



Strauss Group LTD.

Quarterly Report

as of March 31, 2025



Board of Directors

Ofra Strauss, Chairperson
Shaul Kobrinksy, Deputy Chairman
Adi Strauss
Galia Maor
Dalia Narkys
Dorit Salinger
Dalia Lev
Ravit Barniv
Yaniv Gerti
Annette (Anat) Gabriel

Chief Executive Officer

Shai Babad

Corporate Secretary

Yael Nevo, Adv.

Auditors

Somekh Chaikin KPMG

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Introduction



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, Strauss's total global annual revenues in 2024 were over NIS 11.2 billion. Strauss is active in 11 countries and operates 24 production sites.

The Group's areas of activity



The second-largest food and beverage group in Israel in terms of sales turnover (based on StoreNext¹ data). Strauss Israel encompasses 11 business segments; operates 14 sites, which include production plants and logistics centers; and has 5,800 employees.



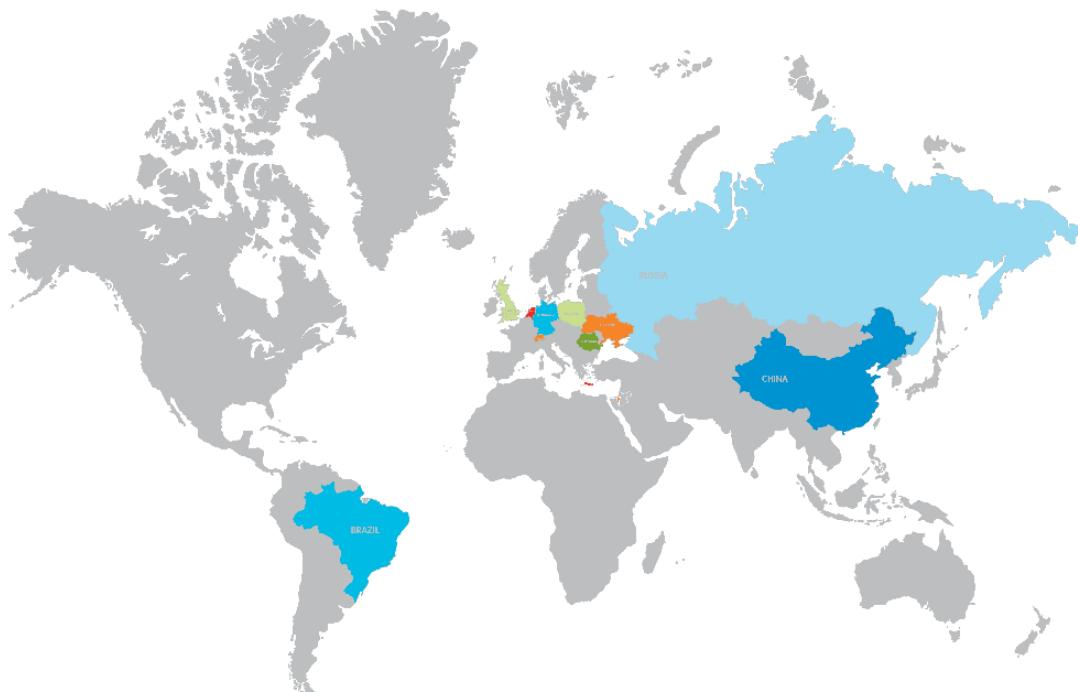
The group's coffee operations (including 100% of the activities of the joint venture Tres Corsoas (JV)) rank third in the global retail coffee market in terms of market share (according to Euromonitor). Strauss Coffee is active in Brazil, Russia, Ukraine, Poland, Romania, Germany and Switzerland.



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

¹ The data for the year 2025 has been adjusted to reflect the correct calculations according to the Storenext report published on April 9, 2025.

Global presence



Collaborations and innovation

Strauss is a party to collaborations with several leading multinational corporations such as São Miguel, Danone, PepsiCo, Haier and Culligan.

Summary of Q1 2025 Financial Performance

All financial information in this section is in accordance with the Company's non-GAAP reports:

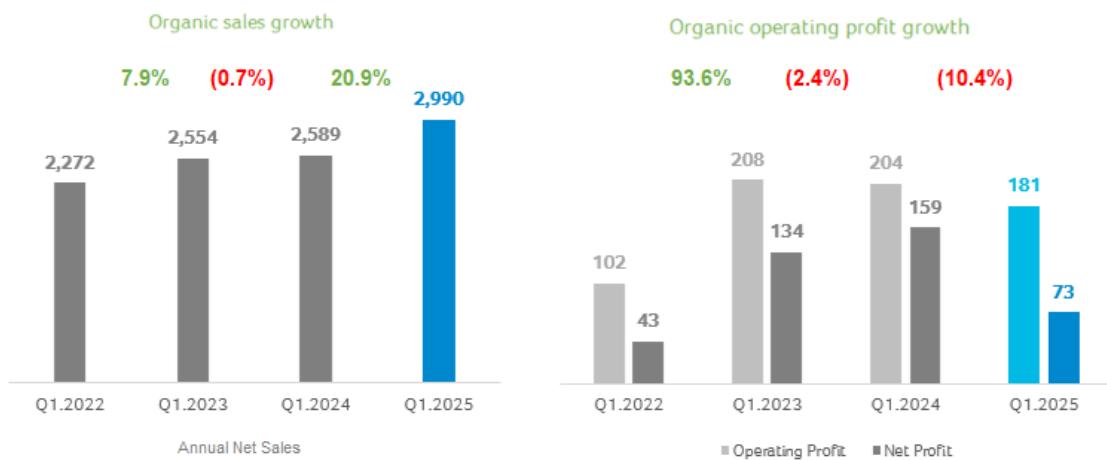
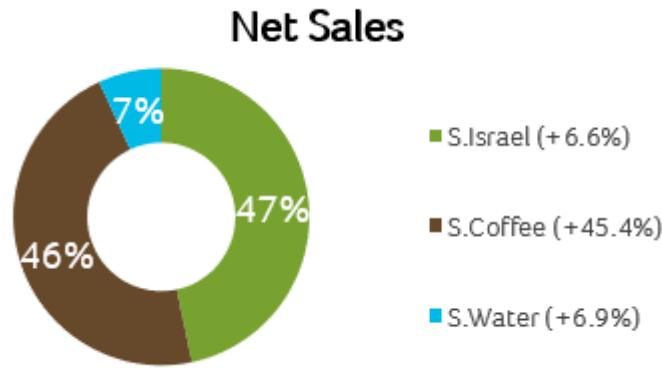
2,990 NIS millions Net sales	20.9% *Organic growth (excluding foreign currency effects)	15.5% Total growth in sales
181 NIS million Operating profit	-10.4% *Change in operating profit YoY	6.0% Operating margin
73 NIS million Profit attributable to shareholders	-54.8% *EPS growth	NIS 0.62 Earnings per share
282 NIS million EBITDA	-10.0% *Change in EBITDA YoY (Excluding currency effects)	-347 NIS million Operating cash flows
-495 NIS million Free cash flow	-232 NIS million *Change in cash flows from operations YoY	-217 NIS million Change in free cash flows from operations YoY

* Compared to the corresponding quarter of the previous year.

Selected financial data for the Q1 2025 period :

	Q1/2025	Q1/2024	Change	% Change
Sales	2,990	2,589	401	15.5%
Organic growth excluding foreign currency effects	20.9%	(0.7%)		
Gross profit – non-GAAP	781	874	(93)	(10.6%)
% of sales	26.1%	33.7%		
Total operating expenses	606	680	(74)	(10.8%)
Company's share of profit of equity-accounted investees	14	12	2	16.7%
Operating profit before profit of incubator investees	189	206	(17)	(8.3%)
Share of profit (loss) of equity-accounted incubator investees	(8)	(2)	(6)	300.0%
Operating profit – non-GAAP	181	204	(23)	(11.2%)
% of sales	6.0%	7.8%		
Financing expenses, Net	(26)	(26)	-	1.2%
Income before tax – non-GAAP	155	178	(23)	(13.0%)
Taxes on Income	(57)	1		
Income for the period – non-GAAP	98	179	(81)	(45.8%)
Income attributable to shareholders of the company	73	159	(86)	(54.8%)
% of sales	2.4%	6.2%		
Income attributable to non-controlling interests	25	20	5	26.6%
EPS (NIS)	0.62	1.37	(0.75)	(54.9%)

Segmentation of net sales in the Q1 2025 period



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

Definitions

In all of the following chapters, the following terms will have meanings set forth below:

“Strauss” / the “Company”	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 in Strauss Group’s Periodic Report.
“Strauss 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 local 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 American conglomerate Pepsico, Inc.
“PepsiCo Europe”	A subsidiary of PepsiCo, PepsiCo Investments Europe (I) B.V.
“PRB”	PRB Luxembourg, a subsidiary of PepsiCo
“Haier”	Haier Group Corporation of China.
“HSW”	Qingdao HSW Health Water Appliance Co. Ltd.
The “Stock Exchange” / “TASE”	The Tel Aviv Stock Exchange Ltd.
The “Financial Statements”	The financial statements of the Company, as defined in section 5 of the Description of the Company’s Business Report for the year 2024.
The “Non-GAAP Reports” / “Non-GAAP Management Reports”	The Company’s non-GAAP reports, as defined in section 5 of the Description of the Company’s Business Report for the year 2024.

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 ”	<p>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.</p> <p>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.</p>
“ 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 International is a provider of strategic market research, creating data and analysis on products and services around the world.
“ ICE ”	Intercontinental Exchange, Inc. (ICE) is a provider of commodity data, which generates and provides analyses of commodities. 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
“ Coffee company in Serbia ”	Strauss Adriatic d.o.o



Strauss Group Ltd.

Update of the Description of the Company's Business





Update of the Description of the Corporation’s Business Affairs Chapter in the 2024 annual report of Strauss Group Ltd (hereinafter: the “Company”)¹ (hereinafter: the “Annual Report”)

In accordance with Regulation 39A of the Securities Regulations (Periodic and Immediate Reports), 1970, presented below is an overview of material developments that occurred in the Company’s business in the three months ended March 31, 2025 and through to the publication date of the report, in which respect no disclosure has yet been made in the Annual Report. This update refers to the section numbers in the Description of the Company’s Business chapter as well as to several regulations in the Additional Information on the Corporation chapter in the Company’s 2024 Annual Report (“Description of the Company’s Business Report” and “Additional Information Report”, respectively), and is presented according to the order of the sections in said reports. It should be noted that the terms used in this chapter shall have the meaning assigned to them in the Annual Report, unless expressly stated otherwise.

1. Section 4 of the Description of the Company’s Business Report, Dividend Distribution

On March 24, 2025, the Company’s Board of Directors approved the payment of a cash dividend to the shareholders of NIS 160 million for the 2024 annual period. For information on the dividend distribution, see the immediate report of March 25, 2025 (Ref. No: 2025-01-019982), the supplementary immediate report on the final dividend per share dated March 31, 2025 (Ref. No: 2025-

¹As published on March 25, 2025 and amended on March 26, 2025 (Ref. No: 2025-01-019985 and 2025-01-020788, respectively).



01-022614) and also Note 4.2 to the Condensed Consolidated Interim Financial Statements of the Company as of March 31, 2025.

2. Section 17 of the Description of the Company's Business Report, Financing

Section 17.5, Credit rating

On April 3, 2025, the Company announced that S&P Global Ratings Maalot Ltd. (Maalot) ratings agency had affirmed the iAA+ rating of the Company and its bonds with a stable outlook. For more information see the immediate report dated April 3, 2025 (Ref. No: 2025-01-024722).

3. Section 20.4.3 of the Description of the Company's Business Report, Israel Competition Authority Investigation.

On April 3, 2025, the Company and former senior office holders received notices from the Competition Authority regarding the closing of an investigation against the Company and 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 Company's Q1 2021 quarterly report). For further details see the immediate report of April 3, 2025 (Ref. No: 2025-01-024729) and section 2.2 of the Board of Directors Report as of March 31, 2025.

4. Section 22 of the Description of the Company's Business Report, Legal Proceedings

For updates – see Note 6 to the Company's Condensed Consolidated Interim Financial Statements as of March 31, 2025.

5. Regulation 24 in the Additional Information on the Corporation Report, 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 April 7, 2025 (Ref. No: 2025-01-025647).

6. Regulation 26 of the Additional Information on the Corporation Report, Directors of the Corporation

On March 25, 2025, the Company announced the conclusion of the term in office of some of the Company's directors: Messrs. Tzipi Ozer-Armon and David Mosevics. For further information, see the immediate reports of March 25, 2025 (Ref. No: 2025-01-019996 and 2025-01-019995, respectively).



7. Regulation 26A of the Additional Information on the Corporation Report, Senior Officers

Further to the Company's report of September 2, 2024, about Mr. Ariel Chetrit concluding his term as the CFO of the Company (for more information see the immediate report of September 2, 2024, Ref. No: 2024-01-600110), and further to the Company's report of January 2, 2025, regarding the appointment of Mr. Tobi Fischbein as CFO of the Company in Q2 2025 (for further information see the immediate report of January 3, 2025, Ref. No: 2025-01-001095), on April 30, 2025, Mr. Ariel Chetrit concluded his role as the CFO of the Company, on May 1, 2025, Mr. Tobi Fischbein started his role as CFO (for more information see the immediate reports of April 2, 2025, Ref. No: 2025-01-024255 and 2025-01-024258, and the immediate report of May 4, 2025, Ref. No: 2025-01-030746).

8. Regulation 29(C) of the Additional Information on the Corporation Report, Extraordinary General Meeting Resolutions

On March 27, 2025, the Company's extraordinary general meeting approved a one-time bonus for the Company's CEO, Mr. Shai Babad for the Sabra transaction, which deviates from the remuneration policy. For further information, see the immediate report of March 27, 2025 (Ref. No: 2025-01-021551).

Date: May 27, 2025

Names and titles of signatories:

Ofra Strauss, Chairperson of the Board of Directors

Strauss Group Ltd.

Shai Babad, Chief Executive Officer



Strauss Group Ltd.

Board of Directors Report on the State of the Company's Affairs As of March 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**”) respectfully submits herewith the Board of Directors Report for Q1 2025, in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970.

The review presented below is abbreviated, referring to material events and changes in the state of the Company's business affairs during the reporting period, and this report should be reviewed together with the **Description of the Company's Business Report**, the **Financial Statements** and the **Board of Directors Report on the State of the Company's Business Affairs** in the periodic report as of December 31, 2024, as published on March 25, 2025 and amended on March 26, 2025 (Ref. No: 2025-01-019985 and 2025-01-020788, respectively) (the “2024 Annual Report”).

2. Principal information from the description of the Company's business affairs

2.1. Overview of the operating segments in 2025

As of the reporting date, the Group is engaged in five key areas of activity, which are reported as business segments as described in Note 3 to the Condensed Consolidated Interim Financial Statements of the Company as of March 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, several changes were made to the operating segments to align them with how the segmental information regarding the Group's operating segments is presented, which are based on the Group's internal management (non-GAAP) reports (the “**management reports**” or the “**non-GAAP reports**”).

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 March 31, 2025 as the “other activities”.

Accordingly, since the financial statements as of March 31, 2024, the responsibility for the Israel Coffee activity has been transferred from the Coffee Activity to the Israel Activity, under Fun & Indulgence (Israel Coffee) segment. It should be noted that since such time until the sale of the International Dips & Spreads activity as described in section 20.4.1 below, the activity was included under the Group's other activities since it did not amount to a reportable segment.

2.2. Summary of major developments during and subsequent to the reporting period

- **Wyler Farms merger agreement and the Commissioner's ruling** - Further to that stated in section 2.2 of the 2024 Annual Board of Directors Report regarding a determination made by the Commissioner of the Competition Authority of a breach pursuant to section 19 of the Economic Competition Law, 1988 (the "Economic Competition Law") and the imposition of a financial penalty on the Company totaling approximately NIS 111 million, the imposition of a financial penalty on its former office holders, 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) Economic of the Competition Law, including two which were installments paid in Q4 2024. In Q1 2025 three additional installments were paid totaling NIS 11 million each for the financial penalty. The Company submitted an appeal on the determination on January 23, 2025. On February 11, 2025, the Commissioner submitted a joint motion to consolidate the hearing of the appeal together with two other appeals on the matter. The Competition Authority submitted its response to the appeals on May 12, 2025. As of the approval date of the financial statements, the Company is studying the Competition Authority's response to the appeals. 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's legal counsel assess that the likelihood that the appeal, which asserts that the Company did not breach the law, will be awarded is greater than of it being rejected. For more information, see Note 6.3 to the Condensed Consolidated Interim Financial Statements as of March 31, 2025.
- **Motions for discovery and production of documents filed to examine bringing a derivative action associated with the Competition Commissioner's above ruling** - Further to that stated in section 2.2 of the 2024 Annual Board of Directors Report regarding the motions for discovery, on April 7, 2025, the Company filed a motion to stay the proceedings due to an appeal of the financial penalty it had submitted to the Competition Tribunal. The applicant is to submit his response to the motion to stay by

May 29, 2025. For further details see Note 6.4 to the Condensed Consolidated Interim Financial Statements as of March 31, 2025.

