



Strauss Group Reports First Quarter 2025 Results

Revenues up 15.5%, reaching NIS 3 billion Operating profit amounted to NIS 181 million¹

First Quarter 2025 Highlights:

- Sales growth across all business segments in Israel and globally, driven primarily by Brazil
- Continued investment in infrastructure in Israel, including a new production facility for plant-based milk alternatives in Northern Israel (expected to be completed by the end of 2025), and new logistics centers in Bror Hayil and Yotvata
- Growth in Israel across all segments, driven by innovation and a customer-centric approach
- The international coffee business achieved record revenues and operating profit in the quarter
- In Brazil, the group continues to maintain its leading competitive position in coffee and presented an improvement in its operating profit.
- Strauss Water launched a new brand in the UK, in collaboration with Culligan
- S&P Maalot affirmed the Group's iIAA+ rating with stable outlook

PETAH TIKVA, Israel, May 28, 2025 – Strauss Group Ltd. (TASE: STRS) reported its financial statements for the first quarter of 2025, highlighting significant revenue growth despite ongoing inflationary pressures in raw material costs, particularly coffee and cocoa.

Strauss Group President & CEO Shai Babad commented: "In the first quarter, Strauss Group achieved significant growth in all activities, while improving market share in main categories. This growth was driven across the board by strengthening our position as the leading coffee company in Brazil and leaning into consumer centric trends in Israel, introducing product innovation that powers our popular brands. Likewise, we have continued our commitment to Israeli industry, investing in

¹ The data presented in this document are based on the company's non-GAAP figures, which include the proportionate consolidation of jointly controlled entities and exclude the following: share-based payments; end-of-period mark-to-market valuations of open financial derivative positions used for commodity hedging; timing adjustments for gains and losses from commodity derivatives, which are deferred until the related inventory is sold to third parties; other net income and expenses; and the related tax effects, unless stated otherwise. All changes are in comparison with the corresponding period last year, unless stated otherwise.

manufacturing facilities and logistics centers in the North and South of the country. We recently laid the cornerstone for a new logistics center in Bror Hayil, and later this year we intend to launch a new production facility for plant-based milk alternatives in the North.

"The Group remains focused on the consistent execution of our strategic plan, while facing the ongoing pressure of high raw material costs and are committed to delivering sustainable growth and value to our consumers."

Key financial indicators:

NIS millions	Q1 2025	Q1 2024	% Change
Sales	2,990	2,589	+15.5%
Operating profit	181	204	-11.2%
<i>Operating margin %</i>	<i>6.0%</i>	<i>7.8%</i>	
Net profit	73	159	-54.8%
<i>Net margin %</i>	<i>2.4%</i>	<i>6.2%</i>	

Strauss Group released its financial statements for the first quarter of 2025, reporting sales of approximately NIS 3 billion, representing 15.5% growth compared to the same quarter last year. Growth was primarily driven by the international coffee business, with Brazil in particular, in addition to ongoing growth in Israel and Strauss Water, with volume growth achieved in some of the business segments.

The Group's operating profit reached NIS 181 million, 6.0% of sales, compared to NIS 204 million, 7.8% of sales in the first quarter last year. Operating profit was impacted by rising raw material costs, particularly green coffee and cocoa. Net profit amounted to NIS 73 million, 2.4% of the sales. In parallel, and as part of its strategic plan, the Group delivered operational efficiencies through the implementation of productivity initiatives. Excluding a non-recurring loss on cocoa derivatives of NIS 49m, the gross profit would have reached NIS 830m, reflecting a 27.7% margin.

Quarterly summary by operating segment:

Strauss Israel – 6.6% growth in Q1 2025

Strauss Israel concluded the quarter with revenue of NIS 1.4 billion, an increase of 6.6%, yoy. Strauss Israel's operating profit was NIS 113 million, reflecting a decline of 25.7%, yoy. The decline in profitability was mainly due to rising coffee and cocoa prices and realization of a non-recurring loss of NIS 49m on cocoa derivatives.

Health & Wellness segment sales reached NIS 742 million, up 1.5%, yoy, while the segment's operating profit reached NIS 88 million, an increase of 18.2%.

Fun & Indulgence (Snacks and Confectionery) segment sales reached NIS 394 million, up 9.2%, yoy. The segment reported an operating loss of NIS 16 million, of which NIS 49 million is attributable to the realization of non-recurring loss on cocoa derivatives.

