Strauss Group LTD.

Quarterly Report

as at June 30, 2024

Board of Directors	Ofra Strauss, Chairperson Adi Strauss David Mosevics Galia Maor Dalia Narkys Dorit Salinger Dalia Lev Tzipi Ozer-Armon Ravit Barniv Shaul Kobrinksy
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.COM

Unofficial Translation from Hebrew

Strauss Group Ltd.

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Strauss Group Ltd.

Introduction

Company Profile

Strauss Group is a group of industrial and commercial companies operating in Israel and abroad, primarily engaged in the development, manufacture, marketing and sale of a variety of branded food and beverage products. The Group is also active in the development, marketing, servicing and sale of water filtration, purification and carbonation products for home and office use. The Group is guided by its purpose, Nourishing a Better Tomorrow. Strauss was established in 1933 and today, is listed on the Tel Aviv Stock Exchange's flagship index, the TA-35 Index, which includes the largest public companies in Israel. According to non-GAAP financial measures, Strauss's total global annual revenues in 2023 were over 10.5 billion shekels. Strauss is active in 16 countries and operates 28 production sites.

The Group's areas of activity

Strauss Israel

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

Strauss Coffee

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

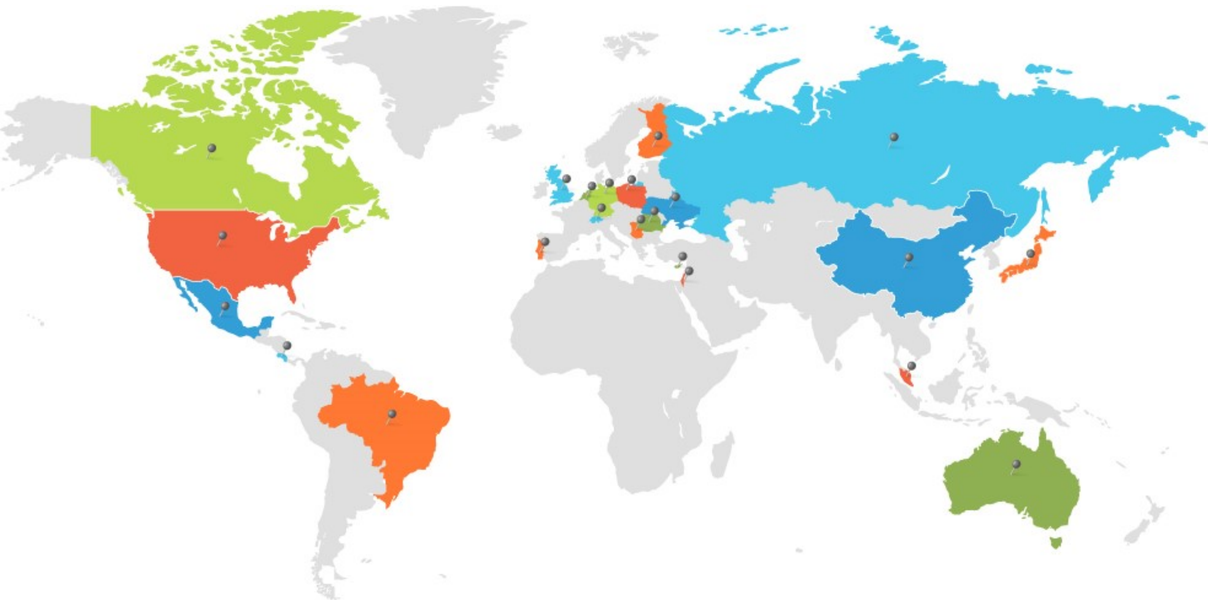
Strauss Water

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

International Dips and Spreads

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

Global presence



Strauss Israel
- Israel

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

Strauss Water
- Israel
- China
- UK

International Dips and Spreads
- US
- Australia
- New Zealand
- Mexico
- Canada

Collaborations and innovation

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

Summary of Q2 2024 Financial Performance

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

NIS **2,754** million
Net sales

6.0%
*Organic growth (excluding foreign currency effects)

30.5%
Gross margin

NIS **151** million
Operating profit

-9.5%
*Organic change in operating profit (excluding foreign currency effects)

5.5%
Operating margin

NIS **262** million
EBITDA

-3.4%
*Organic change in EBITDA (excluding foreign currency effects)

NIS **14** million
Operating cash flow

NIS **83** million
Income attributable to shareholders

-2.4%
*Growth in income attributable to shareholders

NIS **-119** million
Free cash flow

NIS **0.71**
Earnings per share

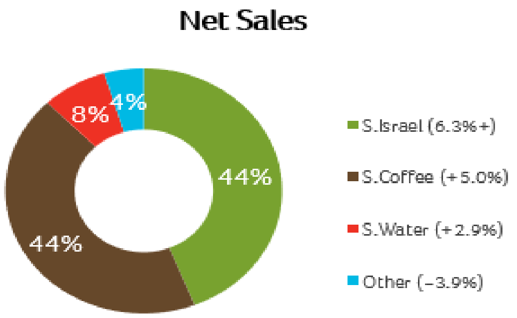
-2.5%
*EPS growth

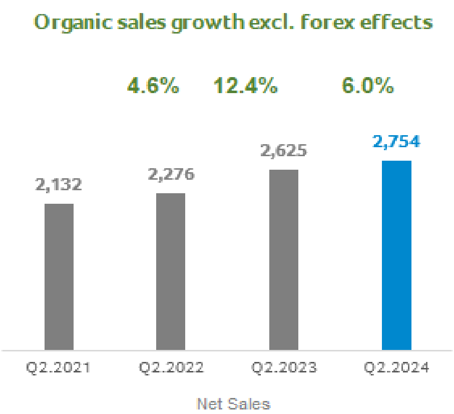
* Compared to the corresponding period last year.

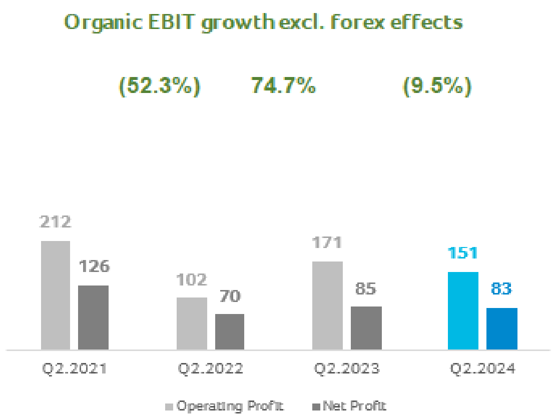
Selected financial data for H1 & Q2 2024

	H1 2024	H1 2023	% Change	Q2 2024	Q2 2023	% Change
Sales	5,343	5,179	3.2%	2,754	2,625	4.9%
Organic growth excluding foreign currency effects	2.7%	10.1%		6.0%	12.4%	
Gross profit – non-GAAP	1,715	1,676	2.3%	841	839	0.4%
% of sales	32.1%	32.4%		30.5%	31.9%	
Total operating expenses	1,372	1,304		692	672	
Share of profit of equity-accounted investees	22	24	(8.3%)	10	13	(23.1%)
Operating profit before profit of incubator investees	365	396	(7.8%)	159	180	(11.7%)
Share of profit (loss) of equity-accounted incubator investees	(10)	(17)	(41.2%)	(8)	(9)	(11.1%)
Operating profit – non-GAAP	355	379	(6.0%)	151	171	(10.3%)
% of sales	6.7%	7.3%		5.5%	6.5%	
Net financing expenses	(55)	(47)	17.5%	(29)	(29)	0.4%
Income before tax – non-GAAP	300	332	(9.3%)	122	142	(12.5%)
Income tax	(19)	(85)	(76.3%)	(20)	(44)	(49.0%)
Income for the period – non-GAAP	281	247	13.6%	102	98	3.6%
Income attributable to shareholders	242	219	10.6%	83	85	(2.4%)
% of sales	4.5%	4.2%		3.0%	3.2%	
Income attributable to non-controlling interests	39	28	37.1%	19	13	40.8%
EPS (NIS)	2.07	1.88	10.5%	0.71	0.72	(2.5%)

Segmentation of net sales in Q2 2024 and sales growth rates by operating segment







Definitions

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

"Strauss" / the "Company"	Strauss Group Ltd.
"Strauss Group" / the "Group"	Strauss Group Ltd. and companies controlled by it, including joint control.
"Strauss Holdings"	Strauss Holdings Ltd.
"Controlling shareholders"	For information, see section 1 in the Update to the Chapter Description of the Company's Business in Strauss Group's Periodic Report below.
"Strauss Coffee"	Strauss Coffee B.V.
"São Miguel"	São Miguel Holding e Investimentos S.A.
"Três Corações (JV)"	A joint venture in Brazil, held by the Group (50%) and by a local holding company, São Miguel Holding e Investimentos S.A. (50%).
"Sabra"	Sabra Dipping Company LLC.
"Obela"	PepsiCo-Strauss Fresh Dips & Spreads International GmbH.
"Danone"	Compagnie Gervais Danone S.A. of France.
"PepsiCo" / "PepsiCo, Inc."	The North American multinational food, snack and beverage corporation.
"PepsiCo Europe"	PepsiCo Investments (Europe) I B.V., a PepsiCo subsidiary.
"PRB"	PRB Luxembourg, a PepsiCo subsidiary.
"Haier"	Haier Group Corporation of China.
"Culligan"	Culligan (UK) Ltd.
"HSW"	Qingdao HSW Health Water Appliance Co. Ltd.
The "Stock Exchange" / "TASE"	The Tel Aviv Stock Exchange Ltd.
The "Financial Statements"	The financial statements of the Company, as defined in section 5 of the Description of the Company's Business Report for the year 2023.

The "Non-GAAP Reports" / "Non-GAAP Management Reports"	The Company's non-GAAP reports, as defined in section 5 of the Description of the Company's Business Report for the year 2023.
The "Milk Law"	The Milk Sector Planning Law, 2011.
The "Packaging Law"	The Packaging Treatment Regulation Law, 2011.
The "Food Law"	The Promotion of Competition in the Food Sector Law, 2014.
"StoreNext"	StoreNext is engaged in the measurement of the fast-moving consumer goods (FMCG) segment in the barcoded retail market (which includes the large food chains with the exception of Shufersal, private barcoded minimarkets and independent retail chains).
"Nielsen"	Nielsen Holdings plc is a leading global data and analytics company, which, to the best of the Company's knowledge, is active in 110 countries, including Israel.
"Euromonitor"	Euromonitor International is a provider of strategic market research, creating data and analysis on products and services around the world.
"ICE"	Intercontinental Exchange, Inc. (ICE) is a provider of commodity data, which generates and provides analyses of commodities. https://www.theice.com/index

Strauss Group LTD.

Update of the Description of the Company's Business

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

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

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

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

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

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

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

Section 17.5, Credit rating

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

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

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

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

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

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

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

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

6. Regulation 22 in the Additional Information on the Company Report, Transactions with a Controlling Shareholder

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

7. Regulation 24 in the Additional Information on the Company Report, Holdings of Interested Parties and Senior Officers

For information on the status of holdings of interested parties and senior officers (including information on the treasury shares held by the Company), see the Company's Immediate Report of July 7, 2024 (reference no. 2024-01-069405).

8. Regulation 26 in the Additional Information on the Company Report

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

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

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

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

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

Date: August 28, 2024

Names and titles of signatories:

Ofra Strauss, Chairperson of the Board of Directors

Shai Babad, Chief Executive Officer

Strauss Group Ltd.

Strauss Group Ltd.

Board of Directors' Report on the Status of the Company's Affairs as of June 30, 2024

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

1. General

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

The review presented below is limited in scope and refers to events and changes that occurred in the state of the Company's affairs in the reporting period that have a material impact, and should be read together with the chapter Description of the Company's Business, the Financial Statements and the Board of Directors' Report on the Status of the Company's Affairs in the Periodic Report as of December 31, 2023, as published on March 26 and 27, 2024 (reference no. 2024-01-027409) (the "2023 Periodic Report").

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

2.1 Overview of the operating segments in 2024

The Group was 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, 2024. Four of the operating segments are concentrated under two main frameworks: the Coffee Operation, and the other three segments are included within the framework of the Israel Operation[1].

Further to the approval of the Group's 2024-2026 strategy, several changes were made in the operating segments to align them with the manner in which 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 (Non-GAAP) Reports**").

Accordingly, responsibility for the Israel Coffee segment was transferred from the Coffee Operation to the Israel Operation, Fun & Indulgence (Israel Coffee). It was further decided to include the International Dips & Spreads segment within the Other Operations segment. Consequently, these changes are reflected in the segmental business results, including a revision of comparative information.

For information on how these changes are reflected in the presentation of segmental business results, including the revision of comparative information, see the section Results of Business Operations in this report and also Notes 3 and 4.1 to the Condensed Consolidated Interim Financial Statements as of June 30, 2024.

[1] In addition to the operating segments described above, the Group has various activities that are immaterial to its business, which fall short of the quantitative threshold for presentation in the financial statements of the Company as reportable segments or the criteria for aggregation and separate presentation as a reportable segment; these are included in the Financial Statements as of December 31, 2023 as the "Other Operations" segment.

2.2 Summary of major developments in the reporting period and thereafter

- On May 21, 2023, the Company and fourteen other companies received a letter from the Supervisor of Prices. In the letter to the Company, the Supervisor of Prices sought to review the need to subject part of the Group's products to price control under sections 6 and 31 of the Supervision of Prices of Goods and Services Law, 1996, and demanded that the Company furnish information on the profitability of those products. On June 22, 2023, the Manufacturers Association of Israel and eight other companies, including the Company, submitted a motion to the High Court of Justice for the award of an order nisi, a motion for an interlocutory order and for an urgent hearing of the petition, under the argument that the Supervisor of Prices lacked the authority to demand the information. The High Court granted the petitioners' motion for the award of an interlocutory order and a date for the hearing was set. On February 11, 2024, the court discussed the matter and determined that the date for the hearing would be postponed to enable negotiations that had begun between the parties to be fully leveraged. On February 25, 2024, the Price Controller announced that the negotiations between the parties had failed to deliver results, and accordingly, the hearing regarding the petitions remained necessary. Further to a hearing on May 20, 2024, the petitioners requested that the High Court of Justice dismiss the petitions. On May 22, 2024, the High Court of Justice approved the petitioners' motion to dismiss the petitions. On May 30, 2024, the Company submitted a response to the demand for information.

- On May 23, 2023, the Company announced that Strauss Coffee had signed an agreement for the sale of 100% of its holding in the local company operating in Serbia, Strauss Adriatic d.o.o., to Atlantic Grupa d.d., subject to the adjustment of the consideration for the cash balances, financial debt and working capital of the company in Serbia on the closing date, and to the receipt of approval from the Serbian Commission for Protection of Competition. On February 29, 2024, approval of the transaction by the Serbian Commission for Protection of Competition was received, and subsequently, on March 1, 2024, the transaction was closed and the consideration for the sale, EUR 38.8 million, was paid to Strauss Coffee. For further information, see Notes 4.2 and 9 to the Condensed Consolidated Interim Financial Statements as of June 30, 2024 and section 21.2 below.

- In July 2021, the Company entered into a transaction for the acquisition of a 51% stake in Wyler Farms Ltd., which is active in the manufacture of tofu-based products. The transaction (the "**Merger Agreement**") was subject to the satisfaction of suspending conditions, including approval by the Competition Commissioner. On February 23, 2022, the Competition Commissioner announced that the merger was not approved. Subsequently, in June 2022, the Company received a request for information concerning the Merger Agreement, following which the Competition Authority sent another request for information to three officers who had served in the Company, alleging the suspected violation of section 19 of the Economic Competition Law, 1988, which prohibits companies from merging prior to furnishing a notice of the merger and receipt of the Commissioner's consent. The Company responded to the requests for information in full. On June 21, 2023, the Company received a summons to a hearing prior to a decision by the Competition Commissioner concerning the violation of the provisions of section 19 of the Competition Law and the intent to impose a financial sanction on the Company at a total amount of NIS 111 million and to impose financial sanctions on each of the three former officers. For clarity, the Company disputes the Commissioner's position, and is of the opinion that its actions, as far as the body of arguments against it are concerned, were compliant with the law. The Company and the officers submitted their written arguments at a hearing on February 19, 2024, and on March 3 and March 11, 2024, oral hearings were held before the representatives of the Competition Authority. On August 5, 2024, the Company received a demand for information from the Competition Authority, and on August 13, 2024, the Company responded to the demand for information.

In the opinion of outside counsel, the Company has strong arguments countering the body of arguments and against each argument individually, as well as against the alleged violation of section 19. Even if the Company's arguments concerning the alleged violation are not accepted, the Company has strong arguments concerning the amount of the sanction and the manner in which it was calculated, which indicate a sanction that is significantly lower than the amount calculated by the Authority. Outside counsel estimates that the chances of the above financial sanction being imposed are lower than 50%, but the Company is presently unable to assess whether a sanction of a different amount will be imposed. The Company will present its position in any legal proceeding insofar as required. For further information, see Note 6.5 to the Condensed Consolidated Interim Financial Statements as of June 30, 2024 and Note 22.1.5 to the Consolidated Financial Statements as of December 31, 2023.

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

- In November 2022, the Board of Directors approved the implementation of the "Strauss One" plan, designed to improve the Group's organizational operating model and align it with the Group's strategy and the economic environment. In January 2024, the Board of Directors approved an additional organizational efficiency enhancement plan that is expected to deliver yearly savings estimated at NIS 45-55 million, beginning in the second quarter of 2024. On March 25, 2024, the Board of Directors approved a revision of the Company's strategy for 2024-2026 in light of the significant changes that occurred in the external environment in the past two years, while the Group also contended with internal challenges. For further information, see sections 16 and 23 in the Description of the Company's Business for the year 2023.

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

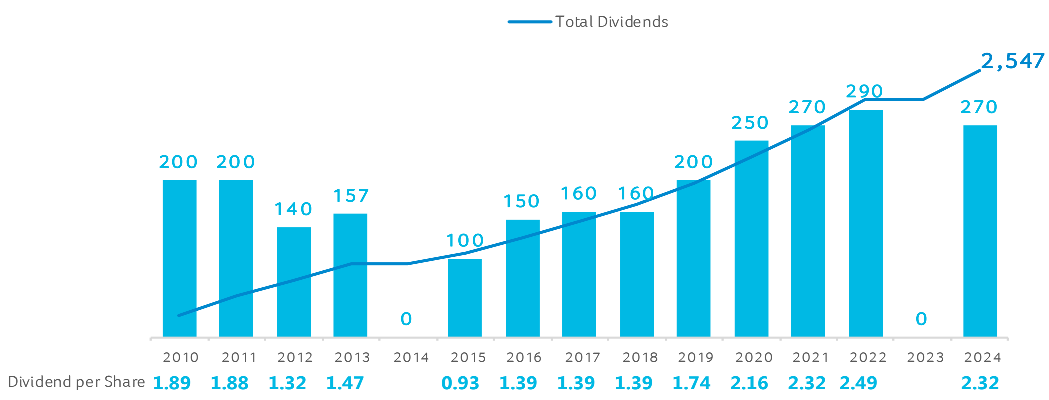
2.3 Dividends

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

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

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

Dividend Payouts, Annual and Total, in 2010-2024



Figures are in NIS millions.

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

The balance of retained earnings on the date of the statement of financial position as of June 30, 2024 is NIS 3,660 million.

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

3. Swords of Iron War

On October 7, 2023, the Hamas terrorist organization attacked the State of Israel. Following the attack, the government of Israel declared the Swords of Iron War (the "War"). Among other things, the War led to a massive call-up of military reserves, the evacuation of communities, the temporary or partial closure of businesses, the imposition of various restrictions on civilian activities in extensive areas, a slowdown in economic activity, a slump in share prices on the Tel Aviv Stock Exchange, the devaluation of the Shekel against foreign currencies, a rise in corporate bond yields due to increased risk levels and uncertainty, a cut in Israel's credit rating to A+ from AA- with an outlook downgrade from stable to negative by S&P Global Ratings, and a downgrade of Israel's credit rating to A2 from A1 by Moody's. On August 13, 2024, Fitch Ratings announced a downgrade of Israel's credit rating to A from A+ and assigned Israel a negative credit outlook.