- **Independent committee (recall)** - Further to that stated in section 2.2 of the 2024 Annual Board of Directors Report regarding the submission of six motions for discovery and production of documents under section 198A of the Companies Law, 1999, for the purpose of examining the possibility of submitting a motion to bring a derivative action against officers and senior parties in the Company, on April 24, 2025, a representative of the Attorney General submitted a joint motion for an extension to submit the Attorney General's position on a motion to approve a settlement agreement by May 25, 2025. The aforementioned motion for an extension was approved by the court. For further details see Note 6.2 to the Condensed Consolidated Interim Financial Statements as of March 31, 2025.
- **Request for information from the Competition Authority and Company officers being subject to a hearing following public announcements** - On April 3, 2025, the Company and former senior office holders received notices from the Competition Authority regarding the closing of an investigation against the Company and 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 Company's Q1 2021 quarterly report). For further details see the immediate report of April 3, 2025 (Ref. No: 2025-01-024729) and Note 6.5 to the Condensed Consolidated Interim Financial Statements as of March 31, 2025.
- **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, expected to be fully achieved in 2026. In this regard, the Company is implementing various measures, which are not part of a closed list, which are part of the productivity activity:
 - With the supply chain:
 - Strategic procurement and building supply chain resilience through the optimization of procurement processes, including sales and operations planning (S&OP), direct procurement, supplier diversification, and more.

- Operational excellence – implementation of best-in-class programs in manufacturing facilities to improve efficiency, optimize Company resources, and more.
- Growth management in sales and optimization of marketing efforts
- Building capabilities and skills for excellence that support improvement of the operational continuum

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 present, the Company has distributed dividends amounting to approximately NIS 2.2 billion.

The graph below presents the cumulative dividend payout in recent years:

Dividend Payouts, Annual and Cumulative, over 2015–2025



Figures are in NIS millions.

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.

The balance of retained earnings on the date of the statement of financial position as of March 31, 2025 is approximately NIS 3,899 million.

CHANGES IN THE ECONOMIC ENVIRONMENT

3. The Swords of Iron war

On October 7, 2023, the Hamas terrorist organization attacked Israel. The Israeli government declared the Swords of Iron War in response to the attack (the “**war**”). This war expanded to other fronts with attacks by the Hezbollah terror organization along with rockets, missiles and suicide drone attacks on Israel from various fronts, including Iran and Yemen.

As of the publication date of this report, the war is still ongoing in an evolving manner, and the development of the war, its scale, impact and duration are still uncertain.

As of the publication date of this report, the effects of the war, described below, have had no material impact on the Group’s business and its financial results, and the Company has maintained normal operations at all sites. Additionally, from the outbreak of the war, the Group acted to find solutions in order to continue importing raw materials to Israel, including: Finding alternative sources for the procurement of raw materials, production outsourcing, making adjustments to the logistics array, and monitoring the increase in cybersecurity risks and food quality and safety risks. However, in light of the uncertainty with how the war will develop, its scope, impact and duration, it is not currently possible to assess the scope of the future impact of the war on the Group’s business.

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.

Since the outbreak of the war, the Company has taken steps to ensure that its business in Russia will be managed as a stand-alone business to the greatest extent possible. In Ukraine, the Group’s business has operated continuously.

As of the approval date of this report, the Russia-Ukraine war has 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 date of this report, it is unable to assess their future impact on its business results.

For further information on the Company's activity in Russia and Ukraine, see section 20.2 below and Note 4.6 to the Condensed Consolidated Interim Financial Statements as of March 31, 2025.

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 commodities markets. In Q1 2025, the average market prices of some of the Group's raw materials rose significantly compared to the corresponding quarter year-over-year, according to the table below, including the prices of green coffee and cocoa, further to the trend which occurred in 2024, of very sharp increases in said prices. On the other hand, the average market prices of raw materials not material to all of the activity declined. According to Bloomberg, in the beginning of April 2025, until on or about the publication date of the report, the price of Arabica and Robusta coffee prices fell by approximately 5% and 10% respectively, while the price of cocoa increased by approximately 7%.

It should be noted that the Company generally purchases Robusta green coffee.

In Q1 2025 the price of raw milk increased by approximately 0.4% relative to the corresponding period the previous year, and in the beginning of April its price for Q2 2025 was established with a 3.1% increase over the Q1 price.

Presented below are the rates of change in the average market prices of major inputs in Q1 2025 compared with the corresponding period the previous year:

Inputs	Average % change
Arabica ⁽¹⁾	98%
Robusta ⁽¹⁾	66%
Cocoa ⁽¹⁾	54%
Raw milk ⁽²⁾	0.4%

(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 subsidiaries also revised their sell-in prices in certain geographies and with particular products.

For additional information about the green coffee procurement processes see section 5 of the 2024 Annual Board of Directors report.

6. Energy prices

The average price of Brent oil in Q1 2025 fell by approximately 8% compared with the average price in the corresponding quarter the previous year. From the beginning of the year through to the publication date of the report, the price of oil has fallen by approximately 13%.

7. Exchange rate fluctuations

The average exchange rate of the Shekel strengthened against all operating currencies in Q1 2025 compared with the corresponding quarter, primarily against the Brazilian Real, which contributed to translation differentials and a decline in the sales line item in the income statement. However, in Q1 2025 the Shekel weakened against all currencies in terms of closing rates change and the net impact on the Group's shareholder equity was positive. In Q1 2025 the average USD exchange rate strengthened against all currencies other than the Shekel.

Presented below is a table with the average exchange rates against the Shekel in Q1 2025 compared with the corresponding period year-over-year:

Average Exchange Rates Against the Shekel				
Currency	Average exchange rate in Q1		% change	
	2025	2024		
United States Dollar	USD	3.613	3.661	(1.3%)
Euro	EUR	3.801	3.974	(4.4%)
Ukrainian Hryvnia	UAH	0.087	0.096	(9.7%)
Russian Ruble	RUB	0.039	0.040	(3.6%)
Serbian Dinar	RSD	0.032	0.034	(4.2%)
Romanian Leu	RON	0.763	0.799	(4.5%)
Polish Zloty	PLN	0.904	0.917	(1.4%)
Brazilian Real	BRL	0.616	0.739	(16.7%)
Chinese Renminbi	CNY	0.497	0.511	(2.8%)
Pound Sterling	GBP	4.549	4.642	(2.0%)

Presented below is a table with the average exchange rates against the USD in Q1 2025 compared with the corresponding period year-over-year:

Average Exchange Rates Against the Dollar				
Currency		Average exchange rate in Q1		% change
		2025	2024	
Shekel	NIS	0.277	0.273	1.3%
Ukrainian Hryvnia	UAH	0.024	0.026	(8.5%)
Russian Ruble	RUB	0.011	0.011	(2.3%)
Serbian Dinar	RSD	0.009	0.009	(3.0%)
Romanian Leu	RON	0.211	0.218	(3.2%)
Polish Zloty	PLN	0.250	0.250	(0.1%)
Brazilian Real	BRL	0.171	0.202	(15.6%)
Chinese Renminbi	CNY	0.138	0.140	(1.5%)
Pound Sterling	GBP	1.259	1.268	(0.7%)

From the beginning of the year until proximate to the publication date of the report, the Shekel weakened against the Brazilian Real and the Russian Ruble by approximately 7.5% and 21%, respectively, and strengthened by approximately 1% against the USD.

8. Inflation

In Q1 2025 the Israeli consumer price index rose by approximately 1.1% compared with approximately 1% in the corresponding period the previous year, and by approximately 3.6% over the last 12 months. In Q1 2025 the US consumer price index rose by approximately 1.3% compared with approximately 1.8% in the corresponding period the previous year, and by approximately 2.3% over the last 12 months. In Brazil, the consumer price index rose by approximately 5.5% over the 12 months ended in proximity to the publication of the report. In Russia, the consumer price index rose by approximately 10.2% over the last 12 months which ended in proximity to the publication of the report.

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 are CPI-linked.

For the Company's policy on how to protect against inflation, such as the use of financial derivatives and hedging activity, see section 8 of the 2024 Annual Board of Directors Report.

9. Interest

The Bank of Israel interest remained unchanged in Q1 2025 at 4.5% until on or about the publication date of the report; in the US the interest is unchanged at 4.25–4.5% until on or about proximity to the publication date of the report; in Brazil the interest increased from 12.25% at the beginning of the year to 14.75% on the publication date of the report; and in Russia the interest is unchanged at 21% on or about the publication date of the report.

Most of the Group's long-term liabilities are Shekel fixed-rate loans. The rest are floating-rate loans, most of them Shekel denominated, as well as Dollar and Real denominated loans.

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 for 2024 (Discussion of Risk Factors).

10. Regulatory developments in Israel

Presented below is an overview of the regulatory changes in Q1 2025 through to the publication date of the report which are relevant to the Group's activity.

The milk sector

On August 24, 2024, the Ministry of Agriculture published the Draft Milk Sector Planning Regulations (Reports and Issue of Directives) (Temporary Order), 2024 (hereinafter: the "**Draft Temporary Order**") for public comments. The Draft Temporary Order aims to establish arrangements for planning and regulating the milk sector, and includes a proposed mechanism for managing raw milk supplies during shortages. For further information about regulatory changes associated with the dairy industry, see section 8.2.12 of the 2024 Description of the Company's Business Report.

The continuation of the legislative process for the Draft Temporary Order is currently uncertain, so too with the final version that may be enacted. Therefore, as of the publication date of this report, the Company is unable to assess the potential impact of the Draft Temporary Order on its operations and business, should the legislative process be completed.

Wages in Israel

In March 2025 a notice was published in the official gazette by the Minister of Labor whereby, as of April 1, 2025, the minimum wage in the economy is being updated to NIS 6,247.67 per month. Additionally, pursuant to an amendment to the National Insurance Law (Temporary Order) dated January 2025, and a directive of the National Insurance Institute, effective as of February 1, 2025, the national insurance rate in the economy increased from 3.55% to 4.51%. The Group assesses that the increase in the minimum wage and National Insurance payments is not anticipated to have a material impact on the Group's operating results in 2025.

The information contained in this section regarding the Group's assessment that the increase in the minimum wage and national insurance fees is not expected to have a material impact on the Company's business results, is forward-looking information as defined in the Securities Law, which is based on the information available to the Company on the publication date of this report and includes the Company's estimates on the publication date, and there can be no certainty as to their materialization.

The Public Health Protection Law

Substantial amendments were made to the Public Health Protection (Food) Law, 2015, under the Economic Plan Law. Additionally, in August 2024, Amendment No. 10 to the Protection of Public Health Law (Food) was published. The amendment is a key part of a broad reform for the regulation of the food sector.

Among other things, the primary objectives of these amendments is to further align European food safety standards, to ease the import of food to Israel and to remove significant import barriers. The Group will continue to voluntarily act according to defined quality standards, and if required the Group is working to ensure compliance with the new regulations, making the necessary adjustments to import processes and internal quality control systems. For additional details, and the possible impact of these changes on the Group, see section 2.2 of the 2024 Annual Board of Directors Report.

11. Business regulation and changes in the food sector in Israel

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 (hereinafter: the **"New Arrangement Exemption"**), which became effective as of January 1, 2025. The New Arrangement 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%. On November 21, 2024, the Authority issued a notice extending the New Arrangement Exemption only for milk and associated products, until June 30, 2025.

The Company reviewed the effect of the change in the New Arrangement Exemption and estimates that the effect is immaterial to the Group's business. For further information, see section 13.1 in the Description of the Company's Business Report for 2024. This estimate is forward-looking information as defined in the Securities Law, which is based on the information available to the Company on the publication date of this report and includes the Company's estimates on the publication date.

On March 19, 2025, an amendment to the Food and Pharma Industries Competition Promotion Law, 2014 (the **"Food Law"**) was approved in a preliminary reading, proposing that if the legislative process is completed, the definition of a "large retailer" under Section 2 of the Food Law will change, whereby retailers with at least 28 stores and annual sales exceeding NIS 900 million will be classified as large retailers. This replaces the current threshold in the Food Law of 3 stores and annual sales exceeding NIS 286 million. The Company estimates that the proposed amendment, if enacted, will not have a material impact on the Company. For further information, see section 13 of the Description of the Company's Business Report for 2024. On May 12, 2025, a bill to amend the Food Law was presented to the Finance Committee, whereby the change to the aforementioned definition will only apply to a "large retail pharmacy" with at least 3 stores and with sales turnover in the previous financial year exceeding NIS 450 million.

The information contained in this section regarding the effects of the abovementioned regulation on the Company is forward-looking information as defined in the Securities Law, which is based on the information available to the Company on the publication date of this report and includes the Company's estimates on the publication date. There can be no certainty as to their materialization, and they may not materialize or may materialize in a different manner, *inter alia*, due to changes in macroeconomic conditions, the final versions that are approved, etc.

OPERATING RESULTS

12. Operating Results

The Group's commercial operations fall under a number of operating segments: Strauss 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 activity. 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.). Additionally, until being sold in December 2024, the dips and spreads business operated in North America via Sabra Dipping Company and the international dips and spreads business operated via PepsiCo Strauss Fresh Dips & Spreads International ("Obela") (for details about them being sold see section 11.1 of the Description of the Company's Business Report for 2024). It should be clarified, the above companies are 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 ("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 quarters ended March 31, 2025 and 2024 (in NIS millions):

Condensed Operating Results				
	Q1			Explanation
	2025	2024	% change	
Sales*	2,990	2,589	15.5%	The increase in sales is primarily attributable to increased sales prices in various categories and geographic regions due to an increase in raw material prices, as well as growth in the Fun & Indulgence (Snacks and Confectionery) and Fun & Indulgence (Israel Coffee) segments, <i>inter alia</i> , due to volume increases, the timing of the Passover festival and recovery from the war.
Organic growth excluding currency effects	20.9%	(0.7%)		Growth in the International Coffee activity is similarly due to an increase in sale prices, partially offset by negative foreign currency effects on sales, mainly as a result of the strengthening of the Shekel against all currencies, primarily against the Brazilian Real. For more information see section 16 below.
Cost of sales	2,209	1,715	28.8%	The decline in gross profit and gross margin primarily results from higher raw material prices (mainly the prices of cocoa and green coffee) and also results from the sale of the Dips and Spreads activity, which was partially offset by the increase in sales mentioned above.
Gross profit	781	874	(10.6%)	For more information see section 17 below.
% of sales	26.1%	33.7%		The decline is primarily attributable to marketing expenses in the Israel and International Coffee segments and as a result of the sale of the Dips & Spreads activity.
Selling and marketing expenses	470	515	(8.8%)	
General and administrative expenses	136	165	(17.3%)	The decline is primarily attributable to a decline in IT and salary expenses and as a result of the sale of the Dips & Spreads activity.
Total operating expenses	606	680		
Company's share in profits of equity-accounted investees	14	12	16.7%	The increase is due to growth in the profits of Haier Strauss Water primarily due to increased sales and operational improvements.
Operating profit before incubator investee losses	189	206	(8.3%)	
Share of loss of equity-accounted incubator investees	(8)	(2)	300.0%	The increase in incubator losses compared to the corresponding period the previous year is primarily due to the profits from the sale of one of the incubator companies in the corresponding quarter year-over-year.
Operating profit *	181	204	(11.2%)	The decline in operating profit and margin is primarily due to a decline in gross profit due to the increased prices of raw materials - primarily cocoa and green coffee, which was partially offset by a decline in marketing and management expenses.
% of sales	6.0%	7.8%		
Financing expenses, net	(26)	(26)	1.2%	
Profit before taxes on income	155	178	(13.0%)	
Taxes on income	(57)	1		The higher income tax and effective tax rate are largely due to the revision of tax reserves and final tax assessments issued in the various countries in the corresponding quarter the previous year, and the profit mix.
Effective tax rate	37.0%	(0.6%)		
Profit for the period	98	179	(45.8%)	
Profit attributable to shareholders of the Company	73	159	(54.8%)	The decline is primarily due to a decline in operating profit and increased tax expenses.
% of sales	2.4%	6.2%		
Profit attributable to non-controlling interests	25	20	26.6%	
EPS (NIS)	0.62	1.37	(54.8%)	

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

* In 2024 the Group performed various transactions to sell the coffee activity in Serbia, its fresh vegetable operations at the Bror Hayil plant and its sale of the Dips & Spreads activity. For further information about the sale of the activity, see section 2.2 of the 2024 Annual Board of Directors Report. The Group's sales and operating profit in Q1 2024 while offsetting the sold activity, as aforementioned, came to approximately NIS 2,426 million and NIS 199 million, respectively.

Presented below are the condensed operating results (based on the management (non-GAAP) reports) for the major business segments for the quarters ended March 31, 2025 and 2024 (in NIS millions):

Condensed Operating Results by Operating Segment			
	Q1		
	2025	2024	% change
Israel Activity			
Net sales	1,396	1,309	6.6%
Cost of sales	947	811	16.7%
Operating profit	113	151	(25.7%)
International Coffee			
Net sales	1,388	954	45.4%
Cost of sales	1,155	724	59.5%
Operating profit	55	38	43.9%
Water			
Net sales	206	193	6.9%
Cost of sales	107	99	7.9%
Operating profit	26	24	8.7%
Other			
Net sales	-	133	
Cost of sales	-	81	
Operating loss	(13)	(9)	25.8%
Total			
Net sales	2,990	2,589	15.5%
Cost of sales	2,209	1,715	28.8%
Operating profit	181	204	(11.2%)

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

Presented below is the breakdown of EBITDA between the Group's operating segments (in NIS millions):

Breakdown of EBITDA by operating segment			
	Q1		
	2025	2024	% change
Israel Activity	165	206	(19.9%)
International Coffee	76	61	23.8%
Water	42	44	(3.7%)
Other	(1)	7	(107.7%)
Total	282	318	(11.1%)

Financial data were rounded to NIS millions.

