



Strauss Group LTD.

# Quarterly Report

## as of June 30, 2025



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

[WWW.STRAUSS-GROUP.CO](http://WWW.STRAUSS-GROUP.CO)

# Table of Contents



Introduction

Description of the Company's Business

Board of Directors' Report on the Status of the Company's Affairs

Financial Statements as of June 30, 2025

Separate Financial Information as of June 30, 2025

Quarterly Report on the Effectiveness of Internal Control Over Financial Reporting and Disclosure

Attachment of the Financial Statements of an Associate Under Regulation 44 of the Securities Regulations, 1970

# Table of Contents

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## Chapter A | Introduction

Strauss Group – Company Profile

Summary of Financial Performance

Definitions

## Chapter B | Description of the Company's Business Report

Update to the Chapter Description of the Company's Business in Strauss Group's Periodic Report

## Chapter C | Board of Directors' Report on the State of the Company's Affairs

Table of Contents – Board of Directors' Report on the State of the Company's Affairs

Explanations by the Board of Directors Regarding the Status of the Company's Business Affairs

Changes in the Economic Environment

Results of Business Operations

Liquidity, Sources of Finance and Financial Position

Aspects of Corporate Governance

## Chapter D | Financial Statements as of June 30, 2025

Statement of Financial Position

Statements of Income

Statements of Comprehensive Income

Statements of Changes in Equity

Statements of Cash Flows

Notes to the Financial Statements

## **Chapter E | Separate Financial Information as of June 30, 2025**

Information on Financial Position

Information on Income

Information on Comprehensive Income

Information on Cash Flows

Additional Information

## **Chapter F | Quarterly Report on the Effectiveness of Internal Control Over Financial Reporting and Disclosure**

## **Chapter G | Attachment of Financial Statements of an Associate Under Regulation 44 of the Securities Regulations, 1970**



Strauss Group Ltd.

# Introduction

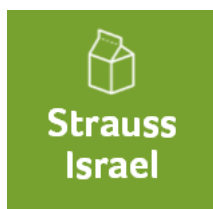
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# Company Profile

**Strauss Group** is a conglomerate of industrial and commercial companies operating in Israel and abroad, primarily engaged in the development, production, marketing and sale of a variety of branded food and beverage products. The Group is also active in the development, marketing, servicing and sale of water filtration, purification and carbonation products for home and office use. The Group is guided by its purpose 'Nourishing a Better Tomorrow'. Strauss was established in 1933 and is now listed on the Tel Aviv Stock Exchange's flagship index, the TA-35 Index, which includes the largest public companies in Israel. According to non-GAAP financial measures, Strauss's total global annual revenues in 2024 were over NIS 11.2 billion. Strauss is active in 11 countries and operates 24 production sites.

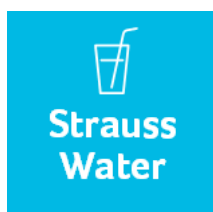
## The Group's areas of activity



The second-largest food and beverage group in Israel in terms of sales turnover (based on StoreNext<sup>1</sup> data). Strauss Israel encompasses 11 business segments; operates 14 sites, which include production plants and logistics centers; and has 5,800 employees.



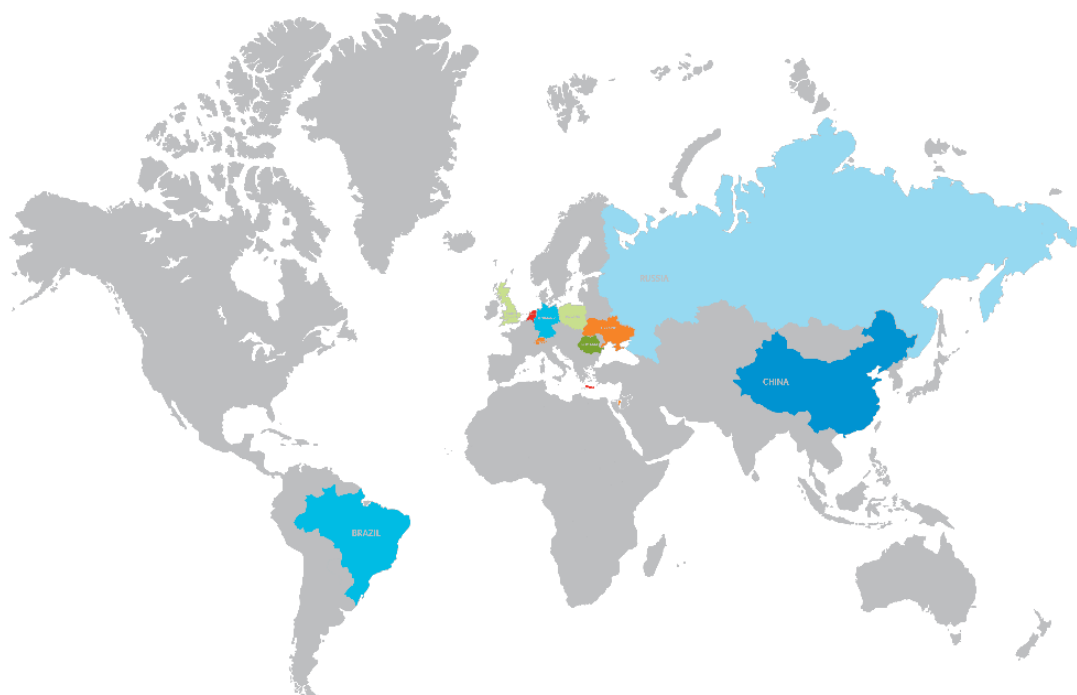
The group's coffee operations (including 100% of the activities of the joint venture Tres Corsoas (JV)) rank third in the global retail coffee market in terms of market share (according to Euromonitor for 2024). Strauss Coffee is active in Brazil, Russia, Ukraine, Poland, Romania, Germany, Holand and Switzerland.



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

<sup>1</sup> The data for the 2025 year has been adjusted to reflect the correct calculations according to the Storenext report published on July 8, 2025.

## Global presence



**Strauss Israel**  
Israel



**Strauss Coffee**  
Holland  
Brazil  
Romania  
Switzerland  
Poland  
Germany  
Ukraine  
Russia



**Strauss Water**  
Israel  
China  
UK

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## 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 Q2 2025 Financial Performance

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

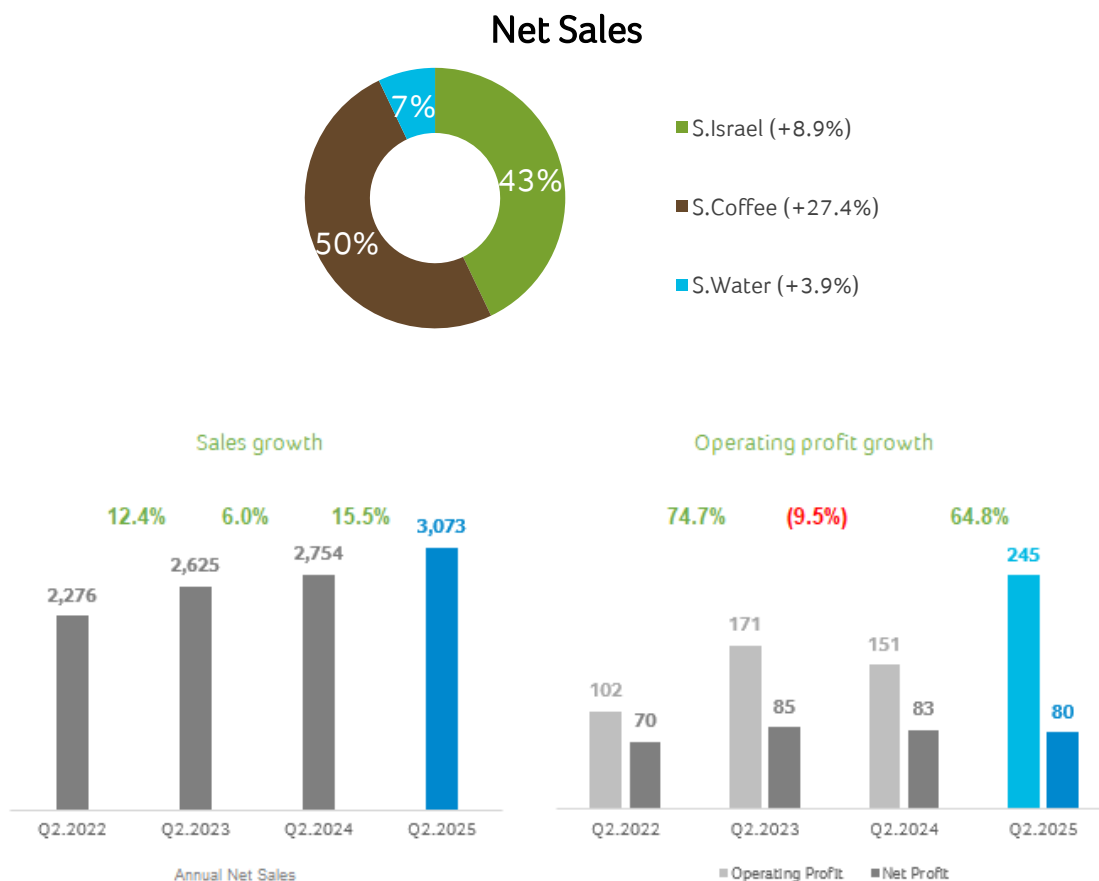
<b>3,073</b> <b>NIS millions</b> Net sales	<b>15.5%</b> *Growth excluding foreign currency effects	<b>11.5%</b> Total growth in sales
<b>245</b> <b>NIS million</b> Operating profit	<b>64.8%</b> *Change in operating profit YoY	<b>8.0%</b> Operating margin
<b>80</b> <b>NIS million</b> Profit attributable to shareholders	<b>-1.8%</b> *Change in profit attributable to shareholders	<b>NIS 0.69</b> Earnings per share
<b>349</b> <b>NIS million</b> EBITDA	<b>34.7%</b> *Change in EBITDA YoY (Excluding currency effects)	<b>51</b> <b>NIS million</b> Operating cash flows
<b>-89</b> <b>NIS million</b> Free cash flow	<b>30</b> <b>NIS million</b> *Change in free cash flows from operations YoY	<b>37</b> <b>NIS million</b> *Change in cash flows from operations YoY

\* Compared to the corresponding quarter of the previous year.

## Selected financial data for the H1 &amp; Q2 2025:

NIS million	H1-2025	H1-2024	Change	% change	Q2-2025	Q2-2024	Change	% change
Sales	6,063	5,343	720	13.5%	3,073	2,754	319	11.5%
Growth excluding foreign currency effects	18.1%	2.7%			15.5%	6.0%		
Gross profit – non-GAAP	1,649	1,715	(66)	(3.9%)	868	841	27	3.2%
% of sales	27.2%	32.1%			28.3%	30.5%		
Total operating expenses	1,228	1,372	(144)	(10.4%)	622	692	(70)	(10.0%)
Company's share of profit of equity-accounted investees	23	22	1	6.6%	9	10	(1)	(9.7%)
Operating profit before profit of incubator investees	444	365	79	21.6%	255	159	96	60.4%
Share of profit (loss) of equity-accounted incubator investees	(18)	(10)	(8)	71.2%	(10)	(8)	(2)	21.8%
Operating profit – non-GAAP	426	355	71	19.8%	245	151	94	60.8%
% of sales	7.0%	6.7%			8.0%	5.5%		
Financing expenses, Net	(112)	(55)	57	103.2%	(86)	(29)	57	194.2%
Income before tax – non-GAAP	314	300	14	4.5%	159	122	37	29.5%
Taxes on Income	(109)	(19)			(52)	(20)		
Income for the period – non-GAAP	205	281	(76)	(27.2%)	107	102	5	5.7%
Income attributable to shareholders of the company	153	242	(89)	(36.7%)	80	83	(3)	(1.8%)
% of sales	2.5%	4.5%			2.6%	3.0%		
Income attributable to non-controlling interests	52	39	13	32.2%	27	19	8	37.9%
EPS (NIS)	1.31	2.07	(0.8)	(36.7%)	0.69	0.71	(0.0)	(1.9%)

## Segmentation of net sales in the Q2 2025 period



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

# Definitions

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

<b>"Strauss" / the "Company"</b>	Strauss Group Ltd.
<b>"Strauss Group" / the "Group"</b>	Strauss Group Ltd. and companies controlled by it, including joint control.
<b>"Strauss Holdings"</b>	Strauss Holdings Ltd.
<b>"Controlling shareholders"</b>	For information, see section 1 in the Chapter Description of the Company's Business in Strauss Group's Periodic Report.
<b>"Strauss Coffee"</b>	Strauss Coffee B.V.
<b>"São Miguel"</b>	São Miguel Holding e Investimentos S.A.
<b>"Três Corações (JV)"</b>	A joint venture in Brazil, held by the Group (50%) and by a local holding company, São Miguel Holding e Investimentos S.A. (50%).
<b>"Sabra"</b>	Sabra Dipping Company LLC.
<b>"Obela"</b>	PepsiCo-Strauss Fresh Dips & Spreads International GmbH.
<b>"Danone"</b>	Compagnie Gervais Danone S.A. of France.
<b>"PepsiCo" / "PepsiCo, Inc."</b>	The American conglomerate Pepsico, Inc.
<b>"PepsiCo Europe"</b>	A subsidiary of PepsiCo, PepsiCo Investments Europe (I) B.V.
<b>"PRB"</b>	PRB Luxembourg, a subsidiary of PepsiCo
<b>"Haier"</b>	Haier Group Corporation of China.
<b>"HSW"</b>	Qingdao HSW Health Water Appliance Co. Ltd.
<b>The "Stock Exchange" / "TASE"</b>	The Tel Aviv Stock Exchange Ltd.
<b>The "Financial Statements"</b>	The financial statements of the Company, as defined in section 5 of the Description of the Company's Business Report for the year 2024.
<b>The "Non-GAAP Reports" / "Non-GAAP Management Reports"</b>	The Company's non-GAAP reports, as defined in section 5 of the Description of the Company's Business Report for the year 2024.

The <b>"Milk Law"</b>	The Milk Sector Planning Law, 2011
The <b>"Packaging Law"</b>	Regulation of Processing of Packaging Law, 2011
The <b>"Food Law"</b>	Promotion of Competition in the Food Sector Law, 2014
<b>"StoreNext"</b>	<p>StoreNext, a company specializing in measuring the FMCG market within the barcoded retail sector (including major supermarket chains, barcoded private minimarkets, and independent retail chains). According to information shared by StoreNext: As of the end of May 2024, the Shufersal chain ceased transmitting checkout data to StoreNext. Additionally, around mid-September 2024, the Rami Levy chain announced the termination of its engagement with StoreNext. Accordingly, adjustments have been made to StoreNext's statistical model to continue optimally reflecting market sales volumes and trends. However, it should be noted that these are estimates only and not actual data.</p>
<b>"Nielsen"</b>	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.
<b>"Euromonitor"</b>	Euromonitor International is a provider of strategic market research, creating data and analysis on products and services around the world.
<b>"ICE"</b>	<p>Intercontinental Exchange, Inc. (ICE) is a provider of commodity data, which generates and provides analyses of commodities.</p> <p><a href="https://www.theice.com/index">https://www.theice.com/index</a></p>
<b>"Bloomberg"</b>	Bloomberg is a private company that provides financial services in the fields of software, media, and information. Bloomberg holds a one-third share of the global financial information market.
<b>"Mintel"</b>	Mintel is an online information platform specializing in consumer insights and trends, product launches, and business intelligence, primarily in the global consumer goods and personal care sectors.
<b>"USD" or the "Dollar"</b>	United States Dollar
<b>"Coffee company in Serbia"</b>	Strauss Adriatic d.o.o



Strauss Group Ltd.

# Update of the Description of the Company's Business





Unofficial Translation from Hebrew

# Update of the Description of the Company's Business Chapter in the 2024 Annual Report<sup>1</sup> of Strauss Group Ltd (hereinafter: the "Company") (hereinafter: the "Annual Report").

In accordance with Regulation 39A of the Securities Regulations (Periodic and Immediate Reports), 1970, presented below is an overview of material developments that occurred in the Company's business in the six months ended June 30, 2025 and through to the publication date of the report, for which no disclosure has yet been made in the Annual Report. This update refers to the section numbers in the Description of the Company's Business chapter as well as to several regulations in the Additional Information on the Corporation chapter in the Company's 2024 Annual Report ("**Description of the Company's Business Report**" and "**Additional Information Report**", respectively), and is presented according to the order of the sections in said reports. It should be noted that the terms used in this chapter shall have the meaning ascribed to them in the Annual Report, unless expressly stated otherwise.

## 1. Section 1.1 of the Description of the Company's Business Report – The Group's Activities and a Description of the Development of its Business

For details regarding a change in the holdings of the controlling shareholder Strauss Holdings Ltd. ("Strauss Holdings"), see section 2 below.

## 2. Section 3 of the Description of the Company's Business Report – Investments in the Company's Equity and Transactions with its Shares

On July 3, 2025, Strauss Holdings Ltd. sold 2,282,000 shares, constituting approximately 2% of the Company's issued and outstanding share capital at that time, in an off-exchange transaction, as detailed in its immediate report on changes to holdings of interested parties and senior officers dated July 3, 2025 (Ref. No: 2025-01-048643).

<sup>1</sup>As published on March 25, 2025 (Ref. No: 2025-01-019985) and the amending report of March 26, 2025 (Ref. No: 2025-01-020788).



Unofficial Translation from Hebrew

### **3. Section 4 of the Description of the Company's Business Report – Dividend Distribution**

On February 17, 2025, the Board of Directors approved the payment of a dividend to shareholders totaling NIS 200 million for the sale transaction of the Company's holdings in Sabra and Obela to PepsiCo. For information on the dividend distribution, see the immediate report of February 18, 2025 (Ref. No: 2025-01-011253) and also Note 4.1 to the Condensed Consolidated Interim Financial Statements of the Company as of June 30, 2025.

On March 24, 2025, the Company's Board of Directors approved the payment of a cash dividend to the shareholders of NIS 160 million for the 2024 annual period. For information on the dividend distribution, see the immediate report of March 25, 2025 (Ref. No: 2025-01-019982), the supplementary immediate report on the final dividend per share dated March 31, 2025 (Ref. No: 2025-01-022614) and also Note 4.2 to the Condensed Consolidated Interim Financial Statements of the Company as of June 30, 2025.

### **4. Section 17 of the Description of the Company's Business Report – Financing**

#### **Section 17.2 – Reportable Credit**

On June 22, 2025, the Company completed the issuance of debentures (Series F) by way of a series expansion of approximately 547,169,000 units of debentures (Series F). The (gross) consideration received by the Company for said expansion of Series F is approximately 464 million NIS. For more information, see the immediate report of June 19, 2025, regarding the results of the offering (Ref. No: 2025-01-043939) and the immediate report regarding the Company's capital structure, issuance of rights to acquire shares and security registers and changes thereto of June 22, 2025 (Ref. No: 2025-01-044108), the information therein is included in this report by way of reference.

#### **Section 17.5 – Credit Rating**

On April 3, 2025, the Company announced that S&P Global Ratings Maalot Ltd. (Maalot) ratings agency had affirmed the iIAA+ rating of the Company and its debentures with a stable outlook. For more information, see the immediate report published by the Company on April 3, 2025 (Ref. No: 2025-01-024722). On June 16, 2025, the Company announced that Midroog ratings agency had left the Aa1.il rating for the Company's debentures unchanged and changed the rating outlook from negative to stable, for further information, see the immediate report of June 16, 2025 (Ref. No: 2025-01-042952).

On June 18, 2025, the Company announced that S&P Global Ratings Maalot Ltd. (Maalot) ratings agency had given an iIAA+ rating with a stable outlook for the issuance of debentures (Series F)





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through a series expansion of up to NIS 550 million par value. For further information, see the immediate report of June 18, 2025 (Ref. No: 2025-01-043405). On June 18, 2025, the Company announced that Midroog ratings agency had given an Aa1.il rating with a stable outlook for the issuance of debentures (Series F) through a series expansion of up to NIS 550 million par value. For further information, see the immediate report of June 18, 2025 (Ref. No: 2025-01-043451)<sup>2</sup>.

### **5. Section 20.4.3 of the Description of the Company's Business Report – Israel Competition Authority Investigation**

On April 3, 2025, the Company and former senior office holders received notices from the Competition Authority regarding the closing of an investigation against the Company and former senior office holders involving a suspicion of crimes under the Economic Competition Law, 1988 (suspicions of an attempted restrictive trade arrangement through a public announcement in the Company's Q1 2021 quarterly report). For further details see the immediate report of April 3, 2025 (Ref. No: 2025-01-024729) and Note 6.7 to the Condensed Consolidated Interim Financial Statements of the Company as of June 30, 2025.

### **6. Section 22 of the Description of the Company's Business Report – Legal Proceedings**

For updates see Note 6 to the Company's Condensed Consolidated Interim Financial Statements as of June 30, 2025.

### **7. Regulation 21 in the Additional Information Report – Payments to Interested Parties and Senior Officers of the Company**

For details regarding the general meeting resolution of July 14, 2025, regarding amending the terms of service and employment of the Company's CEO, Mr. Shai Babad, in accordance with the changes to the Company's amended remuneration policy and the Company entering a consulting agreement with Mr. Shaul Kobrinsky, the deputy chairman, see section 12 below.

### **8. Regulation 22 in the Additional Information Report – Transactions with a Controlling Shareholder**

On July 14, 2025, the annual and extraordinary general meeting of the Company approved, inter alia: Amending and extending the terms of office of the Company's chairperson, Ms. Ofra Strauss; the terms

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<sup>2</sup> To provide a full picture it should be noted that both rating reports of June 18, 2025, were update notifications of earlier rating announcements by these companies, that said rating is for the issuance of debentures (Series F) by way of a series expansion of up to NIS 550 million par value, rather than NIS 350 million par value which had been rated earlier.



## Unofficial Translation from Hebrew

of office of Mr. Adi Strauss as a director of the Company; the terms of employment of Ms. Yasmin Lahat, the daughter of Ms. Ofra Strauss, one of the Company's controlling shareholders, as a project manager at the Group's OT (operations and supply chain) head-office effective as of May 11, 2025; granting updated letters of undertaking to indemnify controlling shareholder directors and the CEO of the Company, under the same terms and conditions and including the same language as the amended letter of indemnification granted to the Company's other directors and office holders. For further details, see the Company's immediate report dated June 3, 2025, regarding the convention of the general meeting and the supplementary report regarding the deferral of the meeting from July 8, 2025 (Ref. No: 2025-01-039899 and 2025-01-050287, respectively), and the Company's immediate report of July 15, 2025, regarding the results of the general meeting and its amending report dated July 22, 2025 (Ref. No: 2025-01-052235 and 2025-01-054290), which are hereby included by way of reference.

## 9. Regulation 24 in the Additional Information Report – Holdings of Interested Parties and Senior Officers

For information on the status of holdings of interested parties and office holders as of June 30, 2025, see the Company's immediate report of July 7, 2025 (Ref. No: 2025-01-049279). For details regarding the Company's immediate reports about a new interested party of the Company, see section 11 below and the immediate reports of July 3, 2025 and July 21, 2025 (Ref. No: 2025-01-048240 and 2025-01-054269), whose details are included herein by way of reference.

## 10. Regulation 26 in the Additional Information Report – Directors of the Corporation

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

On July 14, 2025, the annual and extraordinary general meeting of the Company approved the reappointment of Ms. Dorit Salinger and Ms. Dalia Lev for a third term in office as external directors of the Company, effective as of the end of the second term in office (i.e., for a three year term commencing on August 13, 2025). For further details, see the Company's immediate report dated June 3, 2025, regarding the convention of the general meeting and the supplementary report regarding the deferral of the meeting from July 8, 2025 (Ref. No: 2025-01-039899 and 2025-01-050287, respectively), and the Company's immediate report of July 15, 2025, regarding the results of the general meeting and its amending report dated July 22, 2025 (Ref. No: 2025-01-052235 and 2025-01-054290), which are hereby included by way of reference.



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### 11. Regulation 26A in the Additional Information Report – Senior Officers

On April 30, 2025, Mr. Ariel Chetrit concluded his role at the Company as CFO, and on May 1, 2025, Mr. Tobi Fischbein commenced his role as CFO. (For more information see the immediate reports of April 2, 2025, Ref. No: 2025-01-024255 and 2025-01-024258, the immediate report of May 4, 2025, Ref. No: 2025-01-030746), and the immediate report of July 21, 2025, regarding Mr. Fischbein becoming an interested party of the Company (Ref. No: 2025-01-054269).

During the reporting period Ms. Linda Cohen Rofe was appointed SVP for Strategy and Transformation. For more information see the immediate report with a summary table of senior officers published concurrently with this report and the immediate report of July 3, 2025, about her being an interested party (Ref. No: 2025-01-048240).

### 12. Regulation 29(C) in the Additional Information Report – Extraordinary General Meeting Resolutions

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

On July 14, 2025, the annual and extraordinary general meeting of the Company approved, inter alia: the amended remuneration policy for senior officers of the Company for a three-year period commencing as of the date of the general meeting; the amended terms of service and employment of the Company's CEO, Mr. Shai Babad; amending and extending the terms of office of the Company's chairperson, Ms. Ofra Strauss; the terms of office of Mr. Adi Strauss as a director of the Company, including extending the validity of the letter of indemnity and renewing the grant of a letter of release for an additional three-year period as of the approval date of the general meeting; the terms of employment of Ms. Yasmin Lahat, the daughter of Ms. Ofra Strauss, one of the Company's controlling shareholders, the execution of a consulting agreement with Mr. Shaul Kobrinsky, the deputy chairman or with a company wholly owned and controlled by him; granting updated letters of undertaking to indemnify controlling shareholder directors and the CEO of the Company, under the same terms and conditions and including the same language as the amended letter of indemnification granted to the Company's other directors and office holders. For further details, see the Company's immediate report dated June 3, 2025, regarding the convention of the general meeting and the supplementary report regarding the deferral of the meeting from July 8, 2025 (Ref. No: 2025-01-039899 and 2025-01-050287, respectively), and the Company's immediate report of July 15, 2025, regarding the results of



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the general meeting and its amending report dated July 22, 2025 (Ref. No: 2025-01-052235 and 2025-01-054290), which are hereby included by way of reference.

