Strauss Group LTD.

Quarterly Report

as at September 30, 2024

Board of Directors	Ofra Strauss, Chairperson Adi Strauss David Mosevics Galia Maor Dalia Narkys Dorit Salinger Dalia Lev Tzipi Ozer-Armon Ravit Barniv Shaul Kobrinksy Yaniv Gerti Annette (Anat) Gabriel
Chief Executive Officer	Shai Babad
Corporate Secretary	Yael Nevo, Adv.
Auditors	Somekh Chaikin KPMG
Registered Office	49 Hasivim St., Kiryat Matalon Petach Tikva 4959504

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Strauss Group Ltd.

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Strauss Group Ltd.

Introduction

Company Profile

Strauss Group is a group of industrial and commercial companies operating in Israel and abroad, primarily engaged 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, 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 today, is 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 2023 were over 10.5 billion shekels. Strauss is active in 16 countries and operates 28 production sites.

The Group's areas of activity

Strauss Israel

The second-largest food and beverage group in Israel in terms of sales volumes (according to StoreNext). Strauss Israel encompasses 11 business segments; operates 14 sites, which include production plants and logistics centers; and has 6,000 employees.

Strauss Coffee

One of the five largest coffee companies in the world in terms of market share (according to Euromonitor). Strauss Coffee is active in Brazil, Russia, Ukraine, Poland, Romania, Germany and Switzerland.

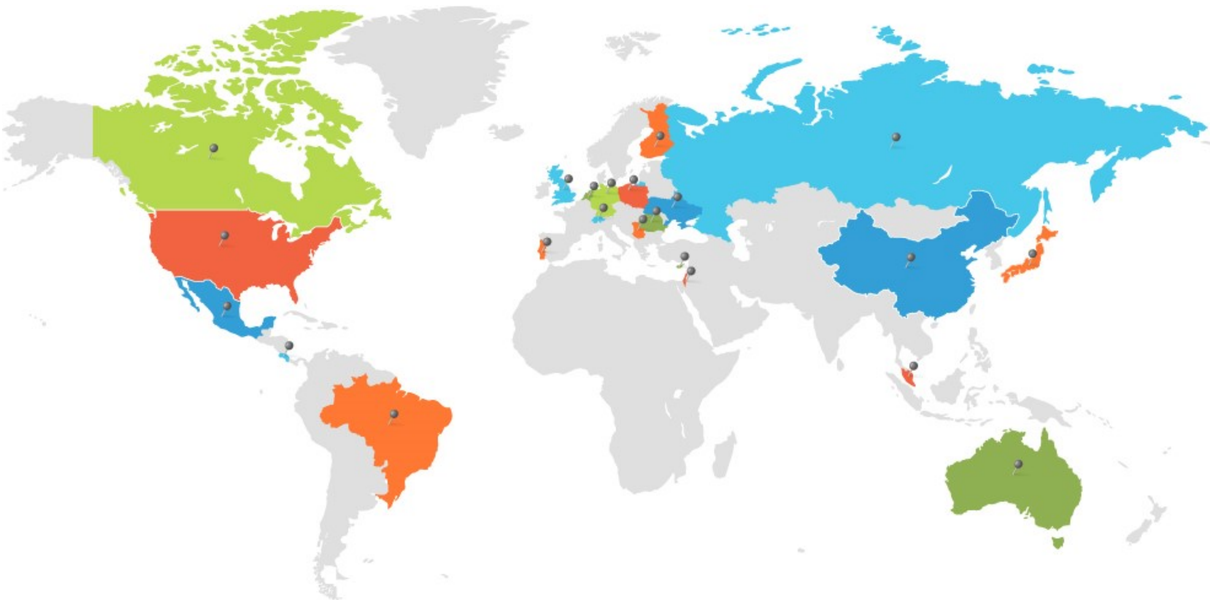
Strauss Water

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

International Dips and Spreads

The segment includes two international brands (Sabra and Obela) in a joint venture with PepsiCo, which drive the development and growth of the category. The companies are mainly active in North America, Australia, Mexico and New Zealand.

Global presence



Strauss Israel

Israel

Strauss Coffee

Holland
Brazil
Romania
Switzerland
Poland
Germany
Ukraine
Russia

Strauss Water

Israel
China
UK

International Dips and Spreads

US
Australia
New Zealand
Mexico
Canada

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 Q3 2024 Financial Performance

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

NIS **2,991** million
Net sales

15.4%
*Organic growth (excluding foreign currency effects)

30.5%
Gross margin

NIS **223** million
Operating profit

6.8%
*Organic change in operating profit (excluding foreign currency effects)

7.4%
Operating margin

NIS **332** million
EBITDA

5.4%
*Organic change in EBITDA (excluding foreign currency effects)

NIS **60** million
Operating cash flow

NIS **102** million
Income attributable to shareholders

-15.4%
*Growth in income attributable to shareholders

NIS **-98** million
Free cash flow

NIS **0.88**
Earnings per share

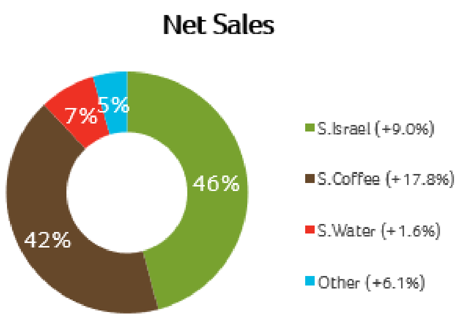
-15.5%
*EPS growth

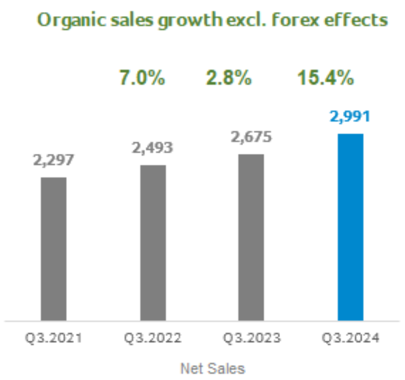
* Compared to the corresponding period last year.

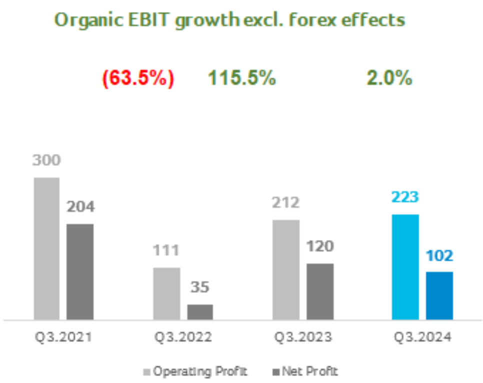
Selected financial data for First nine months & Q3 2024

	1-9/2024	1-9/2023	% Change	Q3 2024	Q3 2023	% Change
Sales	8,334	7,854	6.1%	2,991	2,675	11.8%
Organic growth excluding foreign currency effects	6.9%	7.5%		15.4%	2.8%	
Gross profit – non-GAAP	2,626	2,531	3.8%	911	855	6.5%
% of sales	31.5%	32.2%		30.5%	32.0%	
Total operating expenses	2,066	1,947		694	646	
Share of profit of equity-accounted investees	36	30	20.0%	14	9	55.6%
Operating profit before profit of incubator investees	596	614	(2.9%)	231	218	6.0%
Share of profit (loss) of equity-accounted incubator investees	(18)	(23)	(21.7%)	(8)	(6)	33.3%
Operating profit – non-GAAP	578	591	(2.3%)	223	212	4.2%
% of sales	6.9%	7.5%		7.4%	8.0%	
Net financing expenses	(108)	(80)	35.0%	(53)	(33)	59.5%
Income before tax – non-GAAP	470	511	(8.1%)	170	179	(5.9%)
Income tax	(65)	(124)	(47.7%)	(46)	(39)	12.6%
Income for the period – non-GAAP	405	387	4.6%	124	140	(11.3%)
Income attributable to shareholders	344	339	1.3%	102	120	(15.4%)
% of sales	4.1%	4.3%		3.4%	4.5%	
Income attributable to non-controlling interests	61	48	27.9%	22	20	14.4%
EPS (NIS)	2.95	2.91	1.3%	0.88	1.04	(15.5%)

Segmentation of net sales in Q3 2024 and sales growth rates by operating segment







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 Update to the Chapter Description of the Company's Business in Strauss Group's Periodic Report below.
"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 North American multinational food, snack and beverage corporation.
"Haier"	Haier Group Corporation of China.
"Culligan"	Culligan (UK) Ltd.
"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 2023.
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 2023.

"StoreNext"	StoreNext is engaged in the measurement of the fast-moving consumer goods (FMCG) segment in the barcoded retail market (which includes the large food chains with the exception of Shufersal, private barcoded minimarkets and independent retail chains).
"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

Strauss Group Ltd.

Update of the Description of the Company's Business

UPDATE OF THE CHAPTER DESCRIPTION OF THE COMPANY'S BUSINESS IN THE PERIODIC REPORT OF STRAUSS GROUP LTD. (HEREINAFTER: THE "COMPANY") FOR THE YEAR 2023[1] (HEREINAFTER: THE "PERIODIC REPORT")

In accordance with Regulation 39A of the Securities Regulations (Periodic and Immediate Reports), 1970, following is a description of material developments that occurred in the Company's business in the nine months ended September 30, 2024 and through to the publication date of the report, in which respect no disclosure has yet been made in the Periodic Report. This update refers to the numbers of the sections in the chapter Description of the Company's Business as well as to several regulations in the chapter Additional Information on the Corporation in the Company's 2023 Periodic 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 is noted that the terms used in this chapter shall have the meaning assigned to them in the Periodic Report, unless expressly stated otherwise.

1. Section 1 in the Description of the Company's Business Report, the Group's Activities and Description of the Development of its Business

For information on a change in the ownership interest of the controlling shareholder, Strauss Holdings Ltd., see the Immediate Report of March 27, 2024 (reference no. 2024-01-027184).

2. Section 4 in the Description of the Company's Business Report, Dividend Distribution

On March 25, 2024, the Board of Directors of the Company approved a cash dividend to shareholders of the Company. For information on the dividend distribution, see the Immediate Reports of March 26, 2024 and March 28, 2024 (reference no. 2024-01-025990 and 2024-01-028729, respectively) and also Note 4.3 to the Condensed Consolidated Interim Financial Statements of the Company as of September 30, 2024.

3. Section 8.3.14 in the Description of the Company's Business Report, the Health & Wellness segment – Material Agreements

On November 21, 2024, the Company and the American food concern, PepsiCo, Inc. ("PepsiCo"), entered into an option agreement in connection with their ownership interest (50%-50%) in Strauss Frito-Lay Ltd., which is engaged in the manufacture, marketing and distribution of salty snacks, mainly in Israel. In the agreement, PepsiCo granted the Company an option to acquire up to 2.5% of Frito-Lay's share capital for a consideration of USD 100,000, with a strike price of up to USD 9.9 million, reflecting a market

1 As published on March 26, 2024 and March 27, 2024 (reference no. 2024-01-027409).

capitalization of NIS 396 million for Frito-Lay. If the option is exercised, the shareholder agreement between the parties will be amended to reflect the Company's control over Frito-Lay. Among other things, this will include revising the composition of Frito-Lay's board of directors, ensuring that the Company's representatives on the board hold a majority of voting rights. The Company will also have the right to appoint Frito-Lay's Chief Executive Officer (subject to PepsiCo's limited right of refusal as shall be specified in the agreement). The Company will have the right to exercise the option at any time within two years from the completion of the agreements of sale, and its exercise will be subject to the receipt of the approval of the Competition Commissioner. For further information, see the Immediate Report of November 22, 2024 (reference no. 2024-01-617856).

4. Section 10 in the Description of the Company's Business Report, the International Dips & Spreads segment

On November 21, 2024, the Company and the wholly-owned subsidiary S.E. USA, Inc. entered into agreements for the sale of said subsidiary's entire ownership interest in Sabra Dipping Company, LLC ("Sabra") (50%) and the sale of the entire ownership interest in PepsiCo Strauss Fresh Dips & Spreads International GmbH ("Obela") (50%), to companies owned by the American concern, PepsiCo, Inc., which hold the remaining ownership interest in said corporations and with which the Company is a partner in a joint venture related to the ownership interest of each of the abovementioned companies. The consideration for the sale is USD 243.8 million, to be paid in cash at the closing. Of said consideration, USD 240.8 million are for the sale of the ownership interest in Sabra (including endorsement of the Company's shareholders loan to Sabra), and USD 3 million are for the sale of the ownership interest in Obela (the "Transaction"). There are no material terms and conditions for the closing of the Transaction, and its execution is expected in December 2024. For further information, see the Immediate Report of November 22, 2024 (reference no. 2024-01-617856).

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

Section 17.5, Credit rating

On March 27, 2024, the Company announced that Standard & Poor's Maalot Ltd. had affirmed the ilAA+ rating of the Company and its debentures and had revised the rating outlook to stable. For further information, see the Immediate Report of March 27, 2024 (reference no. 2024-01-027421).

On June 13, 2024, the Company announced that Midroog had left the Aa1.il rating of the debenture (series E) and (series F) issued by the Company unchanged, with a negative rating outlook. For further information, see the Immediate Report of June 13, 2024 (reference no. 2024-15-059743).

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

For updates, see Note 6 to the Condensed Consolidated Interim Financial Statements of the Company as of September 30, 2024.

7. Regulation 21 in the Additional Information on the Corporation Report, Payments to Interested Parties and Senior Officers

On November 5, 2024, the Meeting of Shareholders of the Company approved the appointment of Ms. Ravit Barniv and Mr. Shaul Kobrinsky, who were appointed by the Board of Directors, as directors of the Company. For further information, see the Immediate Report of November 6, 2024 (reference no. 2024-01-614062). Further to the resolution of the Remuneration Committee of April 11, 2024 regarding the terms of office and employment of Ms. Barniv and Mr. Kobrinsky as directors of the Company, on May 26, 2024, the Board of Directors approved Ms. Barniv's and Mr. Kobrinsky's terms of office and employment as directors with accounting and financial expertise, in accordance with the Company's Remuneration Policy for Officers of the Company and the Companies Regulations (Rules Regarding Compensation and Expenses of an External Director), 2000 (the "**Remuneration Regulations**"). For further information, see the Immediate Report of May 26, 2024 (reference no. 2024-01-054042).

On November 5, 2024, the Meeting of Shareholders of the Company approved the appointment of Ms. Annette (Anat) Gabriel and Mr. Yaniv Garty, who were appointed by the Board of Directors, as directors of the Company. For further information, see the Immediate Report of November 6, 2024 (reference no. 2024-01-614062). Further to the resolution of the Remuneration Committee of August 27, 2024 regarding the terms of office and employment of Ms. Gabriel and Mr. Garty as directors of the Company, on August 28, 2024, the Board of Directors approved Ms. Gabriel's and Mr. Garty's terms of office and employment as directors with accounting and financial expertise, in accordance with the Company's Remuneration Policy for Officers of the Company and the Companies Regulations (Rules Regarding Compensation and Expenses of an External Director), 2000 (the "**Remuneration Regulations**"). For further information, see the Immediate Report of August 28, 2024 (reference no. 2024-01-090033).

8. Regulation 22 in the Additional Information on the Corporation Report, Transactions with a Controlling Shareholder

On June 30, 2024, a Special General Meeting approved the renewal of the grant of a letter of exemption to Mr. Adi Strauss, among the controlling shareholders of the Company, for a further three years commencing on the date of approval by the General Meeting. For further information, see the Immediate Report of July 1, 2024 (reference no. 2024-01-066954).

9. 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 October 10, 2024 (reference no. 2024-01-609725).

10. Regulation 26 in the Additional Information Report

On November 5, 2024, the Meeting of Shareholders of the Company approved the appointment of Ms. Ravit Barniv and Mr. Shaul Kobrinsky, who were appointed as directors by the Board of Directors of the Company commencing on May 5, 2024. For further information, see the Immediate Reports of April 8, 2024 (reference no. 2024-01-034786 and 2024-01-034789, respectively), and also the Immediate Report of November 6, 2024 (reference no. 2024-01-614062).

On November 5, 2024, the Meeting of Shareholders of the Company approved the appointment of Ms. Annette (Anat) Gabriel and Mr. Yaniv Garty, who were appointed as directors by the Board of Directors of the Company commencing on September 1, 2024. For further information, see the Immediate Reports of August 28, 2024 (reference no. 2024-01-090027 and 2024-01-090033, respectively), and also the Immediate Report of November 6, 2024 (reference no. 2024-01-614062).

11. Regulation 26A in the Additional Information on the Corporation Report, Senior Officers

On September 2, 2024, the Company announced that Mr. Ariel Chetrit, who has served as the Company's Chief Financial Officer since 2019, will cease to hold office on a date that shall be arranged with the Company. For further information, see the Immediate Report of September 2, 2024 (reference no. 2024-02-600110).

12. Regulation 29(C) in the Additional Information on the Corporation Report, Resolutions of the Special General Meeting

On May 26, 2024, the Company published a convening report for a Special General Meeting which was held on June 30, 2024, on the agenda of which was the renewal of the grant of a letter of exemption to Mr. Adi Strauss, who is among the controlling shareholders of the Company, for a three-year period commencing on the date of receipt of the approval of the General Meeting. For further information, see the Immediate Report of May 26, 2024 (reference no. 2024-01-054030).

For information on a resolution passed by a Special General Meeting on June 30, 2024, see section 6 above.

Date: November 24, 2024

Names and titles of signatories:

Ofra Strauss, Chairperson of the Board of Directors

Shai Babad, Chief Executive Officer

Strauss Group Ltd.

Strauss Group Ltd.

Board of Directors’ Report on the State of the Company’s Affairs as of September 30, 2024

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EXPLANATIONS BY THE BOARD OF DIRECTORS ON THE STATE OF THE COMPANY'S AFFAIRS

1. General

The Board of Directors of Strauss Group Ltd. (the "**Company**") respectfully submits herewith the Board of Directors Report for the third quarter of 2024, in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970.

The review presented below is limited in scope and refers to events and changes that occurred in the state of the Company's affairs in the reporting period that have a material impact, and should be read together with the chapter Description of the Company's Business, the Financial Statements and the Board of Directors' Report on the State of the Company's Affairs in the Periodic Report as of December 31, 2023, as published on March 27, 2024 (Amending Report) (reference no. 2024-01-027409) (the "2023 Periodic Report"), and the chapter Description of the Company's Business as of March 31, 2024, as published on May 27, 2024 (reference no. 2024-01-054438) and the chapter Description of the Company's Business, the Financial Statements and the Board of Directors' Report on the State of the Company's Affairs as of June 30, 2024, as published on August 29, 2024 (reference no. 2024-01-090108).

2. Principal Information from the Description of the Company's Business

2.1 Overview of the operating segments in 2024

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 September 30, 2024. Three of the operating segments are concentrated under the Israel Operation framework: 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 strategy, several changes were made in the operating segments to align them with the manner in which segmental information regarding the Group's operating segments is presented, which are based on the Group's internal management (non-GAAP) reports (the "**Management (Non-GAAP) Reports**").

Accordingly, since the Financial Statements as of March 31, 2024, responsibility for the Israel Coffee segment has been transferred from the Coffee Operation to the Israel Operation, Fun & Indulgence (Israel Coffee). It was further decided to include the International Dips & Spreads segment (which, as of the reporting date, does not meet the threshold for presentation as a reportable segment) within the Other Operations segment. Consequently, these changes are reflected in the segmental business results, including a revision of comparative information.

For information on how these changes are reflected in the presentation of segmental business results, including the revision of comparative information, see the section Results of Business Operations in this

[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 financial statements of the Company as reportable segments or the criteria for aggregation and separate presentation as a reportable segment; these are included in the Financial Statements as of September 30, 2024 as the "Other Operations" segment.

report and also Notes 3 and 4.1 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024.

2.2 Summary of major developments in the reporting period and thereafter

- On February 29, 2024, approval by the Serbian Commission for Protection of Competition was received for the sale of 100% of Strauss Coffee's ownership interest in a local company operating in Serbia, Strauss Adriatic d.o.o., and subsequently, on March 1, 2024, the transaction was closed and the consideration for the sale, EUR 38.8 million, was paid to Strauss Coffee. For further information, see Notes 4.2 and 9 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024 and section 21.2 below.

- In July 2021, the Company entered into a transaction for the acquisition of a 51% stake in Wyler Farms Ltd., which is active in the manufacture of tofu-based products ("**Wyler**"). The transaction (the "**Merger Agreement**") was subject to the satisfaction of suspending conditions, including approval by the Competition Commissioner (in this paragraph: the "**Commissioner**"). On February 23, 2022, the Commissioner announced that the merger was not approved. Further to the contents of section 2.2 in the Board of Directors' Report as of June 30, 2024, published on August 28, 2024 (reference no. 2024-01-090108) with respect to the Competition Authority, on October 29, 2024 the Company received the Commissioner's notice, in which the latter announced that she had chosen to exercise her power in accordance with section 43(a)(3) of the Competition Law, 1988 (the "**Competition Law**") and rule that the Company and Wyler had acted in contravention of section 19 of the Competition Law. The Commissioner further announced that a financial penalty would be imposed on the Company at an amount of NIS 111 million, in accordance with section 50H(b)(1) of the Competition Law (the "**Ruling**"). In addition, in the framework of the Ruling, the Commissioner determined that a financial penalty of NIS 601 thousand would be imposed on each of three persons who had served in the relevant periods as officers of the Company and a subsidiary. According to the Company's legal counsel, the Company did not violate of the provisions of the law, including the Competition Law, the Commissioner's ruling is an administrative ruling, which is subject to appeal by right before the Competition Tribunal in accordance with sections 43(c) and 50M(a) of the Competition Law, and counsel is of the opinion that the Company should exercise said right and appeal the Ruling, as well as the amount of the financial penalty set in the Ruling. The Company intends to file said appeal. In the estimation of the Company's legal counsel, the likelihood of the acceptance of the appeal, which asserts that the Company did not breach the law, is greater than the likelihood of its rejection. On November 10, 2024, the Company submitted a request to the Competition Authority to extend the deadline for filing the appeal and defer the payment of the financial penalty imposed as provided in section 50J(b) of the Competition Law, such that both the payment date and filing deadline would be postponed to December 29, 2024. The Authority consented to extension of the filing deadline, but did not agree to delay the payment. On November 19, 2024, the Authority's consent 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 was received. As of the reporting date, no payment in respect of the financial penalty has yet been paid.

For further information, see Note 6.5 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024 and Note 22.1.5 to the Consolidated Financial Statements as of December 31, 2023.

- In connection with the Competition Commissioner's Ruling as described above, on October 29, 2024 and October 30, 2024, two motions for the discovery of documents prior to filing a derivative claim under section 198A of the Companies Law (jointly: the "**Discovery Motions**") were filed with the Tel Aviv District Court (Economic Department). At this stage, it is unclear how the court will address the Discovery Motions – i.e., whether it will decide to strike out one of them, consolidate them into a single proceeding, or direct otherwise. Consequently, the Company's legal counsel cannot currently assess the likelihood of the Discovery Motions being accepted. For further information regarding the Discovery Motions, see the Immediate Reports of the Company published on October 31, 2024 (reference no. 2024-01-612878, 2024-01-613016), and also Note 6.7 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024.

- On August 21, 2023, the Company, a Company officer and a former Company officer (in this paragraph: the "**Officers**") received letters of notice regarding an intent to file an indictment against them, subject to a hearing, in respect of suspicions of an attempted restrictive trade arrangement through a public announcement in the Company's quarterly financial statements. To clarify, the Company disputes the Commissioner's position and is of the opinion that its actions as far as the body of arguments made against the Company and the Officers were legal. On January 23, 2024, an oral hearing was held, and on February 11, 2024, the Company and the Officers submitted their written arguments. On September 12, 2024, the Company received a demand for information from the Competition Authority, in which it was requested to furnish documents and information concerning various meetings in the Company. The Company replied to the demand for information on October 1, 2024. In the opinion of outside counsel, at the present stage the chances of the hearing's success, the chances of a bill of indictment being filed and the chances of a conviction, if a bill of indictment is filed, cannot be estimated. The Company will present its position in any legal proceeding insofar as necessary. For further information, see Note 6.6 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024 and section 20.4.4 in the Description of the Company's Business for the year 2023.

- In January 2024, the Board of Directors approved an organizational efficiency enhancement plan that is expected to deliver yearly savings estimated at NIS 45-55 million, beginning in the second quarter of 2024. On March 25, 2024, the Board of Directors approved a revision of the Company's strategy for 2024-2026 in light of the significant changes that occurred in the external environment in the past two years, while the Group also contended with internal challenges. For further information, see sections 16 and 23 in the Description of the Company's Business for the year 2023.

  The information contained in this report concerning expected yearly savings is forward-looking information, as this term is defined in the Securities Law, 1968, which is based on the Company's plans and the information available to it on the date of this report, and may not materialize if the plan is not implemented or if it is partially implemented.

- Further to section 2.2.1 in the 2023 Board of Directors' Report, the Immediate Reports published by the Company concerning a number of legal proceedings related to the recall, including a motion for the discovery of documents under section 198A of the Companies Law, 1999, prior to filing a motion to approve a derivative action[2], the Immediate Report of the Company of August 3, 2022 (reference no. 2022-01-098284) regarding the establishment of an independent committee (the "**Committee**"), and the Immediate Report of the Company of November 21, 2024 (reference no. 2024-01-617626) regarding the Board of Directors' resolution to adopt the Committee's findings, conclusions and recommendations, including the proposed settlement agreement, in which the insurers agreed to pay the Company an amount of NIS 27 million. The board of directors instructed Company management and legal counsel to work to formulate and implement a settlement agreement, subject to the approval of the District Court in the framework of the disclosure proceeding pending before the court. For further information, see Note 6.4 to the Condensed Consolidated Financial Statements as of September 30, 2024, and Note 22.1.4 to the Consolidated Financial Statements as of December 31, 2023.