Presented below are the condensed financial accounting (GAAP) statements of income for the quarters ended March 31, 2025 and 2024 (in NIS millions):

Condensed GAAP Statements of Income			
	Q1		
	2025	2024	% change
Sales	1,887	1,726	9.3%
Cost of sales excluding impact of commodity hedges	1,299	1,090	19.1%
Adjustments for commodity hedges ⁽¹⁾	(24)	71	
Cost of sales	1,275	1,161	9.8%
Gross profit	612	565	8.3%
% of sales	32.4%	32.7%	
Selling and marketing expenses	340	353	(3.7%)
General and administrative expenses	121	129	(6.3%)
Total operating expenses	461	482	
Share of profit of equity-accounted investees	47	36	30.8%
Share of loss of equity-accounted incubator investees	(8)	(2)	300.0%
Net operating profit before other expenses	190	117	62.6%
% of sales	10.1%	6.8%	
Other income (expenses), net	(9)	(50)	
Net operating profit after other expenses	181	67	168.6%
Net financing income (expenses)	(13)	(17)	(26.3%)
Profit before taxes on income	168	50	235.9%
Taxes on income	(57)	21	
Effective tax rate	34.2%	(41.4%)	
Profit for the period	111	71	56.3%
Profit attributable to shareholders of the Company	86	51	67.8%
Profit attributable to non-controlling interests	25	20	26.4%

Financial data were rounded to NIS millions. 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.

13. 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 to the Company's management (non-GAAP) reports for the quarters ended March 31, 2025 and 2024 (in NIS millions):

	Adjustments from the GAAP report for the proportionate consolidation method					
	Q1 2025			Q1 2024		
	Financial Statements	Change	Proportionate consolidation method	Financial Statements	Change	Proportionate consolidation method
Sales	1,887	1,103	2,990	1,726	863	2,589
Cost of sales excluding impact of commodity hedges	1,299	910	2,209	1,090	625	1,715
Adjustments for commodity hedges ⁽¹⁾	(24)	1	(23)	71	-	71
Cost of sales	1,275	911	2,186	1,161	625	1,786
Gross profit	612	192	804	565	238	803
% of sales	32.4%		26.9%	32.7%		31.0%
Selling and marketing expenses	340	130	470	353	162	515
General and administrative expenses	121	21	142	129	42	171
Company's share in profits of equity-accounted investees	47	(33)	14	36	(24)	12
Operating profit before incubator investee losses	198	8	206	119	10	129
Share of loss of equity-accounted incubator investees	(8)	-	(8)	(2)	-	(2)
Operating profit before other expenses	190	8	198	117	10	127
% of sales	10.1%		6.6%	6.8%		4.9%
Other income (expenses), net	(9)	10	1	(50)	(3)	(53)
Operating profit after other expenses	181	18	199	67	7	74
Financing expenses, net	(13)	(13)	(26)	(17)	(9)	(26)
Profit before taxes on income	168	5	173	50	(2)	48
Taxes on income	(57)	(5)	(62)	21	2	23
Effective tax rate	34.2%		36.1%	(41.4%)		(48.9%)
Profit for the period	111	-	111	71	-	71
Profit attributable to shareholders of the Company	86	-	86	51	-	51
Profit attributable to non-controlling interests	25	-	25	20	-	20

Financial data were rounded to NIS millions. 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			
	Q1		
	2025	2024	% change
Net operating profit (according to the proportionate consolidation method) after other income (expenses)	199	74	171.6%
Share-based payments	6	6	
Adjustments for commodity hedges ⁽¹⁾	(23)	71	
Other income (expenses), net	(1)	53	
Operating profit *	181	204	(11.2%)
Financing expenses, net	(26)	(26)	
Taxes on income	(62)	23	
Taxes in respect of adjustments to the above operating profit	5	(22)	
Profit for the period	98	179	(45.8%)
Attributable to shareholders of the Company	73	159	(54.8%)
Attributable to non-controlling interests	25	20	26.6%

Financial data were rounded to NIS millions. 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 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.

* In Q1 2024 and for the entire annual period Strauss Israel had a loss due to cocoa commodity derivative positions totaling approximately NIS 72 and 94 million, respectively, in respect of which an adjustment was made in the Company's management (non-GAAP) reports. On the other hand, in Q2 and Q3 2024, a loss was recognized as a result of the exercise of the derivative financial instrument totaling approximately NIS 27 and 18 million, respectively, included in the Cost of sales line-item in the Company's management report. 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.

14. Condensed statement of financial position

Presented below is the condensed financial accounting (GAAP) statement of financial position as of March 31, 2025 and December 31, 2024 (in NIS millions):

Condensed GAAP Statement of Financial Position				
	As of March 31, 2025	As of December 31, 2024	% change	Explanation
Total current assets	3,277	3,582	(8.6%)	The change is largely due to a decrease in cash and cash equivalents, a decline in accounts receivable and debit balances, which was partially offset by an increase in inventory due to stocking up and rising raw materials prices and an increase in the trade receivables balance due to sales growth.
Including: Cash and cash equivalents	436	1,142	(61.8%)	For information on the change in the cash and cash equivalents line-item, see section 21.2 below. According to Company policy, these assets are mainly held in liquid deposits.
Total non-current assets	5,544	5,377	3.1%	The change is largely due to an increase in investments in associates due to investee profits and due to positive translation differences. As well as an increase in investments in fixed assets and intangible assets.
Total assets	8,821	8,959		
Total current liabilities	3,336	3,335	(0.0%)	There was no material change between the periods.
Total non-current liabilities	1,976	2,028	(2.5%)	The change is primarily due to a decline in lease liabilities due to the classification of liabilities with respect to assets held for sale in wake of the Cafe Elite chain sale transaction.
Total equity attributable to majority shareholders	3,167	3,279	(3.4%)	The change is largely due to positive translation differences and income attributable to majority shareholders, and was partially offset by a dividend declared to shareholders of the Company.
Total equity attributable to minority shareholders	342	317	8.0%	The change is derived from profit attributable to non-controlling interests.

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

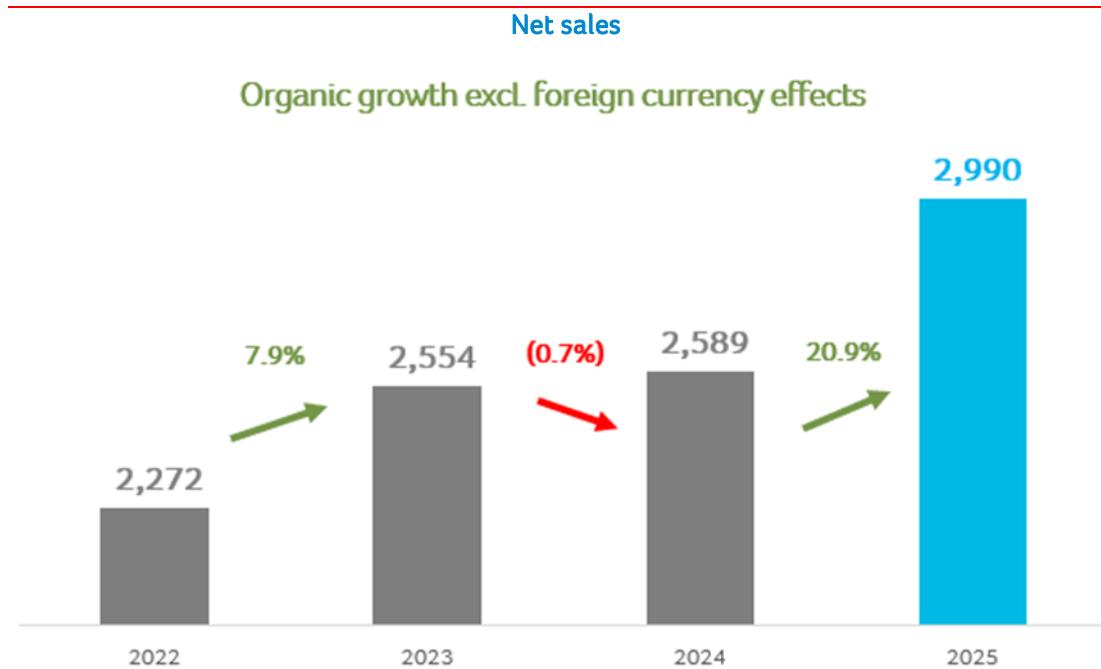
Presented below is the outstanding debt balance as of March 31, 2025 and December 31, 2024 (in NIS millions):

Debt balance				
	As of March 31, 2025	As of December 31, 2024	Change	Explanation
Gross debt – non-GAAP reports	3,194	3,545	(351)	
Gross debt – financial accounting (GAAP) reports	2,465	2,812	(347)	The decline in the debt is primarily due to the repayment of long-term loans.
Net debt – non-GAAP reports	2,652	1,989	663	The increase in net debt is primarily attributable to the decline in cash balances partially offset by a decrease in gross debt.
Net debt – financial accounting (GAAP) reports	2,029	1,670	359	

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

15. Key comparative financial data according to the non-GAAP reports

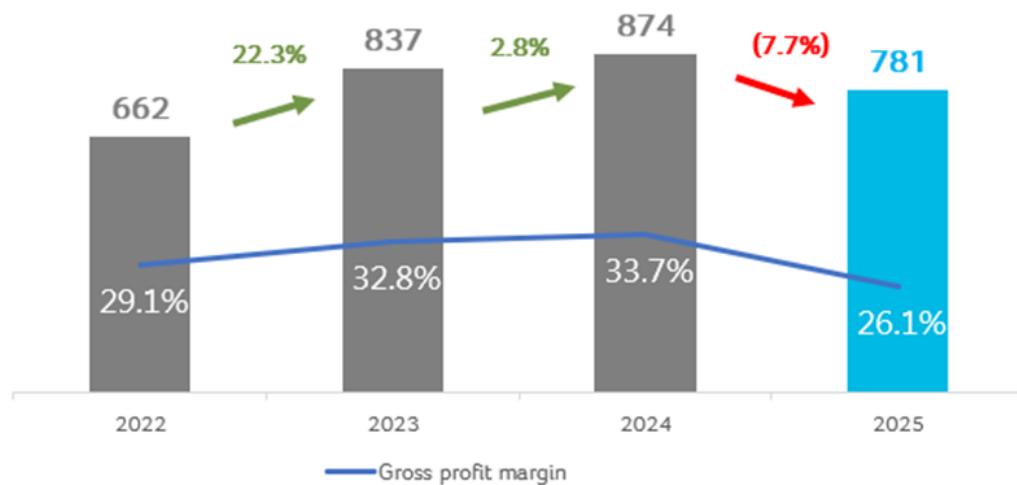
Presented below are key financial data presented in a quarterly comparison, according to the management (non-GAAP) reports:



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

Gross profit and gross margin

Organic growth excl. foreign currency effects



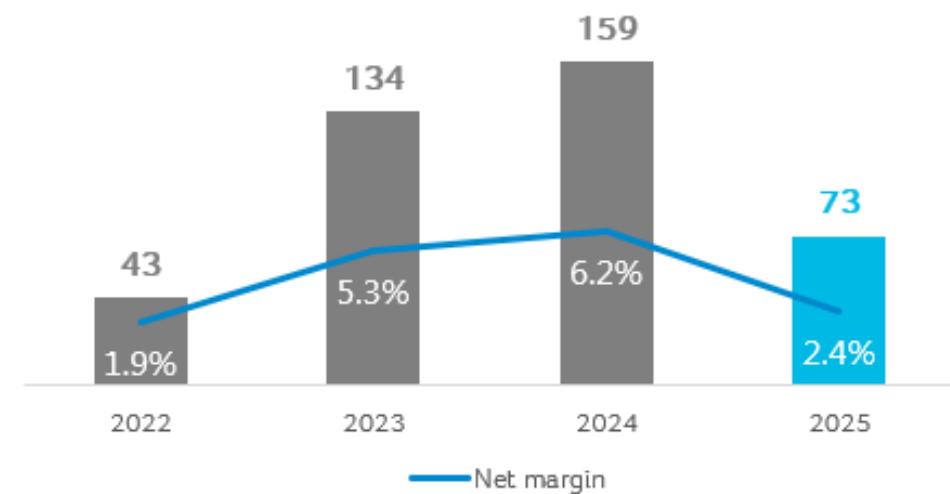
Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.

Operating profit and operating margin

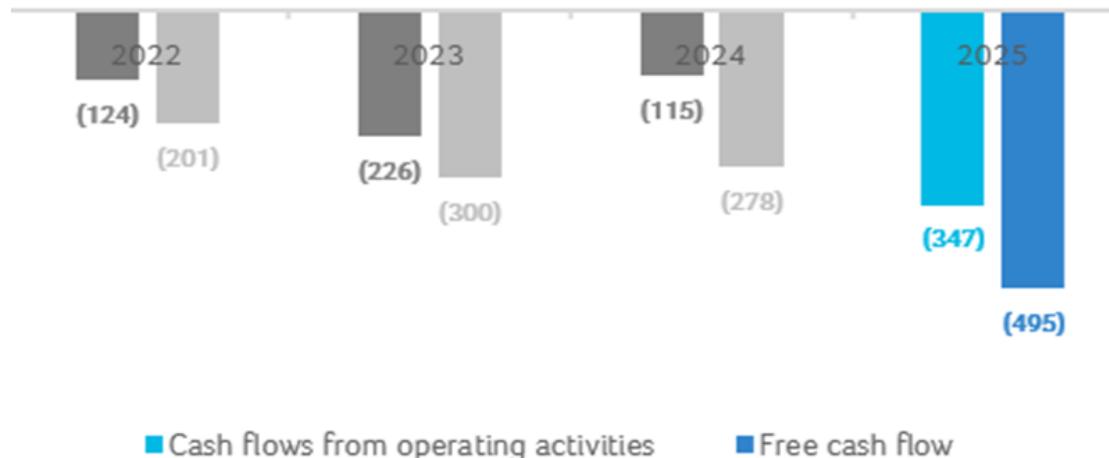
Organic growth excl. foreign currency effects



Net profit and net profit margin



Cash Flows from operating activities and free cash flow*

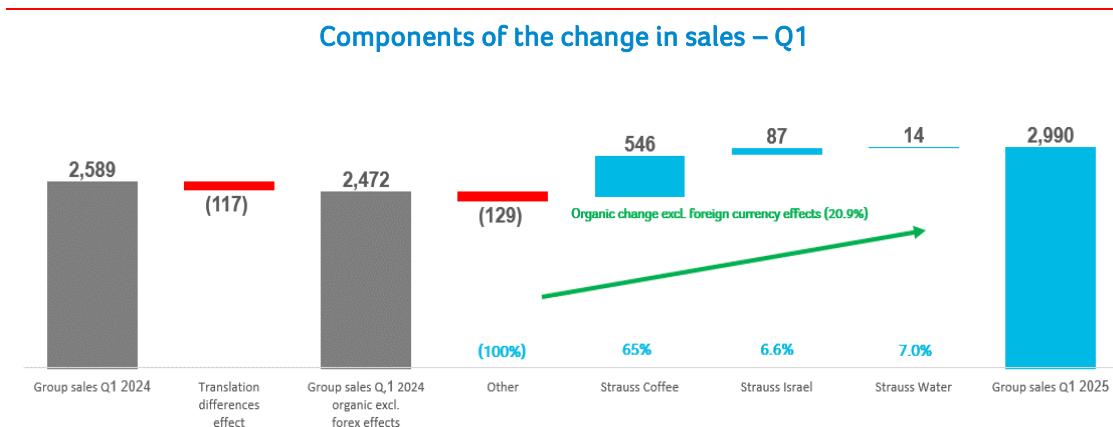


Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.

* In Q1 2025 approximately NIS 33 million was paid for the financial penalty imposed on the Company by the Commissioner of the Competition Authority in Q4 2024. For further information, see section 2.2 above.

16. Sales – non-GAAP

Presented below are the components of the change in sales in the period in local currency and growth rates according to the Group's business segments in local currency, together with the overall impact, mainly of translation differences (the "translation differences effect") and inorganic growth (M&A):



The translation differences effect is calculated according to the average exchange rates in the relevant period.

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

The Group's sales Q1 2025 were affected by negative translation differences amounting to approximately NIS 117 million, due to the weakening of the average exchange rate of the Brazilian Real against the Shekel compared to the corresponding period the previous year.

The change in the Group's sales in local currency was the result of the following factors:

- See section 20.1 below for further explanations on organic sales growth in the Strauss Israel activity.
- See section 20.2 below for further explanations on organic sales growth in the International Coffee segment.
- See section 20.3 below for further explanations on organic sales growth in the Strauss Water segment.

17. Gross profit – non-GAAP

Gross profit – non-GAAP				
	Q1			% change excluding effect of translation differences into NIS
	2025	2024	% change	
Gross profit	781	874	(10.6%)	(7.7%)
Gross margin	26.1%	33.7%		

The Group's non-GAAP gross profit in Q1 2025 was negatively affected by exchange rates with the impact amounting to approximately NIS 27 million, largely as a result of the weakening of the average exchange rate of the Brazilian Real against the Shekel compared to the corresponding period the previous year.

- See section 20.1 below for further explanations on the change in gross profit in the Strauss Israel activity.
- See section 20.2 below for further explanations on the change in gross profit in the International Coffee segment.
- See section 20.3 below for further explanations on the change in gross profit in the Strauss Water segment.

18. Operating profit – non-GAAP

Operating profit – non-GAAP				
	Q1			
	2025	2024	% change	% change excluding effect of translation differences into NIS
Operating profit	181	204	(11.2%)	(10.4%)
Operating margin	6.0%	7.8%		

Presented below are the components of the change in operating profit compared to the corresponding period the previous year, according to the Company's business segments:

Components of the change in operating profit – Q1



The translation differences effect is calculated according to the average exchange rates in the relevant period.

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

The change in the Group's operating profit in Q1 2025 was the result of the following factors:

- See section 20.1 below for further explanations on the change in operating profit in the Strauss Israel activity.
- See section 20.2 below for further explanations on the change in operating profit in the International Coffee segment.
- See section 20.3 below for further explanations on the change in operating profit in the Strauss Water activity.

