

Strauss Group Financial Results

Q1 2023 Earnings Presentation May 30th, 2023



Disclaimer

GAAP to Non-GAAP Reconciliations



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

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

In addition to reporting financial results in accordance with generally accepted accounting principles (GAAP), the Company provides non-GAAP operating results which include the results of jointly controlled entities as if they were proportionately consolidated. Strauss Group has a number of jointly controlled companies: the Três Corações joint venture (3C) – Brazil (a company jointly held by Strauss Group (50%) and by the São Miguel Group (50%) in Brazil), Sabra Dipping Company (a 50%/50% JV with PepsiCo in the U.S. and Canada), Strauss Frito-Lay Ltd. (a 50%/50% JV with PepsiCo Frito-Lay in Israel) and PepsiCo Strauss Fresh Dips & Spreads International (a 50%/50% JV with PepsiCo outside the U.S. and Canada).

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

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





Shai Babad

Group CEO

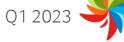




We have built a DETAILED **PLAN** for success in 2023



Productivity



OUR Q1 FINANCIAL PERFORMANCE

	u p Sales (NIS)	Organic growth (%)	Gross profit (%)	EBIT (NIS & % margin)
2	,554	+7.9%	837 32.8%	208 (8.1%)
LY	2,272	+11.5%	662 (29.1%)	102 (4.5%)
	Profit NIS)	OCF (NIS)	FCF (NIS)	CAPEX, Net (NIS & %)
	34 .3%)	-226	-300	74 (3.3%)
	43 .9%)	-124	-202	78 (3.4%)



NIS **1,049m** revenues and strong growth with **7.6%** sales growth in Q1 2023

Price adjustments

in Israel in several categories

Input inflation

continues to erode profitability by 40m NIS

Confectionery

recovery while gaining back market share of 21.6%



NIS **1,189m** revenues and excellent growth with 10% organic sales growth in Q1 2023

Brazil

continues solid momentum, increase MS to 33.6% in R&G

Israel

Gross margins continued to erode due to higher green coffee prices and other input inflation **CEE** with net sales growth in all countries, alongside improvement in EBIT margin



NIS 188m revenues and a 2.9% growth in Q1 2023 Growth in install base in Israel HSW China with solid growth (8.7%) mainly due to COVID recovery Second manufacturing facility in China

Boosting Strategic partnership alignment together with Culligan

SABRA & OBELA

Obela

NIS 127m revenue in Q1 2023 (-2.4%) and an EBIT of (-1)m

Operational recovery continues

Sabr

Regaining Market Share with 38.8% MS in April #1 branded hummus company in the US

Sabra

Guacamole

CLASSIC

Obela divestiture in western Europe



Promoting future growth engines

Cutting edge innovation



The Kitchen

FoodTech Hub

• Startup #24 – Meatologic

Local infrastructure

Plant Based project

 Continuing the building of a new plant-based factory



Global infrastructure

Second manufacturing site in China

• Second investment together with Haier Strauss Water



What have we accomplished so far

Our RTP progress in Q1

Culligan agreement Establishing **Strauss NEO**

Internal leadership appointments

Obela divestiture Serbia coffee deal Implementing #ONE

Focus on Productivit



Ariel Chetrit

Group CFO



Q1 Highlights – Strauss Group

Strauss Group



• Strauss Group posts net sales growth of 12.4% (+7.9% organic excluding FX). Growth was led by coffee (mainly CEE and Israel); and H&W segment due to price increase in December and volume growth. The growth is driven by a volume increase of 3.2% and price increase of 5.0%; FX contributed 4.2% to growth

- The group continues to experience significant input inflation, mainly green coffee and raw milk, which erodes profitability. In order to improve profitability, the Group is focusing on long term productivity measures
- The group continues to execute on its business strategy which includes the new partnership in Strauss Water With Culligan in UK and the divestment of the Dips and Spreads operations in Europe
- NIS weakens versus major currencies: mainly BRL, RUB and USD which lead to a contribution of NIS96 million to sales during the quarter





- Strauss Israel sales increased by 7.6% following volume growth across all categories, mainly in dairies and as well as price increases which were announced in December
- Growth split by volume increase of 3.8% and price increase of 3.8%
- Input inflation impact is estimated at approximately NIS40 million in Israel alone, primarily due to raw milk prices which were up 17.5% (price 2.49 vs 2.12)
- Fun & Indulgence segment posted an operating profit of NIS 24 million following the Confectionery recovery
- Confectionery experienced a rapid return to shelves and increased market share from trough (21.6% in Q1 23 vs. 28.7% in Q1 22) (1)













Strauss Coffee

- Net sales increase by 19.4% in the first quarter as all geographies posted positive growth rates
- Positive FX translation effects on sales due to weaker NIS, mainly as a result of the strengthening of the BRL and the RUB
- In Brazil R&G market share was up 0.5% to 33.6% as market leading position is maintained and strengthened
- In Israel gross margins continued to erode due to higher green coffee prices and other input inflation
- CEE posted a strong set of results in both sales and operating profit due to higher selling prices in all geographies, volume increases and positive FX translation effects, mainly as a result of the strengthening of the RUB against the NIS





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Dips & Spreads

- Whilst Sabra returned to full production in Q4 2022, returning to the shelves is proving more challenging
- Sabra sales in USD in decreased by 1.3%
- Sabra posted a modest market share gain versus the trough at the end of May, reaching 36.4% for the quarter and 38.8% in April
- Sabra is still the #1 branded hummus company











17 Note: HSW revenues are not included in Strauss water results; net income is added to Strauss water EBIT in Non GAAP management reports

Q1 Highlights

Strauss Water

- Sales grew 2.9% in the first quarter mainly due to a higher installed base
- In Israel the installed base continued to increase despite slower growth rate due to overall macro environment
- Operating profit and profitability in Israel eroded due to input inflation and the weakening of the NIS
- In January 23 Strauss Water announced a new partnership with Culligan International, a global drinking water solutions and services company, in accordance with Strauss' strategy to enhance global water operations
- Haier Strauss Water (HSW) sales grew by 8.7% in local currency to reach 373m ¥ (100% share)





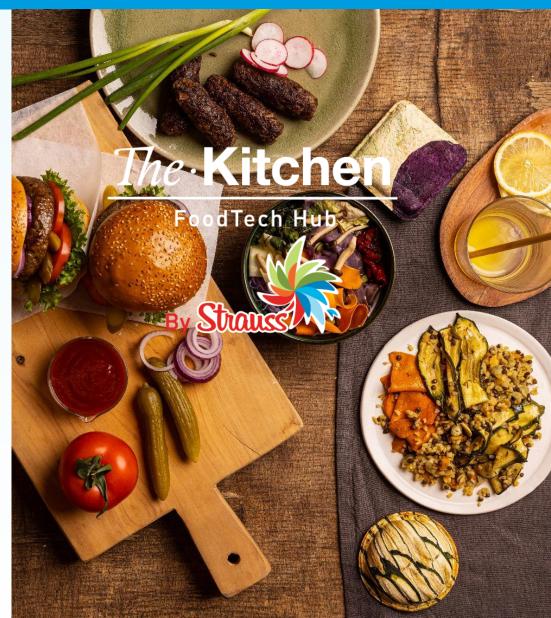






\bigcirc Growth and Innovation

- Equity loss of NIS 8.3m during the first quarter
- Fair value increased to NIS 582 million as of March 31st, 2023, compared to 412 million as of March 31st, 2022