### **13. Regulation 26A in the Additional Information Report – Company Resolutions**

For details regarding the general meeting resolution of July 14, 2025, regarding extending the validity of the letter of undertaking to indemnify and renew the grant of a letter of release to Mr. Adi Strauss and the grant of amended letters of undertaking to indemnify controlling shareholder directors, the grant of amended letters of undertaking to indemnify senior officers of the Company and the Company CEO, see section 12 above.

Date: August 25, 2025

Names and titles of signatories:

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**Strauss Group Ltd.**

Ofra Strauss, Chairperson of the Board of Directors

Shai Babad, President and CEO



Strauss Group Ltd.

# Board of Directors' Report on the State of the Company's Affairs As of June 30, 2025

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## Table of Contents – Board of Directors’ Report on the State of the Company’s Affairs

	Page
<b>EXPLANATIONS BY THE BOARD OF DIRECTORS ON THE STATE OF THE COMPANY’S BUSINESS AFFAIRS</b>	<b>C-3</b>
1. General	C-3
2. Principal information from the description of the Company’s business affairs	C-3
<b>CHANGES IN THE ECONOMIC ENVIRONMENT</b>	<b>C-8</b>
3. The “Swords of Iron” war and operation “Rising Lion”	C-8
4. The Russia-Ukraine war	C-9
5. Prices of raw materials and other production inputs	C-9
6. Energy prices	C-10
7. Exchange rate fluctuations	C-11
8. Inflation	C-12
9. Interest	C-13
10. Regulatory developments in Israel	C-13
11. Business regulation and changes in the food sector in Israel	C-15
<b>OPERATING RESULTS</b>	<b>C-16</b>
12. Operating results	C-16
13. Adjustments for the management (non-GAAP) reports	C-22
14. Condensed statement of financial position	C-26
15. Key comparative financial data according to the non-GAAP reports	C-27
16. Sales	C-30
17. Gross profit	C-31
18. Operating profit	C-32
19. Other comprehensive profit	C-34
20. Analysis of the results of the Group’s major business units	C-35
<b>LIQUIDITY, SOURCES OF FINANCE AND FINANCIAL POSITION</b>	<b>C-52</b>
21. Liquidity	C-53
22. Disclosure on the examination of warning signs for a working capital deficit	C-57
23. Information on debenture series	C-58
<b>ASPECTS OF CORPORATE GOVERNANCE</b>	<b>C-59</b>
24. Sustainability, CSR, social investment and donations	C-59
25. Aspects of corporate governance	C-60
26. Effectiveness of internal control	C-60
27. Events after the reporting period	C-60

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

### 1. General

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The Board of Directors of Strauss Group Ltd. (the "**Company**") respectfully submits herewith the Board of Directors Report for Q2 2025, in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970.

The review presented below is abbreviated, referring to material events and changes in the state of the Company's business affairs during the reporting period, and this report should be reviewed together with the Description of the Company's Business Report, the Financial Statements and the Board of Directors Report on the State of the Company's Business Affairs in the periodic report as of December 31, 2024, as published on March 25, 2025 and amended on March 26, 2025 (Ref. No: 2025-01-019985 and 2025-01-020788, respectively) (the "2024 Annual Report"), as well as with the Description of the Company's Business Report, the Financial Statements and Board of Directors Report on the State of the Company's Business Affairs for Q1 2025, as published on May 28, 2025 (Ref. No: 2025-01-037998).

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

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#### 2.1. Overview of the operating segments in 2025

As of the reporting date, the Group is engaged in five key areas of activity, which are reported as business segments as described in Note 3 to the Condensed Consolidated Interim Financial Statements of the Company as of June 30, 2025. Three of the operating segments are concentrated under the Israel Activity: Health & Wellness; Fun & Indulgence (Snacks and Confectionery); and Fun & Indulgence (Israel Coffee). The Group also has two other operating segments (International Coffee and Strauss Water).<sup>1</sup>

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<sup>1</sup> In addition to the operating segments described above, the Group has various activities that are immaterial to its business, which fall short of the quantitative threshold for presentation in the Company's financial statements as reportable segments or which fail to meet the criteria for aggregate and separate presentation as a reportable segment; these are included in the Financial Statements as of June 30, 2025 as "other activities".



Further to the approval of the Group's 2024-2026 updated strategy, several changes were made to the operating segments to align them with how the segmental information regarding the Group's operating segments is presented, which are based on the Group's internal management (non-GAAP) reports (the "**management reports**").

Accordingly, since the financial statements as of March 31, 2024, the responsibility for the Israel Coffee activity has been transferred from the Coffee Activity to the Israel Activity, under the Fun & Indulgence (Israel Coffee) segment. Additionally, the International Dips & Spreads activity was included under the Group's other activities until it was sold as described in section 20.4.1 below, since it did not amount to a reportable segment. This activity was accordingly included in the comparison figures.

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

- **Wyler Farms merger agreement and the Commissioner's ruling** - Further to that stated in section 2.2 of the 2024 Annual Board of Directors Report regarding a determination made by the Commissioner of the Competition Authority of a breach pursuant to section 19 of the Economic Competition Law, 1988 (the "**Economic Competition Law**") and the imposition of a financial penalty on the Company totaling approximately NIS 111 million, and the imposition of a financial penalty on its former office holders, on November 19, 2024, the Commissioner agreed to the Company's request to split the payment of the financial penalty into ten equal monthly installments as provided in section 50J(b) of the Economic Competition Law. Since Q4 2024 and as of the reporting date, the Company has paid nine installments totaling NIS 11 million each on account of the financial penalty. The Company submitted an appeal on the determination on January 23, 2025. On February 11, 2025, the Commissioner submitted a joint motion to consolidate the hearing of the appeal together with two other appeals on the matter. The Competition Authority submitted its response to the appeals on May 12, 2025. On June 26, 2025, the Company submitted a written request to the Commissioner to receive documents and particulars which it believes are necessary to prepare its reply to the Commissioner's response to the appeal (the "**reply**"). Following this request and a discussion with the Commissioner, on July 16, 2025, the Company submitted to the tribunal a consensual motion for leave to submit a reply to the response. As of the publication date of the report, the tribunal has not yet rendered a decision on this motion. It should be clarified that the Company disputes the Commissioner's position and is of the opinion that its actions as far as the arguments made against the Company were legal. The Company's legal counsel assesses that the likelihood is greater that the appeal, which asserts that the Company did not breach the



law, will be accepted than of it being rejected. For more information, see Note 6.5 to the Condensed Consolidated Interim Financial Statements as of June 30, 2025.

- **Motions for discovery and production of documents filed to examine bringing a derivative action associated with the Competition Commissioner's above ruling** - Further to that stated in section 2.2 of the 2024 Annual Board of Directors Report regarding the motions for discovery, on April 7, 2025, the Company filed a motion to stay the proceedings due to an appeal of the financial penalty it had submitted to the Competition Tribunal. A hearing on the motion to stay was held on June 30, 2025, at which the court ruled with the parties' consent that the hearing of one of the motions will be stayed at this stage. The Company is to submit an update on the matter by January 1, 2026. For further details see Note 6.6 to the Condensed Consolidated Interim Financial Statements as of June 30, 2025.
- **Independent committee (recall)** - Further to that stated in section 2.2 of the 2024 Annual Board of Directors Report, regarding the submission of six motions for discovery and production of documents under section 198A of the Companies Law, 1999, for the purpose of examining the possibility of submitting a motion to bring a derivative action against officers and senior parties in the Company, on June 24, 2025, a representative of the Attorney General submitted a joint motion for an extension to submit the Attorney General's position on a motion to approve a settlement agreement within 3 weeks from the end of the state of emergency at the courts as announced by the Minister of Justice. The Company opposed the motion. On July 8, 2025, the representative of the Attorney General submitted a motion for an extension to submit its position on the motion to approve the settlement agreement. On July 21, 2025, the court ruled that the position of the representative of the Attorney General shall be submitted by September 21, 2025, the respondents' response to the position shall be submitted by October 21, 2025, and a hearing on the motion to approve the settlement agreement shall be held on October 22, 2025. For further details see Note 6.4 to the Condensed Consolidated Interim Financial Statements as of June 30, 2025.
- **Update about the implementation of the Company's strategy** - On March 25, 2024, the Board of Directors approved a revision of the Company's strategy for 2024-2026 as described in sections 16 and 23 of the Description of the Company's Business Report for 2024.

As part of the strategy, the Group established financial targets for itself, including significant productivity activity to achieve across-the-board improved annual

operating profit (EBIT) of NIS 300-400 million, expected to be fully achieved in 2026. In this regard, the Company is implementing various measures, which are not part of a closed list, which are part of the productivity activity:

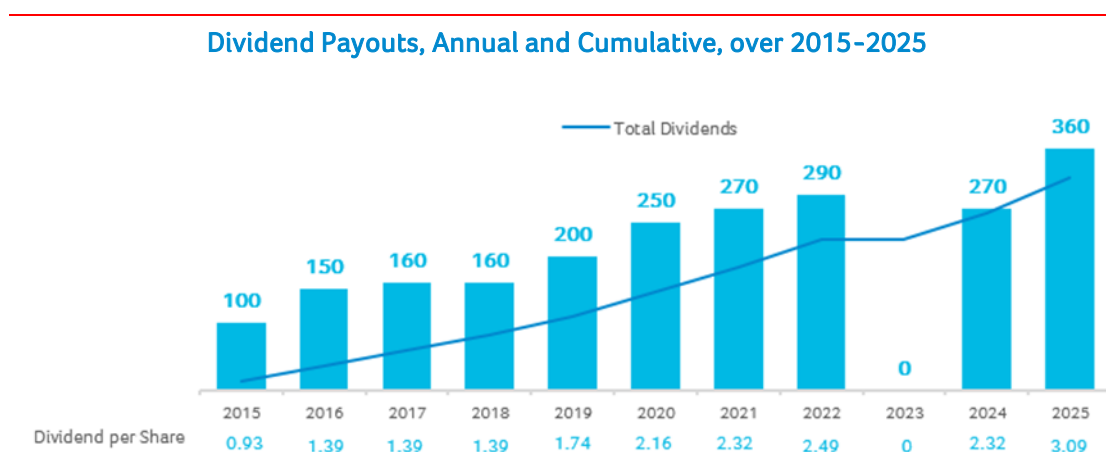
- With the supply chain:
  - o Strategic procurement and implementation of supply chain resilience processes through the optimization of procurement processes, including sales and operations planning (S&OP), direct procurement, supplier diversification, and more.
  - o Operational excellence at manufacturing facilities – implementation of best-in-class programs in manufacturing facilities to improve efficiency (such as IWS - “Integrated Work Systems”), optimize Company resources and more, as well as developing the capabilities and skills to foster excellence among the Group’s employees.
- Implementation of RGM (“Revenue Growth Management”) strategies and optimization of marketing efforts.

## 2.3. Dividends

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

Since 2015 through to the present, the Company has distributed dividends amounting to approximately NIS 2.2 billion.

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



Figures are in NIS millions.

On February 17, 2025, the Board of Directors approved the payment of a dividend to shareholders of NIS 200 million (approximately NIS 1.72 per share) for the sale transaction of the Company's holdings in Sabra and Obela to PepsiCo which was paid on March 4, 2025.

On March 24, 2025, the Board of Directors approved the payment of a dividend to shareholders of NIS 160 million (approximately NIS 1.37 per share) for the 2024 annual period, which was paid on April 10, 2025.

The balance of retained earnings on the date of the statement of financial position as of June 30, 2025 is approximately NIS 3,968 million.

## CHANGES IN THE ECONOMIC ENVIRONMENT

### 3. The “Swords of Iron” war and operation “Rising Lion”

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On October 7, 2023, the Hamas terrorist organization attacked Israel. The Israeli government declared the Swords of Iron War in response to the attack (the “war”). This war expanded to other fronts with attacks by the Hezbollah terror organization along with rockets, missiles and suicide drone attacks on Israel from various fronts, including Iran and Yemen. Israel launched operation “Rising Lion” against the Iranian threat on June 13, 2025, as part of which Iran was struck by a surprise attack, which included striking nuclear sites, targeted assassinations and harming military capabilities. The operation protracted for approximately 12 days, during which Israel was subject to ballistic missile and drone attacks from Iran, Israeli airspace was closed, and the economy was impacted based on changing guidelines issued by the Home Front Command. During the 12 days of “Operation Rising Lion” the Company maintained full commercial continuity at its plants, and throughout the entire supply chain.

A ceasefire has been achieved with Iran as of the publication date of the report.

The Company has maintained normal operations at all sites as of the publication date of this report. The war at large is still ongoing in an evolving manner, and the development of the war, its scale, impact and duration are still uncertain.

The war did not have a material impact on the Group’s activity and financial results. Additionally, from the outbreak of the war, the Group acted to find solutions in order to continue importing raw materials to Israel, including: Finding alternative sources for the procurement of raw materials, production outsourcing, making adjustments to the logistics array, and monitoring the increase in cybersecurity risks and food quality and safety risks. However, in light of the uncertainty with how the war will develop, its scope, impact and duration, it is not currently possible to assess the scope of the future impact of the war on the Group’s business.

#### 4. The Russia-Ukraine war

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As of the publication date of the report, the hostilities between Russia and Ukraine are ongoing, so too with respect to the economic sanctions imposed on Russia by the West.

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

As of the approval date of this report, the Russia-Ukraine war has not had a material impact on the Group's operating results.

Considering the evolving nature of the events and the ensuing high degree of uncertainty, potential geopolitical scenarios may materialize, which could lead to further negative economic and financial consequences. The Group is continuously monitoring the development of events in Ukraine, Russia and the markets, however, as of the date of this report, it is unable to assess their future impact on its business results.

For further information on the Company's activity in Russia and Ukraine, see section 20.2 below and Note 4.5 to the Condensed Consolidated Interim Financial Statements as of June 30, 2025.

#### 5. Prices of raw materials and other production inputs

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A substantial part of the raw materials used to manufacture the Group's products are traded on the commodities markets. In H1 2025, there were significant increases in the average market prices of green coffee (primarily with Arabica) and cocoa prices relative to H1 the previous year, further to the significant price increases the previous year. In Q2 2025, the average market prices of green coffee rose, while the price of cocoa fell, compared to the corresponding quarter the previous year. According to Bloomberg, from the beginning of July 2025, until or about the publication date of the report, the prices of Arabica and Robusta green coffee rose by approximately 27% and 29% respectively, and the price of cocoa fell by approximately 13%. It should be noted that as of the date of the report the Group primarily purchases Robusta green coffee.

The average price of raw milk rose in H1 2025 by approximately 0.9% relative to the corresponding half the previous year, and in Q2 2025 it rose by 1.3% relative to the corresponding quarter the previous year. In July 2025 there was a further 1.7% increase in the price of raw milk relative to the price at the end of Q2 2025, and a 6.1% increase relative to the price at the end of Q3 2024.

Presented below are the rates of change in the average market prices of major inputs in H1 and Q2 2025 compared to the corresponding periods the previous year:

Inputs	Average rate of change in H1	Average quarterly rate of change
<b>Arabica <sup>(1)</sup></b>	80%	65%
<b>Robusta <sup>(1)</sup></b>	39%	17%
<b>Cocoa <sup>(1)</sup></b>	10%	(18%)
<b>Raw milk <sup>(2)</sup></b>	0.9%	1.3%

<sup>(1)</sup> Figures are retrieved from Bloomberg. The exchanges on which the commodities are traded, include: Arabica – New York, Robusta – London and cocoa – London.

<sup>(2)</sup> Figures are retrieved from the Israel Dairy Board website.

\* Market prices of all inputs are denominated in USD, except for the price of cocoa, which is denominated in GBP, and the price of milk, which is denominated in NIS.

The Group applies measures to mitigate the effects of raw material cost fluctuations, among other things through hedges, mitigation plans and operational efficiency enhancement. Some of the Group's subsidiaries also revised their sell-in prices in certain geographies and with particular products. In this context also refer to section 20.1 below.

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

## 6. Energy prices

The average price of Brent oil in Q2 2025 fell by approximately 22% compared with the average price in the corresponding quarter of the previous year. Accordingly, to Bloomberg, from the beginning of 2025 through to the publication date of the report, the price of oil has fallen by approximately 9%.

## 7. Exchange rate fluctuations

The average exchange rate of the Shekel strengthened against most of the operating currencies in H1 and Q2 2025, respectively, compared with the corresponding periods year-over-year, primarily against the Brazilian Real. The strengthening of the currency contributed to translation differences and a decline in the net sales line item in the income statement in H1 and Q2 2025. In H1 2025 the closing rate of the Shekel weakened against most currencies in terms of closing rates change and the net impact on the Group's shareholder equity was positive. In Q2 2025 the closing rate of the Shekel strengthened against most currencies in terms of closing rates change and the net impact on the Group's shareholder equity was negative. In Q2 2025 the average USD exchange rate weakened against some of the currencies other than the Brazilian Real and the Hryvnia.

Presented below is a table with the average exchange rates against the Shekel in H1 and Q2 2025 compared with the corresponding period year-over-year:

Average Exchange Rates Against the Shekel							
Currency		Average exchange rate in H1		% change	Average exchange rate in Q2		% change
		2025	2024		2025	2024	
United States Dollar	USD	3.599	3.696	(2.6%)	3.584	3.731	(3.9%)
Euro	EUR	3.934	3.995	(1.5%)	4.066	4.016	1.3%
Ukrainian Hryvnia	UAH	0.087	0.095	(8.7%)	0.086	0.094	(7.6%)
Russian Ruble	RUB	0.042	0.041	2.1%	0.044	0.041	7.6%
Romanian Leu	RON	0.786	0.803	(2.2%)	0.808	0.807	0.1%
Polish Zloty	PLN	0.929	0.925	0.4%	0.954	0.933	2.2%
Brazilian Real	BRL	0.624	0.728	(14.2%)	0.632	0.716	(11.7%)
Chinese Renminbi	CNY	0.496	0.513	(3.4%)	0.495	0.515	(4.0%)
Pound Sterling	GBP	4.667	4.675	(0.2%)	4.786	4.708	1.6%

Presented below is a table with the average exchange rates against the USD in H1 and Q2 2025 compared with the corresponding period year-over-year:

Average Exchange Rates Against the Dollar							
Currency		Average exchange rate in H1		% change	Average exchange rate in Q2		% change
		2025	2024		2025	2024	
Shekel	NIS	0.278	0.271	2.7%	0.279	0.268	4.1%
Ukrainian Hryvnia	UAH	0.024	0.026	(6.2%)	0.024	0.025	(3.8%)
Russian Ruble	RUB	0.012	0.011	4.9%	0.012	0.011	12.1%
Romanian Leu	RON	0.218	0.217	0.5%	0.226	0.216	4.2%
Polish Zloty	PLN	0.258	0.250	3.2%	0.266	0.250	6.4%
Brazilian Real	BRL	0.174	0.197	(11.9%)	0.176	0.192	(8.0%)
Chinese Renminbi	CNY	0.138	0.139	(0.8%)	0.138	0.138	(0.1%)
Pound Sterling	GBP	1.297	1.265	2.6%	1.335	1.262	5.8%

According to Bloomberg, from the beginning of 2025 until proximate to the publication date of the report, the Shekel weakened against the Brazilian Real and the Russian Ruble by approximately 5% and 14%, respectively, and strengthened by approximately 7.5% against the USD.

## 8. Inflation

In H1 and Q2 2025 the Israeli consumer price index rose by approximately 2.1% and 1.1%, respectively, similar to the corresponding periods the previous year, and by approximately 3.1% over the last 12 months. According to Bloomberg, in H1 2025 the US consumer price index rose by approximately 2.2%, compared with approximately 2.4% in the corresponding period the previous year, and by approximately 2.7% over the last 12 months until on or around the publication date of the report. In Brazil, the consumer price index rose by approximately 5.2% over the 12 months until on or around the publication of the report. In Russia, the consumer price index rose by approximately 8.8% over the last 12 months which ended in proximity to the publication of the report.

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



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

## 9. Interest

The Bank of Israel's interest rate remained unchanged in H1 2025 at 4.5% until on or around the publication date of the report according to the Bank of Israel. According to Bloomberg the interest rate in the US remained unchanged at 4.25%-4.5% by the publication date of the report. In Brazil the interest rate increased from 12.25% at the beginning of the year to 15% as of the publication date of the report, and in Russia the interest rate declined from 21% at the beginning of the year to 18% in proximity to the publication date of the report.

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

For a description of the market risks to which the Group is exposed, see section 25.1 of the Description of the Company's Business Report for 2024 (Discussion of Risk Factors).

## 10. Regulatory developments in Israel

Presented below is an overview of the regulatory changes in Q2 2025 through to the publication date of the report which are relevant to the Group's activity.

### The milk sector

- In April 2025, the Ministry of Agriculture released the Draft Milk Sector Planning Regulations (Reports and Issue of Directives) (Temporary Order), 2025 (hereinafter in this section: the **"Draft Milk Sector Planning Regulations"**) for public comment, in lieu of the earlier draft on the issue which was released in August 2024 as a temporary order. The Draft Milk Sector Planning Regulations aims to establish arrangements for planning and regulating the milk sector and includes a proposed mechanism for managing raw milk supplies during shortages. For further information about regulatory changes associated with the dairy industry, see section 8.2.12 of the 2024 Description of the Company's Business Report.
- The continuation of the legislative process for the Draft Milk Sector Planning Regulations is currently uncertain, so too with the final version that may be enacted. Therefore, as of the publication date of this report, the Company is unable to assess the potential impact of the Draft Temporary Order on its operations and business, should the legislative process be completed.

- In June 2025 the Ministry of Agriculture raised the prices of controlled dairy products, as well as some sell-in dairy product prices, by approximately 1.5%, following the government's decision to amend the prices of controlled dairy products.
- In August 2025 the Ministry of Agriculture applied to the Minister of Finance to issue a temporary order for a tariff exemption on imported drinking milk for seven weeks starting from September 14, 2025, due to the loss of production days at dairies due to the timing of the Jewish New Year festivals in the middle of the week. The Company reviewed the effect of said exemption in the event it is introduced and estimates that the effect is immaterial to the Group's business.

The Company's assessment that the impact of the customs exemption (if it will be introduced) will be immaterial, is forward-looking information as defined in the Securities Law, which is based on the information available to the Company on the publication date of this report and includes the Company's estimates on the publication date of the report, and there can be no certainty as to their materialization.

### **Wages in Israel**

The minimum wage in Israel increased as of April 1, 2025, to NIS 6,247.67 per month. Additionally, effective as of February 1, 2025, the national insurance rate in the economy increased from 3.55% to 4.51%. The Company reviewed the effect of this change to the minimum wage and national insurance payments and has assessed that the effect is immaterial to the Group's business.

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

On June 24, 2024, the Competition Authority published the Rules for Promotion of Competition in the Food Sector (Exemption of Actions and Arrangements Relating to the Arrangement of Products in the Store of a Large Retailer) (Temporary Order) (No. 2), 2024 (hereinafter: the “**New Arrangement Exemption**”). The New Arrangement Exemption determines that the arrangement of goods by large suppliers will only be permitted in the stores of large retailers where the total sales of products of suppliers that are not large suppliers in all the stores of each such retailer account for at least 55% with this percentage being raised by one percentage point per year, up to 60%. The New Arrangement Exemption became effective on January 1, 2025, with respect to all products other than milk and related products. The New Arrangement Exemption became effective on July 1, 2025, with respect to milk and related products.

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

## OPERATING RESULTS

### 12. Operating Results

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The Group's commercial operations fall under a number of operating segments: Strauss Israel activity includes the following segments: Health & Wellness, Fun & Indulgence - Snacks and Confectionery, and Fun & Indulgence (Israel Coffee); the International Coffee activity; the Water activity and other activities. The Group has several businesses that are operated by jointly controlled entities in which the Company or subsidiaries hold a 50% stake: The coffee business in Brazil (Três Corações (JV)), the salty snacks business in Israel (Strauss Frito-Lay Ltd.), the dips and spreads business in North America - Sabra Dipping Company ("Sabra"), and the international dips and spreads business - PepsiCo Strauss Fresh Dips & Spreads International ("Obela"), until the sale thereof closed in December 2024 (for details about their sale see section 11.1 of the Description of the Company's Business Report for 2024). It should be clarified, the above companies are included in the Company's management (non-GAAP) reports according to the stake thereof held by the Company and/or the subsidiaries.

According to generally accepted accounting principles, in the Company's audited financial statements - which include the statement of profit and loss and statements of financial position, comprehensive income, changes in equity and cash flows (the "financial statements"), businesses which are jointly controlled by the Group subsidiaries (with other partners) are presented in one separate row ("losses of equity-accounted investees", and in the relevant section/line-item in the other reports.

Notwithstanding the foregoing, in light of the Group's non-GAAP reports and how the Group's management measures the results of the subsidiaries and jointly owned companies, the Group maintains managerial reports in which it presents the operating segments by presenting the Group's relative share of the income and expenses of the jointly controlled entities (50%) as well as other adjustments described below. The presentation of the data in this manner is different to how they are presented in the Company's audited Financial Statements.

The management (non-GAAP) reports, the financial accounting (GAAP) reports and the various adjustments made by the Company's management to transition from the financial accounting reports to the non-GAAP reports, are presented over the next few pages.