19. Comprehensive income for the period (according to the financial accounting (GAAP) report)

Comprehensive GAAP income amounted to approximately NIS 267 million in Q1 2025, compared to comprehensive income of NIS 145 million in the corresponding period the previous year. In Q1 2025, profits from translation differences, which are the main component of other comprehensive income, totaled NIS 156 million, compared to foreign currency translation gains of approximately NIS 74 million in the corresponding period the previous year.

The income from translation differences in Q1 2025 is primarily attributable to positive exchange rate differences from the Strauss Coffee segment totaling approximately NIS 148 million.

20. Analysis of the business results of the Group's major business units

Presented below are sales from the Group's overall activity in Israel, which include the Health & Wellness, Fun & Indulgence (Snacks and Confectionery), Fun & Indulgence (Israel Coffee) segments, and Strauss Water Israel (Tami 4):

Data on Strauss Group's Sales in Israel				
	Q1			Explanation
	2025	2024	% change	
The Group's sales in Israel	1,588	1,495	6.2%	The increase in sales due to price increases, volume increase, along with the timing of the Passover festival and recovery from the war which impacted the Israel Activity in the corresponding quarter the previous year. Additionally, the Strauss Water activity also contributed to growth thanks to higher sales volumes, growth in the customer base and a change in the sales mix.
(1) Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.				

20.1. Israel Activity

According to StoreNext,¹ as of March 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 12.3% of the total retail food and beverage market in Israel (in terms of revenue), compared with a market share of approximately 12.0% in 2024.

For further information about cocoa prices, see section 5 above.

In December 2024, the Group announced an update of its sell-in prices for chocolate and coffee products (the price increase became effective in January 2025), due to protracted price increases of cocoa and coffee raw materials. The Group raised the prices of products which have cocoa and coffee as a significant raw material, including, among others, chocolate tablets, premium cakes, roasted coffee, instant coffee and Chocolite instant chocolate powder. The Group raised its product prices by approximately 2.9% on average. The price update included a 10% decline in the sale price of olive oil products.

¹ 2025 figures were adjusted for StoreNext's updated calculations, which are current according to a report published on April 9, 2025. It should be noted that Strauss Water's business is not included in StoreNext's market share measurements.

Presented below are the condensed operating results, based on the management (non-GAAP) reports, for the Israel activity by segment for the quarters ended March 31, 2025 and 2024:

Condensed operating results - The Israel Activity				
	Q1			Explanation
	2025	2024	% change	
Net sales	1,396	1,309	6.6%	The increase in sales primarily due to increased prices as a result of an increase in raw material prices, primarily in the Fun & Indulgence (Snacks and Confectionery) and Fun & Indulgence (Israel Coffee) segments, along with volume increases, the impact of the timing of the Passover festival and recovery from the war which had an impact in the corresponding quarter the previous year.
Gross profit	449	498	(9.8%)	The decline in gross profit and gross margin is largely due to an increase in green coffee and cocoa prices and from the realization of a loss of approximately NIS 49 million due to cocoa commodity derivative positions in Q1 2025. The decline in gross profit is partially offset by an increase in sales.
% gross profit	32.2%	38.0%		
Operating profit	113	151	(25.7%)	The decline in profit and operating margin is due to an increase in cocoa and coffee prices, as well as the realization of a loss from cocoa derivative positions, which was partially offset by an increase in sales and operational efficiency.
% operating profit	8.1%	11.6%		(After offsetting losses from cocoa commodity derivative position revaluations, the operating profit increased by approximately 7.3%, and the operating margin percentage remained unchanged compared to the previous year).

Condensed results by segment

Condensed operating results - The Israel Activity by segment				
	Q1			Explanation
	2025	2024	% change	
Health & Wellness segment				
Net sales	742	731	1.5%	
Cost of sales	467	460	1.3%	
Operating profit	88	74	18.2%	The Health & Wellness segment grew mainly as a result of price increases introduced during the year, improved productivity and optimization of the product mix. The growth in the segment is partially offset by a decline in sales volume.
% operating profit	11.9%	10.2%		
Fun & Indulgence (Snacks and Confectionery) segment				
Net sales	394	361	9.2%	The increase in sales is attributable to increased sales prices in response to an increase in raw material prices and increased volume.
Cost of sales	322	234	37.5%	The increase in the Cost of sales is primarily due to the increase in cocoa prices in the period and from the realization of a loss of approximately NIS 49 million due to cocoa commodity derivative positions in Q1 2025.
Operating profit (loss)	(16)	42	(139.5%)	The decline in operating profit and operating margin is primarily due to the increase in the Cost of sales, which was partially offset by increased sales.
% operating profit (loss)	(4.2%)	11.5%		
Fun & Indulgence (Israel Coffee) segment				
Net sales	260	217	19.4%	
Cost of sales	158	117	34.9%	The increase in sales in Q1 2025 derives from an increase in sales prices, growth in volume, timing of the Passover festival and due to recovery from the war.
Operating profit	41	35	15.5%	The increase in operating profit is primarily attributable to an increase in sales which was partially offset by increased raw material prices which had an adverse impact on operating margin.
% operating profit	15.7%	16.3%		

Financial data were rounded to NIS millions. 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 2.2 of the 2024 Annual Board of Directors Report and section 23 of the Description of the Company's Business Report for 2024, the Group is currently in the process of constructing a new plant to manufacture plant-based milk substitute products, which is expected to be completed in 2025. The factory is located in the Bar Lev Industrial Zone (Achihud) adjacent to the Achihud Dairy owned by the Group. For further information, see Note 13.1 to the Consolidated Financial Statements as of December 31, 2024 and section 8.2.1 to the Description of the Company's Business Report for 2024.

In addition, the group continues to invest in infrastructure in Israel, according to sections 8.2.7 and 8.3.7 of the Description of the Company's Business Report for 2024. This includes an additional production line in Yotvata and logistics centers in Bror Hayil for the benefit of the salty snacks plant and Yotvata.

For further information about the option agreement pertaining to the Company and Pepsico's holdings in Strauss Frito-Lay Ltd., see section 8.3.15 of the Description of the Company's Business Report for 2024. For further information about said option agreement, see section 2.2 of the 2024 Annual Board of Directors Report and Note 21.4.1 to the Consolidated Financial Statements as of December 31, 2024.

In February 2025, 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. In March 2025 the conditions precedent were satisfied and the transaction closing date is set for June 2025. For details see Note 4.7 to the Condensed Consolidated Interim Financial Statements as of March 31, 2025 and section 8.4.2 to the Description of the Company's Business Report for 2024.

For information on the merger agreement with Wyler Farms Ltd., see section 2.2 above and Note 6.3 to the Condensed Consolidated Interim Financial Statements as of March 31, 2025.

Further to Note 15.2 to the 2024 Annual Consolidated Financial Statements regarding supplier finance arrangements, as of March 31, 2025, trade payables included in the reverse factoring arrangement with the Israel activity amounted to approximately NIS 84 million (as of March 31, 2024: NIS 74 million).

20.2. International Coffee activity

According to Euromonitor data,¹ in 2024 the Group's coffee activity (including 100% of the activity of the Três Corações (JV)) made it the third largest player in the global retail market in terms of value market share, with approximately 2.9% of the global coffee market in terms of value in 2024.

In the International Coffee activity 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)²), as well as in Poland, Romania, Ukraine and Russia, and also markets and distributes coffee machines for home use in Brazil (through Três Corações (JV)) and AFH (away from home). 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 external customers. In 2025, Brazil constitutes approximately 73% of the entire sales of the International Coffee activity (based on a 50% stake in Três Corações (JV)).

The Group also markets and distributes coffee machines and coffee products for away-from-home (AFH) consumption at hotels, cafés, offices, etc. As part of its activity in Brazil (through Três Corações (JV)) the Group invests in developing and growing categories other than R&G coffee, such as capsules and coffee machines, coffee and milk powders, corn products, plant-based dairy alternatives, chocolate powders and juice powders, which are profitable categories. Três Corações (JV) has an objective in growing and expanding these non-R&G categories and maximizing sales through its sales and distribution platform.

Following the substantial increase in green coffee prices, notably Robusta, the Group raised the sales prices of various coffee products in all countries of operations. For further information about coffee prices, see section 5 above.

In addition to raising sales prices for its customers, Strauss Coffee 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 of the 2024 Annual Board of Directors Report.

See section 4 above for information on the Russia-Ukraine war.

¹ Based on the Euromonitor data report published on November 21, 2024.

² Três Corações (Brazil) – 50% of the shares of the joint venture are held by São Miguel Group (data reflect Strauss Coffee's stake (50%)).

On December 30, 2025, a new European regulation called "EUDR" (Regulation on Deforestation-Free Products) is expected to come into effect. The purpose of the regulation is to ensure that the following products: Palm oil, soy, timber, beef, cocoa, coffee, and rubber, are not produced in areas where forests have been cleared for their cultivation (or used to cultivate the raw materials they are made from). 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. As of the date of the report, the Company is preparing to comply with the regulations and making the necessary adjustments, in order to comply with the relevant requirements upon the regulation becoming effective at the aforementioned time.

Further to Note 15.2 to the Annual Financial Statements regarding supplier finance arrangements, as of March 31, 2025, trade payables included in the reverse factoring arrangement with the International Coffee activity amounted to approximately NIS 399 million (as of March 31, 2024: NIS 323 million).

Presented below are the condensed operating results, based on the management (non-GAAP) reports, of the International Coffee activity for the quarters ended March 31, 2025 and 2024 (in NIS millions):

Condensed operating results - International Coffee activity				
	Q1			Explanation
	2025	2024	% change	
International Coffee				
Net sales	1,388	954	45.4%	Growth in coffee sales mainly reflects price increases due to the rise in green coffee prices, as well as increased sales volumes in most regions. Coffee sales in Q1 2025 increased despite the Shekel strengthening against most currencies, primarily against the Real, relative to the corresponding period year-over-year. For further information, see "Coffee sales by major geographical regions" in section 20.2.1 below.
Cost of sales	1,155	724	59.5%	The increase in Cost of sales in Q1 2025 is largely due to an increase in raw material prices in all regions.
Operating profit	55	38	43.9%	The increase in operating profit for the coffee activity in Q1 2025 is primarily due to increased sales as noted above as well as savings on operating expenses, which are partially offset by an increase in raw materials.
% operating profit	3.9%	4.0%		

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

20.2.1. 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 growth rates for the quarters ended March 31, 2025 and 2024 (in NIS millions):

Geographical region	International Coffee Operation sales by major geographical regions				Explanation
	2025	2024	% change	% change in local currency (1)	
International Coffee					
(2) Brazil (Três Corações) (3) - 50%	1,008	645	56.4%	86.6%	The growth in Três Corações's sales in local currency is largely due to higher sale prices and growth in sale volumes. The Company's sales in Q1 2025 were adversely impacted by the strengthening of the Shekel against the Brazilian Real by approximately NIS 104 million. For further information, see section 20.2.2 below.
Russia	132	93	41.6%	43.4%	Year-over-year sales growth in local currency is the result of an increase in sales prices, and was partially offset by a decline in quantities sold due to the price increase. Changes in exchange rates did not have a material effect on the Company's sales compared to the corresponding period year-over-year.
Ukraine	43	36	17.3%	30.0%	Year-over-year sales growth in local currency is primarily due to an increase in sales prices. The Company's sales in Q1 2025 were negatively affected by the strengthening of the Shekel against the Hryvnia with the effect amounting to approximately NIS 4 million.
Poland	149	103	44.5%	45.1%	Year-over-year sales growth in local currency is primarily the result of an increase in sales volumes and prices, which was partially offset by increased sales promotions. Sales in Q1 2025 were adversely impacted by the strengthening of the Shekel against the Polish Zloty by approximately NIS 1 million.
Romania	56	45	23.8%	29.4%	Sales growth in local currency is primarily due to an increase in sales prices and increased sales volumes. The Company's sales in Q1 2025 were adversely impacted by the strengthening of the Shekel against the Romanian Leu by approximately NIS 2 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	-	11	(100.0%)	(100.0%)	The revenues in the corresponding period derive from the sale of green coffee to the business in Serbia, after its sale.
Total International Coffee	1,388	954	45.4%	65.0%	

Financial data were rounded to NIS millions. 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.

20.2.2. 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 Q1 2025, Três Corações (JV)'s average value market share in roast coffee was approximately 34.2%, compared to approximately 33.2% the previous quarter. 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 millions** (data reflect the Group's holdings (50%)):

Selected Financial Data on Três Corações (JV)'s Business				
	Q1			Explanation
	2025	2024	% change in local currency	
Sales	1,641	880	86.5%	Sales growth mainly reflects higher sales prices and volumes.
Gross profit	246	196	25.6%	The growth in gross profit is primarily due to increased sales prices and increased sales volumes which were partially offset by increased raw material prices.
Gross margin	15.0%	22.3%		The decline in gross margin is largely due to an increase in raw material prices (primarily green coffee).
Operating profit before other income/expenses	48	18	167.3%	The increase in operating profit and operating margin is primarily due to the increase in gross profit, which was partially offset by increased sales and distribution expenses.
Operating margin	2.9%	2.1%		

Presented below are selected data on Três Corações (JV)'s business, in **NIS millions*** (data reflect the Group's holdings (50%)):

Selected Financial Data on Três Corações (JV)'s Business				
	Q1			% change
	2025	2024		
Sales	1,014	649		56.4%
Gross profit	152	144		5.4%
Operating profit before other income/expenses	30	13		133.1%

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

* Financial data are based on the average exchange rates during the period.

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.

20.3. The Strauss Water activity

The Group is active in the drinking water market through Strauss Water, 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 Company also has an immaterial business in England. As of the date of the report and following the end of the termination of engagement with respect to the Virgin Pure brand, the Company has launched a new brand ('our taap') in March 2024 for its activity in England. For further information, see section 10.8 in the Description of the Company's Business Report for 2024. 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 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 2024. 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.

Presented below are the condensed operating results, based on the management (non-GAAP) reports, of Strauss Water for the quarters ended March 31, 2025 and 2024 (in NIS millions):

Condensed operating results - The Strauss Water activity				
	Q1			Explanation
	2025	2024	% change	
Net sales	206	193	6.9%	Most of the sales due to growth in the customer base and an increase in sales volumes.
Cost of sales	107	99	7.9%	Most of the growth is attributable to an increase in device sales, and growth in the customer base along with operational efficiency.
Operating profit	26	24	8.7%	The increase in operating profit and operating margin is primarily due to the increase in sales, increased earnings of Haier Strauss Water and operational efficiency measures.
% Operating profit	12.5%	12.3%		

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

20.3.1. Results of Haier Strauss Water (HSW)¹

Presented below are selected financial data on HSW's business in **RMB millions** (data reflect 100% ownership):

RMB millions	Condensed operating results - HSW			Explanation
	2025	2024	% change	
Sales	456	421	8.2%	The growth in sales is due to increased sales volume.
Net profit	62	52	19.3%	The increase in net profit is primarily due to the increase in sales and operational efficiency improvements.

Financial data were rounded to RMB millions. Percentage changes were calculated based on the exact figures.

Presented below are selected financial data on HSW's business in **NIS millions*** (data presented below reflect 100%):

NIS millions	Condensed operating results - HSW		
	Q1		
	2025	2024	% change
Sales	227	216	5.2%
Net profit	31	27	16.5%

Financial data were rounded to NIS millions. 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 section 20.3.1 of the 2024 Annual Board of Directors Report and Note 11.6.4 to the Consolidated Financial Statements as of December 31, 2024.

¹ Including the profits 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 2024.

20.4. Other activity

20.4.1. The International Dips & Spreads Activity

On November 21, 2024 the Company and its wholly-owned subsidiary S.E USA, Inc. entered into agreements to sell the entire holdings of the subsidiary in Sabra (50%) and to sell the Company's entire holdings in Obela (50%) to the US conglomerate PepsiCo. The sale consideration came to USD 243.8 million, 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 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.

In Q1 2024, the sales and operating margin (based on 50%) of the Dips & Spreads segment came to approximately NIS 130 million and NIS 7 million, respectively.

20.4.2. 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), some of which have completed product development, commenced initial sales and raised further funds. The Company participated in some of these funding rounds, investing sums that are immaterial to the Company. For a list of the companies included in the incubator project and their areas of activity, see section 11.2 of the Description of the Corporation's Business Affairs for 2024. The incubator activity invested in two incubatory companies in Q1 2025.

As of March 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 54 million (as of March 31, 2024: approximately NIS 93 million). The estimated value of these investments on the above date was approximately NIS 235 million (on March 31, 2024: approximately NIS 545 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 has 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.

