



Quarterly Report

for the period ended September 30, 2025

Turpaz Industries Ltd.

This English translation accompanies the Hebrew immediate report published simultaneously (the "Hebrew Version") and is provided for convenience only. It is not an official translation and has no binding force. While reasonable care has been taken in its preparation, no translation can perfectly reflect the Hebrew Version. In case of any discrepancy, the Hebrew Version shall prevail.





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Chapter A

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





This is an English translation of a Hebrew report that was published on the Israel Securities Authority website (MAGNA) on November 12, 2025 (hereafter: the “**Hebrew Version**”). This English version is only for convenience purposes. This is not an official translation and has no binding force. Whilst reasonable care and skill have been exercised in the preparation hereof, no translation can ever perfectly reflect the Hebrew Version. In the event of any discrepancy between the Hebrew Version and this translation, the Hebrew Version shall prevail.

Directors’ Report on the State of the Corporation’s Affairs

For the Period Ended September 30, 2025

The Company’s Board of Directors is pleased to submit the Board of Directors' Report on the state of affairs of Turpaz Industries Ltd. (hereinafter - the “**Company**”), for the three and nine months ended September 30, 2025, all in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970.

This report was drawn out assuming that the Description of the Corporation’s Business chapter as included in Chapter A to the 2024 Periodic Report, which was published on March 18, 2025 (Ref. No.: 2025-01-017724) (hereinafter - the “**2024 Periodic Report**”) is available to the reader. Unless otherwise stated, terms included in this report shall have the meaning assigned to them in the 2024 Periodic Report.

The implementation of Turpaz’s mergers and acquisitions strategy in combination with extensive organic growth, led to record results in the third quarter and first nine months of 2025, with a double-digit increase in sales, gross profit, operating profit, adjusted EBITDA¹ and net income as detailed below:

- **In the third quarter of 2025 -**

Turpaz’s sales grew by approx. **57.4%** reaching a record level of approx. **USD 76.7 million**, an increase arising from a double-digit organic growth of approx. **18.2%** and from acquisitions completed in 2024 and the first nine months of 2025. The growth trend continues during the fourth quarter of 2025.

The Group’s results as of the date of this report reflect an annual sales run rate² exceeding approximately USD 300 million.

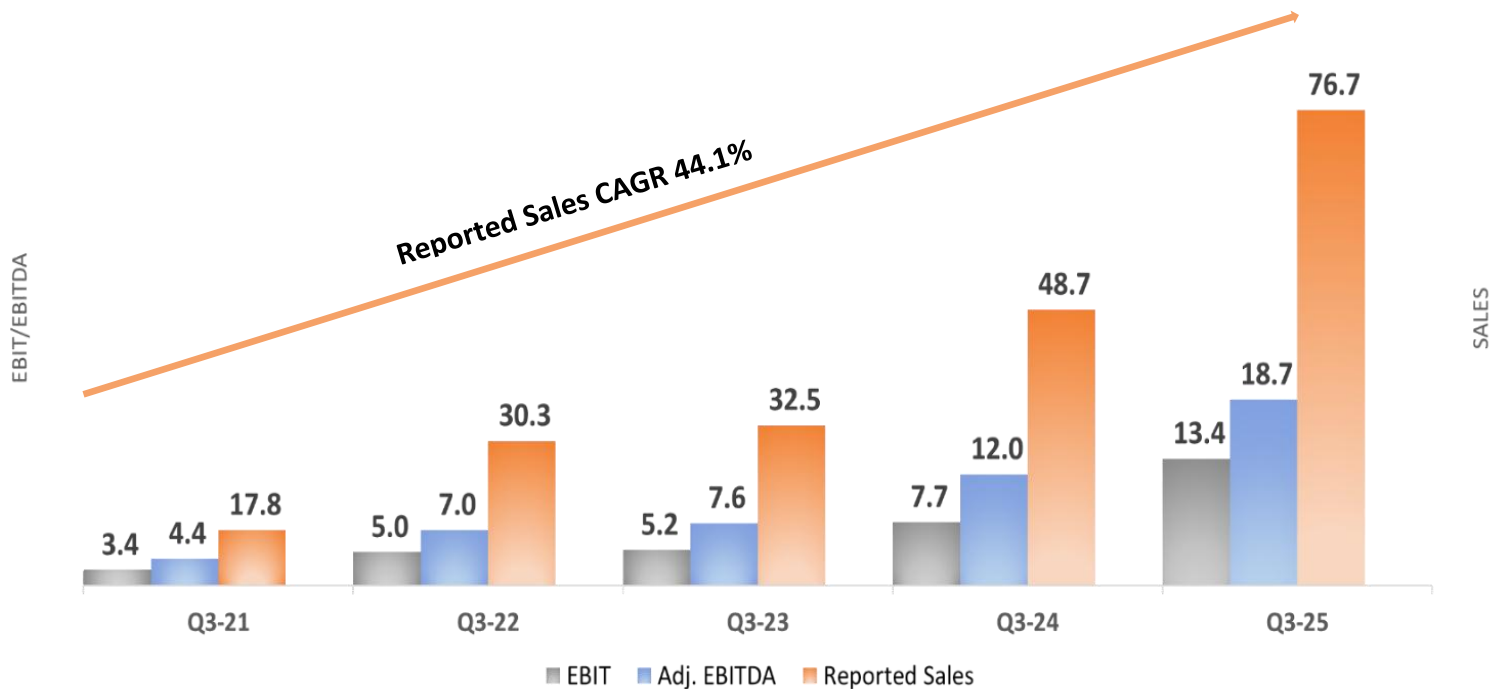
Adjusted EBITDA increased by approx. **55.1%** and amounted to approx. **USD 18.7 million**, the rate of adjusted EBITDA of sales amounted to approx. **24.4%**, operating profit increased by approx. **73.4%** and

¹ **Adjusted EBITDA** means - earnings before interest, taxes, depreciation and amortization, net of non-recurring expenses. It is emphasized that this metric is not based on generally accepted accounting principles; it is a generally accepted metric used to measure the operational efficiency of companies operating in the Company’s area of activity. For more information regarding the metric and the use thereof, see Section 8 to the Board of Directors' Report, which is attached to the 2024 annual report.

² **The annual sales run-rate** constitutes forward-looking information, based on the Company’s estimates of its annualized sales pace. Such information is based on the Group management’s assessments, which may not materialize, or may materialize differently than expected, as a result of inaccurate estimates, changes in the work plan, market changes, or the occurrence of all or part of the risk factors set out in Section 1.28 of Part A of the 2024 periodic report.



amounted to approx. **USD 13.4 million**, net income increased by approx. **29.6%** and amounted to approx. **USD 6 million** and Non-GAAP net income grew by approx. **64.1%** and amounted to approx. **USD 10.9 million**.