Fun & Indulgence (Israel Coffee) segment sales reached NIS 260 million, up 19.4%, yoy, with the segment's operating profit reaching NIS 41 million, an increase of 15.5%, yoy.

Strauss International Coffee – 45.4% growth in Q1 2025

In Q1 2025, Strauss Coffee's sales reached NIS 1.4 billion, representing an increase of 45.4%, yoy. Operating profit reached NIS 55 million, an increase of 43.9%, yoy, with an operating margin of 3.9%.

The Group's coffee activity in Central Eastern Europe – Poland, Romania, Russia and Ukraine – delivered sales growth during the quarter moderated by the impact of exchange rates. Sales of the coffee company in Brazil, Três Corações (50% owned) reached NIS 1,008 million, up 56.4%, yoy, while operating profit reached NIS 30 million, an increase of 133.1%, yoy.

Strauss Water – 6.9% growth in Q1 2025

Strauss Water continued to grow in the first quarter of 2025, reaching revenues of NIS 206 million, an increase of 6.9%, yoy. Operating profit reached NIS 26 million, up 8.7%, yoy, with an operating margin of 12.5%.

The Group's water business in China (in partnership with Haier) concluded the quarter with sales of NIS 227 million, an increase of 5.2%, yoy, and reached net profit of NIS 31 million, representing an increase of 16.5%, yoy, (based on 100% ownership).

Following are key sales figures, by business segment, based on the company's management (non-GAAP) reports⁽¹⁾ (in NIS m):

	First Quarter			
	2025	2024	% Change	% Change excluding FX
Sales				
Strauss Israel				
Health & Wellness	742	731	1.5%	1.5%
Fun & Indulgence (Snacks and sweets) (2)	394	361	9.2%	9.2%
Fun & Indulgence (Coffee Israel) (2)	260	217	19.4%	19.4%
Total Strauss Israel	1,396	1,309	6.6%	6.6%
Total International Coffee⁽²⁾	1,388	954	45.4%	65.0%
Strauss Water⁽²⁾	206	193	6.9%	7.0%
Other⁽³⁾	-	133	-100.0%	-100.0%
Total Group	2,990	2,589	15.5%	20.9%

(1) The data presented in this document are based on the company's non-GAAP figures, which include the proportionate consolidation of jointly controlled entities and exclude the following: share-based payments; end-of-period mark-to-market valuations of open financial derivative positions used for commodity hedging; timing adjustments for gains and losses from commodity derivatives, which are deferred until the related inventory is sold to third parties and/or the derivative is exercised; other net income and expenses; and the related tax effects, unless stated otherwise. All changes are in comparison with the corresponding period last year, unless stated otherwise.

(2) Fun & Indulgence (Snacks and Confectionery) figures include Strauss's 50% interest in the salty snacks business. International Coffee figures include Strauss's 50% interest in the Três Corações joint venture (3C) in Brazil (a company jointly held by the Group (50%) and by the local São Miguel Group (50%)). Strauss Water EBIT figures include Strauss's interest in Haier Strauss Water (HSW) in China (49%).

(3) Comparative figures include the data for Sabra and Obela (based on 50%), which were sold during 2024.

Note: Financial data were rounded to the nearest NIS million. Percentages changes were calculated based on the exact figures in NIS thousands. The figures for total International Dips & Spreads were derived from the exact figures for Sabra and Obela, in NIS thousands.

Following are key operating profit figures, by business segment, based on the company's management (non-GAAP) reports⁽¹⁾ (in NIS m):

	First Quarter		
	2025	2024	% Change
Strauss Israel:			
Health & Wellness	88	74	18.2%
Operating Margin (%)	11.9%	10.2%	
Fun & Indulgence (Snacks and sweets) ⁽²⁾⁽⁴⁾	-16	42	-139.5%
Operating Margin (%)	-4.2%	11.5%	
Fun & Indulgence (Coffee Israel) ⁽²⁾	41	35	15.5%
Operating Margin (%)	15.7%	16.3%	
Total Strauss Israel	113	151	-25.7%
Operating Margin (%)	8.1%	11.6%	
Total International Coffee ⁽²⁾	55	38	43.9%
Operating Margin (%)	3.9%	4.0%	
Strauss Water ⁽²⁾	26	24	8.7%
Operating Margin (%)	12.5%	12.3%	
Other ⁽³⁾	-13	-9	25.8%
Total Group	181	204	-11.2%
Operating Margin (%)	6.0%	7.8%	

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(2) Fun & Indulgence (Snacks and Confectionery) figures include Strauss's 50% interest in the salty snacks business. International Coffee figures include Strauss's 50% interest in the Três Corações joint venture (3C) in Brazil (a company jointly held by the Group (50%) and by the local São Miguel Group (50%)). Strauss Water EBIT figures include Strauss's interest in Haier Strauss Water (HSW) in China (49%).