- Following the Company's immediate reports regarding the strategy adopted by the Company for the years 2024-2026 and as stated in Section 23 of the chapter describing the Company's business ("**Purpose and Business Strategy**") in the Company's periodic report for 2023, the Company is pleased to announce that on 21 November 2024, the Company and its wholly-owned subsidiary S.E USA, Inc. entered into agreements to sell the entire holdings of the said subsidiary in Sabra Dipping Company, LLC ("**Sabra**") (50%) and to sell the entire holdings of the Company in PepsiCo - Strauss Fresh Dips & Spreads International GmbH ("**Obela**") (50%) to the American conglomerate PepsiCo, Inc ("**PepsiCo**" and the "**Sale Agreements**", respectively), which holds the remaining equity interests in the said corporations and with whom it is involved in a joint venture regarding the holding of each of the said companies. The sale consideration, to be paid in cash on the date of completion, amounts to 243.8 million USD, where 240.8 million USD is for the sale of the holdings in Sabra (including the assignment of Company's shareholder loan to Sabra) and 3 million USD is for the sale of the holdings in Obela (the "**Transaction**"). There are no material conditions required for the completion of the transaction, which is expected to be completed in December 2024. According to the Company's estimation, under the Transaction, the Company is expected to record in its consolidated financial statements for 2024, a net profit estimated to range from NIS 319 million to NIS 325 million (composed of a profit (after tax) from the Transaction estimated to range from NIS 403 million to NIS 407 million, offset by a loss resulting from the realization of a translation reserve attributed to Sabra and Obela estimated to range from NIS 82 million to NIS 84 million). The estimated net cash flow the company will derive from the Transaction is between NIS 726 million and NIS 730 million. Simultaneously, the Company and PepsiCo entered into an option agreement regarding their holdings (50%-50%) in Strauss Frito-Lay Ltd. ("**Frito-Lay**"), which is engaged in the production, marketing, and distribution of salty snacks mainly in Israel, under which PepsiCo granted the Company, in consideration for 100,000 USD, an option to purchase up to 2.5% of Frito-Lay's share capital at an exercise price of up to 9.9 million USD, reflecting a valuation of approximately 396 million USD for Frito-Lay. In the event of exercising the option, the shareholders' agreement between the parties will be amended to reflect

[2] For the details of the Immediate Reports, see the reports of April 27, 2022 (reference no. 2022-01-051385), April 28, 2022 (reference no. 2022-01-052126), May 1, 2022 (reference no. 2022-01-052906), May 1, 2024 (reference no. 2022-01-053158), May 2, 2022 (reference no. 2022-01-053965), May 8, 2022 (reference no. 2022-01-054775), May 9, 2022 (reference no. 2022-01-055789), June 20, 2022 (reference no. 2022-01-062493), June 30, 2022 (reference no. 2022-01-081364).

the Company's control of Frito-Lay by updating, inter alia, the representation of the parties on Frito-Lay's board of directors, so that the Company shall have the majority of the voting power in Frito-Lay's board of directors, as well as the ability to nominate the CEO of Frito-Lay (except in limited cases by which PepsiCo may object to Company's nominee). The Company can exercise the option at any time within two years from the closing date of the Sale Agreements, and its exercise will be subject to obtaining approval from the commissioner of competition. For further information, see the Immediate Reports of the Company published on November 22, 2024 (reference no. 2024-01-617856), and also Note 10.3 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024.

The data presented above regarding the impact of the sale of the holdings in Sabra and Obela as mentioned, on the Company's consolidated financial statements is forward-looking information as defined in the Securities Law, 1968 based on the Company's estimations, which have not yet been audited or reviewed by the Company's independent auditors, and may materialize differently from what is stated above, among other things, due to tax effects, exchange rate differences, etc.

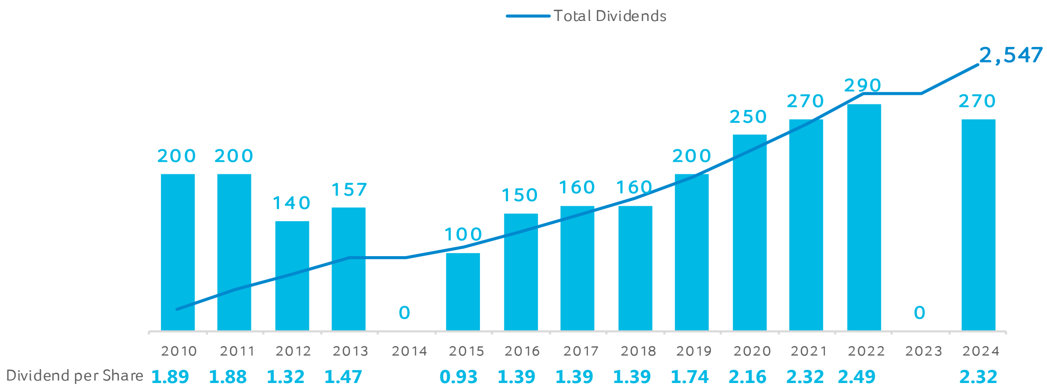
2.3 Dividends

Decisions regarding the payment of dividends are made by the Company's Board of Directors. The frequency and amounts of distributions are based on the Group's business results and according to its needs.

Since 2010 through to the present, the Company has distributed dividends amounting to approximately NIS 2.5 billion.

The following figure presents the cumulative dividend payout in recent years:

Dividend Payouts, Annual and Total, in 2010-2024



Figures are in NIS millions.

On March 25, 2024, the Board of Directors approved the payment of a dividend to shareholders of NIS 270 million (NIS 2.32 per share) for 2023, which was paid on April 11, 2024.

The balance of retained earnings on the date of the statement of financial position as of September 30, 2024 is NIS 3,766 million.

CHANGES IN THE ECONOMIC ENVIRONMENT AND MATERIAL EVENTS IN THE REPORTING PERIOD

3. Swords of Iron War

On October 7, 2023, the Hamas terrorist organization attacked Israel. Following the attack, the government of Israel declared the Swords of Iron War (the "**War**"). Among other things, the War led to a massive call-up of military reserves, the evacuation of communities, the temporary or partial closure of businesses, the imposition of various restrictions on civilian activities in extensive areas, a slowdown in economic activity, a slump in share prices on the Tel Aviv Stock Exchange, the devaluation of the Shekel against foreign currencies, a rise in corporate bond yields due to increased risk levels and uncertainty, and also took a heavy toll on Israel's credit rating, with a downgrade to A from AA- by S&P Global Ratings, outlook negative; a downgrade to Baa1 from A1 by Moody's with a negative outlook; while Fitch Ratings cut the rating to A from A+ an also assigned Israel a negative outlook.

The third quarter of 2024 saw the continuation of the Swords of Iron War, with fighting also being waged in the north of Israel against the Hezbollah terrorist organization and a growing number of rockets, missiles and explosive drones being fired against Israel from several regions, including Iran, perpetuating concerns of an all-out regional war.

Since the War broke out, in its business in Israel the Group has focused on three major goals: To maintain full business continuity to the greatest extent possible and ensure regular food supply to all customers, subject to the restrictions and the directives of the Home Front Guard; to keep its people safe and tend to the needs of employees and their families in a state of war; to support the community, provide help to soldiers and the families who were evacuated in southern and northern Israel, and to support the farmers who suffered damage in the Western Negev.

To provide for maximum flexibility and financial stability, in November and December 2023 the Group entered into a number of agreements with banks to acquire secured lines of credit for its regular operations, at a total amount of NIS 200 million for a one-year period. This is in addition to the secured lines of credit that were in place before the War, at an amount of NIS 400 million. In the second quarter, the Company entered into agreements for the renewal of a secured line of credit of NIS 100 million for a one-year period and for the renewal of a secured line of credit of NIS 100 million for a two-year period. For further information, see section 22 below regarding liquidity, sources of finance and financial position and also Note 4.9 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024.

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. However, the development of the War, its scale, impacts and duration remain uncertain. Consequently, it is not possible at the present time to assess the scope of future consequences of the War on the Group's business.

Shipping of raw materials from Asia and Africa has been affected following tensions with Houthis, but the Group took action to find solutions for the continuing import of raw materials to Israel. The Group continues to monitor developments and is preparing for various scenarios that could evolve, particularly in the context of supply chain risks, which include 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.

To clarify, the Company's assessments regarding the possible effects and consequences of the War, as described above, on the Group's operations, businesses and results, are forward-looking information, as this term is defined in the Securities Law, 1968. These assessments are based, *inter alia*, on the experience of Company Management in the Company's fields of business, on the information available to the Company on the date of this report and on public economic forecasts. Accordingly, materialization of all or part of these assessments is uncertain, and they may also materialize, including substantially, in a different form than anticipated as a result of various factors, including the consequences of the War and the uncertainty surrounding its nature and duration, the state of the economy, and also due to the effects of the Company's risk factors as set forth in section 25 in the Description of the Company's Business for 2023.

4. Russia-Ukraine War

As of the date of approval of the Financial Statements, the war between Russia and Ukraine continues, as have the economic sanctions that were imposed on Russia by the West, but as of the date of this report, the Russia-Ukraine war has not had a material effect on the Group's business results.

Since the war broke out, the Company has taken steps to ensure that its business in Russia is managed as a stand-alone business to the greatest extent possible. In Ukraine, the Group's business has operated continuously given the circumstances.

The ongoing war continues to expose the Group to potential global repercussions, including increases in commodity, raw material and energy costs. For changes in commodity and energy prices as of the publication date of this report, see sections 5 and 6 below.

Considering the evolving nature of the events and the accompanying high degree of uncertainty, there are possible geopolitical scenarios that 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, and is unable to assess their future impact on its business results.

For further information on the Group's business in Russia and Ukraine, see section 21.2 below and Note 4.6 to the Condensed Consolidated Financial Statements as of September 30, 2024.

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 the first nine months and third quarter of 2024, the average market prices of some of the Group's raw materials rose drastically compared to the corresponding periods last year, including the prices of green coffee (mainly in Q3) and cocoa prices. By contrast, the prices of grains, sugar and sesame declined. The average price of raw milk ("target price") declined in the first nine months and third quarter of 2024 by 2.1% and 2.7%, respectively, compared to the corresponding periods last year.

After the date of the statement of financial position through to the publication date of this report, the market prices of Arabica coffee rose by 9%, whereas the market prices of Robusta declined by 13%, and the market price of cocoa rose by 39%.

Furthermore, after the date of the statement of financial position, in the months of October to December 2024, the price of raw milk will remain unchanged, and since the beginning of the year, the price of raw milk has declined by 2.7%.

Following are the rates of change in the average market prices of major inputs in the third quarter of 2024 compared to the corresponding period last year:

Inputs	Average rate of change
Arabica (1)	58%
Robusta (1)	83%
Sugar (1)	(23%)
Sesame (1)	(10%)
Plastic (2)	(3.3%)
Cocoa (1)	123%
Raw milk (3)	(2.7%)

(1) Figures are retrieved from Bloomberg. The exchanges on which the commodities are traded are: Arabica – New York, Robusta – London, sugar – London, Humera sesame and cocoa – London.
(2) Figures are retrieved from FRED Producer Price Index – Polystyrene Foam Product. The index is indicative only.
(3) 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. Additionally, in certain geographies and products, some of the Group companies revised their sell-in prices.

The Group's green coffee procurement center in Switzerland provides for all companies in the Group (except for the operation in Brazil). To manage exposure to market risks, the Group uses transactions in derivatives traded on the financial markets in New York and London. The use of these instruments is the responsibility of the manager of the procurement office in Switzerland in the framework of guidelines defined from time to time by the corporate green coffee procurement committee, which is managed by Strauss Coffee's COO and convenes from time to time according to established procedures.

The procurement of green coffee in Brazil is carried out by the local management of Três Corações (JV)[3] according to internal procedures determined by Três Corações (JV)'s board of directors, and is the responsibility of the procurement, export and financial managers of Três Corações (JV).

The Group also has a commodity risk management committee for the business in Israel. The committee is managed by the Group CFO.

[3] Três Corações (JV) in Brazil – 50% held by Strauss Group and 50% by São Miguel Group. (Data reflect Strauss Coffee's share (50%) unless expressly stated otherwise).

Gains or losses arising from commodity hedges are mainly included in the non-GAAP income statement on the date when the inventory is sold to outside parties.

6. Energy Prices

The average prices of Brent oil in the first nine months of 2024 remained essentially unchanged, and in the third quarter of the year declined by 8%, compared to their average prices in the corresponding periods last year. Since the beginning of 2024 through to proximate to the reporting date, the price of Brent oil declined by 5%.

7. Exchange Rate Fluctuations

In the first nine months of 2024, the Shekel strengthened against the Real, Ruble and Hryvnia, and weakened against the rest of the Group's functional currencies, and the total effect based on average exchange rates compared to the corresponding period last year contributed to inconsequential translation differences and a negligible decline in the sales line item on the income statement. In the third quarter of the year, the Shekel strengthened substantially against the Real and the Hryvnia, and the total effect based on average exchange rates compared to the corresponding period contributed to translation differences and a 3% decline in the sales line item on the income statement. In terms of changes in closing rates, in the first nine months of 2024 the Shekel strengthened significantly against the Real and weakened against some of the functional currencies, and the net effect on the Group's equity was inconsequential. In terms of changes in closing rates, in Q3 the Shekel remained essentially unchanged against the Real, strengthened against the Ruble, and weakened against some of the other functional currencies, and the net effect on the Group's equity was inconsequential.

Based on average exchange rates, in the first nine months and third quarter of 2024 the Dollar strengthened against most of the currencies compared to the first nine months last year. In the third quarter of 2024, the Dollar strengthened substantially against the Real and Hryvnia, but weakened against most of the Group's other currencies.

The following table presents the average exchange rates **against the Shekel** in the first nine months and third quarter of 2024 compared to the corresponding periods last year:

Average Exchange Rates Against the Shekel							
Currency		Average Exchange Rate First Nine Months		% change	Average Exchange Rate Third Quarter		% change
		2024	2023		2024	2023	
United States Dollar	USD	3.701	3.643	1.6%	3.713	3.746	(0.9%)
Euro	EUR	4.023	3.946	1.9%	4.079	4.075	0.1%
Ukrainian Hryvnia	UAH	0.093	0.100	(6.4%)	0.090	0.102	(11.8%)
Russian Ruble	RUB	0.041	0.044	(7.7%)	0.042	0.040	4.6%
Serbian Dinar	RSD	0.034	0.034	2.1%	0.035	0.035	0.2%
Romanian Leu	RON	0.809	0.799	1.2%	0.820	0.823	(0.4%)
Polish Zloty	PLN	0.934	0.861	8.4%	0.952	0.905	5.1%
Brazilian Real	BRL	0.708	0.728	(2.7%)	0.669	0.767	(12.7%)
Chinese Renminbi	CNY	0.515	0.515	(0.0%)	0.518	0.514	0.9%
Canadian Dollar	CAD	2.721	2.707	0.5%	2.722	2.793	(2.5%)
Australian Dollar	AUD	2.451	2.436	0.6%	2.487	2.452	1.4%
Mexican Peso	MXN	0.209	0.205	2.1%	0.196	0.219	(10.6%)
Pound Sterling	GBP	4.726	4.533	4.3%	4.828	4.741	1.8%

The following table presents the average exchange rates **against the Dollar** in the first nine months and third quarter of 2024 compared to the corresponding periods last year:

Average Exchange Rates Against the Dollar							
Currency		Average Exchange Rate First Nine Months		% change	Average Exchange Rate Third Quarter		% change
		2024	2023		2024	2023	
New Israeli Shekel	ILS	0.270	0.275	(1.6%)	0.269	0.267	0.9%
Ukrainian Hryvnia	UAH	0.025	0.027	(7.8%)	0.024	0.027	(11.0%)
Russian Ruble	RUB	0.011	0.012	(9.4%)	0.011	0.011	5.5%
Serbian Dinar	RSD	0.009	0.009	0.4%	0.009	0.009	1.1%
Romanian Leu	RON	0.218	0.219	(0.4%)	0.221	0.220	0.5%
Polish Zloty	PLN	0.252	0.236	6.7%	0.256	0.242	6.0%
Brazilian Real	BRL	0.191	0.200	(4.2%)	0.180	0.205	(12.0%)
Chinese Renminbi	CNY	0.139	0.141	(1.7%)	0.140	0.137	1.8%
Pound Sterling	GBP	1.277	1.244	2.6%	1.300	1.266	2.7%

From the beginning of the year until proximate to the publication date of the report, the Shekel strengthened against the Brazilian Real and Russian Ruble by 14% and 8%, respectively, and weakened by 3% against the Dollar.

8. Inflation

In the first nine months of 2024, inflation in Israel increased. The Consumer Price Index (CPI) in Israel rose in the nine-month period by 3.4% compared to 2.9% in the same period last year, and by 3.5% in the last twelve months. In the US, the CPI rose by 1.9% in the first nine months of 2024 compared to 2.9% last year, and by 3.3% in the last twelve months. In Brazil, the CPI rose by 4.4% in the last twelve months compared to 4.8% in the corresponding period. In Russia, the CPI rose by 8.6% in the last twelve months compared to an increase of 6.7% in the same period last year.

Most of the Group's long-term loan liabilities are Shekel denominated and bear non-linked fixed interest, and the rest are floating rate loans. Most of the Group's lease liabilities are CPI-linked.

The Company's policy is to match, to the greatest extent possible, assets and liabilities in the same currency, using financial derivatives when they are available and advantageous. In its international operations, the Company does not regularly hedge the measurement basis of its operating results or its statement of financial position against changes arising from the various currency exchange rates against the Shekel. The Group has committees that manage the risks related to interest rates, currency exposure, financial investments, etc.

Hedging and investment activities are performed by the Finance Department in Group Headquarters and are the responsibility of Strauss Coffee's CFO in all aspects relating to the coffee business, of Strauss Water's CFO with respect to the water business, and of the Group EVP Finance with respect to the business of the Group as a whole.

9. Interest

The Bank of Israel interest rate declined from 4.75% at the end of 2023 to 4.5% in January 2024 and remained unchanged proximate to the publication date of the report. In the US, the interest rate declined to 4.5%-4.75% proximate to the publication date of the report. In Brazil, the interest rate declined from 11.75% at the end of 2023 to 10.5%, and rose to 11.25% proximate to the publication date of the report. In Russia, the interest rate rose to 21% proximate to the publication date of the report, compared to 19% at the beginning of the year. In the Group's other Eastern European countries of operations, interest rates were essentially unchanged or declined slightly.

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.

10. Regulatory Developments in Israel

The Group is affected by regulatory changes applying from time to time to inputs, mainly with respect to wages in Israel and raw milk prices in Israel, which account for a major part of its inputs.

The milk sector

On August 21, 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 comment. 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.

Currently, the continuation of the legislative process for the Draft Temporary Order remains uncertain, as does 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 Temporary Order on its operations and business, should the legislative process be completed.

Wages in Israel

Commencing on April 1, 2024, the minimum wage in Israel was raised to NIS 5,880.02 per month (compared to NIS 5,571.75). The increase in the minimum wage is not expected to have a material effect on the Group's business results in 2024.

The Public Health Protection Law

In the framework of the Economic Plan, substantial amendments were made to the Public Health Protection (Food) Law, 2015. The purpose of these amendments is to facilitate the import of food to Israel and to eliminate significant import barriers, *inter alia*, through the adoption of three EU regulations governing chemical and biological contaminants and pesticide residue.

As part of the reform, the official status of approximately 100 food standards was cancelled, which will allow for the importation and manufacture of various food products without requirements that are unique to Israel. However, food standards are binding even when they are not official, subject to the Consumer Protection Order (Marking and Packaging of Food Products).

With the goal of reducing waiting times and clearance times at the ports, special arrangements were defined for importers registered under section 115 of the Public Health Protection (Food) Law, 2015 as "Appropriate Importers" for the release of foods from quarantine stations for products marketed in Europe, similar to the procedure for the release of regular foods.

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, which includes the adoption of some 40 regulations from the EU regulation and is intended to deepen consistency with European law applying to food safety, product composition and labeling, coupled with an easing of the conditions for importing food in the European route. The changes include the obligation to implement a self-safety system by all parties involved in the food sector and expansion of the European import route, which allows Appropriate Importers to import products based on compliance with European regulation alone. Enforcement will focus on the markets, with sanctions and fines being imposed on violations of the law.

Import of honey

In November 2024, the Knesset Economic Affairs Committee discussed the subject of quotas for the import of bottled honey based on the competitive pricing method. After the discussion, the committee chairman determined that a group of Members of Knesset, together with other interested parties such as farmers, marketers, manufacturers and importers, would examine the balance between the need to compensate for shortages and lower the price of honey in Israel over the Jewish New Year and High Holidays, and concerns over possible harm to pollination. The main cause for these concerns is that unlimited imports could lead to a surplus among retailers, which could cause shoppers to refrain from buying the products of Israeli manufacturers and cause direct damage to beekeepers. In this situation, beekeepers may discontinue their business, which will significantly harm pollination. The progress made and ways to resolve the disputes will be reviewed in two months' time. At this stage, the decision that will be reached on the subject is unclear. Accordingly, as of the publication date of this report, the Company is unable to assess the effects of the bill on its business.

The information contained in this section, including the estimates that the Milk Sector Planning bill, the increase in the minimum wage and the reforms in the Economic Arrangements Law are not expected to have a material effect on the Company's business results, is forward-looking information as this term is 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.

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 "**Arrangement Exemption**"), which is intended to replace the current exemption beginning on January 1, 2025. The Arrangement Exemption determines that the arrangement of goods by large suppliers will be permitted only 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 arrangement exemption only for milk and dairy products, until June 30, 2025.

The Company reviewed the effect of the change in the arrangement exemption and estimates that the effect is immaterial to the Group's business. This estimate is forward-looking information as this term is 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 1, 2024, the Consumer Protection Law Bill (Amendment 69) (Prohibition on the Exertion of Undue Influence in a State of Emergency) was submitted. The bill seeks to add a special provision to the Consumer Protection Law that prohibits a dealer from exerting undue influence by effectuating a considerable, extraordinary increase in the prices of essential products during a state of emergency.

At the current stage, continuation of the legislative process with respect to the bill is uncertain, as well as regarding the version that will be enacted. Accordingly, as of the publication date of this report, the Company is unable to assess the impacts of the law, if and insofar as the legislative process is completed.

The information contained in this section regarding the effects of the abovementioned regulation on the Company is forward-looking information as this term is 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.

12. Qualitative Disclosure Regarding Market Risk Exposure and Risk Management

The Group operates in business areas that are by nature basic and stable. However, there are several factors and trends that could influence both the scope and profitability of the Group's business. For a description of the market risks to which the Group is exposed, see section 25.1 in the chapter Description of the Company's Business as of December 31, 2023 (Discussion of Risk Factors).

RESULTS OF BUSINESS OPERATIONS

13. Results of Business Operations

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)[4]), the dips and spreads business in North America, Sabra Dipping Company ("Sabra"), the salty snacks business in Israel (Strauss Frito-Lay Ltd.) and the international dips and spreads business – PepsiCo Strauss Fresh Dips & Spreads International ("Obela"). To clarify, the above companies are included in the Management (Non-GAAP) Reports of the Company according to the stake held by the Company or the subsidiaries therein.

According to generally accepted accounting principles, in the financial statements of the Company, the income statements and statements pertaining to financial position, comprehensive income, changes in equity and cash flows of businesses which are jointly controlled by the companies in the Group and other partners are presented in one separate row ("Profit of equity-accounted investees", and in other reports in the relevant section).

Notwithstanding the foregoing, in light of the Group's non-GAAP reports and the method in which Group Management measures the results of the subsidiaries and jointly owned companies, the Group presents the activity 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 the manner of their presentation in the audited financial statements of the Company.

The next pages present the Management (Non-GAAP) Reports, the financial accounting (GAAP) reports and the various adjustments made by Company Management in making the transition from the financial accounting reports to the non-GAAP reports.

[4] Três Corações (JV) in Brazil – 50% held by Strauss Group and 50% by São Miguel Group. (Data reflect Strauss Coffee's share (50%) unless expressly stated otherwise).