Financial Highlights | Reported Non GAAP



Q1 2023

Q1'23 Sales: NIS 2,554mm; growth: 12.4%, Organic Sales growth: 7.9%

Q1'23 Gross margins: 32.8% (up 370 bps vs. Q1'22)

EBIT and EBIT margins: NIS 208mm (up 104.2%); 8.1% (up 360 bps vs. Q1'22)

Net income and net margins: NIS 134mm (up 213.4%); 5.3% (up 340 bps vs. Q1'22)

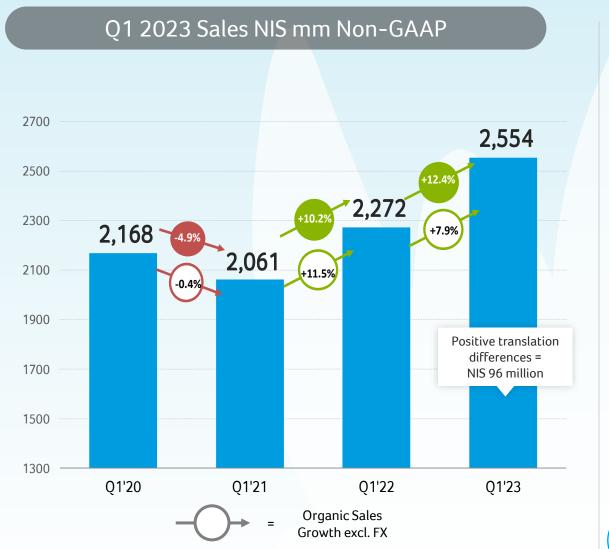


Q1 2023



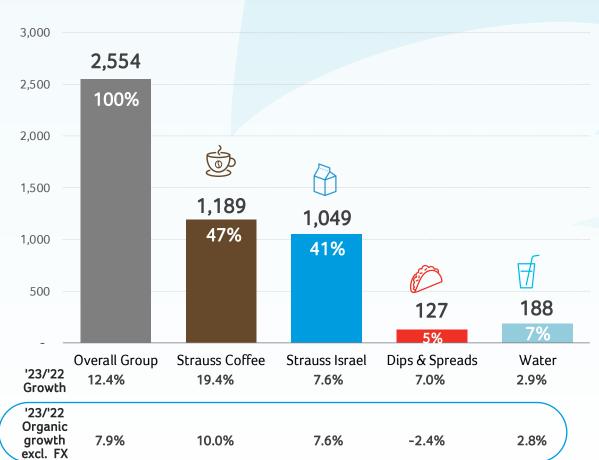
Sales





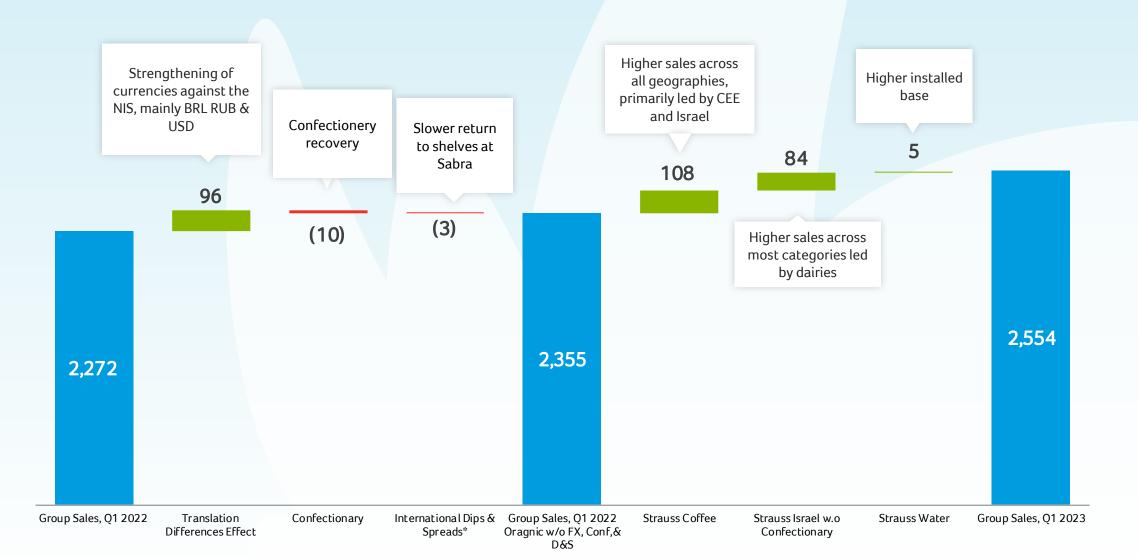
Q1 2023 Sales by Segment

NIS mm; Non-GAAP; % sales contribution



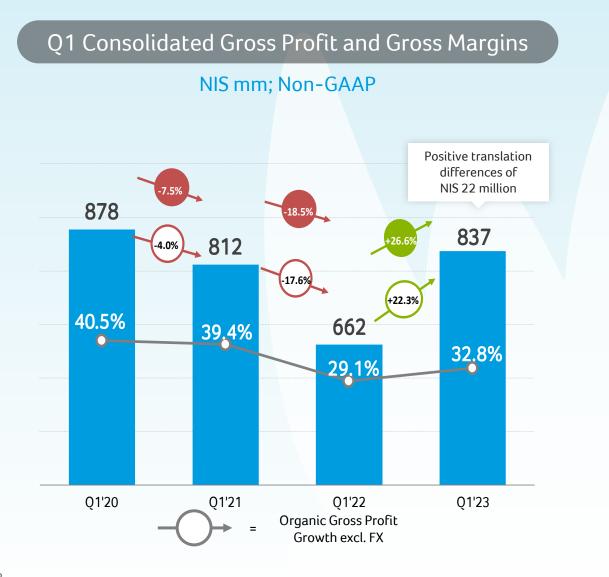
Q1 Sales Bridge NIS mm; Non-GAAP; Q1'22 to Q1'23