Presented below are the condensed operating results (based on the management (non-GAAP) reports) for the H1 ended June 30, 2025 and 2024 (in NIS millions):

Condensed Operating Results				
	H1			Explanation
	2025	2024	% change	
<b>Sales *</b>	<b>6,063</b>	<b>5,343</b>	<b>13.5%</b>	The increase in sales is primarily attributable to updated sales prices in various categories and geographic regions due to an increase in raw material prices, primarily in the International Coffee segment, along with an increase in Israel activity due to higher sales volumes, improved sales mix and updated sales prices. For more information see section 16 below.
Growth excluding currency effects	18.1%	2.7%		
Cost of sales	4,414	3,628	21.6%	The decline in gross profit and gross margin primarily results from higher raw material prices (mainly the prices of green coffee and cocoa) and also results from the sale of the Dips and Spreads activity, which was partially offset by the increased sales prices mentioned above. For more information see section 17 below.
<b>Gross profit</b>	<b>1,649</b>	<b>1,715</b>	<b>(3.9%)</b>	
% of sales	27.2%	32.1%		
Selling and marketing expenses	947	1,047	(9.5%)	The decline is primarily attributable to decreased sales expenses in the International Coffee and Israel activity segments and as a result of the sale of the Dips & Spreads activity.
General and administrative expenses	281	325	(13.4%)	The decline is primarily attributable to the sale of the Dips & Spreads activity and cost-cutting measures at the head office.
<b>Total operating expenses</b>	<b>1,228</b>	<b>1,372</b>	<b>(10.4%)</b>	
Company's share in profits of equity-accounted investees	23	22	6.6%	Refers to income of Haier Strauss Water (HSW).
<b>Operating profit before the profits of the incubator investees</b>	<b>444</b>	<b>365</b>	<b>21.6%</b>	
Share of loss of equity-accounted incubator investees	(18)	(10)	71.2%	The increase in incubator losses compared to the corresponding period the previous year is primarily due to the fact that in the corresponding quarter the previous year, a profit was recorded from the sale of one of the incubator companies in an immaterial amount.
<b>Operating profit *</b>	<b>426</b>	<b>355</b>	<b>19.8%</b>	Improved profitability due to growth and productivity.
% of sales	7.0%	6.7%		
Financing expenses, net	(112)	(55)	103.2%	The increase in financing expenses is mainly the result of the revaluation currency derivatives, higher interest expenses on debt and expenses associated with currency differences.
<b>Profit before taxes on income</b>	<b>314</b>	<b>300</b>	<b>4.5%</b>	
Taxes on income	(109)	(19)	449.6%	In the corresponding period the previous year, tax income was recorded for previous years due to the closing of tax assessments in various countries, furthermore, increased tax expenses is due to a change in the profit mix in Israel.
Effective tax rate	34.9%	6.6%		
<b>Profit for the period</b>	<b>205</b>	<b>281</b>	<b>(27.2%)</b>	The decline is primarily attributable to increased financing and tax expenses.
<b>Profit attributable to shareholders of the Company</b>	<b>153</b>	<b>242</b>	<b>(36.7%)</b>	
% of sales	<b>2.5%</b>	<b>4.5%</b>		
Profit attributable to non-controlling interests	52	39	32.2%	
EPS (NIS)	1.31	2.07	(36.7%)	

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

\* 2025 comparison figures include the activity sold in 2024 (the coffee activity in Serbia, the fresh vegetable operations at the Bror Hayil plant and the sale of the Dips & Spreads activity), for details regarding the sale of the activity, see section 2.2 of the 2024 Annual Board of Directors Report. The Group's sales and operating profit in H1 2024 while offsetting the sold activity, as aforementioned, came to approximately NIS 5,042 million and NIS 353 million, respectively.

Presented below are the condensed operating results (based on the management (non-GAAP) reports) for the quarters ended June 30, 2025 and 2024 (in NIS millions):

Condensed Operating Results				
	Q2			Explanation
	2025	2024	% change	
<b>Sales *</b>	<b>3,073</b>	<b>2,754</b>	<b>11.5%</b>	The increase in sales is primarily attributable to updated sales prices, primarily in the International Coffee segment, in various categories and geographic regions due to an increase in raw material prices. Along with a volume increase in the Israel segment and an improved sales mix. For more information see section 16 below.
Growth excluding currency effects	15.5%	6.0%		
Cost of sales	2,205	1,913	15.2%	Growth in gross profit is primarily the result of sales growth as aforementioned, 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 more information see section 17 below.
<b>Gross profit</b>	<b>868</b>	<b>841</b>	<b>3.2%</b>	
% of sales	28.3%	30.5%		The decline is primarily attributable to marketing expenses in the Israel segment and as a result of the sale of the Dips & Spreads activity.
Selling and marketing expenses	477	532	(10.1%)	
General and administrative expenses	145	160	(9.5%)	The decline is primarily attributable to the sale of the Dips & Spreads activity.
<b>Total operating expenses</b>	<b>622</b>	<b>692</b>	<b>(10.0%)</b>	
Company's share in profits of equity-accounted investees	9	10	(9.7%)	The decline is attributable to a fall in HSW earnings, primarily due to promotions to establish a competitive position.
<b>Operating profit before the profits of the incubator investees</b>	<b>255</b>	<b>159</b>	<b>60.4%</b>	
Share of loss of equity-accounted incubator investees	(10)	(8)	21.8%	The increase in equity losses of one of the incubator companies relative to the corresponding quarter year-over-year.
<b>Operating profit *</b>	<b>245</b>	<b>151</b>	<b>60.8%</b>	
% of sales	8.0%	5.5%		The increase in operating profit and operating margin is due to the increase in gross profit, and a decline in marketing and management expenses.
Financing expenses, net	(86)	(29)	194.2%	
<b>Profit before taxes on income</b>	<b>159</b>	<b>122</b>	<b>29.5%</b>	The increase in financing expenses is mainly the result of the revaluation currency derivatives, expenses associated with currency differences, and higher interest expenses on debt.
Taxes on income	(52)	(20)	139.0%	
Effective tax rate	32.9%	17.8%		In the corresponding period the previous year, tax income was recorded for previous years due to the closing of tax assessments in various countries, furthermore, increased tax expenses is due to a change in the profit mix in Israel.
<b>Profit for the period</b>	<b>107</b>	<b>102</b>	<b>5.7%</b>	
<b>Profit attributable to shareholders of the Company</b>	<b>80</b>	<b>83</b>	<b>(1.8%)</b>	The decline is primarily attributable to increased financing and tax expenses.
% of sales	<b>2.6%</b>	<b>3.0%</b>		
Profit attributable to non-controlling interests	27	19	37.9%	
EPS (NIS)	0.69	0.71	(1.9%)	

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

\* 2025 comparison figures include the activity sold in 2024 (the coffee activity in Serbia, the fresh vegetable operations at the Bror Hayil plant and the sale of the Dips & Spreads activity), for details regarding the sale of the activity, see section 2.2 of the 2024 Annual Board of Directors Report. The Group's sales and operating profit in Q2 2024 while offsetting the sold activity, as aforementioned, came to approximately NIS 2,616 million and NIS 156 million, respectively.

Presented below are the condensed operating results (based on the management (non-GAAP) reports) for the major business segments for H1 and the quarters ended June 30, 2025 and 2024 (in NIS millions):

Condensed Operating Results by Operating Segment						
	H1			Q2		
	2025	2024	% change	2025	2024	% change
<b>Israel Activity</b>						
Net sales	2,715	2,521	7.7%	1,319	1,212	8.9%
Cost of sales	1,804	1,592	13.4%	857	781	10.0%
Operating profit	248	250	(0.9%)	135	99	37.1%
<b>International Coffee</b>						
Net sales	2,924	2,159	35.4%	1,536	1,205	27.4%
Cost of sales	2,393	1,667	43.5%	1,238	943	31.2%
Operating profit	157	99	58.2%	102	61	67.0%
<b>Water</b>						
Net sales	424	403	5.3%	218	210	3.9%
Cost of sales	217	208	4.1%	110	109	0.6%
Operating profit	52	49	6.3%	26	25	4.0%
<b>Other</b>						
Net sales*	-	260		-	127	
Cost of sales*	-	161		-	80	
Operating loss	(31)	(43)	(27.2%)	(18)	(34)	(43.7%)
<b>Total</b>						
<b>Net sales</b>	<b>6,063</b>	<b>5,343</b>	<b>13.5%</b>	<b>3,073</b>	<b>2,754</b>	<b>11.5%</b>
<b>Cost of sales</b>	<b>4,414</b>	<b>3,628</b>	<b>21.6%</b>	<b>2,205</b>	<b>1,913</b>	<b>15.2%</b>
<b>Operating profit</b>	<b>426</b>	<b>355</b>	<b>19.8%</b>	<b>245</b>	<b>151</b>	<b>60.8%</b>

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

\* The Group sold the Dips & Spreads activity in 2024. For details about the sale of the activity, see section 2.2 of the 2024 Annual Board of Directors Report.

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

Breakdown of EBITDA by operating segment						
	H1			Q2		
	2025	2024	% change	2025	2024	% change
<b>Strauss Israel</b>	351	360	(2.3%)	186	154	21.5%
<b>International Coffee</b>	200	145	37.6%	124	84	47.6%
<b>Strauss Water</b>	85	84	0.6%	43	40	5.0%
<b>Other</b>	(5)	(9)	(32.3%)	(4)	(16)	(63.2%)
<b>Total</b>	<b>631</b>	<b>580</b>	<b>8.6%</b>	<b>349</b>	<b>262</b>	<b>32.4%</b>

Financial data were rounded to NIS millions.



Presented below are the condensed financial accounting (GAAP) statements of income for H1 and the quarters ended June 30, 2025 and 2024 (in NIS millions):

Condensed GAAP Statements of Income						
	H1			Q2		
	2025	2024	% change	2025	2024	% change
Sales	3,762	3,427	9.8%	1,875	1,701	10.2%
Cost of sales excluding impact of commodity hedges	2,573	2,214	16.3%	1,274	1,124	13.5%
Adjustments for commodity hedges <sup>(1)</sup>	(6)	65		18	(6)	
Cost of sales	2,567	2,279	12.6%	1,292	1,118	15.6%
<b>Gross profit</b>	<b>1,195</b>	<b>1,148</b>	<b>4.1%</b>	<b>583</b>	<b>583</b>	<b>0.0%</b>
% of sales	31.8%	33.5%		31.1%	34.3%	
Selling and marketing expenses	677	700	(3.1%)	337	347	(2.6%)
General and administrative expenses	250	255	(2.1%)	129	126	2.3%
<b>Total operating expenses</b>	<b>927</b>	<b>955</b>	<b>(2.9%)</b>	<b>466</b>	<b>473</b>	<b>(1.3%)</b>
Share of profit of equity-accounted investees	123	85	46.1%	76	49	58.3%
Share of loss of equity-accounted incubator investees	(18)	(10)	71.2%	(10)	(8)	21.8%
<b>Net operating profit before other expenses</b>	<b>373</b>	<b>268</b>	<b>39.5%</b>	<b>183</b>	<b>151</b>	<b>21.6%</b>
% of sales	9.9%	7.8%		9.8%	8.9%	
Other income (expenses), net	(4)	(63)		5	(13)	
<b>Net operating profit after other expenses</b>	<b>369</b>	<b>205</b>	<b>79.9%</b>	<b>188</b>	<b>138</b>	<b>36.5%</b>
Financing expenses, net	(77)	(33)	130.1%	(64)	(16)	298.8%
<b>Profit before taxes on income</b>	<b>292</b>	<b>172</b>	<b>70.1%</b>	<b>124</b>	<b>122</b>	<b>2.0%</b>
Taxes on income	(90)	-		(33)	(21)	56.5%
Effective tax rate	30.8%	0.1%		26.3%	17.1%	
<b>Profit for the period</b>	<b>202</b>	<b>172</b>	<b>17.7%</b>	<b>91</b>	<b>101</b>	<b>(9.3%)</b>
<b>Profit attributable to shareholders of the Company</b>	<b>150</b>	<b>133</b>	<b>12.8%</b>	<b>64</b>	<b>82</b>	<b>(21.5%)</b>
Profit attributable to non-controlling interests	52	39	34.6%	27	19	43.0%

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

<sup>(1)</sup> Reflects mark-to-market as of end-of-period of open positions in the Group in respect of financial derivatives used to hedge commodity prices.



### 13. Adjustments for the management (non-GAAP) reports

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Adjustments for IFRS 11 – transition from the equity method in the financial accounting (GAAP) reports to the proportionate consolidation method (according to the segmental information based on the Group's internal management reports).

Presented below are the adjustments to the Company's management (non-GAAP) reports for H1 ended June 30, 2025 and 2024 (in NIS millions):

Adjustments from the GAAP report for the non-GAAP proportionate consolidation method report						
	H1 2025			H1 2024		
	Financial Statements	Change	Proportionate consolidation method	Financial Statements	Change	Proportionate consolidation method
Sales	3,762	2,301	6,063	3,427	1,916	5,343
Cost of sales excluding impact of commodity hedges	2,573	1,841	4,414	2,214	1,414	3,628
Adjustments for commodity hedges <sup>(1)</sup>	(6)	-	(6)	65	1	66
Cost of sales	2,567	1,841	4,408	2,279	1,415	3,694
<b>Gross profit</b>	<b>1,195</b>	<b>460</b>	<b>1,655</b>	<b>1,148</b>	<b>501</b>	<b>1,649</b>
% of sales	31.8%		27.3%	33.5%		30.9%
Selling and marketing expenses	677	270	947	700	347	1,047
General and administrative expenses	250	42	292	255	83	338
Company's share in profits of equity-accounted investees	123	(100)	23	85	(63)	22
<b>Operating profit before incubator investee losses</b>	<b>391</b>	<b>48</b>	<b>439</b>	<b>278</b>	<b>8</b>	<b>286</b>
Share of loss of equity-accounted incubator investees	(18)	-	(18)	(10)	-	(10)
<b>Net operating profit before other expenses</b>	<b>373</b>	<b>48</b>	<b>421</b>	<b>268</b>	<b>8</b>	<b>276</b>
% of sales	9.9%		6.9%	7.8%		5.2%
Other income (expenses), net	(4)	8	4	(63)	13	(50)
<b>Net operating profit after other expenses</b>	<b>369</b>	<b>56</b>	<b>425</b>	<b>205</b>	<b>21</b>	<b>226</b>
Net financing income (expenses)	(77)	(35)	(112)	(33)	(22)	(55)
<b>Profit before taxes on income</b>	<b>292</b>	<b>21</b>	<b>313</b>	<b>172</b>	<b>(1)</b>	<b>171</b>
Taxes on income	(90)	(21)	(111)	-	1	1
Effective tax rate	30.8%		35.6%	0.1%		0.1%
<b>Profit for the period</b>	<b>202</b>	<b>-</b>	<b>202</b>	<b>172</b>	<b>-</b>	<b>172</b>
<b>Profit attributable to shareholders of the Company</b>	<b>150</b>	<b>-</b>	<b>150</b>	<b>133</b>	<b>-</b>	<b>133</b>
Profit attributable to non-controlling interests	52	-	52	39	-	39

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

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

Presented below are the adjustments to the Company's management (non-GAAP) reports for the quarters ended June 30, 2025 and 2024 (in NIS millions):

Adjustments from the GAAP report for the non-GAAP proportionate consolidation method report						
	Q2 2025			Q2 2024		
	Financial Statements	Change	Proportionate consolidation method	Financial Statements	Change	Proportionate consolidation method
Sales	1,875	1,198	3,073	1,701	1,053	2,754
Cost of sales excluding impact of commodity hedges	1,274	931	2,205	1,124	789	1,913
Adjustments for commodity hedges <sup>(1)</sup>	18	(1)	17	(6)	1	(5)
Cost of sales	1,292	930	2,222	1,118	790	1,908
<b>Gross profit</b>	<b>583</b>	<b>268</b>	<b>851</b>	<b>583</b>	<b>263</b>	<b>846</b>
% of sales	31.1%		27.7%	34.3%		30.7%
Selling and marketing expenses	337	140	477	347	185	532
General and administrative expenses	129	21	150	126	41	167
Company's share in profits of equity-accounted investees	76	(67)	9	49	(39)	10
<b>Operating profit before incubator investee losses</b>	<b>193</b>	<b>40</b>	<b>233</b>	<b>159</b>	<b>(2)</b>	<b>157</b>
Share of loss of equity-accounted incubator investees	(10)	-	(10)	(8)	-	(8)
<b>Operating profit before other expenses</b>	<b>183</b>	<b>40</b>	<b>223</b>	<b>151</b>	<b>(2)</b>	<b>149</b>
% of sales	9.8%		7.3%	8.9%		5.5%
Other income (expenses), net	5	(2)	3	(13)	16	3
<b>Operating profit after other expenses</b>	<b>188</b>	<b>38</b>	<b>226</b>	<b>138</b>	<b>14</b>	<b>152</b>
Financing expenses, net	(64)	(22)	(86)	(16)	(13)	(29)
<b>Profit before taxes on income</b>	<b>124</b>	<b>16</b>	<b>140</b>	<b>122</b>	<b>1</b>	<b>123</b>
Taxes on income	(33)	(16)	(49)	(21)	(1)	(22)
Effective tax rate	26.3%		34.9%	17.1%		18.6%
Profit for the period	91	-	91	101	-	101
<b>Profit attributable to shareholders of the Company</b>	<b>64</b>	<b>-</b>	<b>64</b>	<b>82</b>	<b>-</b>	<b>82</b>
Profit attributable to non-controlling interests	27	-	27	19	-	19

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

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

Additional adjustments for the management (non-GAAP) reports (share-based payment, valuation of hedging transactions, other expenses and taxes referring to those adjustments):

Additional adjustments for the management (non-GAAP) reports						
	H1			Q2		
	2025	2024	% change	2025	2024	% change
<b>Net operating profit (according to the proportionate consolidation method) after other income (expenses)</b>	425	226	87.9%	226	152	47.7%
Share-based payments	11	13		5	7	
Adjustments for commodity hedges <sup>(1)</sup>	(6)	66		17	(5)	
Other income (expenses), net	(4)	50		(3)	(3)	
<b>Operating profit <sup>(2)</sup></b>	<b>426</b>	<b>355</b>	<b>19.8%</b>	<b>245</b>	<b>151</b>	<b>60.8%</b>
Financing expenses, net	(112)	(55)		(86)	(29)	
Taxes on income	(111)	1		(49)	(22)	
Taxes in respect of adjustments to the above operating profit	2	(20)		(3)	2	
<b>Profit for the period</b>	<b>205</b>	<b>281</b>	<b>(27.2%)</b>	<b>107</b>	<b>102</b>	<b>5.7%</b>
<b>Attributable to shareholders of the Company</b>	<b>153</b>	<b>242</b>	<b>(36.7%)</b>	<b>80</b>	<b>83</b>	<b>(1.8%)</b>
<b>Attributable to non-controlling interests</b>	<b>52</b>	<b>39</b>	<b>32.2%</b>	<b>27</b>	<b>19</b>	<b>37.9%</b>

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

<sup>(1)</sup> 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.

<sup>(2)</sup> In H1 2024 and for the entire annual period Strauss Israel had a loss due to cocoa commodity derivative positions totaling approximately NIS 75 and 94 million, respectively, in respect of which an adjustment was made in the Company's management (non-GAAP) reports. On the other hand, in Q2 and Q3 2024, a loss was recognized as a result of the exercise of the derivative financial instrument totaling approximately NIS 27 and 18 million, respectively, included in the cost of sales line-item in the Company's management report. In Q1 2025, the outstanding balance totaling approximately NIS 49 million was realized, which is included in the cost of sales line-item in the Company's management (non-GAAP) reports.

## 14. Condensed statement of financial position

Presented below is the condensed financial accounting (GAAP) statement of financial position as of June 30, 2025 and December 31, 2024 (in NIS millions):

Condensed GAAP Statement of Financial Position				
	As of June 30, 2025	As of December 31, 2024	% change	Explanation
Total current assets	3,136	3,582	(12.5%)	The change is largely due to a decrease in cash and cash equivalents, a decline in accounts receivable and debit balances, which was partially offset by an increase in inventory due to stocking up and rising raw materials prices and an increase in the trade receivables balance due to sales growth.
Including: Cash and cash equivalents	379	1,142	(66.8%)	For information on the change in the cash and cash equivalents line-item, see section 21.2 below. According to Company policy, these assets are mainly held in liquid deposits.
Total non-current assets	5,607	5,377	4.3%	The change is primarily due to the public issuance of debentures (through an expansion) and the procurement of long-term loans, while, on the other hand, there was a decline in lease liabilities classified under liabilities with respect to assets held for sale in wake of the Cafe Elite chain sale transaction as described below in section 20.1.
<b>Total assets</b>	<b>8,743</b>	<b>8,959</b>	<b>(2.4%)</b>	
Total current liabilities	3,044	3,335	(8.7%)	The change is primarily due to the repayment of short-term credit and decline in the balance of trade payables.
Total non-current liabilities	2,250	2,028	11.0%	The change is primarily due to the public issuance of debentures (through an expansion) and the procurement of long-term loans, while, on the other hand, there was a decline in lease liabilities classified under liabilities with respect to assets held for sale in wake of the Cafe Elite chain sale transaction.
Total equity attributable to majority shareholders	3,125	3,279	(4.7%)	The change is largely due to a dividend declared for the Company's shareholders, and was partially offset by positive translation differences and income attributable to majority shareholders.
Total equity attributable to minority shareholders	324	317	2.2%	The change is due to profits 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.

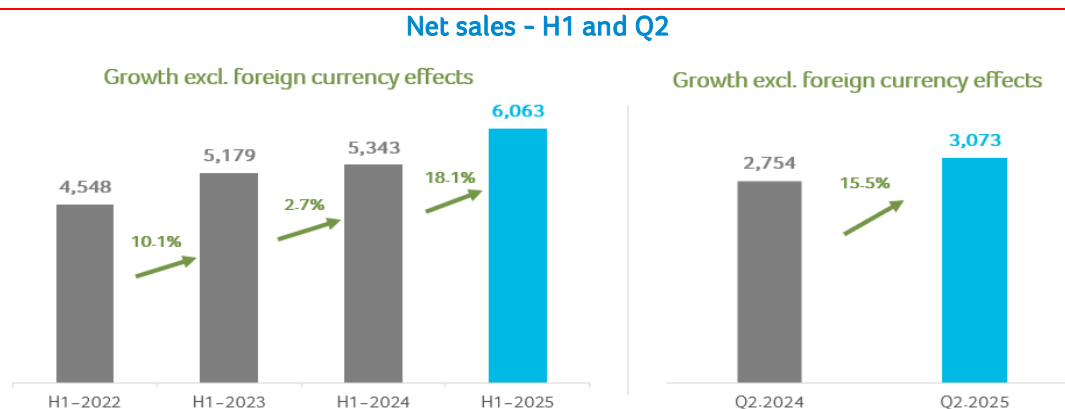
Presented below is the outstanding debt balance as of June 30, 2025 and December 31, 2024 (in NIS millions):

Debt balance				
	As of June 30, 2025	As of December 31, 2024	Change	Explanation
Gross debt – non-GAAP reports	3,452	3,545	(93)	The decline in the debt is primarily due to the repayment of long-term loans. The increase in net debt is primarily attributable to the decline in cash balances partially offset by a decrease in gross debt.
Gross debt – financial accounting (GAAP) reports	2,762	2,812	(50)	
Net debt – non-GAAP reports	2,966	1,989	977	
Net debt – financial accounting (GAAP) reports	2,383	1,670	713	

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

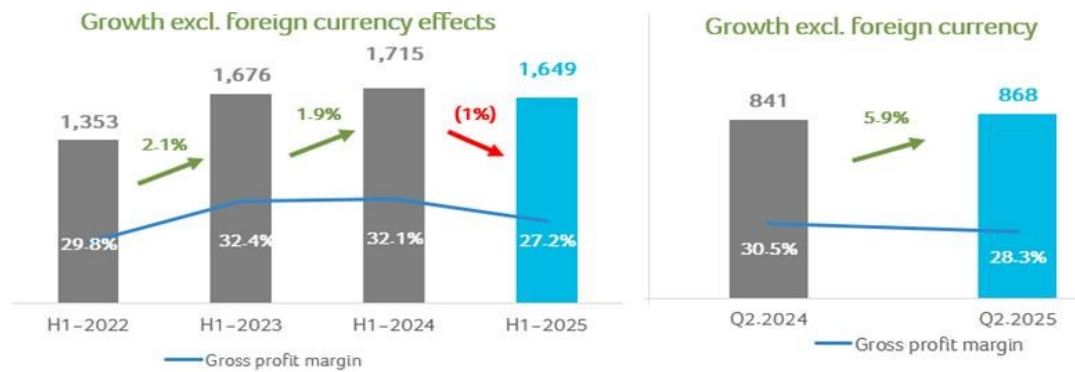
## 15. Key comparative financial data according to the non-GAAP reports

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



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

### Gross profit and gross margin - H1 and Q2



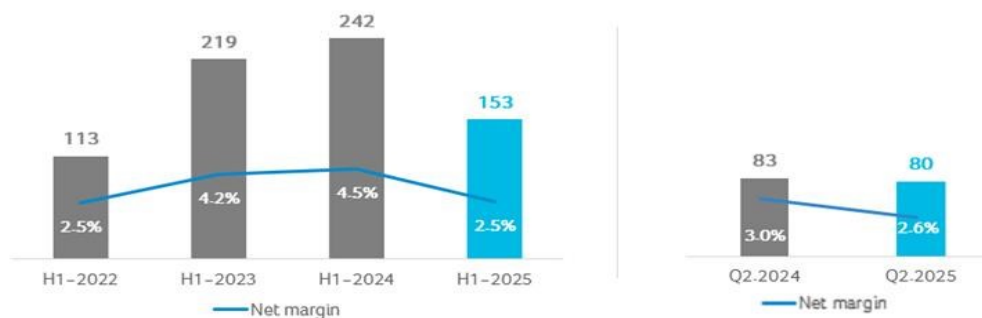
Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.