Following are the condensed results of business operations (based on the Management (Non-GAAP) Reports) for the nine months ended September 30, 2024 and 2023 (in NIS millions):

Condensed Results of Business Operations				
	First Nine Months			Explanation
	2024	2023	% change	
Sales	**8,334**	**7,854**	**6.1%**	Sales growth is largely due to an increase in sales prices following rising raw material prices in the Fun & Indulgence (Israel Coffee) segment and the Fun & Indulgence (Snacks and Confectionery) segment as well as growth following the continuing replenishment of confectionery products on the shelves. Growth was also recorded in the International Coffee segment due to the increase in sales prices, which was partially offset by a decline in sales volumes and negative foreign currency effects on sales. For further information, see section 17 below.
Organic growth excluding foreign currency effects	6.9%	7.5%		
Cost of sales	5,708	5,323	7.2%	Growth in gross profit is primarily the result of sales growth as mentioned, which was offset by higher raw material prices (mainly the prices of cocoa and green coffee). The decline in the gross margin is largely due to the increase in raw material prices. For further information, see section 18 below.
Gross profit – non-GAAP	**2,626**	**2,531**	**3.8%**	
% of sales	31.5%	32.2%		
Selling and marketing expenses	1,581	1,541	2.5%	The increase is largely due to an increase in marketing effort expenses in Strauss Israel and Strauss Water, as well as an increase in selling expenses in Brazil.
General and administrative expenses	485	406	19.7%	Most of the increase is due to income from insurance compensation received by Sabra in Q3 2023, and also to an increase in Group HQ expenses associated with IT, an increase in donations and amortization of intangible assets.
Total operating expenses	**2,066**	**1,947**		
Share of profit of equity-accounted investees	36	30	20.0%	The increase is due to growth in the profits of Haier Strauss Water, mainly as a result of the receipt of a government grant in China in Q3 2024.
Operating profit before loss of incubator investees	**596**	**614**	**(2.9%)**	
Share of loss of equity-accounted incubator investees	(18)	(23)	(21.7%)	The lower loss is mainly the result of gains on the sale of Amai Proteins.
Operating profit – non-GAAP	**578**	**591**	**(2.3%)**	The decline in operating profit and the operating margin is largely due to the Fun & Indulgence (Snacks and Confectionery) segment, mostly the result of an increase in cocoa prices in the period, and the International Coffee segment following a decline in the gross margin caused by an increase in raw material prices (mainly green coffee), as well as higher selling expenses in Brazil.
% of sales	6.9%	7.5%		
Financial expenses, net	(108)	(80)	35.0%	Growth in financial expenses is mainly the result of an increase in the cost of debt following higher interest rates, the revaluation of foreign currency derivatives and exchange differences, as well as an increase in financial expenses related to leases due to higher lease payments compared to the corresponding period last year.
Income before taxes – non-GAAP	**470**	**511**	**(8.1%)**	
Taxes on income	(65)	(124)	(47.7%)	The lower income tax and effective tax rate are largely due to the revision of tax reserves and final tax assessments issued in the various countries, a decline in income for tax purposes this year, and the profit mix.
Effective tax rate	13.8%	24.3%		
Income for the period – non-GAAP	**405**	**387**	**4.6%**	Most of the increase in net profit is due to the lower tax expenses.
Attributable to shareholders of the Company	**344**	**339**	**1.3%**	
% of sales	**4.1%**	**4.3%**		
Attributable to non-controlling interests	61	48	27.9%	
EPS (NIS)	2.95	2.91	1.3%	

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

Following are the condensed results of business operations (based on the Management (Non-GAAP) Reports) for the quarters ended September 30, 2024 and 2023 (in NIS millions):

Condensed Results of Business Operations

	Third Quarter			Explanation
	2024	2023	% change	
Sales	**2,991**	**2,675**	**11.8%**	Sales growth is largely due to an increase in sales prices following rising raw material prices in the Fun & Indulgence (Israel Coffee) segment and the Fun & Indulgence (Snacks and Confectionery) segment, as well as growth following the continuing replenishment of confectionery products on the shelves. Growth was also recorded in the International Coffee segment due to the increase in sales prices and growth in sales volumes, which were partially offset by negative foreign currency effects on sales, mainly as a result of the strengthening of the Shekel against the Brazilian Real. For further information, see section 17 below.
Organic growth excluding foreign currency effects	15.4%	2.8%		
Cost of sales	2,080	1,820	14.2%	Growth in gross profit is primarily the result of sales growth as mentioned, which was offset by higher raw material prices (mainly the prices of cocoa and green coffee). The decline in the gross margin is largely due to the increase in raw material prices as mentioned. For further information, see section 18 below.
Gross profit – non-GAAP	**911**	**855**	**6.5%**	
% of sales	30.5%	32.0%		
Selling and marketing expenses	534	539	(0.9%)	There was no significant change quarter-on-quarter.
General and administrative expenses	160	107	51.1%	Most of the increase is due to income from insurance compensation received by Sabra in Q3 2023, and also to an increase in Group HQ expenses associated with donations and amortization of intangible assets.
Total operating expenses	**694**	**646**		
Share of profit of equity-accounted investees	14	9	55.6%	Growth is due to an increase in the profits of Haier Strauss Water, largely as a result of operational efficiency enhancement and the receipt of a government grant in China in Q3 2024.
Operating profit before loss of incubator investees	**231**	**218**	**6.0%**	
Share of loss of equity-accounted incubator investees	(8)	(6)	33.3%	In the corresponding quarter last year, gains on a decline in the ownership interest in an incubator investee were recognized. In the current quarter, no such income was recognized.
Operating profit – non-GAAP	**223**	**212**	**4.2%**	Growth in operating profit is largely due to the higher gross profit following the increase in sales prices, which was offset by the increase in raw material prices (mainly cocoa and green coffee). The decline in the operating margin is the result of the higher raw material prices, as well as an increase in G&A expenses.
% of sales	7.4%	8.0%		
Financial expenses, net	(53)	(33)	59.5%	The increase in financial expenses is mainly the result of higher interest expenses, the revaluation of foreign currency derivatives and exchange differences, as well as an increase in financial expenses related to leases due to higher lease payments compared to the corresponding period last year.
Income before taxes – non-GAAP	**170**	**179**	**(5.9%)**	
Taxes on income	(46)	(39)	12.6%	The increase in the effective tax rate is largely the result of the profit mix for tax purposes between the companies in the different countries.
Effective tax rate	26.6%	22.2%		
Income for the period – non-GAAP	**124**	**140**	**(11.3%)**	Most of the decline in net profit is due to the increase in financial expenses and tax expense, which was partially offset by operating profit growth.
Attributable to shareholders of the Company	**102**	**120**	**(15.4%)**	
% of sales	**3.4%**	**4.5%**		
Attributable to non-controlling interests	22	20	14.4%	
EPS (NIS)	0.88	1.04	(15.5%)	

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

Following are the condensed results of business operations (based on the Management (Non-GAAP) Reports) of the major business segments for the nine months and quarters ended September 30, 2024 and 2023 (in NIS millions)[5]:

Condensed Results of Business Operations by Operating Segment						
	First Nine Months			Third Quarter		
	2024	2023	% change	2024	2023	% change
Israel						
Net sales	3,892	3,685	5.6%	1,371	1,258	9.0%
Operating profit	408	362	12.8%	158	123	27.8%
International Coffee						
Net sales	3,418	3,167	7.9%	1,259	1,068	17.8%
Operating profit	167	197	(15.3%)	68	60	12.6%
Water						
Net sales	627	613	2.4%	224	221	1.6%
Operating profit	75	66	12.6%	26	21	23.3%
Other						
Net sales	397	389	1.7%	137	128	6.1%
Operating profit (loss)	(72)	(34)	115.8%	(29)	8	(443.9%)
Total						
Net sales	**8,334**	**7,854**	**6.1%**	**2,991**	**2,675**	**11.8%**
Operating profit	**578**	**591**	**(2.3%)**	**223**	**212**	**4.2%**

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

Commencing in 2024, several changes were made in the Group's operating segments as part of the optimization plan and revised strategy for 2024-2026. For further information, see section 2.1 above and Notes 3 and 4.1 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024.

[5] It is noted that further to the contents of section 2.1 above regarding the change in the Company's operating segments, corrections were also made to the comparative information presented above and below.

Following are the condensed financial accounting (GAAP) statements of income for the nine months and quarters ended September 30, 2024 and 2023 (in NIS millions):

Condensed GAAP Statements of Income						
	First Nine Months			Third Quarter		
	2024	2023	% change	2024	2023	% change
Sales	5,300	5,090	4.1%	1,873	1,746	7.3%
Cost of sales excluding impact of commodity hedges	3,459	3,280	5.4%	1,245	1,126	10.5%
Adjustments for commodity hedges (1)	40	(16)		(25)	41	
Cost of sales	3,499	3,264	7.2%	1,220	1,167	4.5%
Gross profit	**1,801**	**1,826**	**(1.3%)**	**653**	**579**	**12.9%**
% of sales	34.0%	35.9%		34.9%	33.1%	
Selling and marketing expenses	1,060	1,045	1.4%	360	369	(2.5%)
General and administrative expenses	382	359	6.6%	127	118	7.7%
Total expenses	**1,442**	**1,404**		**487**	**487**	
Share of profit of equity-accounted investees	143	162	(11.9%)	58	70	(16.4%)
Share of loss of equity-accounted incubator investees	(18)	(23)	(21.7%)	(8)	(6)	33.3%
Operating profit before other expenses	**484**	**561**	**(13.7%)**	**216**	**156**	**39.3%**
% of sales	9.1%	11.0%		11.6%	8.9%	
Other income (expenses), net	(82)	58		(19)	(3)	
Operating profit after other expenses	**402**	**619**	**(35.1%)**	**197**	**153**	**28.5%**
Financing expenses, net	(73)	(50)	44.2%	(40)	(20)	89.0%
Income before taxes	**329**	**569**	**(42.1%)**	**157**	**133**	**19.0%**
Taxes on income	(36)	(137)	(73.7%)	(36)	(33)	9.7%
Effective tax rate	11.0%	24.1%		22.8%	24.8%	
Income for the period	**293**	**432**	(32.1%)	**121**	**100**	22.1%
Attributable to: The Company's shareholders	**232**	**384**	**(39.5%)**	**99**	**80**	**23.7%**
Non-controlling interests	61	48	27.9%	22	20	15.3%

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.

14. Condensed Statement of Financial Position

Following is the condensed financial accounting (GAAP) statement of financial position as of September 30, 2024 and December 31, 2023 (in NIS millions):

Condensed GAAP Statement of Financial Position				
	September 30 2024	December 31 2023	% change	Explanation
Total current assets	2,894	2,539	14.0%	The change is largely due to an increase in accounts receivable and in the trade receivables balance due to sales growth as well as inventory growth following build-up and an increase in raw material prices, and conversely, a decline in cash and cash equivalents.
Of which: Cash and cash equivalents	422	517	(18.4%)	For information on the change in the cash and cash equivalents item, see section 22.2 below. According to Company policy, these assets are mainly held in liquid deposits.
Total non-current assets	5,981	5,631	6.2%	The change is largely due to an increase in investments in associates due to the completion of an investment in an associate in a manufacturing plant in China as well as in the profits of investees, partially offset by negative translation differences effects; and also, investments in fixed assets and intangible assets.
Total assets	**8,875**	**8,170**		
Total current liabilities	3,421	2,497	37.0%	The change is largely due to an increase in trade payables following inventory growth and an increase in raw material prices, and also to short-term credit taken.
Total non-current liabilities	2,080	2,358	(11.8%)	The change is largely the result of a decrease in deferred tax liabilities and the redemption of debentures and repayment of long-term loans.
Total equity attributable to majority shareholders	3,074	3,037	1.2%	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	300	278	7.9%	The change is due to income attributable to non-controlling interests, and was partially offset by a dividend declared.

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

Following is the outstanding debt balance as of September 30, 2024 and December 31, 2023 (in NIS millions):

Outstanding Debt				
	September 30 2024	December 31 2023	Change	Explanation
Gross debt – management reports	3,854	3,326	528	Most of the increase in gross debt is due to an increase in short-term credit taken, which was partially offset by the redemption of debentures and repayment of long-term loans. Most of the increase in net debt is the result of the increase in gross debt, as well as a decline in cash balances.
Gross debt – financial statements	2,973	2,630	343	
Net debt – management reports	3,286	2,400	886	
Net debt – financial statements	2,551	2,113	438	

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

15. Adjustments to 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).

Following are the adjustments to the Company's Management (Non-GAAP) reports for the nine months ended September 30, 2024 and 2023 (in NIS millions):

Adjustments to the Management (Non-GAAP) Reports						
	First Nine Months 2024			First Nine Months 2023		
	Financial statements	Change	Propor-tionate consolidation method	Financial statements	Change	Propor-tionate consolidation method
Sales	5,300	3,034	8,334	5,090	2,764	7,854
Cost of sales excluding impact of commodity hedges	3,459	2,249	5,708	3,280	2,043	5,323
Adjustments for commodity hedges (1)	40	1	41	(16)	–	(16)
Cost of sales	3,499	2,250	5,749	3,264	2,043	5,307
Gross profit	**1,801**	**784**	**2,585**	**1,826**	**721**	**2,547**
% of sales	34.0%		31.0%	35.9%		32.4%
Selling and marketing expenses	1,060	521	1,581	1,045	496	1,541
General and administrative expenses	382	123	505	359	67	426
Share of profit of equity-accounted investees	143	(107)	36	162	(132)	30
Operating profit before loss of incubator investees	**502**	**33**	**535**	**584**	**26**	**610**
Share of loss of equity-accounted incubator investees	(18)	–	(18)	(23)	–	(23)
Operating profit before other expenses	**484**	**33**	**517**	**561**	**26**	**587**
% of sales	9.1%		6.2%	11.0%		7.5%
Other income (expenses), net	(82)	13	(69)	58	(4)	54
Operating profit after other expenses	**402**	**46**	**448**	**619**	**22**	**641**
Financial expenses, net	(73)	(35)	(108)	(50)	(30)	(80)
Income before taxes	**329**	**11**	**340**	**569**	**(8)**	**561**
Taxes on income	(36)	(11)	(47)	(137)	8	(129)
Effective tax rate	11.0%		13.8	24.1%		23.0%
Income for the period	293	–	293	432	–	432
Attributable to: Shareholders of the Company	**232**	**–**	**232**	**384**	**–**	**384**
Non-controlling interests	61	–	61	48	–	48

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.

Following are the adjustments to the Company's Management (Non-GAAP) reports for the quarters ended September 30, 2024 and 2023 (in NIS millions):

Adjustments to the Management (Non-GAAP) Reports						
	Third Quarter 2024			Third Quarter 2023		
	Financial statements	Change	Propor-tionate consolidation method	Financial statements	Change	Propor-tionate consolidation method
Sales	1,873	1,118	2,991	1,746	929	2,675
Cost of sales excluding impact of commodity hedges	1,245	835	2,080	1,126	694	1,820
Adjustments for commodity hedges (1)	(25)	–	(25)	41	–	41
Cost of sales	1,220	835	2,055	1,167	694	1,861
Gross profit	**653**	**283**	**936**	**579**	**235**	**814**
% of sales	34.9%		31.3%	33.1%		30.4%
Selling and marketing expenses	360	174	534	369	170	539
General and administrative expenses	127	40	167	118	(6)	112
Share of profit of equity-accounted investees	58	(44)	14	70	(61)	9
Operating profit before loss of incubator investees	**224**	**25**	**249**	**162**	**10**	**172**
Share of loss of equity-accounted incubator investees	(8)	–	(8)	(6)	–	(6)
Operating profit before other expenses	**216**	**25**	**241**	**156**	**10**	**166**
% of sales	11.6%		8.0%	8.9%		6.2%
Other expenses, net	(19)	–	(19)	(3)	–	(3)
Operating profit after other expenses	**197**	**25**	**222**	**153**	**10**	**163**
Financial expenses, net	(40)	(13)	(53)	(20)	(13)	(33)
Income before taxes	**157**	**12**	**169**	**133**	**(3)**	**130**
Taxes on income	(36)	(12)	(48)	(33)	3	(30)
Effective tax rate	22.8%		27.9%	24.8%		23.4%
Income for the period	121	–	121	100	–	100
Attributable to: Shareholders of the Company	**99**	**–**	**99**	**80**	**–**	**80**
Non-controlling interests	22	–	22	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 to the Management (Non-GAAP) Reports (share-based payment, valuation of hedging transactions, other expenses and taxes related to those adjustments):

Additional Adjustments to the Management (Non-GAAP) Reports						
	First Nine Months			Third Quarter		
	2024	2023	% change	2024	2023	% change
Operating profit (according to the proportionate consolidation method) after other expenses	**448**	**641**	**(30.1%)**	**222**	**163**	**35.7%**
Share-based payment	20	20		7	5	
Adjustments for commodity hedges (1)	41	(16)		(25)	41	
Other (income) expenses, net	69	(54)		19	3	
Operating profit – non-GAAP*	**578**	**591**	**(2.3%)**	**223**	**212**	**4.2%**
Financial expenses, net	(108)	(80)		(53)	(33)	
Taxes on income	(47)	(129)		(48)	(30)	
Taxes in respect of adjustments to the above non-GAAP operating profit	(18)	5		2	(9)	
Income for the period – non-GAAP	**405**	**387**	**4.6%**	**124**	**140**	**(11.3%)**
Attributable to: The Company's shareholders	**344**	**339**	**1.3%**	**102**	**120**	**(15.4%)**
Non-controlling interests	**61**	**48**	**27.9%**	**22**	**20**	**14.4%**

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

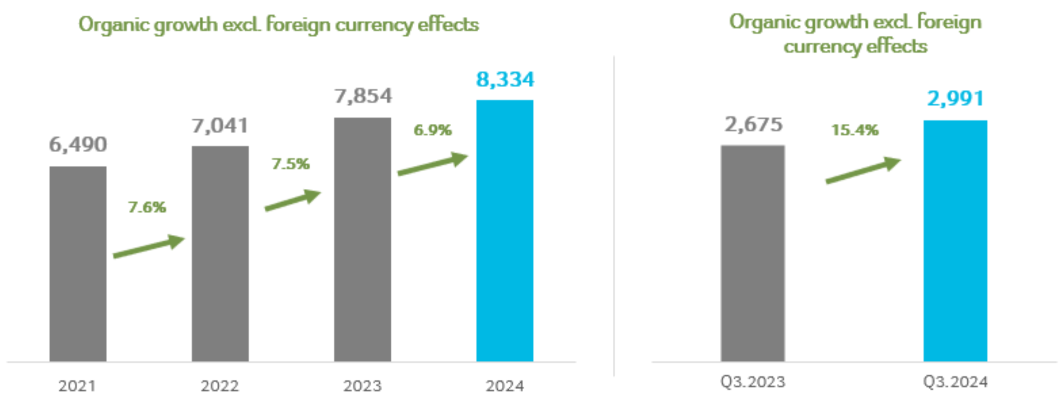
(1) Reflects mark-to-market at end-of-period of open positions in the Group in respect of financial derivatives used to hedge commodity prices and all adjustments necessary to delay recognition of most of the gains or losses arising from commodity derivatives until the date when the inventory is sold to outside parties and/or the financial derivative is exercised.

* In the nine months ended September 30, 2024, Strauss Israel recorded a loss of NIS 78 million on cocoa derivatives. Of said amount, in the second and third quarters of 2024, a loss of NIS 27 million and NIS 18 million, respectively, was realized as a result of the exercise of the financial derivative. The realized loss was accounted for in the cost of sales line item in the Company's Non-GAAP Reports.

16. Key Comparative Financial Data According to the Non-GAAP Reports

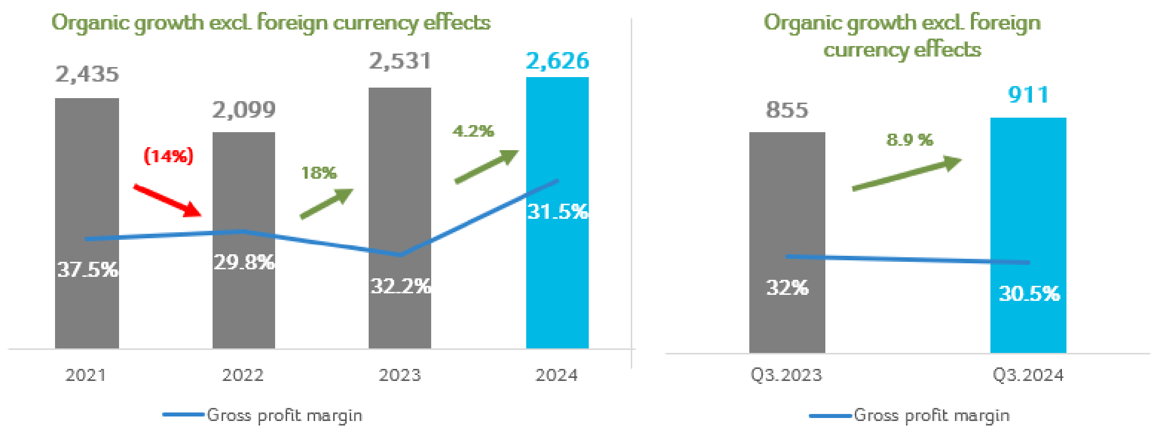
Following are key financial data presented in a quarterly and multi-year comparison, according to the Management (Non-GAAP) Reports:

Net Sales – First Nine Months and Third Quarter



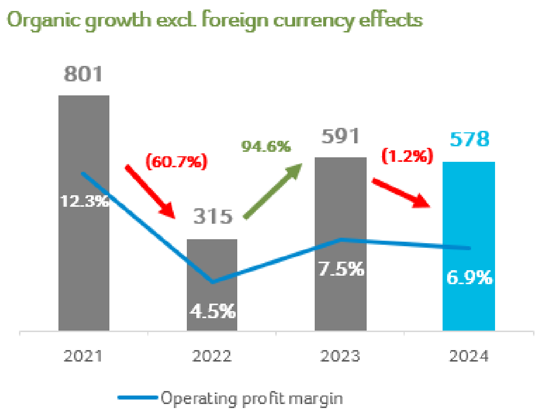
Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.

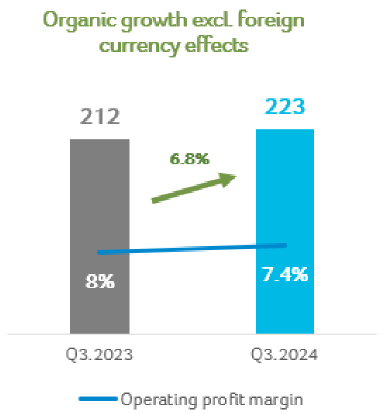
Gross Profit and Gross Margin – First Nine Months and Third Quarter



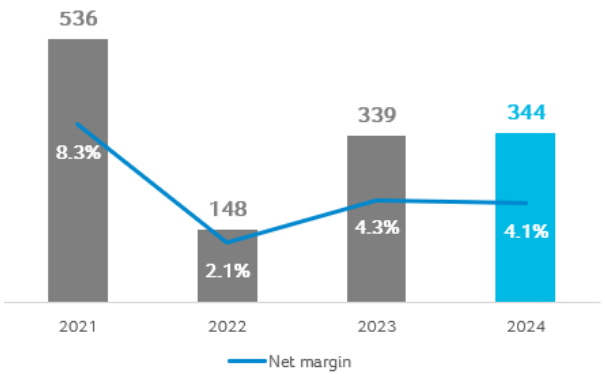
Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.

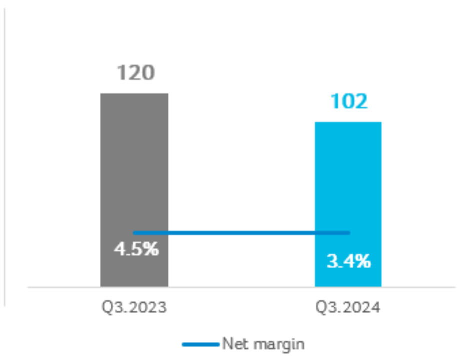
Operating Profit and Operating Margin – First Nine Months and Third Quarter



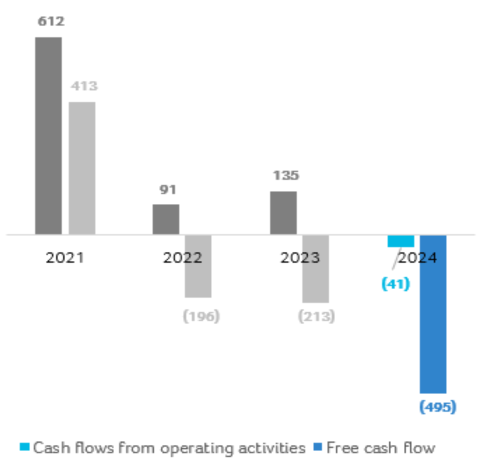


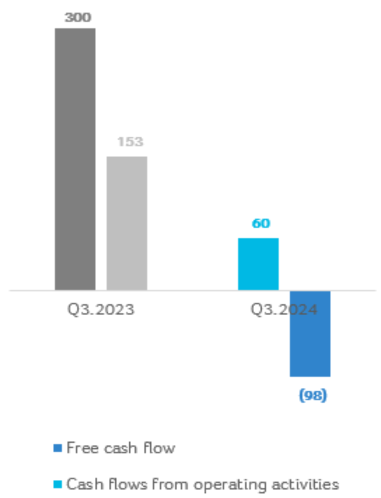
Net Profit and Net Margin – First Nine Months and Third Quarter





Cash Flows from Operating Activities and Free Cash Flow – First Nine Months and Third Quarter



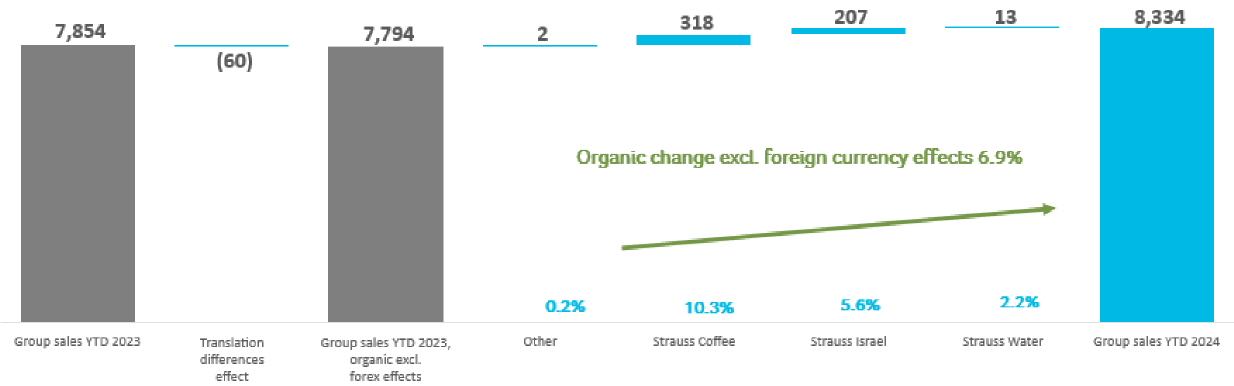


Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.

