

Unofficial Translation

Strauss Group

The report was delayed, according to section 36(b) of Securities Regulations (Periodic and Immediate Reports), 1970, in light of the concern that its publication would prevent the formation or completion of the transactions, or significantly worsen their terms.

Immediate release

Strauss Group Ltd.

("The Company")

Israel Securities Authority
Via the MAGNA system

Tel Aviv Stock Exchange Ltd.
Via the MAGNA system

Dear Sir/Madam,

Subject: **Immediate Report - Agreements with PepsiCo**

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 2023,¹ 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.

For details regarding the international activities of Sabra and Obela in the dips and spreads categories, see Section 10 of the chapter describing the Company's business in the Company's Periodic Report.

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

¹ See Company's immediate reports as of March 26, 2024 (References Numbers: 2024-01-026011 and 2024-01-026035) and the Company's periodic report for 2023 as of March 27, 2024 (Reference Number: 2024-01-027409) ("**the Company's Periodic Report**").

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).

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 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 details regarding Frito-Lay's activity, see the chapter describing the Company's business (including regarding the risk factors), the director's report, the financial statements, and the chapter on additional details regarding the Company in the Company's Periodic Report.

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, 5728-1968 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.

Sincerely,

Strauss Group Ltd.

Signature Date: Friday, November 22, 2024.

Signatories:

Shai Babad, CEO

Yael Nevo, Senior Vice President, Chief Legal Counsel, and Company Secretary