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

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

As of the publication date of this report, the effects of the War, described below, have had no material impact on the Group's business and its financial results.

Shipping of raw materials from Asia and Africa has been affected following tensions with Houthis, but the Group took action to find solutions for importing raw materials to Israel. The Group continues to monitor developments and is preparing for various scenarios that could evolve, particularly in the context of supply chain risks, which include finding alternative sources for the procurement of raw materials, production outsourcing, making adjustments to the logistics array, and monitoring the increase in cybersecurity risks and food quality and safety risks.

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

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

4. Russia-Ukraine War

The fighting between Russia and Ukraine has continued, as have the economic sanctions that were imposed on Russia by the West, but as of the date of this report, they have not had a material effect on the Group's business results.

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

The Group continues to be exposed to possible global consequences of the war, which are likely to include, *inter alia,* increases in commodity, raw material and energy costs. For changes in commodity and energy prices as of the publication date of this report, see sections 5 and 6 below.

Since these are unfolding events that involve a high degree of uncertainty, there are several possible geopolitical scenarios that could lead to further negative economic and financial consequences. The Company continuously monitors events in Ukraine, Russia and the markets. As mentioned, until the publication date of this report, the actual impact of these events has been immaterial. The Group is unable to assess their future impact on its business results.

For further information on the Company's business in Russia and Ukraine, see section 21.2 below and Note 1.1.2 to the Consolidated Financial Statements as of December 31, 2023.

5. Prices of Raw Materials and Other Production Inputs

A substantial part of the raw materials used to manufacture the Group's products are traded on the commodities markets. In the first half, and with greater intensity in the second quarter of 2024, the average market prices of part of the Group's raw materials rose drastically compared to the corresponding periods last year, including cocoa and green coffee. By contrast, the prices of grains, sugar and sesame declined. The average price of raw milk ("target price") declined by 1.8% in the first half of 2024 and rose by 0.6% in the second quarter, compared to the compared to the corresponding periods last year.

After the date of the statement of financial position through to the publication date of this report, the market prices of Arabica and Robusta rose by 10% and 21%, respectively, and the market price of cocoa declined by 17%. Furthermore, in the months of July to September 2024, the price of raw milk declined by 2.9%, and since the beginning of the year the price has declined by 2.7%.

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

Inputs	Average rate of change
Arabica [(1)]	19%
Robusta [(1)]	56%
Sugar [(1)]	(17%)
Sesame [(1)]	(5%)
Plastic [(2)]	(3%)
Cocoa [(1)]	237%
Raw milk [(3)]	0.6%

[(1)] Figures are retrieved from Bloomberg. The exchanges on which the commodities are traded are: Arabica – New York, Robusta – London, sugar – London, Humera sesame and cocoa – London.
[(2)] Figures are retrieved from FRED Producer Price Index – Polystyrene Foam Product. The index is indicative only.
[(3)] Figures are retrieved from the Israel Dairy Board website.

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

The Group applies measures to mitigate the effects of raw material cost fluctuations, among other things through hedges, mitigation plans and operational efficiency enhancement. Additionally, in certain geographies and products, some of the Group companies revised their sell-in prices.

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

The procurement of green coffee in Brazil is carried out by the local management of Três Corações (JV)[2] according to internal procedures determined by Três Corações (JV)'s board of directors, and is the responsibility of the procurement, export and financial managers of Três Corações (JV).

The Group also has a commodity risk management committee for the business in Israel. The committee is managed by the Group's Economics & Treasury Manager.

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

6. Energy Prices

The average prices of Brent oil in the first half and second quarter of 2024 were higher by 4% and 9%, respectively, compared to their average prices in the corresponding periods last year. Since the beginning of 2024 through to proximate to the reporting date, the price of Brent oil rose by 5%.

7. Exchange Rate Fluctuations

In the first six months of 2024, the Shekel weakened against most of the Group's functional currencies but strengthened more significantly against the Ruble, and the total effect based on average exchange rates compared to the corresponding period last year contributed to inconsequential translation differences in the sales line item on the income statement. In the second quarter of the year, the Shekel weakened against some of the functional currencies but strengthened more significantly against the Ruble and the Real, and the total effect based on average exchange rates compared to the corresponding period contributed to inconsequential negative translation differences in the sales line item on the income statement. In terms of changes in exchange rates, in the first half and second quarter of 2024 the Shekel strengthened mainly against the Real and weakened mainly against the Ruble and Dollar, with a negative net effect on the Group's equity.

Based on average exchange rates, in the first half and second quarter of 2024 the Dollar strengthened against most of the currencies compared to last year.

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

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

Average Exchange Rates Against the Shekel							
Currency		Average Exchange Rate First Half		% change	Average Exchange Rate Second Quarter		% change
		2024	2023		2024	2023	
United States Dollar	USD	3.696	3.591	2.9%	3.731	3.645	2.4%
Euro	EUR	3.995	3.882	2.9%	4.016	3.968	1.2%
Ukrainian Hryvnia	UAH	0.095	0.098	(3.5%)	0.094	0.100	(6.1%)
Russian Ruble	RUB	0.041	0.047	(12.9%)	0.041	0.045	(8.5%)
Serbian Dinar	RSD	0.034	0.033	3.0%	0.034	0.034	1.3%
Romanian Leu	RON	0.803	0.787	2.1%	0.807	0.803	0.6%
Polish Zloty	PLN	0.925	0.839	10.2%	0.933	0.873	6.8%
Brazilian Real	BRL	0.728	0.709	2.7%	0.716	0.737	(2.8%)
Chinese Renminbi	CNY	0.513	0.516	(0.5%)	0.515	0.521	(1.0%)
Canadian Dollar	CAD	2.721	2.665	2.1%	2.726	2.713	0.5%
Australian Dollar	AUD	2.433	2.427	0.2%	2.459	2.435	1.0%
Mexican Peso	MXN	0.216	0.198	9.2%	0.216	0.206	5.1%
Pound Sterling	GBP	4.675	4.429	5.5%	4.708	4.563	3.2%

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

Average Exchange Rates Against the Dollar							
Currency		Average Exchange Rate First Half		% change	Average Exchange Rate Second Quarter		% change
		2024	2023		2024	2023	
New Israeli Shekel	ILS	0.271	0.279	(2.8%)	0.268	0.274	(2.3%)
Ukrainian Hryvnia	UAH	0.026	0.027	(6.2%)	0.025	0.027	(8.3%)
Russian Ruble	RUB	0.011	0.013	(15.5%)	0.011	0.012	(10.6%)
Serbian Dinar	RSD	0.009	0.009	0.1%	0.009	0.009	(1.0%)
Romanian Leu	RON	0.217	0.219	(0.8%)	0.216	0.220	(1.8%)
Polish Zloty	PLN	0.250	0.234	7.1%	0.250	0.240	4.3%
Brazilian Real	BRL	0.197	0.197	(0.1%)	0.192	0.202	(5.1%)
Chinese Renminbi	CNY	0.139	0.144	(3.3%)	0.138	0.143	(3.3%)
Pound Sterling	GBP	1.265	1.233	2.6%	1.262	1.252	0.8%

From the beginning of the year up to the date proximate to the publication of the report, the Shekel strengthened by 12% against the Brazilian Real and by 1% against the Ruble, while conversely weakening by 1% against the Dollar.

8. Inflation

In the first six months of 2024, inflation eased in Israel and globally. The Consumer Price Index (CPI) in Israel rose in the half-year by 2.1% compared to 3.2% in the same period last year, and by 3.2% in the past twelve months. In the US, the CPI rose by 2.3% in the first six months of 2024 compared to 2.7% last year, and by 2.9% in the past twelve months. In Brazil, the CPI rose by 4.5% in the past twelve months compared to 11.9% in the corresponding period. In Russia, the CPI rose by 9.1% in the past twelve months compared to an increase of 15.9% in the corresponding period.

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

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

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

9. Interest

The Bank of Israel interest rate declined from 4.75% at the end of 2023 to 4.5% in January 2024 and remained unchanged proximate to the publication date of the report. In the US, the interest rate was kept at 5.25%-5.5% proximate to the publication date of the report. In Brazil, the interest rate declined from 11.75% at the end of 2023 to 10.5% proximate to the publication date of the report. In Russia, the interest rate rose to 18% proximate to the publication date of the report. In the Group's other Eastern European countries of operations, there was no significant change in the interest rate.

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

10. Regulatory Developments in Israel

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

The milk sector

In April 2023, a price update was announced, raising the prices of price-controlled dairy products by 16.0%. One week later, at the beginning of May, an amendment to the order was published, revising the prices of those price-controlled products upward by a lesser rate of 8.3%. At the end of May 2023, the prices of said products were again updated by a further 0.9%. In addition, according to the same outline, the prices of price-controlled dairy products were increased by another 4.48% in May 2024.

Wages in Israel

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

The Public Health Protection Law

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

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

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

In December 2023, the reduction regulations were published in the Gazette of Record, enabling the National Food Services to now impose financial sanctions for violations under the Public Health Protection Law (Food). The reduction regulations took effect on January 1, 2024.

In April 2024, the Knesset approved in the first reading the proposed amendment to the Protection of Public Health Law (Food) (Amendment No. 9 and Temporary Provision) (Expansion of the Adoption of European Law, Streamlining the Adoption Process and Removal of Barriers to Importing Food through the European Compliance Route), 2024. Under the proposed amendment (if the law is passed), a reform will be initiated that contains fundamental changes in the requirements applying to all food products and will also allow for the import of a broad variety of food products based on compliance with European requirements. The significant changes include expansion of the adoption of European food directives and regulations, streamlining the adoption process, significant easing of the conditions for importing food in the European route by an Appropriate Importer, and establishment of the obligation to manage a self-safety system by all parties involved in the food sector in Israel, including marketers, as is obligatory in the EU. As of the date of this report, the Company is unable to assess the impacts of the law, if and insofar as the legislative process is completed.

The information contained in this section, including the estimates that the Milk Sector Planning bill, the increase in the minimum wage and the reforms in the Economic Arrangements Law are not expected to have a material effect on the Company's business results, is forward-looking information as this term is defined in the Securities Law, which is based on the information available to the Company on the publication date of this report and includes the Company's estimates on the publication date, and there can be no certainty as to their materialization.

11. Business Regulation and Changes in the Food Sector in Israel

On September 6, 2023, the Company and all large suppliers and large retailers received a demand for information from the Competition Authority. In the demand, the Company was requested to furnish, *inter alia*, sales data, COGS and operating costs from 2019 through to the present. In light of the security situation, the response to the demand for information was postponed, and the Company submitted the reply to questions 1 and 4 in the demand for information on January 30, 2024, and the reply to questions 2 and 3 in the demand for information on February 29, 2024.

On February 19, 2023, the Competition Commissioner announced that she had decided to repeal the Rules for the Promotion of Competition in the Food Industry (Exemption for Actions and Arrangements Regarding Product Arrangement in Stores of a Large Retailer) (Temporary Order), 2017 (Arrangement Exemption). On November 24, 2023, the Competition Commissioner announced that the Arrangement Exemption would be extended for a further six months until May 31, 2024. On March 14, 2024, the Competition Authority published the draft Arrangement Exemption, which is to replace the current exemption beginning on January 1, 2025, for public comment. The draft Arrangement Exemption proposes the rule that the arrangement of goods by large suppliers will be permitted only at large retailers where the total sales of products of suppliers that are not large suppliers in all the stores of each such retailer (excluding sales of fresh fruit and vegetables) account for at least 55%, with this percentage being raised by one percentage point per year, up to 60%.

The Company reviewed the effect of the alteration of the Arrangement Exemption and estimates that the effect is immaterial to the Group's business. This estimate is forward-looking information as this term is defined in the Securities Law, which is based on the information available to the Company on the publication date of this report and includes the Company's estimates on the publication date.

On March 1, 2024, the Consumer Protection Law Bill (Amendment 69) (Prohibition on the Exertion of Undue Influence in a State of Emergency) was submitted. The bill seeks to add a special provision to the Consumer Protection Law that prohibits a dealer from exerting undue influence through a considerable, extraordinary increase in the prices of essential products during a state of emergency.

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

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

12. Qualitative Disclosure Regarding Market Risk Exposure and Risk Management

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

RESULTS OF BUSINESS OPERATIONS

13. Results of Business Operations

The Group has several businesses that are operated by jointly controlled entities in which the Company or subsidiaries hold a 50% stake: the coffee business in Brazil (Três Corações (JV)[3]), the dips and spreads business in North America, Sabra Dipping Company ("Sabra"), the salty snacks business in Israel (Strauss Frito-Lay Ltd.) and the international dips and spreads business – PepsiCo Strauss Fresh Dips & Spreads International ("Obela"). To clarify, the above companies are included in the Management (Non-GAAP) Reports of the Company according to the stake held by the Company or the subsidiaries therein.

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

Notwithstanding the foregoing, in light of the Group's non-GAAP reports and the method in which Group Management measures the results of the subsidiaries and jointly owned companies, the Group presents the activity segments by presenting the Group's relative share of the income and expenses of the jointly controlled entities (50%) as well as other adjustments described below. Presentation of the data in this manner is different to the manner of their presentation in the audited financial statements of the Company.

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

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

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

Condensed Results of Business Operations

	First Half			Explanation
	2024	**2023**	**% change**	
Sales	**5,343**	**5,179**	**3.2%**	Sales growth is largely due to the Fun & Indulgence (Snacks and Confectionery) segment following the replenishment of confectionery products on the shelves and higher sales prices, and growth in the International Coffee segment due to the increase in sales prices and positive foreign currency effects on sales, which were partially offset by a decline in quantities sold. For further information, see section 17 below.
Organic growth excluding foreign currency effects	2.7%	10.1%		
Cost of sales	3,628	3,503	3.6%	Growth in gross profit is primarily the result of an increase in sales by the Fun & Indulgence (Snacks and Confectionery) segment following the replenishment of confectionery products on the shelves as well as due to an increase in sales prices implemented in several categories and geographies, which were offset by higher raw material prices (mainly the prices of cocoa and green coffee) and energy costs. For further information, see section 18 below.
Gross profit – non-GAAP	**1,715**	**1,676**	**2.3%**	
% of sales	32.1%	32.4%		
Selling and marketing expenses	1,047	1,002	4.4%	The increase is largely due to an increase in marketing effort expenses in Strauss Israel and Strauss Water, as well as an increase in selling expenses in Brazil.
General and administrative expenses	325	302	7.4%	The increase is largely due to an increase in Group HQ expenses, mainly IT, wage costs and consulting expenses.
Total operating expenses	**1,372**	**1,304**		
Share of profit of equity-accounted investees	22	24	(8.3%)	The decrease is largely due to the change in the profits of Haier Strauss Water between the periods.
Operating profit before loss of incubator investees	**365**	**396**	**(7.8%)**	
Share of loss of equity-accounted incubator investees	(10)	(17)	(41.2%)	The lower loss is mainly the result of gains on the sale of Amai Proteins.
Operating profit – non-GAAP	**355**	**379**	**(6.0%)**	The decline in operating profit and the operating margin is largely due to the Fun & Indulgence (Snacks and Confectionery) segment, mostly the result of an increase in cocoa prices during the current quarter, and the International Coffee segment following a decline in gross profit and the gross margin caused by an increase in raw material prices (mainly green coffee), which was not reflected in a corresponding increase in sales prices, as well as higher marketing and G&A expenses.
% of sales	6.7%	7.3%		
Financial expenses, net	(55)	(47)	17.5%	Growth in financial expenses is mainly the result of an increase in the cost of debt following higher interest rates, as well an increase in financial expenses related to leases due to higher lease payments compared to the corresponding period last year.
Income before taxes – non-GAAP	**300**	**332**	**(9.3%)**	
Taxes on income	(19)	(85)	(76.3%)	The lower income tax and effective tax rate are largely due to the revision of tax reserves and final tax assessments issued in the various countries, as well as a decline in income for tax purposes this year.
Effective tax rate	6.6%	25.5%		
Income for the period – non-GAAP	**281**	**247**	**13.6%**	Most of the increase in net profit is due to the lower tax expenses.
Attributable to shareholders of the Company	**242**	**219**	**10.6%**	
% of sales	**4.5%**	**4.2%**		
Attributable to non-controlling interests	39	28	37.1%	
EPS (NIS)	2.07	1.88	10.5%	

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

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

Condensed Results of Business Operations				
	Second Quarter			Explanation
	2024	2023	% change	
Sales	**2,754**	**2,625**	**4.9%**	Sales growth is largely due to the Fun & Indulgence (Snacks and Confectionery) segment following the replenishment of confectionery products on the shelves and an increase in sales prices, growth in the Fun & Indulgence (Israel Coffee) segment due to the timing of Passover, which fell later this year compared to last year and the effect of higher sales prices, as well as growth in the International Coffee segment due to the increase in sales prices, which were partially offset by a decline in quantities sold and negative currency effects on sales. For further information, see section 17 below.
Organic growth excluding foreign currency effects	6.0%	12.4%		
Cost of sales	1,913	1,786	7.1%	The decline in the gross margin is primarily the result of an increase in raw material prices (mainly cocoa and green coffee) and higher energy costs. Moreover, in the International Coffee segment, the increase in raw material prices (mainly green coffee) was not reflected in a corresponding increase in sales prices. For further information, see section 18 below.
Gross profit – non-GAAP	**841**	**839**	**0.4%**	
% of sales	30.5%	31.9%		
Selling and marketing expenses	532	519	2.3%	The increase is largely due to an increase in marketing effort expenses in Strauss Water, as well as an increase in selling expenses in Brazil.
General and administrative expenses	160	153	4.7%	Most of the increase is due to an increase in Group HQ expenses related to IT, donations and amortization of intangible assets.
Total operating expenses	**692**	**672**		
Share of profit of equity-accounted investees	10	13	(23.1%)	The decline is largely due to the change in the profits of Haier Strauss Water quarter-on-quarter.
Operating profit before loss of incubator investees	**159**	**180**	**(11.7%)**	
Share of loss of equity-accounted incubator investees	(8)	(9)	(11.1%)	A decrease in capital losses in the incubator investees compared to the corresponding quarter last year.
Operating profit – non-GAAP	**151**	**171**	**(10.3%)**	The decline in operating profit and the operating margin is largely due to the Fun & Indulgence (Snacks and Confectionery) segment, mostly the result of an increase in cocoa prices in the current quarter, and the International Coffee segment following a decline in gross profit and the gross margin caused by an increase in raw material prices (mainly green coffee), which was not reflected in a corresponding increase in sales prices, as well as higher marketing and G&A expenses.
% of sales	5.5%	6.5%		
Financial expenses, net	(29)	(29)	0.4%	There was no material change quarter-on-quarter.
Income before taxes – non-GAAP	**122**	**142**	**(12.5%)**	
Taxes on income	(20)	(44)	(49.0%)	The lower income tax and effective tax rate are largely due to final tax assessments issued in the various countries, as well as a decline in income for tax purposes this year.
Effective tax rate	17.8%	30.6%		
Income for the period – non-GAAP	**102**	**98**	**3.6%**	Most of the increase in net profit is due to the lower tax expense.
Attributable to shareholders of the Company	**83**	**85**	**(2.4%)**	
% of sales	**3.0%**	**3.2%**		
Attributable to non-controlling interests	19	13	40.8%	
EPS (NIS)	0.71	0.72	(2.5%)	

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

Following are the condensed results of business operations (based on the Management (Non-GAAP) Reports) of the major business segments for the half-years and quarters ended June 30, 2024 and 2023 (in NIS millions)[4]:

Condensed Results of Business Operations by Operating Segment						
	First Half			Second Quarter		
	2024	2023	% change	2024	2023	% change
Israel						
Net sales	2,521	2,427	3.9%	1,212	1,140	6.3%
Operating profit	250	239	5.1%	99	91	9.5%
Coffee						
Net sales	2,159	2,099	2.9%	1,205	1,148	5.0%
Operating profit	99	137	(27.5%)	61	77	(20.8%)
Water						
Net sales	403	392	2.9%	210	204	2.9%
Operating profit	49	45	7.6%	25	24	5.3%
Other						
Net sales	260	261	(0.5%)	127	133	(3.9%)
Operating loss	(43)	(42)	3.2%	(34)	(21)	60.2%
Total						
Net sales	**5,343**	**5,179**	**3.2%**	**2,754**	**2,625**	**4.9%**
Operating profit	**355**	**379**	**(6.0%)**	**151**	**171**	**(10.3%)**

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

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

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

Following are the condensed financial accounting (GAAP) statements of income for the half-years and quarters ended June 30, 2024 and 2023 (in NIS millions):

Condensed GAAP Statements of Income						
	First Half			Second Quarter		
	2024	2023	% change	2024	2023	% change
Sales	3,427	3,344	2.5%	1,701	1,631	4.3%
Cost of sales excluding impact of commodity hedges	2,214	2,154	2.8%	1,124	1,048	7.2%
Adjustments for commodity hedges (1)	65	(57)		(6)	(4)	
Cost of sales	2,279	2,097	8.7%	1,118	1,044	7.1%
Gross profit	**1,148**	**1,247**	**(7.9%)**	**583**	**587**	**(0.6%)**
% of sales	33.5%	37.3%		34.3%	36.0%	
Selling and marketing expenses	700	676	3.5%	347	346	0.2%
General and administrative expenses	255	241	6.0%	126	120	5.2%
Total expenses	**955**	**917**		**473**	**466**	
Share of profit of equity-accounted investees	85	92	(8.4%)	49	47	2.7%
Share of loss of equity-accounted incubator investees	(10)	(17)	(41.2%)	(8)	(9)	(11.1%)
Operating profit before other expenses	**268**	**405**	**(33.9%)**	**151**	**159**	**(4.9%)**
% of sales	7.8%	12.1%		8.9%	9.7%	
Other income (expenses), net	(63)	61		(13)	(9)	
Operating profit after other expenses	**205**	**466**	**(56.0%)**	**138**	**150**	**(7.9%)**
Financing expenses, net	(33)	(30)	12.7%	(16)	(19)	(15.4%)
Income before taxes	**172**	**436**	**(60.7%)**	**122**	**131**	**(6.8%)**
Taxes on income	–	(104)	(99.9%)	(21)	(45)	(53.4%)
Effective tax rate	0.1%	23.9%		17.1%	34.3%	
Income for the period	**172**	**332**	(48.3%)	**101**	**86**	17.6%
Attributable to: The Company's shareholders	**133**	**304**	**(56.3%)**	**82**	**73**	**13.4%**
Non-controlling interests	39	28	36.5%	19	13	39.2%

Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.
(1) Reflects mark-to-market as of end-of-period of open positions in the Group in respect of financial derivatives used to hedge commodity prices.