17. Sales – Non-GAAP

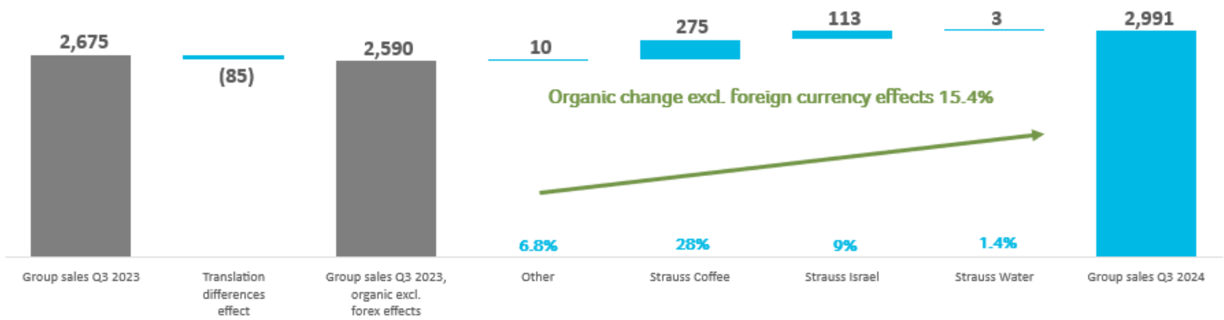
Following are the components of the change in sales in the period in local currency and growth rates according to the Group's major business segments in local currency, together with the overall impact, mainly of translation differences (the "translation differences effect") and inorganic growth (M&A):

Components of the Change in Sales – First Nine Months



Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.
The translation differences effect is calculated according to the average exchange rates in the relevant period.

Components of the Change in Sales – Third Quarter



Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.
The translation differences effect is calculated according to the average exchange rates in the relevant period.

The Group's sales in the first nine months of 2024 were affected by negative translation differences amounting to NIS 60 million, following the weakening of the average exchange rate of the Brazilian Real against the Shekel compared to the corresponding period last year.

The Group's sales in the third quarter of 2024 were affected by negative translation differences amounting to NIS 85 million, of which NIS 90 million are due to the weakening of the average exchange rate of the Brazilian Real against the Shekel compared to the same quarter last year.

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

- See section 21.1 below for further explanations on organic sales growth in the Strauss Israel segment.
- See section 21.2 below for further explanations on organic sales growth in the International Coffee segment.
- See section 21.3 below for further explanations on organic sales growth in the Strauss Water segment.
- See section 21.4 below for further explanations on organic sales growth in the Other Operations segment ("Other").

18. Gross Profit – Non-GAAP

Gross Profit – Non-GAAP								
	First Nine Months				Third Quarter			
	2024	2023	% change	% change excluding effect of translation differences into NIS	2024	2023	% change	% organic change excluding effect of translation differences into NIS
Gross profit	2,626	2,531	3.8%	4.2%	911	855	6.5%	8.9%
Gross margin	31.5%	32.2%			30.5%	32.0%		

The Group's non-GAAP gross profit in the first nine months of 2024 was negatively affected by exchange rates with the impact amounting to NIS 12 million, largely as a result of the weakening of average exchange rate of the Brazilian Real against the Shekel compared to the corresponding period last year.

The Group's non-GAAP gross profit in the third quarter of 2024 was negatively affected by exchange rates with the impact amounting to NIS 18 million, largely as a result of the weakening of the Brazilian Real against the Shekel compared to the same quarter last year (see also the exchange rate table in section 7 above).

The Group's non-GAAP gross profit in the first nine months of 2024 rose by NIS 95 million compared to the corresponding period last year.

In the third quarter of 2024, the Group's non-GAAP gross profit rose by NIS 56 million compared to the corresponding quarter last year.

- See section 21.1 below for further explanations on the change in gross profit in the Strauss Israel segment.
- See section 21.2 below for further explanations on the change in gross profit in the International Coffee segment.
- See section 21.3 below for further explanations on the change in gross profit in the Strauss Water segment.

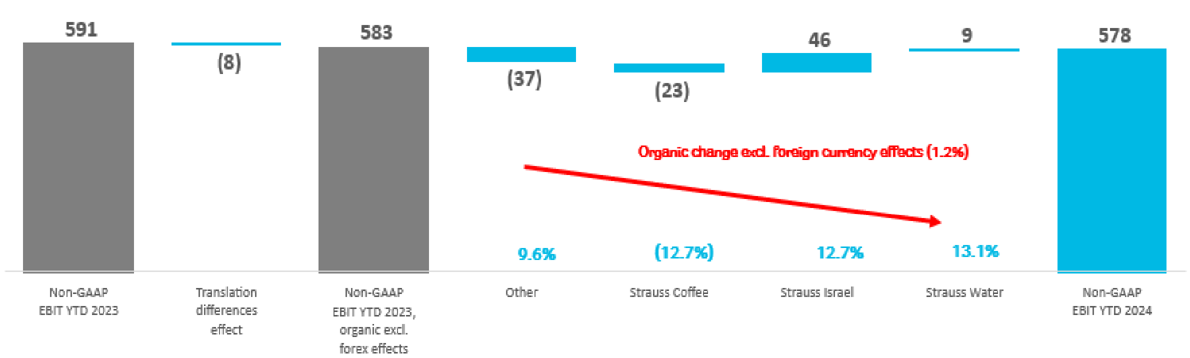
19. Operating Profit – Non-GAAP

Operating Profit – Non-GAAP								
	First Nine Months				Third Quarter			
	2024	2023	% change	% change excluding effect of translation differences into NIS	2024	2023	% change	% organic change excluding effect of translation differences into NIS
Operating profit	578	591	(2.3%)	(1.2%)	223	212	4.2%	6.8%
Operating margin	6.9%	7.5%			7.4%	8.0%		

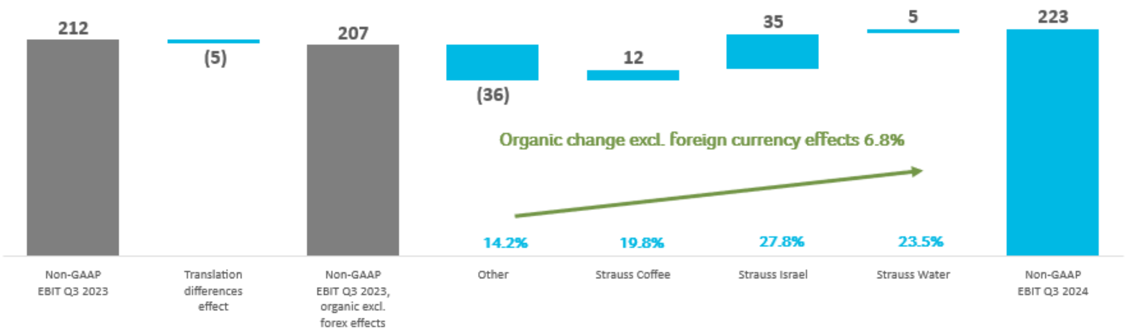
The Group's non-GAAP operating profit (EBIT) in the first nine months and third quarter of 2024 declined by NIS 13 million and rose by NIS 11 million, respectively, and was not significantly affected by exchange rates compared to the same periods last year.

Following are the components of the change in operating profit compared to the corresponding periods last year, according to the Company's major business segments:

Components of the Change in Operating Profit – First Nine Months



Components of the Change in Operating Profit – Third Quarter



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

The change in the Group's operating profit in the third quarter of 2024 was the result of the following factors:

- See section 21.1 below for further explanations on the change in operating profit in the Strauss Israel segment.
- See section 21.2 below for further explanations on the change in operating profit in the International Coffee segment.
- See section 21.3 below for further explanations on the change in operating profit in the Strauss Water segment.
- See section 21.4 below for further explanations on the change in operating profit in the Other Operations ("Other") segment.

20. Comprehensive Income for the Period (According to the Financial Accounting (GAAP) Report)

In the first nine months of 2024, GAAP comprehensive income amounted to NIS 349 million, compared to comprehensive income of NIS 546 million in the same period last year. In the first nine months of 2024, gains from translation differences, which are the main component of other comprehensive income, were NIS 56 million, compared to foreign currency translation gains of NIS 113 million last year.

Foreign currency translation gains in the first nine months of 2024 are largely due to Strauss Coffee's business; of said gains, NIS 90 million are due to the realization of the foreign currency translation reserve attributable to the company in Serbia.

GAAP comprehensive income in the third quarter of 2024 amounted to NIS 126 million, compared to comprehensive income of NIS 97 million in the same period last year. In the third quarter of 2024, gains from translation differences, which are the main component of other comprehensive income, amounted to NIS 5 million, compared to a foreign currency translation loss of NIS 3 million in the same quarter last year.

21. Analysis of the Business Results of the Major Business Units

21.1 The Group's activity in Israel

Strauss Group is the second-largest company in the Israeli food market, and as of the third quarter of 2024, its value market share, according to StoreNext[6], was 11.9% of the total domestic retail food and beverage market (compared to 11.9% in the corresponding period in 2023), unchanged versus last year.

Following are sales by the Group's overall operation in Israel, which includes the Health & Wellness, Fun & Indulgence (Snacks and Confectionery), Fun & Indulgence (Israel Coffee) segments, and Strauss Water Israel (Tami 4):

Information on Strauss Group's Sales in Israel							
	First Nine Months			Third Quarter			Explanation
	2024	2023	% change	2024	2023	% change	
The Group's sales in Israel	4,491	4,259	5.4%	1,586	1,463	8.4%	Sales growth in the first nine months and third quarter of 2024 compared to the same periods last year is largely the result of price increases following the increase in raw material prices, as well as optimization of the product mix and a reduction in sales of low margin products in the Israel Operation. The Company also achieved growth in the Fun & Indulgence (Snacks and Confectionery) segment after reintroducing confectionery products at the beginning of last year, as well as following increases in sales prices. The Strauss Water segment also contributed to growth thanks to higher sales volumes, growth in the customer base and a change in the sales mix.

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

At the beginning of May 2023, the Group updated the sell-in prices of its dairy products by an average of 2.33% following the government decision to revise the prices of price-controlled dairy products. The products whose sell-in prices were updated include price-controlled dairy products and other related products, among them the various Yotvata dairy products, Ski cheese, yogurt, cottage cheese, sour cream, whipping cream, and Pro beverages. The products whose list prices were revised account for approximately 30% of the products of the dairies, and raw milk serves as a key raw material in their production.

In May 2023, the Company announced another update to the sell-in price list, applying to products whose prices had not been revised in the past twelve years and were not included in the December 2022 price increase or in the increase in the prices of dairy products and dips and spreads made at the beginning of

[6] 2023 data were adjusted for StoreNext's updated calculations according to a report published on October 8, 2024.
It is noted that Strauss Water's business is not included in StoreNext's market share measurements.

May 2023. The increase was prompted by further increases in the prices of raw and packaging materials and industrial inputs, after the Company had implemented significant efficiency enhancements. These products include sweet snack bars, “Splendid” chocolate tablets, Cheetos and Yad Mordechai olive oil. The update is at an average rate of 1.4% and includes a maximum increase of up to 6% per individual product. The revised sell-in tariffs took effect on June 4, 2023, and the update covers a small portion of the ongoing price hikes that the Group has faced.

Organic sales growth in 2023 (excluding Israel Coffee), disregarding the effects of the price increase, was 11.5%.

In the third quarter of 2024, the average market price of cocoa surged by 237% compared to the same quarter last year. After the date of the statement of financial position through to the publication date of this report, the market price of cocoa rose by 39%. For further information, see section 5 above.

In January 2024, the Company revised the sell-in prices of its products in Israel by approximately 1.7% following the increase in the prices of raw materials, energy, inputs and packaging.

In May 2024, following the government decision to raise the prices of price-controlled dairy products by 4.48%, the Company announced an update of its sell-in price list for dairy products. The sell-in price update applies to price-controlled dairy products including non-price-controlled products in which raw milk is a significant raw material. The products include, *inter alia*, Yotvata milk, whipping cream, Ski cheese, cottage cheese and yogurts. The overall average rate of increase for Strauss Dairies products is approximately 1.6% of total sales by the Dairies. The price update is effective commencing May 19, 2024.

In the first nine months of 2024, the Company achieved organic sales growth, disregarding the effects of the price increase, of 2.3% (including Israel Coffee), compared to the corresponding period last year.

For information on the merger agreement with Wyler Farms Ltd., see section 2.2 above and Note 6.5 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024.

In July 2024, Strauss Health Fresh Vegetables Ltd., which is wholly owned (indirectly) by the Company, signed an agreement for the sale of a fresh washed and packaged fresh vegetables business under the Ta’am Hateva brand to a buyer that is an unrelated party of the Company (the “**Agreement**” and/or “the **Merger**”, respectively). The closing of the transaction was subject to the satisfaction of suspending conditions, the last of which occurred on August 28, 2024 following receipt of the approval of the Merger by the Competition Commissioner, and the closing is expected on December 1, 2024. The consideration for the transaction, NIS 22 million, was received as a down payment on September 26, 2024. It is noted that the transaction is not expected to have a material effect on the Company’s business and financial results.

The information regarding the completion of the merger and the closing date is forward-looking information as this term is defined in the Securities Law, which is based on the information available to the Company on the publication date of this report. This information may not materialize, or may materialize other than as described above, as a result of various factors.

On November 21, 2024 the Company and PepsiCo entered into an option agreement regarding their holdings (50%-50%) in Strauss Frito-Lay Ltd. ("**Frito-Lay**"), which is engaged in the production, marketing, and distribution of salty snacks mainly in Israel, under which PepsiCo granted the Company, in consideration for 100,000 USD, an option to purchase up to 2.5% of Frito-Lay's share capital at an exercise price of up to 9.9 million USD, reflecting a valuation of approximately 396 million USD for Frito-Lay. In the event of exercising the option, the shareholders' agreement between the parties will be amended to reflect the Company's control of Frito-Lay by updating, inter alia, the representation of the parties on Frito-Lay's board of directors, so that the Company shall have the majority of the voting power in Frito-Lay's board of directors. The Company can exercise the option at any time within two years from the closing date of the Sale Agreements, and its exercise will be subject to obtaining approval from the commissioner of competition. For further information, see section 2.2 above and Note 10.3 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024.

At the end of April 2022, findings that tested positive for salmonella were detected on part of the production lines in the confectionery plant in Nof Hagalil (the "**Confectionery Plant**") and on a small number of the products located in the plant, following routine tests periodically performed by the Company. The Group consequently recalled all products that had been manufactured in the Nof Hagalil chocolate plant that were then in the market and barred the distribution of all products that had been marketed until that date. Additionally, the Group shut down the Confectionery Plant and the production lines until all manufacturing systems had been thoroughly cleaned. The Company also destroyed the entire inventory.

The Group began to gradually market the products of the Confectionery Plant in November 2022, with more products being introduced each month. It is noted that the throughout the entire period, the Group continued to market products that are outsourced on a regular basis, and accordingly, the market share of the operation has returned to its level prior to the recall.

Following are the condensed results of business operations, based on the Management (Non-GAAP) Reports, of the Israel Operation by activity segment for the nine months and quarters ended September 30, 2024 and 2023:

Condensed Results of Business Operations – the Israel Operation							
	First Nine Months			Third Quarter			Explanation
	2024	2023	% change	2024	2023	% change	
Net sales	3,892	3,685	5.6%	1,371	1,258	9.0%	Sales growth in the first nine months and third quarter of 2024 is largely the result of price increases following the increase in raw material prices, optimization of the product mix and a reduction in sales of low margin products. Growth is also due to the continuing replenishment of confectionery products on the shelves (particularly chocolate tablets, which were limited in variety last year) in the Fun & Indulgence (Snacks and Confectionery) segment.
Gross profit	1,428	1,381	3.4%	499	477	4.6%	Growth in gross profit is largely due to sales growth as mentioned. The decline in the gross margin is mainly the result of the increase in cocoa prices in 2024, as well as the realization of losses of NIS 18 million and NIS 44 million on cocoa derivatives in the third quarter and first nine months of 2024, respectively.
Gross margin	36.7%	37.5%		36.4%	38.0%		
Operating profit	408	362	12.8%	158	123	27.8%	Growth in operating profit and the operating margin is largely due to sales growth and efficiencies in operating expenses, with the increase partially offset by higher cocoa and coffee prices, as well as the realization of losses on cocoa derivatives.
Operating margin	10.5%	9.8%		11.5%	9.8%		

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

Condensed Results of Business Operations by Segment – the Israel Operation							
	First Nine Months			Third Quarter			Explanation
	2024	2023	% change	2024	2023	% change	
Health & Wellness							
Net sales	2,312	2,301	0.5%	827	804	2.8%	The Health & Wellness segment grew in the third quarter and first nine months of 2024 compared to the corresponding periods last year (excluding the reclassification of the Energy category[(1)]), mainly as a result of price increases introduced during the year, optimization of the product mix and a reduction in raw material prices (mainly milk and honey).
Operating profit	286	263	8.9%	120	101	19.5%	
Operating margin	12.4%	11.4%		14.5%	12.5%		
Fun & Indulgence (Snacks and Confectionery)							
Net sales	955	767	24.6%	323	244	32.6%	Sales growth is due to price increases following the increase in raw material prices and the continuing replenishment of confectionery products on the shelves (particularly chocolate tablets, which were limited in variety last year) as well as the reclassification of the Energy category[(1)]. Growth in operating profit and the operating margin is mainly due to sales growth and OpEx efficiencies and was partially offset by higher cocoa prices and the realization of losses of NIS 18 million and NIS 44 million on cocoa derivatives in the third quarter and first nine months of 2024, respectively.
Operating profit (loss)	39	16	146.7%	9	(8)	219.5%	
Operating margin	4.1%	2.1%		2.8%	(3.1%)		
Fun & Indulgence (Israel Coffee)							
Net sales	625	617	1.4%	221	210	5.4%	Sales growth in the third quarter and first nine months of 2024 is mainly the result of the higher sales prices following the increase in raw material prices. The decline in operating profit and the operating margin is largely due to higher raw material costs and was partially offset by the decline in operating costs and deferral of marketing effort.
Operating profit	83	83	(0.6%)	29	30	(6.8%)	
Operating margin	13.2%	13.5%		12.9%	14.6%		

Financial data were rounded to NIS millions. Percentage changes were calculated based the exact figures in NIS thousands.
[(1)] Net sales in the Energy category in the third quarter and first nine months of 2023 amounted to NIS 18.6 million and NIS 51.6 million, respectively.

Beginning in 2024, several changes were made in the Company's operating segments to align them with the manner in which segmental information regarding the Group's operating segments is presented, which are based on the Group's internal Management (Non-GAAP) Reports (for further information, see section 2.1 above). As part of these changes, the Energy category was reclassified from the Health & Wellness segment to the Fun & Indulgence (Snacks and Confectionery) segment.

21.2 The International Coffee Operation

Strauss Coffee is one of the world's five biggest coffee companies in terms of market share (according to Euromonitor[7]). Strauss Coffee's brands hold a leading position in Brazil (where it is ranked as the Number 1 company) and have a strong market presence in Romania, Poland and Ukraine (where the Company is ranked in second or third place).

Strauss Coffee's flexible approach in providing a locally tailored response to consumer needs and agile supply chain management, combined with expertise in building partnerships and growth through acquisitions in emerging markets, were the key drivers of this growth.

The Group's local business teams build strong local brands, supported by an efficient centralized management structure. This structure includes a green coffee procurement center in Switzerland, as well as activity in Vietnam and Brazil – major green coffee growing regions.

Strauss Coffee also has a global innovation center in Israel, which focuses on several aspects such as flavor, aroma, freshness, quality and improving production yield, as part of the Group's belief in ensuring sustainable coffee production. Strauss Coffee also has a program in place for supporting local farmers around the world and collaborates with 4C (the Common Code for the Coffee Community), whose aim is to anchor sustainability in green coffee supply chains.

In Brazil (through Três Corações (JV)[8]), Russia and Eastern European countries (Poland, Romania and Ukraine), Strauss Coffee International manufactures, markets and distributes a variety of coffee products – roast and ground (R&G) coffee (including filter coffee, roasted coffee beans and coffee capsules), instant coffee (including soluble coffee powder and freeze-dried soluble coffee), hot drink powders (such as chocolate and cappuccino powders) and others. The Group also markets and distributes coffee machines for home use in Brazil.

In addition, the Group 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 purchases, processes and sells green coffee, corn products, plant-based dairy alternatives and juice powders.

In the third quarter of 2024, the average market prices of Arabica and Robusta green coffee rose by 19% and 56%, respectively, compared to the corresponding period in 2023. After the date of the statement of financial position through to the publication date of this report, the market prices of Arabica rose by 9%, whereas the market prices of Robusta declined by 13%. 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.

In addition to revising sales prices, 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

[7] Excluding mixes, including 100% of Três Corações (JV)'s market share.

[8] Três Corações (JV) in Brazil – 50% held by Strauss Group and 50% by São Miguel Group. (Data reflect Strauss Coffee's share (50%) unless expressly stated otherwise).

coffee) and other production inputs, and the method applied by the Company to manage the associated risks, see section 5 above.

For information on the fighting between Russia and Ukraine, see section 4 above.

On May 23, 2023, the Company announced that Strauss Coffee had signed an agreement for the sale of 100% of its ownership interest in Strauss Adriatic d.o.o. (hereinafter: the "Company in Serbia") to Atlantic Grupa d.d.

Further to the contents of section 2.2 regarding an agreement for the sale of 100% of the Group's ownership interest in Strauss Adriatic d.o.o (the "**Company in Serbia**"), in accordance with the adjustments to the consideration as determined in the agreement, the consideration for the sale at an amount of EUR 38.8 million, gross, was paid to Strauss Coffee on the closing date. In respect of the closing of the transaction, the Company recorded a net loss of NIS 26 million in its Consolidated Financial Statements as of June 30, 2024, comprising a profit of NIS 64 million from the transaction less a loss of NIS 90 million arising from the realization of the foreign currency translation reserve attributable to the Company in Serbia.

Following are the condensed results of business operations, based on the Management (Non-GAAP) Reports, of the International Coffee Operation by reportable segments for the nine months ended September 30, 2024 and 2023 (in NIS millions):

Condensed Results of Business Operations – The International Coffee Operation				
	First Nine Months			Explanation
	2024	2023	% change	
International Coffee				
Net sales	3,418	3,167	7.9%	Growth in coffee sales mainly reflects price increases following the rise in green coffee prices, which was partially offset by a decline in sales volumes. Coffee sales in the first nine months of 2024 were negatively affected by the strengthening of the Shekel against the Real, Ruble and Hryvnia compared to the corresponding period last year. For further information, see "Strauss Coffee Sales by Major Geographical Region" in section 21.2.1 below.
Gross profit	752	752	0.1%	The decline in the gross margin in the first nine months of 2024 is largely due to the increase in raw material prices, mainly in Brazil and Russia. This was partially offset by sales growth against the backdrop of higher sales prices.
Gross margin	22.0%	23.7%		
Operating profit	167	197	(15.3%)	The decline in operating profit and the operating margin of the Coffee Operation in the first nine months of 2024 is mainly due to an increase in green coffee prices as well as an increase in selling expenses, mainly in Brazil and Russia.
Operating margin	4.9%	6.2%		

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

Following are the condensed results of business operations, based on the Management (Non-GAAP) Reports, of the International Coffee Operation by reportable segments for the quarters ended September 30, 2024 and 2023 (in NIS millions):

Condensed Results of Business Operations – The International Coffee Operation				
	Third Quarter			Explanation
	2024	2023	% change	
International Coffee				
Net sales	1,259	1,068	17.8%	Growth in coffee sales in local currency in all regions largely reflects increases in sales prices following the rise in green coffee prices as well as growth in sales volumes. Coffee sales in the third quarter of 2024 were negatively affected, mainly by the strengthening of the Shekel against the Real, compared to the corresponding period last year. For further information, see "Strauss Coffee Sales by Major Geographical Region" in section 21.2.1 below.
Gross profit	260	242	7.8%	Growth in gross profit in the third quarter of 2024 is largely due to sales growth across all regions, and was partially offset by an increase in raw material prices. The decline in the gross margin is mainly due to the increase in green coffee prices. Gross profit in the third quarter of 2024 was negatively affected by the strengthening of the Shekel, mainly against the Brazilian Real, compared to the corresponding period last year.
Gross margin	20.7%	22.6%		
Operating profit	68	60	12.6%	The change in operating profit and the operating margin of the Coffee Operation in the third quarter of 2024 is mainly due to the higher gross profit and gross margin and an increase in selling expenses, mainly in Brazil.
Operating margin	5.4%	5.6%		

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

21.2.1 Sales by the International Coffee Operation by Major Geographical Region

Following are sales by the International Coffee Operation in the major geographical regions (not including intercompany transactions) and growth rates for the nine months ended September 30, 2024 and 2023 (in NIS millions):

Sales by the International Coffee Operation in Major Geographical Regions					
Geographical region	First Nine Months				Explanation
	2024	2023	% change	% organic change in local currency (1)	
International Coffee					
Brazil (Três Corações (JV)) (2) (3) - 50%	2,381	2,117	12.5%	16.6%	Growth in Três Corações's sales in local currency is largely due to higher sales prices, and was partially offset by a decline in quantities sold as a result of the price increase. The Company's sales in the first nine months of 2024 were negatively affected by the strengthening of the Shekel against the Brazilian Real compared to the same period last year, with the effect amounting to NIS 60 million. For further information, see section 21.2.2 below.
Russia	386	395	(2.4%)	4.4%	Sales growth in local currency compared to last year is the result of an increase in sales prices, and was partially offset by a decline in quantities sold due to the price increase. The Company's sales in the first nine months of 2024 were negatively affected by the strengthening of the Shekel against the Russian Ruble compared to the same period last year, with the effect amounting to NIS 26 million.
Ukraine	114	106	7.6%	15.4%	Sales growth in local currency compared to last year is the result of an increase in sales prices. The Company's sales in the first nine months of 2024 were negatively affected by the strengthening of the Shekel against the Ukrainian Hryvnia compared to the same period last year, with the effect amounting to NIS 7 million.
Poland	309	259	19.2%	10.2%	Sales growth in local currency compared to the corresponding period is due to growth in quantities sold. The Company's sales in the first nine months of 2024 were favorably affected by the weakening of the Shekel against the Polish Zloty compared to the same period last year, with the effect amounting to NIS 22 million.
Romania	178	169	5.2%	3.7%	Sales growth in local currency compared to last year is mostly due to growth in quantities sold and the increase in sales prices. The Company's sales in the first nine months of 2024 were favorably affected by the weakening of the Shekel against the Romanian Leu compared to the same period last year, with the effect amounting to NIS 2 million.
Serbia	21	121	(82.8%)	(82.9%)	Most of the decline in sales in local currency is due to the sale of the company in Serbia at the end of February 2024.
Other	29	-	-	-	Due to the sale of green coffee to the business in Serbia, after its sale.
Total International Coffee	**3,418**	**3,167**	**7.9%**	**10.3%**	

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 effect of changes in exchange rates in the different countries against the Shekel on growth in the countries' sales.