### Operating profit and operating margin - H1 and Q2



### Net profit and net profit margin - H1 and Q2



### Cash flows from operating activities and free cash flow\* - H1 and Q2

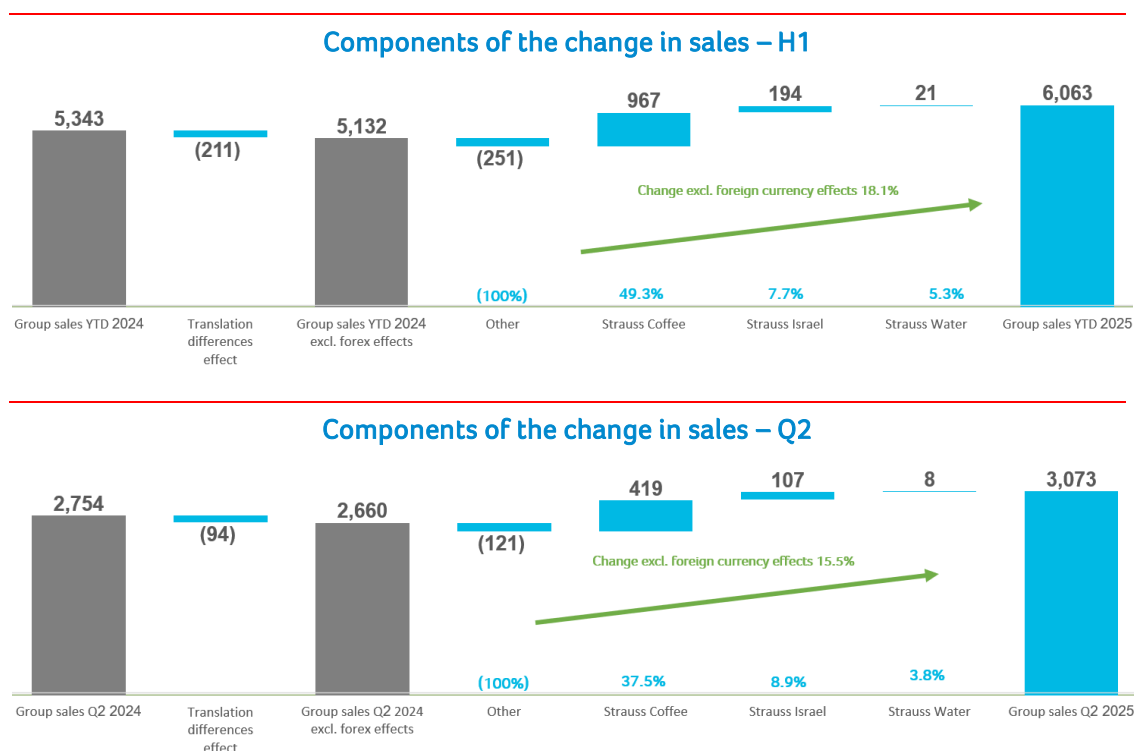


Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.

\* In Q2 and H1 2025 NIS 33 and 66 million was respectively paid for the financial penalty imposed on the Company by the Commissioner of the Competition Authority in Q4 2024. For further information, see section 2.2 above.

## 16. Sales – non-GAAP

Presented below are the components of the change in sales in the period in local currency and rates of change according to the Group's business segments in local currency:



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

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

The Group's sales in H1 and Q2 2025 were affected by negative translation differences amounting to approximately NIS 211 million, and NIS 94 million, respectively, due to the weakening of the average exchange rate of the Brazilian Real against the Shekel compared to the corresponding period the previous year.

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

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

## 17. Gross profit – non-GAAP

Gross profit – non-GAAP								
	H1				Q2			
	2025	2024	% change	% change excluding effect of translation differences into NIS	2025	2024	% change	% change excluding effect of translation differences into NIS
Gross profit	1,649	1,715	(3.9%)	(1.0%)	868	841	3.2%	5.9%
Gross margin	27.2%	32.1%			28.3%	30.5%		

The Group's non-GAAP gross profit in H1 and Q2 2025 was negatively affected by exchange rates with the impact amounting to approximately NIS 49 million and NIS 22 million, respectively, largely as a result of the weakening of the average exchange rate of the Brazilian Real against the Shekel compared to the corresponding period the previous year.

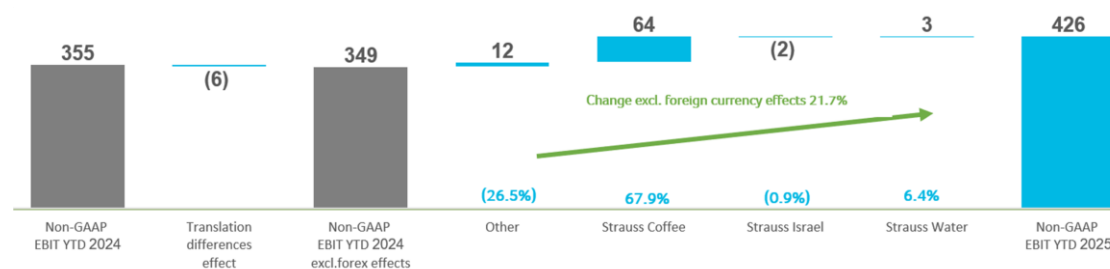
- See section 20.1 below for further explanations on the change in gross profit in the Strauss Israel activity.
- See section 20.2 below for further explanations on the change in gross profit in the International Coffee segment.
- See section 20.3 below for further explanations on the change in gross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

## 18. Operating profit – non-GAAP

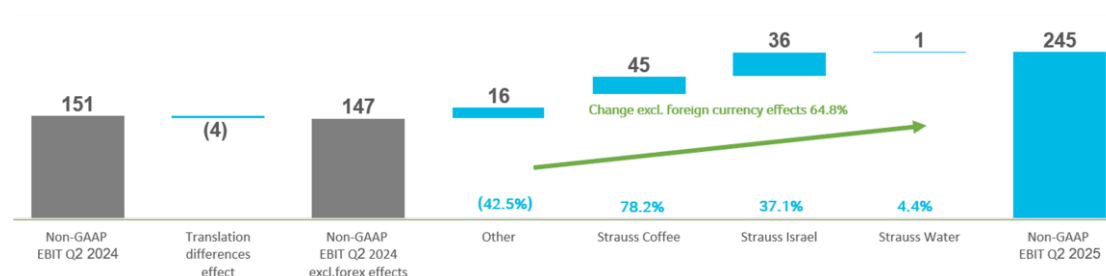
Operating profit – non-GAAP								
	H1				Q2			
	2025	2024	% change	% change excluding effect of translation differences into NIS	2025	2024	% change	% change excluding effect of translation differences into NIS
Operating profit	426	355	19.8%	21.7%	245	151	60.8%	64.8%
Operating margin	7.0%	6.7%			8.0%	5.5%		

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

### Components of the change in operating profit – H1



### Components of the change in operating profit – Q2



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

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

The change in the Group's operating profit in H1 and Q2 2025 was the result of the following factors:

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

## **19. Comprehensive profit for the period (according to the financial accounting (GAAP) report)**

Comprehensive GAAP income amounted to approximately NIS 247 million in H1 2025, compared to comprehensive income of NIS 223 million in the corresponding period the previous year. In H1 2025, profits from translation differences, which are the main component of other comprehensive income, totaled approximately NIS 45 million, compared to foreign currency translation gains of approximately NIS 51 million in the corresponding period the previous year.

Comprehensive GAAP loss in Q2 2025 amounted to approximately NIS 20 million, compared to comprehensive profit of approximately NIS 78 million in the same period the previous year. In Q2 2025, the losses from translation differences, which are the main component of other comprehensive profit, amounted to approximately NIS 111 million, compared to a foreign currency translation loss of approximately NIS 23 million in the corresponding period the previous year.

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

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

Information on Strauss Group's Sales in Israel							
	H1			Q2			Explanation
	2025	2024	% change	2025	2024	% change	
The Group's sales in Israel	3,108	2,905	7.0%	1,520	1,411	7.8%	The increase in sales is due to price updates, volume increase and product mix, along with the timing of the Passover (in the second quarter). Additionally, in the Strauss Water activity also contributed to growth thanks to growth in the customer base and a greater sales volume.

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

### 20.1. Israel Activity

According to StoreNext<sup>1</sup>, as of June 30, 2025, the Group is the second-largest food and beverage group in the barcoded market in Israel based on total sales, whereby in H1 2025 the Group had approximately 12.1% of the total retail food and beverage market in Israel (in terms of revenue), compared with a market share of approximately 11.8% in the corresponding period the previous year.

For further information about the prices of raw materials and other manufacturing inputs, see section 5 above.

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

<sup>1</sup> 2025 figures were adjusted for StoreNext's updated calculations, which are current according to a report published on July 8, 2025. It should be noted that Strauss Water's business is not included in StoreNext's market share measurements.

Group raised its product prices by approximately 2.9% on average. The price update included a 10% decline in the sale price of olive oil products.

In June 2025 the Group announced it was updating its sell-in prices of chocolate and coffee products (the price increase became effective in July 2025), by an average of 2.1% of the Company's Israel sales, in wake of the trend of higher raw material prices, higher coffee and cocoa prices, particularly over the previous year.

Presented below are the condensed operating results, based on the management (non-GAAP) reports, for the Israel activity by segment for H1 and the quarters ended June 30, 2025 and 2024:

Condensed operating results - The Israel Activity							
	H1			Q2			Explanation
	2025	2024	% change	2025	2024	% change	
Net sales	2,715	2,521	7.7%	1,319	1,212	8.9%	The increase in sales in Q2 2025 is primarily attributable to increased sales volume, improvement in the sales mix and higher sales prices following an increase in raw material prices.
Gross profit	911	929	(2.0%)	462	431	7.0%	The decline in gross margin in H1 2025 is attributable to increased cocoa, coffee and raw milk raw material prices, as well as the realization of cocoa commodity derivatives greater than the corresponding period last year. The increase in gross profit in Q2 2025 is attributable to greater sales.
% gross profit	33.5%	36.9%		35.0%	35.6%		The lower margin in Q2 2025 is primarily attributable to increased raw material prices, as aforementioned, while in the corresponding quarter last year a loss was realized of derivatives amounting to NIS 27 million.
Operating profit	248	250	(0.9%)	135	99	37.1%	In H1 2025 the decline in margin is primarily attributable to the realization of losses of cocoa commodity derivatives, while productivity measures did Partially offset these effects.
% operating profit	9.1%	9.9%		10.3%	8.2%		The increased profit and operating profit in Q2 2025 are primarily attributable to increased sales and productivity measures.



### Condensed results by segment

Condensed operating results - The Israel Activity by segment							
	H1			Q2			Explanation
	2025	2024	% change	2025	2024	% change	
<b>Health &amp; Wellness segment</b>							
Net sales	1,548	1,485	4.2%	806	754	6.8%	The growth in sales in the Health & Wellness segment in Q2 and H1 2025 is primarily attributable to increased sales volume and improved sales mix. The improved margin is attributable to the implementation of productivity processes.
Cost of sales	966	937	3.1%	499	477	5.0%	
Operating profit	201	166	21.1%	113	92	23.4%	
% operating profit	13.0%	11.2%		14.0%	12.1%		
<b>Fun &amp; Indulgence (Snacks and Confectionery) segment</b>							
Net sales	695	632	10.0%	301	271	11.0%	The increase in sales, both in Q2 as well as in H1 2025, is attributable to increased sales prices due to increased raw material prices, growth in volume and improved sales mix. The increase in the cost of sales is primarily due to higher cocoa prices in the period and the realization of cocoa commodity derivatives greater than the corresponding period the previous year. The decline in operating profit and operating margin in H1 is primarily due to the increase in the cost of sales, which was partially offset by increased sales prices and the improved sales mix.
Cost of sales	543	436	24.5%	221	202	9.5%	
Operating profit (loss)	(15)	30	(149.1%)	1	(12)	113.4%	
% operating profit (loss)	(2.1%)	4.8%		0.5%	(4.1%)		
<b>Fun &amp; Indulgence (Israel Coffee) segment</b>							
Net sales	472	404	16.9%	212	187	14.0%	The increase in sales in Q2 2025 results from an increase in sales prices and growth in volume. The increase in operating profit is primarily due to the increase in sales as stated above. The decline in operating margin is primarily attributable to increased green coffee raw material prices.
Cost of sales	295	219	34.9%	137	102	35.0%	
Operating profit	62	54	15.3%	21	19	14.7%	
% operating profit	13.2%	13.4%		10.1%	10.1%		

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

As part of the strategic decision to strengthen the Group's presence in plant-based solutions as stated in section 2.2 of the 2024 Annual Board of Directors Report and section 23 of the Description of the Company's Business Report for 2024, in August 2025 the Group commenced initial and partial production of plant-based milk at the new plant for manufacturing plant-based milk substitute production. The factory is located in the Bar Lev Industrial Zone (Achihud) adjacent to the Achihud Dairy owned by the Group. For further information, see Note 13.1 to the Consolidated Financial Statements as of December 31, 2024 and section 8.2.1 to the Description of the Company's Business Report for 2024.

The Group is also continuing to invest in infrastructures in Israel in accordance with that stated in sections 8.2.7 and 8.3.7 of the Description of the Company's Business Report for 2024, including another production line at Yotvata and logistic centers in Bror Hayil for the salty snack plant and in Yotvata, the establishment of the facilities is expected to be completed by the end of 2025.

The company's assessment regarding the completion of the production line and the associated logistics centers, as outlined above, constitute forward-looking information as defined under the Israeli Securities Law. These projections are based on data available to the company at the time of this report's publication and reflect management's current estimates, which are inherently uncertain. Realization of these assessments may be affected by external factors beyond the group's control, including developments in macroeconomic conditions and/or regional security situations in the vicinity of the facilities.

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

In February 2025, the Group entered into an agreement with a third-party to sell the activity of the Elite Café chain at an amount immaterial for the Group. In March 2025 the conditions precedent were satisfied and the transaction closed in June 2025. For details see Note 4.7 to the Condensed Consolidated Interim Financial Statements as of June 30, 2025 and section 8.4.2 to the Description of the Company's Business Report for 2024.

For information on the merger agreement with Wyler Farms Ltd. and the decision by the Commissioner of the Competition Authority, see section 2.2 above and Note 6.5 to the Condensed Consolidated Interim Financial Statements as of June 30, 2025.



Further to Note 15.2 to the Consolidated Financial Statements as of December 31, 2024 regarding supplier finance arrangements, as of June 30, 2025, trade payables included in the reverse factoring arrangement with the Israel activity amounted to approximately NIS 84 million (as of June 30, 2024: NIS 65 million).

## 20.2. International Coffee activity

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

In the International Coffee activity segment, the Group develops, manufactures and markets a broad range of assorted coffee products, including ready-to-drink, and drink powders in Brazil (through Três Corações (JV)), as well as in Poland, Romania, Ukraine and Russia, and also markets and distributes coffee machines for home use in Brazil (through Três Corações (JV)) and AFH (away from home). In Germany - The Group owns a manufacturing facility to produce freeze-dried instant coffee which is primarily sold to the Group's subsidiaries as well as to external customers. In H1 2025, Brazil constitutes approximately 73% of the entire sales of the International Coffee activity (based on a 50% stake in Três Corações (JV)).

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

Following the substantial increase in green, Robusta and Arabica coffee prices, the Group updated the sales prices of various coffee products in all countries of operations. In addition to revising sales prices for its customers, the Group is working in additional ways to mitigate the effects of rising coffee prices, among others by applying the Group's formal hedging policy, mitigation plans and operational efficiency enhancement. For further information on raw material prices (particularly green coffee) and other production inputs, and the method applied by the Company to manage the associated risks, see section 5 of the 2024 Annual Board of Directors Report.

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

On December 30, 2025, a new European regulation called "EUDR" (Regulation on Deforestation-Free Products) is expected to come into effect. The purpose of the regulation is to ensure that the following products: Palm oil, soy, timber, beef, cocoa, coffee, and rubber, are not produced in areas where forests have been cleared for their cultivation (or used to cultivate the raw materials they are made from). To achieve this, the European Union created a set of standards,

guidelines, and monitoring mechanisms to ensure that raw materials and products entering the market comply with the regulatory requirements for the EU member states. As of the date of the report, the Company is preparing to comply with the regulations and making the necessary adjustments, in order to comply with the relevant requirements upon the regulation becoming effective at the aforementioned time.

Further to Note 15.2 to the Consolidated Financial Statements as of December 31, 2024 regarding supplier finance arrangements, as of June 30, 2025, trade payables included in the reverse factoring arrangement with the International Coffee activity amounted to approximately NIS 419 million (as of June 30, 2024: NIS 334 million).

**Presented below are the condensed operating results, based on the management (non-GAAP) reports, of the International Coffee activity by reportable segments for the first half ended June 30, 2025 and 2024 (in NIS millions):**

Condensed operating results - International Coffee activity				
	H1			Explanation
	2025	2024	% change	
Net sales	2,924	2,159	35.4%	The increase in coffee sales is primarily due to updated sales prices due to increased green coffee prices, as well as volume growth in various regions. On the other hand, the growth in sales was offset by the impact of currency exchange rates, primarily due to the strengthening of the Shekel primarily against the Brazilian Real relative to the corresponding period last year. For further information, see "Coffee sales by major geographical regions" in section 20.2.1 below.
Cost of sales	2,393	1,667	43.5%	The increase in cost of sales in H1 2025 is largely due to an increase in green coffee prices in all regions.
Operating profit	157	99	58.2%	The increase in operating profit for the coffee activity in H1 2025 is due to increased sales as noted above, which was partially offset by an increase in raw materials and operating efficiencies.
% operating profit	5.4%	4.6%		

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

Presented below are the condensed operating results, based on the management (non-GAAP) reports, of the International Coffee activity by reportable segments for the quarters ended June 30, 2025 and 2024 (in NIS millions):

Condensed operating results - International Coffee activity				
	Q2			Explanation
	2025	2024	% change	
Net sales	1,536	1,205	27.4%	Growth in coffee sales is primarily attributable to revised sales prices due to the rise in green coffee prices, which was partially offset by a decline in sales volumes, and the negative impact of exchange rates and particularly the strengthening of the Shekel against the Brazilian Real compared with the corresponding quarter last year. For further information, see "Coffee sales by major geographical regions" in section 20.2.1 below.
Cost of sales	1,238	943	31.2%	The increase in the cost of sales is largely due to an increase in green coffee prices in all regions.
Operating profit	102	61	67.0%	The increase in operating profit for the coffee activity in Q2 2025 is due to increased sales as noted above as well as operating efficiencies, which was mostly offset by an increase in raw materials.
% operating profit	6.7%	5.1%		

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

### 20.2.1. International Coffee activity sales by major geographical regions

Presented below are sales by the International Coffee activity in the major geographical regions (not including intercompany transactions) and growth rates for H1 ended June 30, 2025 and 2024 (in NIS millions):

International Coffee activity sales by major geographical regions					
Geographical region	H1				Explanation
	2025	2024	% change	% change in local currency (1)	
<sup>(2)</sup> Brazil (Três Corações) <sup>(3)</sup> – 50%	2,120	1,487	42.5%	65.2%	The growth in Três Corações's sales in local currency is due to revised sales prices. The Company's sales were negatively impacted by the strengthening of the Shekel against the Brazilian Real by approximately NIS 202 million. See section 20.2.2 below for more information.
Russia	295	237	24.4%	20.0%	The sales growth in local currency is primarily the result of revised sales prices and was partially offset by a decline in sales volume. The Company's sales were favorably affected by the weakening of the Shekel against the Russian Ruble, with the effect amounting to approximately NIS 8 million.
Ukraine	92	75	22.9%	34.4%	The sales growth in local currency is primarily the result of revised sales prices and was partially offset by a decline in sales volume. The Company's sales were negatively affected by the strengthening of the Shekel against the Hryvnia, with the effect amounting to approximately NIS 6 million.
Poland	288	205	40.3%	39.3%	The sales growth in the local currency is primarily the result of revised sales prices and increased sales volume. Sales were favorably impacted by the weakening of the Shekel against the Polish Zloty, with the effect amounting to approximately NIS 1 million.
Romania	129	105	23.5%	25.7%	The sales growth in the local currency is primarily due to revised sales prices and sales volume. The Company's sales were negatively impacted by the strengthening of the Shekel against the Romanian Leu, with the effect amounting to approximately NIS 1.7 million.
Serbia	–	21	(100.0%)	(100.0%)	The activity in Serbia ended following the sale of the company in Serbia at the end of February 2024. For more information, see section 20.2 of the 2024 Annual Board of Directors Report.
Other	–	29	(100.0%)	(100.0%)	The income in the corresponding period derives from the sale of green coffee to the business in Serbia, after its sale.
<b>Total International Coffee</b>	<b>2,924</b>	<b>2,159</b>	<b>35.4%</b>	<b>49.3%</b>	

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

<sup>(1)</sup> The growth rate in local currency neutralizes the impact on growth in the countries' sales of exchange rate changes in the different countries against the Shekel.

<sup>(2)</sup> 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%)).

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

Presented below are sales by the International Coffee activity in the major geographical regions (not including intercompany transactions) and growth rates for the quarters ended June 30, 2025 and 2024 (in NIS millions):

International Coffee activity sales by major geographical regions					
Geographical region	Q2				Explanation
	2025	2024	% change	% change in local currency <sup>(4)</sup>	
<sup>(5)</sup> Brazil (Três Corações) <sup>(6)</sup> – 50%	1,112	842	31.9%	49.4%	The growth in Três Corações's sales in local currency is largely due to revised sales prices which was partially offset by a decline in sales volumes. The Company's sales were negatively impacted by the strengthening of the Shekel against the Brazilian Real by approximately NIS 98 million. See section 20.2.2 below for more information.
Russia	163	145	13.3%	6.1%	The sales growth in the local currency is the result of revised sales prices and was partially offset by a decline in sales volume due to the price increase. The Company's sales were favorably affected by the weakening of the Shekel against the Russian Ruble, with the effect amounting to approximately NIS 10 million.
Ukraine	49	38	28.1%	38.6%	The sales growth in local currency is primarily the result of revised sales prices and was partially offset by a decline in sales volume due to the price increase. The Company's sales were negatively affected by the strengthening of the Shekel against the Hryvnia, with the effect of amounting to approximately NIS 3 million.
Poland	139	102	36.0%	33.3%	Sales growth in local currency is the result of revised sales prices, which were partially offset by a decline in sales volume and increased sales promotions. Sales were favorably impacted by the weakening of the Shekel against the Polish Zloty, with the effect amounting to approximately NIS 2 million.
Romania	73	60	23.3%	22.8%	Sales growth in local currency is primarily due to revised sales prices which were partially offset by a decline in sales volumes. Changes in exchange rates did not have a material effect on the Company's sales compared to the corresponding period year-over-year.
Other	–	18	(100.0%)	–	The income in the corresponding period derives from the sale of green coffee to the business in Serbia, after its sale.
<b>Total International Coffee</b>	<b>1,536</b>	<b>1,205</b>	<b>27.4%</b>	<b>37.5%</b>	

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

<sup>(4)</sup> The growth rate in local currency neutralizes the impact on growth in the countries' sales of exchange rate changes in the different countries against the Shekel.

<sup>(5)</sup> 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%)).

<sup>(6)</sup> Três Corações' sales – excluding intercompany transactions between Três Corações Alimentos S.A. and Strauss Coffee.



### 20.2.2. Três Corações Alimentos S.A. (JV) (Brazil)<sup>1</sup> – a joint venture between the Group (50%) and São Miguel Group (50%); (Data reflect Strauss Coffee's share (50%))

In H1 2025, Três Corações (JV)'s average value market share<sup>2</sup> in roast coffee was approximately 33.6%, compared to approximately 32.9% the previous year. In the Financial Statements (GAAP report), the Group's share of the joint venture is accounted for under the equity method.

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

Selected Financial Data on Três Corações (JV)’s Business							
	H1			Q2			Explanation
	2025	2024	% change in local currency	2025	2024	% change in local currency	
Sales	3,409	2,061	65.4%	1,768	1,181	49.7%	Sales growth reflects the higher sales prices.
Gross profit	597	452	32.1%	351	256	37.0%	The growth in gross profit is primarily due to increased sales prices which were partially offset by increased raw material prices. The decline in gross margin is largely due to an increase in raw material prices (primarily green coffee).
Gross margin	17.5%	21.9%		19.8%	21.7%		
Operating profit before other income/expenses	188	72	162.7%	140	54	161.3%	The increase in operating profit and operating margin is primarily due to the increase in gross profit, which was partially offset by increased operating expenses.
Operating margin	5.5%	3.5%		7.9%	4.5%		

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

<sup>1</sup> The Group's operations in Brazil also include a joint venture (50%) together with the São Miguel Group (50%) in a sister company, Três Corações Imóveis, whose results are not material to the Group's overall activities.

<sup>2</sup> Based on Nielsen data.

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

Selected Financial Data on Três Corações (JV)'s Business						
	H1			Q2		
	2025	2024	% change	2025	2024	% change
Sales	2,131	1,490	43.0%	1,117	841	32.7%
Gross profit	374	327	14.5%	222	183	21.5%
Operating profit before other income/expenses	118	51	129.4%	88	38	130.8%

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

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



### **20.3. The Strauss Water activity**

The Group is active in the drinking water market through Strauss Water, and is engaged in the development, production (through outsourcing), assembly, sale, marketing and servicing of water filtration, purification and carbonation at the point of use (POU) systems. As of the date of the report, the activity is primarily performed in Israel under the Tami4 brand. The Group also has an immaterial business in England. As of the date of the report and following the end of the engagement with respect to the Virgin Pure brand, in March 2024 the Company launched a new brand ('our taap') for its activity in England. For further information, see section 10.8 in the Description of the Company's Business Report for 2024. Strauss Water also has a material holding (49%) in an associate company (HSW) which is a joint venture established by Strauss Water with Haier Group, which is active in China, mainly in the filtration and purification of drinking water at the point of use (POU) as well as of the point of entry to the home (POE systems). In Israel, water filtration, purification and carbonation appliances are sold to end customers together with a service agreement for consumable components. For further information about the service agreement and its terms, see section 10.2 of the Description of the Company's Business Report for 2024. The Group has factoring arrangements with third parties for part of these payments and non-recourse factoring arrangements for water bar sale and service agreements.

Presented below are the condensed operating results, based on the management (non-GAAP) reports, of Strauss Water for H1 and the quarters ended June 30, 2025 and 2024 (in NIS millions):

Condensed operating results - The Strauss Water activity							
	H1			Q2			Explanation
	2025	2024	% change	2025	2024	% change	
Net sales	424	403	5.3%	218	210	3.9%	The increase in sales is attributable to growth in the customer base and growth in volume in the UK and in Israel, improved customer mix, which was partially offset by the impact of the war.
Cost of sales	217	208	4.1%	110	109	0.6%	Most of the growth is attributable to an increase in device sales, and growth in the customer base and was offset by improved productivity measures.
Operating profit	52	49	6.3%	26	25	4.0%	The increase in operating profit and operating margin is primarily due to the increase in sales and operating efficiencies as mentioned above, and offset by a decline in earnings of Haier Strauss Water.
% operating profit	12.3%	12.1%		12.1%	12.0%		

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

### 20.3.1. Results of Haier Strauss Water (HSW)<sup>1</sup>

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

Condensed operating results - HSW							
RMB millions	H1			Q2			Explanation
	2025	2024	% change	2025	2024	% change	
Sales	934	869	7.4%	478	448	6.6%	The increase is primarily attributable to the improved sales mix.
Net profit	103	103	0.5%	41	51	(18.9%)	The decline in net profit is primarily attributable to investments in product development, marketing and improving sales channels due to strengthening competition in the market.