14. Condensed Statement of Financial Position

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

Condensed GAAP Statement of Financial Position				
	June 30 2024	December 31 2023	% change	Explanation
Total current assets	2,786	2,539	9.7%	The change is largely due to an increase in accounts receivable and in the trade receivables balance due to sales growth as well as inventory growth following build-up and an increase in raw material prices, and on the other hand, a decline in cash and cash equivalents.
Of which: Cash and cash equivalents	427	517	(17.3%)	For information on the change in the cash and cash equivalents item, see section 22.2 below. According to Company policy, these assets are mainly held in liquid deposits.
Total non-current assets	5,880	5,631	4.4%	The change is largely due to an increase in investments in associates with the completion of an investment in an associate in a manufacturing plant in China as well as in the profits of investees, partially offset by negative translation differences effects; and also, investments in fixed assets and intangible assets.
Total assets	**8,666**	**8,170**		
Total current liabilities	3,302	2,497	32.2%	The change is largely due to an increase in trade payables following inventory growth and an increase in raw material prices, and also to short-term credit taken.
Total non-current liabilities	2,120	2,358	(10.1%)	The change is largely the result of a decrease in deferred tax liabilities and the redemption of debentures and repayment of long-term loans.
Total equity attributable to majority shareholders	2,964	3,037	(2.4%)	The change is largely due to a dividend declared to shareholders of the Company and was offset against positive translation differences and income attributable to majority shareholders.
Total equity attributable to non-controlling interests	280	278	1.0%	The change is due to a dividend declared and was offset against income attributable to non-controlling interests.

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

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

Outstanding Debt				
	June 30 2024	December 31 2023	Change	Explanation
Gross debt – management reports	3,766	3,326	440	Most of the increase in gross debt is due to an increase in short-term credit taken, which was partially offset by the redemption of debentures and repayment of long-term loans. Most of the increase in net debt is the result of the increase in gross debt, as well as a decline in cash balances.
Gross debt – financial statements	3,068	2,630	438	
Net debt – management reports	3,223	2,400	823	
Net debt – financial statements	2,641	2,113	528	

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

15. Adjustments to the Management (Non-GAAP) Reports

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

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

Adjustments to the Management (Non-GAAP) Reports – Yearly Comparison						
	First Half 2024			First Half 2023		
	Financial statements	Change	Propor-tionate consolidation method	Financial statements	Change	Propor-tionate consolidation method
Sales	3,427	1,916	5,343	3,344	1,835	5,179
Cost of sales excluding impact of commodity hedges	2,214	1,414	3,628	2,154	1,349	3,503
Adjustments for commodity hedges (1)	65	1	66	(57)	–	(57)
Cost of sales	2,279	1,415	3,694	2,097	1,349	3,446
Gross profit	**1,148**	**501**	**1,649**	**1,247**	**486**	**1,733**
% of sales	33.5%		30.9%	37.3%		33.5%
Selling and marketing expenses	700	347	1,047	676	326	1,002
General and administrative expenses	255	83	338	241	76	317
Share of profit of equity-accounted investees	85	(63)	22	92	(68)	24
Operating profit before loss of incubator investees	**278**	**8**	**286**	**422**	**16**	**438**
Share of loss of equity-accounted incubator investees	(10)	–	(10)	(17)	–	(17)
Operating profit before other expenses	**268**	**8**	**276**	**405**	**16**	**421**
% of sales	7.8%		5.2%	12.1%		8.1%
Other income (expenses), net	(63)	13	(50)	61	(4)	57
Operating profit after other expenses	**205**	**21**	**226**	**466**	**12**	**478**
Financial expenses, net	(33)	(22)	(55)	(30)	(17)	(47)
Income before taxes	**172**	**(1)**	**171**	**436**	**(5)**	**431**
Taxes on income	–	1	1	(104)	5	(99)
Effective tax rate	0.1%		0.1%	23.9%		22.9%
Income for the period	172	–	172	332	–	332
Attributable to: Shareholders of the Company	**133**	**–**	**133**	**304**	**–**	**304**
Non-controlling interests	39	–	39	28	–	28

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

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

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

Adjustments to the Management (Non-GAAP) Reports – Yearly Comparison						
	Second Quarter 2024			Second Quarter 2023		
	Financial statements	Change	Proportionate consolidation method	Financial statements	Change	Proportionate consolidation method
Sales	1,701	1,053	2,754	1,631	994	2,625
Cost of sales excluding impact of commodity hedges	1,124	789	1,913	1,048	738	1,786
Adjustments for commodity hedges (1)	(6)	1	(5)	(4)	–	(4)
Cost of sales	1,118	790	1,908	1,044	738	1,782
Gross profit	**583**	**263**	**846**	**587**	**256**	**843**
% of sales	34.3%		30.7%	36.0%		32.1%
Selling and marketing expenses	347	185	532	346	173	519
General and administrative expenses	126	41	167	120	40	160
Share of loss of equity-accounted investees	49	(39)	10	47	(34)	13
Operating profit before loss of incubator investees	**159**	**(2)**	**157**	**168**	**9**	**177**
Share of loss of equity-accounted incubator investees	(8)	–	(8)	(9)	–	(9)
Operating profit before other expenses	**151**	**(2)**	**149**	**159**	**9**	**168**
% of sales	8.9%		5.5%	9.7%		6.4%
Other income (expenses), net	(13)	16	3	(9)	(1)	(10)
Operating profit after other expenses	**138**	**14**	**152**	**150**	**8**	**158**
Financial expenses, net	(16)	(13)	(29)	(19)	(10)	(29)
Income before taxes	**122**	**1**	**123**	**131**	**(2)**	**129**
Taxes on income	(21)	(1)	(22)	(45)	2	(43)
Effective tax rate	17.1%		18.6%	34.3%		33.1%
Income for the period	101	–	101	86	–	86
Attributable to: Shareholders of the Company	**82**	**–**	**82**	**73**	**–**	**73**
Non-controlling interests	19	–	19	13	–	13

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

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

Additional adjustments to the Management (Non-GAAP) Reports (share-based payment, valuation of hedging transactions, other expenses and taxes related to those adjustments):

Additional Adjustments to the Management (Non-GAAP) Reports	First Half			Second Quarter		
	2024	2023	% change	2024	2023	% change
Operating profit (according to the proportionate consolidation method) after other expenses	**226**	**478**	**(52.6%)**	**152**	**158**	**(2.6%)**
Share-based payment	13	15		7	7	
Adjustments for commodity hedges (1)	66	(57)		(5)	(4)	
Other (income) expenses, net	50	(57)		(3)	10	
Operating profit – non-GAAP*	**355**	**379**	**(6.0%)**	**151**	**171**	**(10.3%)**
Financing expenses, net	(55)	(47)		(29)	(29)	
Taxes on income	1	(99)		(22)	(43)	
Taxes in respect of adjustments to the above non-GAAP operating profit	(20)	14		2	(1)	
Income for the period – non-GAAP	**281**	**247**	**13.6%**	**102**	**98**	**3.6%**
Attributable to: The Company's shareholders	**242**	**219**	**10.6%**	**83**	**85**	**(2.4%)**
Non-controlling interests	**39**	**28**	**37.1%**	**19**	**13**	**40.8%**

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

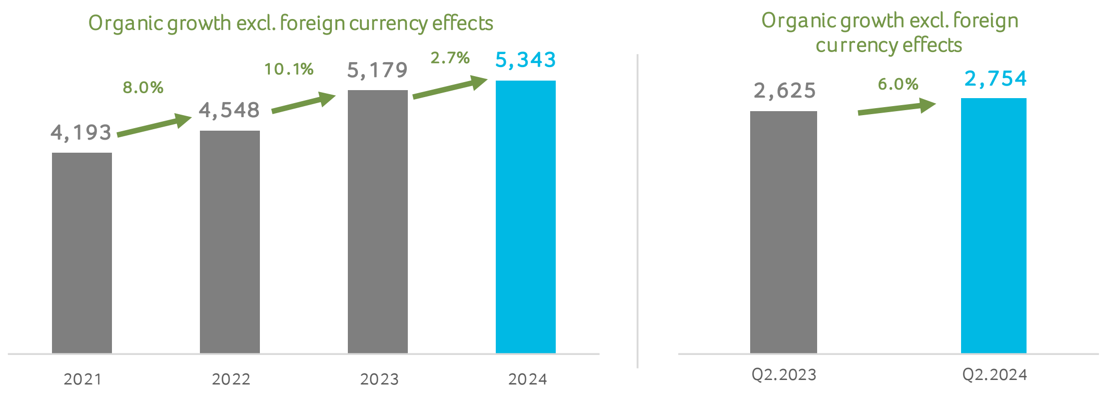
(1) Reflects mark-to-market at end-of-period of open positions in the Group in respect of financial derivatives used to hedge commodity prices and all adjustments necessary to delay recognition of most of the gains or losses arising from commodity derivatives until the date when the inventory is sold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

* In the first quarter, Strauss Israel recorded an unrealized loss of NIS 72 million following the valuation of commodity derivative positions (cocoa). Of said amount, a loss of NIS 27 million was realized in the second quarter and accounted for in the cost of sales line item in the Company's Non-GAAP Reports.

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

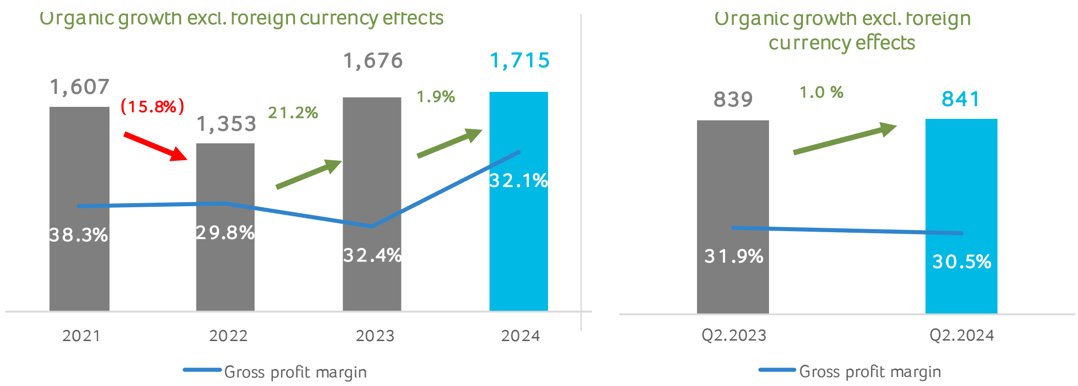
Following are key financial data presented in a quarterly and multi-year comparison, according to the Management (Non-GAAP) Reports:

Net Sales – First Half and Second Quarter



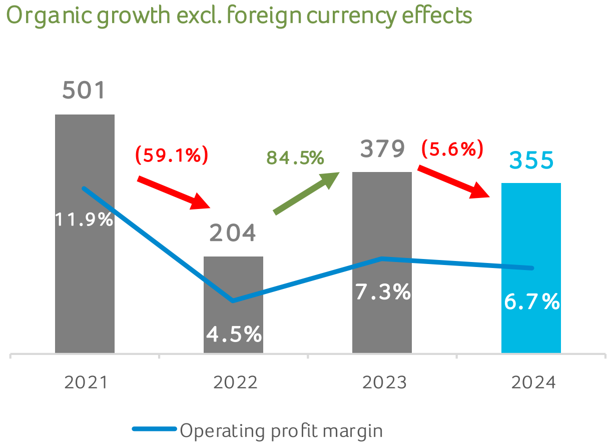
Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.

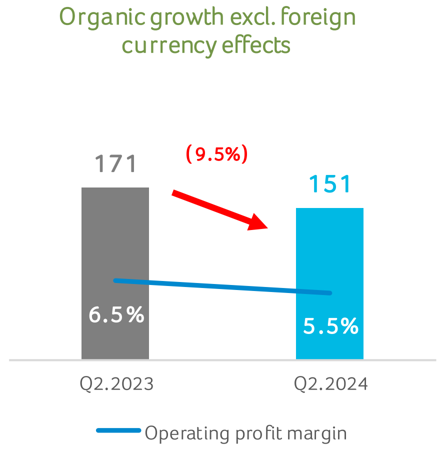
Gross Profit and Gross Margin – First Half and Second Quarter



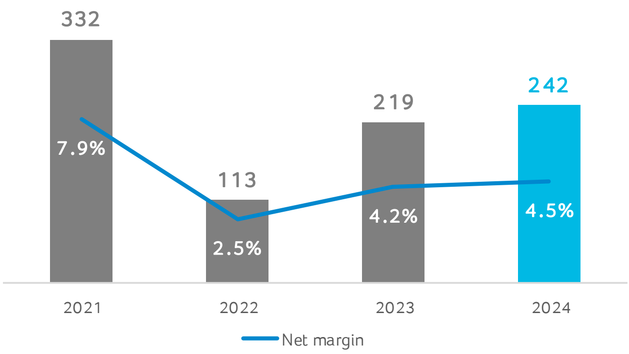
Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.

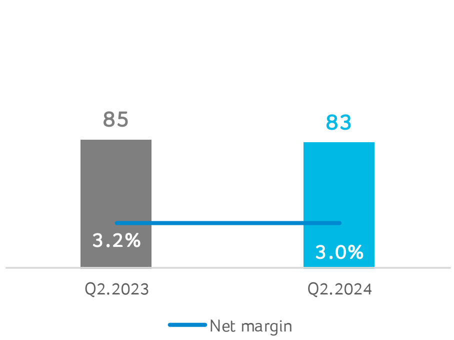
Operating Profit and Operating Margin – First Half and Second Quarter



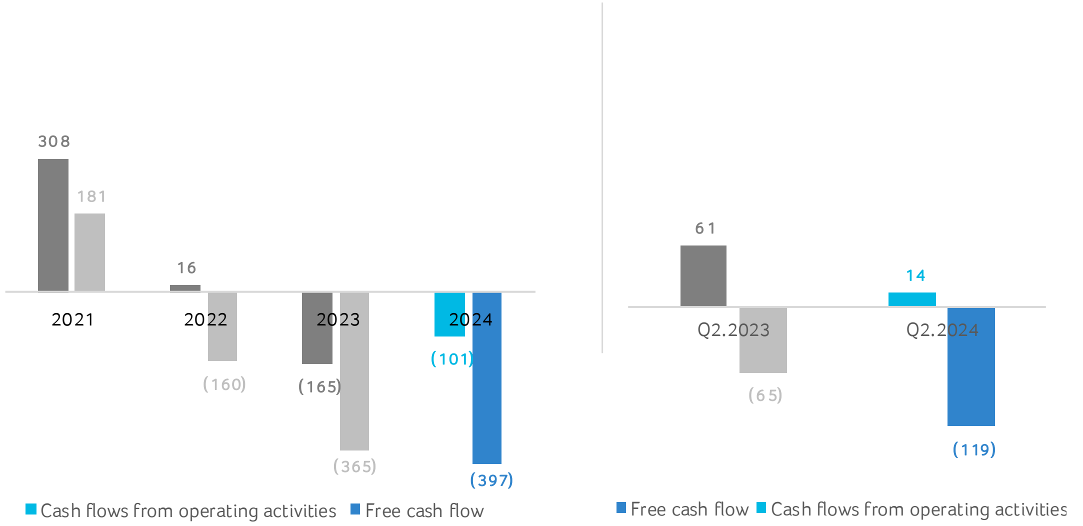


Net Profit and Net Margin – First Half and Second Quarter





Cash Flows from Operating Activities and Free Cash Flow – First Half and Second Quarter

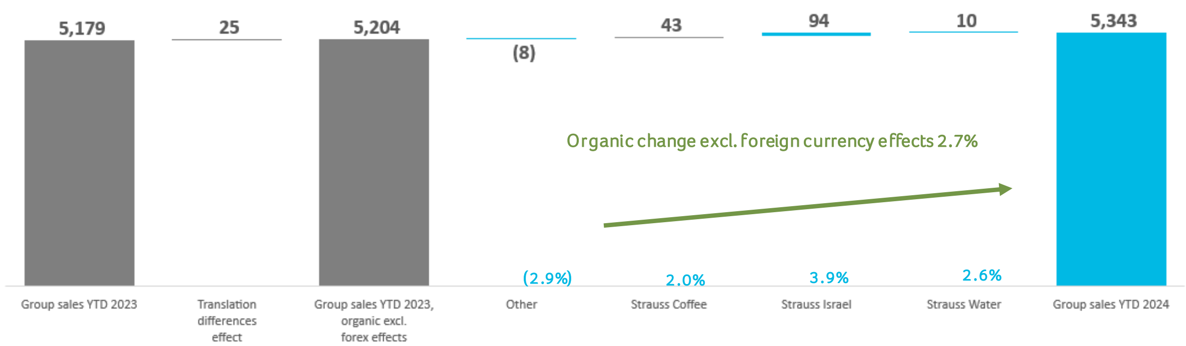


Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.