(2) Três Corações – Três Corações (JV) in Brazil – 50% held by Strauss Group and 50% by São Miguel Group. (Data reflect Strauss Coffee's share (50%)).

(3) Três Corações' sales – excluding intercompany transactions between Três Corações Alimentos S.A. and Strauss Coffee.

Following are sales by the International Coffee Operation in the major geographical regions (not including intercompany transactions) and growth rates for the quarters ended September 30, 2024 and 2023 (in NIS millions):

Sales by the International Coffee Operation in Major Geographical Regions

Geographical region	Third Quarter				Explanation
	2024	2023	% change	% organic change in local currency (1)	
International Coffee					
Brazil (Três Corações (JV)) (2) (3) - 50%	894	713	25.3%	43.5%	Growth in Três Corações's sales in local currency is largely due to higher sales prices and growth in quantities sold. The Company's sales in the third quarter of 2024 were negatively affected by the strengthening of the Shekel against the Brazilian Real compared to the same period last year, with the effect amounting to NIS 90 million. For further information, see section 21.2.2 below.
Russia	148	126	16.9%	12.1%	Sales growth in local currency is mainly due to the increase in sales prices. The Company's sales in the third quarter of 2024 were favorably affected by the weakening of the Shekel against the Russian Ruble compared to the same period last year, with the effect amounting to NIS 5 million.
Ukraine	40	39	3.3%	17.2%	Sales growth in local currency is mainly due to the increase in sales prices, and was partially offset by a decline in quantities sold. The Company's sales in the third quarter of 2024 were negatively affected by the strengthening of the Shekel against the Ukrainian Hryvnia compared to the same period last year, with the effect amounting to NIS 4.5 million.
Poland	104	90	15.9%	10.2%	Sales growth in local currency is largely due to growth in quantities sold and an increase in sales prices. The Company's sales in the third quarter of 2024 were favorably affected by the weakening of the Shekel against the Polish Zloty compared to the same period last year, with the effect amounting to NIS 5 million.
Romania	73	58	26.7%	27.0%	Sales growth in local currency is largely due to growth in quantities sold. Changes in exchange rates did not have a material effect on the Company's sales in the third quarter of 2024 compared to the same period last year.
Serbia	–	42	(100.0%)	(100.0%)	The decline in sales is the result of the sale of the company in Serbia at the end of February 2024.
Other	–	–	–	–	
Total International Coffee	**1,259**	**1,068**	**17.8%**	**28.0%**	

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 effect of changes in exchange rates in the different countries against the Shekel on growth in the countries' sales.
(2) Três Corações – Três Corações (JV) in Brazil – 50% held by Strauss Group and 50% by São Miguel Group. (Data reflect Strauss Coffee's share (50%)).
(3) Três Corações' sales – excluding intercompany transactions between Três Corações Alimentos S.A. and Strauss Coffee.

21.2.2 Três Corações (JV) (Brazil) – 3C – a joint venture between the Group (50%) and São Miguel Group (50%); (Data reflect Strauss Coffee's share (50%))

In the first nine months of 2024, Três Corações (JV)'s average value market share in roast and ground (R&G) coffee was 32.7%, compared to 33.7% in the corresponding period last year. In the financial statements (GAAP report), the Group's share of the joint venture is accounted for in the equity method.

Following are selected financial data on Três Corações (JV)'s business, in **BRL millions** (data reflect the Group's holding (50%)):

Selected Financial Data on Três Corações (JV)'s Business							
	First Nine Months			Third Quarter			Explanation
	2024	2023	% organic change in local currency	2024	2023	% organic change in local currency	
Sales	3,402	2,915	16.7%	1,342	932	44.0%	Sales growth mainly reflects the higher sales prices.
Gross profit	720	643	11.9%	268	193	38.6%	Growth in gross profit is largely the result of the higher sales prices and was partially offset by an increase in special offers. The decline in the gross margin is largely due to higher raw material prices (mainly green coffee), which were not fully reflected in a corresponding increase in sales prices.
Gross margin	21.2%	22.1%		19.9%	20.7%		
Operating profit before other income/expenses	143	134	6.3%	71	38	86.8%	The change in operating profit and the operating margin is mainly the result of the increase in gross profit and the gross margin, offset by increase in selling and distribution expenses.
Operating margin	4.2%	4.6%		5.3%	4.1%		

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

Following are selected financial data on Três Corações (JV)'s business, **in NIS millions** (data reflect the Group's holding (50%)):

Selected Financial Data on Três Corações (JV)'s Business						
	First Nine Months			Third Quarter		
	2024	2023	% change	2024	2023	% change
Sales	2,387	2,124	12.4%	897	714	25.6%
Gross profit	506	468	8.1%	179	148	21.0%
Operating profit before other income/expenses	99	98	1.2%	48	29	61.7%

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

21.3 Strauss Water

Through Strauss Water, the Group is active in the drinking water market in the development, assembly, marketing, sale and servicing of POU (point-of-use) systems for the filtration, purification and carbonation of drinking water. Operations are carried out mainly in Israel, and on an immaterial scale in the UK. Strauss Water also has a material investment (49%) in an associate (HSW), which is a joint venture established by Strauss Water and Haier Group of China and is active in the filtration and purification of drinking water in China.

In Israel, filtration, purification and carbonation appliances for drinking water are sold to end customers in combination with a service agreement for consumable components. In the framework of these service agreements Strauss Water provides a warranty and service for the duration of the term of the agreement, and the customer may terminate the transaction at any time (subject to the terms and conditions of the service agreement). Payment for the service is made monthly throughout the term of the agreement. Strauss Water has factoring arrangements with third parties for part of these payments and non-recourse factoring arrangements for the sale and servicing of water bars.

In January 2023, Strauss Water announced the expansion of its business in Britain through a partnership with Culligan Water, which acquired a 49% stake in Strauss Water's business in the UK. The partnership will operate under the Virgin Pure brand with the goal of making safe water solutions available to more communities around the world, realizing growth potential and expanding the product offering to British households. For further information, see section 11.8 in the Description of the Company's Business for the year 2023.

The information contained in this section regarding the realization of growth potential is forward-looking information as this term is 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, *inter alia*, in light of the Company's ability to execute its strategy, acceptance of the product by its customers, the competitive environment, etc.

Following are the condensed results of business operations, based on the Management (Non-GAAP) Reports, of the Strauss Water segment for the nine months and quarters ended September 30, 2024 and 2023 (in NIS millions):

Condensed Results of Business Operations – Strauss Water							
	First Nine Months			Third Quarter			Explanation
	2024	2023	% change	2024	2023	% change	
Net sales	627	613	2.4%	224	221	1.6%	Sales growth in the third quarter and first nine months of 2024 compared to the corresponding periods last year is largely due to volume growth, growth in the customer base and a change in the sales mix.
Operating profit	75	66	12.6%	26	21	23.3%	Growth in operating profit and the operating margin in the third quarter and first nine months of 2024 is largely due to sales growth, improved operational efficiency in China, and the receipt of a government grant in China.
Operating margin	11.9%	10.9%		11.6%	9.5%		

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

21.3.1 Results of Haier Strauss Water (HSW)

Following are selected financial data on HSW's business for the nine months and quarters ended September 30, 2024 and 2023, **in CNY millions** (data reflect 100% ownership):

Condensed Results of Business Operations – HSW							
RMB millions	First Nine Months			Third Quarter			Explanation
	2024	2023	% change	2024	2023	% change	
Sales	1,276	1,164	9.6%	407	399	2.0%	Sales growth in the third quarter and first nine months of 2024 is the result of an improvement in the product mix and increases in sales prices.
Net profit	157	131	20.3%	54	38	42.5%	Growth in net profit in the third quarter and first nine months of 2024 compared to the corresponding periods last year is the mainly due to sales growth, receipt of a government grant and improved operational efficiency following the transition to in-house production.

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

Following are selected financial data on HSW's business for the nine months and quarters ended September 30, 2024 and 2023, **in NIS millions** (data reflect 100% ownership):

Condensed Results of Business Operations – HSW						
NIS millions	First Nine Months			Third Quarter		
	2024	2023	% change	2024	2023	% change
Sales	659	582	13.2%	213	200	6.5%
Net profit	81	65	24.7%	28	19	47.4%

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

In December 2022, the board of directors of HSW passed a resolution to establish another production site in China, near the first plant, which is expected to become operational during 2026. The investment, totaling NIS 200 million (the Company's share), is in alignment with HSW's growth and market leadership strategy, which is supported by the establishment of a second plant. In November 2023, the Company made an initial investment of NIS 77 million. In March 2024, the Company made another investment of NIS 130 million. The difference in the amount actually invested is due to changes in the Renminbi to Shekel exchange rate, which amounted to approximately NIS 7 million.

On August 20, 2024, the board of directors of HSW approved a dividend distribution to shareholders of CNY 124 million (approximately NIS 66 million; the Group's share – NIS 32 million), and in September 2024, an amount of NIS 29 million was received, net of tax. Furthermore, the board of directors of HSW approved the prepayment of a shareholders' loan of CNY 98 million (approximately NIS 53 million) to Strauss Water. The shareholders' loan was paid off in November 2024. For further information, see Notes 4.10 and 10.2 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024.

21.4 Other Operations

21.4.1 The International Dips & Spreads activity

The Group develops, manufactures, sells, markets and distributes refrigerated dips and spreads through Sabra in the US and Canada, and through Obela in Mexico, Australia and New Zealand. The operations of Sabra and Obela are each carried out through joint ventures between the Group and PepsiCo (each party holds 50%). In the financial accounting reports, the Group's share of the operations of Sabra and Obela is accounted for in the equity method.

In light of the suspension of operations in Sabra's plant in 2022, in September 2023 a settlement agreement was signed between Sabra and its insurer, following which in the third quarter of 2023, the Company recognized income of NIS 48 million (the Company's share) from insurance compensation. For further information, see Note 11.6.2 to the Consolidated Financial Statements as of December 31, 2023.

According to Circana[9], Sabra's average value market share of the hummus market in the quarter ended September 30, 2024 was 37.3% (Number 1 in the market) compared to 38.2% in the corresponding period last year.

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 said subsidiary in Sabra (50%) and to sell the entire holdings of the Company in Obela (50%) to the American conglomerate PepsiCo. The sale consideration, to be paid in cash on the date of completion, amounts to 243.8 million USD, where 240.8 million USD is for the sale of the holdings in Sabra (including the assignment of Company's shareholder loan to Sabra) and 3 million USD is for the sale of the holdings in Obela (the "**Transaction**"). There are no material conditions required for the completion of the transaction, which is expected to be completed in December 2024. For further information, see section 2.2 above and Note 10.3 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024.

21.4.1.1 Sabra

Following are selected financial data on Sabra's business for the nine months and quarters ended September 30, 2024 and 2023 (**in USD millions**, reflecting 50% ownership):

Condensed Results of Business Operations – Sabra							
	First Nine Months			Third Quarter			Explanation
	2024	2023	% change	2024	2023	% change	
Sales	90	91	(0.1%)	30	29	7.4%	Most of the sales growth in the third quarter of 2024 is due to Sabra's continuing recovery.
Operating profit before other expenses	1	7	(81.3%)	–	9	(95.7%)	The decline in operating profit and the operating margin in the first nine months and third quarter of 2024 is largely due to insurance compensation received in the third quarter last year.
Operating margin	1.5%	8.6%		1.3%	32.4%		

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

[9] Circana (IRI) is a data analytics and market research company headquartered in the United States, which focuses on the consumer goods market in the US.

Following are selected financial data on Sabra's business for the nine months and quarters ended September 30, 2024 and 2023 (**in NIS millions**, reflecting 50% ownership):

Condensed Results of Business Operations – Sabra						
	First Nine Months			Third Quarter		
	2024	2023	% change	2024	2023	% change
Sales	334	329	1.7%	114	108	6.4%
Operating profit before other expenses	5	28	(82.4%)	1	35	(95.7%)
Operating margin	1.5%	8.6%		1.3%	32.4%	

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

21.4.1.2 Obela

Following are selected financial data on Obela's business for the nine months and quarters ended September 30, 2024 and 2023 (in NIS millions, reflecting 50% ownership):

Condensed Results of Business Operations – Obela						
	First Nine Months			Third Quarter		
	2024	2023	% change	2024	2023	% change
Sales	58	58	(0.5%)	21	19	2.7%
Growth excluding foreign currency effects	(1.3%)	(12.6%)		2.5%	(15.8%)	
Operating loss	(1)	(6)	(85.7%)	–	(3)	(112.6%)

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

21.4.2 The FoodTech incubator

Since its inception in January 2015 through to the date of this report, the FoodTech incubator project has invested in 29 companies, 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 15 in the Description of the Company's Business for the year 2023. In October 2022, The Kitchen Hub 2.0 launched its activity. For further information, see section 15 in the Description of the Company's Business for the year 2023. In the third quarter of 2024, the Group made no investments in incubator companies.

On September 30, 2024, the total value of investments in incubator investees, which are presented in the financial statements according to the equity method, was NIS 78 million (September 30, 2023: NIS 113 million). The estimated value of these investments on the above date was NIS 350 million (September 30, 2023: NIS 624 million).

Since the beginning of 2023, there has been a noticeable global downtrend in fundraising by tech companies as well as negative market sentiment towards some of the areas in which the incubator investees are active. These trends have led to a negative impact on the investees' ability to raise capital and their future value. Following the Swords of Iron War, the adverse effect on the ability to raise funds and the impact on the value of Israeli startups, particularly the incubator investees, has further intensified in light of the economic downturn in Israel, as reflected in falling prices on the Tel Aviv Stock Exchange, devaluation of the Shekel against foreign currencies, a rise in corporate bond yields due to increased risk levels and uncertainty, foreign investors pulling out of Israel, and a cut in Israel's credit rating, with S&P Global Ratings downgrading its rating to A from AA-, outlook negative; Moody's downgrading its rating to Baa1 from A1 with a negative outlook; while Fitch cut its rating to A from A+ and assigned a negative credit outlook.

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 2021-2024. 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 in which respect certainty as to their ability to raise funds in the future is low 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.

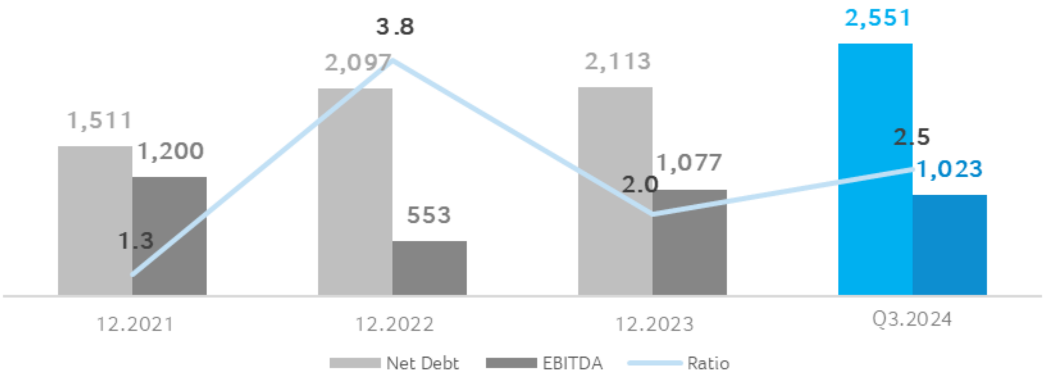
To the best of the Company's knowledge, the cash flows provided by the abovementioned funding rounds are earmarked to serve the incubator investees for the purpose of further investment activity, research and development, sales and marketing, and consequently, in the Company's estimate, in the foreseeable 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 is forward-looking information as this term is 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

3.83	Aa1il	ilAA+	2,973	2,551
Average life	Midroog rating	S&P Maalot rating	Gross debt	Net debt

Net Debt-to-EBITDA Ratio



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

The financial accounting net debt-to-EBITDA ratio has risen due to an increase in net debt following dividend distributions, investments in investees and in deposits.

22. Liquidity

22.1 Credit rating

As of the reporting date and as stated in the Immediate Report of March 27, 2024, S&P Maalot affirmed the Company's ilAA+ rating and revised the rating outlook to stable from negative (for further information, see the Immediate Report of March 27, 2024, reference no. 2024-15-027394).

As of the reporting date 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 F) unchanged, with a negative rating outlook (for further information, see the Immediate Report of June 13, 2024, reference no. 2024-15-059743).

22.2 Cash flows

Following is information on cash flows provided by the Group's operating activities and used in investing and financing activities:

Cash Flows				
	First Nine Months			Explanation
	2024	2023	Change	
Cash flows provided by operating activities	339	215	124	The increase is largely due to a positive change in working capital compared to the corresponding period, which was partially offset by a decline in EBITDA.
Cash flows used in investing activities	(415)	(289)	(126)	Most of the change is due to an increase in investments in investees, deposits and investments in fixed assets compared to last year, contrasted with income from the disposal of subsidiaries.
Cash flows used in financing activities	(26)	(23)	(3)	Most of the change is the result of a net increase in short-term and long-term credit compared to the corresponding period last year, contrasted with the payment of a dividend to shareholders.

Cash Flows				
	Third Quarter			Explanation
	2024	2023	Change	
Cash flows provided by operating activities	180	211	(31)	The change is largely due to a negative change in working capital compared to the corresponding period last year. Conversely, EBITDA growth was achieved.
Cash flows used in investing activities	(84)	(170)	86	The change is largely due to dividend income from investees and the disposal of a subsidiary. Conversely, a loan was granted in the corresponding period last year.
Cash flows used in financing activities	(100)	(60)	(40)	Most of the change is the result of a net decline in short-term credit compared to the corresponding period last year.

22.3 Average credit levels

Following is information on average credit levels:

Average Credit							
	First Nine Months			Third Quarter			Explanation
	2024	2023	change	2024	2023	change	
Long-term credit according to the non-GAAP reports	3,201	3,401	(200)	3,176	3,541	(365)	The decrease in long-term credit in the non-GAAP and GAAP reports is largely due to the repayment of long-term loans and short-term bank credit taken.
Average short-term credit according to the non-GAAP reports	450	115	335	694	99	595	
Long-term credit according to the financial accounting (GAAP) reports	2,581	2,779	(198)	2,506	2,849	(343)	
Average short-term credit according to the financial accounting (GAAP) reports	330	29	301	516	6	510	

Financial data were rounded to NIS millions.

22.4 Status of liabilities report according to repayment dates

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

22.5 Net working capital

Following is information on the change in net working capital:

Change in Net Working Capital				
	First Nine Months		Third Quarter	
	2024	2023	2024	2023
Change in net working capital according to the financial accounting (GAAP) reports	(113)	(281)	(15)	69
Change in net working capital according to the Management (Non-GAAP) Reports	(677)	(541)	(214)	77

Financial data were rounded to NIS millions.

22.6 Customer and supplier financing arrangements

From time to time, the Group executes non-recourse factoring transactions in accounts receivable, as well as reverse factoring transactions in supplier credit. For further information, see Note 4.4 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024 and also Notes 8.5 and 16.2 to the Consolidated Financial Statements as of December 31, 2023.

22.7 Additional information on liquidity and operating cash flow

Following is additional financial information regarding the Company's liquidity:

Additional Information		
	September 30, 2024	December 31, 2023
Liquidity ratio	0.85	1.02
Liabilities in respect of long-term loans and credit (including current maturities)	2,502	2,630
Short-term credit (excluding current maturities)	471	–
Supplier credit	1,451	1,238
Ratio of equity attributable to shareholders of the Company to total assets on the consolidated statement of financial position	34.6%	37.2%
Financial debt-to-EBITDA ratio	2.5	2.0
Equity attributable to shareholders of the Company	3,074	3,037

Financial data were rounded to NIS millions.

Following is the distribution of EBITDA between the Group's operating segments (in NIS millions):

Distribution of EBITDA Between the Group's Operating Segments						
	First Nine Months			Third Quarter		
	2024	2023	% change	2024	2023	% change
Strauss Israel	573	522	9.8%	213	177	19.8%
Health & Wellness	361	336	7.6%	145	126	15.9%
Fun & Indulgence (Snacks and Confectionery)	98	70	39.9%	29	10	172.2%
Fun & Indulgence (Israel Coffee)	114	116	(2.0%)	39	41	(7.5%)
International Coffee	236	266	(11.3%)	91	84	7.7%
Strauss Water	124	104	18.2%	40	34	14.1%
Other Operations	(21)	13	(261.9%)	(12)	25	(147.6%)
Total	**912**	**905**	**0.7%**	**332**	**320**	**3.3%**

Financial data were rounded to NIS millions.

23. Disclosure Concerning the Examination of Warning Signs Pertaining to a Working Capital Deficiency Under Regulation 10(b)(14)(a)

In the Company's Separate Financial Information ("Solo Report") for the third quarter of 2024 there is a working capital deficiency of NIS 1,023 million. In the Company's Consolidated Financial Statements for the third quarter of the year, there is a working capital deficiency of NIS 527 million. The cash flow from operating activities in the Solo Report and in the Consolidated Financial Statements for the nine months ended September 30, 2024 is positive. In view of the working capital deficiency in the Solo Report and in the Consolidated Financial Statements, on November 24, 2024, 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 September 30, 2024, 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 holders of its debentures (Series E and F) and to banking corporations and their maturity dates, and on a review of existing and anticipated sources for the repayment of those liabilities and the resources arising from the Company's ownership interest 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 asserted that the working capital deficiency 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 this term is 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 can be no assurance 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 for the year 2023.

24. Information on Debenture Series

Following is financial information on the debenture series as of September 30, 2024.

Information on the Debenture Series		
	Series E Debentures	Series F Debentures
A. Nominal/par value	362	1,021
B. Carrying value of debentures	361	964
C. Carrying value of interest payable	2	5
D. Market value	352	818

As of September 30, 2024, equity attributable to shareholders of the Company is NIS 3,074 million, the financial debt-to-EBITDA ratio according to the financial accounting (GAAP) reports is 2.5, and the equity-to-assets ratio is 34.6%. As of September 30, 2024, the Company is compliant with the required covenants.

ASPECTS OF CORPORATE GOVERNANCE

25. Sustainability, CSR, Social Investment and Donations

The Group's purpose, **"Nourishing a Better Tomorrow"**, serves as a North Star for 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. **Better food:** The commitment to continue to make popular food products and constantly work to improve the Group's products through innovation and technology that will allow for the creation of a sustainable future for all. **Better choices:** The commitment to expand the variety of offerings for more people, so they can make choices based on better options in choosing their place of work, partners or brands, in making decisions that affect the environment, society and profits. **Better influence:** The commitment, through the Group's business, to create a positive and more meaningful influence on communities and the environment, and to integrate, across the organization, a more conscious, deeper and broader perception of business success that is purpose-driven and oriented to the expectations of all stakeholders.

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 300 standard. Click here for the summarized version of the 2023 report.

Noteworthy highlights in the third quarter of 2024

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 works to further these initiatives.

Nutritional targets that are measured by the Company include:

- A target for sugar reductions and expansion of the range of products that contain a controlled amount of sugar.
- A target for measured portion sizes and expansion of the range of products for individual consumption containing up to 200 calories.
- 100% of the Company's products are free of harmful food colorings.
- Adherence to the percentage of sales of Company products with a red label (sodium, fat, sugar).

Managing environmental impacts

The Group continues to strive to reduce its environmental impacts in alignment with its strategic goals. During the current quarter, the Group continued to prioritize business continuity, and in this context, advanced a plan to ensure energy supply during emergencies, in case of a failure in the national electric grid that powers its plants.

Following a successful pilot, the Company launched an initiative offering all employees electric vehicles through a leasing agreement. To support this initiative, the Company covers the cost of installing charging stations, aiming to encourage widespread adoption of EVs.

Organizational and people issues

In the Israel geography, the third quarter was characterized by a continued focus on the wellbeing of the Group's employees amid the Swords of Iron War. This included support for employees or their spouses on reserve duty and those who were (and remain) evacuated. Recognizing the ongoing burnout throughout the year, the Group organized summer wellbeing events for all employees, aiming to foster connection, belonging, and moments of enjoyment.

The Group also continued to invest in upskilling its frontline employees through a development model tied to the IWS concept. This includes a leadership and management program for plant managers and a managerial leadership program for the Sales Division.

Additionally, transformational process of various kinds are given to comprehensive oversight: productivity processes (every workstream has a change management plan, KPIs, work team, routines and a supportive learning program), digital transformation, and preparation for the change in the sales and shelf-stocking array.

Additionally, in the current quarter organizational listening processes were driven through an organizational survey and talent management processes, forming the basis for continuing people development within the Group in their current roles and with a view to future positions.

CSR and community relations

In the third quarter, the Group continued to further projects in its core business areas, while supporting communities that were affected by the Swords of Iron War.

During the quarter, the Company donated 553,000 products at a value of more than NIS 2 million.

The Farmers Fund in collaboration with Leket Israel, the national food bank and Israel's leading food rescue organization, which was established with the goal of helping farmers in the Gaza border communities to restore and rebuild their agricultural activity, awarded grants to 196 farmers amounting to up to NIS 200,000 per farmer.

In the current quarter, the Group hosted the "Israel Rises" conference on the subject "Planning and Preparation for a Multi-Arena War", made significant product donations to the wounded and families of the victims of the tragic attack on Majdal Shams, held volunteering activities for IDF wounded soldiers at Sheba, Ichilov and Soroka Medical Centers, packed and donated 1,100 gift parcels to evacuated families, and provided daily assistance to the Swords of Iron Service HQ, which accompanies bereaved families through bureaucratic processes.