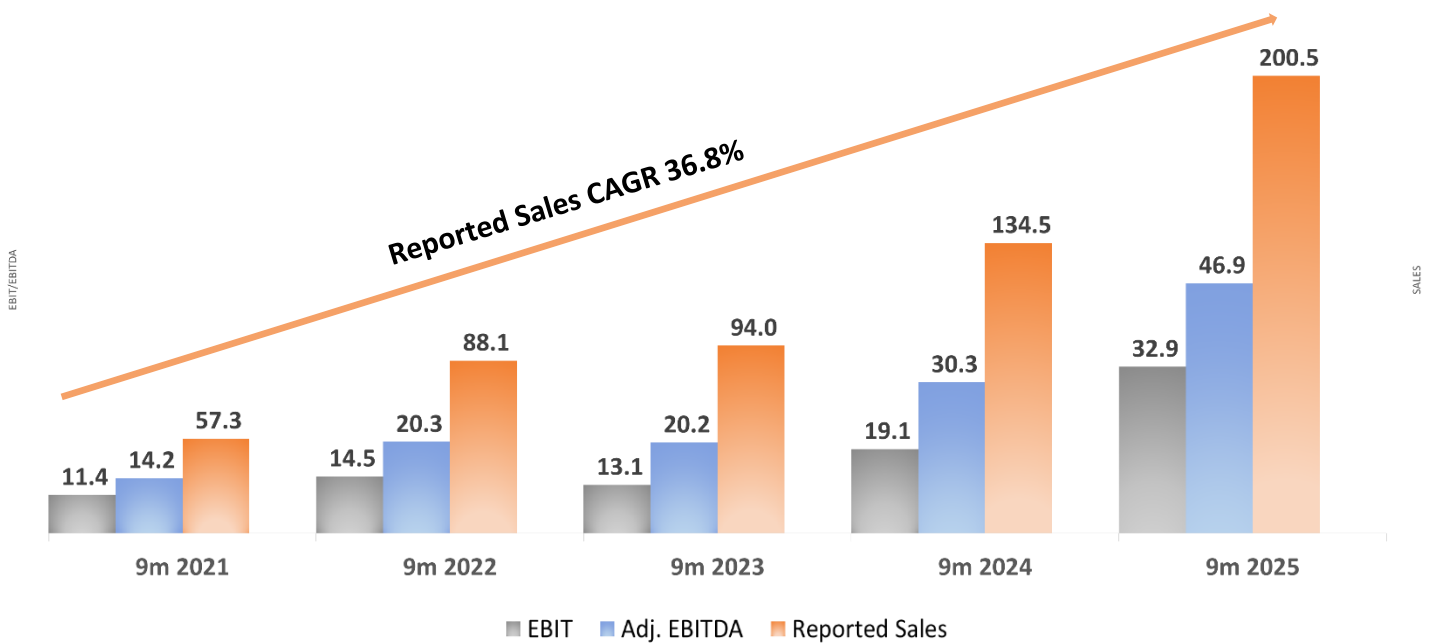


- **In the first nine months of 2025 -**

Turpaz's sales grew by approx. **49.0%** reaching a record level of approx. **USD 200.5 million**, an increase arising from a double-digit organic growth³ of approx. **14.0%** and from acquisitions completed in 2024 and the first nine months of 2025.

Adjusted EBITDA increased by approx. **54.7%** and amounted to approx. **USD 46.9 million**, the rate of adjusted EBITDA of sales amounted to approx. **23.4%**, operating profit increased by approx. **72.6%** and amounted to approx. **USD 32.9 million**, net income increased by approx. **46.3%** and amounted to approx. **USD 16.6 million** and Non-GAAP net income grew by approx. **57.2%** and amounted to approx. **USD 26.2 million**.

³ **Organic growth** - is after deduction of the effect of exchange rates, on a pro-forma basis, assuming that the acquisitions that were completed in 2024 were consolidated as from January 1, 2024, and the acquisitions that were completed in the first nine months of 2025 were consolidated in a similar way in 2024.



- In the third quarter of 2025, the cash flow from operating activities amounted to approx. **USD 13.3 million** compared to approx. **USD 4.4 million** in the corresponding quarter last year, and in the first nine months of 2025 it amounted to approx. **USD 26.5 million** compared to **USD 15.7 million** in the corresponding period last year.
- The Company continues to maintain strong financial stability, with full compliance with its financial covenants towards the banks, reflected in an equity-to-total-assets ratio of approximately 40.8% and a net debt coverage ratio of only about 0.6.
- Since the beginning of 2025, Turpaz completed 5 merger and acquisition transactions in England, Belgium, Poland, France and India, and a further acquisition in South Africa, which is contingent on the fulfillment of conditions precedent⁴ as detailed below, which expanded and established its geographic deployment, both by entering into new territories and by establishing and expanding activities in existing territories, which allow the leveraging of synergy with the Company's activity and the expansion of the product offering.

⁴ See details regarding the Nicola-J transaction below.



Part A - Board of Directors' Explanations to the State of the Corporation's Affairs, Operating Results, Shareholders' Equity and Cash flows

1. General

The Company was incorporated and registered in Israel as a private company limited by shares on February 10, 2011.

On May 23, 2021, the Company completed an IPO based on a post-money valuation of NIS 883 million, its shares were listed on the Tel Aviv Stock Exchange (hereinafter - the “**Stock Exchange**”), and it became a publicly-traded company, as this term is defined in the Companies Law, 1999.

The Company operates, independently and through its subsidiaries (hereinafter - “**Turpaz**” or the “**Group**”), in three operating segments - the fragrance segment, the taste segment, and the specialty fine ingredients segment. As part of this activity, Turpaz is engaged in research, development, production, marketing, distribution and sale of natural and synthetic sweet and savory **taste extracts**, seasonings, unique functional solutions for the field of baking, raw materials for the meat and baking industries, special (gluten free) flours, which are used mainly in the production of food and beverages; **fragrance extracts**, used in the production of cosmetics, toiletries, personal care, air care & odor neutralizers products; and **specialty fine ingredients** which include citrus products and aroma chemicals used in the taste and fragrance industries, and raw materials for the pharma and fine chemicals industries.

For more information regarding those segments, see Section 1.3.2 to Chapter A to the 2024 Periodic Report.

The Turpaz Group has an extensive and diversified range of products, which are developed and produced in the Group's plants across the world.

As of the report's publication date, the Group develops, produces, markets and sells products to more than approx. 4,100 customers in more than 90 countries, and operates 25 manufacturing facilities, R&D centers, laboratories and sales, marketing and regulation offices across the world, which employ approx. 970 employees.

Combined growth strategy:

Turpaz Group's strategy is based on combined growth that includes targets of double-digit growth and improvement of the Group's geographic deployment through M&As and acquisitions of activities that are synergetic to the Group's activity and organic growth, while leveraging the synergies between Group companies in the areas of cross sales, procurement, development, marketing and compliance with regulatory requirements, which contribute to the improvement in profits and profitability while increasing operational efficiency. The Company continues assessing options to acquire additional companies on an ongoing basis, noting the market conditions and the expected contribution from the acquisition, as estimated by the Company. During the reporting period, Turpaz continued the implementation of its growth strategy and expanded its activity in international markets, while enhancing its position in the field



of taste and fragrance solutions and its geographic deployment across the world. **For information regarding acquisitions completed in 2024, see Section 1.4 to Chapter A to the 2024 Periodic Report.**

Turpaz Group operates in accordance with an orderly plan it developed to achieve the swift integration of the acquired company into the Group and the enhancement of the global management; this includes, among other things, retaining the existing managements of the acquired companies, which are mostly led by the previous owners for a number of years and integrating those managements into Turpaz's management, enhancing and expanding the product offering and expanding the customer base and integrating Turpaz Group's command and control systems in the sales, R&D, procurement, and finance functions of the acquired companies, in order to achieve swift utilization of synergies. In the opinion of the Company, as of the date of this report, it has not yet utilized the full potential of the acquisitions it made in recent years, and that it is taking action on a current basis to fully utilize and maximize the potential of those acquisitions.

Company's assessments as to the Group's growth rate, the fulfillment of the potential embodied in the acquisitions, the periods during which the potential embodied in the acquisitions and the new recruitments will be fulfilled, and as to the integration of the acquired companies into the Group constitutes forward-looking information, as defined in the Securities Law, which is based on Group management's assessments, and may not materialize or materialize in a manner different than expected, as a result of incorrect assessments, changes to the work plan, changes in the market, or the materialization of all or some of the risk factors listed in Section 1.28 to Chapter A of the 2024 Periodic Report.