(3) Comparative figures include the data for Sabra and Obela (based on 50%), which were sold during 2024.

(4) The decrease to a loss of approximately 16 million shekels in the Fun & Indulgence (Snacks and sweets) is mainly due to a one-time loss in derivative activities.

Following are key financial data, based on the company's management (non-GAAP) reports⁽¹⁾ (in NIS m):

First Quarter			
	2025	2024	% Change
Total Group Sales	2,990	2,589	15.5%
Organic Sales Growth excluding FX	20.9%	-0.7%	
Gross Profit	781	874	-10.6%
Gross Margins (%)	26.1%	33.7%	-760 bps
EBIT	181	204	-11.2%
EBIT Margins (%)	6.0%	7.8%	-180 bps
Net Income Attributable to the Company's Shareholders	73	159	-54.8%
Net Income Margin Attributable to the Company's Shareholders (%)	2.4%	6.2%	-380 bps
EPS (NIS)	0.62	1.37	-54.8%
EBITDA	282	318	-11.1%
EBITDA Margins (%)	9.4%	12.3%	-290 bps
Operating Cash Flow	-347	-115	201.7%
Capex ⁽²⁾	-148	-163	-9.2%
Net debt	2,652	2,789	-4.9%
Net debt / EBITDA	2.3x	2.3x	0.0x

Sales

The company's sales in Q1-2025 reached NIS 2,990 million, an increase of 15.5% compared to the first quarter of 2024. Excluding the impact of exchange rates, sales increased by 20.9%.

During 2024, the company completed several divestments, including the sale of the coffee business in Serbia, the fresh vegetables business in Bror Hayil, and the international dips and spreads business (Sabra & Obela). Excluding these discontinued operations, sales increased by 23.3%.

Sales growth was largely driven by price increases across several categories and geographies, implemented in response to rising raw material costs. In addition, the Fun & Indulgence (Snacks and Confectionery) and the Fun & Indulgence (Israel Coffee) segments recorded growth due to higher sales volumes, the timing of Passover, and recovery from the war. Growth was also achieved in the International Coffee segment following price increases, which was moderated by the negative impact of exchange rates with the strengthening of the shekel against all currencies, particularly the Brazilian Real.

Gross profit

Gross profit in Q1 2025 declined by 10.6% reaching NIS 781 million, 26.1% of sales, compared to gross profit in Q1-24 of NIS 874 million, 33.7% of sales. The decline in gross profit and gross margin was primarily driven by higher raw material costs (particularly cocoa and green coffee), the sale of the dips and spreads business and realization of a non-recurring loss of NIS 49m on cocoa derivatives. These effects were partially offset by the growth in sales.

Operating profit

Operating profit in Q1-2025 declined by 11.2% to NIS 181 million, representing 6.0% of sales, compared to operating profit Q1-2024 of NIS 204 million, 7.8% of sales. The decline in operating profit and the operating margin was due to the lower gross profit, moderated by productivity initiatives implemented by the company, lower selling and marketing expenses in the Israel and International Coffee segments, reduced IT and payroll expenses, and the divestment of the dips and spreads business.

Income attributable to shareholders of the company

In Q1-2025, income attributable to shareholders of the company amounted to NIS 73 million, representing 2.4% of the sales, in comparison to NIS 159 million, 6.2% of sales in Q1-2024. The decline was primarily the result of lower operating profit and timing differences in tax expenses.

Following are key financial data, based on the company's GAAP reports (in NIS m):

First Quarter			
	2025	2024	% Change
Sales	1,887	1,726	9.3%
Cost of sales excluding impact of commodity hedges	1,299	1,090	19.1%
Adjustments for commodity hedges	-24	71	
Cost of sales	1,275	1,161	9.8%
Gross profit	612	565	8.3%
% of sales	32.4%	32.7%	
Selling and marketing expenses	340	353	-3.7%
General and administrative expenses	121	129	-6.3%
Total expenses	461	482	-4.4%
Share of profit of equity-accounted investees	47	36	30.8%
Share of loss of equity-accounted incubator investees	-8	-2	300.0%
Operating profit before other expenses	190	117	62.6%
% of sales	10.1%	6.8%	
Other expenses, net	-9	-50	
Operating profit after other expenses	181	67	168.6%
Financing expenses, net	-13	-17	-26.3%
Income before taxes on income	168	50	235.9%
Taxes on income	-57	21	
Effective tax rate	34.2%	-41.4%	
Income for the period	111	71	56.3%
Attributable to the Company's shareholders	86	51	67.8%
Attributable to non-controlling interests	25	20	26.4%

