distribution and sales services to customers. Strauss Frito-Lay has undertaken to only distribute its products to customers through the Company. The first term of the agreement was for ten years, and since January 1, 1999 and thereafter, the agreement is automatically renewed for 5-year periods.

d. On September 24, 2023, the shareholders signed a memorandum of understanding with respect to a revision of the calculation and pricing of the services described above provided to Strauss Frito-Lay by the Company (the "**management fees**").The updated management fees apply to Strauss Frito-Lay retrospectively from January 1, 2023, and every three years the shareholders will review the calculation method of the management fees in relation to the actual cost of the services.

e. In addition, in 2014 the Group began marketing products under PepsiCo's Quaker brand according to an agreement in which Strauss Frito-Lay was granted a marketing and distribution license for said products in Israel. The distribution agreement is for an unlimited period and may be terminated, according to its provisions, following the provision of prior notice by either party. According to the distribution agreement, Strauss Frito-Lay purchases the products and markets and distributes them in Israel. Strauss Frito-Lay has undertaken not to manufacture, sell or distribute products that compete with the aforesaid products in Israel (excluding "Energy" products, which are manufactured by Strauss Group) without PepsiCo's consent. Also see the risks factors in sections 25.3.M.1, M.2 and J.3 below.

8.4 Fun & Indulgence (Israel Coffee) segment

8.4.1 General information about the Fun & Indulgence (Israel Coffee) segment

In this segment the Group develops, manufactures, sells, markets and distributes in Israel assorted branded coffee products; manufactures and sells chocolate powders and other drink powders, including cocoa powders for baking. The Group is also active in direct-to-consumer (D2C) marketing and distribution of coffee machines and freshly roasted coffee beans - both through selling to and servicing commercial away-from-home (AFH) customers as well as by selling directly to private customers online (E-commerce).

The Fun & Indulgence (Israel Coffee) segment includes some of the activity of Strauss Coffee's headquarters, which coordinates the Group's International Coffee operations. For further information, see Note 24 to the Financial Statements of the Company as of December 31, 2025.

8.4.2 Changes to the scope of activity in the segment and its profitability

The Group's activity in the Fun & Indulgence (Israel Coffee) segment continued to grow in 2025. The growth is primarily attributable to revised sale prices due to the increased price of raw materials.

In 2025, an increase was recorded in the average prices of coffee raw materials traded on the commodity exchanges. The average price of Arabica coffee was approximately 56% higher compared to 2024, while the price of Robusta coffee was approximately 9% higher compared to 2024. The impact of the change in the price of the raw material on the Group's cost of using the material is gradual due to the Group's procurement processes and coverage policy. For further information about the Group's coverage policy, see section 7 above. For details regarding the impact of raw material market prices on the Group's operations, see section 5 of the Company's Board of Directors' Report as of December 31, 2025.

In 2025, the Group sold the "Cafe Elite" activity to a third-party for an amount immaterial to the Group.

For a detailed description of changes in the profitability of the Fun & Indulgence (Israel Coffee) segment in 2025, see section 20 of the Company's Board of Directors' Report as of December 31, 2025.

8.4.3 Market developments or changes in customer characteristics

The trend of connoisseur coffee culture continued in 2025. This culture is characterized by a correlation between deepening consumer knowledge about coffee - including familiarity regarding its origins and preparation methods - and the development of a diverse market, which offers a high-quality and innovative products. The trends of premiumization in the food and beverage market (as also seen globally in the wine, beer, cheese and other categories), expansion of the premium coffee house chains, development and growth of the capsule and coffee bean markets, together with increased online sale of coffee products are all factors which contribute to greater distribution and accessibility of information, diverse consumer products and experiences. Coffee consumers may have previously preferred one type of coffee; however, there is now a trend of product diversification as consumers drink several kinds of coffee (R&G, instant, espresso). Coffee manufacturers, for their part, continue to adapt their product offerings to the growing demand for product variety by developing contemporary brands, utilizing advanced production technologies that enable added value for consumers, and expanding online sales platforms (e-commerce), which also allow for greater product

diversification and an enhanced consumer experience. As a result of these trends, growth can be seen in relatively new coffee categories such as capsules, roasted beans. Accordingly, from the perspective of Israeli consumers, a trend of accelerated growth is evident in the espresso segment, particularly in capsules and coffee beans.

8.4.4 Critical success factors for the operating segment and changes thereto

In addition to the critical success factors that are common to all the Group's business areas as described in section 7 above, and the success factors common to all the Israel activity as described above in section 8.1.6, there are success factors that are unique or highly significant to the Fun & Indulgence (Israel Coffee) segment, including: (1) in R&G coffee products, which are products that possess local characteristics – the ability to tailor the product, its flavor, appearance and other consumption characteristics to the unique tastes of the Israeli consumer; (2) maintaining and boosting the strength of brands and their attractiveness to consumers; (3) knowhow and complex technological capabilities in instant coffee; (4) systemic capabilities in the development, operation and maintenance of coffee vending machines; (5) marketing and distribution capabilities in the AFH market and maintenance of diverse points of contact between coffee products and consumers at different consumption opportunities (such as of-home consumption, on-the-go, workplace consumption and in hotels); and (6) a modern and professional supply chain which enables the production of consistently high quality products.

8.4.5 The primary barriers to entry in the operating segment and changes thereto

In addition to the major entry barriers that are common to all the Group's business areas as described in section 7 above, the main entry barriers in the Gun & Indulgence (Israel Coffee) segment arise from the need for knowledge in all aspects relating to the procurement of green coffee; Robusta and Arabica; in instant coffee products technological knowhow is required for roasting and dehydrating, as well as large-scale investments in building a production site; the supply channel requires a modern and professional system that enables the production of consistently high quality products, and in the AFH channel there is a need for a unique sales-support system that is able to provide a technical response to a large number of points that operate different coffee machines, including vending machines selling hot beverages and chilled products.

8.4.6 Substitutes for the operating segment's products and changes thereto

The main substitutes for coffee products are tea, cocoa and energy drinks. Soft drinks, water and carbonated beverages are secondary substitutes.

8.4.7 Products

The Group's primary products in the Fun & Indulgence (Israel Coffee) segment include:

(1) Roast and ground coffee in the following categories: R&G Turkish ("black") coffee, filtered coffee, roasted coffee beans and capsules for espresso machines) for home and institutional use and AFH consumption. In 2025, the Company launched Arabic coffee with cardamom under the "Cafe Elite" brand. By way of illustration:





(2) Instant coffee (categories: powder and freeze dried), for home and institutional use and AFH consumption. Under the "Cafe Elite Instant" and "Platinum" brands. By way of illustration:



(3) Chocolate powders ("Choco") under the Chocolite brand and drink powders, sold for home consumption and to the institutional market, and for home baking (such as cocoa). By way of illustration:





(4) Coffee machines and fresh roasted coffee beans, under the "Elite Coffee", and "BeanZ" brands, directly marketed to customers (D2C) through a designated E-commerce website. The Group also markets coffee beans under the BeanZ brand to the AFH market under the BeanZ brand. By way of illustration:







(5) The Ice Instant series - cold coffee served in a variety of flavors in cans. By way of illustration:



8.4.8 Segmentation of income from products and services

In 2025, the revenue of the Israel Coffee segment accounted for less than 10% of the Company's total consolidated revenue according to the Company's Management Reports, as defined in

section 5 above.

8.4.9 Competition

All of the Group's coffee products in Israel have rival products. The main competitors in the different categories are as follows: In the instant coffee category – Taster's Choice, marketed by Osem-Nestlé, and Jacobs, marketed by Diplomat. In the roasted and ground coffee category – Landwer, Elnakhleh, as well as private labels of retail chains, including Shufersal, Rami Levy, and others. In the espresso capsules category – since this market is not barcode-tracked, the Company estimates that the main competitor is Nespresso, which sells coffee machines and capsules through its stores and online; Starbucks, marketed by Osem-Nestlé; L'OR and Jacobs, marketed by Diplomat; and private label Nespresso-compatible coffee capsules marketed by Carrefour, Rami Levy, and Shufersal. In the AFH (Away From Home) coffee consumption segment – café chains and various coffee importers that sell to institutional customers. In the coffee beans segment, competition is characterized primarily by the activity of specialty coffee shops that independently import and roast beans.

Market share – the table below presents information on the market shares of the Group and its major competitor in each of the categories with respect to the Group's main products in the Fun & Indulgence (Israel Coffee) segment other than the capsule market due to this market not having reliable data as it is generally not barcoded:

Market share of the Fun & Indulgence (Israel Coffee) segment				
Products	**2025**		**2024 (1)**	
	The Group	**Primary competitor**	**The Group**	**Primary competitor**
Instant coffee (2)	30.5%	53.3%	30.7%	53.8%
R&G coffee (3)	62.4%	3.2%	62.4%	4.1%
Instant and R&G (weighted) (4)	45.4%	30.0%	45.6%	30.4%
Chocolate powders	77.5%	7.9%	79.7%	5.4%

(1) Figures for 2024 were adjusted based on the updated StoreNext calculations.
(2) Based on StoreNext data current according to a report published on January 8, 2026.
(3) Market shares for the R&G product group in Israel were calculated by weighting StoreNext's figures for the barcoded retail market and an estimate of direct sales in the non-barcoded market in view of the Company's opinion that StoreNext's data alone are not representative of this product group. The information in this section regarding estimated sales in the non-barcoded market is forward-looking information, as defined in the Securities Law, which is based on the information available to the Company on the date of this report and includes the Company's estimates on the reporting date, whose accuracy is uncertain, among other things due to the data not being based on objective information from an external source.
(4) Market share data do not include the capsule market due to the lack of reliable data on this market, most of which is not barcoded.

Negative factors which, in the Group's opinion, influence or are likely to influence its competitive position in the Fun & Indulgence (Israel Coffee) segment, include, among others, economic crisis, significantly higher coffee raw material prices, climate crises, continued development of private

labels, potential expansion of the operations of international coffee companies in the Israeli domestic market, and the development of parallel distribution capabilities. The Group contends with the competition in the market by concentrating its marketing and advertising efforts; building and maintaining its brands; a comprehensive distribution system; innovation – the development and launch of new products; entry to new business areas; investment in manufacturing facilities and the development of technological capabilities; and adaptation of its products to the different emerging consumption trends.

8.4.10 Seasonality

Presented below are data for 2025 and 2024 regarding the Company's income in the Fun & Indulgence (Israel Coffee) segment, by quarter, according to the Company's Management Reports, as defined in section 5 above:

Quarterly income from the Fun & Indulgence (Israel Coffee) segment				
	2025		2024	
	Revenues[1]	% of total revenues in the segment	Revenues[1]	% of total revenues in the segment
Q1	260	28.8%	217	26.1%
Q2	213	23.6%	187	22.5%
Q3	221	24.5%	221	26.6%
Q4	209	23.1%	205	24.8%
Total	903	100%	830	100%

[1] In NIS millions.

There is no clear seasonality trend in the Fun & Indulgence (Israel Coffee) segment. However, revenues are generally relatively higher in Q1 due to increased consumption of coffee products prior to Passover and the Jewish new year festival season.

8.4.11 Manufacturing capabilities

The production lines in the Group's plants are automatic, and some of them are operated in three shifts a day. The production capacity of the Group's plants in the Fun & Indulgence (Israel Coffee) segment is measured by annual quantities of products. The maximum potential annual production capacity of the Group's plants in the Fun & Indulgence (Israel Coffee) segment, operating in three shifts daily, save for weekends and national holidays, in tons of product per year. The average actual capacity utilization rate in 2025 and 2024:

Maximum annual production capacity of the Group's plants in the segment				
	2025		2024	
	Maximum potential production capacity	Average actual capacity utilization rate	Maximum potential production capacity	Average actual capacity utilization rate
Lod Coffee	9,200	79%	9,200	73%
Tzfat Coffee	27,368	27%(1)	27,231	26% (1)

(1) The utilization rate presented for Tzfat Coffee is derived from the Company's current operating format, which includes operating the production line in a single daily shift, five days a week (excluding holiday eves and Israeli holidays).

It is noted that the Group's plants in the segment are not interchangeable other than the roasting systems (following the installation of the roasting system in the production site in Tzfat, in addition to the existing one at the coffee plant in Lod), and that most of the production lines themselves are not interchangeable.

It should be noted that the maximum potential production capacity presented above is theoretical, as in practice, actual production capacity is affected by numerous qualitative factors such as the availability of raw materials, logistic constraints, line cleanliness, allergen constraints and manpower issues. Furthermore, several production lines serving the operating segment are liable, at certain points in time and during holiday periods, to reach their maximum production capacity. The Group manufactures some of its products through outsourcing as necessary, which affords it operational flexibility. It is the Group's practice to regularly improve and upgrade the machinery and equipment in its production sites and to expand production lines with the aim of maintaining and increasing production capacity according to the Group's work plans.

8.4.12 Property, plant and equipment

Material fixed assets in the Fun & Indulgence (Israel Coffee) segment			
Nature and location	Site designation	Land area	Built-up area
Plant in the new industrial zone in Tzfat	Manufacturing and packaging of instant coffee, Chocolite and cocoa	~ 15,500 sqm(1)	~ 7,262 sqm
Plant in Lod	Production of R&G including capsules and powder	~ 5,736 sqm(2)	~ 4,843 sqm

Rights in and to the site:

(1) Leased from the ILA under capitalized lease agreements, ending in March 2031 (~ 10,460 sqm) and in January 2033 (~ 6,380 sqm). Each of the leases includes an option to the lessee to extend the lease period for a further 49 years.

(2) Ownership of ~ 4,884 sqm and leasing of ~ 797 sqm under a capitalized lease agreement ending in December 2033, with an option to the lessee to extend the lease period for a further 49 years.

For the Group's policy with respect to the depreciation of machinery and equipment in its various plants, see Note 3.5 to the Financial Statements of the Company as of December 31, 2025.

8.4.13 Intangible assets

The Group has registered trademarks in Israel on most of the coffee brand names (excluding brands that are distributed by the Group and are not owned by it). The main trademarks in Israel are valid for a defined period, which may be renewed at the end of that period. In view of the years of use of these trademarks and their dominant status in the markets, the Company's management assesses that the economic life of the Group's major trademarks is indefinite.

For an itemization of costs and changes in intangible assets over 2025 and 2024, see Note 14.1 to the Financial Statements of the Company as of December 31, 2025.

8.4.14 Human capital

Presented below is information on the number of employees in the Group in the Fun & Indulgence (Israel Coffee) segment:

Number of employees in the Fun & Indulgence (Israel Coffee) segment		
	As of Dec. 31, 2025	As of Dec. 31, 2024
Management and administration	30	38
Sales and distribution	209	547
Procurement and logistics	96	96
Operations	189	168
Total	524	848

Including 25 and 2 agency workers as of December 31, 2025 and 2024, respectively.

The change in employee headcount compared with 2024, is attributable to the sale of the "Cafe Elite" chain, as well as due to the termination of the employment of merchandisers in accordance with the "arrangement exemption". For further information about the "arrangement exemption", see section 20 above.

8.4.15 Raw materials and suppliers

The main raw material used by the Group in the Fun & Indulgence (Israel Coffee) segment is green coffee, whose cost in 2025 accounts for approximately 70% of total raw material purchases in the segment.

The green coffee and other raw components are acquired by Strauss Coffee, as described in the International Coffee activity segment below in section 9.1.16.

For the Fun & Indulgence (Israel Coffee) activity, the Group purchases powdered instant coffee from a sole supplier in Vietnam that manufactures the product based on development in conjunction with and for the Group and according to the Group's technological guidelines and specifications. The Group's purchases from the supplier in the reporting year came to

approximately 20% of the cost of sales in the segment. The supplier is obligated not to produce the product for other parties. The product is purchased at a price based on green coffee prices plus manufacturing costs and fixed costs. The Group is not committed to purchase minimum quantities from this supplier. Notwithstanding the foregoing, the Group is not dependent on the supplier and may replace it without significant additional cost. The Company assesses that the Group is not currently dependent on any of the suppliers.

8.4.16 Working capital

Presented below is the composition of working capital in the Fun & Indulgence (Israel Coffee) segment in 2025, according to the Company's Management Reports, as defined in section 5 above:

Working capital in the Israel Coffee segment	
	Amount included in the Management Reports[3]
Current operating assets [1]	315
Current operating liabilities [2]	108
Excess of current assets over current liabilities	207

[1] Including: Net trade receivables, inventory, income receivable and prepaid expenses.
[2] Including: Net trade payables, prepaid income and accounts payable.
[3] In NIS millions.

8.4.17 Restrictions and oversight of the activity in the segment

See section 20 below for an overview of the restrictions and oversight of the Group's activity in the Fun & Indulgence (Israel Coffee) segment.

Declaration as a monopoly

In 1988, the Company was declared a monopoly, *inter alia*, in the categories of instant coffee and cocoa powders for at-home consumption. See sections 20.4.1 and 25.3.J.3 below for more information.

Approval of the Merger by the Competition Commissioner

Within the context of an agreement for the acquisition of the coffee machine business of the Dutch company "Douwe Egberts", the Israeli Competition Commissioner granted approval, including conditions for the merger, stipulating, *inter alia*, that Strauss Elite Away From Home Ltd. (which was merged with Strauss Coffee) and any and all persons related to it shall not be associated (including by way of the grant of aggregate discounts) in any manner whatsoever with the supply of coffee machines and/or concentrate and/or powder for coffee machines and the supply of other of its products to hotels.

9. International Coffee operating segment

9.1. General information about the International Coffee operating segment

9.1.1. Structure of the operating segment

According to Euromonitor data,[35] in 2025 the Group's coffee activity (including 100% of the activity of the Três Corações (JV) and the Israel Coffee activity (which are part of the Fun & Indulgence (Israel Coffee) segment) made it the third largest player in the global retail market in terms of value market share, with approximately 2.8% of the global retail coffee market in terms of value in 2025. For more information see section 9.1.2 below.

In this segment, the Group develops, manufactures, sells, markets and distributes a variety of branded coffee products mainly in Brazil (through Três Corações (JV)[36]) and also in Poland, Romania, Ukraine and Russia, primarily under various local brands. In Germany the Company owns a manufacturing facility to produce freeze-dried instant coffee which is primarily sold to the Group members as well as to third-parties.

The activity in Brazil (through Três Corações (JV)[37]), beyond the various coffee activity (R&G coffee, instant coffee, capsules, etc.), also includes the manufacturing, marketing and sale of coffee and milk powders, corn-based products, plant-based dairy and beverage alternatives, chocolate powders, juice powders and various health snacks. In 2025, the Group's share of sales of Três Corações (JV)[38] in Brazil constitutes approximately 70% of all the sales in the International Coffee segment.

In March 2026, the Group (through the joint venture Três Corações (JV)[39]) entered into an agreement with entities of the international food group General Mills, Inc. (hereinafter jointly: the "**Seller**"), to acquire 100% of the rights in General Mills Brasil Alimentos Ltda., whose principal asset is 100% of the rights in Yoki Distribuidora de Alimentos Ltda. (hereinabove and hereinafter "**Yoki**"), in consideration for BRL 800 million (approximately NIS 475 million based on the exchange rate as of the signing date). Yoki is a leading food company in Brazil with a broad portfolio of products across dry food, snacks, cooking solutions and seasonings. It owns leading

[35] Based on the Euromonitor data report published on November 17, 2025.

[36] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

[37] Ibid.

[38] Três Corações (Brazil) – 50% of the shares in the joint venture are held by São Miguel Group (data reflect Strauss Coffee's stake (50%) unless expressly stated otherwise).

[39] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

local brands in its categories, including "Yoki" and "Kitano". In addition, Yoki operates two manufacturing facilities and utilizes five third-party distribution centers in Brazil.

Entering into the aforementioned purchase agreement constitutes an implementation of the Group's business strategy, as described, *inter alia*, in section 23.2 below, to expand its operations in Brazil into new categories beyond roasted and ground coffee (G&R), both through organic growth and through mergers and acquisitions.

The Company estimates that the acquisition will enable Três Corações (JV) to expand its customer value proposition in non-coffee categories, while leveraging its marketing, commercial and operational infrastructure and capabilities in the Brazilian market, and to generate significant marketing and operational synergies, as well as strengthen its portfolio of leading products and brands.

Completion of the transaction is subject to the fulfillment of conditions precedent, including the receipt of approval from the Brazilian competition authority, receipt of audited financial statements for 2024, and other customary conditions. The Company estimates that the transaction is expected to be completed by the end of 2026, subject to the fulfillment of the conditions precedent as described above.

The information set forth in this section regarding the fulfillment of the conditions precedent, the expected completion of the transaction by the end of 2026, and the Company's estimates regarding the creation of synergies constitutes forward-looking information, as defined in the Israeli Securities Law. Such information is based on the Company's current assessments regarding the fulfillment of the conditions precedent and may not materialize, or may materialize differently, *inter alia*, if the actual implementation of the business plans differs from that currently anticipated by the Company, as well as due to market conditions and other factors beyond the Company's control.

For further information, see section 1.2 above and the immediate report of March 17, 2026 (reference no. 2026-01-023426).

In the reporting year there was a significant increase in the price of green coffee used to manufacture the Group's various coffee products. For further information about the impact of the rising average market prices of green coffee on the Group's operations, see section 9.1.16 below.

In the reporting year, growth in sales was observed in all of the Group's countries of operation in local currency as well as an increase in volume sold.

9.1.2. The global coffee market

In general, the coffee industry is a large and stable sector, which in recent years has seen consistent growth in terms of local currency and, as a rule, is not affected by economic slowdowns. In 2025, due to the high level of green coffee prices, including both Robusta and Arabica coffees as described below in section 9.1.16, the Group made various price revisions of different scales in each country the International Coffee activity operates in.

The Company's assessments in this section regarding the global coffee market, its size, growth and general non-dependency on the economic situation is forward-looking information, as defined in the Securities Law, 1968, which is based on the information available to the Company on the date of this report and includes the Company's assessments as of the reporting date. Actual events may differ materially from those anticipated, among other things as a result of various developments which may occur in the state of the markets and consumption habits. For further information, see section 7 above.

According to Euromonitor, in 2025, Brazil, Eastern European countries the Group operates in (Poland, Romania, Ukraine, and Russia) and Israel (which is part of the Fun & Indulgence (Israel Coffee) segment) respectively constituted approximately 13.5%, 5.2% and 0.3% of global retail sales in terms of volume (tons). Furthermore, according to 2025 Euromonitor data, Brazil is the world's largest coffee market in terms of sales volume (in tons) and the second largest coffee market in terms of value, with retail sales amounting to approximately USD 9.8 billion.

Presented below are data on the global coffee market according to Euromonitor:

Global retail coffee market [1]		
	2025	**2024[2]**
Sales in retail prices	~ USD 125.7 billion	~ USD 119.1 billion
Sales volumes	~ 6.2 million tons	~ 6.1 million tons
	2020-2025	**2019-2024**
Compound annual growth rate (CAGR) in value terms	3.1%	3.1%
CAGR in volume terms	0.0%	0.8%

(1) Excluding cafes.
(2) Figures for 2024 were adjusted for Euromonitor's updated calculations.

Global retail roast and ground (R&G) coffee segment[1]		
	2025	**2024 [2]**
% of global coffee market in value terms	68.7%	68.6%
% of global coffee market in volume terms	70.8%	70.9%
Sales value	~ USD 86.4 billion	~ USD 81.7 billion

Global retail roast and ground (R&G) coffee segment[1]		
	2025	**2024 [2]**
Sales volumes	~ 4.4 million tons	~ 4.4 million tons
	2020-2025	**2019-2024**
Compound annual growth rate (CAGR) in value terms	~ 3.2%	~ 3.5%
Compound annual growth rate (CAGR) in terms of sales volume	~ (-0.4%)	~ 0.7%

(1) Including fresh coffee beans, ground coffee beans and capsules, and excluding cafés.
(2) Figures for 2024 were adjusted for Euromonitor's updated calculations.

Global retail instant coffee segment		
	2025	**2024[1]**
% of global coffee market in value terms	~ 31.3%	~ 31.4%
% of global coffee market in volume terms	~ 29.2%	~ 29.1%
Sales value	~ USD 39.3 billion	~ USD 37.5 billion
Sales volumes	~ 1.8 million tons	~ 1.8 million tons
	2020-2025	**2019-2024**
Compound annual growth rate (CAGR) in value terms	~ 2.9%	~ 2.3%
CAGR in volume terms	~ 1.0%	~ 1.1%

(1) Figures for 2024 were adjusted for Euromonitor's updated calculations.

Presented below are data on the major players in the global retail coffee market, according to Euromonitor:

Market shares of the major players in the global retail coffee market [1]		
Market share	**2025**	**2024[2]**
Nestle	22.1%	22.3%
JAB	11.6%	11.3%
Strauss Coffee [3]	2.8%	2.6%
Lavazza	2.7%	2.7%
JM Smucker	2.2%	2.2%
Tchibo	1.4%	1.4%
Kapal Api Group	1.4%	1.4%

(1) Value market share, excluding mixes (mixes are instant coffee powders containing sweetener/milk powder/other powders hereinafter: "**mixes**").
(2) Figures for 2024 were adjusted for Euromonitor's updated calculations.
(3) Figures include 100% of the activity of Três Corações (JV) according to Euromonitor data and the Israel Coffee activity which is part of the Fun & Indulgence (Israel Coffee) segment, hereinafter in this chapter: the "**Israel Coffee activity**".

The global R&G market is a decentralized market, characterized by multiple competitors with smaller market shares than typical of the instant coffee market.

Presented below are data on the major players in the global R&G market, according to Euromonitor:

Major players in the global retail R&G coffee market [1]		
Market share	**2025**	**2024[2]**
Nestle	14.5%	14.4%
JAB	12.5%	12.0%
Strauss Coffee [3]	3.6%	3.3%
Lavazza	3.6%	3.4%
JM Smucker	3.0%	2.9%
Tchibo	1.8%	1.7%

(1) Value market share, including fresh coffee beans, ground coffee beans and capsules.
(2) Figures for 2024 were adjusted for Euromonitor's updated calculations.
(3) Figures include 100% of the activity of Três Corações (JV) according to Euromonitor data and the Israel Coffee activity.

Presented below are data on the major players in the global instant coffee market, according to Euromonitor:

Market shares of the major players in the global retail instant coffee market [1]		
Value market share	**2025**	**2024[2]**
Nestle	31.2%	29.6%
JAB	8.2%	7.5%
Dongsuh Foods Co Ltd	2.0%	2.1%
Java Prima Abadi PT	1.6%	1.6%
Mayora Indah Tbk PT	1.5%	1.4%
Kapal Api Group	1.3%	1.3%
Ajinomoto Co Inc	1.0%	1.0%
Strauss Coffee [3]	1.0%	0.9%

(1) Value market share of coffee excluding mixes as defined above.
(2) Figures for 2024 were adjusted for Euromonitor's updated calculations.
(3) Figures include 100% of the activity of Três Corações (JV) according to Euromonitor data and the Israel Coffee activity.

Presented below are data on sales in the global coffee marked based on geographic segmentation:

Global coffee sales based on geographic segmentation		
	Sales volumes	
	2025	2024[1]
Asia, Australia and the Pacific Ocean	26.7%	26.8%
Western Europe	21.3%	21.6%
Latin America	19.7%	19.6%
North America	13.1%	13.3%
Middle East and Africa	10.9%	10.4%
Eastern Europe	8.3%	8.4%

(1) Figures for 2024 were adjusted for Euromonitor's updated calculations.

9.1.3. Market developments in the operating segment, or changes in the characteristics of its customers

As noted above in section 8.4.3, recent years have seen a marked strengthening of coffee consumption culture, *inter alia*, seen in meaningful growth in coffee bean and capsule sales. This trend is evident across most of the Group's operating markets.

AFH coffee consumption maintained its uptrend in 2025.

In the reporting year the uptrend continued in the price of green coffee, which serves as the primary raw material used to manufacture the Group's coffee products. This increase has resulted in a revision of the sale prices of the Group's products. For further information about the impact of the rising average market prices of raw materials on the Group's operations, see section 9.1.16 below.

The Group is responding to the various consumer trends in the countries of operation, whereby in Brazil (through Três Corações (JV)[40]) the Group manufactures and markets coffee capsules. This business has expanded through the addition of production lines in recent years and by expanding the portfolio of capsules, including capsules compatible with Nespresso machines, as well as capsules unique for Três Corações (JV) machines).

In the **Brazilian** market, while the core coffee category, R&G posted a decline in volume, among other things, as a result of pricing revisions, the trends of increased consumption of single portion capsules, coffee beans and specialty coffee products continued to gain

[40] Três Corações (Brazil) – 50% of the shares in the joint venture are held by São Miguel Group (data reflect Strauss Coffee's stake (50%) unless expressly stated otherwise).

traction, both in terms of value as well as in terms of volume. In 2024, the premium category grew in terms of volume by approximately 52%, followed by a further increase of approximately 18% in 2025. This growth was driven by the Group, which has been actively and consistently promoting the category with an emphasis on innovation and the expansion of the product offering. The growth was supported by a strategic initiative to expand the premium portfolio and accelerate innovation, including the expansion of the **Rituais** and **Mundos** product lines and the strengthening of the **Tres Corações** gourmet coffee offering. At the same time, targeted launches were carried out in the capsules category.

In addition, in 2025 volume and value growth was seen in the AFH (away-from-home) segment, particularly in the hotel and office sectors.

The instant coffee category, across its various segments, delivered above-market volume growth, driven in part by its lower price per serving compared to other coffee categories.

At the same time, the Group continued to expand its activities in growing non-coffee categories by strengthening the portfolio of existing products and continuing the development and launch of new products, such as high-protein products as well as sugar-free and lactose-free products.

In addition, in 2025 the Group continued to grow in sales in all channels across all categories in Brazil.

In the Group's European markets of operation, the Company continues to strengthen its position in the coffee bean segment, which is growing at a faster pace than the overall coffee market in those countries.

In **Russia**, the downtrend in brand loyalty has continued. Consumers remain selective and are highly sensitive to price increases. As a result, purchases are generally made during special offer campaigns, in 2025 approximately 65%-70% of purchases were made during sale periods, a phenomenon evident across all sales channels. The competitive environment remains challenging and aggressive, and the Group has accordingly increased the scale of retailer campaigns. A new trend has been apparent in the market since Q4 2025, whereby the leading competitors are reducing the size of the freeze-dried instant coffee packages.

In **Ukraine**, the Group continued to operate under the reality of war between Russia and Ukraine. Various cities across the country have stabilized since 2024 following mass desertions at the outbreak of the war. The trend of consumers preferring to purchase at sales was also apparent in Ukraine. The Group adjusts sales and discounts according to the state of competition.

For information on the effects of the fighting between Russia and Ukraine on the Group, see section 4 of the Board of Directors' Report as of December 31, 2025.

In **Poland**, the trend of transitioning from sales to small retailers to sales to modern trade customers, primarily the discount chains, continued in 2025. This, alongside sustained double-digit growth in sales through the e-commerce channel. Discount chains are characterized by a limited number of branded SKUs, alongside a range of private-label products of those chains. The uptrend in consumer shopping during retailer campaigns also continued in **Poland and Romania**. The Group continued unique launches in these countries of products which are personally tailored to the customer's taste (in terms of the origin of the coffee, roasting method, grinding thickness, etc.).

In **Romania, Ukraine and Poland**, the growth trend in the consumption of roasted coffee beans continued in 2025. Additionally, the large retailers in the countries of operation apply an aggressive pricing strategy in order to draw customers.

For more information on the strategic plan for these countries see section 23 below.

9.1.4. Changes to the scope of activity and profitability

The Group's activity in the International Coffee segment continued to grow in value terms in 2025 compared to 2024. This growth was driven by sale price revisions implemented during the year, as well as in the prior year, following a significant increase in green coffee prices; by growth in sales volumes in Brazil, Poland, and Ukraine; by the continued development of the Group's brands; by increased activity in the coffee beans category across most of the Group's Eastern European markets; and by the launch of new high value added products, including ready-to-drink beverages in Brazil, the Beans Republic series through the online channels in Romania, Poland, and Ukraine, the expansion of mixes activity in Romania, and entry into the capsules and freeze-dried instant coffee segments in Poland. This approach is tailored to consumption trends in the market, led by the strengthening of coffee consumption culture as described in section 9.1.3 above.

Changes in profitability

In light of the significant protracted increase in both Robusta and Arabica green coffee prices, a global trend is apparent of revised sale prices at different rates in different countries around the world.

Brazil - Três Corações (JV)'s sales prices were revised in 2025 due to higher green coffee prices in the global coffee market, which impacted the operating results and resulted in

a marked improvement in operating margin in local currency. Despite a decline in sales volumes in the R&G category, the market share of Três Corações (JV) in Brazil grew, and there was growth both in sales and margin in the category. At the same time, operating results in Brazil in shekels were marginally affected by the strengthening of the shekel against the Brazilian real. For further information on foreign exchange volatility, see section 7 of the Board of Directors' Report as of December 31, 2025.

Russia - the Group's sales grew in local currency in 2025 due to a revision of sale prices due to an increase in green coffee prices. At the side time, the strengthening of the ruble against the dollar also contributed to improved operating results in local currency. Shekel results of operations in Russia were positively affected by the strengthening of the ruble against the shekel. For further information on foreign exchange volatility and the effects of the fighting in Ukraine, see sections 4 and 7 of the Board of Directors' Report as of December 31, 2025.

Ukraine - the operating results in 2025 continued to be impacted by the war with Russia. Sales turnover in local currency rose, primarily due to sale price revisions; sales volume also increased. As a result, the Group succeeded in improving both its market share in the categories in which it operates and its operating margin in local currency compared to 2024. However, the results of the activity in Ukraine, in shekel terms, were negatively affected due to the weakening of the hryvnia against the shekel. For information on the effects of the Russia-Ukraine war on the Group, see section 4 of the Board of Directors' Report as of December 31, 2025.

Poland – the Group's sales in local currency grew in 2025 compared to the previous year due to an increase in volume and revised sale prices. Market shares in Poland across the relevant operating categories increased consistently during the year. Additionally, the operating results in local currency were favorably affected by the weakening of the dollar against the Polish zloty and despite the higher cost of green coffee, which adversely affected profitability, operating margin in local currency increased relative to 2024. Operating results in shekels were negatively affected by the strengthening of the shekel against the Polish zloty. For further information on foreign exchange volatility, see section 7 of the Board of Directors' Report as of December 31, 2025.

Romania – the Group's sales in local currency grew in 2025 compared to 2024, despite a decline in sales volumes, due to revised sales prices. The decline in sales volume is attributable to sales price revisions, that led consumers to become more selective and economical with their purchases. Additionally, the operating results in local currency were favorably affected in 2025 by the weakening of the dollar against the Romanian

leu throughout the year. Despite the higher cost of green coffee, which had an adverse impact, there was a significant increase in operating margin in local currency compared to the prior year. Operating results in shekels were negatively affected by the strengthening of the shekel against the Romanian Leu in 2025. For further information on foreign exchange volatility, see section 7 of the Board of Directors' Report as of December 31, 2025.

For information on changes in profitability in the International Coffee segment in 2025, see section 20.2 of the Board of Directors' Report as of December 31, 2025.

9.1.5. Critical success factors for the operating segment and changes thereto

In addition to the critical success factors that are common to all the Group's operating segments as described in section 7 above, there are success factors that are unique or highly significant to the International Coffee segment, as described above in section 8.4.4.

9.1.6. The primary barriers to entry in the operating segment and changes thereto

In addition to the main barriers to entry that are common to all the Group's operating segments as described in section 7 above, there is a barrier of entry for the production of freeze-dried granulated coffee, as the required investment to construct a production facility for this activity is high.

9.1.7. Substitutes for the operating segment's products and changes thereto

The main substitutes for coffee products are tea, cocoa and energy drinks. Soft drinks, water and carbonated beverages are secondary substitutes.

9.1.8. Products

In 2025, the Group focused its activity in the International Coffee segment on strengthening and positioning its brands, developing new categories and flavors, and solidifying the roasted coffee bean and home coffee machine category. The Group's main products in the International Coffee segment, include:

Brazil – through Três Corações (JV)[41], the Group sells R&G coffee beans, instant coffee, espresso capsules and machines, cappuccino products, ready-to-drink coffee, chocolate powders, juice powders, plant-based dairy alternatives and beverages, various corn-based products and various health products. By way of illustration:

[41] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).


Strauss
Pimpinela
Café Brasileiro
Tradicional
Extra Forte
KIMIMIX
KIVUNO
Fino Grão
Pimpinela
Rituais
GRIP COFFEE
IGUAÇU
Tornado
Chocolatto
Café Latte
ULTRA COFFEE
CAFE LATTE
CAPPUCCINO
Pimpinela
tres

In Brazil, the Group mainly operates under the following brands:

(1) **Três Corações** (instant coffee, R&G, filtered coffee, cappuccino, coffee capsules, chocolate powders, ready-to-drink coffee);

(2) **Santa-Clara** (instant coffee, R&G, filtered coffee, capsules, chocolate powders and cappuccino);

(3) **Pimpinela** (instant coffee, R&G, capsules, filtered coffee);

(4) **Kimimo** (R&G, instant coffee, corn products and spices);

(5) **Fino Grão** (R&G);

(6) **Fort** (R&G);

(7) **Itamaraty** (R&G);

(8) **Café Brasileiro** (R&G, instant coffee and cappuccino);

(9) **Iguaçu** (instant coffee and cappuccino);

(10) **Tres** (capsules and espresso machines);

(12) **Dona Clara** (corn products), **Frisco** (juice powders);

As part of its activity in Brazil, the Group also purchases, processes and exports green coffee, mainly to Europe and the US.

Russia – the Group sells R&G, roasted coffee beans, instant coffee and espresso capsules, under a number of brands (some of which are also sold in Ukraine). The leading brands include: **Chornaya Karta** and **Ambassador**. By way of illustration:



Business is mainly carried out in Russia under the following brands:

(1) **Chornaya Karta** (freeze-dried instant coffee as a main brand, roasted coffee beans, R&G and espresso);

(2) **Totti** (R&G and roasted coffee beans);

(3) **Le-Café** (freeze-dried instant coffee);

(4) **Ambassador** (freeze-dried instant coffee, R&G, roasted coffee beans, capsules and espresso);

(5) **Fort** (R&G);

(6) **Elite Health Line** (decaf instant coffee, chicory coffee substitute);

Ukraine – the Group sells R&G, instant coffee, coffee beans, tea and coffee substitute, under a

number of brands (some of which, as aforementioned, are also sold in Russia). The leading brands include: **Chornaya Karta** and **Ambassador**. By way of illustration:



(1) **Ambassador** (freeze-dried instant coffee, R&G, roasted coffee beans);

(2) **Chornaya Karta** (freeze-dried instant coffee as a main brand, roasted coffee beans, R&G and espresso);

(3) **Totti** (R&G and roasted coffee beans, tea);

(4) **Fort** (R&G);

(5) **Elite Health Line** (decaf instant coffee, chicory coffee substitute);

Poland – the Group sells R&G, roasted coffee beans, instant coffee and espresso capsules under a number of brands. By way of illustration:



The Group continues to focus on developing the MK sub-brands, and is active in Poland mainly under the following brands:

(1) **MK** (R&G, instant and roasted coffee beans);

(2) **Fort** (R&G);

(3) **Pedro's** (R&G);

(4) **Beans Republic** (roasted coffee beans through online sales).

Romania – the Group sells R&G, espresso, instant coffee and roasted coffee beans, as well as various flavored mixes (instant coffee, milk powder and sugar) under a number of brands. By way of illustration:



The Group mainly operates in Romania under the following brands:

(1) **Doncafé**, an umbrella brand that includes various brands under the brand name in the instant, R&G, roasted beans and mixes segments;

(2) **Amigo** (instant coffee and mixes);

(3) **Fort** (R&G and roasted beans);

(4) **Totti, BeanZ** and **Beans Republic** (roasted coffee beans).

9.1.9. Segmentation of income from products and services

For the segmentation of revenues in the International Coffee segment from external entities (consolidated) (according to the Company's Management Reports, as defined in section 5 above) by geographical regions in which the Group operates, see section 20.2.1 of the Board of

Directors' Report as of December 31, 2025.

Presented below are the revenues from the International Coffee segment from external entities arising from a group of similar products, whose percentage accounts for 10% or more of the Company's total revenues (consolidated) (according to the Company's Management Reports, as defined in section 5 above) in the years 2025, 2024 and 2023:

Segmentation of the Group's income from external entities (consolidated)						
Group of similar products	Revenues			% of Group's total revenues		
	2025	2024	2023	2025	2024	2023
Roasted and ground coffee	4,375	3,079	2,821	35.0%	27.5%	26.7%

In NIS millions.

9.1.10. Competition

Brazil – the Federal Republic of Brazil is divided into 26 federal states and one federal district where the capital city of Brasilia is situated. As a result, the market is regional and decentralized and characterized by numerous local rivals and 4 primary competitors which operate across the country. In each region, there are one or two leading major rivals, several medium size competitors and a large number of small local manufacturers; in 2025, Três Corações (JV)[42] continued to be the largest coffee company in Brazil in terms of market share both in terms of value and volume, according to Nielsen[43], as stated below in section 9.1.11.

The Group's major competitors in the R&G market in Brazil are Mellita and JDE; in instant coffee – Nestle, JDE and Mellita; and in single-portion products (capsules and others) – Starbucks, JDE and Nestle.

Russia – the domestic instant coffee market is the largest in the world. The main competitors in instant coffee are JDE, Nestle and Orimi, and the Group is ranked in fifth place in terms of value market share. There are also various local competitors who also generate competition through low prices. 2025 continued to be characterized by an entrenchment of sales by competitors together with a decline in scale of marketing and media advertising.

Ukraine – the main competitors are the global concern, JDE (in R&G and instant coffee) and Nestle (in instant coffee), and the Group is ranked in second place in terms of value market share due it strengthening its position in the coffee bean segment. In light of the war with Russia, the

[42] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

[43] Whenever reference is made in this section 9 to Nielsen data for 2025, the data relating to Poland are based on a report published on January 19, 2026, the data relating to Romania are based on a report published on January 21, 2026, and the data relating to Brazil are based on a report published on January 24, 2026.

Group continued to place focus on maintaining supply and sales continuity in the different parts of the country.

Poland - the Group placed second in R&G in terms of value market share after the global concern JDE. The Group places third in size in coffee beans in terms of value market share, while Dallmayr became the largest player in the market after overtaking the market leader Lavazza this year. The Group established its position as being the second largest play in the total coffee world relevant to the Group's products as described above in section 9.1.8.[44]

Romania – the main competitors in the R&G market are JDE, Tchibo as well as the local manufacturer Fortuna. The Group is the second largest in value market share. In the instant coffee market, the main competitors are Fortuna, Nestle and private labels, and the Group holds first place in value market share with the Amigo brand. In the roasted coffee beans market, the main competitors are JDE, Tchibo and Fortuna, with the Group in first place in terms of volume market share and second place in terms of value market share. Additionally, in 2025 the Group deepened its activity in the mix category, *inter alia*, by expanding its product mix, adjusting its products to the preferences of local consumers and strengthening its presence in the category.

9.1.10.1. Market shares

a. Presented below is an overview of the market shares of the Group and its major competitor in the International Coffee segment, with respect to the Group's main coffee products in its major countries of operation. Figures are based on A. C. Nielsen with respect to Brazil, Poland and Romania. Figures are based on ScanData[45] data with respect to Russia and Ukraine, data with respect to Ukraine only include data from the retail chains.

Value market share of the International Coffee segment				
Products	**2025**		**2024(2)**	
	The Group	**Primary competitor**	**The Group**	**Primary competitor**
Brazil(1); R&G	33.4%	25.3%	32.5%	25.4%
Brazil(1); instant coffee	37.2%	41.7%	34.4%	43.1%
Brazil(1); capsules	29.9%	49.3%	26.8%	52.1%
Poland: R&G	18.9%	29.9%	17.3%	28.7%
Poland: Coffee beans	12.0%	18.8%	8.4%	22.4%

[44] Excluding capsules and mixes.

[45] Whenever reference is made in this section 9 to ScanData data for 2025, the data relating to Russia are based on a report dated February 3, 2026, and the data relating to Ukraine are based on a report dated February 5, 2026.

Value market share of the International Coffee segment				
Romania: R&G	15.0%	34.1%	14.4%	36.6%
Romania: Instant coffee	32.9%	28.2%	33.7%	27.0%
Romania: Coffee beans	14.9%	19.2%	12.6%	16.0%
Russia: Instant coffee	6.3%	32.6%	5.4%	34.5%
Ukraine: Roasted coffee[3]	19.3%	13.8%	17.4%	17.5%
Ukraine: Coffee beans[3]	18.0%	10.5%	11.9%	12.7%

(1) Market share in Brazil is based on 100% of the sales of Três Corações (JV) (50% owned by Strauss Coffee).
(2) Figures for 2024 were adjusted based on the updated Nielsen and ScanData calculations.
(3) Figures do not cover the entire retail coffee market.

b. Negative factors which, in the Group's opinion, influence or are likely to influence its competitive position in the International Coffee segment, include the timing and scale of changes in sales prices, the scope of campaigns, possible expansion of the operations of international coffee companies in the domestic market in each country and the development of rival distribution capabilities, which will reduce the Group's competitive advantage. Furthermore, large international coffee companies may develop capabilities which will enable them to shape the coffee consumer culture. Furthermore, disruptions in the raw material supply chain to Russia and Ukraine, as well as inland distribution problems in Ukraine remain possible in light of the Russia-Ukraine war.

Among the positive factors which, in the Group's opinion, influence or are likely to influence its competitive position in the CEE countries, in addition to the factors set forth in section 7 above, are the Group's high-level capabilities in product development; its ability to tailor its products to the tastes of the local market in each country; tighter regulation and enforcement in these countries, which is liable to shrink the "black market" for cheap coffee products that compete with the Group's products, and a rise in consumer purchasing power, which will increase purchases of branded products.

The Group contends on a continuous basis with the competition in the coffee market by concentrating its marketing and advertising efforts; ongoing building and strengthening of the brands; a comprehensive distribution system; innovation – the development and launch of new products; entry to new business areas; investment in manufacturing facilities and the development of technological capabilities; and adaptation of its products to the different emerging consumption trends.

9.1.11. Seasonality Presented below is information for 2025 and 2024 on the Company's income in the International Coffee segment, by quarter, according to the Company's Management Reports, as defined in section 5 above:

Quarterly income in the International Coffee segment				
	2025		2024	
	Revenues[1]	% of total revenues in the segment	Revenues[1]	% of total revenues in the segment
Q1	1,388	22.5%	954	20.3%
Q2	1,536	25.0%	1,205	25.6%
Q3	1,636	26.6%	1,259	26.8%
Q4	1,595	25.9%	1,287	27.4%
Total	6,155	100%	4,705	100%

(1) In NIS millions.

Seasonality is mainly affected by the Christian holidays and the end of the calendar year in Q4, a period characterized by increased purchases of coffee products. By contrast, Q1 is mostly characterized by relatively low sales after consumers, as mentioned, have stocked up on products for the holiday season in Q4.

9.1.12. Manufacturing capabilities[46]

The production capacity of the Group's plants in the International Coffee segment				
	2025		2024	
	Maximum potential production capacity	Average actual capacity utilization rate	Maximum potential production capacity	Average actual capacity utilization rate
Group's plants in the segment (excluding Três Corações (JV))[1]	~ 50 thousand tons	71.5%	~ 50 thousand tons	67.5%
Group's plants in the segment (Três Corações (JV))[2]	~ 537 thousand tons	68.6%	~ 523 thousand tons	67.5%

(1) R&G, roasted coffee beans, capsules and freeze-dried instant coffee.
(2) R&G, instant coffee, filtered coffee, cappuccino, coffee capsules, corn and juice powders.

The production capacity of the Group's plants in the International Coffee segment is measured by annual quantities of products. The production lines in the Group's plants are automatic, and some of them are operated in three shifts a day. It should be noted that the Group's freeze-dried

[46] Maximum potential annual production capacity data include 100% of the data for Três Corações (JV) in Brazil, although financial data for Brazil are presented according to the Company's relative share, i.e., 50%.

instant coffee plant in Germany is not interchangeable.

The increase in manufacturing capacity at the Group's plants in the International Coffee segment in Brazil in 2025 is attributable to an increase in the maximum potential manufacturing capacity at the plant producing corn-based products, primarily due to the completion of development works on existing production lines and the expansion of the popcorn product production line.

It should be noted that the maximum potential production capacity presented above is theoretical, as in practice, actual production capacity is affected by numerous qualitative factors such as the availability of raw materials, logistic constraints, line cleanliness, allergen constraints and manpower issues. Furthermore, several production lines serving the operating segment are liable, at certain points in time and during holiday periods, to reach their maximum production capacity. The Group purchases products from external vendors, which the Company is not dependent upon on lines where the Group reaches maximum production capacity. For more information see section 9.1.16 below. The Group manufactures some of its products through outsourcing as necessary, which affords it operational flexibility. It is the Group's practice to regularly improve and upgrade the machinery and equipment in its production sites and to expand production lines with the aim of maintaining and increasing production capacity according to the Group's work plans.

9.1.13. Property, plant and equipment



Material fixed assets in the International Coffee segment

Nature of the site	Site location	Site designation	Land area	Built-up area
Plant in Brazil	In Santa Luzia, in the state of Minas Gerais	Production of R&G and cappuccino	~ 98,142 sqm	~ 20,106 sqm (1)
Plant in Brazil	In Eusébio, in the state of Ceará	Production of R&G	~ 10,067 sqm	~ 7,084 sqm (1)

Material fixed assets in the International Coffee segment				
Nature of the site	**Site location**	**Site designation**	**Land area**	**Built-up area**
Plant in Brazil	In Natal, in the state of Rio Grande do Norte	Production of R&G, packaging of instant coffee products, chocolate drink powder and cappuccino	~ 38,046 sqm	~ 16,029 sqm (2)
Plant in Brazil	In Nova Iguaçu, in the state of Rio de Janeiro	Production of filtered coffee	~ 5,650 sqm	~ 4,548 sqm (2)
Plant in Brazil	In Mossoro, in the state of Rio Grande do Norte	Production of corn products and drink powders	~ 53,908 sqm	~ 20,946 sqm (2)
Facility in Brazil	In Varginha, in the state of Minas Gerais	Mapping and sorting of green coffee	~ 70,000 sqm	~ 8,234 sqm (1)
Facility in Brazil	In Manhuaçu, in the state of Minas Gerais	Mapping and sorting of green coffee	~ 18,314 sqm	~ 7,062 sqm (1)
Plant in Brazil	In Montes Claros, in the state of Minas Gerais	Production of capsules	~ 52,873 sqm	~ 10,054 sqm (3)
Plant in Brazil	In Araçariguama, in the state of Sao Paulo	Production of R&G	~ 20,062 sqm	~ 5,861 sqm (1)
Plant in Brazil	In Cuiabá, in the state of Mato Grosso	Production of R&G	~ 19,113 sqm	~ 5,131 sqm (1)
Plant and distribution center in Brazil	In Manaus, in the state of Amazonas	Production of R&G	~ 27,873 sqm	~ 6,834 sqm (1)
Plant in Russia	Vladimirskaya area, Strunino	Production of R&G and roasted beans	~ 7,785 sqm	~ 4,491 sqm (4)
Plant in Russia	Vladimirskaya area, Strunino	Packing freeze-dried instant coffee	~ 9,409 sqm	~ 8,890 sqm (4)
Plant in Germany	Norddeutsche Kaffeewerke GmbH ("NDKW")	Production of freeze-dried instant coffee	~ 50,191 sqm	~ 14,721 sqm (4)(6)
Plant in Poland	In Swadzim, near Poznan	Production of R&G and distribution center	~ 52,689 sqm	~ 11,540 sqm (4)
Plant in Romania	Bucharest	Production of R&G	~ 8,408 sqm	~ 4,999 sqm (5)

Rights in and to the site:

(1) Três Corações (JV) owns the rights in the land.
(2) SC Imoveis (a 50% indirectly owned subsidiary) owns the rights in the land.
(3) Três Corações (JV) owns 50% of the rights in the land.
(4) Ownership.
(5) Third party lease until August 2026. Production is planned to transition to the Group's plant in Poland starting from June 2026.
(6) Additional space added in 2025 at the production plant in Germany for the new boiler facility which enables the production of steam as an energy source and reduces reliance on purchasing gas by using coffee waste.

9.1.14. Intangible assets

Trademarks and brands - The importance of trademarks on its brand names is considerable in view of the Group's focus on branded products. Trademarks on most of the brand names listed above, used by the Group in the International Coffee segment, are either registered to the Company or subsidiaries, as the case may be, in the countries where they are active (other than products that are sold and distributed by the Group, but the Group is not the owner of the brand).

The main trademarks are valid for a defined period, which may be renewed at the end of that period. In view of the years of use of these trademarks and their dominant status in the markets, the Group assesses that the economic life of the Group's major trademarks is indefinite.

For an itemization of costs and changes in intangible assets over 2025 and 2024, see Note 14.1 to the Financial Statements of the Company as of December 31, 2025.

9.1.15. Human capital

Presented below is information on the number of employees in the Group in the International Coffee segment:

Number of employees in the International Coffee segment (excluding Brazil)		
	As of Dec. 31, 2025	As of Dec. 31, 2024
Management and administration	221	225
Sales and distribution	274	300
Procurement and logistics	163	174
Operations	541	540
Total	1,199	1,239

Including 14 and 19 agency workers, as of December 31, 2025 and December 31, 2024, respectively.

Data exclude the Três Corações data (Brazil) due to them being presented separately below in this report.

The decrease in the total number of employees in 2025 is attributable to organizational adjustments and targeted changes in the workforce.

Number of employees in the Brazil Coffee segment		
	As of Dec. 31, 2025	As of Dec. 31, 2024
Management and administration	959	1,001
Sales and distribution	6,068	6,473
Procurement and logistics	93	101
Operations	2,006	2,047
Total	9,126	9,622

Including all employees of Três Corações (JV)[47] in Brazil, a jointly controlled entity in which the Company holds 50%, and including 581 and 716 agency workers, as of December 31, 2025 and December 31, 2024, respectively.

The decrease in the total number of employees at Três Corações (Brazil) is attributable to the implementation in 2025 of the manpower optimization plan by the management of Três Corações, aimed at streamlining the Group's salary expense structure, as approved at the end of 2024. The optimization includes employee layoffs, merging synergetic segments and redivision of activities and divisions.

For information on employee claims in Brazil, see Note 21.1.9 to the Financial Statements of the Company as of December 31, 2025.

9.1.16. Raw materials and suppliers

The main raw material used by the Group in its coffee business is green coffee, whose cost accounts for approximately 70% of total raw material purchases of the coffee business. The Group also purchases other raw materials, mainly sugar, cocoa powder and packaging materials (such as jars, based on molds which the Group furnishes to manufacturers), which are purchased by the Group members. The Group members also buy different types of instant coffee from various external vendors, mainly from Brazil, Vietnam, Germany and India. The Company assesses that the Group is not currently dependent on any of the suppliers.

World production of green coffee is split between Arabica beans (57%) and Robusta beans (approximately 43%). The primary green coffee used by the Group is Robusta. According to information from the International Coffee Organization (ICO)[48], the leading countries in the production of Arabica green coffee are Brazil, Colombia and Ethiopia; and the leading countries in the production of Robusta green coffee are Vietnam, Brazil and Indonesia.

Arabica green coffee is traded on the commodities exchange in New York (New York Board of Trade), and Robusta green coffee is traded on the commodities exchange in London (Euronext LIFFE).

The procurement of the green coffee for the coffee activity in Europe and the coffee activity in Israel is performed in a consolidated manner. Procurement in Brazil is performed by Três Corações (JV)[49] which purchases green coffee from local suppliers in Brazil.

Green coffee is purchased from various vendors in different countries, mainly Vietnam, Brazil, Central and South America, and East Africa. Purchase agreements are performed according to the terms and standard provisions of the European Standards Coffee Contract. For details

[47] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

[48] The International Coffee Organization (ICO) is the primary intergovernmental organization for coffee, bringing together exporting and importing governments to tackle the challenges facing the world coffee sector through international cooperation; http://www.ico.org//.

[49] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

regarding the reverse factoring plan (supplier financing program), see Note 15.2 to the Company's Financial Statements as of December 31, 2025.

The Group has a system in place for the management of green coffee procurement and quality tests designed to achieve uniformity in coffee beans and to enable quality problems to be quickly identified.

Green coffee is a commodity traded on world exchanges, and the Group intermittently enters into futures and options contracts for the purchase and sale of green coffee. For further information, see section 5 of the Board of Directors' Report as of December 31, 2025.

The price of green coffee is affected by supply (which changes due to climate conditions, trading restrictions, etc.) and demand, as well as macroeconomic conditions. Green coffee prices stayed high in 2025, among other factors, to the fact that in recent years, global demand for all types of green coffee has exceeded supply.

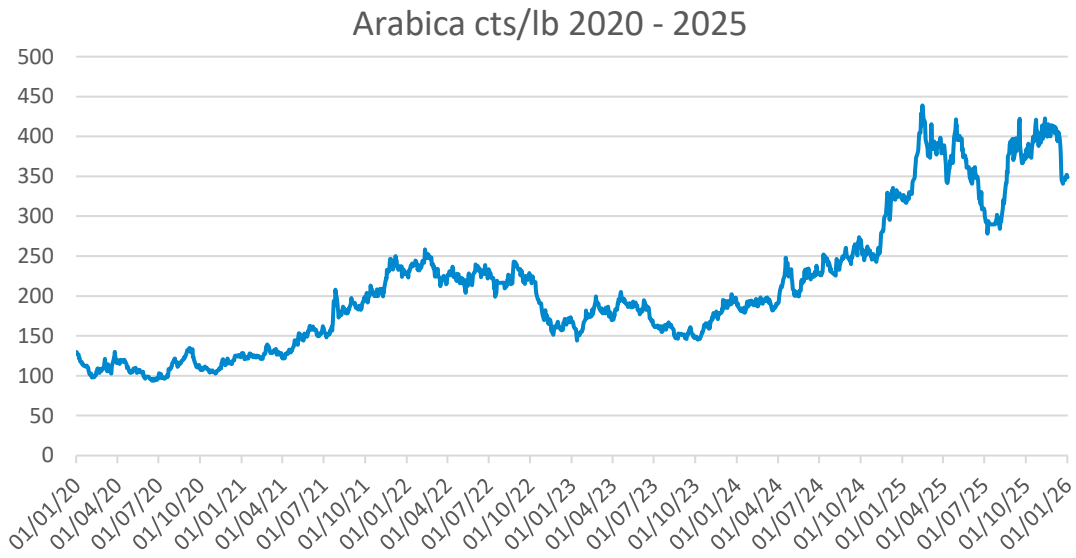
In 2025, the price of Arabica green coffee ranged between 275 and 430 cents per pound, while the price of Robusta green coffee ranged between USD 3,220 and USD 5,800 per ton. According to Bloomberg data, the average prices of Arabica and Robusta green coffee increased in 2025 by approximately 56% and 9%, respectively, compared with their prices the previous year.

The following graph present the changes in the prices of the different types of green coffee over 2020-2025, based on information received from ICE[50][51]:

Changes in the price of Arabica coffee:

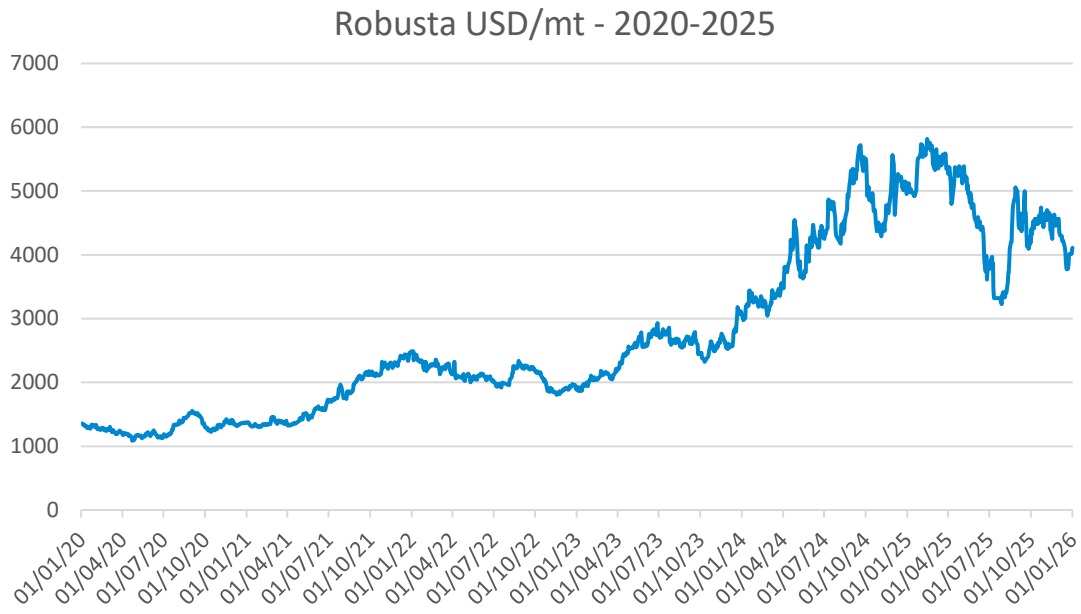
[50] Intercontinental Exchange (ICE) is a supplier of commodity market information, which generates and provides commodities analyses. https://www.theice.com/index.

The data on the vertical axis represent the price of green coffee in cents (US) per pound, and the data on the horizontal axis represent the movement in price over time, by quarter.51



Units: US cent/lb.

Changes in the price of Robusta coffee:



Units: USD/ton.

In the International Coffee segment, the Group's plant in Germany and the Group's European companies that manufacture R&G, purchase the different types of green coffee collectively from Strauss Commodities AG (Três Corações (JV)[52] purchases green coffee itself from local suppliers in Brazil). Freeze-dried instant coffee is purchased by Russia and Ukraine from the Group's plant in Germany and from external vendors. Additional products sold in the International Coffee segment (primarily in Brazil) as well as packaging materials are purchased from external vendors. In the reporting period, there was no single external supplier in the International Coffee segment, which accounted for more than 10% of the total purchases of raw and packaging materials in the segment.

9.1.17. Working capital

Presented below is the composition of working capital in the International Coffee segment in 2025 according to the Company's Management Reports, as defined in section 5 above:

Working capital in the International Coffee segment (excluding Brazil)	
	Amount included in the Management Reports(3)
Current operating assets (1)	532
Current operating liabilities (2)	566
Excess of current assets over current liabilities	-34

[52] Três Corações (Brazil) – 50% of the shares in the joint venture are held by São Miguel Group (data reflect Strauss Coffee's stake (50%) unless expressly stated otherwise).

Working capital in the International Coffee segment	
	Amount included in the Management Reports[3]
Current operating assets [1]	1,058
Current operating liabilities [2]	558
Excess of current assets over current liabilities	500

(1) Including: Net trade receivables, inventory, income receivable and prepaid expenses.
(2) Including: Net trade payables, prepaid income and accounts payable.
(3) In NIS millions.

9.1.18. Restrictions and oversight of the activity in the segment

For further information on restrictions and oversight on the Group's activity in the International Coffee segment, see section 20 below.

9.1.19. Material agreements

Joint venture in Brazil

Establishment of the joint venture – on December 29, 2005, a series of agreements was signed between the Group and the São Miguel group of Brazil and companies controlled by the joint venture, with the goal of consolidating the parties' businesses in Brazil by establishing a joint corporation which would be equally held by the parties, which would absorb and control the parties' integrated businesses in Brazil. The goal of the joint venture is to gain additional market share, penetrate new geographical regions, exploit synergies between the companies and become a leading coffee group in Brazil, including the establishment of a platform to manufacture, market, distribute and sell additional food products.

Under these agreements,[53] it was asserted that the joint venture would terminate with the agreement of the parties if it is liquidated or when the shareholders (or their "permitted transferees") would cease to be shareholders of the joint venture, Três Corações (JV).[54] A dispute resolution mechanism was also defined, and it was established that the joint venture agreement would be governed by Brazilian law.

A shareholder agreement (which was replaced by a shareholder agreement signed on November 9, 2022) governs the management and conduct of the joint venture, share transfers and the relationship between its shareholders (which, at the date of this report, are Strauss Coffee and the São Miguel group (hereinabove and hereinafter in this section: the "**shareholders**")). The

[53] It should be clarified that part of the rights of the parties under said agreements were transferred over the years to permitted transferees, as defined in the agreements, including amendments to the agreements signed over the years, such that the following description describes the status of the rights as of the date of this report.

[54] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

agreement is in force until December 29, 2042 and shall remain effective until December 29, 2052 under certain conditions and will subsequently be renewed automatically for additional periods of twenty years each, provided that neither of the shareholders has informed the other, five years prior to the end of each term, of its desire not to automatically extend the agreement.

The shareholder agreement determines that three years after the date of its renewal, each party may request the counterparty to launch an IPO, based on a plan agreed upon by the parties, which will appoint agreed financial advisors who will assist them in reaching an agreement with respect to the plan of the potential public listing.

The shareholder agreement determines that the board of directors of Três Corações (JV) will comprise 8 members, and each shareholder has the right to appoint 4 directors. Board meetings will be held on condition that each shareholder is equally represented by directors. It was further agreed that executive management would be appointed for Três Corações (JV) to be proposed by the shareholders and appointed by the joint venture's board of directors for a period of three years.

The shareholder agreement determines methods for financing Três Corações (JV)'s business, and, in this context, the shareholders may undertake to provide guarantees for external loans to be granted to the joint venture (according to the ratio of their holdings in the joint venture), and also to grant loans or execute a capital increase; the parties also agreed on dilution should a shareholder fail to contribute the financing decided upon at a general meeting of the shareholders, and the other shareholder will provide the additional funding.

It was further determined that a transfer or sale of shares, directly or indirectly, by a shareholder in Três Corações (JV) to a third party unrelated to either of the shareholders is subject to a right of first refusal, a right of first offer and a shareholder's tagalong right; the agreement also determines that the shareholders will have precedence in regard to any future allotment of securities by Três Corações (JV), which will enable them to acquire such new securities according to the ratio of their holdings.

The parties undertook to refrain from activity in areas similar to Três Corações (JV)'s business and to limit the joint venture's activity outside Brazil according to the terms and conditions of the agreement, as well as to offer any new food business to Três Corações (JV) in the categories in which the joint venture is active. Non-compete provisions against Três Corações (JV) by the shareholders or any of their related companies were also stipulated. Furthermore, the shareholders are subject to certain restrictions pertaining to a sale of their shares to a competitor of Três Corações (JV), in accordance with the terms and conditions set forth in the agreement.

The agreement also determines that should an arbitrator appointed in a dispute between the shareholders of Três Corações (JV) rule that a shareholder has breached the shareholder agreement or the joint venture agreement, and such breach is not remedied, Três Corações (JV) may dissolve according to a mechanism defined in the shareholder agreement.

According to the shareholder agreement, in the event of a "change of control" (i.e., any change, directly or indirectly, terminating the Strauss family's/Lima family's control in one of the companies that are a party to the agreement (or in their parent companies)), the counterparty will have a put option or a call option in relation to the first party in consideration for the joint venture's fair market value, as agreed by and between the parties. Absent agreement, the market price of the shares shall be established according to a mechanism defined in the shareholders' agreement.

For information on sales volumes in Brazil, see section 20.2.2 of the Board of Directors' Report as of December 31, 2025. Also see the risk factors in section 25.1b, f, h, n, p.1 and p.2 below.

10. The Strauss Water segment

10.1. General information on the Strauss Water segment

10.1.1. The structure of the operating segment and changes thereto

The Group is active in the drinking water market through Strauss Water Ltd. and is engaged in the development, production (through outsourcing), assembly, sale, marketing and servicing of systems for the filtration, purification of and carbonation of drinking water at the point of use (POU) systems. The water systems are mostly based on innovative patent-based technology developed by the Group, comprising a combination of new developments in the fields of engineering, chemistry and microbiology.

As of the date of the report, the Group's water business is mainly in Israel under the Tami4 brand, which began in 2009 with the acquisition of Tana Industries Ltd. The Group also has an immaterial business in England, which, since January 2023, is managed in collaboration with Culligan Water (49%) under the "Our Taap" brand which was launched in 2025 after the right of use license over the "Virgin Pure" brand ended.[55]

The Group also has a material holding in HSW, an associate (49%) which is a joint venture established by Strauss Water and Haier Group, which is active in China, mainly in the filtration

[55] The brand was used under a licensing agreement with the "Virgin" group in consideration for the payment of royalties. The agreement ended at the end of 2024 as agreed upon by the parties.

and purification of drinking water at the point of use as well as of the point of entry to the home (POE systems). For more information see section 10.13 below.

During the reporting year, the Group worked to implement its strategy of becoming a "multi-product" company, including the development of new products and the expansion of its product portfolio. This was achieved, *inter alia*, by expanding its value proposition and targeting new consumer segments (such as the "Shabbat" water bar designed for Shabbat-observant consumers). For more information see sections 10.2 and 10.6 below.

10.1.2. Changes to the scope of activity in the segment and its profitability

In recent years, the business in the Israeli water market has consistently grown, and growth continued in the POU category in 2025. The Group assesses that the increase in the use of water purification bars and drinking water filtration systems is due to growing public awareness of leading a healthy lifestyle, which is reflected, among other things, in lowering the consumption of sugar and sweetened drinks and switching to water. The change is also due to growing awareness among consumers of drinking water quality and the various contaminants it may contain, coupled with the importance of caring for the environment, among other things by limiting the use of plastic bottles. The Group also updated the prices of some of its products in the reporting year. For further information, see section 7 above.

However, the economic slowdown in the Israeli market and the increase in the cost of living in Israel (see that described in section 8 of the Board of Directors' Report) had a certain impact on consumer demand. In light of the foregoing, the Company implemented several measures, including enhanced marketing efforts and the expansion of its product portfolio, while improving productivity. These actions were taken in order to address competition in the market while maintaining its market share. See section 10.6 below for more information on how the Company contends with competition. In this regard also refer to section 18.3 of the Board of Directors' Report.

For the impact of the Swords of Iron war, Operation Rising Lion and Operation Roaring Lion on the Group's business, see section 3 of the Board of Directors' Report and Notes 1.1.1 and 35.4 to the Consolidated Financial Statements as of December 31, 2025.

10.1.3. Critical success factors for the operating segment and changes thereto

Several critical success factors can be identified in the operating segment: The development of advanced technologies and high-quality products, as well as a diverse range of products tailored to the needs of different consumer segments; a stable supply chain; a broad distribution network; fast and efficient customer service, including the integration of technologies such as AI; operational efficiency and brand strength; and the ability to continue providing uninterrupted service to customers under changing conditions.

10.1.4. Major barriers to enter and exit the operating segment and substitute products

The main barriers to enter this segment are the need for large investments in the development of products and sales infrastructure, a stable supply chain, and distribution and service to customers. The main barrier to exit is the warranty given to customers and the obligation to supply spare parts for the appliances (pursuant to the service agreements).

10.1.5. Substitute products in the operating segment and changes thereto

Substitutes for the Group's products include tap water, mineral water (in jugs and bottles), filtered water in bottles or jugs and water filtration jugs with a filter.

10.2. Products and services

The Group's products in this segment are water bars that connect to the customer's tap water infrastructure (POU) and filter and purify the water, including cooling, heating, and in Israel, also carbonation.

As of the publication date of the report, the Group continues from time to time to develop new products and expand its product portfolio, which, among other things, target new consumer segments, as part of the "drink water on your way" concept.

By way of illustration:

The Tami4 water bar series:



All Tami4 water bars dispense hot, cold and lukewarm water. The edge and edge+ water bar series include water bars that are smarter, smaller, and afford capabilities not available in the Group's previous models, such as monitoring water consumption quantities, setting the water temperature, a convenient dispenser button for children, remote boiling, and receipt of a variety of alerts via an app. The new bars are also equipped with three usage modes to reduce energy consumption.

The Tami4bubble water bar series features a fresh, top-quality carbonated water dispenser at the touch of a button, offering three carbonation levels. The appliance is environmentally friendly and has an option for refillable CO_2 canisters.

The Tami4primo series includes water bars with a clean, unique design, specially built for easy pouring into bottles and pots.

The Tami4family series is the classic series. These water bars are convenient and functional and they include a foldable tray for easy filling of bottles, jugs and pots.

In the reporting year the Group launched the tami4shabbat water bar with Mehuderet kosher certification from Badatz Rubin designed to be fully usable on shabbat, Jewish festivals as well as throughout the year. This device was developed according to the requirements of Jewish law. The device has a 6.5 liter hot water urn with an integrated special-purpose hot water gauge to measure the quantity of hot water remaining in the urn on shabbat.

The Group also offers a UTS device and subsequent to the reporting date, launched the tami4edge+ bubble - an advanced water dispenser with an integrated soda function for gentle

carbonation, connected to a dedicated app.

All products operate under various filtration and purification technologies. As of the date of this report, the main technology is tami4maze, an innovative technology for water filtration and purification that enhances the quality and taste of the water. For details see section 10.6 below.

The products are available in two categories: home water bars sold to the private market (households) and water bars for businesses, adapted to the needs of customers in the business and institutional sector.

Additionally, alongside the sale of the water bar to the customer, the Group provides a service package for the products it sells, in accordance with the service agreement and for varying periods (which, as of the report date, range between 12–48 months) (the "**initial engagement period**"). The price of the service package is determined based on the water bar purchased by the customer and the engagement period. Upon the expiration of the initial engagement period, the service continues for additional service periods, which may be canceled at any time (subject to the terms of the service agreement) (the "**service agreement period**"). Payment for the service is made monthly throughout the initial term of engagement as well as during the term of the service agreement. As part of the service agreement, the Group carries out delivery and installation of the water bar at the customer's home shortly after the engagement. Additionally, under the service agreement, the Group provides a warranty for the entire service agreement period, as well as maintenance services, including home visits for repairs or servicing and supply of spare parts (filters and UV lamps) (with the nature of the service potentially varying based on the customer type (private/business) and the terms of the agreement). Customers may terminate the engagement at any time (subject to the terms of the service agreement). The Company is acting to lower its operating expenses and focus on product innovation for growth. For more information see Notes 25.5 and 27 to the 2025 Consolidated Financial Statements. In this context also refer to section 25I(1) below (Food and Product Quality and Safety).

10.3. Segmentation of income from products and services

According to the Group's Management Reports (as defined above), there is no group of similar products or services that accounts for 10% or more of the Group's total consolidated income in this operating segment.

10.4. Customers

The Group's customers in the segment include households, businesses (offices and stores) and institutional customers (such as government offices, hospitals, etc.). The customers are characterized by great diversity and broad dispersal.

As of the date of the report, the Strauss Water activity's Israeli commercial customers constitute approximately 10% of all its customers. In this regard, the Group defines a commercial customer as a party who sells products or provides services with a minimum number of devices as defined by the Group from time to time.

In Israel, the filtration and purification devices are sold to end customers together with a service agreement for consumable parts, as described above in section 10.2 ('Products and services'), whereby most customers continue the service package after the initial engagement period has ended.

10.5. Marketing and distribution

In Israel, the Group's products are marketed and distributed to households and businesses by direct sales online and through a sales call center. In the UK, marketing and distribution are mainly carried out online.

Marketing and distribution to the institutional market in Israel are performed through sales representatives and by bidding in tenders.

The main advertising channels in Israel are mass media (radio, TV and print) as well as online advertising.

10.6. Competition

The major rivals for Strauss Water in Israel include companies that market mineral water in bottles and jugs, companies that offer water bars and POU water filtration devices based on various technologies, including solutions for the religious market, as well as companies that offer POU under-sink filtration, cooling, heating and carbonation solutions.

The main competitors for the Israel activity include: The Mey Eden Group, Soda Stream, Brita, Hadas, Ma'ayanot, Afikim (Noam 2) and Electra, and competitors in the under-sink segment, including: Nigga, Quooker, Unito, alongside other, smaller competitors. The Company estimates that the Group's share of the Israeli market is about one-third of the water market (as of the reporting date, there are approximately 929,000 water bars under active service agreements).

The Group contends with competition by strengthening the Tami4 brand, expanding its product range into new categories and targeting new consumer segments, and promoting technological and product innovation. The Group places strong emphasis on consumer centricity and works to identify the current and future needs of its existing and potential customers, while investing in improvements to its products and to its development and production processes. In addition, the Group operates through the marketing and distribution system of Strauss Water and continues to improve the quality of customer service, both traditional and digital (including the

integration of technological tools such as AI). The Group also emphasizes the health benefits of drinking water. These initiatives support more efficient sales processes and continued growth. For further details about brand dependence see section 25.2.M4 'Risk factors' below.

Furthermore, competition in the POU (Point-of-Use) market is primarily influenced by the quality of water treatment and is also affected by pricing and device performance. The quality of water treatment offered by each competitor varies according to the technology and the product used. The Group developed the Maze water purifier, which is the only water purifier capable of treating a wide range of contaminants relevant to water, including aesthetics, microbiology, health and ad-hoc pollutants like medications, hormones and microplastics. The Maze purifier was tested and certified by the American certification body NSF and is also certified under Israeli Standard SI 1505, which applies to drinking water treatment systems for domestic use.

10.7. Seasonality

Presented below are data for 2025 and 2024 on income in the Strauss Water segment, by quarter, according to the Company's Management Reports, as defined in section 5 above:

Quarterly income in the Strauss Water segment				
	2025		2024	
	Revenues[1]	% of total revenues in the segment	Revenues[1]	% of total revenues in the segment
Q1	206	23.0%	193	22.8%
Q2	218	24.4%	210	24.8%
Q3	234	26.1%	224	26.4%
Q4	237	26.5%	221	26.0%
Total	895	100%	848	100%

(1) In NIS millions.

Sales of the Group's water bars are higher during the summer months (April to October) compared to other months of the year, and there is a corresponding increase in income from servicing in Q4 of the year.

10.8. Research and development and intellectual property

Strauss Water's primary trademarks include "Tami4", "Strauss Water" and "MAZE", which are registered in Israel and in additional jurisdictions worldwide. For more information see Notes 14.2 and 14.3 to the Financial Statements.

The Group acts to preserve its rights and renews the registration of its trademarks from time to time, in accordance with their respective registration periods.

The Group has developed cutting-edge water purification technologies consisting of a combination of innovative developments in engineering, chemistry and microbiology. The technologies enable a wide variety of applications in the domestic drinking water sector.

The Group also continues to develop technologies for treating drinking water, *inter alia*, as part of the development of new products or by improving existing products. These developments are supported by approximately 24 patent families as well as additional patent applications filed in numerous countries. Presented below are Strauss Water's main patents that have been publicly announced:

Main patents [20]			
Patent name	**Patent description**	**Priority date**	**Earliest application date [19]**
Gravity filter for liquids and drinking water container housing it [1]	Method, product and process for gravity filtration of liquids from a reservoir located above the filter	August 28, 2006	August 28, 2007
Premium filter [2]	Sample of the "binocular" shape	April 16, 2009	October 15, 2009
Water filtering device [3]	Water filtration device (V4) from a pressurized water source containing two water filtration cells, each comprising at least one water treatment element, between which the water flows point to point	May 12, 2011	May 8, 2012
Beverage dispenser with carbonation system [4]	Beverage bar including a carbonation system, pouring system, pressure reducing system	September 13, 2012	September 13, 2013
Container with an identification module and a machine with a receptacle for its utilization [5]	Metal container with RFID tag	December 13, 2011	December 4, 2012
Carbonation unit [6]	Drink dispensing device which includes carbonation system without UV lamp, water/soda water pouring apparatus	February 6, 2014	January 14, 2015
Water filtration unit and assembly process [7]	Water filtration unit and its assembly process, consisting of only a few parts	March 23, 2015	January 18, 2016
Carbonation unit, system and method [8]	Continuous carbonation unit	October 10, 2016	October 1, 2017
Water treatment filter [9]	Water filter (T), including solution for homogeneous pressure distribution	April 20, 2017	April 14, 2018
Water treatment filter[10]	Water filter (G), including microbial filtration	August 1, 2019	July 30, 2020
Detachable system for the addition of substances to water [11]	Unit for the addition of substances	April 18, 2019	April 16, 2020
Device connectivity method [12]	Control, management and resource balancing mechanism	July 1, 2020	July 1, 2021
Connecting cable between devices [13]	Connector that connects separate devices	July 1, 2020	July 1, 2021
Water dispensing mechanism [14]	Water dispensing mechanism	July 1, 2020	July 1, 2021

Main patents [20]			
Patent name	**Patent description**	**Priority date**	**Earliest application date [19]**
Filter replacement system [15]	Filter removal system	July 1, 2020	July 1, 2021
Water heating and dispensing device [16]	A water bar compatible with use on shabbat	July 1, 2020	July 1, 2021
Water heating and dispensing device [17]	A water bar compatible with use on shabbat	September 14, 2023	September 12, 2024

Countries where registered or submitted for registration (as of January 2026):

[1] Israel, China.
[2] Israel, EU, UK.
[3] Israel, US, Mexico, China, Hong Kong.
[4] Israel, US, France, Germany, UK, Italy, Canada, China, Hong Kong, Mexico.
[5] Israel, China, Germany, UK.
[6] Israel, US, Germany, UK, China.
[7] US, China, Israel, France, Germany, Italy, UK, Spain.
[8] Israel, US, China, Russia, Canada, Brazil, India, Mexico, Australia, Austria, Belgium, Switzerland, Cyprus, Czech Republic, Germany, Spain, France, UK, Greece, Hungary, Ireland, Italy, Holland, Poland, Portugal, Romania, Slovenia, Slovakia, Turkey.
[9] Israel, US, China.
[10] Israel, China.
[11] Israel, China.
[12] US, China, Israel, Hong Kong, EPO**.
[13] Israel, China, US, EP Unitary Patent**, UK, Cyprus.
[14] Israel, China, US, EPO**.
[15] Israel, China, US, EP Unitary Patent**, UK, Greece, Spain, Norway.
[16] Israel, China.
[17] Israel, China, US, PCT*.
[18] All patent rights and IP protections are owned by Strauss Water.
[19] Some of the applications have later dates.

*PCT – The Patent Cooperation Treaty has over 150 member countries (contracting states) in the Western world and allows for applications for patent protection prior to invention in these contracting states through a single utility patent filing that grants international patent-pending status, in lieu of several filings in countries where patent protection is sought. Eighteen months after filing the PCT application, the application proceeds to the National/Regional Phase, in which the patent must be filed in the selected countries in which patent protection is sought.

**EPO – The European Patent Office, which reviews patent filings and registration in member countries, which are mainly EU countries as well as others.

** EP Unitary Patent - multinational patent in EU member states.

10.9. Human capital

Presented below is information on the number of Strauss Water employees (in Israel and the UK) as of December 31, 2025 and December 31, 2024:

Number of employees in the Strauss Water segment		
	As of Dec. 31, 2025	**As of Dec. 31, 2024**
Management and administration	217	222
Sales and distribution	728	763
Procurement and logistics	67	70
Operations	379	346
Total [*]	1,391	1,401

(*) Including 353 and 410 agency workers as of December 31, 2025 and 2024, respectively.

Presented below is information on the number of Strauss Water employees (in Israel and the UK), split by country, as of December 31, 2025 and December 31, 2024:

Number of employees in the Strauss Water segment		
	As of Dec. 31, 2025	As of Dec. 31, 2024
Israel	1,354	1,364
UK	37	37
Total (including agency workers)	1,391	1,401

10.10. Raw materials and suppliers

a. Strauss Water procures water bars, filters and UV lamps for use in water bars from a number of outside manufacturers. Water bars are purchased from three suppliers: ENG Electronic Co. Ltd., Flextronics (Israel) Ltd. and Wik Far East Ltd. The water bar suppliers committed to manufacture exclusively for the Group, and they manufacture the appliances under product specifications developed by the Group, on production lines that are used only for the Group's products. Strauss Water is dependent on the suppliers of the water bars, as replacing them would require several months of preparation and would constitute a material incremental cost to Strauss Water.

   The proportion of Strauss Water's purchases from the aforementioned suppliers during the reporting year amounted to approximately 23% (Wik Far East Ltd), approximately 12% (ENG Electronic Co. Ltd), and approximately 9% (Flextronics (Israel) Ltd) of cost of sales in the segment.

   Under the terms of engagement with the water bar supplier Flextronics (Israel) Ltd., termination of the agreement is subject to prior notice of 6 months by the Group and 18 months by Flextronics.

   Under the terms of engagement with ENG Electronic Co. Ltd., termination is subject to 60 days' prior notice by the Group, and in certain cases of insolvency or failure to comply with a material provision of the agreement, the agreement may be cancelled by either party with 60 days' and 30 days' prior notice, respectively.

   Under the contract terms with Wik Far East Ltd., termination is subject to 6 months' prior notice by the Group and 24 months by the supplier.

b. Filters and purifiers were purchased from a single supplier (KX Technologies) until 2023 (for the Israel and UK operations). Strauss Water began purchasing filters from another supplier in 2024 (Filtrex) which is a sister company of KX Technologies (KX Technologies and Filtrex

shall jointly be referred to as the "**supplier**" in this section b). Strauss Water is dependent on this supplier (as such term is defined in the Securities Regulations), as replacing it would require several months of preparation and would constitute a material incremental cost to Strauss Water (for the operating segment). However, it should be noted that the engagement with Filtrex may reduce the dependence on KX Technologies as a sole supplier.

The proportion of Strauss Water's purchases from the aforementioned supplier during the reporting year amounted to approximately 13% of the cost of sales in the segment.

Under the terms of engagement with the supplier, termination of the agreement is subject to 6 months' prior notice by the Group and 18 months by the supplier, and in certain cases of insolvency or failure to comply with a material provision of the agreement, the agreement may be cancelled by either party with 60 days' and 30 days' prior notice, respectively.

c. The Group is working from time to time to expand the number of suppliers for its products and auxiliary components for the Strauss Water activity, both for its ongoing operations as well as for the production and development processes of new products.

   For more information, see section 25.1.F(2) below.

d. The Company is active, *inter alia*, through various subcontractors, in distribution, servicing, sales and installation. The services are received from multiple suppliers in each one of these fields.

10.11. Working capital

Presented below is the composition of working capital in the Strauss Water segment in 2025 according to the Company's Management Reports, as defined in section 5 above:

Working capital in the Strauss Water segment	
	Amount included in the Management Reports[3]
Current operating assets [1]	274
Current operating liabilities [2]	173
Excess of current assets over current liabilities	101

[1] Including: Net trade receivables, inventory, income receivable and prepaid expenses.
[2] Including: Net trade payables and accounts payable.
In NIS millions.

To support working capital management, Strauss Water has factoring arrangements with financial corporations for part of these payments and non-recourse factoring arrangements for agreements for the sale of water bars and service. For further information, see section 18.3 of the Board of Directors' Report as of December 31, 2025, and Notes 8.5 and 19.3 to the Financial

Statements of the Company as of December 31, 2025.

10.12. Restrictions and oversight

The Group's products in this segment are required to comply with domestic as well as international standards. In Israel, the binding standards applying to the Group's products concern, *inter alia*, the definition of drinking water treatment systems, the safety of products that are in contact with drinking water and the safety of household electrical appliances. All of the Company's products comply with the requirements of those standards, and furthermore, both the Company's products and the production lines are subject to oversight by the Standards Institution of Israel through the "standards mark".

To the best of the Company's knowledge, as of the date of this report, the enactment of the Israeli standard adopting NSF standards for drinking water treatment systems (as detailed in the Board of Directors' report as of December 31, 2023) has been halted due to import reforms (including the "What's Good for Europe is Good for Israel" reform).

Standardization

Strauss Water products are subject to official Israeli standards: Israeli Standard 1505 Part 1, "Drinking Water Systems for Domestic Use – Filtration and Purification"; Israeli Standard 5452, "Safety of Parts and Products in Contact with Drinking Water"; and Israeli Standard 900, "Household and Similar Electrical Appliances – Safety". These standards define system safety for contact with drinking water, performance verification requirements for the reduction of contaminants in drinking water where such claims are made by the marketer, and the hydraulic durability of the system when connected to the water supply source. The standards also define marking and labeling requirements, declarations, customer information, and the specification of technical data. In addition to compliance with the standards, Strauss Water products are subject to Standard Mark permits – a voluntary program for the regular oversight of products and manufacturing sites by the Standards Institution of Israel.

Products that do not fall within the definition of a water treatment system are subject to the official standard – Standard 5113, Plastics and Plastic Products in Contact with Food and Beverages.

The Group has internal enforcement processes in place to ensure compliance with the standards and regulations with respect to food, the environment and safety. The Company's global products are certified as compliant with the required standards, based on testing conducted by accredited laboratories in Israel and abroad.

Quality control

Strauss Water manages its quality process such that the quality of all suppliers is inspected by a team of supplier quality engineers. This is done in order to ensure that suppliers maintain the required quality controls and standards. The Group continually measures the number of consumer complaints, as well as the satisfaction of consumers contacting customer service monthly, and takes action to reduce complaints and increase consumer satisfaction with the products and service.

10.13. Material investment by Strauss Water in an associate operating in China

1. As of the reporting date, Strauss Water holds 49% of the shares of HSW, whereas the remaining 51% are held by a company of Haier Group of China. For further information, see Note 11.2 to the Consolidated Financial Statements.