Mergers and acquisitions completed since the beginning of 2025:

The Nicola-J transaction

On September 29, 2025, the Company signed - through Sunspray⁵ - an agreement for the acquisition of 60% of the share capital of Nicola-J Flavours & Fragrances (Pty) Ltd. - a privately-owned South African company (hereinafter - "**Nicola-J**") from its shareholders, in consideration for approx. USD 6.8 million (approx. ZAR 118.4 million). The consideration is subject to adjustment, which is based on Nicola-J's EBITDA in the period ending February 28, 2026. The transaction is expected to be completed in the next few months, subject to receipt of a regulatory approval in South Africa. The transaction will be finance using own sources. Nicola-J was established in 1997; it is engaged in the development, manufacturing and marketing of sweet and savory flavors, food colors, oleoresins (concentrated plant extracts), and essential oils. Nicola-J has a broad and diversified customer base in South Africa and in other countries in Africa, including Zimbabwe, Mozambique, Zambia, Botswana, and Kenya. Nicola-J operates a manufacturing site, a research and development lab and sales offices in Johannesburg, in proximity to Sunspray's offices

⁵ Sunspray Solutions Proprietary Limited, a privately-owned South African company, 55% of the share capital of which is held by Turpaz Belgium SRL, a privately-owned Belgian company, which is wholly-owned by Turpaz.



spanning an area of 5,100 square meters, of which 2,500 square meters are built-up; these facilities are also included in the transaction. Nicola-J's management, which has many years of experience in the South African flavors industry, will continue to lead and manage Nicola-J in the next few years. The agreement includes a call/put option to purchase Nicola-J's remaining shares, which is exercisable starting from three years after the transaction's completion date, at an exercise price based on Nicola-J's business performance during the period from the transaction's completion date through the option's exercise date. It should be clarified that Nicola-J's results will be consolidated with those of the Company only from the transaction completion date. For more information, see immediate report of September 29, 2025 (Ref. No.: 2025-01-072925).

The Attractive Scent transaction

On July 11, 2025, Turpaz completed - through Turpaz Belgium⁶ - the acquisition of 68.6% of the share capital of Attractive Scent SAS - a French privately-owned company (hereinafter - "**Attractive Scent**") located at the heart of the global perfume industry, in Grasse, the South of France - from its founders and other shareholders (hereinafter - the "**Sellers**"), in consideration for approx. EUR 27.4 million (approx. USD 32.3 million). The transaction was financed through long-term bank financing as detailed in the immediate report of July 10, 2025, which is referred to below. Attractive Scent, which was founded in 2018, develops, manufactures, and markets fragrance extracts for the fine fragrances industry, as well as for personal care products, cosmetics, air care products and candles. Attractive Scent has an extensive and diverse customer base in Europe, the Middle East, Asia, Africa and South America, and it offers a wide range of solutions and products for the global fragrances industry. Attractive Scent operates a manufacturing site, a development laboratory with leading perfumers - including one of the company's founders - and a sales center in Grasse, South of France, which is considered the capital of the global perfume industry. The founders, who have many years of experience in the French fragrances industry, shall continue to lead and manage Attractive Scent in the next few years, and joined the management team of the Group's fragrances division. The agreement includes a call/put option for the acquisition of Attractive Scent's remaining shares, and under the agreement's terms: (a) 10% of Attractive Scent's shares are exercisable starting one year from the transaction completion date, at an exercise price, which is based on Attractive Scent's business performance in the eight quarters preceding the option exercise date, which will be paid in Turpaz shares to be allocated in accordance with their average price in the 30 calendar days preceding the exercise date; and (b): 21.4% of Attractive Scent's shares are exercisable starting three years from the transaction completion date, at an exercise price, which is based on Attractive Scent's business performance in the eight quarters preceding the option exercise date, which will be paid in cash or Turpaz shares, as to be decided by the Sellers. For more information, see immediate report of July 2, 2025 (Ref.

⁶ Turpaz Belgium SRL, a privately-owned Belgian company, which is wholly-owned by the Company.



No.: 2025-01-047692). Attractive Scent's results were consolidated with the Group's financial statements as from July 2025.

The Carotex transaction

On June 3, 2025, Turpaz completed - through its subsidiary Pollena Aroma⁷, the acquisition of the activity of Carotex⁸, which was founded by the Tatrzański family (hereinafter - “**Carotex**” and the “**Founders**”, respectively), in consideration for approx. USD 23.4 million (approx. PLN 87.2 million) and an allocation of 22% of Pollena's share capital. The consolidation of Carotex and Pollena's synergistic activities - which are of similar scope - is expected to result in increased operational efficiency and allow Turpaz to enhance and expand its product offering and leverage and utilize the cross-selling options arising from the acquisition, both by expanding its customer base and by expanding its product offering in the taste and fragrances segments, mainly in the beverages sub-segment - an area with a significant potential growth, in which Pollena has hardly had any involvement to date. Carotex, which was founded in 1989, operates in the taste and fragrances industries in Poland. In the taste segment, Carotex develops, manufactures and markets sweet flavors, emulsions, and beverage colorants (both for soft beverages, alcoholic and non-alcoholic) and food products (dairy, baking products, and pharmaceuticals). In the fragrances segment, Carotex develops, manufactures, and markets fragrance extracts for the personal care, cosmetics, toiletries, air care, and detergent industries. Carotex has a broad customer base in Europe, mainly in Poland, and a very broad range of solutions and products, which supplement the solutions and products currently offered by Pollena, mainly in the beverages sub-segment as described above. The founders, which have many years of experience in the field of specialty fine ingredients for food, beverages and fragrance extracts, will join Pollena's management team and support the consolidation of Pollena and Carotex's activities. The agreement includes a call/put option for the acquisition of the allocated Pollena shares as described above; the option may be exercised over one year, starting 4 years after the transaction completion date. The option's exercise price is based on Pollena's EBITDA as from the completion date and through the exercise date of the option. For more information, see immediate report of June 3, 2025 (Ref. No.: 2025-01-039571). Carotex's results were consolidated with the Group's financial statements as from June 2025.

AFS transaction

Further to its penetration to the taste market in England by purchasing F&E, the Company decided to transfer the taste extracts for vaping products activities in England to a dedicated subsidiary held by Turpaz UK - NGF.⁹ On February 19, 2025, the said subsidiary completed the acquisition of 100% of the shares of Advance Flavour Solutions Limited, a privately-owned company incorporated in England (hereinafter -

⁷ Fabryka Substancji Zapachowych "Pollena-Aroma" Spółka z ograniczoną odpowiedzialnością, a privately-owned Polish company - in the share capital and voting rights thereof Turpaz has a 100% (indirect) stake prior to the transaction completion date (hereinafter - “**Pollena**”).

⁸ Carotex Koncentraty Tatrzański Spółka komandytowa, a limited partnership incorporated in Poland.

⁹ New Generation Flavors Limited



“AFS”) from its shareholders (hereinafter - the “**Agreement**” and the “**Sellers**”, respectively), in consideration for GBP 4.5 million (approx. USD 5.7 million) and allocation of 75.01% of NGF’s shares to the Sellers. As of the report date, subsequent to the completion of the transaction, Turpaz UK holds 24.99% of NGF’s shares, and the remaining shares are held by the Sellers. AFS was established in 2017; it is a leading company in the field of development, manufacturing and marketing of taste extracts for vaping products, and operates an advanced manufacturing facility, which includes R&D laboratories, applications, and development and sales functions near Manchester, England (near F&E’s plant in Blackburn). AFS, which is managed by the Sellers, who have extensive experience in the vaping products industry, has unique solutions and technologies, innovative products adapted to emerging market trends and a broad customer base - mostly in the British Isles. For more information, see immediate report of February 19, 2025 (Ref. No.: 2025-01-011694).