17. Sales – Non-GAAP

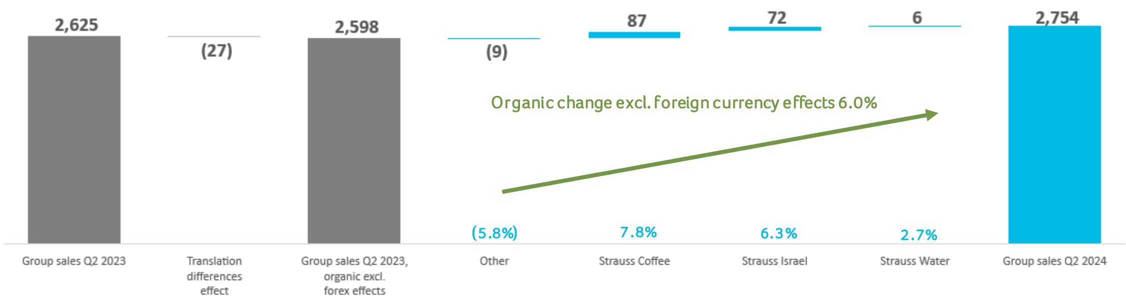
Following are the components of the change in sales in the period in local currency and growth rates according to the Group's major business segments in local currency, together with the overall impact, mainly of translation differences (the "translation differences effect") and inorganic growth (M&A):

Components of the Change in Sales – First Half



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

Components of the Change in Sales – Second Quarter



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

The Group's sales in the first half of 2024 were affected by positive translation differences amounting to NIS 25 million, of which NIS 30 million were due to the strengthening of the average exchange rate of the Brazilian Real against the Shekel compared to the corresponding period last year.

The Group's sales in the second quarter of 2024 were affected by negative translation differences amounting to NIS 27 million, of which NIS 25 million were due to the weakening of the average exchange rate of the Brazilian Real against the Shekel compared to the same quarter last year.

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

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

18. Gross Profit – Non-GAAP

Gross Profit – Non-GAAP								
	First Half				Second Quarter			
	2024	2023	% change	% change excluding effect of translation differences into NIS	2024	2023	% change	% organic change excluding effect of translation differences into NIS
Gross profit	1,715	1,676	2.3%	1.9%	841	839	0.4%	1.0%
Gross margin	32.1%	32.4%			30.5%	31.9%		

The Group's non-GAAP gross profit in the first half of 2024 was positively affected by translation differences into Shekels amounting to NIS 7 million, largely the result of the strengthening of average exchange rate of the Brazilian Real against the Shekel compared to the corresponding period last year.

The Group's non-GAAP gross profit in the second quarter of 2024 was negatively affected by translation differences into Shekels amounting to NIS 6 million, mainly due to the weakening of the Brazilian Real against the Shekel compared to the same quarter last year (see also the exchange rate table in section 7 above).

The Group's non-GAAP gross profit in the first half and second quarter of 2024 rose by NIS 39 million and NIS 2 million, respectively compared to the corresponding periods last year.

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

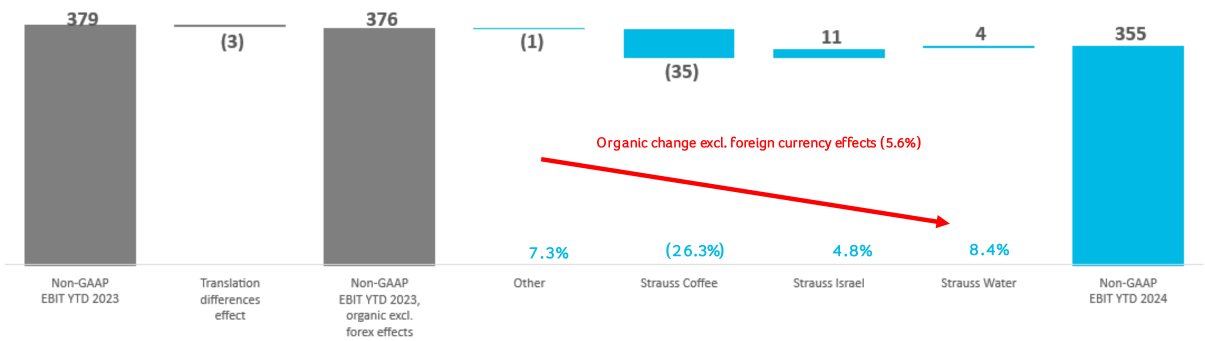
19. Operating Profit – Non-GAAP

Operating Profit – Non-GAAP								
	First Half				Second Quarter			
	2024	2023	% change	% change excluding effect of translation differences into NIS	2024	2023	% change	% organic change excluding effect of translation differences into NIS
Operating profit	355	379	(6.0%)	(5.6%)	151	171	(10.3%)	(9.5%)
Operating margin	6.7%	7.3%			5.5%	6.5%		

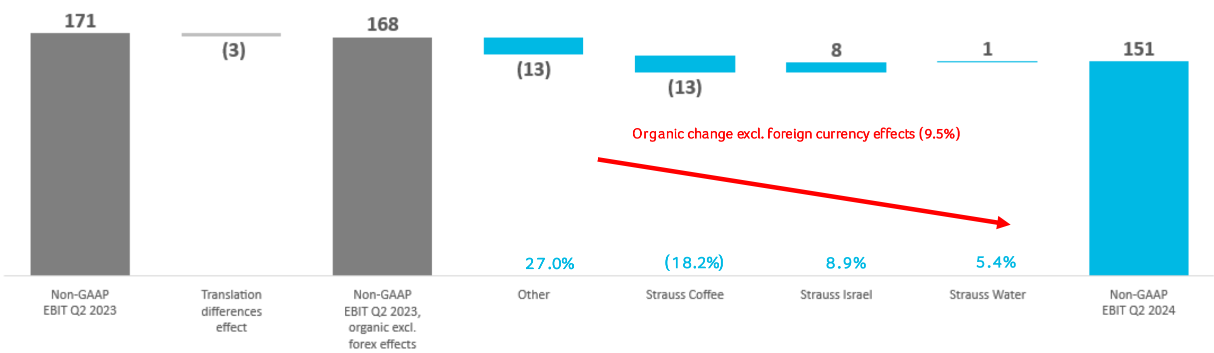
The Group's non-GAAP operating profit (EBIT) in the first half and second quarter of 2024 declined by NIS 24 million and NIS 20 million, respectively, and was not significantly affected by changes in exchange rates compared to the corresponding periods last year.

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

Components of the Change in Operating Profit – First Half



Components of the Change in Operating Profit – Second Quarter



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

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

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

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

In the first half of 2024, GAAP comprehensive income amounted to NIS 223 million, compared to comprehensive income of NIS 449 million in the same period last year. In the first six months of 2024, gains from translation differences, which are the main component of other comprehensive income, were NIS 51 million, compared to foreign currency translation gains of NIS 116 million in last year.

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

GAAP comprehensive income in the second quarter of 2024 amounted to NIS 78 million, compared to comprehensive income of NIS 133 million in the same period last year. In the second quarter of 2024, losses from translation differences, which are the main component of other comprehensive income, amounted to NIS 23 million, compared to foreign currency translation gains of NIS 47 million in the corresponding quarter last year.

Foreign currency translation losses in the second quarter of 2024 are largely due to Strauss Coffee's business; of these losses, NIS 67 million are due to the weakening of the Brazilian Real against the Shekel compared to the same period last year.

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

21.1 The Group's activity in Israel

Strauss Group is the second-largest company in the Israeli food market, and as of the second quarter of 2024, its value market share, according to StoreNext[5], was 11.7% of the total domestic retail food and beverage market (compared to 11.9% in the corresponding period in 2023), unchanged versus last year.

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

Information on Strauss Group's Sales in Israel

	First Half			Second Quarter			Explanation
	2024	2023	% change	2024	2023	% change	
The Group's sales in Israel	2,905	2,794	4.0%	1,411	1,329	6.2%	Sales growth in the first half and second quarter of 2024 compared to the same periods last year is largely the result of growth in the Fun & Indulgence (Snacks and Confectionery) segment following the gradual reintroduction of confectionery products at the beginning of last year, as well as increases in sales prices. The Strauss Water segment also contributed to growth thanks to higher sales volumes, growth in the customer base and a change in the sales mix.

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

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

In May 2023, the Company announced another update to the sell-in price list, applying to products whose prices had not been revised in the past twelve years and were not included in the December 2022 price increase or in the price increase of early May 2023, referring to the dairy and dips and spreads products. The increase was prompted by further increases in the prices of raw and packaging materials and industrial inputs, after the Company had implemented significant efficiency enhancements. These products include sweet snack bars, "Splendid" chocolate tablets, Cheetos and Yad Mordechai olive oil. The update is at an average rate of 1.4% and includes a maximum increase of up to 6% per individual

[5] Strauss Water's business is not included in StoreNext's market share measurements.

product. The revised sell-in tariffs took effect on June 4, 2023, and the update covers a small portion of the ongoing price hikes that the Group has faced.

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

In the second quarter of 2024, the average market price of cocoa surged by 237% compared to the same quarter last year. After the date of the statement of financial position through to the publication date of this report, the market price of cocoa declined by 17%. For further information, see section 5 above.

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

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

For information on a letter received on May 21, 2023 from the Supervisor of Prices and the merger agreement with Wyler Farms Ltd., see section 2.1 above and Note 6.5 to the Condensed Consolidated Interim Financial Statements as of June 30, 2024.

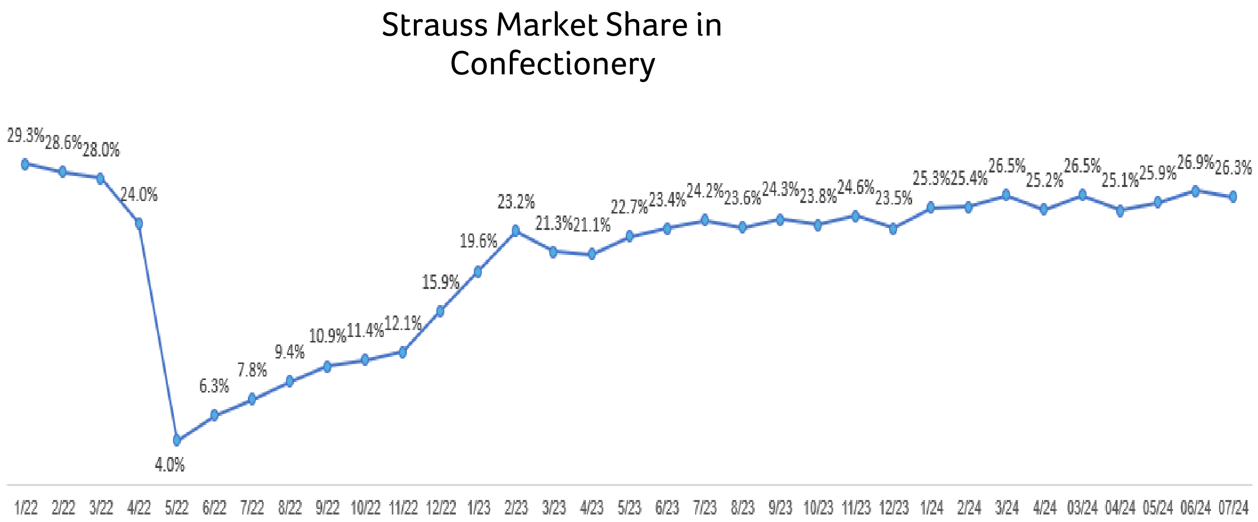
In the first half of 2024 the Group experienced an organic sales decline, disregarding the effects of the price increase, of 0.6% (including Israel Coffee).

In July 2024, Strauss Health Fresh Vegetables Ltd., which is wholly owned (indirectly) by the Company, signed an agreement for the sale of a fresh, washed and packaged fresh vegetables business, sold under the Ta'am Hateva brand to a buyer that is an unrelated party to the Company (the "Agreement" and/or "the Merger", respectively). The closing of the transaction was subject to the satisfaction of suspending conditions the last of which occurred on August 28, 2024 upon receiving the approval of the Competition Commissioner for the Merge. The closing date of this transaction will take place upon the expiration of the period following the fulfillment of the suspensive conditions, as stipulated in the agreement. It is noted that the transaction is not expected to have a material effect on the Company's business and its financial results.

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

The Group began to gradually market the products of the Confectionery Plant in November 2022, with more products being introduced each month. It is noted that the throughout the entire period, the Group continued to market products that are outsourced on a regular basis.

Following is an analysis of the gradual increase in market share in the barcoded retail market[6] proximate to the publication date of the report.



[6] According to the StoreNext report published on August 5, 2024. StoreNext measures consumption in the barcoded FMCG market in Israel, Strauss categories.

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

Condensed Results of Business Operations – the Israel Operation							
	First Half			Second Quarter			Explanation
	2024	2023	% change	2024	2023	% change	
Net sales	2,521	2,427	3.9%	1,212	1,140	6.3%	Sales growth in H1 and Q2 2024 is largely due to the Fun & Indulgence (Snacks and Confectionery) segment following the replenishment of confectionery products on the shelves (particularly chocolate tablets, which were limited in variety last year) and price increases introduced in February 2024. Sales growth was partially offset by a decline in the Fun & Indulgence (Israel Coffee) segment due to the effects of the war.
Gross profit	929	904	2.8%	431	425	1.3%	Growth in gross profit is largely due to sales growth following the increase in sales prices in February 2024. The decline in the gross margin is mainly the result of the increase in cocoa prices in 2024, as well as the realization of a loss of NIS 27 million resulting from the valuation of cocoa derivative positions.
Gross margin	36.9%	37.2%		35.6%	37.4%		
Operating profit	250	239	5.1%	99	91	9.5%	Growth in operating profit and the operating margin is largely the result of streamlining operating expenses, with the increase in operating profit being partially offset by higher cocoa prices.
Operating margin	9.9%	9.8%		8.2%	7.9%		

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

Condensed Results of Business Operations by Segment – the Israel Operation							
	First Half			Second Quarter			Explanation
	2024	2023	% change	2024	2023	% change	
Health & Wellness							
Net sales	1,485	1,497	(0.8%)	754	754	0.0%	The Health & Wellness segment grew in H1 2024 compared to the same period last year (excluding the reclassification of the Energy category[1]), mainly as a result of price increases introduced during the year. In Q2 2024, sales grew largely due to price increases, which were offset mainly by the reclassification of the Energy category to Fun & Indulgence (Snacks and Confectionery).
Operating profit	166	162	2.3%	92	77	18.4%	
Operating margin	11.2%	10.8%		12.1%	10.2%		
Fun & Indulgence (Snacks and Confectionery)							
Net sales	632	523	20.9%	271	217	24.8%	Sales growth is due to higher sales prices and the replenishment of confectionery products on the shelves (particularly chocolate tablets, which were limited in variety last year) as well as the reclassification of the Energy category[1]. The lower operating profit in Q2 2024 is mainly the result of the increase in cocoa prices and the realization of a loss of NIS 27 million due to the valuation of cocoa derivative positions. Growth in operating profit in H1 2024 is mainly due to sales growth and an improvement in OpEx, which was partially offset by the higher cocoa prices.
Operating profit (loss)	30	24	28.5%	(12)	-	-	
Operating margin	4.8%	4.5%		(4.1%)	(0.3%)		
Fun & Indulgence (Israel Coffee)							
Net sales	404	407	(0.7%)	187	169	10.7%	The decline in sales in H1 2024 is mainly due to the effects of the Swords of Iron War. Sales growth in Q2 2024 in the result of the timing of Passover. The increase in operating profit is largely due to the lower OpEx.
Operating profit	54	53	2.9%	19	14	35.5%	
Operating margin	13.4%	12.9%		10.1%	8.2%		

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

[1] Net sales in the Energy category in the second quarter and first half of 2023 amounted to NIS 17 million and NIS 33 million, respectively.

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

21.2 The International Coffee Operation

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

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

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

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

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

In addition, the Group markets and distributes coffee machines and coffee products for away-from-home (AFH) consumption at hotels, cafés, offices, etc. As part of its activity in Brazil (through Três Corações (JV)) the Group purchases, processes and sells green coffee, corn products, plant-based dairy alternatives and juice powders.

In the second quarter of 2024, the average market prices of Arabica and Robusta green coffee rose by 19% and 56%, respectively, compared to the corresponding period in 2023. After the date of the statement of financial position through to the publication date of this report, the market prices of Arabica and Robusta rose by 10% and 21%, respectively. Following the substantial increase in green coffee prices, notably Robusta, in the first half of 2024 the Group raised the sales prices of various coffee products in all countries of operations.

In addition to revising sales prices, Strauss Coffee is working in additional ways to mitigate the effects of rising coffee prices, among others by applying the Group's formal hedging policy, mitigation plans and operational efficiency enhancement.

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

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

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

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

On February 29, 2024, approval of the transaction by the Serbian Commission for Protection of Competition was received, and subsequently, on March 1, 2024, the transaction was closed. In accordance with the adjustments determined in the agreement, the consideration for the sale at an amount of EUR 38.8 million, gross, was paid to Strauss Coffee on the closing date. The Company recorded a net loss in respect of the closing of the transaction in the Condensed Consolidated Interim Financial Statements as of June 30, 2024 at an amount of NIS 26 million, comprising a profit of NIS 64 million from the transaction less a loss of NIS 90 million arising from translation differences attributable to the Company in Serbia.

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

Condensed Results of Business Operations – The International Coffee Operation

	First Half			Explanation
	2024	2023	% change	
International Coffee				
Net sales	2,159	2,099	2.9%	Growth in coffee sales mainly reflects price increases following the rise in green coffee prices, which was partially offset by a decline in sales volumes. Coffee sales in H1 2024 were favorably affected by the weakening of the Shekel against most of the relevant currencies compared to the corresponding period last year, excluding the Russian Ruble and Ukrainian Hryvnia. For further information, see "Strauss Coffee Sales by Major Geographical Region" in section 21.2.1 below.
Gross profit	492	510	(3.5%)	The decline in gross profit and the gross margin in H1 2024 is due to the increase in raw material prices and the decline in quantities sold, mainly in Brazil and Russia. By contrast, the change in the Shekel exchange rate against the average exchange rates of the relevant currencies, excluding the Ruble, compared to last year, had a favorable effect.
Gross margin	22.8%	24.3%		
Operating profit	99	137	(27.5%)	The decline in operating profit and the operating margin of the International Coffee segment in H1 2024 is mainly due to the lower gross profit and gross margin and an increase in operating expenses.
Operating margin	4.6%	6.5%		

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

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

Condensed Results of Business Operations – The International Coffee Operation				
	Second Quarter			Explanation
	2024	2023	% change	
International Coffee				
Net sales	1,205	1,148	5.0%	Growth in coffee sales in local currency in all regions largely reflects price increases following the rise in green coffee prices, which was offset by a decline in sales volumes following the higher sales prices. Coffee sales in Q2 2024 were negatively affected by the strengthening of the Shekel against most of the relevant currencies, notably the Brazilian Real, compared to the corresponding period last year. For further information, see "Strauss Coffee Sales by Major Geographical Region" in section 21.2.1 below.
Gross profit	262	278	(5.3%)	The decline in gross profit and the gross margin in Q2 2024 is due to the higher raw material prices and manufacturing costs, and was partially offset by higher sales prices across all regions, excluding Poland. Gross profit in Q2 2024 was negatively affected by the strengthening of the Shekel, mainly against the Brazilian Real, compared to the corresponding period last year.
Gross margin	21.8%	24.1%		
Operating profit	61	77	(20.8%)	The change in operating profit and the operating margin of the International Coffee segment in Q2 2024 is mainly due to the lower gross profit and gross margin and an increase in selling expenses, mainly in Brazil.
Operating margin	5.1%	6.7%		

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

21.2.1 Sales by the International Coffee Operation by Major Geographical Region

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

Sales by the International Coffee Operation in Major Geographical Regions

Geographical region	First Half				Explanation
	2024	2023	% change	% organic change in local currency [1]	
International Coffee					
Brazil (Três Corações (JV)) [2] [3] - 50%	1,487	1,404	5.9%	3.9%	Growth in Três Corações's sales in local currency is largely due to higher sales prices. The Company's sales in H1 2024 were favorably affected by the weakening of the Shekel against the Brazilian Real by NIS 30 million compared to the same period last year. For further information, see section 21.2.2 below.
Russia and Ukraine	312	336	(7.2%)	3.2%	Sales growth in local currency is mainly due to higher sales prices and lower discounts, partially offset by lower sales volumes in Russia. The Company's sales in H1 2024 were negatively affected by foreign exchange rates compared to the corresponding period, with the effect amounting to NIS 34 million.
Poland	205	169	21.0%	10.1%	Sales growth in local currency compared to the corresponding period is due to growth in quantities sold as well as an increase in sales prices. The Company's sales in H1 2024 were favorably affected by the weakening of the Shekel against the Polish Zloty by NIS 17 million compared to the same period last year.
Romania	105	111	(6.1%)	(7.9%)	Most of the decline in local currency sales is due to a decline in quantities sold following the increase in sales prices and higher discounts. The Company's sales in H1 2024 were favorably affected by the weakening of the Shekel against the Romanian Leu by NIS 2 million compared to the same period last year.
Serbia	21	79	(73.5%)	(74.2%)	Most of the decline in sales in local currency is due to the sale of the company in Serbia at the end of February 2024.
Other	29	-	-	-	Due to the sale of green coffee to the business in Serbia after its sale.
Total International Coffee	**2,159**	**2,099**	**2.9%**	**2.0%**	

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

(1) The growth rate in local currency neutralizes the effect of changes in exchange rates in the different countries against the Shekel on growth in the countries' sales.