2. HSW's business focuses on the home water market in China, and includes the manufacturing of water devices at HSW's plant in China which is owned by Strauss Water and Haier Group, and the marketing and selling of water appliances based on filtration and purification technology (such as reverse osmosis (RO) or nano-filtration[56]), as well as water purification products based on the Maze technology. As of the report date, the products are marketed in China under the brands "Haier", "Haier Strauss Water" and "Casarte". They are sold through various channels, including offline channels - primarily retail - and online channels, and the appliances are serviced by both HSW and a local distributor.

   Sales are made to retailers and end customers and, as a rule, do not include service agreements. Various components (such as filters and purifiers) are sold as needed.

3. **The water market in China** – the Chinese market for drinking water solutions based on machines and filtration devices is split between point of use (POU) systems, systems that treat the water at the point of entry to the home (POE) and water solutions for businesses. HSW's activity in China is primarily in the POU market for the private sector, as well as the POE market. As of the reporting date, the vast majority of the products marketed by HSW are manufactured in HSW's plant.

4. **The macroeconomic environment in China** - During the reporting year, China's gross domestic product (GDP) grew to reach the 5% target, although the pace of growth slowed from quarter to quarter. Total retail sales of consumer goods increased by approximately 3.7% during the reporting year, a rate lower than GDP growth.[57] The real estate sector

[56] Reverse osmosis (RO) purifies water, but also removes beneficial elements, such as minerals and vitamins. Nanofiltration retains part of the beneficial elements but does not purify the water if purified through RO.

[57] National Bureau of Statistics

remained weak, with investment in property development declining by 17.2%. Demand for new apartment sales continued to contract, with a decline of 8.7% in sales area and 12.6% in sales revenue.

For details regarding HSW sales in local currency, see section 18.3.1 of the Board of Directors' Report. For details regarding HSW's response to the effects of the macroeconomic environment and the intensifying competition in China, see section 10.12.6 below.

5. **Series of agreements with Haier Group** – under a series of agreements signed in May 2015 (including a joint venture agreement, which was replaced in 2018) between Strauss Water and Haier Group, the business of a joint venture in which the parties began operating in 2011[58] was transferred to HSW. Under these agreements, Haier transferred to HSW its RO (reverse osmosis) water filtration and purification operation (which until then was owned by Haier), and Strauss Water granted HSW an exclusive license to use the Maze technology in the China territory.

   The joint venture agreement governs the relationship between the parties and their roles in the management of HSW. The agreement is valid for 50 years commencing on the date of establishment of HSW (February 6, 2015), and at least two years before its termination the parties will discuss its extension, with the agreement of the parties and the approval of the relevant authorities. Additionally, the agreement determines that it may be terminated before the end of the term upon the occurrence of certain events (including a material change in regulation that has a substantial economic effect on one of the parties, with the parties failing to reach an agreement on the adaptation of the agreement). According to the agreement, five directors will serve on the board of directors, three appointed by Haier and two by Strauss Water. The chairman of the board will be appointed by Strauss Water. The CEO and the CFO of HSW will be appointed by the board at Haier's recommendation, and the deputy CEO will be appointed by the board at Strauss Water's recommendation. Board resolutions will be passed by a simple majority, except for certain resolutions that are required to be passed unanimously (alteration of the articles of association, suspension or termination of HSW's activity, modification of the authorized share capital, and mergers or any change in the company's structure) and other resolutions that require a simple majority that includes a director on behalf of Strauss Water (issuance of securities by HSW, entry into areas of activity outside HSW's regular business areas and others). In addition, two observers will be appointed in HSW, one by Haier and one by Strauss Water. Furthermore, restrictions were determined with respect to share transfers, including a tag-along right (with an agreed

[58] The activity of the joint venture commenced in 2011 and focused on the Maze purification technology. Upon its establishment, the joint venture was jointly owned by the Group and Haier, in equal parts. The joint venture purchased the products from Strauss Water and was provided with distribution and sales services, as well as servicing, by companies in the Haier Group.

or pro-rata distribution) for each of the parties in a case where the counterparty transfers its holdings to a third party, and a preemptive right for each party to acquire the holdings of the counterparty in HSW. Also see the risks factors in section 25.1p.1, p.2 and n.1 below. In December 2024, non-material amendments were made to the shareholders' agreement and the Company's articles of association to align with legislative changes in China (such as matters requiring approval by the general meeting) and to introduce a dispute resolution mechanism. Under this mechanism, in the event of a prolonged deadlock, the matter will be referred to an agreed mediator. As part of HSW's interest in expanding into additional categories in the water business, including the POE market (point of entry filtration and purification systems treat the water as it enters the home by connecting directly to the water line, improving water quality for general use as well as consumption), in 2019 HSW entered into an agreement whereby it markets and distributes POE products manufactured by a joint venture company owned by Haier Electronics (which was acquired by Haier Smart Home) (which owns 51% of HSW through a holding structure) and a third-party unrelated to the company. As of the date of the report, the scope of sales of said products is not material to HSW's activity.

In December 2022, the board of directors of HSW passed a resolution to establish another production site in China. For this purpose, in July 2023 another joint venture agreement was signed between the parties, and a new common company, Qingdao HaiShi IoT Technology Co. Ltd. ("**Sino-German**") was established with the objective of establishing said plant, in which Strauss Water holds 49% of the shares and Haier Group holds 51%. The material legal terms and corporate structure of Sino-German are the same as those described in the suite of HSW agreements set forth above.

The investment in the second plant in China which is currently under construction, and which is expected to become operational in Q2 2026, is in alignment with HSW's growth and market leadership strategy (see section 23 below in this context). In-house development and manufacturing capabilities also afford HSW greater flexibility in the development and production of unique, innovative products, shorter time-to-market and the launch of high-quality products. For more information about the investment in the second plant see Note 11.6.3 to the 2025 Consolidated Financial Statements.

The information contained in this section regarding when the second plant in China is expected to commence operations in Q2 2026, is forward-looking information as defined in the Securities Law, which is based on information available to the Company on the date of this report and includes the Company's estimates on the reporting date, the materialization of which is uncertain. The commencement of operations of the plant could be postponed, among other things due to changes in macroeconomic and geopolitical trends affecting the

Group and/or due to various regulatory developments, which cannot be assessed in advance and are beyond the Group's control.

6. **Competition** – The Chinese water market is highly decentralized, with a large number of competitors. The sale of water treatment products is conducted through two sales channels: offline - mainly through retail, and online. The major competitors in the POU private sector market in the offline channel are AO Smith, Midea, Angel, Truliva. The major competitors in the private sector online channel are Midea, Xiaomi, Angel, Truliva, AO Smith. According to the Group's assessments, and solely based on estimates (in light of the fact that the Chinese market is not barcoded), and considering the assessment that in 2025 the five major competitors in the POU private sector market accounted for about 52% of the market in online sales and that the five major competitors accounted for about 78% of the market in the offline channel. HSW's market share in the POU private sector market is approximately 12.9% and 19.4%, respectively.

   During the reporting year, Xiaomi expanded its activity in the water solutions sector in China, and undertook competitive actions that increased competition in the sector. HSW is working to address the intensifying competition in China and the macroeconomic effects described above. To address such competition, the water company in China invested in product development, marketing, and the improvement of sales channels. For additional details, see Section 18.3 of the Board Report.

7. **Seasonality** – presented below is information for 2025 and 2024 on HSW's income by quarter according to the Company's Management Reports, as defined in section 5 above:

Quarterly income from the HSW segment				
	2025		2024	
	Revenues[1]	% of total revenues in the segment	Revenues[1]	% of total revenues in the segment
Q1	227	24.4%	216	23.4%
Q2	236	25.3%	230	24.9%
Q3	216	23.2%	213	23.1%
Q4	252	27.1%	263	28.5%
Total	931	100%	922	100%

[1] In NIS millions. For details regarding HSW sales in local currency, see section 18.3.1 of the Board of Directors' Report.

As a rule, the months of January, September and December are considered to benefit from higher sales due to an increase in sales through retail stores prior the Chinese holidays, which fall in the months of January and October.

8. **Fixed assets**

Material Fixed Assets in the HSW segment			
Nature of the site	**Site location**	**Site designation**	**Built-up area**
Plant	Jimo, Chaina	Manufacturing plant	43,000 sqm
Plant (under construction)	Sino-German, China	Manufacturing plant 2	125,000 sqm

In December 2022, an investment in a second plant was approved, in alignment with business growth in China and the business development strategy. For further information, see section 10.13.3 above.

9. **Human capital** - as of December 31, 2025, HSW has approximately 1,200 employees and managers.

11. Other activity

The Group has various activities in addition to the operating segments described above, whose revenues therefrom and investments therein are immaterial, and are included in the Financial Statements of the Company as of December 31, 2025 under the "other activity" segments. These operations include the activity of the incubator and Group's headquarter activity (which include the divisions which service the entire Group, as described below in sections 15, 16.1 and 16.1(C)).

11.1. The incubator activity

In 2015, the Group launched the technological incubator, The Kitchen, on the basis of the Chief Scientist's Technological Incubators Program ("**Incubator 1**"). Incubator 1's goal was to boost Israeli FoodTech by investing in early-stage technological ventures, which offer solutions to the global food industry. In October 2022, the Group launched the technological incubator, The Kitchen 2.0 ("**Incubator 2**").

Some of the companies hosted by Incubator 1 and Incubator 2 over the years completed product development, commenced initial sales and raised further investments. The Company participated in some of these funding rounds, investing sums that are immaterial to the Company. Also see the risks factors in section 25.2.O.3. below.

For details regarding the decision (in-principle) to act to realize the investments in incubator companies, see section 1.2 above and section 18.4.2 of the Board of Directors' Report as of December 31, 2025.

Over their years of operation, Incubator 1 and Incubator 2 invested in 29 companies (including

23 by Incubator 1 and 6 by Incubator 2, four of which are in the process of closing and four of which ceased operating).

Issues relevant to the Group's activities as a whole

12. Customers

12.1. Segmentation of sales to customers (excluding Strauss Water)

The Group's customers in its various operating segments and the various operating countries (excluding Strauss Water customers - see section 10.4 above), are divided into two main categories: retail customers and AFH ("away from home") customers.

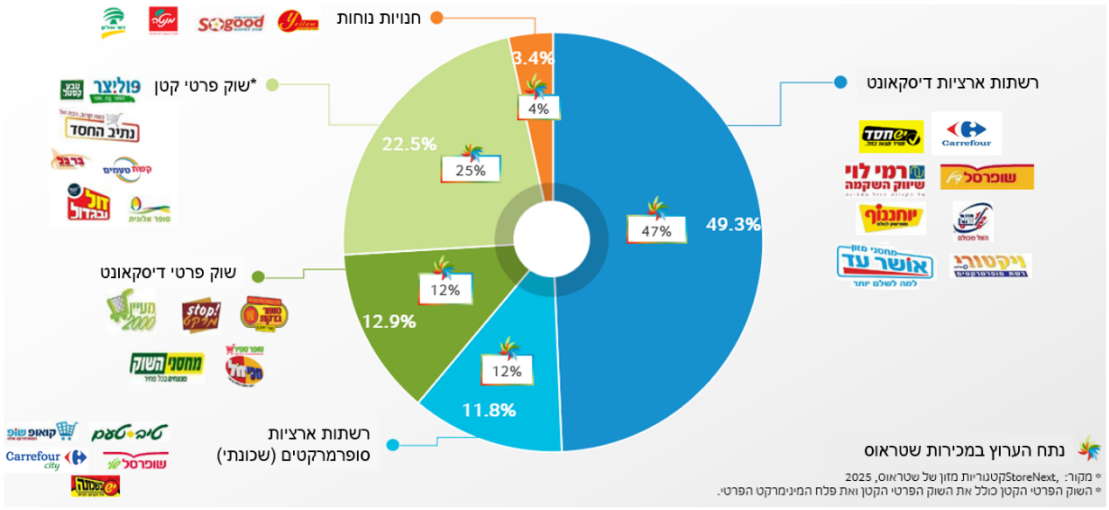
Retail customers (such as the marketing chains, local grocers, mini-markets, supermarkets, convenience stores, cafeterias, kiosks), provide customers with food and beverage products, primarily for home consumption. AFH customers (such as workplaces, hospitals, cafes, hotels, coffee machines and automatic vending machines), provide customers with opportunities to consume food and beverage products while they are away from home, while some of the sales (such as to the army and hospitals) are made under tenders, with the quantity and price being predefined (the quantity may change).

Generally, sales to the Group's customers are made on the basis of periodic orders placed from time to time, as necessary, with no order backlog.

12.1.1 Sales channels – breakdown according to segment

a. **Customers of the Israel activity** - The Israeli retail market is divided into three primary channels, national chains, private market and convenience stores, as follows:

Segmentation of the major channels in the Israeli retail market



National chains – retailers with a broad geographical spread and large-scale central procurement, including discount chains – national chains, with bulk shopping and discounted price features (constitute approximately 49.3% of the market as of December 31, 2025 compared with 50.1% as of December 31, 2024); supermarket chains – national retail chains/sub-chains and those with supplementary shopping features, generally neighborhood stores in city centers (constitute approximately 11.8% of the market as of December 31, 2025, not subject to any change year-over-year).

Private market – the private market comprises small chains and private stores. The internal division between sub-channels in the private market is determined according to the overall sales volume of the point of sale: (a) private discount market – private chains that are mostly concentrated in specific geographical regions, stores with bulk shopping and discounted price features (as of December 31, 2025, around 12.9% of the (not subject to any change year-over-year)); small private market (minimarkets and grocery stores) small private and chain stores with relatively low sale volumes and supplementary shopping characteristics (as of December 31, 2025, around 22.5% of the market compared to about 21.9% as of December 31, 2024).

Convenience stores – chain stores with broad deployment, generally located in gas stations and characterized by "on-the-go" purchases and occasionally, supplementary shopping. (Constitute approximately 3.4% of the market as of December 31, 2025, compared with approximately 3.3% as of December 31, 2024).

b. **In the International Coffee segment in Brazil** - the Três Corações (JV)[59] sales and distribution array serve about 172,000[60] customers on or about the publication date of the report through direct distribution channels reaching some 142,000 retailer customers (national and regional chains), as well as AFH customers, online customers and export customers, as described below. The national and regional retail chains in this category account for approximately 86% of the Brazilian joint venture's sales in 2025. Most of the customers in this channel category are small retailers (such as local markets and grocery stores) and also include medium and large national and regional retail chains (including "cash & carry" chains).

   Other sales channels accounted for approximately 14% of the joint venture's sales in Brazil in 2025 and include customers in the AFH sales channel, customers in the online sales channel (direct-to-consumer), as well as export customers. The AFH category includes various subgroups, including food specialists (restaurants, bakeries, cafés, and convenience stores), fine dining (hotels and high-end restaurants with premium gastronomic experiences), offices, and others. In the export category, Três Corações (JV)[61] exports green coffee to customers in the US and Europe, and it focuses on B2C customers in the online sales category[62].

c. **International Coffee customers in Central and Eastern Europe** (Poland, Russia, Romania and Ukraine) include retail market customers and AFH customers, as well as exports from Eastern European countries to neighboring countries from time to time.

   In the retail market in Europe, in recent years modern trade has been on an uptrend, characterized by large marketing centers and national marketing chains, as opposed to traditional retail, which is characterized by neighborhood stores. In the reporting year, in Ukraine the traditional market remained dominant, whereas in Poland, Russia and Romania, modern trade already accounts for more than half of the retail market. In Central and Eastern Europe, the organized market includes national key accounts and wholesale cash & carry and discount chains, characterized by low prices. The uptrend in modern trade intensified in 2025 in light of high inflation and a shift by consumers to rival retailers offering lower prices and attractive promotions.

d. The following tables present the distribution of the Group's total sales (in NIS millions) and their percentage of the Group's total income, segmented by customer type, in 2025 and

[59] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

[60] The figure presented above is based on the average sales in the last four months of 2025.

[61] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

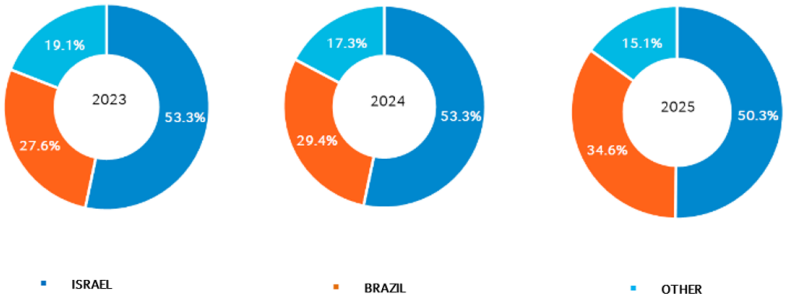
[62] Direct sales to private consumers, without any intermediary retail chains, distributors or other business entities.

2024 (according to the Company's Management Reports, as defined in section 5 above):

Segmentation of the Group's total 2025 sales by customers								
Customer type	**Health & Wellness**	**Fun & Indulgence**	**Fun & Indulgence (Israel Coffee)**	**International Coffee**	**Water**	**Other**	**Total Group**	**% of total**
Large customer market	1,315	550	327	3,206	-	-	5,398	43.2%
Private market	1,654	765	334	2,365	-	-	5,118	40.9%
AFH	142	45	144	359	-	-	690	5.5%
Other (D2C)	48	35	98	225	895	-	1,301	10.4%
Total	3,159	1,395	903	6,155	895	-	12,507	100%

Segmentation of the Group's total 2024 sales by customers								
Customer type	**Health & Wellness**	**Fun & Indulgence**	**Fun & Indulgence (Israel Coffee)**	**International Coffee**	**Water**	**Other**	**Total Group**	**% of total**
Large customer market	1,325	540	297	2,293	-	423	4,878	43.6%
Private market	1,562	675	267	1,868	-	-	4,372	39.0%
AFH	159	35	129	281	-	51	655	5.9%
Other (D2C)	30	14	137	262	848	10	1,301	11.5%
Total	3,076	1,264	830	4,704	848	484	11,206	100%

12.1.2 Segmentation of sales by geographic region, presented below is the sales turnover



Sales turnover by geographical region			
	2025	2024	2023
Israel	6,289	5,973	5,624
Brazil	4,329	3,299	2,912
Europe and China	1,889	1,934	2,013
Total	12,507	11,206	10,549

Figures are in NIS millions.

12.1.3 Customer dependence

In 2025 there was no one customer in which respect income from sales accounted for more than 10% of Group's total income according to the Company's Management Reports, as defined in section 5 above, the loss of which would have a material impact on the Group's business results in the medium and long term.

It should be noted that in the Israel geographic region, there is a retail customer that accounted for approximately 11% of Israel's net sales in 2024. Business with this customer is transacted based on orders on a current basis. In this context also refer to Note 24.6 and Note 25.6 to the Consolidated Financial Statements as of December 31, 2025.

13. Marketing and distribution

13.1 The Israel activity (excluding Strauss Water)

a. The sales and distribution system for the Group's products in Israel (Health & Wellness, Fun & Indulgence (Snacks & Confectionery) and Fun & Indulgence (Israel Coffee) products), excluding Strauss Water products (for the marketing and distribution of Strauss Water's products, see section 10 above), proximate to the reporting date, serves some 12,000 points of sale, including supermarkets, grocery stores, mini-markets, convenience stores, kiosks,

hotels, restaurants, cafés, offices and workplaces, etc.

The distribution of the Group's products in Israel is mainly performed from the distribution center in Shoham, which serves as a combined logistics center for all product categories. Finished goods are transported from the finished-goods warehouses in the Group's plants to the three distribution centers in Shoham, Kfar Masaryk and Acre (the Masaryk and Acre centers are equipped to provide backup to Shoham in case of any failure). In addition, there are cross-docking centers in Yotvata, Beersheba and Kiryat Shmona, to which the goods are transported from the distribution centers.

The Group's distribution array is mainly based on a network of independent distributors (external array) and an internal network of distributors (Group employees). The network of independent distributors mainly distributes the refrigerated Health & Wellness products (dairy and dairy substitute products, milk beverages, salads (dips and spreads), fresh pasta), whereas the internal distribution system (Company employees) mainly distributes Fun & Indulgence and coffee products (sweet snack bars, chocolate tablets, candy and chewing gum, coffee products, salty snacks, Yad Mordechai products). Additionally, the Group generally directly performs the distribution for sales to large customers. The Group has a distribution and picking agreement for certain products with Shufersal, pursuant to which Shufersal places a central order for these products for delivery to Shufersal's logistics centers in Modi'in or in Shoham, and Shufersal is responsible for the day-to-day delivery of the orders to its stores.

The points of sale serviced by the independent distributors are determined by the Group according to the allocation of the distribution lines between the various distributors. The Group is responsible for collecting the consideration from customers. The distributors undertake to maintain, at their own expense, a suitable vehicle for refrigerated transport according to legal requirements and the technical specifications defined by the Group.

b. The Group has contracted with most of the independent distributors, according to which it is entitled to terminate the engagement with the distributor through the provision of prior notice. The distribution right may not be transferred by the distributor other than with the Group's advance consent. There is no employment relationship between the Group and the distributors, and the Group is not dependent on distributors.

c. The Group installs coffee machines bearing the Group's brands directly and through independent operators, who are responsible for the installation and maintenance of the machines and for the supply and distribution of coffee products to various hubs. The Group is also engaged in (D2C) marketing and distribution of coffee machines and freshly roasted coffee beans sold to customers online (E-commerce).

d. The Group has distribution agreements in Israel with an independent distributor to the Israel Prison Service and the Israel Police, and with a distribution company that caters to the army canteen chain (Shekem), for the distribution of the Group's food products (excluding dairy products, milk beverages and salads). The Group also has a number of independent distributors who buy the Group's products and sell them in the territories of the Palestinian Authority and to small customers in the private market.

For more information regarding the laws which the Group's marketing and distribution actions are subject to, see section 20 below.

13.2 International Coffee, policy outside of Israel

The Group generally has distribution centers in countries it operates in outside of Israel, from which it distributes finished products, as well as warehouses and cross-docking sites.

Brazil – proximate to the date of this report, the sales and distribution channels of Três Corações (JV)[63] serve some 150,000 customers[64], including retail and AFH, through presale, through more than 400,000 points of sale, which is largely carried out by an in-house distribution system entailing 24 distribution centers and two sites operated by third-party logistic providers. The products are transported by trucks owned by the Group as well as by trucks belonging to third parties based on need. Delivery times range from 24 hours to 7 days, depending on the location of the point of sale (the long delivery times refer to points of sale located in remote rural regions). As part of an operational efficiency process, adjustments were made during 2025 to the distribution system, including the closure of one distribution center and the conversion of another distribution center into a transit station between the production site and distribution centers, alongside a reduction in the heavy vehicle fleet and expanded use of external carriers. These measures, together with the implementation of technological solutions to improve storage and picking processes, are intended to improve supply chain efficiency and ensure that the distribution infrastructure is aligned with operational needs.

Poland, Romania, Ukraine and Russia – the retail market sales network sells directly to a limited number of customers, some of which are independent wholesale distributors that sell the goods to small stores, while others are large modern retail chains, which usually carry out distribution independently through independent logistic centers and warehouses. Sales in the retail market are carried through presales. The AFH sales system serves direct points of sale such as cafés, offices, institutions and hotels, and also sells to independent distributors, which in turn sell to customers such as cafés, offices, institutions and hotels. In addition, the AFH sales system sells

[63] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

[64] The figure presented above is based on the average sales in the last four months of 2025.

and places vending machines at customer premises and is responsible for the service and maintenance of these machines. Direct-to-consumer sales are also made online.

14. Property, plant and equipment

Presented below is a description of the Group's material fixed assets in addition to the fixed assets used in the operating segments:



Additional material fixed assets			
Nature and location	**Designation**	**Built-up area**	**Liens**
Office building in Yanai Park, 49 Hasivim Street, Petach Tikva (Buildings 3 and 4)	The Group's management headquarters	Ground floor plus nine floors above it, basement space and parking. (1)	-

Rights in and to the site:

(1) A right to be registered as the owner. In the agreements for the acquisition of the property, the sellers undertook to complete the registration of the rights in and to these assets in their name; as of December 31, 2025, said registration has not yet been completed. The agreements contain provisions intended to secure the Company's rights as well as the registration of the condominium.

For further information on the Group's real properties, which are not attributed to a specific segment, see Note 22 to the Financial Statements of the Company as of December 31, 2025.

15. Research and development

As part of its commercial strategy, the Group is continuously engaged in developing new products and them penetrating the market and revitalizing existing products, *inter alia*, through technological innovations, product and packaging revitalization in response to the requirements and preferences of the target market. Development and innovations in dairy products and salty snacks in Israel are carried out, *inter alia*, using the knowhow of the Group's strategic partners, Danone and PepsiCo, respectively. Strauss Water works continuously on the development of technological innovations for its products and the development of new products in response to market and consumer demand, and as part of the quality assurance

required for its products. Development is carried out using the knowhow of Strauss Water, and occasionally, in collaboration with outside parties, including technological collaborations with various institutions active in the water sector in Israel. The Group also works to increase technological collaborations with global companies with parallel areas of specialization, such as packaging, materials, machinery, etc.

In 2025, the Group decided to integrate the issue of innovation as part of the activity of Strauss Israel's technology division, with the aim of addressing the needs of the business units and leading "Innovation that matters" that interfaces the consumer's changing needs.

The objective of the technology unit is to lead innovation, both through internal capabilities (such as the implementation of new technologies in the Group's facilities) and through external collaborations, including, among other things, exploring open innovation technologies (open innovation with startups).

During 2025, the Group continued across all areas of activity to develop innovative products with added value for consumers, with the aim of improving and streamlining development processes and the transition to production, developing work with new and alternative raw materials, advancing products that address health-related needs (such as functional foods, clean label products, and tailored offerings for specific markets), as well as developing new packaging solutions (resealable packaging, expansion of accessible packaging, among others). At the end of 2025 the Group established a center for packaging excellence, whose objective is to lead innovation in the field of packaging for the Group.

The Group concurrently worked on implementing smart manufacturing projects, including smart and innovative management of industrial plants and processes that provide for communication and interfacing between machines, real-time data analysis, robotics technology and AI. The response to the technological changes arising from the Group's needs is provided by technology teams comprised of development personnel in the business units, as well as engineering and technology teams in the manufacturing plants. The Group operates to identify, develop and assimilate breakthrough technologies through ongoing monitoring of global developments in the field, the establishment of relationships with international companies, and involvement in the FoodTech community.

In 2025, the Group implemented a unified innovation language across all business units, with the aim of encouraging innovative thinking and strengthening new developments, through active engagement with entrepreneurs, startups, research institutes and other entities.

Additionally, in 2025, Strauss launched for the first time the **Cow Free** platform, utilizing the milk protein BLG.[65] As part of the **Cow Free** platform, two main products had been launched as

[65] BLG protein is a protein naturally found in milk and is also produced using precision fermentation technology – a process well known in the food industry,

of the report publication date - cow-free milk and cow-free Symphony cheese.

The total investment in 2024 and 2025 in the development of new flavors and products, new packaging, projects related to breakthrough technologies, etc. according to the Company's Management (Non-GAAP) Reports, totaled approximately NIS 121 million and NIS 137 million, respectively.

For more information about the activity of the incubator, see section 11.1 above.

16. Human capital

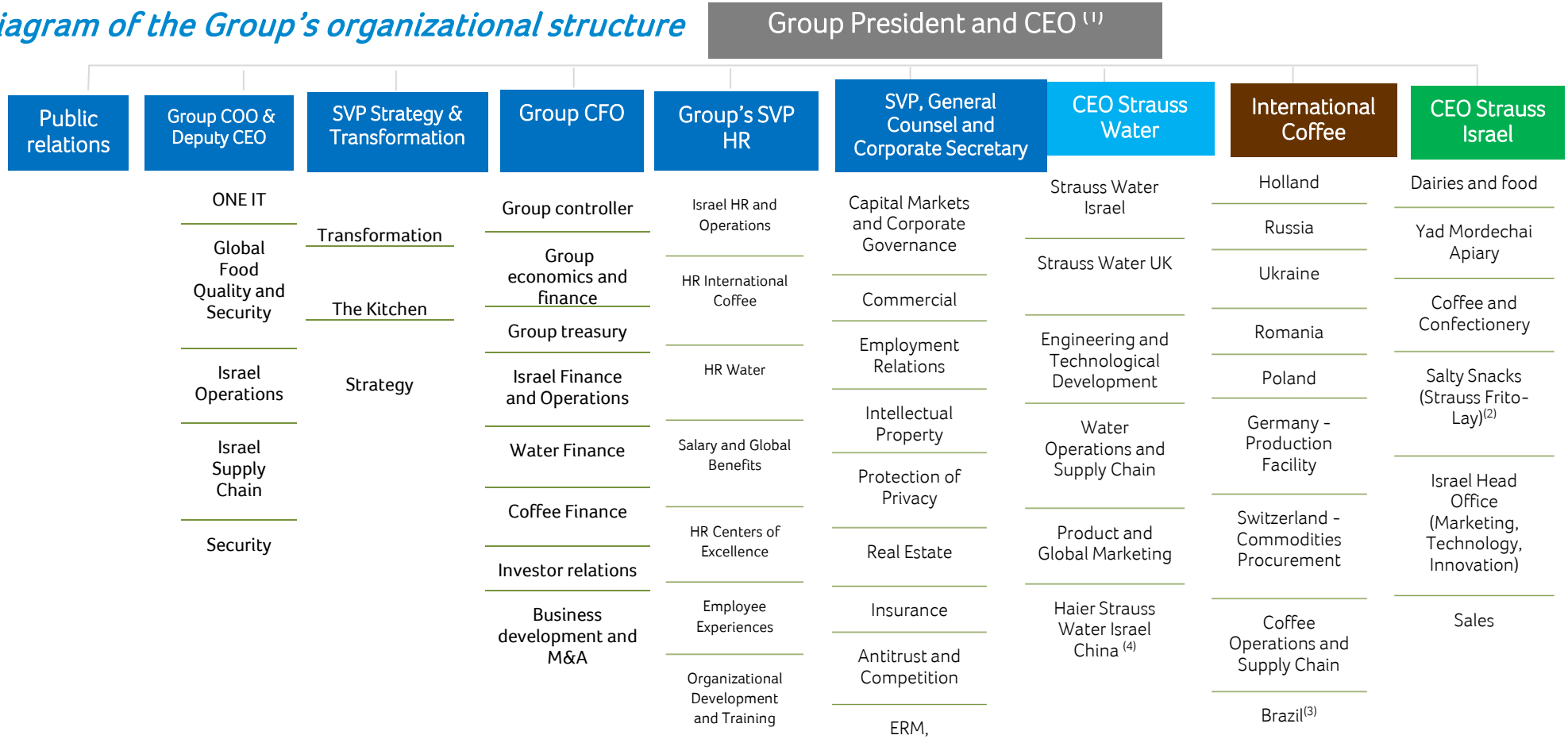
16.1 Organizational structure

a. The Group operates according to an operating model which is based on a matrix structure that integrates business units responsible for profitable growth with central units in Group headquarters and the Israel activity, which manage core processes and supporting processes across the organization through the "Strauss One" approach. In January 2024, the Board of Directors of the Company approved an organizational efficiency enhancement plan (whose objective is to further enhance efficiency and increase savings, while aligning the structure of the business in Israel with the Group's strategy and the macroeconomic environment). For further information, see section 2.2 of the Board of Directors' Report as of December 31, 2025.

Presented below is a diagram of the Group's organizational structure as of the publication date of the Periodic Report:

similar to the production of yogurt or beer.

Diagram of the Group's organizational structure



(*) The diagram is accurate as of the publication date of the report.

(1) The internal audit unit reports to the Board Chairperson.

(2) The salty snack activities are part of the Fun & Indulgence segment, and are conducted in collaboration with PepsiCo.

(3) The CEO of Brazil reports to the board of directors of the Três Corações joint venture in Brazil.

(4) The CEO reports to the Company's board of directors.

b. Senior Management - The Group is led by the Group's management. The Group's management outline the entire strategy of the Group and the subsidiaries, and monitor achievement of the commercial results. Most of the members of the Group's management also serve as directors of the Group's primary operating units and entities, and outline the Group's strategic direction.

c. **Strauss Group professional units –** assist Group management in managing the Group, with emphasis on the management of strategic aspects. The professional units serve as centers of excellence and as shared resource centers, formulate strategy and provide direction, control the performance of the companies in relevant areas, and lead core aspects that support the "Strauss One" concept. The professional units (HR, PR, strategy and growth, finance, and the multi-disciplinary division: Legal, ERN and ESG) provide professional services to the business divisions. HR is a business partner that accompanies organizational processes, change processes, etc., and provides cross-organizational professional services for recruitment, salary and benefits, training, welfare and work relations for the entire Israel activity. Finance HQ focuses on the provision of services to the business divisions and the central units in Israel in the areas of performance management, financial and management reporting, treasury and finance, payroll controls, strategic and budget planning, forecasts, business development, mergers and acquisitions etc. The Legal Department provides legal advice to all of the Group's business divisions. The Strategy Department develops and leads the Group's long-term commercial plans.

d. **The Israel activity** – the Group's activity in Israel is managed by the Israel unit management and the OT (Operations & Technologies) management, which is responsible for the manufacturing plants and supply chain (excluding the water segment), quality and IT. OT management is led by the Deputy CEO and COO and consists of the Operations Manager, Supply Chain Manager, Quality Manager and IT Manager. Strauss Israel management which is led by Strauss Israel's CEO, is responsible for managing the Israel activity, for crafting strategy and for its approval vis-à-vis Group management, as well as for implementing the strategy and achieving the goals derived from it. Strauss Israel's management comprises the CEO of Strauss Israel and the managers of the business divisions: the Manager of the Dairies and Food Division, the Manager of the Confectionery Division and Israel Coffee, the Manager of the Salty Snacks Division, the Sales Manager, the Human Resources Manager and the Chief Financial Officer (some of whom are also functionally subordinate to the Group's central professional units as stated above).

The business divisions are responsible for growth and profitability, for crafting a customer-centric strategy for the division, and for creating demand for the division's

products in their areas of responsibility.

Operations management is responsible for quality, safety, hygiene and environmental quality, and for the management of the manufacturing sites and execution of manufacturing plans according to the outlines determined by the planning unit in the supply chain.

Each business division has its own separate management, which includes the division manager and the financial, marketing, product development, retail management and human resources managers (part of whom report to the central professional units).

The professional units (Sales, Supply Chain, Operations, Marketing and Growth Engines) provide professional services to the business divisions. The Sales Division is responsible for the sales and distribution array for all of the Group's products in Israel (excluding Strauss Water) to all of the Group's retail customers in Israel. The Supply Chain Division handles the centralized procurement of raw materials for the various divisions and is also responsible for the handling and transportation of raw materials to the production sites and of finished products from the sites to the Group's distribution and cross-docking centers and its warehouses in Israel. The Supply Chain Division serves as the professional entity responsible for managing demand and supply planning, which includes setting policy and strategy on issues of production planning, procurement and logistics in Israel. The operations headquarters is responsible for manufacturing the products. Marketing and Growth Engine HQ is engaged in the development of the digital space and digital innovation in Israel, marketing excellence and the customer experience and provides services to the business divisions in the areas of media buying and consumer insights research. EHS (Environment, Health and Safety) is engaged in crafting and managing a professional, effective quality assurance system throughout the value chain to ensure the supply of safe, high-quality products, while protecting the environment and the safety and health of the Company's employees.

e. International Coffee activity - For the Group's activity in the International Coffee segment, there is a separate management responsible for the complete management of the business, for building strategy and having it approved by Strauss Coffee's board of directors and the Group's management. International Coffee management is responsible for the implementation of its strategy, the achievement of strategic goals, and the development of people and brands. Under service agreements between the Company and Strauss Coffee, the Company provides Strauss Coffee with certain head office services such as HR, legal services, compliance and regulation. Strauss Coffee management comprises the CEO of the International activity, the human resources manager, the marketing manager, the CFO and the operations and supply chain manager. The International Coffee business is managed by the local managements of

the companies in the different countries: Switzerland, Russia, Ukraine, Romania, Germany and Brazil (coffee activity in Brazil is performed through the Três Corações joint venture[66] (supervised by the board of directors of Três Corações (JV)[67]). Each company in each country is headed by a separate management, in line with the scope and nature of the activity carried out by the respective company.

f. The Strauss Water activity – Strauss Water's management consists of the CEO, CFO, CEO of Strauss Water Israel, VP Human Resources, VP Development & Technologies, VP Global Product and Marketing, and VP Global Operations (some of whom are subordinate to the central professional units). The Strauss Water management is responsible for the complete management of the business and for building its strategy. The Strauss Water management is responsible for the implementation of its strategy and achieving the derivative goals.

16.2 Employees

The total number of employees employed by the Group (including all employees of jointly controlled entities in which the Company holds 50% and excluding the employees of the joint venture in China, in which Strauss Water holds 49%) is approximately 16,074 and 17,484 as of December 31, 2025 and December 31, 2024, respectively (including 1,162 and 1,371 agency workers as of December 31, 2025 and December 31, 2024, respectively). Excluding 50% of the employees in the joint ventures (50% held by the Group), total employees are 11,173 and 12,330 as of December 31, 2025 and December 31, 2024, respectively[68]. The Group employs 6,271 employees in companies controlled by the Group (according to the financial accounting (GAAP) reports); of the employees engaged by all Group companies, 5,712 employees are employed in Israel as of December 31, 2025.

Presented below is the number of employees at Group HQ:

Number of employees at Group HQ		
	As of Dec. 31, 2025	As of Dec. 31, 2024
Group HQ employees	491	445

The change in the workforce compared with the 2024 figures is attributable both to the establishment of three new units and to a change in employee grouping from Strauss Israel to the Group headquarters.

[66] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

[67] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

[68] The change in employee headcount compared with 2024, is attributable to the sale of the "Cafe Elite" chain, as well as due to the termination of the employment of merchandisers in accordance with the "arrangement exemption". For further information about the "arrangement exemption", see section 20 above.

Presented below is the number of employees at the head offices of Strauss Israel, the sales division and the supply chain division, who service the entire Strauss Israel segment, including 18 and 108 temporary employment agency workers, as of December 31, 2025 and December 31, 2024, respectively:

Number of employees at Strauss Israel HQ		
	As of Dec. 31, 2025	As of Dec. 31, 2024
Employees at the head offices of the Strauss Israel activity, sales division and supply chain division	456	718

The change in employee headcount compared with 2024, is attributable to the termination of the employment of merchandisers in accordance with the "arrangement exemption". For further information about the "arrangement exemption", see section 20 above.

16.3 Benefits and employment agreements

16.3.1 Israel

Most of the Group's employees in Israel (including Strauss Water Israel) are employed under collective agreements. There are general collective agreements that apply to all employees of the Group by virtue of the Group members' membership in the Manufacturers Association of Israel, which relate to wage conditions, contributions to pension insurance plans, convalescence pay, reimbursement of travel to and from work, and payment of a cost-of-living increment. Additionally, there are sectoral collective agreements, some of them updated from time to time, that apply to some of the Group's employees in Israel, since professionally, they belong to the instant coffee industry and the chocolate and confectionery industry. Furthermore, there are certain terms and conditions in special collective agreements that were signed in the Group's various production plants and units, which apply only to all or part of the workers employed by that respective plant or unit, and are revised from time to time in negotiations between the workers' committees of the plant/unit and its management. The employment terms of the rest of the employees are determined in personal employment contracts, including, among others, employees of the Sales Division (excluding shelf stockers who are subject to a collective agreement and sales staff employed in the dry goods private market and institutional channel, who unionized in 2023; accordingly, a special collective agreement is expected to be signed in 2025, which will regularize their terms of employment), HQ employees and employees in the head offices of all divisions in Israel. Salespeople in the Sales Division (including Strauss Water Israel's Sales Division) receive incentives that vary according to sales in addition to their base salary, from time to time or on a regular basis. The incentives are included as part of the calculation of pension contributions.

16.3.2 Outside Israel

In general, employees of the Group members outside Israel are employed under personal employment contracts or signed employment offer letters according to accepted practice in each country. The Group's obligations as far as employees' social rights are concerned are governed by the relevant laws in each country, and the Group makes payments as required.

in Brazil, Três Corações (JV)[69] is subject to the collective agreements in effect in each state where it operates. There is no uniform general collective agreement applicable to all of the employees in Brazil. However, each state has regional trade unions organized according to occupation (drivers, production workers, etc.). There are 47 different collective agreements that apply to the Group in Brazil.

In Russia, Ukraine, Poland, Romania and Germany there is no general collective agreement in place that applies to the Group's employees, and the employees are not organized in trade unions. In Germany and Poland there are collective agreements that govern a number of labor aspects.

There is variance between the countries regarding the nature and conditions of employment agreements, which are influenced, among other things, by the provisions of the local law and accepted work culture in that country. At the same time, Group management's approach with respect to human resources in general is to apply a uniform policy insofar as possible, in all countries where it is active.

16.4 Compensation plans for Group employees

The Group incentivizes its employees for achieving qualitative objectives in their jobs and accomplishing the business unit's financial objectives, according to the employee's title and occupation. The objectives are derived from the Group's work plans.

16.5 Agency workers

The Group engages agency workers[70] according to need and to handle variable manufacturing and service needs In some of the countries of operation there is a maximum time limit for engaging agency workers - in Brazil it is 9 months, Romania up to 36 months, in Germany the period of engagement is capped at 24 months. In Israel, the Group is a party to agreements with

[69] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

[70] It is clarified that in Israel a distinction is made between manpower contractor agency employees and service contractor employees. A manpower agency contractor employee is an employee supplied by a manpower agency for a limited and temporary period (up to nine months) for purposes such as replacement, reinforcement of the workforce, or a trial period prior to direct employment. These employees are generally intended to perform routine work that is typically carried out by the Company's direct employees. A service contractor employee is an employee supplied by a company specializing in the provision of services within the contractor's area of expertise. There is no time limitation on the engagement of service contractor employees. Engagement with a service contractor is generally for the provision of a completed service rather than for the supply of specific individual employees.

a number of employment agencies for the supply of personnel services as required by the Group, for a limited period of up to 9 months. These agreements establish, *inter alia*, that no employment relationship shall exist between the workers of the employment agencies and the Group, and that the agencies shall bear the payment of wages and other social benefits to which the employees are entitled by law. According to the agreements, the Group will be indemnified and compensated by the employment agencies for damages or amounts which the Group is required to pay in any case where the agreement is construed in such manner that an employment relationship exists. The agreements with these agencies were drawn up in accordance with the provisions of the extension order in the manpower sector, with the goal of ensuring that the agencies will comply with the provisions of the extension order. The Group has crafted tools and control mechanisms to enforce the performance of the provisions of the extension order by these companies, which include, among other things, receipt of confirmation from the agency accountants that payment of employment rights has been properly made.

16.6 Officers and managers

16.6.1 Long-term equity-based compensation plan

For information on the senior employee stock ownership plan (ESOP) of May 2003, see Note 20.1.1 to the Financial Statements of the Company as of December 31, 2025.

16.6.2 Incentive for managers and senior employees

The annual incentive for the Chairperson of the Board of Directors and the CEO is based on meeting the Group's financial budget targets as well as a discretionary incentive. The annual incentive for other managers in Israel is based on the achievement of the Group's financial budget objectives or the achievement of a combination of said objectives and financial budget objectives of the relevant operation, accomplishment of the manager's functional objectives, plus a discretionary incentive (which may, according to the remuneration policy for officers of the Company, alternatively be awarded to officers who are subordinated to the CEO on the basis of non-quantifiable criteria, considering the officer's contribution to the Company). A special bonus may also be awarded under special circumstances. For the provisions of the remuneration policy for officers of the Company, and among other things with respect to officers' incentives, see the immediate report (supplementary) of July 8, 2025 (reference no: 2025-01-050308). The incentive for managers in companies outside of Israel is based on the achievement of financial budgetary targets of the relevant operation or a combination of said targets and the subsidiary's financial budget targets, and on the achievement of the manager's functional targets.

16.6.3 Benefits and employment agreements

The Group's officers and senior management are employed under personal employment contracts, which include, among other things, pension coverage in various tracks. Officers and senior management are entitled to an adjustment period, severance pay arrangements and other special personal arrangements. For additional information see regulation 21 in the Additional Information on the Corporation report as of December 31, 2025. For information on insurance, release and indemnification arrangements for officers of the Company, see regulation 29a in the Additional Information on the Corporation report as of December 31, 2025 and Note 21.4.2 to the Financial Statements of the Company as of December 31, 2025.

17.Financing

17.1 General

The Group finances its operations using its own resources, loans from banks and financial institutions and non-bank credit. For information on bank and non-bank loans of the Company and its subsidiaries, including debentures issued by the Company, see Note 18 to the Financial Statements of the Company as of December 31, 2025.

For information on secured lines of credit, see Note 18.6 to the Company's Financial Statements as of December 31, 2025.

Presented below is the average interest rate and effective interest rate on bank and non-bank loans, which are not designated for special purposes by the Group, in effect during 2025, according to the Company's Management Reports, as defined in section 5 above:

Average and effective interest rates			
	Short-term loans	**Long-term loans**	**Average rate**
Group headquarters			
Bank sources	5.59%	-	5.59%
Non-bank sources [(1)]	-	3.98%	3.98%
Strauss Israel			
Non-bank sources	-	5.19%	5.19%
Strauss Coffee			
Bank sources	11.72%	12.27%	12.1%
Non-bank sources	-	2.90%	2.90%
Strauss Water			
Non-bank sources	6.04%	6.00%	6.01%
Average weighted interest rate	**9.11%**	**6.02%**	**6.45%**

(1) Including Series E and F Debentures.

17.2 Reportable credit

For information on Series E Debentures and Series F Debentures issued by the Company (including the expansions of Series F performed in June 2025 and January 2026), see Notes 18.3, 18.4 and 18.5 to the Financial Statements of the Company as of December 31, 2025.

For information on the debt and associated financing expenses according to the Company's Management Reports as defined in section 5 above, see sections 11 and 13 of the Board of Directors' Report as of December 31, 2025.

17.3. Restrictions in procuring credit

For information on limitations applying to dividend distributions, see section 4 above.

The Company has undertaken towards banks and institutional investors, which granted loans to the Company, and also within the framework of debentures issued by the Company, not to create any charges on its assets in favor of any third party without receiving the consent of the banks and other lenders in accordance with the terms and conditions of the letters of undertaking (other than the possibility of providing specific collateral to secure certain loans). For further information, see Note 21.2 to the Financial Statements of the Company as of December 31, 2025.

For information on financial covenants, see Note 18.5 to the Financial Statements of the Company as of December 31, 2025.

For information on grounds for acceleration of debentures issued by the Company, see Note 18.4 to the Financial Statements of the Company as of December 31, 2025.

As of the date of this report the Company is compliant with all its above undertakings.

17.4 Variable credit

The following table presents the Group's variable credit for 2025 according to the Company's Management Reports, as defined in section 5 above:

Variable credit				
	Change mechanism	Interest rate range during the year	Amount of credit as of December 31, 2025 [1]	Interest rate proximate to publication of the report
Group headquarters	NIS - Prime	5.7%-4.88%	52	0.00%
Strauss Coffee	Real	13.96%-15.99%	613	15.83%
Strauss Coffee	RON (Leu)	8.1%-6.79%	18	6.86%

[1] In NIS millions.

17.5 Credit rating

For the Company's liquidity forecast, see section 19 of the Board of Directors' Report as of December 31, 2025.

18. Taxation

18.1 Tax laws applicable to the Group members in and outside Israel

For further information, see Notes 32.1 and 32.2 to the Financial Statements of the Company as of December 31, 2025.

18.2 Assessment proceedings for the Group members in and outside Israel

For further information, see Note 32.6 to the Financial Statements of the Company as of December 31, 2025.

18.3 Main benefits under the Encouragement of Capital Investments Laws and relevant laws in the countries where the Group operates

For further information, see Note 32.1 to the Financial Statements of the Company as of December 31, 2025, and Note 25e to the financial statements of Três Corações (JV)[71] as of December 31, 2025.

For information on claims from the tax authorities in Brazil, see Note 21.1.8 to the Financial Statements of the Company as of December 31, 2025, and also Note 23 to the financial statements of Três Corações (JV)[72] as of December 31, 2025.

18.4 The Company's primary tax rate compared to the effective tax rate

For further information on the tax rate, see Note 32.9 to the Financial Statements of the Company as of December 31, 2025.

18.5 Carryforward losses and tax credits

For deferred taxes in respect of losses, see Note 32.10 to the Financial Statements of the Company as of December 31, 2025. For losses in which respect no deferred taxes were recorded, see Note 32.4 to the Financial Statements of the Company as of December 31, 2025.

[71] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

[72] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

19. Environmental risks and their management

In general, the production processes in the Group's manufacturing plants involve the generation of wastewater, air pollution, the use of hazardous materials, consumption of energy and water resources, and packaging waste. The Group consistently works to reduce the environmental impact of production activities, by investing in production methods and environmental conservation facilities at its disposal and by complying with environmental regulations at all of the Group's sites worldwide.

Beyond the direct operational environmental impacts, the Group operates in a global business environment in which stakeholders such as investors, customers and retail chains, particularly outside Israel, may expect food companies to demonstrate transparency and continuous improvement in environmental performance. Such expectations may impact the reputation and ESG ratings of food companies.

19.1. Environmental risks that have had or are expected to have a material impact on the Group

19.1.1. Wastewater

The generation of wastewater and industrial effluents is an integral part of the ongoing operations of the Group's manufacturing facilities. In the event of malfunction or improper operation, it may lead to the leakage of contaminants into soil, groundwater and surface water bodies, thereby harming ecological systems, creating odor nuisances and leading to regulatory violations. Wastewater in the food industry is characterized by a high organic load, concentrations of fats, microbial contaminants and cleaning agents, and therefore requires high-quality treatment.

Israel:

At the Group's facilities in Israel, wastewater is generated containing, *inter alia*, organic materials, oils and salts. The quality of discharged wastewater is governed by applicable legal provisions, including the Water Regulations (Prevention of Water Pollution) (Industrial Effluent Discharge Standards), 2003; the Water and Sewage Corporations Law, 2001 and the regulations thereunder; and the Business Licensing Law (Salt Concentrations in Industrial Wastewater), 2003.

In order to comply with these requirements, the Group invests in wastewater pre-treatment facilities prior to discharge into municipal systems. These facilities rely on advanced technologies, such as physical or chemical separation systems, sludge treatment systems and biological reactors.

At some of the Group's manufacturing sites in Israel there are deviations from the required concentrations of organic pollutants under the Water and Sewage Corporations Rules (Pollutant Concentrations Discharged to the Sewer System). Accordingly, such sites have obtained periodic approvals for relief in respect of organic load concentrations (COD - Chemical Oxygen Demand), in accordance with the mechanisms set out in such rules. COD relief has been granted to the Group's plants in Nof HaGalil, Sderot (as of November 2025) and Carmiel; nitrogen concentration relief has been granted to the coffee plant in Tzfat and the salty snacks plant in Sderot; and relief in respect of dissolved sulfide concentrations has been granted to the dairy plant in Achihud. In addition, certain Group sites do not meet the required salt concentration thresholds under the Business Licensing regulations. Those facilities have obtained relief from the Ministry of Environmental Protection pursuant to those regulations.

As part of the Group's policy to reduce environmental impact, the Group continues to invest in infrastructure across all pre-treatment facilities at its plants in Israel in order to achieve optimal treatment capability. In 2025, approximately NIS 12.2 million was invested in upgrading wastewater facilities at the Company's sites in Israel. In addition, the upgrade of the wastewater treatment facility in Achihud was completed and commenced operations in August 2025. In the Company's assessment, this upgrade is expected to eliminate the need for relief in respect of dissolved sulfide and to reduce the cost of continued treatment in cases of nitrogen or phosphorus concentrations exceeding the required thresholds.

In October 2025, an update to the Water and Sewage Corporations Rules was published, including a revision to the threshold for electrical conductivity. The updated threshold is expected to begin to be measured as early as January 2026. To the best of the Company's knowledge, a payment mechanism has not yet been established by the regulator. The Company estimates that no payments in respect of such deviations will be required prior to 2027 and is currently evaluating its preparedness for the implementation of these changes.

The above information regarding payment for deviations constitutes forward-looking information as defined in the Securities Law, which is based on the Company's assessments and the information held by it as of the date of the report. Such estimates may not materialize or may materialize differently from those stated above, *inter alia* due to different factors including regulatory changes and how they are implemented.

The Company is preparing for the application of the provisions of the Integrated Licensing Law - Environmental Protection (Streamlining Environmental Licensing Procedures) (Legislative Amendments), 2024 (the "Integrated Licensing Law"), to the food industry in 2028. The Company estimates that the Law will increase oversight of issues such as emissions from production facilities, management of industrial wastewater and compliance with waste

treatment standards.

Environmental events:

In 2025, ongoing exceedances were recorded in phosphorus and nitrogen levels in the wastewater of the dairy plant in Achihud. These exceedances ended in August 2025 with the commencement of operations of the new facility for nitrogen and phosphorus removal, as described above.

Brazil:

In Brazil, the Group's facilities are subject to local legislation, including Federal Law No. 416-FZ on Water Supply and Water Disposal. All of the Group's plants in Brazil operate wastewater treatment systems and follow a regular monitoring procedure in accordance with the Group's internal procedures, sustainability standards, the applicable legislation in each country and the guidelines of the local water authorities. At seven of the Group's facilities in Brazil, biological wastewater treatment plants are in place, following which the treated effluents are discharged into the municipal sewage system of the relevant local authority.

In 2025, no exceptional environmental events or fines were recorded at the Company's sites in Brazil, and the operations substantially complied with applicable legal requirements.

Europe:

The Group's sites in Europe are subject to local legislation derived from European Union directives. The Water Framework Directive (Directive 2000/60/EC) constitutes the primary legal framework governing required water quality standards. In addition, on January 1, 2025, Directive (EU) 2024/301 (Urban Wastewater Treatment Directive - UWWTD) entered into force. The Company will examine its preparedness in accordance with applicable local legislation, as required.

In Germany, the facility conducts continuous monitoring and daily sampling of wastewater. COD concentrations in the wastewater exceed the permitted levels and require additional treatment by the local water and sewage corporation. In 2025, wastewater treatment costs amounted to approximately NIS 1.9 million, of which approximately one-third related to additional treatment.

In Poland, the facility implements operational and preventive measures aimed at reducing water pollution risks and strengthening quality control at its facilities. These include periodic inspections, field testing and continuous monitoring of wastewater, emergency procedures in the event of water or soil contamination, and employee training.

In Germany, Romania and Poland, there were no violations or fines, and operations complied, in

all material respects, with applicable legal requirements.

Russia:

The Company's operations in Russia are subject to Federal Law No. 416-FZ, "On Water Supply and Water Disposal". Supervision is carried out by the federal environmental regulatory authority. The Group's operations in Russia complied, in all material respects, with applicable legal requirements.

19.1.2 Air pollution

As a result of the Group's production processes at its facilities as well as transportation and distribution activities, air pollutants are emitted from several sources, including: Fuel combustion for heat and energy generation, combustion processes in ovens, product transportation and from using cooling liquids such as freons and ammonia.

Israel:

Requirements relating to air pollutant emissions are incorporated, where required by law, into the business licenses of the Group's facilities in Israel. As aforementioned, beginning in January 2027, the Group's facilities in Israel will be subject to the provisions of the Integrated Licensing Law – Environmental Protection (Streamlining Environmental Licensing Procedures) (Legislative Amendments), 2024. Under the law, the Group will be required to regulate its activities at its facilities and implement an integrated environmental management framework.

In 2025, air sampling was conducted at all factory chimneys in Israel in accordance with the requirements specified in the facilities' business licenses. At the confectionery plant in Nof Hagalil, an exceedance in CO concentration was detected in two baking ovens. The Company is acting to comply with the requirements of the business license.

Brazil:

In Brazil, the Group's sites are subject to federal legislation, including the Federal Law on Atmospheric Air Protection No. 96-FZ, which establishes maximum emission values for industrial manufacturing processes. The Group's operations in Brazil monitor emissions as required by law and internal procedures, which primarily arise from stationary emission sources: Fuel consumption, such as generators, boilers and coffee roasting facilities. Filtration systems are installed at the roasting facilities and are replaced on a regular basis.

In 2025, no emission exceedances were recorded and the operations complied with applicable legal requirements.

Europe:

The Group's sites in Europe operate in accordance with local laws and European Union directives regulating air emissions.

The operations in Romania do not generate significant emission sources and, accordingly, under local law no dedicated permits or special monitoring mechanisms are required in the area of air pollution.

In Poland, the Company manages emissions and mitigates associated risks through the use of dedicated solutions for monitoring, reduction and prevention of air emissions.

In Germany, the Company manages emissions and reduces the associated risks through the use of an advanced air purification system, through emission monitoring and external testing as required under the plant's permits, including at the biomass power plant facility, while complying with legal requirements.

Russia:

In Russia, the Group's operations are subject to Federal Law No. FZ-96 "On Atmospheric Air Protection". The Group accordingly monitors the emission of pollutants or hazardous substances into the air from both stationary and mobile sources, while complying with legal requirements.

19.1.3 Hazardous materials

Most of the hazardous materials used by the Group are employed in cleaning processes at its facilities, wastewater treatment processes and cooling processes. Leakage or improper use of hazardous materials may cause environmental contamination, harm ecological systems and lead to regulatory and operational consequences. The Group applies a strict policy, pursuant to applicable rules and regulation, to manage hazardous materials, it acts to reduce the use of hazardous materials, and ensures appropriate worker, management and supervisory training.

Israel:

Certain sites in Israel are subject to the Hazardous Materials Law, 1993, and are required to obtain toxin permits from the Ministry of Environmental Protection and renew them periodically. As of the publication date of the report, all relevant Group sites hold valid toxin permits.

Brazil:

The Group has a monitoring policy for potential sources of soil and water contamination, including those arising from hazardous materials, as well as preventive procedures associated

with the management and storage of chemical products, including criteria for storage, distribution, use, disposal, temporary storage of waste, and ensuring appropriate disposal in accordance with the law.

Europe:

The Group's sites in Poland, Germany, and Romania operate in accordance with local laws as well as relevant European Union directives. Monitoring and appropriate safeguards are implemented at all of the plants with respect to hazardous materials and their handling. These facilities operate in compliance with applicable legal requirements.

Russia:

The Group holds valid licenses for the use of flammable, oxidizing and toxic materials at the relevant production facilities. Oversight of these permits is carried out by regional supervisory bodies and the federal authority in compliance with applicable law.

19.1.4 Waste of natural resources (energy and water)

The Group monitors the energy and water consumption at the various facilities at each of its sites globally and implements productivity measures.

Israel:

In Israel, the Group's operations are conducted in compliance with the Energy Sources Law, 1989, and Israeli Standard 6464, which defines the requirements for the use of natural gas in industry. The Group's facilities in Sderot, Achihud, and Carmiel use natural gas. The coffee factory in Tzfat was prepared to connect to the natural gas system as part of the Natural Gas Authority's master plan. The facilities in Achihud and Yotvata use biogas from anaerobic wastewater treatment facilities to produce steam, which is considered renewable energy.

Brazil:

Water and energy consumption at the plants are monitored daily at the Group's facilities in Brazil. Based on metrics for water and energy consumption per ton of product, targets have been set to reduce water and energy consumption and to expand the use of recycled water.

Europe:

The Group's sites in Poland, Germany, and Romania operate in accordance with local laws as well as relevant European Union directives, including Directive EU/2023/1791 on energy efficiency.

In 2025, approximately NIS 11 million was invested in a project with a total cost (i.e., before obtaining a subsidy from the German government) of approximately NIS 40.8 million in a

modern boiler facility at the coffee factory in Germany, which will enable the production of steam as an energy source, reduce dependence on gas purchases, reduce greenhouse gas emissions, and use coffee waste as bio-mass.

Russia:

The Company's operations in Russia in relation to the prevention of natural resource waste are conducted in compliance with the provisions of the Federal Law on Environmental Protection (No. 7-FZ) and the regulations concerning waste management risks under the Federal Law on Production and Consumption Waste (No. 89-FZ).

19.1.5 Packaging waste and electronic waste

The Group invests in processes to reduce packaging weight, using recycled materials, and adapting packaging materials to recycling streams in the countries in which the Company operates. The Company implements preventive measures including employee training, visual labeling on containers, control audits, only working with authorized suppliers and collection entities, and establishing designated indicators for reducing waste and improving recycling rates. The Group also collaborates with sorting and recycling centers, implementing long-term solutions for collecting, sorting, and recycling packaging.

With respect to electronic waste, the Company operates within reverse logistics arrangements and reports on the collection and transfer of electronic equipment for treatment through authorized entities.

Israel:

The Group's facilities in Israel operate to reduce waste and promote recycling in accordance with applicable law, including primarily the Packaging Treatment Law, 2011, and the Waste Collection and Disposal for Recycling Law, 1993.

In addition, at Strauss Water, recycling activities are carried out in accordance with the Environmental Treatment of Electrical and Electronic Equipment and Batteries Law, 2012. Accordingly, Strauss Water operates (in cooperation with a third party) to recycle components (filters and bulbs) collected from customers and from its logistics center. Furthermore, upon installation of a new water dispenser, Strauss Water collects the customer's old unit and ensures that all equipment undergoes dismantling in accordance with applicable law.

An external audit of the implementation of the Packaging Law and the Electronic Waste Law is conducted annually based on the data for the preceding year (in 2025, an audit was conducted with respect to activities in 2024). The total cost of packaging waste treatment across all Group sites in Israel (including Strauss Water) in 2025 amounted to approximately NIS 13.3 million.

Brazil:

In Brazil, operations are subject to legislation governing the collection and treatment of packaging (Decree No. 11.413) and electronic waste (Decree No. 10.240).

In October 2025, an additional decree (Decree No. 12.688) was published, establishing further obligations relating to reverse logistics and reporting for plastic packaging, with the first reporting deadline set for July 30, 2027. The Company, together with the Brazilian Food Industry Association, is reviewing the technical and economic aspects of implementing the decree, including certain requirements which, in its view, are not applicable to the food industry, particularly with respect to the use of post-consumer recycled (PCR) plastics, which are not permitted for primary packaging under sanitary regulations. At the same time, the Company continues to operate reverse logistics programs for plastic packaging, develop new packaging solutions, and identify alternative suppliers accordingly.

As part of its operations in Brazil, approximately 12,072 tons of packaging waste were recycled in 2025 (representing 32% of total packaging distributed by the Company). In addition, ongoing programs are in place for the collection of capsules and devices. In 2025, coffee machines weighing 229 tons (representing 18% of total products sold) were collected and recycled. The cost of packaging waste treatment in Brazil in 2025 amounted to approximately NIS 3.02 million.

Europe:

At the Group's sites in Europe, several local laws apply alongside European Union directives regulating the treatment of waste and packaging waste. The principal regulation in this area is Regulation (EU) 2025/40 of the European Parliament and of the Council on Packaging and Packaging Waste, amending Regulation (EU) 2019/1020 and Directive (EU) 2019/904, and repealing Directive 94/62/EC.

These directives establish the general framework for the treatment of all types of waste in EU member states, the reduction of environmental damage from landfill sites, and the creation of a separate mechanism for the collection and treatment of packaging waste, including the establishment of recycling and recovery targets. The Group's activities at all of its sites in Europe substantially comply with the applicable legal requirements.

Russia:

The operations in Russia, including waste generated from packaging materials, are subject to the local waste management framework under Federal Law No. 89-FZ "On Production and Consumption Waste". The Group's activity in Russia materially complies with applicable law.

19.1.6 Climate change

Global warming and the related climate changes both affect and are affected by the Group's operations.

The Group's impact on the climate results from greenhouse gas emissions generated throughout its activities across the value chain.

The materialization of climate risks may impact the Group's activity – both due to the increasing frequency and severity of extreme weather events ("physical risks"[73]) and due to "transition risks", namely regulatory, technological and market changes. Accordingly, climate risks are managed on an integrated basis by the Group's sustainability unit at headquarters and are incorporated into the Group's enterprise risk management (ERM) framework. In addition, the Group manages various climate risks at the level of its business units.

In 2025, the Group initiated a comprehensive process to identify and map climate risks, in accordance with accepted international methodologies (TCFD, ISSB S2). The risks were assessed across different time horizons[74], taking into account potential operational and financial impacts and their implications for the Group's companies and value chain.

This process identified several material transition risks, particularly regulatory risks arising from increasingly stringent requirements, including: obligations relating to sustainable packaging and waste reduction; restrictions on the use of water resources; reduced availability of land for agriculture; deforestation restrictions (EUDR); carbon pricing; and extensive disclosure requirements such as CSRD and CSDDD. These requirements may lead to increased procurement, operational, R&D and capital expenditure costs, as well as exposure to penalties in the event of non-compliance. In parallel, market risks were identified, including changes in the supply and demand of raw materials and increasing expectations from consumers, investors and business partners with respect to sustainability. For example, the Israeli banking system is required, as of June 2026, to implement Directive 345 for the management of climate risks, and to assess, as part of banks' risk management frameworks, the climate risks of their borrowers. In addition, there may be increases in energy costs and in legal and reputational risks associated with litigation and "greenwashing" claims.

These transition risks may result in a decline in revenues, an increase in expenses, a need to transition to renewable technologies, potential reputational harm, and increased complexity in medium- to long-term strategic planning.

[73] The classification is based on the TCFD methodology for climate risk management.

[74] In accordance with prevailing best practices in the field of climate risk management, the definition of time horizons is as follows: short term – up to three years; medium term – three to ten years; and long term – ten years and beyond.

In addition, material physical risks were identified[75], arising from the intensification of climate-related phenomena. Extreme events such as storms, floods, wildfires, droughts and frost, alongside chronic climate changes - including rising average temperatures and increased frequency of heatwaves - may adversely affect worker safety, the quality and supply of plant and animal-based raw materials, the Company's ability to supply products to customers on an ongoing basis, and may lead to reduced revenues due to decreased production capacity and increased operating and freight costs.

For more information see section 25 below (Discussion of risk factors and their management).

The Group intends to further deepen its assessment of climate risks and the related exposures.

19.2 The Group's environmental management policy

Environmental and climate risks are managed and reported periodically to management and to the Board's Risk Management Committee, which oversees the implementation of the ERM framework and the Group's risks, including environmental and climate risks. Accordingly, an annual mapping and assessment of macro-level environmental and climate risks is carried out by the relevant professional functions, under the supervision of the Risk Management Department.

Within the Company's management, the Chief Operations Officer is responsible for the ongoing management of all environmental and climate-related matters across the Group. The Chief Operating Officer receives reports from the various EHS (Environment, Health and Safety) managers of the Group's business units.

The Group maintains an environmental policy that applies to all of its operations in Israel and worldwide, across its subsidiaries and all sites, supported by policy documents and environmental management standards. In addition, relevant geographies, subsidiaries and business units maintain dedicated environmental management policies, as applicable. Implementation and enforcement of these policies are carried out, *inter alia*, through environmental management systems and through periodic reviews of compliance with applicable ISO standards (14001, 9001, 45001), including internal audits conducted by Company personnel and external audits conducted by third parties. In the relevant geographies, environmental policies are also maintained in accordance with the requirements of applicable authorities and regulators.

[75] Physical risks are categorized as **acute** risks (for example, intensified flooding or wildfires) and **chronic** risks (long-term changes such as sea-level rise).

19.3 Total environmental costs and investments

Israel:

Total ongoing costs incurred to prevent or mitigate environmental impacts in Israel amounted to approximately NIS 34 million in 2025. These costs include wastewater treatment and disposal, waste removal, and management and payments to local recycling corporations (as detailed above in section 19.1.5).

The Group's investments in environmental equipment and technologies in 2025 totaled approximately NIS 27.54 million.

Coffee facilities outside Israel:

In 2025 the ongoing costs of managing environmental risk, including, among other things, wastewater treatment and disposal, waste removal, management expenses and payments to recycling corporations, came to approximately NIS 9.9 million.

Furthermore, approximately NIS 11.5 million was invested in environmental and operational projects aimed at improving efficiency, reducing environmental risks and strengthening compliance with regulatory requirements. These investments included energy efficiency programs, wastewater treatment, the establishment of waste treatment infrastructure, initiatives to improve water-use efficiency, investments in air pollution prevention and additional investments required to ensure operational continuity and compliance with environmental and safety standards.

As of the publication date of this report, neither the Company nor any of its senior officers is party to any material legal or administrative proceedings relating to environmental matters. The Company was also not party to any such proceedings during the reporting year and did not incur material costs in respect of legal actions relating to environmental issues.

20. Restrictions and oversight of the Group's operations

20.1 Legislation in the food and beverage industry and consumer legislation

The Group's food and beverage products in the countries in which it operates are subject to laws, regulations and orders relating, among other things, to packaging standards, quality, hygiene and health requirements, manufacturing, processing, trade and storage of food and beverages, as well as the labeling and identification of products and their ingredients, including nutritional values and expiration dates, and quality and health standards for food additives as well as others.

For example, **in Israel**, the Public Health Ordinance (Food) [New Version], 1983 addresses the protection of public health by establishing rules and requirements for the supervision of the production, import, marketing, storage and labeling of food; the Standards Law, 1953 establishes the authority of the Standards Institution of Israel to determine, publish and enforce official standards for products and services; the Supervision of Prices of Services and Goods Law, 1996 regulates the State's authority to impose supervision over prices, quality, supply and the provision of essential services; the Public Health Protection Regulations (Food) (Nutritional Labeling), 2017 regulate the presentation of nutritional information on food packaging; and the Public Health Protection Law (Food), 2015 regulates the overall food safety requirements in Israel.

In addition to the legislation governing safety in the food and beverage industry, the Group is subject to specific consumer-related regulations addressing, among other things, prohibitions against misleading consumers, obligations to provide full disclosure of information, and compensation to consumers for bodily injury caused as a result of defective products (such as under the Consumer Protection Law, 1981, which regulates prohibitions on misleading consumers and the duty of full disclosure, and the Defective Products Liability Law, 1980, which imposes liability on manufacturers for bodily injury caused by product defects).

For legal provisions relating to the environment which apply to the Group, see section 19.1 above.

20.1.1 Promotion of Competition in the Food Sector Law

20.1.1 (a) The Promotion of Competition in the Food Sector Law, 2014 (the "**Food Law**") regulates the relationship between suppliers and retailers in Israel. The law defines the terms "retailer" and "supplier," and establishes the definition of a "**large supplier**" – a supplier whose annual sales turnover to retailers exceeds NIS 344 million, or a supplier that holds a monopoly – and a "**large retailer**" – a retailer whose annual sales turnover exceeds NIS 286 million. The Food Law generally imposes a number of restrictions and prohibitions on suppliers in their relationships with retailers. For example, a supplier is prohibited from interfering with the consumer price or the conditions under which the retailer offers a product of that supplier or of another supplier. With respect to the prices of the supplier's own products, the prohibition on intervention applies only to a large supplier. A large supplier is also prohibited from dictating, recommending or otherwise intervening in the allocation of shelf space at the retailer, as well as in the volume of products purchased by the retailer out of its total purchases – whether with respect to a specific product or a specific category – of that supplier or of other suppliers. The law further establishes prohibitions applicable to suppliers in their engagements with large retailers. For example, a supplier is prohibited from transferring payments to a large retailer, whether in cash or in kind, except in limited cases specified in the law. Additionally, a large

supplier may not be party to an arrangement with a large retailer that results in "prohibited pricing," as defined in the law, including the sale of some units of a product at a price lower than the marginal cost of supplying that product to the large retailer. Furthermore, a large supplier, or any party acting on its behalf, is prohibited from arranging products on the shelves of a large retailer or from dictating, recommending or otherwise intervening in such arrangements.

Alongside these provisions, the Food Law authorizes the Director General of the Israel Competition Authority to grant exemptions in certain matters. Accordingly, since the law came into force, temporary provisions and rules have periodically been enacted permitting, under defined conditions, certain actions and arrangements relating to the placement of products in the stores of large retailers. As of the date of this report, the Food Law does not have a material impact on the Group's activities in Israel.

On June 1, 2023, the Food Law was amended through a temporary provision, which has been extended until December 31, 2028. Among other things, the amendment introduced provisions aimed at reducing the conglomerate power of large suppliers. In particular, a large supplier is prohibited from granting a large retailer a discount on one product that is contingent upon the purchase of another product (as defined in the guidance of the Israel Competition Authority[76]) of the same large supplier. Based on the definition of "large supplier" above, the Company qualifies as a large supplier. The Company has assessed the effect of the amendment on the Group's activities and, in light of its commercial conduct, believes that the amendment does not have a material impact on the Group's operations.

20.1.1 (b) On June 24, 2024, the Competition Authority published the Rules for Promotion of Competition in the Food Sector (Exemption of Actions and Arrangements Relating to the Arrangement of Products in the Store of a Large Retailer) (Temporary Order) (No. 2), 2024 (the "**New Arrangement Exemption**"). This exemption determines that the arrangement of goods by large suppliers will only be permitted in the stores of large retailers where the total sales of products of suppliers that are not large suppliers in all the stores of each such retailer account for at least 55%, with this percentage being raised by one percentage point per year, up to 60%. The practical implication is that the Company, as a large supplier, may no longer perform in-store product arrangement, except in limited cases that meet the conditions of the exemption. The Company has examined the effect of the New Arrangement Exemption on the Group's activities and, in light of the actions taken by the Group, including structural adjustments made to the sales array prior to the full entry into force of the exemption in July 2025, assesses that the new exemption does not have a material impact on the Group's activities.

20.1.2 Public Health Protection Law – Import Reform

Amendments were made to the Public Health Protection Law (Food), 2015 (below in this section

[76] Guidance 4/23 of the Israel Competition Authority regarding the definition of "another product": https://www.gov.il/he/pages/finalopinion3-23

the "**Law**") with the aim of facilitating food imports into Israel and removing significant import barriers resulting from the strict regulatory framework applicable to food imports, *inter alia* by adopting certain elements of European regulation (the "**European regulation**").

As part of the reform, three European regulatory frameworks relating to microbiological contaminants, chemical contaminants and pesticide residues were adopted, and the official status of approximately 100 food standards was cancelled, thereby allowing the import and manufacture of food products without requirements unique to Israel. Notwithstanding the cancellation of the official status of such standards, certain standards remained binding under the Consumer Protection Order (Labeling and Packaging of Food Products), 1998, which require compliance with labeling and content requirements pursuant to that order.

However, the cancellation of the official status of the standards provides greater flexibility in modifying product specifications and in the use of alternative raw materials that were not previously permitted. At the same time, the Group continues to maintain a high level of quality through the application of stringent internal standards established as part of its quality management system, with the objective of preserving the Group's brand reputation.

In addition, in order to shorten waiting times and facilitate the release of goods at ports, a special track was established for importers registered as "recognized importers", enabling accelerated release of imported food products approved for marketing in the European Union. The Group has nine importing entities registered as recognized importers in the importer registry maintained by the National Food Service. Under this framework, the Group imports raw materials (such as butter and dairy beverages) through a simplified procedure (the "**European track**").

The easing of import procedures under the European track contributes to shorter import processing times, improved supply chain efficiency and reduced operational costs. Opening the market to food imports under the European track increases competition from new importers and foreign brands. At the same time, the reform enables the Group to access products, raw materials and advanced technologies from EU countries and contributes to innovation and the expansion of the product offering to consumers.

In addition to the adjustments implemented to date in line with European regulation, Amendment No. 10 to the Public Health Protection Law (Food) was published in August 2024 as part of a broader reform that includes the adoption of approximately 40 additional regulations from the European regulation. The reform is intended to deepen alignment with European law in the areas of food safety, product composition and labeling.

The amendment also establishes an obligation for all food businesses in Israel to implement a self-regulation[77] food safety system. Enforcement will focus primarily on the marketplace, with

[77] "Self-regulation food safety system" – an internal system for managing food quality and safety throughout all stages of the production, import, storage

sanctions and financial penalties imposed for violations. The Company's manufacturing facilities in Israel hold GMP (Good Manufacturing Practice) certification from the Ministry of Health, which represents a higher standard than the minimum requirements for a self-regulation safety system, and the Company is therefore prepared to comply with the new requirements.

The adoption of the European regulation is expected to allow the Group to expand its supplier base and engage with alternative suppliers, thereby reducing reliance on individual suppliers. In practice, the import relief measures entered into force in 2023, although to date no material impact on the level of competition in the market has been observed. However, the continued deepening of the reform may increase competition, particularly from international players, although at this stage no adverse effect on the Company's market share is expected. The Company believes that the amendments to the Law have a positive impact on its operations, primarily in relation to imports, the availability of raw materials and the reduction of costs. This assessment constitutes forward-looking information as defined in the Securities Law, based on the Company's estimates in accordance with the information available to it as of publication date of this report. These assessments may not materialize or may materialize differently from those described above, *inter alia* due to legislative developments, market conditions or the realization of risk factors affecting the Group's activities, as detailed in section 25.2.11 below.

In addition to the adoption of the European regulation, on September 21, 2025, the Ministerial Committee for the Reduction of the Cost of Living decided to adopt U.S. regulation (which is more lenient than the regulation previously applicable in Israel, the "**U.S. regulation**") as an additional parallel import track alongside the existing Israeli framework and the European track. The objective is to reduce the cost of living, encourage competition and facilitate imports, particularly in the areas of food, cosmetics and electrical products, while maintaining Israeli labeling requirements and ex-post regulatory supervision. The decision includes legislative amendments that had not yet been completed as of the publication date of this report, the allocation of a dedicated budget, the establishment of an advisory committee and the regulation of a track for importing food from the United States subject to FDA requirements and the authority of the Ministry of Health. Alongside the opportunities arising from these measures – including streamlining processes, shortening import times for components and products from the United States, reducing costs and encouraging innovation – certain risks also exist, including regulatory complexity resulting from the parallel adoption of European and U.S. regulatory frameworks, potential discrimination against or harm to domestic manufacturers, increased competition from imported products, uncertainty during the transition period and potential

and marketing chain, including food safety risk analysis, the establishment and implementation of control procedures, comprehensive digital documentation, product traceability, management of deviations and complaints, and the implementation of internal control mechanisms throughout the production and import chain.

concerns regarding quality and safety perceptions due to the more lenient regulatory framework.

The above assessment constitutes forward-looking information as defined in the Securities Law and is based on the Company's estimates and the information available to it as of the publication date of this report. These assessments may not materialize or may materialize differently from those described above, *inter alia* due to legislative developments, market conditions or the realization of risk factors affecting the Group's activities, as detailed in section 25.2.11 below.

20.1.3 Control over product prices

The Supervision of Prices of Services and Goods Law, 1996 (in this section: the "**Law**"), enables the minister in charge, *inter alia*, to apply the provisions of the Law by issuing an order with respect to a specific product or service where the conditions set forth in the Law justifying price control are met (including, among others, products or services that are essential and for which price control is required in the public interest, or products or services in respect of which a monopoly has been declared). Once the Law has been applied to a particular product (or service), the Law allows for the appointment of a supervisor over the price of that product or service and also allows the minister, by order and following consultation with the Price Committee as defined in the Law, to determine the price, a maximum price or a minimum price for that product or service. For the Group's price-controlled products, see sections 8.2.14 and 8.3.14 above. For restrictions and oversight to ensure fair prices for manufacturers, dairies and the public, see section 8.2.14 above. For more information about the Food Law, see section 20.1.1 above.

20.1.4 Declarations as a monopoly

A monopoly holder (i.e., a person holding more than 50% of the total supply of goods or services, or more than 50% of their total purchase in the relevant market, as well as a person holding significant market power in the supply of such goods or services, as defined in the position of the Israel Competition Authority[78]) is required to refrain from abusing its market power in a manner that may harm competition or the public. Pursuant to this obligation, a monopoly holder is prohibited from: Unreasonably refusing to supply a product, setting unfair prices, applying dissimilar terms to equivalent transactions, or tying products together. A corporation that violates competition laws, including the provisions relating to monopolies, may be subject to criminal sanctions, financial penalties, and civil claims, including class actions. In addition, among the statutory tools established under the Economic Competition Law, the Director General of the Israel Competition Authority is authorized to intervene in matters that may cause significant harm to competition or the public by issuing guidelines and instructions to the

[78] Disclosure 2/19 of the Israel Competition Authority regarding the method of examining "significant market power": https://www.gov.il/he/pages/opinion2-19

monopoly holder. These restrictions, if and to the extent that they are imposed, are liable to affect the operating segment results.

For declarations of the Company as a monopoly and the Competition Commissioner's instructions in this regard, see section 8.2.14.1 (dairy desserts); section 8.3.14 (chocolate tablets) and section 8.4.17 (instant coffee and cocoa powder for domestic consumption) above. For the risk factor also see section 25.1.J.3 below.

20.1.5 Operating licenses

In general, the Group's operations require licenses and permits according to the legislation in each country, such as a business license, manufacturing license, and licenses to hold hazardous/poisonous substances. Some of the licenses and permits are given permanently, but most of them are given for fixed periods and require renewal at the end of the term of the license. As of the date of this report, the above licenses are valid, or the Group is taking action for their renewal.

20.2 Legislation specific to the Group's operating segments (excluding Strauss Water)

20.2.1 Health & Wellness segment

20.2.1 (a) The Milk Sector – The dairy industry in Israel is currently a fully planned sector in all its aspects under the Milk Sector Planning Law, 2011 (the "**Milk Law**"). Under the Milk Law, the government, through the Ministers of Agriculture and/or Finance, is responsible for determining policy in the sector, including setting the total volume of raw milk production, the target price (based on the recommendation of the Dairy Board) and the consumer prices of price-controlled dairy products, as applicable, through regulations. The implementation of policy and supervision (including allocation of quotas among dairy farmers, oversight of production, management of milk surpluses and professional licensing) is entrusted to the Dairy Board – a public benefit company whose members include relevant representatives from the dairy sector, including government representatives, farmers' organizations, public representatives and the dairies.

The Milk Sector Planning Regulations (Mechanism for Updating Minimum Prices per Liter of Milk), 2012, determine the method for calculating, publishing and updating the target price.

In January 2021, the Ministries of Finance and Agriculture signed a sectoral agreement extending the validity of the Milk Law and regulating the policy governing local production and importation of dairy products to Israel for the following five years. The extension of the Milk Law reduced the uncertainty that had previously characterized the sector by extending the applicability of the existing mechanisms.

In June 2022, an agreement was signed between the government ministries and industry stakeholders to regulate the updating of prices of price-controlled dairy products and the pricing mechanisms in the dairy sector. The agreement includes an increase in price-controlled prices, the promotion of an automatic update mechanism for the minimum prices of price-controlled dairy products, an update to the method of calculating production costs, and recommendations for regulatory measures and opening the market to imports, including expanding import quotas and cancelling tariffs on certain types of cheeses. In addition, it was agreed to establish an inter-ministerial committee to examine measures to promote efficiency in the dairy sector and to recommend their implementation to the ministers, so that they may serve as a basis for government decisions and policy updates.

In addition, in April 2025, the Ministry of Agriculture published a draft amendment to the Milk Law in the form of the Milk Sector Planning Regulations (Reports and Issuance of Directives), 2025 (the "**Draft Milk Sector Planning Regulations**"). The purpose of the amendment is to establish a mechanism for regulating the supply of raw milk in the sector during shortages of raw milk.

Furthermore, as part of the government's policy to promote competition in the dairy sector, on November 8, 2025 the Ministry of Finance published the 2026 economic plan (the "**Arrangements Law**"), which includes a comprehensive reform of the dairy sector. As part of the reform, a memorandum of law to amend the Milk Law was published (the "**reform**"). The reform is based on cancelling the quota and price control regime, transitioning to a free-market model, and dismantling the Dairy Board while transferring its authorities to the relevant government ministries. The memorandum of law was approved by the Ministerial Committee for Legislation, passed its first reading in the Knesset plenum and was referred for discussion of the bill's wording in the Knesset Committee for Public Enterprises. The continuation of the legislative process requires further committee deliberations and votes for second and third readings in the plenum together with the Arrangements Law and the State Budget Law. Alongside the memorandum and as part of the reform, the Ministry of Finance announced the cancellation of all import duties on dairy products, effective January 2027. On March 11, 2026, the Joint Ventures Committee unanimously decided to separate the reform from the Economic Arrangements Law, meaning that, in practical terms, the reform will not be advanced as part of the state budget.

At this stage, there is uncertainty both regarding the continuation of the legislative process of the Draft Milk Sector Planning Regulations, the wording that may ultimately be adopted, and the continued advancement of the reform separate from the Arrangements Law and/or the advancement of the revocation of import duties on dairy products. Accordingly, as of the publication date of this report, the Company is unable to assess the impact of the Draft

Temporary Order, if and to the extent that the legislative process is completed, and the possible effects of the reform and revocation of import duties, if advanced, on its operations and business.

The information stated in this section, according to which the Company is unaware of any material impact of the Milk Law or the Milk Sector Planning Regulations on its operations, constitutes forward-looking information as defined in the Securities Law, based on the information available to the Company as of the publication date of this report and including the Company's estimates as of that date. There is no certainty that such estimates will materialize, *inter alia* due to regulatory developments, changes in the Israeli economy and the realization of risk factors applicable to the Group's operations, as detailed in sections 25.2.I.3 and 25.2.K below. The Company continues to monitor the legislative process and prepares accordingly based on the information available to it as of the publication date.

20.2.1 (b) Honey Imports – In November 2024, a discussion was held in the Knesset Economic Affairs Committee regarding bottled honey import quotas through an auction mechanism. As part of the discussion, it was determined that a group of Members of Knesset, together with other stakeholders such as farmers, distributors, manufacturers and importers, would examine the balance between the need to address shortages and reduce the price of honey in Israel during the Jewish new year Tishrei holiday season, and concerns regarding possible harm to the pollination process (a biological process in which pollen is transferred for fertilization and the creation of fruits and seeds).

Following the above, in April 2025 a temporary two-year framework for honey imports was established, incorporating the views of all stakeholders. This framework enables the honey sector and Yad Mordechai to plan their business activities for the following year in a responsible and orderly manner. It was further determined that at the end of 2026 the framework will be re-examined and, provided that no objections are raised by any of the stakeholders, the framework will be extended for additional years.

This framework affects the Company's operations in the honey category, as it allows the procurement of raw materials through imports from outside Israel without customs duties.

The information stated in this section, including the changes relating to honey imports and the assessment that they are expected to materially affect the Company's operating results in the honey category, constitutes forward-looking information as defined in the Securities Law, based on the Company's estimates and on the information available to the Company as of the publication date of this report. Such estimates may not materialize or may materialize differently from those stated above, *inter alia* due to changes in government decisions and regulation, as well as the realization of risk factors applicable to the Group's operations, as detailed in section 25.2.J below.

20.3 International Coffee activity

20.3.1 EUDR

On December 30, 2026, a new European regulation called "EUDR" (Regulation on Deforestation-Free Products) is going to come into effect. The purpose of the regulation is to ensure that certain products, including coffee and cocoa, are not produced in areas where forests have been cleared for their cultivation (or for the cultivation of the raw materials from which they are produced). To achieve this, the European Union created a set of standards, guidelines, and monitoring mechanisms to ensure that raw materials and products entering the market comply with the regulatory requirements for the EU member states. The Group is monitoring the progress of the legislative process, which has not yet been completed, and is preparing to implement the requirements at the country level in the European markets in which it operates.

20.4 The State Basket

On January 5, 2026, the Ministry of Economy and Industry published Director General Directive 5.2 – "The Israel Basket", a competitive process in which large retail chains were requested to offer the lowest price for a fixed basket of 100 basic products for a defined period. The purpose of the initiative is to increase competition and reduce consumer prices by announcing a winning retail chain that undertakes to sell the basket at the specified prices for the defined period. According to the Ministry's publications, Carrefour Israel won the process in February 2026, with the Group's products accounting for approximately 20% of the basket. As of the publication date of this report, the Company estimates that the foregoing does not have a material impact on the Company or its operating results.

This assessment constitutes forward-looking information as defined in the Securities Law, based on the Group's plans and the information available to the Company as of the publication date of this report, and there can be no assurance that such estimates will materialize. Such estimates may not materialize or may materialize differently from those described above, *inter alia*, depending on developments in the position of the Ministry of Economy and changes in market conditions.

20.5 Kosher certification

The Group's products that are manufactured and marketed in Israel and other countries are under the supervision of the relevant local rabbinate, in addition to other kashrut mehuderet certifications which are approved by the Chief Rabbinate of Israel.

The Group has a dedicated kashrut unit that centrally manages all kashrut issues in the organization. The kashrut unit is a knowledge and expertise hub and represents the Group in all dealings with the various kashrut bodies and the Chief Rabbinate of Israel.

Salty snacks, a considerable part of the confectionery and bakery products and most coffee products are kosher certified by Badatz Eda Haredit. Most of the ready salads, dips and spreads and frozen products are certified by "She'erit Israel", and the bulk of the dairy products (Strauss-Yotvata) are kosher le'mehadrin and are also marketed to the Haredi market under the supervision of Rabbi Rubin. Yad Mordechai products are kosher certified by Belz Kashrut.

Kashrut certificates are issued for defined periods, and at the end of each period the Group arranges for their renewal. As of the publication date of the report, all kashrut certificates for the Group's finished products are valid.

20.6 Certified Supplier of the Ministry of Defense

The Company and several of its subsidiaries in Israel are approved as "recognized vendors" by the Ministry of Defense.

20.7 Standardization

The Group manufactures its products in accordance with various regulations, orders and standards that are relevant to its areas of business, both in Israel and in countries where it is active, where relevant standards exist.