Acquisition of Doucy

On February 24, 2025, the Company completed - through Turpaz Belgium - the acquisition of 100% of the share capital of Ets Doucy SRL, a privately-owned Belgian company (hereinafter - “**Doucy**”) and the real estate used by its factory from its shareholders (hereinafter in this section - the “**Sellers**”), in consideration for EUR 8.3 million (approx. USD 8.5 million), and additional consideration based on Doucy’s EBITDA during the period through February 28, 2027. Doucy, which was founded on 1968, has extensive experience and expertise in the field of sweet tastes for food, beverages (soft and alcoholic), colorings and additives for the animal food industry; the company is engaged in the development, manufacturing and marketing of sweet tastes and high-quality solutions for the food and food additives industry, mainly to Benelux markets. Doucy has a production facility, development laboratory and applications in Fernelmont, Belgium (about one hour’s drive from Brussels), sprawling an area of 5,600 sq. m, of which 2,644 sq. m are built; the said area was purchased by the Group as part of the transaction. The Sellers, who have many years of experience in the sweet tastes industry will continue functioning as Doucy’s managers in the forthcoming years and have joined Turpaz’s management team. For more information, see immediate report of February 25, 2025 (Ref. No.: 2025-01-012757).

2. Events during the reporting period and subsequent to balance sheet date

- 2.1. For more information regarding material acquisitions through the report publication date, see Section 1 above.
- 2.2. On August 24, 2025, the Company completed a private offering of 7,105,000 ordinary shares of the Company of no par value, which were allocated to institutional investors. The shares were allocated to the offerees at a price of NIS 46.5 per share, at a total (gross) amount of NIS 330,382,500 (a gross amount of USD 97,746,302). For more information, see immediate reports of August 20, 2025 and August 24, 2025 (Ref. Nos.: 2025-01-061998 and 2025-01-062917, respectively).
- 2.3. For details regarding material events during and after the reporting period, see Note 4 to the financial statements.



3. **Financial position**

The total amount of assets and liabilities as of September 30, 2025 was mainly affected by an increase due to completion of acquisition of companies during the period, and an increase due to the weakening of the dollar, mainly against the euro and the shekel compared to December 31, 2024.

Set forth below are key balance sheet data included in the Company's financial statements (in USD thousand)

	September 30, 2025	September 30, 2024	December 31, 2024	Company's explanations compared to December 31, 2024
Current assets	256,107	104,796	123,719	The increase stems mainly from consolidation of companies acquired in the period, an increase in the scope of the Group's activity, and the issuance of shares.
Non-current assets	433,555	274,150	267,031	The increase stems mainly from consolidation of companies acquired in the period, including intangible assets. In addition, the acquisition of companies accounted for by the equity method, and classification of assets held for sale.
Total assets	689,662	378,946	390,750	
Current liabilities	127,053	82,544	70,136	The increase arises mainly from an increase in short-term credit for the purpose of financing acquisitions, classification of liabilities in respect of put options as short-term liabilities, and from the consolidation of companies acquired in the reporting period.
Non-current liabilities	281,330	148,014	176,368	The increase stems mainly from taking long-term loans to finance the acquisitions, from consolidation of long-term loans of companies acquired in the reporting period, and from recognition of a liability in respect of the put options.
Total equity	281,279	148,388	144,246	The increase arises mainly from the issuance of shares, an approx. USD 16.6 million net income in the reporting period, exercise of non-marketable options of employees and advisors, and translation differences due to changes in exchange rates of currencies.
Total liabilities and equity	689,662	378,946	390,750	



4. Operating results

4.1. Set forth below is an analysis of the operating results for the three months ended September 30, 2024 and 2025 (in accordance with the financial statements, and the explanations for the key changes in those data in USD thousand):

Line item	For the three-month period ended September 30, 2025	For the three-month period ended September 30, 2024	Company's explanations compared to the corresponding period last year
Revenues from sales	76,704	48,738	Revenues from sales increased by approx. 57.4% due to extensive organic growth ¹⁰ of approx. 18.2% and due to growth arising from companies, whose acquisition was completed in 2024 and the first nine months of 2025. The effect of exchange rates of foreign currencies contributed approx. 5.4% of sales.
Cost of sales	44,984	28,793	Gross profit increased by approx. 59% , mainly in view of the increase in sales. The improvement in profitability is due to streamlining measures and high growth rate.
Gross profit (% of sales)	31,720 41.4%	19,945 40.9%	
Research and development expenses (% of sales)	3,109 4.1%	1,813 3.7%	The increase arises from the consolidation of the results of operations of companies, whose acquisition was completed during 2024 and the first nine months of 2025, and amortization of intangible assets in respect of those acquisitions.
Selling and marketing expenses (% of sales)	7,603 9.9%	4,330 8.9%	The increase arises from the consolidation of the results of operations of companies, whose acquisition was completed during 2024 and the first nine months of 2025, and amortization of intangible assets in respect of those acquisitions.
General and administrative expenses (% of sales)	8,032 10.5%	5,502 11.3%	The increase in general and administrative expenses arises from the consolidation of companies, the acquisition of which was completed during 2024 and in the first nine months of 2025. Despite the above increase, the rate of expenses out of total sales improved due to the fixed expenses component.
Company's share in losses (profits) of companies accounted for by the equity method, net	(34)	-	Gains in respect of non-consolidated investees
Other expenses (income)	(363)	586	Arises from the award of compensation by the government in an amount of approximately USD 1 million in respect of the Iron Swords War, net of expenses related to the acquisition of companies.

¹⁰ See footnote 2 above.



Line item	For the three-month period ended September 30, 2025	For the three-month period ended September 30, 2024	Company's explanations compared to the corresponding period last year
Income from ordinary operations (% of sales)	13,373 17.4%	7,714 15.8%	The increase stems mainly from an increase in sales and the steps taken to increase efficiency and synergies that were reflected in 2024 and the first nine months of 2025.
Financing expenses, net	4,725	1,581	The increase stems mainly from non-cash finance expenses in respect of put options, interest expenses in respect of loans taken by the Company from banking corporations to finance acquisitions and exchange differences expenses.
Taxes on income (Effective tax %)	2,641 30.5%	1,497 24.4%	The change arises from changes in the pre-tax profit mix between the different countries in which the Group operates, and from non-cash finance expenses in respect of put options, regarding which no tax shield is in place.
Net income for the period (% of sales)	6,007 7.8%	4,636 9.5%	The net income increased by approx. 29.6% , mainly due to the growth in profits, completed acquisitions and the synergy arising therefrom.
Non-GAAP net income ¹¹ (% of sales)	10,890 14.2%	6,636 13.6%	An increase of approx. 64.1%, arising mainly from the growth in profits, completed acquisitions and the synergy arising therefrom.
EBITDA	18,889	11,595	The adjusted EBITDA increased by approx. 55.1% compared to the corresponding period last year. The increase in the rate of adjusted EBITDA stemmed from the reasons listed above in this table.
Adj. EBITDA¹² (% of sales)	18,683 24.4%	12,047 24.7%	

¹¹See Section 8.2 below.

¹²See Section 8.1 below.