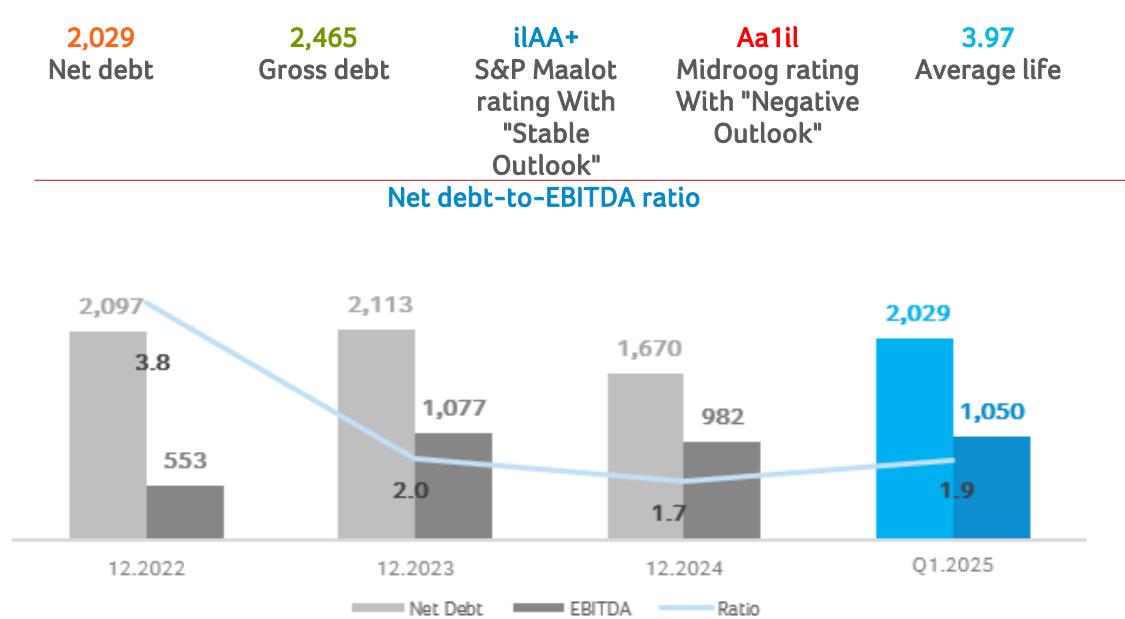
Upon the expiration of the concession awarded to Incubator 1, on December 31, 2023, the Board of Directors of the Group passed a resolution to take steps (in principle) to realize the investments in Incubator 1.

The estimated value of the incubator's investments in most of the investees is based on the information from the last funding rounds executed in 2021-2025. 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, sales 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 investees operate.

LIQUIDITY, SOURCES OF FINANCE AND FINANCIAL POSITION



Financial data are GAAP data in NIS millions. Percentages were calculated based on the exact figures in NIS thousands.

The GAAP net debt to EBITDA ratio increased due to an increase in net debt due to changes in working capital and the payment of a dividend.

21. Liquidity

21.1 Credit rating

On April 3, 2025, the Company announced that S&P Global Ratings Maalot Ltd. (Maalot) ratings agency had affirmed the iAA+ rating of the Company and its debentures with a stable outlook. For more information see the immediate report dated April 3, 2025 (Ref. No: 2025-01-024722). As of the publication date of the report and as stated in the immediate report of June 13, 2024, Midroog left the Aa1.il rating for the Company's debenture series (Series E and Series F) unchanged, with a negative rating outlook (for further information, see the immediate report of June 13, 2024, reference no: 2024-01-060663).

21.2 Cash flows

Presented below is information on cash flows (GAAP) deriving from (utilized for) the Group's operating activities and from investing and financing activities:

	Cash flow			Explanation	
	Q1				
	2025	2024	Change		
Cash flows derived from (utilized for) operating activities	(93)	25	(118)	The decline is primarily attributable to a growth in working capital which was partially offset by an increase in EBITDA and decline in tax payments.	
Cash flows utilized for investment activities	(105)	(211)	106	The increase is primarily attributable to a change in deposits and investments in fixed property and intangible assets compared with the corresponding period.	
Cash flows derived from (utilized for) financing activity	(502)	195	(697)	The change is primarily attributable to a net decline in short-term credit compared with the corresponding period year-over-year and the payment of a dividend to shareholders.	

Financial data were rounded to NIS millions.

21.3 Average credit levels

Presented below is information on average credit levels:

Average credit levels				Explanation	
	Q1				
	2025	2024	Change		
Long-term credit according to the non-GAAP reports	3,139	3,255	(116)		
Average short-term credit according to the non-GAAP reports	244	159	85	The decrease in long-term is largely due to the repayment of long-term loans and short-term bank credit taken.	
Long-term credit according to the financial accounting (GAAP) reports	2,461	2,629	(168)		
Average short-term credit according to the financial accounting (GAAP) reports	207	82	125		

Financial data were rounded to NIS millions.

21.4 Summary table of the Company's liabilities by maturity date

See Form T-126, which is published simultaneously with the financial statements.

21.5 Net working capital

Presented below is information on the change in net working capital:

Change in net working capital			
	Q1		2024
	2025	2024	
Change in net working capital according to the financial accounting (GAAP) reports	(313)	(93)	
Change in net working capital according to the management (non-GAAP) reports	(617)	(282)	

Financial data were rounded to NIS millions.

21.6 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 20.1 and 20.2 above and Notes 8.5 and 15.2 to the Consolidated Financial Statements as of December 31, 2024.

21.7 Additional information on liquidity and operating cash flow

Presented below is additional financial information (GAAP) on the Company's liquidity:

Additional Information		
	As of March 31, 2025	As of December 31, 2024
Liquidity ratio	0.98	1.07
Liabilities in respect of long-term loans and credit (including current maturities)	2,402	2,472
Short-term credit (excluding current maturities)	63	340
Supplier credit	1,562	1,536
Ratio of equity attributable to shareholders of the Company to total assets on the consolidated statement of financial position	35.9%	36.6%
Financial debt-to-EBITDA ratio	1.9	1.7
Equity attributed to the Company's shareholders	3,167	3,279

Financial data were rounded to NIS millions.

22. Disclosure on the examination of warning signs for a working capital deficit in accordance with Regulation 10(b)(14)(a)

In the Company's standalone financial statements (the "standalone report" or "solo report") for Q1 2025, there is a working capital deficiency of approximately NIS 851 million. In the Company's Consolidated Financial Statements for Q1 2025, there is a working capital deficiency of approximately NIS 59 million. Neither the Consolidated Financial Statements nor the solo report present a protracted negative cash flow from operating activities. In view of the working capital deficiency in the standalone report and in the Consolidated Financial Statements, on May 27, 2025, the Board of Directors of the Company examined the Company's liquidity as described below and determined that the said working capital deficiency 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 March 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 debentureholders (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, raising 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 a liquidity issue in the Company.

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 year 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 2024.

23. Information on the Debenture Series

Presented below is financial information on the debenture series as of March 31, 2025:

Information on the Debenture Series			
	Series E Debentures	Series F Debentures	
A Nominal par value	362	1,021	
B Carrying amount of debentures	361	969	
C Carrying amount of interest payable	2	5	
D Market value	356	860	

Financial data were rounded to NIS millions.

As of March 31, 2025, equity attributable to the Company's shareholders was NIS 3,167 million, the net financial debt-to-EBITDA ratio according to the Financial Statements was 1.9, and the equity-to-assets ratio was 35.9%. As of March 31, 2025, the Company is compliant with the required covenants.

ASPECTS OF CORPORATE GOVERNANCE

24. 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, TCFD framework and UNGC principles. An external audit is performed by a third party according to the ISAE 3000 standard. In 2025 the Group anticipates validating its sustainability strategy as well as the Group's 2030 sustainability targets.

Highlights in Q1 2025:

Nutrition and a healthy lifestyle

Developing and improving products to create even better products and delivering diverse choices for different communities and dietary needs are part of the Company's nutrition strategy, and the Company is working to advance these initiatives.

New nutrition goals for 2025–2030 were approved in Q1 2025.

Managing environmental impacts

In Q1 2025, about 8% of the energy just at the Company's Israeli sites came from renewable sources.

The Company continues to encourage its employees to choose non-gasoline vehicles. In Q1 2025, 63% of Company vehicles delivered to employees were electric/plug-in or hybrid. Additionally, two Strauss factories received awards from the Council for a Beautiful Israel this quarter. The Achihud dairy won the Five Star Beauty award for the 31st time, and the Strauss Frito-Lay salty snacks factory won the Council's prestigious 'Flag of Beauty' award out of 500 factories in Israel.

25. Aspects of corporate governance

As of the publication date of the report, the Board of Directors comprises ten members who possess different backgrounds and areas of expertise, including three external directors. 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, the Company's other directors are not employed by the Company.

In February 2025, Mr. Shaul Kobrinsky was appointed as Deputy Chair of the Board of Directors. In this role, Mr. Kobrinsky assists the Chairperson of the Board of Directors with the strategic and operational management of the Board of Directors' work, including by handling various defined areas.

Mr. David Mosevics and Ms. Tzipi Ozer-Armon ended their roles as Company directors on March 25, 2025. For more information see the immediate reports published by the Company on March 25, 2025 (Ref. No: 2025-01-019995 and 2025-01-019996, respectively). For information on the skills, education, experience and knowledge of the directors of the Company, including with regard to directors who possess accounting and financial expertise, see regulation 26 in the Additional Information on the Corporation Chapter in the 2024 Periodic Report.

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 38C(a) of the Report Regulations.

27. Events after the reporting period

For an overview of events subsequent to the date of the statement of financial position, see Note 9 to the Condensed Consolidated Interim Financial Statements as of March 31, 2025.

The Board of Directors and management express their gratitude and appreciation to the employees and managers of Strauss Group.

Ofra Strauss

Chairperson of the Board
of Directors

Shai Babad

President and CEO

May 27, 2025

Unofficial Translation from Hebrew



Strauss Group Ltd.

Financial Statements As of March 31, 2025



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Somekh Chaikin
KPMG Millenium Tower
17 Haarbaah St., POB 609
Tel Aviv 6100601
03 684 8000

Auditor's review report for the shareholders of Strauss Group Ltd.

Preface

We have reviewed the attached financial information for Strauss Group Ltd. and its subsidiaries (hereinafter - the "Group"), including the condensed consolidated statement of financial position as of March 31, 2025, as well as the condensed consolidated statements of income, comprehensive income, changes in equity and cash-flows for the three month period which ended on the same date. The board of directors and management are responsible for the preparation and presentation of financial information for this interim period, pursuant to International Accounting Standard IAS 34, "Interim Financial Reporting," and are also responsible for the preparation of financial information for this interim period according to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion regarding the financial information for this interim period, based on our review.

We did not review the condensed interim financial information of a company whose assets included in the consolidation comprise approximately 3.1% of the total consolidated assets as of March 31, 2025, and whose revenues included in the consolidation comprise approximately 5.1% of all the consolidated revenues for the three month period which ended that same date. The condensed interim financial information of that company were audited by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to amounts included for that company, is based on the review reports of the other auditors.

Scope of the Review

We conducted our review in accordance with Review Standard (Israel) no. 2410 of the Israel Institute of Certified Public Accountants - "Review of Interim Financial Information Prepared by the Entity's Auditor". A review of interim financial information includes making inquiries, particularly with the people responsible for financial and accounting matters, and performing analytical and other review procedures. A review is significantly limited in scope relative to an audit conducted in accordance with generally accepted Israeli auditing standards, and therefore does not allow us to reach a level of assurance that we have learned of all material issues which may have been identified in an audit. We are therefore not expressing an audit opinion.

Conclusion

Based on our review, nothing has come to our attention which would lead us to believe that the above financial information was not prepared, in all material respects, in accordance with IAS 34.

In addition to that set forth in the preceding paragraph, based on our review, nothing has come to our attention which would lead us to believe that the above financial information does not fulfill, in all material respects, the disclosure requirements set forth in Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Somekh Chaikin

Auditors

May 27, 2025

Condensed consolidated interim statements of financial position

Condensed consolidated interim statements of financial position

	March 31 2025	March 31 2024	December 31 2024
	Unaudited	Unaudited	Audited
	NIS millions		
Current Assets			
Cash and cash equivalents	436	527	1,142
Trade receivables	1,270	1,125	1,087
Income tax	11	15	22
Accounts receivable and debit balances	234	283	329
Inventory	1,235	872	1,002
Assets held for sale	91	1	-
Total current assets	3,277	2,823	3,582
Investments and non-current assets			
Investment in equity-accounted investees	1,584	1,901	1,468
Other investments and long-term receivables	95	179	61
Fixed assets	2,403	2,200	2,348
Right-of-use assets	311	456	394
Intangible assets	1,112	1,049	1,065
Investment property	4	5	5
Deferred tax assets	35	41	36
Total investments and non-current assets	5,544	5,831	5,377
Total assets	8,821	8,654	8,959

Ofra Strauss

Chairperson of the Board of
 Directors

Shai Babad

President and CEO

Tobi Fischbein

CFO

May 27, 2025

Financial statements approval
 date

The notes to the interim consolidated financial statements constitute an integral part thereof.

Condensed consolidated interim statements of financial position (Cont'd)

	March 31 2025	March 31 2024	December 31 2024
	Unaudited	Unaudited	Audited
	NIS millions		
Current Liabilities			
Current maturities of debentures	174	174	174
Short-term credit and current maturities of long-term loans and other long-term liabilities	401	432	671
Current maturities of lease liabilities	94	103	102
Trade payables	1,562	1,285	1,536
Income tax	134	108	104
Other accounts payable	690	714	718
Liabilities attributed to assets held for sale	94	-	-
Dividend payable	160	270	-
Provisions	27	33	30
Total current liabilities	3,336	3,119	3,335
Non-current liabilities			
Debentures	1,156	1,322	1,154
Long-term loans and other long-term liabilities	411	456	402
Lease liabilities	229	366	309
Long-term payables and credit balances	26	29	26
Employee benefits, net	29	26	27
Deferred tax liabilities	125	140	110
Total non-current liabilities	1,976	2,339	2,028
Equity and reserves			
Share capital	253	253	253
Share premium	1,051	1,051	1,051
Reserves	(2,036)	(1,977)	(2,192)
Retained earnings	3,899	3,571	4,167
Total equity attributable to shareholders of the Company	3,167	2,898	3,279
Non-controlling interests	342	298	317
Total equity	3,509	3,196	3,596
Total liabilities and equity	8,821	8,654	8,959

The notes to the interim consolidated financial statements constitute an integral part thereof.

Condensed consolidated interim statements of income

	For the three-month period ended		For the year ended
	March 31	March 31	December 31
	2025	2024	2024
	Unaudited		Audited
	NIS millions		
Sales	1,887	1,726	7,089
Cost of sales	1,275	1,161	4,701
Gross profit	612	565	2,388
Sales and marketing expenses	340	353	1,401
General and administrative expenses	121	129	501
	461	482	1,902
Share of profit of equity-accounted investees	47	36	179
Share of loss of equity-accounted incubator investees	(8)	(2)	(33)
Operating profit before other income (expenses)	190	117	632
Other income	1	3	535
Other expenses	(10)	(53)	(131)
Other revenues (expenses), net	(9)	(50)	404
Operating profit	181	67	1,036
Financing income	29	16	42
Financing expenses	(42)	(33)	(162)
Financing expenses, net	(13)	(17)	(120)
Profit before taxes on income	168	50	916
Tax income (expense)	(57)	21	(205)
Income for the period	111	71	711
Attributed to:			
Shareholders of the Company	86	51	624
Non-controlling interests	25	20	87
Income for the period	111	71	711
Earnings per share			
Basic earnings per share (in NIS)	0.74	0.44	5.35
Diluted earnings per share (in NIS)	0.74	0.44	5.35

The notes to the interim consolidated financial statements constitute an integral part thereof.

Condensed consolidated interim statements of comprehensive income

	<u>For the three-month period ended</u>	<u>For the year ended</u>	
	<u>March 31</u>	<u>March 31</u>	<u>December 31</u>
	<u>2025</u>	<u>2024</u>	<u>2024</u>
	<u>Unaudited</u>		<u>Audited</u>
	<u>NIS millions</u>		
Income for the period	111	71	711
Other comprehensive income (loss) items reclassified to profit or loss in subsequent periods:			
Foreign currency translation differences	78	(9)	(55)
Foreign currency translation differences of foreign operations recognized in profit or loss	-	90	128
Other comprehensive income (loss) from equity-accounted investees	78	(7)	(214)
Total other comprehensive income (loss) items for the period that will be reclassified to profit or loss in subsequent periods, net	156	74	(141)
Other comprehensive income items not reclassified to profit or loss in subsequent periods, net:			
Changes in employee benefits, net	-	-	1
Total other comprehensive income items not reclassified to profit or loss in subsequent periods, net	-	-	1
Comprehensive Income for the period	267	145	571
Attributed to:			
Shareholders of the Company	242	125	484
Non-controlling interests	25	20	87
Comprehensive Income for the period	267	145	571

The notes to the interim consolidated financial statements constitute an integral part thereof.

Condensed consolidated interim statements of changes in equity

For the three-month period ending on March 31, 2025 - unaudited:

Balance as of January 1, 2025

Total comprehensive income for the period

Income for the period

Components of other comprehensive income:

Foreign currency translation differences

Foreign currency translation differences of foreign operations recognized in profit or loss

Total other comprehensive income for the period, net

Total comprehensive income for the period

Share-based payments

Dividend to Company shareholders

Balance as of March 31, 2025

Attributable to shareholders of the Company									
Share capital	Share premium	Treasury stock	minority interest holders	Translation reserve NIS millions	Retained earnings	Total	Non-controlling interests	Total equity	
For the three-month period ending on March 31, 2025 - unaudited:									
Balance as of January 1, 2025	253	1,051	(20)	(430)	(1,742)	4,167	3,279	317	3,596
Total comprehensive income for the period	-	-	-	-	-	86	86	25	111
<i>Income for the period</i>	-	-	-	-	78	-	78	-	78
<i>Components of other comprehensive income:</i>	-	-	-	-	78	-	78	-	78
Foreign currency translation differences	-	-	-	-	156	-	156	-	156
Foreign currency translation differences of foreign operations recognized in profit or loss	-	-	-	-	156	86	242	25	267
Total other comprehensive income for the period, net	-	-	-	-	156	-	156	-	156
Total comprehensive income for the period	-	-	-	-	156	86	242	25	267
Share-based payments	-	-	-	-	-	6	6	-	6
Dividend to Company shareholders	-	-	-	-	-	(360)	(360)	-	(360)
Balance as of March 31, 2025	253	1,051	(20)	(430)	(1,586)	3,899	3,167	342	3,509

The notes to the condensed interim consolidated financial statements constitute an integral part thereof.