Webinar Earnings Call

On Wednesday, May 28th, 2025, at 14:00 Israel time/12:00 UK time/7:00 a.m. ET, Strauss Group will host a webinar earnings call in Hebrew to review the financial statements of the company. The webinar will be hosted by the company's management.

To participate in the webinar please use the following link:

https://us02web.zoom.us/webinar/register/WN_HKRrOy-DRMWH_SB20yFWpQ

Webinar ID: 812 7646 3271

In addition, on Wednesday, May 28th, 2025, at 15:30 Israel time/13:30 UK time/8:30 a.m. ET, Strauss Group will host a webinar earnings call in English to review the financial statements of the company. The webinar will be hosted by the company's management.

To participate in the webinar please use the following link:

https://us02web.zoom.us/webinar/register/WN_G0MuVsWURli-GYlrSEOjAg

Webinar ID: 871 1664 0032

Questions for the questions and answers session may be submitted in advance to:

ir@strauss-group.com

Management's review will be accompanied by a presentation which will be available on the Investor Relations section of our website on Wednesday, May 28th, 2025:

<https://ir.strauss-group.com/company-presentations/quarterly-presentations/>

Strauss Group's Q1 2025 earnings press release and financial statements will be available on the Company's website:

<https://ir.strauss-group.com/financial/>

<https://ir.strauss-group.com/earning-releases/>

A recording of the webinar will be available on the company's website shortly following the webinar.

Unofficial Translation from Hebrew

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Forward Looking Statement Disclaimer

This press release does not constitute an offering to purchase or sell securities of Strauss Group Ltd. (the "Company") or an offer for the receipt of such offerings. The press release's sole purpose is to provide information. The Information provided in the press release concerning the analysis of the Company's activity is only an extract, and in order to receive a complete picture of the Company's activity and the risks it faces, one should review the Company's reports to the Israel Securities Authority and the Tel Aviv Stock Exchange .

The press release may contain forward-looking statements as defined in the Israeli Securities Law, 5728-1968. All forward-looking statements in this press release are made based on the Company's current expectations, evaluations and forecasts, and actual results may differ materially from those anticipated, in whole or in part, as a result of different factors including, but not limited to, changes in market conditions and in the competitive and business environment, regulatory changes, currency fluctuations or the occurrence of one or more of the Company's risk factors. In addition, forward-looking forecasts and evaluations are based on information in the Company's possession while preparing the press release. The Company does not undertake any obligation to update forward-looking forecasts and evaluations made herein to reflect events and/or circumstances that may occur after this press release was prepared.

GAAP to Non-GAAP Reconciliations

In addition to reporting financial results in accordance with generally accepted accounting principles (GAAP), the Company provides non-GAAP operating results which include the results of jointly controlled entities as if they were proportionately consolidated. Strauss Group has a number of jointly controlled companies: the Três Corações joint venture (3C) - Brazil (a company jointly held by Strauss Group (50%) and by the São Miguel Group (50%) in Brazil), Strauss Frito-Lay Ltd. (a 50%/50% JV with PepsiCo Frito-Lay in Israel) and until the completion of the sale in December 2024, Sabra Dipping Company (a 50%/50% JV with PepsiCo in the U.S. and Canada)("Sabra"), and PepsiCo Strauss Fresh Dips & Spreads International⁽¹⁾ (a 50%/50% JV with PepsiCo outside the U.S. and Canada) ("Obela"). For more information on this sale, please refer to the Description of the Company's Business Report for 2024, section 11.1.

In addition, non-GAAP figures exclude any share-based payments, mark to market of commodity hedging transactions as at end-of-period, other expenses or income and taxes referring to these adjustments.

Company Management believes that these measures provide investors with transparency by helping to illustrate the underlying financial and business trends relating to the Company's results of operations and financial position and comparability between current and prior periods. Management uses these measures to establish and monitor budgets and operational goals and to evaluate the performance of the Company. Please see the GAAP to non-GAAP reconciliation tables in the Company's MD&A Report for a full reconciliation of the Company's GAAP to non-GAAP results.