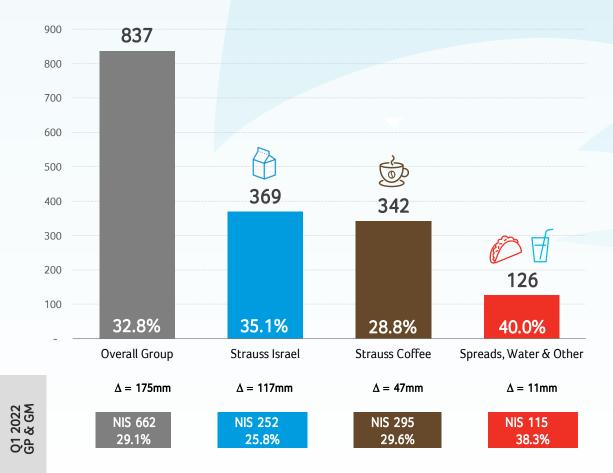
Gross Profit





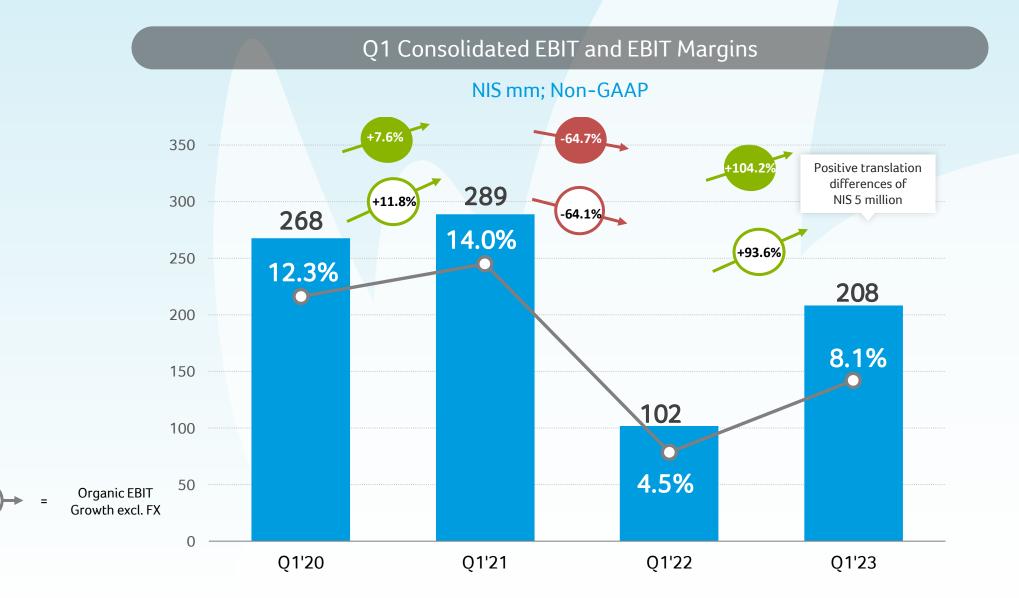
Q1 2023 Gross Profit and Gross Margins

NIS mm; Non-GAAP; % Margin



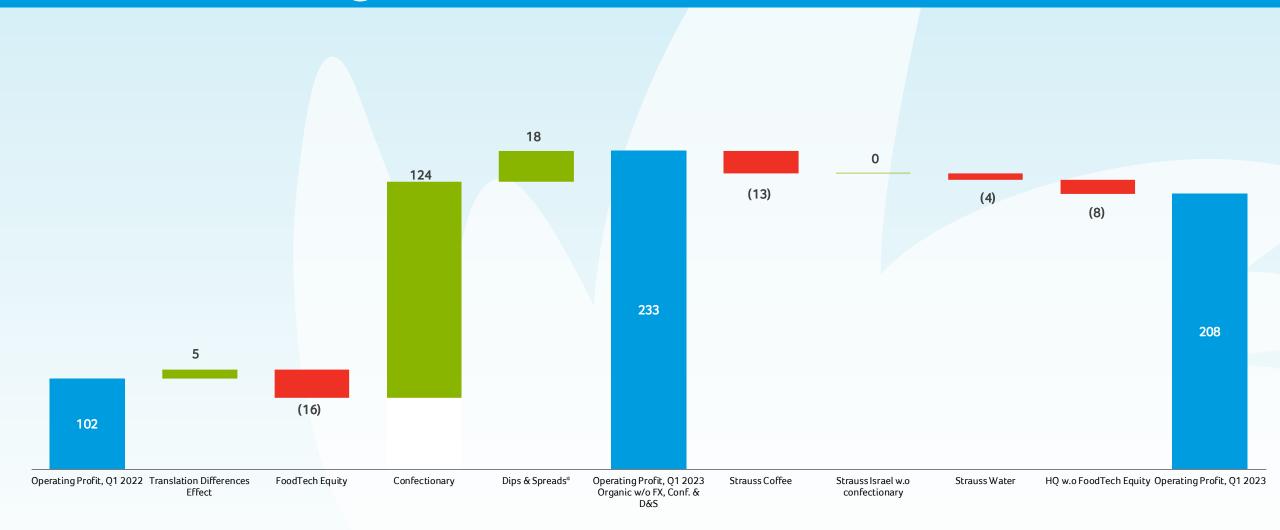






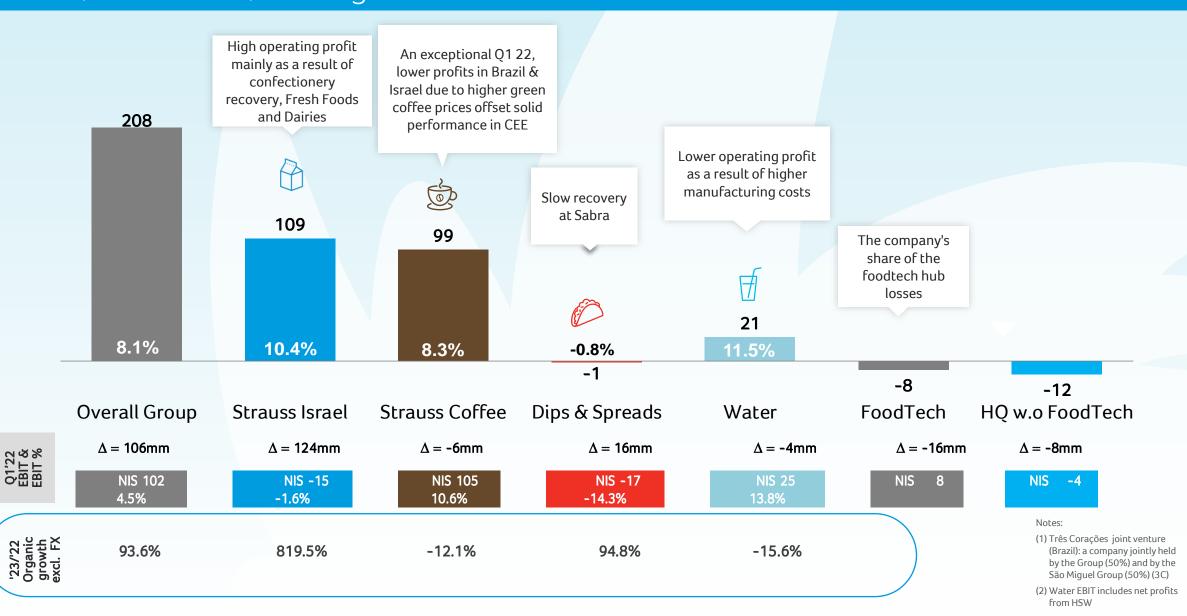
Q1 EBIT Bridge NIS mm; Non-GAAP; Q1'22 to Q1'23