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

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

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

Sales by the International Coffee Operation in Major Geographical Regions

Geographical region	Second Quarter				Explanation
	2024	2023	% change	% organic change in local currency (1)	
International Coffee					
Brazil (Três Corações (JV)) (2) (3) - 50%	842	783	7.6%	11.1%	Growth in Três Corações's sales in local currency is largely due to higher sales prices and was offset by a decline in quantities sold following the price increase. The Company's sales in Q2 2024 were negatively affected by the strengthening of the Shekel against the Brazilian Real by NIS 25 million compared to the same period last year. For further information, see section 21.2.2 below.
Russia and Ukraine	183	171	6.8%	14.7%	Sales growth in local currency is mainly due to the increase in sales prices. The Company's sales in Q2 2024 were negatively affected by foreign exchange rates compared to the corresponding period, with the effect amounting to NIS 12 million.
Poland	102	90	13.2%	5.8%	Sales growth in local currency is largely due to growth in quantities sold and an increase in sales prices, partially offset by growth in the scope of the business. The Company's sales in Q2 2024 were favorably affected by the weakening of the Shekel against the Polish Zloty by NIS 6 million compared to the same period last year.
Romania	60	60	(2.0%)	(2.5%)	The decline in local currency sales is mainly due to a decline in quantities sold and higher discounts, partially offset by the increase in sales prices. Changes in exchange rates did not have a material effect on the Company's sales in Q2 2024 compared to the same period last year.
Serbia	-	44	(100.0%)	(100.0%)	The decline in sales is the result of the sale of the company in Serbia at the end of February 2024.
Other	18	-	-	-	Due to the sale of green coffee to the business in Serbia after its sale.
Total International Coffee	**1,205**	**1,148**	**5.0%**	**7.8%**	

Financial data were rounded to NIS millions. Percentage changes were calculated based on the exact figures in NIS thousands.
(1) The growth rate in local currency neutralizes the effect of changes in exchange rates in the different countries against the Shekel on growth in the countries' sales.
(2) Três Corações – Três Corações (JV) in Brazil – 50% held by Strauss Group and 50% by São Miguel Group. (Data reflect Strauss Coffee's share (50%)).
(3) Três Corações' sales – excluding intercompany transactions between Três Corações Alimentos S.A. and Strauss Coffee.

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

In the first half of 2024, Três Corações (JV)'s average value market share in roast and ground (R&G) coffee was 32.9%, compared to 33.8% in the corresponding period last year. In the financial statements (GAAP) report, the Group's share of the joint venture is accounted for in the equity method.

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

Selected Financial Data on Três Corações (JV)'s Business

	First Half			Second Quarter			Explanation
	2024	2023	% organic change in local currency	2024	2023	% organic change in local currency	
Sales	2,061	1,984	3.9%	1,181	1,065	10.9%	Sales growth mainly reflects the higher sales prices.
Gross profit	452	450	0.4%	256	237	8.2%	Growth in gross profit is largely the result of the higher sales prices and was partially offset by a decline in sales volumes and increase in special offers. The decline in the gross margin is largely due to higher raw material prices (mainly green coffee), which were not reflected in a corresponding increase in sales prices.
Gross margin	21.9%	22.7%		21.7%	22.2%		
Operating profit before other income/expenses	72	96	(25.6%)	54	53	1.9%	The decline in operating profit and the operating margin is largely the result of an increase in OpEx and the lower gross margin.
Operating margin	3.5%	4.9%		4.5%	4.9%		

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

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

Selected Financial Data on Três Corações (JV)'s Business

	First Half			Second Quarter		
	2024	2023	% change	2024	2023	% change
Sales	1,490	1,410	5.7%	841	786	7.1%
Gross profit	327	320	2.2%	183	175	4.4%
Operating profit before other income/expenses	51	69	(25.0%)	38	40	(3.6%)

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

21.3 Strauss Water

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

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

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

The information contained in this section regarding the realization of growth potential is forward-looking information as this term is defined in the Securities Law, which is based on the information available to the Company on the publication date of this report and includes the Company's estimates on the publication date, and there can be no certainty as to their materialization, *inter alia*, in light of the Company's ability to execute its strategy, acceptance of the product by its customers, the competitive environment, etc.

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

Condensed Results of Business Operations – Strauss Water							
	First Half			Second Quarter			Explanation
	2024	2023	% change	2024	2023	% change	
Net sales	403	392	2.9%	210	204	2.9%	Sales growth in H1 and Q2 2024 compared to the corresponding periods last year is largely due to volume growth, growth in the customer base and a change in the sales mix.
Operating profit	49	45	7.6%	25	24	5.3%	Growth in operating profit and the operating margin in H1 and Q2 2024 is largely due to sales growth, improved operational efficiency in China following the transition to in-house production and a change in the sales mix.
Operating margin	12.1%	11.6%		12.0%	11.8%		

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

21.3.1 Results of Haier Strauss Water (HSW)

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

Condensed Results of Business Operations – HSW							
RMB millions	First Half			Second Quarter			Explanation
	2024	2023	% change	2024	2023	% change	
Sales	869	765	13.6%	448	392	14.4%	Sales growth in H1 and Q2 2024 is the result of an improvement in the product mix and new product launches.
Net profit	103	93	11.2%	51	46	11.6%	Growth in net profit in H1 and Q2 2024 compared to the corresponding periods last year is the mainly due to sales growth and improved operational efficiency following the transition to in-house production.

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

Following are selected financial data on HSW's business, **in NIS millions** (data reflect 100% ownership):

Condensed Results of Business Operations – HSW						
NIS millions	First Half			Second Quarter		
	2024	2023	% change	2024	2023	% change
Sales	446	395	13.1%	230	204	12.7%
Net profit	53	48	10.4%	26	24	11.3%

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

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

21.4 Other Operations

21.4.1 The International Dips & Spreads activity

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

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

According to Circana[9], Sabra's average value market share of the hummus market in the quarter ended June 30, 2024 was 36.6% (Number 1 in the market) compared to 38.5% in the corresponding period last year.

21.4.1.1 Sabra

Following are selected financial data on Sabra's business (**in USD millions**, reflecting 50% ownership):

Condensed Results of Business Operations – Sabra

	First Half			Second Quarter			Explanation
	2024	2023	% change	2024	2023	% change	
Sales	60	62	(3.3%)	30	32	(7.5%)	The decline in sales in H1 and Q2 2024 is due to a decline in quantities sold.
Operating profit (loss) before other expenses	1	(2)	155.2%	(1)	(2)	(61.9%)	The improvement in operating profit and the operating margin in H1 and Q2 2024 was the result of lower supply chain costs.
Operating margin	1.6%	(2.9%)		(1.9%)	(4.4%)		

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

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

Following are selected financial data on Sabra's business (**in NIS millions**, reflecting 50% ownership):

Condensed Results of Business Operations – Sabra						
	First Half			Second Quarter		
	2024	2023	% change	2024	2023	% change
Sales	220	221	(0.6%)	110	116	(5.5%)
Operating profit (loss) before other expenses	4	(6)	153.9%	(2)	(5)	(59.9%)
Operating margin	1.6%	(2.9%)		(1.9%)	(4.4%)	

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

21.4.1.2 Obela

Following are selected financial data on Obela's business (in NIS millions, reflecting 50% ownership):

Condensed Results of Business Operations – Obela						
	First Half			Second Quarter		
	2024	2023	% change	2024	2023	% change
Sales	37	39	(2.2%)	17	17	(0.2%)
Growth excluding foreign currency effects	(3.3%)	(10.8%)		(1.6%)	(16.8%)	
Operating loss	(1)	(4)	(65.1%)	(2)	(4)	(53.6%)

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

21.4.2 The FoodTech incubator

Since its inception in January 2015 through to the date of this report, the FoodTech incubator project has invested in 29 companies, some of which have completed product development, commenced initial sales and raised further funds. The Company participated in some of these funding rounds, investing sums that are immaterial to the Company. For a list of the companies included in the incubator project and their areas of activity, see section 15 in the Description of the Company's Business for the year 2023. In October 2022, The Kitchen Hub 2.0 launched its activity. For further information, see section 15 in the Description of the Company's Business for the year 2023. In the second quarter of 2024, the incubator project invested in one startup.

On June 30, 2024, the total value of investments in incubator investees, which are presented in the financial statements according to the equity method, was NIS 85 million (June 30, 2023: NIS 116 million). The estimated value of these investments on the above date was NIS 447 million (June 30, 2023: NIS 613 million).

Since the beginning of 2023, there has been a noticeable global downtrend in fundraising by tech companies as well as negative market sentiment towards some of the areas in which the incubator investees are active. These trends have led to a negative impact on the investees' ability to raise capital and their future value. Following the Swords of Iron War, the adverse effect on the ability to raise funds and the impact on the value of Israeli startups, particularly the incubator investees, has further intensified in light of the economic slowdown in Israel, as reflected in falling prices on the Tel Aviv Stock Exchange, the devaluation of the Shekel against foreign currencies, a rise in corporate bond yields due to increased risk levels and uncertainty, foreign investors pulling out of Israel, a cut in Israel's credit rating to A+ from AA- with an outlook downgrade from stable to negative by S&P Global Ratings, and a downgrade in Israel's credit rating to A2 from A1 by Moody's. Furthermore, on August 13, 2024, Fitch Ratings announced a downgrade of Israel's credit rating to A from A+ and assigned Israel a negative credit outlook.

The estimated value of the incubator's investments in most of the investees is based on the information from the last funding rounds executed in 2021-2024. This estimate refers to the timing of the investees' last funding round, the market trend in the period since the date of the round as well as fundraising possibilities open to the company at the present time, and the ROI on the companies' R&D. Companies in which respect certainty as to their ability to raise funds in the future is low or whose activity was discontinued were zeroed out or valued at their most up to date estimated value proximate to the publication date of the report.

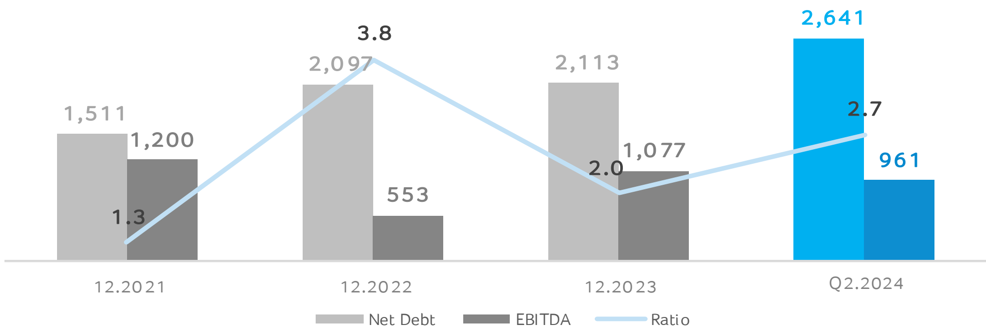
To the best of the Company's knowledge, the cash flows provided by the abovementioned funding rounds are earmarked to serve the incubator investees for the purpose of further investment activity, research and development, sales and marketing, and consequently, in the Company's estimate, in the foreseeable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

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

LIQUIDITY, SOURCES OF FINANCE AND FINANCIAL POSITION

4.05	Aa1il	ilAA+	3,068	2,641
Average life	Midroog rating	S&P Maalot rating	Gross debt	Net debt

Net Debt-to-EBITDA Ratio



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

The increase in the financial accounting net debt-to-EBITDA ratio is mainly due to an increase in net debt following dividend distributions, investments in investees and deposits, as well as a decline in cumulative operating income (operating income in the current half-year is lower versus the corresponding period last year).

22. Liquidity

22.1 Credit rating

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

As of the reporting date and as stated in the Immediate Report of June 13, 2024, Midroog left the Aa1.il rating for the Company's debenture series (Series E and Series F) unchanged, with a negative rating outlook (for further information, see the Immediate Report of June 13, 2024, reference no. 2024-15-059743).

22.2 Cash flows

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

Cash Flows				
	First Half			Explanation
	2024	2023	Change	
Cash flows provided by operating activities	159	4	155	The increase is largely due to a positive change in working capital and lower tax payments compared to the corresponding period, which were partially offset by a decline in EBITDA.
Cash flows used in investing activities	(331)	(119)	(212)	The change is mainly due to an increase in investments in investees, deposits and investments in fixed assets compared to last year as well as dividend income from an associate received last year, contrasted with positive cash flow from the disposal of a subsidiary.
Cash flows used in financing activities	74	37	37	Most of the change is the result of a net increase in short-term and long-term credit compared to the corresponding period last year, contrasted with the payment of a dividend to shareholders.

Cash Flows				
	Second Quarter			Explanation
	2024	2023	Change	
Cash flows provided by operating activities	134	59	75	The increase is largely due to a positive change in working capital compared to the corresponding period last year.
Cash flows used in investing activities	(120)	(48)	(72)	The change is largely due to a dividend received from an associate in the corresponding period last year.
Cash flows provided by financing activities	(121)	(45)	(76)	Most of the increase is the result of a dividend distributed to shareholders, which was offset by a net increase in short-term and long-term credit compared to the corresponding period last year.

22.3 Average credit

Following is information on average credit levels:

Average Credit							
	First Half			Second Quarter			Explanation
	2024	2023	change	2024	2023	change	
Long-term credit according to the non-GAAP reports	3,229	3,350	(121)	3,206	3,470	(264)	The decrease in long-term credit in the non-GAAP and GAAP reports is largely due to the repayment of long-term loans and a decline in long-term bank credit taken in the current period in view of the receipt of short-term bank credit.
Average short-term credit according to the non-GAAP reports	340	122	218	512	93	419	
Long-term credit according to the financial accounting (GAAP) reports	2,616	2,753	(137)	2,609	2,852	(243)	
Average short-term credit according to the financial accounting (GAAP) reports	254	38	216	417	8	409	

Financial data were rounded to NIS millions.

22.4 Status of Liabilities Report according to repayment dates

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

22.5 Net working capital

Following is information on the change in net working capital:

Change in Net Working Capital				
	First Half		Second Quarter	
	2024	2023	2024	2023
Change in net working capital according to the financial accounting (GAAP) reports	(98)	(350)	(5)	(84)
Change in net working capital according to the Management (Non-GAAP) Reports	(463)	(618)	(181)	(129)

Financial data were rounded to NIS millions.

22.6 Customer and supplier financing arrangements

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

22.7 Additional information on liquidity and operating cash flow

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

Additional Information		
	June 30, 2024	December 31, 2023
Liquidity ratio	0.84	1.02
Liabilities in respect of long-term loans and credit (including current maturities)	2,528	2,630
Short-term credit (excluding current maturities)	540	-
Supplier credit	1,320	1,238
Ratio of equity attributable to shareholders of the Company to total assets on the consolidated statement of financial position	34.2%	37.2%
Financial debt-to-EBITDA ratio	2.7	2.0
Equity attributable to shareholders of the Company	2,964	3,037

Financial data were rounded to NIS millions.

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

Distribution of EBITDA Between the Group's Operating Segments						
	First Half			Second Quarter		
	2024	2023	% change	2024	2023	% change
Strauss Israel	360	345	4.6%	154	144	7.2%
Health & Wellness	216	210	2.6%	117	101	14.6%
Fun & Indulgence	69	60	16.2%	8	18	(52.5%)
Israel Coffee	75	75	1.1%	29	25	18.4%
International Coffee	145	182	(20.0%)	84	100	(15.9%)
Strauss Water	84	70	20.3%	40	37	11.9%
Other Operations	(9)	(12)	(18.5%)	(16)	(6)	217.4%
Total	**580**	**585**	**(0.7%)**	**262**	**275**	**(4.4%)**

Financial data were rounded to NIS millions.

23. Disclosure Regarding the Examination of Warning Signs in Respect of a Working Capital Deficiency Under Regulation 10(b)(14)(a)

In the Company's Separate Financial Information ("Solo Report") for the second quarter of 2024 there is a working capital deficiency of NIS 877 million. In the Company's consolidated financial statements for the second quarter of the year, there is a working capital deficiency of NIS 516 million. The cash flow from operating activities in the Solo Report is a negative cash flow of NIS 61 million. In view of the working capital deficiency in the Solo Report, on August 28, 2024, the Board of Directors of the Company examined the Company's liquidity as described below and determined that the said working capital deficiency is not indicative of a liquidity issue in the Company. This decision is based on a review, *inter alia*, of the Company's financial results as reported in the financial statements of the Company as of June 30, 2024, and is also based on information regarding the Company's projected cash flow for the next two years given the Company's existing and anticipated liabilities, including the Company's liabilities to the holders of its debentures (Series E and F) and to banking corporations and their maturity dates, and on a review of existing and anticipated sources for the repayment of those liabilities and the resources arising from the Company's ownership interest in its major investees, including receipt of dividends, repayment of loans by investees, raising capital from banking corporations and/or other sources if necessary; as well as on the financial strength of the major investees of the Company and their leading competitive position in the markets where they operate. The Board of Directors also reviewed sensitivity analyses of the Company's projected cash flows in the next two years, and asserted that the working capital deficiency is not indicative of a liquidity issue in the Company.

It is emphasized that the abovementioned assessment by the Board of Directors is forward-looking information, as this term is defined in the Securities Law, 1968, which is largely based on the Company's forecasts and on its analysis of its cash flows in the period since the end of the year and its future cash flows, its existing and anticipated liabilities, its existing assets, its expectations as to future profits and dividend distributions by investees, etc. There can be no assurance that these assessments, in whole or in part, will, in fact, materialize, or that they will not materialize in a different form, including materially, than estimated, among other things due to market behavior and the materialization of the risk factors set forth in section 25 in the Description of the Company's Business for the year 2023.

24. Information on Debenture Series

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

Information on the Debenture Series		
	Series E Debentures	Series F Debentures
A. Nominal/par value	362	1,021
B. Carrying value of debentures	361	963
C. Carrying value of interest payable	-	-
D. Market value	347	806

As of June 30, 2024, equity attributable to shareholders of the Company is NIS 2,964 million, the financial debt-to-EBITDA ratio according to the financial accounting (GAAP) reports is 2.7, and the equity-to-assets ratio is 34.2%. As of June 30, 2024, the Company is compliant with the required covenants.

ASPECTS OF CORPORATE GOVERNANCE

25. Sustainability, CSR, Social Investment and Donations

The Group's purpose, **"Nourishing a Better Tomorrow"**, serves as a North Star for its work – to leave a positive mark on the world through food, beverages and in other ways, to nourish a better tomorrow where people live longer, live better, live in a society that is inclusive, equal and supportive, in a sustainable environment that will continue to flourish for generations to come. The Group's sustainability focus areas were derived from its values and commitments: to provide better food, better choices, and create a positive, better influence. **Better food:** The commitment to continue to make popular food products and constantly work to improve the Group's products through innovation and technology that will allow for the creation of a sustainable future for all. **Better choices:** The commitment to expand the variety of offerings for more people, so they can make choices based on better options in choosing their place of work, partners or brands, in making decisions that affect the environment, society and profits. **Better influence:** The commitment, through the Group's business, to create a positive and more meaningful influence on communities and the environment, and to integrate, across the organization, a more conscious, deeper and broader perception of business success that is purpose-driven and oriented to the expectations of all stakeholders.