Before Rosh Hashana and the High Holidays, the Company held volunteering activities and supported several projects with donations, sponsored Latet Israeli Humanitarian Aid's annual broadcast with a donation of 30,000 holiday dinners, and packed and donated products for more than 15,000 food baskets and packages through various organizations, for families in need, Holocaust survivors, evacuated families and others.

To promote women's leadership, we held the Womentoring program, which accompanies Human Resources women managers in Arab society, and completed the first cycle of the "Lapidot" program for the advancement of senior women managers in the ultra-Orthodox sector.

Strauss's brands promoted a social marketing agenda in different projects such as making salty snack packs accessible to the visually impaired, promotion of gender equality in education in advertisements, change of logo and marketing activity for the Gamadim brand, publicizing the Rakefet nonprofit that helps young people suffering from social anxiety and shyness, together with the Coffee Company, which works to help alleviate loneliness, and others.

Maala Index 2023

1. Strauss Group achieved the top Maala Index Platinum+ rating.
2. In the Maala ranking of public companies in the TA-Maala Index, which is listed on the Tel Aviv Stock Exchange, Strauss is ranked AAA (the highest score, up from last year, and the only industrial company).
3. In the Diversity, Equity, Inclusion category (in collaboration with the Equal Employment Opportunity Commission in the Ministry of Economy and Industry and Maala – Business for Social Responsibility), Strauss was awarded the highest score, five stars.

26. Aspects of Coporate Governance

As of the publication date of this report, the Company has not adopted a provision in its Articles of Association regarding the percentage of independent directors, as defined in the Companies Law, 1999.

On April 8, 2024, the Company reported that Ms. Ravit Barniv and Mr. Shaul Kobrinsky had been appointed as directors of the Company commencing on May 5, 2024. For further information, see the Immediate Reports of April 8, 2024 (reference no. 2024-01-034786 and 2024-01-034789, respectively).

On August 28, 2024, the Company reported that Ms. Annette Gabriel and Mr. Yaniv Garty had been appointed as directors of the Company commencing on September 1, 2024. For further information, see the Immediate Reports of August 28, 2024 (reference no. 2024-01-090030 and 2024-01-090027, respectively).

On November 5, 2024, the General Meeting of Shareholders of the Company approved the reappointment as directors of Ms. Galia Maor, Ms. Tzipi Ozer-Armon and Mr. David Mosevics, who are retiring by rotation in accordance with the Articles of Association of the Company, and the appointment of Mr. Shaul Kobrinsky, Ms. Ravit Barniv, Mr. Yaniv Garty and Ms. Annette (Anat) Gabriel as directors of the Company. For further information, see the meeting convening report and the report on the results of the General Meeting of September 9, 2024 and November 6, 2024 (reference no. 2024-01-606808 and 2024-01-614062, 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 chapter Additional Information on the Corporation in the 2023 Periodic Report.

27. 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).

28. Events After the Reporting Period

For a review of events occurring after the date of the statement of financial position, see Note 10 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024.

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	**Shai Babad** Chief Executive Officer

November 24, 2024

Unofficial Translation from Hebrew

Strauss Group Ltd.

Financial Statements
As of September 30, 2024

Strauss Group Ltd.

Condensed Consolidated Interim Financial Statements as of September 30, 2024 (Unaudited)

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Strauss Group Ltd.

Condensed Consolidated Interim Statements of Financial Position

	September 30 2024	September 30 2023	December 31 2023
	Unaudited		Audited
	NIS millions		
Current assets			
Cash and cash equivalents	422	434	517
Trade receivables	1,218	1,151	1,003
Income tax receivables	18	14	14
Other accounts receivable	241	189	173
Inventory	970	882	830
Assets held for sale	25	11	2
Total current assets	2,894	2,681	2,539
Investments and non-current assets			
Investments in equity-accounted investees	1,918	1,734	1,753
Other investments and long-term receivables	193	184	178
Fixed assets	2,304	2,106	2,159
Right-of-use assets	421	455	458
Intangible assets	1,101	1,009	1,034
Investment property	5	1	5
Deferred tax assets	39	39	44
Total investments and non-current assets	5,981	5,528	5,631
Total assets	8,875	8,209	8,170

Ofra Strauss Chairperson of the Board of Directors	Shai Babad Chief Executive Officer	Ariel Chetrit Chief Financial Officer

Date of approval of the interim financial statements: November 24, 2024

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

Condensed Consolidated Interim Statements of Financial Position (cont'd)

	September 30 2024	September 30 2023	December 31 2023
	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	800	440	215
Current maturities of lease liabilities	111	103	103
Trade payables	1,451	1,174	1,238
Income tax payables	109	120	126
Other accounts payable	748	599	608
Provisions	28	30	33
Total current liabilities	3,421	2,640	2,497
Non-current liabilities			
Debentures	1,152	1,318	1,320
Loans and other long-term liabilities	411	453	451
Lease liabilities	325	362	367
Long-term payables and accounts payable	42	36	37
Employee benefits, net	27	34	28
Deferred tax liabilities	123	143	155
Total non-current liabilities	2,080	2,346	2,358
Equity and reserves			
Share capital	253	253	253
Share premium	1,051	1,051	1,051
Reserves	(1,996)	(2,015)	(2,051)
Retained earnings	3,766	3,674	3,784
Total equity attributable to shareholders of the Company	3,074	2,963	3,037
Non-controlling interests	300	260	278
Total equity	3,374	3,223	3,315
Total liabilities and equity	8,875	8,209	8,170

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

Condensed Consolidated Interim Statements of Income

	Nine months ended September 30 2024	Nine months ended September 30 2023	Three months ended September 30 2024	Three months ended September 30 2023	Year ended December 31 2023
	Unaudited				Audited
	NIS millions				
Sales	5,300	5,090	1,873	1,746	6,795
Cost of sales	3,499	3,264	1,220	1,167	4,352
Gross profit	1,801	1,826	653	579	2,443
Selling and marketing expenses	1,060	1,045	360	369	1,390
General and administrative expenses	382	359	127	118	471
	1,442	1,404	487	487	1,861
Share of profit of equity-accounted investees	143	162	58	70	197
Share of loss of equity-accounted incubator investees	(18)	(23)	(8)	(6)	(34)
Operating profit before other income (expenses)	484	561	216	156	745
Other income	7	80	-	2	103
Other expenses	(89)	(22)	(19)	(5)	(33)
Other income (expenses), net	(82)	58	(19)	(3)	70
Operating profit	402	619	197	153	815
Financial income	45	52	5	17	48
Financial expenses	(118)	(102)	(45)	(37)	(142)
Financial expenses, net	(73)	(50)	(40)	(20)	(94)
Income before taxes	329	569	157	133	721
Tax expense	(36)	(137)	(36)	(33)	(167)
Income for the period	293	432	121	100	554
Attributable to:					
Shareholders of the Company	232	384	99	80	488
Non-controlling interests	61	48	22	20	66
Income for the period	293	432	121	100	554
Earnings per share					
Basic earnings per share (NIS)	1.99	3.30	0.85	0.69	4.19
Diluted earnings per share (NIS)	1.99	3.29	0.85	0.69	4.19

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

Condensed Consolidated Interim Statements of Comprehensive Income

	Nine months ended		Three months ended		Year ended
	September 30 2024	September 30 2023	September 30 2024	September 30 2023	December 31 2023
	Unaudited				Audited
	NIS millions				
Income for the period	293	432	121	100	554
Other comprehensive income (loss) items that will be reclassified to profit or loss in subsequent periods:					
Exchange differences arising from the translation of foreign operations	16	(22)	(4)	(22)	(14)
Exchange differences arising from the translation of foreign operations that were recognized in profit or loss	90	-	-	-	-
Other comprehensive income (loss) from equity-accounted investees	(50)	135	9	19	91
Total other comprehensive income (loss) items for the period that will be reclassified to profit or loss in subsequent periods, net	56	113	5	(3)	77
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods, net:					
Changes in employee benefits, net	-	1	-	-	1
Total other comprehensive income items that will not be reclassified to profit or loss in subsequent periods, net	-	1	-	-	1
Comprehensive income for the period	349	546	126	97	632
Attributable to:					
Shareholders of the Company	287	497	103	77	565
Non-controlling interests	62	49	23	20	67
Comprehensive income for the period	349	546	126	97	632

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

Condensed Consolidated Interim Statements of Changes in Equity

	Attributable to Shareholders of the Company								
	Share capital	Share premium	Treasury shares	Reserve from transactions with non-controlling interests	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	NIS millions								
Nine-month period ended September 30, 2024 – unaudited:									
Balance as of January 1, 2024	253	1,051	(20)	(430)	(1,601)	3,784	3,037	278	3,315
Total comprehensive income for the period									
Income for the period	-	-	-	-	-	232	232	61	293
Components of other comprehensive income (loss):									
Exchange differences arising from the translation of foreign operations	-	-	-	-	15	-	15	1	16
Exchange differences arising from the translation of foreign operations that were recognized in profit or loss	-	-	-	-	90	-	90	-	90
Other comprehensive loss from equity-accounted investees	-	-	-	-	(50)	-	(50)	-	(50)
Total other comprehensive income for the period, net	-	-	-	-	55	-	55	1	56
Total comprehensive income for the period	-	-	-	-	55	232	287	62	349
Share-based payment	-	-	-	-	-	20	20	-	20
Transaction with non-controlling interests	-	-	-	-	-	-	-	1	1
Dividend to shareholders of the Company	-	-	-	-	-	(270)	(270)	-	(270)
Dividend to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	(41)	(41)
Balance as of September 30, 2024	253	1,051	(20)	(430)	(1,546)	3,766	3,074	300	3,374

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

Strauss Group Ltd.

Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	Attributable to Shareholders of the Company								
	Share capital	Share premium	Treasury shares	Reserve from transactions with non-controlling interests	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	NIS millions								
Nine-month period ended September 30, 2023 – unaudited:									
Balance as of January 1, 2023	253	1,051	(20)	(393)	(1,677)	3,269	2,483	206	2,689
Total comprehensive income for the period									
Income for the period	-	-	-	-	-	384	384	48	432
Components of other comprehensive income (loss):									
Foreign currency translation differences	-	-	-	-	(23)	-	(23)	1	(22)
Other comprehensive income from equity-accounted investees	-	-	-	-	135	-	135	-	135
Change in employee benefits, net	-	-	-	-	-	1	1	-	1
Total other comprehensive income for the period, net	-	-	-	-	112	1	113	1	114
Total comprehensive income for the period	-	-	-	-	112	385	497	49	546
Share-based payment	-	-	-	-	-	20	20	-	20
Transaction with non-controlling interests	-	-	-	(37)	-	-	(37)	43	6
Dividend to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	(38)	(38)
Balance as of September 30, 2023	253	1,051	(20)	(430)	(1,565)	3,674	2,963	260	3,223

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

Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	Attributable to Shareholders of the Company								
	Share capital	Share premium	Treasury shares	Reserve from transactions with non-controlling interests	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	NIS millions								
Three-month period ended September 30, 2024 – unaudited:									
Balance as of July 1, 2024	253	1,051	(20)	(430)	(1,550)	3,660	2,964	280	3,244
Total comprehensive income for the period									
Income for the period	-	-	-	-	-	99	99	22	121
Components of other comprehensive income (loss):									
Exchange differences arising from the translation of foreign operations	-	-	-	-	(5)	-	(5)	1	(4)
Other comprehensive income from equity-accounted investees	-	-	-	-	9	-	9	-	9
Total other comprehensive income for the period, net	-	-	-	-	4	-	4	1	5
Total comprehensive income for the period	-	-	-	-	4	99	103	23	126
Share-based payment	-	-	-	-	-	7	7	-	7
Transaction with non-controlling interests	-	-	-	-	-	-	-	1	1
Dividend to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	(4)	(4)
Balance as of September 30, 2024	253	1,051	(20)	(430)	(1,546)	3,766	3,074	300	3,374

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

Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	Attributable to Shareholders of the Company								
	Share capital	Share premium	Treasury shares	Reserve from transactions with non-controlling interests	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	NIS millions								
Three-month period ended September 30, 2023 – unaudited:									
Balance as of July 1, 2023	253	1,051	(20)	(430)	(1,562)	3,589	2,881	238	3,119
Total comprehensive income for the period									
Income for the period	-	-	-	-	-	80	80	20	100
Components of other comprehensive income (loss):									
Foreign currency translation differences	-	-	-	-	(22)	-	(22)	-	(22)
Other comprehensive income from equity-accounted investees	-	-	-	-	19	-	19	-	19
Total other comprehensive loss for the period, net	-	-	-	-	(3)	-	(3)	-	(3)
Total comprehensive income (loss) for the period	-	-	-	-	(3)	80	77	20	97
Share-based payment	-	-	-	-	-	5	5	-	5
Transaction with non-controlling interests	-	-	-	-	-	-	-	2	2
Balance as of September 30, 2023	253	1,051	(20)	(430)	(1,565)	3,674	2,963	260	3,223

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

Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	Attributable to Shareholders of the Company								
	Share capital	Share premium	Treasury shares	Reserve from transactions with non-controlling interests	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	NIS millions								
Year ended December 31, 2023 – audited:									
Balance as of January 1, 2023:	253	1,051	(20)	(393)	(1,677)	3,269	2,483	206	2,689
Total comprehensive income for the year	-	-	-	-	-	488	488	66	554
Income for the year									
Components of other comprehensive income (loss):	-	-	-	-	(15)	-	(15)	1	(14)
Foreign currency translation differences									
Other comprehensive income from equity-accounted investees	-	-	-	-	91	-	91	-	91
Change in employee benefits, net	-	-	-	-	-	1	1	-	1
Total other comprehensive income for the year, net	-	-	-	-	76	1	77	1	78
Total comprehensive income for the year	-	-	-	-	76	489	565	67	632
Share-based payment	-	-	-	-	-	26	26	-	26
Transactions with non-controlling interests	-	-	-	(37)	-	-	(37)	43	6
Dividend to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	(38)	(38)
Balance as of December 31, 2023	253	1,051	(20)	(430)	(1,601)	3,784	3,037	278	3,315

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

Strauss Group Ltd.

Condensed Consolidated Interim Statements of Cash Flows

	Nine months ended		Three months ended		Year ended
	September 30 2024	September 30 2023	September 30 2024	September 30 2023	December 31 2023
	Unaudited				Audited
	NIS millions				
Cash flows from operating activities					
Income for the period	293	432	121	100	554
Adjustments:					
Depreciation	218	209	70	72	278
Amortization of intangible assets and deferred expenses	52	38	18	14	54
Impairment of fixed assets and assets held for sale	13	4	2	1	2
Net capital loss (gain) on sale of fixed assets, investment property and a subsidiary	26	(78)	-	(4)	(92)
Expenses of share-based payment	20	20	7	5	26
Financial expenses, net	73	50	40	20	94
Tax expense	36	137	36	33	167
Share of profit of equity-accounted investees	(125)	(139)	(50)	(64)	(163)
Change in inventory	(175)	(73)	(67)	78	(25)
Change in trade and other receivables	(258)	(184)	(42)	11	(50)
Change in long-term receivables	(2)	2	(1)	1	1
Change in trade payables, other payables and provisions	322	(25)	94	(19)	63
Change in employee benefits	-	(1)	1	(2)	(6)
Interest paid	(88)	(94)	(30)	(30)	(129)
Interest received	18	15	9	6	19
Income tax received (paid), net	(84)	(98)	(28)	(11)	(107)
Net cash provided by operating activities	339	215	180	211	686
Cash flows from investing activities					
Proceeds from sale of fixed assets, intangible assets and investment property	5	59	-	9	87
Investment in fixed assets and investment property	(281)	(245)	(103)	(94)	(361)
Investment in intangible assets	(97)	(96)	(29)	(40)	(133)
Proceeds from sale of investments	9	-	-	-	-
Proceeds from sale of a subsidiary, net of cash disposed of	137	-	-	-	-
Proceeds from sale of an operation in a subsidiary	22	10	22	-	10
Repayment of deposits and loans granted	30	22	8	7	24
Grant of short-term loans to an equity-accounted investee	-	(38)	-	(38)	-
Grant of long-term loans and deposits	(139)	(50)	(11)	(11)	(56)
Dividends from investees	29	58	29	-	96
Investment in investees	(130)	(9)	-	(3)	(87)
Net cash used in investing activities	(415)	(289)	(84)	(170)	(420)

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

Condensed Consolidated Interim Statements of Cash Flows (cont'd)

	Nine months ended		Three months ended		Year ended
	September 30 2024	September 30 2023	September 30 2024	September 30 2023	December 31 2023
	Unaudited				Audited
	NIS millions				
Cash flows from financing activities					
Sale of shares in subsidiaries to non-controlling interests	-	7	-	-	7
Acquisition of shares in subsidiaries from non-controlling interests	-	(3)	-	-	(3)
Short-term bank credit, net	471	(200)	(69)	10	(212)
Proceeds from issue of debentures, net of issuance costs	-	314	-	-	314
Receipt of long-term loans	120	200	15	-	208
Redemption of debentures and repayment of long-term loans	(238)	(221)	(28)	(49)	(434)
Receipt of capital notes from non-controlling interests	5	5	2	5	6
Change in credit card factoring liabilities	13	(8)	12	2	(16)
Principal payments of lease liability	(86)	(79)	(28)	(27)	(103)
Dividend paid	(270)	-	-	-	-
Dividends paid to non-controlling interests in a subsidiary	(41)	(38)	(4)	(1)	(38)
Net cash used in financing activities	(26)	(23)	(100)	(60)	(271)
Decrease in cash and cash equivalents	(102)	(97)	(4)	(19)	(5)
Cash and cash equivalents as of beginning of period	517	517	427	450	517
Effect of exchange rate volatility on cash balances	7	14	(1)	3	5
Cash and cash equivalents at end of period	422	434	422	434	517

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

Note 1 - Reporting Principles and Accounting Policy

1.1 General

1.1.1 The reporting entity, Strauss Group Ltd. (the "**Company**" or "**Strauss Group**") is an Israeli resident company. The address of the Company's registered office is 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 equity and voting rights in the Company). The controlling shareholder of Strauss Holdings is Michael Strauss Assets Ltd. (which holds 100% of equity and voting rights in Strauss Holdings) ("**Michael's Assets**").

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 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 are in agreement concerning cooperation in Michael's Assets, by virtue of which they are deemed joint holders of 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 consolidated interim financial statements were prepared in accordance with IAS 34 with respect to interim financial reporting and in accordance with the provisions of Chapter 4 of the Securities Regulations (Periodic and Immediate Reports), 1970.

These financial statements should be read in conjunction with the audited consolidated financial statements of the Company and its consolidated subsidiaries as of December 31, 2023 and for the year then ended, together with their accompanying notes (the "**Annual Financial Statements**").

The Group's accounting policy in these interim financial statements was applied consistently with 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 November 24, 2024.

Note 1 - Reporting Principles and Accounting Policy (cont'd)

1.2 First-time adoption of new standards, amendments to standards and interpretations

1.2.1 **Amendment to IAS 1, *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-Current, and subsequent amendment: Non-Current Liabilities with Covenants**

The amendment, together with the subsequent amendment to IAS 1 (see below), replaces certain classification requirements for liabilities as current or non-current. According to the amendment, a liability will be classified as non-current when the entity has a right to defer settlement by at least twelve months after the reporting period, which is "substantial" and exists at the end of the reporting period. The subsequent amendment, as published in October 2022, determines that financial covenants that the entity is required to comply with after the reporting date will not affect the classification of a liability as current or non-current. Furthermore, the subsequent amendment introduced additional disclosure requirements for liabilities with covenants that must be settled in the 12 months after the reporting date, such as disclosure regarding the nature of the covenants, when the entity is required to comply with them, and facts and circumstances that indicate that an entity may have difficulty complying with the covenants. In addition, the amendment clarifies that the right to convert a liability will affect its classification as current or non-current, unless the conversion feature is classified as equity.

The amendment and subsequent amendment were applied in reporting periods beginning on January 1, 2024. The amendment and subsequent amendment were applied retrospectively, including a revision of comparative information. Application of the amendment did not have a material effect on the financial statements.

1.3 New standards, amendments to standards and interpretations not yet adopted

1.3.1 **IFRS 18, *Presentation and Disclosure in Financial Statements***

IFRS 18 replaces IAS 1, *Presentation of Financial Statements*. Its purpose is to provide improved structure and content for financial statements, notably the statement of profit or loss. The standard includes new disclosure and presentation requirements as well as requirements transferred from IAS 1, with minor wording changes. As part of the new disclosure requirements, companies will present two defined subtotals in the statement of profit or loss – operating profit and profit before financing and income tax. Additionally, most companies will be required to classify income and expenses into operating, investing and financing categories in the statement of profit or loss. In addition to the changes in the structure of the statements of profit or loss, the standard also contains a requirement for separate disclosure of management-defined performance measures (non-GAAP measures). The standard also adds specific principles for grouping (aggregation and disaggregation) of information in the financial statements and the notes. The standard will encourage companies to refrain from grouping items together and labelling them "other" (e.g., other expenses), and such classification will lead to further disclosure requirements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and early application will be permitted only from January 1, 2025, according to the decision of the Israel Securities Authority ("ISA"). The Group is reviewing the implications of IFRS 18 on its financial statements and the application date.

Note 2 - Seasonality

In Health & Wellness products there is no distinct seasonality trend. However, revenues are generally relatively higher in the third quarter of the year 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 the first quarter of the year and are marked by greater consumption of chocolate products as well as by increased consumption of Fun & Indulgence products with the approach of Purim and Passover. Sales of Fun & Indulgence products in the salty snack category are affected by seasonality and are generally higher (comparatively) in the summer months and during holiday seasons.

In the Fun & Indulgence Israel Coffee segment, there is no distinct trend of seasonality. However, revenues are generally relatively higher in the first quarter of the year, 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 the fourth quarter, a period characterized by increased purchases of coffee products. By contrast, the first quarter is mostly characterized by relatively low sales after consumers, as mentioned, had stocked up on products for the holiday season in the fourth quarter.

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 the fourth quarter of the year.

Note 3 - Operating Segments

Further to the contents of Note 25.1 to the Annual Financial Statements and Note 4.1 below regarding the Company's operating segments and the optimization plan that was implemented in accordance with the Company's 2024-2026 strategy, several changes were made in the operating segments to align them with the manner in which segmental information is presented to management with respect to the Group's operating segments, which are based on the Group's internal management (non-GAAP) reports ("**Management Reports**").

Accordingly, responsibility for the Israel Coffee business was transferred from the Coffee Operation to the Israel Operation, Fun & Indulgence. A change in presentation was made, such that from the financial statements as of March 31, 2024, the Israel Coffee business is presented in the segmental information as part of the Israel Operation.

Furthermore, the International Dips & Spreads business does not meet the quantitative thresholds defined in IFRS 8 and is not expected to meet them going forward, and accordingly, does not qualify as a reportable segment. Therefore, this segment is presented in the segmental information within the Other Operations segment.

The above changes are reflected in the presentation of the results of the operating segments, including a revision of comparative information, as follows:

- The Israel Operation, which includes three operating segments –
  - Health & Wellness – includes the manufacture, marketing, sale and distribution, inter alia, of dairy products and milk beverages, fresh salads and fresh foods, honey products, olive oil, fruit preserves, cooking sauces, bottled lemon juice and natural maple syrup.
  - Fun & Indulgence (Snacks and Confectionery) – includes the manufacture, marketing, sale and distribution, inter alia, of confectionery and salty snacks.
  - Fun & Indulgence (Israel Coffee) – includes the manufacture, marketing and sale of coffee products in Israel and the Coffee Company's corporate expenses.

- The Coffee Operation, which includes one operating segment –
  - International Coffee – includes the manufacture, marketing and sale of coffee products outside Israel.

- The Strauss Water operating segment – includes the development, assembly, marketing, sale and servicing of point-of-use (POU) water filtration, purification and carbonation systems in Israel and other countries.

- Other Operations, which include the International Dips and Spreads business: the manufacture, marketing and sale of refrigerated dips and spreads in countries outside Israel, the activity of the FoodTech incubator ("The Kitchen"), which is carried out as part of the Group's innovation arm, and the activity of Group HQ.

Note 3 - Operating Segments (cont'd)

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

	Nine months ended		Three months ended		Year ended
	September 30 2024	September 30 2023	September 30 2024	September 30 2023	December 31 2023
	Unaudited				Audited
	NIS millions				
Income					
Sales to external customers:					
Health & Wellness	2,312	2,301	827	804	3,066
Fun & Indulgence (Snacks and Confectionery)	955	767	323	244	1,008
Fun & Indulgence (Israel Coffee)	625	617	221	210	793
Total Israel	3,892	3,685	1,371	1,258	4,867
International Coffee	3,418	3,167	1,259	1,068	4,361
Water	627	613	224	221	805
Other	397	389	137	128	516
Sales to other segments:					
Health & Wellness	7	7	2	3	8
Fun & Indulgence (Snacks and Confectionery)	4	5	-	1	6
Fun & Indulgence (Israel Coffee)	2	2	1	1	2
Total Israel	13	14	3	5	16
International Coffee	1	1	-	1	1
Total segment income	8,348	7,869	2,994	2,681	10,566
Elimination of intersegment sales	(14)	(15)	(3)	(6)	(17)
Total segment income excluding intersegment sales	8,334	7,854	2,991	2,675	10,549
Adjustment to the equity method	(3,034)	(2,764)	(1,118)	(929)	(3,754)
Total consolidated income	5,300	5,090	1,873	1,746	6,795

Note 3 - Operating Segments (cont'd)

	Nine months ended September 30 2024	Nine months ended September 30 2023	Three months ended September 30 2024	Three months ended September 30 2023	Year ended December 31 2023
	Unaudited				Audited
	NIS millions				
Profit (loss)					
Health & Wellness	286	263	120	101	355
Fun & Indulgence (Snacks and Confectionery)	39	16	9	(8)	27
Fun & Indulgence (Israel Coffee)	83	83	29	30	107
Total Israel	408	362	158	123	489
International Coffee	167	197	68	60	248
Water	75	66	26	21	90
Other	(72)	(34)	(29)	8	(55)
Total segment profit	578	591	223	212	772
Unallocated income (expenses):					
Adjustments for commodity hedges (1)	(41)	16	25	(41)	23
Other income (expenses), net	(69)	54	(19)	(3)	61
Share-based payment	(20)	(20)	(7)	(5)	(26)
Total segment operating profit	448	641	222	163	830
Adjustment to the equity method	(46)	(22)	(25)	(10)	(15)
Total operating profit in the consolidated financial statements	402	619	197	153	815
Financial expenses, net	(73)	(50)	(40)	(20)	(94)
Income before tax	329	569	157	133	721

(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 gains and losses arising from commodity derivatives until the date when the inventory is sold to outside parties and/or the financial derivative is exercised.