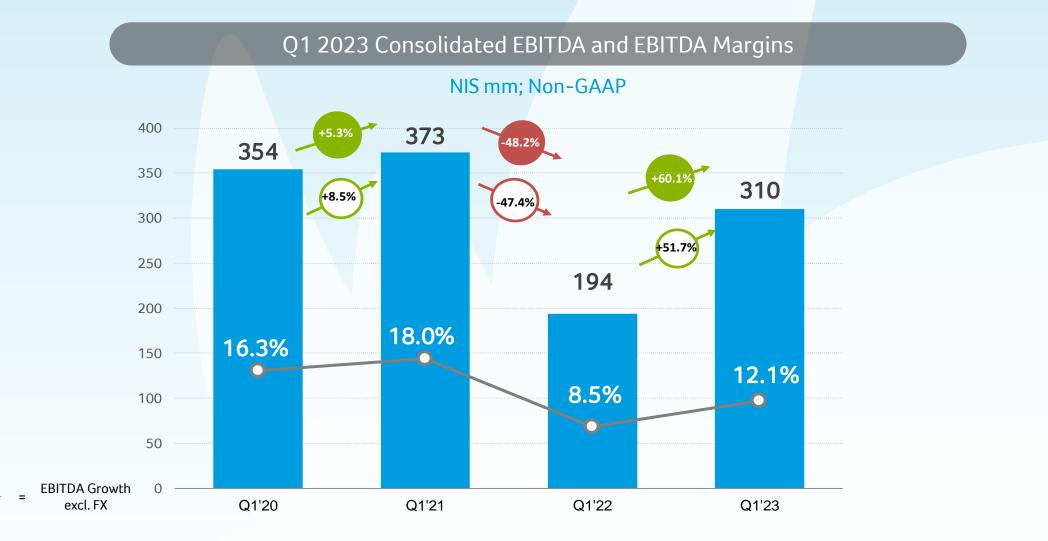
Q1 2023 EBIT and EBIT Margins <u>NIS mm; Non</u>-GAAP; % Margin





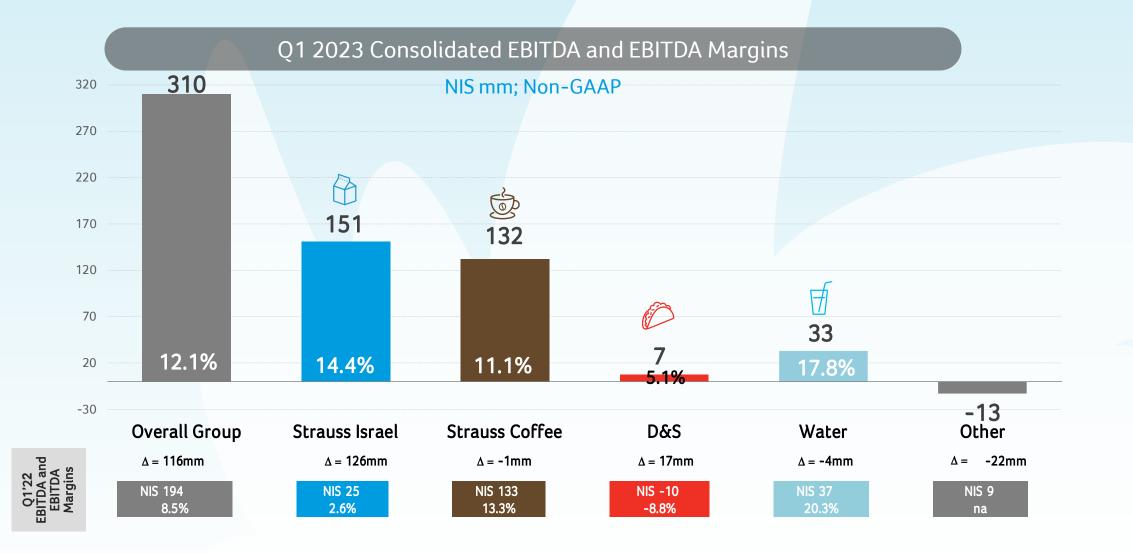
EBITDA





EBITDA



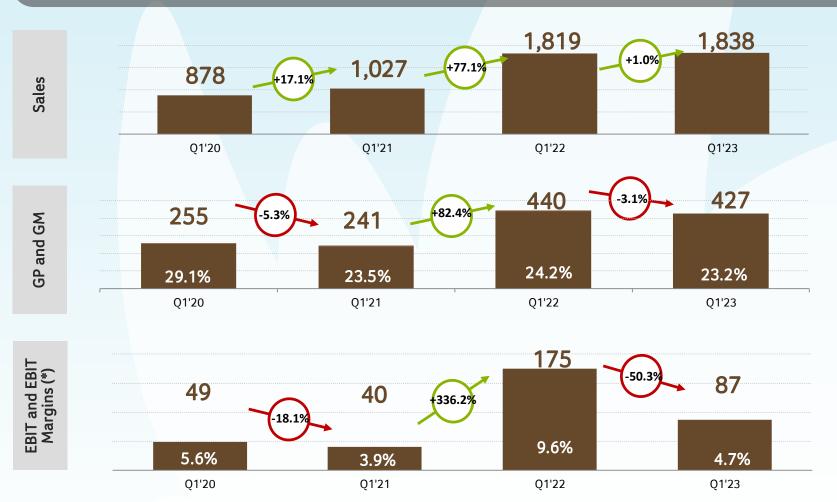


Três Corações Alimentos S.A. (Três Corações J.V.)



3corações

Q1 Snapshot | BRL mm for 100% ownership and including inter-company sales



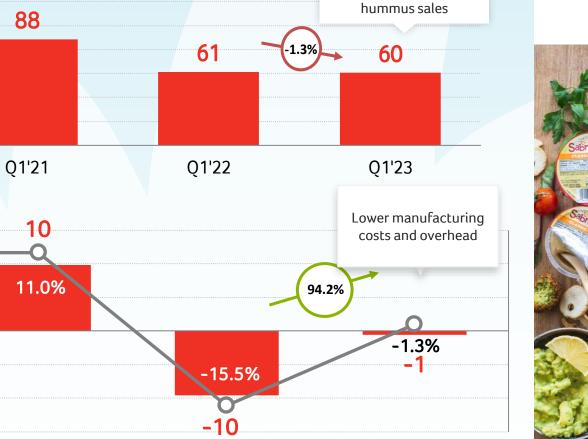
Note: Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C).

Source: Três Corações Alimentos S.A. Consolidated Interim Financial Statements as of March 31st, 2023.