2030 Sustainability Strategy

The Group continues to work to realize its sustainability strategy. The sustainability strategy is part of the of the Group's business strategy. All business units work in alignment on the basis of work plans derived from the Group's goals and focus areas.

Strauss Group publishes an annual sustainability report on a dedicated website, which provides greater detail on the aspects presented below and is available at https://sustainability.strauss-group.com. The report is written according to the GRI Standard – 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 ISAE 300 standards.

Noteworthy highlights in the second quarter of 2024

Nutrition and a healthy lifestyle

Developing and improving products to create even better products and delivering diverse choices for different communities and dietary needs are part of the Company's nutrition strategy, and the Company works to further these initiatives. The sugar reduction target and increasing the variety of products that contain a controlled amount of sugar is a major goal. In the second quarter of 2024, a new Danone Multi yogurt product was launched, the third in the series, mildly sweet Multi with Oats. Danone Multi is a low-lactose yogurt with a nutritional composition developed mainly for the Third Age population: low-lactose enriched with protein, vitamin D, calcium, magnesium, zinc and iron.

Strauss has joined the PETA (People for the Ethical Treatment of Animals) animal rights nonprofit organization's long list of companies that do not test on animals, another step in the Group's commitment to animal welfare. For more information about PETA, visit https://www.peta.org.

Managing environmental impacts

The Group continues to take steps to improve its environmental impacts based on strategic goals. In the second quarter, the Company launched its first e-truck in the logistics and supply chain in Israel. Additionally, solar panels were installed on 100 trucks as part of a process aimed to reduce emissions and transition to the use of renewable energy.

The Achihud dairy and the Frito-Lay production plant in Shaar Hanegev were awarded five stars in the "Beautiful and Sustainable Industry in Israel" competition. The competition, which focuses on quality of life and sustainable environment, is held in collaboration with the Ministry of Economy and Industry, the Manufacturers Association of Israel and the Kibbutz Industry Association. The dairy also received a "Shield Award" in recognition of consecutive wins for the past 35 years. The criteria examined in the competition are in the spirit of ESG.

Managing impacts related to social and people aspects

In the Israel geography, the first six months of 2024 were shaped by the impacts arising from the Swords of Iron War. The Group's HR organization focused on the wellbeing of Strauss's people, reservists and their families, evacuees and other communities. Additionally, get-togethers were held, strengthening the bond between the people in the Group and summing up the period, celebrating the successes achieved.

Based on the organizational restructuring process and revised job definitions and responsibilities, which includes talent mapping, activities in this sphere center on personal development, training and skills development in alignment with the changes in the market and Company. Special focus was placed on upskilling for various employee groups, including the launch of the Grow platform for independent and hybrid learning, a new program for the development of management and leadership skills in the European countries of operations and programs for professional employees at the plants, in sales, at call centers and in the supply chain.

Additionally, a bot was launched at the Employee Information and Service Center – another step in the provision of accessible, quick and up-to-date service.

In the second quarter, the Group's social impact continued to focus on the three spheres of activity chosen for the year, along with local community relations and the encouragement of volunteering: (1) advancement of sustainable food systems, (2) promotion of equal opportunity on the path to employment, and (3) emergency response.

In the quarter, the Company donated close to half a million Strauss products, and more than 1,000 employees donated over 4,000 volunteer hours.

During the quarter, Strauss Group held its **CSR Day**. This year, activities in Israel centered on strengthening the home front, with diverse and inspiring initiatives such as construction, renovation and redecoration of various community buildings and spaces, packaging food and picking agricultural produce and providing help to farmers, visiting and encouraging the wounded and those harmed by the war, promotion of activities for the elderly and Holocaust survivors, and others.

The Group also continued to support **communities affected by the Swords of Iron War.** Strauss continued to donate products to dozens of security service units, evacuee communities still living in temporary accommodations and hotels, and held a marketing campaign led by Strauss Coffee for the sale of coffee coasters, with the proceeds donated to a nonprofit that supports children who lost their parents in the war.

The Farmers Fund established by Strauss with Leket Israel, the national food bank and Israel's leading food rescue organization, in the "Bring Back the Smile to the Fields" project, continued to provide help through direct donations of Strauss products for farmers, and hundreds of requests for aid were received following an open call. In the coming quarter, the Fund will transfer support to some 200 farmers, at amounts ranging from NIS 5,000 to NIS 200,000.

In the second quarter, the populations of all religions in Israel celebrated festivals. The Group donated thousands of food parcels to families, containing products donated and packed by Strauss employees. The Group continued to promote social impact products aligned with the focus areas that were defined. Information about the projects and local activities by the Group's units is available in the **Sustainability Report** in the chapter **"Social Impact"**.

26. Aspects of Corporate Governance

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

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

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

27. Effectiveness of Internal Control

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

28. Events After the Reporting Period

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

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

Ofra Strauss Chairperson of the Board	**Shai Babad** Chief Executive Officer

August 28, 2024

Unofficial Translation from Hebrew

Strauss Group Ltd.

Financial Statements

As of June 30, 2024

Strauss Group Ltd.

Condensed Consolidated Interim Financial Statements as of June 30, 2024 (unaudited)

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Strauss Group Ltd.

Condensed Consolidated Interim Statements of Financial Position

	June 30 2024	June 30 2023	December 31 2023
	Unaudited		Audited
	NIS millions		
Current assets			
Cash and cash equivalents	427	450	517
Trade receivables	1,136	1,080	1,003
Income tax receivables	16	13	14
Other accounts receivable	297	241	173
Inventory	910	966	830
Assets held for sale	-	11	2
Total current assets	2,786	2,761	2,539
Investments and non-current assets			
Investment in equity-accounted investees	1,890	1,648	1,753
Other investments and long-term receivables	182	174	178
Fixed assets	2,240	2,020	2,159
Right-of-use assets	453	453	458
Intangible assets	1,068	991	1,034
Investment property	5	1	5
Deferred tax assets	42	26	44
Total investments and non-current assets	5,880	5,313	5,631
Total assets	8,666	8,074	8,170

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

Date of approval of the interim financial statements: August 28, 2024

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

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

	June 30 2024	June 30 2023	December 31 2023
	Unaudited		Audited
	NIS millions		
Current liabilities			
Current maturities of debentures	174	174	174
Short-term credit and current maturities of long-term loans and other long-term liabilities	863	454	215
Current maturities of lease liabilities	107	100	103
Trade payables	1,320	1,156	1,238
Income tax payables	98	89	126
Other accounts payable	711	576	608
Provisions	29	49	33
Total current liabilities	3,302	2,598	2,497
Non-current liabilities			
Debentures	1,150	1,316	1,320
Long-term loans and other long-term liabilities	414	473	451
Lease liabilities	360	364	367
Long-term payables and accounts payable	35	30	37
Employee benefits, net	27	36	28
Deferred tax liabilities	134	138	155
Total non-current liabilities	2,120	2,357	2,358
Equity and reserves			
Share capital	253	253	253
Share premium	1,051	1,051	1,051
Reserves	(2,000)	(2,012)	(2,051)
Retained earnings	3,660	3,589	3,784
Total equity attributable to shareholders of the Company	2,964	2,881	3,037
Non-controlling interests	280	238	278
Total equity	3,244	3,119	3,315
Total liabilities and equity	8,666	8,074	8,170

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

Condensed Consolidated Interim Statements of Income

	Six months ended June 30 2024	Six months ended June 30 2023	Three months ended June 30 2024	Three months ended June 30 2023	Year ended December 31 2023
	Unaudited				Audited
	NIS millions				
Sales	3,427	3,344	1,701	1,631	6,795
Cost of sales	2,279	2,097	1,118	1,044	4,352
Gross profit	1,148	1,247	583	587	2,443
Selling and marketing expenses	700	676	347	346	1,390
General and administrative expenses	255	241	126	120	471
	955	917	473	466	1,861
Share of profit of equity-accounted investees	85	92	49	47	197
Share of loss of equity-accounted incubator investees	(10)	(17)	(8)	(9)	(34)
Operating profit before other income (expenses)	268	405	151	159	745
Other income	7	78	4	1	103
Other expenses	(70)	(17)	(17)	(10)	(33)
Other income (expenses), net	(63)	61	(13)	(9)	70
Operating profit	205	466	138	150	815
Financial income	40	35	24	15	48
Financial expenses	(73)	(65)	(40)	(34)	(142)
Financial expenses, net	(33)	(30)	(16)	(19)	(94)
Income before taxes	172	436	122	131	721
Tax expense	-	(104)	(21)	(45)	(167)
Income for the period	172	332	101	86	554
Attributable to:					
Shareholders of the Company	133	304	82	73	488
Non-controlling interests	39	28	19	13	66
Income for the period	172	332	101	86	554
Earnings per share					
Basic earnings per share (NIS)	1.14	2.61	0.70	0.62	4.19
Diluted earnings per share (NIS)	1.14	2.60	0.70	0.61	4.19

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

Strauss Group Ltd.

Condensed Consolidated Interim Statements of Comprehensive Income

	Six months ended June 30 2024	Six months ended June 30 2023	Three months ended June 30 2024	Three months ended June 30 2023	Year ended December 31 2023
	Unaudited				Audited
	NIS millions				
Income for the period	172	332	101	86	554
Other comprehensive income (loss) items that will be reclassified to profit or loss in subsequent periods:					
Exchange differences arising from the translation of foreign operations	20	-	29	(3)	(14)
Exchange differences arising from the translation of foreign operations that were recognized in profit or loss	90	-	-	-	-
Other comprehensive income (loss) from equity-accounted investees	(59)	116	(52)	50	91
Total other comprehensive income (loss) items for the period that will be reclassified to profit or loss in subsequent periods, net	51	116	(23)	47	77
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods, net:					
Changes in employee benefits, net	-	1	-	-	1
Total other comprehensive income items that will not be reclassified to profit or loss in subsequent periods, net	-	1	-	-	1
Comprehensive income for the period	223	449	78	133	632
Attributable to:					
Shareholders of the Company	184	420	59	120	565
Non-controlling interests	39	29	19	13	67
Comprehensive income for the period	223	449	78	133	632

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

Strauss Group Ltd.

Condensed Consolidated Interim Statements of Changes in Equity

	Attributable to Shareholders of the Company								
	Share capital	Share premium	Treasury shares	Reserve from transactions with non-controlling interests	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	NIS millions								
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):									
Exchange differences arising from the translation of foreign operations	-	-	-	-	20	-	20	-	20
Exchange differences arising from the translation of foreign operations that were recognized in profit or loss	-	-	-	-	90	-	90	-	90
Other comprehensive loss from equity-accounted investees	-	-	-	-	(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 payment	-	-	-	-	-	13	13	-	13
Dividend to shareholders of the Company						(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 accompanying notes are an integral part of these condensed consolidated interim financial statements.

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

	Attributable to Shareholders of the Company								
	Share capital	**Share premium**	**Treasury shares**	**Reserve from transactions with non-controlling interests**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	NIS millions								
Six-month period ended June 30, 2023 – unaudited:									
Balance as of January 1, 2023	253	1,051	(20)	(393)	(1,677)	3,269	2,483	206	2,689
Total comprehensive income for the period									
Income for the period	-	-	-	-	-	304	304	28	332
Components of other comprehensive income (loss):									
Foreign currency translation differences	-	-	-	-	(1)	-	(1)	1	-
Other comprehensive income from equity-accounted investees	-	-	-	-	116	-	116	-	116
Change in employee benefits, net	-	-	-	-	-	1	1	-	1
Total other comprehensive income for the period, net	-	-	-	-	115	1	116	1	117
Total comprehensive income for the period	-	-	-	-	115	305	420	29	449
Share-based payment	-	-	-	-	-	15	15	-	15
Transaction with non-controlling interests	-	-	-	(37)	-	-	(37)	41	4
Dividend to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	(38)	(38)
Balance as of June 30, 2023	253	1,051	(20)	(430)	(1,562)	3,589	2,881	238	3,119

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

Strauss Group Ltd.

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

	Attributable to Shareholders of the Company								
	Share capital	**Share premium**	**Treasury shares**	**Reserve from transactions with non-controlling interests**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	NIS millions								
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 for the period									
Income for the period	-	-	-	-	-	82	82	19	101
Components of other comprehensive income (loss):									
Exchange differences arising from the translation of foreign operations	-	-	-	-	29	-	29	-	29
Other comprehensive loss from equity-accounted investees	-	-	-	-	(52)	-	(52)	-	(52)
Total other comprehensive income for the period, net	-	-	-	-	(23)	-	(23)	-	(23)
Total comprehensive income (loss) for the period	-	-	-	-	(23)	82	59	19	78
Share-based payment	-	-	-	-	-	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 accompanying notes are an integral part of these condensed consolidated interim financial statements.

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

	Attributable to Shareholders of the Company								
	Share capital	Share premium	Treasury shares	Reserve from transactions with non-controlling interests	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	NIS millions								
Three-month period ended June 30, 2023 – unaudited:									
Balance as of April 1, 2023	253	1,051	(20)	(430)	(1,609)	3,509	2,754	263	3,017
Total comprehensive income for the period									
Income for the period	-	-	-	-	-	73	73	13	86
Components of other comprehensive income (loss):									
Foreign currency translation differences	-	-	-	-	(3)	-	(3)	-	(3)
Other comprehensive income from equity-accounted investees	-	-	-	-	50	-	50	-	50
Total other comprehensive income for the period, net	-	-	-	-	47	-	47	-	47
Total comprehensive income for the period	-	-	-	-	47	73	120	13	133
Share-based payment	-	-	-	-	-	7	7	-	7
Dividend to non-controlling interests in subsidiaries	-	-	-	-	-	-	-	(38)	(38)
Balance as of June 30, 2023	253	1,051	(20)	(430)	(1,562)	3,589	2,881	238	3,119

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

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

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

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

Condensed Consolidated Interim Statements of Cash Flows

	Six months ended		Three months ended		Year ended
	June 30 2024	June 30 2023	June 30 2024	June 30 2023	December 31 2023
	Unaudited				Audited
	NIS millions				
Cash flows from operating activities					
Income for the period	172	332	101	86	554
Adjustments:					
Depreciation	148	137	72	69	278
Amortization of intangible assets and deferred expenses	34	24	17	11	54
Impairment of fixed assets and assets held for sale	11	3	11	1	2
Net capital loss (gain) on disposal of fixed assets, investment property and a subsidiary	26	(74)	1	3	(92)
Expenses of share-based payment	13	15	7	7	26
Financial expenses, net	33	30	16	19	94
Tax expense	-	104	21	45	167
Share of profit of equity-accounted investees	(75)	(75)	(41)	(38)	(163)
Change in inventory	(108)	(151)	(37)	(58)	(25)
Change in trade and other receivables	(216)	(195)	(4)	42	(50)
Change in long-term receivables	(1)	1	(2)	1	1
Change in trade payables, other payables and provisions	228	(6)	38	(71)	63
Change in employee benefits	(1)	1	-	2	(6)
Interest paid	(58)	(64)	(39)	(33)	(129)
Interest received	9	9	5	4	19
Income tax paid, net	(56)	(87)	(32)	(31)	(107)
Net cash provided by operating activities	159	4	134	59	686
Cash flows from investing activities					
Proceeds from disposal of fixed assets, intangible assets and investment property	5	50	1	-	87
Investment in fixed assets and investment property	(178)	(151)	(76)	(67)	(361)
Investment in intangible assets	(68)	(56)	(33)	(34)	(133)
Proceeds from disposal of investments	9	-	9	-	-
Proceeds from disposal of a subsidiary, net of cash disposed of	137	-	-	-	-
Proceeds from disposal of an operation in a subsidiary	-	10	-	-	10
Repayment of deposits and loans granted	22	15	16	8	24
Grant of long-term loans and deposits	(128)	(39)	(37)	(10)	(56)
Dividends from investees	-	58	-	58	96
Investment in investees	(130)	(6)	-	(3)	(87)
Net cash used in investing activities	(331)	(119)	(120)	(48)	(420)

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

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

	Six months ended		Three months ended		Year ended
	June 30 2024	June 30 2023	June 30 2024	June 30 2023	December 31 2023
	Unaudited				Audited
	NIS millions				
Cash flows from financing activities					
Sale of shares in subsidiaries to non-controlling interests	-	7	-	-	7
Acquisition of shares in subsidiaries from non-controlling interests	-	(3)	-	-	(3)
Short-term bank credit, net	540	(210)	322	(2)	(212)
Proceeds from issue of debentures, net of issuance costs	-	314	-	-	314
Receipt of long-term loans	105	200	102	200	208
Redemption of debentures and repayment of long-term loans	(210)	(172)	(210)	(172)	(434)
Receipt of capital notes from non-controlling interests	3	-	-	-	6
Change in credit card factoring liabilities	1	(10)	(1)	(8)	(16)
Principal payments of lease liability	(58)	(52)	(27)	(26)	(103)
Dividend paid	(270)	-	(270)	-	-
Dividends paid to non-controlling interests in a subsidiary	(37)	(37)	(37)	(37)	(38)
Net cash provided by (used in) financing activities	74	37	(121)	(45)	(271)
Decrease in cash and cash equivalents	(98)	(78)	(107)	(34)	(5)
Cash and cash equivalents at beginning of period	517	517	527	480	517
Effect of exchange rate volatility on cash balances	8	11	7	4	5
Cash and cash equivalents at end of period	427	450	427	450	517

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

Note 1 - Reporting Principles and Accounting Policy

1.1 General

1.1.1 The reporting entity, Strauss Group Ltd. (the "**Company**" or "**Strauss Group**") is an Israeli resident company. The address of the Company's registered office is 49 Hasivim St. Petach Tikva.

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

Strauss Holdings Ltd. ("**Strauss Holdings**") is the direct controlling shareholder of the Company (approximately 52.98% of equity and voting rights in the Company). The controlling shareholder of Strauss Holdings is Michael Strauss Assets Ltd. (which holds 100% of equity and voting rights in Strauss Holdings) ("**Michael's Assets**").

Ms. Ofra Strauss, Ms. Irit Strauss and Mr. Adi Strauss hold the shares of Michael's Assets (jointly, approximately 94.6% of the right to dividends and 100% of voting rights in Michael's Assets), granting them control of Michael's Assets and, indirectly, control of the Company. The above three members of the Strauss family are in agreement concerning cooperation in Michael's Assets, by virtue of which they are deemed joint holders of Michael's Assets.

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

1.1.2 The consolidated interim financial statements were prepared in accordance with IAS 34 with respect to interim financial reporting and in accordance with the provisions of Chapter 4 of the Securities Regulations (Periodic and Immediate Reports), 1970.

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

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

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

1.1.4 The consolidated interim financial statements were approved for publication by the Board of Directors of the Group on August 28, 2024.

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

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

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

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

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

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

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

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

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Note 2 - Seasonality

In Health & Wellness products there is no distinct seasonality trend. However, revenues are generally relatively higher in the third quarter of the year during the hot summer months, which are characterized by greater consumption of dairy products.