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

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

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

Condensed operating results - HSW						
NIS millions	H1			Q2		
	2025	2024	% change	2025	2024	% change
Sales	463	446	3.8%	236	230	2.6%
Net profit	51	53	(2.9%)	20	26	(21.2%)

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

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

For further information about the establishment of another production plant in China, see section 20.3.1 of the 2024 Annual Board of Directors Report and Note 11.6.4 to the Consolidated Financial Statements as of December 31, 2024.

<sup>1</sup> Including the results of HSW and the other manufacturing plant in China as described in section 10.13 of the Description of the Company's Business Report for 2024.

## **20.4. Other activity**

### **20.4.1. The International Dips & Spreads activity**

On December 3, 2024, the Company (through its subsidiary S.E USA Inc.) completed the sale of its entire holdings in Sabra and Obela (50%) to companies owned by the US conglomerate PepsiCo. In H1 2024, the sales and operating margin (based on 50%) of the Dips & Spreads segment came to approximately NIS 257 million and NIS 3 million, respectively, and in Q2 2024 the sales and operating loss (based on 50%) came to approximately NIS 127 million and NIS 4 million, respectively. For further information, see section 2.2 of the 2024 Annual Board of Directors Report and Notes 11.6.5, 21.4.1, 21.4.5 and 21.4.6 to the Consolidated Financial Statements as of December 31, 2024.

### **20.4.2. The incubator activity**

Since its inception in January 2015 through to the date of this report, the FoodTech incubator project has invested in 29 companies (including 23 investments made by Incubator 1 and 6 investments by Incubator 2), some of which have completed product development, commenced initial sales and raised further funds. The Company participated in some of these funding rounds, investing sums that are immaterial to the Group. For a list of the companies included in the incubator project and their areas of activity, see section 11.2 of the Description of the Company's Business Affairs for 2024. The incubator activity invested in two incubator companies in Q2 2025.

As of June 30, 2025, the total value of investments in incubator investees, which are presented in the financial statements according to the equity method, was approximately NIS 50 million (as of June 30, 2024: approximately NIS 85 million). The estimated value of these investments on the above date was approximately NIS 221 million (on June 30, 2024: approximately NIS 447 million).

Since the beginning of 2023 there has been a negative sentiment in the Israeli capital markets apparent in a negative trend in investments in hi-tech companies, and especially food-tech companies. This trend has led to a negative impact on the investees' ability to raise capital and their future value. The Swords of Iron war has had a further negative impact on the ability to raise money, as well as impacted the value of Israeli startup companies and particularly the incubator companies.

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

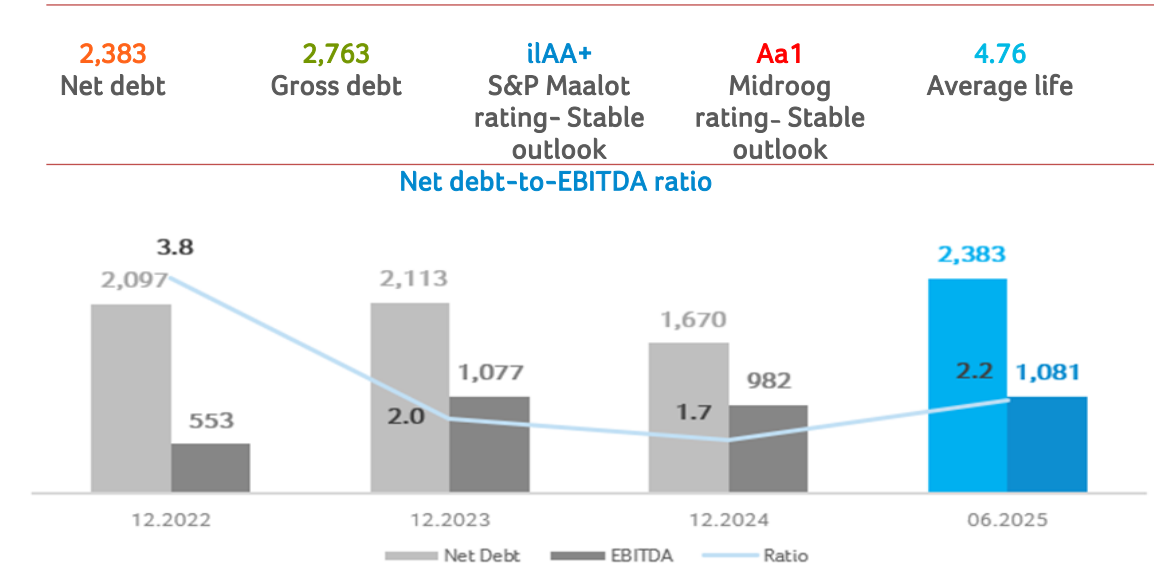
The estimated value of the incubator's investments in most of the investees is based on the information from the last funding rounds executed in 2021-2025. This estimate refers to the timing of the investees' last funding round, the market trend in the period since the date of the round as well as fundraising possibilities open to the company at the present time, and the ROI on the companies' R&D. Companies unlikely to be able to raise funds in the future or whose activity was discontinued were zeroed out or valued at their most up to date estimated value proximate to the publication date of the report.

To the best of the Company's knowledge, the cash flows provided by the abovementioned funding rounds are earmarked to serve the incubator investees for the purpose of further investment activity, research and development, selling and marketing, and consequently, in the Company's estimate, in the foreseeable future the Company is expected to record losses on the incubator companies, which could reduce all or part of the gains recognized to date.

The information contained in this section with respect to the estimated value and expected losses, based on the factors specified above, is forward-looking information as defined in the Securities Law, which is based on the Company's estimates regarding the realization of the incubator investees' business plans, which may not materialize or may materialize differently if the actual realization of those business plans differs from the Company's expectations, and also since they are contingent on the environment and market conditions in which the investees operate.



LIQUIDITY, SOURCES OF FINANCE AND FINANCIAL POSITION



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

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



## 21. Liquidity

### 21.1 Credit rating

On April 3, 2025, the Company announced that S&P Global Ratings Maalot Ltd. (Maalot) ratings agency had affirmed the iIAA+ rating of the Company and its debentures with a stable outlook. For more information, see the immediate report published by the Company on April 3, 2025 (Ref. No: 2025-01-024722). On June 16, 2025, the Company announced that Midroog ratings agency had left the Aa1.il rating for the Company's debentures unchanged and changed the rating outlook from negative to stable, for further information, see the immediate report of June 16, 2025 (Ref. No: 2025-01-042952).

On June 18, 2025, the Company announced that S&P Global Ratings Maalot Ltd. (Maalot) ratings agency had given an iIAA+ rating with a stable outlook and Midroog ratings agency had given an Aa1.il rating with a stable outlook for the issuance of debentures (Series F) through a series expansion of up to NIS 550 million par value. For further information, see the immediate reports of June 18, 2025 (Ref. No: 2025-01-043405 and 2025-01-043405, respectively).<sup>1</sup>

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<sup>1</sup> To provide a full picture it should be noted that both rating reports of June 18, 2025, were update notifications of earlier rating announcements by these companies, that said rating is for the issuance of debentures (Series F) by way of a series expansion of up to NIS 550 million par value, rather than NIS 350 million par value which had been rated earlier.

## 21.2 Cash flows

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

Cash flow				
	H1			Explanation
	2025	2024	Change	
Cash Flows from Operating Activities	(73)	159	(232)	The decline is primarily attributable to a negative change in working capital which was partially offset by an increase in EBITDA and decline in tax payments.
Cash flows from investment activities	(239)	(331)	92	Primarily due to a change in deposits and investments in fixed assets and intangible assets compared with the corresponding period.
Cash flows from financing activities	(421)	74	(495)	The change is primarily attributable to a net decline in short-term and long-term credit compared with the corresponding period year-over-year and the payment of a larger dividend to the shareholders and minority interest holders, which was partially offset by the public issuance of debentures (Series F) (through an expansion) in Q2 2025.

Financial data were rounded to NIS millions.

Cash flow				
	Q2			Explanation
	2025	2024	Change	
Cash Flows from Operating Activities	20	134	(114)	The change is largely due to a negative change in working capital compared to the corresponding period last year, offset, on the other hand, by a decline in tax payments.
Cash flows from investment activities	(134)	(120)	(14)	The change is primarily attributable to greater investments in fixed property and intangible assets compared with the corresponding period last year.
Cash flows from financing activities	81	(121)	202	The change is primarily attributable to a net increase in short-term and long-term credit compared with the corresponding period year-over-year and the payment of a lower dividend to the shareholders and minority interest holders, which was partially offset by the public issuance of debentures (Series F) (through an expansion) in Q2 2025.

Financial data were rounded to NIS millions.

### 21.3 Average credit levels

Presented below is information on average credit levels:

Average credit levels							
	H1			Q2			Explanation
	2025	2024	Change	2025	2024	Change	
Long-term credit according to the non-GAAP reports	3,146	3,229	(83)	3,144	3,206	(62)	The decrease in short-term and long-term credit in the non-GAAP and GAAP reports is largely due to the net repayment of long-term loans and short-term bank credit.
Average short-term credit according to the non-GAAP reports	261	340	(79)	234	512	(278)	
Long-term credit according to the financial accounting (GAAP) reports	2,464	2,616	(152)	2,451	2,609	(158)	
Average short-term credit according to the financial accounting (GAAP) reports	235	254	(19)	219	417	(198)	
Financial data were rounded to NIS millions.							

Financial data were rounded to NIS millions.

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

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

### 21.5 Working capital

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

Change in net working capital				
	H1		Q2	
	2025	2024	2025	2024
Change in net working capital according to the financial accounting (GAAP) reports	(444)	(98)	(131)	(5)
Change in net working capital according to the management (non-GAAP) reports	(811)	(463)	(194)	(181)

Financial data were rounded to NIS millions.

### 21.6 Customer and supplier financing arrangements

From time to time, the Group executes non-recourse factoring transactions on accounts receivable, as well as reverse factoring transactions on supplier credit. For further information, see sections 20.1 and 20.2 above and Notes 8.5 and 15.2 to the Consolidated Financial Statements as of December 31, 2024.

## 21.7 Additional information on liquidity and operating cash flow

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

Additional Information		
	As of June 30, 2025	As of December 31, 2024
Liquidity ratio	1.03	1.07
Liabilities in respect of long-term loans and credit (including current maturities)	2,601	2,472
Short-term credit (excluding current maturities)	161	340
Supplier credit	1,421	1,536
Ratio of equity attributable to shareholders of the Company to total assets on the consolidated statement of financial position	35.7%	36.6%
Financial debt-to-EBITDA ratio	2.2	1.7
Equity attributed to the Company's shareholders	3,125	3,279
Financial data were rounded to NIS millions.		

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

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In the Company's standalone financial statements (the "standalone report" or "solo report") for Q2 2025, there is a working capital deficit of approximately NIS 629 million. In the Company's Consolidated Financial Statements for Q2 2025, there is a working capital surplus of approximately NIS 92 million. Neither the Consolidated Financial Statements nor the solo report present a protracted negative cash flow from operating activities. In view of the working capital deficit in the solo report, on August 25, 2025, the Company's Board of Directors examined the Company's liquidity as described below and determined that the said working capital deficit is not indicative of a liquidity issue in the Company. This decision is based on a review, *inter alia*, of the Company's financial results as reported in the Financial Statements of the Company as of June 30, 2025, and is also based on information regarding the Company's projected cash flow for the next two years given the Company's existing and anticipated liabilities, including the Company's liabilities to the debenture-holders (Series E and F) and to banking corporations and their maturity dates, and on an inspection of existing and anticipated sources for the repayment of those liabilities and the resources arising from the Company's holdings in its major investees, including receipt of dividends, repayment of loans by investees, raising capital from banking corporations and/or other sources if necessary; as well as on the financial strength of the major investees of the Company and their leading competitive position in the markets where they operate. The Board of Directors also reviewed sensitivity analyses of the Company's projected cash flows in the next two years, and found that the working capital deficit is not indicative of the Company having a liquidity issue.

It is emphasized that the abovementioned assessment by the Board of Directors is forward-looking information, as defined in the Securities Law, 1968, which is largely based on the Company's forecasts and on its analysis of its cash flows in the period since the end of the year and its future cash flows, its existing and anticipated liabilities, its existing assets, its expectations as to future profits and dividend distributions by investees, etc. There is no certainty that these assessments, in whole or in part, will, in fact, materialize, or that they will not materialize in a different form, including materially, than estimated, among other things due to market behavior and the materialization of the risk factors set forth in section 25 in the Description of the Company's Business Report for 2024.

## 23. Information on the Debenture Series

Presented below is financial information on the debenture series as of June 30, 2025:

Information on the Debenture Series			
		Series E Debentures	Series F Debentures
A	Nominal par value	241	1,337
B	Carrying amount of debentures	241	1,343
C	Carrying amount of interest payable	-	-
D	Market value	235	1,263
Financial data were rounded to NIS millions.			

As of June 30, 2025, equity attributable to the Company's shareholders was NIS 3,125 million, the financial debt-to-EBITDA ratio according to the Financial Statements was 2.2, and the equity-to-assets ratio was 35.7%. As of June 30, 2025, the Company is compliant with the required covenants.

## ASPECTS OF CORPORATE GOVERNANCE

### 24. Sustainability, CSR, social investment and donations

The Group's stated objective, **"Nourishing a Better Tomorrow"**, guides it in its work – to leave a positive mark on the world through food, beverages and in other ways, to nourish a better tomorrow where people live longer, live better, live in a society that is inclusive, equal and supportive, in a sustainable environment that will continue to flourish for generations to come. The Group's sustainability focus areas were derived from its values and commitments: To provide better food, better choices, and create a positive, better influence.

#### 2030 Sustainability Strategy

The Group continues to work to realize its sustainability strategy, and publishes an annual ESG report on a dedicated website. The report is written according to the GRI Standards – the global standards for sustainability reporting, and in the spirit of the SASB Standards, TCFD framework and UNGC principles. An external audit is performed by a third party according to the ISAE 3000 standard. In H2 2025 the Group anticipates validating its sustainability strategy as well as the Group's 2030 sustainability targets.

#### Highlights in Q2 2025:

##### Nutrition and a healthy lifestyle

Developing and improving products to create even better products and delivering diverse choices for different communities and dietary needs are part of the Company's nutrition strategy, and the Company is working to advance these initiatives. In Q2 2025, the Group continued to achieve the new nutrition goals for 2025–2030.

##### Managing environmental impacts

In Q2 2025 7.4% of the energy at the Company's sites came from renewable sources.

The Company continues to encourage its employees to choose non-gasoline vehicles. In Q2 2025, 57% of Company vehicles delivered to employees were electric/plug-in or hybrid.

In addition, in the current quarter, the Group began implementing an upscale program for the treatment of non-hazardous industrial waste. As part of this process, the potential of all the Group's sites will be mapped with the aim of meeting the target of reducing waste sent to landfill.

#### Corporate social responsibility and community relations

In Q2 2025, the Company continued to promote its social initiatives nationwide, strengthening existing partnerships, developing new initiatives, and deepening engagement with diverse audiences. During Operation Rising Lion, the Company supported affected communities, residents in public shelters, reservists, and emergency forces. These activities were carried out alongside the promotion of community support programs under the Company's social strategy to advance equal opportunities to employment and food security.

Report.

## **25. Aspects of corporate governance**

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As of the publication date of the report, the Board of Directors comprises ten members who possess different backgrounds and areas of expertise, including three external directors. The Company has not adopted in its articles of association any provision regarding the number of independent directors.

Other than Ms. Ofra Strauss who serves as Executive Chairperson of the Board of Directors and Mr. Shaul Kobrinsky who serves as Deputy Chairperson of the Board of Directors since February 2025, the Company's other directors do not provide the Company with services and are not employed by the Company.

For information on the skills, education, experience and knowledge of the directors of the Company, including with regard to directors who possess accounting and financial expertise, see regulation 26 in the Additional Information on the Corporation Chapter in the 2024 Periodic Report.

## **26. Effectiveness of internal control**

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See the attached report for information on the effectiveness of internal control over financial reporting and disclosure in accordance with Regulation 38C(a) of the Report Regulations.





## 27. Events after the reporting period

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For an overview of events occurring subsequent to the date of the statement of financial position, see Note 9 to the Condensed Consolidated Interim Financial Statements as of June 30, 2025.

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

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Ofra Strauss

Chairperson of the Board  
of Directors

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Shai Babad

President and CEO

August 25, 2025

# Financial Statements

## As of June 30, 2025



**Condensed Consolidated Interim Financial Statements as of June 30, 2025  
(unaudited)**

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<b><u>Table of Contents</u></b>	<b><u>Page</u></b>
Auditor's review report	
Condensed consolidated interim statements of financial position	4
Condensed consolidated interim statements of income	6
Condensed consolidated interim statements of comprehensive income	7
Condensed consolidated interim statements of changes in equity	8
Condensed consolidated interim statements of cash-flows	13
Notes to the condensed consolidated interim financial statements	15

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

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

### *Preface*

We have reviewed the attached financial information for Strauss Group Ltd. and its subsidiaries (hereinafter - the "Group"), including the condensed consolidated statement of financial position as of June 30, 2025, as well as the condensed consolidated statements of income, comprehensive income, changes in equity and cash-flows for the six and three month periods ending on the same date. The board of directors and management are responsible for the preparation and presentation of financial information for these interim periods, pursuant to International Accounting Standard IAS 34, "Interim Financial Reporting," and are also responsible for the preparation of financial information for these interim periods according to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion regarding the financial information for these interim periods, based on our review.

We did not review the condensed interim financial information of companies whose assets included in the consolidation comprise approximately 3.2% of the total consolidated assets as of June 30, 2025, and whose revenues included in the consolidation comprise approximately 6.8% and 8.5% of all the consolidated revenues for the six and three month periods ended that same date, respectively. The condensed interim financial information of those companies were reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to amounts included for those companies, is based on the review reports of the other auditors.

### *Scope of the Review*

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

### *Conclusion*

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

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

Somekh Chaikin

Auditors

August 25, 2025



## Condensed consolidated interim statements of financial position

	June 30 2025	June 30 2024	December 31 2024
	Unaudited	Unaudited	Audited
	NIS millions		
<b>Current Assets</b>			
Cash and cash equivalents	379	427	1,142
Trade receivables	1,235	1,136	1,087
Income tax	14	16	22
Accounts receivable and debit balances	278	297	329
Inventory	1,230	910	1,002
<b>Total current assets</b>	<b>3,136</b>	<b>2,786</b>	<b>3,582</b>
<b>Investments and non-current assets</b>			
Investment in equity-accounted investees	1,572	1,890	1,468
Other investments and long-term receivables	127	182	61
Fixed assets	2,451	2,240	2,348
Right-of-use assets	303	453	394
Intangible assets	1,112	1,068	1,065
Investment property	4	5	5
Deferred tax assets	38	42	36
<b>Total investments and non-current assets</b>	<b>5,607</b>	<b>5,880</b>	<b>5,377</b>
<b>Total assets</b>	<b>8,743</b>	<b>8,666</b>	<b>8,959</b>

Ofra Strauss

Chairperson of the Board of  
Directors

Shai Babad

President and CEO

Tobi Fischbein

CFO

August 25, 2025

Financial statements approval  
date

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

**Strauss Group Ltd.****Condensed consolidated interim statements of financial position (Cont'd)**

	June 30 2025	June 30 2024	December 31 2024
	Unaudited	Unaudited	Audited
	NIS millions		
<b>Current Liabilities</b>			
Current maturities of debentures	203	174	174
Short-term credit and current maturities of long-term loans and other long-term liabilities	398	863	671
Current maturities of lease liabilities	91	107	102
Trade payables	1,421	1,320	1,536
Income tax	155	98	104
Other accounts payable	748	711	718
Provisions	28	29	30
<b>Total current liabilities</b>	3,044	3,302	3,335
<b>Non-current liabilities</b>			
Debentures	1,382	1,150	1,154
Long-term loans and other long-term liabilities	462	414	402
Lease liabilities	226	360	309
Long-term payables and credit balances	25	35	26
Employee benefits, net	28	27	27
Deferred tax liabilities	127	134	110
<b>Total non-current liabilities</b>	2,250	2,120	2,028
<b>Equity and reserves</b>			
Share capital	253	253	253
Share premium	1,051	1,051	1,051
Reserves	(2,147)	(2,000)	(2,192)
Retained earnings	3,968	3,660	4,167
<b>Total equity attributable to shareholders of the Company</b>	3,125	2,964	3,279
<b>Non-controlling interests</b>	324	280	317
<b>Total equity</b>	3,449	3,244	3,596
<b>Total liabilities and equity</b>	8,743	8,666	8,959

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



**Condensed consolidated interim statements of income**

	For the six-month period ended		For the three-month period ended		For the year ended
	June 30 2025	June 30 2024	June 30 2025	June 30 2024	December 31 2024
	Unaudited		Unaudited		Audited
			NIS millions		
Sales	3,762	3,427	1,875	1,701	7,089
Cost of sales	2,567	2,279	1,292	1,118	4,701
Gross profit	1,195	1,148	583	583	2,388
Selling and marketing expenses	677	700	337	347	1,401
General and administrative expenses	250	255	129	126	501
	927	955	466	473	1,902
Share of profit of equity-accounted investees	123	85	76	49	179
Share of loss of equity-accounted incubator investees	(18)	(10)	(10)	(8)	(33)
Operating profit before other income (expenses)	373	268	183	151	632
Other income	6	7	5	4	535
Other expenses	(10)	(70)	-	(17)	(131)
Other income (expenses), net	(4)	(63)	5	(13)	404
Operating profit	369	205	188	138	1,036
Financing income	17	40	5	24	42
Financing expenses	(94)	(73)	(69)	(40)	(162)
Financing expenses, net	(77)	(33)	(64)	(16)	(120)
Profit before taxes on income	292	172	124	122	916
Income tax expenses	(90)	-	(33)	(21)	(205)
Income for the period	202	172	91	101	711
Attributed to:					
Shareholders of the Company	150	133	64	82	624
Non-controlling interests	52	39	27	19	87
Income for the period	202	172	91	101	711
Earnings per share					
Basic earnings per share (in NIS)	1.28	1.14	0.55	0.70	5.35
Diluted earnings per share (in NIS)	1.28	1.14	0.55	0.70	5.35

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

## Condensed consolidated interim statements of comprehensive income

	For the six-month period ended		For the three-month period ended		For the year ended
	June 30 2025	June 30 2024	June 30 2025	June 30 2024	December 31 2024
	Unaudited		Unaudited		Audited
			NIS millions		
Income for the period	202	172	91	101	711
<b>Other comprehensive income (loss) items reclassified to profit or loss in subsequent periods:</b>					
Foreign currency translation differences	52	20	(26)	29	(55)
Foreign currency translation differences of foreign operations recognized in profit or loss	-	90	-	-	128
Other comprehensive loss from equity- accounted investees	(7)	(59)	(85)	(52)	(214)
<b>Total other comprehensive income (loss) items for the period that will be reclassified to profit or loss in subsequent periods, net</b>	<b>45</b>	<b>51</b>	<b>(111)</b>	<b>(23)</b>	<b>(141)</b>
<b>Other comprehensive income items not reclassified to profit or loss in subsequent periods, net:</b>					
Changes in employee benefits, net	-	-	-	-	1
<b>Total other comprehensive income (loss) items not reclassified to profit or loss in subsequent periods, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Total comprehensive income (loss) for the period</b>	<b>247</b>	<b>223</b>	<b>(20)</b>	<b>78</b>	<b>571</b>
<b>Attributed to:</b>					
Shareholders of the Company	195	184	(47)	59	484
Non-controlling interests	52	39	27	19	87
<b>Total comprehensive income (loss) for the period</b>	<b>247</b>	<b>223</b>	<b>(20)</b>	<b>78</b>	<b>571</b>

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





**Condensed consolidated interim statements of changes in equity**

	Attributable to shareholders of the Company								
	Share capital	Share premium capital	Treasury stock	Reserve for transactions with non-controlling interests	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	NIS millions								
For the six-month period ended June 30, 2025 - unaudited:									
Balance as of January 1, 2025	253	1,051	(20)	(430)	(1,742)	4,167	3,279	317	3,596
Total comprehensive income for the period									
Income (loss) for the period	-	-	-	-	-	150	150	52	202
Components of other comprehensive income:									
Foreign currency translation differences	-	-	-	-	52	-	52	-	52
Other comprehensive loss from investees	-	-	-	-	(7)	-	(7)	-	(7)
Total other comprehensive income for the period, net	-	-	-	-	45	-	45	-	45
Total comprehensive income for the period	-	-	-	-	45	150	195	52	247
Share-based payments	-	-	-	-	-	11	11	-	11
Dividend to Company shareholders	-	-	-	-	-	(360)	(360)	-	(360)
Dividend to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	(45)	(45)
Balance as of June 30, 2025	253	1,051	(20)	(430)	(1,697)	3,968	3,125	324	3,449

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



**Condensed statements of changes in equity (Cont'd)**

	Attributable to shareholders of the Company								
	Share capital	Share premium	Treasury stock	Reserve for transactions with non-controlling interests	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	NIS millions								
For the six-month period ended June 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	-	-	-	-	-	133	133	39	172
Components of other comprehensive income (loss):									
Foreign currency translation differences	-	-	-	-	20	-	20	-	20
Foreign currency translation differences of foreign operations recognized in profit or loss	-	-	-	-	90	-	90	-	90
Other comprehensive loss from investees	-	-	-	-	(59)	-	(59)	-	(59)
Total other comprehensive income for the period, net	-	-	-	-	51	-	51	-	51
Total comprehensive income for the period	-	-	-	-	51	133	184	39	223
Share-based payments	-	-	-	-	-	13	13	-	13
Dividend to Company shareholders	-	-	-	-	-	(270)	(270)	-	(270)
Dividend to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	(37)	(37)
Balance as of June 30, 2024	253	1,051	(20)	(430)	(1,550)	3,660	2,964	280	3,244