In Israel, standards are issued from time to time under the Standards Law, 1953. The standards specify technical requirements applicable to different products manufactured by the Group as well as various properties of these products with respect to the production process, operations, labeling, packaging, etc. See section 20.1 above for information on food importation reform.

Additionally, most of the Group's manufacturing sites in Israel and some of its sites abroad are certified under the following international standards: ISO9001 (Quality Management) and are also subject to risk-based preventive controls, HACCP, ISO22000, FSSC22000 and other elective standards such as ISO14001.

The Company's Strauss Israel plants have received the GMP permit from the Ministry of Health, allowing the Company to label products as "gluten-free".

For details regarding the standards applicable to Strauss Water, see section 10.12 above.

20.8 Quality assurance

The Group works to ensure food safety and quality and to manage risks at all sites and in all manufacturing operations, throughout the entire supply chain. The quality assurance system is based on international standards, regulations and risk analysis, and preventive action and the various controls (including laboratory testing) are updated according to the Company's research in light of incidents occurring in Israel and other countries, as well incidents at the Company's

sites. QA is updated following updates in voluntary standards adopted by the Company as part of the food safety system.

For details regarding Strauss Water quality assurance, see section 10.12 above.

21. Material agreements

In addition to the material agreements described in each operating segment, presented below are material agreements outside the ordinary course of business:

21.1 Provisions regarding use of the "Strauss" name and brand, non-competition and indemnification

The 2004 merger agreement between the Company and Strauss Holdings (hereinafter in this section: the "**agreement**") (pursuant to which Strauss Holdings sold and transferred to the Company all of its shares in Strauss Health and in Strauss Fresh Foods, jointly: the "**transferee companies**") contains provisions relating to the use of the name and brand "Strauss", non-competition and an undertaking to indemnification, as described below.

The agreement establishes, *inter alia*, that commencing on the closing date (March 22, 2004), the "Strauss family members" (the late Mr. Michael Strauss, Ms. Raya Ben Dror, Ms. Ofra Strauss, Mr. Adi Strauss, Ms. Irit Strauss, Ms. Nava Michael, Mr. Gil Midyan and Mr. Ran Midyan), Strauss Holdings and the companies it controls (excluding the Company and its subsidiaries and the transferee companies and their subsidiaries, as defined in the agreement) will not be entitled, directly or indirectly, to make use of the "Strauss" name, including its various inflections (the "**Strauss name**"), as well as of all intellectual property (including trademarks and including the trademark owned by Strauss Holdings) (the "**Strauss brand**") for any purpose relating to import, production, marketing, sale, services or distribution in the food or beverage industries (including the dairy product category or the various dips and spreads) (the "**food category**").

The obligation of each of the Strauss family members will expire in his/her respect after three years have elapsed from the later of the date on which he/she ceased to hold, directly or indirectly, shares of the Company or the date on which he/she ceased to serve as an officer of the Company or its subsidiaries (if he/she serves in such office) (the "**termination date**"), exclusively with respect to segments in the food category in which the Company (or any of its subsidiaries) did not engage on the closing date, whereas with respect to segments in the food category in which the Company (or any of its subsidiaries) engaged on the termination date, the abovementioned obligation will expire only after fifty years have passed since the closing date.

After three years have elapsed from the closing date or after the end of the fifty-year period, as

the case may be, the Strauss family members will be entitled to make use of the Strauss name themselves and also to grant the right of use of the Strauss name to corporations under their control on the date the right of use is granted. Strauss Holdings, as the owner of the Strauss brand, granted the Company and its subsidiaries, from the closing date and for no additional consideration, an irrevocable and exclusive right to make use of the Strauss name and the Strauss brand for any purpose relating to import, manufacture, marketing, sale, services or distribution in the food category. It is noted that in 2007 the Company received Strauss Holdings' consent to register the Company's new logo as its trademark.

Strauss Holdings and the companies it controls, and the Strauss family members, are not prevented from making any use of the Strauss name, including its various inflections, for any purpose relating to any category that is not included in the food category. However, it was agreed that in any such use, Strauss Holdings or any of the Strauss family members will not create a logo for the Strauss name that resembles, to the point of being misleading, the Strauss brand, in a manner that may cause a person to mistakenly think that a product or service of Strauss Holdings or such that is related to any of the Strauss family members is a product or service of the Company.

The Company represented in the agreement that it is aware that, notwithstanding the foregoing, under the "Unilever Agreement" (dated 1995 between Unilever International, Strauss Ice Cream and others, the "**Unilever Agreement**"), Strauss Holdings granted Strauss Ice Cream certain rights in the Strauss brand (including the registered trademarks, the numbers of which are listed in the agreement) in connection with the manufacture, marketing and sale of ice cream, popsicles, frozen yogurt, Krembo and frozen desserts containing one or more of the foregoing.

Under the provisions of the Unilever Agreement, Strauss Holdings, and subsequently under this agreement the Company, is entitled to terminate the grant of the above right of use if a change of control occurs in Strauss Ice Cream (the "**Ice Cream Company**") and it ceases to be under the control of Unilever. Following structural changes within the Unilever Group, pursuant to which, as of December 8, 2025, the Ice Cream Company is no longer under the control of Unilever, an amendment to the Unilever Agreement was executed between the Company and the Ice Cream Company. Under this amendment, the Unilever Agreement will terminate within two years from the date of the change of control, i.e., by December 8, 2027. As of that date, the Ice Cream Company will cease all use of the "Strauss" name. Until that date, it may gradually reduce its use of the trademarks during the period leading up to the termination date, at its discretion.

In the merger agreement, Strauss Holdings undertook, subject to no statute of limitations, to indemnify the Company in respect of a number of claims or demands for indemnification, the cause whereof preceded the closing date, including in respect of a claim or cause relating to the

breach of Strauss Holdings' obligation to grant the Company an exclusive right to use the Strauss name or the Strauss brand and Strauss Holdings' non-compete obligation (all as provided in the agreement).

The agreement further determines that for as long as any of the Strauss family members holds, directly or indirectly, shares of the Company or serves as an officer in the Company or its subsidiaries, that Strauss family member will refrain from competing with the Company.

22. Legal proceedings

For information on legal proceedings against the Company, see Note 21.1 to the Financial Statements of the Company as of December 31, 2025.

23. The Group's commercial objective and strategy

23.1 The Group's purpose

In 2024 the Group defined its purpose as 'Nourishing a Better Tomorrow', a promise to leave a positive mark on the world through food, beverages and in other ways, and to nurture a better tomorrow. A world where people live in an egalitarian, supportive society, in a sustainable environment that will continue to flourish for generations to come (the "**Group's purpose**"). The purpose unites the Group around a common worldview, a shared way and values, and is a guiding star for all its activities.

23.2 The Group's vision

In 2025, the Company defined its vision for the coming decade: "Co-create and deliver bold nourishment, to scale loved local brands for people around the world". The vision focuses the Company and defines its strategic direction for the coming years.

In line with this vision, the Company intends to focus its activities on creating innovation with a tangible impact – business, social and environmental. The Group aims to leverage innovation to develop well-loved local brands, enabling it to meet consumer needs in international markets while continuing its growth as a global company.

In the spirit of the above vision, in 2026 the Company will work on formulating its strategy for 2027-2030, upon the conclusion of the current strategy period described below.

It should be noted that in 2025 the Company carried out a strategic process relating to the coffee companies in Eastern Europe, as approved by the Company's Board of Directors, as

detailed below.

23.3 Commercial strategy

It is the Group's practice to review its strategic plans from time to time and to revise its goals according to shifts in the business environment and internal circumstances within the Group. In recent years, the world underwent significant changes while the Group contended with internal challenges, all of which compelled the Group to revise its 2024-2026 strategy.

Accordingly, on March 25, 2024, the Board of Directors approved a revision of the strategy (the "**revised strategy**"), as described below:

The Group has made it its goal to flourish and grow in its home base in Israel, to expand the coffee business and to grow in the international water market while investing in infrastructure and capabilities, with the aim of ensuring performance excellence and the highest of standards in the quality of the products and services supplied by the Group to all stakeholders.

Accordingly, the revised strategy is founded on three key pillars as described below.

(1) Renew the Core – renew and strengthen the core. "Core business" is defined by the Group as categories in which the operating margin is above 10%, together with strong sales growth, and in which the Group has competitive value in a growing category that is a fit with the Group's business.

(2) Expand and Build – expand existing businesses and build infrastructure for future growth drivers.

(3) Transform – significantly boost the Group's resilience to ensure improved productivity and profitability alongside business excellence.

The Group intends to execute the range of actions to renew the core, expand and build growth drivers and achieve the transformation across all geographies and operations, as described below:

Israel

Renew the Core

- Snacking – in this space, the Group is cultivating a broad, diverse portfolio of products and categories, such as dairy desserts, yogurts, milk drinks, plant-based drinks, coffee drinks, protein drinks, sweet snack bars, salty snacks, energy and protein bars, etc. The Group will work to boost manufacturing capabilities and innovation in the categories in which it is active and to expand product availability to encompass all locations where the consumer is present, including delivery of a comprehensive response and special

experiences for a variety of different snacking occasions and preferences – healthy snacks, vegan snacks and protein snacks. This specialization will create a competitive advantage for the Group in an established, growing and evolving space,
with the aim of establishing the Group as Israel's leading snacking company.

- The Company is taking action in the Health & Wellness and Fun & Indulgence segments:
    i. **In the dairy space** - The Group will develop sustainability categories, enter new categories and enlarge its dairy product offering to include a broad variety of sources and to provide a response to specific consumer groups (e.g., low-lactose, lactose-free, high-protein, plant-based drinks, etc.).
    ii. **In coffee**, the Group will strengthen its brands among new target audiences and will develop the Turkish coffee and capsule categories, focusing on the core and creating innovation. The Group will also expand its ready-to-drink offering and its business in the capsule space.
    iii. **Confectionery** - The Group will maintain its focus on growth and innovation in a number of core categories, chocolate bars, tablets and others, while enhancing its expertise in chocolate production and increasing the variety of consumption opportunities.
    iv. **Salty snacks** - The Group will focus the salty snack business on value propositions for diverse opportunities, strengthening its core brands and penetrating new, healthy consumption worlds.
    v. **Salads, dips and spreads** - The Group will manufacture products using advanced technologies and will drive innovation, and will target new audiences with products and brands offering diverse value propositions, while growing the variety of plant-based solutions.

Expand & Build

- Strengthen the Group's presence in plant-based (PB) offerings across all categories in which the Group is active to deliver solutions for flexitarians, vegetarians and vegans. In Q3 2025, the Group inaugurated and started to partially operate a new plant for the production of plant-based dairy alternatives, under the Alpro and Strauss brands, enabling the Group to significantly expand its activity in this category[79]. The plant is part of the "Michael" production campus, located in the Bar Lev Industrial Zone (Achihud) adjacent to the Achihud Dairy owned by the Group. In addition, the production capabilities allow the Group, for the first time, to manufacture refrigerated plant-based products.

[79] It should be clarified that regular production (following completion of the ramp-up period) only commenced in Q4 2025. In reality, only some of the production lines were consistently operating at the end of 2025.

- Innovation surrounding the core - The Group is working to manufacture, develop and leverage new technologies for products that complement the core.

Transform

- Support growth and higher profitability in the confectionery business through product innovation, growing core products and the Group's brands, improving the production array and boosting operational efficiency.
- Strengthen the consumer-centric approach – target new audiences and communities, deliver a response to the changing needs of the public by delivering customized solutions, as well as AI-based and data-driven innovation.

International Coffee

Renew the Core

- Brazil (through the joint venture Três Corações (JV))[80] - The company in Brazil (Três Corações) plans to strengthen its competitive position as the leading coffee company in the country and to defend the profitability of its R&G business while maintaining the company's position as the largest and leading player in the Brazilian R&G market. Três Corações will also grow the distribution network from some 170,000 customers to 200,000 customers with the aim of reaching new sales channels and customers.
- Eastern Europe – Strengthening the international markets of the coffee business by creating sustainable and profitable growth engines in existing markets, reinforcing the core coffee business, developing diverse value propositions and expanding into relevant future categories. Based on a strong market position, leading local brands and stable market infrastructure, the Group will continue to drive growth in its core coffee activities (including R&G coffee, whole beans and instant coffee), alongside expansion into high-growth segments such as capsules, mixes and additional new categories beyond coffee. This initiative is intended to position the Eastern Europe region as a strategic growth engine and as a regional platform for creating long-term value for the Group.

Expand & Build

- Brazil (through Três Corações (JV)[81]) - Expand the Brazilian company's business in the instant coffee, capsule, juice powder and cocoa categories, as well as in plant-based drinks, protein drinks and others, and penetrate new categories. This will be achieved through ongoing organic growth as well as new M&A. These are non-R&G categories that are characterized by relatively high profit margins, and hence the aspiration to

[80] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

[81] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

grow their share of the joint venture's product portfolio.

Transform

- Improve profitability in Brazil by focusing on enhancing operational efficiency and growing the share of non-R&G businesses. The Group aspires to drive sales growth while improving operating profit and developing business excellence.
- Data, advanced IT systems and information – use of information and data to expand the range of value propositions to the customer and enhance the consumer experience.

Water

Renew the Core

- Israel - It is the Group intention to strengthen the water company's leading brand, maintain its position as the leading water company in Israel, manufacture a variety of products and enlarge its portfolio in Israel, among other things through water bars designed for new target audiences, including young consumers, and by penetrating the under-sink category, all while continuing to improve quality and service.

Expand & Build

- China - The company in China (Haier Strauss Water) plans to enlarge its offering in the point-of-use space through its existing plants and logistic infrastructure and the construction of a new plant, as well as by investing in tech R&D capabilities, with the goal of being market leader in this sphere.
- Expand the international water business - The water company is working to achieve further international growth and will review expansion into other countries.

Transform

- Strengthen core capabilities, develop learning processes and build centers of excellence.
- Improve profitability in the Group's business in Israel through productivity processes designed to yield significant across-the-board efficiency enhancement.
- Strengthen the manufacturing array, supply chain and sales, quality, technology, IT, data and AI.
- Reinforce and improve infrastructure – CapEx investments placing emphasis on core business coupled with a significant increase in investments in digital and IT infrastructure and in master plans in the plants to support the growth of the various categories.
- Optimize and rotate the current portfolio through M&A and by terminating activities that are not within the Group's strategic focus areas.

People

- The Group's people are the driving force that creates the competitive advantage for its business in Israel and worldwide. The Group will work to continue to harness, invest in and grow its people as a meaningful part of its ability to execute its goals and create business excellence. As part of the strategic moves, the Group will aim to strengthen and improve a performance culture, high-level performance and excellence, combined with personal and collective accountability. The Group will continue to develop engagement with the Group's identity and values, and will anchor organizational engagement as a significant tool for the realization of its goals and objectives in the short and long term.

ESG

- Integration of the commitment to sustainability in all Group operations in alignment with the Group's purpose, with ongoing improvement in sustainability, CSR and ESG metrics, while refining processes to achieve defined goals.

In the context of the strategy, the Group has set the following key financial goals:

- 5% average organic annual sales growth in 2024-2026.
- Increased operating profit according to the Company's Management Reports, as defined in section 5 above, to an EBIT margin of 10%-12% in 2026.
- Significant productivity methods to achieve across-the-board improved annual operating income (EBIT) of NIS 300-400 million, expected to be reached in full by 2026.
- The Group has set the goal of allocating the majority of CapEx investments to its core business, with annual CapEx investments of 5%-7% of sales in 2024-2026.
- The Group has set the goal of regaining the margins that were typical of its operations in the past in the confectionery business beginning in 2026.

23.4 Implementation of the Group's revised strategy

As of the date of the report, consistent with that stated above, the Group is working to implement the revised strategy. For further information regarding the changes in the Company's operating segments following the approval of the revised strategy, the implementation of the strategy and the achievement of the Group's financial targets for 2024-2025, see sections 2.1 and 2.2 of the Board of Directors' Report as of December 31, 2025.

The successful implementation of the Group's revised strategy depends, among other things, on an experienced and skilled management team and employees on all levels. The Group will continue to encourage excellence among its employees and will seek to assimilate among them the values it champions: responsibility, daring, caring, motivation and teamwork. The Group will continue to invest in the development of its human capital and will consistently continue to

improve its managerial qualities.

The information in this section concerning the Group's vision and strategic plans, as described above, including the key objectives of the strategy, is forward-looking information, as defined in the Securities Law, 1968, which is based on the Group's plans and the information available to the Company on the date of this report, and there is no assurance as to its materialization. It is possible that all or part of the objectives described above will not be accomplished in the future, or that the Group will decide not to implement all or part of the abovementioned vision and strategy, for the following reasons among others: changes in the macroeconomic and geopolitical trends that affect the Group; circumstances in the food and beverage industry in Israel and worldwide; capital market conditions in Israel and worldwide; changes in economic feasibility; changes in competitive conditions in the market and changes in the markets themselves; regulatory changes; as well as due to the risk factors affecting the Group's activity, as set forth in section 25.1 below.

24. Financial information on geographical regions

For information on the geographical regions where the Group is active, see Note 24.4 to the Financial Statements of the Company as of December 31, 2025.

For explanations on developments occurring in income and assets in each geographical region, see section 18 of the Board of Directors' Report as of December 31, 2025.

24.1 Risk exposure arising from operations in a variety of geographical regions

The large number of geographical regions in which the Group operates entails exposure to a variety of risks, including instability (fiscal and monetary) of the local economy in each country of operations, sensitivity of the regimes to political changes, gaps in business culture, large international competitors that are already present or may join the competition in these countries, frequent changes to regulation, etc. At the same time, the Group's activity in diverse countries is a mitigating factor, since it contributes to spreading the risk and reduces dependency on the Company's activity in a particular country. For details regarding macro-economic risks, see sections 1-4 of the Board of Directors' Report and Note 25 to the Financial Statements of the Company as of December 31, 2025.

25. Discussion of risk factors and their management

25.1 Mapping of risk factors and the extent of their effect on the Group's operations

The Group has several risk factors arising from its general environment (macro risks), from the industry in which it operates and from the unique characteristics of its business. Materialization of the risk factors is liable to have a material impact on the Group's business operations.

The following table presents the risk factors, which shall be described below, distinguishing between macro risks, industry risks and risks that are unique to the Group. These risk factors were ranked according to risk level, which is the outcome of two factors – (1) the magnitude of the impact, should the risk materialize; (2) the probability of its materialization. The risk ranking is based on the assessments of Group management, taking into account ongoing risk monitoring and the mitigation actions implemented by the Group (see also section 23 of the Board of Directors' Report as of December 31, 2025).

Effect of Risk Factors on the Activity of the Group as a Whole	
Macro risks	
A. Security Risks	High
B. Geopolitical and social instability	Medium-high
C. Natural disasters and pandemics	Low-Moderate
D. Financial crisis and economic instability	Moderate
Industry risk factors	
E. Financial stability and flexibility	Low
F. Supply Chain risks	Moderate
G. Manufacturing risks	Moderate
H. Workplace safety and hygiene (HSE) risks	Medium-high
I. Raw material price risks	Medium-high
J. Quality and safety of products and services	Medium-high
K. Legal, regulatory and compliance risks	High
L. Climate and sustainability (ESG)	Medium-high
Unique risk factors	
M. Cybersecurity and information security risks	High
N. Competitive position risks	Moderate
O. Strategy risks	Moderate
P. Customer and consumer management	Moderate
Q. Partnership management	Moderate-low

Effect of Risk Factors on the Activity of the Group as a Whole		
R.	Human resources	Moderate

25.2 Macroeconomic risk factors

A. Security Risks

A significant part of the Group's manufacturing and distribution activity is concentrated in a limited number of sites across the globe, including subcontractors' sites. The occurrence of security events in the markets the Group is active in, in general, and particularly at the Group's sites, are liable to have a material impact on the Group's operations to the point of a shutdown of manufacturing and logistics processes in extreme cases, leading to loss of earnings and/or assets.

In general, the Group's sites in Israel are exposed to various hazards, such as missile fire and drone attacks from hostile countries and terror groups. In addition, some of the Group's sites in Israel are located close to areas of security conflict and therefore have greater exposure to various kinds of damage. Additionally, attacks on ships in the Gulf of Aden could disrupt marine traffic from Asia to ports in Israel and Europe. Military conflicts between Israel and its neighbors and acts of hostility may also have an adverse impact on the Company's production and sales volumes in Israel, impair the ability to collect debts from customers experiencing financial difficulties, harm the ability to supply raw materials and affect their prices, as well as outsourced products, cause the absence of essential workers, and lead to a possible overall economic slowdown in the Israeli economy. The Group is also exposed to additional security risks at sites outside Israel (such as in Ukraine) The Group monitors these risks and prepares for various scenarios related to disruptions in business continuity, including contingency planning for extreme situations. This includes identifying alternative production sites, transportation routes, storage facilities, energy sources, communication channels, and replacement personnel (where possible). The Group also performs exercises to examine the readiness for the aforementioned scenarios and also manages a physical security array at the sites. For further information, see sections 3 and 4 of the Board of Directors' Report as of December 31, 2025.

B. Geopolitical and social instability

The Group's activity in some emerging markets is exposed to risks arising from the type and structure of the regimes in those countries. Autocratic and/or unstable regimes that are sensitive to political change may lead to instability of the entire business system in the country, among other things through fiscal or monetary expansion or contraction of the economies, frequent changes in economic legislation (e.g. pertaining to taxation), restrictions on the movement of capital and foreign currency, various restrictions on foreign

companies, which could prevent or limit the Group's ability to withdraw profits from the local company and even be subject to nationalization or expropriation of assets. In addition, as an international player, the Group is exposed to risks arising from regional and global political crises. Such crises may develop into military conflicts that are liable to harm employee safety and business continuity, lead to sanctions being imposed on a specific geographical region, and to trade wars in general and the specific boycott of Israeli products or goods. It is noted that the perpetuation or expansion of the sanctions imposed on Russia by various countries could impact the Russian economy, and consequently, the Group's entire business. For further information, see section 4 of the Board of Directors' Report as of December 31, 2025. In addition, the development of trends toward the formation of intergovernmental alliances, diplomatic crises, and activist activity may lead to heightened geopolitical tensions in the countries in which the Group operates. Furthermore, differences in business culture in some countries of operation are liable to expose the Group to modes of action that are inconsistent with its values and the culture of corporate governance it wishes to adopt. Political instability and social unrest are liable to also be expressed in public protests (either physical protests or via the social media networks) against manufacturers and retailers. A public protest may also arise with the goal of lowering product prices, or even as a result of marketing activity that represents attitudes and values of the Group. A prolonged public protest that includes consumer boycotts and/or economic reforms in various spheres is liable to erode the Group's profitability and harm its business results. The Group continuously monitors these risks and manages business continuity plans (as described above in section 25.2(a)).

C. Natural disasters and pandemics

The Group's sites are exposed to natural disasters (e.g., flooding, fires, frost, earthquakes, etc.) or any other damage caused to these sites and to national infrastructure (e.g., energy, transport, water, etc.). Additionally, extreme weather events (floods, droughts, sea level rises, etc.), have become increasingly frequent. The Group therefore considers the impact these risks may have on its results and examines control and protection measures to mitigate the risk. Additionally, the outbreak of a global pandemic is liable to interrupt the supply chain, contaminate raw materials and water sources, reduce the demand for the Group's products, result in higher operating costs due to regulatory restrictions and restrictions on movement. The Group continuously monitors these risks and manages business continuity plans (as described above in section 25.2(a)).

D. Financial crisis and economic instability

D.1 Financial crisis and/or economic downturn

Should a financial crisis affect the world economy in general or specifically the Israeli economy, among other things, it could seriously hurt financial institutions, lead to a reduction in available global sources of capital and credit and cause liquidity problems, which in turn may cause national upheavals. Economic slowdown and uncertainty may generally lead to a drop in private consumption and to a preference for inexpensive products. An economic slowdown could impair the growth of the Group, which focuses on branded products, impede the realization of its strategy and harm its profitability. For further information, see sections 3, 4, 5 and 9 of the Board of Directors' Report as of December 31, 2025.

D.2 Economic instability in local markets, currency volatility, interest rates, inflation and cost of living

The Group's activity in Israel and around the world will be affected by the instability of the economic system in those countries. This instability is liable to impact activity in a variety of channels, such as heightened exchange rate volatility, with most of the cash flow exposure being to the USD against local currencies (in Israel, also to the EUR and the GBP), since the appreciation of the purchasing currency is liable to lead to a rise in the purchase prices of materials and erodes the Group's profitability and cash flows. On the other hand, revaluation of the shekel against the functional currencies of the Group's overseas operations is liable to erode the reported profit in shekels and the Group's equity, and also to increase competition posed by imported goods. In addition, economic instability may result in an increase in the interest and/or inflation rates or the cost of living, both in Israel and around the world, that exposes the Group to harm to its business results due to an increase in financing expenses, a rise in the cost of new loans if taken, financial difficulties among customers with high leverage and even changes in the consumption habits and purchasing power of the end consumer. Among other things, inflation may lead to erosion of the Group's profits due to rising raw material prices and supply chain costs. See sections 5, 8 and 9 of the Board of Directors' Report as of December 31, 2024 and section 25.3(H) below (Raw material risks). The Group monitors these risks in its operating markets and implements risk mitigation plans, including hedging programs.

25.3 Industry risk factors

E. Financial stability and flexibility

E.1 Customer credit

The Group's sales to its customers (including distributors) in Israel and abroad are generally made on credit, in line with the customary market practice. Part of the credit to retail customers in the private market in Israel is secured by credit insurance (including a deductible) and various sureties, whereas the balance of credit to the private market that is not covered by guarantees is at risk, however, the broad diversification of the Group's customers in the private market mitigates this risk. Most of the credit to the large retail chains in Israel is covered by credit insurance. Non-payment of this credit by any of the large retail customers could impact the Group's cash flows and business results with respect to the portion that is not covered by credit insurance or liquid collateral (and taking the rate of the deductible in consideration). It is noted that part of the credit granted to customers overseas is secured. In Brazil, Ukraine and Russia, the Group does not have credit insurance. Additionally, in Strauss Water, payment for the service is made monthly over the term of the service agreement. The Group also has factoring arrangements with third parties for part of these payments and non-recourse factoring arrangements for the sale of water bars.

E.2 Financial debt and liquidity

The Group has debts to various financial institutions, which are partially backed by an undertaking to comply with covenants. The amortization schedule was constructed such that the debt is repaid gradually over many years. To service the debt each year, the Group is required to generate a sufficient amount of free cash flows or to refinance the debt. The Group's ability to refinance the debt is liable to be affected by external factors such as an economic crisis, which will lead to a credit crunch or finance costs, or by internal factors such as damage to business, leading to the violation of covenants or a credit rating downgrade for the Group. As a result, the Group may be forced to divert resources that were intended for real investments to service the debt, thus preventing future growth. In addition to the foregoing, some of the Group's liabilities to financial institutions include conditions for grounds for acceleration due to a change of control in the Group that is accompanied by a rating downgrade to below a certain level. For further information, see Notes 18.4 and 18.5 to the Financial Statements of the Company as of December 31, 2025. To manage the risk, the Group has established a financial risk management policy and conducts monitoring, tracking, and reporting on its implementation, including credit lines, guarantees, and financial debt.

F. Supply Chain risks

F.1 Supply chain disturbances

The Group is exposed to supply chain disruptions on a global scale as well as local supply in Israel due to a variety of causes, including: Climate risks, the security situation, manpower shortages including port, transport and production workers, a world energy crisis, changes in global consumption habits and others. These disruptions are liable to result in a sharp rise in the costs of shipping, storage and raw materials, their availability, as well as various operating costs such as insurance. In particular, in light of shipping restrictions, the Group is exposed to supply chain disruptions from East Asia. For further information, see sections 3-6 of in the Board of Directors' Report as of December 31, 2025.

F.2 Supplier engagements

Some of the Group members engage a limited number of suppliers. Immediate and unexpected termination of contracts with these suppliers may impair the Group's ability to continue manufacturing some of its products in the required quantity and quality in the short term, and as a result, adversely affect its business results. To mitigate the risk, the Group has established a policy for addressing situations of reliance on a single supplier. In this regards, it is the Group's practice to maintain a broad supplier base, which changes from time to time, to ensure the availability of alternatives and minimize the exposure to engagements with key suppliers. Strauss Water's activity has a dependency on a supplier as described above in section 10.10.

F.3 Kosher certification

The Group is obliged to comply with kashrut requirements for the Israel activity (in this context see that described above in section 20.4). Any doubt as to the kosher certification of a product, a product ingredient, or a change in the conditions for kashrut could harm the Group's sales in Israel. Changes in the national kashrut system could lead to a change in work methods and in management interfaces in this sphere.

G. Manufacturing risks

G.1 Limitation of production and storage capacity

In certain cases, the Group might not manufacture a sufficient quantity of products able to meet customer demand due to the limitation of production capacity as a result of an insufficient quantity or unsatisfactory quality of machinery and/or equipment, limited physical space in the Group's plants and storage spaces, or production limits among outsourced suppliers. To deal with this risk, the Group regularly monitors current and

future market demand in relation to its production and storage capacity. If necessary, the Group increases its production and storage space by purchasing or leasing additional space. The Group also invests in machinery and equipment according to business requirements and retains the services of additional outsourced suppliers.

G.2 Dependency on manufacturing equipment

The Company relies on production lines that include dedicated machinery. Malfunctions, unexpected shutdowns, prolonged maintenance periods, or technical issues in such machinery may result in production delays, reduced output, impairment of product quality, and increased operating costs. Where the machinery is defined as critical or constitutes a single point within the production process, the potential impact is heightened.

G.3 Manufacturing infrastructure

The Group is dependent on physical and technological infrastructure supporting its manufacturing processes, such as facilities, electrical systems, water supply, cooling systems, and information technologies. Failures, physical damage, technological breakdowns, or inadequate maintenance of such infrastructure may lead to the shutdown of production lines, reduced output, impairment of product quality, and increased operating costs.

H. Workplace safety and hygiene (HSE) risks

H.1 Safety and hygiene

The Group's employees and outside contractors are liable to be exposed to physical and emotional injuries arising from the nature of the job or the work environment. The Group is required to comply with regulations and laws concerning workplace safety and hygiene. To contend with this risk, the Group applies various mechanisms such as establishing safety procedures, training sessions, increasing employee awareness, and routine monitoring and reporting procedures.

H.2 Environmental laws

Production processes at the Group's plants are affected by a variety of environmental aspects, including waste, wastewater, air pollution and hazardous materials, where the uncontrolled use or treatment thereof is liable to induce environmental risks. The Group's production sites are also governed by local environmental laws according to the rules and laws of each country, and also by local municipal legislation.

The Group takes the necessary measures to mitigate these risks, such as: Assessing

compliance with regulatory requirements and conducting proactive internal audits at its sites. For further information, see section 19.1 above.

I. Raw material price risks

I.1 Raw material prices

Raw materials are a substantial component of manufacturing inputs for the Group's products. A considerable part of the raw materials are agricultural commodities whose prices and availability depend on factors such as climate, natural disasters, outbreaks of epidemics in the crop environment, security risks and political stability in the countries of origin.

In addition, a substantial portion of the raw materials used by the Group is traded on the global commodities markets (such as coffee, cocoa and sugar) and is therefore exposed to fluctuations in prices in response to market forces. Raw material price volatility could erode the Group's profitability due to the fact that the Group is limited in its ability to adjust the sales prices of its products. It is the Group's practice to purchase financial derivatives to partially hedge the risk of an increase in raw material prices. As these derivatives are measured at fair value on a current basis, the reported accounting profit (loss) is subject to substantial volatility. However, some raw materials agricultural goods are not traded on the world commodities market and therefore cannot be hedged using financial derivatives (e.g., raw milk).

I.2 Green coffee prices

The price of green coffee, a major raw material in coffee production and in the Group's business through Strauss Coffee, is affected by demand and supply (climate, trade restrictions, etc.). Any change in green coffee prices without increasing the prices of the relevant products may be detrimental to the Group's profitability. To mitigate this exposure, the Group buys futures contracts and option contracts for the purchase and sale of green coffee. For further information, see section 5 of the Board of Directors' Report as of December 31, 2025.

H.3 Price of raw milk

The price of unprocessed milk, the primary raw material in the manufacture of dairy products and milk drinks in Israel, and activity in the milk sector in Israel, is determined according to various arrangements. Any change in the price of raw milk without adjusting the prices of the relevant products may be detrimental to the Group's profitability. Liquid milk is purchased from various dairy farmers, and the Group is obliged to accept the full milk quota produced by the manufacturer from which it purchases. Changes in the arrangements

in the milk sector (such as cancelling the regime of quotas and price control, transitioning to a free market model, opening the market to imports by cancelling tariffs, and dismantling the Milk Council) are liable to increase fluctuations in milk prices and the Group's profit. For further information, see section 20 above.

J. Quality and safety of products and services

J.1 Food quality and safety

The nature of activity in the food and beverage industry exposes the Group's business to harm in the case of a fault with the production process or a defect in the quality of the raw materials, including quality issues or serial defects with its technological products or their associated components, with the quality of the products themselves (manufactured by or for the Group) or with the quality of service directly provided to the Group's customers. These flaws, whether or not they are beyond the Group's control or whether they occurred in good faith or deliberately, may raise concerns of disease, harm to health and other harm, and consequently expose the Company to lawsuits brought by impacted consumers (if any). In addition, some of the Group's products may contain foreign bodies or components (such as nuts or gluten) that trigger allergic reactions and harm the health of certain population groups, which is liable to result in lawsuits, damage to income and profit and damage to the Group's reputation. To mitigate this exposure, the Group may be forced to recall defective products by removing them from the shelf or collecting them from consumers' homes, whether as a result of regulation or voluntarily. Additionally, public announcements regarding impaired quality of rival or supplementary products are also liable to adversely affect goodwill, the scope of the Group's sales and profit, regardless of the credibility of these publications. The Group also manages quality control programs and works to improve development, production, and product innovation.

J.2 Consumer information

From time to time, regulations are published in Israel aimed at making information accessible to consumers regarding the nutritional value of pre-packaged food products. These regulations (including both current and future regulations) could affect the Group's operating results due to possible changes in the consumption habits of food and beverage products, including a decline in demand for the Group's products. Furthermore, such labeling could lead to negative publicity (whether or not it is based on scientific fact) or influence consumer perceptions. The Group has worked for years, and continues to work, on improving the nutritional value of its products through adaptation and product innovation, and thereby addresses emerging regulation as well as consumer health trends. The Group measures the labeling of products bearing red symbols using divisional nutrition

targets with the aim of monitoring and improving its products.

To mitigate the safety and quality risks of the products and services mentioned above, the Group manages compliance programs in accordance with regulatory requirements and risk levels, including establishing policies and procedures, conducting training, and implementing controls. Also, see in this regard that described below in section 25.3(J) (legal, regulatory and compliance risks).

K. Legal, regulatory and compliance risks

K.1 Compliance and regulatory developments – the Group's activity in the different countries of operation is exposed to various regulatory restrictions and changes, as specified in this chapter (and particularly section 20) and in the Board of Directors Report, including competition laws, privacy protection laws, labor laws, workplace safety and hygiene laws, property planning and construction laws, etc. Additionally, changes in legislation or standardization in the countries of operation, the imposition of sanctions and the enforcement of stricter regulation in spheres related to the Group's business could reduce and/or limit the Group's activity and impact its business results. The Group's business will also be affected by general market changes in the spheres mentioned above. Tightening of the regulation in the regions where the Group is active could have a negative impact on both the product offering and demand for the products, as well as on the costs involved in manufacturing them. Tighter regulation may also lead to difficulties in executing strategic moves such as mergers and acquisitions, ensuing enforcement (including assessing risk, establishing a policy, trainings, and activity to increase awareness, monitoring and reporting). For further information, see section 20 in the Description of the Company's Business Report.

K.2 Exposure to class actions – the Group is exposed to class actions by consumers in view of the extensive laws governing the food industry and other areas related to the Group's business and the large number of consumers of the Group's products. For information on motions to certify claims against Group members as class actions, see Note 21 to the Financial Statements of the Company as of December 31, 2025.

K.3 Competition laws, monopoly holder and its obligations - the Company is subject to competition laws, including the Economic Competition Law, 1988, and the Food and Pharma Industries Competition Promotion Law, 2014. The Competition Law includes, among other things, prohibitions on the formation of restrictive agreements, the abuse of monopolistic power, and harm to parallel or personal imports. The Group has been declared a monopoly by the Competition Authority in dairy desserts, chocolate tablets, instant coffee and cocoa powder for domestic consumption. The Group is required to avoid abusing its

monopolistic power, including prohibitions on unreasonable refusal to supply products, setting unfair prices, offering different terms for similar transactions, and product bundling.

The Food Law includes prohibitions on relationships between suppliers and retailers, such as prohibiting a large supplier from interfering with consumer prices at a retailer, interfering with selling space at a retailer, transferring prohibited payments to retailers, conditioning discounts on one product based on the purchase of another, and engaging in product placement at a large retailer, subject to an exemption for placement arrangements.

Violation of competition laws may expose the Company to criminal sanctions, financial penalties, and civil lawsuits, including class actions. For further information, see section 20 in the Description of the Company's Business Report.

L. Climate and sustainability (ESG)

The Group is subject to climate and ESG (environmental, social, governance) risks. Climate risks are divided into physical risks, including extreme weather events and temperature changes, as well as transition risks, including regulatory, legal, technological and other changes, which may result from the transition to a low-carbon economy. Physical risks could affect agricultural yields and raw material production, and as a result, impact the availability, quality, pricing and supply of raw materials. Extreme weather events (such as flooding, fires and the like) and higher average temperatures and more frequent heatwaves the frequency of which is also influenced by climate change, may result in the shutdown of, or disruption to, production and logistics processes in disaster-prone areas.

Transition risks include exposure to regulatory restrictions and changes relating to climate and ESG matters in the various countries in which the Group operates, including more stringent environmental regulations regarding emissions, water usage and waste, impacts on energy costs and the availability of land for agricultural purposes, potential tax implications, including carbon taxes, and impacts on credit processes, which may involve the assessment of climate-related risks and regulatory changes applicable to the Group. The Group is preparing for compliance with relevant ESG and climate related regulatory requirements according to the requirements and the scope of the business in each of the countries of operation, including preparing for the Corporate Sustainability Reporting Directive (CRSD) and the EURD European Union Deforestation Regulation.

Additionally, failure to meet stakeholder expectations regarding the ESG (Environmental, Social, Governance) standards expected of food and beverage companies is liable to harm the Group's brand and reputation, and in extreme cases, even to lead to a drop in demand for its products.

In addition, the Company operates to adapt its product portfolio to diverse population groups, in accordance with their dietary preferences and needs.

The Group anticipates growing pressure for a high level of transparency and compliance with accepted standards, particularly in the food and beverage industry, including areas such as packaging management, the use of raw materials with lower environmental impact, prevention of food waste, waste and wastewater management, employee wellbeing and a safe working environment, equality and advancement of equal opportunities, water management, ethical conduct, animal welfare and climate risk management.

The Group manages its ESG reporting across various local and international ratings as part of its risk management approach in this area and continuously monitors regulatory requirements.

25.4 Unique risk factors

M. Cybersecurity and information security risks

Substantial damage to the availability of computer and communication systems, production lines and operations, and/or to data confidentiality, reliability and integrity, malicious (cyberattack) or unintentional (technical failure or human error), is liable to cause the Group significant difficulties, including the exposure of trade secrets and disruption of various core processes. A material cyber incident could lead to the shutdown of critical systems and core systems, cessation of critical services and processes in the Group, and consequently, is liable to damage the Group's business results.

The Group's major cybersecurity risks

- **Damage to the Group's manufacturing array** – a disruption or shutdown of the Group's manufacturing array is liable to significantly harm the Group's business results. In the reporting year, the Group invested in the monitoring and control of manufacturing and operational environments and purchased tech products to boost detection capabilities.
- **Damage to the supply chain** – disruption or damage to the Group's supply chain could lead to the shutdown of a key activity and harm the Group's business results. Consequently, the Group is executing a comprehensive process of mapping its critical suppliers and the level of their risk to and impact on its operating activities and has retained the services of an outside independent consultancy to assess risks, identify significant exposures and mitigate the risk arising from significant suppliers.
- **Impact on operational continuity** – the impact on operational continuity regarding cybersecurity aspects refers to disruptions or shutdowns of critical systems within

organizations due to cyberattacks. These attacks can include theft of sensitive information, ransomware attacks, denial-of-service attacks, and more. Disruptions to operational continuity can cause severe financial and reputational damage to organizations. To address these threats, the Group has established an alternative IT infrastructure, prepared defense methodologies, and conducted management drills for cyber crises. The Group also has activities to raise awareness among employees and collaborates with various entities in the industry to receive alerts and advance information.

- **Trade secrets** – some of the recipes for the Group's products and other products manufactured by the Group, their production and various processes associated with production are trade secrets. Leakage of these trade secrets could lead to imitation and harm to the Group's business. Group employees sign a confidentiality agreement as part of the induction process, and there are additional clauses in employment agreements and termination letters relating to information security requirements when working with the Company's computer systems.

- **Personal data leak** – as mentioned above, a cybersecurity incident is liable to lead to a data leak that includes personal information encompassing customers, consumers, suppliers or employees. Strauss Group is committed to comply with the privacy protection laws in the various territories in which it operates. The Group invests considerable resources and efforts to mitigate the possibility of a personal data leak to a minimum by applying customary cybersecurity controls, in accordance with regulatory directives, including of the Privacy Protection Authority.

To contend with this risk, the Group implements various processive and technological mechanisms. Access to information and systems is backed up by permission procedures and periodic controls in accordance with the Group's procedures. Employee permissions are validated throughout the employee's life cycle (induction, mobility and departure). There is also a monitoring and control system in place as well as information security systems. Additionally, the Group conducts regular audits and exercises and utilizes professional services to preemptively identify system weaknesses. Additionally, to contend with the risk, the Group continues to optimize and improve its defense systems, making extensive use of existing defense technologies and adding protection technologies from the leading companies worldwide.

Furthermore, to mitigate the risk, a substantial part of the AI tools used by the Group are used in a closed organizational environment that significantly lowers the risks associated with these tools, and also ensures that risk mitigation controls are in place where necessary. The Company monitors AI regulatory developments relevant to its activity.

The Group also defined a cybersecurity strategy for coming years due to the high level of risk. As part of the implementation of said strategy, once every few years (and most recently in 2024), the Group performed a comprehensive risk survey using an accepted methodology in the industry. The survey was performed by an outside, independent consultancy that specializes in this field. In addition, as part of its cybersecurity strategy, the Group has defined a cybersecurity management policy, which includes requirements for risk identification and management, protection of information systems, access and authorization management, and employee training on data security. Furthermore, the policy document emphasizes the importance of maintaining the confidentiality, integrity, and availability of information, and outlines the steps to be taken in the event of security incidents. The risk survey, its results and the cybersecurity strategy are managed on an ongoing basis. The Group's cyber defense array is the responsibility of the Deputy CEO and is managed by a designated director who is responsible, among other things, for detecting relevant cyber risks, for setting policy, procedures and controls necessary to cope with the risks, for monitoring and implementing cyber strategy, for employee and executive awareness, for server backup and for managing cyber incidents. The Group applies various technologies on a permanent basis to detect risks in the early stages and is assisted by external monitoring and response services that are active year-round. Group management runs cyber security drills in which a dedicated procedure defined by the Group for dealing with cyberattacks is rehearsed. The Group's cybersecurity risks are managed as part of the Company's risk management framework, and how the risk is handled and managed is reported to the Board's Risk Management Committee. In addition, according to the Group's risk map, audit reports are prepared on cybersecurity issues, and during the reporting year, an audit on this topic was conducted by the internal auditor (see as detailed in section 34 of the Corporate Governance Questionnaire attached to this report).

It is noted that the Group did not experience a material cyber or information security incident that led to the shutdown or harm to its regular business operations.

N. Competitive position risks

N.1 Operating in a competitive market – the food and beverage industry is highly competitive. Some of the Group's rivals in the markets where it is active are large multinational corporations that possess greater financial resources than the Group. The entry of additional competitors to certain categories and channels and new business models, as well as the trend of consolidation between large multinational corporations, the growing trend of private labels and the lowering of barriers to entry by additional brands (such as customs duties) are liable to intensify the competition and harm the Group's business results. Some of the Group's customers have become active in distribution,

including distribution of the Group's products, in different sales channels. A significant increase in this activity by the Group's customers is liable to adversely affect the Group's profitability. To compete effectively, the Group is required to maintain an efficient cost structure, make growing investments in technology, and invest continuous efforts in the sale and marketing of existing products and the development of new products.

N.2 Private labels and retail – the growing strength of retail chains in Israel and globally has led to the development of private labels that compete with the product brands manufactured and marketed by various vendors, including the Group. The continued development of private labels by the food chains is liable to pose a threat to the Group's market shares in some of its product categories. Additionally, the entry of new players, including international corporations, to the distribution and retail business and the expansion of the range of services offered by retail chains such as cash & carry, deliveries via neighborhood logistics centers and other services to the general public are liable to reduce the Group's customer base and thus harm its revenues.

N.3 Downward pressure on profit margins in the food and beverage industry – the prices of some of the Group's products are subject to ongoing downward pressure. As a result, the Group's ability to adjust the prices of its products for increases in raw material and input prices may be limited. In recent years, The Group has witnessed events in Israel and other countries where great consumer pressure was applied, including active protests by consumers against food manufacturers and retailers as well as changes in the customer structure in the industry. Due to rising inflation, interest rates and the cost of living, these consumer protests are liable to increase, and could be expressed in demonstrations, social media activity, and in articles and coverage in the media. Additionally, even when the pressure is directed at retailers, in many cases this in turn leads to pressure by retailers on the manufacturers (such as the Group). A consumer protest is also liable to be a catalyst for regulatory action and reforms intended to bring about changes in the economic environment, which could erode the Group's profitability and harm its financial results.

N.4 Brand dependency – the Group has a broad variety of branded food and beverage products (including water bars) that enjoy a longstanding reputation. Damage to this reputation by various publications or other means (e.g., social media) could have a material impact on the Group's sales and profitability, regardless of the accuracy of these publications. Additionally, a defect in a particular product, including products that are not Strauss products but bear the brand name (for example, Strauss Ice Cream), could harm the umbrella brand under which it is marketed, as well as to the entire product category marketed under that brand.

N.5 Product category dependency - Certain companies within the Group are dependent

on specific product categories. As a result, impairment of these categories, a decline in demand, supply disruptions, or increased competition may materially affect the revenues and profitability of the Company and the Group. The Group has a diverse range of products, and thereby reduces dependency on a limited number of products.

The Group monitors the competitive standing risks outlined above in section M, among other things, through market research. The Group also works to promote innovation in product development, with a focus on core products.

O. Strategy risks

O.1. Failure to implement strategy – the Group's strategy as approved from time to time includes numerous initiatives, which are of significant importance to the achievement of strategic goals. For further information see section 23 above. Strategic decisions and initiatives regarding M&A, the implementation of new business models, penetration of new markets or exiting current markets and geographic expansion are necessarily based on various economic and business assumptions. Delays in the execution of strategic initiatives or an inaccurate definition of strategic goals could lead to a futile investment of resources and damage to the Group's goodwill and valuation. The Group continuously monitors the implementation of strategic objectives to manage the risk.

O.2 New business models – the business environment in which the Group operates evolves rapidly and is dynamic, innovative and competitive. The Group contends with rapidly changing trends, technological changes and changes in preferences and consumption habits. To compete successfully and deliver a response to new business models, the Group is required to foresee developments, to be innovative and to deliver the right products through the relevant sales channels at the right time. The emergence of new business models implemented by third parties, which disrupt the value chain in the food and beverage industry, could have a material impact on the realization of the Group's strategy and its operating results by weakening its competitive position and relevance in the eyes of some consumers. This exposure is liable to increase if the Group does not successfully foresee the emergence of these disruptive business models and/or is unable to make the necessary adjustments in terms of investments, product development and implementation of a supportive technological array for the effective implementation of the new business models in the Group.

O.3 Innovation risks – it is part of the Group's outlook that innovation plays a key role in the food industry, where rapid changes in consumer tastes, regulations, and technologies dictate the pace of development. Innovation is the foundation for creating added value for customers and maintaining a competitive advantage in this dynamic market. Insufficient

investment in innovation could lead to a lag in responding to changing customer needs and a reduced ability to compete with rivals. This risk could manifest in loss of market share, reduced brand relevance, and missed growth opportunities. However, investments in innovation, and in particular in companies engaged in technological innovation in the food sector, involve the risk of loss of the invested capital, due to the inherent uncertainty and high-risk characteristics associated with investments in start-up companies. (See that described above in section 11). In response to this risk, the Group invests resources in research and development (see that described above in section 15), monitors market trends, and engages in strategic partnerships to ensure continued leadership in the competitive arena.

For more details about the Group's response to strategic risks, see section 23 above.

P. Customer and consumer management

P.1 Changes in consumer trends – the Group's success is conditional to a large extent on its ability to anticipate emerging trends in consumer preferences, including changing tastes, changes in consumption habits, in the manner of consumption and in the shopping experience, and on its ability to adapt its products to varying demand. On the strategic level, the Group works to identify new trends and to adapt its product range and technological capabilities to respond to changing consumption trends. Failure in this regard is liable to lead to a drop in demand for the Group's products, and consequently, to negatively impact sales turnovers.

P.2 Key customer engagement – due to the concentration of the retail market in some of the countries of operations, the Group engages a small number of large customers, which account for a significant part of the share of sales in that territory and therefore expose the Group to a certain shortfall in sales and/or profitability in the short term if a significant customer is lost. Moreover, due to the small number of large customers, the Group is subject to potential pressure and bargaining by these customers regarding commercial terms, which may worsen as the retail chains continue to grow stronger and reduce their dependency on the Group's products.

Q. Partnership management

Q.1 Complexity in managing partnerships and joint ventures – the Group has a wide geographical dispersal of business operations in a broad variety of businesses, some of which are jointly owned with third-parties. Differences in strategic vision between the shareholders and key partners, as well as differences in tactical approach, could arise due to different business concepts or cultural differences between regions that work in collaboration, particularly in partnerships that encompass developed and developing

regions. These differences could lead to delays and complex decision-making processes to the point of paralyzing the business and dissolving a partnership in an unplanned manner.

Q.2 Restrictions on the transfer or sale of the Group's ownership interest in joint ventures and subsidiaries – the Group has material investments and several agreements with partners in joint ventures and subsidiaries (which as of the date of the report include: Três Corações (JV)[82], Strauss Health, Strauss Frito-Lay, Yotvata, Haier Strauss Water and Yad Mordechai), which contain restrictions on the transfer or sale of the Group's holding in these joint ventures, such as a tag-along right or right of first refusal. Additionally, in a number of joint ventures and subsidiaries in which the Group has partners, the partners have a put option which, if exercised, will require the Group to buy the partners' interests in the joint venture or subsidiary. The exercise of said rights could prevent the Group from realizing its investment, postpone the sale or cause it to sell at a price not consistent with the Group's needs, cash-flow position and plans, etc.

Q.3 Numerous businesses in the Group that are managed with strategic partners – the Group is characterized by numerous businesses that include strategic partners. As part of the Group's agreements with strategic partners, the Group agreed to restrictions concerning its businesses. For example, the Group is precluded from competing with Três Corações (JV) in Brazil for a five-year period after it ceases to be a shareholder. These restrictions could prevent the Group from developing its business in its desired direction.

Q.4 Licenses and franchises – the Group is a party to licensing agreements with the owners of main brands, including the Danone brands, PepsiCo brands and Haier brands, the use of which, as a rule, is conditional on certain terms and conditions, the breach of which could impair usage rights (excluding Haier). Additionally, the continued success of the brands depends on the strategic partners' business results and their brand reputation, and on their ability to preserve the reputation of those brands. Damage to the reputation of one of the brands could lead to damage to the Group's brands (in this context also see section M.4. above).

P.5 Change of control of the Group – in the event of a change of control in the Group such that the Strauss family ceases to be the controlling shareholder, the Group could be forced to sell its holdings to the partners in Três Corações (JV) in Brazil and trigger various clauses in other agreement, pursuant to the provisions and mechanisms set forth in the shareholder agreements with these partners.

R. Human resources

[82] Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%).

The Group's success depends on its ability to recruit, retain and develop high-quality human capital in a range of professional and managerial fields. In recent years, the labor market has undergone significant changes, which are expected to accelerate in the coming years and materially affect the structure of occupations and the required skill sets. These trends require the organization to engage in ongoing preparedness in order to maintain business continuity and support the implementation of its strategy.

One of the prominent trends is the difficulty in recruiting employees for frontline positions in manufacturing plants and service units. Increasing competition in the labor market, alongside changes in employment patterns, creates a significant challenge in retaining a high-quality workforce. This situation necessitates creative recruitment solutions, alongside investment in automation, in order to address labor shortages and maintain productivity.

In addition, the acceleration of automation processes and the introduction of advanced technologies and artificial intelligence are reshaping occupational structures and requiring adjustments in skills. Traditional roles are expected to disappear or change, and employees will be required to acquire new competencies. The Group is preparing for these changes by redefining roles, developing and implementing extensive training programs and comprehensive professional retraining initiatives, as well as recruiting individuals with digital capabilities and expertise in artificial intelligence. All of the above is undertaken while maintaining business continuity and preserving organizational knowledge in light of the complex challenges of operating in a dynamic and evolving environment. The Group places paramount importance on ongoing investment in leadership development programs, which provide managers with practical tools, soft skills, and the ability to lead teams effectively. In parallel, the Group continuously reviews its compensation and benefits structure, making adjustments to various roles and labor market developments, in order to ensure competitiveness and retain high-quality employees.

Strauss Group Ltd.

Names and titles of signatories:

Ofra Strauss	Shai Babad
Chairperson of the Board of Directors	Group President and CEO

Date: March 24, 2026

Unofficial Translation from Hebrew

Strauss Group Ltd.

Board of Directors' Report on the State of the Company's Affairs

As of December 31, 2025



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EXPLANATIONS BY THE BOARD OF DIRECTORS ON THE STATE OF THE COMPANY'S BUSINESS AFFAIRS

1. General

The Board of Directors of Strauss Group Ltd. (the "**Company**") is pleased to hereby release the report of the Board of Directors of the Group (i.e., the Company and its investees) (the "**Group**") for the year ended on December 31, 2025 (the "**reporting period**"). The Board of Directors' Report for this period was prepared in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970.

The data contained in the Board of Directors' Report is based on the Consolidated Financial Statements of the Company as of December 31, 2025. However, in light of the reports to the Group's management and the method in which the Group's management measures the results of the subsidiaries and jointly owned companies, the Group maintains management (non-GAAP) reports in addition to the Financial Statements. This report therefore includes various data in accordance with the GAAP financial statements as well as the management (non-GAAP) reports that reflect adjustments made by the management. The Group's financial data and operating results are affected by the financial data and operating results of the Group's investee companies. In certain cases, details reviewing events that occurred subsequent to the date of the Financial Statements and proximate to the publication date of the report are included with a statement to this effect, or other information and data only pertaining to the Company. The materiality of the information contained in this report has been examined from the Group's perspective. In some cases, an additional detailed description is provided with the aim of presenting a comprehensive picture of the subject being described, which, in the Group's opinion, is material for purposes of this report.

2. Principal information from the description of the Company's business affairs

2.1. Overview of the operating segments in 2025

The Group operates in the food and beverage industry, which is the central industry within the fast-moving consumer goods (FMCG) sector and is among the most competitive and oldest industries worldwide, including in Israel. It is a dynamic industry that responds to a variety of diverse needs, demands and changing tastes of the consumer public worldwide. For information regarding trends in the food and beverage industry, see section 7 of the Description of the Company's Business Report as of December 31, 2025.

The Group is engaged in five key areas of activity that are reported as operating segments, as described in Note 24 to the Consolidated Financial Statements and in section 2 of the Description of the Company's Business Report as of December 31, 2025. Three of the operating segments are concentrated under the Israel activity: Health & Wellness; Fun & Indulgence (Snacks and Confectionery); and Fun & Indulgence (Israel Coffee). The Group also has two other operating segments (International Coffee and Strauss Water).[1]

Further to the approval of the Group's 2024-2026 updated strategy, as described in section 23 of the Description of the Company's Business Report as of December 31, 2025, several changes were made with how the segmental information regarding the Group's operating segments is presented, comprising the framework for the Group's internal management (non-GAAP) reports (the "**management reports**" or the "**non-GAAP reports**").

Accordingly, since the financial statements as of March 31, 2024, the responsibility for the Israel Coffee activity has been transferred from the International Coffee activity to the Israel activity, under the Fun & Indulgence (Israel Coffee) segment. Additionally, the International Dips & Spreads activity was included under the Group's other activities until it was sold as described in section 18.4.1 below, since it did not amount to a reportable segment. This activity was accordingly included in the comparison figures.

2.2. Summary of major developments during and subsequent to the reporting period

- **Update about the implementation of the Company's strategy** - On March 25, 2024, the Board of Directors approved a revision of the Company's strategy for 2024-2026 as described in sections 16 and 23 of the Description of the Company's Business Report for 2024.

  As part of the strategy, the Group established financial targets for itself, including significant productivity activity to achieve improved annual operating profit (EBIT) of NIS 300-400 million (across-the-board), expected to be fully achieved in 2026. Accordingly, The Company consistently worked to achieve the above strategic goals in 2025:

- The Company recorded growth of approximately 11.6%, and organic growth (excluding foreign exchange effects) of approximately 15.4% in sales.

- The Company achieved an operating margin of approximately 8.2%.

[1] In addition to the operating segments described above, the Group has various activities that are immaterial to its business, which fall short of the quantitative threshold for presentation in the Company's financial statements as reportable segments or which fail to meet the criteria for aggregate and separate presentation as a reportable segment; these are included in the Financial Statements as of December 31, 2025 as the "other activity" segment.

- The Company met its productivity targets for 2025, implementing its transformation plan and continuing to build a culture of excellence, focusing on operations, procurement, marketing, logistics and sales.

- CAPEX investments came to approximately 4.8% of sales, compared with approximately 5.8% in 2024. Investments focused mainly on core activities, including the establishment of a plant-based milk production facility in Israel, significantly increasing infrastructure investments, launching a new production line at the Yotvata plant, continuing digital and IT system investments, alongside developing master plans at production facilities to support category growth.

- Sales from core activities accounted for approximately 80% of total sales.

- In March 2026, the Group (through the joint venture Três Corações (JV)) entered into an agreement with entities of the international food group General Mills, Inc. (hereinafter jointly: the "**Seller**"), to acquire 100% of the rights in General Mills Brasil Alimentos Ltda., whose principal asset is 100% of the rights in Yoki Distribuidora de Alimentos Ltda. (hereinabove and hereinafter "**Yoki**"), in consideration for BRL 800 million (approximately NIS 475 million based on the exchange rate as of the signing date), on a cash-free, debt-free basis and subject to a normalized working capital adjustment, as agreed, as well as other customary adjustments and agreed reductions under the purchase agreement. Yoki is a leading food company in Brazil with a broad portfolio of products across dry food, snacks, cooking solutions and seasonings. It owns leading local brands in its categories, including "Yoki" and "Kitano". In addition, Yoki operates two manufacturing facilities and utilizes five third-party distribution centers in Brazil.

  Entering into the aforementioned purchase agreement constitutes an implementation of the Group's business strategy to expand its operations in Brazil into new categories beyond roasted and ground coffee (R&G), both through organic growth and through mergers and acquisitions. Completion of the transaction is subject to the fulfillment of conditions precedent, including the receipt of approval from the Brazilian competition authority, receipt of audited financial statements for 2024, and other customary conditions. The Company estimates that the transaction is expected to be completed by the end of 2026, subject to the fulfillment of the conditions precedent as described above.

  The information set forth in this section regarding the fulfillment of the conditions precedent, the expected completion of the transaction by the end of 2026, and the Company's estimates regarding the creation of synergies constitutes forward-looking information, as defined in the Israeli Securities Law. Such information is based on the Company's current assessments regarding the fulfillment of the conditions precedent and may not materialize, or may

materialize differently, inter alia, if the actual implementation of the business plans differs from that currently anticipated by the Company, as well as due to market conditions and other factors beyond the Company's control. For further information, see section 9.1.1 of the Description of the Company's Business Report and the immediate report of March 17, 2026 (reference no. 2026-01-023426).

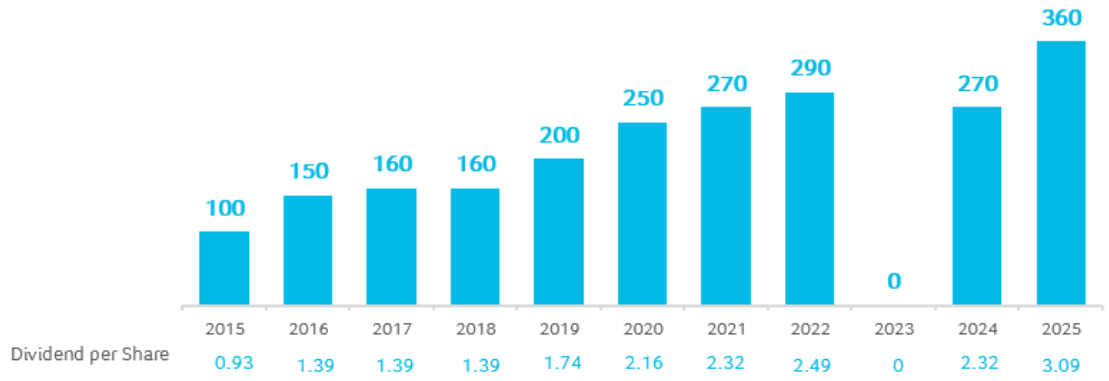
2.3. Dividends

Decisions on dividend payouts are made by the Company's Board of Directors. The frequency and amounts of distributions are based on the Group's operating results and according to its needs.

Since 2015 through to the publication date of the report, the Company has distributed dividends amounting to approximately NIS 2.2 billion.

The graph below presents the cumulative dividend payout over 2015-2025:

Dividend Payouts, Annual and Cumulative, over 2015-2025



Figures are in NIS million.

On February 17, 2025, the Board of Directors approved the payment of a dividend to shareholders of NIS 200 million (approximately NIS 1.72 per share) for the sale transaction of the Company's holdings in Sabra and Obela to PepsiCo which was paid on March 4, 2025.

On March 24, 2025, the Board of Directors approved the payment of a dividend to shareholders of NIS 160 million (approximately NIS 1.37 per share) for the 2024 annual period, which was paid on April 10, 2025.

On March 24, 2026, the Board of Directors decided upon the distribution of a dividend to the shareholders of NIS 250 million for the 2025 annual period.

The balance of retained earnings on the date of the statement of financial position as of December 31, 2025 is NIS 4,232 million.

CHANGES IN THE ECONOMIC ENVIRONMENT

3. The "Swords of Iron" war, operation "Rising Lion" and operation "Roaring Lion"

The "Swords of Iron" war broke out on October 7, 2023 (the "**war**"), and in June 2025 Israel initiated operation "Rising Lion" (the "**operation**") which protracted for approximately 12 days. During and subsequent to the reporting period, the State of Israel was in various states of war with varying levels of intensity. A ceasefire agreement was entered into in October 2025 to end the fighting. The Company has maintained normal operations throughout the reporting period and as of the publication date of this report. The war (and the operation) did not have a material impact on the Group's activity and financial results. During the relevant periods, the Company acted to find solutions and to make adjustments as far as necessary to maintain business continuity.

Subsequent to the reporting period, on February 28, 2026, Israel and the United States launched a coordinated attack against Iranian government targets, referred to as operation "Roaring Lion" (the "**operation**"). As of the publication date of the report, the Group is unable to estimate the potential impact of this event on its operations and results. The Group continues to monitor developments in order to assess the effect of the operation on its activities.

However, given the uncertainty surrounding geopolitical developments in the Middle East, the future impact of potential geopolitical situations on the Group's business cannot presently be assessed.

4. The Russia-Ukraine war

As of the publication date of the report, the hostilities between Russia and Ukraine are ongoing, so too with respect to the economic sanctions imposed on Russia by the West. As of the publication date of the report, the hostilities between Russia and Ukraine have not had a material impact on the Group's operating results.

Considering the evolving nature of the events and the ensuing high degree of uncertainty, potential geopolitical scenarios may materialize, which could lead to further negative economic and financial consequences. The Group is continuously monitoring the development of events in Ukraine, Russia and the markets, however, as of the publication date of the report, it is unable to assess their future impact on its business results.

5. Prices of raw materials and other production inputs

A substantial part of the raw materials used to manufacture the Group's products are traded on the global commodity markets. There were significant increases in the average market price of green coffee in 2025 (following the price increases in 2024), primarily with Arabica coffee, while, on the other hand, the average cocoa price declined relative to 2024.

In Q4 2025, there was a significant increase in the average market price of Arabica green coffee, there was also a decline in the average market price of Robusta green coffee as well as a significant decline in cocoa prices, compared with the corresponding quarter the previous year.

According to Bloomberg, since the beginning of January 2026, until on or about the publication date of the report, the prices of Arabica and Robusta green coffee as well as cocoa fell by approximately 16%, 11% and 45%. It should be noted that as of the date of the report the Group primarily purchases Robusta green coffee.

The average price of raw milk increased in the 2025 annual period and Q4 2025 compared to the corresponding periods the previous year, by approximately 3.3% and 5.7%, respectively. Since the beginning of January 2026 until about the publication date of the report there was an approximately 1.3% decline in the price of raw milk relative to the price at the end of 2025. The impact of the change in the price of raw milk on the Company's cost of using the material is gradual due to the Group's procurement processes and coverage policy.

Presented below are the rates of change in the average market prices of major inputs, as well as the average market prices in the 2025 annual period and Q4 2025 compared to the corresponding periods the previous year:

Inputs	Price as of			Average price in		
	31.12.2025	31.12.2024	% change	2025	2024	% change
Arabica [1]	349	320	9%	368	236	56%
Robusta [1]	4,109	5,019	(18%)	4,671	4,278	9%
Cocoa [1]	4,377	9,143	(52%)	5,910	6,513	(9%)
Raw milk [2]	2.51	2.37	6%	2.47	2.39	3%

Inputs	Price as of			Average price in Q4		
	31.12.2025	30.09.2025	% change	2025	2024	% change
Arabica [1]	349	375	(7%)	391	284	38%
Robusta [1]	4,109	4,200	(2%)	4,393	4,851	(9%)
Cocoa [1]	4,377	4,730	(7%)	4,212	6,906	(39%)
Raw milk [2]	2.51	2.52	(0.4%)	2.51	2.37	6%

(1) Figures are retrieved from Bloomberg. The exchanges on which the commodities are traded, include: Arabica – New York, Robusta – London and cocoa – London.

(2) Figures are retrieved from the Israel Dairy Board website.

* Market prices of all inputs are denominated in USD, except for the price of cocoa, which is denominated in GBP, and the price of milk, which is denominated in NIS.

The Group applies measures to mitigate the effects of raw material cost fluctuations, among other things through hedges, mitigation plans and operational efficiency enhancement. Some of the Group members also revised their sell-in prices in certain geographies and with particular products. In this context refer also to section 18.1 below.

The Group's green coffee procurement center in Switzerland handles the procurement of green coffee for all Group members (except for the operation in Brazil). To manage exposure to market risks, the Group uses transactions in derivatives traded on the New York and London financial markets. The use of these instruments is the responsibility of the manager of the procurement office in Switzerland under guidelines defined from time to time by the corporate green coffee procurement committee, which is managed by Strauss Coffee's COO and convenes from time to time according to established procedures.

The procurement of green coffee in Brazil is carried out by the local management of Três Corações (JV) according to internal procedures determined by the board of directors of Três Corações (JV), and is the responsibility of the procurement, export and financial managers of Três Corações (JV).

The Group also has a committee for exposure management for other commodities (apart from green coffee). The committee is managed by the Group's CFO.

Gains or losses arising from commodity hedges are mainly included in the non-GAAP income statement on the date of sale of the inventory to outside parties and/or upon the derivative financial instrument being exercised.

6. Energy prices

According to Bloomberg, the average price of Brent oil in the 2025 annual period and in Q4 2025 was approximately 15% lower for both periods compared with their average price in the corresponding periods the previous year. From the beginning of 2026 through to the publication date of the report, the price of oil has increased by approximately 84%, primarily since the outbreak of Operation Roaring Lion on February 28, 2026.

7. Exchange rate fluctuations

The average exchange rate of the Shekel strengthened against most of the operating currencies (other than the Ruble) in the 2025 annual period and in Q4 2025. The strengthening of the currency resulted in a decline in the sales and operating income line items.

In the 2025 annual period, the closing rate of the Shekel strengthened against most currencies, primarily against the CNY and BRL, and the net impact resulted in a decline in the Group's shareholder equity. In Q4 2025 the closing rate of the Shekel strengthened against most currencies, primarily against the BRL, and the net impact resulted in a decline in the Group's shareholder equity.

In the 2025 annual period, the average USD exchange rate weakened, primarily against the Shekel and the Ruble, and strengthened against the BRL. In Q4 2025, the average USD exchange rate weakened against most currencies, primarily the Ruble, the BRL and the Shekel.

The following table presents the average exchange rates against the Shekel in the 2025 annual period and in Q4 2025 compared to the corresponding periods the previous year:

Average Exchange Rates Against the Shekel							
Currency		Average exchange rate		% change	Average exchange rate		% change
		2025	2024		Q4 2025	Q4 2024	
United States Dollar	USD	3.453	3.701	(6.7%)	3.251	3.698	(12.1%)
Euro	EUR	3.895	4.004	(2.7%)	3.784	3.947	(4.1%)
Ukrainian Hryvnia	UAH	0.083	0.092	(10.1%)	0.077	0.089	(13.1%)
Russian Ruble	RUB	0.041	0.040	3.3%	0.041	0.037	9.8%
Serbian Dinar	RSD	0.033	0.034	(2.8%)	0.032	0.034	(4.3%)
Romanian Leu	RON	0.773	0.805	(4.0%)	0.744	0.794	(6.3%)
Polish Zloty	PLN	0.918	0.930	(1.2%)	0.893	0.917	(2.7%)
Brazilian Real	BRL	0.617	0.689	(10.5%)	0.602	0.633	(4.9%)
Chinese Renminbi	CNY	0.480	0.515	(6.8%)	0.459	0.515	(11.0%)
Pound Sterling	GBP	4.548	4.730	(3.9%)	4.322	4.742	(8.9%)

The following table presents the average exchange rates against the USD in the 2025 annual period and in Q4 2025 compared to the corresponding periods the previous year:

Average Exchange Rates Against the Dollar							
Currency		Average exchange rate		% change	Average exchange rate		% change
		2025	2024		Q4 2025	Q4 2024	
Shekel	NIS	0.290	0.270	7.4%	0.308	0.270	13.7%
Ukrainian Hryvnia	UAH	0.024	0.025	(3.7%)	0.024	0.024	(1.1%)
Russian Ruble	RUB	0.012	0.011	11.0%	0.013	0.010	24.9%
Romanian Leu	RON	0.224	0.218	3.0%	0.229	0.215	6.6%
Polish Zloty	PLN	0.266	0.251	6.0%	0.275	0.248	10.8%
Brazilian Real	BRL	0.179	0.186	(4.0%)	0.185	0.171	8.3%
Chinese Renminbi	CNY	0.139	0.139	(0.0%)	0.141	0.139	1.3%
Pound Sterling	GBP	1.318	1.278	3.1%	1.329	1.282	3.7%

From the beginning of 2026 until about the publication date of the report, the Shekel weakened against the BRL by approximately 1% and strengthened against the USD and RUB by approximately 2% and 8%, respectively.

Hedging and investment activities are performed by the Finance Department in Group Headquarters, and are the responsibility of Strauss Coffee's CFO for all aspects relating to the coffee business, the responsibility of Strauss Water's CFO with respect to the water business, and of the Group EVP Finance with respect to the Group's business as a whole.

8. Inflation

According to the Israel Central Bureau of Statistics, in 2025 Israel CPI increased by approximately 2.6%, compared with approximately 3.2% in 2024. In Q4 2025, CPI remained unchanged compared with an approximately 0.2% decline in 2024. The index rose by approximately 2% in the 12 month period ended in proximity to the publication date of the report.

According to Bloomberg, in the 2025 annual period, the US CPI rose by approximately 2.7%, compared with approximately 2.9% in the corresponding period the previous year, and by approximately 2.4% over the last 12 months proximate to the publication of the report. In Brazil, it rose by approximately 3.8% in the 12 month period ended in proximity to the publication of the report. In Russia, the consumer price index rose by approximately 5.9% in the 12 month period that ended in proximity to the publication of the report.

Presented below are changes in the consumer price index in both Q4 2025 and the 2025 annual period compared with the corresponding periods year-over-year, as well as in the 12 month period ended in proximity to the publication of the report.

	Year		Q4		
	2025	2024	2025	2024	Last 12 months
Israel	2.6%	3.2%	0.0%	(0.2%)	2.0%
USA	2.7%	2.9%	(0.2%)	0.1%	2.4%
Brazil	4.3%	4.8%	0.6%	1.5%	3.8%
Russia	5.6%	9.5%	1.3%	3.5%	5.9%

Most of the Group's long-term loan liabilities are Shekel denominated and bear fixed interest, and the rest are denominated in variable interest. Most of the Group's lease liabilities in Israel are CPI-linked.

9. Interest

According to the Bank of Israel, in the 2025 annual period the Bank of Israel interest declined from 4.5% at the beginning of the year to 4.25% at the end of the year. On January 5, 2026, the Bank of Israel announced an interest rate cut of 0.25% to 4.0%, which is unchanged as of proximate to the publication date of the report.
According to Bloomberg, as of proximate to the publication date of the report, the Federal Reserve interest rate was lowered in the US to 3.5%-3.75%, from 4.25%-4.5% at the beginning of 2025. In Brazil, the central bank interest rate increased from 12.25% at the beginning of 2025 to 15%, and declined to 14.75% proximate to the publication date of the report. In Russia, the interest rate declined from 21% at the beginning of 2025 to 16%, and declined to 15.5% in proximity to the publication date of the report.

Most of the Group's long-term loan liabilities are Shekel denominated and bear fixed interest. The rest are floating-rate loans, most of them Shekel denominated, as well as Dollar and Real denominated loans.

On November 7, 2025, S&P rating agency announced Israel's credit rating, whereby it left the rating unchanged at A, and raised the credit rating outlook from negative to stable.
On January 30, 2026, Moody's rating agency announced Israel's credit rating, whereby it left the rating unchanged at Baa1, and raised the credit rating outlook from negative to stable.

For a description of the market risks to which the Group is exposed, see section 25.1 of the Description of the Company's Business Report as of December 31, 2025 (Discussion of Risk Factors).

OPERATING RESULTS

10. Operating Results

The Group's commercial operations fall under a number of operating segments: Israel activity includes the following segments: Health & Wellness, Fun & Indulgence - Snacks and Confectionery, and Fun & Indulgence (Israel Coffee); the International Coffee activity; the Water activity and other activities. The Group has several businesses that are operated by jointly controlled entities in which the Company or subsidiaries hold a 50% stake: The coffee business in Brazil (Três Corações (JV)), the salty snacks business in Israel (Strauss Frito-Lay Ltd.), the dips and spreads business in North America - Sabra Dipping Company ("**Sabra**"), and the international dips and spreads business – PepsiCo Strauss Fresh Dips & Spreads International ("**Obela**"), until the sale thereof closed in December 2024 (for details about their sale see section 11.1 of the Description of the Company's Business Report for 2024). It should be clarified, the above activity is included in the Company's management (non-GAAP) reports according to the stake thereof held by the Company and/or the subsidiaries.

According to generally accepted accounting principles, in the Company's audited financial statements - which include the statement of profit and loss and statements of financial position, comprehensive income, changes in equity and cash flows (the "**financial statements**"), businesses which are jointly controlled by the Group members (with other partners) are presented in one separate row ("income (losses) of equity-accounted investees", and in the relevant section/line-item in the other reports.

Notwithstanding the foregoing, in light of the Group's non-GAAP reports and how the Group's management measures the results of the subsidiaries and jointly owned companies, the Group maintains managerial reports in which it presents the operating segments by presenting the Group's relative share of the income and expenses of the jointly controlled entities (50%) as well as other adjustments described below. Presentation of the data in this manner is different to how they are presented in the Company's audited Financial Statements.

The management (non-GAAP) reports, the financial accounting (GAAP) reports and the various adjustments made by the Company's management to transition from the financial accounting reports to the non-GAAP reports, are presented over the next few pages.

Presented below are the condensed operating results, based on the management (non-GAAP) reports, for the twelve months ended December 31, 2025 and 2024 (in NIS million):

Condensed Operating Results				
	Year			Explanation
	2025	2024	% change	
Sales *	**12,507**	**11,206**	**11.6%**	The increase is primarily attributable to the revision of sales prices in various categories and geographic regions due to an increase in raw material prices, primarily in the International Coffee segment, as well as a volume increase and improvement in the sales mix of the Israel activity. For more information see section 14 below.
Growth excluding foreign currency effects	15.4%	8.6%		
Cost of sales	8,908	7,767	14.7%	Growth is primarily the result of sales growth as mentioned, which was partially offset by higher raw material prices.
Gross profit	**3,599**	**3,439**	**4.7%**	
% of sales	28.8%	30.7%		The decline in gross margin primarily results from higher raw material prices (mainly the prices of green coffee, cocoa and raw milk) exceeding the revised sale prices. For more information see section 15 below.
Selling and marketing expenses	1,955	2,074	(5.8%)	The decline is primarily attributable to decreased selling expenses in the Israel activity segments and as a result of the sale of the International Dips & Spreads activity.
General and administrative expenses	617	635	(2.8%)	The decline is attributable to the sale of the International Dips & Spreads activity, which is partially offset by higher consulting, salary and maintenance expenses.
Total operating expenses	**2,572**	**2,709**		
Company's share in profits of equity-accounted investees	39	55	(29.3%)	The decline is attributable to a fall in HSW earnings, primarily due to investing in product development, marketing and improving sales channels due to increased competition against the activity in China.
Operating profit before incubator investee losses	**1,066**	**785**	**35.8%**	
Share in losses of equity-accounted incubator investees	(46)	(33)	41.9%	The change is primarily due to the recognitio3n of losses from the impairment in value of various incubator companies in the quarter.
Operating profit *	**1,020**	**752**	**35.6%**	Improved profitability due to growth and productivity.
% of sales	8.2%	6.7%		
Financing expenses, net	(254)	(174)	46.1%	The increase is mainly the result of the revaluation of currency derivatives due to the strengthening of the Shekel and higher interest expenses on debt primarily due to higher interest rates.
Profit before taxes on income	**766**	**578**	**32.5%**	
Taxes on income	(219)	(73)	200.4%	In 2024, tax income was recorded for previous years due to the closing of tax assessments in various countries, furthermore, increased tax expenses result from a change in the profit mix in Israel and increased earnings by the International Coffee activity.
Effective tax rate	28.6%	12.6%		
Profit for the period	**547**	**505**	**8.2%**	Most of the increase in net profit is due to growth in operating profit which was partially offset by an increase in financing and tax expenses.
Profit attributable to shareholders of the Company	**450**	**418**	**7.6%**	
% of sales	**3.6%**	**3.7%**		
Profit attributable to non-controlling interests	97	87	11.2%	
EPS (NIS)	3.86	3.59	7.6%	

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

* 2025 comparison figures include the activity sold in 2024 (the coffee activity in Serbia, the fresh vegetable operations at the Bror Hayil plant and the International Dips & Spreads activity), as well as the sale of the "Cafe Elite" chain activity in Q2 2025. For further information about the sale of the activity, see section 2.2 of the 2024 Annual Board of Directors Report and section 18.1 below. The Group's sales and operating profit in the 2024 annual period while neutralizing the activity (and in the 2025 annual period while neutralizing the "Cafe Elite" chain activity), and the impact of currency, as stated above, came to approximately NIS 10,244 million and NIS 741 million, respectively. Thus, the growth rate reflected in the Company's sales after neutralizing currency effects came to approximately 21.6%.

Presented below are the condensed operating results (based on the management (non-GAAP) reports) for the quarters ended December 31, 2025 and 2024 (in NIS million):

Condensed Operating Results				
	Q4			Explanation
	2025	2024	% change	
Sales *	**3,167**	**2,872**	**10.2%**	The increase is primarily attributable to the revision of sales prices in various categories and geographic regions due to an increase in raw material prices as well as higher volume primarily in the International Coffee segment. For more information see section 14 below.
Growth excluding foreign currency effects	12.7%	13.8%		
Cost of sales	2,177	2,059	5.6%	Growth in gross profit and margin is primarily the result of sales growth as aforementioned, as well as the implementation of productivity measures, which was offset by higher raw material prices (mainly the prices of green coffee, cocoa and raw milk). For more information see section 15 below.
Gross profit	**990**	**813**	**21.9%**	
% of sales	31.3%	28.3%		
Selling and marketing expenses	510	493	3.3%	The increase is primarily due to higher marketing expenses in Brazil.
General and administrative expenses	183	150	22.1%	The increase is primarily due to higher consulting and salary expenses.
Total operating expenses	**693**	**643**		
Company's share in profits of equity-accounted investees	8	19	(57.7%)	The decline is attributable to a fall in HSW earnings, primarily due to investing in product development, marketing and improving sales channels due to increased competition against Strauss Water's activity in China.
Operating profit before incubator investee losses	**305**	**189**	**61.4%**	
Share in losses of equity-accounted incubator investees	(23)	(15)	60.2%	The change is primarily due to the recognition of losses from the impairment in value of various incubator companies in the quarter, which was partially offset by a decline in equity losses.
Operating profit *	**282**	**174**	**62.3%**	The increase in operating profit and operating margin is due to the increase in gross profit and the implementation of productivity measures, which was partially offset by higher marketing and general and administrative expenses.
% of sales	8.9%	6.1%		
Financing expenses, net	(70)	(66)	7.1%	The increase in financing expenses is mainly the result of the revaluation of foreign currency derivatives due to the strengthening of the Shekel.
Profit before taxes on income	**212**	**108**	**96.0%**	
Taxes on income	(38)	(8)	380.9%	The increase in tax expenses is primarily due to the fact that in Q4 2024 low tax expenses were recorded, as well as a change in the profit mix in Israel and an increase in earnings of the International Coffee activity.
Effective tax rate	18.0%	7.3%		
Profit for the period	**174**	**100**	**73.4%**	Most of the increase in net profit is due to growth in operating profit which was partially offset by an increase in financing and tax expenses.
Profit attributable to shareholders of the Company	**151**	**74**	**103.3%**	
% of sales	**4.8%**	**2.6%**		
Profit attributable to non-controlling interests	23	26	(13.2%)	
EPS (NIS)	1.30	0.64	103.2%	

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

* 2025 comparison figures include the activity sold in 2024 (the fresh vegetable operations at the Bror Hayil plant and the International Dips & Spreads activity), as well as the sale of the "Cafe Elite" chain activity in Q2 2025. For further information about the sale of the activity, see section 2.2 of the 2024 Annual Board of Directors Report and section 18.1 below. The Group's sales and operating profit in Q4 2024 while offsetting the sold activity and the impact of currency, as stated above, came to approximately NIS 2,707 million and NIS 177 million, respectively. Thus, the growth rate reflected in the Company's sales after neutralizing currency effects came to approximately 16.9%.

Presented below are the condensed operating results, based on the management (non-GAAP) reports, of the major business segments for the years and quarters ended December 31, 2025 and 2024 (in NIS million):

Condensed Operating Results by Operating Segment						
	Year			Q4		
	2025	2024	% change	2025	2024	% change
Israel activity						
Net sales	5,457	5,170	5.6%	1,335	1,278	4.4%
Cost of sales	3,609	3,294	9.6%	872	831	4.8%
Operating profit	530	528	0.4%	136	120	13.6%
International Coffee						
Net sales	6,155	4,705	30.8%	1,595	1,287	24.0%
Cost of sales	4,843	3,725	30.0%	1,186	1,059	11.8%
Operating profit	493	214	130.7%	173	47	270.9%
Water						
Net sales	895	848	5.5%	237	221	7.4%
Cost of sales	456	447	2.1%	119	117	2.4%
Operating profit	115	115	(0.2%)	40	40	(0.8%)
Other						
Net sales *	-	483	(100.0%)	-	86	(100.0%)
Cost of sales *	-	301	(100.0%)	-	52	(100.0%)
Operating loss *	(118)	(105)	13.0%	(67)	(33)	109.1%
Total						
Net sales	**12,507**	**11,206**	**11.6%**	**3,167**	**2,872**	**10.2%**
Cost of sales	**8,908**	**7,767**	**14.7%**	**2,177**	**2,059**	**5.6%**
Operating profit	**1,020**	**752**	**35.6%**	**282**	**174**	**62.3%**

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

* The Group sold the International Dips & Spreads activity in 2024. For details about the sale of the activity, see section 2.2 of the 2024 Annual Board of Directors Report.

Presented below is the breakdown of EBITDA between the Group's operating segments (in NIS million):

Breakdown of EBITDA by operating segment						
	Year			Q4		
	2025	2024	% change	2025	2024	% change
Strauss Israel	737	744	(1.1%)	188	171	9.7%
Health & Wellness	507	488	4.0%	128	127	1.8%
Fun & Indulgence (Snacks and Confectionery)	91	122	(25.5%)	33	24	33.5%
Fun & Indulgence (Israel Coffee)	139	134	3.1%	27	20	30.0%
Strauss International Coffee	579	303	91.4%	195	67	193.9%
Strauss Water	183	177	2.9%	58	53	6.8%
Other	(65)	(40)	61.2%	(53)	(19)	169.7%
Group's total EBITDA	**1,434**	**1,184**	**21.0%**	**388**	**272**	**42.9%**

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

Presented below are the condensed financial accounting (GAAP) statements of income for the years and quarters ended December 31, 2025 and 2024 (in NIS million):

Condensed GAAP Statements of Income						
	Year			Q4		
	2025	2024	% change	2025	2024	% change
Sales	7,823	7,089	10.4%	2,007	1,789	12.2%
Cost of sales excluding impact of commodity hedges	5,337	4,668	14.3%	1,350	1,209	11.6%
Adjustments for commodity hedges [1]	(15)	33		(2)	(7)	
Cost of sales	5,322	4,701	13.2%	1,348	1,202	12.2%
Gross profit	**2,501**	**2,388**	**4.7%**	**659**	**587**	**12.2%**
% of sales	32.0%	33.7%		32.8%	32.8%	
Selling and marketing expenses	1,381	1,401	(1.5%)	355	341	3.9%
General and administrative expenses	547	501	9.1%	162	119	36.0%
Total operating expenses	**1,928**	**1,902**		**517**	**460**	
Share of income of equity-accounted investees	360	179	100.9%	127	36	253.2%
Share in losses of equity-accounted incubator investees	(46)	(33)	41.9%	(23)	(15)	60.2%
Net operating profit before other expenses	**887**	**632**	**40.4%**	**246**	**148**	**66.7%**
% of sales	11.3%	8.9%		12.3%	8.2%	
Other income (expenses), net	(50)	404		(26)	486	
Net operating profit after other expenses	**837**	**1,036**	**(19.3%)**	**220**	**634**	**(65.4%)**
Financing expenses, net	(184)	(120)	53.3%	(55)	(47)	15.8%
Profit before taxes on income	**653**	**916**	**(28.7%)**	**165**	**587**	**(71.9%)**
Taxes on income	(156)	(205)	(24.1%)	(20)	(169)	(88.3%)
Effective tax rate	23.9%	22.4%		12.0%	28.9%	
Profit for the period	**497**	**711**	(30.1%)	**145**	**418**	(65.3%)
Profit attributable to shareholders of the Company	**404**	**624**	**(35.2%)**	**127**	**392**	**(67.5%)**
Profit attributable to non-controlling interests	93	87	6.3%	18	26	(32.4%)

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

[1] Reflects mark-to-market as of end-of-period of open positions in the Group in respect of financial derivatives used to hedge commodity prices.

11. Adjustments for the management (non-GAAP) reports

Adjustments for IFRS 11 – transition from the equity method in the financial accounting (GAAP) reports to the proportionate consolidation method (according to the segmental information based on the Group's internal management reports).

Presented below are the adjustments for the Company's management (non-GAAP) reports, for the twelve months ended December 31, 2025 and 2024 (in NIS million):

Adjustments from the GAAP report for the non-GAAP proportionate consolidation method report						
	2025			2024		
	Financial Statements	Change	Proportionate consolidation method	Financial Statements	Change	Proportionate consolidation method
Sales	7,823	4,684	12,507	7,089	4,117	11,206
Cost of sales excluding impact of commodity hedges	5,337	3,571	8,908	4,668	3,099	7,767
Adjustments for commodity hedges [1]	(15)	-	(15)	33	2	35
Cost of sales	5,322	3,571	8,893	4,701	3,101	7,802
Gross profit	**2,501**	**1,113**	**3,614**	**2,388**	**1,016**	**3,404**
% of sales	32.0%		28.9%	33.7%		30.4%
Selling and marketing expenses	1,381	574	1,955	1,401	673	2,074
General and administrative expenses	547	91	638	501	162	663
Company's share in profits of equity-accounted investees	360	(321)	39	179	(124)	55
Operating profit before the profits of the incubator investees	**933**	**127**	**1,060**	**665**	**57**	**722**
Share in losses of equity-accounted incubator investees	(46)	-	(46)	(33)	-	(33)
Operating profit before other expenses	**887**	**127**	**1,014**	**632**	**57**	**689**
% of sales	11.3%		8.1%	8.9%		6.1%
Other income (expenses), net	(50)	8	(42)	404	3	407
Operating profit after other expenses	**837**	**135**	**972**	**1,036**	**60**	**1,096**
Financing expenses, net	(184)	(70)	(254)	(120)	(54)	(174)
Profit before taxes on income	**653**	**65**	**718**	**916**	**6**	**922**
Taxes on income	(156)	(65)	(221)	(205)	(6)	(211)
Effective tax rate	23.9%		30.8%	22.4%		22.9%
Profit for the period	497	-	497	711	-	711
Profit attributable to shareholders of the Company	**404**	**-**	**404**	**624**	**-**	**624**
Profit attributable to non-controlling interests	93	-	93	87	-	87

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

[1] Reflects 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 most of the gains or losses arising from commodity derivatives until the date when the inventory is sold to outside parties and/or the financial derivative is exercised.