Note 4 - Events in the Reporting Period

4.1 On January 14, 2024, the board of directors of the Company approved an organizational optimization plan (the "**Optimization Plan**"). The goal of the Optimization Plan is to achieve additional efficiencies and savings, while aligning the organizational structure of the business in Israel with the Group's strategy and the macroeconomic environment. The Company's total expenses associated with the Optimization Plan in the nine months ended September 30, 2024 were NIS 8 million and were recognized within other expenses in profit or loss.

4.2 On February 29, 2024, the Serbian Commission for Protection of Competition's approval of the transaction for the sale of the coffee company in Serbia was received, and subsequently, on March 1, 2024, the transaction was closed. In accordance with the adjustments to the consideration determined in the transaction, the consideration for the sale at an amount of EUR 38.8 million, gross (approximately NIS 150 million), was paid to Strauss Coffee on the closing date. For further information, see Note 9 below and Notes 6.2 and 36.5 to the Annual Financial Statements.

4.3 On March 25, 2024, the board of directors of the Company approved a dividend distribution to shareholders at an amount of NIS 270 million (NIS 2.32 per share), which was paid on April 11, 2024.

4.4 Further to Note 16.2 to the Annual Financial Statements regarding supplier finance arrangements, as of September 30, 2024, trade payables included in the reverse factoring arrangement amounted to NIS 419 million (September 30, 2023: NIS 306 million).

4.5 Further to Notes 11.6.3 and 22.4.7 to the Annual Financial Statements, following the decision by the Group to invest NIS 200 million in an associate for the purpose of constructing an additional manufacturing site in China, which is expected to become operational in 2026, in March 2024 the Company made an additional investment of NIS 130 million. The difference between the amount of the investment as approved and the amount that was actually invested is the result of exchange differences between the renminbi and shekel, which amounted to NIS 7 million.

4.6 Further to the contents of Note 1.1.2 to the Annual Financial Statements, the war between Russia and Ukraine has continued, as have the economic sanctions imposed on Russia by the West. As of the date of approval of the financial statements, the Russia-Ukraine war has not had a material effect on the Group's business results. Since the war broke out, the Group has taken steps to ensure that its business in Russia is managed as a stand-alone business to the greatest extent possible. In Ukraine, the Group's business has operated continuously given the circumstances. The ongoing war continues to expose the Group to potential global repercussions, including increases in commodity, raw material and energy costs. Considering the evolving nature of the events and the accompanying high degree of uncertainty, there are possible geopolitical scenarios that may materialize, which could lead to further negative economic and financial consequences. The Group continuously monitors events in Ukraine, Russia and the markets. The Group is unable to assess the future impacts of these events on its business results.

4.7 On October 7, 2023, the Hamas terrorist organization attacked Israel. Following the attack, the government of Israel declared the Swords of Iron War (the "**War**"). Among other things, the War led to a massive call-up of military reserves, the evacuation of communities, the temporary or partial closure of businesses, the imposition of various restrictions on civilian activities in extensive areas, a slowdown in economic activity, a slump in share prices on the Tel Aviv Stock Exchange, the devaluation of the shekel against foreign currencies, a rise in corporate bond yields due to increased risk levels and uncertainty, and also took a heavy toll on Israel's credit rating, with a downgrade to A from AA- by S&P Global, outlook negative; a downgrade to Baa1 from A1 by Moody's with a negative outlook; while Fitch Ratings cut the rating to A from A+ and also assigned Israel a negative outlook.

Note 4 - Events in the Reporting Period (cont'd)

4.7 (cont'd)

The third quarter of 2024 saw the continuation of the Swords of Iron War, as fighting in the northern arena against the Hezbollah terrorist organization intensified. This included a growing number of rockets, missiles, and explosive drones launched at Israel from various regions, including Iran, and fears of an all-out regional war persist.

Since the War broke out, in its business in Israel the Group has focused on three major goals: to maintain full business continuity to the greatest extent possible and ensure regular food supply to the entire customer public, subject to restrictions and the directives of the Home Front Guard; to keep its people safe and tend to the needs of employees and their families in circumstances of war; to support the community, provide help to soldiers and the families who were evacuated in southern and northern Israel, and to support the farmers who suffered damage in the Western Negev.

As of the date of approval of the financial statements, the effects of the War have had no material impact on the Group's business and on its financial results, and the Company has maintained normal operations at all sites. However, the development of the War, its scale, impacts and duration remain uncertain. Therefore, it is not possible at the present time to assess the scope of future consequences of the War on the Group's business.

For further information, see Note 1.1.1 to the Annual Financial Statements.

4.8 Further to Note 33.6 to the Annual Financial Statements regarding an assessment audit for years in which respect the statute of limitations has not yet expired, the Group received final tax assessments for the years 2018-2021 for some of the companies operating in Israel, and for the years 2015-2018 for some of the companies operating in other countries. In accordance with the assessments, in the nine-month period ended September 30, 2024, the Group reduced the tax provision on its books by an amount of NIS 54 million.

4.9 In the reporting period, the Company took out four short-term and long-term loans at a total of NIS 400 million at floating interest within a range of 5.0%-6.0%. The Company also entered into agreements for the renewal of a secured line of credit of NIS 100 million for a one-year period and for the renewal of a secured line of credit of NIS 100 million for a two-year period, to finance its regular operations. For information on the covenants set in the deeds of trust and with banks and institutional corporations, see Note 19.5 to the Annual Financial Statements.

4.10 On August 20, 2024, the board of directors of the joint venture Haier Strauss Water ("**HSW**") approved a dividend distribution to shareholders of CNY 124 million (approximately NIS 66 million; the Group's share – NIS 32 million). Said amount was paid in September 2024. Furthermore, the board of directors of HSW approved the prepayment to Strauss Water of a shareholders' loan granted to HSW by Strauss Water, at an amount of CNY 98 million (NIS 53 million). For further information, see Note 10.2 below.

Note 5 - Share-Based Payment

5.1 Grants in the reporting period

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

Grant date	Number of warrants and entitled employees	Fair value	Share price	Exercise price	Expected life	Expected annual volatility	Discount rate
		NIS m	NIS	NIS	Years	%	%
March 18, 2024	2,225,000 to 34 managers	35	69.1	74.27	3.65-4.65	22.55-22.88	4.08-4.15

The employees' entitlement to exercise the warrants will vest in two equal tranches in each of the years 2026 and 2027. 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 warrants granted to employees is measured using the Black-Scholes model. For further information on the Black-Scholes model assumptions, see Note 21.2 to the Annual Financial Statements.

5.2 Warrants exercised in the reporting period

In the reporting period, 158,666 warrants granted to employees were exercised for 28,041 shares in consideration for their par value.

Note 6 - Contingent Liabilities

6.1 For information on claims pending against the Company and its investees and contingent liabilities as of December 31, 2023, see Note 22.1 to the Annual Financial Statements. With respect to these claims, no material changes occurred during the reporting period, except as stated below.

6.2 Further to the contents of Note 22.1.1 to the Annual Financial Statements regarding a claim against the subsidiary Strauss Water Ltd. pertaining to abuse of monopoly power in the market for filtered water bars with a carbonation feature, at an amount of NIS 73 million, on April 4, 2024 a judgment was rendered, in which the court approved the agreed motion to withdraw and directed that the motion for class certification would be struck out, and also rejected the plaintiff's private claim. In the ruling, the court charged the subsidiary to pay compensation and reimbursement of costs to the plaintiff, as well as payment of attorney's fees to the plaintiff's legal counsel. The amounts involved are immaterial to the Company and/or the subsidiary.

6.3 Further to the contents of Note 22.1.3 to the Annual Financial Statements regarding motions for class certification pertaining to the recall, on April 30, 2024, a new, amended and combined motion for class certification (the "**Combined Motion**") was filed against the Company (and against Strauss Ice Cream). In the Combined Motion, the claimant group's damages were estimated at more than NIS 2.5 million, with no specific estimate. The Company submitted its response to the Combined Motion on September 4, 2024. The parties have agreed to engage in a mediation proceeding regarding the matter. In the opinion of the Company's legal counsel, the chances of the motion being certified as a class action are greater than the chances of it being denied. However, in counsel's opinion, the chances of the action being accepted when examined on its own merits are lower than its chances of being dismissed.

6.4 Further to the contents of Note 22.1.4 to the Annual Financial Statements regarding motions filed with the Tel Aviv District Court – Economic Division by various petitioners for discovery and inspection of documents under section 198A of the Companies Law, 1999 (the "**Companies Law**"), for the purpose of reviewing the possibility of filing a motion for certification of a derivative action against officers and senior parties in the Company and the independent committee formed to investigate the recall in the reporting period. On November 20, 2024, the board of directors decided on the adoption of the committee's findings, conclusions and recommendations in their entirety, including the proposed settlement agreement, in which the insurers agreed to pay the Company an amount of NIS 27 million. The board of directors instructed Company management and legal counsel to work to formulate and implement a settlement agreement, subject to the approval of the District Court in the framework of the disclosure proceeding pending before the court.

6.5 Further to the contents of Note 22.1.5 to the Annual Financial Statements regarding a summons to a hearing prior to a ruling by the Competition Commissioner on the violation of the provisions of section 19 of the Economic Competition Law, 1988 (the "**Economic Competition Law**"), on October 29, 2024 the Company received a notice from the Competition Commissioner (the "**Commissioner**"), in which the latter announced that she had chosen to exercise her power in accordance with section 43(a)(3) of the Competition Law, 1988 (the "**Competition Law**") and rule that the Company and Wyler Farms Ltd. ("**Wyler**") had acted in contravention of section 19 of the Competition Law. The Commissioner further announced that a financial penalty would be imposed on the Company at an amount of NIS 111 million, in accordance with section 50H(b)(1) of the Competition Law (the "**Ruling**"). In addition, in the framework of the Ruling, the Commissioner determined that a financial penalty of NIS 601 thousand would be imposed on each of three persons who had served in the relevant periods as officers of the Company and a subsidiary.

Note 6 - Contingent Liabilities (cont'd)

In the opinion of the Company's legal counsel, the Company did not violate of the provisions of the law, including the provisions of the Competition Law, the Commissioner's ruling is an administrative ruling, which is subject to appeal by right before the Competition Tribunal in accordance with sections 43(c) and 50M(a) of the Competition Law, and counsel is of the opinion that the Company should exercise said right and appeal the Ruling, as well as the amount of the financial penalty set in the Ruling. The Company intends to file said appeal. In the estimation of the Company's legal counsel, the likelihood of the acceptance of the appeal, which asserts that the Company did not breach the law, is greater than the likelihood of its rejection. On November 10, 2024, the Company submitted a request to the Competition Authority (the "**Authority**") to extend the deadline for filing the appeal and defer the payment of the financial penalty imposed as provided in section 50J(b) of the Competition Law, such that both the payment date and filing deadline would be postponed to December 29, 2024. The Authority consented to extension of the filing deadline, but did not agree to delay the payment. On November 19, 2024, the Authority's consent 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 was received. As of the date of approval of the financial statements, no payment in respect of the financial penalty has yet been paid.

6.6 Further to the contents of Note 22.1.6 to the Annual Financial Statements regarding suspicions of a violation of the Economic Competition Law, on September 12, 2024 the Company received a demand for information from the Competition Authority, in which Strauss was asked to furnish documents and information regarding various meetings in the Company. On October 1, 2024, the Company responded to said demand.

6.7 On October 29, 2024 and October 30, 2024, two motions for the discovery of documents prior to filing a derivative claim under section 198A of the Companies Law (jointly: the "**Discovery Motions**") were filed with the Tel Aviv District Court (Economic Department). In the Discovery Motions, 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 NIS 111 million for the alleged violation of section 19 of the Economic Competition Law, 1988. At this stage, it is unclear how the court will address the Discovery Motions – i.e., whether it will decide to strike out one of them, consolidate them into a single proceeding, or direct otherwise, and consequently, the Company's legal counsel cannot currently assess the likelihood of the Discovery Motions being accepted.

6.8 The Company did not recognize provisions for claims and demands pending on September 30, 2024, 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 NIS 85 million, at most.

Note 7 - Investments in Equity-Accounted Investees

7.1 Material equity-accounted investees

Further to Note 11.1 to the Annual Financial Statements and Note 4.1 above regarding the Company's operating segments and the Optimization Plan, the material equity-accounted investees are:

	Percentage of total equity and control as of			Country of incorporation and main location of the company's operations
	September 30, 2024	September 30, 2023	December 31, 2023	
Três Corações Alimentos S.A. (1)	50%	50%	50%	Brazil
Qingdao HSW Health Water Appliance Co. Ltd. (2)	49%	49%	49%	China

(1) An equity-accounted investee held by the Group and the Brazilian holding company São Miguel, which develops, processes, sells, markets, and distributes a variety of branded coffee products, corn products and coffee machines, and also sells green coffee, mainly to customers outside Brazil.

(2) An equity-accounted investee held by the Group and Haier Group of China, which is mainly active in POU (point-of-use) systems for the filtration and purification of drinking water, as well as in POE (point-of-entry) systems, which are installed at the main water line and treat the water where it first enters the home.

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

7.2 Concise information on material equity-accounted investees

	Três Corações Alimentos S.A.			Qingdao HSW Health Water Appliance Co. Ltd.		
	September 30		December 31	September 30		December 31
	2024	2023	2023	2024	2023	2023
	Unaudited		Audited	Unaudited		Audited
	NIS millions					
Current assets	2,508	2,373	2,199	1,019	994	963
Of which:						
Cash and cash equivalents	147	364	652	553	671	543
Non-current assets	1,294	1,282	1,318	213	197	201
Total assets	3,802	3,655	3,517	1,232	1,191	1,164
Current liabilities	1,657	1,558	1,633	606	500	470
Of which:						
Financial liabilities excluding trade payables, other payables and provisions	821	714	698	103	-	-
Non-current liabilities	734	624	487	-	98	96
Of which:						
Financial liabilities excluding trade payables, other payables and provisions	645	527	390	-	98	96
Total liabilities	2,391	2,182	2,120	606	598	566
Total net assets (100%)	1,411	1,473	1,397	626	593	598
Company's share of net assets	706	737	699	307	291	293
Other adjustments	143	105	154	89	92	88
Carrying amount of investment	849	842	853	396	383	381

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

7.2 Concise information on material equity-accounted investees (cont'd)

	Três Corações Alimentos S.A.					Qingdao HSW Health Water Appliance Co. Ltd.				
	Nine months ended		Three months ended		Year ended	Nine months ended		Three months ended		Year ended
	September 30 2024	September 30 2023	September 30 2024	September 30 2023	December 31 2023	September 30 2024	September 30 2023	September 30 2024	September 30 2023	December 31 2023
	Unaudited				Audited	Unaudited				Audited
	NIS millions									
Income	4,775	4,247	1,795	1,427	5,839	659	600	213	205	834
Profit for the period	146	180	63	49	237	73	67	20	19	87
Other comprehensive income (loss)	(132)	176	3	1	149	27	20	17	23	-
Total comprehensive income (loss)	14	356	66	50	386	100	87	37	42	87
Of which:										
Depreciation and amortization	74	73	26	26	92	12	10	4	4	14
Interest income	27	49	5	14	69	5	7	1	-	8
Interest expenses	99	101	32	37	131	4	4	-	1	5
Tax income (expense)	7	36	(9)	12	74	(13)	(7)	(7)	-	(7)
Company's share of comprehensive income	7	178	33	25	193	49	43	18	21	42
Other adjustments	(12)	22	1	-	19	(4)	(3)	(2)	(1)	(3)
Company's share of comprehensive income (loss) presented on the books	(5)	200	34	25	212	45	40	16	20	39

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

7.3 Attachment of financial statements

The Group has attached the condensed consolidated interim financial statements of Três Corações Alimentos S.A., an equity-accounted investee (50% owned by the Group) in Brazil, to these condensed consolidated interim financial statements. The investee's presentation currency is the Brazilian real.

Following are the average exchange rates and changes in the Brazilian real to shekel exchange rates during the reporting period:

	Shekel-real exchange rate		
	Average exchange rate for the period	**Closing rate for the period**	**% change based on closing rate**
For the nine months ended on:			
September 30, 2024	0.71	0.69	(8.3%)
September 30, 2023	0.73	0.76	14.8%
For the three months ended on:			
September 30, 2024	0.67	0.69	0.6%
September 30, 2023	0.77	0.76	0.3%
For the year ended December 31, 2023	0.74	0.75	12.4%

From the beginning of the year through to the date of approval of the financial statements, the shekel strengthened against the Brazilian real by approximately 16.5%.

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 and other accounts 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 value, based on the prices of the Tel Aviv Stock Exchange, and carrying amounts (including accrued interest) as presented on the statement of financial position, of the Company's debentures:

	September 30, 2024		September 30, 2023		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	Unaudited				Audited	
	NIS millions					
Series E Debentures	363	352	484	461	481	470
Series F Debentures	969	818	1,016	869	1,013	898

8.2 Fair value hierarchy of financial instruments measured at fair value

The different levels are 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.

	September 30, 2024		September 30, 2023		December 31, 2023	
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2
	Unaudited				Audited	
	NIS millions					
Financial assets (liabilities)						
Derivative receivables	26	6	19	31	52	5
Derivative payables*	(52)	(1)	(9)	(4)	(39)	(7)
	(26)	5	10	27	13	(2)

For details on the method of determining the fair value of derivative financial instruments measured at Level 2, see Note 26.7.2.1 to the Annual Financial Statements.

*In the nine-month and three-month periods ended September 30, 2024, the Company recorded a mark-to-market loss of NIS 83 million and NIS 8 million, respectively, on cocoa derivatives. The Company has an outstanding liability of NIS 43 million related to said commodities, which is included within derivative payables.

Note 9 - Subsidiaries

9.1 Loss of control of a subsidiary

Further to the contents of Note 4.2 above, on March 1, 2024 the Company sold 100% of its ownership interest in the coffee company in Serbia. In respect of the closing of the transaction, the Company recorded a net loss of NIS 26 million in its consolidated financial statements as of September 30, 2024, under other expenses in profit or loss. The aforementioned amount comprises a profit of NIS 64 million less a loss of NIS 90 million arising from the realization of the foreign currency translation reserve attributable to the company in Serbia.

9.2 Identifiable assets and liabilities sold:

	NIS millions
Cash and cash equivalents	13
Trade receivables and other accounts receivable	38
Income tax receivables	*
Inventory	27
Right-of use assets	6
Intangible assets	3
Fixed assets	21
Deferred tax assets	1
Trade payables and other accounts payable	(17)
Lease liabilities	(6)
Employee benefits	(1)
Net identifiable assets	**85**

* Less than NIS 1 million

9.3 Aggregate cash flows arising from the disposal of the subsidiary

	NIS millions
Cash and cash equivalents received	150
Less cash and cash flows of the subsidiary	13
	137

Note 10 – Events After the Reporting Period

10.1 For information on developments in pending claims occurring after the date of the statement of financial position, see Note 6 above.

10.2 Further to Note 4.10 above, in November 2024, HSW prepaid a shareholders' loan of NIS 53 million to Strauss Water.

10.3 On November 21, 2024, the Company entered into agreements to sell its entire holdings (through its subsidiary S.E USA Inc.) in Sabra Dipping Company LLC ("**Sabra**") (50%) and to sell its entire holdings in PepsiCo Strauss Fresh Dips & Spreads International GmbH ("**Obela**") to companies owned by the American conglomerate PepsiCo Inc. ("**PepsiCo**" and the "**Sale Agreements**", respectively), with whom it holds the said companies in a joint venture. The sale consideration amounts to USD 243.8 million to be paid in cash at completion, 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**"). There are no material conditions required for the completion of the transaction, which is expected to be completed in December 2024. According to the Company's estimation, under the Transaction, the Company is expected to record in its consolidated financial statements for 2024, a net profit estimated to range from NIS 319 million to NIS 325 million (composed of a profit after tax from the said transactions estimated to range from NIS 403 million to NIS 407 million, offset by a loss resulting from the realization of a translation reserve attributed to Sabra and Obela estimated to range from NIS 82 million to NIS 84 million) which may materialize differently from what is stated above, among other things, due to tax effects, exchange rate differences, etc.

Simultaneously, the Company and PepsiCo entered into an agreement regarding their holdings (50%-50%) in Strauss Frito-Lay Ltd. ("**Frito-Lay**"), under which PepsiCo granted the Company an option to purchase up to 2.5% of Frito-Lay's share capital in consideration for USD 100,000, at an exercise price of up to USD 9.9 million, reflecting a valuation of approximately USD 396 million for Frito-Lay. The option can be exercised by the Company at any time within two years from the completion date of the Sale Agreements, and its exercise will be subject to obtaining approval from the commissioner of competition. In the event of exercising the option, the shareholders' agreement between the parties will be amended to reflect the Company's control of Frito-Lay.

Unofficial Translation from Hebrew

Strauss Group Ltd.

Separate Financial Information
As of September 30, 2024

Unofficial Translation from Hebrew

Strauss Group Ltd.

Separate Financial Information as of September 30, 2024

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Condensed Separate Interim Information on Financial Position

	September 30 2024	September 30 2023	December 31 2023
	Unaudited		Audited
	NIS millions		
Current assets			
Cash and cash equivalents	47	43	90
Trade receivables	200	159	157
Other accounts receivable	149	72	61
Investee receivables	152	200	162
Inventory	164	134	126
Assets held for sale	-	9	2
Total current assets	712	617	598
Investments and non-current assets			
Investments in investees	3,476	3,147	3,101
Other investments and long-term receivables	622	610	615
Right-of-use assets	218	206	218
Fixed assets	1,061	1,048	1,047
Investment property	3	-	3
Intangible assets	168	136	143
Total investments and non-current assets	5,548	5,147	5,127
Total assets	6,260	5,764	5,725

Ofra Strauss Chairperson of the Board of Directors	Shai Babad Chief Executive Officer	Ariel Chetrit Chief Financial Officer

Date of approval of the separate financial information: November 24, 2024

The attached additional information is an integral part of the separate financial information.

Strauss Group Ltd.

Condensed Separate Interim Information on Financial Position (cont'd)

	September 30 2024	September 30 2023	December 31 2023
	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	464	209	-
Current maturities of lease liabilities	57	48	48
Trade payables	301	253	236
Income tax payables	70	73	89
Other accounts payable	295	247	235
Investee payables	373	252	344
Provisions	1	1	2
Total current liabilities	1,735	1,257	1,128
Non-current liabilities			
Debentures	1,152	1,318	1,320
Loans and other long-term liabilities	95	-	-
Lease liabilities	167	161	173
Long-term payables and accounts payable	20	19	21
Employee benefits, net	12	13	15
Deferred tax liabilities	5	33	31
Total non-current liabilities	1,451	1,544	1,560
Total equity attributable to shareholders of the Company	3,074	2,963	3,037
Total liabilities and equity	6,260	5,764	5,725

The attached additional information is an integral part of the separate financial information.

Strauss Group Ltd.

Condensed Separate Interim Information on Income

	Nine months ended		Three months ended		Year ended
	September 30 2024	September 30 2023	September 30 2024	September 30 2023	December 31 2023
	Unaudited		Unaudited		Audited
	NIS millions				
Sales	753	604	262	199	816
Cost of sales	599	445	189	154	594
Gross profit	154	159	73	45	222
Selling and marketing expenses	129	113	38	43	158
General and administrative expenses	121	102	40	35	128
	250	215	78	78	286
Operating loss before other income (expenses)	(96)	(56)	(5)	(33)	(64)
Other income	3	72	-	2	91
Other expenses	(42)	(17)	(15)	(3)	(25)
Other income (expenses), net	(39)	55	(15)	(1)	66
Operating profit (loss)	(135)	(1)	(20)	(34)	2
Financial income	39	41	8	14	38
Financial expenses	(76)	(54)	(26)	(17)	(79)
Financial expenses, net	(37)	(13)	(18)	(3)	(41)
Loss before taxes	(172)	(14)	(38)	(37)	(39)
Tax income (expense)	48	(26)	(3)	1	(27)
Loss after taxes	(124)	(40)	(41)	(36)	(66)
Income from investees	356	424	140	116	554
Income for the period attributable to shareholders of the Company	232	384	99	80	488

The attached additional information is an integral part of the separate financial information.

Strauss Group Ltd.

Condensed Separate Interim Information on Comprehensive Income

	Nine months ended		Three months ended		Year ended
	September 30 2024	September 30 2023	September 30 2024	September 30 2023	December 31 2023
	Unaudited		Unaudited		Audited
	NIS Millions				
Income for the period attributable to shareholders of the Company	232	384	99	80	488
Other comprehensive income (loss) items that will be reclassified to profit or loss in subsequent periods:					
Other comprehensive income (loss) from investees	55	112	4	(3)	76
Total other comprehensive income (loss) items for the period that will be reclassified to profit or loss in subsequent periods, net	55	112	4	(3)	76
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods:					
Changes in employee benefits, net	-	1	-	-	1
Total other comprehensive income items that will not be reclassified to profit or loss in subsequent periods, net of tax	-	1	-	-	1
Comprehensive income for the period attributable to shareholders of the Company	287	497	103	77	565

The attached additional information is an integral part of the separate financial information.