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

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

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

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

Note 3 - Operating Segments

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

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

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

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

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

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

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

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

Note 3 - Operating Segments (cont'd)

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

	Six months ended		Three months ended		Year ended
	June 30 2024	June 30 2023	June 30 2024	June 30 2023	December 31 2023
	Unaudited				Audited
	NIS millions				
Income					
Sales to external customers:					
Health & Wellness	1,485	1,497	754	754	3,066
Fun & Indulgence (Snacks and Confectionery)	632	523	271	217	1,008
Fun & Indulgence (Israel Coffee)	404	407	187	169	793
Total Israel	2,521	2,427	1,212	1,140	4,867
International Coffee	2,159	2,099	1,205	1,148	4,361
Water	403	392	210	204	805
Other	260	261	127	133	516
Sales to other segments:					
Health & Wellness	5	4	2	2	8
Fun & Indulgence (Snacks and Confectionery)	4	4	2	2	6
Fun & Indulgence (Israel Coffee)	1	1	-	-	2
Total Israel	10	9	4	4	16
International Coffee	1	-	1	-	1
Total segment income	5,354	5,188	2,759	2,629	10,566
Elimination of intersegment sales	(11)	(9)	(5)	(4)	(17)
Total segment income excluding intersegment sales	5,343	5,179	2,754	2,625	10,549
Adjustment to the equity method	(1,916)	(1,835)	(1,053)	(994)	(3,754)
Total consolidated income	3,427	3,344	1,701	1,631	6,795

Note 3 - Operating Segments (cont'd)

	Six months ended June 30 2024	Six months ended June 30 2023	Three months ended June 30 2024	Three months ended June 30 2023	Year ended December 31 2023
	Unaudited				Audited
	NIS millions				
Profit (loss)					
Health & Wellness	166	162	92	77	355
Fun & Indulgence (Snacks and Confectionery)	30	24	(12)	-	27
Fun & Indulgence (Israel Coffee)	54	53	19	14	107
Total Israel	250	239	99	91	489
International Coffee	99	137	61	77	248
Water	49	45	25	24	90
Other	(43)	(42)	(34)	(21)	(55)
Total segment profit	355	379	151	171	772
Unallocated income (expenses):					
Adjustments for commodity hedges [(1)]	(66)	57	5	4	23
Other income (expenses), net	(50)	57	3	(10)	61
Share-based payment	(13)	(15)	(7)	(7)	(26)
Total segment operating profit	226	478	152	158	830
Adjustment to the equity method	(21)	(12)	(14)	(8)	(15)
Total operating profit in the consolidated financial statements	205	466	138	150	815
Financial expenses, net	(33)	(30)	(16)	(19)	(94)
Income before tax	172	436	122	131	721

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

Note 4 - Events in the Reporting Period

4.1 On January 14, 2024, the board of directors of the Company approved an organizational optimization plan (the "**Optimization Plan**"). The goal of the Optimization Plan is to achieve further efficiency enhancement and savings, while aligning the organizational structure of the business in Israel with the Group's strategy and the macroeconomic environment. The Company's total expenses associated with the Optimization Plan in the reporting period were NIS 8 million and were recognized within Other Expenses in profit or loss.

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

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

4.4 Further to Note 16.2 to the Annual Financial Statements regarding supplier finance arrangements, as of June 30, 2024, trade payables included in the reverse factoring arrangement amounted to NIS 400 million (June 30, 2023: NIS 287 million).

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

4.6 The war between Russia and Ukraine has continued, as have the economic sanctions imposed on Russia by the West, but as of the date of approval of the financial statements, this has not had a material effect on the Group's business results. Since the war broke out, the Group has taken steps to ensure that its business in Russia will be managed as a stand-alone business to the greatest extent possible. In Ukraine, the Group's business has operated continuously given the circumstances. The Group continues to be exposed to possible global consequences of the war, which could include, inter alia, rising commodity, raw material and energy costs. Given the fact that these are unfolding events that involve a high degree of uncertainty, there are several possible geopolitical scenarios that could lead to further negative economic and financial consequences. The Group continuously monitors events in Ukraine, Russia and the markets. The Group is unable to assess the future impacts of these events on its business results. For further information, see Note 1.1.2 to the Annual Financial Statements.

4.7 On October 7, 2023, the Hamas terrorist organization attacked the State of Israel. Following the attack, the government of Israel declared the Swords of Iron War (the "**War**"). Among other things, the War led to a massive call-up of military reserves, the evacuation of communities, the temporary or partial closure of businesses, the imposition of various restrictions on civilian activities in extensive areas, a slowdown in economic activity, a slump in share prices on the Tel Aviv Stock Exchange, the devaluation of the shekel against foreign currencies, a rise in corporate bond yields due increased risk levels and uncertainty, a cut in Israel's credit rating to A+ from AA- with an outlook downgrade from stable to negative by S&P Global Ratings, and a downgrade of Israel's credit rating to A2 from A1 by Moody's. On August 13, 2024, Fitch Ratings announced a downgrade of Israel's credit rating to A from A+ and assigned Israel a negative outlook.

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

4.7 (cont'd)

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

As of the date of approval of the financial statements, the effects of the War, as described below, have had no material impact on the Group's business and on its financial results.

Shipping of raw materials from Asia and Africa has been affected following tensions with the Houthis, but the Group took steps to find solutions for importing raw materials to Israel. The Group continues to monitor developments and to prepare for various scenarios that could evolve, particularly in the context of supply chain risks, which include finding alternative sources for the procurement of raw materials, production outsourcing, making adjustments to the logistics array, and monitoring the increase in cybersecurity risks and food quality and safety risks. In early May 2024, the President of Turkey announced the full suspension of trade relations with Israel as part of Turkey's efforts to enforce a ceasefire on Israel. As of the date of approval of the financial statements, the effect of this decision on the Group is immaterial.

As of the date of approval of the financial statements, the development of the War, its scale, impacts and duration remain uncertain. Consequently, it is not possible at the present stage to assess the scope of future consequences of the War on the Group's business. For further information, see Note 1.1.1 to the Annual Financial Statements.

4.8 Further to Note 33.6 to the Annual Financial Statements regarding an assessment audit for years in which respect the statute of limitations has not yet expired, the Group received final tax assessments for the years 2018-2021 for some of the companies operating in Israel, and for the years 2015-2018 for some of the companies operating in other countries. In accordance with the assessments, in the six-month and three-months periods ended June 30, 2024, the Group reduced the tax provision on its books by an amount of NIS 54 million and NIS 12 million, respectively.

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

Note 5 - Share-Based Payment

5.1 Grants in the reporting period

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

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

The employees' entitlement to exercise the warrants will vest in two equal tranches in each of the years 2026 and 2027. The benefit arising from these grants will be classified as an expense in the financial statements over the abovementioned vesting periods.

The fair value of warrants granted to employees is measured using the Black-Scholes model. For further information on the Black-Scholes model assumptions, see Note 21.2 to the Annual Financial Statements.

5.2 Warrants exercised in the reporting period

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

Note 6 - Contingent Liabilities

6.1 For information on claims pending against the Company and its investees and contingent liabilities as of December 31, 2023, see Note 22.1 to the Annual Financial Statements.

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

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

6.4 Further to the contents of Note 22.1.4 to the Annual Financial Statements regarding motions filed with the Tel Aviv District Court – Economic Division by various petitioners for discovery and inspection of documents under section 198A of the Companies Law, 1999 (the "**Companies Law**"), for the purpose of reviewing the possibility of filing a motion for certification of a derivative action against officers and senior parties in the Company and the independent committee formed to investigate the recall in the reporting period, according to the latest update notice submitted, the independent committee is expected to complete its work by no later than September 5, 2024. On May 13, 2024, it was decided that the case would be referred to the Hon. Judge Ariel Zimmerman.

6.5 Further to the contents of Note 22.1.5 to the Annual Financial Statements regarding a summons to a hearing prior to a decision by the Competition Commissioner with respect to the violation of the provisions of section 19 of the Economic Competition Law, 1988 (the "**Economic Competition Law**"), and the intent to impose a financial sanction on the Company at a total amount of NIS 111 million and to impose financial sanctions on each of the three former officers. On August 5, 2024, the Company received a demand for information from the Competition Authority, and on August 13, 2024, the Company responded to the demand for information.

6.6 Further to the contents of Note 22.1.6 to the Annual Financial Statements regarding suspicions of a violation of the Economic Competition Law, no changes occurred with respect to the matter in the reporting period.

6.7 The Company did not recognize provisions for claims and demands pending on June 30, 2024, which, in the opinion of its legal counsel, are not expected to be accepted or the chances of which cannot be estimated. The amount of claims whose chances cannot be estimated is at most NIS 80 million.

Note 7 - Investment in Equity-Accounted Investees

7.1 Material equity-accounted investees

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

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

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

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

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

7.2 Concise information on material equity-accounted investees

	Três Corações Alimentos S.A.			Qingdao HSW Health Water Appliance Co. Ltd.		
	June 30		December 31	June 30		December 31
	2024	2023	2023	2024	2023	2023
	Unaudited		Audited	Unaudited		Audited
	NIS millions					
Current assets	2,250	2,458	2,199	991	912	963
Of which:						
Cash and cash equivalents	109	393	652	612	705	543
Non-current assets	1,251	1,248	1,318	214	186	201
Total assets	3,501	3,706	3,517	1,205	1,098	1,164
Current liabilities	1,470	1,675	1,633	548	449	470
Of which:						
Financial liabilities excluding trade payables, other payables and provisions	491	843	698	100	-	-
Non-current liabilities	686	607	487	-	94	96
Of which:						
Financial liabilities excluding trade payables, other payables and provisions	597	507	390	-	94	96
Total liabilities	2,156	2,282	2,120	548	543	566
Total net assets (100%)	1,345	1,424	1,397	657	555	598
Company's share of net assets	672	712	699	322	272	293
Other adjustments	142	105	154	87	90	88
Carrying amount of investment	814	817	853	409	362	381

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

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

	Três Corações Alimentos S.A.					Qingdao HSW Health Water Appliance Co. Ltd.				
	Six months ended		Three months ended		Year ended	Six months ended		Three months ended		Year ended
	June 30 2024	June 30 2023	June 30 2024	June 30 2023	December 31 2023	June 30 2024	June 30 2023	June 30 2024	June 30 2023	December 31 2023
	Unaudited				Audited	Unaudited				Audited
	NIS millions									
Income	2,980	2,820	1,683	1,572	5,839	446	395	230	203	834
Profit for the period	83	131	59	71	237	53	48	26	24	87
Other comprehensive income (loss)	(135)	175	(113)	93	149	10	(3)	13	(25)	-
Total comprehensive income (loss)	(52)	306	(54)	164	386	63	45	39	(1)	87
Of which:										
Depreciation and amortization	48	47	24	25	92	8	6	4	4	14
Interest income	22	35	7	17	69	4	7	2	5	8
Interest expenses	67	64	38	33	131	4	3	2	2	5
Tax income (expense)	16	24	4	10	74	(6)	(7)	(1)	(2)	(7)
Company's share of comprehensive income (loss)	(26)	153	(27)	82	193	31	22	19	-	42
Other adjustments	(13)	22	(11)	12	19	(3)	(2)	(2)	(1)	(3)
Company's share of comprehensive income (loss) presented on the books	(39)	175	(38)	94	212	28	20	17	(1)	39

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

7.3 Attachment of financial statements

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

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

	Shekel-real exchange rate		
	Average exchange rate for the period	Closing rate for the period	% change based on closing rate
For the six months ended on:			
June 30, 2024	0.73	0.68	(8.8%)
June 30, 2023	0.71	0.76	14.4%
For the three months ended on:			
June 30, 2024	0.72	0.68	(7.3%)
June 30, 2023	0.74	0.76	6.8%
For the year ended December 31, 2023	0.74	0.75	12.4%

From the beginning of the year through to the date of approval of the financial statements, the shekel strengthened against the Brazilian real by approximately 12%.

Note 8 - Financial Instruments

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

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

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

	June 30, 2024		June 30, 2023		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	Unaudited				Audited	
	NIS millions					
Series E Debentures	361	347	481	459	481	470
Series F Debentures	963	806	1,009	878	1,013	898

8.2 Fair value hierarchy of financial instruments measured at fair value

The different levels are defined as follows:

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

	June 30, 2024		June 30, 2023		December 31, 2023	
	Level 1	Level 2	Level 1	Level 2	Level 1	Level 2
	Unaudited				Audited	
	NIS millions					
Financial assets (liabilities)						
Derivative receivables	63	10	71	32	52	5
Derivative payables	*(111)	(3)	(25)	(5)	(39)	(7)
	(48)	7	46	27	13	(2)

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

*In the six-month and three-month periods ended June 30, 2024, the Company recorded a mark-to-market loss of NIS 75 million and NIS 3 million, respectively, on cocoa derivatives. The Company has an outstanding liability of NIS 48 million related to said commodities, which is included within derivative payables.

Note 9 - Subsidiaries

9.1 Loss of control of a subsidiary

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

9.2 Identifiable assets and liabilities sold:

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

* Less than NIS 1 million

9.3 Aggregate cash flows arising from the disposal of the subsidiary

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

Note 10 – Events After the Reporting Period

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

10.2 On August 20, 2024, the board of directors of the joint venture Haier Strauss Water ("**HSW**") approved a dividend distribution to shareholders of CNY 124 million (approximately NIS 64 million; the Group's share - NIS 31 million). Furthermore, the board of directors of HSW approved the prepayment to Strauss Water of a shareholders' loan granted to HSW by Strauss Water, at an amount of CNY 98 million (NIS 50 million). The resolution regarding prepayment is subject to regulatory approval, which, as of the date of approval of the financial statements, has not yet been received.

Unofficial Translation from Hebrew

Strauss Group Ltd.

Separate Financial Information
As of June 30, 2024

Unofficial Translation from Hebrew

Strauss Group Ltd.

Separate Financial Information as of June 30, 2024

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Strauss Group Ltd.

Condensed Separate Interim Information on Financial Position

	June 30 2024	June 30 2023	December 31 2023
	Unaudited		Audited
	NIS millions		
Current assets			
Cash and cash equivalents	47	55	90
Trade receivables	167	141	157
Other accounts receivable	163	100	61
Investee receivables	293	143	162
Inventory	138	138	126
Assets held for sale	-	10	2
Total current assets	808	587	598
Investments and non-current assets			
Investments in investees	3,235	3,032	3,101
Other investments and long-term receivables	621	590	615
Right-of-use assets	219	204	218
Fixed assets	1,046	1,039	1,047
Investment property	3	-	3
Intangible assets	157	112	143
Total investments and non-current assets	5,281	4,977	5,127
Total assets	6,089	5,564	5,725

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

Date of approval of the separate financial information: August 28, 2024

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

Strauss Group Ltd.

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

	June 30 2024	June 30 2023	December 31 2023
	Unaudited		Audited
		NIS millions	
Current liabilities			
Current maturities of debentures	174	174	174
Short-term credit and current maturities of long-term loans and other long-term liabilities	528	208	-
Current maturities of lease liabilities	52	46	48
Trade payables	263	248	236
Income tax payables	65	48	89
Other accounts payable	272	225	235
Investee payables	329	170	344
Provisions	2	19	2
Total current liabilities	1,685	1,138	1,128
Non-current liabilities			
Debentures	1,150	1,316	1,320
Loans and other long-term liabilities	85	-	-
Lease liabilities	172	161	173
Long-term payables and accounts payable	16	16	21
Employee benefits, net	12	16	15
Deferred tax liabilities	5	36	31
Total non-current liabilities	1,440	1,545	1,560
Total equity attributable to shareholders of the Company	2,964	2,881	3,037
Total liabilities and equity	6,089	5,564	5,725

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

Strauss Group Ltd.

Condensed Separate Interim Information on Income

	Six months ended		Three months ended		Year ended
	June 30 2024	June 30 2023	June 30 2024	June 30 2023	December 31 2023
	Unaudited		Unaudited		Audited
	NIS millions				
Sales	491	405	213	180	816
Cost of sales	410	291	161	132	594
Gross profit	81	114	52	48	222
Selling and marketing expenses	91	70	48	43	158
General and administrative expenses	81	67	40	28	128
	172	137	88	71	286
Operating loss before other income (expenses)	(91)	(23)	(36)	(23)	(64)
Other income	3	70	3	-	91
Other expenses	(27)	(14)	(3)	(9)	(25)
Other income (expenses), net	(24)	56	-	(9)	66
Operating profit (loss)	(115)	33	(36)	(32)	2
Financial income	31	29	23	12	38
Financial expenses	(50)	(39)	(32)	(20)	(79)
Financial expenses, net	(19)	(10)	(9)	(8)	(41)
Income (loss) before taxes	(134)	23	(45)	(40)	(39)
Tax income (expense)	51	(27)	3	(3)	(27)
Loss after taxes	(83)	(4)	(42)	(43)	(66)
Income from investees	216	308	124	116	554
Income for the period attributable to shareholders of the Company	133	304	82	73	488

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

Strauss Group Ltd.

Condensed Separate Interim Information on Comprehensive Income

	Six months ended		Three months ended		Year ended
	June 30 2024	June 30 2023	June 30 2024	June 30 2023	December 31 2023
	Unaudited		Unaudited		Audited
	NIS Millions				
Income for the period attributable to shareholders of the Company	133	304	82	73	488
Other comprehensive income (loss) items that will be reclassified to profit or loss in subsequent periods:					
Other comprehensive income (loss) from investees	51	115	(23)	47	76
Total other comprehensive income (loss) items for the period that will be reclassified to profit or loss in subsequent periods, net	51	115	(23)	47	76
Other comprehensive income items that will not be reclassified to profit or loss in subsequent periods:					
Changes in employee benefits, net	-	1	-	-	1
Total other comprehensive income items that will not be reclassified to profit or loss in subsequent periods, net	-	1	-	-	1
Comprehensive income for the period attributable to shareholders of the Company	184	420	59	120	565

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

Condensed Separate Interim Information on Cash Flows

	Six months ended		Three months ended		Year ended
	June 30 2024	June 30 2023	June 30 2024	June 30 2023	December 31 2023
	Unaudited		Unaudited		Audited
	NIS Millions				
Cash flows from operating activities					
Income for the period attributable to shareholders of the Company	133	304	82	73	488
Adjustments:					
Depreciation	62	58	31	30	120
Amortization of intangible assets	15	8	8	4	20
Net capital loss (gain) on disposal of fixed and intangible assets	(1)	(68)	(1)	2	(89)
Expenses of share-based payment	9	10	5	4	18
Income from investees	(216)	(308)	(124)	(116)	(554)
Net financial expenses	19	11	9	9	41
Tax expense (income)	(51)	27	(3)	3	27
Change in inventory	(11)	(25)	(11)	(16)	(14)
Change in trade and other receivables	(13)	(143)	67	18	(127)
Change in investee receivables	(31)	(40)	(7)	11	(33)
Change in trade payables, other payables and provisions	70	16	(73)	(73)	(7)
Change in investee payables	(16)	18	16	8	195
Change in employee benefits	(1)	(1)	-	-	(3)
Interest paid	(24)	(35)	(21)	(19)	(61)
Interest received	-	6	-	4	13
Income tax received (paid), net	(5)	1	(3)	2	7
Net cash provided by (used in) operating activities	(61)	(161)	(25)	(56)	41
Cash flows from investing activities					
Proceeds from disposal of fixed assets and intangible assets	8	49	5	-	82
Investment in fixed assets	(33)	(64)	(12)	(29)	(113)
Investment in intangible assets	(36)	(37)	(18)	(23)	(87)
Proceeds from disposal of investments	9	-	9	-	-
Repayment of long-term loans granted and deposits	19	12	15	6	22
Grant of long-term loans and deposits	(127)	(17)	(35)	(2)	(27)
Dividends from investees	136	109	136	89	291
Cash received from investing activities with investees	-	1	-	1	39
Cash paid in respect of investing activities with investees	(100)	(25)	-	(8)	(111)
Net cash provided by (used in) investing activities	(124)	28	100	34	96
Cash flows from financing activities					
Redemption of debentures and repayment of long-term loans	(174)	(30)	(174)	(30)	(239)
Proceeds from issue of debentures, net of issuance costs	-	314	-	-	314
Short-term bank credit, net	528	(189)	310	-	(189)
Dividends paid	(270)	-	(270)	-	-
Receipt of long-term loans	85	-	85	-	-
Repayment of principal of lease liabilities	(27)	(26)	(13)	(13)	(52)
Net cash provided by (used in) financing activities	142	69	(62)	(43)	(166)
Net increase (decrease) in cash and cash equivalents	(43)	(64)	13	(65)	(29)
Cash and cash equivalents as of beginning of period	90	119	34	120	119
Cash and cash equivalents as of end of period	47	55	47	55	90

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

Note 1 - Reporting Rules and Accounting Policies

1. 1 General

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

1.1.2 The Separate Interim Financial Information of Strauss Group Ltd. (hereinafter: the "**Company**") is presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970 and the Tenth Addendum to the said regulations with respect to the separate financial information of the corporation. This financial information should be read together with the financial information as of and for the year ended on December 31, 2023, and together with the Condensed Consolidated Interim Financial Statements as of June 30, 2024 (hereinafter: the "**Condensed Consolidated Interim Financial Statements**").