Presented below are the adjustments to the Company's management (non-GAAP) reports for the quarters ended December 31, 2025 and 2024 (in NIS million):

Adjustments from the GAAP report for the non-GAAP proportionate consolidation method report						
	Q4 2025			Q4 2024		
	Financial Statements	Change	Proportionate consolidation method	Financial Statements	Change	Proportionate consolidation method
Sales	2,007	1,160	3,167	1,789	1,083	2,872
Cost of sales excluding impact of commodity hedges	1,350	827	2,177	1,209	850	2,059
Adjustments for commodity hedges [1]	(2)	-	(2)	(7)	1	(6)
Cost of sales	1,348	827	2,175	1,202	851	2,053
Gross profit	**659**	**333**	**992**	**587**	**232**	**819**
% of sales	32.8%		31.3%	32.8%		28.5%
Selling and marketing expenses	355	155	510	341	152	493
General and administrative expenses	162	26	188	119	39	158
Company's share in profits of equity-accounted investees	127	(119)	8	36	(17)	19
Operating profit before the profits of the incubator investees	**269**	**33**	**302**	**163**	**24**	**187**
Share in losses of equity-accounted incubator investees	(23)	-	(23)	(15)	-	(15)
Operating profit before other expenses	**246**	**33**	**279**	**148**	**24**	**172**
% of sales	12.3%		8.8%	8.2%		6.0%
Other income (expenses), net	(26)	-	(26)	486	(10)	476
Operating profit after other expenses	**220**	**33**	**253**	**634**	**14**	**648**
Financing expenses, net	(55)	(15)	(70)	(47)	(19)	(66)
Profit before taxes on income	**165**	**18**	**183**	**587**	**(5)**	**582**
Taxes on income	(20)	(18)	(38)	(169)	5	(164)
Effective tax rate	12.0%		20.8%	28.9%		28.2%
Profit for the period	145	-	145	418	-	418
Profit attributable to shareholders of the Company	**127**	**-**	**127**	**392**	**-**	**392**
Profit attributable to non-controlling interests	18	-	18	26	-	26

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

[1] Reflects 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 most of the gains or losses arising from commodity derivatives until the date when the inventory is sold to outside parties and/or the financial derivative is exercised.

Additional adjustments for the management (non-GAAP) reports (share-based payment, valuation of hedging transactions, other expenses and taxes referring to those adjustments):

Additional adjustments for the management (non-GAAP) reports						
	Year			Q4		
	2025	2024	% change	2025	2024	% change
Net operating profit (according to the proportionate consolidation method) after other income (expenses)	**972**	**1,096**	**(11.2%)**	**253**	**648**	**(60.8%)**
Share-based payments	21	28		5	8	
Adjustments for commodity hedges [(1)]	(15)	35		(2)	(6)	
Other expenses (revenues), net	42	(407)		26	(476)	
Operating profit [(2)]	**1,020**	**752**	**35.6%**	**282**	**174**	**62.3%**
Financing expenses, net	(254)	(174)		(70)	(66)	
Taxes on income	(221)	(211)		(38)	(164)	
Taxes in respect of adjustments to the above operating profit	2	138		-	156	
Profit for the period	**547**	**505**	**8.2%**	**174**	**100**	**73.4%**
Attributable to shareholders of the Company	**450**	**418**	**7.6%**	**151**	**74**	**103.3%**
Attributable to non-controlling interests	**97**	**87**	**11.2%**	**23**	**26**	**(13.2%)**

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

(1) Reflects 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 most of the gains or losses arising from commodity derivatives until the date when the inventory is sold to outside parties and/or the financial derivative is exercised.

(2) In the 2024 annual period, Strauss Israel recorded a loss of approximately NIS 94 million on cocoa derivative positions. Included in this amount, a loss of approximately NIS 45 million was realized in 2024, and an adjustment was made to the Company's GAAP financial reports with respect to the balance. In Q1 2025, the outstanding balance totaling approximately NIS 49 million was realized, which is included in the cost of sales line-item in the Company's management (non-GAAP) reports.

12. Condensed statement of financial position

Presented below is the condensed financial accounting (GAAP) statement of financial position as of December 31, 2025 and December 31, 2024 (in NIS million):

Condensed GAAP Statement of Financial Position				
	As of December 31, 2025	As of December 31, 2024	% change	Explanation
Total current assets	3,097	3,582	(13.7%)	The change is largely due to a decrease in cash and cash equivalents, a decline in accounts receivable and debit balances (primarily from derivatives), which was partially offset by an increase in inventory due to stocking up and more expensive raw materials and an increase in the trade receivables balance due to sales growth.
Including: Cash and cash equivalents	535	1,142	(53.1%)	For information on the change in the cash and cash equivalents line-item, see section 19.2 below. According to Company policy, these assets are mainly held in liquid deposits.
Total non-current assets	5,719	5,377	6.5%	The change is largely due to an increase in investments in associates due to investee profits. This increase was partially offset by negative translation differences and dividends declared and distributed during the period. As well as an increase in investments in fixed assets and intangible assets.
Total assets	8,816	8,959	(1.6%)	
Total current liabilities	2,998	3,335	(10.3%)	The change is primarily due to the repayment of short-term credit.
Total non-current liabilities	2,195	2,028	8.5%	The increase is primarily due to the public issuance of debentures (through an expansion of Debentures Series F) in June 2025, while, on the other hand, there was a decline in lease liabilities as a result of the Cafe Elite chain sale transaction.
Total equity attributable to majority shareholders	3,272	3,279	(0.2%)	The change is primarily due to a dividend declared and distributed to the Company's shareholders and from negative translation differences, and was partially offset by the Company's profits for the majority shareholders.
Total equity attributable to non-controlling shareholders	351	317	10.9%	The change is due to profits attributable to non-controlling interests, and was partially offset by a dividend declared and distributed.

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

Presented below is the outstanding debt balance as of December 31, 2025 and 2024 (in NIS million):

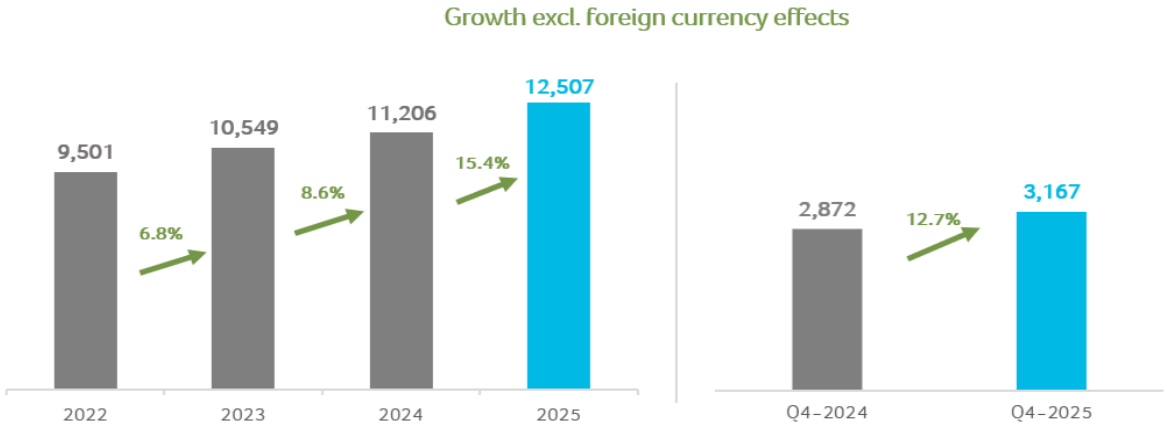
Debt balance				
	As of December 31, 2025	As of December 31, 2024	Change	Explanation
Gross debt – non-GAAP reports	3,330	3,545	(215)	The decline in the debt is primarily due to the repayment of short-term loans. The increase in net debt is primarily attributable to the decline in cash balances partially offset by a decrease in gross debt.
Gross debt – financial accounting (GAAP) reports	2,628	2,812	(184)	
Net debt – non-GAAP reports	2,223	1,989	234	
Net debt – financial accounting (GAAP) reports	2,093	1,670	423	

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

13. Key comparative financial data according to the non-GAAP reports

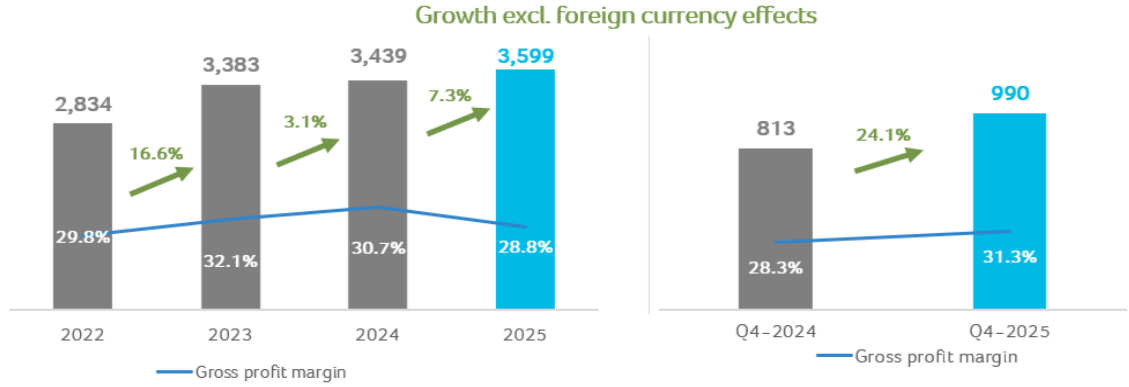
Presented below are key financial data presented in a quarterly and multi-year comparison, according to the management (non-GAAP) reports:

Net sales - Full year and Q4



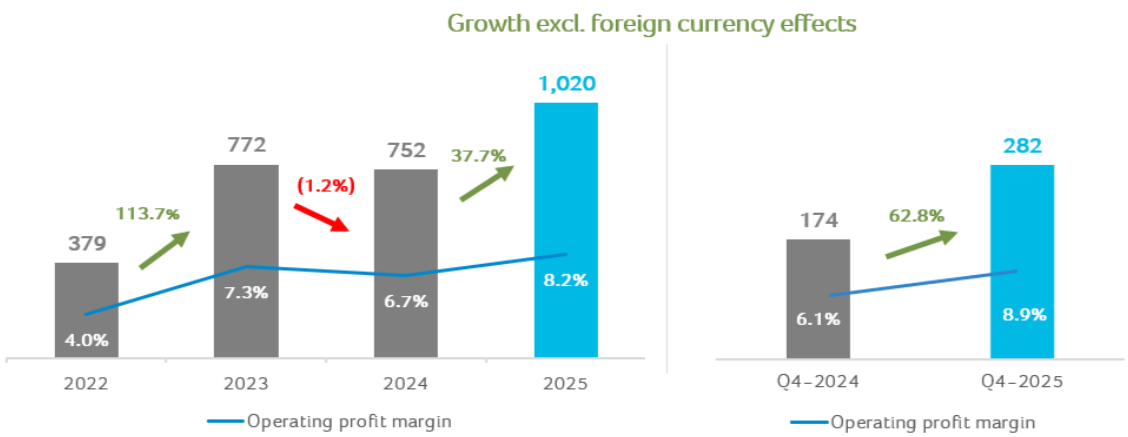
Financial data were rounded to NIS million. Percentage changes were calculated based on the exact figures in NIS thousands.

Gross profit and gross margin - Full year and Q4

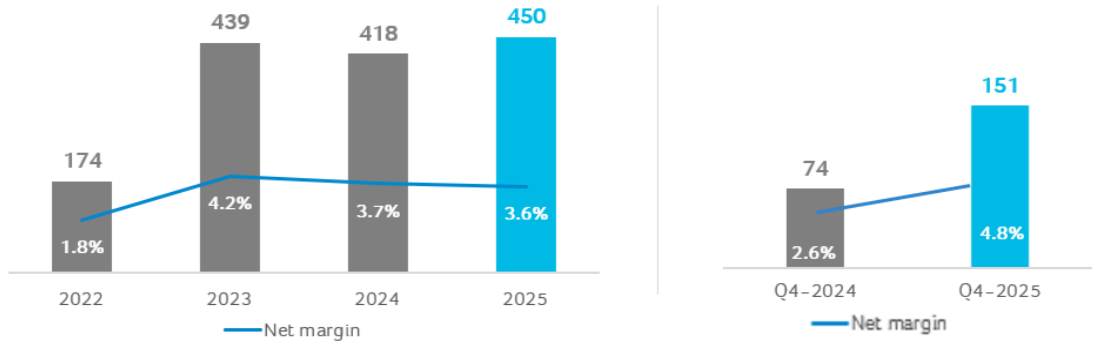


Financial data were rounded to NIS million. Percentage changes were calculated based on the exact figures in NIS thousands.

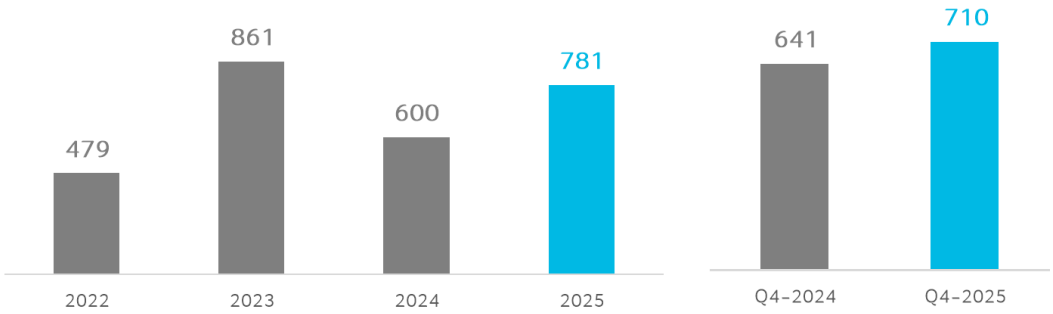
Operating profit and operating margin - Full year and Q4



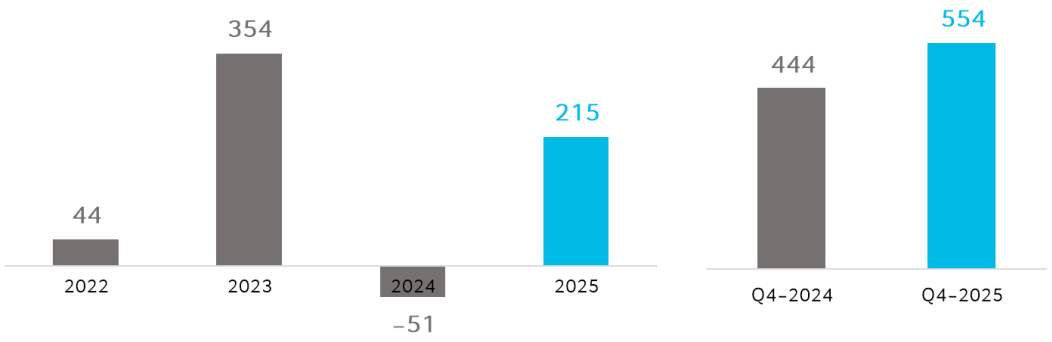
Net profit and net profit margin for the shareholders - Full year and Q4



Cash flows from operating activities - Full year and Q4



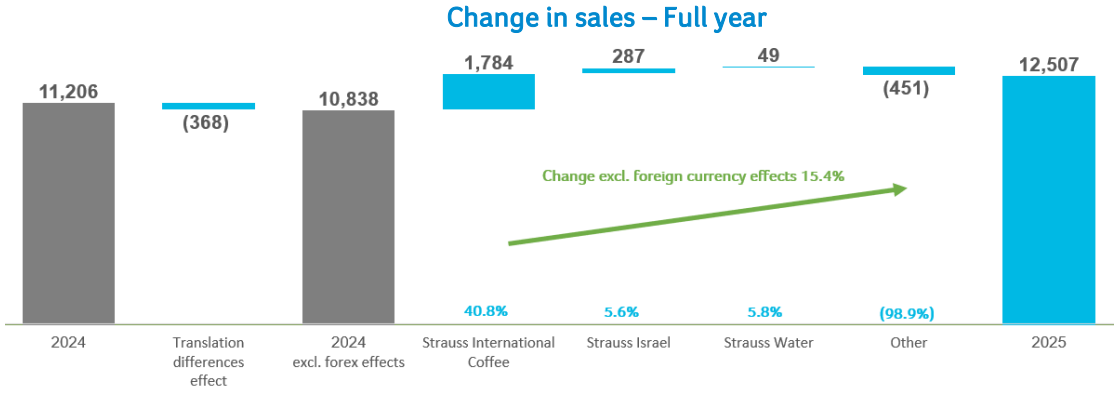
Free cash flow - Full year and Q4

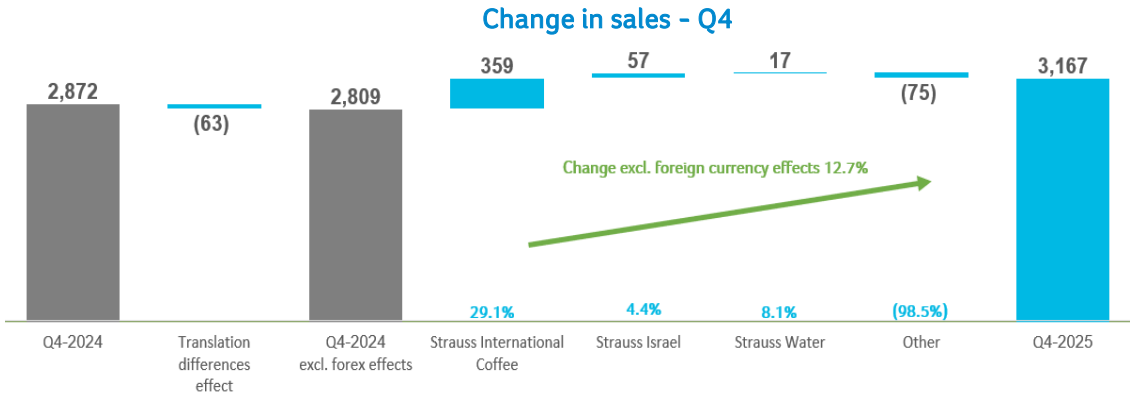


Financial data were rounded to NIS million. Percentage changes were calculated based on the exact figures in NIS thousands.

14. Sales – non-GAAP

Presented below are the components of the change in sales in the period in local currency and rates of change according to the Company's business segments based on the management (non-GAAP) reports:





The Group sold the International Dips & Spreads activity in 2024.
The translation differences effect is calculated according to the average exchange rates in the relevant period.
Financial data were rounded to NIS million. Percentage changes were calculated based on the exact figures in NIS thousands.

The Group's sales in the 2025 annual period and in Q4 2025 were affected by negative translation differences amounting to approximately NIS 368 million, and NIS 63 million, respectively, primarily due to the weakening of the average exchange rate of the Brazilian Real against the Shekel compared to the corresponding periods the previous year.

For additional explanations regarding the change in the Group's sales in local currency, see sections 18.1, 18.2 and 18.3 below.

15. Gross profit – non-GAAP

Gross profit – non-GAAP								
	Year				Q4			
	2025	2024	% change	% change excluding effect of translation differences into NIS	2025	2024	% change	% change excluding effect of translation differences into NIS
Gross profit	3,599	3,439	4.7%	7.3%	990	813	21.9%	24.1%
Gross margin	28.8%	30.7%			31.3%	28.3%		

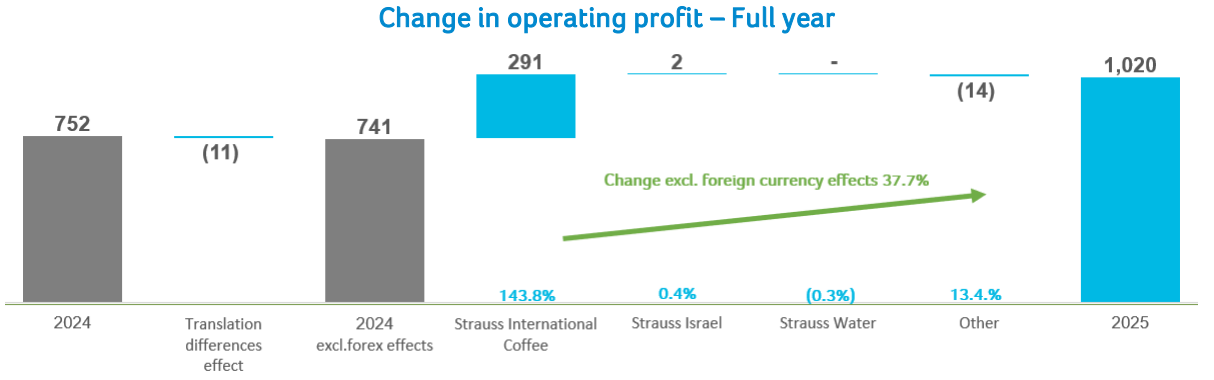
The Group's non-GAAP gross profit in the 2025 annual period and in Q4 2025 was negatively affected by exchange rates with the impact amounting to approximately NIS 86 million and NIS 14 million, respectively, largely as a result of the weakening of the average exchange rate of the Brazilian Real against the Shekel compared to the corresponding periods the previous year.

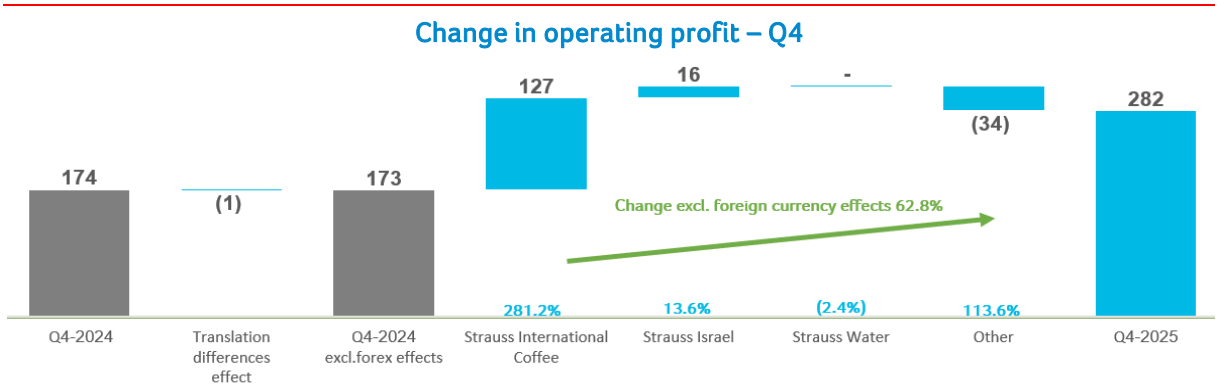
For additional explanations regarding the change in the Group's gross profit, see sections 18.1, 18.2 and 18.3 below.

16. Operating profit – non-GAAP

Operating profit before other expenses - non-GAAP								
	Year				Q4			
	2025	2024	% change	% change excluding effect of translation differences into NIS	2025	2024	% change	% change excluding effect of translation differences into NIS
Operating profit	1,020	752	35.6%	37.7%	282	174	62.3%	62.8%
Operating margin	8.2%	6.7%			8.9%	6.1%		

Presented below are the components of the change in operating profit compared to the corresponding periods the previous year, according to the Company's business segments:





The translation differences effect is calculated according to the average exchange rates in the relevant period.

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

For additional explanations regarding the change in the Group's operating profit, see sections 18.1, 18.2 and 18.3 below.

17. Comprehensive income for the period (according to the financial accounting (GAAP) report)

Comprehensive GAAP profit amounted to approximately NIS 424 million in the full 2025 annual period, compared to comprehensive profit of NIS 571 million in the corresponding period the previous year. In the 2025 annual period, the losses from translation differences, which are the main component of other comprehensive profit, amounted to approximately NIS 73 million, compared to a foreign currency translation loss of approximately NIS 141 million in the corresponding period the previous year.

Comprehensive GAAP profit in Q4 2025 amounted to approximately NIS 59 million, compared to comprehensive profit of approximately NIS 222 million in the same period the previous year. In Q4 2025, the losses from translation differences, which are the main component of other comprehensive profit, amounted to approximately NIS 86 million, compared to a foreign currency translation loss of approximately NIS 197 million in the corresponding period the previous year.

18. Analysis of the results of the Group's major business units

Presented below are the Group's sales in Israel, which include the Health & Wellness, Fun & Indulgence (Snacks and Confectionery), Fun & Indulgence (Israel Coffee) and Strauss Water Israel (Tami 4) segments:

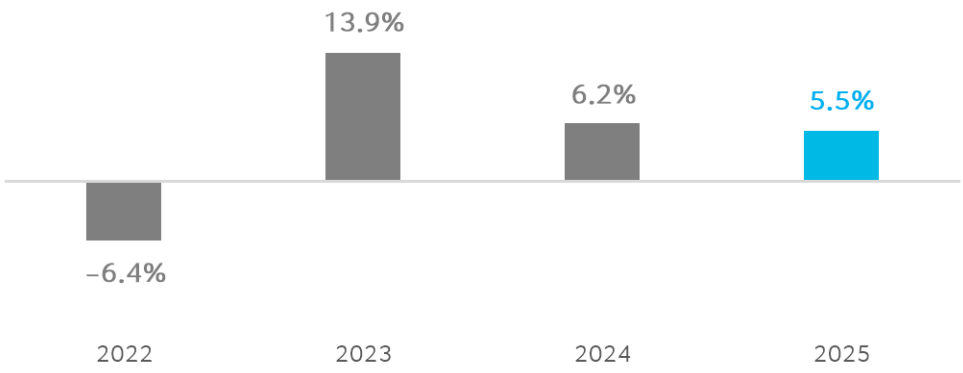
Data on Strauss Group's Sales in Israel							
	Year			Q4			Explanation
	2025	2024	% change	2025	2024	% change	
The Group's sales in Israel *	6,289	5,973	5.3%	1,557	1,483	5.0%	The increase is attributable to the revision of sale prices, higher sales volumes and an improved sales mix. Additionally, the Strauss Water activity also contributed to growth thanks to growth in the customer base and a greater sales volume.

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

* Comparison figures include sold activity.

18.1. Israel activity

Sales Growth in the Israel Activity



According to StoreNext,[1] as of December 31, 2025, the Group is the second-largest food and beverage group in the barcoded market in Israel based on total sales, in 2025 the Group had approximately 12.1% of the total retail food and beverage market in Israel (in terms of revenue), compared with a market share of approximately 11.6% in 2024. It should be noted that the Strauss Water activity is not included in StoreNext's market share measurements.

[1] 2025 figures were adjusted for StoreNext's updated calculations, which are current according to a report published on January 8, 2026.

For further information about the prices of raw materials and other manufacturing inputs, see section 5 above, as well as sections 7, 8.1.10, 8.2.12 and 8.3.12 of the Description of the Company's Business Report for 2025.

Presented below are the condensed operating results, based on the management (non-GAAP) reports, of the Israel activity by operating segment for the years and quarters ended December 31, 2025 and 2024:

Condensed operating results – the Israel activity							
	Year			Q4			Explanation
	2025	2024	% change	2025	2024	% change	
Net sales	5,457	5,170	5.6%	1,335	1,278	4.4%	The increase in sales in the 2025 annual period is attributable to revised sale prices (due to higher raw material prices), increased sales volume and improved sales mix. In Q4 the increase in sales is attributable to revised sale prices and greater volume.
Gross profit	1,848	1,875	(1.5%)	463	447	3.6%	The decline in profit and gross margin in the 2025 annual period is attributable to increased cocoa, green coffee and raw milk raw material prices.
% gross profit	33.9%	36.3%		34.7%	35.0%		
Operating profit	530	528	0.4%	136	120	13.6%	In 2025, the decline in profit margin was primarily attributable to higher raw material prices, as mentioned above, while productivity measures and selling price adjustments partially offset these impacts.
% operating profit	9.7%	10.2%		10.2%	9.3%		

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

Condensed results by segment

Condensed results of the Israel activity by segment							
	Year			Q4			Explanation
	2025	2024	% change	2025	2024	% change	
Health & Wellness segment							
Net sales	3,159	3,076	2.7%	790	764	3.4%	Growth in volume and improved product mix, with a minor revision of sale prices. The increase in profit and margin year-over-year is primarily attributable to higher sales and the implementation of productivity efficiency measures, despite being partially offset primarily attributable to higher marketing expenses, the costs of raw materials particularly of milk, cessation of the fresh vegetable activity, and one-off food quality assurance and safety costs. The decline in margin in Q4 reflects higher marketing expenses during the period.
Cost of sales	1,982	1,927	2.8%	496	478	3.6%	
Operating profit	405	389	4.1%	103	103	(0.2%)	
% operating profit	12.8%	12.6%		13.0%	13.4%		
Fun & Indulgence (Snacks and Confectionery) segment							
Net sales	1,395	1,264	10.3%	335	309	8.3%	The increase in sales is attributable to revised sales prices due to increased raw material prices as well as growth in volume in 2025 compared with 2024. The increase in cost of sales is largely due to an increase in cocoa prices during the period. The decline in operating profit and operating margin in the 2025 annual period is primarily due to the increase in the cost of sales, which was partially offset by revised sales prices, the improved sales mix and productivity measures. The growth in operating profit and operating margin in Q4 of the year is primarily attributable to a minor moderation in the cost of materials.
Cost of sales	1,052	890	18.3%	238	224	6.4%	
Operating profit	12	44	(72.4%)	12	5	163.6%	
% operating profit	0.9%	3.5%		3.7%	1.5%		
Fun & Indulgence (Israel Coffee) segment							
Net sales	903	830	8.9%	210	205	2.8%	The improvement in sales in the 2025 annual period is attributable to the revision of sale prices following an increase in raw material prices as well as growth in volume and improved mix. The improvement in operating profit is attributable to productivity measures as well as improved mix. The impact of the revised sales prices was seen in 2025. Furthermore, in Q2 2025, the Company sold the Cafe Elite chain activity.
Cost of sales	575	477	20.5%	138	129	7.6%	
Operating profit	113	95	19.3%	21	12	73.0%	
% operating profit	12.5%	11.4%		9.9%	5.9%		

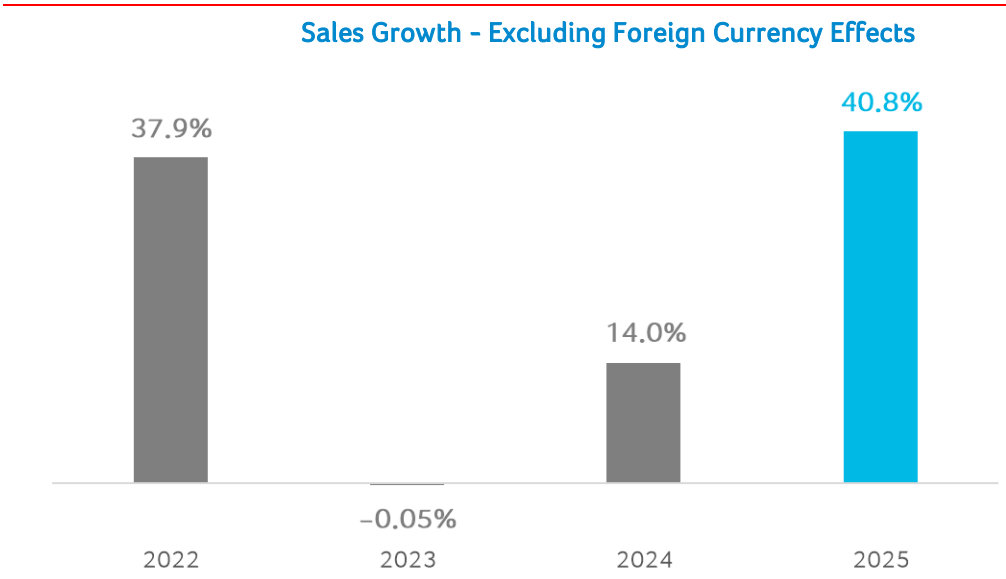
Financial data were rounded to NIS million. Percentage changes were calculated based on the exact figures in NIS thousands.

- As part of the strategic decision to strengthen the Group's presence in plant-based solutions as stated in section 23 of the Description of the Company's Business Report for 2025, in August 2025 the Group partially commenced production at the new plant to manufacture plant-based milk substitute products. The plant is part of the "Michael" production campus, located in the Bar Lev Industrial Zone (Achihud) adjacent to the Achihud Dairy owned by the Group. For further information, see section 8.2.1 of the Description of the Company's Business Report for 2025.

- Further to Note 15.2 to the 2025 Annual Consolidated Financial Statements regarding supplier finance arrangements, as of December 31, 2025, trade payables included in the reverse factoring arrangement with the Israel activity amounted to approximately NIS 84 million (as of December 31, 2024: NIS 78 million).

18.2. International Coffee activity

Presented below is the development of the Company's net sales and operating profit, in 2022-2025 in the International Coffee activity:



According to Euromonitor data,[1] in 2025 the Group's coffee activity (including 100% of the activity of the Três Corações (JV) and the Israel Coffee activity (which is part of the Fun & Indulgence (Israel Coffee) segment) made it the third largest player in the global retail market in terms of value market share, with approximately 2.8% of the global coffee market in terms of value in 2025.

For more information regarding the Group's activity in the International Coffee segment, see section 9.1.1 of the Description of the Company's Business Report.

Following the substantial increase in green, Robusta and Arabica coffee prices in recent years (as described in section 9.1.16 of the Description of the Company's Business Report), the Group revised the prices of various coffee products in all countries of operations. See section 9.1.4 of the Description of the Company's Business Report in this regard. In addition to revising sales prices for its customers, the Group is working in additional ways to mitigate the effects of rising coffee prices, among others by applying the Group's formal hedging policy, mitigation plans and operational efficiency enhancement. For further information on raw material prices (particularly green coffee) and other production inputs, and the method applied by the Company to manage the associated risks, see section 5 above.

See section 4 above for information on the Russia-Ukraine war.

As of the date of the report, the Company is preparing to comply with the EU Regulation on Deforestation-Free Products ("EUDR") and is making the necessary adjustments, in order to comply with

[1] Based on the Euromonitor data report published on November 17, 2025.

the relevant requirements upon the regulation becoming effective at the aforementioned time. For further information, see section 20.3.1 of the Description of the Company's Business Report for 2025.

Further to Note 15.2 to the 2025 Annual Financial Statements regarding supplier finance arrangements, as of December 31, 2025, trade payables included in the reverse factoring arrangement with the International Coffee activity amounted to approximately NIS 449 million (as of December 31, 2024: NIS 449 million).

Presented below are the condensed operating results, based on the management (non-GAAP) reports, of the International Coffee activity for the years ended December 31, 2025 and 2024 (in NIS million):

Condensed operating results – The International Coffee activity				
	Year			Explanation
	2025	2024	% change	
International Coffee activity				
Net sales	6,155	4,705	30.8%	The increase in sales is primarily due to revised sale prices due to increased green coffee prices, along with higher volume in most regions for the segment. On the other hand, the growth in sales was offset by the impact of currency exchange rates, primarily the strengthening of the Shekel against the Brazilian Real relative to the corresponding period last year. For more information please refer to "International Coffee activity sales by major geographical regions" in section 18.2.1 below.
Cost of sales	4,843	3,725	30.0%	The increase in cost of sales is largely due to an increase in green coffee prices in all regions in the segment, which was partially offset by the implementation of productivity measures.
Operating profit	493	214	130.7%	The increase in operating profit and margin for the coffee activity is primarily due to revised sale prices and higher volume as noted above, which was partially offset by an increase in the price of raw materials and higher variable operating expenses and marketing expenses.
% operating profit	8.0%	4.6%		

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

Presented below are the condensed operating results, based on the management (non-GAAP) reports, of the International Coffee activity for the quarters ended December 31, 2025 and 2024 (in NIS million):

Condensed operating results – The International Coffee activity				
	Q4			Explanation
	2025	2024	% change	
International Coffee activity				
Net sales	1,595	1,287	24.0%	Growth in sales is primarily attributable to revised sales prices due to the rise in green coffee prices, as well as increased sales volume in most regions, which was partially offset by a negative impact of exchange rates and particularly the strengthening of the Shekel against the Brazilian Real compared with the corresponding quarter last year. For more information please refer to "International Coffee activity sales by major geographical regions" in section 18.2.1 below.
Cost of sales	1,186	1,059	11.8%	The increase in cost of sales is largely due to an increase in green coffee prices in all regions which was partially offset by the implementation of productivity measures.
Operating profit	173	47	270.9%	The increase in operating profit and margin for the coffee activity is primarily due to revised sale prices and higher volume as noted above, which was partially offset by an increase in the price of raw materials and higher variable operating expenses and marketing expenses.
% operating profit	10.9%	3.6%		

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

18.2.1. International Coffee activity sales by major geographical regions

Presented below are sales by the International Coffee activity in the major geographical regions (not including intercompany transactions) and rates of change (in local currency) for the years ended December 31, 2025 and 2024 (in NIS million):

International Coffee activity sales by major geographical regions					
Geographical region	Year				Explanation
	2025	2024	% change	% change in local currency (1)	
Brazil - 50% of Três Corações (3) (2)	4,329	3,299	31.2%	45.2%	The growth in Três Corações's sales in local currency is primarily due to revised sales prices. The Company's sales were adversely impacted by the strengthening of the Shekel against the Brazilian Real by approximately NIS 320 million. See section 18.2.2 below for more information.
Russia	689	529	30.5%	25.9%	Sales growth in local currency is primarily due to revised sales prices. The Company's sales were favorably affected by approximately NIS 19 million due to the weakening of the Shekel against the Russian Ruble.
Ukraine	196	163	20.5%	34.4%	Sales growth in local currency is primarily due to revised sales prices. The Company's sales were negatively affected by the strengthening of the Shekel against the Hryvnia, with the effect amounting to approximately NIS 17 million.
Poland	640	429	49.4%	51.1%	The growth in sales in local currency is primarily due to revised sales prices and increased sales volume. Sales were adversely impacted by the strengthening of the Shekel against the Polish Zloty, with the effect amounting to approximately NIS 5 million.
Romania	301	235	27.8%	33.4%	Sales growth in local currency is primarily due to revised sales prices. The Company's sales were adversely impacted by the strengthening of the Shekel against the Romanian Leu, with the effect amounting to approximately NIS 9 million.
Serbia	-	21	(100.0%)	(100.0%)	The activity in Serbia ended following the sale of the company in Serbia at the end of February 2024. For more information, see section 20.2 of the 2024 Annual Board of Directors Report.
Other	-	29	(100.0%)	(100.0%)	The income in the 2024 annual period derives from the sale of green coffee to the business in Serbia, after its sale.
Total International Coffee	**6,155**	**4,705**	**30.8%**	**40.8%**	

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

(1) The growth rate in local currency neutralizes the impact on growth in the countries' sales of exchange rate changes in the different countries against the Shekel.

(2) Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%); (Data reflect Strauss Coffee's share (50%))

(3) Três Corações' sales – excluding intercompany transactions between Três Corações Alimentos S.A. and Strauss Coffee.

Presented below are sales by the International Coffee activity in the major geographical regions (not including intercompany transactions) and rates of change (in local currency) for the quarters ended December 31, 2025 and 2024 (in NIS million):

International Coffee activity sales by major geographical regions					
Geographical region	Q4				Explanation
	2025	2024	% change	% change in local currency (4)	
Brazil - 50% of Três Corações (5) (6)	1,077	918	17.3%	23.8%	The growth in Três Corações's sales in local currency is primarily due to revised sales prices. The Company's sales were adversely impacted by the strengthening of the Shekel against the Brazilian Real by approximately NIS 48 million. See section 18.2.2 below for more information.
Russia	197	143	38.5%	29.0%	The growth in sales in local currency is due to revised sales prices and increased sales volume. The Company's sales were favorably affected by the strengthening of the Shekel against the Ruble, with the effect amounting to approximately NIS 11 million.
Ukraine	54	49	11.2%	28.1%	The growth in sales in local currency is primarily due to revised sales prices and increased sales volume. The Company's sales were negatively affected by the strengthening of the Shekel against the Hryvnia, with the effect amounting to approximately NIS 6 million.
Poland	181	120	50.9%	54.5%	Sales growth in local currency is due to the revision of sale prices and increased sales volumes. The Company's sales were adversely impacted by the strengthening of the Shekel against the Polish Zloty, with the effect amounting to approximately NIS 3 million.
Romania	86	57	50.6%	60.2%	The growth in sales in local currency is primarily due to revised sales prices and increased sales volume. The Company's sales were adversely impacted by the strengthening of the Shekel against the Romanian Leu, with the effect amounting to approximately NIS 3 million.
Total International Coffee	**1,595**	**1,287**	**24.0%**	**29.1%**	

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

(4) The growth rate in local currency neutralizes the impact on growth in the countries' sales of exchange rate changes in the different countries against the Shekel.

(5) Três Corações (JV) (Brazil) – a joint venture between the Group (50%) and São Miguel Group (50%); (Data reflect Strauss Coffee's share (50%))

(6) Três Corações' sales – excluding intercompany transactions between Três Corações Alimentos S.A. and Strauss Coffee.

18.2.2. Três Corações Alimentos S.A. (JV) (Brazil)[1] – a joint venture between the Group (50%) and São Miguel Group (50%); (Data reflect Strauss Coffee's share (50%))

In the 2025 annual period, Três Corações (JV)'s average value market share in R&G coffee was approximately 33.4%, compared to approximately 32.6% the previous year. In 2025 it continued to be the largest coffee company in Brazil in terms of market share, both in terms of value and volume. For further information about its competitive position, see section 9.1.10 of the Description of the Company's Business Report.

In the Financial Statements (GAAP report), the Group's share of the joint venture is accounted for under the equity method.

Presented below are selected financial data on Três Corações (JV)'s business, in **BRL million** (data reflect the Group's ownership interest (50%)):

Selected Financial Data on Três Corações (JV)'s Business							
	Year			Q4			Explanation
	2025	2024	% change	2025	2024	% change	
Sales	7,049	4,851	45.3%	1,795	1,449	23.9%	Sales growth mainly reflects the revised sales prices.
Gross profit	1,515	972	55.9%	481	252	90.9%	The growth in gross profit and margin is primarily due to revised sales prices which was partially offset by increased raw material prices.
Gross margin	21.5%	20.0%		26.8%	17.4%		
Operating profit before other income/expenses	628	193	225.7%	232	50	364.0%	The increase in operating profit and operating margin is primarily due to the increase in gross profit, as well as the initiatives for improved operating efficiency, which was partially offset by increased operating expenses.
Operating margin	8.9%	4.0%		12.9%	3.5%		

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

[1] The Group's operations in Brazil also include a joint venture (50%) together with the São Miguel Group (50%) in a sister company, Três Corações Imóveis, whose results are not material to the Group's overall activities.

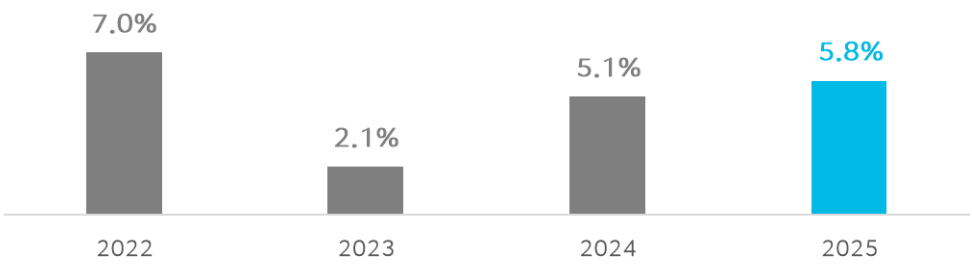
Presented below are selected data on Três Corações (JV)'s business, **in NIS million** (data reflect the Group's holdings (50%)):

Selected Financial Data on Três Corações (JV)'s Business						
	Year			Q4		
	2025	2024	% change	2025	2024	% change
Sales	4,352	3,310	31.5%	1,083	923	17.4%
Gross profit	933	665	40.2%	290	159	82.3%
Operating profit before other income/expenses	387	130	196.6%	140	31	350.2%

Financial data were rounded to NIS million. Percentage changes were calculated based on the exact figures in NIS thousands.
* Financial data are based on the average exchange rates during the period.

18.3. Strauss Water

Sales Growth Excluding Foreign Currency Effects



The Group is active in the drinking water market through Strauss Water Ltd., and is engaged in the development, production (through outsourcing), assembly, sale, marketing and servicing of water filtration, purification and carbonation at the point of use (POU) systems. As of the date of the report, the activity is primarily performed in Israel under the Tami4 brand. The Group also has an immaterial business in England. The English business started in January 2023, is managed in collaboration with Culligan Group (49%) under the "Our Taap" brand which was launched in 2025 after the right of use license over the "Virgin Pure" brand ended. Strauss Water also has a material holding (49%) in an associate company (HSW) which is a joint venture established by Strauss Water with Haier Group, which is active in China, mainly in the filtration and purification of drinking water at the point of use (POU) as

well as of the point of entry to the home (POE systems). In Israel, water filtration, purification and carbonation appliances are sold to end customers together with a service agreement for consumable components. For further information about the service agreement and its terms, see section 10.2 of the Description of the Company's Business Report for 2025. The Group has factoring arrangements with third parties for part of these payments and non-recourse factoring arrangements for water bar sale and service agreements. For further information, see Note 8.5 to the Consolidated Financial Statements as of December 31, 2025.

The Company is working to develop new products and to expand its product portfolio, such as a "shabbat" water bar designed for shabbat observant consumers launched in September 2025.

Presented below are the condensed operating results, based on the management (non-GAAP) reports, of Strauss Water for the years and quarters ended December 31, 2025 and 2024 (in NIS million):

Condensed operating results – Strauss Water							
	Year			Q4			Explanation
	2025	2024	% change	2025	2024	% change	
Net sales	895	848	5.5%	237	221	7.4%	The increase in sales is primarily attributable to growth in the customer base in Israel and in the UK, and an improved sales mix.
Cost of sales	456	447	2.1%	119	117	2.4%	Most of the growth is attributable to an increase in device sales, and growth in the customer base and was offset by productivity measures.
Operating profit	115	115	(0.2%)	40	40	(0.8%)	The operating profit and operating margin were mainly impacted by a decrease in HSW's profit due to increased competition in the Chinese market, as well as to actions taken by the Company, including investments in product development, marketing and the improvement of sales channels. The aforesaid decline is partially offset by increased sales and operating efficiency measures as stated above.
% operating profit	12.8%	13.5%		16.6%	18.0%		

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

18.3.1. Results of Haier Strauss Water (HSW)[1]

Presented below are selected data on HSW's business for the years and quarters ended December 31, 2025 and 2024, in CNY million (data presented below reflect 100%):

Condensed operating results - HSW							
	Year			Q4			Explanation
	2025	2024	% change	2025	2024	% change	
Sales	1,937	1,781	8.7%	543	505	7.5%	The increase is primarily attributable to the improved sales mix and increased marketing effort.
Net profit	179	239	(25.2%)	42	82	(48.3%)	The decline in net profit is primarily attributable to investments in product development, marketing and improving sales channels as part of HSW's response to strengthening competition in China.

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

Presented below are selected data on HSW's business for the years and quarters ended December 31, 2025 and 2024, in NIS million * (data presented below reflect 100%):

Condensed operating results - HSW						
	Year			Q4		
	2025	2024	% change	2025	2024	% change
Sales	928	919	1.0%	249	260	(4.3%)
Net profit	87	123	(29.6%)	20	42	(52.0%)

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

* Financial data are based on the average exchange rates during the period.

For further information about the establishment of another production plant in China, see Note 11.6.4 to the Consolidated Financial Statements as of December 31, 2025.

[1] Including the resutls of HSW and the other manufacturing plant in China as described in section 10.13 of the Description of the Company's Business Report for 2025.

18.4. Other activity

18.4.1. The International Dips & Spreads activity

On December 3, 2024, the Group (through its subsidiary S.E USA Inc.) completed the sale of its entire holdings in Sabra and Obela (50%) to companies owned by the US conglomerate PepsiCo. In the 2024 annual period, the sales and operating loss (based on 50%) of the International Dips & Spreads segment came to approximately NIS 478 million and NIS 1 million, respectively, and in Q4 2024 the sales and operating loss (based on 50%) came to approximately NIS 86 million and NIS 5 million, respectively. For further information, see section 2.2 of the 2024 Annual Board of Directors Report and Notes 11.6.5, 21.4.1, 21.4.5 and 21.4.6 to the Consolidated Financial Statements as of December 31, 2024.

18.4.2. The incubator activity

Since its inception in January 2015 through to the date of this report, the FoodTech incubator project has invested in 29 companies (including 23 investments made by Incubator 1 and 6 investments by Incubator 2). The Company participated in some of these funding rounds, investing sums that are immaterial to the Group. The Group did not make any investments in incubator companies in Q4 2025.

On December 31, 2025, the total value of investments in incubator investees, which are presented in the financial statements according to the equity method, was approximately NIS 21 million (on December 31, 2024: approximately NIS 64 million). The estimated value of these investments on the above date was approximately NIS 116 million (on December 31, 2024: approximately NIS 274 million).

Since the beginning of 2023 there has been a negative sentiment in the Israeli capital markets apparent in a negative trend in investments in hi-tech companies, and especially food-tech companies. This trend has led to a negative impact on the investees' ability to raise capital and their future value. The Swords of Iron war and operations Rising Lion and Roaring Lion have had a further negative impact on the ability to raise money, as well as impacted the value of Israeli startup companies and particularly the incubator companies.

Upon the expiration of the concession awarded to Incubator 1, on December 31, 2023, the Board of Directors of the Group passed a resolution to take steps (in principle) to realize the investments in the incubator activity.

The estimated value of the incubator's investments in most of the investees is based on the information from the most recent funding rounds. This estimate refers to the timing of the investees' last funding round, the market trend in the period since the date of the round as well as fundraising possibilities open to the company at the present time, and the ROI on the companies' R&D. Companies unlikely to be able to raise funds in the future or whose activity was discontinued were zeroed out or valued at their most

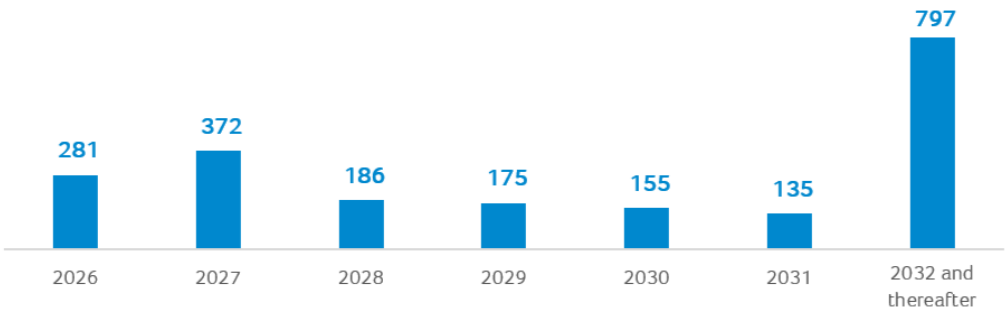
up to date estimated value proximate to the publication date of the report.

To the best of the Company's knowledge, the cash flows provided by the abovementioned funding rounds are earmarked to serve the incubator investees for the purpose of further investment activity, research and development, selling and marketing, and consequently, in the Company's estimate, in the foreseeable future the Company is expected to record losses on the incubator companies, which could reduce all or part of the gains recognized to date.

The information contained in this section with respect to the estimated value and expected losses, based on the factors specified above, is forward-looking information as defined in the Securities Law, which is based on the Company's estimates regarding the realization of the incubator investees' business plans, which may not materialize or may materialize differently if the actual realization of those business plans differs from the Company's expectations, and also since they are contingent on the environment and market conditions in which the incubator companies operate.

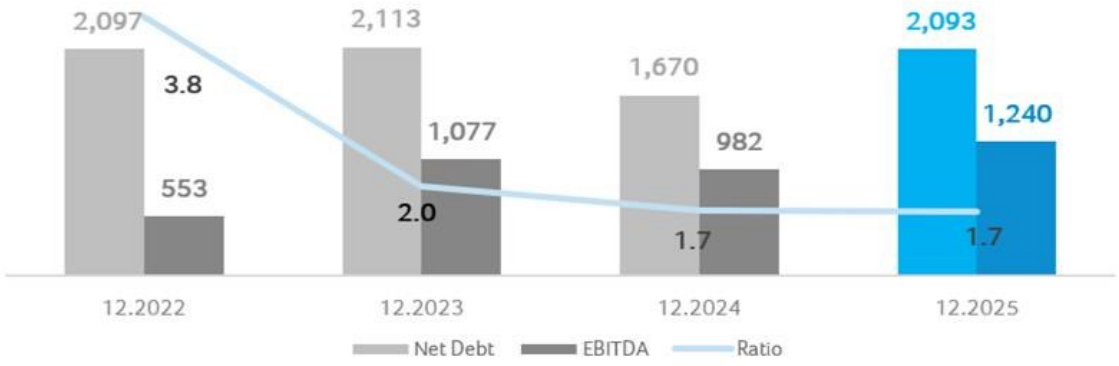
LIQUIDITY, SOURCES OF FINANCE AND FINANCIAL POSITION

Amortization schedule (NIS million)



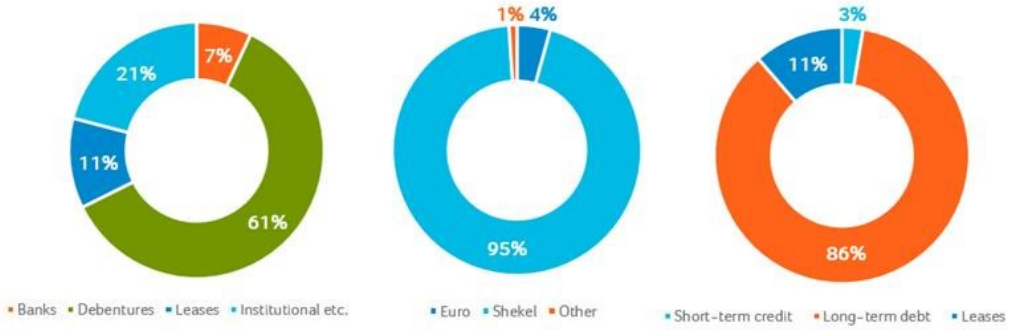
2,093	2,628	ilAA+	Aa1il	4.42
Net debt	Gross debt	S&P Maalot rating- Stable outlook	Midroog rating- Stable outlook	Average life

Net debt-to-EBITDA ratio (NIS million)



The GAAP net debt-to-EBITDA ratio remains similar to that at the end of last year, according to the growth in EBITDA and net debt. The net debt-to-EBITDA ratio as of December 31, 2025 is 1.6, compared to 1.7 on December 31, 2024.

Debt Composition



Financial data are GAAP data in NIS million. Percentages were calculated based on the exact figures in NIS thousands.

19. Liquidity

19.1 Credit rating

On April 3, 2025, the Company announced that S&P Global Ratings Maalot Ltd. (Maalot) ratings agency had affirmed the ilAA+ rating of the Company and its debentures with a stable outlook. For more information, see the immediate report published by the Company on April 3, 2025 (reference no: 2025-01-024722). On June 16, 2025, the Company announced that Midroog ratings agency had left the Aa1.il rating for the Company's debentures unchanged and changed the rating outlook from negative to stable, for further information, see the immediate report of June 16, 2025 (reference no: 2025-01-042952).
In January, 2026, the Company raised NIS 671.5 million of par value of debentures as an expansion of Series F. The issuance proceeds totaled approximately NIS 589 million, net of issuance costs, and it will be used by the Company to refinance existing debts and for its ongoing activity.

On January 21, 2026, S&P Global Ratings Maalot Ltd. (Maalot) ratings agency announced that it had given an ilAA+ rating with a stable outlook for the issuance of debentures (Series F) through a series expansion of up to NIS 675 million par value, for further information, see the immediate report of January 21, 2026 (reference no: 2026-15-008446). On January 21, 2026, Midroog ratings agency announced that it had given an Aa1.il rating with a stable outlook for the issuance of debentures (Series F) through a series expansion of up to NIS 675 million par value, for further information, see the immediate report of January 21, 2026 (reference no: 2026-15-008505).[6]

[6] To provide a full picture it should be noted that both rating reports of January 21, 2026, were update notifications of earlier rating announcements by these companies, that said rating is for the issuance of debentures (Series F) by way of a series expansion of up to NIS 675 million par value, rather than NIS 600 million par value which had been rated earlier.

19.2 Cash flows

Presented below is information on GAAP cash flows deriving from (utilized for) the Group's operating activities and from investing and financing activities:

Cash flow				
	Year			Explanation
	2025	2024	Change	
Cash flow from operating activities	461	560	(99)	The decline is primarily attributable to a decrease in the balance of trade payables (a higher balance in 2024 due to high commodity prices), which was partially offset by higher operating profit and low tax payments.
Cash flows utilized for (deriving from) investment activities	(427)	248	(675)	The decline is primarily attributable to the fact that in 2024 proceeds were received for the sale of investments in equity-accounted investees.
Cash flow utilized for financing activities	(597)	(183)	(414)	The change is primarily attributable to a net decline in short-term credit and a higher dividend to the shareholders compared with the corresponding period year-over-year, which was partially offset by an increase in long-term credit due to the public issuance of debentures (Series F) (through an expansion) in Q2 2025.

Financial data were rounded to NIS million.

19.3 Average credit levels

Presented below is information on average credit levels:

Average credit levels				
	Year			Explanation
	2025	2024	Change	
Long-term credit according to the non-GAAP reports	3,182	3,210	(28)	The decline in short-term credit is primarily due to the net repayment of long-term bank loans and credit. The decrease in the scope of long-term credit is primarily due to the net repayment of loans and debentures, and a decline in lease liabilities.
Average short-term credit according to the non-GAAP reports	201	471	(270)	
Long-term credit according to the financial accounting (GAAP) reports	2,513	2,560	(47)	
Average short-term credit according to the financial accounting (GAAP) reports	166	355	(189)	

Financial data were rounded to NIS million.

19.4 Summary table of the Company's liabilities by maturity date

See Form T-126, which is published simultaneously with the financial statements.

19.5 Working capital

Presented below is information on the change in net working capital:

Change in net working capital				
	Year		Q4	
	2025	2024	2025	2024
Change in net working capital according to the financial accounting (GAAP) reports	(248)	(5)	239	108
Change in net working capital according to the management (non-GAAP) reports	(339)	(177)	447	500

Financial data were rounded to NIS million.

19.6 Customer and supplier financing arrangements

From time to time, the Group executes non-recourse factoring transactions on accounts receivable, as well as reverse factoring transactions on supplier credit. For further information, see sections 18.1 and 18.2 above and Notes 8.5 and 15.2 to the Consolidated Financial Statements as of December 31, 2025.

19.7 Additional information on liquidity and operating cash flow

Presented below is additional financial information on the Company's liquidity (GAAP):

Additional Information		
	As of December 31, 2025	As of December 31, 2024
Liquidity ratio	1.03	1.07
Liabilities in respect of long-term loans and credit (including current maturities)	2,558	2,472
Short-term credit (excluding current maturities)	70	340
Supplier credit	1,530	1,536
Ratio of equity attributable to shareholders of the Company to total assets on the consolidated statement of financial position	37.1%	36.6%
Financial debt-to-EBITDA ratio	1.7	1.7
Equity attributed to the Company's shareholders	3,272	3,279

Financial data were rounded to NIS million.

19.8 Information on the Debenture Series

Presented below is information on the debenture trustees:

Trust company:	Reznik, Paz, Nevo Trusts Ltd.
Name of manager at trust company:	Mr. Yossi Reznik
Email:	yossi@rpn.co.il
Tel:	03-6389200
Fax:	03-6389222
Address:	14 Yad Harutzim Street, Tel Aviv

Information on the Debenture Series			
		Series E Debentures	Series F Debentures
A	Nominal par value	241	1,486
B	Carrying amount of debentures	241	1,354
C	Carrying amount of interest payable	-	-
D	Market value	238	1,305

Financial data were rounded to NIS million.

As of December 31, 2025, equity attributable to shareholders of the Company was NIS 3,272 million, the financial debt-to-EBITDA ratio according to the Financial Statements was 1.7, and the equity-to-assets ratio was 37.1%. As of December 31, 2025, the Company is compliant with the required covenants.

20. Disclosure Regarding the Examination of Warning Signs in Respect of a Working Capital Deficiency Under Regulation 10(b)(14)(a)

In the Company's separate standalone financial statements (the "separate report", the "standalone report" or the "solo report") for Q4 2025, there is a working capital deficit of approximately NIS 576 million. In the Company's Consolidated Financial Statements for Q4 2025, there is a working capital surplus of approximately NIS 99 million. Neither the Consolidated Financial Statements nor the separate report present a protracted negative cash flow from operating activities. In view of the working capital deficit in the solo report, on March 24, 2026, the Company's Board of Directors examined the Company's liquidity as described below and determined that the said working capital deficit is not indicative of a liquidity issue in the Company. This decision is based on a review, *inter alia*, of the Company's financial results as reported in the Financial Statements of the Company as of December 31, 2025, and is also based on information regarding the Company's projected cash flow for the next two years given the Company's existing and anticipated liabilities, including the Company's liabilities to the debenture holders (Series E and F) and to banking corporations and their maturity dates, and on an inspection of existing and anticipated sources for the repayment of those liabilities and the resources arising from the Company's holdings in its major investees, including receipt of dividends, repayment of loans by investees, the Company's ability to raise capital from banking corporations and/or other sources if necessary; as well as on the financial strength of the major investees of the Company and their leading competitive position in the markets where they operate. The Board of Directors also reviewed sensitivity analyses of the Company's projected cash flows in the next two years, and found that the working capital deficit is not indicative of the Company having a liquidity issue.

It is emphasized that the abovementioned assessment by the Board of Directors is forward-looking information, as defined in the Securities Law, 1968, which is largely based on the Company's forecasts and on its analysis of its cash flows in the period since the end of the 2025 annual period and its future cash flows, its existing and anticipated liabilities, its existing assets, its expectations as to future profits and dividend distributions by investees, etc. There is no certainty that these assessments, in whole or in part, will, in fact, materialize, or that they will not materialize in a different form, including materially, than estimated, among other things due to market behavior and the materialization of the risk factors set forth in section 25 in the Description of the Company's Business Report for 2025.

21. Information regarding material valuations

During the reporting period, the Company performed an annual impairment test for cash-generating units to which goodwill and indefinite-lived intangible assets are allocated, as of December 31, 2025. Accordingly, in the reporting period, the Company performed valuations to determine the recoverable amount of those cash-generating units.

Identifying the subject of the appraisal	Strauss Water Israel	Strauss Health
The timing of the appraisal	**December 31, 2025**	
Valuation in proximity to the date of the appraisal (NIS million)	530	762
Valuation established based on the appraisal (NIS million)	875	2,461
Identity of appraiser and particulars	The valuations of the cash-generating units Strauss Water and Strauss Health were performed by the Company. The weighted cost of capital was calculated by an external valuation analyst, Guy Feibish, CPA, a partner in the valuation department at EY Israel and a valuation specialist. Mr. Feibish has a bachelor's degree with distinction in Economics with an Accounting major from Ben-Gurion University of the Negev. He is highly experienced in performing valuations for financial reporting as well as for transactions and/or legal opinions. Mr. Feibish and/or EY Israel are independent of Strauss or any of the Group companies in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970. The Company has undertaken to indemnify the valuation analyst for any compensation he may owe to a third party in connection with the opinion, including losses and legal expenses, other than if he acted fraudulently. The valuation analyst's total liability is limited to three times the amount of his fee for rendering the opinion.	
The appraisal model used by the appraiser	Discounted Cash Flow (DCF).	
The assumptions underlying the appraisal	The valuation assumes terminal growth of 2% and a nominal pretax discount rate of 13%.	The valuation assumes terminal growth of 2% and a real pretax discount rate of 10%.

SUSTAINABILITY, CSR, SOCIAL INVESTMENT AND DONATIONS

The Group's stated objective, **"Nourishing a Better Tomorrow"**, guides it in its work – to leave a positive mark on the world through food, beverages and in other ways, to nourish a better tomorrow where people live longer, live better, live in a society that is inclusive, equal and supportive, in a sustainable environment that will continue to flourish for generations to come. The Group's sustainability focus areas were derived from its values and commitments: To provide better food, better choices, and create a positive, better influence.

2030 Sustainability Strategy

The Group continues to work to realize its sustainability strategy, and publishes an annual ESG report on a dedicated website. The report is written according to the GRI Standards – the global standards for sustainability reporting, and in the spirit of the SASB Standards. An external audit was performed in 2025 by a third party according to the ISAE 300 standard.

Highlights in 2025:

Nutrition and a healthy lifestyle

The 2025-2030 nutrition strategy refers to the development and improvement of more nutritional products to deliver diverse choices for different communities and dietary needs.

Nutritional targets that are measured by the Company include:

- A target for sugar reduction and expansion of the range of products that contain a controlled amount of sugar and limited sodium.
- A target for measured portion sizes and expansion of the range of products for individual consumption containing up to 200 calories.
- 100% of the Company's products are free of harmful food coloring, aspartame, sodium and benzoate.
- Adding products with functional components.
- Offering alternatives across each core category tailored to diverse dietary markets.
- Adherence to the percentage of sales of Company products with a red label (sodium, fat, sugar).

Managing environmental impacts

In 2025, total energy from renewable sources reached approximately 8%.

In Q4 2025, 67% of total vehicle deliveries were electric, hybrid, or plug-in vehicles.

In August 2025, the new wastewater treatment facility in Achihud became operational, built with an investment of approximately NIS 25 million, eliminating prior infrastructure exceedances in nitrogen and phosphorus that existed before its establishment.

As part of the broader investment plan, advanced analytics started to be implemented, which is anticipated to take approximately two years, to continuously measure wastewater quality and enable monitoring and control to prevent any future exceedances and allow for the immediate resolution of malfunctions affecting the quality of wastewater discharged from Group sites.

In 2025 compactors were installed at some of the sites, significantly reducing the volume of waste that will be sent to landfill.

Organizational and people issues

In 2025, the Group continued to focus on strengthening employee resilience, stability, and experience, against the backdrop of economic uncertainty and local and global organizational changes. The Group expanded its emotional, financial, and mental support framework, strengthened personalized support and peer communities, and deepened assistance to employees returning from reserve duty and their families. At the same time, broad community-building activities were held across all sites to reinforce a sense of belonging.

The Group led significant initiatives to advance diversity and equal opportunity, with emphasis on the integration of persons with disabilities and disabled IDF veterans, through tailored roles, manager training, and collaboration with government bodies and non-profit organizations, based on both values-driven and business considerations.

In the area of development and leadership, substantial progress was recorded: A new organizational leadership model was formulated, hundreds of managers participated in development programs in Israel and globally, and the succession process strengthened management continuity and the linkage between talent data and analytical insights. In parallel, cross-organizational professional communities were established, with participation of more than 700 employees and managers.

In the area of learning, professional training was significantly expanded, with more than 2,000 employees participating in core programs. The GROW platform was expanded, and dedicated artificial intelligence

programs were advanced in preparation for the future of work. All development processes were connected to business processes and data.

The 2025 annual period was also characterized by organizational and technological transformation, including cross-organizational productivity initiatives, implementation of new technologies, preparation for SAP4H, and expansion of digital employee services. These initiatives strengthened digital maturity and data-driven decision-making.

At the same time, the development of global capabilities continued, including the definition of shared frameworks, employee mobility models, a global talent infrastructure, and reinforcement of international organizational identity.

Data for the year indicated a moderate decrease in headcount alongside management stability and increased mobility, aligned with market trends. Separation processes resulting from regulatory requirements were managed with sensitivity and transparency.

Corporate social responsibility and community relations

In 2025, the Group continued to operate against a complex security and social backdrop, combining responses to immediate needs arising from the war and Operation "Rising Lion" (and even Operation "Roaring Lion" subsequent to the report date), with the development of a long-term strategic plan for global social responsibility. Activities were anchored in alignment with Strauss's core business, meaningful partnerships, and the mobilization of employees, brands, and business units to create broad and ripple effects of impact.

Donations:

In 2025, the Group continued to combine monetary donations with product donations. The Group worked to increase the scope of significant monetary contributions, in partnership with strategic partners capable of contributing financial, professional, and operational resources, thereby enabling expansion of overall impact and total budget.

"A New Taste for the North" – A joint initiative of the Strauss Group and the Edmond de Rothschild Foundation, designed to strengthen small and medium-sized businesses in the food and culinary sector in northern Israel that were established from 2022 onward and were affected by the war, and to contribute to the economic and community recovery of the region. As part of the initiative, 25 business owners were selected from more than 150 applicants and are participating in a professional training process that includes personal mentoring by Strauss employees, strengthening management and innovation capabilities, and building a northern entrepreneurial community.

Social responsibility week:

The Strauss Group's 2025 social responsibility week was held under the theme of recovery and hope. During the week approximately 630 employees volunteered at 25 different locations across the country – in the north, the Gaza border region, central Israel, and the south – supporting communities, families, and populations affected by the war.

Promoting equal opportunity:

The Group continued its partnership with the "Gdolim B'Madim" association to promote the integration of people with disabilities, as well as its partnership with the "Shavot" association, which promotes women's advancement, and conducted dedicated activities with these organizations (such as the Beret March and Israeli Girls Week), in which employees and members of the Company's management participated. The Group also participated in the second cohort of the 'Lapidot' program for leadership and impact promotion for senior women managers in the ultra-Orthodox sector.

Below is an itemization of donations by the Company, where a relationship exists between the recipient of the donation and the Company, a director, general manager, controlling shareholder of the Company or a controlling shareholder's relative, whose value exceeds NIS 50,000:

Recipient	Value of donation in NIS	Nature of the relationship between the recipient and the Company or its directors, general managers, controlling shareholders or any of their relatives
Friends of Zahal (IDF) Disabled Veterans Organization (ZDVO)	140,000	Adi Strauss, who is a board member, has served as chairwoman of Friends of Zahal (IDF) Disabled Veterans Organization since 2020.
Maala	50,000	Anat Gabriel serves as a member of the Company's Board of Directors and as a member of the executive committee of Maala.

ASPECTS OF CORPORATE GOVERNANCE

22. The Company's Board of Directors and its Committees

As of the publication date of the report, the Board of Directors comprises nine members who possess different backgrounds and areas of expertise, including two external directors.[7] The Company has not adopted in its articles of association any provision regarding the number of independent directors.

Other than Ms. Ofra Strauss who serves as Executive Chairperson of the Board of Directors and Mr. Shaul Kobrinksy who serves as Deputy Chairperson of the Board of Directors since February 2025, the Company's other directors do not provide the Company with services and are not employed by the Company.

The Board has six standing committees which are active on a regular basis: the Audit Committee, the Financial Statements Review Committee, the Remuneration Committee, the Finance and Investment Committee, the Human Resources, Nominating and Corporate Governance Committee, and the Risk Management Committee.

22.1. Directors with accounting and financial expertise

In the opinion of the Board of Directors, the following directors in office as of the publication date of the report possess accounting and financial skills: Galia Maor, Dorit Salinger, Dalia Lev, Shaul Kobrinksy, Annette (Anat) Gabriel, Ravit Barniv and Yaniv Garty.

The Board of Directors of the Company has determined that the minimum number of directors with accounting and financial skills required by the Company is three. This determination was made, among other things, based on the size of the Company, the scale of its activity, the number of directors and complexity of its financial reporting. The Company believes that the above minimum number enables the Board of Directors to comply with its legal obligations and duties under its incorporation documents, and especially with respect to its responsibility to examine the Company's financial position, to prepare and approve financial statements. For information on the skills, education, experience and knowledge of the directors of the Company (including reference to why the above directors should be considered as having accounting and financial skills), see Regulation 26 in the Additional Information on the Company Chapter as of December 31, 2025.

[7] Ms. Dalia Narkys completed her term in office as an external director of the Company in February 2026.

23. Risk management

The Group's risk management policy is based on the Enterprise Risk Management (ERM) methodology. The risk management process is an integral part of corporate governance, aligned with the Group's strategy and core values. Responsibility for risk management is based on the Three Lines of Defense model, which defines the business units, the plants, the logistic centers, the sales and distribution array and HQ units as the first line of defense, the compliance and risk management function as the second line of defense, and the internal audit as the third line of defense.

Strauss Group's risk management routines include the mapping and assessment of risk scenarios, monitoring risk metrics, and mitigation plans (performed on an ongoing basis). Mitigation plans are built in line with the Group's risk appetite. Each year, the Group executes a risk scenario mapping process, in which the risks in the various units are identified. The mapping process is based on an analysis of internal and external factors. Each risk is assigned a Key Risk Indicator (KRI) that serves for continuous monitoring to alert to changes in trends or deviations from expected performance. After the mapping phase, the Company assesses the risk level and defines the manner in which the risk will be handled. The risk level is determined taking into consideration the degree of impact and the degree of probability that the risk will materialize. A mitigation plan is formulated for each risk identified in the risk management process, according to the risk appetite defined by the Group management.

As part of the risk management process, the business units and HQ units (the first line) analyze and assess the risks and determine actions for their mitigation. The unit management teams are responsible for these actions, with the assurance of the compliance and risk management team (the second line). Group management is responsible for defining the risk appetite, for performing risk assessment, and for approving the mitigation plans on the overall Group level. Management is also responsible for managing and strengthening the Group's risk management culture, and for assuring that the compliance and risk management function has the necessary resources to perform its duties.

The Group's routine reports, including identifying new risk scenarios, the development of risks levels and actions for their mitigation, are reported quarterly to the Group's management, to the Risk Management Committee or the Financial Statements Committee, and annually to the Board of Directors.

For further information about the risk factors relevant to the Company, their management and the extent of their impact on the activity of the Group as a whole, see section 25 in the Description of the Company's Business Report.

24. Information on the Company's internal auditor

Internal auditor of the Company: Mr. Gil Ber, CPA and certified internal auditor (CIA, CRISC, QAR, CDPSE) (hereinafter: the "**auditor**") has been serving as the Group's Chief Internal Auditor since November 1, 2023. CPA Ber is a full-time Company employee.

The audit team: The audit team includes the Company's Chief Internal Auditor, four auditors who are part of the internal audit array, and services are also provided by external advisors and experts, as needed. The internal audit team is experienced and undergoes relevant training.

To the best of the Company's knowledge and based on a confirmation given to the Company by the internal auditor: The auditor does not hold securities of the Company or of an entity related to the Company, other than unlisted warrants given to him as part of his terms of employment. Other than him being employed by the Company, as described below, the auditor has no commercial relationship with the Group or any affiliated entity; and the auditor satisfies the conditions set forth in sections 3(a) and 8 of the Internal Audit Law, 1992, and the provisions of section 146(b) of the Companies Law.

Manner of appointment: The auditor was appointed by the Board of Directors on August 18, 2023, further to the recommendation of the Audit Committee received on August 13, 2023, noting the auditor's professional qualifications, his considerable experience in internal auditing and his knowledge of Strauss Group's operating segments.

The auditor's supervisor: The Chairperson of the Board of Directors.

The work plan: The internal audit work plan is an annual plan that is risk-focused and aligned with changes in the Group's business activity, and includes the activity of Group Headquarters and the subsidiaries operating in Israel and abroad. The work plan is based on an assessment of the risks in the Group's business and is defined, *inter alia*, according to the following considerations: analysis of the organizational structure and coverage of the major businesses, risk areas that were identified and their risk level, emerging risks, global audit trends, as well as audit cyclicity and performance of a follow-up of the implementation of recommendations. The work plan is crafted and implemented in consultation with the Chairperson of the Board of Directors, the members of the Audit Committee, the Group CEO, members of management and the Company's auditor. The audit plan is approved by the Audit Committee and is shared with the Board of Directors.

Overseas auditing of investees:

The audit plan encompasses all Group companies, including investees abroad. In Três Corações (JV), which is active in Brazil, most of the internal audit work is performed by a local internal auditor directly employed by the Brazilian company. In Haier Strauss Water, which is active in China, the audit is performed by Haier's internal auditor. In Três Corações whose internal audit is not performed by the Group's auditor, the Group's auditor reviews the fairness of the internal audit.

Scope of engagement: Presented below is an itemization of work hours devoted to the internal audit in 2025:

	Annual number of work hours
Group (Israel activity including the European coffee activity)	9,080
Três Corações (business outside Israel)	13,100
Haier Strauss Water (business outside Israel)	40

Performance of the audit: The internal audit work is performed based on professional principles and standards customary in the field of audits both in Israel and around the world.

Access to information: The auditor is granted free, continuous and direct access to the corporation's information systems, including financial and other information, both in Israel and abroad.

Auditor's report: The auditor's written reports are submitted regularly throughout the year. The reports are submitted to the Chairperson of the Board of Directors, the Chairman of the Audit Committee, the members of the Audit Committee, the Group CEO, the CEOs of the investees and the managers of the audited businesses, and are discussed at meetings of the Audit Committee. In 2025, six meetings of the Audit Committee were held at which internal audit issues were discussed (not including the audit committee of Três Corações (JV)). The meetings take place on a regular basis throughout the year. The internal auditor's findings were presented in reports submitted on: January 30, March 18, May 29, August 7, November 5 and December 7. Furthermore, the auditor holds regular meetings with the Chairperson of the Board of Directors, the Chairman of the Audit Committee, the Group CEO, and senior Group management. (In this context also refer to the Corporate Governance Report attached below).

Board's evaluation of the activity of the internal auditor: The Audit Committee, in conjunction with Group management and the auditor, examines the scope of the Group's internal audit on an annual basis. In the opinion of the Board of Directors, the scope of the internal audit, the continuity of its performance and the

internal audit work plan are adequate and sufficient to accomplish the purposes of internal audits in the Group.

Compensation: The internal auditor is engaged as an employee of the Company, in a full-time position, and receives a monthly salary, including fringe social benefits. The internal auditor has 50,000 unlisted Company warrants in accordance with the Company's option plan. The total cost of the internal audit services in 2025 came to approximately NIS 3,241 thousands, including approximately NIS 1,291 thousands for the cost of employment of the internal auditor and approximately NIS 1,950 thousands for the cost of employment of employees of the internal audit unit and consulting fees of experts who assisted with performing the audit. The payment to the internal auditor, the employees of the internal audit unit and the external audit consultants, does not change based on the results of the audit. The Board of Directors of the Company therefore assesses that this compensation does not impact the internal auditor's professional judgment or the results of the audit.

25. Auditor's fees

Presented below is information on the fees paid to the auditors of the Company and the material companies in the Group:

Auditors' Fees - 2025

Company	Auditor	For the year ended December 31, 2025		
		Audit-related services and tax services	Other services [1]	Total
		NIS 000's	NIS 000's	
Strauss Group and investee companies	KPMG (Israel)	3,584	545	4,129
Três Corações Alimentos S.A. (100%)	KPMG Brazil	543	85	628
Strauss Coffee BV	KPMG (Israel, Meijburg, Netherlands)	2,571	-	2,571
Strauss Russia LLC	KEPT	555	70	625
Total		**7,253**	**700**	**7,953**

Auditors' Fees - 2024

Company	Auditor	For the year ended December 31, 2024		
		Audit-related services and tax services	Other services [1]	Total
		NIS 000's	NIS 000's	
Strauss Group and investee companies	KPMG (Israel)	3,826	605	4,431
Sabra Dipping Company LLC (100%)	Mazars	1,036	-	1,036
Três Corações Alimentos S.A. (100%)	KPMG Brazil	514	80	594
Strauss Coffee BV	KPMG (Israel, Meijburg, Netherlands)	2,662	-	2,662
Strauss Russia LLC	KEPT	463	27	490
Total		**8,501**	**712**	**9,213**

(1) The Company receives audit services together with other investees, the main ones being Yad Mordechai Strauss Apiary Ltd., Strauss Frito-Lay Ltd. (100%) and Strauss Water Israel Ltd., as well as the Strauss Health & Wellness Group, including Yotvata Dairies.

The mechanism for determining the Company Auditor's fees is defined according to the nature of the services rendered: fees for auditing and review services are determined as a fixed comprehensive amount. Fees for services accompanying the audit (special approvals, prospectuses, discussions, etc.) are based on the number of hours invested.

The mechanism for determining the Auditor's fees was approved by the Board of Directors of the Company. In regard to the investee companies, the mechanism for determining the Auditor's fees was approved by the local managements of those companies.

26. Effectiveness of internal control

See the attached report for information on the effectiveness of internal control over financial reporting and disclosure in accordance with Regulation 9B of the Securities Regulations (Periodic and Immediate Reports), 1970.

27. Events after the reporting period

For an overview of events occurring subsequent to the date of the statement of financial position, see Note 35 to the Consolidated Financial Statements as of December 31, 2025.

The Board of Directors and management express their gratitude and appreciation to the employees and managers of Strauss Group.

Ofra Strauss	Shai Babad
Chairperson of the Board of Directors	President and CEO

March 24, 2026

Unofficial Translation from Hebrew

Strauss Group Ltd.

Financial Statements

as of December 31, 2025



Unofficial Translation from Hebrew

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Unofficial translation of the Hebrew version, the Hebrew version is the binding version

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Strauss Group Ltd.

Opinion

We have audited the consolidated financial statements of Strauss Group Ltd. (the Company), which comprise the consolidated statements of financial position as of December 31, 2025, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies.

We did not audit the financial statements of consolidated companies, whose assets included in consolidation constitute approximately 2.8% of total consolidated assets as of December 31, 2025, and whose revenues included in consolidation constitute approximately 7.9% of total consolidated revenues for the year ended December 31, 2025. The financial statements of those entities were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar, as it relates to amounts included for those companies , is based solely on the reports of the other auditors.

In our opinion, based on our audit and the reports of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRS Accounting Standards and with the provisions of the Securities Regulations (Annual Financial Statements), 2010.

Basis for Opinion

We conducted our audit in accordance with generally accepted auditing standards in Israel, including standards prescribed by the Auditor's Regulations (Auditor's Mode of Performance), 1973. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries, in accordance with the applicable legal provisions in Israel regarding independence and conflict of interest of auditors. Additionally, we have fulfilled our other ethical responsibilities in accordance with the Auditors' Law, 1955 and the regulations thereunder. We believe that the audit evidence we have obtained, including the reports of other auditors, is appropriate and sufficient to provide a basis for our opinion.

KPMG Somekh Chaikin, an Israeli partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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Key Audit Matters

The key audit matters described below are those matters that were communicated, or were required to be communicated, to the board of directors of the Company, and that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters include, among others, any matter that (1) relates, or may relate, to significant accounts or disclosures in the consolidated financial statements; and (2) involved our professional judgment that was challenging, subjective or especially complex. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon. The communication of these matters below does not change our opinion on the consolidated financial statements as a whole, nor do we provide through such communication a separate opinion on these matters or on the accounts or disclosures to which they relate.

Uncertain Tax Positions

Why was this matter determined to be a Key Audit Matter in the audit

The Company and its subsidiaries (hereinafter: the "Group") are a global group whose business is conducted through companies that operate in a variety of geographical regions and are assessed for tax purposes in a large number of jurisdictions. The tax laws and regulations in each jurisdiction are open to different interpretations by the assesses and the tax authorities and require significant judgment in their interpretation.
The Group has transactions and tax positions, where determining the final tax assessment in their respect is uncertain in the ordinary course of business as described in Note 4, Critical Accounting Policies and Management's Judgments, and in Note 32.6 in the financial statements. A provision for uncertain tax positions, including additional tax and interest expenses, is recognized when it is more likely than not that the Group will be required to use its resources to settle the liability.
Accordingly, a review of the assessment of Group management's interpretations of the tax laws, the assessment of the potential outcomes of the tax audits and the need for the recording and measurement of the liability for uncertain tax positions, was identified as a key audit matter.

The Response to the Key Matter in the Audit

Following are the main procedures that were performed:

1. We obtained an understanding of the process of determining tax consequences in respect of uncertain positions, evaluated the design and implementation of controls related to recording tax liabilities in respect of uncertain tax positions in the financial statements of the Group, and tested their effectiveness.

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2. We conducted a retrospective review of uncertain tax positions adopted by the Group in the past in relation to tax assessment procedures, and a quantification of the differences in tax expenses.
3. We examined the validity and significance of the main assumptions with respect to the provisions made, we availed ourselves of tax experts engaged on our behalf who examined the significant judgments and the key assumptions applied by the Company.
4. Part of the audit procedures with respect to this key audit matter were performed by other auditors.

Impairment of Goodwill or Intangible Assets with an Indefinite Life

Why was this matter determined to be a Key Audit Matter in the audit

In accordance with the guidelines of IAS 36, Impairment of Assets, and as described in Note 4, Critical Accounting Policies and Management's Judgments, the Group assesses the recoverable amount of each cash-generating unit that contains goodwill or indefinite-lived intangible assets once a year on a fixed date, or more frequently if there are indications of impairment of these assets.

As stated in Note 14.3 to the financial statements, the Group has a goodwill balance of approximately NIS 430 million and indefinite-lived intangible assets of approximately NIS 224 million, which constitute approximately 7% of total assets and 20% of equity attributable to shareholders.

Impairment tests themselves are essentially subjective and require the use of significant estimates and assumptions that involve uncertainty or are based on observable and unobservable inputs. Any change in those estimates or assumptions is likely to have a material impact on the financial statements of the Group.

The Group is assisted by independent valuation analysts in determining the recoverable amount of the abovementioned cash-generating units. Accordingly, testing for goodwill or indefinite-lived intangible asset impairment was identified as a KAM in the audit.

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The Response to the Key Matter in the Audit

Following are the main procedures that were implemented:

1. We obtained an understanding of the process of testing for impairment of intangible assets, particularly goodwill and indefinite-lived intangible assets, evaluated the design and implementation of controls related to the matter in the Group's financial statements and tested their effectiveness. We interviewed the key personnel in the Group who are responsible for the matter to gain an understanding of changes in the macroeconomic environment in which the cash-generating unit operates.

2. We performed a retrospective review of the cash flow forecasts used in prior impairment testing work and compared them to the actual results, i*ncluding an analysis of the variances*.

3. We performed a completeness check of the data and information included in the valuation model, as well as an assessment of their appropriateness.

4. We engaged our valuation specialists, who assisted us in evaluating the calculation methodology, the appropriateness of the discount rate and the long-term growth rate used in the assessment, and we examined the reasonableness of the key assumptions applied by the Company in the projected cash flows.

5. We performed a sensitivity analysis of the model's results in respect of the main assumptions, such as long-term growth rate and WACC.

Responsibilities of Board of Directors and Management for the Consolidated Financial Statements

The board of directors and management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and with the provisions of the Securities Regulations (Annual Financial Statements), 2010, and for such internal control as the board of directors and management determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors and management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors and management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit, including the reliance on the work of other auditors, in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is appropriate and sufficient to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors and management.

- Conclude on the appropriateness of the use by the board of directors and management of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial preparation of the consolidated financial statements, including examining that the accounting principles applied in the financial statements audited by other auditors are consistent with the principles applied by the Company, that the reporting principles used in the preparation of the financial statements audited by other auditors are consistent with laws and mandatory guidance applicable to the Company, and that all the data required for consolidation have been appropriately reflected in the consolidated financial statements.

We communicate with the board of directors and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors and management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the safeguards applied to eliminate identified threats to our independence.

From the matters communicated or required to be communicated to the board of directors and management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter.

Reference Paragraph

We have also audited, in accordance with Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel "An Audit of Components of Internal Control over Financial Reporting", the Company's components of internal control over financial reporting as of December 31, 2025, and our report dated March 24, 2026 included an unqualified opinion on the effective maintenance of those components.

The engagement partner on the audit resulting in this independent auditors' report is Haggit Philo.

Somekh Chaikin
Certified Public Accountants (Isr.)

Tel Aviv

March 24, 2026

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Unofficial Translation from Hebrew

Strauss Group Ltd.

Consolidated Statements of Financial Position

	Note	December 31 2025	December 31 2024
		NIS millions	
Current Assets			
Cash and cash equivalents	7	535	1,142
Trade receivables	8	1,208	1,087
Income tax	32	28	22
Accounts and other receivables	9	225	329
Inventory	10	1,100	1,002
Assets held for sale		1	-
Total current assets		3,097	3,582
Investments and non-current assets			
Investment in equity-accounted investees	11	1,639	1,468
Other investments and long-term receivables	12	147	61
Fixed assets	13	2,536	2,348
Right-of-use assets	22	283	394
Intangible assets	14	1,087	1,065
Investment property		4	5
Deferred tax assets	32	23	36
Total investments and non-current assets		5,719	5,377
Total assets		8,816	8,959

Ofra Strauss	Shai Babad	Tobi Fischbein
Chairperson of the Board of Directors	President and CEO	CFO

March 24, 2026

Financial statements approval date

The accompanying notes are an integral part of these consolidated financial statements.