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



**Condensed statements of changes in equity (Cont'd)**

	Attributable to shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury stock	Reserve for transactions with non-controlling interests	Translation reserve	Retained earnings		
	NIS millions							
<b>For the three-month period ended June 30, 2025 - unaudited:</b>								
<b>Balance as of April 1, 2025</b>	253	1,051	(20)	(430)	(1,586)	3,899	3167	3,509
<b>Total comprehensive income (loss) for the period</b>								
<i>Income for the period</i>	-	-	-	-	-	64	64	91
<i>Components of other comprehensive loss:</i>								
Foreign currency translation differences	-	-	-	-	(26)	-	(26)	(26)
Other comprehensive loss from investees	-	-	-	-	(85)	-	(85)	(85)
Total other comprehensive loss for the period, net	-	-	-	-	(111)	-	(111)	(111)
<b>Total comprehensive income (loss) for the period</b>	-	-	-	-	(111)	64	(47)	(20)
<b>Share-based payments</b>	-	-	-	-	-	5	5	5
<b>Dividend to non-controlling interests in subsidiaries</b>	-	-	-	-	-	-	(45)	(45)
<b>Balance as of June 30, 2025</b>	253	1,051	(20)	(430)	(1,697)	3,968	3,125	3,449

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



**Condensed statements of changes in equity (Cont'd)**

	Attributable to shareholders of the Company								
	Share capital	Share premium	Treasury stock	Reserve for transactions with non-controlling interests	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
NIS millions									
For the three-month period ended June 30, 2024 - unaudited:									
Balance as of April 1, 2024	253	1,051	(20)	(430)	(1,527)	3,571	2,898	298	3,196
Total comprehensive income (loss) for the period									
Income for the period	-	-	-	-	-	82	82	19	101
Components of other comprehensive income (loss):									
Foreign currency translation differentials	-	-	-	-	29	-	29	-	29
Other comprehensive loss from investees	-	-	-	-	(52)	-	(52)	-	(52)
Total other comprehensive loss for the period, net	-	-	-	-	(23)	-	(23)	-	(23)
Total comprehensive income (loss) for the period	-	-	-	-	(23)	82	59	19	78
Share-based payments									
	-	-	-	-	-	7	7	-	7
Dividend to non-controlling interests in subsidiaries									
	-	-	-	-	-	-	-	(37)	(37)
Balance as of June 30, 2024	253	1,051	(20)	(430)	(1,550)	3,660	2,964	280	3,244

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

**Condensed statements of changes in equity (Cont'd)**

	Attributable to shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Treasury stock	Reserve for transactions with Non-controlling interests	Translation reserve	Retained earnings		
	NIS millions							
<b>For the year ended December 31, 2024 - audited:</b>								
<b>Balance as of January 1, 2024</b>	253	1,051	(20)	(430)	(1,601)	3,784	278	3,315
<b>Total comprehensive income (loss) for the year</b>								
<i>Profit for the year</i>	-	-	-	-	-	624	87	711
<i>Components of other comprehensive income (loss):</i>								
Foreign currency translation differentials	-	-	-	-	(55)	-	-	(55)
Foreign currency translation differences recognized in profit or loss	-	-	-	-	128	-	-	128
Other comprehensive loss from investees	-	-	-	-	(214)	-	-	(214)
Changes in employee benefits, net	-	-	-	-	-	1	-	1
Total other comprehensive income (loss) for the year, net	-	-	-	-	(141)	1	-	(140)
<b>Total comprehensive income (loss) for the year</b>	-	-	-	-	(141)	625	87	571
<b>Share-based payments</b>	-	-	-	-	-	28	-	28
<b>Dividends distributed</b>	-	-	-	-	-	(270)	-	(270)
<b>Transactions with non-controlling interests</b>	-	-	-	-	-	-	2	2
<b>Dividend to non-controlling interests in subsidiaries</b>	-	-	-	-	-	-	(50)	(50)
<b>Balance as of December 31, 2024</b>	253	1,051	(20)	(430)	(1,742)	4,167	317	3,596

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

## Condensed consolidated interim statements of cash-flows

	For the six-month period ended		For the three-month period ended		For the year ended
	June 30 2025	June 30 2024	June 30 2025	June 30 2024	December 2024
	Unaudited		Unaudited		Audited
	NIS millions				
<b>Cash flows from operating activities</b>					
Income for the period	202	172	91	101	711
Adjustments:					
Depreciation	141	148	70	72	289
Amortization of intangible assets and deferred expenses	35	34	18	17	61
Impairment of intangible assets and assets held for sale	2	11	-	11	22
Capital loss (gain), net, on sale of fixed assets, intangible assets and other assets	(2)	26	(3)	1	(495)
Expenses for share-based payments	11	13	5	7	28
Financing expenses, net	77	33	64	16	120
Income tax expenses	90	-	33	21	205
Share of profit of equity-accounted investees	(105)	(75)	(66)	(41)	(146)
Change in inventory	(203)	(108)	(21)	(37)	(235)
Change in trade and other receivables	(132)	(216)	(57)	(4)	(195)
Change in long-term receivables	(67)	(1)	(33)	(2)	(25)
Change in trade and other payables	(43)	228	(21)	38	448
Change in employee benefits	-	(1)	-	-	2
Interest paid	(71)	(58)	(46)	(39)	(132)
Interest received	14	9	5	5	25
Income tax paid, net	(22)	(56)	(19)	(32)	(123)
<b>Net cash deriving from (used in) operating activities</b>	<b>(73)</b>	<b>159</b>	<b>20</b>	<b>134</b>	<b>560</b>
<b>Cash flows from investment activities</b>					
Proceeds from sale of fixed assets and intangible assets	1	5	1	1	3
Investment in fixed assets and investment property	(199)	(178)	(93)	(76)	(403)
Investment in intangible assets	(56)	(68)	(30)	(33)	(143)
Consideration from sale of investments	2	9	-	9	-
Proceeds from sale of a subsidiary, net of cash disposed	-	137	-	-	137
Proceeds from sale of business by subsidiary	1	-	1	-	22
Repayment of deposits and loans granted	75	22	23	16	149
Short-term loans granted	(1)	-	-	-	-
Consideration from sale of investments in investees accounted for using the equity method	-	-	-	-	849
Grant of long-term loans and deposits	(55)	(128)	(30)	(37)	(191)
Taxes paid on sale of investments in investees accounted for using the equity method	-	-	-	-	(162)
Dividends from investees	-	-	-	-	118
Investment in investee companies	(7)	(130)	(6)	-	(131)
<b>Net cash derived from (used in) investing activities</b>	<b>(239)</b>	<b>(331)</b>	<b>(134)</b>	<b>(120)</b>	<b>248</b>

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



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

	For the six-month period ended		For the three-month period ended		For the year ended
	June 30 2025	June 30 2024	June 30 2025	June 30 2024	December 2024
	Unaudited		Unaudited		Audited
	NIS millions				
<b>Cash flows from financing activities</b>					
Short-term bank credit, net	(179)	540	102	322	343
Proceeds from issuance of debentures, net of issuance costs	461	-	461	-	-
Receipt of long-term loans	105	105	101	102	124
Redemption of debentures and repayment of long-term loans	(349)	(210)	(349)	(210)	(242)
Receipt of capital notes from non-controlling interests	-	3	-	-	8
Change in liabilities in respect of credit card factoring	-	1	(3)	(1)	18
Principal payments of lease liability	(55)	(58)	(27)	(27)	(114)
Dividends paid	(360)	(270)	(160)	(270)	(270)
Dividends paid to non-controlling interests in a subsidiary	(44)	(37)	(44)	(37)	(50)
<b>Net cash deriving from (used in) financing activities</b>	<b>(421)</b>	<b>74</b>	<b>81</b>	<b>(121)</b>	<b>(183)</b>
<b>Increase (decrease) in cash and cash equivalents</b>					
Cash and cash equivalents at beginning of period	1,142	517	436	527	517
Effect of exchange rate volatility on cash balances	(30)	8	(24)	7	-
<b>Cash and cash equivalents at end of period</b>	<b>379</b>	<b>427</b>	<b>379</b>	<b>427</b>	<b>1,142</b>

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

**Notes to the condensed consolidated interim financial statements (unaudited)**

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## **Note 1 – Reporting Rules and Policies**

### **1.1 General**

1.1.1 The reporting entity, Strauss Group Ltd. (the “**Company**” or “**Strauss Group**”) is an Israeli resident company, address: 49 Hasivim St. Petach Tikva.

The Company and its investee companies (the “**Group**”) are a group of industrial and commercial companies operating in Israel and in other countries, engaged mainly in the development, manufacture, marketing and sale of a variety of branded food and beverage products. The Group is also active in the development, marketing, servicing and sale of water filtration, carbonation and purification products for home and office use.

Strauss Holdings Ltd. (“**Strauss Holdings**”) is the direct controlling shareholder of the Company (approximately 50.98% of the Company’s equity and voting rights as of the financial statements approval date). The controlling shareholder of Strauss Holdings is Michael Strauss’s Assets Ltd. (“**Michael’s Assets**”) (which holds 100% of Strauss Holdings’ equity and voting rights).

Ms. Ofra Strauss, Ms. Irit Strauss and Mr. Adi Strauss hold the shares of Michael’s Assets (jointly, approximately 94.6% of the right to dividends and 100% of the voting rights in Michael’s Assets), granting them control of Michael’s Assets and, indirectly, control of the Company. The above three members of the Strauss family have an agreement to jointly act *vis-a-vis* Michael’s Assets, by virtue of which they are deemed to jointly hold Michael’s Assets.

In light of the foregoing, Ms. Ofra Strauss, Ms. Irit Strauss and Mr. Adi Strauss are the controlling shareholders of the Company.

1.1.2 The interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting,” and in accordance with the directives under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

These reports should be read in conjunction with the audited consolidated financial statements of the Company and its consolidated companies as of December 31, 2024, and for the year ended on the same date and their accompanying notes (the “**Annual Financial Statements**”).

The Group’s accounting policy in these interim financial statements was applied consistently as in the Annual Financial Statements.

1.1.3 The consolidated interim financial statements are presented in NIS, which is the functional currency of the Company. The financial information is presented in NIS millions and has been rounded to the nearest million.

1.1.4 The consolidated interim financial statements were approved for publication by the Board of Directors of the Group on August 25, 2025.



**Notes to the condensed consolidated interim financial statements (unaudited)**

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**Note 2 - Seasonality**

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

In the Fun & Indulgence (Snacks & Confectionery) segment, product sales in the confectionery category are affected by seasonality and are generally higher (comparatively) in the first third of the year, and lower (comparatively) in the second third of the year. Seasonality is mainly affected by the winter months, which fall in Q1 and are marked by greater consumption of chocolate products as well as by increased consumption of Fun & Indulgence products with the approach of Purim and Passover. Product sales in the salty snack category are affected by seasonality and are generally higher (comparatively) in the summer months and during holiday seasons.

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

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

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

Notes to the condensed consolidated interim financial statements (unaudited)

### Note 3 - Operating Segments

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

	For the six-month period ended		For the three-month period ended		For the year ended
	June 30 2025	June 30 2024	June 30 2025	June 30 2024	December 31 2024
	Unaudited		Unaudited		Audited
	NIS millions				
<b>Income</b>					
Sales to external customers:					
Health & Wellness	1,548	1,485	806	754	3,076
Fun & Indulgence (Snacks and Confectionery)	695	632	301	271	1,264
Fun & Indulgence (Israel Coffee)	472	404	212	187	830
<b>Total Israel</b>	<u>2,715</u>	<u>2,521</u>	<u>1,319</u>	<u>1,212</u>	<u>5,170</u>
International Coffee	<u>2,924</u>	<u>2,159</u>	<u>1,536</u>	<u>1,205</u>	<u>4,705</u>
Water	<u>424</u>	<u>403</u>	<u>218</u>	<u>210</u>	<u>848</u>
Other	<u>-</u>	<u>260</u>	<u>-</u>	<u>127</u>	<u>483</u>
Sales to other segments:					
Health & Wellness	4	5	2	2	9
Fun & Indulgence (Snacks and Confectionery)	2	4	1	2	6
Fun & Indulgence (Israel Coffee)	1	1	1	-	2
<b>Total Israel</b>	<u>7</u>	<u>10</u>	<u>4</u>	<u>4</u>	<u>17</u>
International Coffee	<u>3</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>
Total segment income	<u>6,073</u>	<u>5,354</u>	<u>3,078</u>	<u>2,759</u>	<u>11,225</u>
Elimination of intersegment sales	<u>(10)</u>	<u>(11)</u>	<u>(5)</u>	<u>(5)</u>	<u>(19)</u>
Total segment income excluding intersegment sales	6,063	5,343	3,073	2,754	11,206
Adjustment to the equity method	<u>(2,301)</u>	<u>(1,916)</u>	<u>(1,198)</u>	<u>(1,053)</u>	<u>(4,117)</u>
Total consolidated income	<u>3,762</u>	<u>3,427</u>	<u>1,875</u>	<u>1,701</u>	<u>7,089</u>

Notes to the condensed consolidated interim financial statements (unaudited)

Note 3 - Operating Segments (Cont'd)

	For the six-month period ended		For the three-month period ended		For the year ended
	June 30 2025	June 30 2024	June 30 2025	June 30 2024	December 31 2024
	Unaudited		Unaudited		Audited
			NIS millions		
<b>Operating profit (loss)</b>					
Health & Wellness	201	166	113	92	389
Fun & Indulgence (Snacks and Confectionery)	(15)	30	1	(12)	44
Fun & Indulgence (Israel Coffee)	62	54	21	19	95
<b>Total Israel</b>	<u>248</u>	<u>250</u>	<u>135</u>	<u>99</u>	<u>528</u>
International Coffee	157	99	102	61	214
Water	52	49	26	25	115
Other	(31)	(43)	(18)	(34)	(105)
<b>Total segment profit</b>	<u>426</u>	<u>355</u>	<u>245</u>	<u>151</u>	<u>752</u>
Unallocated income (expenses):					
Adjustments for commodity hedges <sup>(1)</sup>	6	(66)	(17)	5	(35)
Other income (expenses), net	4	(50)	3	3	407
Share-based payments	(11)	(13)	(5)	(7)	(28)
Total segment operating profit	425	226	226	152	1,096
Adjustment to the equity method	(56)	(21)	(38)	(14)	(60)
Total consolidated operating profit	369	205	188	138	1,036
Financing expenses, net	(77)	(33)	(64)	(16)	(120)
Profit before taxes on income	<u>292</u>	<u>172</u>	<u>124</u>	<u>122</u>	<u>916</u>

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

**Notes to the condensed consolidated interim financial statements (unaudited)**

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**NOTE 4 - Events During the Reporting Period**

- 4.1** On February 17, 2025, the Company's Board of Directors approved the payment of a dividend to shareholders of NIS 200 million (approximately NIS 1.72 per share), which was paid on March 4, 2025.
- 4.2** On March 24, 2025, the Company's Board of Directors approved a dividend distribution to shareholders at an amount of NIS 160 million (approximately NIS 1.37 per share), which was paid on April 10, 2025.
- 4.3** On March 27, 2025, the Company's General Meeting, following the approval of the Company's Remuneration Committee and Board of Directors on February 18, 2025, approved a one-off bonus for the Company's CEO, totaling NIS 2 million, in deviation of the Company's Remuneration Policy, for the significant contribution towards the success of the Sabra transaction.
- 4.4** Three short-term loans totaling NIS 300 million, taken from various banks in April 2024, were repaid in February 2025. Additionally, in June 2025 one of the Company's subsidiaries refinanced a loan by repaying a loan for EUR 25 million while taking a loan for EUR 25 million (approximately NIS 100 million). Moreover, in June 2025 secured credit facilities totaling NIS 200 million were repaid.
- 4.5** As of the approval date of the financial statements, the hostilities between Russia and Ukraine are ongoing, so too with respect to the economic sanctions imposed on Russia by the West. Since the outbreak of the war, the Group has taken steps to ensure that its business in Russia will be managed as a stand-alone business to the greatest extent possible. In Ukraine, the Group's business has operated continuously. As of the approval date of the financial statements, the Russia-Ukraine war has not had a material impact on the Group's operating results. Considering the evolving nature of the events and the ensuing high degree of uncertainty, potential geopolitical scenarios may materialize, which could lead to further negative economic and financial consequences. The Group is continuously monitoring the development of events in Ukraine, Russia and the markets, however, as of the approval date of the financial statements, it is unable to assess their future impact on its business results. For further information, see Note 6.3 to the Annual Financial Statements.

**Notes to the condensed consolidated interim financial statements (unaudited)**

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**NOTE 4 - Events During the Reporting Period (Cont'd)**

- 4.6** On October 7, 2023, the Hamas terrorist organization attacked Israel. The Israeli government declared the Swords of Iron War in response to the attack (the “war”). This war expanded to other fronts with attacks by the Hezbollah terror organization along with rockets, missiles and suicide drone attacks on Israel from various fronts, including Iran and Yemen. Operation Rising Lion was launched on June 13 2025 against the Iranian threat as part of which a surprise attack was carried out against Iran, which included attacking nuclear sites, targeted assassinations and harming military capabilities. The operation protracted for 12 days, during which Israel was subject to ballistic missile and drone attacks from Iran and Israeli airspace was closed and the economy was also affected based on changing guidelines issued by the Homefront Command. During the 12 days of Operation Rising Lion the Company maintained full commercial continuity at its plants, and throughout the entire supply chain.
- As of the approval date of the financial statements, a ceasefire has been achieved with Iran and the Company is continuing to operate as usual at all sites. The war at large is still ongoing in an evolving manner, and the development of the war, its scale, impact and duration are still uncertain.
- As of the approval date of the financial statements, the war has not had a material impact on the Group’s business and its financial results. Additionally, from the outbreak of the war, the Group acted to find solutions in order to continue importing raw materials to Israel, including: Finding alternative sources for the procurement of raw materials, production outsourcing, making adjustments to the logistics array, and monitoring the increase in cybersecurity risks and food quality and safety risks. However, in light of the uncertainty with how the war will develop, its scope, impact and duration, it is not currently possible to assess the scope of the future impact of the war on the Group’s business. For further information, see Note 1.1.1 to the Annual Financial Statements.
- 4.7** Further to that stated in Note 22.1.1 to the Annual Financial Statements, in February 2025 the Group entered into an agreement for the sale of the “Café Elite” chain activity with a third-party in an amount immaterial for the Group. The conditions precedent were satisfied in March 2025 and the transaction closed in June 2025. The assets and liabilities associated with the activity were accordingly derecognized from the statement of financial position.

**Notes to the condensed consolidated interim financial statements (unaudited)**

**Note 5 - Share-Based Payment**

**5.1 Grants in the reporting period**

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

		Fair value	Share price	Exercise price	Expected life	Annual standard deviation	Discount rate
Grant date	No. of warrants Entitled employees	NIS millions	NIS	NIS	Years	%	%
January 28, 2025	129,000 to 4 managers	2	71.12	74.82	3.65-4.65	24.14-23.42	4.25-4.26
May 27, 2025	109,804 to 1 manager	2.5	87.37	89	3.65-4.65	24.82-23.45	4.29-4.33

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

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

**5.2 Warrants exercised in the reporting period**

In the reporting period, 897,634 warrants granted to employees were exercised for 59,447 shares in consideration for their par value.

Notes to the condensed consolidated interim financial statements (unaudited)

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**Note 6 - Contingent Liabilities**

- 6.1** For information on claims pending against the Company and its investees and contingent liabilities as of December 31, 2024, see Note 21.1 to the Annual Financial Statements. With respect to these claims, no material changes occurred during the reporting period, other than as stated below.
- 6.2** Further to that stated in Note 21.1.1 to the Annual Financial Statements regarding a legal action against the Company pertaining to consumer deception regarding the weight of “Reva L’Sheva” products for NIS 53 million in pecuniary damages, and NIS 5 in non-pecuniary damages for every consumer who bought products from the range the subject of the claim, an adjudication was held on May 15, 2025, and on June 30, 2025, a judgment was awarded approving the withdrawal agreement. The agreement includes the Company making a donation to NGOs engaged in distributing food to the needy, a payment to the plaintiff and paying plaintiff’s legal costs, all in amounts immaterial for the Company.
- 6.3** Further to that stated in Note 21.1.3 to the Annual Financial Statements, regarding class actions filed against the Company in respect of harm allegedly caused to the consumer public, associated with positive findings of salmonella on some of the production lines in the Company’s plant in Nof Hagalil and in some of the products in the plant (the “**recall**”), a mediation was held on June 22, 2025, at which it was agreed that the applicants shall held an internal meeting and will then propose a settlement outline for the case, The mediation has been scheduled to continue on September 9, 2025, and the parties are to submit an update to the court by September 10, 2025.
- 6.4** Further to that stated in Note 21.1.4 to the Annual Financial Statements regarding the submission to the District Court of Tel Aviv Yafo of six motions for discovery and production of documents under section 198A of the Companies Law, 1999, for the purpose of examining the possibility of submitting a motion to bring a derivative action against officers and senior parties in the Company, on July 8, 2025, a representative of the Attorney General submitted a motion for an extension to submit the settlement agreement. The court ruled that the position of the representative of the Attorney General shall be submitted by September 21, 2025, the respondents shall submit their response to the position to be submitted by October 19, 2025, and a hearing on the motion to approve the settlement agreement shall be held on October 22, 2025.
- 6.5** Further to that stated in Note 21.1.5 to the Annual Financial Statements regarding a determination made by the Commissioner of the Competition Authority of a breach pursuant to section 19 of the Economic Competition Law, 1988 (the “**Economic Competition Law**”) and the imposition of a financial penalty on the Company totaling approximately NIS 111 million, and the imposition of a financial penalty on its former office holders, on November 19, 2024, the Commissioner agreed to the Company’s request to split the payment of the financial penalty into ten equal monthly installments as provided in section 50J(b) of the Competition Law, including two which were paid in Q4 2024. In H1 2025 six additional installments were paid totaling NIS 11 million each for the financial penalty and the Company submitted an appeal on the determination.

**Notes to the condensed consolidated interim financial statements (unaudited)**

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**Note 6 - Contingent Liabilities (Cont'd)**

On February 11, 2025, the Commissioner submitted a joint motion to the tribunal to consolidate together with the appeal two other appeals submitted on the matter - an appeal submitted by Wyler and its officers, and an appeal submitted by individuals serving as senior officers of the Company at the relevant times. The Competition Authority submitted its response to the appeals on May 12, 2025. On June 26, 2025, the Company submitted a written request to the Commissioner to receive documents and particulars which it believes are necessary to prepare its reply to the Commissioner's response to the appeal (the "**reply**"). Further to this written request and a discussion with the Commissioner, on July 16, 2025, the Company submitted to the tribunal a consented motion for leave to submit a reply to the response, the tribunal has not yet decided on this motion. It should be clarified that the Company disputes the Commissioner's position and is of the opinion that its actions as far as the arguments made against the Company were legal. The Company's legal counsel assess that the likelihood is greater that the appeal, which asserts that the Company did not breach the law, will be granted than of it being rejected.

- 6.6** Further to that stated in Note 21.1.6 to the Annual Financial Statements regarding two motions for the discovery of documents prior to filing a derivative claim under section 198A of the Companies Law, 1999 (jointly: the "**motions for discovery**"), pursuant to which the court was requested to direct the Company to disclose documents related to the ruling by the Competition Authority to impose a financial penalty on the Company and officers of the Company at an amount of approximately NIS 111 million for the alleged violation of section 19 of the Economic Competition Law. On April 7, 2025, the Company filed a motion to stay the proceedings due to an appeal it had submitted on the financial penalty to the Competition Tribunal. A hearing on the motion to stay was held on June 30, 2025, at which the court ruled with the parties' consent that the hearing of one of the motions will be stayed at this stage. The Company is to submit an update on the matter by January 1, 2026.
- 6.7** Further to that stated in Note 21.1.7 to the Annual Financial Statements, on April 3, 2025, the Company and former senior office holders received notices from the Competition Authority regarding the closing of an investigation against the Company and the former senior office holders regarding a suspicion of crimes under the Economic Competition Law, 1988 (suspicions of an attempted restrictive trade arrangement through a public announcement in the Company's Q1 2021 quarterly report).
- 6.8** The Company did not recognize provisions for claims and demands pending as of the approval date of the financial statements, which, in the opinion of its legal counsel, are not expected to be accepted or the chances of which cannot be estimated. Claims and demands whose chances cannot be estimated amount to approximately NIS 14 million, at most.