For the three-month period ending on March 31, 2024 - unaudited:

Balance as of January 1, 2024

Total comprehensive income for the period

Income for the period

Components of other comprehensive income (loss):

Exchange differences arising from the translation of foreign operations

Exchange differences arising from the translation of foreign operations that were recognized in profit and loss

Other comprehensive income from equity-accounted investees

Total other comprehensive income for the period, net

Total comprehensive income for the period

Share-based payments

Dividend to Company shareholders

Balance as of March 31, 2024

Attributable to shareholders of the Company								
Share capital	Share premium	Treasury stock	reserve for transactions with minority interest holders	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
NIS millions								
253	1,051	(20)	(430)	(1,601)	3,784	3,037	278	3,315
-	-	-	-	-	51	51	20	71
-	-	-	-	(9)	-	(9)	-	(9)
-	-	-	-	90	-	90	-	90
-	-	-	-	(7)	-	(7)	-	(7)
-	-	-	-	74	-	74	-	74
-	-	-	-	74	51	125	20	145
253	1,051	(20)	(430)	(1,527)	3,571	2,898	298	3,196

The notes to the condensed interim consolidated financial statements constitute an integral part thereof.

For the year ended December 31, 2024 - audited:

Balance as of January 1, 2024

Total comprehensive income (loss) for the year

Income for the year

Components of other comprehensive income (loss):

Foreign currency translation differentials

Foreign currency translation differences of foreign operations recognized in profit or loss

Other comprehensive income from equity-accounted investees

Changes in employee benefits, net

Total other comprehensive income (loss) for the year, net

Total comprehensive income (loss) for the year

Share-based payments

Dividend distributed

Transactions with non-controlling interests

Dividend to non-controlling interests in subsidiaries

Balance as of December 31, 2024

Attributable to shareholders of the Company								
Share capital	Share premium	Treasury stock	reserve for transactions with minority interest holders	Translation reserve NIS millions	Retained earnings	Total	-Non controlling interests	Total equity
253	1,051	(20)	(430)	(1,601)	3,784	3,037	278	3,315
-	-	-	-	-	624	624	87	711
-	-	-	-	(55)	-	(55)	-	(55)
-	-	-	-	128	-	128	-	128
-	-	-	-	(214)	-	(214)	-	(214)
-	-	-	-	-	1	1	-	1
-	-	-	-	(141)	1	(140)	-	(140)
-	-	-	-	(141)	625	484	87	571
-	-	-	-	-	28	28	-	28
-	-	-	-	-	(270)	(270)	-	(270)
-	-	-	-	-	-	-	2	2
-	-	-	-	-	-	-	(50)	(50)
253	1,051	(20)	(430)	(1,742)	4,167	3,279	317	3,596

The notes to the condensed interim consolidated financial statements constitute an integral part thereof.

Condensed consolidated interim statements of cash-flows

	For the three-month period ended		For the year ended
	March 31	March 31	December
	2025	2024	2024
	Unaudited		Audited
NIS millions			
Cash flows from operating activities			
Income for the period	111	71	711
Adjustments:			
Depreciation	71	76	289
Amortization of intangible assets and deferred expenses	17	17	61
Impairment of intangible assets and assets held for sale	2	-	22
Capital loss (gain), net, on sale of fixed assets, intangible assets and other assets	1	25	(495)
Expenses for share-based payments	6	6	28
Financing expenses, net	13	17	120
Income tax expenses (revenues)	57	(21)	205
Share of profit of equity-accounted investees	(39)	(34)	(146)
Change in inventory	(182)	(71)	(235)
Change in trade and other receivables	(75)	(212)	(195)
Change in long-term receivables	(34)	1	(25)
Change in trade and other payables	(22)	190	448
Change in employee benefits	-	(1)	2
Interest paid	(25)	(19)	(132)
Interest received	9	4	25
Income tax paid, net	(3)	(24)	(123)
Net cash deriving from (used in) operating activities	(93)	25	560
Cash flows from investment activities			
Proceeds from sale of fixed assets and intangible assets	-	4	3
Investment in fixed assets and investment property	(106)	(102)	(403)
Investment in intangible assets	(26)	(35)	(143)
Proceeds from sale of a subsidiary, net of cash disposed	-	137	137
Proceeds from sale of business by subsidiary	-	-	22
Repayment of deposits and loans granted	52	6	149
Short-term loans granted	(1)	-	-
Consideration from sale of investments in investees accounted for using the equity method	2	-	849
Grant of long-term loans and deposits	(25)	(91)	(191)
Taxes paid on sale of investments in investees accounted for using the equity method	-	-	(162)
Dividends from investees	-	-	118
Investment in investee companies	(1)	(130)	(131)
Net cash derived from (used in) investing activities	(105)	(211)	248

The notes to the interim consolidated financial statements constitute an integral part thereof.

Condensed consolidated interim statements of cash-flows (Cont'd)

	For the three-month period ended		For the year ended
	March 31 2025	March 31 2024	December 2024
	Unaudited	Audited	
			NIS millions
Cash flows from financing activities			
Short-term bank credit, net	(281)	218	343
Receipt of long-term loans	4	3	124
Redemption of debentures and repayment of long-term loans	-	-	(242)
Receipt of capital notes from non-controlling interests	-	3	8
Change in liabilities in respect of credit card factoring	3	2	18
Principal payments of lease liability	(28)	(31)	(114)
Dividends paid	(200)	-	(270)
Dividend paid to non-controlling interests in a subsidiary	-	-	(50)
Net cash deriving from (used in) financing activities	(502)	195	(183)
Increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of period	(700)	9	625
Effect of exchange rate volatility on cash balances	1,142	517	517
Cash and cash equivalents at end of period	(6)	1	-
	436	527	1,142

The notes to the interim consolidated financial statements constitute an integral part thereof.

Notes to the condensed consolidated interim financial statements (unaudited)

Note 1 – Reporting Rules and Policies

1.1 General

1.1.1 The reporting entity, Strauss Group Ltd. (the “**Company**” or “**Strauss Group**”) is an Israeli resident company, address: 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, manufacture, 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 52.98% of the Company’s equity and voting rights). 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. In light of the foregoing, Ms. Ofra Strauss, Ms. Irit Strauss and Mr. Adi Strauss are the controlling shareholders of the Company.

1.1.2 The interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting,” and in accordance with the directives under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. These reports should be read in conjunction with the audited consolidated financial statements of the Company and its consolidated companies as of December 31, 2024, and for the year ended on the same date and their accompanying notes (the “**Annual Financial Statements**”). The Group’s accounting policy in these interim financial statements was applied consistently as in the Annual Financial Statements.

1.1.3 The consolidated interim 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.

1.1.4 The consolidated interim financial statements were approved for publication by the Board of Directors of the Group on May 27, 2025.

Notes to the condensed consolidated interim financial statements (unaudited)

Note 2 - Seasonality

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.

Sales of Fun & Indulgence products in the confectionery category are affected by seasonality and are generally higher (comparatively) in the first third of the year, and lower (comparatively) in the second third of the year. Seasonality is mainly affected by the winter months, which fall in Q1 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.

In the Fun & Indulgence Israel Coffee segment, there is no distinct trend of seasonality. However, revenues are generally relatively higher in the Q1, due to increased consumption of coffee products prior to Passover.

In the International Coffee segment, 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.

In the Strauss Water segment, sales of water bars are generally higher in the summer months (April-October) compared to the rest of the year, with a corresponding increase in revenue from service in Q4.

Notes to the condensed consolidated interim financial statements (unaudited)

Note 3 - Operating Segments

Information according to operating segments and reconciliation of segment operating data to the consolidated financial statements:

	For the three-month period ended		For the year ended
	March 31 2025	March 31 2024	December 31 2024
	Unaudited		Audited
			NIS millions
Income			
Sales to external customers:			
Health & Wellness	742	731	3,076
Fun & Indulgence (Snacks and Confectionery)	394	361	1,264
Fun & Indulgence (Israel Coffee)	260	217	830
Total Israel	1,396	1,309	5,170
International Coffee	1,388	954	4,705
Water	206	193	848
Other	-	133	483
Sales to other segments:			
Health & Wellness	2	3	9
Fun & Indulgence (Snacks and Confectionery)	1	2	6
Fun & Indulgence (Israel Coffee)	-	1	2
Total Israel	3	6	17
International Coffee	2	-	2
Total segment income	2,995	2,595	11,225
Elimination of intersegment sales	(5)	(6)	(19)
Total segment income excluding intersegment sales	2,990	2,589	11,206
Adjustment to the equity method	(1,103)	(863)	(4,117)
Total consolidated income	1,887	1,726	7,089

Notes to the condensed consolidated interim financial statements (unaudited)

Note 3 - Operating Segments (Cont'd)

	For the three-month period ended		For the year ended
	March 31 2025	March 31 2024	December 31 2024
	Unaudited		Audited
NIS millions			
Operating profit (loss)			
Health & Wellness	88	74	389
Fun & Indulgence (Snacks and Confectionery)	(16)	42	44
Fun & Indulgence (Israel Coffee)	41	35	95
Total Israel	113	151	528
International Coffee	55	38	214
Water	26	24	115
Other	(13)	(9)	(105)
Total segment profit	181	204	752
Unallocated income (expenses):			
Adjustments for commodity hedges ⁽¹⁾	23	(71)	(35)
Other revenues (expenses), net	1	(53)	407
Share-based payments	(6)	(6)	(28)
Total segment operating profit	199	74	1,096
Adjustment to the equity method	(18)	(7)	(60)
Total consolidated operating profit	181	67	1,036
Financing expenses, net	(13)	(17)	(120)
Profit before taxes on income	168	50	916

⁽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 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.

Notes to the condensed consolidated interim financial statements (unaudited)

Note 4 - Events During the Reporting Period

4.1 On February 17, 2025, the Company's Board of Directors approved the payment of a dividend to shareholders of NIS 200 million (approximately NIS 1.72 per share), which was paid on March 4, 2025.

4.2 On March 24, 2025, the Company's Board of directors approved a dividend distribution to shareholders at an amount of NIS 160 million (approximately NIS 1.37 per share), which was paid on April 10, 2025.

4.3 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.

4.4 Three short-term loans totaling NIS 300 million, taken from various banks in April 2024, were repaid in February 2025.

4.5 As of the approval date of the financial statements, the hostilities between Russia and Ukraine are ongoing, so too with respect to the economic sanctions imposed on Russia by the West. Since the outbreak of the war, the Group has taken steps to ensure that its business in Russia will be managed as a stand-alone business to the greatest extent possible. In Ukraine, the Group's business has operated continuously given the circumstances. As of the approval date of the financial statements, the Russia-Ukraine war has 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 approval date of the financial statements, it is unable to assess their future impact on its business results. For further information, see Note 6.3 to the Annual Financial Statements.

4.6 On October 7, 2023, the Hamas terrorist organization attacked Israel. The Israeli government declared the Swords of Iron War in response to the attack (the "war"). This war expanded to other fronts with attacks by the Hezbollah terror organization along with rockets, missiles and suicide drone attacks on Israel from various fronts, including Iran and Yemen. As of the date of approval of the financial statements, the war is still ongoing in an evolving manner, and the development of the war, its scale, impact and duration are still uncertain. As of the approval date of the financial statements, the effects of the war, described below, have had no material impact on the Group's business and its financial results, and the Group has maintained normal operations at all sites. Additionally, from the outbreak of the war and throughout the reporting year, the Group acted to find solutions in order to continue importing raw materials to Israel, including: Finding alternative sources for the procurement of raw materials, production outsourcing, making adjustments to the logistics array, and monitoring the increase in cybersecurity risks and food quality and safety risks. However, in light of the uncertainty with how the war will develop, its scope, impact and duration, it is not currently possible to assess the scope of the future impact of the war on the Group's business. For further information, see Note 1.1.1 to the Annual Financial Statements.

4.7 Further to that stated in Note 22.1.1 to the Annual Financial Statements, in March 2025 the conditions precedent were satisfied to close the transaction for the sale of the activity of the "Cafe Elite" chain in an amount immaterial for the Group, and the transaction closing date is set for June 2025. The activity's assets and liabilities were classified as being held for sale in the statement of financial position.

Notes to the condensed consolidated interim financial statements (unaudited)

Note 5 - Share-Based Payment

5.1 Grants in the reporting period

Presented below is information on the fair value of new warrants granted to employees in the reporting period:

Grant date	No. of warrants Entitled employees	Fair value	Share price	Exercise price	Expected life	Annual standard deviation	Discount rate
		NIS millions	NIS	NIS	Years	%	%
January 28, 2025	129,000 to 4 managers	2	71.12	74.82	3.65-4.65	24.14-23.42	4.25-4.26

The employees' entitlement to exercise the warrants will vest in two equal tranches in each of the years 2027-2028. The benefit arising from these grants will be classified as an expense in the financial statements over the abovementioned vesting periods.

The fair value of the employee warrants is measured using the Black & Scholes model. For further information about the assumptions underlying the model, see Note 20.1 to the Annual Financial Statements.

5.2 Warrants exercised in the reporting period

In the reporting period, 136,665 warrants granted to employees were exercised for 5,930 shares in consideration for their par value.

Notes to the condensed consolidated interim financial statements (unaudited)

Note 6 - Contingent Liabilities

6.1 For information on claims pending against the Company and its investees and contingent liabilities as of December 31, 2024, see Note 21.1 to the Annual Financial Statements. With respect to these claims, no material changes occurred during the reporting period, other than as stated below.

6.2 Further to that stated in Note 21.1.4 to the Annual Financial Statements regarding the submission of six motions for discovery and production of documents under section 198A of the Companies Law, 1999, for the purpose of examining the possibility of submitting a motion to bring a derivative action against officers and senior parties in the Company, on April 24, 2025, a representative of the Attorney General submitted a joint motion for an extension to submit the Attorney General's position on a motion to approval a settlement agreement by May 25, 2025. The aforementioned motion for an extension was approved by the court.

6.3 Further to that stated in Note 21.1.5 to the Annual Financial Statements regarding a determination made by the Commissioner of the Competition Authority of a breach pursuant to section 19 of the Economic Competition Law, 1988 (the "**Economic Competition Law**") and the imposition of a financial penalty on the Company totaling approximately NIS 111 million, and the imposition of a financial penalty on its former office holders, 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 Competition Law, including two which were paid in Q4 2024. In Q1 2025 three additional installments were paid totaling NIS 11 million each for the financial penalty. The Company submitted an appeal on the determination on January 23, 2025. On February 11, 2025, the Commissioner submitted a joint motion to the tribunal to consolidate together with the appeal two other appeals submitted on the matter - an appeal submitted by Wyler and its officers, and an appeal submitted by individuals serving as senior officers of the Company at the relevant times. The Competition Authority submitted its response to the appeals on May 12, 2025. The Company is studying the Competition Authority's response to the appeals as of the approval date of the financial statements. 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's legal counsel assess that the likelihood is greater than the appeal, which asserts that the Company did not breach the law, will be granted than of it being rejected.

6.4 Further to that stated in Note 21.1.6 to the Annual Financial Statements regarding 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**"), 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 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. The applicant is to submit his response to the motion to stay by May 29, 2025.

6.5 Further to that stated in Note 21.1.7 to the Annual Financial Statements, on April 3, 2025, the Company and former senior office holders received notices from the Competition Authority regarding the closing of an investigation against the Company 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 Company's Q1 2021 quarterly report).

6.6 The Company did not recognize provisions for claims and demands pending as of the approval date of the financial statements, which, in the opinion of its legal counsel, are not expected to be accepted or the chances of which cannot be estimated. Claims and demands whose chances cannot be estimated amount to approximately NIS 29 million, at most.

Notes to the condensed consolidated interim financial statements (unaudited)

Note 7 - Investments in Equity-Accounted Investees

7.1 Concise information on material equity-accounted investees

	Três Corações Alimentos S.A			Qingdao HSW Health Water Appliance Co. Ltd		
	March 31		December 31	March 31		December 31
	2025	2024	2024	2025	2024	2024
	Unaudited	Audited	NIS millions	Unaudited	Audited	NIS millions
Current assets	2,882	2,196	2,434	976	947	921
Of which:						
Cash and cash equivalents	199	353	800	742	601	507
Non-current assets	1,280	1,288	1,155	244	211	229
Total assets	4,162	3,484	3,589	1,220	1,158	1,150
Current liabilities	1,506	1,543	1,249	534	535	511
Of which:						
Financial liabilities excluding trade payables, other payables and provisions	273	641	419	-	97	49
Non-current liabilities	1,290	542	1,118	5	-	5
Of which:						
Financial liabilities excluding trade payables, other payables and provisions	1,202	448	1,038	-	-	-
Total liabilities	2,797	2,085	2,367	539	535	516
Total net assets (100%)	1,365	1,399	1,222	681	623	634
Company's share of net assets	683	699	611	334	306	311
Other adjustments	91	153	83	84	87	83
Carrying amount of investment	774	852	694	418	393	394

Notes to the condensed consolidated interim financial statements (unaudited)

Note 7 - Investments in Equity-Accounted Investees (Cont'd)

Income
 Profit for the period
 Other comprehensive income (loss)
 Total comprehensive income (loss)

Of which:
 Depreciation and amortization
 Interest revenues
 Interest expenses
 Income tax received (paid)

Company's share in comprehensive income (loss)
 Other adjustments
 Share of comprehensive income (loss) presented in the books

	Três Corações Alimentos S.A			Qingdao HSW Health Water Appliance Co. Ltd		
	For the three months ended		For the year ended	For the three months ended		For the year ended
	March 31 2025	March 31 2024	December 31 2024	March 31 2025	March 31 2024	December 31 2024
	Unaudited	Audited	NIS millions	Unaudited	Audited	NIS millions
Income	2,029	1,297	6,619	227	216	919
Profit for the period	34	24	168	32	27	115
Other comprehensive income (loss)	110	(22)	(344)	20	(3)	(16)
Total comprehensive income (loss)	144	2	(176)	52	24	99
Of which:						
Depreciation and amortization	22	24	93	4	4	16
Interest revenues	13	15	41	1	2	7
Interest expenses	43	29	129	1	1	6
Income tax received (paid)	-	12	24	(7)	(5)	(16)
Company's share in comprehensive income (loss)	72	1	(88)	25	12	49
Other adjustments	8	(2)	(31)	(1)	(1)	(6)
Share of comprehensive income (loss) presented in the books	80	(1)	(119)	24	11	43

Notes to the condensed consolidated interim financial statements (unaudited)

Note 7 - Investments in Equity-Accounted Investees (Cont'd)

7.2 Attachment of financial statements

The Group attaches to these condensed consolidated interim financial statements the condensed consolidated interim financial statements of Três Corações Alimentos S.A, a joint venture in Brazil, which is an equity accounted investee (50% owned). The investee's reports are presented in Brazilian Reals.