Unofficial Translation from Hebrew

Strauss Group Ltd.

Consolidated Statements of Financial Position

	Note	December 31 2025	December 31 2024
		NIS millions	
Current Liabilities			
Current maturities of debentures	18	203	174
Short-term credit and current maturities of long-term loans and other long-term liabilities	18	297	671
Current maturities of lease liabilities	18	86	102
Trade payables	15	1,530	1,536
Income tax	32	163	104
Other accounts payable	16	694	718
Provisions	17	25	30
Total current liabilities		2,998	3,335
Non-current liabilities			
Debentures	18	1,392	1,154
Long-term loans and other long-term liabilities	18	437	402
Lease liabilities	18	213	309
Long-term payables and credit balances		17	26
Employee benefits, net	19	29	27
Deferred tax liabilities	32	107	110
Total non-current liabilities		2,195	2,028
Equity and reserves	23		
Share capital		253	253
Share premium		1,051	1,051
Reserves		(2,264)	(2,192)
Retained earnings		4,232	4,167
Total equity attributable to shareholders of the Company		3,272	3,279
Non-controlling interests		351	317
Total equity		3,623	3,596
Total liabilities and equity		8,816	8,959

The accompanying notes are an integral part of these consolidated financial statements.

Unofficial Translation from Hebrew

Strauss Group Ltd.

Consolidated Statements of Income

	Note	For the year ended December 31		
		2025	2024	2023
		NIS millions		
Sales	26	7,823	7,089	6,795
Cost of sales	27	5,322	4,701	4,352
Gross profit		2,501	2,388	2,443
Selling and marketing expenses	28	1,381	1,401	1,390
General and administrative expenses	29	547	501	471
		1,928	1,902	1,861
Share of profit of equity-accounted investees	11	360	179	197
Share of loss of incubator investees		(46)	(33)	(34)
Operating profit before other income (expenses)		887	632	745
Other income		13	535	103
Other expenses		(63)	(131)	(33)
Other income (expenses), net	30	(50)	404	70
Operating profit		837	1,036	815
Financing income		20	42	48
Financing expenses		(204)	(162)	(142)
Financing expenses, net	31	(184)	(120)	(94)
Profit before taxes on income		653	916	721
Income tax expenses	32	(156)	(205)	(167)
Profit for the year		497	711	554
Attributed to:				
Shareholders of the Company		404	624	488
Non-controlling interests		93	87	66
Profit for the year		497	711	554
Earnings per share	33			
Basic earnings per share (in NIS)		3.47	5.35	4.19
Diluted earnings per share (in NIS)		3.46	5.35	4.19

The notes to the consolidated financial statements constitute an integral part thereof.

Strauss Group Ltd.

Consolidated Statements of Comprehensive Income

	Note	For the year ended December 31		
		2025	2024	2023
		NIS millions		
Profit for the year		497	711	554
Other comprehensive income (loss) items that will be reclassified to profit or loss in subsequent periods:				
Foreign currency translation differences	23.4	7	(55)	(14)
Foreign currency translation differences recognized in profit or loss	6, 11	-	128	-
Other comprehensive income (loss) from equity-accounted investees	23.4	(80)	(214)	91
Total other comprehensive income (loss) items for the year reclassified to profit or loss in subsequent periods, net		(73)	(141)	77
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods, net:				
Changes in employee benefits, net		-	1	1
Total other comprehensive income items that will not be reclassified to profit or loss in subsequent periods, net		-	1	1
Comprehensive income for the year		424	571	632
Attributed to:				
Shareholders of the Company		332	484	565
Non-controlling interests		92	87	67
Comprehensive income for the year		424	571	632

The notes to the consolidated financial statements constitute an integral part thereof.

Unofficial Translation from Hebrew

Strauss Group Ltd.

Consolidated Statements of Changes in Equity

	Attributable to shareholders of the Company								
	Share capital	Share premium	Treasury stock	Reserve for transactions with non-controlling interests	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	NIS millions								
Balance as of January 1, 2025	253	1,051	(20)	(430)	(1,742)	4,167	3,279	317	3,596
Total comprehensive income (loss) for the year									
Profit for the year	-	-	-	-	-	404	404	93	497
Components of other comprehensive income (loss):									
Foreign currency translation differences	-	-	-	-	8	-	8	(1)	7
Other comprehensive loss from equity-accounted investees	-	-	-	-	(80)	-	(80)	-	(80)
Total other comprehensive income (loss) for the year, net	-	-	-	-	(72)	-	(72)	(1)	(73)
Total comprehensive income (loss) for the year	-	-	-	-	(72)	404	332	92	424
Share-based payments	-	-	-	-	-	21	21	-	21
Dividends distributed	-	-	-	-	-	(360)	(360)	-	(360)
Transactions with non-controlling interests	-	-	-	-	-	-	-	1	1
Dividend to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	(59)	(59)
Balance as of December 31, 2025	253	1,051	(20)	(430)	(1,814)	4,232	3,272	351	3,623

The notes to the consolidated financial statements constitute an integral part thereof.

Strauss Group Ltd.

Consolidated Statements of Changes in Equity (cont'd)

	Attributable to shareholders of the Company								
	Share capital	Share premium	Treasury stock	Reserve for transactions with non-controlling interests	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	NIS millions								
Balance as of January 1, 2024	253	1,051	(20)	(430)	(1,601)	3,784	3,037	278	3,315
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	624	624	87	711
Components of other comprehensive income (loss):									
Foreign currency translation differences	-	-	-	-	(55)	-	(55)	-	(55)
Foreign currency translation differences recognized in profit or loss	-	-	-	-	128	-	128	-	128
Other comprehensive loss from equity-accounted investees	-	-	-	-	(214)	-	(214)	-	(214)
Changes in employee benefits, net	-	-	-	-	-	1	1	-	1
Total other comprehensive income (loss) for the year, net	-	-	-	-	(141)	1	(140)	-	(140)
Total comprehensive income (loss) for the year	-	-	-	-	(141)	625	484	87	571
Share-based payments	-	-	-	-	-	28	28	-	28
Dividends distributed	-	-	-	-	-	(270)	(270)	-	(270)
Transactions with non-controlling interests	-	-	-	-	-	-	-	2	2
Dividend to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	(50)	(50)
Balance as of December 31, 2024	253	1,051	(20)	(430)	(1,742)	4,167	3,279	317	3,596

The notes to the consolidated financial statements constitute an integral part thereof.

Strauss Group Ltd.

Consolidated Statements of Changes in Equity (cont'd)

	Attributable to shareholders of the Company								
	Share capital	Share premium	Treasury stock	Reserve for transactions with non-controlling interests	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	NIS millions								
Balance as of January 1, 2023	253	1,051	(20)	(393)	(1,677)	3,269	2,483	206	2,689
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	488	488	66	554
Components of other comprehensive income (loss):									
Foreign currency translation differences	-	-	-	-	(15)	-	(15)	1	(14)
Other comprehensive loss from equity-accounted investees	-	-	-	-	91	-	91	-	91
Changes in employee benefits, net	-	-	-	-	-	1	1	-	1
Total other comprehensive income for the year, net	-	-	-	-	76	1	77	1	78
Total comprehensive income for the year	-	-	-	-	76	489	565	67	632
Share-based payments	-	-	-	-	-	26	26	-	26
Transactions with non-controlling interests	-	-	-	(37)	-	-	(37)	43	6
Dividend to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	(38)	(38)
Balance as of December 31, 2023	253	1,051	(20)	(430)	(1,601)	3,784	3,037	278	3,315

The notes to the consolidated financial statements constitute an integral part thereof.

Strauss Group Ltd.

Consolidated Statements of Cash-Flow

	Note	For the year ended December 31		
		2025	2024	2023
		NIS millions		
Cash flows from operating activities				
Profit for the year		497	711	554
Adjustments:				
Depreciation	22.2 , 13.1	281	289	278
Amortization of intangible assets and deferred expenses	14.1	72	61	54
Impairment of intangible assets and assets held for sale		35	22	2
Capital gain, net, on sale of fixed assets, a subsidiary, business of a subsidiary and an equity-accounted investee		(7)	(495)	(92)
Expenses for share-based payments		21	28	26
Financing expenses, net	31	184	120	94
Income tax expenses		156	205	167
Share of income of equity-accounted investees		(314)	(146)	(163)
Change in inventory		(98)	(235)	(25)
Change in trade and other receivables		(37)	(195)	(50)
Change in long-term receivables		(90)	(25)	1
Change in trade and other payables		(24)	448	63
Change in employee benefits		1	2	(6)
Interest paid		(132)	(132)	(129)
Interest received		21	25	19
Income tax paid, net		(105)	(123)	(107)
Net cash deriving from operating activities		461	560	686
Cash flows from investment activities				
Proceeds from sale of fixed assets and intangible assets		3	3	87
Investment in fixed assets and investment property		(395)	(403)	(361)
Investment in intangible assets		(102)	(143)	(133)
Proceeds from sale of a subsidiary, net of cash disposed	6	-	137	-
Proceeds from sale of business by subsidiary		2	22	10
Proceeds from sale of investments in non-consolidated companies	11 , 21	3	849	-
Repayment of deposits and loans granted		98	149	24
Repayment of short-term loans granted		2	-	-
Grant of long-term loans and deposits		(73)	(191)	(56)
Taxes paid on sale of investments in investees		(7)	(162)	-
Dividends from investees	11.4	50	118	96
Investment in investee companies		(8)	(131)	(87)
Net cash deriving from (utilized for) investment activity		(427)	248	(420)

The notes to the consolidated financial statements constitute an integral part thereof.

Strauss Group Ltd.

Consolidated Statements of Cash-Flow (cont'd)

	Note	For the year ended December 31		
		2025	2024	2023
		NIS millions		
Cash flows from financing activities				
Sale of shares in subsidiaries to non-controlling interests		-	-	7
Acquisition of shares in subsidiaries from non-controlling interests		-	-	(3)
Short-term bank credit, net		(268)	343	(212)
Proceeds from issuance of debentures, net of issuance costs		461	-	314
Receipt of long-term loans		6	124	208
Redemption of debentures and repayment of long-term loans		(294)	(242)	(434)
Proceeds from the issuance of capital notes from non-controlling interests		5	8	6
Change in liabilities in respect of credit card factoring		16	18	(16)
Principal payments of lease liability		(107)	(114)	(103)
Dividends distributed	23.3	(360)	(270)	-
Dividends paid to non-controlling interests in a subsidiary		(59)	(50)	(38)
Tax withholding at source for dividends		3	-	-
Net cash used for financing activities		(597)	(183)	(271)
Increase (decrease) in cash and cash equivalents		(563)	625	(5)
Cash and cash equivalents at beginning of year		1,142	517	517
Effect of exchange rate volatility on cash balances		(44)	-	5
Cash and cash equivalents at end of year		535	1,142	517

The notes to the consolidated financial statements constitute an integral part thereof.

Note 1 - General

The reporting entity, Strauss Group Ltd. (the "**Company**" or "**Strauss Group**") is an Israeli resident company, whose official address is at 49 Hasivim St. Petach Tikva.

The Company and its investee companies (the "**Group**") are a group of industrial and commercial companies operating in Israel and in other countries, engaged mainly in the development, manufacturing, marketing and sale of a variety of branded food and beverage products. The Group is also active in the development, marketing, servicing and sale of water filtration, carbonation and purification products for home and office use.

Strauss Holdings Ltd. ("**Strauss Holdings**") is the direct controlling shareholder of the Company (approximately 47.84% of the Company's equity and voting rights as of the approval date of the financial statements). The controlling shareholder of Strauss Holdings is Michael Strauss's Assets Ltd. ("**Michael's Assets**") (which holds 100% of Strauss Holdings' equity and voting rights).

Ms. Ofra Strauss, Ms. Irit Strauss and Mr. Adi Strauss hold the shares of Michael's Assets (jointly, approximately 94.6% of the right to dividends and 100% of the voting rights in Michael's Assets), granting them control of Michael's Assets and, indirectly, control of the Company. The above three members of the Strauss family have an agreement to jointly act *vis-a-vis* Michael's Assets, by virtue of which they are deemed to jointly hold Michael's Assets.
Ms. Ofra Strauss, Ms. Irit Strauss and Mr. Adi Strauss are therefore the controlling shareholders of the Company.

The consolidated financial statements of the Group as of December 31, 2025 comprise those of the Company and its subsidiaries, as well as the Group's rights in joint arrangements and associates. The financial statements were approved for publication by the Company's Board of Directors on March 24, 2026.

1.1 Events in the reporting period

1.1.1 The "Swords of Iron" war and operation "Rising Lion"

The "Swords of Iron" war broke out on October 7, 2023, and in June 2025 Israel initiated operation "Rising Lion" (the "operation") which protracted for approximately 12 days. During the reporting period and through October 2025, the State of Israel was in various states of war with varying levels of intensity. A ceasefire agreement was entered into in October 2025 to end the fighting. During the reporting period and as of the approval date of the financial statements, the Company operated business as usual, and the war (as well as the operation) did not have a material impact on the Group's activity and financial results. During the relevant periods, the Company acted to find solutions and to make adjustments as far as necessary to maintain business continuity. However, given the uncertainty surrounding geopolitical developments in the Middle East, the future impact of potential geopolitical situations on the Group's business cannot presently be assessed. See Note 35.4 below regarding the impact of operation "Roaring Lion" which as of the publication date of the report is still ongoing.

Note 2 - Basis of Presentation of the Financial Statements

2.1 Basis of presentation of the financial statements

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (hereinafter: "IFRS"). The financial statements were prepared in accordance with the Securities Regulations (Annual Financial Statements) - 2010.

2.2 Basis of measurement

The consolidated financial statements were prepared on the historical cost basis except for the following items:

- Derivative financial instruments
- Inventory, measured at the lower of cost or net realizable value
- Provisions
- Assets and liabilities in respect of employee benefits
- Deferred tax assets and liabilities
- Investments in investee companies and joint ventures
- Non-current assets held for sale

For information on the method in which these items are measured, see Note 3, Significant Accounting Policies, below.

2.3 Functional currency and presentation currency

The consolidated financial statements are presented in NIS, which is the functional currency of the Company. The financial information is presented in NIS millions and has been rounded to the nearest million. The NIS is the currency that represents the principal economic environment in which the Group operates.

2.4 Estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. The estimates and their relevant assumptions are based on past experience and on other factors, including expectations relating to future events, which management considers reasonable under the circumstances. Actual results may differ from the estimates made. Additionally, these estimates and underlying assumptions are reviewed on an ongoing basis. The matters in which management's judgment is applied when implementing IFRS and determining the estimates are discussed in Note 4.

2.5 The operating cycle

The Group's operating cycle is one year. As a result, current assets and current liabilities include items designated and expected to be realized within one year.

Note 3 - Significant Accounting Policies

The accounting policies set out below have been consistently applied in these consolidated financial statements for all periods presented. The accounting policies were consistently applied by all entities in the Group.

3.1 Basis of consolidation and business combinations

The Group applies the acquisition method to all business combinations. The acquisition date is the date whereon the acquirer obtains control over the acquiree. Control exists when the Group is exposed to, or the rights owner of, varying returns as a result of its involvement in the acquiree and has the ability to influence these returns through its influence in the acquiree. In reviewing control, tangible rights held by the Group and others are taken into account.
Upon the loss of control, the Group derecognizes the assets (including goodwill) and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Subsequently, the retained interest is accounted for according to the Group's level of influence in the relevant company. The difference between the sum of the proceeds and fair value of the retained interest, and the derecognized balances, is recognized in profit or loss under other income or expenses.

3.2 Investments in investee companies and joint ventures

The Group has interests in a material joint venture and associate, Três Corações Alimentos S.A and Qingdao HSW Health Water Appliance Co. Ltd, respectively. A joint venture is a joint arrangement whereby the Group has rights to the net assets of the joint arrangement.
Associate companies are entities in which the Group has a significant influence over financial and operating policies, but not control or joint control, generally expressed in the holding of 20% to 50% of the voting rights.
The joint ventures' operations constitute an integral part of the Group's operations, and accordingly, the Group's share in their results is included in the operating profit in the income statement.
If there is a decrease in the ownership percentage of an equity-accounted investee while retaining significant influence or joint control, the Group detracts a relative portion from its investment and recognizes the effect in profit or loss under other income and expenses.
An investment in an associate or joint venture accounted for in the equity method is tested for impairment when there is objective evidence of impairment.
If objective evidence indicates that the value of the investment may have been impaired, the Group estimates the recoverable amount of the investment, which is the greater of its value in use and its net selling price.
An impairment loss is recognized when the carrying amount of the investment, after applying the equity method, exceeds its recoverable amount; an impairment loss is not allocated to any asset and is recognized in profit or loss as other expenses.

Note 3 - Significant Accounting Policies (cont'd)

3.3 Foreign currency transactions and foreign operations

Foreign currency transactions are translated into the relevant functional currency of the Group companies according to the exchange rate in effect on the transaction date. From time to time, the Group purchases raw materials, commodities and packaging materials from suppliers abroad. These purchases are made in foreign currency, such as the US dollar and the euro.

Exchange differences arising on the defrayal of monetary items or on reporting monetary items at exchange rates that differ from those at which they were initially recorded during the period or reported in past financial statements are charged to specific income or expense items according to the nature of the monetary item.

The Group's business in the coffee and water operating segments is carried out under a number of brands. The Group's brands are marketed, *inter alia*, through subsidiaries and joint ventures that operate abroad and constitute foreign operations.

Exchange differences arising from translation are recognized directly in other comprehensive income within equity as part of the translation reserve.

When a foreign operation is disposed of such that control, significant influence or joint control, is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as a part of the gain or loss on disposal. In addition, when there is a change in the Group's interest in a subsidiary that includes a foreign operation while control of the subsidiary is retained, a proportionate part of the cumulative amount of translation differences that was recognized in other comprehensive income is reattributed to non-controlling interests.

As a rule, exchange differences in respect of loans received or provided to a foreign operation, including foreign operations which are subsidiaries, are recognized in profit or loss in the consolidated financial statements. When the repayment of loans received or provided to a foreign operation is unplanned and is not expected in the foreseeable future, gains and losses from exchange differences arising from those monetary items are included as part of the net investment in the foreign operation, recognized in other comprehensive income and presented within equity as part of the translation reserve.

Repayment of loans received or provided to a foreign operation does not constitute disposal of the foreign operation.

Note 3 - Significant Accounting Policies (cont'd)

3.4 Financial instruments

3.4.1 Non-derivative financial assets

Most of the Group's financial assets are short-term trade receivables. The Group initially recognizes trade receivables when originated. Other financial assets are initially recognized on the date when the Group becomes a party to the contractual terms of the instrument.
Financial assets are initially recognized at fair value plus any transaction costs that are directly attributable to the purchase or issue of the financial instrument. The Group's receivables do not include a significant financing component and are initially measured at the transaction price.
It is the Group's practice to contract in factoring arrangements with financial institutions for part of its outstanding receivables. In these transactions, the Company assesses if and to what extent derecognition of outstanding receivables is appropriate.
The Group recognizes financial assets (including trade receivables) when its contractual rights to the cash-flows arising from the financial asset expire, or when the Group transfers the rights to receive the cash flows arising from the financial asset in a transaction in which all risks and rewards arising from ownership of the financial asset have been substantially transferred.
If the Group retains substantially all the risks and benefits arising from the ownership of the financial asset, the Group continues to recognize the financial asset.
The Group's debt instruments that are held within the "hold to collect" business model under IFRS 9:

- Outstanding trade receivables arising from the Group's core business.
- Long-term receivables that mostly consist of loans to associates.
- Short-term receivables and deposits.

The contractual cash-flows of these financial assets are solely payments of principal and interest (SPPI), which represent compensation for the time value of money and credit risk. Accordingly, these financial assets are measured at amortized cost.
Subsequent to initial recognition, these assets are measured at amortized cost using the effective interest method, less impairment losses. Interest income, foreign exchange gains or losses, impairment and derecognition are recognized in profit or loss. For the receivables, the Group assesses expected credit losses (ECL) (or their reversal) over the life of the instrument. The Group has created a provision matrix based, *inter alia*, on the aging of customer debts to measure credit losses. Credit losses on receivables (doubtful debts) are recognized in profit or loss as selling and marketing expenses.

3.4.2 Derivative financial instruments

The Group uses economic hedging to mitigate exposure to risk arising from volatility in raw material and commodity prices, notably green coffee, cocoa and sugar, and also to mitigate exposure to exchange rate volatility. To this end, the Group holds derivative financial instruments, which mainly comprise currency forwards and options as well as commodity forwards and options. These derivatives, which are not considered accounting hedges, are initially recognized and measured at fair value at each reporting date, with changes in fair value recognized in profit or loss. Attributable transaction costs are recognized in profit or loss when incurred. Gains and losses on commodity forwards are accounted for within the cost of sales or as part of other income and expenses depending on the nature of the financial hedging, whereas other gains and losses on currency derivatives are accounted for within finance income (expenses).

Note 3 - Significant Accounting Policies (cont'd)

3.5 Fixed assets

The Group measures fixed asset items at cost (including advance payments to suppliers) less accumulated depreciation and accumulated impairment losses. The cost of self-constructed assets includes the costs of materials and direct labor, and any other costs directly attributable to bringing the assets to the location and condition required for their intended use. Spare parts, standby equipment and servicing equipment are recognized as property, plant and equipment when they meet the definition of PP&E in IAS 16 and are otherwise classified as inventory.

The Group's machinery includes significant parts (involving significant periodic inspections) with different useful lives, which are accounted for separately as significant components of the machines and are depreciated over their respective useful lives.

The Group derecognizes items of property, plant and equipment on disposal or when no future economic benefits are expected from their use. Gains or losses on the disposal of an item of PP&E are determined by comparing the net proceeds from its disposal to its carrying amount, and are recognized net within "other income" or "other expenses", as relevant, in the income statement.

Replacement costs of a part of an item of property, plant and equipment and other subsequent costs are recognized within the carrying amount of fixed assets if it is expected that the future economic benefits associated with the asset will flow to the Group and cost of the asset can be measured reliably. The carrying amount of those parts that are replaced is derecognized. Costs of day-to-day maintenance of items of PP&E are recognized in the income statement as incurred.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each part of a fixed asset item as presented below, other than land, which is not depreciated.
The principal depreciation rates for the years 2023-2025 are as follows:

	%
Leased buildings and lands	1-5 (mainly 2.5)
Machinery and equipment	4-30 (mainly 4-20)
Motor vehicles	15-20
Furniture and other equipment	3-33
Leasehold improvements	2-33

Residual values and useful lives of the assets, and the depreciation method, are reviewed and revised as necessary at least once a year.

Note 3 - Significant Accounting Policies (cont'd)

3.6 Intangible assets

3.6.1 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is presented within intangible assets. In subsequent periods goodwill is measured at cost less accumulated impairment losses.

3.6.2 Research and development

Research costs are recognized in profit or loss as incurred. The Group develops software for its own use, as well as innovative products in several of its operating segments. Costs that are directly related to the development of unique identified products and software products that are controlled by the Group and satisfy the conditions for recognition as intangible assets are recognized as intangible assets. Capitalized costs include direct labor costs and other direct costs accumulated until the date whereon the software is available for use.

Assimilation costs of cloud computing arrangements are capitalized as an asset if the asset satisfies the definition of an intangible asset, particularly when the Group controls the asset. If the Company does not recognize an intangible asset, it reviews whether the services received are distinct from the cloud computing services. If the services received by the Company are distinct from the cloud computing services or are provided by a third-party vendor that is not the cloud computing vendor, the Group recognizes an expense when the assimilation services are supplied. If the services are not distinct, assimilation costs are expensed at the rate of consumption of the cloud computing services.

3.6.3 Amortization

Amortization of intangible assets is recognized in profit or loss using the straight-line method over their estimated useful lives, from the date when they are available for use.

The annual rates of amortization for the years 2023-2025 are as follows:

	%
Brands	10-20
Computer software	10-33
Other	10-25

Goodwill and assets having an indefinite useful life are not amortized systematically, but rather will be tested annually for impairment. Intangible assets that are not amortized include certain brands and trademarks.

Note 3 - Significant Accounting Policies (cont'd)

3.7 Leased assets

At inception of a contract, the Group determines whether the contract is, or contains, a lease, by reviewing whether the contract conveys the right to control the use of an identified asset, and whether, throughout the period of use, it has both of the following rights:
(a) The right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) The right to direct the use of the identified asset.
The Group accounts for lease contracts that include non-lease components associated with the lease component as a single lease component, without separating the components.
In the Group's leases the interest rate included in the lease cannot be easily determined, and therefore, the Group's incremental borrowing rate is used. Subsequent to initial recognition, the right-of-asset is accounted for using the cost model and depreciated to the earlier of the end of the lease term or the useful life of the asset.
The Group applies the practical expedient in which short-term leases of up to one year and/or leases in which the underlying asset is of low value are accounted for by recognizing the lease payments in profit or loss using the straight-line method over the lease term, without recognizing an asset and/or liability in the statement of financial position.
The lease term is determined as the period in which the lease is non-cancellable, plus periods covered by options to extend that the Group is reasonably certain to exercise and options to terminate that the Group is reasonably certain not to exercise, respectively. In most of the lease agreements in which the Group has an option to extend, the Group assumed that it is reasonably certain to exercise the option and includes it in the lease period, after having taken into account all relevant facts and circumstances creating an economic incentive to exercise the option.
The Group has variable lease payments that depend on the known Consumer Price Index (CPI). These payments are initially measured using the CPI at the commencement date of the lease and are included in the measurement of the lease liability. When there is a change in contractual cash flows resulting from a change in the CPI, the remaining liability is adjusted against the right-of-use asset.
After the commencement date of the lease, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for remeasurements of the lease liability. Depreciation is calculated using the straight-line method to the earlier of the useful life of the asset or the end of the lease term.

Note 3 - Significant Accounting Policies (cont'd)

3.7 Leased assets (cont'd)

The principal depreciation rates for the years 2023-2025 are as follows:

	%
Buildings	4-40
Motor vehicles	14-35

Upon the occurrence of either a significant event or a significant change in circumstances that is within the Group's control and affects the decision whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term, the Group remeasures the lease liability according to the adjusted lease payments using a revised discount rate that reflects changes in the interest rate. The change in the carrying amount of the liability is recognized against a right-of-use asset or recognized in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.8 Inventory

Inventory is measured at lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated completion costs and estimated costs necessary to make the sale.

Inventory cost is determined using the **moving average method**, as follows:

Raw materials and packaging materials - At cost.
Goods in process and finished goods - At calculated cost.
Goods purchased - At calculated cost.

3.9 Impairment of non-financial assets

For impairment testing purposes, the Group allocates goodwill acquired in a business combination to cash-generating units, including those existing in the Group prior to the business combination that are expected to benefit from the synergies arising from the combination. In testing for impairment, assets are allocated to the lowest levels that generate separate identifiable cash flows (cash-generating units).
Once a year, on a fixed date, or more often when there are indications of impairment, the Group estimates the recoverable amount of cash-generating units that include goodwill and/or indefinite-lived intangible assets such as brands and certain trademarks, and/or intangible assets not yet available for use. Other non-financial assets covered by IAS 36 are tested for impairment if there have been any occurrences or changes in circumstances indicating that their carrying amount will not be recoverable. Impaired non-financial assets, excluding goodwill, are tested at each statement of financial position date to identify the possible reversal of the impairment that was recognized in their respect.
Impairment losses for goodwill and other indefinite-lived intangible assets are classified as other expenses in the income statement.

Note 3 - Significant Accounting Policies (cont'd)

3.10 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The Group has defined contribution plans for the majority of employees in which respect section 14 of the Severance Pay Law, 1963, applies, and they are fully covered by regular contributions to pension funds and insurance companies. The Group's obligations to make contributions to defined contribution plans in respect of post-retirement benefits are recognized as an expense in profit or loss in the periods in which the employees rendered related services.

3.11 Share-based payment transactions

The Group grants warrants to senior employees, entitling them to purchase shares of the Company. The fair value of the warrants on the grant date is calculated using the Black-Scholes model. As a rule, the benefit contains a service condition only, and is spread over the vesting period of the warrants according to the Company's estimates regarding the number of warrants that are expected to vest. The Group charges the compensation cost to retained earnings over the vesting period.

3.12 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The Group recognizes a reimbursement asset if, and only if, it is virtually certain that the reimbursement will be received if the Company settles the obligation. The amount recognized in respect of the reimbursement does not exceed the amount of the provision.

3.12.1 Claims

Provisions for legal actions were created as a result of legal proceedings occurring in the ordinary course of the Group's business. A provision for claims is recognized if, as a result of a past event, the Group has a present legal or constructive obligation, and it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the obligation can be reliably estimated. Cancellation of these provisions refers to a situation in which proceedings have been concluded in the Group's favor or a situation in which the chances of the claim being accepted have fallen below 50%. The timing of the expected cash flows in respect of these legal proceedings is uncertain, as it depends on their outcome. Therefore, the provisions are not presented at their current value (the impact of the discount is immaterial).

3.12.2 Contingent liabilities

When an outflow of economic benefits is not expected to be required or when the amount cannot be reliably estimated, disclosure of a contingent liability is made, other than when the probability of an outflow of economic benefits is remote.

Note 3 - Significant Accounting Policies (cont'd)

3.12.3 Restructuring

From time to time, the Group implements restructuring plans, in which respect it recognizes a provision for restructuring that includes direct expenditures caused by and essential for the restructuring process that are not associated with the continuing operations of the Group. The Group charges the restructuring costs to profit or loss within other expenses.

3.12.4 Liability

The Group provides a warranty for general repairs of faults that existed at the time of sale of the chilled water bars, as required by law. Provisions associated with these assurance type warranties are recognized on the delivery of water bars to customers. Initial recognition is based on historical information. The estimated costs associated with the warranty are adjusted in each period.

3.13 Income

The Group is engaged in the sale of food and beverages and in the sale of water filtration appliances, including installation and warranty. Revenue from customer contracts is recognized when control of the goods or services is transferred to the customer, in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. When a third-party is involved in supplying goods or services to a customer, the Group considers which party is the principal supplier in the transaction. In all revenue arrangements the Group generally concludes that it is the principal supplier, since it has control of the goods or services before they are transferred to the customer.

Revenues from the sale of products

The Company sells to a variety of customers in the food and beverage sector, with some of which it has trade agreements. For identifying contracts with customers, the Group considers the expected collectability, based on an assessment of the customers' credit ratings and collateral.

Revenue from sales of the divisions' products is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the products to the customer.

Variable consideration

In contracts for the sale of products, the transaction price includes amounts that are likely to vary. When measuring the transaction price, the Group includes the amount of all or part of the variable consideration only when it is highly probable that its inclusion will not result in a significant revenue reversal in the future in the amount of cumulative revenue recognized. If necessary, the Group adjusts the estimated amount of the variable consideration that was included in the transaction price.

- Right of return

  In some contracts for the sale of products, customers have the right to return the products within a certain period.

  The Group applies the expected value method to estimate the variable consideration in light of the large number of contracts with similar characteristics. The Group then applies the requirements for constraining estimates of variable consideration to determine the amount of the variable consideration that may be included in the transaction price and to recognize revenue. In such cases, a liability for returns is recognized with a corresponding adjustment to the income item, and an asset is recognized in respect of the right to accept the returns with a corresponding adjustment to the cost of sales.

Note 3 - Significant Accounting Policies (cont'd)

3.13 Income (cont'd)

- Discounts
  The Group grants certain customers fixed discounts depending on the customer's total annual purchases. The Group applies the expected value method to estimate the variable consideration in the contract, and then applies the requirements for constraining estimates.

Consideration payable to the customer

In certain cases, the Group pays, or is expected to pay, a consideration to its customers. Consideration payable to the customer also includes credit or other items (e.g., coupons and vouchers). These are accounted for as a reduction of the transaction price, unless the payment to the customer is in exchange for a distinct good or service, in which case the consideration payable to the customer is accounted for as a separate transaction in the same way that the Group accounts for other purchases from suppliers.

Income from the sale of water bars, installation services and related services

The Group is active in the water filtration, carbonation and purification business, in which the Group contracts with customers in package deals. The package includes a warranty for general repairs of faults in the water bar that existed at the time of sale, as required by law. Warranties of this kind are accounted for as a provision for warranty (see accounting policy in Note 3.12 above). The Group also provides a warranty in addition to the assurance that the product complies with agreed-upon specifications (i.e., repair of faults that existed at the time of sale). This is a service-type warranty that is sold separately.

The Group has determined that there are several performance obligations in the service package, as follows:

1 Supply of water bars and installation services
2 Supply of consumable parts
3 Warranty services and technical support services

The Group allocates the transaction price to the performance obligations according to the relative stand-alone selling price of each performance obligation. For this purpose, the Group estimates the stand-alone selling price of each performance obligation, maximizing the use of observable inputs.

For technical support and warranty services, the Group recognizes revenue over time since the customer simultaneously receives and consumes the benefits provided by the Company's performance, as the Company performs them. For installation services, the Group recognizes revenue on the date when the water bar is installed at the customer's premises.

For the supply of water bars and consumable parts, the Group recognizes revenue at a point in time, on delivery of the products to the customer, and at that point in time, the Group satisfies its performance obligation and the customer obtains control and benefits from the products.

The Group pays a sales commission to sales agents for selling water filtration packages to new customers. Costs capitalized as an asset are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The Group applies the practical expedient and immediately expenses the incremental costs of obtaining a contract when the amortization period of the asset is one year or less.

3 Note 3 - Significant Accounting Policies (cont'd)

3.14 Classification of cash-flows from interest and dividends

In the statements of cash-flows, the Group presents interest received and interest paid as part of cash-flows from operating activities. Dividends paid are presented under financing activities and dividends received are presented under investing activities.

3.15 Income tax expenses

Income tax comprises current and deferred tax. Current and deferred taxes are recognized in profit or loss. If the tax relates to items recognized directly in equity or in other comprehensive income, the income tax expense is accounted for directly in equity or in other comprehensive income.
The Group operates in different jurisdictions and offsets current tax assets and liabilities if there is a legally enforceable right to offset current tax assets and liabilities, and there is intent to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realized simultaneously.
Uncertain Tax Positions
The Group operates in various countries that are subject to different tax jurisdictions. A provision for uncertain tax positions, including additional tax and interest expenses, is recognized when it is more likely than not that the Group will be required to use its financial resources to settle the liability.
Deferred taxes
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.
The Group does not recognize deferred taxes on temporary differences related to investments in subsidiaries and joint ventures, if the Group controls the timing of the reversal of the differences and if it is not probable that the reversal will occur in the foreseeable future.
The Group reviews its deferred tax assets at the end of each reporting period, and to the extent that it is no longer probable that the related tax benefits will be realized, reduces them. Deferred tax assets that were not recognized are reevaluated at each reporting date and recognized if it has become probable that future taxable profits will be available against which they can be utilized.

Note 3 - Significant Accounting Policies (cont'd)

3.16 New standards, revised standards and interpretations not yet adopted

3.16.1 IFRS 18, Presentation and Disclosures in Financial Statements:

This Standard replaces IAS 1 *Presentation of Financial Statements*. The Standard provides enhanced guidance regarding the structure and content of the financial statements, in particular the statement of profit or loss.

The Standard includes new disclosure and presentation requirements, as well as requirements carried forward from IAS 1 *Presentation of Financial Statements*.

As part of the new disclosure requirements, entities are required to present two new subtotals in the statement of profit or loss: operating profit and profit before financing and income taxes. In addition, the results presented in the statement of profit or loss will be classified into three new categories: the operating category, the investing category, and the financing category.

In addition to the changes in the structure of the statement of profit or loss, the Standard also requires separate disclosure in the financial statements regarding the use of management-defined performance measures (MPMs).

Furthermore, the Standard introduces specific guidance regarding the aggregation and disaggregation of items in the financial statements and the notes.

The Standard is effective for annual periods beginning on January 1, 2027, with early adoption permitted.

The Group is currently evaluating the impact of the adoption of the Standard on its financial statements and the timing of its implementation.

Note 4 - Critical Accounting Policies and Management's Judgments

The judgments of management and its estimates are reviewed on an ongoing basis and are based on past experience and various factors, including expectations regarding future events.
The Group makes estimates and assumptions regarding the future. The accounting estimates deriving from these assumptions may, by nature, differ from actual results. The estimates and assumptions that in the next fiscal year may result in significant adjustment to the carrying amount of assets and liabilities are discussed below.

Impairment of assets

In accordance with IAS 36, on every reporting date the Group examines the existence of any events or circumstances that may indicate impairment in the value of non-financial assets included in its scope, including investments in joint ventures, accounted for using the equity method. When there are signs indicating impairment, the Group examines whether the carrying amount of the asset exceeds its recoverable amount.
Once a year on a fixed date, for each cash-generating unit that includes goodwill or intangible assets with indefinite useful lives, the Group assesses the recoverable amount, or more frequently if there are indications of impairment. If necessary, the Group reduces the carrying amount of the asset to its recoverable amount and recognizes an impairment loss. The assumptions regarding the expected cash-flows are based on past experience with the specific asset or with similar assets, as well as on the Group's expectations regarding the economic conditions that will prevail over the remaining useful life of the asset. The Group relies on estimates prepared by valuation experts in determining the recoverable amount of the assets. For further details, see Note 14.3 below regarding the assumptions and related risk factors associated with the impairment of goodwill.

Contingent liabilities

The Company has a procedure in place for examining and determining the amounts of provisions recorded in respect of legal claims pending against the Company and its investee companies. Quarterly, the Company receives opinions from its legal advisers handling claims involving the Company. In these opinions, the advisers assess the likelihood of success of the claims and indicate whether the claim is expected (more than 50%) or not expected (50% or less) to be accepted. When a claim is not expected to be accepted, no provision is recorded in the Company's books; however, the claim is disclosed in Note 21 to the financial statements if it is material. When a claim is expected to be accepted, the Company estimates the amount of the exposure based on the assessment of its legal advisers, the Company's accumulated experience and the specific circumstances of the case, and recognizes a provision in the financial statements in accordance with this estimate. The Company recognizes an asset in the financial statements in respect of payments made under dispute following an administrative decision that is subject to an appeal as of right before the tribunal. The legal proceedings will ultimately be decided by the courts and consequently, their outcomes may differ from these estimates. As part of the process of approval of the Company's annual financial statements, the Board of Directors' financial statements review committee also reviews claims pending against the Company and is presented with the details of the claims, including their amounts, Company counsel's assessment of the extent of exposure to the claims and their chances of success, as well as the amount of the provisions made in their respect in the financial statements.

Note 4 - Critical Accounting Policies and Management's Judgments (cont'd)

Uncertain Tax Positions

The Group is assessed for tax purposes in numerous jurisdictions, and accordingly, Group management is required to apply significant judgment in determining provisions and tax reserves according to local and international tax laws. The Group has transactions and tax positions in which respect the final tax liability is uncertain in the ordinary course of business. The Group recognizes provisions in respect of amounts expected to apply to it following tax audits, based on its estimates as to the possibility that additional taxes will be imposed. If the final tax liability is different from the liability recorded on the books, the differences will affect the provisions for income taxes in the period in which the final assessment is determined by the tax authorities. For further information on uncertain tax positions, see Note 32.6 below with respect to income tax.

Note 5 - Determination of Fair Value

Preparation of the financial statements requires the Group to determine the fair value of certain assets and liabilities. Further information about the assumptions that were used to determine fair value is included in the following notes:

- Note 18.2 regarding loans and other long-term liabilities;
- Note 20 regarding share-based payments;
- Note 25 regarding financial instruments.

When determining the fair value of an asset or liability, the Group uses observable market data as much as possible. There are three levels of fair value measurements in the fair value hierarchy that are based on the data used in the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3: Inputs that are not based on observable market data (unobservable inputs).

Note 6 - Subsidiaries

6.1 Information on primary subsidiaries

	The Group's ownership rights (%)			Country of incorporation and main location of business
	December 31			
	2025	2024	2023	
Strauss Health Ltd.	80	80	80	Israel
Uri Horazo Yotvata Dairies Ltd. (1)	40	40	40	Israel
Strauss Water Ltd.	100	100	100	Israel
Strauss Coffee B.V.	100	100	100	The Netherlands
Strauss Russia LLC (2)	100	100	100	Russia

(1) Held by Strauss Health Ltd. The Group holds 50% of the voting rights, but the Company has a veto power.

(2) Held by Strauss Coffee B.V.

6.2 Loss of control of a subsidiary

On May 23, 2023, Strauss Coffee B.V. ("**Strauss Coffee**"), a Dutch company wholly owned by the Group, signed an agreement for the sale of 100% of its ownership in Strauss Adriatic d.o.o. to Atlantic Grupa d.d. (the "**coffee company in Serbia**" and the "**transaction**"), respectively. On February 29, 2024, approval by the Serbian Commission for Protection of Competition was received, and subsequently, on March 1, 2024, the transaction was closed and the consideration for the sale, totaling approximately EUR 38.8 million (approximately NIS 150 million), was paid to Strauss Coffee. In respect of the closing of the transaction, the Company recorded a net loss of approximately NIS 26 million in its Consolidated Financial Statements as of December 31, 2024, in the 'other expenses' line-item in the Statements of Income, comprising a profit of approximately NIS 64 million from the transaction less a loss of approximately NIS 90 million arising from the realization of the foreign currency translation reserve attributable to the company in Serbia.

Identifiable assets and liabilities sold

	NIS millions
Cash and cash equivalents	13
Trade accounts and other receivables	38
Receivables for income tax	*
Inventory	27
Right-of-use assets	6
Intangible assets	3
Fixed assets	21
Deferred tax assets	1
Suppliers and miscellaneous accounts payable	(17)
Lease liabilities	(6)
Employee benefits	(1)
Identifiable assets, net	**85**

* Less than NIS 1 million

Total cash flows generated for the Group from the sale transaction

	NIS millions
Cash and cash equivalents received	150
Less cash and cash equivalents of the subsidiary	13
	137

Note 6 - Subsidiaries (cont'd)

6.3 The Russia-Ukraine war

As of the publication date of the report, the hostilities between Russia and Ukraine are ongoing, so too with respect to the economic sanctions imposed on Russia by the West. As of the date of the report, the hostilities between Russia and Ukraine have not had a material impact on the Group's operating results. Considering the evolving nature of the events and the ensuing high degree of uncertainty, potential geopolitical scenarios may materialize, which could lead to further negative economic and financial consequences. The Group is continuously monitoring the development of events in Ukraine, Russia and the markets, however, as of the publication date of the report, it is unable to assess their future impact on its business results.

Note 7 - Cash and Cash Equivalents

	December 31	
	2025	2024
	NIS millions	
Cash and balances in banks	301	301
Deposits	234	841
	535	1,142

Note 8 - Trade Receivables

8.1 Composition

	December 31	
	2025	2024
	NIS millions	
Open debts	1,232	1,112
Less provision for doubtful debts	(24)	(25)
	1,208	1,087

8.2 Aging analysis of trade receivables:

	December 31, 2025		December 31, 2024	
	Gross	Provision for doubtful debts	Gross	Provision for doubtful debts
	NIS millions			
Not past due	1,192	(8)	1,072	(7)
1-30 days past due	15	*-	11	*-
31-60 days past due	3	*-	6	*-
61-90 days past due	1	*-	1	*-
91-120 days past due	2	*-	2	*-
120+ days past due	19	(16)	20	(18)
	1,232	(24)	1,112	(25)

* Less than NIS 1 million

Note 8 - Trade Receivables (cont'd)

8.3 Changes in the provision for doubtful debts during the period:

	2025	2024
	NIS millions	
Balance as of January 1	25	31
Impairment loss (reversal of impairment loss) recognized in the period	2	(3)
Doubtful debts becoming bad debts	(3)	(3)
Impact of changes in the exchange rate	*-	*-
Balance as of 31 December	24	25

* Less than NIS 1 million

8.4 Maximum exposure to credit risk in respect of trade receivables on the reporting date by customer type:

	December 31	
	2025	2024
	NIS millions	
Large customer market	600	499
Private market	260	255
Away-from-home (AFH)	241	223
Other customers [1]	107	110
Total	1,208	1,087

[1] Primarily customers for the provision of services for water purifiers.

8.5 Debt factoring of trade receivables – subsidiaries

From time to time, some of the Group members enter factoring agreements for accounts receivable arising from sales of different products. The receivables are factored without recourse.
As of December 31, 2025, trade receivables derecognized as part of said agreements according to the guidance in IFRS 9 amounted to approximately NIS 657 million (December 31, 2024: NIS 496 million).

Note 9 - Receivables and Debit Balances

	December 31	
	2025	2024
	NIS millions	
Advances to suppliers	18	23
Institutions	9	13
Current maturities of long-term loans	10	10
Accrued income	16	8
Derivatives [1]	69	188
Balances with equity-accounted investees	14	-
Prepaid expenses	71	74
Miscellaneous receivables	18	13
	225	329

(1) Including deposits under a charge to secure derivatives, amounting to approximately NIS 28 million and NIS 97 million on December 31, 2025 and 2024, respectively.

Note 10 - Inventory

	December 31	
	2025	2024
	NIS millions	
Raw materials	530	509
Packaging materials	73	59
Unfinished goods	22	33
Finished goods (including purchased products)	428	367
Spare parts and auxiliary equipment in respect of inventory for sale	47	34
	1,100	1,002

Note 11 – Investment in Equity-Accounted Investees

11.1 Material equity-accounted investees

In accordance with Note 24.1 below regarding the Company's operating segments and the Optimization Plan, the material equity-accounted investees are:

	% of equity and control as of December 31			Country of incorporation and main location of operations
	2025	2024	2023	
Três Corações Alimentos S.A. (1)	50%	50%	50%	Brazil
Qingdao HSW Health Water Appliance Co. Ltd. (2)	49%	49%	49%	China

(1) An equity-accounted investee held by the Group and the Brazilian holding company São Miguel, which develops, processes, sells, markets, and distributes a variety of branded coffee products, corn products and coffee machines, and also sells green coffee, primarily to customers outside Brazil.

(2) An equity accounted investee jointly held by the Group and Haier Group of China, which is primarily active in the filtration and purification of drinking water at the point of use (POU) as well as of the point of entry to the home (POE) system markets.

Note 11 – Investment in Equity-Accounted Investees (cont'd)

11.2 Concise information on material equity-accounted investees

	Qingdao HSW Health Water Appliance Co. Ltd.		Três Corações Alimentos S.A.	
	December 31		December 31	
	2025	2024	2025	2024
	NIS millions			
Current assets	846	921	3,334	2,434
Of which:				
Cash and cash equivalents	574	507	1,126	800
Non-current assets	225	229	1,171	1,155
Total assets	1,071	1,150	4,505	3,589
Current liabilities	448	511	1,892	1,249
Of which:				
Financial liabilities excluding trade payables, other payables and provisions	-	49	620	419
Non-current liabilities	6	5	1,265	1,118
Of which:				
Financial liabilities excluding trade payables, other payables and provisions	-	-	780	1,038
Total liabilities	454	516	3,157	2,367
Total net assets (100%)	617	634	1,348	1,222
Company's share of net assets	302	311	674	611
Other adjustments	73	83	265	83
Carrying amount of investment	375	394	939	694

Note 11 – Investment in Equity-Accounted Investees (cont'd)

11.2 Concise information on material equity-accounted investees

	Qingdao HSW Health Water Appliance Co. Ltd.			Três Corações Alimentos S.A.		
	For the year ended December 31			For the year ended December 31		
	2025	2024	2023	2025	2024	2023
	NIS millions					
Income	928	919	834	8,703	6,619	5,839
Profit for the year	80	115	87	541	168	237
Other comprehensive income	(75)	(16)	-	(36)	(344)	149
Total comprehensive profit (loss) (100%)	6	99	87	505	(176)	386
Of which:						
Depreciation and amortization	17	16	14	90	93	92
Interest income	5	7	8	56	41	69
Interest expenses	6	6	5	129	129	131
Income tax received (paid)	(17)	(16)	(7)	(95)	24	74
Other adjustments	(4)	(6)	(4)	(7)	(31)	19
Company's share in comprehensive profit (loss) presented in the books	(2)	43	38	245	(119)	212

Note 11 – Investment in Equity-Accounted Investees (cont'd)

11.3 Concise aggregate information on equity-accounted investees that are not inherently material

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Carrying amount of investments	325	380	519
Group's share in profit (loss)	6	2	5
Group's share in other comprehensive profit (loss)	(20)	(3)	1
Group's share in comprehensive profit (loss)	(14)	(1)	6

11.4 Information on dividends received from equity-accounted investees

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Três Corações Alimentos S.A. [(1) (2)]	-	41	63
Qingdao HSW Health Water Appliance Co. Ltd. [(1)]	18	31	-
Strauss Frito-Lay Ltd.	50	48	38
	68	120	101

(1) Figures represent gross amounts before withholding tax. The dividend was actually received in January 2026.

(2) The Company's share of the retained earnings of Três Corações Alimentos S.A. as of December 31, 2025, December 31, 2024 and December 31, 2023 is approximately NIS 402 million, NIS 600 million and NIS 668 million, respectively, of which approximately NIS 29 million, NIS 16 million and NIS 21 million, respectively, are held as a legal reserve that may serve only for purposes of a capital increase or to absorb legal losses, and approximately NIS 338 million, NIS 234 million and NIS 297 million, respectively, are included in a tax incentive reserve, which, according to a decision by the management of Três Corações Alimentos S.A., shall not be distributed as a dividend. Should Três Corações Alimentos S.A. distribute the tax incentive reserve in the future, additional tax will be paid to the tax authorities in respect of the amount distributed.

Note 11 – Investment in Equity-Accounted Investees (cont'd)

11.5 Attachment of financial statements

The Group has attached the consolidated financial statements of Três Corações Alimentos S.A. to these consolidated financial statements. The investee's reports are presented in Brazilian Reals.

Presented below are the closing and average exchange rates and rates of change in the exchange rates of the Brazilian Real in the reporting period:

	Brazilian Real to Shekel Exchange Rate		
	Closing exchange rate for the period	Average exchange rate for the period	% change based on closing exchange rate
For the year ended:			
December 31, 2025	0.58	0.62	-1.5%
December 31, 2024	0.59	0.69	-21.0%

From the beginning of the year 2026 and as of the approval date of the financial statements, the Shekel has weakened by approximately 1% against the Brazilian Real.

11.6 Additional information on the Group's equity-accounted investees

11.6.1. In November 2024, HSW prepaid a shareholders' loan of approximately NIS 53 million to Strauss Water.

11.6.2. In Q1 2023, the Group discontinued the business operations of Obela (an equity-accounted investee) in Western Europe. Consequently, the Company recognized an impairment loss according to its stake in the investee, at an amount of approximately NIS 23 million, of which approximately NIS 20 million was recognized in the 2022 annual financial statements. The loss was included within the share of profit of equity-accounted investees in the income statement.

11.6.3. In March 2023, Sabra's insurer filed a motion for declaratory relief with the US court under the argument that the insurance company had overpaid Sabra. Sabra completely rejected these arguments and it asserted that the insurance company is required to pay it additional amounts. However, considering the position of the insurance company, in its 2022 financial statements the Company only recognized revenue of approximately NIS 30 million for this insurance payout (Company's share), which is the amount the insurance company did not claim was overpaid. As aforementioned, Sabra's position is that amounts received in cash were owed to it pursuant to the terms of the insurance policy. Moreover, the coverage amounts in said policy are significantly higher than the amounts received in cash and therefore Sabra acted to receive all the amounts due to it under the insurance policy and legal advice it had received.
In September 2023, a settlement agreement was signed between Sabra and the insurer, following which the Company recognized income of NIS 48 million (the Company's share) from insurance compensation in 2023, in the "Share of profit of equity-accounted investees" line item on the income statement.

Note 11 – Investment in Equity-Accounted Investees (cont'd)

11.6 Additional information on the Group's equity-accounted investees (Cont'd)

11.6.4. Further to the decision by the Group on an investment of approximately NIS 200 million in an associate for the construction of an additional manufacturing site in China, which is expected to become operational in 2026, in November 2023 the Company made an initial investment of approximately NIS 77 million and in March 2024 the Company made an additional investment of approximately NIS 130 million. The difference between the amount of the investment as approved and the amount that was actually invested is the result of exchange differences between the RMB and NIS totaling approximately NIS 7 million. For more details see Note 21.4.7 below.

11.6.5. For details regarding the Company entering agreements to sell its entire holdings in Sabra Dipping Company, LLC ("Sabra") (50%) and to sell its entire holdings in PepsiCo - Strauss Fresh Dips & Spreads International GmbH ("Obela") to companies owned by the American conglomerate PepsiCo, Inc ("PepsiCo" and the "sale agreements", respectively), see Notes 21.4.5 and 21.4.6 below. For the transaction, the Company recorded in its Consolidated Financial Statements for 2024, a net profit of approximately NIS 356 million (comprised of a profit (after tax) from the transactions of approximately NIS 406 million, offset by a loss resulting from the realization of a translation reserve attributed to Sabra and Obela of approximately NIS 50 million).

11.6.6. During the reporting period the Company recognized an impairment loss of approximately NIS 15 million for the equity-method accounted incubator companies and approximately NIS 5 million for the fair value through profit and loss accounted incubator companies.

Note 12 – Other Investments and Long-Term Debt Balances

12.1 Segmentation according to classification of the investment:

	December 31	
	2025	2024
	NIS millions	
Deposits and other long-term receivables	123	33
Non-current commercial receivables	1	2
Less current maturities	*-	*-
	1	2
Non-current loans to others (see 12.2 and 12.3 below)	33	36
Less current maturities	(10)	(10)
	23	26
	147	61

* Less than NIS 1 million

Note 12 - Other Investments and Long-Term Debt Balances (cont'd)

12.2 Information on non-current loans to others and their terms:

	December 31		Nominal interest As of December 31	
	2025	2024	2025	Linkage base
	NIS millions			
Loans to employees	3	3	According to section 3(i) of the Income Tax Ordinance	
Loans to suppliers and others	30	33	8.25%-0%	NIS unlinked
	33	36		

12.3 Repayment schedule of non-current loans to others:

	December 31	
	2025	2024
	NIS millions	
First year	10	10
Second year	5	6
Third year	2	4
Fourth year	1	1
Fifth year and thereafter	15	15
	33	36

Note 13 - Fixed Assets

13.1 Changes in fixed assets

	Land and buildings	Machinery and equipment	Motor Vehicle	Furniture and other equipment	Leasehold improvements	Total
	NIS millions					
Cost						
Balance as of January 1, 2025	1,471	3,083	37	302	133	5,026
Additions [1]	187	158	7	20	4	376
Write-downs	(2)	(50)	(3)	(4)	(1)	(60)
Classification as assets held for sale	-	(9)	-	-	-	(9)
Exclusion from the consolidation	-	(8)	-	(2)	(11)	(21)
Classification as inventory	-	(2)	-	-	-	(2)
Impact of changes in the exchange rate	4	(6)				(2)
Balance as of December 31, 2025	1,660	3,166	41	316	125	5,308
Depreciation and impairment						
Balance as of January 1, 2025	585	1,817	25	243	80	2,750
Depreciation for the year	33	125	4	17	4	183
Write-downs	(1)	(48)	(2)	(3)	(1)	(55)
Exclusion from the consolidation		(6)	-	(2)	(10)	(18)
Classification as inventory	-	(2)	-	-	-	(2)
Classification as assets held for sale	-	(8)	-	-	-	(8)
Impact of changes in the exchange rate	1	(2)	-	-	-	(1)
Balance as of December 31, 2025	618	1,876	27	255	73	2,849
Spare parts						77
Balance as of December 31, 2025	**1,042**	**1,290**	**14**	**61**	**52**	**2,536**

Note 13 - Fixed Assets (cont'd)

13.1 Change in fixed assets (cont'd)

	Land and buildings	Machinery and equipment	Motor Vehicle	Furniture and other equipment	Leasehold improvements	Total
	NIS millions					
Cost						
Balance as of January 1, 2024	1,402	2,888	37	297	168	4,792
Additions [(1)]	101	286	4	22	3	416
Write-downs	(5)	(69)	(3)	(10)	(38)	(125)
Exclusion from the consolidation	(20)	(35)	-	(5)	-	(60)
Classification from inventory to fixed asset	-	10	-	-	-	10
Classification from assets held for sale	-	27	-	-	-	27
Impact of changes in the exchange rate	(7)	(24)	(1)	(2)	-	(34)
Balance as of December 31, 2024	1,471	3,083	37	302	133	5,026
Depreciation and impairment losses						
Balance as of January 1, 2024	567	1,779	25	242	90	2,703
Depreciation for the year	30	116	3	15	5	169
Write-downs	(1)	(59)	(3)	(9)	(15)	(87)
Exclusion from the consolidation	(8)	(27)	-	(5)	-	(40)
Classification of assets held for sale	-	26	-	-	-	26
Impact of changes in the exchange rate	(3)	(18)	-	-	-	(21)
Balance as of December 31, 2024	585	1,817	25	243	80	2,750
Spare parts						72
Balance as of December 31, 2024	**886**	**1,266**	**12**	**59**	**53**	**2,348**

(1) The primary additions to the Company's properties and plants were as part of the strategic decision to strengthen the Group's presence in plant-based solutions and to construct a new factory for manufacturing plant-based milk substitute products. The factory is located in the Bar Lev Industrial Zone (Achihud) adjacent to the Achihud Dairy owned by the Group.

13.2 Purchase of fixed assets on credit - As of December 31, 2025, fixed assets purchased on credit amounted to NIS 73 million (2024: NIS 72 million, 2023: NIS 64 million).

13.3 In October 2022, the Company entered into an agreement with an unrelated third party for the sale of all its rights in a property located within the city limits of Safed, in consideration for a total of approximately NIS 88 million plus VAT. In January 2023, the transaction was closed and the entire consideration received. In 2023, the Company recognized a net profit of approximately NIS 53 million. It is further noted that there is no charge on the property and no associated debt.

13.4 For details about liens see Note 21.2 below.

Note 14 - Intangible Assets

14.1 Changes in intangible assets

	Brands	Compute software	Goodwill	Research develop	Other	Total
	NIS millions					
Cost						
Balance as of January 1, 2025	253	687	538	246	100	1,824
Acquisitions	-	46	-	-	-	46
Additions – inhouse development	-	33	-	30	-	63
Write-downs	(1)	(9)	-	-	(1)	(11)
Impact of changes in the exchange rate	8	(1)	5	-	-	12
Balance as of December 31, 2025	260	756	543	276	99	1,934
Depreciation and impairment losses						
Balance as of January 1, 2025	35	460	87	84	93	759
Amortization for the year	1	51	-	10	3	65
Write-downs	-	(1)	-	-	(1)	(2)
Impairment loss	-	-	20	-	-	20
Impact of changes in the exchange rate	-	(1)	6	-	-	5
Balance as of December 31, 2025	36	509	113	94	95	847
Balance as of December 31, 2025	**224**	**247**	**430**	**182**	**4**	**1,087**

	Brands	Compute software	Goodwill	Research develop	Other	Total
	NIS millions					
Cost						
Balance as of January 1, 2024	291	604	636	198	113	1,842
Acquisitions	-	49	-	-	-	49
Additions – inhouse development	-	38	-	50	-	88
Write-downs	-	(2)	-	(2)	-	(4)
Exclusion from the consolidation	(25)	(1)	(77)	-	(13)	(116)
Impact of changes in the exchange rate	(13)	(1)	(21)	-	-	(35)
Balance as of December 31, 2024	253	687	538	246	100	1,824
Depreciation and impairment losses						
Balance as of January 1, 2024	61	425	149	73	100	808
Amortization for the year	1	39	-	11	3	54
Write-downs	-	(2)	-	-	-	(2)
Impairment loss	-	-	21	-	-	21
Exclusion from the consolidation	(25)	(1)	(77)	-	(10)	(113)
Impact of changes in the exchange rate	(2)	(1)	(6)	-	-	(9)
Balance as of December 31, 2024	35	460	87	84	93	759
Balance as of December 31, 2024	**218**	**227**	**451**	**162**	**7**	**1,065**

Note 14 - Intangible Assets (cont'd)

14.2 Intangible assets with indefinite useful lives

As of December 31, 2025, intangible assets include an amount of NIS 224 million attributable to brands and trademarks having an indefinite useful life (2024: NIS 218 million). These assets were assessed as having indefinite useful lives since according to an analysis of the relevant factors, there is no foreseeable limit on the period they are predicted to generate positive cash flows for the Group.

The relevant factors that were analyzed included, *inter alia*, management's forecasts regarding the duration of expected use of the brand or trademark; the existence of legal or contractual limitations on their use; a review of the typical life cycle of similar branded products; the existence of indicators of changes in lifestyle, competitive environment, market demand and industry trends; the sales history of products under the brand name, the time the brand has been on the market, and market awareness of the brand name or trademark. Also taken into consideration is the length of time similar brands are used in the industry in which the Group operates.

14.3 Impairment testing for cash-generating units containing goodwill and intangible assets having indefinite useful lives

The following units have significant carrying amounts of goodwill and intangible assets having an indefinite useful life:

	Goodwill		Intangible assets with useful lives	
	December 31		December 31	
	2025	2024	2025	2024
	NIS millions		NIS millions	
Israel	76	76	-	-
Water	158	158	102	102
Poland	56	57	54	54
Russia	21	18	56	49
Romania	55	57	12	13
Germany	64	85	-	-
	430	451	224	218

The recoverable amount of the cash-generating units is based on its value in use. Value in use is calculated using the most up-to-date projected future cash flows for periods of up to 5 years, based on the strategic operating plan of the relevant unit. The projected cash flows for remaining periods are calculated using the relevant growth rate, which takes into consideration the expected growth rate of the category, the industry, the country and the population. Cash flows are discounted at rates that reflect the risks specific to the cash-generating units.

Note 14 - Intangible Assets (cont'd)

14.3 Impairment testing for cash-generating units containing goodwill and intangible assets having indefinite useful lives (cont'd)

The main assumptions by operating segment are as follows:

	December 31, 2025		December 31, 2024	
	Long-term growth rate	Discount rate	Long-term growth rate	Discount rate
Israel				
Fun & Indulgence (Snacks and Confectionery)	2.0%	10.2%	2.0%	11.0%
Health & Wellness	2.0%	11.1%-10.0%	2.0%	11.3%-11.9%
International Coffee [(1)], [(2)]	1%-0%	24.9%-8.6%	1%-0%	26.0%-8.4%
Water	2.0%	13.0%	2.0%	13.3%

(1) An annual test for goodwill impairment as of September 30, 2025 was performed in the cash-generating unit in Germany. The recoverable amount of the cash-generating unit, which is based on the unit's value in use, was calculated by discounting future cash flows at a real pre-tax discount rate of 8.6% (on September 30, 2024 - 8.8%), assuming a long-term growth rate of 0% (on September 30, 2024 - 0%). As a result, the Company recognized an impairment loss associated with the cash-generating unit at an amount of approximately NIS 15.2 million, which was included under other expenses in the income statement.

As of December 31, 2025, due to a higher discount rate, the Company reassessed the recoverable amount for the cash-generating unit as required under IAS 36. As a result, the Company recognized a further impairment loss associated with the cash-generating unit at an amount of approximately NIS 4.5 million, which was included under other expenses in the income statement.

(2) An annual test for goodwill impairment as of December 31, 2025 was performed in the cash-generating unit in Russia. The recoverable amount of the cash-generating unit, which is based on the unit's value in use, was calculated by discounting future cash flows at a real pre-tax discount rate of between 24.9% (on December 31, 2024 - 26.0%) and 13.7% in the forecast's terminal year, assuming a long-term growth rate of 1% (on December 31, 2024 - 1%). In 2024, the Company recognized an impairment loss in respect of intangible assets attributable to the business in Russia totaling approximately NIS 21 million, which was included under other expenses in the income statement. In 2025, based on the results of the annual assessment, the Company did not recognize a loss from the further impairment.

Note 14 - Intangible Assets (cont'd)

14.3 Impairment testing for cash-generating units containing goodwill and intangible assets having indefinite useful lives (cont'd)

The recoverable amount of the cash-generating unit in Russia is approximately NIS 33 million higher than its carrying amount. The long-term growth rate applied in determining the recoverable amount is 1% (similar to the growth rate applied in the calculation in 2024). A 1% decrease in the long-term growth rate, which was taken into account in calculating the recoverable amount of the cash-generating unit in Russia, together with a concurrent increase of 1.1% in the discount rate for the period beyond the forecast period, would have resulted in the recoverable amount of the cash-generating unit approaching its carrying amount.

With the rest of the Group's cash-generating units, the sensitivity of those units to impairment is very low due to a significant difference between their recoverable amount and their carrying amount.

Note 15 - Trade Payables

15.1 Composition

	December 31	
	2025	2024
	NIS millions	
Open debts	1,529	1,536
Notes payable	1	-*
	1,530	1,536

* Less than NIS 1 million

For information regarding suppliers who are related parties and interested parties, see Note 34 below.

15.2 Supplier finance arrangements

The Group participates in factoring arrangements, under which the Group's suppliers may sell the Group's obligations to the financing party. The central objective of the arrangement is to ease the payment process and to accommodate suppliers interested in earlier payment terms as opposed to the original date for payment set in the invoice. According to the arrangement, the factor will purchase the Group's obligations from suppliers who choose to sell said obligations.
Since according to the terms of the arrangement the Group's legal obligation to its suppliers has not been extinguished and remains materially unchanged when the arrangement is applied, the Group did not derecognize the liability to its suppliers in the statement of financial position, and trade payables that are part of the arrangement are presented as part of the Company's overall trade and other payables.
All obligations under the arrangement are classified as current liabilities as of December 31, 2025 and 2024.

	December 31	
	2025	2024
	NIS millions	
Carrying amount of financial liabilities		
Balance of suppliers who sold the Company's debts	533	528
Including suppliers who received payment from the factor	523	516

Non-Cash Changes

There were no material non-cash changes in the carrying amount of the financial liabilities subject to the supplier factoring arrangements.

From the Group's perspective, the arrangement does not materially extend the payment terms beyond the standard terms agreed with other suppliers who are not part of the arrangement. There are no significant differences between the payment terms of commercial suppliers participating in the program and those who are not, and they generally range between 30-184 days.
Payments to the financing entity are classified under cash flows from operating activities, as they form part of the Group's normal operating cycle and remain primarily operational in nature - namely, payments for the purchase of goods and services. For further information on the impact of these arrangements on the Group's exposure to liquidity risk, see Note 25.6 below.

Note 16 - Other Payables and Credit Balances

	December 31	
	2025	2024
	NIS millions	
Employees and other payroll related liabilities	256	225
Institutions	20	9
Derivatives	49	112
Expenses payable	151	154
Deposits and guarantees from customers and distributors	131	129
Advances from customers	24	25
Other payables	63	64
	694	718

Note 17 - Provisions

17.1 Changes in the period

		Claims		
	Restructuring	Legal	Liability	Total
	NIS millions			
Balance as of January 1, 2025	1	1	28	30
Provisions created during the period	-	1	23	24
Provisions used during the period	(1)	(1)	(27)	(29)
Provisions derecognized during the period	-	-	-	-
Balance as of December 31, 2025	-	1	24	25

17.2 For information on provisions see Note 3.12 above, for information on legal claims see Note 21.1 below.

Note 18 - Loans, Credit and Debentures

18.1 Short-term credit and current maturities of loans, debentures and other long-term liabilities:

	December 31	
	2025	2024
	NIS millions	
Current maturities of debentures	203	174
Short-term credit and current maturities of long-term loans and other long-term liabilities:		
Short-term loans from banks	70	340
Liability in respect of credit card factoring	149	146
Current maturities of long-term loans	78	185
	297	671
Current maturities of lease liabilities	86	102
	586	947

18.2 Composition of non-current liabilities:

	December 31	
	2025	2024
	NIS millions	
Debentures, less current maturities	1,392	1,154
Long-term loans and other long-term liabilities, less current maturities:		
Liability in respect of credit card factoring	142	128
Loans from others (1)	184	259
Bank loans (1)	111	15
	437	402
Lease liabilities	213	309
	2,042	1,865

(1) As of December 31, 2025, the fair value of the loans was lower than their carrying amount by approximately NIS 3 million (2024: approximately NIS 4 million). The fair value of the loans is measured based on the present value of future cash flows in respect of principal and interest, discounted at the interest rate on Israel government bonds of similar average duration, plus the necessary adjustments for the lending company's risk premium and the discount for lack of marketability as of the date of the financial statements (Level 2).

Note 18 - Loans, Credit and Debentures (cont'd)

18.3 Information on material loans:

								December 31, 2025	
			Original loan amount			Nominal interest		Face value	Carrying amount
Borrower	Type	Loan date	NIS millions	Currenc	Linkage base	%	Redemption	NIS millions	
Company	Series E Debentures	July 2017/ November 2018	603	NIS	Unlinked	2.61	2020-2027	241	241
Company	Series F Debentures	July 2020/January 2023/June 2025	1,622	NIS	Unlinked	1.90	2024-2037	1,486	1,354
Subsidiary	Loans from others	June 2024	100	NIS	Unlinked	5.73	2025-2030	85	85
Subsidiary	Loans from others	June 2023	100	NIS	Unlinked	5.25	2024-2029	70	70
Subsidiary	Loans from others	June 2022	100	NIS	Unlinked	4.02	2023-2028	50	50
Subsidiary	Loans from others	April 17 and July 17	312	NIS	Unlinked	2-3.5	2018-2027	54	54
Subsidiary	Bank loans [(1)]	June 2025	25	Euro	Unlinked	3.70	2027	94	94
Subsidiary	Liability in respect of credit card factoring [(2)]	January 22 – December 2025	-	NIS	Unlinked	4.12-5.4	2022-2029	291	291

(1) In June 2025 one of the Company's subsidiaries refinanced a loan agreement totaling EUR 25 million (approximately NIS 100 million).

(2) The Group has factoring arrangements with third parties for part of these payments and non-recourse factoring arrangements for the sale of water bars. For more information see Note 8.5 above.

Note 18 - Loans, Credit and Debentures (cont'd)

18.3 Information on material loans:

								December 31, 2024	
			Original loan amount			Nominal interest		Face value	Carrying amount
Borrower	Type	Loan date	NIS millions	Currency	Linkage base	%	Redemption years	NIS millions	
Company	Series E Debentures	July 2017/ November 2018	603	NIS	Unlinked	2.61	2020-2027	362	361
Company	Series F Debentures	July 2020/January 2023	1,075	NIS	Unlinked	1.9	2024-2037	1,021	967
	Bank loans	April 2024	300	NIS	Unlinked	P-0.5 - P-0.52	2025	300	300
	Loans from others	June 2024	100	NIS	Unlinked	5.73	2025-2030	100	100
Subsidiary	Loans from others	June 2023	100	NIS	Unlinked	5.25	2024-2029	85	85
Subsidiary	Loans from others	June 2022	100	NIS	Unlinked	4.02	2023-2028	67	67
Subsidiary	Loans from others	April and July 2017	312	NIS	Unlinked	2-3.5	2018-2027	83	83
Subsidiary	Bank loans	June 2023	25	Euro	Unlinked	5	2025	95	95
Subsidiary	Liability in respect of credit card factoring [(1)]	January 21 – December 24	-	NIS	Unlinked	1.42-5.4	2020-2027	274	274

(1) The Group has factoring arrangements with third parties for part of these payments and non-recourse factoring arrangements for the sale of water bars. For more information see Note 8.5 above.

Note 18 - Loans, Credit and Debentures

18.4 Information on debenture series issued by the Company and debentures in circulation:

	Series E	Series E Expansion
Date issued	July 4, 2017	November 1, 2018
Listed for trading	July 5, 2017	November 4, 2018
Type of interest	Fixed	Fixed
Annual interest rate	2.61%	2.61%
Effective interest rate on listing date, taking issuance costs into account	2.78%	2.75%
Face value on issuance date	NIS 403 million	NIS 200 million
Nominal face value as of December 31, 2025	NIS 161 million	NIS 80 million
Carrying value of debentures as of December 31, 2025	NIS 161 million	NIS 80 million
Carrying value of interest payable as of December 31, 2025	-	-
Market value as of December 31, 2025	NIS 238 million	
Linkage terms	Principal and interest are not linked to any index	
Payment dates of principal	8 annual payments on June 30 of each year from 2020 through 2027. 4 first payments of 5% each and 4 subsequent payments of 20% each.	
Payment dates of interest	Half-yearly interest on December 31 and June 30, from December 31, 2017 through to June 30, 2027	
Collateral or liens	N/A	
Name of rating company	Midroog, Maalot	Midroog, Maalot
Rating on issuance date	Aa2il; ilAA+	Aa2il; ilAA+
Rating on reporting date	Aa1il; ilAA+	Aa1il; ilAA+
Trustee	Reznik Paz Nevo Trusts Ltd., of 14 Yad Harutzim St., Tel Aviv-Yafo	

Note 18 - Loans, Credit and Debentures (cont'd)

18.4 Information on debenture series issued by the Company and debentures in circulation (cont'd):

	Series F	Series F Expansion	Series F Expansion
Date issued	July 7, 2020	December 1, 2023	June 19, 2025
Listed for trading	July 8, 2020	December 1, 2023	June 22, 2025
Type of interest	Fixed	Fixed	Fixed
Annual interest rate	1.9%	1.9%	1.9%
Effective interest rate on listing date, taking issuance costs into account	2.04%	4.3%	5.16%
Face value on issuance date	NIS 700 million	NIS 375 million	NIS 547 million
Nominal face value as of December 31, 2025	NIS 630 million	NIS 338 million	NIS 518 million
Carrying value of debentures as of December 31, 2025	NIS 625 million	NIS 295 million	NIS 434 million
Carrying value of interest payable as of December 31, 2025	-	-	-
Market value as of December 31, 2025	NIS 1,305 millions		
Linkage terms	Principal and interest are not linked to any index		
Payment dates of principal	14 annual payments on June 30 of each year from 2024 through 2037. 3 first payments of 5% each, and 10 subsequent payments of 8% each.		13 annual payments on June 30 of each year from 2025 through 2037. 3 first payments of 5.26% each, and 10 subsequent payments of 8.42% each.
Payment dates of interest	Half-yearly interest on December 31 and June 30, from December 31, 2020 through to June 30, 2037	Half-yearly interest on December 31 and June 30, from June 30, 2023 through to June 30, 2037.	Half-yearly interest on December 31 and June 30, from June 30, 2025 through to June 30, 2037.
Collateral or liens	N/A		
Name of rating company	Midroog, Maalot	Midroog, Maalot	Midroog, Maalot
Rating on issuance date	Aa1il; ilAA+	Aa1il; ilAA+	Aa1il; ilAA+
Rating on reporting date	Aa1il; ilAA+	Aa1il; ilAA+	Aa1il; ilAA+
Trustee	Reznik Paz Nevo Trusts Ltd., of 14 Yad Harutzim St., Tel Aviv-Yafo		

Note 18 - Loans, Credit and Debentures (cont'd)

18.4 Information on debenture series issued by the Company and debentures in circulation (cont'd):

The terms and conditions of the Company's Series E and Series F debentures include customary grounds for acceleration, including the following: a transfer of control of the Company, as a result of which the debenture rating is downgraded to below ilAA- on Maalot's rating scale or ilAa3 on Midroog's rating scale) (according to the terms and conditions of the relevant debentures, with certain transfers of control being excluded); a material change in the Company's business according to the terms and conditions of the relevant debentures; a rating revision such that the new rating falls below ilBBB- (or corresponding rating), and said downgrade is not the result of a change in the methodology and/or rating scales of the rating companies; acceleration of a different debenture series publicly issued by the Company and listed for trading on TASE, acceleration of the Company's debts to financial institutions (not including non-recourse loans) of an amount that is not less than NIS 200 million. In addition, violation of the financial covenants as described in Note 18.5 below.

For information on financial covenants pertaining to the Series E and Series F debentures, see Note 18.5 below.
For details regarding the issuance of Debentures Series F through another expansion, see Note 35.2.
For information on liens and guarantees, see Notes 21.2 and 21.3 below.

18.5 Covenants

Debentures
In the abovementioned agreements, the Company has committed that for as long as the Series E and Series F debentures have not been redeemed in full, the Company's net debt[1] to annual EBITDA[2] ratio as defined in the deeds will not exceed 7 for four or more consecutive calendar quarters. Failure to comply with said covenant shall serve as cause for acceleration. Should the net debt to annual EBITDA ratio exceed 4 for at least two consecutive calendar quarters, Series E and Series F debenture holders will be entitled to additional interest, as stated in the debenture certificate.

The Company has committed that for as long as the Series E and Series F debentures have not been redeemed in full, the ratio of equity (not including non-controlling interests) to the total of the statement of financial position will not fall below 20% at any time. Failure to comply with said ratio for two consecutive quarters will entitle the Series E and Series F debenture holders to additional interest, as stated in the debenture certificate.

[1] "Net financial debt" - Total financial liabilities less cash and cash equivalents and deposits and marketable securities, according to the Company's annual audited consolidated financial statements and quarterly reviewed consolidated financial statements.
[2] "Annual EBITDA" - Means with respect to the 12-month period preceding the date of the Company's most recent financial statements - the cumulative operating profit (before other expenses and income) plus depreciation and amortization, plus share-based compensation and options, according to the Company's annual audited consolidated financial statements and quarterly reviewed consolidated financial statements.

Note 18 - Loans, Credit and Debentures (cont'd)

18.5 Covenants (cont'd)

The Company has committed that for as long as the Series E and Series F debentures have not been redeemed in full, the Company's equity in its consolidated financial statements, excluding a reduction in equity arising as a result of the acquisition of non-controlling interests after the date of issue of each of the debenture series, will not fall below NIS 500 million for the Series E debentures and below NIS 600 million for the Series F debentures. Failure to comply with said minimum equity for three or more consecutive calendar quarters will serve as cause for acceleration.

Should the Company fail to comply with any of the covenants to which it has committed in favor of the holders of Series E and Series F debentures during the relevant period, as the case may be, the Company will be entitled to prepare, for the purpose of calculating its compliance with the covenants it has not met, a pro forma income statement and statement of financial position in accordance with the accounting standards under which the Company's financial statements as of March 31, 2017 were prepared for the Series E debentures, and as of March 31, 2020 for the Series F debentures, without applying IFRS 11.

As of December 31, 2025 and throughout 2025, the Company was in compliance with all terms and conditions and covenants under the Series E and Series F debenture trust deeds. In addition, as of December 31, 2025 and throughout 2025, the grounds for acceleration of the debentures or for the exercise of sureties given to secure payment to the debenture holders were not satisfied.

Banks and financial institutions

Two subsidiaries are required to meet covenants in favor of banks in Israel and other countries and non-banking corporations. The covenants of the subsidiaries test the annual net financial debt[1] to EBITDA[2] ratio and the equity to total assets (statement of financial position) ratio. The amount of the loans of the two subsidiaries is immaterial in terms of the Group's consolidated financial statements and as of December 31, 2025, the subsidiaries are compliant with these covenants.

18.6 Secured lines of credit

As of December 31, 2025, the Company has agreements with banks and financial institutions for secured lines of credit to serve its operating activities, totaling NIS 300 million (2024: NIS 400 million), of which NIS 300 million are expected to end in 2026. As of December 31, 2025, the Company has utilized a credit line totaling NIS 52 million.

Note 19 - Employee Benefits

19.1 The labor laws in Israel require the Group to pay severance pay to employees who were dismissed or have retired (including those who left the Group in other specific circumstances). The liability for the payment of severance pay is calculated according to the labor agreements in effect based on salary components which, in the opinion of Company management, create an obligation to pay severance pay.

The Company has two severance pay plans: one plan according to the provisions of section 14 of the Severance Pay Law, which is accounted for as a defined contribution plan; and the other for employees to whom section 14 does not apply, which is accounted for as a defined benefit plan. The Group's liability in Israel for the payment of severance pay to employees is largely covered by current deposits in the names of the employees in recognized pension and severance pay funds, and by the acquisition of insurance policies, which are accounted for as plan assets.

In addition to these plans, the Company has an obligation to pay an acclimatization bonus to senior executives. The Group's obligation for the payment of acclimatization bonuses is not covered by the current deposits in the names of the employees.

19.2 In international operations, employee benefits are accounted for in accordance with the requirements of the law in each country in which the Group operates. The Group has an obligation to pay benefits to certain employees in accordance with personal employment contracts. In addition, the Company has an obligation to pay benefits to employees who have retired in accordance with the local laws. These benefits were accounted for as a defined benefit plan.

19.3 Composition

	December 31	
	2025	**2024**
	NIS millions	
Defined benefit plans		
Present value of funded obligation	81	84
Fair value of plan assets	(52)	(57)
Total employee benefits, net	29	27

Note 19 - Employee Benefits (cont'd)

19.4 Defined benefit plans

19.4.1 Changes in the liability for defined benefit plans

	2025	2024
	NIS millions	
Liability in respect of defined benefit plans as of January 1	84	89
Benefits paid under the plans	(14)	(13)
Current service costs	6	4
Interest expenses	4	5
Actuarial losses (gains)	2	(1)
Other adjustments	(1)	-
Liability in respect of defined benefit plans as of December 31	81	84

19.4.2 Composition of defined benefit plan assets

	December 31	
	2025	2024
	NIS millions	
Cash and cash equivalents	7	8
Government bonds	4	4
Corporate bonds	15	16
Equity instruments	26	29
Total plan assets	52	57

19.4.3 Changes in defined benefit plan assets

	2025	2024
	NIS millions	
Fair value of plan assets as of January 1	57	61
Contributions paid into the plans	2	3
Benefits paid under the plans	(11)	(11)
Interest income	2	3
Actual yield less interest income	2	1
Fair value of plan assets as of December 31	52	57

Note 19 - Employee Benefits (cont'd)

19.4.4 Actuarial assumptions and sensitivity analysis

Principal actuarial assumptions on the reporting date in nominal terms:

	2025	2024
Discount rate on December 31 [1]	5.2%-4.7%	5.8%-5.5%
Future salary increases	6.0%-3.0%	6.0%-3.0%
Demographic assumptions [2]		

[1] The discount rate is based on blue chip corporate bonds. The weighted discount rate for 2025 is 4.74% (2024: 5.48%).

[2] Calculations are based on demographic assumptions, as follows:
(a) Mortality and loss of work capacity rates are based on pension circular 2024-9-5 published by the Capital Market, Insurance and Savings Division of the Ministry of Finance.
(b) Employee turnover rates are based on an analysis of historical data. According to this analysis, the main turnover rate for employees and senior employees is 10.36% and 13.51%, respectively, for each year of seniority.

Reasonably possible changes on the reporting date with one of the actuarial assumptions, presuming that the remaining assumptions remain unchanged, would have the following effect on the defined benefit obligation:

		Increase (decrease) in defined benefit obligation as of December 31, 2025	Increase (decrease) in defined benefit obligation as of December 31, 2024
Discount rate	1% increase	(2)	(2)
Discount rate	1% decrease	2	2
Future salary costs	1% increase	2	2
Future salary costs	1% decrease	(1)	(1)
Departure rate	Multiplied by 1.2	*-	*-
Departure rate	Multiplied by 0.8	*-	*-

* Less than NIS 1 million

19.4.5 Impact of the plan on the Group's future cash flows

The Group's estimate of expected contributions in 2026 to a funded defined benefit plan is approximately NIS 3 million.
The Group's estimate of the plan's life (according to a weighted average) at the end of the reporting period is 3.90-6.87 years (2024: 4.14-6.64 years).

Note 19 - Employee Benefits (cont'd)

19.5 Defined contribution plans

In the year ended December 31, 2025, the Group recognized an expense of approximately NIS 60 million (2024: NIS 62 million, 2023: NIS 57 million) in respect of defined contribution plans.

19.6 Actual yield

The actual yield on the plan assets in 2025 was approximately 8.2% (2024: 5.8%, 2023: 2.1%).

Note 20 - Share-Based Payment

20.1 Description of the plans

20.1.1 Employee stock ownership plan (ESOP)

In accordance with the employee stock ownership plan of May 2003, which is amended from time to time and most recently in May 2023 (hereinafter: "ESOP") and approved by the Board of Directors of the Company and/or its committees, the Company granted Group employees warrants, free of charge, each of which may be exercised into one ordinary share of NIS 1 par value on a "net stock" basis, as described below:

Vesting period	
Warrants granted commencing on March 20, 2016	50% will be exercisable commencing two years from the record date and the remaining 50% commencing three years from the record date, other than a grant made on October 23, 2025, which has a vesting schedule of 80% commencing two years from the record date and the remaining 20% commencing three years from the record date.
Exercise price	
Warrants granted commencing on September 12, 2016	Determined according to one of the following alternatives: (1) the average closing price of the Company's share in the 30 trading days preceding the grant date plus a premium to be determined by the Board of Directors and/or its committees; (2) the average closing price of the Company's share in the 30 trading days preceding the grant date with no premium, linked to the CPI; (3) the average closing price of the Company's share in the 30 trading days preceding the grant date (with no premium and without the exercise price being linked to the CPI).
Manner of exercise	
The warrants will be exercised without payment of the exercise price, such that the grantee will be allotted underlying shares of a number that reflects the reflects the intrinsic value of the warrants, which is equal to the amount arising from the difference between the minimum exercise price set by the employee (if set) or the market price (the closing price of an ordinary share on the last trading day before the exercise date) if no minimum price was set, and the exercise price, multiplied by the number of warrants exercised. Since upon exercising the warrants, the grantee will be required to pay the par value of all underlying shares he/she is allotted, the grantee will be allotted additional underlying shares of a number that, in addition to the intrinsic value, also reflects payment of the par value he/she is required to pay for the shares allotted to him/her.	

Note 20 - Share-Based Payment (cont'd)

20.1 Description of the plans (cont'd)

20.1.1 Employee stock ownership plan (ESOP) (cont'd)

The exercise price or conversion ratio of each warrant into underlying shares will be adjusted pro rata according to the rate of the benefit for the allotment of bonus shares (or any other increase or decrease in the number of ordinary shares, in which respect no consideration was received by the Company), consolidation and subdivision of the Company's shares, a rights issue to the shareholders of the Company or the distribution of a dividend. The Board of Directors and/or its committees reserves the right to make amendments to the Plan with respect to all grantees or to a particular grantee.

In the event of termination, other than due to dismissal for cause as defined in the Plan and employment agreement, of an employee with over two years' seniority in the Group, the Company may, with the approval of the Board of Directors and/or the committee, extend the exercise period of the warrants for a further 180 days (in addition to the 180-day period commencing on the termination date), such that the grantee shall be entitled to exercise the warrants during a period of 360 days after the termination date; and may further determine that the employee shall be entitled to early vesting of warrants that are due to vest within 6 months from the termination date.

In a case of termination due to the employee's incapacitation or death or legal incompetence, the employee or his heirs shall be entitled to exercise all warrants allotted to the employee, according to the vesting and expiration dates determined on the original grant date.

20.1.2 Taxation of the plans

For employees in Israel, the plan described above was approved under section 102 of the Income Tax Ordinance (New Version), 1961, and the warrants were accordingly deposited with a trustee. According to the plan, the employees shall bear any taxes applying thereto.

Note 20 - Share-Based Payment (cont'd)

20.2 Grants in the reporting period

The fair value of the employee warrants is measured using the Black-Scholes model. Assumptions include the share price on the measurement date, the exercise price of the instrument, forecasted volatility (based on the historical volatility of the Company's shares over the expected term of the warrants), the expected life of the warrants (based on past experience and the general conduct of the option holders) and the risk-free interest rate (based on government bonds); service conditions and performance conditions that are not market conditions are not taken into account in determining fair value.

Presented below is information on the fair value of warrants granted in the reporting period:

Grant date	No. of warrants and entitled employees	Fair value	Share price	Exercise price	Expected life	Annual standard deviation	Discount rate
		Millions					
		NIS	NIS	NIS	Years	%	%
January 28, 2025 (1)	129,000 to 4 managers.	2.2	71.12	74.82	3.65-4.65	23.42-24.14	4.25-4.26
May 27, 2025 (1)	109,804 to 1 manager.	2.5	87.37	89.00	3.65-4.65	23.45-24.82	4.229-4.33
October 23, 2025 (2)	288,337 to 1 manager.	5.1	92.96	95.65	2.41-3.41	25.20-25.34	3.70-3.74

(1) The warrants shall vest in two equal tranches in 2027-2028. The benefit arising from these grants will be classified as an expense in the financial statements over the abovementioned vesting periods.

(2) The warrants shall vest in two tranches in 2027 and 2028, at rates of 80% and 20% respectively. The benefit arising from this grant will be classified as an expense in the financial statements over the abovementioned vesting periods.

Note 20 - Share-Based Payment (cont'd)

20.3 Changes in the warrants:

	Number of warrants (thousands)		
	2025	2024	2023
Balance as of January 1	8,022	7,495	6,545
Additional allotment	527	2,225	2,280
Exercise of warrants [1]	(2,342)	(159)	(483)
Forfeiture and expiration of warrants	(869)	(1,539)	(847)
Balance as of December 31 [2]	5,338	8,022	7,495

(1) The weighted average share price on the exercise date of the warrants exercised in 2025 was NIS 99.93 (2024: NIS 73.71, 2023: NIS 85.49).

(2) As of December 31, 2025, 2,057 thousand (2024: 3,623 thousand, 2023: 3,849 thousand) of the outstanding warrants had vested.