Condensed Separate Interim Information on Cash Flows

	Nine months ended		Three months ended		Year ended
	September 30 2024	September 30 2023	September 30 2024	September 30 2023	December 31 2023
	Unaudited		Unaudited		Audited
	NIS Millions				
Cash flows from operating activities					
Income for the period attributable to shareholders of the Company	232	384	99	80	488
Adjustments:					
Depreciation	92	88	30	30	120
Amortization of intangible assets	24	14	9	6	20
Net capital loss (gain) on sale of fixed and intangible assets	-	(70)	1	(2)	(89)
Expenses of share-based payment	15	13	6	3	18
Income from investees	(356)	(424)	(140)	(116)	(554)
Net financial expenses	37	13	18	2	41
Tax expense (income)	(48)	26	3	(1)	27
Change in inventory	(38)	(21)	(27)	4	(14)
Change in trade and other receivables	(36)	(142)	(23)	1	(127)
Change in investee receivables	(15)	(42)	16	(2)	(33)
Change in trade payables, other payables and provisions	105	17	35	1	(7)
Change in investee payables	29	103	45	85	195
Change in employee benefits	(1)	(4)	-	(3)	(3)
Interest paid	(35)	(41)	(11)	(6)	(61)
Interest received	5	8	5	2	13
Income tax received (paid), net	(2)	8	3	7	7
Net cash provided by (used in) operating activities	8	(70)	69	91	41
Cash flows from investing activities					
Proceeds from sale of fixed assets, intangible assets and investment property	12	56	4	7	82
Investment in fixed assets	(53)	(92)	(20)	(28)	(113)
Investment in intangible assets	(60)	(64)	(24)	(27)	(87)
Proceeds from sale of investments	9	-	-	-	-
Repayment of long-term loans granted and deposits	25	17	6	5	22
Grant of long-term loans and deposits	(127)	(20)	-	(3)	(27)
Dividends from investees	140	109	4	-	291
Cash received from investing activities with investees	29	1	29	-	39
Cash paid in respect of investing activities with investees	(100)	(70)	-	(45)	(111)
Net cash provided by (used in) investing activities	(125)	(63)	(1)	(91)	96
Cash flows from financing activities					
Redemption of debentures and repayment of long-term loans	(174)	(30)	-	-	(239)
Proceeds from issue of debentures, net of issuance costs	-	314	-	-	314
Short-term bank credit, net	464	(189)	(64)	-	(189)
Dividends paid	(270)	-	-	-	-
Receipt of long-term loans	95	-	10	-	-
Repayment of principal of lease liabilities	(41)	(38)	(14)	(12)	(52)
Net cash provided by (used in) financing activities	74	57	(68)	(12)	(166)
Net increase (decrease) in cash and cash equivalents	(43)	(76)	-	(12)	(29)
Cash and cash equivalents as of beginning of period	90	119	47	55	119
Cash and cash equivalents as of end of period	47	43	47	43	90

The attached additional information is an integral part of the separate financial information.

Note 1 - Reporting Rules and Accounting Policies

1. 1 General

1.1.1 The Company's business comprises the activity of Corporate HQ, the Group's salads 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 presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970 and the Tenth Addendum to the said regulations with respect to the separate financial information of the corporation. This financial information should be read together with the financial information as of and for the year ended on December 31, 2023, and together with the Condensed Consolidated Interim Financial Statements as of September 30, 2024 (hereinafter: the "**Condensed 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, 2023.

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, 2023, and as presented in Note 1 to the Condensed Consolidated Interim Financial Statements as of September 30, 2024.

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 rounded to the nearest million.

Note 2 - Seasonality

Sales of Fun & Indulgence products in the confectionery category are characterized by seasonality and are usually (relatively) higher in the first third of the year, and (relatively) lower in the second third of the year. Seasonality is mainly affected by the winter months, which fall in the first quarter 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 In March 2024, the Company granted a loan of NIS 100 million to a subsidiary. The loan bears annual interest at the prime rate minus 0.5 percent and will be repaid in a single installment by no later than December 31, 2024. In July 2024, NIS 20 million of said loan were converted into capital notes. The capital notes are repayable at the decision of the subsidiary, unlinked and interest-free, and will not be repaid within a period that is less than five years from the date on which they were issued.
Furthermore, in September 2024, NIS 29 million of the loan principal were repaid.

3.2 In the reporting period, dividends were received from the subsidiaries Strauss Coffee and Strauss Health at an amount of NIS 48 million and NIS 88 million, respectively.

3.3 In the reporting period, the Company took a loan of NIS 95 million from a subsidiary. The loan bears annual interest of 5.6% and will be repaid by no later than December 29, 2025.

Note 3 - Events in the Reporting Period (cont'd)

3.4 In September 2024, NIS 81 million of an outstanding intercompany balance with a subsidiary were converted into capital notes without the exchange of cash. The capital notes are repayable at the decision of the subsidiary, unlinked and interest-free, and will not be repaid within a period that is less than five years from the date on which they were issued.

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 Payment

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

Note 5 - Contingent Liabilities

For information on 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 Reporting Period

7.1 Further to the contents of Note 3.1 above, on November 12, 2024, the outstanding principal, an amount of NIS 51 million, of the short-term loan that was granted to a subsidiary, was repaid.

7.2 For further information on events occurring after the date of the statement of financial position, see Note 10 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, Chief Executive Officer;
2. Ronen Zohar, Deputy Chief Executive Officer;
3. Ariel Chetrit, 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

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 Quarterly Report on the Effectiveness of Internal Control over Financial Reporting and Disclosure, which was attached to the Periodic Report for the period ended June 30, 2024 (hereinafter: the "Latest Quarterly Report on Internal Control"), the Board of Directors and Management of the corporation reached the conclusion that internal control as of June 30, 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 Quarterly Report on the Internal Control.

As at the reporting date, based on the evaluation of the effectiveness of internal control in the Latest Quarterly 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.

MANAGERS' DECLARATIONS:

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

I, Shai Babad, declare that:

(1) I have reviewed the Quarterly Report of Strauss Group Ltd. (the "Corporation") for the third quarter of 2024 (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 Quarterly Report as of June 30, 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.

November 24, 2024

Shai Babad, Chief Executive Officer

MANAGERS' DECLARATIONS:

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

I, Ariel Chetrit, 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 third quarter of 2024 (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 Quarterly Report as of June 30, 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.

November 24, 2024

Ariel Chetrit, 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 nine and three month periods ended September 30, 2024

Contents

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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 September 30, 2024, the condensed consolidated statements of income and other comprehensive income, changes in equity and cash flows for the three-month and nine-month periods then ended September 30, 2024, 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 September 30, 2024 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Fortaleza, November 8, 2024

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

Pedro Barroso Silva Júnior
Contador CRC CE 021967/O 5

Três Corações Alimentos S.A.

Condensed Consolidated Interim Statements of Financial Position as of September 30, 2024 and December 31, 2023

(In thousand of Brazilian Reais)

Assets	September 30, 2024	December 31, 2023
Current		
Cash and cash equivalents	214,160	870,986
Deposits	8,808	10,788
Trade receivables	1,474,231	734,278
Inventories	1,794,179	1,199,532
Recoverable taxes	115,134	75,169
Income tax receivables	12,068	19,582
Other current assets	35,288	28,260
	3,653,868	**2,938,595**
Non-current		
Trade receivables	1,642	7,464
Judicial deposits	10,516	9,260
Recoverable taxes	197,766	192,823
Other non-current assets	83,448	74,159
Deferred tax assets	80,488	75,091
Investments	113,721	105,562
Fixed assets	856,400	748,005
Intangible assets	461,367	462,052
Right-of-use assets	79,577	87,322
	1,884,925	**1,761,738**
Total assets	**5,538,793**	**4,700,333**

Liabilities and equity	September 30, 2024	December 31, 2023
Current		
Short term loans	1,154,899	889,694
Trade payables	864,322	956,301
Short term lease liabilities	41,041	42,888
Income tax payables	263	616
Employees and other payroll related liabilities	122,829	88,970
Proposed dividends	138,190	138,190
Payable taxes	58,305	33,298
Other current liabilities	33,859	33,024
	2,413,708	**2,182,981**
Non-current		
Long term loans	885,277	461,864
Long term lease liabilities	55,122	59,868
Other non-current liabilities	21,084	20,368
Deferred tax liabilities	-	2,947
Provision for legal proceedings	73,693	71,374
Interest on equity payable	33,855	33,855
	1,069,031	**650,276**
Equity		
Share capital	276,464	276,464
Translation reserve	(216,012)	(195,776)
Retained earnings	1,995,602	1,786,237
Equity attributable to owners of the Company	2,056,054	1,866,925
Non-controlling interests	-	151
Total Equity	**2,056,054**	**1,867,076**
Total liabilities and equity	**5,538,793**	**4,700,333**

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

(In thousand of Brazilian Reais)

	Nine months period ended September 30,		Three months period ended September 30,	
	2024	**2023**	**2024**	**2023**
Revenue	6,804,130	5,830,414	2,682,662	1,863,595
Cost of sales	(5,364,669)	(4,544,291)	(2,146,999)	(1,477,229)
Gross profit	**1,439,461**	**1,286,123**	**535,663**	**386,366**
Selling and marketing expenses	(1,006,728)	(891,477)	(352,846)	(284,673)
General and administrative expenses	(181,101)	(134,796)	(59,969)	(31,925)
Allowance for expected credit losses	4,525	(3,308)	2,502	1,981
Equity method	28,896	11,676	16,495	4,068
Other income (expenses), net	4,419	1,838	4,480	2,411
Operating profit	**289,472**	**270,056**	**146,325**	**78,228**
Financial income	38,089	68,294	7,954	18,745
Financial expenses	(126,406)	(140,808)	(46,184)	(48,916)
Net financial expenses	**(88,317)**	**(72,514)**	**(38,230)**	**(30,171)**
Profit before income tax	**201,155**	**197,542**	**108,095**	**48,057**
Income tax expenses	8,105	49,532	(14,337)	15,369
Profit for the period	**209,260**	**247,074**	**93,758**	**63,426**
Profit attributable to:				
Owners of the Company	209,365	247,135	93,799	63,466
Non-controlling interests	(105)	(61)	(41)	(40)
Total profit for the period	**209,260**	**247,074**	**93,758**	**63,426**

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

(In thousand of Brazilian Reais)

	Nine months period ended September 30,		Three months period ended September 30,	
	2024	**2023**	**2024**	**2023**
Profit attributable to:	209,260	247,074	93,758	63,426
Other comprehensive income (loss) items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences	(20,236)	2,426	(8,576)	(5,223)
Comprehensive income for the period	**189,024**	**249,500**	**85,182**	**58,203**
Comprehensive income attributable to:				
Owners of the Company	189,129	249,561	85,223	58,243
Non-controlling interests	(105)	(61)	(41)	(40)
Total comprehensive income for the period	**189,024**	**249,500**	**85,182**	**58,203**

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

(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, 2022	**275,531**	**55,106**	**659,887**	**888,926**	**(200,891)**	**-**	**1,678,559**	**236**	**1,678,795**
Profit for the period	-	-	-	-	-	247,135	247,135	(61)	247,074
Other comprehensive loss:									
Foreign currency translation differences	-	-	-	-	2,426	-	2,426	-	2,426
Total other comprehensive gain (loss):	-	-	-	-	2,426	247,135	249,561	(61)	249,500
Internal equity changes									
Capitalization of tax incentives	933	-	(933)	-	-	-	-	-	-
Non-reciprocal capital contributions to subsidiary	-	-	-	-	-	-	-	12	12
State VAT and Federal tax incentives	-	-	98,064	-	-	(98,064)	-	-	-
Profit destination									
Reserve for profit to be distributed	-	-	-	149,071	-	(149,071)	-	-	-
	933	-	97,131	149,071	-	(247,135)	-	12	12
Balance as of September 30, 2023	**276,464**	**55,106**	**757,018**	**1,037,997**	**(198,465)**	**-**	**1,928,120**	**187**	**1,928,307**
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	-	-	-	-	-	209,365	209,365	(105)	209,260
Other comprehensive loss:									
Foreign currency translation differences	-	-	-	-	(20,236)	-	(20,236)	-	(20,236)
Total other comprehensive gain (loss):	-	-	-	-	(20,236)	209,365	189,129	(105)	189,024
Internal equity changes									
Acquisitions of non-controlling interests	-	-	-	-	-	-	-	(46)	(46)
State VAT and Federal tax incentives	-	-	1,411	-	-	(1,411)	-	-	-
Profit destination									
Reserve for profit to be distributed	-	-	-	207,954	-	(207,954)	-	-	-
	-	-	1,411	207,954	-	(209,365)	-	(46)	(46)
Balance as of September 30, 2024	**276,464**	**55,293**	**795,625**	**1,144,684**	**(216,012)**	**-**	**2,056,054**	**-**	**2,056,054**

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

(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 June 30, 2023	**276,464**	**55,106**	**729,467**	**1,002,082**	**(193,242)**	**-**	**1,869,877**	**228**	**1,870,105**
Profit for the period	-	-	-	-	-	63,466	63,466	(40)	63,426
Other comprehensive loss:									
Foreign currency translation differences	-	-	-	-	(5,223)	-	(5,223)	-	(5,223)
Total other comprehensive gain (loss):	-	-	-	-	(5,223)	63,466	58,243	(40)	58,203
Internal equity changes									
Non-reciprocal capital contributions to subsidiary	-	-	-	-	-	-	-	(1)	(1)
State VAT and Federal tax incentives	-	-	27,551	-	-	(27,551)	-	-	-
Profit destination									
Reserve for profit to be distributed	-	-	-	35,915	-	(35,915)	-	-	-
	-	-	27,551	35,915	-	(63,466)	-	(1)	(1)
Balance as of September 30, 2023	**276,464**	**55,106**	**757,018**	**1,037,997**	**(198,465)**	**-**	**1,928,120**	**187**	**1,928,307**
Balance as of June 30, 2024	**276,464**	**55,293**	**794,214**	**1,052,296**	**(207,436)**	**-**	**1,970,831**	**88**	**1,970,919**
Profit for the period	-	-	-	-	-	93,799	93,799	(41)	93,758
Other comprehensive loss:									
Foreign currency translation differences	-	-	-	-	(8,576)	-	(8,576)	-	(8,576)
Total other comprehensive gain (loss):	-	-	-	-	(8,576)	93,799	85,223	(41)	85,182
Internal equity changes									
Acquisitions of non-controlling interests	-	-	-	-	-	-	-	(47)	(47)
State VAT and Federal tax incentives	-	-	1,411	-	-	(1,411)	-	-	-
Profit destination									
Reserve for profit to be distributed	-	-	-	92,388	-	(92,388)	-	-	-
	-	-	1,411	92,388	-	(93,799)	-	(47)	(47)
Balance as of September 30, 2024	**276,464**	**55,293**	**795,625**	**1,144,684**	**(216,012)**	**-**	**2,056,054**	**-**	**2,056,054**

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

(In thousand of Brazilian Reais)

	Nine month periods ended September 30,		Three month periods ended September 30,	
Cash flows from operating activities	**2024**	**2023**	**2024**	**2023**
Profit for the year	209,260	247,074	93,758	63,426
Adjustments for:				
Depreciation and amortization	104,226	100,288	37,401	34,310
Termination of lease contracts	(1,097)	24	(1,093)	101
Provision (reversal) for legal proceedings	2,319	2,454	(1,359)	(265)
Allowance for expected credit losses	(4,525)	3,308	(2,502)	(1,981)
Other income, net	(4,419)	(1,838)	(4,480)	(2,411)
Equity method	(28,896)	(11,676)	(16,495)	(4,068)
Finance expenses, net	88,317	72,514	38,230	30,171
Income tax expenses	(8,105)	(49,532)	14,337	(15,369)
Change in:				
Trade receivables	(725,094)	(376,822)	(144,265)	49,923
Inventories	(598,030)	(273,028)	(185,099)	21,610
Recoverable and payable taxes, net	88	14,385	4,848	6,425
Judicial deposits	(1,256)	(520)	(34)	(282)
Trade payables	(92,050)	46,044	(245,339)	13,323
Employees and other payroll related liabilities	33,859	15,496	4,802	6,654
Other current and non-current assets and liabilities	(12,655)	(21,409)	(1,632)	(5,542)
Change in operating activities	**(1,038,058)**	**(233,238)**	**(408,922)**	**196,025**
Interest paid	(100,364)	(91,585)	(26,276)	(41,912)
Interest received	32,538	58,319	7,119	15,382
Income tax paid	(1,855)	(3,444)	(473)	(1,290)
Net cash flows used in operating activities	**(1,107,739)**	**(269,948)**	**(428,552)**	**168,205**
Cash flows from investing activities				
Change in deposits	3,435	(242)	9,415	(1,766)
Proceeds from sales of fixed assets	6,667	4,498	4,576	2,663
Acquisition of fixed assets	(186,467)	(105,171)	(58,431)	(34,643)
Investments in intangible assets	(11,727)	(51,056)	(2,957)	(28,931)
Dividend received	20,737	-	-	-
Net cash flows used in investing activities	**(167,355)**	**(151,971)**	**(47,397)**	**(62,677)**
Cash flows from financing activities				
Proceeds from loans	1,361,245	871,638	594,992	128,983
Repayment of loans	(716,513)	(841,246)	(55,292)	(280,978)
Payment of lease liabilities	(26,464)	(22,715)	(9,270)	(8,787)
Interest on equity paid	-	(79,689)	-	-
Dividend paid	-	(82,484)	-	-
Loans received from related parties	-	15,665	-	15,665
Net cash flows provided by (used in) financing activities	**618,268**	**(138,831)**	**530,430**	**(145,117)**
Net decrease (increase) in cash and cash equivalents	**(656,826)**	**(560,750)**	**54,481**	**(39,589)**
Net descrease (increase) in cash and cash equivalents				
Cash and cash equivalents as at beginning of period	870,986	1,037,736	159,679	516,575
Cash and cash equivalents as at end of period	214,160	476,986	214,160	476,986
	(656,826)	**(560,750)**	**54,481**	**(39,589)**

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

1 General information

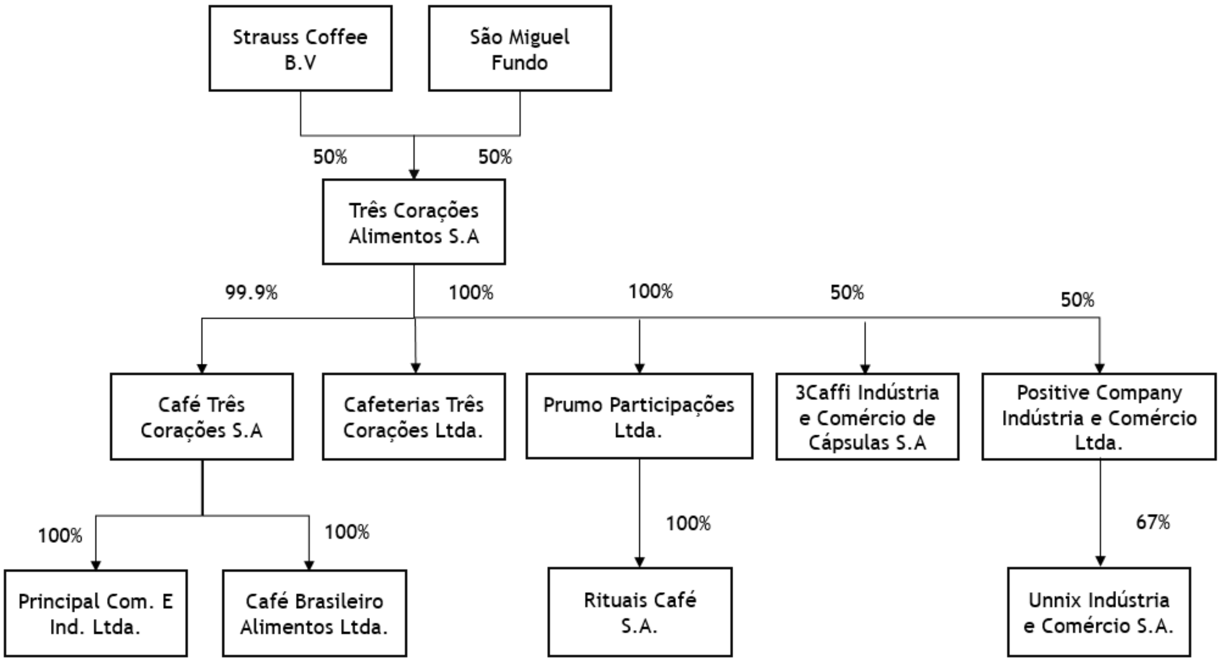
Três Corações Alimentos S.A. (the "Company") together with its subsidiaries (the "Group") are an industrial and commercial Group, which operates in Brazil, in producing and selling branded coffee products, machines, powdered juices, chocolate drinks, cornmeal products, green coffee exports, lending Away-From-Home 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 and recently (Note 3.2) entered into 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 (Note 3.2), 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%).

On September 30, 2024, the Group has the following structure:



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, 2023 (‘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 November 08, 2024.

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, 2023. The Group has not adopted early any other standards, interpretations or amendments that have been issued but are not yet effective.

(In thousands of Brazilian Reals)

3 Material events during the reported period

3.1 Dividend received

On February 20, 2024, the distribution of the 3Caffi Indústria e Comércio de Cápsulas S.A dividends related for the fiscal years 2016 to 2022 was approved in the amount of R$ 41,472 of which R$ 20,736 (50%) was allocated to the Group and the remaining R$ 20,736to the shareholder Caffitaly System S.p.A. The amounts were fully received on February 28, 2024.

3.2 Acquisition of Unnix Indústria e Comércio S.A (“Zaya”) though Positive Company

On August 12, 2024, the JV Positive Company entered into an agreement for the acquisition of 67% of Zaya, brand of healthy snacks and flours, founded in 2017, with a focus on quality, food safety, texture and flavor. The partnership seeks synergy with the Company’s sales and distribution platform, increasing the availability and visibility of the brand. The transaction totaled R$15,000part of the amount will be used to increase production capacity. Due to the terms in the transaction, Positive Company has the final control of Zaya.

3.3 Acquisition of Rituais Café S.A. remaining shares

On September 30, the Prumo Participações Ltda. bought the remaining 11.64% of Rituais Café S.A. in the amount of R$ 200 closing the third quarter with 100% of the Company shares.

4 Cash and cash equivalents, short and long term loans

	September 30, 2024	December 31, 2023
Short term loans	1,154,899	889,694
Long term loans	885,277	461,864
Cash and cash equivalents	(214,160)	(870,986)
Net debt	**1,826,016**	**480,572**

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 nine month period:

- Cash flows used in operating activities, in the amount of R$ (1,107,739);
- Cash flows used in investing activities, in the amount of R$ (167,355);
- Cash flows provided by financing activities, in the amount of R$ 618,268.

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

5 Provision for legal proceedings

There were no new material events, except for the usual interest accrued on the provisioned contingent liability balances.

6 Financial instruments

(In thousands of Brazilian Reals)

6.1 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	September 30, 2024		December 31, 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities					
Short term loans	2	1,154,899	1,187,142	889,694	956,461
Long term loans	2	885,277	989,180	461,864	524,859
		2,040,176	**2,176,322**	**1,351,558**	**1,481,320**

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.

6.2 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;

(In thousands of Brazilian Reals)

(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 September 30, 2024 and December 31, 2023, the Group had no financial instruments classified at Level 3.

7 Revenue

7.1 Disaggregated revenue information

	Products	Services	September 30, 2024
Geographical markets			
Domestic	**6,605,336**	**1,883**	**6,607,219**
Foreign	**196,911**	**-**	**196,911**
Japan	59,891	-	59,891
Chile	38,074	-	38,074
Switzerland	30,487	-	30,487
Germany	21,684	-	21,684
United States	17,466	-	17,466
Other countries	29,309	-	29,309
	6,802,248	**1,883**	**6,804,130**

	Products	Services	September 30, 2023
Geographical markets			
Domestic	**5,650,509**	**1,213**	**5,651,722**
Foreign		**-**	
Japan	**178,692**	-	**178,692**
	83,837		83,837
Chile	29,472	-	29,472
Switzerland	25,235	-	25,235
Germany	8,534	-	8,534
United States	7,923	-	7,923
Other countries	23,691	-	23,691
	5,829,201	**1,213**	**5,830,414**

7.2 Composition of Revenue

	Nine month periods ended September 30,		Three month periods ended September 30,	
	2024	**2023**	**2024**	**2023**
Revenue:				
Products - domestic	8,098,822	7,001,129	3,134,260	2,223,758
Products - foreign	197,135	178,693	73,295	78,743
Services	1,919	1,237	526	445
Other	460	677	177	2
Revenue deductions:				
Taxes on sales	(824,747)	(719,032)	(298,623)	(222,985)
State VAT incentives	186,633	168,929	73,368	49,613

(In thousands of Brazilian Reals)

Discounts	(669,421)	(592,287)	(236,843)	(209,411)
Other deductions	(186,671)	(208,932)	(63,498)	(56,570)
Revenue	**6,804,130**	**5,830,414**	**2,682,662**	**1,863,595**

8 Subsequent events

On October 15, 2024, Três Corações Alimentos S.A. announced its first issuance of R$ 400,000 in book-entry commercial notes, intended exclusively for professional investors. UBS Brasil Corretora de Câmbio, Títulos e Valores Mobiliários S.A. acted as Lead Coordinator of the issuance. The offering was registered on October 21, 2024 with Comissão de Valores Mobiliários - CVM (Brazilian Securities and Exchange Commission) and closed on October 22, 2024. All of the commercial notes were acquired by a Financial Institution related to the Issuer and the Consortium Participants. The maturity date is on October 23, 2028 and have an interest rate of 108% of the CDI. There are no debt covenants.

* * *

Pedro Alcântara Rego de Lima
Chief Executive Officer

Danisio Costa Lima Barbosa
Chief Financial Officer

Adenise Evangelista de Melo
Accountant CRC/CE 8.126/O-3