4.2. Set forth below is an analysis of the operating results for the nine months ended September 30, 2024 and 2025 (in accordance with the financial statements, and the explanations for the key changes in those data in USD thousand):

Line item	For the nine-month period ended September 30, 2025	For the nine-month period ended September 30, 2024	For the period ended December 31, 2024	Company's explanations compared to the corresponding period last year
Revenues from sales	200,481	134,519	188,948	Revenues from sales increased by approx. 49.0% due to extensive organic growth ¹³ of approx. 14.0% and due to growth arising from companies, whose acquisition was completed in 2024 and the first nine months of 2025. The effect of exchange rates of foreign currencies contributed approx. 2.7% of sales.
Cost of sales	120,527	82,092	115,289	Gross profit increased by approx. 52.5% , mainly in view of the increase in sales. The improvement in profitability is due to streamlining measures and high growth rate.
Gross profit (% of sales)	79,954 39.9%	52,427 39.0%	73,659 39.0%	
Research and development expenses (% of sales)	7,590 3.8%	5,118 3.8%	7,034 3.7%	The increase arises from the consolidation of the results of operations of companies, whose acquisition was completed during 2024 and the first nine months of 2025, and amortization of intangible assets in respect of those acquisitions.
Selling and marketing expenses (% of sales)	18,833 9.4%	11,280 8.4%	16,273 8.6%	The increase arises from the consolidation of the results of operations of companies, whose acquisition was completed during 2024 and the first nine months of 2025, and amortization of intangible assets in respect of those acquisitions.
General and administrative expenses (% of sales)	21,438 10.7%	15,729 11.7%	22,124 11.7%	The increase in general and administrative expenses arises from the consolidation of companies, the acquisition of which was completed during 2024 and in the first nine months of 2025. Despite the above increase, the rate of expenses out of total sales improved due to the fixed expenses component.

¹³ See footnote 2 above.



Line item	For the nine-month period ended September 30, 2025	For the nine-month period ended September 30, 2024	For the period ended December 31, 2024	Company's explanations compared to the corresponding period last year
Company's share in losses (profits) of companies accounted for by the equity method, net	(633)	-	(36)	Gains in respect of non-consolidated investees
Other expenses (income)	(203)	1,222	532	Arises from the award of compensation by the government in an amount of approximately USD 1 million in respect of the Iron Swords War, net of expenses pertaining to acquisition of companies.
Income from ordinary operations (% of sales)	32,929 16.4%	19,078 14.2%	27,732 14.7%	The increase stems mainly from an increase in sales and the steps taken to increase efficiency and synergies that were reflected in 2024 and the first nine months of 2025.
Financing expenses, net	10,287	4,040	6,680	The increase stems mainly from non-cash finance expenses in respect of put options and interest expenses in respect of loans taken by the Company from banking corporations to finance acquisitions.
Taxes on income (Effective tax %)	6,002 26.5%	3,661 24.3%	5,307 25.2%	The change arises from changes in the pre-tax profit mix between the different countries in which the Group operates, and from non-cash finance expenses in respect of put options, regarding which no tax shield is in place.
Net income from continued operations (% of sales)	16,640 8.3%	11,377 8.5%	15,745 8.3%	The net income increased by approx. 46.3% , mainly due to the growth in profits, completed acquisitions and the synergy arising therefrom.
Net income from discontinued operation	-	-	165 0.1%	
Net income for the period (% of sales)	16,640 8.3%	11,377 8.5%	15,910 8.4%	
Non-GAAP net income ¹⁴ (% of sales)	26,230 13.1%	16,690 12.4%	23,317 12.3%	An increase of approx. 57.2%, arising mainly from the growth in profits, completed acquisitions

¹⁴See Section 8.2 below.



Line item	For the nine-month period ended September 30, 2025	For the nine-month period ended September 30, 2024	For the period ended December 31, 2024	Company's explanations compared to the corresponding period last year
				and the synergy arising therefrom.
EBITDA	46,793	29,200	41,599	The adjusted EBITDA increased by approx. 54.7% compared to the corresponding period last year. The increase in the rate of adjusted EBITDA stemmed from the reasons listed above in this table.
Adj. EBITDA ¹⁵ (% of sales)	46,936 23.4%	30,342 22.6%	42,975 22.7%	

4.3. Set forth below is an analysis of the operating results for the three months ended September 30, 2024 and 2025, by segments (in USD thousand):

Segment		For the three-month period ended September 30, 2025	For the three-month period ended September 30, 2024	Company's explanations to the change in the third quarter of 2025 compared to the third quarter of 2024
Taste segment	Revenues (% of Group sales)	52,986 69.1%	36,076 74.0%	Revenues increased by approx. 46.9% , mainly as a result of acquisitions completed during 2024 and the first nine months of 2025, and as a result of organic growth of approx. 12.5% . The effect of exchange rates of foreign currencies contributed approx. 5.5% of sales. The increase in profitability stems from operational streamlining and leveraging of synergies in the segment, alongside the increase in sales and the fixed expenses component.
	Operating profit (% of sales)	10,685 20.2%	5,885 16.3%	
Fragrances segment	Revenues (% of Group sales)	15,043 19.6%	8,811 18.1%	Revenues increased by approx. 70.7% , mainly as a result of acquisitions completed during the first nine months of 2025, and as a result of organic growth of approx. 8.4% . The effect of exchange rates of foreign currencies contributed approx. 6.2% of sales.
	Operating profit (% of sales)	3,956 26.3%	2,415 27.4%	
Specialty fine ingredients segment	Revenues (% of Group sales)	8,675 11.3%	3,851 7.9%	Revenues increased by approx. 125.3% as a result of organic growth of approx. 121.4% , arising from successful implementation of steps taken by the Company to change its product mix by focusing on and introducing aroma chemicals and citrus products to the taste and fragrance industries. This move included the improvement of operating processes and the introduction of new products with high added-value, which are
	Operating profit (% of sales)	1,808 20.8%	1,561 40.5%	

¹⁵See Section 8.1 below.



Segment		For the three-month period ended September 30, 2025	For the three-month period ended September 30, 2024	Company's explanations to the change in the third quarter of 2025 compared to the third quarter of 2024
				expected to contribute to improvement in profitability in the forthcoming quarters.¹⁶ In addition, customers resumed the purchase of products from Chemada's plant located in the Gaza Envelope area, having switched to alternative suppliers during the Iron Swords War. The effect of exchange rates of foreign currencies contributed approx. 1.7% of sales. The change in profitability mainly results from the receipt of government compensation in respect of the Iron Swords War, amounting to approximately USD 1.7 million in the third quarter of 2024, compared to approximately USD 1 million in the third quarter of 2025.
Unallocated joint expenses	Revenues	-	-	
	Operating profit	(3,076)	(2,147)	
Total	Revenues	76,704	48,738	
	Operating profit (% of sales)	13,373 17.4%	7,714 15.8%	

¹⁶Company's assessments as to the effect of the processes detailed above on the improvement in profitability constitutes forward-looking information, as defined in the Securities Law, which is based on Group management's assessments, and may not materialize or materialize in a manner different than expected, as a result of incorrect assessments, changes to the work plan, changes in the market, or the materialization of all or some of the risk factors listed in Section 1.28 to Chapter A of the 2024 Periodic Report.