(*) The weighted average exercise price of the warrants in 2025: NIS 86.73 (2024: NIS 88.87, 2023: NIS 92.84).

20.4 Salary expenses in respect of share-based payments

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Total expense classified to salary expenses	21	28	26

20.5 On November 6, 2022, the Board of Directors of the Group approved the grant of 487,096 warrants to the Group CEO. The exercise price was set at the average closing price of the Company's share in the 30 trading days preceding the grant date, plus a 5% premium. On January 18, 2023, the General Meeting approved the grant. The value of the grant is approximately NIS 10 million.

20.6 On November 25, 2025, the Board of Directors of the Group approved the grant of 750,000 warrants to the Group CEO at a value of approximately NIS 12.5 million. The exercise price was set at the average closing price of the Company's shares in the 30 trading days preceding the grant date, plus a 6.2% premium. On January 1, 2026, the General Meeting approved the grant, and at that time the grant was worth approximately NIS 20.8 million which shall be recorded as an expense in the Company's books throughout the vesting period.

Note 21 - Contingent Liabilities, Liens, Guarantees and Engagements

21.1 Contingent liabilities

21.1.1 Presented below is information on material actions filed with the courts against the Company for class certification, in which legal proceedings were concluded in the reporting period through to the date of approval of the financial statements:

Date claim filed	Court in which claim is being litigated	Defendant	Subject of claim and the ruling	Quantum of claim (NIS millions)
September 2023	Tel Aviv District Court	The Company	Misleading regarding the package weight of Reva L'Sheva products	53*

* The claim amount is NIS 53 million in pecuniary damages, and NIS 5 in non-pecuniary damages for every consumer who bought products from among the product range that is the subject of the claim.

Note 21 - Contingent Liabilities, Liens, Guarantees and Engagements (cont'd)

21.1 Contingent liabilities (Cont'd)

21.1.1 Presented below is information on the motions for class certification filed against the Company in respect of harm allegedly caused to the consumer public, associated with findings that tested positive for salmonella on some of the production lines in the Company's plant in Nof Hagalil and in some of the products in the plant in April 2022 (the "**recall**"):

On April 25 and 26, 2022, five motions for class certification were filed with the district courts in Jerusalem and Tel Aviv. The total amount sought by the plaintiffs is approximately NIS 521 million. One of the motions contained a request to revise the claim amount after class certification had been granted. Two of the motions for certification were also filed against companies that are not part of the Group.

On April 27, 2022, two additional motions for class certification were filed with the district courts in Jerusalem and Tel Aviv. The claim amount sought in one motion is NIS 50 million and it was also brought against another company that is not part of the Group, whereas the second motion for certification cites a total amount of NIS 23 billion. Both motions contained a request to revise the claim amount after class certification had been granted.

In a decision of September 3, 2023, the Jerusalem District Court ruled that four of the seven motions for class certification would be struck out, and the hearing of the three other motions will be combined in such manner that they would be heard jointly, on the basis of one pleading that had already been filed (the "**joint motion**"). The Group made a proposal to counsel for the claimants to commence a mediation process on the joint motion and the proposal was accepted. The mediation process commenced in September 2024.

Following unsuccessful settlement discussions, the plaintiffs notified the court that the mediation proceedings had concluded without bearing fruit, and the court proceedings will continue. The applicants submitted a reply to the response to the certification motion on January 15, 2026 in which they repeated their arguments raised in the statement of claim and added that the court should allow for the claim to be adjudicated as a class action. A pretrial hearing on the case has been scheduled for March 4, 2026. The hearing was not held due to the war with Iran and a new date has not yet been set.

In the opinion of the Company's legal advisors, the prospects that the certification motion will be granted are greater than 50%. In the event the court determines that the case is suitable to be adjudicated as a class action and a hearing will be held on the action itself, the Company's legal advisors believe that the prospects that the claim will be granted on its merits are less than 50%. Similarly, with respect to the non-pecuniary component of damages, the Company's legal advisors believe that these damages are not recognized as recoverable damages.

21.1.2 On May 1, 2, 4 and 9, 2022, six motions filed with the Tel Aviv District Court – Economic Division (the "**court**") by various applicants were accepted. The motions seek discovery and inspection of documents under section 198A of the Companies Law, 1999, for the purpose of reviewing the possibility of filing a motion for certification of a derivative action against officers and senior parties in the Company. The applicants claim, *inter alia*, breach of the duty of care, the duty of loyalty and alleged negligence by officers and functionaries in the Company with respect to alleged damage caused to the Company following the recall.

Note 21 - Contingent Liabilities, Liens, Guarantees and Engagements (cont'd)

21.1 Contingent liabilities (Cont'd)

On June 29, 2022, the court handed down a decision that the first motion filed for the discovery of documents would be the motion heard by the court, whereas the other five motions filed on the matter would be struck off.

On August 2, 2022, the Board of Directors of the Company passed a resolution to establish an independent committee (the "**committee**") to investigate the recall, discuss the courses of action open to the Company, and make recommendations to the Board on the subject.

On September 1, 2022, the Company and the applicant in the proceeding prior to bringing a derivative action (the "**applicant**") filed an "Update Notice and Joint Motion for Approval of a Procedural Arrangement on Behalf of the Applicant and Strauss". In this context, the court was asked to direct a stay of proceedings until the committee had completed its work and the Board of Directors of the Company had discussed and reached decisions regarding its recommendations.

The committee held its first meeting on December 21, 2022 and has held more than 45 meetings.

The committee submitted its recommendations on October 7, 2024, and on November 20, 2024, the Board of Directors decided on the adoption of the committee's findings, conclusions and recommendations in their entirety, including the proposed settlement agreement

On February 3, 2025, a joint motion was submitted to the court to approve the settlement agreement with the insurers and the applicant, whereby the insurers would pay NIS 30.5 million, including NIS 27 million which shall be paid as damages to the Company, to result in the exhausting, waiver and discharge of all causes of action the Company may have against the officers or senior functionaries or insurers in connection with the salmonella event, and the balance of NIS 3.5 million shall be paid to the Company for the reward, attorney fees and expense reimbursement which it shall pay the applicant and her legal counsel.

On October 21, 2025, the Attorney General filed her position on the motion to approve the settlement agreement. Among other things, it was claimed in the position that the legal analysis underlying the committee's conclusions should be independently examined by the court and that the business judgment rule should not be applied to the Board's decision to adopt the committee's conclusions. It was further claimed that an order should be made to publish the committee's report and to allow for additional time for the submission of objections to the motion to approve the settlement agreement following the publication of the report. On October 22, 2025, a hearing was held in court on the motion to approve the settlement arrangement. At the hearing the representatives of the Attorney General repeated the main points of its position. The Company's legal advisors, the applicant and the senior officers opposed the Attorney General's comments regarding the need for the court to examine the committee's conclusions and to not apply the business judgment rule to the Board's decision to adopt the committee's conclusions. On the other hand, the Company's legal advisors, the applicant and the senior officers agreed that the committee's report should be publicly available, but opposed extending the deadline for objections. At the end of the hearing the court stated that the proceedings are ready for a determination and that a judgment will subsequently be issued.

Note 21 - Contingent Liabilities, Liens, Guarantees and Engagements (cont'd)

21.1 Contingent liabilities (Cont'd)

21.1.3 On June 21, 2023, the Company received a summons to a hearing prior to a decision by the Competition Commissioner with respect to the violation of the provisions of section 19 of the Economic Competition Law, 1988 (the "**Economic Competition Law**"), and the intent to impose a financial sanction on the Company at a total amount of approximately NIS 111 million and to impose financial sanctions on each of the former officers and on an officer presently serving in the Company. It should be clarified that the Company disputes the Commissioner's position and is of the opinion that its actions as far as the arguments made against the Company were legal. The Company and the officers submitted their written arguments at a hearing on February 19, 2024, and on March 3 and March 11, 2024, an oral hearing was held before the representatives of the Competition Authority. On October 29, 2024, the Company received a notice from the Commissioner of Competition (the "**Commissioner**"), in which the latter announced that she had chosen to exercise her power in accordance with section 43(a)(3) of the Economic Competition Law and rule that the Company and Wyler Farm Ltd. ("**Wyler**") had acted in contravention of section 19 of the Economic Competition Law.

The Commissioner further announced that a financial penalty would be imposed on the Company totaling approximately NIS 111 million, in accordance with section 50H(b)(1) of the Economic Competition Law (the "**ruling**"). In addition, in her ruling, the Commissioner determined that a financial penalty of approximately NIS 601 thousand would be imposed on each of the three persons who had served in the relevant periods as officers of the Company and a subsidiary. According to the Company's legal counsel, the Company did not violate applicable law, including the Competition Law, the Commissioner's ruling is an administrative ruling, which is subject to appeal by right before the Competition Tribunal in accordance with sections 43(c) and 50M(a) of the Economic Competition Law. On November 19, 2024, the Commissioner agreed to the Company's request to split the payment of the financial penalty into ten equal monthly installments as provided in section 50J(b) of the Economic Competition Law, two of these payments were paid in Q4 2024 and the balance was paid in 2025. On January 23, 2025, the Company submitted an appeal on the Commissioner's determination. The Competition Authority submitted its response to the appeals on May 12, 2025. On June 26, 2025, the Company submitted a written request to the Commissioner to receive documents and particulars which it believes are necessary to prepare its reply to the Commissioner's response to the appeal (the "**reply**"). On September 10, 2025, the Commissioner responded that all information which is subject to a right of review has been sent to the Company subject to restrictions under applicable law. Further to the Company's application for a postponement, agreed upon by the Commissioner, it was established that the Company's reply is to be submitted by November 23, 2025. The Company submitted its reply on November 23, 2025. The Commissioner submitted a motion to include new evidence on December 11, 2025, and on January 8, 2026, the Company submitted its response to the motion to include new evidence. It should be clarified that the Company disputes the Commissioner's position and is of the opinion that its actions as far as the arguments made against it were legal. The Company's legal counsel assess that the likelihood is greater that the appeal, which asserts that the Company did not breach the law, will be granted than of it being rejected.

Note 21 - Contingent Liabilities, Liens, Guarantees and Engagements (cont'd)

21.1 Contingent liabilities (Cont'd)

21.1.4 On October 29, 2024 and October 30, 2024, two motions for the discovery of documents prior to filing a derivative claim under section 198A of the Companies Law, 1999 (jointly: the "**motions for discovery**") were filed with the Tel Aviv District Court (Economic Department) (the "**court**"). in the motions for discovery, the court was requested to direct the Company to disclose documents related to the ruling by the Competition Authority to impose a financial penalty on the Company and officers of the Company at an amount of approximately NIS 111 million for the alleged violation of section 19 of the Economic Competition Law, 1988. On January 26, 2025, the parties agreed for one of the motions to be struck off and for the proceedings to continue on the second motion against the Company. On April 7, 2025, the Company filed a motion to stay the proceedings due to an appeal it had submitted on the financial penalty to the Competition Tribunal. A hearing on the motion to stay was held on June 30, 2025, at which the court ruled with the parties' consent that the hearing of the motion will be stayed at this stage. The court extended the stay of proceedings on January 4, 2026, and ordered the parties to submit an update on the matter by April 15, 2026.

21.1.5 In November 2021, representatives of the Competition Authority conducted a search and seized materials at the offices of the Company on suspicion of violations of the Economic Competition Law, and Company employees, including senior officers, were questioned. On August 21, 2023, the Company received a letter of notice under section 60A of the Criminal Procedure Law [Consolidated Version], 1982, according to which the Competition Authority was considering the filing of an indictment in respect of the suspicions enumerated in the statement attached to the letter, subject to a hearing.

On January 23, 2024, an oral hearing was held jointly for the Company and the officers. On April 3, 2025, the Group and former senior office holders received notices from the Competition Authority regarding the closing of an investigation against the Group and the former senior office holders regarding a suspicion of crimes under the Economic Competition Law, 1988 (suspicions of an attempted restrictive trade arrangement through a public announcement in the Group's Q1 2021 quarterly report).

21.1.6 As of the approval date of the financial statements, claims in the civil courts, other claims and demands that are not mentioned in the preceding notes amounted to approximately NIS 133 million. Of said claims, those whose chances cannot be estimated account for approximately NIS 2 million. The Company has not made provisions for claims pending as of the approval date of the financial statements which its legal counsel are of the opinion will not be granted or whose prospects cannot be assessed. Based on the opinion of its legal counsel, Company management is of the view that the Company and its subsidiaries are not expected to incur losses due to the above claims, in excess of the amount of the provision made in the financial statements.

Note 21 - Contingent Liabilities, Liens, Guarantees and Engagements (cont'd)

21.1 Contingent liabilities (Cont'd)

21.1.7 There are lawsuits in the civil courts and other claims underway against an equity-accounted investee in Brazil. On December 31, 2025, these claims (the Group's share) totaled approximately NIS 411 million (of which approximately NIS 130 million are claims by the tax authorities, NIS 259 million are labor-related and NIS 22 million, civil suits). Based on the information received from the equity-accounted investee's legal counsel, an analysis of the pending legal proceedings and past experience as far as the amounts claimed are concerned, the equity-accounted investee estimates that the chances of approximately NIS 173 million of the claims are slight and has made provisions at an amount of approximately NIS 22 million (the Group's share), which is considered sufficient to cover the expected losses as a result of the above claims.

21.2 Charges

21.2.1 As of December 31, 2025, and December 31, 2024, a lien respectively totaling approximately NIS 120 million and approximately NIS 59 million has been given to secure a liability of an equity-accounted investee.

21.2.2 There are fixed and floating charges on several real estate properties in the Group in favor of others to secure credit.

21.2.3 With respect to its debts, the Company has undertaken to banks, other funding entities and the debenture holders not to create charges on its assets (a negative pledge) other than in certain cases as defined in the loan agreements or trust deeds.

Note 21 - Contingent Liabilities, Liens, Guarantees and Engagements (cont'd)

21.3 Guarantees

The following guarantees to banks and others were given in connection with the Group's business activity:

	December 31	
	NIS millions	
	2025	2024
In favor of others in Israel and abroad	55	55

21.4 Material engagements

21.4.1 In the engagement for the investment by PepsiCo Foods International ("**PepsiCo**") in Strauss Frito-Lay Ltd. ("**Frito-Lay**"), the shareholders agreed that should control of the Company (directly or indirectly) be assumed by a party other than the Strauss family, PepsiCo shall have the right, after 12 months have elapsed from the Company becoming thus controlled, to acquire the Company's entire remaining interest in Strauss Frito-Lay Ltd. at the market price determined as specified in the agreement, provided that PepsiCo had attempted in good faith to cooperate with the new controlling shareholder in the said 12 months and shall reasonably determine that the attempt was unsuccessful. On November 21, 2024, the Company and PepsiCo entered into an agreement regarding their holdings (50%-50%) in Strauss Frito-Lay Ltd., under which PepsiCo granted the Company an option to purchase up to 2.5% of Frito-Lay's share capital in consideration for USD 100,000, at an exercise price of up to USD 9.9 million, reflecting a valuation of approximately USD 396 million for Frito-Lay. This information is part of the transaction described in Notes 21.4.5 and 21.4.6 below. As of December 31, 2025, the value of the option comes to approximately NIS 10 million (as of December 31, 2024: approximately NIS 4 million).

Note 21 - Contingent Liabilities, Liens, Guarantees and Engagements (cont'd)

21.4 Material engagements (cont'd)

21.4.2 According to a letter of indemnity for officers of the Company (including those who are among the controlling shareholders and their relatives), the Company has irrevocably undertaken to indemnify officers of the Company with respect to any liability or expense (as defined in the letter of indemnity) imposed on the officer due to actions performed in his capacity as such after the date of the letter of indemnity, which are directly or indirectly related to one or more of the types of events described in the letter of indemnity, or part of them or anything related to them, directly or indirectly. The amount the Company will pay, in addition to sums which shall be received from insurance companies, if any, for all officers cumulatively, in respect of one or more of the events described in the letter of indemnity, has been limited to 25% of the shareholders' equity of the Company according to its most recent financial statements as of the actual date of the indemnity payment ("**date of record**"). The maximum amount of indemnity will be linked to the index from the latest index published prior to the date of record, until the latest index published prior to the payment date. Additionally, under a deed of release from liability granted to officers, the Company has released, in advance and retrospectively, its officers (including those among the controlling shareholders and their relatives) from all or part of their liability for damage as a result of a breach of the duty of care to the Company to the maximum extent permitted by law, provided, however, that such release shall not apply to a decision or transaction which the controlling shareholder or any officer of the Company had a personal interest in approving. As of the date of this report, the Company has a D&O liability insurance policy to cover directors and officers serving in the Company and its subsidiaries with liability limits of approximately USD 100 million and an annual premium of USD 1 million.

21.4.3 Strauss Health and Yotvata are parties to annual agreements with dairy farmers to purchase the entire quotas of their milk produce in accordance with the Milk Sector Planning Law, 2011. In 2025, said transactions amounted to approximately NIS 720 million (2024: NIS 670 million).

Note 21 - Contingent Liabilities, Liens, Guarantees and Engagements (cont'd)

21.4 Material engagements (cont'd)

21.4.4 On December 29, 2005, a series of agreements was signed between companies in the Group and the Lima family of Brazil and companies under its control, their goal being the consolidation of the parties' operations in Brazil. It was determined that the transfer or sale of shares by a shareholder of the jointly held company to a third party which is not related to either of the shareholders is subject to a right of first refusal to the sale, right of first offer and a shareholder's tag-along right to the sale of the other shareholder's shares. The agreement further determines that the shareholders will have preemptive rights with respect to any allotment of securities by the joint company in the future, in such manner that they will be able to acquire new securities pro rata to their holdings. Should a shareholder in the jointly-held company enter insolvency proceedings, the other shareholder will be entitled to acquire all of the shareholder's shares in the jointly-held company on the basis of the joint company's fair market value, subject to a prescribed valuation mechanism. The agreement further determines that should an arbitrator who is appointed in a dispute between the shareholders rule that a shareholder is in breach of the shareholders agreement or joint venture agreement, the other shareholder that is not in breach shall be entitled to exercise its call option to buy the shares of the shareholder in breach for a price equal to 80% of fair market value, or alternatively, to exercise its put option to sell its shares to the shareholder in breach for a price equal to 120% of fair market value, according to a mechanism defined in the shareholders agreement.

According to the shareholders agreement, in the case of a "change of control" that terminates the Strauss family's/Lima family's control of one of the companies that is a party to the agreement (or their parent companies), the other party shall have a put option to sell all of its shares in the jointly-held company to the counterparty or a call option to acquire all of the counterparty's shares in the jointly-held company in consideration for the fair market value of the jointly-held company as agreed by the parties. In the absence of agreement, the market price of the shares will be determined by an external valuator; however, if the parties fail to reach an agreement on the identity of the valuator, or if a party objects to the market value determined by the valuator, each of the parties shall have the right to appoint another valuator. The final fair market price will be the arithmetic average of the valuations.

On November 9, 2022, an amendment was signed to the shareholders agreement governing the joint venture in the Brazilian coffee business. The amended agreement governs the conduct of the joint venture and the relationship between the shareholders and contains certain revisions, primarily the following:

1. The updated agreement determines that three years after the date on which it was signed, each of the shareholders will have the right to demand
that the joint venture will launch an IPO, subject to the offering price reflecting a minimum market cap that will be calculated according to parameters contained in the agreement.
2. The updated agreement will be in force until December 29, 2042 and will be automatically renewed for further periods of twenty years each, provided that neither shareholder has informed the other, five years before the end of each such period, that it does not wish
to automatically extend the updated agreement.
3. The remaining terms and conditions of the shareholders agreement (as amended from time to time) are included in the updated agreement, *mutatis mutandis* and/or with immaterial changes.

Note 21 - Contingent Liabilities, Liens, Guarantees and Engagements (cont'd)

21.4 Material engagements (cont'd)

21.4.5 In December 2007, a joint venture transaction was signed with a PepsiCo subsidiary (Frito-Lay Dip Company, Inc.) (the "**buyer**") such that effective as of March 28, 2008, the Company (via S.E. USA, Inc.) and PepsiCo (via the buyer) each held 50% of the "participation rights" in Sabra Dipping Company, LLC ("**Sabra**"). On November 21, 2024, the Company (through the subsidiary S.E USA, Inc.) entered into agreements to sell its entire holdings in Sabra (50%) and to sell its entire holdings in PepsiCo - Strauss Fresh Dips & Spreads International GmbH ("Obela") to the American conglomerate PepsiCo, Inc ("PepsiCo" and the "sale agreements", respectively), with which it holds these companies as part of a joint venture. The sale consideration came to USD 243.8 million and was paid in cash on the closing date, where USD 240.8 million is for the sale of the holdings in Sabra (including the assignment of Company's shareholder loan to Sabra) and USD 3 million is for the sale of the holdings in Obela (the "transaction"). The transaction closed on December 3, 2024. For more information about the impact of the profit from said transaction, see Note 11.6.5 above.

21.4.6 In July 2011, the Company contracted with the US food concern PepsiCo through PRB Luxembourg ("**PRB**") in an agreement for the establishment of a joint venture via a company in which the parties would be equal shareholders (each party holding 50%) – PepsiCo Strauss Fresh Dips & Spreads International GmbH (the "**venture**" or "**Obela**"). The agreement is for a term of 20 years and automatically renews for further periods of twenty years each, provided that neither shareholder has informed the other, five years before the end of each twenty year period, that it does not wish to automatically renew the agreement. On November 21, 2024 the Company entered into agreements to sell all of its holdings in the venture, for more information see Note 21.4.5 above.

21.4.7 In July 2023, a joint venture agreement was signed between the subsidiary Strauss Water and Haier Group of China ("**Haier Group**") and a legal entity was established, Qingdao HaiShi IoT Technology Co., Ltd. ("**Sino German**"), in which Strauss Water holds 49% of the shares and Haier Group holds 51%. For further information, see Note 11.6.4 above.

21.4.8 For engagements with interested parties and related parties, see Note 34 below.

Note 22 - Leases

Leases in which the Group is the lessee

The Group leases the following items under lease agreements:

1. Buildings
2. Coffee stands*
3. Motor vehicles

* As part of the implementation of the Group's updated strategy, the Group entered into an agreement with a third-party to sell the activity of the Elite Café chain at an amount immaterial for the Group. The conditions precedent were satisfied and the transaction closed in June 2025. The assets and liabilities of the business activity were accordingly de-recognized from the statement of financial position. The bulk of the business's assets and liabilities derive from the Group leasing the coffee stands.

The Company also leases land from the Israel Lands Administration, which are classified under fixed assets (see Note 13).

22.1 Information on major lease agreements in which the Group is the lessee

22.1.1 Property agreements:

Leased property	Remaining lease term
Logistics center in Kfar Masaryk	Until December 2037, with options to renew until November 2047.
Yarka storage facility	Until December 2028, with an option to renew until December 2032.

22.1.2 The Group leases vehicles for an average period of three years, and from time to time alters the number of vehicles according to its current needs. The leased vehicles serve the employees of Group headquarters, marketing and sales and other employees, whose employment agreements include an obligation by the Group to place vehicles at their disposal. The Group has accounted for the arrangement between it and the leasing companies as a leasing arrangement governed by IFRS 16, and the arrangement between the Group and its employees as an arrangement governed by IAS 19. The Group has no extension and/or cancellation options in its agreements with leasing companies which are reasonably certain to be exercised.

22.1.3 The Group entered into a lease agreement whereby the Group will lease an additional logistics center in Kfar Masaryk in 2026.

Note 22 - Leases (cont'd)

22.2 Right-of-use assets

	Buildings and coffee stands	Motor vehicles	Total
Balance as of January 1, 2025	261	133	394
Additions	36	63	99
Write-downs	(99)	(8)	(107)
Depreciation	(33)	(76)	(109)
Linkage to CPI	4	3	7
Balance as of December 31, 2025	169	115	284
Balance as of January 1, 2024	324	134	458
Additions	22	76	98
Write-downs	(47)	(10)	(57)
Depreciation	(48)	(72)	(120)
Linkage to CPI	10	5	15
Balance as of December 31, 2024	261	133	394

22.3 Additional information on leases

(a) Amounts recognized in profit or loss

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Expenses associated with variable lease payments that were not included in the measurement of the lease liability	4	8	6
Expenses associated with short-term leases	10	11	9

For information on interest expenses in respect of leases recognized in profit or loss in 2025, see Note 31 below.

(b) Options to terminate or extend a lease

In most of the lease agreements the Group assumed that it is reasonably certain that the options to renew contained in the agreements will be exercised, and accordingly, there are no material commitments associated with leases, which were not presented in the financial statements.

Note 22 - Leases (cont'd)

22.3 Additional information on leases (cont'd)

(c) Amounts recognized in the statement of cash flows

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Total cash flow paid for leases (principal and interest)	124	131	115

In Israel, most lease payments are linked to the CPI.
For information on an analysis of the payment dates of lease liabilities, see Note 25.6 below.

Note 23 - Capital and Reserves

Capital management – goals, procedures and processes

It is Company management's policy to maintain a strong capital base with the aim of preserving the Company's ability to conduct its operations in a manner that generates shareholder yield and benefits to other related parties such as credit providers and employees of the Company, as well as to support future business development. Company management monitors the return on equity, which is defined as total equity attributed to the shareholders of the Company, as well as the dividend payout ratio for holders of the Company's ordinary shares.

23.1 Share capital

23.1.1 Composition

	December 31	
	2025	2024
	Number of shares (in thousands) of NIS 1 par	
Authorized	150,000	150,000
Issued and paid-up (see also Note 23.1.2 below)	117,669	117,433
Treasury shares (see also Note 23.2 below)	(868)	(868)
	116,801	116,565

23.1.2 The holders of ordinary shares are entitled to dividends declared from time to time and to one vote per share at Company general meetings. Treasury shares (see below) do not grant such rights.

23.2 Treasury shares

The treasury share reserve includes the cost of Company shares held by the Company. On December 31, 2025 and 2024 the Company held 868 thousand Company shares, constituting approximately 0.7% of the shares of the Company. These shares are suspended until reissued.

23.3 Dividend distribution

Declaration date	Payment date	Total dividend paid	Dividend per share
		NIS millions	NIS
March 24, 2025 (ex-date: April 2, 2025)	April 10, 2025	160	1.37
February 17, 2025 (ex-date: February 25, 2025)	March 4, 2025	200	1.72
March 25, 2024 (ex-date: April 2, 2024)	April 11, 2024	270	2.316

The dividend distribution led to the adjustment of the exercise price of warrants granted to employees. For further information, see Note 20.1.1 above.

Note 23 - Capital and Reserves (cont'd)

23.4 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of monetary items that in fact constitute an increase or decrease in the net investment of the Group in foreign operations.
The effect of changes in foreign exchange rates that was recognized as other comprehensive income (including the share of non-controlling interests) according to the relevant operating segments was:

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
International Coffee [1]	(2)	(182)	77
Water	(57)	(11)	(3)
Other	(14)	52	3
Total	(73)	(141)	77

[1] For changes in the exchange rate of the Brazilian Real, see Note 11.5 above.

23.5 Reserve from transactions with non-controlling interests

The reserve from transactions with non-controlling interests includes the difference between the consideration paid for the acquisition of non-controlling interests and the change in non-controlling interests.

Note 24 - Segment Reporting

24.1 General

Further to that stated in Note 17.3 regarding the optimization plan that was implemented in accordance with the Company's 2024-2026 strategy, several changes were made in the operating segments to align them with the manner in which segmental information is presented to management with respect to the Group's operating segments, which are based on the Group's internal management (non-GAAP) reports ("**Management Reports**").

Accordingly, responsibility for the Israel Coffee segment has been transferred from the Coffee activity to the Israel activity, under the "Fun & Indulgence (Israel Coffee)" reportable segment and a presentation change has accordingly been made, effective as of the financial statements as of March 31, 2024, as part of segment data.

The Group's segmental information is presented based on the revised operating segments, as follows:

- The Israel activity, which includes three operating segments –
  - Health & Wellness – includes the manufacture, marketing, sale and distribution, *inter alia*, of dairy products and milk beverages, fresh salads and fresh foods, honey products, olive oil, fruit preserves, cooking sauces, bottled lemon juice and natural maple syrup.
  - Fun & Indulgence (Snacks and Confectionery) – includes the manufacture, marketing, sale and distribution, *inter alia*, of confectionery and salty snacks.
  - Fun & Indulgence (Israel Coffee) – includes the manufacture, marketing and sale of coffee products in Israel and the Coffee Company's head office expenses.
- The Coffee activity, which includes one operating segment –
  - International Coffee – includes the manufacture, marketing and sale of coffee products outside Israel.
- The Strauss Water activity – includes the development, assembly, marketing, sale and servicing of point-of-use (POU) water filtration, purification and carbonation systems in Israel and other countries.
- Other activity include the activity of the FoodTech incubator ("The Kitchen"), which is carried out as part of the Group's innovation arm, and the activity of Group HQ.

The results of the operating segments set forth below are based on evaluations of the Company's performance in the framework of the Management Reports. According to these reports, the Group presents the operating segments by presenting the Group's relative share of the income and expenses of jointly controlled companies (50%), and not as equity income. These evaluations are based on operating profit, which includes the allocation of selling expenses and general and administrative expenses based on the allocation indices of the relevant cost generators, less certain items, as follows:

- Other expenses (income).
- All adjustments required to delay recognition of profit or loss arising from commodity derivatives until the date when the inventory is sold to outside parties.
- Expenses for share-based payments.

Inter-segment pricing is determined based on transaction prices within the ordinary course of business.

Segment results include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise financing income and expenses.

Note 24 - Segment Reporting (cont'd)

24.2 Information according to operating segments and reconciliation of segment operating data to the consolidated financial statements

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Income			
Sales to external customers:			
Health & Wellness	3,159	3,076	3,066
Fun & Indulgence (Snacks and Confectionery)	1,395	1,264	1,008
Fun & Indulgence (Israel Coffee)	903	830	793
Total Israel	5,457	5,170	4,867
International Coffee	6,155	4,705	4,361
Water	895	848	805
Other	-	483	516
Sales to other segments:			
Health & Wellness	7	9	8
Fun & Indulgence (Snacks and Confectionery)	5	6	6
Fun & Indulgence (Israel Coffee)	2	2	2
Total Israel	14	17	16
International Coffee	4	2	1
Total segment income	12,525	11,225	10,566
Elimination of intersegment sales	(18)	(19)	(17)
Total segment income excluding intersegment	12,507	11,206	10,549
Adjustment to the equity method	(4,684)	(4,117)	(3,754)
Total consolidated income	7,823	7,089	6,795

Note 24 - Segment Reporting (cont'd)

24.2 Information according to operating segments and reconciliation of segment operating data to the consolidated financial statements (cont'd)

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Operating profit (loss)			
Health & Wellness	405	389	355
Fun & Indulgence (Snacks and Confectionery)	12	44	27
Fun & Indulgence (Israel Coffee)	113	95	107
Total Israel	530	528	489
International Coffee	493	214	248
Water	115	115	90
Other	(118)	(105)	(55)
Total segment profit	1,020	752	772
Unallocated income (expenses):			
Adjustments for commodity hedges [(1)]	15	(35)	23
Other income (expenses), net	(42)	407	61
Share-based payments	(21)	(28)	(26)
Total operating profit	972	1,096	830
Adjustment to the equity method	(135)	(60)	(15)
Total consolidated operating profit	837	1,036	815
Financing income	20	42	48
Financing expenses	(204)	(162)	(142)
Profit before taxes on income	653	916	721

(1) Reflects mark-to-market as of period end of open positions in the Group in respect of financial derivatives used to economically hedge commodity prices, and all adjustments necessary to delay recognition of most of the gains or losses arising from commodity derivatives until the date when the inventory is sold to outside parties and/or until the financial derivative instrument is exercised.

Note 24 - Segment Reporting (cont'd)

24.3 Additional information on operating segments and reconciliation to the consolidated financial statements

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Cost of sales			
Health & Wellness	1,982	1,927	1,935
Fun & Indulgence (Snacks and Confectionery)	1,052	890	692
Fun & Indulgence (Israel Coffee)	575	477	417
Total Israel	3,609	3,294	3,044
International Coffee	4,843	3,725	3,333
Water	456	447	441
Cost of sales of the reported segments	8,908	7,466	6,818
Adjustments to the equity method	(3,586)	(2,765)	(2,466)
Total consolidated cost of sales	5,322	4,701	4,352

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Depreciation and amortization			
Health & Wellness	103	98	99
Fun & Indulgence (Snacks and Confectionery)	79	78	73
Fun & Indulgence (Israel Coffee)	25	40	44
Total Israel	207	216	216
International Coffee	86	89	89
Water	68	62	52
Depreciation and amortization of reported segments	361	367	357
Adjustments:			
Depreciation of unallocated non-financial assets	53	66	63
Adjustment to the equity method	(61)	(83)	(88)
Total consolidated depreciation and amortization	353	350	332

Note 24 - Segment Reporting (cont'd)

24.4 Information on geographical segments

The Group's income from sales to external customers, as reported in the income statement, based on their geographical location, is as follows:

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Israel	5,943	5,640	5,303
Europe and RoW	1,880	1,449	1,492
Total consolidated income	7,823	7,089	6,795
Adjustment to income of operating segments for jointly controlled entities	4,684	4,117	3,754
Total operating segment income	12,507	11,206	10,549

The non-current assets of the Group, as reported in the statement of financial position, based on their geographical location, are as follows:

	As of December 31	
	2025	2024
	NIS millions	
Israel	3,330	3,217
Europe and RoW	580	595
Total consolidated assets	3,910	3,812

These assets mainly include fixed assets, right-of-use assets and intangible assets, and do not include financial assets, investments in equity-accounted investees and deferred tax assets.

Note 24 - Segment Reporting (cont'd)

24.5 Information on products and services

The Group's income from sales to external customers, as reported in the income statement, according to groups of similar products and services, is as follows:

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Income			
Dairy products	2,338	2,207	2,158
Salads, dips and spreads	451	479	463
Other Health & Wellness products	370	390	464
Confectionery and bakery	1,039	928	662
Coffee	2,730	2,237	2,243
Water purification appliances and related services	895	848	805
Total consolidated income	7,823	7,089	6,795
Adjustment to operating segment income	4,684	4,117	3,754
Total operating segment income	12,507	11,206	10,549

24.6 Primary customers

The Group's income from a customer attributed to the Health & Wellness segment, the Fun & Indulgence (Snacks and Confectionery) segment and the Fun & Indulgence (Israel Coffee) segment amounted to NIS 554 million (in 2024 and 2023: NIS 589 million and NIS 584 million, respectively).

Note 25 - Financial Instruments

The Group is exposed to the following risks arising from the use of financial instruments:

- Credit risk.
- Market risks including: commodity price risk, interest rate risk, foreign currency risk and CPI risk.
- Liquidity risk.

This note provides information regarding the Group's exposure to these risks and Group policy for the management of such risks.

The Company uses the following calculations when calculating the fair value and sensitivity analyses:

1. Options – Black-Scholes model, standard deviation and quotations of relevant underlying assets.
2. Forward transactions – According to the change in the price of the relevant underlying asset and interest differences deriving from interest rates and/or stock exchange market prices (for commodities).
3. Debentures – According to the price on the Tel Aviv Stock Exchange.

25.1 Credit risk

Other than as stated in Note 24.6 above with respect to the Group's income from a major customer, the accounts receivable balance is spread, and the Group is not exposed to a material risk arising from the concentration of credit with a single customer or group of customers.

Most of the Group's sales to its customers in Israel and abroad are made on credit, in line with the customary market practice. Part of the credit to retail customers in the private market in Israel is insured by credit insurance (including the deductible component) and by various sureties. The balance of credit to the private market that is not covered by guarantees is at risk. However, the broad spread of the Group's customers in the private market mitigates this risk. Most of the credit granted to large customers is secured and is concentrated among a small number of customers to which the scope of the Group's sales is large, and therefore non-repayment of credit which is not secured by any of the large customers may to a certain extent impair the Group's cash flows and business results. Most of the credit to customers outside Israel is not guaranteed.

Company management constantly monitors customer debts, and the financial statements include specific provisions for doubtful debts which fairly reflect, according to management's estimate, the loss inherent in debts where collection is doubtful.

25.1.1 Exposure to credit risk

The carrying amount of financial assets reflects maximum credit exposure.

For information regarding exposure to credit risk in respect of customers, see Note 8 above. Additionally, for a segmentation of financial assets with varying credit risks, see Note 12 above regarding loans granted.

25.1.2 Other credit securities and guarantees

As of December 31, 2025, the Company has customer credit at an amount of NIS 1,134 million (2024: NIS 1,042 million) which is covered by credit insurance as described above. In addition, the Company has deposits and collateral from customers to secure their debts, amounting to approximately NIS 131 million as of December 31, 2025 (2024: NIS 129 million).

Note 25 - Financial Instruments (cont'd)

25.2 Interest rate risk

The Company's interest rate risk primarily arises from bank loans at floating interest rates, and customer deposits at floating interest rates. On the other hand, from time to time the Company invests in short-term deposits bearing floating interest.
As of December 31, 2025, short-term loans and credit amounting to NIS 18 million (2024: NIS 333 million) bear floating interest, and the remainder of the debt (including lease liabilities), NIS 2,610 million (2024: NIS 2,479 million), bears fixed interest. Accordingly, any change in interest rates on the reporting date applying to the Company's financial debt is not expected to have a material impact on equity and profit and loss in the presented periods.

25.3 Commodity price risk

The Group companies use derivative financial instruments to reduce exposure to risks arising from unusual changes in the prices of raw materials required for production (green coffee, cocoa and sugar).

25.3.1 Presented below is an itemization of the Group's material derivative financial instruments (exchange traded derivatives):

			As of December 31, 2025	
		Exercise/expiration date	Face value	Carrying value and fair value
			NIS millions	
Green coffee	Contracts purchased, net	January 2026 - November 2026	72	13
	Written put options	February 2026 - March 2026	(29)	-

			As of December 31, 2024	
		Exercise/expiration date	Face value	Carrying value and fair value
			NIS millions	
Green coffee	Contracts purchased, net	January 2025 - November 2025	30	8
	Written put options	January 2025 - February 2025	(58)	-

Note 25 - Financial Instruments (cont'd)

25.3 Commodity price risk (cont'd)

25.3.2 Sensitivity analysis – forward transactions and options

Any increase (decrease) in the prices of the essential commodities will increase (decrease) equity and income for the period, in respect of forward transactions and options, by the amounts presented below. This analysis was performed assuming that all other variables remain constant and disregards tax effects.

	December 31, 2025				
	10% increase	5% increase	Fair value and carrying amount	5% decrease	10% decrease
	NIS millions				
Arabica	1	-	5	(1)	(2)
Robusta	7	4	8	(4)	(8)
Total	8	4	13	(5)	(10)

	December 31, 2024				
	10% increase	5% increase	Fair value and carrying amount	5% decrease	10% decrease
	NIS millions				
Arabica	(1)	-	-	-	(1)
Robusta	5	2	8	(3)	(5)
Total	4	2	8	(3)	(6)

Note 25 - Financial Instruments (cont'd)

25.4 Foreign currency risk

25.4.1 The Group uses derivatives (OTC) to hedge part of its foreign currency risk. On December 31, 2025, the carrying amount and fair value of the Group's derivative financial instruments (foreign currency), net amounted to net liability of approximately NIS 10 million (December 31, 2024: net liability of NIS 1 million).

25.4.2 Sensitivity analysis of financial assets (liabilities)

Presented below is a sensitivity analysis relating to the Group's material derivative instruments (foreign currency – OTC) as of December 31, 2025 and December 31, 2024. Any change in the exchange rates of the major currencies on December 31 will increase (decrease) equity and income for the period by the amounts presented below. This analysis was performed assuming that all other variables remain constant and disregards tax effects.

	December 31, 2025				
	10% increase	5% increase	Carrying amount and fair value	5% decrease	10% decrease
	NIS millions				
NIS/USD exchange rate	3.509	3.350	3.190	3.031	2.871
Total NIS/USD	25	12	(6)	(11)	(22)

	December 31, 2025				
	10% increase	5% increase	Carrying amount and fair value	5% decrease	10% decrease
	NIS millions				
NIS/EUR exchange	4.120	3.933	3.746	3.558	3.371
Total NIS/EUR	14	7	(4)	(7)	(14)

	December 31, 2025				
	10% increase	5% increase	Carrying amount and fair value	5% decrease	10% decrease
	NIS millions				
NIS/GBP exchange	4.719	4.505	4.290	4.076	3.861
Total NIS/GBP	2	1	-	(1)	(2)

Note 25 - Financial Instruments (cont'd)

25.4 Foreign currency risk (cont'd)

25.4.2 Sensitivity analysis of financial assets (liabilities) (cont'd)

	December 31, 2024				
	10% increase	5% increase	Carrying amount and fair value	5% decrease	10% decrease
	NIS millions				
NIS/USD exchange	4.012	3.829	3.647	3.465	3.282
Total NIS/USD	6	3	-	(3)	(6)

	December 31, 2024				
	10% increase	5% increase	Carrying amount and fair value	5% decrease	10% decrease
	NIS millions				
NIS/EUR exchange	4.176	3.986	3.796	3.607	3.417
Total NIS/EUR	14	7	(2)	(5)	(10)

	December 31, 2024				
	10% increase	5% increase	Carrying amount and fair value	5% decrease	10% decrease
	NIS millions				
NIS/GBP exchange	5.032	4.803	4.574	4.346	4.117
Total NIS/GBP	4	2	-	(2)	(4)

Note 25 - Financial Instruments (cont'd)

25.4 Foreign currency risk (cont'd)

25.4.3 Statement of financial position according to linkage bases

The Group's exposure to CPI and foreign currency risk, not including risk associated with financial derivatives, is as follows:

	December 31, 2025							
	NIS linked	NIS unlinked	USD	EUR	RUB	Other	Non-monetary	Total
	NIS millions							
Cash and cash equivalents	-	105	292	8	4	126	-	**535**
Trade receivables	-	943	30	3	112	120	-	**1,208**
Other receivables and debit balances [1]	-	66	23	1	6	18	70	**184**
Other investments and long-term receivables	3	133	-	-	-	-	11	**147**
Current maturities of debentures	-	(203)	-	-	-	-	-	**(203)**
Short-term loans and credit	-	(276)	-	(3)	-	(18)	-	**(297)**
Current maturities of lease liabilities	(78)	(2)	-	-	-	(6)	-	**(86)**
Trade payables	-	(813)	(627)	(33)	(4)	(53)	-	**(1,530)**
Accounts payable and credit balances [2]		(479)	(3)	(17)	(31)	(69)	(46)	**(645)**
Debentures	-	(1,392)	-	-	-	-	-	**(1,392)**
Long-term loans and credit	-	(326)	-	(111)	-	-	-	**(437)**
Lease liabilities	(192)	(17)	-	(1)	-	(3)	-	**(213)**
Long-term payables and credit balances	-	(1)	-	-	-	(14)	(2)	**(17)**
Total	(267)	(2,262)	(285)	(153)	87	101	33	**(2,746)**

(1) Excluding derivative financial instruments totaling approximately NIS 41 million.
(2) Excluding derivative financial instruments totaling approximately NIS 49 million.

Note 25 - Financial Instruments (cont'd)

25.4 Foreign currency risk (cont'd)

25.4.3 Statement of financial position according to linkage bases (cont'd)

The Group's exposure to CPI and foreign currency risk, not including risk associated with financial derivatives, is as follows:

	December 31, 2024							
	NIS linked	NIS unlinked	USD	EUR	RUB	Other	Non-	Total
	NIS millions							
Cash and cash equivalents	-	141	937	15	-	49	-	**1,142**
Trade receivables	-	896	34	4	61	92	-	**1,087**
Other receivables and debit balances (1)	6	28	95	1	9	2	97	**238**
Other investments and long-term receivables	3	36	11	-	-	-	11	**61**
Current maturities of debentures	-	(174)	-	-	-	-	-	**(174)**
Short-term loans and credit	-	(540)	-	(113)	-	(18)	-	**(671)**
Current maturities of lease liabilities	(95)	-	-	-	-	(7)	-	**(102)**
Trade payables	-	(749)	(705)	(46)	(5)	(31)	-	**(1,536)**
Accounts payable and credit balances (2)	-	(489)	(2)	(18)	(20)	(52)	(25)	**(606)**
Debentures	-	(1,154)	-	-	-	-	-	**(1,154)**
Long-term loans and credit	-	(387)	-	(15)	-	-	-	**(402)**
Lease liabilities	(302)	(1)	-	-		(6)	-	**(309)**
Long-term payables and credit balances	-	(16)	-	-	-	(10)	-	**(26)**
Total	(388)	(2,409)	370	(172)	45	19	83	**(2,452)**

(1) Excluding derivative financial instruments totaling approximately NIS 91 million.
(2) Excluding derivative financial instruments totaling approximately NIS 112 million.

Note 25 - Financial Instruments (cont'd)

25.4 Foreign currency risk (cont'd)

25.4.4 Sensitivity analysis of financial assets (liabilities)

Any change in the exchange rates of the major currencies on December 31 relating to the currency risk arising from financial items denominated in foreign currency, which is not the functional currency of the Company and its subsidiaries, would increase (decrease) equity (equity attributable to all shareholders of the Company), disregarding tax implications, by the amounts presented below.

	December 31, 2025				
	10% increase	5% increase	NIS/ carrying amount	5% decrease	10% decrease
	NIS millions				
NIS/USD exchange	3.509	3.350	3.190	3.031	2.871
Effect (NIS millions)	(3)	(2)	(34)	2	3

	December 31, 2024				
	10% increase	5% increase	NIS/ carrying amount	5% decrease	10% decrease
	NIS millions				
NIS/USD exchange	4.012	3.829	3.647	3.465	3.282
Effect (NIS millions)	2	1	18	(1)	(2)

25.5 CPI risk

The Company has CPI-linked lease liabilities (see Note 25.4.3 above).
As of December 31, 2025 and December 31, 2024, the Company has no CPI futures contracts.

25.6 Liquidity risk

The Company's liabilities mainly arise from credit that was raised by issuing debentures (Series E and Series F) and loans from banks and others. In addition to these liabilities, the Company has secured and unsecured credit lines from banks. Over the years the Company's business operations have generated positive cash flows that enable it to meet the financial obligations it has undertaken. However, should the Company require any sources of financing in addition to those generated by its business operations the Company will be able to use, *inter alia*, the credit lines available to it (see Note 18.6 above).
As described in Note 15.2 above, the Group has supplier financing arrangements whose primary objective is to establish a more efficient process for processing supplier invoices and to give suppliers an earlier date of payment relative to the date of payment in the invoice. The arrangement allows the Group to consolidate debt payments to the financing entity rather than pay each supplier individually.
From the Group's perspective, the arrangement does not materially extend the payment terms beyond the standard terms agreed with other suppliers who are not part of the arrangement.
Presented below is an analysis of the contractual repayment dates of financial liabilities, including interest payments, but not including the effect of setoff agreements. This analysis is based on data known on the reporting date, such as the CPI, foreign currency exchange rates and interest rates.

Note 25 - Financial Instruments (cont'd)

25.6 Liquidity risk (cont'd)

		December 31, 2025							
	Note	Carrying amount	Contractual cash flow	2026	2027	2028	2029	2030	2031 thereafter
		NIS millions							
Trade payables	15	1,530	1,530	1,530	-	-	-	-	-
Derivatives	16	49	49	49	-	-	-	-	-
Other payables [(1)]	16	619	618	618	-	-	-	-	-
Series E Debentures	18	241	248	125	123	-	-	-	-
Series F Debentures	18	1,354	1,665	110	108	156	153	151	987
Shekel bank loans and credits	18	52	52	52	-	-	-	-	-
Shekel loans from others	18	259	287	85	81	57	43	21	-
Foreign currency bank loans and credit	18	132	143	28	99	3	3	3	7
Liability in respect of credit card factoring	18	291	291	149	98	39	5	-	-
Lease liabilities	18	299	371	95	67	35	14	13	147
Long-term payables and credit balances		14	14	1	-	-	-	-	13
		4,840	5,268	2,842	576	290	218	188	1,154

(1) The carrying amount includes accrued interest expenses.

Note 25 - Financial Instruments (cont'd)

25.6 Liquidity risk (cont'd)

		December 31, 2024							
	Note	Carrying amount	Contractual Cash flow	2025	2026	2027	2028	2029	2030 thereafter
		NIS millions							
Trade payables	15	1,536	1,536	1,536	-	-	-	-	-
Derivatives	16	112	112	112	-	-	-	-	-
Other payables [1]	16	579	576	576	-	-	-	-	-
Series E Debentures	18	361	376	128	126	122	-	-	-
Series F Debentures	18	967	1,157	73	72	71	102	100	739
Shekel bank loans and credits	18	322	329	329	-	-	-	-	-
Shekel loans from others	18	335	376	89	85	81	57	43	21
Foreign currency bank loans and credit	18	142	153	135	3	3	2	2	8
Liability in respect of credit card factoring	18	274	274	146	87	36	5	-	-
Lease liabilities	18	411	511	118	84	55	36	27	191
Long-term payables and credit balances		11	11	-	1	-	-	-	10
		5,050	5,411	3,242	458	368	202	172	969

(1) The carrying amount includes accrued interest expenses.

Note 25 - Financial Instruments (cont'd)

25.7 Fair value of financial instruments

25.7.1 Fair value

The carrying amount of cash and cash equivalents, short and long-term investments, trade receivables, other accounts receivable, trade payables, other accounts payable and short-term credit is the same as or proximate to their fair value.

Presented below are the fair values, based on the prices of the Tel Aviv Stock Exchange (level 1), and carrying amounts (including accrued interest) as presented in the statement of financial position, of the Company's debentures:

	December 31			
	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
	NIS millions			
Series E debentures [(1)]	241	238	361	352
Series F debentures [(1)]	1,354	1,305	967	853

(1) For further information on Series E and Series F debentures, see Note 18.4 above.

25.7.2 Fair value hierarchy

25.7.2.1 Derivatives – fair value valuation technique

Forward contracts – fair value is estimated by discounting the difference between the forward price quoted in the contract and the current forward price for the remaining term of the contract until the maturity date, using the appropriate market interest rates applying to similar instruments.
Foreign currency options – fair value is determined according to the Black-Scholes model.

25.7.2.2 Fair value hierarchy of financial instruments measured at fair value

	December 31, 2025			December 31, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	NIS millions					
Financial assets (liabilities)						
Derivatives receivables	30	1	10	84	3	4.00
Derivatives payables	(38)	(11)	-	(108)	(4)	-
	*(8)	(10)	10	(24)	(1)	4

*In the period ended December 31, 2025, the Company recorded a mark-to-market loss of approximately NIS 28 million on cocoa derivatives, as part of which approximately NIS 27.7 million was recorded in the cost of sales line-item and the balance was recorded in the other expenses and income line-item. The Company has a net outstanding liability of approximately NIS 5.9 million related to said commodities, which is included within derivatives payables.

Note 26 – Sales

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Sales of manufactured products	6,111	5,402	5,152
Sales of other products	1,088	1,097	1,064
Other income [1]	624	590	579
	7,823	7,089	6,795

(1) Primarily income from the provision of services for water purifiers.

Note 27 - Cost of Sales

27.1 By component

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Materials consumed [1]	4,270	3,627	3,379
Wages, salaries and related expenses	556	536	523
Depreciation and amortization	177	174	164
Other manufacturing expenses	341	322	311
Change in provision for warranty	(4)	4	2
	5,340	4,663	4,379
Valuation of balance of commodity hedging	(18)	38	(27)
	5,322	4,701	4,352

(1) In 2025, including a net loss of NIS 28 million (2024 and 2023: NIS 45 million and NIS 47 million, respectively) in respect of inventory impairment.

27.2 By source of income

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Manufactured products	4,442	3,804	3,495
Other products	631	617	670
Other income [1]	267	242	214
	5,340	4,663	4,379
Valuation of balance of commodity hedging transactions at year end	(18)	38	(27)
	5,322	4,701	4,352

(1) Costs in respect of other income mainly include costs of services provided for water purification devices.

Note 28 - Marketing and sales expenses

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Salaries and related expenses	542	545	546
Advertising	208	198	214
Bad and doubtful debts	3	4	(1)
Distribution and shipping expenses	306	299	296
Maintenance expenses	103	120	120
Depreciation and amortization	97	120	117
Other	122	115	98
	1,381	1,401	1,390

Note 29 - General and administrative expenses

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Salaries and related expenses [1]	386	367	344
Depreciation and amortization	79	69	51
Donations	11	16	15
Consulting and professional fees	88	64	62
Maintenance expenses	90	70	61
Expense reimbursement by equity-accounted investees	(127)	(104)	(80)
Other	20	19	18
	547	501	471
[1] Less:			
Salaries and related expenses capitalized to inhouse software	35	41	33

Note 30 - Other Income (Expenses), Net

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Other income			
Profit from the sale of operations and equity-accounted investees	3	518	7
Profit from the loss of control of a subsidiary, net	-	12	-
Gain on sale of fixed assets and investment	2	3	92
Cancellation of a loss from impairment of assets held for sale	1	-	-
Other income	7	2	4
Total other income	13	535	103
Other expenses			
Restructuring expenses [(1)]	(17)	(13)	(6)
Business establishment and acquisition costs	(8)	(12)	(6)
Loss on fixed assets and assets held for sale, net	(10)	(8)	(8)
Loss from the loss of control of a subsidiary, net	-	(26)	-
Loss from the sale of operations	(1)	(13)	-
Goodwill impairment	(20)	(21)	-
Loss from revaluation of derivatives	-	(25)	-
Other expenses	(7)	(13)	(13)
Total other expenses	(63)	(131)	(33)
Other income (expenses), net	(50)	404	70

(1) A project to relocate R&G manufacturing from Romania to Poland was approved in 2025, and as a result, the Group recognized restructuring expenses of approximately NIS 15 million. In 2024 and 2023, the Company incurred restructuring expenses of approximately NIS 8 million and approximately NIS 5 million, respectively, arising from the implementation of efficiency programs across the Group.

Note 31 - Financing Expenses, Net

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Financing income:			
Interest income	20	31	25
Net gain on derivative financial instruments measured at fair value through profit or loss	-	9	23
Net foreign exchange gain	-	2	-
Total financing income	20	42	48
Financing expenses:			
Interest expenses	(151)	(144)	(114)
Interest expenses on lease liabilities	(16)	(18)	(14)
Net loss on derivative financial instruments measured at fair value through profit or loss	(31)	-	-
Net foreign exchange loss	(6)	-	(14)
Total financing expenses	(204)	(162)	(142)
Financing expenses, net	(184)	(120)	(94)

Note 32 - Income Tax

32.1 Information on the tax environment in which the Group members operate in Israel

32.1.1 Corporate tax rates

Presented below are the tax rates applicable to the Company in 2023-2025:
2023 – 23%
2024 – 23%
2025 – 23%

Note 32 - Income Tax (cont'd)

32.1 Information on the tax environment in which the Group members operate in Israel (cont'd)

32.1.2 Benefits under the Law for the Encouragement of Industry (Taxes), 1969

The Company and some of the Group members are "industrial companies" as defined in the Law for the Encouragement of Industry (Taxes), 1969. They are accordingly entitled to benefits, primarily:

a. Higher rates of depreciation.
b. Amortization of issuance expenses of publicly listed shares in three equal annual portions commencing in the year the shares were listed for trading.
c. Amortization of patents and knowhow used for the plant's development over an 8-year period.
d. The possibility of filing consolidated tax returns by companies with one production line.

32.2 Information on the tax environment in which the Group companies operate outside of Israel

The companies incorporated outside of Israel are assessed according to the tax laws in their countries of domicile.
The main tax rates applicable to the business operations of these companies, are:

Romania – 16%; Poland – 19%; Holland – 25.8%; Switzerland – 12%; Ukraine – 18%; Russia – 25%; UK – 25%; USA – approximately 28%; Germany – 27%.

The Group companies in the coffee business are held by Strauss Coffee (incorporated in the Netherlands). There is a double taxation treaty between Israel and the Netherlands. Payment of a dividend by Strauss Coffee is subject to corporate tax in Israel. However, corporate tax paid in foreign countries can be credited against tax payable in Israel under the "indirect credit" mechanism, in accordance with the rules and restrictions stipulated in Israeli law. The Company has created a tax reserve in respect of the additional tax that may be imposed on the Company as a result of a dividend distribution.

Note 32 - Income Tax (cont'd)

32.3 Final tax assessments

Some of the companies in Israel were issued with final tax assessments up to and including 2021 under assessment agreements signed in 2024. The rest of the subsidiaries in Israel have self-assessments that are considered final (subject to the dates of submission of the tax returns and extension of the applicable prescription period) up to and including the 2020 tax year.
Final tax assessments were issued for the Group companies outside of Israel as follows: For Strauss Coffee in Holland up to and including the 2022 tax year; for Strauss Poland up to and including the 2019 tax year; for Strauss Romania up to and including the 2019 tax year; for Strauss Ukraine up to and including the 2014 tax year; for Strauss Germany up to and including the 2018 tax year; for S.E. USA up to and including the 2021 tax year; for Strauss Russia up to and including the 2022 tax year; for Strauss Switzerland up to and including the 2023 tax year.

32.4 Losses carried forward for tax purposes

The Group has carryforward tax losses of NIS 1,106 million (2024: NIS 1,069 million). Deferred taxes were not recorded in respect of losses of NIS 371 million (2024: NIS 363 million).

32.5 Transfer prices

In November 2006 a general legal directive and regulations were published in Israel, allowing for intervention in determining the price and terms of international transactions between related parties. The regulations define principles for examining the market value of international transactions between related parties and prescribe reporting requirements regarding such transactions. The Company examines these transfer prices from time to time and performs surveys to the extent required under the regulations.

32.6 Assessment proceedings

An assessment audit of some of the Group members operating in and outside of Israel is underway (including VAT assessments and deductions) for years in which respect the statute of limitations has not yet expired. In the opinion of Group management, based on the information available to the Group, the provision recorded is adequate. Additionally, some of the Group companies have been issued non-final tax assessments. Company management estimates, in reliance on its legal counsel, that in cases where the Company's position is not expected to be accepted, the provision made is sufficient.

Note 32 - Income Tax (cont'd)

32.7 International directives

The OECD's Base Erosion and Profit Shifting (BEPS) initiative and other directives (such as the OECD's Pillar 2, which concerns the establishment of a minimum tax rate) may have implications on the Group's tax expenses. The Group is subject to a minimum global tax with respect to its operations in some of the countries in which it operates. The Group has applied the temporary mandatory exception to the requirements to recognize and disclose temporary differences arising from the implementation of the new law and recognizes the global minimum tax as current tax when incurred. The Company has made a provision for the additional tax in an amount immaterial for the Group.

Note 32 - Income Tax (cont'd)

32.8 Composition of income tax expenses

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Current taxes	153	298	162
Taxes – prior years	(5)	(53)	(4)
Deferred taxes	10	(34)	7
Deferred taxes – prior years	(2)	(6)	2
	156	205	167

32.9 Reconciliation of the theoretical tax on pre-tax income and the tax expenses recorded in the Company's books

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Profit before taxes on income	653	916	721
Principal tax rate	23%	23%	23%
Income tax at the principal tax rate	150	211	166
Amendment of deferred taxes due to a future change of the tax rates	-	(3)	-
Deferred taxes at a different tax rate to the principal rate	(2)	2	17
Permanent differences, net	22	50	49
Temporary differences and utilization of losses in which respect deferred taxes were not recorded	69	29	(17)
Share of profit of equity-accounted investees in which respect deferred taxes were not recorded	(64)	(25)	(25)
Net differences resulting from differences in tax rates abroad	(13)	1	(18)
Taxes – prior years	(7)	(59)	(2)
Differences resulting from benefits and reduced tax rates	1	(1)	(3)
Taxes on income recognized in the profit or loss	156	205	167
Effective tax rate	23.9%	22.4%	23.1%

Note 32 - Income Tax (cont'd)

32.10 Composition of deferred taxes included in assets (liabilities)

	Balance as of January 1, 2024	Decrease (increase) in deferred tax expenses on the income statement	Changes in deferred taxes classified to other comprehensive income	Exclusion from the consolidation	Balance as of December 31, 2024	Decrease (increase) in deferred tax expenses on the income statement	Changes in deferred taxes classified to other comprehensive income	Balance as of December 31, 2025
Deferred taxes in respect of:								
Provision for doubtful debts	4	(1)	-	-	3	-	-	3
Provision for vacation and convalescence	11	(1)	(1)	-	9	(1)	-	8
Tax losses and deductions	155	13	-	-	168	6	-	174
Employee severance benefits -	6	1	(1)	-	6	-	-	6
Inventory adjustments	4	-	-	-	4	(1)	-	3
Other temporary differences	24	3	(1)	-	26	3	(2)	27
Fixed assets, intangible assets and deferred expenses	(228)	27	1	(1)	(201)	(16)	-	(217)
Hedging transactions	(3)	-	-	-	(3)	(1)	-	(4)
Differences arising from an investment in subsidiaries and equity accounted investees	(84)	(2)	-	-	(86)	2	-	(84)
	(111)	40	(2)	(1)	(74)	(8)	(2)	(84)
Range of tax rates in the Group	12%-28%				12%-28%			12%-28%

Note 33 - Basic and Diluted Earnings per Share

Basic earnings per share for the year 2025 were calculated by dividing the income attributable to ordinary shareholders, at an amount of NIS 404 million (2024 and 2023: NIS 624 and NIS 488 million, respectively), by the weighted average number of ordinary shares, as follows:

Weighted average number of ordinary shares:

	2025	2024	2023
	Millions of shares NIS 1 par value (each)		
Balance as of January 1	117.4	117.4	117.3
Plus warrants exercised for shares and shares issued (weighted) during the period	0.1	-	0.1
Less treasury shares	(0.9)	(0.9)	(0.9)
Weighted average number of ordinary shares used to calculate basic annual profit per share	116.6	116.5	116.5

Diluted EPS for the years 2025, 2024 and 2023 were calculated by dividing the profit attributable to ordinary shareholders in the calculation of basic earnings per share by the weighted average number of ordinary shares outstanding, after adjusting for all potentially dilutive ordinary shares, as follows:
Weighted average number of ordinary shares (diluted):

	For the year ended December 31		
	2025	2024	2023
	Millions of shares NIS 1 par value (each)		
Weighted average number of ordinary shares used to calculate basic profit per share	116.6	116.5	116.5
Impact of share warrants	0.2	-	0.1
Weighted average number of ordinary shares used to calculate diluted earnings per share	116.8	116.5	116.6

To calculate the dilutive effect of the warrants, the average market value of the Company's shares was based on quoted market prices during the period in which the warrants were outstanding.
In the calculation for 2025, 3,091 thousand warrants (in 2024 and 2023: 7,954 thousand warrants and 6,818 thousand warrants, respectively) were excluded from the calculation of the weighted average number of ordinary shares (diluted), as their effect would be anti-dilutive.

Note 34 - Balances and Transactions with Interested and Related Parties

34.1 Identity of interested and related parties

The Company's interested and related parties are the parent company, related parties of the parent company, equity-accounted investees (see Note 11 above), and directors and members of senior management, who are the Company's senior officers.

34.2 Transactions with senior management members

34.2.1 In addition to salary, senior management members participate in the Company's ESOP. For information on the allotment of warrants to executives in 2025, see Note 20 above. The benefits awarded to members of senior management are as follows:

	For the year ended December 31					
	2025		2024		2023	
	No. of people	NIS millions	No. of people	NIS millions	No. of people	NIS millions
Short-term benefits	10	27	8	18	10	22
Post-employment benefits	10	1	8	3	10	1
Share-based payments	10	4	8	14	10	11
		32		35		34

34.2.2 The benefits awarded to members of the Board of Directors are as follows:

	For the year ended December 31					
	2025		2024		2023	
	No. of people	NIS millions	No. of people	NIS millions	No. of people	NIS millions
Directors who are not employed	10	5	11	4	9	2
Employed directors and interested parties	2	6	1	3	1	3
	12	9	12	7	10	5

Expenses related to directors' benefits were included within general and administrative expenses on the income statement. As of December 31, 2025, there is a credit balance of approximately NIS 1.1 million in respect of directors' fees (December 31, 2024: NIS 1.3 million).

Note 34 - Balances and Transactions with Interested and Related Parties (cont'd)

34.2 Transactions with senior management members (cont'd)

34.2.1 See Note 21.4.2 above regarding a letter of undertaking to indemnify officers and a directors and officers (D&O) insurance policy.

34.2.2 In 2025 the Company entered into a consulting agreement with Mr. Shaul Kobrinsky, who has served as a director of the Company since May 5, 2024 and, as of February 17, 2025, also as Deputy Chairman of the Board of Directors, pursuant to which he provides advisory and support services to the Company's Board of Directors and to the Chairperson of the Board, in addition to his role as Deputy Chairman. The consulting services are provided at a scope of not less than 20%, for a period of 12 months commencing on February 17, 2025, with automatic renewal for additional 12-month periods. The consideration for the consulting services amounts to NIS 37,500 per month, plus VAT as applicable, and does not include director fees Mr. Kobrinsky is entitled to in accordance with applicable law. Notwithstanding the foregoing, the total annual payments under the consulting agreement (excluding VAT), together with the director fees, shall not exceed NIS 900 thousands per year.

34.2.3 On March 27, 2025, the Company's General Meeting, following the approval of the Company's Remuneration Committee and Board of Directors on February 18, 2025, approved a one-off bonus for the Company's CEO, totaling NIS 2 million, in deviation of the Company's Remuneration Policy, for the significant contribution towards the success of the Sabra transaction (see Note 21.4.5 regarding the sale of the Sabra business).

Note 34 - Balances and Transactions with Interested and Related Parties (cont'd)

34.3 Balances and Transactions with Interested and Related Parties

	Parent company and its related parties	Equity-accounted investees	Total
	NIS millions		
As of December 31, 2025			
Current assets presented under trade and other receivables [1]	4	18	22
Current liabilities presented under trade and other payables	-	(52)	(52)
As of December 31, 2024			
Current assets presented under trade and other receivables	26	-	26
Long-term assets presented under investments and			
Current liabilities presented under trade and other payables	-	(48)	(48)

	Parent company and its related parties	Equity-accounted investees	Total
	NIS millions		
For the year ended December 31, 2025:			
Sales	-	8	8
Purchases	-	(1)	(1)
Cost of sales, selling, general and administrative income	(37)	73	36
Net financing income (expenses)	-	(3)	(3)
For the year ended December 31, 2024:			
Sales	-	10	10
Purchases	-	(1)	(1)
Selling, general and administrative income (expenses)	(24)	77	53
Net financing income (expenses)	-	5	5
For the year ended December 31, 2023:			
Sales	-	3	3
Purchases	-	(1)	(1)
Selling, general and administrative income (expenses)	(15)	66	51
Net financing income (expenses)	-	3	3

(1) Prices and credit terms for transactions with interested parties are determined in accordance with customary commercial terms and conditions. The 2025 annual period mainly includes the procurement of consulting services from a consulting agency in which a relative of one of the board members has a personal interest, for which expenses totaling NIS 33 million were recorded as well as advances totaling NIS 17 million (2024: 13 and NIS 26 million, respectively), as well as the purchase of advertising services from Reshet Media Ltd. at an amount of NIS 8 million (2024: NIS 8 million, 2023: NIS 9 million)

(2) Shekel-denominated and bearing 4.75% interest.

Note 34 - Balances and Transactions with Interested and Related Parties (cont'd)

34.3 Balances and Transactions with Interested and Related Parties (cont'd)

34.3.1 In September 2023, the Company entered into a consulting services agreement with a consultancy in which a relative of a director has a personal interest, after the engagement in this agreement was approved in May 2023 by the audit committee and Board of Directors of the Company as an extraordinary transaction under sections 270(1) and 272 of the Companies Law. The agreement is for a period commencing on July 1, 2023 and ending on June 30, 2026, subject to both parties having a right to terminate at any time in accordance with arrangements set forth in the agreement. The compensation payable to the consultancy is variable and is contingent upon various Company performance metrics, and the Company assesses that it is in the ordinary course of business and at market terms for similar types of engagements.

Note 35 – Events After the Date of the Statement of Financial Position

35.1 For information on developments in claims pending after the date of the statement of financial position, see Note 21.1 above.

35.2 On January 21, 2026, the Company issued NIS 671.5 million of debentures with a par value of NIS 1 as an expansion of Series F. The issuance proceeds totaled approximately NIS 589 million, net of issuance costs. Presented below are the terms and conditions of the issued debentures:

	Series F Expansion
Type of interest	Fixed
Annual interest rate	8.2%
Effective interest rate on listing date, taking issuance costs into account	~ 4.31%
Face value on issuance date	NIS 671.5 million
Linkage terms	Principal and interest are not linked to any index
Payment dates of principal	12 annual payments on June 30 of each year from 2026 through 2037. 2 payments of 5.56% each, and 10 subsequent payments of 8.89% each.
Payment dates of interest	Half-yearly interest on December 31 and June 30, from June 30, 2026 through to June 30, 2037.
Collateral or liens	N/A
Name of rating company	Midroog, Maalot
Rating on issuance date	Aa1.il; ilAA+

The financial covenants established for the expansion of Series F are identical to the financial covenants of Debentures Series F. For additional details see Note 18.5.

Note 35 – Events After the Date of the Statement of Financial Position (Cont'd)

35.3 On November 25, 2025, the Group's Remuneration Committee approved the grant of 750,000 warrants to the Group CEO. The exercise price was set at the average closing price of the Company's share in the 30 trading days preceding the grant date, plus a 6.2% premium. On January 1, 2026, the General Meeting approved the grant to the Group CEO. The value of the grant is approximately NIS 21 million.

35.4 Subsequent to the reporting period, on February 28, 2026, Israel and the United States launched a coordinated attack against Iranian government targets, referred to as Operation Roaring Lion. As of the date of approval of the financial statements, the Group is unable to estimate the potential impact of this event on its operations and results. The Group continues to monitor developments in order to assess the effect of the operation on its activities.

35.5 On March 16, 2026, a material associate of the Group in Brazil, which is a joint venture held by Strauss Coffee B. V. (50%) and Sao Miguel FIP (50%) and accounted for using the equity method, entered into an agreement to acquire 100% of the rights in General Mills Brasil Alimentos Ltda., in consideration for BRL 800 million (approximately NIS 475 million based on the exchange rate as of the signing date), on a cash-free, debt-free basis and subject to a normalized working capital adjustment, as agreed, as well as other customary adjustments and agreed reductions under the purchase agreement. Completion of the transaction is subject to the fulfillment of customary conditions precedent, including the receipt of approval from the Brazilian competition authority. The purchase consideration is expected to be paid upon closing and financed from the own resources of Tres Corações. The Company estimates that the transaction is expected to be completed by the end of 2026, subject to the fulfillment of the conditions precedent as described above.

35.6 On March 24, 2026, the Company's Board of Directors approved the payment of a dividend to shareholders of NIS 250 million (approximately NIS 2.14 per share), which shall be paid on April 14, 2026.

Unofficial Translation from Hebrew
Strauss Group Ltd.

Separate Financial Information
As of December 31, 2025



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Somekh Chaikin
KPMG Millenium Tower
17 Haarbaah St., POB 609
Tel Aviv 6100601

03 684 8000

Attn:
To the Shareholders of Strauss Group Ltd.
49 Hasivim Street
Kiryat Matalon, Petach Tikva

Dear Madame and/or Sir,

Subject: Special independent auditors' report on separate financial data according to Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970

Opinion

We have audited the separate financial data presented in accordance with Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970, of Strauss Group Ltd. ("the **Company**") as at December 31, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 ("the **Separate Financial Data**").

We did not audit the financial statements of an equity-accounted investee, the investment in which amounted to approximately NIS 205 million and NIS 196 million as of December 31, 2025 and 2024, respectively, and the Company's share of profit therein amounted to approximately NIS 26 million and NIS 19 million for the years ended December 31, 2025 and 2024, respectively. The financial statements of those companies were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

In our opinion, the Separate Financial Data has been prepared, in all material respects, in accordance with the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970.

Basis for Opinion

We conducted our audit in accordance with generally accepted auditing standards in Israel. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Data section of our report. We are independent of the Company in accordance with the applicable legal provisions in Israel regarding independence and conflict of interest of auditors. Additionally, we have fulfilled our other ethical responsibilities in accordance with the Auditors' Law, 1955, and the regulations thereunder. We believe that the audit evidence we have obtained is appropriate and sufficient to provide a basis for our opinion.

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Responsibilities of Board of Directors and Management for the Separate Financial Data

The board of directors and management are responsible for the preparation and fair presentation of the Separate Financial Data in accordance with the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970, and for such internal control as the board of directors and management determine is necessary to enable the preparation of Separate Financial Data that is free from material misstatement, whether due to fraud or error.

In preparing the Separate Financial Data, the board of directors and management are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the board of directors and management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Separate Financial Data

Our objectives are to obtain reasonable assurance about whether the Separate Financial Data as a whole is free from material misstatement, whether due to fraud or error, and to issue a special auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Israel will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Separate Financial Data.

As part of an audit in accordance with generally accepted auditing standards in Israel, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Separate Financial Data, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is appropriate and sufficient to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors and management.

- Conclude on the appropriateness of the use by the board of directors and management of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our special auditors' report to the related disclosures in the Separate Financial Data or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our special auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Separate Financial Data, including the disclosures, and whether the Separate Financial Data has been prepared, in all material respects, in accordance with the provisions of Regulation 9C of the Securities Regulations (Periodic and Immediate Reports), 1970.

We communicate with the board of directors and management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Somekh Chaikin
Certified Public Accountants (Isr.)

Tel Aviv

March 24, 2026

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Unofficial Translation from Hebrew

Strauss Group Ltd.

Information Pertaining to Financial Position

	Additional information	December 31 2025	December 31 2024
		NIS millions	
Current Assets			
Cash and cash equivalents	2	3	31
Trade receivables		208	190
Accounts and other receivables		106	234
Investee receivables		148	79
Inventory		227	179
Total current assets		692	713
Investments and non-current assets			
Investment in investee companies		3,323	3,623
Other investments and long-term receivables	3	568	483
Right-of-use assets		191	207
Fixed assets		1,127	1,083
Investment property		3	3
Deferred tax assets	6	-	2
Intangible assets		204	181
Total investments and non-current assets		5,416	5,582
Total assets		6,108	6,295

Ofra Strauss	Shai Babad	Tobi Fischbein
Chairperson of the Board of Directors	President and CEO	CFO

March 24, 2026
Approval date of the separate financial information.

The additional information attached to the Separate Financial Information constitutes an integral part thereof.

	Additional information	December 31 2025	December 31 2024
		NIS millions	
Current Liabilities			
Current maturities of debentures	4	203	174
Short-term credit and current maturities of long-term loans and other long-term liabilities	4	52	322
Current maturities of lease liabilities		44	51
Trade payables		297	261
Income tax		123	81
Other accounts payable		266	336
Investee payables		283	445
Provisions		-	1
Total current liabilities		1,268	1,671
Non-current liabilities			
Debentures	4	1,392	1,154
Lease liabilities		156	163
Long-term payables and credit balances		-	14
Employee benefits, net		14	14
Deferred tax liabilities	6	6	-
Total non-current liabilities		1,568	1,345
Equity attributable to shareholders of the Company		3,272	3,279
Total liabilities and equity		6,108	6,295

The additional information attached to the Separate Financial Information constitutes an integral part thereof.

Strauss Group Ltd.

Information Pertaining to Statements of Income

	Additional information	For the year ended December 31		
		2025	2024	2023
		NIS millions		
Sales		1,141	1,009	816
Cost of sales		936	804	594
Gross profit		205	205	222
Selling and marketing expenses		159	175	158
General and administrative expenses		174	158	128
		333	333	286
Operating loss before other income (expenses)		(128)	(128)	(64)
Other income		7	69	91
Other expenses		(15)	(56)	(25)
Other income (expenses), net		(8)	13	66
Operating profit (loss)		(136)	(115)	2
Financing income		5	34	38
Financing expenses		(108)	(101)	(79)
Financing expenses, net		(103)	(67)	(41)
Loss before taxes on income		(239)	(182)	(39)
Tax income (expense)	6	(8)	51	(27)
Loss after income tax		(247)	(131)	(66)
Income from investees		651	755	554
Income for the period attributable to shareholders of the Company		404	624	488

The additional information attached to the Separate Financial Information constitutes an integral part thereof.

Strauss Group Ltd.

Information Pertaining to Comprehensive Income

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Income for the year attributable to shareholders of the Company	404	624	488
Other comprehensive income (loss) items reclassified to profit or loss in subsequent periods:			
Other comprehensive income (loss) from investees	(72)	(141)	76
Total other comprehensive income (loss) items that will be reclassified to profit or loss, net of tax	(72)	(141)	76
Other comprehensive income items not reclassified to profit or loss in subsequent periods:			
Changes in employee benefits, net	-	1	1
Total other comprehensive income items that will not be reclassified to profit or loss, net of tax	-	1	1
Comprehensive income for the year attributable to shareholders of the Company	332	484	565

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Cash flows from operating activities			
Income for the year attributable to shareholders of the Company	404	624	488
Adjustments:			

The additional information attached to the Separate Financial Information constitutes an integral part thereof.

Strauss Group Ltd.

Information Pertaining to Cash Flows

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Depreciation	128	123	120
Amortization of intangible assets	36	28	20
Capital loss (gain), net, on sale of fixed assets, intangible assets and other assets and other assets	-	-	(89)
Other expenses, net	1	6	-
Expenses for share-based payments	16	21	18
Income from investees	(651)	(755)	(554)
Financing expenses, net	103	67	41
Income tax expenses (revenues)	8	(51)	27
Change in inventory	(48)	(52)	(14)
Change in trade and other receivables	3	(95)	(127)
Change in investee receivables	(10)	39	(33)
Change in trade and other payables	(74)	115	(7)
Change in investee payables	(52)	(3)	195
Change in employee benefits	1	-	(3)
Interest paid	(58)	(60)	(61)
Interest received	2	15	13
Income tax received (paid), net	(28)	(53)	7
Net cash deriving from (used in) operating activities	(219)	(31)	41
Cash flows from investment activities			
Proceeds from sale of fixed assets	5	4	82
Investment in fixed assets	(119)	(94)	(113)
Investment in intangible assets	(65)	(80)	(87)
Repayment of deposits and long-term loans	92	44	22
Grant of long-term loans and deposits	(68)	(175)	(27)
Dividends from investees	888	252	291
Cash received in respect of investing activities with investees	2	180	39
Cash paid in respect of investing activities with investees	(13)	(104)	(111)
Consideration from sale of investments in investees accounted for using the equity method	-	19	-
Net cash from investment activities	722	46	96
Cash flows from financing activities			
Redemption of debentures and repayment of long-term loans	(306)	(174)	(239)

The additional information attached to the Separate Financial Information constitutes an integral part thereof.

Strauss Group Ltd.

Information Pertaining to Cash Flows

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Repayment of principal of lease liability	(56)	(55)	(52)
Dividends distributed	(360)	(270)	-
Short-term credit from banks	(270)	322	(189)
Proceeds from issuance of debentures, net of issuance costs	461	-	314
Receipt of long-term loans	-	103	-
Net cash used in financing activities	(531)	(74)	(166)
Net decrease in cash and cash equivalents	(28)	(59)	(29)
Cash and cash equivalents as of January 1	31	90	119
Cash and cash equivalents as of December 31	3	31	90

As of December 31, 2025, purchases of fixed assets on credit amounted to approximately NIS 29 million (2024: NIS 28 million, 2023: NIS 32 million).

The additional information attached to the Separate Financial Information constitutes an integral part thereof.

Note 1 – Reporting Rules and Policies

1.1 General

This report contains financial information from the consolidated financial statements of Strauss Group Ltd. (hereinafter: the "Company") as of December 31, 2025 (hereinafter: the "Consolidated Financial Statements" or "Consolidated Statements"), attributable to the Company itself (hereinafter: "Separate Financial Information"), which is presented pursuant to Regulation 9C and the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970 with respect to the separate financial information of the corporation.

The Separate Financial Information should be read in conjunction with the Consolidated Statements.

In this Separate Financial Information – investees – subsidiaries, joint ventures and associates.

1.1.1 Impact of the Swords of Iron war on the Company's operations

For further information on the impact of the Swords of Iron War on the Group's activity, see Note 1.1.1 to the Consolidated Financial Statements.

1.2 Accounting policies

The Company's Separate Financial Information was prepared in accordance with the accounting policies applied in the Consolidated Financial Statements, including the method in which the data in the Consolidated Financial Statements of the Company were classified, *mutatis mutandis*, due to the following.

1.2.1 Assets and liabilities included in the Consolidated Statements, attributable to the Company itself as parent company

The amounts of assets and liabilities included in the statements of financial position, attributable to the Company itself as parent company, reflect the assets and liabilities contained in the consolidated statements of financial position, not including amounts of assets and liabilities in respect of investees, plus or minus, as the case may be, intercompany balances that were eliminated in the framework of the Consolidated Statements.

Additionally, this information presents the net amount, based on the consolidated statements of financial position, attributable to the controlling shareholders of the Company, of total assets less total liabilities, which in the consolidated statements of financial position represent financial information relating to investees, including goodwill.

As a result of this presentation, the equity attributable to the controlling shareholders of the Company on the basis of the Consolidated Financial Statements is equal to the equity of the Company as derived from the Separate Financial Information.

Note 1 – Reporting Rules and Policies (cont'd)

1.2.2 Income and expenses included in the Consolidated Statements, attributable to the Company itself as parent company

The amounts of income and expenses included in the financial statements, segmented between profit or loss and other comprehensive income, attributable to the Company itself as parent company, reflect the income and expenses contained in the consolidated statements of income and the consolidated statements of comprehensive income, not including amounts of income and expenses in respect of investees, plus or minus, as the case may be, intercompany income and expenses that were eliminated in the framework of the Consolidated Financial Statements.

Additionally, this information presents the net amount, based on the Consolidated Financial Statements, attributable to the shareholders of the Company, of total income less total expenses, which in the Consolidated Financial Statements represent the results of operations in respect of investees, including goodwill impairment or cancellation. These data are presented, segmented according to profit or loss and other comprehensive income.

Unrealized gains and losses arising from intra-group transactions between the Company and its investees were presented as part of the balance in respect of investees and as part of gains in respect of investees.

As a result of this presentation, the total income for the period attributable to the shareholders of the Company and the total comprehensive income for the year attributable to the shareholders of the Company, on the basis of the Consolidated Financial Statements, are equal to the total income for the year attributable to the shareholders of the Company and the total other comprehensive income for the year attributable to the shareholders of the Company, respectively, as these are derived from the Separate Financial Information

Note 1 – Reporting Rules and Policies (cont'd)

1.2.3 Cash flows included in the Consolidated Statements, attributable to the Company itself as parent company

This information presents cash flows included in the Consolidated Financial Statements attributable to the Company itself as parent company, which are taken from the consolidated statements of cash flows (i.e. the balances remaining after the elimination of intercompany cash flows in the Consolidated Statements), segmented between cash flows from operating activities, cash flows from investing activities and cash flows from financing activities, accompanied by an itemization of the components of each. Additionally, within each of these activities, intercompany cash flows are presented separately, on a net basis. Cash flows for investment activity with investees are presented separately, on a net basis, depending on the nature of the transaction.

These amounts reflect the cash flows included in the Consolidated Financial Statements, excluding cash flows in respect of investees.

The notes presented below also include disclosures relating to other material information in accordance with the disclosure requirements presented in Regulation 9C and as set forth in the Tenth Addendum to the Securities Regulations (Periodic and Immediate Reports), 1970, subject to clarifications by the ISA staff, to the extent that such information was not included in the Consolidated Statements in a manner that expressly refers to the Company as parent company.

Note 2 - Cash and Cash Equivalents

	December 31	
	2025	2024
	NIS millions	
Cash and bank balances	3	27
Deposits	-	4
	3	31

Note 3 – Other Investments and Long-Term Debit Balances

3.1 Composition of other investments and long-term debit balances

	December 31		
	2025	2024	
	NIS millions		
Preferred shares of an investee	289	289	
Capital notes to investees	84	84	Unlinked and interest-free
Receivables – Group companies	80	81	Unlinked and interest-free
Loans to employees	2	2	According to section 3(i) of the Income Tax Ordinance
Other (*)	119	32	Shekel-denominated and bearing 0%-8.5%
	574	488	
Less current maturities	6	5	
	568	483	

* For more information see Note 21.1.5 to the Consolidated Financial Statements.

Note 4 – Loans and Other Liabilities

4.1 Information on material loans

Type	Loan date	Original loan amount	Currency	Linkage base	Nominal interest	Redemption years	December 31, 2025	
							Face value	Carrying amount
		NIS millions			%		NIS millions	
Series E Debentures	July 2017/ November 2018	603	NIS	Unlinked	2.61	2020-2027	241	241
Series F Debentures	July 2020/January 2023/June 2025	1,622	NIS	Unlinked	1.9	2024-2037	1,486	1,354

Type	Loan date	Original loan amount	Currency	Linkage base	Nominal interest	Redemption years	December 31, 2024	
							Face value	Carrying amount
		NIS millions			%		NIS millions	
Series E Debentures	July 2017/ November 2018	603	NIS	Unlinked	2.61	2020-2027	362	361
Series F Debentures	July 2020/January 2023	1,075	NIS	Unlinked	1.9	2024-2037	1,021	967
Bank loans	April 2024	100	NIS	Unlinked	P-0.5	2025	100	100
Bank loans	April 2024	100	NIS	Unlinked	P-0.5	2025	100	100
Bank loans	April 2024	100	NIS	Unlinked	P-0.52	2025	100	100

4.2 As of December 31, 2025, the Company has secured lines of credit to serve its operating activities, totaling NIS 300 million, of which approximately NIS 23 million has been utilized and approximately NIS 29 million has been utilized under unsecured lines of credit. For further information, see Notes 18.6 and 25.6 to the Group's Consolidated Financial Statements.

Note 5 - Financial Instruments

For a description of the risks to which the Company is exposed arising from the use of financial instruments and for information on the policy for managing the Company's risks, see Note 25 to the Consolidated Financial Statements.

5.1 The Group's exposure to CPI and foreign currency risk, not including risk associated with financial derivatives, is as follows:

5.1.1 Statement of financial position according to linkage bases

The Company's foreign exchange risk, based on carrying values, is as follows:

	December 31, 2025		
	NIS linked	NIS unlinked	Total
	NIS millions		
Current maturities of debentures	-	203	203
Short-term loans and credit	-	52	52
Current maturities of lease liabilities	42	2	44
Debentures	-	1,392	1,392
Lease liabilities	139	17	156
Total	181	1,666	1,847

	December 31, 2024		
	NIS linked	NIS unlinked	Total
	NIS millions		
Current maturities of debentures	-	174	174
Short-term loans and credit	-	322	322
Current maturities of lease liabilities	51	-	51
Debentures	-	1,154	1,154
Lease liabilities	162	1	163
Total	213	1,651	1,864

Note 5 - Financial Instruments (cont'd)

5.1.2 Sensitivity analysis of financial assets (liabilities)

The Company uses OTC derivatives to partially hedge its foreign currency risk. For further information see Note 25.4 to the Consolidated Financial Statements.

5.1.3 CPI risk

For information on the CPI risk, see Note 25.5 to the Consolidated Financial Statements.

5.2 Floating interest rate risk and cash flow sensitivity analysis of floating interest instruments

The Company has short-term deposits in banks with floating rate and as well as additional balances with floating interest, its financial results are therefore exposed to changing interest rates. No sensitivity analysis relating to possible changes in the interest rate is presented since the impact is immaterial.

Note 5 - Financial Instruments (cont'd)

5.3 Liquidity risk

Presented below is an analysis of the contractual repayment dates of financial liabilities, including interest payments, but not including the effect of setoff agreements. This analysis is based on indices known as of the date of the statement of financial position, such as the CPI, foreign currency exchange rates and interest rates.

	December 31, 2025							
	NIS millions							
	Carrying amount	Contractual cash flow	2026	2027	2028	2029	2030	2031 thereafter
Trade payables	297	297	297	-	-	-	-	-
Derivatives	28	28	28	-	-	-	-	-
Other payables	238	238	238	-	-	-	-	-
Investee payables	283	283	283	-	-	-	-	-
Series E Debentures	241	248	125	123	-	-	-	-
Series F Debentures	1,354	1,665	110	108	156	153	151	987
Utilized credit facility	52	52	52	-	-	-	-	-
Lease liabilities	200	265	51	36	18	11	11	138
	2,693	3,076	1,184	267	174	164	162	1,125

Note 5 - Financial Instruments (cont'd)

5.3 Liquidity risk (cont'd)

	December 31, 2024							
	NIS millions							
	Carrying amount	**Contractual cash flow**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030 thereafter**
Trade payables	261	261	261	-	-	-	-	-
Derivatives	97	97	97	-	-	-	-	-
Other payables	239	239	239	-	-	-	-	-
Investee payables	445	445	445	-	-	-	-	-
Series E Debentures	361	376	128	126	122	-	-	-
Series F Debentures	967	1,157	73	72	71	102	100	739
Bank loans	300	307	307	-	-	-	-	-
Utilized secured credit facility	22	22	22	-	-	-	-	-
Lease liabilities	214	283	58	38	21	11	9	146
	2,906	3,187	1,630	236	214	113	109	885

Note 5 - Financial Instruments (cont'd)

5.4 Fair value of financial instruments

For information on the fair value of financial instruments, see Note 25.7 to the Consolidated Financial Statements.