Q1'20

Q1'21

Sabra Q1 Snapshot \$ mm; Non-GAAP; for 100% share



Q1'22

Low sales compared to previous years due to difficulty in recovering

Q1'23



Strau





120

100 80

> 60 40 20

15

10

5

-5

-10

-15

101

Q1'20

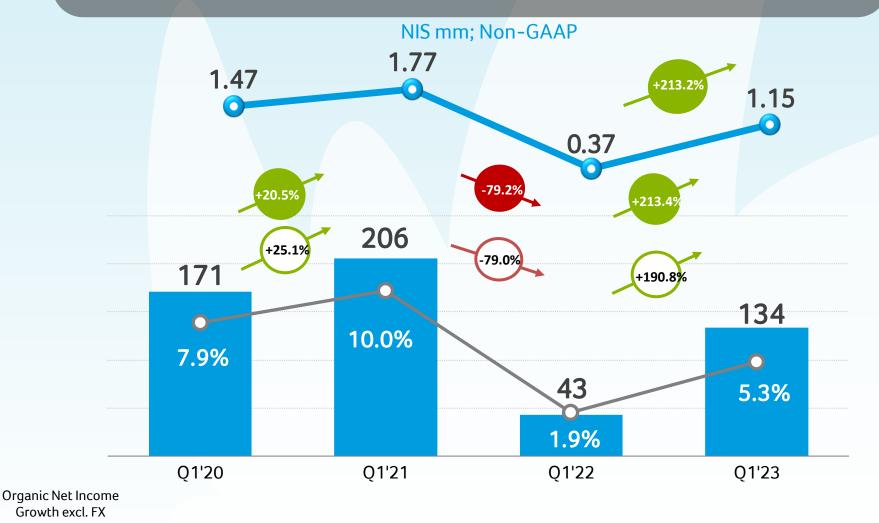
11.0%

EBIT and EBIT Margins

Net Income



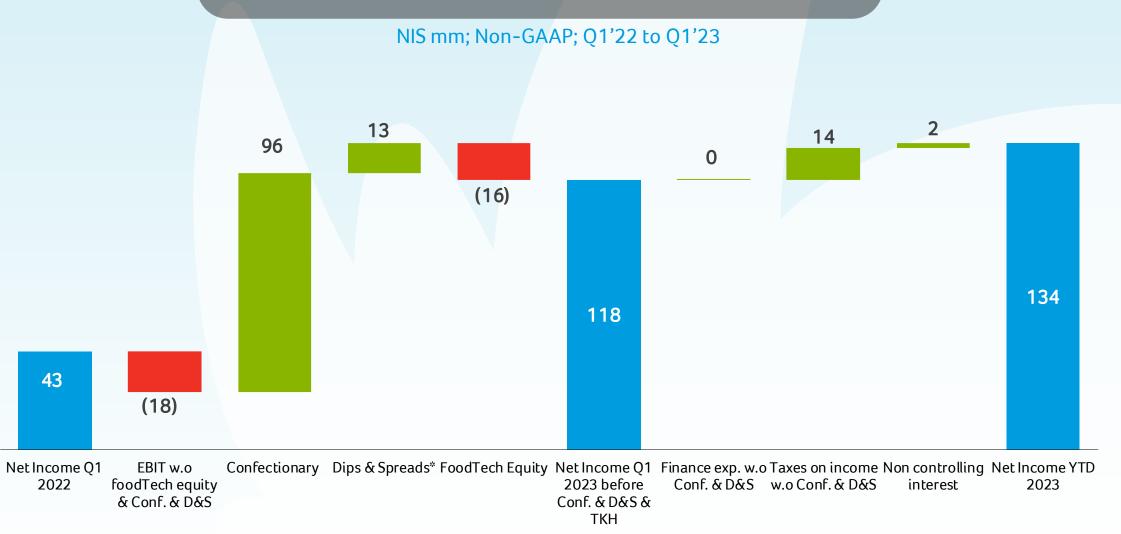
Q1 Net Profit (attributed to the Company's shareholders), Net Margins and EPS



Net Income



Q1 Net Profit (attributed to the Company's shareholders) Bridge



Net Debt and Net Debt / EBITDA (LTM)

Non-GAAP EBITDA, net debt includes partnerships; NIS mm





34 (1) Capex includes acquisitions of fixed assets and investment in intangible assets

Q1 GAAP and Non-GAAP	Financial Highlights, NIS mm
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	GAAP			Adjusted Non-GAAP		
	Q1 2023	Q1 2022	% Chg.	Q1 2023	Q1 2022	% Chg
Sales	1,713	1,511	13.4%	2,554	2,272	12.4%
Gross Profit	660	459	44.1%	837	662	26.6%
GP Margin	38.6%	30.4%		32.8%	29.1%	
Operating Profit	246	81	205.0%	208	102	104.2%
EBIT Margin	14.4%	5.4%		8.1%	4.5%	
Net Profit (to SH)	231	14	1523.0%	134	43	213.4%
NP Margin	13.5%	0.9%		5.3%	1.9%	
Operating Cash Flow	(55)	(31)		(226)	(124)	
Capex ⁽¹⁾	(56)	(59)		(74)	(77)	
Net debt	2,358	1,780		2,787	2,107	
Change in WC (CF)	(266)	(89)		(489)	(247)	