Notes to the condensed consolidated interim financial statements (unaudited)

**Note 7 - Investments in Equity-Accounted Investees**

**7.1 Concise information on material equity-accounted investees**

	Três Corações Alimentos S.A.			Qingdao HSW Health Water Appliance Co. Ltd.		
	June 30		December 31	June 30		December 31
	2025	2024	2024	2025	2024	2024
	Unaudited		Audited	Unaudited		Audited
	NIS millions			NIS millions		
Current assets	2,905	2,250	2,434	894	991	921
Of which:						
Cash and cash equivalents	195	109	800	479	612	507
Non-current assets	1,224	1,251	1,155	225	214	229
<b>Total assets</b>	<b>4,129</b>	<b>3,501</b>	<b>3,589</b>	<b>1,119</b>	<b>1,205</b>	<b>1,150</b>
Current liabilities	1,690	1,470	1,249	472	548	511
Of which:						
Financial liabilities excluding trade payables, other payables and provisions	428	491	419	-	100	49
Non-current liabilities	1,042	686	1,118	-	-	5
Of which:						
Financial liabilities excluding trade payables, other payables and provisions	956	597	1,038	-	-	-
<b>Total liabilities</b>	<b>2,732</b>	<b>2,156</b>	<b>2,367</b>	<b>472</b>	<b>548</b>	<b>516</b>
<b>Total net assets (100%)</b>	<b>1,397</b>	<b>1,345</b>	<b>1,222</b>	<b>647</b>	<b>657</b>	<b>634</b>
<b>Company's share of net</b>	<b>699</b>	<b>672</b>	<b>611</b>	<b>317</b>	<b>322</b>	<b>311</b>
<b>Other adjustments</b>	<b>95</b>	<b>142</b>	<b>83</b>	<b>77</b>	<b>87</b>	<b>83</b>
Carrying amount of	794	814	694	394	409	394

Notes to the condensed consolidated interim financial statements (unaudited)

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

**7.1 Concise information on material equity-accounted investees (Cont'd)**

	Três Corações Alimentos S.A.					Qingdao HSW Health Water Appliance Co. Ltd.				
	For the six-months ended		For the three months ended		For the year ended	For the six-months ended		For the three months ended		For the year ended
	June 30	June 30	June 30	June 30	December 31	June 30	June 30	June 30	June 30	December 31
	2025	2024	2025	2024	2024	2025	2024	2025	2024	2024
	Unaudited		Unaudited		Audited	Unaudited		Unaudited		Audited
			NIS millions					NIS millions		
Income	4,263	2,980	2,234	1,683	6,619	463	446	236	230	919
Profit for the period	144	83	110	59	168	52	53	20	26	115
Other comprehensive income (loss)	48	(135)	(62)	(113)	(344)	(49)	10	(69)	13	(16)
Total comprehensive income (loss)	192	(52)	48	(54)	(176)	3	63	(49)	39	99
Of which:										
Depreciation and amortization	44	48	22	24	93	9	8	5	4	16
Interest revenues	18	22	5	7	41	3	4	2	2	7
Interest expenses	93	67	50	38	129	-	4	(1)	2	6
Tax income (expense)	(24)	16	(24)	4	24	(12)	(6)	(5)	(1)	(16)
Company's share in comprehensive income (loss)	96	(26)	24	(27)	(88)	1	31	(24)	19	49
Other adjustments	4	(13)	(4)	(11)	(31)	(1)	(3)	-	(2)	(6)
Share of comprehensive income (loss) presented in the books	100	(39)	20	(38)	(119)	-	28	(24)	17	43

**Notes to the condensed consolidated interim financial statements (unaudited)**

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

**7.2 Attachment of financial statements**

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

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

	<b>Brazilian Real exchange rate</b>		
	<b>Average exchange rate for the period</b>	<b>Closing exchange rate for the period</b>	<b>% change based on closing exchange rate</b>
<b>For the six-month period ended:</b>			
June 30, 2025	0.62	0.61	4.0%
June 30, 2024	0.73	0.68	(8.8%)
<b>For the three-month period ended:</b>			
June 30, 2025	0.63	0.61	(0.3%)
June 30, 2024	0.72	0.68	(7.3%)
<b>For the year ended December 31, 2024</b>	<b>0.69</b>	<b>0.59</b>	<b>(21.0%)</b>

From the beginning of the year and as of the approval date of the financial statements, the Shekel has weakened by approximately 5% against the Brazilian Real.

Notes to the condensed consolidated interim financial statements (unaudited)

## Note 8 - Financial Instruments

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

The carrying amount of cash and cash equivalents, short and long-term deposits and investments, trade receivables, other accounts receivable, trade payables 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 values, based on the prices of the Tel Aviv Stock Exchange, and carrying amounts (including accrued interest) as presented in the statement of financial position, of the Company's debentures:

	June 30, 2025		June 30, 2024		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	Unaudited				Audited	
	NIS millions					
Series E Debentures	241	235	361	347	361	352
Series F Debentures	1,344	1,263	963	806	967	853

Notes to the condensed consolidated interim financial statements (unaudited)

**Note 8 - Financial Instruments (Cont'd)**

**8.2 Fair value hierarchy of financial instruments measured at fair value**

The various levels were defined as follows:

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

	June 30, 2025			June 30, 2024			December 31, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Unaudited						Audited		
	NIS millions								
<b>Financial assets (liabilities)</b>									
Derivatives	76	1	4	63	10	-	84	3	4
Derivatives	(89)	(12)	-	(111)	(3)	-	(108)	(4)	-
*	(13)	(11)	4	(48)	7	-	(24)	(1)	4

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

\*In the six-month period ended June 30, 2025, the Company recorded a mark-to-market loss of approximately NIS 5.5 million, and in the three-month period ended June 30, 2025, the Company recorded a gain of approximately NIS 0.1 million on commodity (cocoa) derivatives (in the six and three-month periods ended June 30, 2024, the Company recorded a mark-to-market loss of approximately NIS 75 million and NIS 3 million on commodity (cocoa) derivatives, respectively). The Company has a net balance as of June 30, 2025, of approximately NIS 0.6 million related to said commodity derivatives, which is included within derivatives receivable (as of June 30, 2024, the Company had a net outstanding liability of approximately NIS 48 million included within derivatives payables).

Notes to the condensed consolidated interim financial statements (unaudited)

**Note 8 - Financial Instruments (cont'd)**

**8.3 Additional Information**

On June 22, 2025, the Company issued NIS 547.169 million of Series F debentures with a par value of NIS 1 through an expansion.

The issuance proceeds totaled approximately NIS 461 million, net of issuance costs. Presented below are the terms and conditions of the issued debentures:

	<b>Series F Expansion</b>
Type of interest	Fixed
Annual interest rate	1.9%
Effective interest rate on listing date, taking issuance costs into account	~ 5.16%
Face value on issuance date	NIS 547.169 million
Linkage terms	Principal and interest are not linked to any index
Payment dates of principal	13 annual payments on June 30 of each year from 2025 through 2037. 3 first payments of 5.26% each, and 10 subsequent payments of 8.42% each.
Payment dates of interest	Half-yearly interest on December 31 and June 30, from June 30, 2025 through to June 30, 2037.
Collateral or liens	N/A
Name of rating company	Midroog, Maalot
Rating on issuance date	.il1Aa;ilAA+
Trustee	Reznik Paz Nevo Trusts Ltd., of 14 Yad Harutzim St., Tel Aviv-Yafo

The financial covenants established for the expansion of Series F are identical to the financial covenants of Debentures Series F. For further information, see Note 18.5 to the Annual Financial Statements.

**Notes to the condensed consolidated interim financial statements (unaudited)**

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

- 9.1 For information on developments in pending claims occurring after the date of the statement of financial position, see Note 6 above.
- 9.2 In July 2025 secured credit facilities totaling NIS 100 million were repaid and secured credit facilities totaling NIS 200 million were renewed for the Company's ongoing operating activities.

**Strauss Group Ltd.**

## Separate Financial Information As of June 30, 2025





Unofficial Translation from Hebrew

**Strauss Group Ltd.**



**Separate Financial Information as of June 30, 2025**

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<b><u>Table of Contents</u></b>	<b><u>Page</u></b>
Special Auditors' Report	A
Condensed Separate Interim Information on the Company's Financial Position	4
Condensed Separate Interim Information on the Company's Income	6
Condensed Separate Interim Information on the Company's Comprehensive Income	7
Condensed Separate Interim Information on the Company's Cash Flows	8
Additional Information	9



**Somekh Chaikin**  
KPMG Millenium Tower  
17 Haarbaah St., POB 609  
Tel Aviv 6100601

**03 684 8000**

Attn:  
To the Shareholders of Strauss Group Ltd.

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

### *Preface*

We have reviewed the interim separate financial information of Strauss Group Limited (hereinafter - the Company), presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970, as of June 30, 2025, and for the three and six month periods ended on said date. The Company's board of directors and management are responsible for the interim separate financial information. Our responsibility is to express a conclusion regarding the separate interim financial information for these interim periods, based on our review.

We have not reviewed the interim separate financial information in the financial statements of an investee whose total investment therein came to approximately NIS 220 million as of June 30, 2022, and the income from such investee came to approximately NIS 13 million and NIS 8 million for the six and three month periods ended such date, respectively. The financial statements of that company were reviewed by other auditors, whose reports have been furnished to us, and our conclusion, insofar as it relates to the financial statements of that company, is based on the review report of the other auditors.

### *Scope of the Review*

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

### *Conclusion*

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

Somekh Chaikin  
Auditors

August 25, 2025

**A**



**Condensed Separate Interim Information on the Company's Financial Position**

	<b>June 30 2025</b>	<b>June 30 2024</b>	<b>December 31 2024</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>NIS millions</b>		
<b>Current Assets</b>			
Cash and cash equivalents	56	47	31
Trade receivables	189	167	190
Accounts receivable and debit balances	113	163	234
Investee receivables	128	293	79
Inventory	242	138	179
<b>Total current assets</b>	<b>728</b>	<b>808</b>	<b>713</b>
<b>Investments and non-current assets</b>			
Investment in investee companies	3,289	3,235	3,623
Other investments and long-term receivables	559	621	483
Deferred tax assets	-	-	2
Right-of-use assets	212	219	207
Fixed assets	1,087	1,046	1,083
Investment property	3	3	3
Intangible assets	198	157	181
<b>Total investments and non-current assets</b>	<b>5,348</b>	<b>5,281</b>	<b>5,582</b>
<b>Total assets</b>	<b>6,076</b>	<b>6,089</b>	<b>6,295</b>

Ofra Strauss

Chairperson of the Board of  
Directors

Shai Babad

President and CEO

Tobi Fischbein

CFO

August 25, 2025

Approval date of the  
Separate financial  
information

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

**Strauss Group Ltd.****Condensed Separate Interim Information on the Company's Financial Position (Cont'd)**

	<b>June 30 2025</b>	<b>June 30 2024</b>	<b>December 31 2024</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>NIS millions</b>		
<b>Current Liabilities</b>			
Current maturities of debentures	203	174	174
Short-term credit and current maturities of long-term loans and other long-term liabilities	80	528	322
Current maturities of lease liabilities	50	52	51
Trade payables	285	263	261
Income tax	119	65	81
Other accounts payable	221	272	336
Investee payables	399	329	445
Provisions	-	2	1
<b>Total current liabilities</b>	<b>1,357</b>	<b>1,685</b>	<b>1,671</b>
<b>Non-current liabilities</b>			
Debentures	1,382	1,150	1,154
Long-term loans and other long-term liabilities	-	85	-
Lease liabilities	170	172	163
Long-term payables and credit balances	14	16	14
Employee benefits, net	13	12	14
Deferred tax liabilities	15	5	-
<b>Total non-current liabilities</b>	<b>1,594</b>	<b>1,440</b>	<b>1,345</b>
<b>Total equity attributable to shareholders of the</b>	<b>3,125</b>	<b>2,964</b>	<b>3,279</b>
<b>Total liabilities and equity</b>	<b>6,076</b>	<b>6,089</b>	<b>6,295</b>

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



### Condensed Separate Interim Information on the Company's Income

	For the six-month period ended		For the three-month period ended		For the year ended
	June 30 2025	June 30 2024	June 30 2025	June 30 2024	December 31 2024
	Unaudited				Audited
	NIS millions				
Sales	561	491	250	213	1,009
Cost of sales	451	410	204	161	804
<b>Gross profit</b>	110	81	46	52	205
Sales and marketing expenses	87	91	45	48	175
General and administrative expenses	65	81	35	40	158
	152	172	80	88	333
<b>Operating loss before other income (expenses)</b>	(42)	(91)	(34)	(36)	(128)
Other income	-	3	-	3	69
Other expenses	(6)	(27)	(1)	(3)	(56)
Other income (expenses), net	(6)	(24)	(1)	-	13
<b>Operating loss</b>	(48)	(115)	(35)	(36)	(115)
Financing income	2	31	1	23	34
Financing expenses	(45)	(50)	(28)	(32)	(101)
Financing expenses, net	(43)	(19)	(27)	(9)	(67)
<b>Loss before taxes on income</b>	(91)	(134)	(62)	(45)	(182)
Income tax received (paid)	(17)	51	(2)	3	51
<b>Loss after income tax</b>	(108)	(83)	(64)	(42)	(131)
Income from investees	258	216	128	124	755
<b>Income for the period attributable to shareholders of the Company</b>	150	133	64	82	624

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



**Condensed Separate Interim Information on the Company's Cash Flows**

	<u>For the six-month period ended</u>		<u>For the three-month period ended</u>		<u>For the year ended</u>
	<u>June 30 2025</u>	<u>June 30 2024</u>	<u>June 30 2025</u>	<u>June 30 2024</u>	<u>December 31 2024</u>
	<u>Unaudited</u>				<u>Audited</u>
	<u>NIS millions</u>				
<b>Income for the period attributable to shareholders of the Company</b>	<u>150</u>	<u>133</u>	<u>64</u>	<u>82</u>	<u>624</u>
<b>Other comprehensive income (loss) items reclassified to profit or loss in subsequent periods:</b>					
Other comprehensive profit (loss) from investees	<u>45</u>	<u>51</u>	<u>(111)</u>	<u>(23)</u>	<u>(141)</u>
<b>Total other comprehensive income (loss) items for the period that will be reclassified to profit or loss in subsequent periods, net</b>	<u>45</u>	<u>51</u>	<u>(111)</u>	<u>(23)</u>	<u>(141)</u>
<b>Other comprehensive income items not reclassified to profit or loss in subsequent periods:</b>					
Changes in employee benefits, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
<b>Total other comprehensive income (loss) items not reclassified to profit or loss in subsequent periods, net of tax</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
<b>Comprehensive income (loss) for the period attributable to shareholders of the Company</b>	<u>195</u>	<u>184</u>	<u>(47)</u>	<u>59</u>	<u>484</u>

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



## Condensed Separate Interim Information on the Company's Cash Flows

	For the six-month period ended		For the three-month period ended		For the year ended
	June 30 2025	June 30 2024	June 30 2025	June 30 2024	December 31 2024
	Unaudited				Audited
	NIS millions				
<b>Cash flows from operating activities</b>					
Income for the period attributable to shareholders of the Company	150	133	64	82	624
Adjustments:					
Depreciation	64	62	33	31	123
Amortization of intangible assets	17	15	8	8	28
Capital loss (gain), net, on sale of fixed assets, intangible assets and other assets	2	(1)	-	(1)	-
Other expenses, net	-	-	-	-	6
Expenses for share-based payments	8	9	4	5	21
Income from investees	(258)	(216)	(128)	(124)	(755)
Financing expenses, net	43	19	27	9	67
Income tax expenses (income)	17	(51)	2	(3)	(51)
Change in inventory	(63)	(11)	(14)	(11)	(52)
Change in trade and other receivables	25	(13)	13	67	(95)
Change in investee receivables	(21)	(31)	(4)	(7)	39
Change in trade payables, other payables and provisions	(100)	70	(50)	(73)	115
Change in investee payables	(46)	(16)	(97)	16	(3)
Change in employee benefits	-	(1)	-	-	-
Interest paid	(33)	(24)	(25)	(21)	(60)
Interest received	2	-	-	-	15
Income tax received (paid), net	8	(5)	(1)	(3)	(53)
<b>Net cash used for operating activities</b>	<b>(185)</b>	<b>(61)</b>	<b>(168)</b>	<b>(25)</b>	<b>(31)</b>
<b>Cash flows from investment activities</b>					
Proceeds from sale of fixed assets	4	8	-	5	4
Investment in fixed assets	(45)	(33)	(18)	(12)	(94)
Investment in intangible assets	(37)	(36)	(20)	(18)	(80)
Consideration from sale of investments	-	9	-	9	-
Repayment of long-term loans granted and deposits	71	19	21	15	44
Grant of long-term loans and deposits	(53)	(127)	(29)	(35)	(175)
Dividends from investees	640	136	105	136	252
Cash received in respect of investing activities with investees	2	-	-	-	180
Cash paid in respect of investing activities with investees	-	(100)	-	-	(104)
Consideration from sale of investments in investees accounted for using the equity method	-	-	-	-	19
<b>Net cash derived from (used in) investing activities</b>	<b>582</b>	<b>(124)</b>	<b>59</b>	<b>100</b>	<b>46</b>
<b>Cash flows from financing activities</b>					
Redemption of debentures and repayment of long-term loans	(203)	(174)	(203)	(174)	(174)
Proceeds from issuance of debentures, net of issuance costs	461	-	461	-	-
Short-term bank credit, net	(242)	528	52	310	322
Dividends distributed	(360)	(270)	(160)	(270)	(270)
Receipt of long-term loans	-	85	-	85	103
Repayment of principal of lease liabilities	(28)	(27)	(14)	(13)	(55)
<b>Net cash utilized for (deriving from) financing activities</b>	<b>(372)</b>	<b>142</b>	<b>136</b>	<b>(62)</b>	<b>(74)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>25</b>	<b>(43)</b>	<b>27</b>	<b>13</b>	<b>(59)</b>
Cash and cash equivalents at beginning of period	31	90	29	34	90
<b>Cash and cash equivalents at end of period</b>	<b>56</b>	<b>47</b>	<b>56</b>	<b>47</b>	<b>31</b>

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



## **Note 1 – Reporting Rules and Policies**

### **1.1 General**

1.1.1 The Company's business comprises the activity of Corporate HQ, the Group's salad/dip business in Israel and the Group's confectionery business in Israel, which includes the development, manufacture and marketing of branded candy products.

1.1.2 The separate interim financial information of Strauss Group Ltd. (hereinafter: the "Company") is being presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970, and the Tenth Addendum to said regulations with respect to the separate financial information of the corporation. This financial information should be reviewed jointly with the financial information as of and for the year ended December 31, 2024, and jointly with the condensed consolidated interim financial statements as of June 30, 2025 (hereinafter: the "Consolidated Interim Financial Statements").

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

1.1.3 In this Separate Financial Information – the Company and investee companies, as defined in Note 1 to the Consolidated Financial Statements of the Company as of December 31, 2024, and as presented in Note 1 to the Condensed Consolidated Interim Financial Statements as of June 30, 2025.

1.1.4 The Separate Interim Financial Information is presented in NIS, which is the Company's functional currency. The financial information is presented in NIS millions and has been rounded to the nearest million.

## **Note 2 - Seasonality**

Sales of Fun & Indulgence products in the confectionery category are affected by seasonality and are generally higher (comparatively) in the first third of the year, and lower (comparatively) in the second third of the year. Seasonality is mainly affected by the winter months, which fall in Q1 and are marked by greater consumption of chocolate products as well as by increased consumption of Fun & Indulgence products with the approach of Purim and Passover.

## **Note 3 - Events in the Reporting Period**

3.1 In Q1 2025 a dividend totaling approximately NIS 535 million (approximately USD 149.5 million) was received from a US subsidiary.

3.2 In the reporting period, investees declared and distributed dividends totaling approximately NIS 105 million.

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

## **Note 5 – Contingent Liabilities**

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

## **Note 6 - Financial Instruments**

### **6.1 Fair value of financial instruments**

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

### **6.2 Fair value hierarchy of financial instruments measured at fair value**

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

### **6.3 Additional Information**

For information on the issuance of Company debentures, see Note 8.3 to the Condensed Consolidated Interim Financial Statements.

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

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



Strauss Group Ltd.

## Effectiveness of internal control

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## QUARTERLY REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE PURSUANT TO REGULATION 38c(a):

Management, under the supervision of the board of directors of Strauss Group Ltd. (the “Corporation”), is responsible for determining and maintaining proper internal control over financial reporting and disclosure within the Corporation.

For this purpose, the members of management are:

1. Shai Babad, President & Chief Executive Officer;
2. Ronen Zohar, Deputy Chief Executive Officer;
3. Tobi Fischbein, Chief Financial Officer;
4. Yael Nevo, EVP, CLO and Company Secretary;
5. Hila Mukevisius, SVP HR;
6. Raanan Kovalsky, CEO Strauss Israel
7. Linda Cohen Rofe, SVP BD and Strategy
8. Esti Carmeli, CEO Strauss Water

Internal control over financial reporting and disclosure includes controls and procedures existing within the Corporation, which were planned by or under the supervision of the CEO and the most senior financial officer, or by anyone performing such functions in practice, under the supervision of the board of directors of the Corporation, which are designed to provide a reasonable level of assurance regarding the reliability of financial reporting and preparation of the reports according to the provisions of the law, and to ensure that information which the Corporation is required to disclose in reports released thereby according to the law is gathered, processed, summarized and reported within the time frames and in the format set forth in the law.

Internal control includes, *inter alia*, controls and procedures which were planned to ensure that information which the Corporation is required to disclose as aforesaid, is gathered and transferred to the management of the Corporation, including the Chief Executive Officer and the most senior financial officer or anyone performing such functions, in order to enable decisions in reference to the disclosure requirement to be made in a timely manner.

Due to its inherent limitations, internal control over financial reporting and disclosure is not designed to provide full assurance that misrepresentation or omission of information in the reports is prevented or detected.

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 March 31, 2025 (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 March 31, 2025 is effective.

Until the reporting date the Board of Directors and Management were not informed of any event or matter that is 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.

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

### Managers' Declarations:

I, Shai Babad, declare that:

- (1) I have reviewed the Quarterly Report of Strauss Group Ltd. (the "Corporation") for the second quarter of 2025 (the "Reports" or the "Interim Reports").
- (2) To my knowledge, the Reports do not contain any misrepresentation of a material fact, nor omit any representation of a material fact which is required for the representations included therein, in view of the circumstances in which such representations were included, not to be misleading in reference to the period of the Reports.
- (3) To my knowledge, the Financial Statements and other financial information included in the Reports adequately reflect, in all material respects, the financial condition, results of operations and cash flows of the Corporation for the dates and periods to which the Reports relate.
- (4) I have disclosed to the Corporation's auditor and to the Corporation's board of directors and the audit and financial statement committees, based on my most current assessment of internal control over financial reporting and disclosure:
  - a. Any and all significant flaws and material weaknesses in the determination or operation of internal control over financial reporting and disclosure which may reasonably adversely affect the Corporation's ability to gather, process, summarize or report financial information in a manner which casts doubt on the reliability of financial reporting and preparation of the Financial Statements in accordance with the provisions of the law; and -
  - b. Any fraud, either material or immaterial, which involves the Chief Executive Officer or anyone reporting to him directly or which involves other employees who play a significant role in internal control over financial reporting and disclosure;
- (5) I, either alone or jointly with others in the Corporation:
  - a. Have determined controls and procedures, or confirmed the determination and existence of controls and procedures under my supervision, which are designed to ensure that material information in reference to the Corporation, including consolidated companies thereof as defined in the Securities Regulations (Annual Financial Statements), 2010, is presented to me by others within the Corporation and the consolidated companies, particularly during the period of preparation of the Reports; and -
  - b. Have determined controls and procedures or confirmed the determination and existence of controls and procedures under my supervision, which are designed to provide reasonable assurance of the reliability of financial reporting and preparation of the Financial Statements according to the provisions of the law, including in accordance with Generally Accepted Accounting Principles.

- c. I was not informed of any event or matter occurring in the period between the date of the latest report (the Quarterly Report as of March 31, 2025) 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.

August 25, 2025

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Shai Babad, President & Chief Executive Officer

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

### Managers' Declarations:

I, Tobi Fischbein, declare that:

- (1) I have reviewed the Interim Financial Statements and the other financial information included in the interim reports of Strauss Group Ltd. (hereinafter: the "Corporation") for the second quarter of 2025 (hereinafter: the "Reports" or the "Interim Reports").
- (2) To my knowledge, the Interim Financial Statements and other financial information contained in the Interim Reports do not contain any misrepresentation of a material fact, nor omit any representation of a material fact which is required for the representations included therein, in view of the circumstances in which such representations were included, not to be misleading in reference to the period of the Reports.
- (3) To my knowledge, the Financial Statements and other financial information included in the Interim Reports adequately reflect, in all material respects, the financial condition, results of operations and cash flows of the Corporation for the dates and periods to which the Reports relate.
- (4) I have disclosed to the Corporation's auditor and to the Corporation's board of directors and the audit and financial statement committees, based on my most current assessment of internal control over financial reporting and disclosure:
  - a. Any and all significant flaws and material weaknesses in the determination or operation of internal control over financial reporting and disclosure insofar as it relates to the Interim Financial Statements and other financial information included in the Interim Reports, which may reasonably adversely affect the Corporation's ability to gather, process, summarize or report financial information in a manner which casts doubt on the reliability of financial reporting and preparation of the Financial Statements in accordance with the provisions of the law; and -
  - b. Any fraud, either material or immaterial, which involves the CEO or anyone reporting to him directly or which involves other employees who play a significant role in internal control over financial reporting and disclosure;
- (5) I, either alone or jointly with others in the Corporation:
  - a. Have determined controls and procedures, or confirmed the determination and existence of controls and procedures under my supervision, which are designed to ensure that material information in reference to the Corporation, including consolidated companies thereof as defined in the Securities Regulations (Annual Financial Statements), 2010, insofar that it is relevant to the Financial Statements and other financial information included in the Reports, is presented to me by others within the Corporation and the consolidated companies, particularly during the period of preparation of the Reports; and -

- b. Have determined controls and procedures, or confirmed the determination and existence of controls and procedures under our supervision, which are designed to provide reasonable assurance of the reliability of financial reporting and preparation of the Financial Statements according to the provisions of the law, including in accordance with Generally Accepted Accounting Principles;
- c. I was not informed of any event or matter occurring in the period between the date of the latest report (the Quarterly Report as of March 31, 2025) 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.

August 25, 2025

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Tobi Fischbein, Chief Financial Officer





Strauss Group LTD.