Note 6 - Income Tax

6.1 General

The Company's income is taxable at the ordinary tax rate. The tax rate for 2023-2025 is 23%. For further information regarding the tax rates applicable to the Company and various incentives and Laws for Encouragement, see Note 32.1 to the Consolidated Financial Statements.

6.2 Final tax assessments

The Company has been issued final tax assessments up to and including 2021 under an assessment agreement signed in 2024.

6.3 Composition of income tax expenses

	For the year ended December 31		
	2025	2024	2023
	NIS millions		
Current taxes			
Expenses for the current period	(2)	(15)	(15)
Tax revenues for previous years	2	33	-
Deferred taxes			
Income (expenses) on deferred taxes	(8)	28	(12)
Deferred tax income for previous years	-	5	-
Tax income received (paid), net	(8)	51	(27)

Note 6 - Income Tax (cont'd)

6.4 Composition of deferred taxes included in assets (liabilities)

	Balance as of January 1, 2024	Decrease (increase) in deferred tax expenses on the income statement	Change in deferred taxes imputed to equity	Balance as of December 31, 2024	Decrease (increase) in deferred tax expense on the income statement	Change in deferred taxes imputed to equity	Balance as of December 31, 2025
				NIS millions			
Deferred taxes in respect of:							
Provision for doubtful accounts	2	(1)	-	1	-	-	1
Provision for vacation and convalescence	5	1	-	6	(1)	-	5
Investment in investee companies	(85)	(2)	-	(87)	2	-	(85)
Fixed and intangible assets	(75)	(5)	-	(80)	(10)	-	(90)
Employee benefits	4	-	-	4	-	-	4
Carryforward tax losses	117	39	-	156	-	-	156
Other	1	1	-	2	1	-	3
	(31)	33	-	2	(8)	-	(6)
	23%			23%			23%

Note 7 – Information on Relationships, Engagements and Significant Transactions with Investees

7.1 In the reporting period, investees declared and distributed dividends totaling approximately NIS 888 million.

7.2 A loan received from the subsidiary totaling NIS 103 million was repaid in December 2025.

7.3 For further information on the Company's investments in investees, including guarantees extended to investees, see Notes 6, 11 and 21 to the Consolidated Financial Statements.

Note 8 – Claims and Contingent Liabilities

For information on claims filed against the Company and other contingent liabilities, see Note 21.1 to the Consolidated Financial Statements.

Note 9 – Charges and Guarantees

9.1 Charges

For information on charges, see Note 21.2 to the Consolidated Financial Statements.

9.2 Guarantees

9.2.1 The following guarantees to banks and others were given in connection with the Group's business activity:

	December 31	
	2025	2024
	NIS millions	
In favor of banks for subsidiaries and equity-accounted investees	7	7
In favor of others in Israel and abroad	4	4

9.2.2 There are mutual guarantees between the Company and its subsidiaries, both limited (see above) and unlimited in amount, to secure all obligations to banks.

Note 10 – Events After the Reporting Date

10.1 On March 24, 2026, the Company's Board of Directors approved the payment of a dividend to shareholders of NIS 250 million (approximately NIS 2.14 per share), which shall be paid on April 14, 2026.

10.2 For more information on events after the reporting date, see Note 35 to the Consolidated Financial Statements.

Unofficial Translation from Hebrew

Strauss Group Ltd.

Additional Information about the Corporation



Regulation 10A: Condensed Quarterly Statements of Comprehensive Income According to the Company's 2025 Financial Statements

	Q1	Q2	Q3	Q4	Total
	NIS millions				
Profit and loss:					
Sales	1,887	1,875	2,054	2,007	7,823
Cost of sales	1,275	1,292	1,407	1,348	5,322
Gross profit	612	583	647	659	2,501
Selling and marketing expenses	340	337	349	355	1,381
General and administrative	121	129	135	162	547
Total operating expenses	461	466	484	517	1,928
Share in profits of equity-accounted investees	47	76	110	127	360
Share in profits (losses) of equity-accounted incubator investees	(8)	(10)	(5)	(23)	(46)
Operating profit before other income (expenses)	190	183	268	246	887
Other income	1	5	1	6	13
Other expenses	(10)	-	(21)	(32)	(63)
Other income (expenses), net	(9)	5	(20)	(26)	(50)
Operating profit	181	188	248	220	837
Financing income	29	5	4	2	20
Financing expenses	(42)	(69)	(56)	(57)	(204)
Financing income (expenses),	(13)	(64)	(52)	(55)	(184)
Profit before taxes on income	168	124	196	165	653
Taxes on income	(57)	(33)	(46)	(20)	(156)
Income for the period	111	91	150	145	497
Attributed to:					
Shareholders of the Company	86	64	127	127	404
Non-controlling interests	25	27	23	18	93
Income for the period	111	91	150	145	497

[1] The total figures for financing income and financing expenses for each of the quarters is not equal to the total financing income and financing expenses for the year as a result of the net presentation in each quarter of expenses/income from the valuation of certain financial items.

	Q1	Q2	Q3	Q4	Total
	NIS millions				
Income for the period	111	91	150	145	497
Other comprehensive income (loss) items reclassified to profit or loss in subsequent periods:					
Foreign currency translation differences	78	(26)	(35)	(10)	7
Foreign currency translation differences of foreign operations recognized in profit or loss	-	-	-	-	-
Other comprehensive income (loss) from equity-accounted investees	78	(85)	3	(76)	(80)
Total other comprehensive income (loss) items for the year reclassified to profit or loss, net	156	(111)	(32)	(86)	(73)
Other comprehensive income (loss) items not reclassified to profit or loss in subsequent periods:					
Changes in employee benefits	-	-	-	-	-
Total other comprehensive income (loss) items not reclassified to profit or loss in subsequent periods, net	-	-	-	-	-
Comprehensive income for the period	267	(20)	118	59	424
Attributed to:					
Shareholders of the Company	242	(47)	95	42	332
Non-controlling interests	25	27	23	17	92
Comprehensive income for the period	267	(20)	118	59	424

Regulation 10C: Use of proceeds from securities

On June 22, 2025, the Company issued NIS 547,169,000 par value of debentures (Series F) through a series expansion in consideration for approximately NIS 464 million (gross), in accordance with a shelf offering report published on June 18, 2025 (reference no: 2025-01-043556), which is incorporated herein by reference and which was published under a shelf prospectus of May 14, 2025 (reference no: 2025-01-033462) (the "**shelf prospectus**"). See section 10 of the shelf prospectus for details about the issuance proceeds. The issuance proceeds were intended and were actually used to refinance existing debts of the Company and

for its ongoing activity. On January 22, 2026, the Company further issued NIS 671,502,000 par value of debentures (Series F) through a series expansion in consideration for approximately NIS 594 million (gross), in accordance with a shelf offering report published on January 21, 2026 (reference no: 2026-01-008549), which is incorporated herein by reference. See section 9 of the shelf prospectus for details about the issuance proceeds. The issuance proceeds were intended and are actually being used to refinance existing debts of the Company and for its ongoing activity.

Regulation 11: List of Investments in Subsidiaries and Investees

Presented below is a list of investments in the Company's material subsidiaries and investees:

Company name	Share class	No. of shares	Total par value of issued and paid-up share capital	Par value of share capital held by the Company	% holding of security	% of capital rights	% of voting rights	% of authority to appoint directors	Value of investment in the Company's separate financial statements as of Dec. 31, 2025	Value of loans to subsidiaries as of Dec. 31, 2025 [1]
									NIS millions	
Strauss Coffee B.V.	Ordinary EUR 735	191,228	EUR 140,552,580	EUR 105,273,882 (**)	100	100	100	100	1,937	-
Três Corações Alimentos S.A [2][3]	Ordinary R$ 0.01	116,539,960,138	R$ 1,165,399,601.38	R$ 582,699,800.69	50	50	50	50	726	-
Strauss Russia LLC [2]	-	3,500,000	-	-	100	100	100	100	49	55
Strauss Café Poland Sp.z.o.o [2]	Ordinary PLN 50	2,000	PLN 100,000	PLN 100,000	100	100	100	100	86	80
Qingdao HSW Health Water Appliance Co. Ltd [4]	Ordinary RMB 1.43	277,718	RMB 396,800	RMB 136,109	49	49	49	49	375	-
Strauss Health Ltd.	Ordinary NIS 1.00	6,500,000	NIS 6,500,000	NIS 5,200,000	80	80	80	80	651	-
Uri Horazo Yotvata Dairies Ltd. [5]	Ordinary NIS 1.00	34,342	NIS 34,342	NIS 17,171	* 50	* 50	* 50	* 50	178	-
	Veto NIS 1.00	1	NIS 1	NIS 1						
	Management NIS 1.00	5	NIS 5	NIS 2						
Strauss Water Ltd. [6]	Preferred A NIS 0.01	700,014	NIS 7,000	NIS 7,000	100	100	100	100	462	373
	Preferred B NIS 0.01	3,863,712	NIS 38,637	NIS 38,637	100	100				
	Ordinary NIS 0.01	490,000	NIS 4,900	NIS 4,900	100	100				
	Ordinary A NIS 0.01	92,566	NIS 926	NIS 926	100	100				

(1) For additional information on loans to subsidiaries, see Note 3.1 to Annex B - Separate Financial Information as of December 31, 2025.

(2) Held by Strauss Coffee B.V.

(3) 50% held by Strauss Group and 50% by a local holding company, São Miguel Fundo de Investimento em Participações Multiestratégia ("São Miguel").

(4) Held by Strauss Water Ltd.

(5) Held by Strauss Health Ltd.

(6) For further information regarding an additional investment in Strauss Water through a capital note, see Regulation 12 below.

* The presented data are according to Strauss Health Ltd.

** The difference between the issued and paid-up share capital and the share capital held by the Company is due to the fact that approximately 25.1% of the shares of Strauss Coffee are treasury shares.

Regulation 12: Changes in Investments in Subsidiaries and Investees

In 2025 there were no changes in investments in material companies held directly by the Company*

* This regulation includes an increase in the Company's total investments in investees resulting from capital investments (that lead to an increase in the investee's equity) and does not include an increase arising due to growth in equity income or in the case of positive translation differences.

Regulation 13: Revenues of Subsidiaries and Investees and Revenues from Them as of the Balance Sheet Date (NIS millions)

Presented below is information on the total comprehensive income and profit (loss) before and after tax of the Company's material subsidiaries and investees (profit (loss) figures are the consolidated data of those companies in the Company's Consolidated Financial Statements), dividends, interest and management fees received by the Company or which it is entitled to receive, as of December 31, 2025:

Name of subsidiary/investee	Profit (loss) before tax	Profit (loss) after tax	Dividends	Reimbursement of management expenses [1]	Interest income (expenses)	Other comprehensive income (loss)	Comprehensive income (loss)
Strauss Coffee B.V.	448	393	193	30	(4)	(2)	391
Três Corações Alimentos S.A [2] [3]	318	270	-	-	-	(25)	245
Strauss Russia LLC [2]	40	31	-	-	-	45	75
Strauss Café Poland Sp.z.o.o [2]	61	49	-	-	-	49	98
Qingdao HSW Health Water Appliance Co. Ltd [4]	45	35	18	-	-	(37)	(2)
Strauss Health Ltd.	342	262	88	53	(2)	-	262
Uri Horazo Yotvata Dairies Ltd. [5]	101	77	29	21	(2)	-	77
Strauss Water Ltd.	35	34	-	49	3	(57)	(23)

[1] Including management fees
[2] Held by Strauss Coffee B.V.
[3] A joint venture between the Group (50%) and São Miguel Group (50%)
[4] Held by Strauss Water Ltd.
[5] Held by Strauss Health Ltd.

Regulation 20: TASE Trading

In 2025, 236,102 ordinary shares of NIS 1 par value of the Company were listed on the Tel Aviv Stock Exchange (TASE) following the exercise of unlisted options granted to senior employees of the Group.

Furthermore, in 2025, 547,169,000 par value of debentures (Series F), issued as part of the series expansion as described above in Regulation 10C, were listed for trade. Moreover, in January 2026, an additional 671,502,000 par value of debentures (Series F), issued as part of the series expansion as described above in Regulation 10C, were listed for trade.

Regulation 21: Payments to Interested Parties and Senior Officers

Notes to the Table:

Payee details			Compensation for services (at cost) in NIS thousands						
Name	Position	Scope of position	% holdings of the corporation's equity, holding rate on a fully diluted basis [a]	Annual salary	Fringe benefits [b]	Bonus [c]	Management fees / consulting fees / commission / other	Equity compensation [d]	Total cost of compensation
Ms. Ofra Strauss [1]	Chair of the Company's Board of Directors	100%	0%	-	-	2,100	2,824	-	4,924
Mr. Shai Babad [2]	Company CEO	100%	0% On a fully diluted basis - 1.00%	2,044	1,038	2,000 (one-time bonus - sale of Sabra) 2,080 (annual quantitative bonus)	-	1,548	8,710
Mr. Ronen Zohar [3]	Deputy CEO and COO	100%	0% On a fully diluted basis - 0.57%	1,332	824	1,000	-	565	3,721
Mr. Raanan Kovalsky [4]	CEO, Strauss Israel	100%	0% On a fully diluted basis - 0.17%	1,170	1,134	835	-	509	3,648
Mr. Tobi Fischbein [5]	CFO	100%	0% On a fully diluted basis - 0.09%	873	746	105 (special bonus) 720 (annual quantitative bonus)	-	620	3,064
Mr. Shaul Kobrinksy [6]	Deputy Chair of the Board	20% for advisory services (in addition to his role as Deputy Chair of the Board)	-	-	-	-	830	-	830
Other directors[7]		-	-	-	-	-	3,929	-	3,929

a) Fully diluted basis – Fully diluted figures are proximate to the publication date of the report, and are calculated under the theoretical assumption of the full exercise of 5,272,357 options granted to senior employees and officers of the Group at a ratio of 1:1, excluding dormant shares. It is emphasized that according to the terms of the ESOP, in practice, upon exercise of the options, grantees will not be allotted the entire amount of underlying shares, but only shares of a quantity that reflects the amount of the benefit inherent in the options. For the terms and conditions of the ESOP, see Note 20.1 to the Financial Statements of the Company as of December 31, 2025.

b) Fringe benefits – The amount set forth in the "fringe benefits" column includes wage-related benefits in accordance with the Company's procedures, as well as the procedures of the companies employing the recipients listed in the table, such as car maintenance (including "cash for car"), mobile telephone and social benefits, including post-employment adjustment pay (in the form of a bonus or adjustment period in the case of retirement), reimbursement of reasonable business expenses according to policy.

c) Bonus – The amount stated in the "bonus" column is the amount of the bonus for 2025. As a rule, according to the Remuneration Policy for Senior Officers in effect on the date of the report (which was approved in a resolution of the General Meeting on July 14, 2025), the **quantitative annual bonus** for officers of the Company is based on the achievement of financial targets based on the Group's budget and for senior officers who report to the CEO it may even be determined based on meeting functional/personal targets and a managerial evaluation. Additionally, the Remuneration Committee and the Board of Directors may determine a **discretionary incentive** of no more than three monthly base salaries (gross), considering the officer's contribution to the advancement of the Company's interests and goals; for officers who report to the CEO, the Remuneration Committee and the Board of Directors may determine a yearly incentive based on non-measurable criteria considering the officer's contribution to the Company, in lieu of or in addition to the calculated incentive or the discretionary incentive as set forth in the Remuneration Policy, provided that the total yearly incentive paid to each of said officers shall not exceed the cap on the yearly incentive specified in the Remuneration Policy. It should be noted that the Remuneration Committee and Board of Directors may award a **special bonus** to any of the senior officers in an amount of up to 4 of the officer's monthly base salaries (gross), provided that the total annual bonus and special bonus do not exceed in the relevant year in which the special bonus is

given the cap for the annual incentive for bonuses, also see the Company's revised Remuneration Policy for Senior Officers (Appendix B to the General Meeting Notice dated July 8, 2025, reference no: 2025-01-050308).

d) Equity compensation – The amount stated in the "share-based payment" column is the expense recorded by the Company in 2025 in accordance with IFRS 2 in respect of the unlisted options that were granted.

Additional information:

1) **Ms. Ofra Strauss** – Ms. Strauss has served as Executive Chairperson of the Board of Directors of the Company since June 2001. Since February 2021, she was engaged under a management agreement with a company that is wholly owned and controlled by Ms. Strauss. The amount of the management fees specified in the table above does not include VAT. The management fees generally also include management fees in respect of a quantitative annual incentive solely based on financial targets, as specified in the Remuneration Policy. The amount of the management fees for Ms. Strauss's annual quantitative incentive for 2025 came to approximately NIS 2,100 thousands, solely for meeting the financial budgetary targets: Net sales target with a 25% weight in calculating the bonus, operating profit (EBIT) target with a 25% weight in calculating the bonus, a FFO target with a 25% weight in calculating the bonus and a net income target with a weight of 25% in calculating the bonus. Achievement of all the financial targets based on the Company's non-GAAP reports: 157% For further information on the Chairperson's terms of office and employment, see the General Meeting convention report dated July 8, 2025 (reference no: 2025-01-050308), included herein by way of reference.

2) **Mr. Shai Babad** – Mr. Shai Babad has served as CEO of the Company since December 2022. For information on the CEO's terms of office and employment, see the General Meeting convention reports dated July 8, 2025 and November 26, 2025 (reference no: 2025-01-050287 and 2025-01-092362, respectively), which are incorporated by reference. The total annual quantitative incentive for 2025 came to approximately NIS 2,080 thousands, for the level of achievement of the financial targets, as described above in subsection (1). For the one-off bonus for Mr. Babad, totaling NIS 2 million, approved in March 2025, in deviation of the Company's Remuneration Policy, for the significant and exceptional contribution towards the success of the Sabra transaction, see the General Meeting convention report dated March 27, 2025 (reference no: 2025-01-011261). Proximate to the date of the report, Mr. Babad holds 1,225,000 unlisted options of the Company (according and subject to the Company's ESOP, including with respect to limitations on exercise, such as in a case of termination of the employment relationship).

3) **Mr. Ronen Zohar** – Mr. Zohar has served as Deputy CEO of Strauss Group since May 1, 2021 and also serves as the Group's COO. Mr. Zohar's employment is for an indefinite period and may be terminated following 90 days' advance written notice to the counterparty (with an option to shorten the notice period at the Company's initiative or with its consent). The employment relationship will survive the notice period, and the Company will continue to pay Mr. Zohar his salary and fringe benefits (including social benefits) for a further six months, other than in circumstances where severance pay may be denied by law. The monthly salary is linked to the

consumer price index. In addition, he is entitled to contributions to a pension fund and/or executive insurance, to loss of earning capacity insurance and to an advanced study fund, as well as fringe benefits, including company car, mobile phone, leave, etc. The annual quantitative incentive for 2025 amounts to approximately NIS 1,000 thousands, based on the level of achievement of financial targets described above in subsection (1), with a weight of 20% in the bonus calculation; Strauss Israel's financial targets, with a weight of 40% in the bonus calculation (comprising: net sales target (30%), EBIT target (25%), gross profit margin target (20%), and FFO target (25%); and functional/personal targets and managerial evaluation, with a combined weight of 40% in the bonus calculation. Mr. Zohar's total achievement of the bonus targets came to 122%. As of the date of the report, Mr. Zohar holds 697,903 unlisted options of the Company (according and subject to the Company's ESOP, including with respect to limitations on exercise, such as in a case of termination of the employment relationship).

4) **Mr. Raanan Kovalsky** - Mr. Kovalsky has been serving as the CEO of Strauss Israel since February 2023. Mr. Kovalsky's employment is for an indefinite period and may be terminated following 90 days' advance written notice to the counterparty (with an option to shorten the notice period at the Company's initiative or with its consent). The employment relationship will survive the notice period, and the Company will continue to pay Mr. Kovalsky his salary and fringe benefits (including social benefits) for a further six months, other than in circumstances where severance pay may be denied by law. The monthly salary is linked to the consumer price index. In addition, he is entitled to contributions to a pension fund and/or executive insurance, to loss of earning capacity insurance and to an advanced study fund, as well as fringe benefits, including company car, mobile phone, leave, etc. The annual quantitative incentive for 2025 amounts to approximately NIS 835 thousands, based on the level of achievement of financial targets described above in subsection (1), with a weight of 20% in the bonus calculation; Strauss Israel's financial targets, as described above in subsection (4), with a weight of 40% in the bonus calculation, and functional/personal targets and managerial evaluation, with a combined weight of 40% in the bonus calculation. Mr. Kovalsky's total achievement of the bonus targets came to 110%. As of the date of the report, Mr. Kovalsky holds 212,500 unlisted options of the Company (according and subject to the Company's ESOP, including with respect to limitations on exercise, such as in a case of termination of the employment relationship).

5) **Mr. Tobi Fischbein** - Mr. Fischbein has served as the Group's CFO since May 2025. Mr. Fischbein's employment is for an indefinite period and may be terminated following 90 days' advance written notice to the counterparty (with an option to shorten the notice period at the Company's initiative or with its consent). Upon the termination of their employment

relationship (other than under circumstances specified in the agreement, including those under which there is no legal entitlement to severance pay), Mr. Fischbein shall be paid a one-off adjustment bonus equal to his gross monthly base salary plus social benefits and vehicle substitute for 6 months, he shall also be entitled to contributions to a pension plan and fringe benefits as well as vacation days, vehicle, etc. Following one year of work, the monthly salary shall be revised to NIS 110,000 (gross). The bonus amount includes a special one-time bonus equal to one monthly salary of NIS 105 thousands, as well as an annual quantitative incentive for 2025 equal to approximately NIS 720 thousands, based on the level of achievement of the Group's financial targets described above in subsection (1), with a weight of 60% in the bonus calculation, and functional/personal targets and managerial evaluation, with a combined weight of 40% in the bonus calculation. Mr. Fischbein's total achievement of the bonus targets came to 130.6%. As of the date of the report, Mr. Fischbein holds 109,804 unlisted options of the Company (according and subject to the Company's ESOP, including with respect to limitations on exercise, such as in a case of termination of the employment relationship).

6) **Mr. Shaul Kobrinsky** - Mr. Kobrinsky has served as one of the Company's directors since May 5, 2024, and as Deputy Chairperson of the Board since February 17, 2025. Mr. Kobrinsky also provides consulting services to the Board of Directors and Chair of the Board of Directors for monthly consideration of NIS 37,500 (plus VAT), in addition to a director fee, however, the total annual payments to Mr. Kobrinsky for the consulting agreement (exclusive of VAT) together with the director fee, shall not exceed NIS 900,000. See the General Meeting convention report dated July 8, 2025 (reference no: 2025-01-050308).

7) Payments to the other directors include the total payments received by all directors of the Company, with the exception of Ms. Ofra Strauss who serves as Executive Chairperson of the Board, and Mr. Shaul Kobrinsky who has served as Deputy Chair of the Board since February 2025. It is noted that the annual compensation and participation fees paid to directors who are not employed by the Company or who provide it with services are in accordance with the maximum amount determined in the Companies Regulations (Rules Regarding Compensation and Expense Reimbursement of External Directors), 2000; for a director recognized as an expert director, compensation is paid at the maximum amount payable to an expert director according to said regulations, all of the foregoing in accordance with the Company's ranking. For further information about the Company's execution of a consulting agreement with Mr. Shaul Kobrinksy, Deputy Chair of the Board, see the Company's immediate report of July 8, 2025 (reference no: 2025-01-050308).

8) For release, indemnification and insurance of directors and officers of the Company, see Note 21.4.2 to the Financial Statements of the Company as of December 31, 2025 in Chapter C above, and see also Regulation 29A below.

Regulation 21A: Corporate Control

For information on the controlling shareholder of the Company, see section 1.1 in the Description of the Company's Business Report as of December 31, 2025.

Regulation 22: Transactions with the Controlling Shareholder

Presented below, to the best knowledge of the Company, are details regarding any transaction with the controlling shareholder or in which the controlling shareholder has a personal interest in approving, entered into by the Company, any of its subsidiaries or affiliate companies in 2025 or subsequent thereto, until the filing date of this report or which is still in effect as of the publication date of this report. Additionally, see Note 34 to the Consolidated Financial Statements of the Company as of December 31, 2025. It is noted that such transactions, even if they are not extraordinary, are brought for approval by the Company's Audit Committee and/or the Board of Directors of the Company, as the case may be, each year in accordance with the procedure adopted by the Company.

Transactions under Section 270(4) of the Companies Law

1) Terms of office of Ms. Ofra Strauss, Chairperson of the Board of Directors – for information, see Regulation 21 above.

2) Terms of employment of Mr. Adi Strauss, Company Director - Pursuant to the approval of the General Meeting of July 14, 2025, Mr. Adi Strauss is entitled to director remuneration pursuant to the maximum amount possible as an expert director set in the Remuneration Regulations and considering the Company's tier. Mr. Strauss is also entitled to a letter of indemnification, in the language of the indemnification for directors and senior officers used by the Company, and as may be used by the Company from time to time, for a period of 3 years from the date of the approval of the General Meeting; Mr. Strauss is also entitled to a release for a period of 3 years from the date of the approval of the General Meeting and to be included in the Company's D&O liability policy (see the meeting convention report (supplementary) of July 8, 2025, and the

immediate report on the results of the General Meeting dated July 14, 2025 (reference no: 2025-01-050308 and 2025-01-0522235, respectively) (the "**July 2025 General Meeting**").

3) Non-compete, undertakings to indemnify and grant of a right to use the name "Strauss" in accordance with the merger transaction with Strauss – for information, see section 21.1 in the Description of the Company's Business Report as of December 31, 2025.

4) Terms of employment of Ms. Yasmin Lahat - Ms. Yasmin Lahat, the daughter of Ms. Ofra Strauss, one of the Company's controlling shareholders, has been employed by the Company since May 11, 2025, as a project manager at the Group's OT (operations and supply chain) head-office. The terms of her employment were approved prior to the commencement of her employment by the Remuneration Committee and Board of Directors on March 24, 2025, pursuant to the Relief Regulations. The amended terms of her employment were approved at the General Meeting, effective as of May 11, 2025. For more information see the immediate report of March 2, 2025, (reference no: 2025-01-019981) and the General Meeting convention report of July 8, 2025 (reference no: 2025-01-050308) hereby included by way of reference. The amount of the annual incentive for the months of employment in 2025 is NIS 20,444, which is based on the extent of Strauss Israel's compliance with financial targets, as described above in Regulation 21.

Transactions not included under Section 270(4) of the Companies Law

1) In accordance with the resolutions of the Company's Audit Committee and Board of Directors which are passed from time to time, the Company has criteria, guidelines and rules for the classification of a transaction of the Company (including companies under its control) with the controlling shareholder of the Company or in which the controlling shareholder has a personal interest, as non-extraordinary and negligible. The criteria constitute criteria pursuant to section 117(A1) of the Companies Law to determine the extraordinary nature of such transactions, and guidelines for the classification of a transaction as negligible in accordance with regulation 41 of the Securities Regulations (Annual Financial Statements), 2010. Among other things, it was determined that said criteria and guidelines will also serve to examine the scope of disclosure in the Periodic Report with respect to a transaction between the Company and the controlling shareholder, or a transaction in which the controlling shareholder has a personal interest in approving. The criteria and guidelines include, *inter alia*, guidelines regarding those kinds of transactions, which are not interdependent, that are executed

frequently and repeatedly every period, interrelated or inter-conditional transactions and multi-year transactions, as described below.

The criteria were determined, *inter alia*, noting the following relevant factors: The Company is one of the largest industrial groups in Israel, with very widespread operations in Israel and abroad, the scope of the Company's assets according to its GAAP reports, the diversity of the Company's activities, the nature of the transactions it executes, and the extent of their cumulative impact on the Company's activity and its business results. The Audit Committee may deviate from the abovementioned criteria with respect to a particular transaction in light of its circumstances and for reasons that are to be recorded.

According to the criteria for classification of a transaction, a transaction with a controlling shareholder or in which a controlling shareholder has a personal interest will be classified as negligible if it satisfies all of the following: (a) It is not an extraordinary transaction (i.e., it is in the ordinary course of business and undertaken at arm length terms, its financial scope is less than 5% of the criterion determined in its respect, and insofar as this is not a transaction for the sale of products of the Company and/or corporations under its control being offered to customers of the Company – the scope of the transaction is not more than NIS 30 million linked to the December 2020 CPI (As of the publication date of the report, approximately NIS 35 million)); (b) its financial scope is less than 0.5% of the criterion determined in its respect; (c) its scope is not more than NIS 8 million linked to the December 2020 CPI (As of the publication date of the report, approximately NIS 10 million).

The scope of the transaction and the criterion for its classification will be examined by applying the quantitative materiality test, according to which a transaction with an impact on the Company's profits, assets or liabilities that is less than 5% of the relevant measure in the Company's most recent audited consolidated annual financial statements will not be considered a transaction with a material impact. In a transaction for the sale of the Company's products – the scope of the transaction will be examined against the total annual sales turnover in the annual financial statements; in a transaction that is not a transaction for the sale of products of the Company and/or corporations under its control being offered to customers of the Company, it was determined that for as long as the scope of the transaction is not more than NIS 30 million linked to the December 2020 CPI (As of the publication date of the report, approximately NIS 35 million), it is not an extraordinary transaction in terms of the materiality test. In a transaction for the purchase and sale of raw materials serving the Company – the scope of the transaction will be examined against the total annual COGS in the annual financial statements; in a transaction for the purchase and sale of services, including rentals and advertising – the scope of the transaction will be examined against the relevant expense item

(COGS, general and administrative expenses, selling and marketing expenses) in the most recent annual financial statements. In a transaction with banking corporations and financial institutions – according to detailed criteria based on the type of transaction. In a transaction in which the Company does not own all rights and obligations in the transaction, the transaction will be assessed according to the Company's relative share of the transaction. In exceptional cases, qualitative tests may determine that although the expected impact of the transaction is below 5% of the relevant measure, the impact could nevertheless be material, or that although the expected impact is above 5% of the relevant measure, the impact is still immaterial. In these exceptional cases, the transaction will be brought before the Audit Committee, which will decide whether or not it is an extraordinary transaction.

With respect to the "ordinary course of business", it was clarified that, *inter alia*, a review must be made as to whether in the past twenty-four months transactions of the type of the present transaction can be identified (in terms of the subject and scope), including ongoing transactions in which respect the contract is in effect on the date of the review (or if it is an alternative transaction to an ongoing transaction in which the Company was engaged until recently), or which it is the Company's practice to execute on a routine basis as part of its business with third parties, or is the practice of companies in the Company's area of activity to execute on a routine basis. In such cases, the transaction will be considered a transaction in the Company's ordinary course of business. The Audit Committee may determine that a transaction will be considered as executed in the ordinary course of business also in other circumstances.

"Arm length terms" were defined as one of the following: (1) the terms and conditions of the transaction are similar to those of at least two similar transactions in terms of their characteristics, which the Company executed in the period proximate to the date of contracting in the transaction under review (including binding offers made by the Company to its customers, and binding offers made by suppliers/service providers to the Company), provided that they were executed with parties that are not on the list of interested parties; or (2) the terms and conditions of the transaction are similar to those of at least two transactions in the relevant market, which are known to the Company, and are similar in their characteristics and were executed in the period proximate to the date of contracting in the transaction under review, provided that they were executed by unrelated parties; or (3) a price determined in a regulated sellers' and buyers' market, such as the price of marketable securities or commodities, provided that marketability in that market with respect to the relevant asset or product or service is sufficient; or (4) the Audit Committee has determined that the transaction is "undertaken at arm length terms/ under market conditions".

It is noted that according to section 117(2a) of the Companies Law, the Audit Committee approves the criteria and determines that transactions with the controlling shareholder, or in which the controlling shareholder has a personal interest, which are not extraordinary and are not negligible, require the approval of the Company's Audit Committee, and that certain negligible transactions may be approved by Company's management according to criteria defined by the Audit Committee. In addition, oversight and control mechanisms governing the implementation of the criteria as provided above are defined, including an annual review thereof by the Audit Committee. The Audit Committee also determines criteria with respect to the obligation to hold a competitive or other process in connection with the Company's transactions with the controlling shareholder or transactions in which the controlling shareholder has a personal interest, in accordance with section 117(1b) of the Companies Law.

According to the abovementioned criteria, negligible transactions in which the Company (including companies under its control) contracted in 2025 included transactions pertaining to advertising on various platforms operated by Reshet, receipt of hospitality services, sponsoring a professional conference at Sheba Hospital and sale of the Company's products (including to companies under its control).

2) In 2025, no transactions were executed, and as of the date of this report, there are no transactions still in effect with the controlling shareholder or in which the controlling shareholder has a personal interest, which are not enumerated in Section 270(4) of the Companies Law and which are not negligible transactions, save for the transactions specified below:

Purchase of advertising time – in 2025, the Group purchased advertising time, *inter alia*, from Reshet, a TV concessionaire under the Second Authority for Television and Radio Law, 1990. To the best of the Company's knowledge, the Company's controlling shareholder is an indirect shareholder. The purchase of advertising time was undertaken in the ordinary course of business, on customary terms and at market prices, and as part of the purchase of advertising time from other commercial broadcasting entities (such as Keshet and Channel 24), based on rating considerations and the Group's marketing needs.

Regulation 24: Holdings of Interested Parties and Senior Officers

For information on the status of holdings of interested parties and senior officers (including information on the treasury shares held by the Company), see the Company's immediate report of January 8, 2026 (reference no: 2026-01-004224).For details regarding changes in the

holdings of interested parties and senior officers, as of the publication date of the report, see the Company's immediate reports of January 19, 2026 (reference no: 2026-01-007591), January 27, 2026 (reference no: 2026-01-010196 and 2026-01-010200), January 28, 2026 (reference no: 2026-01-010594), February 5, 2026 (reference no: 2026-01-012804) and February 18, 2026 (reference no: 2026-01-015748).

Regulation 24A: Authorized Capital, Outstanding Capital and Convertible Securities

For details about the authorized capital, outstanding capital and convertible securities as of the date of the report, see Notes 23.1 and 23.1 to the Consolidated Financial Statements of the Company as of December 31, 2025, and the definition of "fully diluted basis" in Regulation 21 above, and as of the publication date of the report, see the immediate report of February 5, 2026 (reference no: 2026-01-012801).

Regulation 24B: Shareholder Register

For details regarding the Company's shareholder register as of the publication date of the report, see the Company's immediate report, and as of the publication date of the report, see the immediate report of February 5, 2026 (reference no: 2026-01-012801).

Regulation 25A: Registered Office

Address: 49 Hasivim St., Petah Tikva 49517

Tel: 03-6752499; Fax 03-6752279

Email address: Yael.nevo@strauss-group.com

Regulation 26: The Company's Directors

Presented below are details of the directors of the Company serving on the Board of Directors as of the date of the report:[1,2]

Director's name	Ofra Strauss Chairperson (executive) (F)	Shaul Kobrinksy (Deputy Chair of the Board) (M)	Adi Strauss (M)	Dalia Lev (external director) (F)	Galia Maor (F)
ID no.	56616584	051638484	022889323	007555337	01154780
Date of birth	August 22, 1960	November 7, 1952	February 27, 1967	August 2, 1947	February 11, 1943
Address for service of court documents	31 Hamatsbi'im St., Tel Aviv	25 Pesah Yafe St., Herzliya	37 Havradim St., Ganei Yehuda	16 Bnei Moshe St., Tel Aviv 62308	15 Vormiza St., Tel Aviv
Citizenship	Israeli	Israeli, Austrian	Israeli	Israeli	Israeli
Service commencement date	February 1996	May 2024 (Commenced serving as Deputy Chair of the Board - February 2025)	August 2011	August 2019	May 2013

[1] Ms. Dalia Narkys completed her term in office as an external director of the Company on February 4, 2026.

[2] Proximate to the publication date of this report, the company's Board of Directors approved the appointment of Ms. Smadar Barber-Tsadik as a director of the company. For further information see Regulation 29 below and the immediate reports published concurrently with the publication of this report.

Director's name	Ofra Strauss Chairperson (executive) (F)	Shaul Kobrinksy (Deputy Chair of the Board) (M)	Adi Strauss (M)	Dalia Lev (external director) (F)	Galia Maor (F)
Education	LL.B. - Tel Aviv University.	B.A. in Economics - Tel Aviv University.	B.A. in Business Administration - American InterContinental University; Northwestern University Kellogg - Executive Education Leading Family Enterprises	Bachelor's degree in Accounting – Hebrew University of Jerusalem; LL.M. – Bar-Ilan University; Advanced Management Program (AMP) – Harvard Business School, Massachusetts, USA; Certified Public Accountant; Israel Bar Association Certified Mediator.	Bachelor's degree in Economics and Statistics – Hebrew University of Jerusalem; MBA – Hebrew University of Jerusalem.

Employment in the last five years	Chair of the Company's Board of Directors.	Chair of the Board of Directors of Discount Bank (12.2018-12.2023); Chair of the Board of Bait Vegag Real Estate Development Ltd. (as of 03.2025).	Business manager.	External director at Bank Hapoalim (4.2018-4.2024); Member of the board of trustees, member of the financial statements approval committee of Tel Aviv University; Member of the board of trustees, member of the financial statements approval committee of Ben Gurion University.	Director of Ratio Energies LP (public company); Member of the board of trustees of the Israel Cancer Association; Member of the board of trustees of the Israel Open University; Member of the board of trustees, Hebrew University of Jerusalem; Member of the board of trustees of Ben-Gurion University; Member of the board of trustees of Social Finance Israel; Member of the board of trustees of the Israel Center on Addiction; Member of the steering committee at the Vicky and Joseph Safra Institute for Banking and Financial Intermediation; Member of the international board of trustees of the Weizmann Institute of Science;

Director's name	Ofra Strauss Chairperson (executive) (F)	Shaul Kobrinksy (Deputy Chair of the Board) (M)	Adi Strauss (M)	Dalia Lev (external director) (F)	Galia Maor (F)
					Member of the Investment Committee of the Israel Science Foundation.
Familial relationship with another interested party	Sister of Adi Strauss and Irit Strauss.[3]	No	Brother of Ms. Ofra Strauss and Ms. Irit Strauss.[4]	No	No
Position in the Company, subsidiary, related company or in an interested party of the Company	Chairperson of the Board of Directors of the Company, director of Strauss Holdings Ltd. and director of subsidiaries of the Company: Strauss Health Ltd.; Strauss Frito-Lay Ltd.; Três Corações Alimentos S.A.	No	Chair of the Board of Strauss Holdings Ltd., director of a subsidiary (Strauss Health Ltd.);	No	No

[3] For more information, see Regulation 21A above.

[4] For further information, see section 1.1 in the Description of the Company's Business Report as of December 31, 2025.

Director's name	Ofra Strauss Chairperson (executive) (F)	Shaul Kobrinksy (Deputy Chair of the Board) (M)	Adi Strauss (M)	Dalia Lev (external director) (F)	Galia Maor (F)
Other corporations in which they serve as director	Michael Strauss Assets Ltd.; Strauss Holdings Ltd.; Affiliates and investees of the Company: Strauss Health Ltd.; Strauss Frito-Lay Ltd.; Três Corações Alimentos S.A.; Aharon Institute, IDC Herzliya; Business board of the Co-Impact venture; O. Tamid Ltd.	Bait Vegag Real Estate Development Ltd. (public company).;	Strauss Holdings Ltd.; Strauss Health Ltd.; Michael Strauss Assets Ltd.; Shiragan Management Ltd.; Adis Family Assets Ltd.	Belgal Ltd.;	Perihelion G.J. Ltd.; Ratio Energies LP (public company).
Member of any of the board committees	Chair of the Human Resources, Nominating and Corporate Governance Committee; Risk Management Committee; Finance and Investment Committee;	Chair of the Risk Management Committee; Finance and Investment Committee; Chair of the Human Resources, Nominating and Corporate Governance Committee;	Human Resources, Nominating and Corporate Governance Committee; Finance and Investment Committee;	Chair of the Financial Statements Review Committee; Audit Committee; Remuneration Committee.	Chair of the Finance and Investment Committee; Financial Statements Review Committee; Risk Management Committee.
Independent director or external director	No	No	No	External director	No

Director's name	Ofra Strauss Chairperson (executive) (F)	Shaul Kobrinksy (Deputy Chair of the Board) (M)	Adi Strauss (M)	Dalia Lev (external director) (F)	Galia Maor (F)
Does the Company view them as having accounting and financial expertise for purposes of compliance with the minimum number determined by the Board?	No	Yes	No	Yes	Yes
Do you have expertise, experience, or skills in the field of IT and/or cyber security?	No	No	No	No	No

Director's name	Dorit Salinger (external director) (F)	Annette (Anat) Gabriel (F)	Ravit Barniv (F)	Yaniv Garty (M)	Dalia Narkys (external director) (F)
ID no.	056615487	069953214	058314139	022851802	51928695
Date of birth	August 12, 1960	December 21, 1963	September 14, 1963	July 26, 1967	May 2, 1953
Address for service of court documents	11 Hama'avak St., Givatayim 53523	17/8 Uri Tzvi Greenberg St., Tel Aviv	22 Petachya Meregensburg St., Tel Aviv	39 Pines St., Tel Aviv	1 Aharon Becker St., Tel Aviv
Citizenship	Israeli	Israeli	Israeli	Israeli	Israeli
Service commencement date	August 2019	May 2024	May 2024	October 2024	February 2017
Education	B.A. in Economics and Management - The Technion, Israel Institute of Technology; MBA (Major in Financing) - Tel Aviv University.	BSC in Biology - Emory University, Atlanta Georgia; MBA in Finance and Marketing - Tel Aviv University.	B.A. in Economics and Philosophy - Tel Aviv University; MBA (Major in Financing, Accounting and Insurance) - Tel Aviv University; MBA in Innovation and Health - Reichman University; Qualified in Governance and Policy (Major in the Prevention of Terror) - Reichman University.	B.Sc.EE in Electrical and Electronic Engineering - Tel Aviv University. M.B.A. - Tel Aviv University	Bachelor of Business Administration - College of Management; Executive Management Course - Tel Aviv University; Executive Management Programs - INSEAD Business School, France; Directors and Officers Course - IDC Herzliya; Advanced Directors Course - IDC Herzliya.

Director's name	Dorit Salinger (external director) (F)	Annette (Anat) Gabriel (F)	Ravit Barniv (F)	Yaniv Garty (M)	Dalia Narkys (external director) (F)
Primary Employment in the last five years	External director of Bareket Capital (public company); Independent director of Melisron Ltd. (public company) (until 4.2025); External director of Arko Holdings (2020-2021); Chair of Kalia Agricultural Holdings (as of 2021); Chair of Agriculture Business Holdings and Management Shefayim (as of 2022); Member of the investment committee of the Foreign Workers Pension Fund (as of 2022).	CEO Unilever Israel; Independent director at Novolog (Pharm Up 1966) Ltd.	Director of Ormat Technologies Inc. (2015-2021 and 2024 to date); Director of Clalit Health Services (2017-2022); Director at High Hopes Ltd. (as of 2024); Member of the Advisory Board of Lahav Executive Development in memory of Daniel Recanati Ltd.; Lecturer at Reichman University.	CEO of Intel Israel and VP Intel Global (2017-2023).	Dalia Narkys Consultants (as of 2016); External director at Isracard Ltd. (since 2018); External director at Europay (Eurocard) Israel Ltd. (since 2018); External director at Premium Express Ltd. (since 2018); Member of the Board of Governors, Academic College of Tel Aviv – Yafo (since 2017); Member of the Board of Governors, ELEM Youth in Distress (since 2016).
Familial relationship with another interested party	No	No	No	No	No
Position in the Company, subsidiary, related company or in an interested party of the Company	No	No	No	No	No

Director's name	Dorit Salinger (external director) (F)	Annette (Anat) Gabriel (F)	Ravit Barniv (F)	Yaniv Garty (M)	Dalia Narkys (external director) (F)
Other corporations in which they serve as director	Dorit Salinger Ltd.; External director at Bareket Capital (public company); Chair of Kalia Development & Holdings 2004 Ltd.; Chair of Kalia Agriculture Holdings Ltd.; Chair of Agriculture Business Holdings and Management Shefayim – Agricultural Cooperative Society Ltd.	Independent director at Novolog (Pharm Up 1966) Ltd.; Director at Neve Shva.	Ormat Technologies Inc.; High Hopes Ltd.	Nova Ltd. (public company); The Center for Educational Technology (PBC).	Isracard Ltd. (public company); Premium Express Ltd.; Europay (Eurocard) Israel Ltd.; Director and Chair of the Finance Committee of Community Centers Company.
Member of any of the board committees	Chair of the Audit Committee; Remuneration Committee; Financial Statements Review Committee.	Human Resources, Nominating and Corporate Governance Committee; Risk Management Committee; Remuneration Committee.	Risk Management Committee; Finance and Investment Committee.	Human Resources, Nominating and Corporate Governance Committee; Risk Management Committee; Finance and Investment Committee;	Chair of the Remuneration Committee; Audit Committee; Human Resources, Nominating and Corporate Governance Committee;
Independent director or external director	External director	No	No	No	External director

Director's name	Dorit Salinger (external director) (F)	Annette (Anat) Gabriel (F)	Ravit Barniv (F)	Yaniv Garty (M)	Dalia Narkys (external director) (F)
Does the Company view them as having accounting and financial expertise for purposes of compliance with the minimum number determined by the Board?	Yes	Yes	Yes	Yes	Yes
Do you have expertise, experience, or skills in the field of IT and/or cyber security?	No	No	No	Yes	No

Regulation 26A: Senior Officers

Presented below are the details of senior officers of the Company serving as of the publication date of the report:

Name of officer	Shai Babad (M)	Ronen Zohar (M)	Tobi Fischbein (M)	Yael Nevo (F)	Hila Mukevisius (F)
ID no.	033193707	56216013	307038265	012319398	027458389
Date of birth	August 27, 1976	February 9, 1960	June 15, 1973	July 23, 1968	October 2, 1974
Service commencement date	December 2022	April 2015	May 2025	November 2022	May 2019
Company position:	CEO of Strauss Group	Deputy CEO, Strauss Group	CFO	Senior Vice President, CLO and Company Secretary	Senior Vice President of Human Resources, Strauss Group
Position in the Company, subsidiary, related company or in an interested party of the Company	Director of Group subsidiaries: Strauss Water Ltd., Strauss Health Ltd. and Strauss Frito-Lay Ltd; Três Corações Alimentos S.A.	Director of a subsidiary: Strauss Water Ltd.	Director of Group subsidiaries: Pri-Elite Ltd., Elite Shared Resources Ltd., Alnetz (Investments) Ltd.	Director of Group subsidiaries: The Kitchen Innovation Ltd. (the "Incubator"), The Kitchen Innovation 2 Ltd., The Kitchen Hub 2 Limited Partnership, The Kitchen Hub 2 (G.P.), Limited Partnership; Alternate director of Group subsidiaries.	Director of Group subsidiary: Três Corações Alimentos S/A.

Name of officer	Shai Babad (M)	Ronen Zohar (M)	Tobi Fischbein (M)	Yael Nevo (F)	Hila Mukevisius (F)
Education	Bachelor's degree in Law and Economics - Hebrew University of Jerusalem; MSc Finance and Economics - London School of Economics; Executive Education Program - Harvard Business School; licensed attorney.	Bachelor's degree in Food Science - Hebrew University of Jerusalem.	B.A. in Economics - Tel Aviv University; M.A. in Economics - Tel Aviv University; Master's in Public Administration and International Development - Harvard University.	LL.B. - Tel Aviv University.	Bachelor's degree in Behavioral Sciences - College of Management; MA in Diplomacy and Security - Tel Aviv University;
Employment in the last five years	June 2021 – February 2022: CEO of Alon Blue Square Israel Ltd.; June 2020-May 2021: Director General of The Ministry of Finance.	CEO of Sabra	CFO of Bezeq - The Israel Telecommunications Group Ltd.; Director at Bezeq-Gen Ltd.; Member of the Executive Committee of Hapoel Kfar Saba Basketball Club; CFO of Max IT Finances Ltd. (formerly Leumi Card Ltd.).	Senior Vice President, Legal Counsel and Corporate Secretary, Israel Electric Corporation.	Senior Vice President of Human Resources, Strauss Group.
Familial relationship with another interested party	No	No	No	No	No

Name of officer	Raanan Kovalsky (M)	Esti Carmeli (F)	Linda Cohen Rofe (F)	Gil Ber (M)	Yaniv Tsur (M)
ID no.	016464315	059261016	035963966	028913051	031485626
Date of birth	September 5, 1969	April 1, 1965	September 23, 1979	January 10, 1972	October 6, 1978
Service commencement date	February 2023	April 2021	June 2025	November 1, 2023	August 1, 2023
Company position:	CEO, Strauss Israel	CEO, Strauss Water	Senior Vice President, Strategy and Transformation	Internal auditor	Group Controller
Position in the Company, subsidiary, related company or in an interested party of the Company	Director of Company subsidiaries: Strauss Health Ltd., Uri Horazo Yotvata Dairies Ltd., Yad Mordechai Strauss Apiary Ltd., Strauss Import & Trade E.M. Ltd., Strauss Salads Trade Ltd., Strauss Health Fresh Vegetables Ltd., Strauss Marketing Ltd., Strauss Marketing Beersheba 1970 Ltd., Rataf Ltd., Strauss Coffee Israel Ltd., and Strauss Coffee To Go Ltd.	No	Director of Group subsidiaries: Strauss Water Ltd., Pri-Elite Ltd., Elite Shared Resources Ltd., The Kitchen Innovations Ltd. (the "Incubator"), The Kitchen Innovations 2 Ltd., The Kitchen Innovations Hub 2 Limited Partnership and The Kitchen Hub 2 (G.P.), Limited Partnership.	No	No

Name of officer	Raanan Kovalsky (M)	Esti Carmeli (F)	Linda Cohen Rofe (F)	Gil Ber (M)	Yaniv Tsur (M)
Education	Bachelor's degree in Business Administration - College of Management Academic Track.	B.A. in Economics and Management - The Technion, Haifa; MBA - Heriot-Watt University, Edinburgh, Scotland, Ramat Gan College;	B.A. Accounting and Economics - Hebrew University of Jerusalem; Certified Public Accountant; M.B.A. (Major in Financial Management) - Tel Aviv University; Management courses at INSEAD and HBS in leadership, innovation and digital marketing; Graduate Cohort XI - Ma'oz Leadership Network; Director Training Course - National Center for Director Training.	Bachelor's degree in Business Administration and Accounting - College of Management; Master's degree in Internal Auditing and Public Administration - Bar Ilan University; CPA; Certified Internal auditor (CIA, USA); CRISC (Certified in Risk and Information Systems Control); QAR (Qualified Assurance Reviewer); CDPSE (Certified Data Privacy Solutions Engineer).	Accounting and economics graduate - Hebrew University of Jerusalem; Qualified in business administration and financing - Hebrew University of Jerusalem; CPA.

Name of officer	Raanan Kovalsky (M)	Esti Carmeli (F)	Linda Cohen Rofe (F)	Gil Ber (M)	Yaniv Tsur (M)
Employment in the last five years	CEO of Strauss Health Ltd. and CEO of Strauss's Sales Division.	VP Consumer Electronics, Black+Decker and Stanley Black & Decker (2020-2021); VP Global Construction & Storage, Stanley Black & Decker (2015-2020).	CFO Strauss Water and VP Transformation and CEO Office Network.	El Al Israel Airlines, Chief Audit Executive, VP, member of management; Mekorot (Israel's national water company), VP, member of management; Director at Bank Clearance Center (MASAV) Ltd.	CFO and Tax Director, NCR Corporation; VP Finance, Celsius Networks; CFO, Klips Official.
Familial relationship with another interested party	No	No	No	No	No

Regulation 26B: Authorized Signatories in the Company - The Company does not have independent authorized signatories.

Regulation 27: The Corporation's Auditor - Somekh Chaikin (KPMG), 17 Ha'Arba'a St., Millennium Tower, Tel Aviv 64739.

Regulation 28: Alteration of the Memorandum or Articles of Association in the Reporting Year - No changes to the Memorandum or to the Articles of Association were made in the reporting year.

Regulation 29:

A. Recommendations and Resolutions of the Board of Directors

1) Payment of dividends or a distribution, per the Companies Law, in any other manner, or a distribution of bonus shares -

   For information on resolutions of the Board of Directors regarding dividend distributions, see section 2.3 in the Company's Board of Directors' Report as of December 31, 2025.

   Changes in the authorized or issued share capital – for the change in the issued capital following the exercise of unlisted options granted to senior employees, including pursuant to resolutions of the Remuneration Committee agreed upon by the Company's Board of Directors, see Regulation 20 above.

B. Extraordinary General Meeting Resolutions

1) An Extraordinary General Meeting held on March 27, 2025, at which a one-time bonus for the Company's CEO, Mr. Shai Babad, which deviates from the remuneration policy, was approved for the Sabra transaction. For more information see the immediate report announcing the General Meeting dated February 18, 2025 (reference no: 2025-01-011261) and the immediate report with the results of the General Meeting dated March 27, 2025 (reference no: 2025-01-021551).

2) An Annual and Extraordinary General Meeting held on July 14, 2025, at which the following resolutions were approved: 1. Discussion on the Company's 2024 annual financial statements (no vote); 2. Reappointment of the auditor (KPMG); 3. Reappointment of outgoing directors based on seniority (Messrs. Ofra Strauss and Adi Strauss); 4. Appointment of Messrs. Dorit Salinger and Dalia Lev for another term in office (her third) as an external director of the Company; 5. Approval of the amended remuneration policy; 6. Amendment and extension of terms of office of Ms. Ofra Strauss, Chairperson of the Board of Directors; 7. Amendment of the terms of office and employment of the Company's CEO; 8. Approval of the terms of office of Mr. Adi Strauss, director of the Company; 9. Approval of the terms of employment of Ms. Yasmin Lahat; 10. Grant of revised letters of indemnification to directors and office holders; 11. Approval of the execution of a consulting agreement with Mr. Shaul Kobrinksy, who serves as Deputy Chairperson of the Board of Directors. For details see the General Meeting convention report (supplementary) dated July 8, 2025 and the immediate report on the results of the General Meeting dated July 14, 2025 (reference no: 2025-01-050308 and 2025-01-0522235, respectively).

3) An Extraordinary General Meeting held on January 1, 2026, at which the award of equity compensation to the Company's CEO, Mr. Shai Babad, as well as a revised ceiling for the annual incentive for the CEO in the remuneration policy, were approved. For further information see the General Meeting convention report dated November 26, 2025 (reference no: 2025-01-092362) and the report with the results of the General Meeting of January 1, 2026 (reference no: 2026-01-000779).

4) Concurrently with the publication of the report, the Company is publishing a notice for the convention of an Annual and Extraordinary General Meeting with the following agenda items: 1. Discussion on the Company's 2025 annual financial statements; 2. Reappointment of the auditor (KPMG); 3. Reappointment of outgoing directors based on seniority (Messrs. Shaul Kobrinksy and Ravit Barniv); 4. Appointment of Mr. Aviram Lahav as an external director of the Company; 5. Appointment of Ms. Smadar Barber-Tsadik as one of the Company's directors (whose appointment was approved by the Company's Board of Directors by the convention of said general meeting); 6. Granting the indemnification to Ms. Barber-Tsadik.

Regulation 29A: Company Resolutions

Extraordinary transactions that require special approval under section 270(1) of the Companies Law

In September 2023, the Company entered into a services agreement with a consultancy in which a relative of a director has a personal interest, after the engagement in this agreement was approved in May 2023 by the Audit Committee and Board of Directors of the Company as an extraordinary transaction under sections 270(1) and 272 of the Companies Law. The agreement, as amended, is for a period commencing on July 1, 2023 and ending on June 30, 2026, subject to both parties having a right to terminate at any time in accordance with arrangements set forth in the agreement. The compensation payable to the consultancy is variable and is contingent on performance conditions related to various measures of the Company's performance. As classified by the Audit Committee, the transaction is in the ordinary course of business and was undertaken under market conditions for similar transactions.

Release, insurance or undertaking to indemnify for officers in effect on the report date

For the provisions of the Remuneration Policy of the Company with respect to the release, insurance and indemnification of officers of the Company, see Part I of the Remuneration Policy that was approved by the Company's General Meeting on July 14, 2025. For details see the General Meeting convention report dated July 8, 2025 and the immediate report on the results of the General Meeting dated July 14, 2025 (reference no: 2025-01-050308 and 2025-01-0522235, respectively).

For the grant of letters of release from liability to officers of the Company, including those who are among the controlling shareholders of the Company and their relatives, see Note 21.4.2 to the Consolidated Financial Statements of the Company as of December 31, 2025; for the grant of a letter of exemption to Ms. Ofra Strauss and Mr. Adi Strauss, see also Regulation 22 above.

For information on the terms and conditions of the Company's D&O insurance policy, including for officers among the controlling shareholders of the Company and their relatives, see Note 21.4.2 to the Consolidated Financial Statements of the Company as of December 31, 2025, and with respect to the inclusion of Ms. Ofra Strauss and Mr. Adi Strauss in the policy, see also Regulation 22 above.

For information on the undertaking to indemnify Company officers, including officers

among the controlling shareholders of the Company and their relatives, see Note 21.4.2 to the Financial Statements of the Company as of December 31, 2025. Also see Regulation 22 above regarding the grant of an undertaking to indemnify to Messrs. Ofra Strauss and Adi Strauss.

Names and titles of signatories:

Strauss Group Ltd.

Ofra Strauss, Chairperson of the Board of Directors

Shai Babad, Company CEO

Date: March 23, 2026

Strauss Group Ltd.

Corporate Governance Questionnaire



Corporate Governance Questionnaire[1]

Independence of the Board of Directors			
		Correct	Incorrect
1.	Throughout the reporting year, two or more external directors held office in the corporation. For this question, a "correct" answer may be marked, if the period in which there were not two external directors holding office in the corporation does not exceed 90 days, as provided in Section 363A(b)(10) of the Companies Law. However, any answer (correct/incorrect) shall indicate the time period (in days) in which two or more external directors did not hold office in the corporation during the reporting year (including a period approved retrospectively, while distinguishing between different directors): Director A: Dalia Lev Director B: Dorit Salinger Director C: Dalia Narkys Number of external directors holding office in the corporation as of the publication date of this questionnaire: 2[2]	✓	

[1] Published in the context of legislative proposals for the improvement of financial statements on March 16, 2014.

[2] Three external directors served on the Company's board of directors in the reporting year. On February 4, 2026, Ms. Dalia Narkys completed her third term as an external director of the Company, for more information see the immediate report of February 5, 2026 (reference no: 2026-01-012816).

Independence of the Board of Directors			
		Correct	Incorrect
2.	The ratio[3] of independent directors[4] holding office in the corporation as of the publication date of this questionnaire: 2/9. The ratio of independent directors stated in the articles of association[5] of the corporation[6]: _____ ☒ Irrelevant (no provision has been established in the articles of association).	_____	_____
3.	In the reporting year, an inquiry was made with the external directors (and the independent directors) and it was found that in the reporting year they complied with the provision of Section 240(b) and (f) of the Companies Law regarding the absence of any affinity of the external (and independent) directors holding office in the corporation, and that they also satisfied the conditions required for holding office as an external (or independent) director.	✓	
4.	All directors who held office in the corporation during the reporting year are not, directly or indirectly, subordinate[7] to the general manager (except for a director who is a representative of the company's employees, if there is an employee representative body in the corporation). If your answer is "incorrect", (i.e., the director reports to the general manager as aforesaid) - the number of directors not complying with the aforesaid restriction shall be indicated: _____.	✓	

[3] In this questionnaire, "ratio" – a particular number in relation to the total number of directors. For example: 3/8.

[4] Including "external directors", as defined in the Companies Law.

[5] For purposes of this question, "articles" – including in accordance with a specific provision of law applicable to the corporation (e.g. for a bank corporation – guidelines of the Supervisor of Banks).

[6] A debenture company is not required to complete this section.

[7] For purposes of this question – the mere holding of the office of a director in an investee company which is controlled by the corporation shall not be deemed "subordinacy"; conversely, holding office as a director in a corporation that serves as an officer (other than a director) and/or employee in an investee which is controlled by the corporation shall be deemed "subordinacy" for purposes of this question.

Independence of the Board of Directors			
		Correct	Incorrect
5.	All directors who disclosed the existence of a personal interest in the approval of a transaction on the meeting agenda were not present during discussions and did not participate in such vote (other than discussions and/or a vote in the circumstances described in Section 278(b) of the Companies Law): If your answer is "incorrect" – Was this for the purpose of the presentation of a specific issue by him/her pursuant to the provisions of the last part of Section 278(a): ☐ Yes ☐ No (kindly mark X in the appropriate box). Kindly indicate the number of meetings in which such directors were present during discussions and/or participated in the vote, other than in circumstances as provided in subsection a: _____.	✓	

Independence of the Board of Directors			
		Correct	Incorrect
6.	The controlling shareholder (including his relative and/or a person acting on his behalf), who is not a director or senior officer of the corporation, was not present at board meetings held in the reporting year. If your answer is "incorrect" (i.e. the controlling shareholder and/or his relative and/or a person acting on his behalf who is not a board member and/or senior officer of the corporation attended board meetings as aforesaid) – the following details regarding the presence of any such additional person at board meetings shall be disclosed: Identity: _____. Position in the corporation (if any): _____. Information on the affinity with the controlling shareholder (if the person is not the controlling shareholder himself): _____. Was it for the purpose of presentation of a certain subject by him: ☐ Yes ☐No (kindly mark X in the appropriate box). The rate of his attendance[8] at board meetings held in the reporting year for the purpose of presentation of a certain subject by him: _____; other presence: _____. ☐Irrelevant (the corporation does not have a controlling shareholder).	✓	

[8]Distinguishing between the controlling shareholder and his relative and/or a party acting on his behalf.

Director competencies and qualifications				
			Correct	Incorrect
7.	There is no provision in the corporation's articles of association that limits the possibility of immediately terminating the office of all directors of the corporation, who are not external directors (in this context - approval by an ordinary majority is not deemed a limitation)[9]. If your answer is "incorrect" (i.e., such limitation exists), the following shall be indicated -		√	
	A.	The period prescribed in the articles of association for the term of office of a director: _____.		
	B.	The required majority prescribed in the articles of association for termination of the directors' office:		
	C.	Quorum at the general meeting prescribed in the articles for termination of the directors' office: _____.		
	D.	Majority required for the amendment of those provisions in the articles of association: _____.		
8.	The corporation has a training program for new directors on the corporation's field of business and the legal field that governs the corporation and the directors, and has a prepared a follow-on program for training directors holding office, tailored, *inter alia*, to the director's role in the corporation. If your answer is "correct", please indicate whether the plan was implemented in the reporting year: ☒Yes ☐No (kindly mark X in the appropriate box).		√	
9.	A.	The corporation has prescribed a minimum number of directors in office who are required to possess accounting and financial expertise. If your answer is "correct", please indicate the minimum number determined: 3.	√	

[9] A debenture company is not required to complete this section.

Director competencies and qualifications				
			Correct	Incorrect
	B.	Number of directors serving in office in the corporation in the reporting year – With accounting and financial expertise[10]: 8. With professional qualifications[11]: 10. In the event of changes in the number of such directors in the reporting year, please provide the figure for the lowest number (excluding during a period of 60 days from the date of the change) of directors of each kind who served in office in the reporting year.	_____	_____
10.	A.	Throughout the reporting year, the composition of the board included members of both genders. If your answer is "incorrect", please indicate the period (in days) in which the aforesaid was not met: ____. For this question, a "correct" answer may be marked, if the period in which there were not directors of both genders holding office in the corporation does not exceed 60 days. However, any answer (correct/incorrect) shall indicate the time period (in days) in which directors of both genders did not hold office: 0.	√	
	B.	Number of directors of each gender serving on the board of the corporation on the publication date of this questionnaire: Men: 3, Women: 6	_____	_____

[10] Following an evaluation by the board, in accordance with the provisions of the Companies Regulations (Conditions and Criteria for a Director with Accounting and Financial Expertise and a Director with Professional Qualifications), 2005.

[11] See Footnote #10.

Board and General Meetings				
			Correct	Incorrect
11.	A.	Number of board meetings held in each quarter in the reporting year: Q1 (2025): 3. Q2: 2. Q3: 4. Q4: 5.	_____	_____
	B.	Alongside each of the names of the directors holding office in the corporation during the reporting year, please indicate the rate12 of their participation in board meetings (in this subsection - including meetings of board committees of which they are members, as stated below) held during the reporting year (in reference to his/her term of office): (Add additional rows according to the number of directors).	_____	_____

Board and General Meetings									
								Correct	Incorrect
		Name of director	Participation ratio at **Board** Meetings	Participation ratio at **Audit Committee**[13] Meetings	Participation ratio at **Financial Statements Review Committee**[14] Meetings	Participation Ratio at **Remuneration Committee**[15] Meetings	Participation Ratio – Meetings of **Other Board Committees of which he/ she is a member** (stating name of committee)		
		Ofra Strauss	14/17	_____	_____	_____	Finance and Investment Committee – 7/8 HR, Nominating and Corporate Governance Committee – 2/2 Risk Management Committee – 0/3		

[13] For a director who is a member of this committee.

[14] For a director who is a member of this committee.

[15] For a director who is a member of this committee.

Board and General Meetings								
							Correct	Incorrect
		Adi Strauss	11/17	_____	_____	_____	Finance and Investment Committee – 8/8 HR, Nominating and Corporate Governance Committee – 1/2	
		David Moshevitz[16]	3/3	1/2	_____	_____	_____	
		Dalia Narkys[17]	16/17	8/8	_____	16/16	HR, Nominating and Corporate Governance Committee – 2/2	
		Dalia Lev	16/17	8/8	4/4	16/16	_____	
		Dorit Salinger	16/17	8/8	4/4	16/16	_____	
		Galia Maor	16/17	_____	4/4	_____	Finance and Investment Committee – 8/8 Risk Management Committee – 3/3	

[16] On March 25, 2025, Mr David Moshevitz completed his term as a director of the Company, for more information see the immediate report of March 25, 2025 (reference no: 2025-01-019995).

[17] On February 4, 2026, Ms. Dalia Narkys completed her third term as an external director of the Company, for more information see the immediate report of February 5, 2026 (reference no: 2026-01-012816).

Board and General Meetings									
								Correct	Incorrect
		Zipora Ozer-Armon[18]	3/3	_____	_____	_____	_____		
		Annette Gabriel	15/17	7/7	_____	_____	Risk Management Committee – 2/3 HR, Nominating and Corporate Governance Committee – 1/2		
		Yaniv Garty	16/17	_____	_____	_____	Finance and Investment Committee – 7/7 Risk Management Committee – 2/3 HR, Nominating and Corporate Governance Committee – 2/2		
		Ravit Barniv	15/17	7/7	_____	_____	Finance and Investment Committee – 6/7 Risk Management Committee – 3/3		

[18] On March 25, 2025, Ms Zipora Ozer-Armon completed her term as a director of the Company, for more information see the immediate report of March 25, 2025 (reference no: 2025-01-019996).

Board and General Meetings									
								Correct	Incorrect
		Shaul Kobrinksy	15/17	_____	_____	_____	Finance and Investment Committee – 7/7 Risk Management Committee – 3/3 HR, Nominating and Corporate Governance Committee – 2/2		
12.	In the reporting year, the board of directors held at least one discussion on the management of the corporation's business by the general manager and officers reporting to him, in their absence, and they were given the opportunity to present their position.							✓	

Separation between the roles Of the General Manager and Chairman of the Board				
			Correct	Incorrect
13.	Throughout the reporting year, a chairman of the board served in office in the corporation. For this question, a "correct" answer may be marked, if the period in which the corporation had no board chairman does not exceed 60 days as provided in Section 363A(2) of the Companies Law). However, any answer (correct/incorrect) shall indicate the time period (in days) in which the corporation did not have a board chairman: 0.		√	
14.	Throughout the reporting year, a general manager served in office in the corporation. For this question, a "correct" answer may be marked, if the period in which the corporation had no general manager does not exceed 90 days as provided in Section 363A.(6) of the Companies Law. However, any answer (correct/incorrect) shall indicate the time period (in days) in which the corporation did not have a general manager: 0.		√	
15.	In a corporation in which the chairman of the board also serves as the general manager of the corporation and/or exercises his powers, the dual office was approved in accordance with Section 121(c) of the Companies Law[19]. ☒ Irrelevant (insofar as such dual office does not exist in the corporation).		-----	-----
16.	The general manager is <u>not</u> a relative of the chairman of the board. If your answer is "incorrect" (i.e. the general manager is a relative of the chairman of the board) -		√	
	A.	Please state the familial relationship between the parties: _____.	-----	-----
	B.	The office was approved in accordance with Section 121(c) of the Companies Law[20]: ☐ Yes ☐ No (Kindly mark X in the appropriate box)	-----	-----

[19] In a debenture company – approval in accordance with Section 121(d) of the Companies Law.

[20] In a debenture company – approval in accordance with Section 121(d) of the Companies Law.

Separation between the roles Of the General Manager and Chairman of the Board			
		Correct	Incorrect
17.	The controlling shareholder or his relative does not serve as the general manager or as a senior officer in the corporation, other than as a director. ☐ Irrelevant (the corporation does not have a controlling shareholder).	√	

Audit Committee				
			Correct	Incorrect
18.	The following did not serve on the audit committee in the reporting year:		_____	_____
	A.	The controlling shareholder or his relative. ☐ Irrelevant (the corporation does not have a controlling shareholder).	√	
	B.	Chairman of the board of directors.	√	
	C.	A director who is employed by the corporation or by the controlling shareholder of the corporation or by	√	
	D.	A director who regularly renders services to the corporation or to the controlling shareholder of the	√	
	E.	A director whose primary livelihood depends on the controlling shareholder. ☐ Irrelevant (the corporation does not have a controlling shareholder).	√	
19.	No person who is not entitled to be a member of the audit committee, including a controlling shareholder or his relative, was present at the meetings of the audit committee in the reporting year, other than pursuant to the provisions of Section 115(e) of the Companies Law.		√	

Audit Committee			
		Correct	Incorrect
20.	The quorum for discussion and the adoption of resolutions in all meetings of the audit committee held in the reporting year was a majority of the committee members, where the majority of attendees were independent directors and at least one of them was an external director. If your answer is "incorrect" – please state the number of meetings in which said requirement was not met: _____.	√	
21.	In the reporting year, the audit committee held at least one meeting in the presence of the internal auditor and the external auditor, and in the absence of officers of the corporation who are not members of the committee, regarding deficiencies in the business management of the corporation.	√	
22.	At all meetings of the audit committee at which a person who is not entitled to be a member of the committee was present, this was approved by the committee chairman and/or at the request of the committee (with	√	
23.	Arrangements determined by the audit committee were in effect in the reporting year with respect to the manner of handling employee complaints pertaining to deficiencies in the conduct of the corporation's business, and to the protection to be granted to employees making such complaints.	√	
24.	The audit committee (and/or the financial statements review committee) was satisfied that the scope of the auditor's work and his fee with respect to the financial statements in the reporting year were adequate for the purpose of performing a proper audit and review.	√	

Duties of the financial statements review committee (hereinafter – FSRC) in its preliminary work prior to approval of the financial statements				
			Correct	Incorrect
25.	A.	Please indicate the period (in days) determined reasonable by the board of directors for furnishing the committee's recommendations in contemplation of the board discussion for the approval of the financial statements: 2 business days.	_____	_____
	B.	The number of days that passed in practice from the date on which the recommendations were furnished to the board until the date of the board discussion for the approval of the financial statements: Q1 (2025) statements: 1. Q2 statements: 4. Q3 statements: 5. Annual statements: 5.	_____	_____
	C.	The number of days that passed from the date on which the draft financial statements were furnished to the directors until the date of the board discussion for the approval of the financial statements: Q1 (2025) statements: 12. Q2 statements: 11. Q3 statements: 12. Annual statements: 12.	_____	_____
26.	The corporation's external auditor was present at all FSRC and board meetings in which the financial statements of the corporation referring to the periods included in the reporting year were discussed. If your answer is "incorrect" – please indicate the rate of his participation: _____.		✓	
27.	All conditions set forth below were satisfied by the FSRC throughout the entire reporting year until the annual statements were published:		_____	_____

Duties of the financial statements review committee (hereinafter – FSRC) in its preliminary work prior to approval of the financial statements				
			Correct	Incorrect
	A.	The number of its members was not less than 3 (on the date of the discussion by the FSRC and approval of the financial statements as aforesaid).	√	
	B.	All conditions set forth in Sections 115(b) and (c) of the Companies Law (with respect to the office of members of the audit committee) were satisfied.	√	
	C.	The chairman of the FSRC is an external director.	√	
	D.	All committee members are directors, and most of its members are independent directors.	√	
	E.	All of its members are able to read and understand financial statements and at least one of the independent directors has accounting and financial expertise.	√	
	F.	The FSRC members made a declaration prior to their appointment.	√	
	G.	The quorum for discussion and the adoption of resolutions by the FSRC was the majority of its members, provided that most of those present were independent directors and included at least one external director.	√	
	If your answer to one of more of the subsections of this question is "incorrect", please indicate with respect to which report (periodic/quarterly) said condition was not satisfied, and the condition that was not satisfied: _____.		_____	_____

Remuneration Committee				
			Correct	Incorrect
28.	In the reporting year the committee comprised at least three members, and the external directors constituted a majority thereof (on the date of the discussion by the committee). ☐ Irrelevant (no discussion was held).		√	
29.	The terms of office and employment of all members of the remuneration committee in the reporting year are in accordance with the Companies Regulations (Rules for Remuneration and Reimbursement of Costs to an External Director), 2000.		√	
30.	The following did not sit on the remuneration committee in the reporting year -		_____	_____
	A.	The controlling shareholder or his relative. ☐ Irrelevant (the corporation does not have a controlling shareholder).	√	
	B.	Chairman of the board of directors.	√	
	C.	A director who is employed by the corporation or by the controlling shareholder of the corporation or by a corporation controlled by him.	√	
	D.	A director who regularly renders services to the corporation or to the controlling shareholder of the corporation or to a corporation controlled by him.	√	
	E.	A director whose primary livelihood depends on the controlling shareholder. ☐ Irrelevant (the corporation does not have a controlling shareholder).	√	
31.	The controlling shareholder or his relative was not present in the reporting year at meetings of the remuneration committee, unless the committee chairman determined their presence necessary to present a certain issue.		√	

Remuneration Committee			
		Correct	Incorrect
32.	The remuneration committee and the board did not exercise their power under Sections 267A(c), 272(c)(3) and 272(C1)(1)(c) to approve a transaction or remuneration policy despite the objection of the general meeting. If your answer is “incorrect”, please indicate – The type of transaction approved as aforesaid: _____. The number of times their power was exercised in the reporting year: _____.	√	

Internal Auditor			
		Correct	Incorrect
33.	The chairman of the board or the general manager of the corporation is the organizational supervisor of the internal auditor in the corporation.	✓	
34.	The chairman of the board or the audit committee approved the work plan in the reporting year. In addition, the audit items addressed by the internal auditor in the reporting year shall be specified: In 2025 the internal auditor audited 24 items pertaining to the Group's operations, food quality and safety, worker safety, technology and cyber security, operations and manufacturing, compliance and regulation, human resources and more. The audits were performed both on geographical levels (Israel and internationally) and also on procedural levels, while focusing on the risks and challenges central to the Company. Presented below is an overview taken from the audit reports with a breakdown into the various operations: Israel Geography – Topics examined included food safety, food security and terrorism, the refrigeration chain, disposals, IT budget management, collections, transportation management, cyber and information security, embezzlement and fraud, worker safety, insurance, and hedging. Strauss Water – The areas of customer service, attendance and payroll were examined, as well as a control survey of the England activity. Strauss Coffee International – Distributor activity in Russia was examined, along with green coffee procurement and control surveys across all coffee countries.	✓	
35.	Scope of the internal auditor's employment in the corporation in the reporting year: In 2025 Strauss's internal auditor was engaged in a full-time position (100%). The total number of audit hours across the Group came to approximately 22,000 hours, including approximately 10,000 hours dedicated to the activities in Israel and the European coffee countries, and approximately 13,000 hours to the activities in Brazil.	_____	_____

Internal Auditor			
		Correct	Incorrect
	In the reporting year a discussion was held (by the audit committee or board of directors) on the internal auditor's findings.	√	
36.	The internal auditor is not an interested party in the corporation, a relative thereof, the external auditor or a party acting on his behalf, nor does he maintain a material business relationship with the corporation, its controlling shareholder, his relative or corporations under their control.	√	

Interested Party Transactions			
		Correct	Incorrect
37.	The controlling shareholder or his relative (including a company controlled by him) is neither employed by the corporation nor provides management services thereto. If your answer is "incorrect" (i.e. the controlling shareholder or his relative is employed by the corporation or provides management services thereto) the following shall be stated: - The number of relatives (including the controlling shareholder) employed by the corporation (including companies controlled by them and/or through management companies): 3 - Have the agreements for such employment and/or management services been approved by the organs specified in the law: ☒ Yes ☐ No (Kindly mark X in the appropriate box) ☐ Irrelevant (the corporation does not have a controlling shareholder) _____.		X
38.	To the best of the corporation's knowledge, the controlling shareholder has no other businesses in the corporation's field of business (in one or more fields). If your answer is "incorrect" – please indicate whether an arrangement has been defined for the demarcation of activities between the corporation and the controlling shareholder thereof: ☐ Yes ☐ No (Kindly mark X in the appropriate box) ☐ Irrelevant (the corporation does not have a controlling shareholder).	✓	

Chairman of the board of directors.
Ofra Strauss

Chairman of the audit committee
Dorit Salinger

Chairman of the financial statements examination committee:
Dalia Lev

Strauss Group Ltd.

Effectiveness of Internal Control



ANNUAL REPORTON THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE PURSUANT TO REGULATION 9B(a):

Management, under the supervision of the board of directors of Strauss Group Ltd. (the "Corporation"), is responsible for determining and maintaining proper internal control over financial reporting and disclosure within the Corporation.

For this purpose, the members of management are:

1. Shai Babad, President & Chief Executive Officer;
2. Ronen Zohar, Deputy Chief Executive Officer;
3. Tobi Fischbein, Chief Financial Officer;
4. Yael Nevo, EVP, CLO and Company Secretary;
5. Hila Mukevisius, SVP HR;
6. Raanan Kovalsky, CEO Strauss Israel
7. Linda Cohen Rofe, SVP BD and Strategy
8. Esti Carmeli, CEO Strauss Water

Internal control over financial reporting and disclosure includes controls and procedures existing within the Corporation, which were planned by or under the supervision of the CEO and the most senior financial officer, or by anyone performing such functions in practice, under the supervision of the board of directors of the Corporation, which are designed to provide a reasonable level of assurance regarding the reliability of financial reporting and preparation of the reports according to the provisions of the law, and to ensure that information which the Corporation is required to disclose in reports released thereby according to the law is gathered, processed, summarized and reported within the time frames and in the format set forth in the law.

Internal control includes, *inter alia*, controls and procedures which were planned to ensure that information which the Corporation is required to disclose as aforesaid, is gathered and transferred to the management of the Corporation, including the Chief Executive Officer and the most senior financial officer or anyone performing such functions, in order to enable decisions in reference to the disclosure requirement to be made in a timely manner.

Due to its inherent limitations, internal control over financial reporting and disclosure is not designed to provide full assurance that misrepresentation or omission of information in the reports is prevented or detected.

Management, under the supervision of the board of directors, carried out an examination and evaluation of internal control over financial reporting and disclosure in the Corporation, and the effectiveness thereof.

The evaluation of the effectiveness of internal control over financial reporting and disclosure carried out by management under the supervision of the board of directors included:

A risk assessment process based on a risk-based model related to financial reporting and disclosure for evaluating the processes, as well as determining the business units relevant to the assessment.

Based on its understanding of the reporting and disclosure risks in the corporation, Company management focused on the financial reporting items and disclosure items that may be more likely to be materially misstated, and examined the operational planning and effectiveness of the controls and procedures that provide a proper response to these risks.

Based on the model, the business processes and the existing internal controls over financial reporting and disclosure were documented.

In order to ensure that the controls defined are effective, tests were conducted for verification.

The internal control components that were assessed:

1. Entity Level Controls;
2. Controls over the process of editing and closing financial statements;
3. General controls over information systems (ITGC);
4. Controls over processes that are highly material to financial reporting and disclosure. The processes that the Company considers highly important to financial reporting and disclosure are: The sales process, with emphasis on invoicing and customer master data; the procurement process, with emphasis on payments to suppliers; and the inventory process, with emphasis on its measurement and pricing.

Based on the effectiveness assessment performed by management under the supervision of the board of directors, as detailed above, the board of directors and management of the Corporation reached the conclusion that internal control over financial reporting and disclosure in the Corporation as of December 31, 2025 is effective.

MANAGERS' DECLARATIONS:

A. Declaration by the Chief Executive Officer pursuant to Regulation 9B(d)(1):

I, Shai Babad, declare that:

(1) I have reviewed the Periodic Report of Strauss Group Ltd. (the "Corporation") for the year 2025 (the "Reports").

(2) To my knowledge, the Reports do not contain any misrepresentation of a material fact, nor omit any representation of a material fact which is required for the representations included therein, in view of the circumstances in which such representations were included, not to be misleading in reference to the period of the Reports.

(3) To my knowledge, the Financial Statements and other financial information included in the Reports adequately reflect, in all material respects, the financial condition, results of operations and cash flows of the Corporation for the dates and periods to which the Reports relate.

(4) I have disclosed to the Corporation's auditor and to the Corporation's board of directors and the audit and financial statement committees, based on my most current assessment of internal control over financial reporting and disclosure:

   a. Any and all significant flaws and material weaknesses in the determination or operation of internal control over financial reporting and disclosure which may reasonably adversely affect the Corporation's ability to gather, process, summarize or report financial information in a manner which casts doubt on the reliability of financial reporting and preparation of the Financial Statements in accordance with the provisions of the law; and -

   b. Any fraud, either material or immaterial, which involves the Chief Executive Officer or anyone reporting to him directly or which involves other employees who play a significant role in internal control over financial reporting and disclosure;

(5) I, either alone or jointly with others in the Corporation:

   a. Have determined controls and procedures, or confirmed the determination and existence of controls and procedures under my supervision, which are designed to ensure that material information in reference to the Corporation, including consolidated companies thereof as defined in the Securities Regulations (Annual Financial Statements), 2010, is presented to me by others within the Corporation and the consolidated companies, particularly during the period of preparation of the Reports; and -

   b. Have determined controls and procedures or confirmed the determination and existence of controls and procedures under my supervision, which are designed to provide reasonable assurance of the reliability of financial reporting and preparation of the Financial Statements according to the provisions of the law, including in accordance with Generally Accepted Accounting Principles.

c. Have assessed the effectiveness of internal control over financial reporting and disclosure, and have presented in this report the conclusions of the board of directors and management pertaining to the effectiveness of said internal control as of the date of the Reports.

The foregoing shall not derogate from my responsibility or from the responsibility of any other person, pursuant to applicable law.

March 24, 2026

Shai Babad, President & Chief Executive Officer

MANAGERS' DECLARATIONS:

B. Declaration by the most senior financial officer pursuant to Regulation 9B(d)(2):

I, Tobi Fischbein, declare that:

(1) I have reviewed the Financial Statements and other financial information included in the reports of Strauss Group Ltd. (the "Corporation") for year 2025 (the "Reports");

(2) To my knowledge, the Financial Statements and other financial information included in the Reports do not contain any misrepresentation of a material fact, nor omit any representation of a material fact which is required for the representations included therein, in view of the circumstances in which such representations were included, not to be misleading in reference to the period of the Reports.

(3) To my knowledge, the Financial Statements and other financial information included in the Reports adequately reflect, in all material respects, the financial condition, results of operations and cash flows of the Corporation for the dates and periods to which the Reports relate;

(4) I have disclosed to the Corporation's auditor and to the Corporation's board of directors and the audit and financial statement committees, based on my most current assessment of internal control over financial reporting and disclosure:

   a. Any and all significant flaws and material weaknesses in the determination or operation of internal control over financial reporting and disclosure insofar as it relates to the Financial Statements and other financial information included in the Reports, which may reasonably adversely affect the Corporation's ability to gather, process, summarize or report financial information in a manner which casts doubt on the reliability of financial reporting and preparation of the Financial Statements in accordance with the provisions of the law; and -

   b. Any fraud, either material or immaterial, which involves the CEO or anyone reporting to him directly or which involves other employees who play a significant role in internal control over financial reporting and disclosure;

(5) I, either alone or jointly with others in the Corporation:

   a. Have determined controls and procedures, or confirmed the determination and existence of controls and procedures under my supervision, which are designed to ensure that material information in reference to the Corporation, including consolidated companies thereof as defined in the Securities Regulations (Annual Financial Statements), 2010, insofar that it is relevant to the Financial Statements and other financial information included in the Reports, is presented to me by others within the Corporation and the consolidated companies, particularly during the period of preparation of the Reports; and -

   b. Have determined controls and procedures, or confirmed the determination and existence of controls and procedures under our supervision, which are designed to provide reasonable assurance of the reliability of financial reporting and preparation of the Financial Statements

according to the provisions of the law, including in accordance with Generally Accepted Accounting Principles;

c. Have assessed the effectiveness of internal control over financial reporting and disclosure, insofar that it refers to the Financial Statements and other financial information included in the Reports, as of the date of the Reports. My conclusions in respect of my assessment as aforesaid were presented to the board of directors and management and are incorporated in this Report.

The foregoing shall not derogate from my responsibility or from the responsibility of any other person, pursuant to applicable law.

March 24, 2026

Tobi Fischbein, Chief Financial Officer

Strauss Group Ltd.

Inclusion of the Financial Statements of an Investee Pursuant

to Regulation 23 if the Securities Regulations, 2010



Três Corações Alimentos S.A.

Consolidated financial statements

December 31, 2025

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Independent Auditor's Report

To the Directors and Shareholders of the Company
Três Corações Alimentos S.A.
Eusébio - CE

Opinion

We have audited the consolidated financial statements of Três Corações Alimentos S.A. ("Company"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Três Corações Alimentos S.A. as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements included in the Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade") that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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KPMG Auditores Independentes Ltda., a Brazilian limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fortaleza, February 27, 2026

KPMG Auditores Independentes Ltda.
CRC SP-014428/O-6 S-CE

Pedro Barroso Silva Júnior
Accountant CRC CE-021967/O-5

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Três Corações Alimentos S.A.

Consolidated Statements of Financial Position as of December 31, 2025 and 2024

(In thousand of Brazilian Reais)

Assets	Note	2025	2024
Current			
Cash and cash equivalents	6	1,934,322	1,353,341
Deposits		-	22,146
Trade receivables	7	1,492,253	989,771
Inventories	8	2,115,908	1,578,307
Recoverable taxes	9	103,720	120,102
Income tax receivable	10	41,682	24,286
Other assets	11	41,803	31,330
		5,729,688	**4,119,283**
Non-current			
Trade receivables	7	920	1,642
Judicial deposits	23	9,803	10,746
Recoverable taxes	9	229,053	174,132
Income tax receivable	10	21,516	33,017
Other assets	11	92,759	91,653
Deferred tax assets	24.c	58,063	108,790
Equity-accounted investees	13	114,259	104,215
Property, plant and equipment	14	953,331	888,797
Intangible assets and goodwill	15	449,972	462,302
Right-of-use assets	16	81,776	79,443
		2,011,452	**1,954,737**
Total assets		**7,741,140**	**6,074,020**

Liabilities and equity	Note	2025	2024
Current			
Loans and borrowings	17	1,023,315	665,462
Trade payables	18	1,939,216	1,088,345
Lease liabilities	16	41,812	43,878
Income tax payables		8,053	105
Employees and other payroll related liabilities	19	137,765	92,589
Proposed dividends	25.b	-	69,095
Payable taxes	21	64,189	82,312
Other liabilities	22	37,669	72,224
		3,252,019	**2,114,010**
Non-current			
Loans and borrowings	17	1,292,947	1,704,624
Lease liabilities	16	46,917	52,960
Other liabilities	22	24,123	27,466
Provision for legal proceedings	23	76,574	73,968
Proposed dividends	25.b	604,164	-
Interest on equity payable	20	128,575	33,855
		2,173,300	**1,892,873**
Equity			
Share capital	25.a	1,165,400	276,464
Reserves	25.c	1,030,336	609,813
Retained earnings	25.d	120,085	1,180,860
Total Equity		**2,315,821**	**2,067,137**
Total liabilities and equity		**7,741,140**	**6,074,020**

The accompanying notes are an integral part of these consolidated financial statements.

	Note	2025	2024
Revenue	26	14,098,921	9,701,415
Cost of sales	27	(11,069,584)	(7,758,457)
Gross profit		**3,029,337**	**1,942,958**
Selling and marketing expenses	28	(1,529,087)	(1,336,854)
General and administrative expenses	29	(260,632)	(246,359)
Allowance for expected credit losses	7	(7,020)	(3,318)
Share of profit of equity-accounted investees, net of tax	13	22,524	28,983
Operating profit before other income (expenses)		**1,255,122**	**385,410**
Other income (expenses), net	30	990	(30,618)
Operating profit		**1,256,112**	**354,792**
Financial costs		(317,334)	(207,584)
Financial income		94,099	60,409
Net finance costs	31	**(223,235)**	**(147,175)**
Profit before tax		**1,032,877**	**207,617**
Income tax	24.a	(154,066)	34,499
Profit for the year		**878,811**	**242,116**
Profit attributable to:			
Owners of the Company		878,811	242,221
Non-controlling interests		-	(105)
Total profit for the year		**878,811**	**242,116**

The accompanying notes are an integral part of these consolidated financial statements.