The accounting policy in this Separate Interim Financial Information was applied consistently with the accounting policy and rules described in the Separate Financial Information as of December 31, 2023.

1.1.3 In this Separate Financial Information – the Company and investee companies, as defined in Note 1 to the Consolidated Financial Statements of the Company as of December 31, 2023, and as presented in Note 1 to the Condensed Consolidated Interim Financial Statements as of June 30, 2024.

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

Note 2 - Seasonality

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

Note 3 - Events in the Reporting Period

3.1 In March 2024, the Company granted a loan of NIS 100 million to a subsidiary. The loan bears annual interest at the prime rate minus 0.5 percent and will be repaid in a single installment by no later than September 30, 2024.

3.2 In the second quarter of 2024, dividends were received from the subsidiaries Strauss Coffee and Strauss Health at an amount of NIS 48 million and NIS 88 million, respectively.

3.3 In June 2024, the Company took a loan from a subsidiary at an amount of NIS 85 million. The loan bears annual interest of 5.6% and will be repaid by no later than December 25, 2025.

3.4 For further information on events in the reporting period, see Note 4 to the Condensed Consolidated Interim Financial Statements.

Note 4 - Share-Based Payment

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

Note 5 - Contingent Liabilities

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

Note 6 - Financial Instruments

6.1 Fair value of financial instruments

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

6.2 Fair value hierarchy of financial instruments measured at fair value

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

Note 7 - Events After the Reporting Period

7.1 Further to Note 3.1 above, in July 2024, NIS 20 million of the loan that was granted were converted into capital notes. The capital notes are unlinked and do not bear interest, and will not be redeemed before 5 years have elapsed from the grant date.

7.2 Further to Note 3.3 above, in August 2024, the company loaned an additional amount of NIS 10 million under the same terms.

7.3 For further information on events occurring after the date of the statement of financial position, see Note 10 to the Condensed Consolidated Interim Financial Statements.

Strauss Group LTD.

Inclusion of the Financial Statements of an Investee Pursuant

to Regulation 44 of the Securities Regulations, 1970

Três Corações Alimentos S.A.

Condensed consolidated interim financial statements as of and for the six and three month periods ended June 30, 2024

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Independent auditors' report on review of interim financial statements

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

Introduction
We have reviewed the accompanying condensed consolidated statement of financial position of Três Corações Alimentos S.A. as at June 30, 2024, the condensed consolidated statements of income and other comprehensive income, changes in equity and cash flows for the three-month and six-month periods then ended June 30, 2024, and notes to the interim financial statements. Management is responsible for the preparation and presentation of this condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial statements based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at June 30, 2024 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Fortaleza, August 9, 2024

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

Pedro Barroso Silva Júnior
Contador CRC CE 021967/O 5

Três Corações Alimentos S.A.

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

(In thousand of Brazilian Reais)

Assets	June 30, 2024	December 31, 2023
Current		
Cash and cash equivalents	159,679	870,986
Deposits	18,489	10,788
Trade receivables	1,328,330	734,278
Inventories	1,622,608	1,199,532
Recoverable taxes	113,757	75,169
Income tax receivables	19,090	19,582
Other current assets	34,927	28,260
	3,296,880	**2,938,595**
Non-current		
Trade receivables	1,642	7,464
Judicial deposits	10,482	9,260
Recoverable taxes	173,761	192,823
Other non-current assets	76,626	74,159
Deferred tax assets	94,241	75,091
Investments	97,227	105,562
Fixed assets	826,194	748,005
Intangible assets	463,589	462,052
Right-of-use assets	89,766	87,322
	1,833,528	**1,761,738**
Total assets	**5,130,408**	**4,700,333**

Liabilities and equity	June 30, 2024	December 31, 2023
Current		
Short term loans	675,076	889,694
Trade payables	1,109,619	956,301
Short term lease liabilities	43,761	42,888
Income tax payables	920	616
Employees and other payroll related liabilities	118,027	88,970
Proposed dividends	138,190	138,190
Payable taxes	37,365	33,298
Other current liabilities	30,974	33,024
	2,153,932	**2,182,981**
Non-current		
Long term loans	812,726	461,864
Long term lease liabilities	62,765	59,868
Other non-current liabilities	21,159	20,368
Deferred tax liabilities	-	2,947
Provision for legal proceedings	75,052	71,374
Interest on equity payable	33,855	33,855
	1,005,557	**650,276**
Equity		
Share capital	276,464	276,464
Translation reserve	(207,436)	(195,776)
Retained earnings	1,901,803	1,786,237
Equity attributable to owners of the Company	1,970,831	1,866,925
Non-controlling interests	88	151
Total Equity	**1,970,919**	**1,867,076**
Total liabilities and equity	**5,130,408**	**4,700,333**

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

(In thousand of Brazilian Reais)

	Six months period ended June 30,		Three months period ended June 30,	
	2024	**2023**	**2024**	**2023**
Revenue	4,121,468	3,966,819	2,362,140	2,128,871
Cost of sales	(3,217,670)	(3,067,062)	(1,850,530)	(1,655,818)
Gross profit	**903,798**	**899,757**	**511,610**	**473,053**
Selling and marketing expenses	(653,882)	(606,804)	(351,129)	(318,844)
General and administrative expenses	(121,132)	(102,871)	(60,704)	(51,135)
Allowance for expected credit losses	2,023	(5,289)	(1,204)	(1,329)
Equity method	12,401	7,608	8,566	3,504
Other income (expenses), net	(61)	(573)	(415)	(594)
Operating profit	**143,147**	**191,828**	**106,724**	**104,655**
Financial income	30,135	49,549	10,426	22,978
Financial expenses	(80,222)	(91,892)	(42,385)	(46,068)
Net financial expenses	**(50,087)**	**(42,343)**	**(31,959)**	**(23,090)**
Profit before income tax	**93,060**	**149,485**	**74,765**	**81,565**
Income tax revenue	22,442	34,163	7,362	14,802
Profit for the period	**115,502**	**183,648**	**82,127**	**96,367**
Profit attributable to:				
Owners of the Company	115,566	183,669	82,157	96,409
Non-controlling interests	(64)	(21)	(30)	(42)
Total profit for the period	**115,502**	**183,648**	**82,127**	**96,367**

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

(In thousand of Brazilian Reais)

	Six months period ended June 30,		Three months period ended June 30,	
	2024	**2023**	**2024**	**2023**
Profit attributable to:	115,502	183,648	82,127	96,367
Other comprehensive income (loss) items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences	(11,660)	7,649	(10,252)	7,796
Comprehensive income for the period	**103,842**	**191,297**	**71,875**	**104,163**
Comprehensive income attributable to:				
Owners of the Company	103,906	191,318	71,905	104,205
Non-controlling interests	(64)	(21)	(30)	(42)
Total comprehensive income for the period	**103,842**	**191,297**	**71,875**	**104,163**

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

(In thousand of Brazilian Reais)

		Retained earnings							
	Share capital	**Legal reserve**	**Tax incentives**	**Profit to distribute**	**Translation reserve**	**Accumulated profit**	**Total**	**Non- controlling interests**	**Total Equity**
Balance as of December 31, 2022	**275,531**	**55,106**	**659,887**	**888,926**	**(200,891)**	**-**	**1,678,559**	**236**	**1,678,795**
Profit for the period	-	-	-	-	-	183,669	183,669	(21)	183,648
Other comprehensive loss:									
Foreign currency translation differences	-	-	-	-	7,649	-	7,649	-	7,649
Total other comprehensive gain (loss):	-	-	-	-	7,649	183,669	191,318	(21)	191,297
Internal equity changes									
Capitalization of tax incentives	933	-	(933)	-	-	-	-	-	-
Non-reciprocal capital contributions to subsidiary	-	-	-	-	-	-	-	13	13
State VAT and Federal tax incentives	-	-	70,513	-	-	(70,513)	-	-	-
Profit destination									
Reserve for profit to be distributed	-	-	-	113,156	-	(113,156)	-	-	-
	933	-	69,580	113,156	-	(183,669)	-	13	13
Balance as of June 30, 2023	**276,464**	**55,106**	**729,467**	**1,002,082**	**(193,242)**	**-**	**1,869,877**	**228**	**1,870,105**
Balance as of December 31, 2023	**276,464**	**55,293**	**794,214**	**936,730**	**(195,776)**	**-**	**1,866,925**	**151**	**1,867,076**
Profit for the period	-	-	-	-	-	115,566	115,566	(64)	115,502
Other comprehensive loss:									
Foreign currency translation differences	-	-	-	-	(11,660)	-	(11,660)	-	(11,660)
Total other comprehensive gain (loss):	-	-	-	-	(11,660)	115,566	103,906	(64)	103,842
Internal equity changes									
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
Balance as of June 30, 2024	**276,464**	**55,293**	**794,214**	**1,052,296**	**(207,436)**	**-**	**1,970,831**	**88**	**1,970,919**

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

(In thousand of Brazilian Reais)

		Retained earnings							
	Share capital	Legal reserve	Tax incentives	Profit to distribute	Translation reserve	Accumulated profit	Total	Non- controlling interests	Total Equity
Balance as of March 31, 2023	**275,531**	**55,106**	**692,801**	**943,272**	**(201,038)**	**-**	**1,765,672**	**270**	**1,765,942**
Profit for the year	-	-	-	-	-	96,409	96,409	(42)	96,367
Other comprehensive loss:									
Foreign currency translation differences	-	-	-	-	7,796	-	7,796	-	7,796
Total other comprehensive gain (loss):	-	-	-	-	7,796	96,409	104,205	(42)	104,163
Internal equity changes									
Capitalization of tax incentives	933	-	(933)	-	-	-	-	-	-
State VAT and Federal tax incentives	-	-	37,599	-	-	(37,599)	-	-	-
Profit destination									
Reserve for profit to be distributed	-	-	-	58,810	-	(58,810)	-	-	-
	933	-	36,666	58,810	-	(96,409)	-	-	-
Balance as of June 30, 2023	**276,464**	**55,106**	**729,467**	**1,002,082**	**(193,242)**	**-**	**1,869,877**	**228**	**1,870,105**
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 year	-	-	-	-	-	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**

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

(In thousand of Brazilian Reais)

	Six month periods ended June 30,		Three month periods ended June 30,	
Cash flows from operating activities	**2024**	**2023**	**2024**	**2023**
Profit for the year	115,502	183,648	82,127	96,367
Adjustments for:				
Depreciation and amortization	66,825	65,978	34,288	33,419
Termination of lease contracts	(4)	(77)	41	252
Provision for legal proceedings	3,678	2,719	2,477	903
Allowance for expected credit losses	(2,023)	5,289	1,204	1,329
Other income, net	61	573	415	594
Equity method	(12,401)	(7,608)	(8,566)	(3,504)
Finance expenses, net	50,087	42,343	31,959	23,090
Income tax expenses	(22,442)	(34,163)	(7,362)	(14,802)
Change in:				
Trade receivables	(580,829)	(426,745)	(221,951)	(119,735)
Inventories	(412,931)	(294,638)	(385,848)	(132,688)
Recoverable and payable taxes, net	(4,760)	7,960	(10,881)	11,136
Judicial deposits	(1,222)	(238)	(1,430)	(281)
Trade payables	153,289	32,721	204,299	131,716
Employees and other payroll related liabilities	29,057	8,842	21,290	12,260
Other current and non-current assets and liabilities	(11,023)	(15,867)	(17,595)	(9,240)
Change in operating activities	**(629,136)**	**(429,263)**	**(275,533)**	**30,816**
Interest paid	(74,088)	(49,673)	(56,928)	(38,892)
Interest received	25,419	42,937	9,694	17,903
Income tax paid	(1,382)	(2,154)	(851)	(1,117)
Net cash flows used (provided) by operating activities	**(679,187)**	**(438,153)**	**(323,618)**	**8,710**
Cash flows from investing activities				
Change in deposits	(5,980)	1,524	(3,209)	(319)
Proceeds from sales of fixed assets	2,091	1,835	632	356
Acquisition of fixed assets	(128,036)	(70,528)	(77,075)	(38,066)
Investments in intangible assets	(8,770)	(22,125)	(3,660)	(14,349)
Dividend received	20,737	-	-	-
Net cash flows used in investing activities	**(119,958)**	**(89,294)**	**(83,312)**	**(52,378)**
Cash flows from financing activities				
Proceeds from loans	766,253	742,655	532,730	625,787
Repayment of loans	(661,221)	(560,268)	(437,594)	(227,909)
Payment of lease liabilities	(17,194)	(13,928)	(8,172)	(7,511)
Interest on equity paid	-	(79,689)	-	(79,689)
Dividend paid	-	(82,484)	-	(82,484)
Net cash flows provided by financing activities	**87,838**	**6,286**	**86,964**	**228,194**
Net decrease (increase) in cash and cash equivalents	**(711,307)**	**(521,161)**	**(319,966)**	**184,526**
Net descrease in cash and cash equivalents				
Cash and cash equivalents as at beginning of period	870,986	1,037,736	479,645	332,049
Cash and cash equivalents as at end of period	159,679	516,575	159,679	516,575
	(711,307)	(521,161)	(319,966)	184,526

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

1 General information

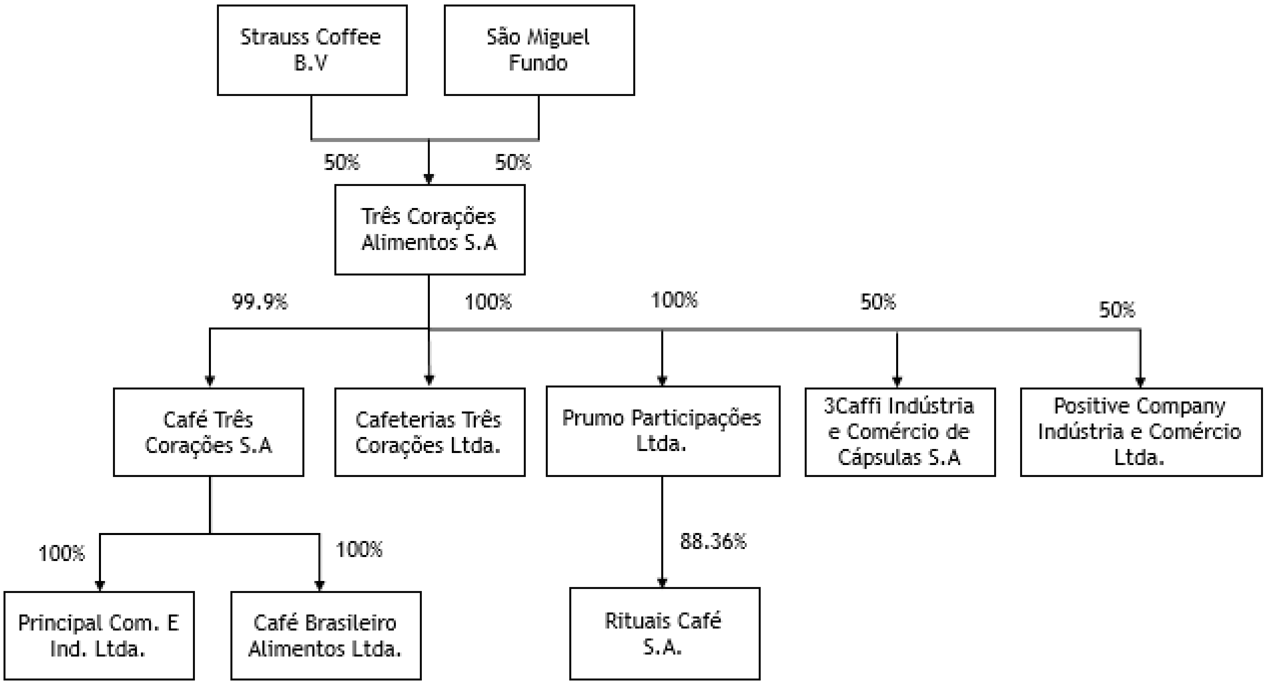
Três Corações Alimentos S.A. (the "Company") together with its subsidiaries (the "Group") are an industrial and commercial Group, which operates in Brazil, in producing and selling branded coffee products, multi-beverage single portion capsules and machines, powdered juices, chocolate drinks and corn meal products. The Group is also active in 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 in the industrialization and sales of plant-based beverages, especially nuts milk and isotonic ones and cashew butter.

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 joint-venture 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"), with 50% of shares in each company, 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 and Possible, owned by the Positive Company joint venture.

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 and Ceará. Part of the facilities used by the Group is leased from one of its related parties, Três Corações Imóveis Armazéns Gerais e Serviços Ltda., which is not consolidated in these financial statements, since it is not part of the Group structure presented below. Três Corações Imóveis Armazéns Gerais e Serviços Ltda. is owned by São Miguel Holding e Investimentos S.A. (50%) and Strauss Coffee B.V. (50%).

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



2 Basis of preparation

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the IFRS audited consolidated financial statements as at and for the year ended December 31, 2023 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, explanatory notes are included to explain events and transactions that are significant for understanding of the changes in the financial position and performance since the last annual financial statements.

These condensed consolidated interim financial statements were authorized for issuance by Company's Management on August 09, 2024.

2.2 Significant accounting policies, judgments and estimates

The accounting policies, judgments and estimates applied in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2023. The Group has not adopted early any other standards, interpretations or amendments that have been issued but are not yet effective.

(In thousands of Brazilian Reals)

3 Material events during the reported period

3.1 Dividend received

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

4 Cash and cash equivalents, short and long term loans

	June 30, 2024	December 31, 2023
Short term loans	675,076	889,694
Long term loans	812,726	461,864
Cash and cash equivalents	(159,679)	(870,986)
Net debt	**1,328,123**	**480,572**

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

- Cash flows used in operating activities, in the amount of R$ (679,187);
- Cash flows used in investing activities, in the amount of R$ (119,958);
- Cash flows provided by financing activities, in the amount of R$ 87,838.

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

5 Provision for legal proceedings

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

6 Financial instruments

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:

(In thousands of Brazilian Reals)

	Level of hierarchy of fair value	June 30, 2024		December 31, 2023	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities					
Short term loans	2	675,076	733,761	889,694	956,461
Long term loans	2	812,726	899,317	461,864	524,859
		1,487,802	**1,633,078**	**1,351,558**	**1,481,320**

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

6.2 Fair value hierarchy

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

- **Level 1**: quoted prices in an active market for identical assets and liabilities;

- **Level 2**: values determined by other techniques, for which all of the data, having a significant effect on the recorded fair value, are observable, directly or indirectly;

The fair value of assets and liabilities that are not quoted in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques.

These valuation techniques maximize the use of observable market data when it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs are not based on observable market data, the asset or liability is considered as valued from Level 3 source of information.

Specific valuation techniques that might be used to value financial instruments in general include:

(i) Quoted market prices or dealer quotes for similar instruments;

(ii) The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;

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

(In thousands of Brazilian Reals)

7 Revenue

7.1 Disaggregated revenue information

	Products	Services	June 30, 2024
Geographical markets			
Domestic	3,996,252	1,369	3,997,621
Foreign	123,847	-	123,847
	4,120,099	**1,369**	**4,121,468**

	Products	Services	June 30, 2023
Geographical markets			
Domestic	3,866,092	777	3,866,869
Foreign	99,950	-	99,950
	3,966,042	**777**	**3,966,819**

7.2 Composition of Revenue

	Six month periods ended June 30,		Three month periods ended June 30,	
	2024	**2023**	**2024**	**2023**
Revenue:				
Products - domestic	4,964,563	4,777,371	2,775,582	2,580,863
Products - foreign	123,839	99,950	71,659	49,757
Services	1,393	792	701	396
Other	283	675	170	246
Revenue deductions:				
Taxes on sales	(526,124)	(496,047)	(290,113)	(272,894)
State VAT incentives	113,265	119,316	62,572	66,111
Discounts	(432,578)	(382,876)	(204,527)	(215,951)
Other deductions	(123,173)	(152,362)	(53,904)	(79,657)
Revenue	**4,121,468**	**3,966,819**	**2,362,140**	**2,128,871**

* * *

Pedro Alcântara Rego de Lima
Chief Executive Officer

Danisio Costa Lima Barbosa
Chief Financial Officer

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