4.4. Set forth below is an analysis of the operating results for the nine months ended September 30, 2024 and 2025, by segments (in USD thousand):

Segment		For the nine-month period ended September 30, 2025	For the nine-month period ended September 30, 2024	For the 12-month period ended December 31, 2024	Company's explanations to the change between the first nine months of 2024 and the first nine months of 2025
Taste segment	Revenues (% of Group sales)	142,711 71.2%	94,817 70.5%	135,542 71.7%	Revenues increased by approx. 50.5% , mainly as a result of acquisitions completed during 2024 and the first nine months of 2025, and as a result of organic growth of approx. 9.3% . The effect of exchange rates of foreign currencies contributed approx. 2.7% of sales. The increase in profitability stems from operational streamlining and leveraging of synergies in the segment, alongside the increase in sales and the fixed expenses component.
	Operating profit (% of sales)	28,523 20.0%	16,173 17.1%	23,579 17.4%	
Fragrances segment	Revenues (% of Group sales)	33,722 16.8%	26,569 19.8%	34,945 18.5%	Revenues increased by approx. 26.9% , mainly as a result of acquisitions completed during the first nine months of 2025, and as a result of organic growth of approx. 5.3% . The effect of exchange rates of foreign currencies contributed approx. 3.7% of sales.
	Operating profit (% of sales)	8,949 26.5%	7,288 27.4%	9,092 26.0%	
Specialty fine ingredients segment	Revenues (% of Group sales)	24,069 12.0%	13,136 9.7%	18,464 9.7%	Revenues increased by approx. 83.2% as a result of organic growth of approx. 81.9% , arising from successful implementation of steps taken by the Company to change its product mix by focusing on and introducing aroma chemicals and citrus products to the taste and fragrance industries. This move included the improvement of operating processes and the introduction of new products with high added-value, which are expected to contribute to improvement in profitability in the forthcoming quarters. ¹⁷ In addition, customers resumed the purchase of products from Chemada's plant located in the Gaza Envelope area, having switched to alternative suppliers during the Iron Swords War. The effect of exchange rates of foreign currencies contributed approx. 0.7% of sales.
	Operating profit (% of sales)	2,962 12.3%	1,536 11.7%	3,052 16.5%	
	Revenues	(21)	(3)	(3)	

¹⁷ See footnote 15 above.



Segment		For the nine-month period ended September 30, 2025	For the nine-month period ended September 30, 2024	For the 12-month period ended December 31, 2024	Company's explanations to the change between the first nine months of 2024 and the first nine months of 2025
Unallocated joint expenses	Operating profit	(7,505)	(5,919)	(7,991)	
Total	Revenues	200,481	134,519	188,948	
	Operating profit (% of sales)	32,929 16.4%	19,078 14.2%	27,732 14.7%	

5. Liquidity

As of September 30, 2025, the Company has a cash balance of USD 139,355 thousand, and continues to finance the double-digit growth of the Group's activity. Set forth below are the key components of the cash flows and the way they were utilized (in USD thousand):

	For the three-month period ended September 30, 2025	For the three-month period ended September 30, 2024	Company's explanations to the change in the third quarter of 2025 compared to the third quarter of 2024
Net cash provided by operating activities	13,349	4,443	The change arises mainly from an increase in net income for the period and a change in working capital balances.
Net cash used in investing activities	(29,911)	(29,245)	
Net cash provided by financing activities	122,173	28,368	The change arises mainly from the issuance of shares at the total amount of approx. USD 97.2 million offset against approx. USD 4.1 million in loan repayments, compared to approx. USD 1 million in the corresponding period last year.
Exchange differences in respect of cash and cash equivalents	2,741	913	
Total change in cash and cash equivalents	108,352	4,479	



	For the nine-month period ended September 30, 2025	For the nine-month period ended September 30, 2024	For the 12-month period ended December 31, 2024	Company's explanations to the change between the first nine months of 2024 and the first nine months of 2025
Net cash provided by operating activities	26,483	15,697	21,116	The change arises mainly from an increase in net income for the period and a change in working capital balances for the purpose of supporting the extensive growth in sales compared to the corresponding period last year.
Net cash used in investing activities	(73,480)	(72,094)	(83,247)	The change arises mainly from acquisition of property, plant and equipment totaling approx. USD 8.2 million compared to approx. USD 5.5 million in the corresponding period last year, offset against acquisition of companies and repayment of liabilities in respect thereof totaling approx. USD 65.5 million compared to approx. USD 66.7 million in the corresponding period last year.
Net cash provided by financing activities	154,881	55,472	65,326	The change arises mainly from the issuance of shares at the total amount of approx. USD 97.2 million.
Exchange differences in respect of cash and cash equivalents	5,545	280	(1,086)	
Total change in cash and cash equivalents	113,429	(645)	2,109	



6. Financing sources

The Company funds its activities mainly from cash flows from operating activities; it finances the acquisition of the companies through own sources, long-term loans and short-term credit. For information about the Company's main financing sources, see Section 1.20 to Chapter A (Description of the Company's Business), and Note 16 to the financial statements attached to the 2024 Periodic Report.

Line item	Data as of September 30, 2025		Data as of December 31, 2024	
	USD thousand	% of total balance sheet	USD thousand	% of total balance sheet
Equity	281,279	40.8%	144,246	36.9%
Other long-term liabilities	163,735	23.7%	102,592	26.3%
Long-term liabilities from banks, net of current maturities	117,595	17.1%	73,776	18.9%
Short-term credit	63,838	9.3%	27,772	7.1%
Suppliers credit	26,790	3.9%	19,402	5.0%
Other long-term payables	36,425	5.3%	22,962	5.9%
Total	689,662	100%	390,750	100%

The average amount of the long-term loans in the first nine months of 2025 was approx. USD 95,686 thousand.

The average amount of the short-term credit in the first nine months of 2025 was approx. USD 45,805 thousand.

In the opinion of the Company, the expected further interest rate cuts will have a positive effect on finance expenses.

As of September 30, 2025, the Company's working capital is approx. USD 129.1 million (approx. 42.1% of sales), compared to working capital of USD 22.3 million (approx. 11.4% of sales) as of September 30, 2024, and working capital of approx. USD 53.6 million as of December 31, 2024 (approx. 24.4% of sales).

As of September 30, 2025, the Company's operating working capital¹⁸ is approx. USD 82.3 million (approx. 26.8% of sales), compared to operating working capital of approx. USD 56.1 million (approx. 27.5% of sales) as of September 30, 2024, and approx. USD 60.7 million (approx. 27.2% of sales) as of December 31, 2024.

The Company's net debt¹⁹ balance as of September 30, 2025, is approx. USD 42.1 million compared to net debt of approx. USD 71.1 million as of September 30, 2024, and approx. USD 76 million as of December 31, 2024.

¹⁸ Operating working capital means - trade receivable plus the balance of inventory and net of trade payables.

¹⁹ Debt net of cash.



7. **Financial covenants set by the banks**

Set forth below are the Company's financial covenants as of September 30, 2025:

(A) **Equity to assets** - the equity shall not be lower than USD 80 million and 20% of total assets at any given time.

As of the date of this report, the Company's equity stands at approx. 40.8% of total assets.

(B) **Debt coverage ratio** - shall not exceed 3.5 at any given time.

As of the date of this report, the Company's debt coverage ratio stands at approx. 0.6.

As of the publication date of this report, the Company does not have loans, whose outstanding balances meet the materiality criteria in accordance with the Israel Securities Authority's position on reportable credit events and the qualitative thresholds as of the end of the reporting period. Accordingly, loans that do not meet the materiality thresholds as of the end of the reporting period were not included in this report, even if disclosure in respect thereof is provided in previous periodic reports.