	Note	2025	2024
Profit for the year		878,811	242,116
Items that are or may be reclassified subsequently to profit or loss			
Foreign operations - foreign currency translation differences	25.c	9,075	(43,284)
Comprehensive income for the year		**887,886**	**198,832**
Comprehensive income attributable to:			
Owners of the Company		887,886	198,937
Non-controlling interests		-	(105)
Total comprehensive income for the year		**887,886**	**198,832**

The accompanying notes are an integral part of these consolidated financial statements.

	Note	Reserves								
		Share capital	Legal reserve	Tax incentives	Translation reserve	Retained earnings	Accumulated profit	Total	Non- controlling interests	Total Equity
Balance as of January 1, 2024		**276,464**	**55,293**	**794,214**	**(195,776)**	**936,730**	**-**	**1,866,925**	**151**	**1,867,076**
Profit for the period		-	-	-	-	-	242,221	242,221	(105)	242,116
Other comprehensive loss:										
Foreign currency translation differences	25.c	-	-	-	(43,284)	-	-	(43,284)	-	(43,284)
Total other comprehensive gain (loss):		-	-	-	(43,284)	-	242,221	198,937	(105)	198,832
Internal equity changes										
Acquisitions of non-controlling interests		-	-	-	-	-	-	-	(46)	(46)
Reserve reclassification		-	-	(634)	-	634	-	-	-	-
Change in interest in equity-accounted investees	13	-	-	-	-	1,275	-	1,275	-	1,275
Profit destination										
Dividends proposed	25.b	-	-	-	-	-	-	-	-	-
Reserve for profit to be distributed	25.c	-	-	-	-	242,221	(242,221)	-	-	-
		-	-	(634)	-	244,130	(242,221)	1,275	(46)	1,229
Balance as of December 31, 2024		**276,464**	**55,293**	**793,580**	**(239,060)**	**1,180,860**	**-**	**2,067,137**	**-**	**2,067,137**
Profit for the period		-	-	-	-	-	878,811	878,811	-	878,811
Other comprehensive income:										
Foreign currency translation differences	25.c	-	-	-	9,075	-	-	9,075	-	9,075
Total other comprehensive gain (loss):		-	-	-	9,075	-	878,811	887,886	-	887,886
Internal equity changes										
Increase of share capital	25a	888,936	-	(88,936)	-	(800,000)	-	-	-	-
State VAT and Federal tax incentives	25c	-	-	455,630	-	(455,630)	-	-	-	-
Change in interest in equity-accounted investees	13	-	-	-	-	(12,435)	-	(12,435)	-	(12,435)
Legal reserve	25c	-	44,754	-	-	-	(44,754)	-	-	-
Profit destination										
Interest on equity credited	20	-	-	-	-	-	(102,400)	(102,400)	-	(102,400)
Dividends proposed	25.b	-	-	-	-	-	(524,367)	(524,367)	-	(524,367)
Reserve for profit to be distributed	25.c	-	-	-	-	207,290	(207,290)	-	-	-
		888,936	44,754	366,694	-	(1,060,775)	(878,811)	(639,202)	-	(639,202)
Balance as of December 31, 2025		**1,165,400**	**100,047**	**1,160,274**	**(229,985)**	**120,085**	**-**	**2,315,821**	**-**	**2,315,821**

The accompanying notes are an integral part of these consolidated financial statements.

Cash flows from operating activities	Note	2025	2024
Profit for the year		878,811	242,116
Adjustments for:			
Depreciation and amortization		146,258	135,153
Termination of lease contracts		(2,382)	(1,191)
Provision for legal proceedings		2,606	2,594
Allowance for expected credit losses	7b	7,020	3,318
Other income, net	30	(990)	30,618
Share of profit of equity-accounted investees, net of tax	13	(22,524)	(28,983)
Net financial costs		223,235	147,175
Income tax expense	24	154,066	(34,499)
Change in:			
Trade receivables		(521,518)	(256,922)
Inventories		(551,754)	(363,759)
Recoverable and payable taxes, net		(64,915)	602
Judicial deposits		943	(1,486)
Trade payables		850,842	131,779
Employees and other payroll related liabilities		45,176	3,619
Other current and non-current assets and liabilities		(51,863)	(12,178)
Change in operating activities		**1,093,011**	**(2,044)**
Interest paid		(312,746)	(145,224)
Interest received		98,181	51,533
Income tax paid		(87,325)	(1,902)
Net cash flows provided by (used in) operating activities		**791,121**	**(97,637)**
Cash flows from investing activities			
Change in deposits		21,303	(8,678)
Proceeds from sales of property, plant and equipment		14,071	12,480
Acquisition of property, plant and equipment	14.b	(144,218)	(203,788)
Investments in intangible assets		(12,306)	(17,711)
Dividend received	13	15	31,605
Net cash flows (used in) investing activities		**(121,135)**	**(186,092)**
Cash flows from financing activities			
Proceeds from loans	17.d	518,591	2,212,580
Repayment of loans	17.d	(569,630)	(1,341,957)
Payment of lease liabilities	17.d	(37,966)	(35,444)
Dividend paid	17.d	-	(69,095)
Net cash flows provided by (used in) financing activities		**(89,005)**	**766,084**
Net increase in cash and cash equivalents		**580,981**	**482,355**
Net increase in cash and cash equivalents			
Cash and cash equivalents as at beginning of period		1,353,341	870,986
Cash and cash equivalents as at end of period		1,934,322	1,353,341
		580,981	**482,355**

The accompanying notes are an integral part of these consolidated financial statements.

1 General information

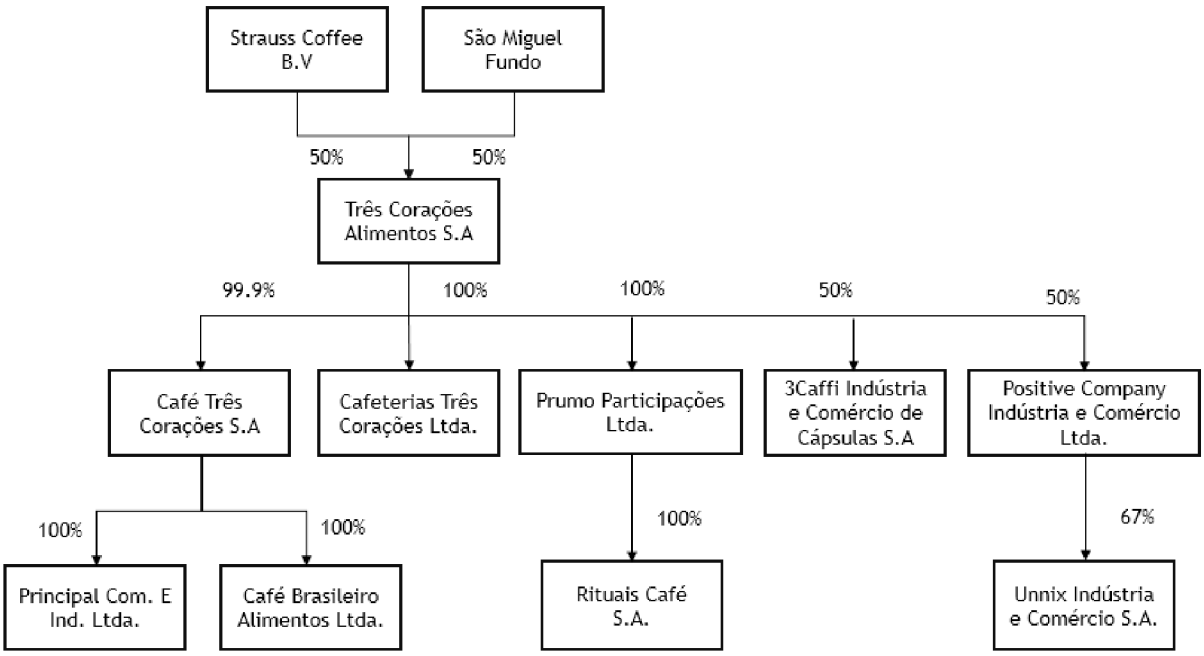
Três Corações Alimentos S.A. (the "Company") together with its subsidiaries (the "Group") are an industrial and commercial Group, which operates in Brazil, in producing and selling branded coffee products, machines, powdered juices, chocolate drinks, cornmeal products, green coffee exports, lending Away-From-Home machines, operation of coffee shops, roasting and selling specialty coffees in e-commerce and to third party businesses and investing in other companies. The Group also operates through joint-venture (JV) in the sales of multi-beverage single portion capsules, plant-based beverages, especially nuts milk and isotonic ones, cashew butter, snacks and flour products.

The Company is located at Rua Santa Clara, 100, Parque Santa Clara, Eusébio, Ceará, Brazil. The Company controls the entities Cafeterias Três Corações Ltda., Prumo Participações Ltda. (which controls Rituais Café S.A). and Café Três Corações S.A. (which controls Principal Comércio e Indústria Ltda and Café Brasileiro Alimentos Ltda.). The Company also participates in JV agreements, sharing the control with third parties of the companies 3Caffi Indústria e Comércio de Cápsulas S.A. ("3Caffi") and Positive Company Indústria e Comércio Ltda ("Positive Company"), Positive Company controls Unnix Indústria e Comércio S.A ("Zaya").

The Group is currently the largest group in roasted and ground coffee business in Brazil according to Nielsen Flash Report, and owns with JVs coffee and other food brands: Santa Clara, Kimimo, Três Corações, Pimpinela, Principal, Fino Grão, Café Doutor, Café Opção, Café Divinópolis, Café Geronymo, Estrada Real, Café Letícia, Itamaraty, Londrina, Café do Cuca, Ouribom, Bangu, Fort, Chocolatto, Claralate, Dona Clara, Claramil, Frisco, Tornado, Iguaçu, Cruzeiro, Amigo, Cirol, Cirol Real, Realmil, Toko, Apollo, Astoria, Manaus, Tapajós, Betânia, Tribo do Café, Bar Barista, Rituais, Café Brasileiro, Café 3 Fazendas, Café Bandeira, Café Premiado, .br, .br Gold, Coolate, TRES, A Tal da Castanha, Plant Power, Possible, Zaya and Zaytas.

The Group's industrial facilities are located in the states of Ceará, Rio Grande do Norte, Minas Gerais, Rio de Janeiro, Amazonas, São Paulo and Mato Grosso; distribution centers in almost all states of Brazil; green coffee processing plants in the state of Minas Gerais; and coffee shops in the cities of Fortaleza, Natal and Curitiba. Part of the facilities used by the Group is leased from one of its related parties, Três Corações Imóveis Armazéns Gerais e Serviços Ltda., which is not consolidated in these financial statements, since it is not part of the Group structure presented below, it is owned by São Miguel Holding e Investimentos S.A. (50%) and Strauss Coffee B.V. (50%).

As of December 31, 2025 and 2024, the Group had the following structure:



2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

These consolidated financial statements were approved by board of directors for issuance on February 27, 2026.

Details of the Group's accounting policies, including changes thereto, are included in Notes 3 and Note 4.

(b) Basis of measurement

These consolidated financial statements have been prepared based on the historical cost, except where stated otherwise. For further information regarding the measurement of these assets and liabilities see Note 4.

(c) Functional and presentation currency

The Group's consolidated financial statements are presented in Brazilian Real (R$).

For each entity, the Group determines the functional currency and items included in the financial statements are measured using that functional currency. All Group entities have the same functional currency, except for the export business of green coffee, for which the functional currency is the United States Dollar (Note 25.c).

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(d) Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgments

Information about judgments made in applying accounting policies that have significant effects on the amounts recognized in the financial statements is included in the following notes:

Note 4(a) – Consolidation: whether the Group has significant influence and control over an investee;

Note 13 – Equity-accounted investees: whether the Group has significant influence and control over an investee or joint ventures; and

Note 16 - Lease term: whether the Group is reasonably certain to exercise extension options.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties as of the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 7 - Measurement of ECL (Expected Credit Loss) allowance for trade receivables: key assumptions in determining the weighted-average loss rate;

Note 14 - Useful life of property, plant and equipment items;

Note 15 - Impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;

Note 23 - Recognition and measurement of provisions for legal proceedings: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 24 (c) - Recognition of deferred tax assets: availability of future taxable profits against which tax loss carryforwards can be used and uncertain tax treatments;

Note 24 (d) – Uncertainty over income tax treatment; and

Note 32 - Financial instrument fair value measurements.

(i) Fair value measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

When necessary, management reviews significant unobservable inputs and valuation

adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of the Standards, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as much as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices in an active market for identical assets and liabilities;

Level 2: inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). As of December 31, 2025 and 2024, the Group had no assets or liabilities classified at Level 3.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in determining fair values is disclosed in the Note 32: Financial instruments – Fair values and risk management.

3 Changes in significant accounting policies

The Group did not have any changes to its accounting policies from those applied in the consolidated financial statements as at and for the year ended December 31, 2024. New standards not yet effective are described in Note 5.

4 Material accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if otherwise mentioned.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Non-controlling interests (NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Interests in equity-accounted investees

The Group's interests in equity-accounted investees include interests in the joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity- accounted investees, until the date on which joint control ceases.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group companies at the exchange rate at the date of the transactions.

Exchange rate differences arising upon the settlement of monetary items or upon reporting monetary items at exchange rates different from that by which they were initially recorded during the period, or reported in previous financial statements, are charged to financing income (cost).

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities derived from foreign operations are translated to Brazilian real using the exchange rates at the reporting date. Income and expenses of foreign operations are translated to Brazilian reais using the exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity.

When a foreign operation is disposed of, so that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes only part of its investment in an associate or joint venture that includes a foreign operation, while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to statement of income.

(c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Recognition and Initial measurement
Financial assets are classified, at initial recognition, as amortized cost or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, and which are initially measured at the transaction price, the Group initially measures a financial asset at its fair value, plus, in the case of a financial asset not at fair value through profit or loss, at transaction costs.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortized cost;
- Financial assets at fair value through the profit or loss.

Financial assets at amortized cost
The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to collect contractual cash

flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding amount.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents (except for Deposits in banks), trade receivables with third parties, trade receivables with related parties, loans to related parties and others.

Financial assets at fair value through the profit or loss
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

The Group's financial assets at fair value through the statement of income include Deposits in banks, Deposits and Derivatives.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, when applicable, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(i) Financial liabilities

Classification, initial recognition and subsequent measurement

Financial liabilities are classified as measured at amortized cost or FVTPL, as appropriate.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

The Group's financial liabilities include trade payables, loans and borrowing, payables for acquisition, lease liabilities and others, all at amortized cost.

Derecognition
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(ii) Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting
The Group routinely uses derivative financial instruments in order to hedge against risks relating to prices of commodities and against foreign currency risks, arising from its operating, financing and investing activities. The derivative financial instruments are comprised mainly of forward transactions and when applicable, options on currencies and of forward transactions and options on commodities.

The Group designates certain derivatives as hedging instruments. Most of the currency hedge operations is currently related to importation of multi-beverage single portion machines.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and of the hedging instrument are expected to offset each other.

Fair value hedges
A hedge of the foreign currency risk of a firm commitment is accounted as a fair value hedge.

When a hedged item in a fair value hedge is a firm commitment to acquire an asset or assume a liability, the initial carrying amount of the asset or the liability that results from the entity

meeting the firm commitment is adjusted to include the cumulative change in the fair value of the hedged item that was recognized in the statement of financial position.
When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability, with a corresponding gain or loss recognized in profit or loss.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

(d) Inventories

Inventories are measured at the lower of the weighted average cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to finish the sale.

The cost of finished goods and work in progress comprises raw materials, direct labor, other direct cost and related production overheads (based on normal operating capacity). Inventory includes certain spare parts and maintenance equipment, which will be used in up to one year.

Provision for slow-moving or obsolete inventory is recorded when deemed necessary by management.

(e) Property, plant and equipment (PPE)

Recognition and measurement
Property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation (see below) and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Gains and losses on disposal of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of the asset and are recognized net of each other within “other income” or “other expenses”, if relevant, in statement of income.

Subsequent expenditures
Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Leasehold improvements
The construction costs on leased property, which will be transferred to the lessor’s ownership at the end of the rental period, are amortized over the expected rental period on a straight-line basis.

Depreciation
Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in statement of income. Land is not depreciated.

The annual average rates for the principal depreciation groups, for current and comparative period, are as follows:

	2025	2024
Buildings	2.92	3.20
Machinery and equipment	6.72	6.25
Vehicles - Airplane	5.00	5.00
Vehicles - Others	10.30	10.33
Furniture and other equipment	12.06	12.11
Leasehold improvements	2.23	2.37

Depreciation methods, useful lives and residual values are reassessed on every reporting date and the rates used for tax purposes may differ from the above rates.

(f) Intangible assets and goodwill

Goodwill
Goodwill arises on the acquisition of subsidiaries and is presented as part of intangible assets. In subsequent periods, goodwill is measured at cost, less accumulated impairment losses.

Other intangible assets
The intangible assets include brands, trademarks, software, distribution networks, client portfolio, license agreements, and non-competition agreements, that were acquired as part of business combination.

Subsequent expenditure
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditures on internally generated intangibles, are recognized in profit or loss as incurred.

Amortization
Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss. Goodwill and some brands are not amortized. For tax purposes, Goodwill may be amortized, according to Brazilian tax legislation.

The annual average rate for the principal amortization groups, for current and comparative period are as follows (2025 and 2024):

	2025	2024
Computer software	10.12	10.41
Brands and trademarks	14.36	14.36
List of customers (presented as “others” in Note 15)	9.17	9.93
Other	20.00	20.00

In case of changes in the useful lives as a result of its reassessment, the new useful life is applied prospectively.

(g) Impairment

(i) Non-financial assets

Timing of impairment testing
The carrying amounts of the Group's non-financial assets (other than inventories and deferred tax assets - see Notes 4.d and 4.k, respectively) are examined on each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For assets, including intangible assets, that have indefinite useful lives, the Group estimates the recoverable amounts at least once a year. An impairment loss is recognized if the carrying amount of an asset or of its cash-generating unit exceeds its recoverable amount.

For the purposes of impairment testing, the goodwill acquired in a business combination is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in the statement of income in accordance with the nature of the item that has been impaired. Impairment losses recognized in respect of cash-generating units (CGU) are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. Goodwill impairment losses are classified as other expenses in the statement of income.

Calculation of the recoverable amount
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its net selling price (fair value less costs to sell). In assessing value in use, the estimated future cash flows are discounted to their present values using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversal of impairment
Impairment losses recognized in previous periods are reexamined every reporting period in order to determine whether there are any indications that the losses have decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, but only if the carrying amount after the reversal of the impairment loss does not exceed the carrying amount net of depreciation or amortization, that would have been determined if no impairment loss had been recognized. Reversals of impairment losses are included in the statement of income. Impairment losses in respect of goodwill are not reversed.

(ii) Non-derivative financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for financial assets measured at amortized cost. ECL is the probable weighted estimate of credit losses. The Group measures loss allowances for trade receivables at an amount equal to the expected credit losses that result from all possible default events over the expected life of a financial instrument (lifetime ECLs).

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The measurement is primarily driven by an internal rating analysis, where loss rates are assigned to each risk profile customer based on historical default experience. These rates are further adjusted for forward-looking information and macroeconomic factors specific to the debtor's segment and the current economic environment.

The Group expects no significant recovery from the amounts written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures and with the tax legal requirements for recovery of amounts due.

(h) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. The Group normally considers the present value of the liability to be equivalent to the future value, as the differences are not material.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, disclosure is provided of a contingent liability, except when the possibility of the outflow of economic benefits is considered remote.

(i) Government grants

Government grants are recorded in statement of income when there is reasonable assurance that the grant will be received or compensated and the conditions established for the grant will be achieved by the Group.

The types of government grants received by the Group and their respective tax treatment are described in Note 25c.

(j) Revenue

Revenue is recognized when the control of the goods is transferred to the customer, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

The Group considers whether there are other provisions in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer and presented in Revenue.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer.

Some contracts for the sale of goods provide customers with a right of discounts and volume rebates. The rights of discounts and volume rebates give rise to variable consideration. The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer, presented in Revenue.

Warranty obligations
The Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law (Note 22). These assurance-type warranties are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(k) Income tax expenses

Income tax expenses comprise current and deferred tax. Income tax expenses are recognized in the statement of income, unless they relate to a transaction or event recognized directly in equity.

The Group has determined that interest and penalties related to income tax, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37- *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax
Current tax (in Brazil: "IRPJ" and "CSLL") comprises the expected tax payable or receivable on the taxable income or loss for the year and, when applicable, any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date, considering also the effect of government grants as described in notes 24.b and 25.c.

Current tax assets and liabilities are offset only if certain criteria are met.

The Group has implemented the Pillar Two model rules (Global Anti-Base Erosion - GloBE) as of January 1, 2025. These rules introduce a global minimum effective tax rate of 15% for large multinational companies.

Deferred tax
Deferred taxes are recognized in relation to temporary differences between accounting balances of assets and liabilities and the corresponding balance amounts used for tax purposes. Deferred income tax is not recognized for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for tax loss carryforwards, tax credits and deductible temporary differences to the extent that it is probable that taxable income will be generated in the future. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and is subject, as always, to uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, and less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets in annual average rates, as follows (2025 and 2024):

	2025	2024
Buildings	17.73	13.29
Machinery and equipment	23.24	29.41
Vehicles	42.92	44.25

The right-of-use assets are also subject to impairment test in case of any trigger identified.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate since the implicit interest rate is not readily available.

The Group determines its incremental borrowing rate by obtaining interest rates from external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets
The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5 Accounting standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

(a) IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies to annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements:

• Entities are required to classify all income and expenses into five categories in the statement of income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined subtotal of operating profit. Entities' net profit will not change.
• Management-defined performance measures (MPMs) are disclosed in a single note to the financial statements.
• Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the subtotal of operating profit as the starting point for the statement of cash flows when presenting operating cash flows using the indirect method.

The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's income statement, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements, including items currently labelled as 'other'.

(b) Other accounting standards

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

• Classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7).

6 Cash and cash equivalents

	2025	2024
Bank	78,070	119,321
Cash	78	83
Short term deposits (a)	1,856,174	1,233,937
	1,934,322	1,353,341

(a) Refers to short-term deposits, with high liquidity, classified as financial assets at fair value through profit and loss, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These deposits refer substantially to Bank Deposit Certificate - "CDB", with interest calculated over resources kept in bank account for short periods, normally up to 30 days, with average interest of 101.48% of the Brazilian Interbank Deposit rate - CDI (in 2024, 100.65% of CDI).

7 Trade receivables

	2025	2024
Third parties - Domestic	1,602,799	1,034,000
Foreign customers	13,240	24,872
Related parties (Note 12)	44,790	23,328
	1,660,829	1,082,200
Less:		
Provision for discounts (a)	(149,812)	(69,801)
Subtotal	1,511,017	1,012,399
Allowance for expected credit losses (b)	(17,844)	(20,986)
	1,493,173	991,413
Current assets	1,492,253	989,771
Non-current assets	920	1,642

(a) Refers to discounts calculated based on volume rebates or other conditions agreed with customers.

(b) Provision calculated based on an assessment of the risk per customer cluster, as detailed in Note 32.b. Please, see below the aging list.

Days	2025	2024
Not past due	1,482,314	929,188
Past due 1 to 30 days	3,744	58,374
Past due 31 to 90 days	1,346	-
Past due 91 to 120 days	159	-
More than 120 days	23,454	24,837
Subtotal	1,511,017	1,012,399
Allowance for expected credit losses	(17,844)	(20,986)
	1,493,173	991,413

The movement in the allowance for expected credit losses of trade receivables during the year was:

	2025	2024
Balance at January 1	(20,986)	(23,076)
Allowance for expected credit losses	(7,020)	(3,318)
Write-offs	10,162	5,408
Balance at December 31	(17,844)	(20,986)

Management assesses its credit risk exposure as low, once the trade receivables are not concentrated, and there is a low level of concentration with the biggest customers. The largest customer represents 6.36% of 2025 revenue (6.74% in 2024). Further information about the credit risk exposures is disclosed in Note 32.b.

8 Inventories

	2025	2024
Finished goods including green coffee	1,362,935	868,071
Work in progress	35,134	66,315
Raw material	537,427	433,942
Packaging and other materials	143,671	129,558
Imports in progress	21,632	62,513
Advances to suppliers	15,109	17,908
	2,115,908	1,578,307

Inventory balances are presented at net of realizable value and provision for obsolescence. In 2025 the write-down of inventory to net realizable value amounted to R$ 18,189 (2024: R$ 20,698), recorded in the statements of income, as cost of sales. Inventory includes spare parts and maintenance equipment which will be used up within one year.

The increase of inventories, in general, is related to the increase of the coffee price in the market.

9 Recoverable taxes

	2025	2024
State VAT - ICMS (a)	145,074	96,274
Federal VAT - PIS and COFINS (b)	150,551	176,570
Other (c)	37,148	21,390
	332,773	294,234
Current assets	103,720	120,102
Non-current assets	229,053	174,132

(a) State VAT - ICMS (Imposto sobre Circulação de Mercadorias e Prestação de Serviços)
State VAT recoverable is mainly due to credits for purchases of inputs and raw materials and operations where advanced VAT was paid at the moment of the out-of-state goods entering the respective state. However, for those cases where the presumed operation has not taken place due to goods subsequent movement to another state, the Company is entitled to a reimbursement of the VAT paid in advance to the state government (mainly Minas Gerais and São Paulo).

Part of state VAT credits was recorded in non-current assets, since management understands that it will not be available for use in less than a year because the authorities usually take a long time to process these credits. As of December 31, 2025, the state VAT non-current balances were R$ 114,780 (R$ 57,634 as of December 31, 2024).

(b) Federal VAT - PIS (Programa de Integração Social) and COFINS (Contribuição para o Financiamento da Seguridade Social)
Federal VAT recoverable amounts are due to credits on purchases of packaging materials and freight services linked to local market sales with zero tax rate, as well as presumed credit on green coffee export revenue.

Part of the total amount is related to non-inclusion of State VAT (ICMS) in the basis of calculation of federal VAT (PIS and COFINS. As of December 31, 2025 the amount was R$ 111,009 (R$ 118,743 as of December 31, 2024).

(c) Other
Taxes recoverable mainly consist of credits from goods in transit and IPI (Federal Excise Tax) tax refund requests.

Brazilian Tax Reform

The Consumption Tax Reform in Brazil was established by Constitutional Amendment No. 132, enacted in December 2023, and introduced a new model based on a dual VAT. This system is composed of the Contribution on Goods and Services (*Contribuição sobre Bens e Serviços* - CBS), under federal jurisdiction, which will replace PIS and COFINS, and the Tax on Goods and Services (*Imposto sobre Bens e Serviços* - IBS), shared between States, the Federal District, and Municipalities, replacing ICMS and ISS. A Selective Tax (*Imposto Seletivo* - IS), also under federal jurisdiction, was also created, levied on goods and services considered harmful to health or the environment. The implementation will occur gradually, between 2026 and 2032, with coexistence between the current and new models. The elimination of PIS and COFINS is scheduled for 2027, and the transition of ICMS and ISS to IBS will begin in 2029.

At the sub-constitutional level, Complementary Law No. 214/2025 partially regulated the Reform, establishing the new taxes and providing for the creation of the IBS Management Committee, later detailed by Complementary Law No. 227/2026. The Reform demands significant adjustments in tax and operational processes, requiring investments in systems, controls, and integration between areas. In this context, the Company has been conducting a structured project to assess the impacts of the new model, having prepared throughout 2025 for the so-called "test" year, with systemic adjustments and symbolic application of rates, without

financial effects. Considering the current stage of regulation and the legal timeline, Management assesses that there are no impacts to be recognized in the financial statements for the years ended December 31, 2025, while the expected financial effects from 2027 onwards remain under analysis.

10 Income tax receivable

	2025	2024
Current assets	41,682	24,286
Non-current assets	21,516	33,017
Income tax receivable	63,198	57,303

11 Other current and non-current assets

	2025	2024
Advances to suppliers	4,714	4,051
Advances to employees	7,730	6,141
Prepaid expenses (a)	45,886	41,896
Special bank deposit for reinvestment	5,434	8,283
Indemnification assets (b)	46,702	46,702
Others	24,096	15,910
	134,562	122,983
Current assets	41,803	31,330
Non-current assets	92,759	91,653

(a) Prepaid expenses are mainly represented by advance payments for marketing campaigns, software maintenance and exclusive marketing contracts.

(b) Indemnification assets recognized as a result of the obligation of former owners of Café Brasileiro to reimburse any contingent amounts that may materialize unfavorably after the business combination.

12 Related parties

Related parties of the Group include: the parent entities (each holding a 50% interest); related parties of those parent entities; entities in which either the Group or its parent entities have an equity interest; and the Group's and its parent entities' Board members, senior management and their close family members.

The prices and credit terms in respect of transactions with related parties are determined according to customary commercial terms. Regarding the transactions with 3Caffi the terms are determined according to master supply agreement and for Positive Company according to the products purchase and sale contract.

Current assets	2025	2024
Trade receivables (Note 7)		
3Caffi Indústria e Comércio de Cápsulas S.A.	44,691	18,377
Positive Company Indústria e Comércio Ltda.	94	4,949
Unnix Indústria e Comércio S.A	5	-
Fazenda Sequoia Minas Ltda.	-	2
	44,790	23,328
Advances to suppliers - Inventories		
Positive Company Indústria e Comércio Ltda.	11,854	-
	11,854	-
Dividends - Other current assets		
Positive Company Indústria e Comércio Ltda.	30	-
	30	-
Price adjustment provision - products purchase and sale contract		
Positive Company Indústria e Comércio Ltda.	8,131	-
	8,131	-
Current liabilities		
Trade payables (Note 18)		
3Caffi Indústria e Comércio de Cápsulas S.A.	44,702	18,502
Três Corações Imóveis Arm. Gerais e Serv. Ltda.	3,934	3,580
Unnix Indústria e Comércio S.A	446	-
Fazenda Sequoia Minas Ltda.	202	-
	49,284	22,082
Proposed dividends (Note 25.b)		
Strauss Coffee B.V	262,183	-
São Miguel Fundo de Investimento em Participações	341,981	69,095
	604,164	69,095
Interest on equity payable (Note 17.d)		
Strauss Coffee B.V. (net of tax withheld)	59,075	15,555
São Miguel Fundo de Participações	69,500	18,300
	128,575	33,855
	782,023	125,032

Statement of income	2025	2024
Revenue		
3Caffi Indústria e Comércio de Cápsulas S.A.	159,849	92,597
Positive Company Indústria e Comércio Ltda.	419	466
Unnix Indústria e Comércio S.A	33	-
Fazenda Sequoia Minas Ltda.	-	2
	160,301	93,065
Cost of sales		
3Caffi Indústria e Comércio de Cápsulas S.A.	379,544	246,658
Positive Company Indústria e Comércio Ltda.	147,287	140,313
Unnix Indústria e Comércio S.A	6,924	-
Fazenda Sequoia Minas Ltda.	19,795	1,369
	553,550	388,340
Sales and general and administrative expenses		
Três Corações Imóveis Arm. Gerais e Serv. Ltda.	14,731	13,788
	14,731	13,788

Trade receivables, trade payables, cost of sales and revenue balances with related parties are

due to operations of purchase and sale of goods and services. Part of the facilities used by the Group is leased from Três Corações Imóveis Armazéns Gerais e Serviços Ltda.

Key management personnel transactions
Key management personnel of the Company and its subsidiaries are the members of the Board of Directors and members of the Statutory Board. Total management compensation expenses were R$ 6,748as of December 31, 2025 (R$ 6,762 on December 31, 2024), including salary, bonuses, short-term benefits, and profit sharing.

13 Equity-accounted investees

	2025	2024
Interest in joint ventures		
3Caffi Indústria e Comércio de Cápsulas Ltda. (a)	69,485	46,722
Positive Company Indústria e Comércio Ltda. (b)	13,631	26,350
Positive Company Indústria e Comércio Ltda. - Goodwill	31,143	31,143
	114,259	104,215

(a) 3Caffi Indústria e Comércio de Cápsulas S.A. ("3Caffi") is a non-listed equity-accounted company based in Montes Claros-MG held jointly by the Group and the Italian Caffitaly System S.p.A., which share the Company control in the joint-venture, with 50% share participation each. Most of the Group's capsule production is concentrated in 3Caffi.

(b) Positive Company Indústria e Comércio Ltda. ("Positive Company"), is a non-listed company based in Fortaleza-CE, with manufacturing unit in Espírito Santo, that operates in industrialization and sales of plant-based beverages, especially nuts milk and isotonic ones and cashew butter. According to the agreement, the Company has 50% of voting rights.

Below is the movement of the year:

	2025	2024
Balances as of December 31, 2024	104,215	105,562
Group's share of results from equity-accounted investees	22,524	28,983
Dividends received	(15)	(31,605)
Dividends proposed	(30)	-
Change in relative participation in investments - Positive Company	(12,435)	1,275
Balances as of December 31, 2025	114,259	104,215

The following table summarizes the financial information of the joint ventures as included in their own financial statements, including fair value adjustments at acquisition. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in the joint ventures.

	3Caffi		Positive	
	2025	2024	2025	2024
Assets				
Current	171,097	111,754	50,370	53,115
Non-current	147,250	122,576	30,850	36,464
	318,347	234,330	81,220	89,579
Liabilities				
Current	104,078	51,455	52,896	36,310
Non-current	75,299	89,431	1,062	569
Equity	138,970	93,444	27,262	52,700
	318,347	234,330	81,220	89,579
Statement of income				
Revenue	382,186	245,107	162,899	142,051
(-) Cost of sales	(321,530)	(202,317)	(120,421)	(81,792)
(=) Gross profit	60,656	42,790	42,478	60,259
Other expenses, net	(4,284)	(3,010)	(45,599)	(28,210)
(=) Profit (loss) before income tax	56,372	39,780	(3,121)	32,049
(-) Income tax (expenses)	(10,845)	(6,941)	2,641	(6,921)
(=) Profit (loss) for the year	45,527	32,839	(480)	25,128

The Company granted endorsements as cash in favor of the joint ventures, with balances on December 31, 2025 and 2024 listed below:

	Legal entity endorsement	
	2025	2024
3Caffi	84,224	73,068
Positive	2,232	-
	86,456	73,068

14 Property, plant and equipment

(a) Property, plant and equipment movements

	Land and Buildings	Machinery and Equipment	Vehicles	Furniture and other equipment	Leasehold improvements	Total
Cost						
Balances as of January 1, 2024	114,419	508,810	144,248	343,218	156,020	1,266,715
Additions	13,822	94,625	56,125	60,018	8,448	233,038
Disposals	(405)	(1,910)	(15,671)	(2,866)	(45)	(20,897)
Transfer between classes of assets (a)	88	414	21	511	115	1,149
Effect of changes in exchange rates	(4,365)	(4,587)	17	116	(1,083)	(9,902)
Balances as of December 31, 2024	123,559	597,352	184,740	400,997	163,455	1,470,103
Additions	8,010	99,170	6,100	37,673	8,150	159,103
Disposals	-	(1,796)	(11,965)	(8,811)	(80)	(22,652)
Impairment of Prumo (b)	(4)	(541)	-	(646)	(2,274)	(3,465)
Transfer between classes of assets (a)	-	135	-	104	-	239
Effect of changes in exchange rates	2,669	(1,099)	(10)	667	(2,477)	(250)
Balances as of December 31, 2025	134,234	693,221	178,865	429,984	166,774	1,603,078

Accumulated depreciation						
Balances as of January 1, 2024	(21,609)	(225,703)	(75,306)	(168,012)	(28,080)	(518,710)
Additions	(3,103)	(24,086)	(7,503)	(39,358)	(4,834)	(78,884)
Disposals	14	1,182	13,039	1,561	-	15,796
Transfer between classes of assets (a)	(35)	(160)	-	(179)	(319)	(693)
Effect of changes in exchange rates	1,931	(572)	(13)	(38)	(123)	1,185
Balances as of December 31, 2024	(22,802)	(249,339)	(69,783)	(206,026)	(33,356)	(581,306)
Additions	(3,388)	(26,142)	(9,147)	(42,914)	(4,517)	(86,108)
Disposals	-	873	9,577	6,147	-	16,597
Impairment of Prumo (b)	2	337	-	401	506	1,246
Transfer between classes of assets (a)	-	(128)	-	128	-	-
Effect of changes in exchange rates	(1,313)	716	7	147	267	(176)
Balances as of December 31, 2025	(27,501)	(273,683)	(69,346)	(242,117)	(37,100)	(649,747)
Balance net as of						
December 31, 2024	100,757	348,013	114,957	194,971	130,099	888,797
December 31, 2025	106,733	419,538	109,519	187,867	129,674	953,331

(a) In the year ended December 31, 2025, the amount of R$ 239 (R$ 456 as of December 31, 2024), regarding coffee machines lent to customers, was transferred from inventories to property, plant and equipment.

(b) In 2025, the Group recognized impairment loss of Rituais (Prumo investee) property, plant and equipment in the amount of R$ 2,219, since there are no longer expectations of future cash flows in its operation, Note 15b.

(b) Reconciliation between property, plant and equipment movement and cash flows from investing activities

	2025	2024
PPE additions	(159,103)	(233,038)
(-) Loans for acquisition of machines and vehicles - Additions (Note 17d)	20,993	42,179
(+) Loans for acquisition of machines and vehicles - Amortization (Note 17d)	(8,583)	(10,808)
(-) Payable for acquisition of PPE of the year (Note 22)	(2,285)	(4,760)
(+) Payable for acquisition of PPE of prior year (Note 22)	4,760	2,639
Acquisition of PPE in investing activities	(144,218)	(203,788)

The cost of significant machine overhauls, which prolongs the useful life of the machine, is capitalized.

15 Intangible assets and goodwill

	Brands and trademarks	Computer software	Goodwill	Others (i)	Total
Cost					
Balances as of January 1, 2024	93,548	152,137	232,123	91,258	569,066
Additions	295	11,012	152	6,517	17,976
Transfer between classes of assets	-	(88)	-	-	(88)
Balances as of December 31, 2024	93,843	163,061	232,275	97,775	586,954
Additions	-	10,352	-	1,983	12,335
Impairment of Prumo (b)	-	-	(4,866)	-	(4,866)
Balances as of December 31, 2025	93,843	173,413	227,409	99,758	594,423
Accumulated amortization					
Balances as of January 1, 2024	(4,591)	(53,731)	-	(48,692)	(107,014)
Additions	(19)	(8,059)	-	(9,595)	(17,673)
Transfer between classes of assets	-	35	-	-	35
Balances as of December 31, 2024	(4,610)	(61,755)	-	(58,287)	(124,652)
Additions	(16)	(11,479)	-	(8,304)	(19,799)
Balances as of December 31, 2025	(4,626)	(73,234)	-	(66,591)	(144,451)
Balance net as of					
December 31, 2024	89,233	101,306	232,275	39,488	462,302
December 31, 2025	89,217	100,179	227.409	33,167	449,972

(i) Others refer mainly to, new product development R$ 16,841 (2024: R$ 17,626) and client portfolio R$ 16,521 (2024: R$ 22,057) in net amount.

(a) Impairment assessment

As of December 31, 2025, intangible assets include an amount of R$ 316.626 that is attributable to brands and goodwill, having an indefinite useful life (R$ 321,508 as of December 31, 2024).

These assets were assessed as having an indefinite useful life since according to an analysis of the relevant factors, there is no foreseeable limitation of the period they are expected to generate positive cash flows for the Group.

The relevant factors that were analyzed included, inter alia, the length of time the brand or trademark is anticipated to be used; the existence of legal or contractual restrictions on their use; a review of the typical life cycle of similar branded products; existence of indicators of changes in lifestyle, competitive environment, market requirements and industry trends, sales history of products of the same brand and the awareness of the market of the brand name or trademark.

Impairment loss

The Company tests annually, on December 31, the recoverable amounts of goodwill and brands from business combination transactions. Property, plant and equipment and definite life intangible assets that are subject to depreciation and amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be fully or partially recoverable.

Management analyzes the business and makes decisions based on two different cash generating units: green coffee and internal market. All goodwill is allocated to the internal market, as there were no acquisitions associated with the green coffee business. The recoverable amounts of the cash-generating units are based on the calculation of their value in use. These calculations use cash flow projections that are based on the most current five-year strategic operating plans (SOP) of the relevant unit.

The cash flows for remaining periods are calculated using the relevant growth rate, which takes into account the anticipated growth rates of the category, industry, country and population. The estimated long-term growth rate was 3.0% in 2025 and 2024. The projected cash flows were discounted according to pre-tax discount rates of 13.26% in 2025 and of 14.25% in 2024. Both 2025 and 2024 projected cash flows were prepared in Brazilian Real currency, without inflation effects.

The Group performed a sensitivity analysis over the discount rate and the growth rate. Management concluded that there is no need to recognize additional impairment losses. The estimated recoverable amount of the cash-generating units exceeded its carrying amount by R$ 5,465,500 (2024: R$ 1,401,389).

(b) Impairment of Prumo

Due to the operational inactivity of Rituais Café S.A (wholy subsidiary of Prumo), the Company has recognized a full impairment of its assets. The loss, recorded under 'Other Operating Expenses' totaled R$ 6,785, which includes a full write-off of Goodwill in amount of R$ 4,866.

16 Leases

The Group has lease contracts for various items of plant, distribution centers, machinery, vehicles and other equipment used in its operations. Leases of plant and distribution centers generally have lease terms between 2 and 15 years, while vehicles and other equipment

generally have lease terms between 2 and 6 years. Lease payments are renegotiated periodically to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The plants and distribution centers leases were entered into years ago as combined leases of land and buildings.

The Group also has certain leases of IT equipment with lease terms of 12 months or less and leases of office equipment of low value. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases. The amount recognized in the statement of income relating to short-term leases and leases of low-value assets during the period was R$ 18,359 (R$ 17,122 in 2024). The Group had total cash outflows for leases of R$ 48,772 in 2025 (R$ 46,942 in 2024).

Set out below are the carrying amounts of recognized right-of-use assets and the movements during the period:

	Buildings	Machinery and equipment	Vehicles	Total
As at January 1, 20241	78,159	1,241	7,922	87,322
Additions	19,230	485	16,117	35,832
Terminations	(1,861)	-	(3,254)	(5,115)
Depreciation expense	(31,459)	(372)	(6,765)	(38,596)
As at December 31, 2024	64,069	1,354	14,020	79,443
Additions (Note 17)	39,844	-	3,190	43,034
Terminations	(205)	-	(145)	(350)
Depreciation expense	(30,175)	(801)	(9,375)	(40,351)
As at December 31, 2025	73,533	553	7,690	81,776

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2025	2024
As at January 01	96,838	102,756
Additions	43,034	35,832
Terminations (Note 17)	(2,732)	(6,306)
Interest expense	10,806	11,498
Interest payment (Note 17)	(10,806)	(11,498)
Interest expense adjustment (a)	(10,445)	-
Payments of lease liabilities (Note 17)	(37,966)	(35,444)
As at December 31,	88,729	96,838
Current liabilities	41,812	43,878
Non-current liabilities	46,917	52,960

(a) In October 2025, the Company adjusted its interest calculations on lease liabilities to align the carrying amounts and finance costs with market rates.

The following table sets out a maturity analysis of lease liabilities:

	2025	2024
1 to 12 months	41,812	43,878
13 to 24 months	21,358	32,982
25 to 36 months	13,138	10,425
37 to 48 months	7,852	4,533
49 to 60 months	1,921	1,412
More than 60 months	2,648	3,608
	88,729	**96,838**

Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility.

The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

17 Loans and borrowings

(a) Loans schedule

	Annual interest rate - %		Index		
	2025	2024		2025	2024
Brazilian reais loans and borrowings					
Loans for acquisition of machines and vehicles	13.50	10.42	TJLP	285,572	71,748
Working capital loans	15.77	11.73	CDI	1,675,927	1,808,460
Loans for acquisition of green coffee	13.82	10.68	-	198,658	188,563
				2,160,157	2,068,771
United States dollar loans and borrowings					
Loans for acquisition of inventories (ACC)	5.58	6.04	-	156,105	301,315
				156,105	301,315
Total				2,316,262	2,370,086
Current liabilities				1,023,315	665,462
Non-current liabilities				1,292,947	1,704,624

There are no debt covenants on the Group's loans and borrowing contracts with the banks.

(b) Non-current payment schedule

	2025	2024
13 to 24 months	473,769	579,640
25 to 36 months	794,912	343,817
37 to 48 months	21,046	766,478
49 to 60 months	3,220	14,049
60 months +	-	640
	1,292,947	1,704,624

(c) Guarantees

The following liens have been provided as security for the loans of the Group:

	2025	2024
Pledges registered in favor of the banks	410,974	199,001

(d) Reconciliation between financial position movement and cash flows from financing activities

	Note	Loans and borrowings	Lease liabilities	Proposed dividends	Interest on equity Payable	Total
Balance as of January 1, 2025		**2,370,086**	**96,838**	**69,095**	**33,855**	**2,568,044**
Cash flows from financing activities items:						
Proceeds from loans		518,591	-	-	-	518,591
Repayment of loans		(569,630)	-	-	-	(569,630)
Interest expense adjustment	16	-	(10,445)	-	-	(10,445)
Payment of lease liabilities	16	-	(37,966)	-	-	(37,996)
Total cash flows used in financing activities		(51,039)	(48,411)	-	-	89,005
Other items:						
Additions of lease liabilities	16	-	43,034	-	-	43,034
Terminations of lease	16	-	(2,732)	-	-	(2,732)
Interest and exchange rate variation expenses		262,018	361	10,702	-	273,081
Interest and exchange rate variation payments		(284,886)	(361)	-	-	(285,247)
Proceeds from investment loans	14.b	20,993	-	-	-	20,993
Repayment of investment loans	14.b	(8,583)	-	-	-	(8,583)
Working Capital - PROADI and PROVIN		7,673	-	-	-	7,673
Dividend provisioned	25.b	-	-	524,367	-	524,367
Interest on equity credited	20	-	-	-	102,400	102,400
Withholding income tax	20	-	-	-	(7,680)	(7,680)
Total other items		(2,785)	40,302	535,069	94,720	656,861
Balance as of December 31, 2025		**2,316,262**	**88,729**	**604,164**	**128,575**	**3,135,900**

	Note	Loans and borrowings	Lease liabilities	Proposed dividends	Interest on equity Payable	Total
Balance as of January 1, 2024		1,351,558	102,756	138,190	33,855	1,626,359
Cash flows from financing activities items:						
Proceeds from loans		2,212,580	-	-	-	2,212,580
Repayment of loans		(1,341,957)	-	-	-	(1,341,957)
Payment of lease liabilities	16	-	(35,444)	-	-	(35,444)
Dividend paid		-	-	(69,095)	-	(69,095)
Total cash flows used in financing activities		870,623	(35,444)	(69,095)	-	766,084
Other items:						
Additions of lease liabilities	16	-	35,832	-	-	35,832
Terminations of lease	16	-	(6,306)	-	-	(6,306)
Interest and exchange rate variation expenses		246,083	11,498	-	-	257,581
Interest and exchange rate variation payments		(133,726)	(11,498)	-	-	(145,224)
Proceeds from investment loans	14.b	42,179	-	-	-	42,179
Repayment of investment loans	14.b	(10,808)	-	-	-	(10,808)
Working Capital - PROADI and PROVIN	25.c	4,177	-	-	-	4,177
Total other items		147,905	29,526	-	-	177,431
Balance as of December 31, 2024		**2,370,086**	**96,838**	**69,095**	**33,855**	**2,569,874**

18 Trade payables

	2025	2024
National suppliers - finance program	1,228,517	474,444
National suppliers - other suppliers	627,405	524,538
National related party suppliers (Note 12)	49,284	22,082
Foreign suppliers	34,010	67,281
	1,939,216	1,088,345

The Group participates in a supply chain finance program under which its suppliers may elect to receive early payment of their invoices from a bank by factoring their receivable from the Group. Under the arrangement, a bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date. The principal purpose of this program is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to a bank before their due date. The Group does not incur any additional interest towards the bank on the amounts due to the suppliers.

The Group has not derecognized the original liabilities to which the arrangement applies because neither a legal release was obtained nor the original liability was substantially modified on entering into the arrangement. The Group discloses the amounts related to the program within trade payables because the nature and function of the financial liability remain the same as those of other trade payables. The payments to the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating – i.e. payments for the purchase of goods and services.

As of December 31, 2025, the balance of trade payables negotiated by suppliers, related to the supply chain finance program, was R$ 782,534 (R$ 357,161 as of December 31, 2024).There are no significant differences between the payment terms for trade payables that are part of the program and those that are not, around 15-45 days.

19 Employees and other payroll related liabilities

	2025	2024
Payroll and related charges	18,154	17,927
Provision for vacation	64,200	61,662
Provision for variable remuneration	50,871	8,331
Other	4,540	4,669
	137,765	92,589

The Group Employees benefits' treatment is in accordance with local legal requirements. These requirements mainly call for and are limited to monthly contributions to Social Security funds (INSS, FGTS). The Group has no obligations under defined benefits or defined contribution plans. The Group offers other short-term benefits to its employees, which are expensed when incurred.

20 Interest on equity payable - short and long term

The Company approved the recommendation of the Board of Directors for the distribution of additional interest on equity in the amount of R$ 102,400 (over this amount there is the foreign shareholders' withholding income tax of R$ 7,680) to be paid up until December 2030. See movements in Note 17d.

21 Payable taxes

	2025	2024
State VAT - ICMS (a)	55,678	74,390
Withholding income tax - payroll (IRRF)	6,746	6,258
Federal VAT - PIS and COFINS	9	14
Other	1,756	1,650
	64,189	82,312

(a) The decrease in amount is mainly because of the volume of Arabica coffee purchases, which was higher in 2024 due to a shortage of Conilon, this led to a higher concentration of coffee purchases made within the state of Minas Gerais, main Arabica grower in Brazil. In 2025 Conilon availability recovered and purchases increased, there was a proportional reduction in VAT - ICMS to pay.

22 Other current and non-current liabilities

	2025	2024
Advances from customers	7,875	6,298
Accounts payable for acquisition of operations - Fino Grão	293	261
Contingent consideration	16,745	16,745
Marketing services	-	533
Payable for acquisition of PPE (Note 14b)	2,285	4,760
Provision for handling and storage	21	151
Provision for lawyers' fees	12,598	9,817
Provision for restructuring (a)	3,166	39,011
Warranties	8,910	6,000
Others	9,899	16,114
	61,792	99,690
Current liabilities	37,669	72,224
Non-current liabilities	24,123	27,466

(a) During 2024, a provision was booked to cover the costs associated with the personnel restructuring process with the aim of optimizing payroll expenses. The optimization involved resignation of management levels, merging synergistic areas, dividing areas and redistributing activities, the decision and communications were made between November and December 2024.

23 Provision for legal proceedings

Based on information from Group management supported by its legal advisors, an analysis of the pending legal proceedings, and previous experience with regards to amounts claimed, the Group recorded provisions for amounts considered sufficient to cover probable losses from current legal actions. The amounts of probable and possible losses with respect to legal and administrative actions against the Group are as follows:

	2025		2024	
	Probable loss	Possible loss	Probable loss	Possible loss
Labor (a)	22,617	452,261	22,859	420,974
Tax (b)	47,888	255,733	47,057	341,274
Civil	6,069	36,250	4,052	30,021
	76,574	744,244	73,968	792,269

(a) The Group is party to a number of labor claims filed by former employees and service providers challenging, among other things, unpaid overtime, night shift premiums and risk premiums, employment guarantees, and the reimbursement of withholdings from payroll such as social contributions and trade union charges, among others. As of December 31, 2025, total quantity of labor claims was 694 (629 as of December 31, 2024).

In 2024, the Union filed a public civil action in the State of Rio de Janeiro alleging irregularities regarding working hours at the Rio de Janeiro Unit. The Union sought payment of overtime and compensation for collective moral damages. The initial estimated amount of the claim was R$ 205,170, representing 20% of the Rio de Janeiro Unit's annual revenue. At the end of 2024, the lawsuit was in the evidentiary phase, with a hearing scheduled for 2025. Based on this stage, the Company assessed the risk of loss as possible.

In 2025, following an internal analysis by the legal department, the risk of this process was readjusted on an exceptional basis, given the significant amount involved. The strategy adopted consisted of hybrid provisioning, with 50% classified as a possible risk and 50% as a remote risk. The updated estimated amount of the lawsuit is R$ 228,393.

(b) Tax claims details by type are demonstrated in the following table:

	December 31, 2025		December 31, 2024	
	Probable loss	Possible loss	Probable loss	Possible loss
State VAT - ICMS (i)	20,909	131,002	19,810	168,665
Federal VAT - PIS/COFINS/IPI (ii)	25,380	75,783	24,185	134,191
Income taxes (IRPJ/CSLL) (iii)	1,599	37,776	1,412	35,600
Other	-	11,172	1,650	2,818
	47,888	255,733	47,057	341,274

The main legal claims are listed below:

(i) State VAT - ICMS

State VAT (ICMS) - Tax authorities claim that the company Três Corações Alimentos S.A. incorrectly calculated the ICMS (State VAT) in transactions with goods subject to the ICMS tax substitution method (ST), claiming that it should have used the sale price for consumer instead of the cost of goods entry, although the State of São Paulo legislation determines that wholesalers are not allowed to receive goods without the ICMS - ST calculation. The infraction notices were received in December 2020 and refer to the periods from January 2016 to December 2016. The company received a new infraction notice in May 2021 refer to the periods from January 2017 to December 2017.

The court judged favorably for the Company the matter of greater value, but judged two less relevant topics unfavorably, which the Company still has the opportunity to counter, both administratively and in courts, arguing the decision.

Considering that, these decisions are at least in part contrary to the Government and the relatively high values involved, the judging body itself will send the both processes to the second administrative instance for review. The partially favorable outcome at the first administrative instance confirmed the understanding of the Group and of its tax advisors, that there is no need to record any liability. In March 2025, the Group had a favorable judgment in the second instance in one of the administrative processes, in the amount of R$ 49,508.

The Group's tax advisors responsible for monitoring the proceeding classify the risk of loss as possible. On December 31, 2025, the value of the two administrative processes was R$ 51,030 (R$ 89,413 on December 31, 2024).

State VAT (ICMS) - Mato Grosso State - On October 10, 2021, the subsidiary Café Brasileiro received a tax assessment notice, issued by the Mato Grosso State Treasury Office, in the total amount of R$ 48,815. Tax authorities argued that the Group used incorrectly the state tax benefit of the fiscal years 2018 and 2019, calculating less state VAT (ICMS). The Company defended the tax noticed with its legal advisors. The period regarding the tax notice is from before the acquisition date, and because of that any payment regarding this issue will be reimbursed by the former owners.

There was a change in state legislation regarding the method of updating debts, which resulted in a reduction of the amounts charged, as per the statement obtained from the State Treasury Department's website and confirmed by our legal counsel.

The Group's tax advisors responsible for monitoring the proceeding classify the risk of loss as possible. As of December 31, 2025 the amount of the legal claim was R$ 32,862 (R$ 40,645 as of December 31, 2024).

State VAT (ICMS) - ICMS in the State of Pará The Company Três Corações Alimentos has received tax assessment notices (referring to fiscal years 2018, 2019, and 2020) issued by the State Tax Authority, alleging that the Pará facility does not qualify under the legal definition of a Distribution Center. Consequently, the tax authority claims that a Value-Added Margin (Margem de Valor Agregado - MVA) of 150% should be applied in the calculation of the ICMS (Tax on the Circulation of Goods and Services) on product shipments to the state.

The case is currently being handled internally, and the Group's tax advisors consider the risk of loss to be possible, given the existence of favorable local administrative rulings supporting the legality of this operating structure. As of December 31, 2025, the total amount under dispute was R$ 51,546. (R$ 34,598 as of December 31, 2024).

(ii) Federal VAT - PIS/COFINS/IPI

Notices of infraction - Federal VAT (PIS and COFINS) - On March 2, 2020, the companies Três Corações Alimentos S.A. and Café Três Corações S.A. received tax assessment notices issued by the Brazilian Federal Revenue. The infraction notices refer to non-collection of Federal VAT (PIS and COFINS), referring to the periods from December 2015 to December 2018. The federal tax authorities claim that the companies did not calculate PIS and COFINS over the sales of powdered cappuccino and coffee with milk. They do not agree with the Group's understanding that the products are coffee based and therefore taxed at rate zero.

In February 2025, the Group obtained a final favorable judgment in one of the infraction notices, in which the Court recognized that the tax classification of cappuccino and coffee with powdered milk adopted by the Group was correct, resulting in the extinction of the infraction notice. As of December 31, 2025 the amount of the legal claim was R$ 72,610 (R$ 133,179 as of December 31, 2024).

Federal tax rate (IPI) - tax authorities claim the tax treatment applied, in respect to federal tax IPI - tax on manufactured goods, for powder juice was incorrect. According to the Company's understanding of the regulation, powder juice is a product classified as zero IPI tax rate. According to tax authorities, the Company should have used tax rates of 27% for the period from January 2011 to December 2011, 20% for the period from January 2012 to May 2012 and 10% since June 2012. The total updated amount, as of 31 December 2025 is R$ 91,242 (R$ 96,811 as of 31 December 2024). In 2019 the Group obtained 2 favorable outcomes in the first administrative instance. In October 2025, one of the cases progressed after five years and was forwarded to CARF. The group is continuing to monitor the situation. The Group and its tax advisors are of the opinion that there is no need to record any liability.

(iii) Income taxes (IRPJ/CSLL)

Goodwill amortization - tax authorities claim that the Group does not meet all criteria to deduct Goodwill amortization for tax purposes. As of October 31, 2017, the Goodwill Amortization process was judged in the Superior Chamber of Tax Appeals of CARF (Federal Administrative Court). In June 2020 the Group obtained a favorable outcome in the first judicial instance; the Government may still contest the outcome at higher judicial instances. The Group and its tax advisors are of the opinion that there is more likely than not that present obligation exist and no need to record any liability. As of December 31, 2025, the amount of the legal claim was R$ 37,629 (R$ 35,600 as of December 31, 2024). The claim amount increased due to interest incurred.

Changes in provision for legal proceedings during the year

	2025	2024
Balance as of January 1	73,968	71,374
Provisions made during the year	6,754	7,964
Legal proceedings settled during the year	(4,148)	(5,370)
Balance as of December 31	76,574	73,968

Judicial deposits

The Group has, on December 31, 2025, the amounts of R$ 9,803 of judicial deposits (R$ 10,746 as of December 31, 2024). These deposits are required by courts associated with various open legal proceedings and comprise a number of individual case deposits of smaller amounts.

24 Income taxes and social contribution

(a) Amounts recognized in statement of income

	2025	2024
Current taxes	(100,134)	(2,146)
Deferred taxes	(53,932)	36,645
Tax in income statement as of December 31,	(154,066)	34,499

(b) Reconciliation of effective tax rate

	2025	2024
Profit before income tax	1,032,877	207,617
Income tax expenses (34%)	(351,178)	(70,590)
Permanent time differences , net:		
Share of profit of equity-accounted investees	7,658	9,854
Interest on equity	34,816	-
State tax incentives	138,046	75,802
Federal incentive	51,144	-
Translation to presentation currency	(7,743)	16,907
Tax rate differential	(9,379)	5,325
Non-deductible expenses	(13,821)	(7,461)
Profit (loss) eliminations on inventory	(3,231)	1,930
Other	(378)	2,732
Tax in Income statement	(154,066)	34,499
Effective tax rate	(14.92%)	16.62%

In 2025, R$3.205 was recognized regarding the additional social contribution from Pillar Two model rules (Global Anti-Base Erosion - GloBE).

(c) Deferred income tax assets and liabilities

Temporary differences	Basis	Income tax (*)	Social contribution (9%)	2025	2024
Provision for legal proceedings	26,270	4,700	2,364	7,064	7,244
Inventory adjustments	(5,170)	(1,795)	(465)	(2,260)	4,349
Allowance for expected credit losses	21,620	3,664	1,946	5,610	6,381
Derivatives transactions	699	113	63	176	(4,177)
Provision for discounts	149,812	24,937	13,483	38,420	18,383
Provision for short term employee performance award	50,066	7,840	4,506	12,346	5,465
Provision for revenue recognition	54,056	8,934	4,865	13,799	8,878
Difference between economic depreciation and tax rate	(105,263)	(16,318)	(9,474)	(25,792)	(19,866)
Goodwill amortization	(92,263)	(12,151)	(8,304)	(20,455)	(20,455)
Exchange rate variation cash basis	(8,577)	(2,154)	(772)	(2,926)	17,117
Profit (loss) elimination on inventory	46,529	11,632	4,188	15,820	12,505
IFRS 16 - Leasing	6,847	1,241	616	1,857	4,551
Federal VAT credit loss	7,723	1,119	695	1,914	2,649
Carryforward tax losses	109,468	14,417	9,852	24,269	82,676
Mitsui Alimentos acquisition	(81,102)	(20,276)	(7,299)	(27,575)	(28,570)
Positive Company acquisition	(9,100)	(2,229))	(819)	(3,048)	(3,055)
Other	67,730	12,746	6,098	18,844	14,715
Total net deferred tax				58,063	108,790

(*) Income tax rate (excluding the Social contribution) is 25%, applicable to all Group's subsidiaries. However, as the Company has tax incentives (see Note 25.c).

In assessing the recoverability of deferred tax assets, management estimates future taxable income and the timing of reversal of the temporary differences.

When it is more likely than not that a part or all of the deferred tax assets are not recoverable, such a portion is not recorded by the Group. Under Brazilian tax law, carryforwards tax loss (including those of the Social contribution) do not expire, however, their use is limited to up to 30% of annual taxable income and they do not benefit from any interest or monetary correction.

Considering the occurrence of taxable profit in recent years, the Group assessed the future taxable profits in order to calculate deferred tax assets on accumulated losses.

(d) Uncertainty over income tax treatment

As described in the Note 23(iii), tax authorities claim that the Group does not meet all criteria to deduct goodwill amortization for income tax purposes. The Group understands that the goodwill arose from an operation with an economic basis and therefore it can be used for tax purposes. No amount of income tax was recognized in these consolidated financial statements, because the Group believes that the tax thesis used by the Company are in compliance with the applicable law and believes that it is probable that it would successfully defend the Group's tax treatment in court. The Group believes that its provisions for tax liabilities are adequate for all open tax years based on its assessment of all factors, including interpretations of tax law and prior experience.

25 Equity

(a) Share capital

As of December 31, 2025 and 2024, Três Corações Alimentos S.A.'s share capital consists of the following:

Shareholders	%	2025	2024
Strauss Coffee B.V.	50%	582,699.80	138,232.14
São Miguel Fundo de Investimento em Participações	50%	582,699.80	138,232.14
		1,165,399.60	276,464.28

Share capital as of December 31, 2025 consisted of 116,539,960,138 (27,646,427,639 as of December 31, 2024) shares with a nominal value of R$ 0.01 (one cent each).

The Company approved on August 22, 2025 the capital increase of R$ 88,936, with no cash movement. The increased amount came from Tax Incentive Reserve, related to a Federal Incentive of reduction of 75% of Income Tax until 2018.

At an Extraordinary General Meeting held on December 19, 2025, an increase in the Company's share capital was approved in the amount of R$ 800,000, through the issuance of 80,000,000,000 (eighty billion shares) new Class B Ordinary Shares (ON-B), under the same conditions as the other ordinary shares, registered, at a unit value of R$0.01 (one cent of real), all free and clear of any liens or encumbrances, originating from part of the balance of the Retained Earnings Reserve account contained in the interim balance sheet drawn up on November 30, 2025, therefore, there was no contribution of new resources from the shareholders.

The proportion of each shareholder remains the same.

(b) Dividends

Dividends are calculated in accordance with the terms agreed upon in the Shareholders´ Agreement, with a rate of 35% over net income, adjusted by financial results. This amount is provisioned as a proposed dividend in the balance sheet, subject to the approval by the General shareholders meeting.

At a meeting of the Board of Directors, the distribution of interim dividends was recommended and approved, using part of the balance of the Retained Earnings, determined in an interim balance sheet drawn up on November 30, 2025, crediting the amount of R$ 524,367 equally among the Shareholders. Payment of the amount must be made at any time from January 1, 2026, until the end of the 2028 calendar year, through full or partial payment. The total Dividends amount as of December 31, 2025 was R$ 604,164 (R$ 69,095 as of December 31, 2024).

(c) Reserves

Legal reserve

Created at the rate of 5% on profit for the year, limited to 20% of share capital. On December 31, 2025, an additional reserve in the amount of R$ 44,754 was created and the limit was achieved, totalizing R$ 100,047 (R$ 55,293 as of December 31, 2024). This reserve can only be used for capital increases or absorption of losses.

Translation reserve

Management decided to use two different functional currencies, according to IAS 21 - Effects of changes in foreign exchange rates. For internal market operations, the functional currency is the Brazilian real (R$). For the green coffee export activity, the functional currency is the United States dollar (US$).

Management assessed the Group operations in order to present its green coffee export activity as a "foreign operation", as established by IAS 21 - Effects of changes in foreign exchange rates, and, thereby, could apply separate accounting for the purposes of consolidation.

The main reasons to treat the green coffee export activity made mainly in USD as a separated operation is that the export activity has its own management, which is considered independent in terms of decisions about green coffee purchases and sales (export entity).

The exchange rate effects recorded in the translation adjustments arise from the following assets and liabilities, for the years ended on December 31, 2025 and 2024:

December 31, 2025	Três Corações Alimentos	Café Três Corações	Total
Inventories	-	(13,273)	(13,273)
PPE and Intangible assets	(960)	534	(426)
Trade receivables	-	(4,133)	(4,133)
Derivatives	-	(843)	(843)
Cost of sales	-	(641)	(641)
Loans and borrowings	-	28,391	28,391
	(960)	10,035	9,075

December 31, 2024	Três Corações Alimentos	Café Três Corações	Total
Inventories	-	15,160	15,160
PPE and Intangible assets	(1,150)	(7,567)	(8,717)
Trade receivables	-	10,889	10,889
Derivatives	-	2,680	2,680
Cost of sales	-	259	259
Loans and borrowings	-	(63,555)	(63,555)
	(1,150)	(42,134)	(43,284)

Tax incentives reserve

The Company established R$ 455,630 in tax incentive reserves as of December 31, 2025, of

which R$ 45,983 refers to federal tax incentives of the year and R$ 409,647 to state tax incentives related to the period 2021-2023, in compliance with the formal requirements of Article 30 of Law No. 12,973/2014, as ratified by the STJ (Superior Court of Justice) under Topic 1,182. No reserves were established in 2024, there were no federal incentives during that period, and the Company is no longer required to establish State VAT incentives. The total of the reserve was R$ 1,160,274 as of December 31, 2025 (R$ 793,580 as of December 31, 2024). This reserve cannot be distributed as dividends.

The existing government incentives are as follows:

PROVIN - Ceará State
The Government of the state of Ceará, in accordance with the state public policies geared towards promoting the industrial development of Ceará, decided to provide financial assistance for the investments necessary for installation of the industrial unit in the city of Eusébio, state of Ceará. The incentive consists of the postponement of payment of the ICMS state VAT tax and the deduction of 56.25% of total sales of roasted and ground coffee. The incentive is valid until July 2028.

PROEDI - Rio Grande do Norte State
The benefit consists in the deduction of presumed tax credit of the VAT payable, related to outflows based on own production. For the Natal factory the presumed tax credit percentage ranges from 75% to 80% and for the Mossoró unit it ranges from 80% to 85%. The percentage is determined according to the level of employment and unit revenues. The incentive is valid until June 2032.

PRODEIC – Mato Grosso State
The subsidiary Café Brasileiro has a facility in the state of Mato Grosso, which produces roasted and ground coffee, which has benefited since 2017 with a state VAT Tax Incentives named PRODEIC (Mato Grosso Industrial and Commercial Development Program). The incentive is valid until December 2032.

Café Brasileiro is part of the PRODEIC Investment Food Industry of Vegetable and Animal Origin sub-module, with the objective of promoting the industrial development of products of animal and vegetable origin, by adding value to raw materials in Mato Grosso.

The tax benefit will consist of credit granted on the outputs of products manufactured at the industrial plant, with a percentage of 85% on the operations of intra-state deliveries and 90% on the operations of inter-state deliveries.

Stimulus credit – State VAT in Amazonas state
The government of the state of Amazonas, aiming at the integration, expansion, modernization and consolidation of the industrial sector, grants the tax incentive to the roasted and ground coffee industries established in the state. The incentive consists of the application of the percentage of 90.25% on the outstanding balance of State VAT (ICMS) calculated on the operation with roasted and ground coffee, deducting the tax payable. Additionally, it includes the granting of a reduction in the tax base for internal transactions involving coffee of own production, ensuring that the effective tax burden amounts to 7%. After this reduction, the entire subsequent commercialization chain within the State of Amazonas is considered taxed. The incentive is valid until December 2032.

TTS - State VAT in Minas Gerais State
The state government of Minas Gerais grants a set of specific tax rules known as Sectoral Tax Treatment (TTS). Among the benefits granted to the Santa Luzia/MG factory are: (a) "Importation Corridor", which consists of the deferral of ICMS on the importation of goods for resale. For these goods, a presumed credit is applicable on internal and interstate sales, ranging from 2.5% to 9%, depending on the applicable tax rate and the type of recipient; (b) 5% Presumed Credit on the value of interstate operations with R&G coffee produced by the Santa Luzia factory, destined for the states of São Paulo, Rio de Janeiro, Paraná, Rio Grande do Sul and Santa Catarina; (c) Effective tax burden of 8% in internal operations with own production of Instant Coffee and Cappuccino, and 2% on the value of internal sales operations of R&G and Whole Bean Coffee (Non-decaffeinated). The incentive is valid until December 2032.

Other state tax incentives
The Group has received certain tax incentives and special tax regimes also in other Brazilian states, with no significant impacts on these consolidated financial statements.

Federal incentive - "Re-investment"
The Group is allowed to allocate part of its income tax payable to capital investments. The projects associated with these investments are submitted to the authorities' approval. The allocated amount is recognized in profit or loss at the moment of the Group's decision to proceed, since there is reasonable assurance the grant will be approved.

Federal incentive - "Exploration profit"
The Group benefits from the income tax exemption of 75% of the operating income derived from its main activities at the units of Eusébio (state of Ceará), Manaus (state of Amazonas), Natal and Mossoró (state of Rio Grande do Norte).

The industrial site of Manaus (AM) has its incentive validated until December 2028 and the other factories have their incentives validated until December 2027. The factory of Santa Luzia in Minas Gerais is not established in an incentive area, the reason why it has no Federal incentive.

Tax Incentive for technological innovation
The Federal Law nº 11.196/05, known as "Lei do Bem", offers tax incentives to legal entities that carry out research, development and technological innovation, with application starting in the Group in 2017.

According to the Law, technological innovation is a conception of a new product or manufacturing process, as well as an addition of new features or characteristics to an existing product or process, that brings incremental improvements and effective gains in quality or productivity, resulting in greater competitiveness in the market.

The legal entities are allowed to deduct (additionally) from the calculation of the IRPJ (income tax) and CSLL (social contribution) a percentage of the expenditures incurred with technological research and development of technological innovation, classifiable as operating expenses.

Federal Incentive - "Tax Incentives"
Federal Law No. 14,789/2023 introduced significant changes to the tax treatment of investment subsidies granted by federative entities. The main change is the creation of a new mechanism of tax credit, replacing the old system of exclusion from the taxable base of Corporate Income Tax

(IRPJ) and Social Contribution on Net Profit (CSLL). Companies are entitled to a tax credit equivalent to 25% of the amount of the subsidy received. This credit is limited to the amount of depreciation of the assets acquired with the resources of the subsidy.

(d) Retained earnings

Management, with approval of the shareholders, decided to create a reserve for profit to be distributed, for the remaining profit after all destinations above. On December 31, 2025 the balance was R$ 120,085 (R$ 1,180,860 as of December 31, 2024).

26 Revenue

Disaggregated revenue information

	Products	Services	2025
Geographical markets			
Domestic	13,862,743	2,263	13,865,006
Foreign			
Chile	68,966	-	68,966
Japan	48,984	-	48,984
Argentina	32,522	-	32,522
United States	29,922	-	29,922
Paraguay	17,701	-	17,701
Other countries	35,820	-	35,820
	14,096,658	2,263	14,098,921

	Products	Services	2024
Geographical markets			
Domestic	9,371,110	2,403	9,373,513
Foreign			
Japan	86,677	-	86,677
United States	80,908	-	80,908
Chile	45,039	-	45,039
Switzerland	33,620	-	33,620
Germany	28,408	-	28,408
Other countries	53,250	-	53,250
	9,699,012	2,403	9,701,415

Composition of Revenue

	2025	2024
Products - domestic	16,594,715	11,458,320
Products - foreign	237,684	333,125
Services	2,307	2,448
Other activities	923	718
(-) Taxes on sales	(1,609,732)	(1,149,925)
State VAT incentives	434,854	267,043
(-) Discounts	(1,191,722)	(928,994)
(-) Other deductions	(370,108)	(281,320)
Revenue	**14,098,921**	**9,701,415**

27 Cost of sales by nature

	2025	2024
According to source		
Cost of sales - domestic	(10,913,275)	(7,539,270)
Cost of sales - foreign	(156,309)	(219,187)
	(11,069,584)	(7,758,457)
According to components		
Materials consumed	(10,806,492)	(7,519,008)
Wages, salaries and related expenses	(119,654)	(108,058)
Energy and gas	(56,440)	(53,475)
Depreciation and amortization	(31,277)	(28,444)
Services contracted	(26,821)	(25,871)
Maintenance	(14,548)	(12,973)
Other	(14,352)	(10,628)
	(11,069,584)	(7,758,457)

28 Selling and marketing expenses by nature

	2025	2024
Wages, salaries and related expenses	(650,384)	(597,086)
Transport expenses	(408,420)	(366,842)
Marketing	(173,723)	(109,003)
Services contracted	(106,359)	(100,080)
Depreciation and amortization	(50,172)	(46,463)
Maintenance	(42,347)	(41,625)
Travel expenses	(15,191)	(15,078)
Export expenses	(2,830)	(5,411)
Other	(79,661)	(55,266)
	(1,529,087)	(1,336,854)

29 General and administrative expenses by nature

	2025	2024
Wages, salaries and related expenses	(110,756)	(113,209)
Depreciation and amortization	(64,809)	(60,246)
Maintenance	(25,133)	(24,150)
Tax expenses	(17,768)	(14,395)
Travel expenses	(6,904)	(5,617)
Services contracted	(20,426)	(11,185)
Other	(14,836)	(17,557)
	(260,632)	(246,359)

30 Other income (expenses), net

	2025	2024
Corporate restructuring	-	(39,011)
Results on sale of property, plant and equipment	8,016	7,378
Impairment of Prumo (a)	(6,785)	-
Others	(241)	1,015
	990	(30,618)

(a) See Note 15 for more details.

31 Net finance cost

	2025	2024
Finance cost		
Interest expenses	(13,982)	(2,768)
Interest on loans	(294,078)	(175,071)
Exchange rate effect	-	(1,470)
Interest on lease liabilities	(361)	(11,498)
Other	(8,913)	(16,777)
	(317,334)	(207,584)
Finance income		
Interest income	16,904	18,233
Interest from deposits	74,913	42,176
Exchange rate effect	2,282	-
	94,099	60,409
Net finance cost	**(223,235)**	**(147,175)**

32 Financial instruments - Fair values and risk management

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	Note	Financial assets at fair value	Carrying amount: Financial assets at amortized cost	Carrying amount: Other financial liabilities	Carrying amount: 2025	Fair value: Level 2	Fair value: 2025
Financial assets measured at fair value through profit and loss							
Short term deposits - Deposits in banks	6	1,856,174	-	-	1,856,174	1,856,174	1,856,174
Financial assets not measured at fair value							
Cash and cash equivalents	6	-	78,148	-	78,148	-	78,148
Trade receivables with third parties	7	-	1,448,383	-	1,448,383	-	1,448,383
Trade receivables with related parties	7	-	44,790	-	44,790	-	44,790
Other			93,765	-	93,765	-	93,765
Financial liabilities not measured at fair value							
Trade payables with third parties	18	-	-	1,889,932	1,889,932	-	1,889,932
Trade payables with related parties	12			49,284	49,284	-	49,284
Loans and borrowing	17	-	-	2,316,262	2,316,262	2,681,383	2,316,262
Lease liabilities	16	-	-	88,729	88,729	-	88,729
Payables for acquisition	22	-	-	293	293	-	293
Other		-	-	263,631	263,631	-	263,631

		R$			R$	
		Carrying amount			Fair value	
	Note	Financial assets at fair value	Financial assets at amortized cost	Other financial liabilities	31/12/2024	Level 2	31/12/2024
Financial assets measured at fair value through profit and loss							
Short term deposits - Deposits in banks	6	1,233,937	-	-	1,233,937	1,233,937	1,233,937
Deposits with brokers		22,146	-	-	22,146	22,146	22,146
Financial assets not measured at fair value							
Cash and cash equivalents	6	-	119,404	-	119,404	-	119,404
Trade receivables with third parties	7	-	968,085	-	968,085	-	968,085
Trade receivables with related parties	7	-	23,328	-	23,328	-	23,328
Loans to related parties		-	-	-	-	-	-
Other			70,895	-	70,895	-	70,895
Financial liabilities not measured at fair value							
Trade payables with third parties	18	-	-	1,066,263	1,066,263	-	1,066,263
Trade payables with related parties	18			22,082	22,082	-	22,082
Loans and borrowing	17	-	-	2,370,086	2,370,086	2,418,372	2,370,086
Lease liabilities	16	-	-	96,838	96,838	-	96,838
Payables for acquisition	22	-	-	261	261	-	261
Other		-	-	262,137	262,137	-	262,137

The fair value of financial assets and liabilities is determined by reference to price at which they could be exchanged in a current transaction between parties willing to negotiate, and not in a forced sale or liquidation. The following methods and assumptions were used to estimate the fair value:

Regarding derivative balances, the Group determines the fair value which is identified in the fair value hierarchy as the Level 2, determined using observable inputs, including forward exchange rates and yield curves, ensuring the valuation reflects current market conditions at the reporting date.

The amounts of deposits presented in the financial statements as cash and cash equivalents are close to its realizable value because the operations are performed at variable interest rate and are immediately convertible to a determined amount of cash, which is identified in the fair value hierarchy as the Level 2.

The fair value of non-negotiable instruments, bank loans and other debts, as well as other non-current financial liabilities, are estimated using discounted future cash flows at the rates currently available for similar instruments, which is identified in the fair value hierarchy as the Level 2 of source of information.

The fair value of assets and liabilities that are not quoted in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Specific valuation techniques that might be used to value financial instruments in general include:

(i) Quoted market prices or dealer quotes for similar instruments;

(ii) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;

Other techniques, such as discounted cash flow analysis, are used to determine fair value of the remaining financial instruments.

(b) Risk management

The Group is exposed to the following risks as a result of using financial instruments:

Credit risk

Commodity price risk

Interest rate risk

Foreign currency risk

Liquidity risk

Capital structure risk.

This note provides information regarding the exposure of the Group to these risks and regarding the policy of the Group for management of such risks.

Forward transactions sensitivity analyses are determined according to the changes in the price of the relevant underlying asset and interest differences deriving from interest rates and storage costs (for green coffee).

(i) Credit risk

Credit risk is the risk of the Group incurring a monetary loss if a customer or counterparty does not meet its contractual obligations, and it derives mainly from debit balances of customers and cash and cash equivalents balances held at financial institutions. In order to mitigate this risk, the Group assesses the financial situation of its customers and counterparts, as well as defines credit limits and monitors outstanding debts and operates only with first line financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2025	2024
Cash and cash equivalents (Note 6)	1,934,322	1,353,341
Deposits with brokers	-	22,146
Trade receivables (Note 8)	1,493,173	991,413
Other	93,735	70,895
	3,521,230	2,437,795

The Company's credit risk management prioritizes the safety and liquidity of its financial investments. Throughout 2025 and 2024, the Company maintained its cash and investment portfolio exclusively within AAA-rated financial institutions.

Regarding trade receivables, management assesses its credit risk exposure as low, once the trade receivables are not concentrated. The largest customer represents 6.36% of 2025 revenue (6.74% in 2024).

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics: geographic region and type of product purchased.

Provision for expected credit losses amounts to R$ 17,844 as of December 31, 2025 (R$ 20,986 as of December 31, 2024), representing 1.18% (2.07% as of December 31, 2024) of total trade receivables balance, and is expected to properly reflect the existing credit risk.

(ii) Commodity price risk

The prices of raw materials used in manufacture (primarily green coffee) of the Group's products are affected, among other things, by uncontrollable factors, such as weather conditions.

Green coffee export business
For its green coffee export activity, the Group covers its fixed future sales agreements by both physical inventory, fixed future purchase agreements and uses financial derivatives to a limited extent. On December 31, 2025 there was no open green coffee export agreement (21,514 bags of purchase agreements and 53,975 sales agreements as of December 31, 2024).

Green coffee for the industry (internal market)
For its internal market production, the Group mainly seeks to manage its industry green coffee price exposure by managing its physical inventory of green coffee and its green coffee future purchases, while it only uses financial derivatives to a limited extent. When green coffee prices are attractive, the Group typically increases its coverage in advance of any expected price increases. Similarly, when green coffee prices are deemed high, the Group decreases its coverage of green coffee in anticipation of lower prices in the future. The Group coverage can normally range from as low as 2 months to up to 6 months.

Commodity financial derivatives - both green coffee export business and internal market

As of December 31, 2025 there is no open derivatives position and no sensitivity analysis was required.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group does not normally use derivative financial instruments in order to reduce exposure to risks arising from changes in interest rates. At the Financial Statements report date the interest rate profile of the Group's interest-bearing financial instrument was:

	Carrying amount	
	2025	2024
Fixed rate instruments		
Financial liabilities - loans and borrowings	(249,967)	(377,270)
Variable rate instruments		
Financial assets - Short terms deposits	1,856,174	1,233,937
Financial liabilities - loans and borrowings	(2,066,295)	(1,992,816)
Net exposure	(210,121)	(758,879)

Cash flow sensitivity analysis for variable rate instruments - CDI and TJLP
Changes in the interest rates as of the Financial Statements report date would increase (decrease) equity and the income or loss of the following period by the amounts presented below. This analysis was performed assuming that all the other variables remain the same, 5% and 10% is reasonable considering the last change in the interest rate.

December 31, 2025					
	Decrease of 10%	Decrease of 5%	Annual weighted interest	Increase of 5%	Increase of 10%
Total	18,601	9,301	(186,010)	(9,301)	(18,601)

December 31, 2024					
	Decrease of 10%	Decrease of 5%	Annual weighted interest	Increase of 5%	Increase of 10%
Total	10,812	5,406	(108,121)	(5,406)	(10,812)

Fair value sensitivity analysis for fixed rate instruments

Fixed interest assets and liabilities of the Group (such and loans) are not measured at fair value through profit or loss. Therefore, any change in the interest rate as of the Financial Statements report date would not have an effect on the statement of income.

Inflation rate

Brazilian inflation was 4.26% for the year ended December 31, 2025 (4.83% for the year ended December 31, 2024) as measured by the IPCA consumer price index of the independent Fundação Getúlio Vargas. The Brazilian economy is not considered as hyperinflationary according to IAS 29. However, management is aware of the high inflation rates impact on the Group´s financial statements.

(iv) Foreign currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows:

	Exposure to US$	
	2025	2024
Financial assets		
Foreign customers (Note 7)	13,240	24,872
Financial liabilities		
Foreign suppliers (Note 18)	(34,010)	(67,281)
Current loans (Note 17)	(156,105)	(301,315)
Total exposure	(176,875)	(343,724)

Sensitivity analysis of currency risk

Any change in the exchange rates of the principal currency, Brazilian Real, versus foreign exchange rate currencies, mainly United States Dollars, as of December 31, would have increased (decreased) equity and the income or loss by the amounts presented below. This analysis was performed assuming that all the other variables remain the same and disregards use of hedging instruments and tax effects.

The sensitivity analysis here relates to foreign currency risk arising from financial items denominated in foreign currency, that is not the functional currency of the Group and its investee companies. Therefore, the foreign currency risk arising from the translation of financial statements of foreign operations, which is reflected in a translation reserve, is not included in this sensitivity analysis, 5% and 10% is reasonable considering the last change in the exchange rate variation.

December 31, 2025

	Decrease of 10%	Decrease of 5%	Exchange rate carrying amount	Increase of 5%	Increase of 10%
Functional currency BRL/USD exchange rate	4.9516	5.2267	5.5018	5.7769	6.0520
Effect in R$ Thousand	17,688	8,844	(176,875)	(8,844)	(17,688)

December 31, 2024

	Decrease of 10%	Decrease of 5%	Exchange rate carrying amount	Increase of 5%	Increase of 10%
Functional currency BRL/USD exchange rate	5,5725	5.8821	6.1917	6.5012	6.8108
Effect in R$ Thousand	29,853	14,926	(298,525)	(14,926)	(29,852)

The Group uses derivative financial instruments in order to reduce exposure to risks arising from changes in foreign currency exchange rates. As of December 31, 2025 and 2024, the derivative financial instruments of the Group were as follows:

	Currency Receivable	Currency payable	Expiration / Maturity/ Sale	Face value R$
Forward currency contracts	US$	R$	February/2026	316,904

Presented hereunder is a sensitivity analysis of the Group's derivative instruments (foreign currency) as of December 31, 2025 and 2024 in R$. Any change in the exchange rates of the principal currency, Brazilian Real, versus foreign exchange rate currencies, mainly United States Dollar, as of December 31, would have increased (decreased) the income or loss and the equity by the amounts presented below (in R$). This analysis was performed assuming that all the other variables remain the same, and disregards tax effects.

December 31, 2025

	Decrease of 10%	Decrease of 5%	Exchange rate carrying amount	Increase of 5%	Increase of 10%
Functional currency BRL/USD exchange rate	4.9516	5.2267	5.5018	5.7769	6.0520
Effect of forwards	(36,453)	(20,608)	(4,763)	11,082)	26,928

	December 31, 2024				
	Decrease of 10%	Decrease of 5%	Exchange rate carrying amount	Increase of 5%	Increase of 10%
Functional currency BRL/USD exchange rate	5.5725	5.8821	6.1917	6.5013	6.8109
Effect of forwards	(13,446)	(6,635)	176	6,987	13,798

(v) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities. The following are the contractual maturities of financial liabilities. This analysis is based on rates known as of December 31, such as foreign exchange rates and interest rates.

	December 31, 2025							
	Carrying amount	Contractual cash flow	2026	2027	2028	2029	2030	Thereafter
Non-derivative financial liabilities:								
BRL non-current loan	1,292,947	1,492,181	-	593,095	874,022	21,804	3,260	-
BRL credit from bank	867,210	1,032,527	1,032,527	-	-	-	-	-
USD credit from bank	156,105	156,675	156,675	-	-	-	-	-
Lease liabilities	88,729	88,729	41,812	21,358	13,138	7,852	1,921	2,648
Trade payables	1,939,216	1,939,216	1,939,216	-	-	-	-	-
Other payables	263,924	263,924	239,801	24,123	-	-	-	-
	4,608,131	4,973,252	3,410,031	638,576	887,160	29,656	5,181	2,648

	December 31, 2024							
	Carrying amount	Contractual cash flow	2025	2026	2027	2028	2029	Thereafter
Non-derivative financial liabilities:								
BRL non-current loan	1,704,624	1,744,215	-	592,672	356,849	778,577	14,786	1,331
BRL credit from bank	364,147	373,291	373,291	-	-	-	-	-
USD credit from bank	301,315	300,866	300,866	-	-	-	-	-
Lease liabilities	96,838	96,838	43,878	32,924	10,554	4,504	1,372	3,606
Trade payables	1,088,345	1,088,345	1,088,345	-	-	-	-	-
Other payables	262,137	262,137	234,671	27,466	-	-	-	-
	3,817,406	3,865,692	2,041,051	653,062	367,403	783,081	16,158	4,937

(vi) Capital structure management

Management policy is to maintain a solid capital base in order to maintain investors´ and market trust, as well as to maintain the future development of the business. Management monitors returns on capital, which the Group defines as the relation between operational profit and total equity.

Management seeks to maintain a balanced level of returns to the shareholders, with a low risk level of net debt and a healthy capital structure.

The Group's equity and working capital versus net debt at the end of each year are presented below:

	2025	2024
Loans and borrowing (Note 17)	2,316,262	2,370,086
Cash and cash equivalents (Note 6)	(1,934,322)	(1,353,341)
Net debt	381,940	1,016,745
Total Equity	2,315,821	2,067,137
Total Equity/Net debt ratio as of December 31,	6.06	2.03
Trade receivables - current and non-current (Note 7)	1,493,173	991,413
Inventories (Note 8)	2,115,908	1,578,307
Trade payables (Note 18)	(1,939,216)	(1,088,345)
Total working capital	1,669,865	1,481,375
Working capital/Net debt ratio as of December 31,	4.37	1.46

* * *