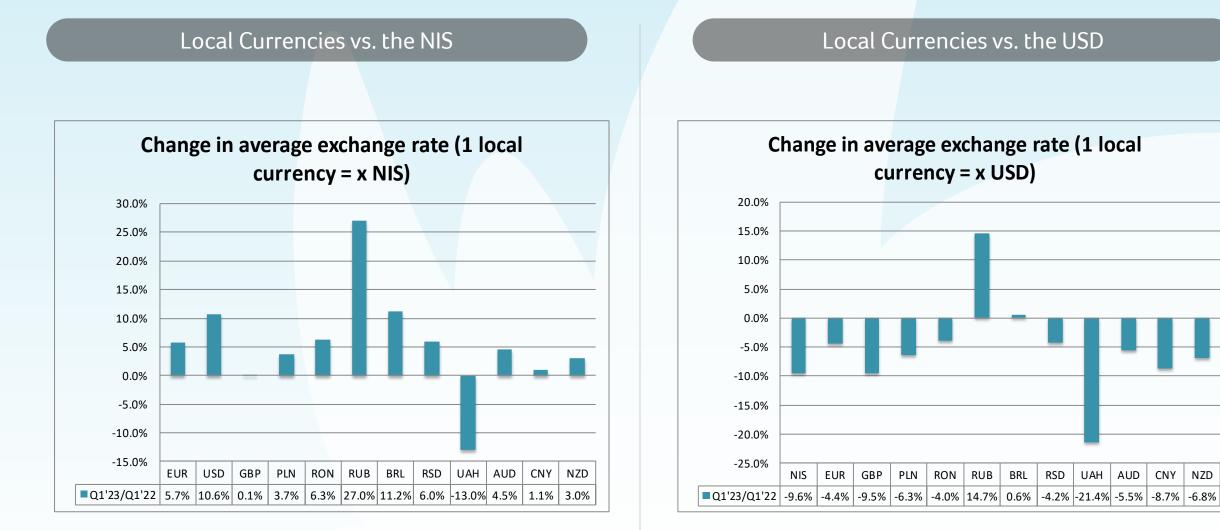


Currencies



CNY

NZD



Strauss Israel Non-GAAP Financial Highlights Q1 2023 NIS mm

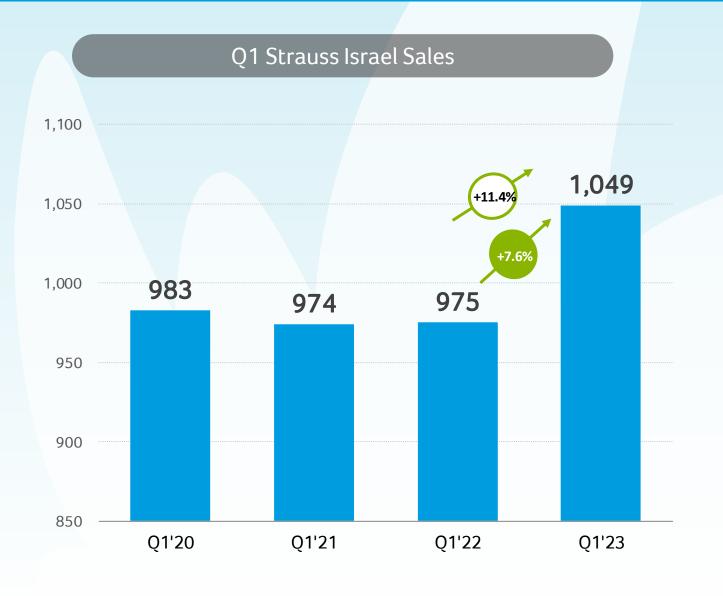


Stra	uss Israel (Non GA	AP)	
	Q1 2023	Q1 2022	% Chg.
Revenue:			
H&W	743	669	11.1%
F&I	306	306	(0.0%)
Total Revenue	1,049	975	7.6%
Total Gross Profit	369	252	46.4%
Gross Margins	35.1%	25.8%	9.3%
EBIT:			
H&W	85	82	3.5%
Margins	11.4%	12.2%	(0.8%)
F&I	24	(97)	125.0%
Margins	7.9%	(31.8%)	39.7%
Total EBIT	109	(15)	815.5%
Margins	10.4%	(1.6%)	12.0%
EBITDA:			
H&W	109	104	4.3%
Margins	14.6%	15.6%	(1.0%)
F&I	42	(79)	153.0%
Margins	13.8%	(25.9%)	39.7%
Total EBITDA	151	25	502.0%
Margins	14.4%	2.6%	11.8%





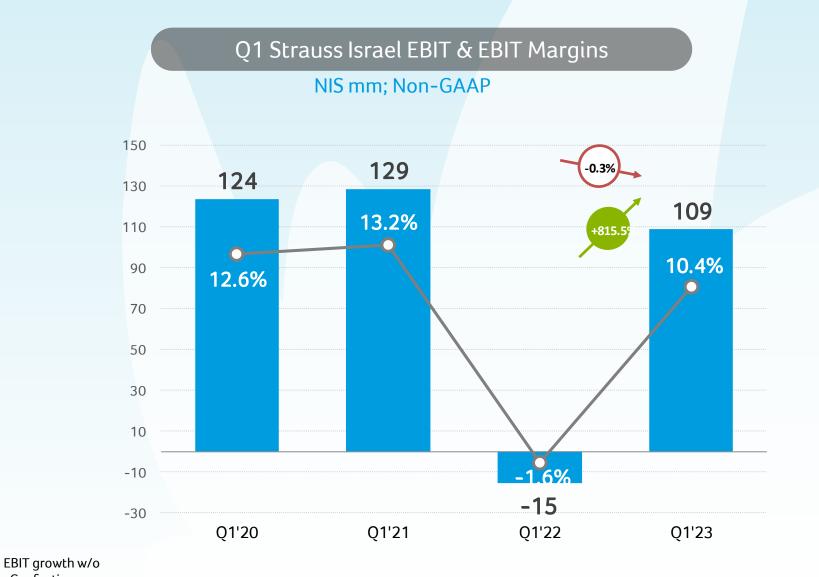




Sales growth w/o
Confectionery







Confectionery

38

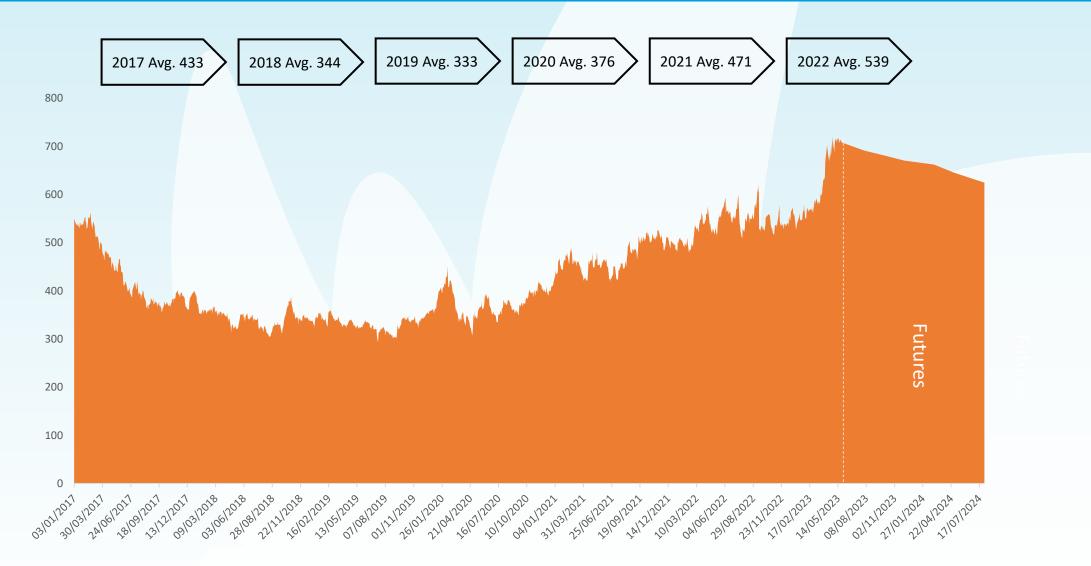
Target Milk Prices | 2012-2023 (ILS per Liter)



Source: Israeli Dairy Board (Production and Marketing) website

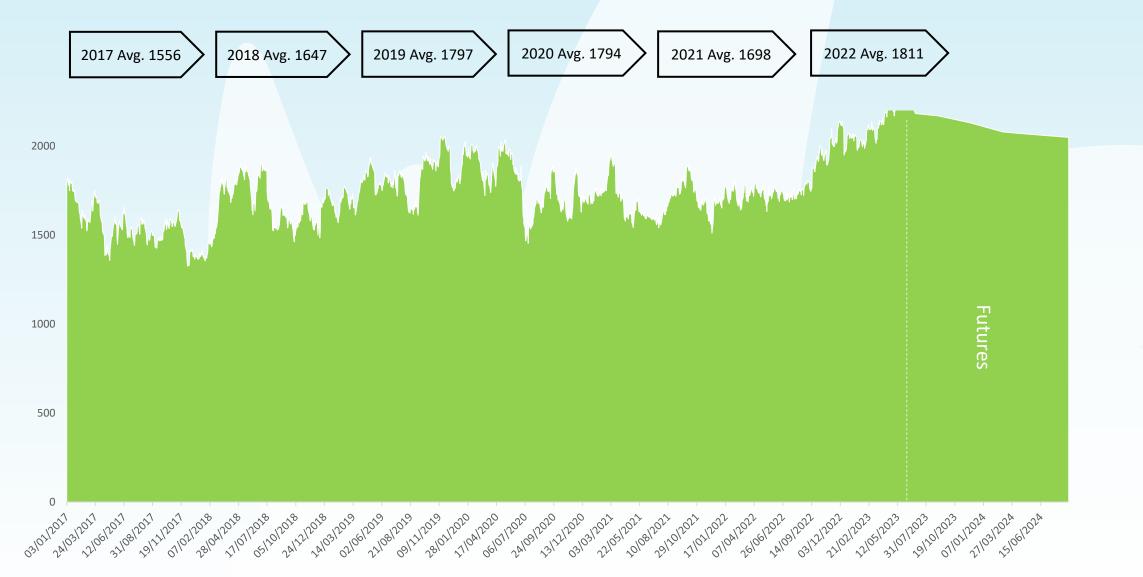
London Sugar Historical & Futures Prices | 2017-2023 (\$\T)