8. **Non-GAAP data**

8.1. **Adjusted EBITDA**

Adjusted EBITDA means - earnings before interest, taxes, depreciation and amortization, net of non-recurring expenses as described below.²⁰ Set forth below is a breakdown of the adjustments between the operating profit and adjusted EBITDA (USD in thousands):

Section		For the nine-month period ended September 30		For the three-month period ended September 30	
		2025	2024	2025	2024
Operating profit presented in the financial statements		32,929	19,078	13,373	7,714
Depreciation expenses	Property, plant and equipment	4,137	3,571	1,569	1,361
	Intangible asset	5,828	3,572	2,437	1,371
	Leases	2,937	2,141	1,151	801
Amortization expenses in respect of share-based payment to employees		962	838	359	348
One-off expenses (income)		143	1,142	(206)	451
Adj. EBITDA		46,936	30,342	18,683	12,046
(% of sales)		23.4%	22.6%	24.4%	24.7%

8.2. **Non-GAAP net income**

Non-GAAP net income - means net income plus amortization in respect of intangible assets and share-based payment to employees, financing expenses in respect of put options and non-recurring expenses

²⁰ This metric is a generally accepted metric used to measure the operational efficiency of companies operating in the Company's area of activity. This metric is based on data presented in the Company's audited financial statements as described above; however, it is not based on generally accepted accounting principles and it is not audited or reviewed by the Company's independent auditors, nor does it constitute a substitute for the information included in the Company's financial statements.



net of the tax in respect of those expenses.²¹Set forth below is a breakdown of the adjustments between the net income and non-GAAP net income (USD in thousands):

Section	For the nine-month period ended September 30		For the three-month period ended September 30	
	2025	2024	2025	2024
Net income presented in the financial statements	16,640	11,377	6,007	4,636
Amortization expenses in respect of intangibles and share-based payment to employees ²²	6,186	4,140	2,545	1,620
Financing expenses in respect of put options	4,464	968	3,024	306
One-off expenses (income)	143	1,142	(206)	451
Net of the tax effect	(1,203)	(937)	(480)	(377)
Non-GAAP net income (% of sales)	26,230 13.1%	16,690 12.4%	10,890 14.2%	6,636 13.6%

The Company presents its non-GAAP net income in order to more accurately reflect its net profitability given its acquisition-led growth strategy. This data neutralizes non-cash expenses, and specifically amortization of intangible assets - amortization of customer relations and knowhow and amortization in respect of share-based payment to employees and revaluation expenses in respect of options given to sellers.

9. For more information regarding the Iron Swords War and the effects of inflation and interest rates, see Sections 1.8.5-1.8.6 to Chapter A to the 2024 Periodic Report.

10. Valuations and estimates

Information regarding provisional valuation of the acquisition of Carotex, which was carried out by an external appraiser*

Identifying the valuation's subject matter:	Purchase price allocation of Carotex
Valuation date:	June 2, 2025
Value of the valuation's subject matter as per the valuation:	1. Total purchase consideration: PLN 157,270 thousand a. Cash consideration - PLN 87,200 thousand b. Dividend - PLN 11,625 thousand c. Value of purchase option - PLN 58,445 thousand 2. Customer relations: PLN 44,076 thousand 3. Knowhow: PLN 18,981 thousand
Details about the appraiser:	This provisional valuation was carried out by Moore Corporate Finance Ltd., which specializes in valuations, due diligences, economic opinions on legal proceedings and other economic works, both for publicly-traded companies and for privately-held companies. The work was carried out by a team headed by Asaf Ravkaie (CPA), a partner in Moore Corporate Finance Ltd., who has more than 20 years of experience in advising local and international companies; Mr. Ravkaie has a BA in Economics and Accounting from the Tel Aviv University, and an MA in Economics from the Tel Aviv University.

²¹This metric is based on data presented in the Company's audited financial statements as described above; however, it is not based on generally accepted accounting principles and it is not audited or reviewed by the Company's independent auditors, nor does it constitute a substitute for the information included in the Company's financial statements.

²²For details regarding amortization expenses see Section 8 above.



Identifying the valuation's subject matter:	Purchase price allocation of Carotex
Is there an indemnification agreement with the appraiser?	In accordance with the engagement agreement, if the appraiser will be required to pay any amount to a third party in connection with the performance of the services, whether as part of a legal proceeding, or any other binding proceeding, the commissioner of the valuation undertakes to indemnify the appraiser in respect of any such amount it will pay, in excess of an amount equal to three times the appraiser's fees, unless it is determined that the appraiser acted maliciously and/or negligently, in which case no indemnification obligation will apply.
The valuation model used by the appraiser:	The purchase price allocation was carried out in accordance with the provisions and principles of IFRS 3. Customer relations the income approach the MPEEM method. Knowhow the income approach the royalty relief method.
The assumptions, based on which the appraiser carried out the valuation, in accordance with the valuation model:	<u>Key assumptions in the valuation of a customer relations intangible asset</u> Discount rate 13% Attrition rate 20% Useful life - 10 years <u>Key assumptions in the valuation of a knowhow intangible asset</u> Discount rate 13% Royalties rate 10% Useful life - 20 years

* As of the date of this report the valuation has not yet been completed.

Information regarding provisional valuation of the acquisition of Attractive Scent, that was carried out by the Company*

Identifying the valuation's subject matter:	Purchase price allocation of Attractive Scent
Valuation date:	July 11, 2025
Value of the valuation's subject matter as per the valuation:	1. Total purchase consideration: EUR 48,663 thousand a. Cash consideration - EUR 22,926 thousand b. Dividend - EUR 1,120 thousand c. Holdback - EUR 4,086 thousand d. Non-controlling interests - EUR 5,815 e. Value of purchase option - EUR 14,716 thousand 2. Customer relations - EUR 6,146 thousand 3. Knowhow: EUR 9,046 thousand
Details about the appraiser:	Intrinsic value valuation.
The valuation model used by the appraiser:	The purchase price allocation was carried out in accordance with the provisions and principles of IFRS 3. Customer relations the income approach the MPEEM method. Knowhow the income approach the royalty relief method.
The assumptions, based on which the appraiser carried out the valuation, in accordance with the valuation model:	<u>Key assumptions in the valuation of a customer relations intangible asset</u> Discount rate 10.7% Attrition rate 20% Useful life - 10 years <u>Key assumptions in the valuation of a knowhow intangible asset</u> Discount rate 10.7% Royalties rate 10% Useful life - 20 years



* The final valuation shall be carried out by an external appraiser, and as of the date of this report it has not yet been completed.

The Board of Directors wishes to thank the Company's management and its employees for the results achieved in the third quarter of 2025.

Dr. Israel Leshem, Director²³

**Karen Cohen Khazon, CEO and
Chairperson of the Board of Directors**

Date: November 11, 2025

²³ Director authorized by the Board of Directors to sign.



Chapter B

Financial Statements

as of September 30, 2025



TURPAZ INDUSTRIES LTD.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2025

UNAUDITED

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Auditors' review report to the shareholders of Turpaz Industries Ltd.

Introduction

We have reviewed the accompanying financial information of Turpaz Industries Ltd. and subsidiaries ("the Company"), which comprises the condensed consolidated statement of financial position as of September 30, 2025 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the periods of nine and three months then ended. The Company's board of directors and management are responsible for the preparation and presentation of interim financial information for these periods in accordance with IAS 34, "Interim Financial Reporting" and are responsible for the preparation of this interim financial information in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of certain subsidiaries, whose assets included in consolidation constitute approximately 2.4% of total consolidated assets as of September 30, 2025, and whose revenues included in consolidation constitute approximately 5.4% and approximately 4.7% of total consolidated revenues for the periods of nine and three months then ended, respectively. The condensed interim financial information of those companies was reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the financial information in respect of those companies, is based on the review reports of other auditors.