Presented below are the average exchange rates and rates of change in the exchange rates of the Brazilian Real relative to the Shekel in the reporting period:

	Average exchange rate for the period	Brazilian Real exchange rate	
		Closing exchange rate for the period	% change based on closing exchange rate
For the three-month period ended:			
March 31, 2025	0.62	0.64	8.9%
March 31, 2024	0.74	0.74	(1.6%)
For the year ended December 31, 2024	0.69	0.59	(21.0%)

From the beginning of the year and as of the approval date of the financial statements, the Shekel has weakened by approximately 7.5% against the Brazilian Real.

Notes to the condensed consolidated interim financial statements (unaudited)

Note 8 - Financial Instruments

8.1 Fair value of financial instruments measured at fair value for disclosure purposes only

The carrying amount of cash and cash equivalents, short and long-term deposits and investments, trade receivables, other accounts receivable, trade payables, other accounts payable, credit balances and dividends payable is the same as or proximate to their fair value. There was no material change in the fair value (as presented in the Annual Financial Statements) of long-term loans.

Presented below are the fair values, based on the prices of the Tel Aviv Stock Exchange, and carrying amounts (including accrued interest) as presented in the statement of financial position, of the Company's debentures:

	March 31, 2025		March 31, 2024		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	Unaudited		Audited		NIS millions	
Series E Debentures	363	356	484	472	361	352
Series F Debentures	974	860	1,020	892	967	853

8.2 Fair value hierarchy of financial instruments measured at fair value

The various levels were defined as follows:

- Level 1: Quoted prices (unadjusted) in an active market for similar instruments.
- Level 2: Inputs, directly or indirectly, other than quoted prices within Level 1.
- Level 3: Inputs that are not based on observable market data (unobservable inputs).

	March 31, 2025			March 31, 2024			December 31, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Unaudited			Audited			NIS millions		
Financial assets (liabilities)									
Derivatives receivables	26	14	4	34	8	-	84	3	4
Derivatives payables	(19)	-	-	(104)	(5)	-	(108)	(4)	-
*	<u>7</u>	<u>14</u>	<u>4</u>	<u>(70)</u>	<u>3</u>	<u>-</u>	<u>(24)</u>	<u>(1)</u>	<u>4</u>

For details on the method of determining the fair value of derivative financial instruments measured at Level 2, see Note 25.7.2.1 to the Annual Financial Statements.

*In the period ended March 31, 2025, the Company recorded a mark-to-market loss of approximately NIS 5.6 million on commodity (cocoa) derivatives. (In the period ended March 31, 2024, the Company recorded a mark-to-market loss of approximately NIS 72 million on commodity (cocoa) derivatives). The Company has a net balance as of March 31, 2025, of approximately NIS 1.5 million related to said commodities, which is included within derivatives receivable (as of March 31, 2024, the Company had a net outstanding liability of approximately NIS 74 million included within derivatives payables).

Notes to the condensed consolidated interim financial statements (unaudited)

Note 9 - Events After the Date of the Statement of Financial Position

- 9.1 For information on developments in pending claims occurring after the date of the statement of financial position, see Note 6 above.
- 9.2 On May 27, 2025, the Group's Remuneration Committee approved the grant of 109,804 warrants to one officer. 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. Entitlement to exercise the warrants will vest in two equal tranches, on May 28 of each of the years 2027-2028. The value of the grant is approximately NIS 2.5 million.

Unofficial Translation from Hebrew

Strauss Group Ltd.



Separate Financial Information As of March 31, 2025





Separate Financial Information as of March 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.

Re: Special Auditor's Report on the Interim Separate Financial Information Pursuant to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970

Preface

We have reviewed the interim separate financial information of Strauss Group Limited (hereinafter - the Company), presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970, as of March 31, 2025, and for the three month period ended on said date. The Company's board of directors and management are responsible for the interim separate financial information. Our responsibility is to express a conclusion regarding the separate interim financial information for this interim period, based on our review.

We have not reviewed the interim separate financial information in the financial statements of an investee whose total investment therein came to approximately NIS 223 million as of March 31, 2025, and the income from such investee came to approximately NIS 5 million for the three month period ended on such date, respectively. The financial statements of that company were reviewed by other auditors, whose reports have been furnished to us, and our conclusion, insofar as it relates to the financial statements of that company, is based on the review report of the other auditors.

Scope of the Review

We conducted our review in accordance with Review Standard (Israel) no. 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Prepared by the Entity's Auditor". A review of separate financial information for interim periods includes making inquiries, particularly with the people responsible for financial and accounting matters, and performing analytical and other review procedures. A review is significantly limited in scope relative to an audit conducted in accordance with generally accepted accounting standards in Israel, and therefore does not allow us to reach a level of assurance that we have become aware of all material issues which may have been identified in an audit. We are therefore not expressing an audit opinion.

Conclusion

Based on our review, and the review report of other auditors, we have not become aware of anything which may cause us to believe that said interim separate financial information has not been prepared, with respect to all material aspects, in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Somekh Chaikin
Auditors

May 27, 2025

A

Condensed Separate Interim Information on the Company's Financial Position

	March 31 2025 <u>Unaudited</u>	March 31 2024 <u>Unaudited</u>	December 31 2024 <u>Audited</u>
	NIS millions		
Current Assets			
Cash and cash equivalents	29	34	31
Trade receivables	240	213	190
Accounts receivable and debit balances	110	177	234
Investee receivables	107	285	79
Inventory	228	128	179
Assets held for sale	-	1	-
Total current assets	714	838	713
Investments and non-current assets			
Investment in investee companies	3,377	3,269	3,623
Other investments and long-term debit balances	518	614	483
Deferred tax assets	-	-	2
Right-of-use assets	217	216	207
Fixed property	1,085	1,049	1,083
Investment properties	3	3	3
Intangible assets	187	150	181
Total investments and non-current assets	5,387	5,301	5,582
Total assets	6,101	6,139	6,295

Ofra Strauss

Chairperson of the Board of
Directors

Shai Babad

President and CEO

Tobi Fischbein

CFO

May 27, 2025

Approval date of the
Separate financial
information

The additional information attached to the Condensed Separate Financial Information constitutes an integral part thereof.

Condensed Separate Interim Information on the Company's Income

	March 31 2025	March 31 2024	December 31 2024
	Unaudited	Unaudited	Audited
	NIS millions		
Current Liabilities			
Current maturities of debentures	174	174	174
Short-term credit and current maturities of long-term loans and other long-term liabilities	28	218	322
Current maturities of lease liabilities	52	49	51
Trade payables	298	265	261
Income tax	102	67	81
Other accounts payable	254	348	336
Investee payables	497	313	445
Dividend payable	160	270	-
Provisions	-	6	1
Total current liabilities	1,565	1,710	1,671
Non-current liabilities			
Debentures	1,156	1,322	1,154
Lease liabilities	172	171	163
Other long-term payables and credit balances	13	10	14
Employee benefits, net	13	13	14
Deferred tax liabilities	15	15	-
Total non-current liabilities	1,369	1,531	1,345
Total equity attributable to shareholders of the Company	3,167	2,898	3,279
Total liabilities and equity	6,101	6,139	6,295

The additional information attached to the Condensed Separate Financial Information constitutes an integral part thereof.

Condensed Separate Interim Information on the Company's Income

	For the three-month period ended		For the year ended
	March 31 2025	March 31 2024	December 31 2024
	Unaudited	Audited	
NIS millions			
Sales	311	278	1,009
Cost of sales	247	249	804
Gross profit	64	29	205
Sales and marketing expenses	42	43	175
General and administrative expenses	30	41	158
	72	84	333
Operating loss before other income (expenses)	(8)	(55)	(128)
Other income	-	-	69
Other expenses	(5)	(24)	(56)
Other income (expenses), net	(5)	(24)	13
Operating loss	(13)	(79)	(115)
Financing income	6	8	34
Financing expenses	(22)	(18)	(101)
Financing expenses, net	(16)	(10)	(67)
Loss before taxes on income	(29)	(89)	(182)
Income tax received (paid)	(15)	48	51
Loss after income tax	(44)	(41)	(131)
Income from investees	130	92	755
Income for the period attributable to shareholders of the Company	<u>86</u>	<u>51</u>	<u>624</u>

The additional information attached to the Condensed Separate Financial Information constitutes an integral part thereof.

Condensed Separate Interim Information on the Company's Cash Flows

	For the three-month period ended		For the year ended	
	March 31 2025	March 31 2024	December 31 2024	
	Unaudited		Audited	
NIS millions				
Income for the period attributable to shareholders of the Company	86		51	624
Other comprehensive income (loss) items reclassified to profit or loss in subsequent periods:				
Other comprehensive income (loss) from investees	156		74	(141)
Total other comprehensive income (loss) items for the period that will be reclassified to profit or loss in subsequent periods, net	156		74	(141)
Other comprehensive income items not reclassified to profit or loss in subsequent periods:				
Changes in employee benefits, net	-		-	1
Total other comprehensive income (loss) items not reclassified to profit or loss in subsequent periods, net of tax	-		-	1
Comprehensive income for the period attributable to shareholders of the Company	<u>242</u>		<u>125</u>	<u>484</u>

The additional information attached to the Condensed Separate Financial Information constitutes an integral part thereof.

Condensed Separate Interim Information on the Company's Cash Flows

	For the three-months ended		For the year ended
	March 31 2025	March 31 2024	December 31 2024
	NIS millions		
Cash flows from operating activities			
Income for the period attributable to shareholders of the Company	86	51	624
Adjustments:			
Depreciation	31	31	123
Amortization of intangible assets	9	7	28
Net capital loss, impairment and sale of fixed assets	2	-	-
Other expenses, net	-	-	6
Expenses for share-based payments	4	4	21
Income from investees	(130)	(92)	(755)
Financing expenses, net	16	10	67
Income tax expenses (income)	15	(48)	(51)
Change in inventory	(49)	-	(52)
Change in trade and other receivables	12	(80)	(95)
Change in investee receivables	(17)	(24)	39
Change in trade payables, other payables and provisions	(50)	143	115
Change in investee payables	51	(32)	(3)
Change in employee benefits	-	(1)	-
Interest paid	(8)	(3)	(60)
Interest received	2	-	15
Income tax received (paid), net	9	(2)	(53)
Net cash used for operating activities	(17)	(36)	(31)
Cash flows from investment activities			
Proceeds from sale of fixed assets	4	3	4
Investment in fixed assets	(27)	(21)	(94)
Investment in intangible assets	(17)	(18)	(80)
Repayment of long-term loans granted and deposits	50	4	44
Grant of long-term loans and deposits	(24)	(92)	(175)
Dividends from investees	535	-	252
Cash received in respect of investing activities with investees	2	-	180
Cash paid in respect of investing activities with investees	-	(100)	(104)
Proceeds from sale of investments in equity-accounted investees	-	-	19
Net cash derived from (used in) investing activities	523	(224)	46
Cash flows from financing activities			
Redemption of debentures and repayment of long-term loans	-	-	(174)
Short-term bank credit, net	(294)	218	322
Dividends paid	(200)	-	(270)
Receipt of long-term loans	-	-	103
Repayment of principal of lease liabilities	(14)	(14)	(55)
Net cash utilized for (deriving from) financing activities	(508)	204	(74)
Net decrease in cash and cash equivalents	(2)	(56)	(59)
Cash and cash equivalents at beginning of period	31	90	90
Cash and cash equivalents at end of period	29	34	31

The additional information attached to the Condensed Separate Financial Information constitutes an integral part thereof.

Additional information

Note 1 – Reporting Rules and Policies

1.1 General

- 1.1.1 The Company's business comprises the activity of Corporate HQ, the Group's salad/dip business in Israel and the Group's confectionery business in Israel, which includes the development, manufacture and marketing of branded candy products.
- 1.1.2 The separate interim financial information of Strauss Group Ltd. (hereinafter: the "Company") is being presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970, and the Tenth Addendum to said regulations with respect to the separate financial information of the corporation. This financial information should be reviewed jointly with the financial information as of and for the year ended December 31, 2024, and jointly with the condensed consolidated interim financial statements as of March 31, 2025 (hereinafter: the "Consolidated Interim Financial Statements").

The accounting policy in this Separate Interim Financial Information was applied consistently with the accounting policy and rules described in the Separate Financial Information as of December 31, 2024.

- 1.1.3 In this Separate Financial Information – the Company and investee companies, as defined in Note 1 to the Consolidated Financial Statements of the Company as of December 31, 2024, and as presented in Note 1 to the Condensed Consolidated Interim Financial Statements as of March 31, 2025.
- 1.1.4 The Separate Interim Financial Information is presented in NIS, which is the Company's functional currency. The financial information is presented in NIS millions and has been rounded to the nearest million.

Note 2 - Seasonality

Sales of Fun & Indulgence products in the confectionery category are affected by seasonality and are generally higher (comparatively) in the first third of the year, and lower (comparatively) in the second third of the year. Seasonality is mainly affected by the winter months, which fall in Q1 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.

Note 3 - Events in the Reporting Period

- 3.1 During the reporting period a dividend totaling approximately NIS 535 million (approximately USD 149.5 million) was received from a US subsidiary.
- 3.5 For further information on events in the reporting period, see Note 4 to the Condensed Consolidated Interim Financial Statements.

Note 4 - Share-Based Payments

For further information regarding share-based payments, see Note 5 to the Condensed Consolidated Interim Financial Statements.

Additional information

Note 5 – Contingent Liabilities

For further information regarding contingent liabilities, see Note 6 to the Condensed Consolidated Interim Financial Statements.

Note 6 - Financial Instruments

6.1 Fair value of financial instruments

For information on the fair value of financial instruments, see Note 8.1 to the Condensed Consolidated Interim Financial Statements.

6.2 Fair value hierarchy of financial instruments measured at fair value

For information on the fair value hierarchy of financial instruments measured at fair value, see Note 8.2 to the Condensed Consolidated Interim Financial Statements.

Note 7 - Events After the Date of the Statement of Financial Position

- 7.1 For further information on events occurring after the date of the statement of financial position, see Note 9 to the Condensed Consolidated Interim Financial Statements.



Strauss Group Ltd.

Effectiveness of internal control



QUARTERLY REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE PURSUANT TO REGULATION 38c(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. Elad Komissar, 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.

In the Annual Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure, which was attached to the Periodic Report for the period ended December 31, 2024 (hereinafter: the

“Latest Annual Report on Internal Control”), the Board of Directors and Management of the corporation reached the conclusion that internal control as of December 31, 2024 is effective.

Until the reporting date the Board of Directors and Management were not informed of any event or matter that are able to alter the evaluation of the effectiveness of the internal control, as presented in the Latest Annual Report on the Internal Control.

As at the reporting date, based on the evaluation of the effectiveness of internal control in the Latest Annual Report on Internal Control, and based on information brought to the knowledge of Management and the Board of Directors as mentioned above, internal control is effective.

Declaration by the Chief Executive Officer pursuant to Regulation 38c(d)(1):

Managers' Declarations:

I, Shai Babad, declare that:

- (1) I have reviewed the Quarterly Report of Strauss Group Ltd. (the "Corporation") for the first quarter of 2025 (the "Reports" or the "Interim 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. I was not informed of any event or matter occurring in the period between the date of the latest report (the Annual Report as at December 31, 2024) and the date of the Reports, which could alter the conclusion of the Board of Directors and Management regarding the effectiveness of the Corporation's internal control over financial reporting and disclosure.

The foregoing shall not derogate from my responsibility or from the responsibility of any other person, pursuant to applicable law.

May 27, 2025

Shai Babad, President & Chief Executive Officer

Declaration by the most senior financial officer pursuant to Regulation 38c(d)(2):

Managers' Declarations:

I, Tobi Fischbein, declare that:

- (1) I have reviewed the Interim Financial Statements and the other financial information included in the interim reports of Strauss Group Ltd. (hereinafter: the "Corporation") for the first quarter of 2025 (hereinafter: the "Reports" or the "Interim Reports").
- (2) To my knowledge, the Interim Financial Statements and other financial information contained in the Interim 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 Interim 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 Interim Financial Statements and other financial information included in the Interim 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. I was not informed of any event or matter occurring in the period between the date of the latest report (the Annual Report as at December 31, 2024) and the date of the Reports, which I estimate could alter the conclusion of the Board of Directors and Management regarding the effectiveness of the Corporation's internal control over financial reporting and disclosure.

The foregoing shall not derogate from my responsibility or from the responsibility of any other person, pursuant to applicable law.

May 27, 2025

Tobi Fischbein, Chief Financial Officer



Strauss Group LTD.