London Cocoa Historical & Futures Prices | 2017-2023(GBP\T)





Strauss Coffee Non-GAAP Financial Highlights Q1 and NIS mm



Strauss Coffee (Non GAAP)					
	Q1 2023	Q1 2022	% Chg.		
Revenue:					
Israel	238	215	10.6%		
International	951	781	21.8%		
Total Revenue	1,189	996	19.4%		
Total Gross Profit	342	295	16.1%		
Gross Margins	28.8%	29.6%	(0.8%)		
EBIT:					
Israel	39	47	(17.4%)		
Margins	16.3%	21.8%	(5.5%)		
International	60	58	2.3%		
Margins	6.3%	7.5%	(1.2%)		
Total EBIT	99	105	(6.2%)		
Margins	8.3%	10.6%	(2.3%)		
EBITDA:					
Israel	50	56	(10.3%)		
Margins	21.0%	25.9%	(4.9%)		
International	82	77	6.2%		
Margins	8.6%	9.8%	(1.2%)		
Total EBITDA	132	133	(0.6%)		
Margins	11.1%	13.3%	(2.2%)		

Note: (1) Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C).

42 Source: Três Corações Alimentos S.A. Consolidated Interim Financial Statements as of March 31st, 2023.



Strauss Coffee Non-GAAP Sales by Geography Q1 and NIS mm



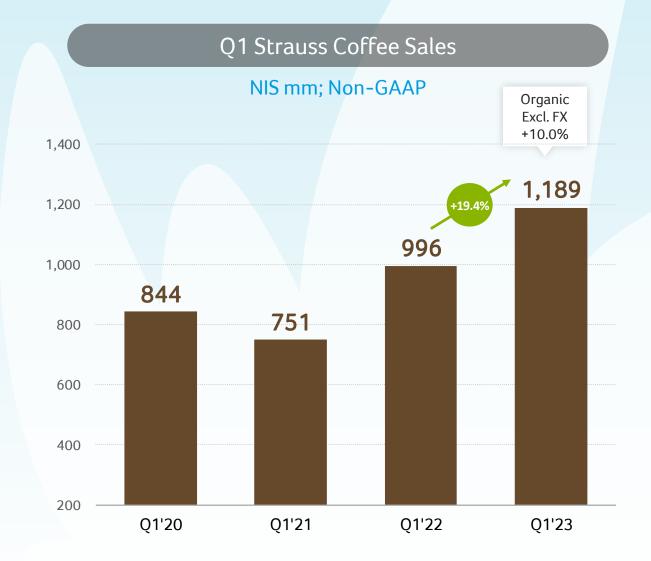
Strauss Coffee Sales					
			% Ch	ange	
	Q1 2023	Q1 2022	NIS	Local Currency	
Israel	238	215	10.6%	10.6%	
International:					
Três Corações Joint Venture (Brazil) (1)	621	559	11.1%	0.9%	
Russia & Ukraine	165	92	79.3%	49.9%	
Poland	79	64	24.4%	18.8%	
Romania	51	38	31.3%	23.4%	
Serbia	35	28	24.8%	17.5%	
Total International	951	781	21.8%	9.8%	
Total Coffee	1,189	996	19.4%	10.0%	

Note: (1) Três Corações joint venture (Brazil): a company jointly held by the Group (50%) and by the São Miguel Group (50%) (3C).