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

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## **Três Corações Alimentos S.A.**

Condensed consolidated interim financial  
statements as of and for the six and three  
month period ended June 30, 2025

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# Contents

<b>Independent auditors' report on condensed consolidated interim financial</b>	<b>3</b>
<b>Condensed consolidated interim statements of financial position</b>	<b>5</b>
<b>Condensed consolidated interim statements of income</b>	<b>6</b>
<b>Condensed consolidated interim statements of comprehensive income</b>	<b>7</b>
<b>Condensed consolidated interim statements of changes in equity</b>	<b>8</b>
<b>Condensed consolidated interim statements of cash flows</b>	<b>10</b>
<b>Notes to the condensed consolidated interim financial statements</b>	<b>11</b>



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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 interim financial statements position of Três Corações Alimentos S.A. as at June 30, 2025, the condensed consolidated interim financial statements of income and other comprehensive income, changes in equity and cash flows for the three and six month periods then ended, and notes to the condensed consolidated 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 June 30, 2025 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Fortaleza, August 08, 2025

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

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

Pedro Barroso Silva Júnior  
Contador CRC CE 021967/O 5

## Três Corações Alimentos S.A.

Condensed Consolidated Interim Statements of Financial Position as of June 30, 2025 and December 31, 2024

(In thousand of Brazilian Reais)



Assets	June 30, 2025	December 31, 2024	Liabilities and equity	June 30, 2025	December 31, 2024
<b>Current</b>			<b>Current</b>		
Cash and cash equivalents	317,492	1,353,341	Short term loans	655,537	665,462
Deposits	-	22,146	Trade payables	1,730,612	1,088,345
Trade receivables	1,914,947	989,771	Short term lease liabilities	41,649	43,878
Inventories	2,324,771	1,578,307	Income tax payables	11,622	105
Recoverable taxes	103,028	120,102	Employees and other payroll related liabilities	138,728	92,589
Income tax receivable	30,579	24,286	Proposed dividends	74,242	69,095
Other current assets	38,382	31,330	Interest on equity payable	21,645	-
	<u>4,729,199</u>	<u>4,119,283</u>	Payable taxes	39,808	82,312
			Other current liabilities	36,380	72,224
<b>Non-current</b>				<u>2,750,223</u>	<u>2,114,010</u>
Trade receivables	1,642	1,642	<b>Non-current</b>		
Judicial deposits	11,168	10,746	Long term loans	1,518,717	1,704,624
Recoverable taxes	214,818	174,132	Long term lease liabilities	38,057	52,960
Income tax receivable	26,517	33,017	Other non-current liabilities	27,587	27,466
Other non-current assets	91,879	91,653	Provision for legal proceedings	77,276	73,968
Deferred tax assets	91,639	108,790	Interest on equity payable	33,855	33,855
Investments	111,955	104,215		<u>1,695,492</u>	<u>1,892,873</u>
Fixed assets	924,514	888,797	<b>Equity</b>		
Intangible assets	455,618	462,302	Share capital	276,464	276,464
Right-of-use assets	62,817	79,443	Translation reserve	(234,223)	(239,060)
	<u>1,992,567</u>	<u>1,954,737</u>	Retained earnings	2,233,810	2,029,733
			<b>Total Equity</b>	<u>2,276,051</u>	<u>2,067,137</u>
<b>Total assets</b>	<u>6,721,766</u>	<u>6,074,020</u>	<b>Total liabilities and equity</b>	<u>6,721,766</u>	<u>6,074,020</u>

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

**Três Corações Alimentos S.A.**

Condensed Consolidated Interim Statements of Income  
Six and three month periods ended June 30, 2025 and 2024  
(In thousand of Brazilian Reais)



	Six months period ended June 30,		Three months period ended June 30,	
	2025	2024	2025	2024
Revenue	6,818,187	4,121,468	3,536,533	2,362,140
Cost of sales	(5,624,677)	(3,217,670)	(2,835,622)	(1,850,530)
<b>Gross profit</b>	<b>1,193,510</b>	<b>903,798</b>	<b>700,911</b>	<b>511,610</b>
Selling and marketing expenses	(697,761)	(653,882)	(364,810)	(351,129)
General and administrative expenses	(125,037)	(121,132)	(62,095)	(60,704)
Allowance for expected credit losses	(3,855)	2,023	(41)	(1,204)
Equity method	9,280	12,401	5,764	8,566
<b>Operating profit before other income (expenses)</b>	<b>376,137</b>	<b>143,208</b>	<b>279,729</b>	<b>107,139</b>
Other income (expenses), net	3,134	(61)	(83)	(415)
<b>Operating profit</b>	<b>379,271</b>	<b>143,147</b>	<b>279,646</b>	<b>106,724</b>
Financial income	37,889	30,135	11,896	10,426
Financial expenses	(150,802)	(80,222)	(80,174)	(42,385)
<b>Net financial expenses</b>	<b>(112,913)</b>	<b>(50,087)</b>	<b>(68,278)</b>	<b>(31,959)</b>
<b>Profit before income tax</b>	<b>266,358</b>	<b>93,060</b>	<b>211,368</b>	<b>74,765</b>
Income tax expenses (revenue)	(37,356)	22,442	(38,019)	7,362
<b>Profit for the period</b>	<b>229,002</b>	<b>115,502</b>	<b>173,349</b>	<b>82,127</b>
<b>Profit attributable to:</b>				
Owners of the Company	229,002	115,566	173,349	82,157
Non-controlling interests	-	(64)	-	(30)
<b>Total profit for the period</b>	<b>229,002</b>	<b>115,502</b>	<b>173,349</b>	<b>82,127</b>

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

**Três Corações Alimentos S.A.**

Condensed Consolidated Interim Statements of Comprehensive Income

Six and three month periods ended June 30, 2025 and 2024

(In thousand of Brazilian Reais)



	Six months period ended June 30,		Three months period ended June 30,	
	2025	2024	2025	2024
Profit attributable to:	229,002	115,502	173,349	82,127
Other comprehensive income (loss) items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences	4,837	(11,660)	4,114	(10,252)
Comprehensive income for the period	<u>233,839</u>	<u>103,842</u>	<u>177,463</u>	<u>71,875</u>
Comprehensive income attributable to:				
Owners of the Company	233,839	103,906	177,463	71,905
Non-controlling interests	-	(64)	-	(30)
Total comprehensive income for the period	<u>233,839</u>	<u>103,842</u>	<u>177,463</u>	<u>71,875</u>

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



## Três Corações Alimentos S.A.

Condensed Consolidated Interim Statements of Changes in Equity

Six month periods ended June 30, 2025 and 2024

(In thousand of Brazilian Reais)



	Retained earnings								
	Share capital	Legal reserve	Tax incentives	Profit to distribute	Translation reserve	Accumulated profit	Total	Non- controlling interests	Total Equity
<b>Balance as of December 31, 2023</b>	<b>276,464</b>	<b>55,293</b>	<b>794,214</b>	<b>936,730</b>	<b>(195,776)</b>	<b>-</b>	<b>1,866,925</b>	<b>151</b>	<b>1,867,076</b>
Profit for the period	-	-	-	-	-	115,566	115,566	(64)	115,502
<b>Other comprehensive loss:</b>									
Foreign currency translation differences	-	-	-	-	(11,660)	-	(11,660)	-	(11,660)
<b>Total other comprehensive gain (loss):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,660)</b>	<b>115,566</b>	<b>103,906</b>	<b>(64)</b>	<b>103,842</b>
<b>Internal equity changes</b>									
Non-reciprocal capital contributions to subsidiary	-	-	-	-	-	-	-	1	1
Profit destination									
Reserve for profit to be distributed	-	-	-	115,566	-	(115,566)	-	-	-
	-	-	-	115,566	-	(115,566)	-	1	1
<b>Balance as of June 30, 2024</b>	<b>276,464</b>	<b>55,293</b>	<b>794,214</b>	<b>1,052,296</b>	<b>(207,436)</b>	<b>-</b>	<b>1,970,831</b>	<b>88</b>	<b>1,970,919</b>
<b>Balance as of December 31, 2024</b>	<b>276,464</b>	<b>55,293</b>	<b>793,580</b>	<b>1,180,860</b>	<b>(239,060)</b>	<b>-</b>	<b>2,067,137</b>	<b>-</b>	<b>2,067,137</b>
Profit for the period	-	-	-	-	-	229,002	229,002	-	229,002
<b>Other comprehensive loss:</b>									
Foreign currency translation differences	-	-	-	-	4,837	-	4,837	-	4,837
<b>Total other comprehensive gain (loss):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,837</b>	<b>229,002</b>	<b>233,839</b>	<b>-</b>	<b>233,839</b>
<b>Internal equity changes</b>									
Change in interest in investments valued by the equity method	-	-	-	(1,525)	-	-	(1,525)	-	(1,525)
Profit destination									
Interest on equity credited	-	-	-	-	-	(23,400)	(23,400)	-	(23,400)
Reserve for profit to be distributed	-	-	-	205,602	-	(205,602)	-	-	-
	-	-	-	204,077	-	(229,002)	(24,925)	-	(24,925)
<b>Balance as of June 30, 2025</b>	<b>276,464</b>	<b>55,293</b>	<b>793,580</b>	<b>1,384,937</b>	<b>(234,223)</b>	<b>-</b>	<b>2,276,051</b>	<b>-</b>	<b>2,276,051</b>

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

## Três Corações Alimentos S.A.

Condensed Consolidated Interim Statements of Changes in Equity

Three month periods ended June 30, 2025 and 2024

(In thousand of Brazilian Reais)



	Retained earnings						Total	Non- controlling interests	Total Equity
	Share capital	Legal reserve	Tax incentives	Profit to distribute	Translation reserve	Accumulated profit			
Balance as of March 31, 2024	276,464	55,293	824,875	939,478	(197,184)	-	1,898,926	118	1,899,044
Profit for the period	-	-	-	-	-	82,157	82,157	(30)	82,127
Other comprehensive loss:									
Foreign currency translation differences	-	-	-	-	(10,252)	-	(10,252)	-	(10,252)
Total other comprehensive gain (loss):	-	-	-	-	(10,252)	82,157	71,905	(30)	71,875
Internal equity changes									
State VAT and Federal tax incentives	-	-	(30,661)	-	-	30,661	-	-	-
Profit destination									
Reserve for profit to be distributed	-	-	-	112,818	-	(112,818)	-	-	-
	-	-	(30,661)	112,818	-	(82,157)	-	-	-
Balance as of June 30, 2024	276,464	55,293	794,214	1,052,296	(207,436)	-	1,970,831	88	1,970,919
Balance as of March 31, 2025	276,464	55,293	793,580	1,234,988	(238,337)	-	2,121,988	-	2,121,988
Profit for the period	-	-	-	-	-	173,349	173,349	-	173,349
Other comprehensive loss:									
Foreign currency translation differences	-	-	-	-	4,114	-	4,114	-	4,114
Total other comprehensive gain (loss):	-	-	-	-	4,114	173,349	177,463	-	177,463
Internal equity changes									
Profit destination									
Interest on equity credited	-	-	-	-	-	(23,400)	(23,400)	-	(23,400)
Reserve for profit to be distributed	-	-	-	149,949	-	(149,949)	-	-	-
	-	-	-	149,949	-	(173,349)	(23,400)	-	(23,400)
Balance as of June 30, 2025	276,464	55,293	793,580	1,384,937	(234,223)	-	2,276,051	-	2,276,051

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

**Três Corações Alimentos S.A.**

## Consolidated Interim Statements of Cash Flow

Six and three month periods ended June 30, 2025 and 2024

(In thousand of Brazilian Reais)



	Six month periods ended June 30,		Three month periods ended June 30,	
	2025	2024	2025	2024
<b>Cash flows from operating activities</b>				
Profit for the period	229,002	115,502	173,349	82,127
Adjustments for:				
Depreciation and amortization	71,480	66,825	35,233	34,288
Termination of lease contracts	(2,167)	(4)	(411)	41
Provision for legal proceedings	3,308	3,678	1,093	2,477
Allowance for expected credit losses	3,855	(2,023)	41	1,204
Other income, net	(3,134)	61	83	415
Equity method	(9,280)	(12,401)	(5,764)	(8,566)
Finance expenses, net	112,913	50,087	68,278	31,959
Income tax expenses (revenue)	37,356	(22,442)	38,019	(7,362)
<b>Change in:</b>				
Trade receivables	(934,811)	(580,829)	121,825	(221,951)
Inventories	(757,595)	(412,931)	(369,542)	(385,848)
Recoverable and payable taxes, net	(62,601)	(4,760)	(34,019)	(10,881)
Judicial deposits	(422)	(1,222)	(277)	(1,430)
Trade payables	642,238	153,289	104,344	204,299
Employees and other payroll related liabilities	46,139	29,057	28,888	21,290
Other current and non-current assets and liabilities	(45,200)	(11,023)	(7,800)	(17,595)
<b>Change in operating activities</b>	<b>(668,919)</b>	<b>(629,136)</b>	<b>153,340</b>	<b>(275,533)</b>
Interest paid	(131,536)	(74,088)	(89,078)	(56,928)
Interest received	28,805	25,419	8,950	9,694
Income tax paid	(7,285)	(1,382)	(1,009)	(851)
<b>Net cash flows used in (provided by) operating activities</b>	<b>(778,935)</b>	<b>(679,187)</b>	<b>72,203</b>	<b>(323,618)</b>
<b>Cash flows from investing activities</b>				
Change in deposits	21,303	(5,980)	510	(3,209)
Proceeds from sales of fixed assets	7,072	2,091	2,032	632
Acquisition of fixed assets	(77,922)	(128,036)	(50,569)	(77,075)
Investments in intangible assets	(3,232)	(8,770)	(1,021)	(3,660)
Dividend received	15	20,737	-	-
<b>Net cash flows used in investing activities</b>	<b>(52,764)</b>	<b>(119,958)</b>	<b>(49,048)</b>	<b>(83,312)</b>
<b>Cash flows from financing activities</b>				
Proceeds from loans	195,249	766,253	59,632	532,730
Repayment of loans	(381,305)	(661,221)	(65,547)	(437,594)
Payment of lease liabilities	(18,094)	(17,194)	(8,835)	(8,172)
<b>Net cash flows provided by (used in) financing activities</b>	<b>(204,150)</b>	<b>87,838</b>	<b>(14,750)</b>	<b>86,964</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,035,849)</b>	<b>(711,307)</b>	<b>8,405</b>	<b>(319,966)</b>
<b>Net decrease in cash and cash equivalents</b>				
Cash and cash equivalents as at beginning of period	1,353,341	870,986	309,087	479,645
Cash and cash equivalents as at end of period	317,492	159,679	317,492	159,679
	<b>(1,035,849)</b>	<b>(711,307)</b>	<b>8,405</b>	<b>(319,966)</b>

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

## 1 General information

Três Corações Alimentos S.A. (the “Company”) together with its subsidiaries (the “Group”) are an industrial and commercial Group, which operates in Brazil, in producing and selling branded coffee products, machines, powdered juices, chocolate drinks, cornmeal products, green coffee exports, lending Away-From-Home machines, operation of coffee shops, roasting and selling specialty coffees in e-commerce and to third party businesses and investing in other companies. The Group also operates through joint-venture (JV) in the sales of multi-beverage single portion capsules, plant-based beverages, especially nuts milk and isotonic ones, cashew butter, snacks and flour products.

The Company is located at Rua Santa Clara, 100, Parque Santa Clara, Eusébio, Ceará, Brazil. The Company controls the entities Cafeterias Três Corações Ltda., Prumo Participações Ltda., which in turn controls the entity Rituais Café S.A. and also controls Café Três Corações S.A., which controls the entity Principal Comércio e Indústria Ltda and the entity Café Brasileiro Alimentos Ltda. The Company also participates in JV agreements, sharing the control with third parties of the companies 3Caffi Indústria e Comércio de Cápsulas S.A. (“3Caffi”) and Positive Company Indústria e Comércio Ltda (“Positive Company”) which owns 67% of Unnix Indústria e Comércio S.A (“Zaya”). The Company has 50% of shares in each JV, which are not consolidated in this report, but evaluated by equity method.

The Group is currently the largest group in roasted and ground coffee business in Brazil according to Nielsen Flash Report, and owns the coffee and other food brands of Santa Clara, Kimimo, Três Corações, Pimpinela, Principal, Fino Grão, Café Doutor, Café Opção, Café Divinópolis, Café Geronymo, Estrada Real, Café Letícia, Itamaraty, Londrina, Café do Cuca, Ouribom, Bangu, Fort, Chocolatto, Claralate, Dona Clara, Claramil, Frisco, Tornado, Tres, Iguaçu, Cruzeiro, Amigo, Cirol, Cirol Real, Realmil, Toko, Apollo, Astoria, Manaus, Tapajós, Betânia, Tribo do Café, Bar Barista, Rituais, Café Brasileiro, Café 3 Fazendas, Café Bandeira, Café Premiado, .br, .br Gold and Coolate. In addition, the Group sells products with the brands A Tal da Castanha, Plant Power, Possible, Zaya and Zaytas, owned by the Positive Company.

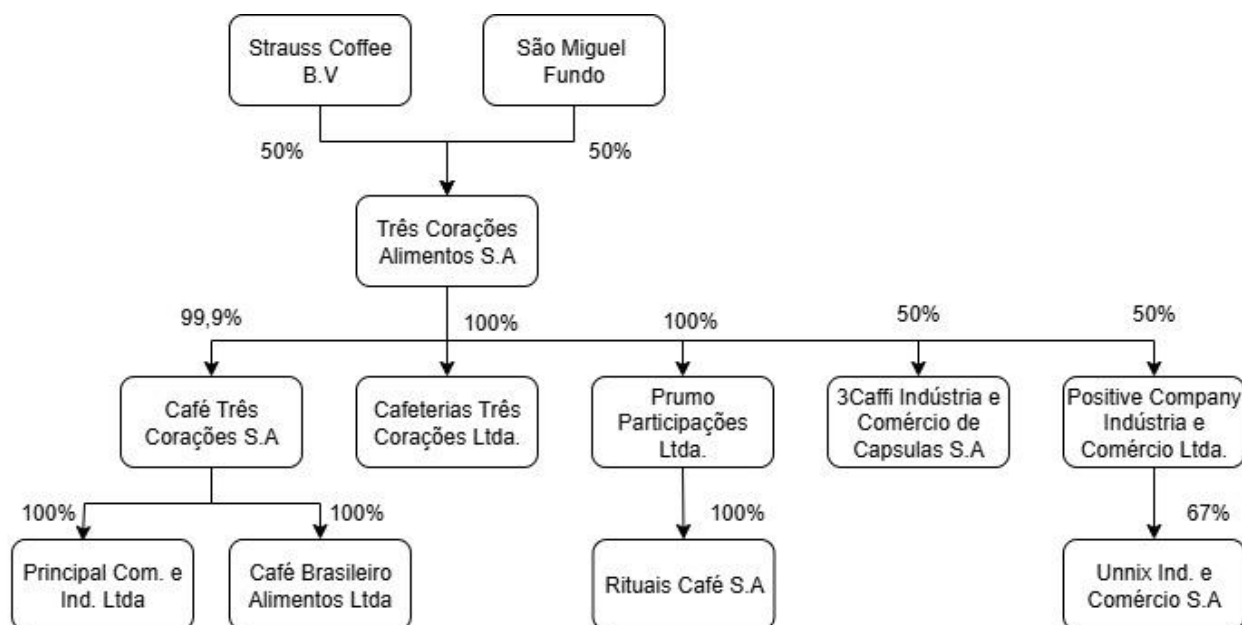
The Group’s industrial facilities are located in the states of Ceará, Rio Grande do Norte, Minas Gerais, Rio de Janeiro, Amazonas, São Paulo and Mato Grosso. Distribution centers are located in almost all states of Brazil. In addition, the Group owns green coffee processing plants in the state of Minas Gerais. The Group also owns coffee shops that are located in the cities of Fortaleza, Natal and Curitiba. Positive Company’s physical structure is located in the state of Espírito Santo, Ceará and São Paulo, the last one due to the recent acquisition of Zaya. Part of the facilities used by the Group is leased from one of its related parties, Três Corações Imóveis Armazéns Gerais e Serviços Ltda., which is not consolidated in these financial statements, since it is not part of the Group structure presented below. Três Corações Imóveis Armazéns Gerais e Serviços Ltda. is owned by São Miguel Holding e Investimentos S.A. (50%) and Strauss Coffee B.V. (50%).

## Três Corações Alimentos S.A.

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



On June 30, 2025, the Group has the following structure, same as December 31, 2024:



## 2 Basis of preparation

### 2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the IFRS audited consolidated financial statements as at and for the year ended December 31, 2024 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting 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 August 8, 2025.

### 2.2 Significant accounting policies, judgments and estimates

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

### 3 Material events during the reported period

#### 3.1 Interest on Equity

As of May 30, 2025, in an Extraordinary Shareholders' Meeting, the Company approved the recommendation of the Executive Board for the distribution of Interest on Equity (IOE) in the amount of R\$ 23,400 (R\$ 21,645 net of income tax). This amount will be paid as part of the dividends until December 2026.

### 4 Cash and cash equivalents, short and long term loans

	June 30, 2025	December 31, 2024
Short term loans	655,537	665,462
Long term loans	1,518,717	1,704,624
Cash and cash equivalents	(317,492)	(1,353,341)
Net debt	<u>1,856,762</u>	<u>1,016,745</u>

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 six-month period:

- Cash flows used in operating activities, in the amount of R\$ (778,935);
- Cash flows used in investing activities, in the amount of R\$ (52,764);
- Cash flows used by financing activities, in the amount of R\$ (204,150).

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

### 5 Provision for legal proceedings

In 2024, the Union filed a public civil action in the State of Rio de Janeiro alleging irregularities regarding working hours at the Rio de Janeiro Unit. The Union sought payment of overtime and compensation for collective moral damages. The initial estimated amount of the claim was R\$ 205,170, representing 20% of the Rio de Janeiro Unit's annual revenue. At the end of 2024, the lawsuit was in the evidentiary phase, with a hearing scheduled for 2025. Based on this stage, the Company assessed the risk of loss as possible.

During the first quarter of 2025, the Company obtained a favorable decision in the first level court regarding this lawsuit. Previously, the Company's legal advisors had assessed the probability of loss as possible. Following this favorable ruling, the Company now believes that the risk of future disbursements related to this lawsuit has decreased. The updated estimated amount of the lawsuit is R\$ 215,900, with the Company now assessing the probability of loss as 50% possible and 50% remote.

## 6 Financial instruments

### 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	June 30, 2025		December 31, 2024	
		Carrying amount	Fair value	Carrying amount	Fair value (a)
<b>Financial liabilities</b>					
Short term loans	2	655,537	786,315	665,462	837,867
Long term loans	2	1,518,717	1,822,244	1,704,624	2,020,118
		<u>2,174,254</u>	<u>2,608,559</u>	<u>2,370,086</u>	<u>2,857,985</u>

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.

- (a) The comparative balances related to December 31, 2024 for the fair value financial liabilities were restated at the financial statements as of June 30, 2025. Management re-evaluated the calculation and corrected the comparative amounts. This adjustment does not affect the Company's accounting balances or key indicators.

### 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:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;

## Três Corações Alimentos S.A.

Notes to the condensed consolidated interim financial statements  
(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 June 30, 2025 and December 31, 2024, the Group had no financial instruments classified at Level 3.

## 7 Revenue

### 7.1 Disaggregated revenue information

	Products	Services	June 30, 2025
<b>Geographical markets</b>			
<b>Domestic</b>	<b>6,677,472</b>	<b>983</b>	<b>6,678,455</b>
<b>Foreign</b>	<b>139,732</b>	<b>-</b>	<b>139,732</b>
Japan	39,357	-	39,357
United States	37,344	-	37,344
Chile	24,498	-	24,498
Switzerland	13,439	-	13,439
Germany	6,469	-	6,469
Other countries	18,625	-	18,625
	<b>6,817,204</b>	<b>983</b>	<b>6,818,187</b>
	Products	Services	June 30, 2024
<b>Geographical markets</b>			
<b>Domestic</b>	<b>3,996,252</b>	<b>1,369</b>	<b>3,997,621</b>
<b>Foreign</b>	<b>123,847</b>	<b>-</b>	<b>123,847</b>
Japan	42,190	-	42,190
United States	21,868	-	21,868
Chile	15,583	-	15,583
Switzerland	12,690	-	12,690
Germany	7,870	-	7,870
Other countries	23,646	-	23,646
	<b>4,120,099</b>	<b>1,369</b>	<b>4,121,468</b>



## Três Corações Alimentos S.A.

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



### 7.2 Composition of Revenue

	Six month periods ended June 30, 2025		Three month periods ended June 30, 2025	
	2025	2024	2025	2024
<b>Revenue:</b>				
Products - domestic	7,849,685	4,964,563	4,087,658	2,775,582
Products - foreign	141,164	123,839	80,043	71,659
Services	1,003	1,393	507	701
Other	364	283	218	170
<b>Revenue deductions:</b>				
Taxes on sales	(751,053)	(526,124)	(399,838)	(290,113)
State VAT incentives	203,800	113,265	112,801	62,572
Discounts	(470,604)	(432,578)	(253,978)	(204,527)
Other deductions	(156,172)	(123,173)	(90,878)	(53,904)
<b>Revenue</b>	<b>6,818,187</b>	<b>4,121,468</b>	<b>3,536,533</b>	<b>2,362,140</b>

## 8 Financial expenses, net

	Six month periods ended June 30, 2025		Three month periods ended June 30, 2025	
	2025	2024	2025	2024
<b>Finance expenses</b>				
<b>Interest expenses</b>	(5,774)	(1,347)	(2,788)	(1,130)
Interest on loans and borrowings (a)	(136,241)	(69,817)	(72,177)	(35,045)
Exchange rate effect	-	(2,156)	-	(2,387)
Interest on leasing	(5,773)	(5,489)	(2,886)	(2,679)
Other	(3,014)	(1,413)	(2,323)	(1,144)
	<b>(150,802)</b>	<b>(80,222)</b>	<b>(80,174)</b>	<b>(42,385)</b>
<b>Finance income</b>				
Interest income	7,897	9,415	4,360	2,837
Interest from deposits	21,497	20,720	4,360	7,589
Exchange rate effect	8,495	-	3,176	-
	<b>37,889</b>	<b>30,135</b>	<b>11,896</b>	<b>10,426</b>
<b>Finance expenses, net</b>	<b>(112,913)</b>	<b>(50,087)</b>	<b>(68,278)</b>	<b>(31,959)</b>

- (a) The increase in interest on loans is due to the higher loan balance compared to the first half of 2024 and the increase in the CDI (Interbank Deposit Certificate) in 2025.

\* \* \*

Pedro Alcântara Rego de Lima  
Chief Executive Officer

## **Três Corações Alimentos S.A.**

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

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Danísio Costa Lima Barbosa  
Chief Financial Officer

Anyá Monteiro de  
Albuquerque  
Controller CRC/CE 015582/O-4