Inclusion of the Financial Statements of an Investee Pursuant to Regulation 44 of the Securities Regulations, 1970





Três Corações Alimentos S.A.

Condensed consolidated interim financial statements as of and for the three month period ended March 31, 2025

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Independent auditors' report on review of interim financial statements

To
Directors and shareholders of Três Corações Alimentos S.A.
Eusébio - Ceará

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Três Corações Alimentos S.A. as at March 31, 2025, the condensed consolidated statements of income and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the interim financial statements. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Statement Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at March 31, 2025 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Fortaleza, May 22, 2025

KPMG Auditores Independentes Ltda.
CRC CE-003141/F-5

A handwritten signature in blue ink, appearing to read 'P. Barroso'.

Pedro Barroso Silva Júnior
Contador CRC CE 021967/O 5

Três Corações Alimentos S.A.

Condensed Consolidated Interim Statements of Financial Position as of March 31, 2025 and December 31, 2024

(In thousand of Brazilian Reais)



Assets	March 31, 2025	December 31, 2024	Liabilities and equity	March 31, 2025	December 31, 2024
Current			Current		
Cash and cash equivalents	309,087	1,353,341	Short term loans	383,555	665,462
Deposits	510	22,146	Trade payables	1,626,268	1,088,345
Trade receivables	2,039,994	989,771	Short term lease liabilities	41,305	43,878
Inventories	1,958,900	1,578,307	Income tax payables	3,363	105
Recoverable taxes	109,210	120,102	Employees and other payroll related liabilities	109,840	92,589
Income tax receivable	26,403	24,286	Proposed dividends	71,735	69,095
Other current assets	35,345	31,330	Payable taxes	66,564	82,312
	<u>4,479,449</u>	<u>4,119,283</u>	Other current liabilities	<u>38,695</u>	<u>72,224</u>
				<u>2,341,325</u>	<u>2,114,010</u>
Non-current			Non-current		
Trade receivables	1,642	1,642	Long term loans	1,821,124	1,704,624
Judicial deposits	10,891	10,746	Long term lease liabilities	46,399	52,960
Recoverable taxes	203,060	174,132	Other non-current liabilities	27,522	27,466
Income tax receivable	27,740	33,017	Provision for legal proceedings	76,183	73,968
Other non-current assets	89,172	91,653	Interest on equity payable	33,855	33,855
Deferred tax assets	120,232	108,790		<u>2,005,083</u>	<u>1,892,873</u>
Investments	106,191	104,215	Equity		
Fixed assets	899,474	888,797	Share capital	276,464	276,464
Intangible assets	459,486	462,302	Translation reserve	(238,337)	(239,060)
Right-of-use assets	71,059	79,443	Profit reserves	<u>2,083,861</u>	<u>2,029,733</u>
	<u>1,988,947</u>	<u>1,954,737</u>			
			Equity attributable to owners of the Company	<u>2,121,988</u>	<u>2,067,137</u>
			Total Equity	<u>2,121,988</u>	<u>2,067,137</u>
Total assets	<u>6,468,396</u>	<u>6,074,020</u>	Total liabilities and equity	<u>6,468,396</u>	<u>6,074,020</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

Três Corações Alimentos S.A.

Condensed Consolidated Interim Statements of Income
 Three month period ended March 31, 2025 and 2024
 (In thousand of Brazilian Reais)



Three months period ended
 March 31,

	2025	2024
Revenue	3,281,654	1,759,328
Cost of sales	<u>(2,789,055)</u>	<u>(1,367,140)</u>
Gross profit	492,599	392,188
Selling and marketing expenses	(332,951)	(296,299)
General and administrative expenses	<u>(62,942)</u>	<u>(60,428)</u>
Allowance for expected credit losses	(3,814)	(3,227)
Equity method	3,516	3,836
Operating profit before other income (expenses)	96,408	36,070
Other income (expenses), net	3,217	353
Operating profit	99,625	36,423
Financial income	25,993	19,709
Financial expenses	<u>(70,628)</u>	<u>(37,837)</u>
Net financial expenses	(44,635)	(18,128)
Profit before income tax	54,990	18,295
Income tax revenue	663	15,080
Profit for the period	55,653	33,375
Profit attributable to:		
Owners of the Company	55,653	33,409
Non-controlling interests	-	(34)
Total profit for the period	55,653	33,375

The accompanying notes are an integral part of these condensed consolidated financial statements.

Três Corações Alimentos S.A.

Condensed Consolidated Interim Statements of Comprehensive Income
Three month period ended March 31, 2025 and 2024
(In thousand of Brazilian Reais)



Three months period ended
March 31,

	2025	2024
Profit attributable to:		
Other comprehensive income (loss) items that are or may be reclassified subsequently to profit or loss	55,653	33,375
Foreign currency translation differences	723	(1,408)
Comprehensive income for the period	56,376	31,967
Comprehensive income attributable to:		
Owners of the Company	56,376	32,001
Non-controlling interests	-	(34)
Total comprehensive income for the period	56,376	31,967

The accompanying notes are an integral part of these condensed consolidated financial statements.

Três Corações Alimentos S.A.

Condensed Consolidated Interim Statements of Changes in Equity
Three month period ended March 31, 2025 and 2024
(In thousand of Brazilian Reais)



	Retained earnings								
	Share capital	Legal reserve	Tax incentives	Profit to distribute	Translation reserve	Accumulated profit	Total	Non- controlling interests	Total Equity
Balance as of December 31, 2023	276,464	55,293	794,214	936,730	(195,776)	-	1,866,925	151	1,867,076
Profit for the period	-	-	-	-	-	33,409	33,409	(34)	33,375
Other comprehensive loss:									
Foreign currency translation differences	-	-	-	-	(1,408)	-	(1,408)	-	(1,408)
Total other comprehensive gain (loss):	-	-	-	-	(1,408)	33,409	32,001	(34)	31,967
Internal equity changes									
Non-reciprocal capital contributions to subsidiary	-	-	-	-	-	-	-	1	1
State VAT and Federal tax incentives	-	-	30,661	-	-	(30,661)	-	-	-
Profit destination									
Reserve for profit to be distributed	-	-	2,748	-	(2,748)	-	-	1	1
30,661			2,748		(33,409)				
Balance as of March 31, 2024	276,464	55,293	824,875	939,478	(197,184)	-	1,898,926	118	1,899,044
Balance as of December 31, 2024	276,464	55,293	793,580	1,180,860	(239,060)	-	2,067,137	-	2,067,137
Profit for the period	-	-	-	-	-	55,653	55,653	-	55,653
Other comprehensive loss:									
Foreign currency translation differences	-	-	-	-	723	-	723	-	723
Total other comprehensive gain (loss):	-	-	-	-	723	55,653	56,376	-	56,376
Internal equity changes									
Change in interest in investments valued by the equity method	-	-	-	(1,525)	-	-	(1,525)	-	(1,525)
Profit destination									
Reserve for profit to be distributed	-	-	55,653	-	(55,653)	-	(1,525)	-	(1,525)
54,128									
Balance as of March 31, 2025	276,464	55,293	793,580	1,234,988	(238,337)	-	2,121,988	-	2,121,988

The accompanying notes are an integral part of these condensed consolidated financial statements.

Three months period ended
 March 31,

	2025	2024
Cash flows from operating activities		
Profit for the period	55,653	33,375
Adjustments for:		
Depreciation and amortization	36,247	32,537
Termination of lease contracts	(1,756)	(45)
Provision for legal proceedings	2,215	1,201
Allowance for expected credit losses	3,814	(3,227)
Other income, net	(3,217)	(353)
Equity method	(3,516)	(3,836)
Finance expenses, net	44,635	18,128
Income tax revenue	(663)	(15,080)
Change in:		
Trade receivables	(1,056,636)	(358,878)
Inventories	(388,053)	(27,083)
Recoverable and payable taxes, net	(28,582)	6,121
Judicial deposits	(145)	208
Trade payables	537,894	(51,010)
Employees and other payroll related liabilities	17,251	7,767
Other current and non-current assets and liabilities	(37,400)	6,573
Change in operating activities	(822,259)	(353,602)
Interest paid	(42,458)	(17,160)
Interest received	19,855	15,725
Income tax paid	(6,276)	(531)
Net cash flows used in operating activities	(851,138)	(355,568)
Cash flows from investing activities		
Change in deposits	20,793	(2,771)
Proceeds from sales of fixed assets	5,040	1,458
Acquisition of fixed assets	(27,353)	(50,961)
Investments in intangible assets	(2,211)	(5,110)
Dividend received	15	20,737
Net cash flows used in investing activities	(3,716)	(36,647)
Cash flows from financing activities		
Proceeds from loans	135,617	233,523
Repayment of loans	(315,758)	(223,627)
Payment of lease liabilities	(9,259)	(9,022)
Net cash flows provided by (used in) financing activities	(189,400)	874
Net decrease in cash and cash equivalents	(1,044,254)	(391,341)
Net decrease 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	309,087	479,645
Net decrease in cash and cash equivalents	(1,044,254)	(391,341)

The accompanying notes are an integral part of these condensed 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 in turn controls the entity Rituais Café S.A. and also controls Café Três Corações S.A., which controls the entity Principal Comércio e Indústria Ltda and the entity 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”) which owns 67% of Unnix Indústria e Comércio S.A (“Zaya”). The Company has 50% of shares in each JV, which are not consolidated in this report, but evaluated by equity method.

The Group is currently the largest group in roasted and ground coffee business in Brazil according to Nielsen Flash Report, and owns the coffee and other food brands of 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, Tres, 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 and Coolate. In addition, the Group sells products with the brands A Tal da Castanha, Plant Power, Possible, Zaya and Zaytas, owned by the Positive Company.

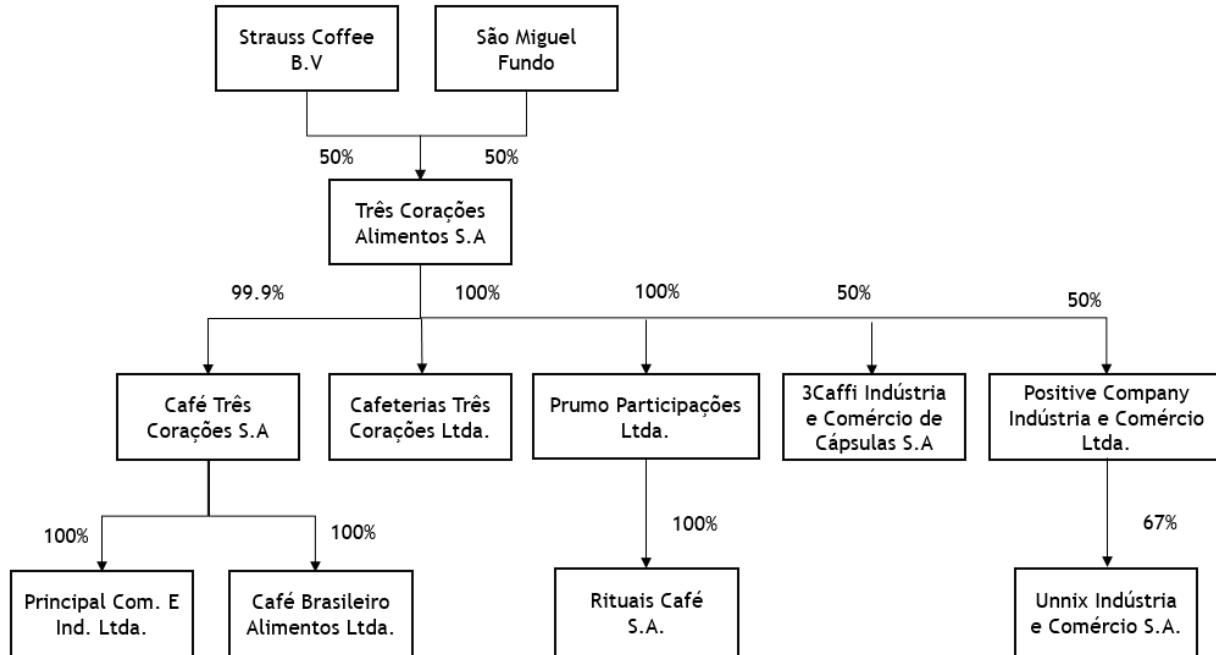
The Group’s industrial facilities are located in the states of Ceará, Rio Grande do Norte, Minas Gerais, Rio de Janeiro, Amazonas, São Paulo and Mato Grosso. Distribution centers are located in almost all states of Brazil. In addition, the Group owns green coffee processing plants in the state of Minas Gerais. The Group also owns coffee shops that are located in the cities of Fortaleza, Natal and Curitiba. Positive Company’s physical structure is located in the state of Espírito Santo, Ceará and São Paulo, the last one due to the recent acquisition of Zaya. 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. Três Corações Imóveis Armazéns Gerais e Serviços Ltda. is owned by São Miguel Holding e Investimentos S.A. (50%) and Strauss Coffee B.V. (50%).

Três Corações Alimentos S.A.

Notes to the condensed consolidated interim financial statements
(In thousands of Brazilian Reals)



On March 31, 2025, the Group has the following structure, same as December 31, 2024:



2 Basis of preparation

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the IFRS audited consolidated financial statements as at and for the year ended December 31, 2024 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, explanatory notes are included to explain events and transactions that are significant for understanding of the changes in the financial position and performance since the last annual financial statements.

These condensed consolidated interim financial statements were authorized for issuance by Company's Management on May 22, 2025.

2.2 Significant accounting policies, judgments and estimates

The accounting policies, judgments and estimates applied in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2024. The Group has not adopted early any other standards, interpretations or amendments that have been issued but are not yet effective.

3 Cash and cash equivalents, short and long term loans

	March 31, 2025	December 31, 2024
Short term loans	383,555	665,462
Long term loans	1,821,124	1,704,624
Cash and cash equivalents	(309,087)	(1,353,341)
Net debt	1,895,592	1,016,745

Cash and cash equivalents decrease is mainly due usage in operating activities such as trade receivables, payables and inventories movements and the investing activity of acquisition of fixed assets. Below is presented the cash flow used for the three month period:

- Cash flows used in operating activities, in the amount of R\$ (851,138);
- Cash flows used in investing activities, in the amount of R\$ (3,716);
- Cash flows used by financing activities, in the amount of R\$ (189,400).

There are no debt covenants in the Group's loans contracts with the banks.

4 Provision for legal proceedings

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.

During the first quarter of 2025, the Company obtained a favorable decision in the first level court regarding this lawsuit. Previously, the Company's legal advisors had assessed the probability of loss as possible. Following this favorable ruling, the Company now believes that the risk of future disbursements related to this lawsuit has decreased. The updated estimated value of the lawsuit is R\$ 210,333, with the Company now assessing the probability of loss as 50% possible and 50% remote.

5 Financial instruments

5.1 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, deposits, trade receivables, other current and non-current assets and liabilities, trade payables and loans to related parties, are equal or close to their fair values, except as mentioned below.

Presented below are the carrying amounts and fair values of financial liabilities that are not presented in the financial statements at fair value:

Level of hierarchy of fair value	March 31, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities				
Short term loans	2	383,555	553,950	665,462
Long term loans	2	1,821,124	2,168,402	1,704,624
		2,204,679	2,722,352	2,370,086
				2,418,372

The fair value is based on the contractual cash flows, discounted based on the market interest rates as of each reporting date. The carrying amount includes interest accrued as of each reporting date.

5.2 Fair value hierarchy

The Group uses the following hierarchy to determine and disclose the fair values of financial instruments, based on the valuation methodology used:

- **Level 1:** quoted prices in an active market for identical assets and liabilities;
- **Level 2:** values determined by other techniques, for which all of the data, having a significant effect on the recorded fair value, are observable, directly or indirectly;

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 when 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. If one or more of the significant inputs are not based on observable market data, the asset or liability is considered as valued from Level 3 source of information.

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;
- (iii) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

- **Level 3:** inputs for valuing a financial instrument that is not based on observable market data (that is, unobservable inputs).

On March 31, 2025 and December 31, 2024, the Group had no financial instruments classified at Level 3.

6 Revenue

Três Corações Alimentos S.A.

Notes to the condensed consolidated interim financial statements
(In thousands of Brazilian Reals)



6.1 Disaggregated revenue information

	Products	Services	March 31, 2025
Geographical markets			
Domestic	3,221,515	485	3,222,000
Foreign	59,654	-	59,654
Japan	22,464	-	22,464
United States	13,700	-	13,700
Chile	10,132	-	10,132
Switzerland	3,335	-	3,335
Germany	2,855	-	2,855
Other countries	7.168	-	7.168
	<u>3,281,169</u>	<u>485</u>	<u>3,281,654</u>
	Products	Services	March 31, 2024
Geographical markets			
Domestic	1,706,464	676	1,707,140
Foreign	52,188	-	52,188
Japan	26,391	-	26,391
United States	6,788	-	6,788
Chile	5,904	-	5,904
Switzerland	5,460	-	5,460
Germany	3,876	-	3,876
Other countries	3,769	-	3,769
	<u>1,758,652</u>	<u>676</u>	<u>1,759,328</u>

6.2 Composition of Revenue

	Three month periods ended March 31,	
	2025	2024
Revenue:		
Products - domestic	3,762,027	2,188,981
Products - foreign	61,121	52,180
Services	496	692
Other	146	113
Revenue deductions:		
Taxes on sales	(351,215)	(236,011)
State VAT incentives	90,999	50,693
Discounts	(216,626)	(228,051)
Other deductions	(65,294)	(69,269)
Revenue	<u>3,281,654</u>	<u>1,759,328</u>

* * *

Pedro Alcântara Rego de Lima
Chief Executive Officer

Danisio Costa Lima Barbosa
Chief Financial Officer

Anya Monteiro de
Albuquerque
Controller CRC/CE 015582/0-4