43 Source: Três Corações Alimentos S.A. Consolidated Interim Financial Statements as of March 31st, 2023.

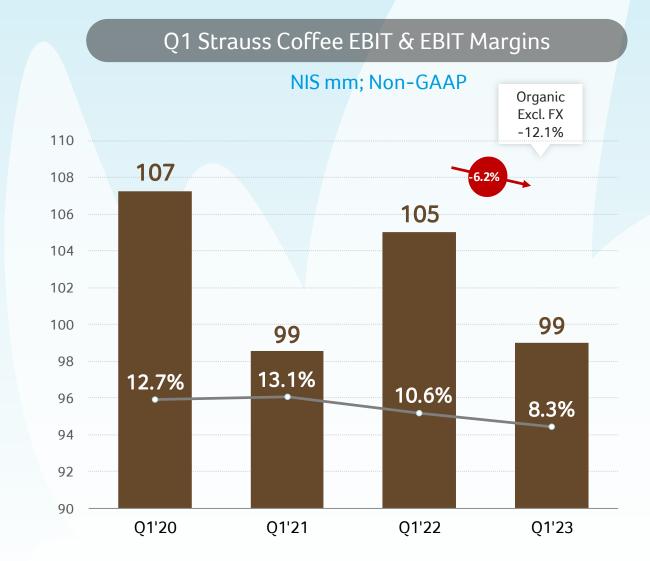






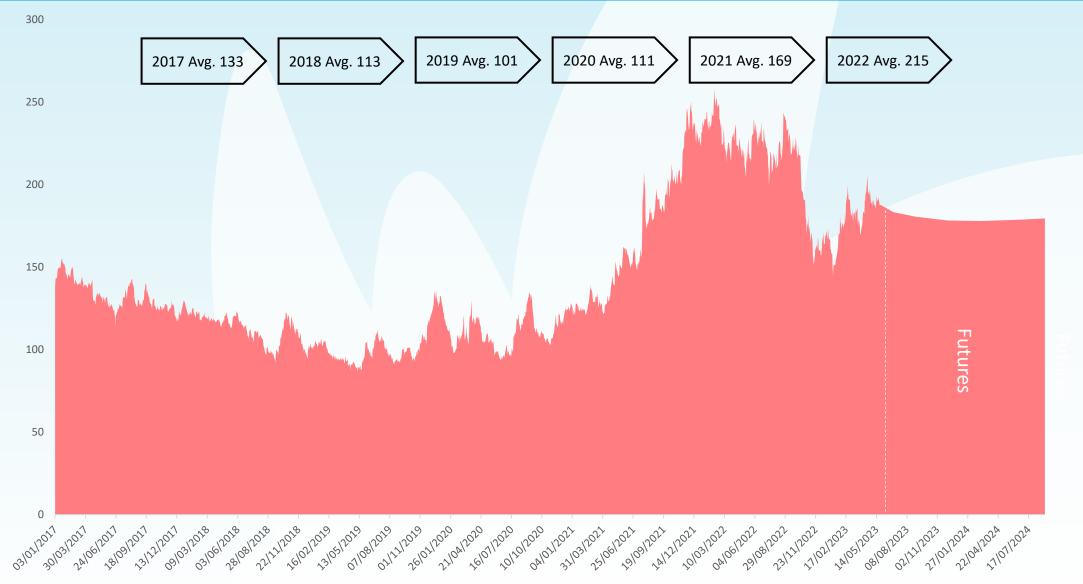






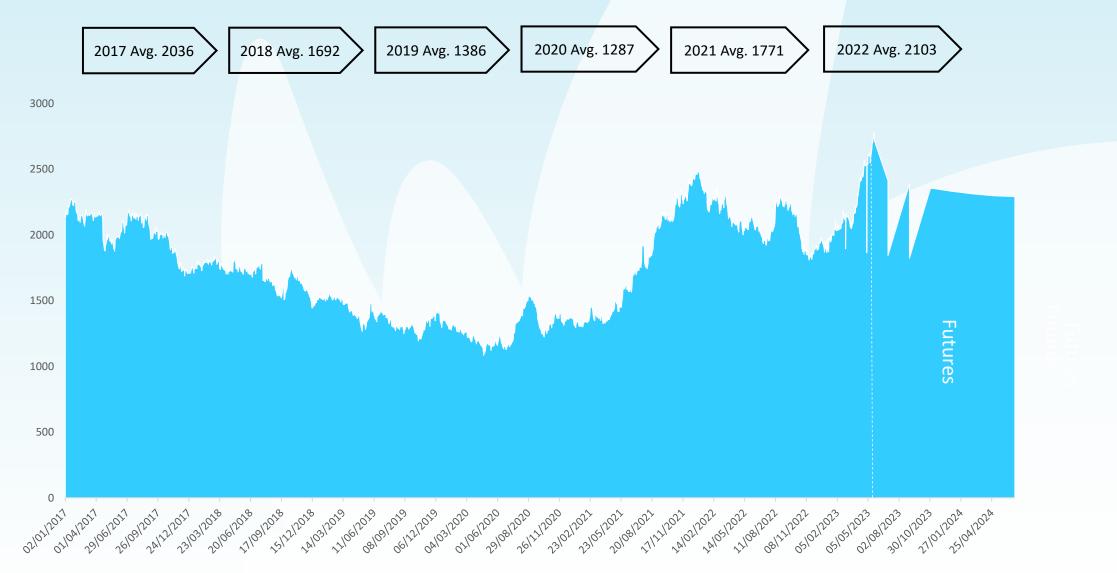
Arabica Historical & Futures Prices | 2017-2023 (C\Lbs.)





Robusta Historical & Futures Prices | 2017-2023 (\$\T)





International Dips & Spreads Strauss D&S Non-GAAP Financial Highlights | Q1 2023 NIS mm; 50% share



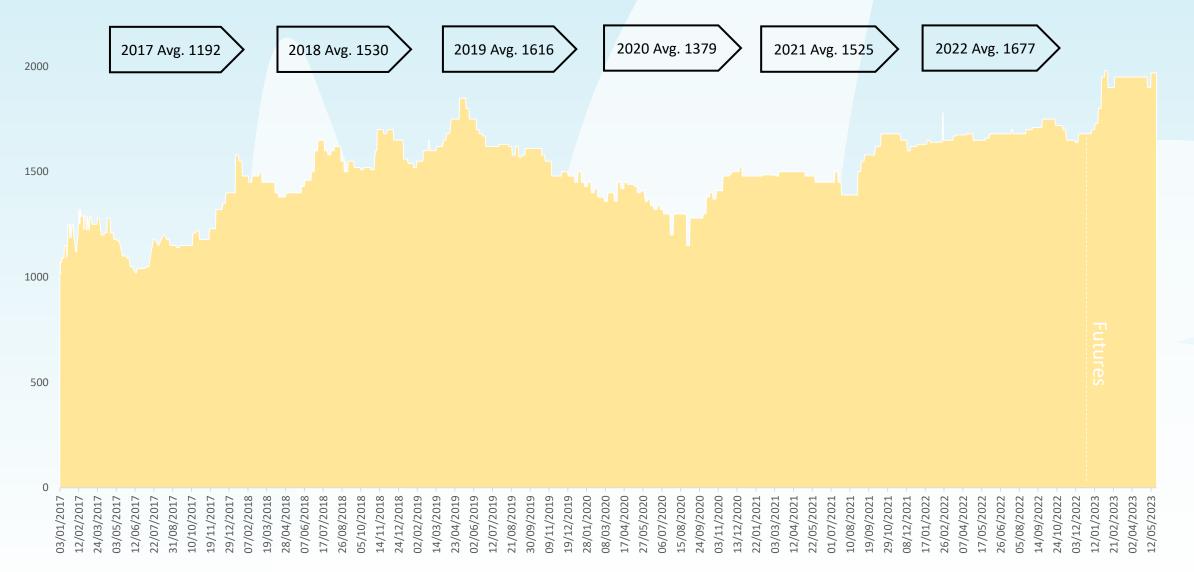
Dips & Spreads (Non GAAP)							
	Q1 2023	Q1 2022	% Chg.				
Revenue:							
Sabra (50%)	106	97	8.6%				
Obela (50%)	21	21	(0.3%)				
Total Revenue	127	118	7.0%				
EBIT:							
Sabra (50%)	(1)	(15)	114.1%				
Margins	(1.3%)	(15.5%)	14.2%				
Obela (50%)	0	(2)	NM				
Margins	NM	NM	NM				
Total EBIT	(1)	(17)	NM				
Margins	(0.8%)	(14.3%)	13.5%				
EBITDA:							
Total EBITDA	7	(10)	162.5%				
Margins	5.1%	(8.8%)	13.9%				

Figures were rounded to NIS millions. Totals were calculated based on the exact figures in NIS thousands. 48



Sesame Humera Historical Prices | 2017-2023





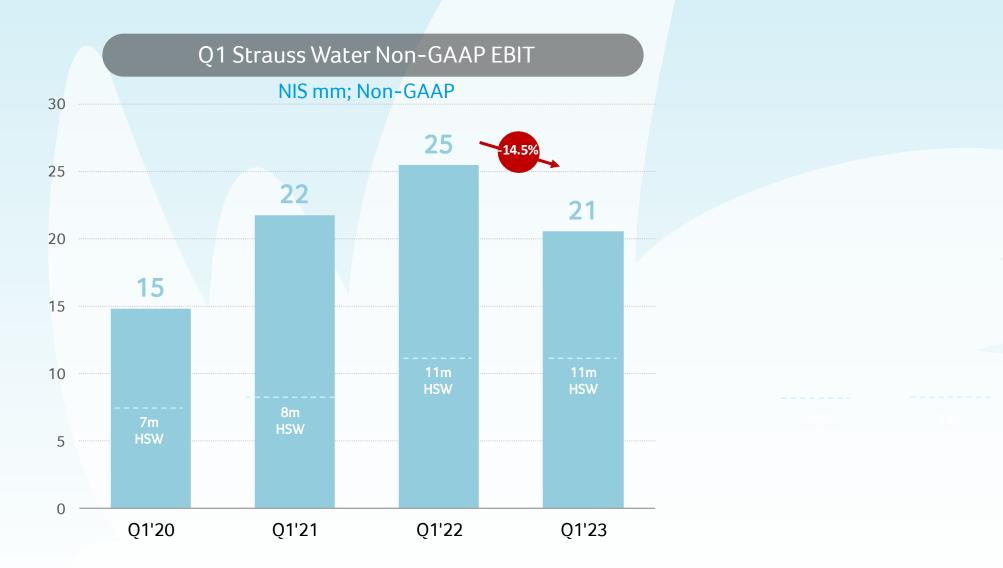












Haier Strauss Water Q1 Snapshot ¥mm; Non-GAAP; for 100% share









Note: (1) Haier Strauss Water (HSW) is a company jointly held by Haier (51%) and Strauss Group (49%)



Thank You

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