Scope of review

We conducted our review in accordance with Standard on Review Engagements (Israel) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Institute of Certified Public Accounts in Israel. A review of interim financial information 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 generally accepted auditing standards in Israel 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 and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the abovementioned, based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Chapter D to the Securities Regulations (Periodic and Immediate Reports), 1970.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30,		December 31,
	2025	2024	2024
	Unaudited		Audited
	U.S. dollars in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	139,355	23,172	25,926
Trade receivables	56,854	36,535	38,587
Other accounts receivable	6,597	6,153	4,748
Inventories	52,281	38,936	41,544
Assets held for sale	-	-	12,914
Financial assets	1,020	-	-
	<u>256,107</u>	<u>104,796</u>	<u>123,719</u>
NON-CURRENT ASSETS:			
Deferred taxes	2,149	545	1,321
Property, plant and equipment, net	67,098	52,967	52,193
Right-of-use assets, net	24,337	16,910	17,263
Intangible assets, net	314,947	202,819	193,550
Investment in companies accounted for at equity	25,024	-	1,871
Financial assets	-	909	833
	<u>433,555</u>	<u>274,150</u>	<u>267,031</u>
	<u><u>689,662</u></u>	<u><u>378,946</u></u>	<u><u>390,750</u></u>

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30,		December 31,
	2025	2024	2024
	Unaudited		Audited
	U.S. dollars in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Credit from banks and current maturities of long-term loans from banks and others	63,838	41,608	27,772
Trade payables	26,790	19,333	19,402
Other accounts payable	22,286	15,678	15,445
Short-term liabilities in respect of acquisition of activity	10,038	3,350	3,525
Current maturities of lease liabilities	4,101	2,575	2,828
Liabilities attributable to assets held for sale	-	-	1,164
	127,053	82,544	70,136
NON-CURRENT LIABILITIES:			
Long-term loans from banks, less current maturities	117,595	52,464	73,776
Long-term loans from others, less current maturities	-	215	370
Provision for waste removal	1,176	413	1,176
Long-term leases liabilities	21,623	15,315	15,509
Long-term liabilities in respect of acquisition of activity	122,172	65,524	72,773
Deferred taxes	17,950	13,651	12,333
Employee benefit liabilities	814	429	431
Other long-term payables	-	3	-
	281,330	148,014	176,368
EQUITY:			
Equity attributable to equity holders of the company:			
Share capital (*)	1	1	1
Share premium	177,136	75,270	75,552
Other capital reserves	(6,755)	(6,304)	(6,023)
Reserve in respect of translation differences	2,765	(4,374)	(7,369)
Retained earnings	65,874	53,490	52,940
	239,021	118,083	115,101
Non-controlling interests	42,258	30,305	29,145
Total equity	281,279	148,388	144,246
	689,662	378,946	390,750

(*) Less than \$ 1 thousand.

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

November 11, 2025			
Date of approval of the financial statements	Karen Cohen Khazon Chair of the Board and CEO	Dr. Israel Leshem Director <i>Authorized by the Board to sign the financial statements on November 11, 2025</i>	Guy Gill Executive Vice President and CFO

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2025	2024	2025	2024	2024
	Unaudited				Audited
	U.S. dollars in thousands (except per share data)				
Revenues from sales	200,481	134,519	76,704	48,738	188,948
Cost of sales	120,527	82,092	44,984	28,793	115,289
Gross profit	79,954	52,427	31,720	19,945	73,659
Research and development expenses	7,590	5,118	3,109	1,813	7,034
Selling and marketing expenses	18,833	11,280	7,603	4,330	16,273
General and administrative expenses	21,438	15,729	8,032	5,502	22,124
Company's share of earnings of companies accounted for at equity, net	(633)	-	(34)	-	(36)
Other expenses (income)	(203)	1,222	(363)	586	532
Operating income	32,929	19,078	13,373	7,714	27,732
Finance expenses, net	10,287	4,040	4,725	1,581	6,680
Income before taxes on income	22,642	15,038	8,648	6,133	21,052
Taxes on income	6,002	3,661	2,641	1,497	5,307
Net income from continuing operations	16,640	11,377	6,007	4,636	15,745
Income from discontinued operation	-	-	-	-	165
Net income	16,640	11,377	6,007	4,636	15,910
Other comprehensive income (net of tax effect):					
Amounts that will not be reclassified subsequently to profit or loss:					
Adjustments arising from translating financial statements from functional currency to presentation currency	14,662	(3,561)	5,790	1,214	(1,113)
Amounts that will be or that have been reclassified to profit or loss when specific conditions are met:					
Adjustments arising from translating financial statements of foreign operations	(574)	4,359	(2,705)	1,583	(3,320)
Comprehensive income	30,728	12,175	9,092	7,433	11,477
Net income attributable to:					
Equity holders of the Company	12,934	10,369	4,376	4,127	13,819
Non-controlling interests	3,706	1,008	1,631	509	2,091
	16,640	11,377	6,007	4,636	15,910
Comprehensive income attributable to:					
Equity holders of the Company	23,068	11,039	7,295	6,514	11,494
Non-controlling interests	7,660	1,136	1,797	919	(17)
	30,728	12,175	9,092	7,433	11,477
Earnings per share attributable to equity holders of the Company (in U.S. dollars):					
Basic and diluted earnings per share	0.13	0.10	0.04	0.04	0.14

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Share premium	Other capital reserves	Reserve in respect of translation differences	Retained earnings	Total	Non-controlling interests	Total equity
	Unaudited							
	U.S. dollars in thousands							
Balance as of January 1, 2025 (audited)	1	75,552	(6,023)	(7,369)	52,940	115,101	29,145	144,246
Net income	-	-	-	-	12,934	12,934	3,706	16,640
Other comprehensive income	-	-	-	10,134	-	10,134	3,954	14,088
Total comprehensive income	-	-	-	10,134	12,934	23,068	7,660	30,728
Share-based payment	-	-	962	-	-	962	-	962
Exercise of options	-	4,429	(1,601)	-	-	2,828	-	2,828
Issue of share capital	-	97,155	-	-	-	97,155	-	97,155
Purchase of non-controlling interests	-	-	(93)	-	-	(93)	(417)	(510)
Non-controlling interests created in initially consolidated companies	-	-	-	-	-	-	6,806	6,806
Dividends to holders of non-controlling interests	-	-	-	-	-	-	(936)	(936)
Balance as of September 30, 2025	1	177,136	(6,755)	2,765	65,874	239,021	42,258	281,279

	Attributable to equity holders of the Company							Total equity
	Share capital	Share premium	Other capital reserves	Reserve in respect of translation differences	Retained earnings	Total	Non-controlling interests	
Unaudited								
U.S. dollars in thousands								
Balance as of January 1, 2024 (audited)	1	74,449	(4,136)	(5,044)	47,123	112,393	4,934	117,327
Net income	-	-	-	-	10,369	10,369	1,008	11,377
Other comprehensive income	-	-	-	670	-	670	128	798
Total comprehensive income	-	-	-	670	10,369	11,039	1,136	12,175
Share-based payment	-	-	838	-	-	838	-	838
Exercise of options	-	821	(177)	-	-	644	-	644
Reclassification of put options to equity	-	-	(2,829)	-	-	(2,829)	24,449	21,620
Dividends to equity holders of the Company	-	-	-	-	(4,002)	(4,002)	(214)	(4,216)
Balance as of September 30, 2024	1	75,270	(6,304)	(4,374)	53,490	118,083	30,305	148,388

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							
	Share capital	Share premium	Other capital reserves	Reserve in respect of translation differences	Retained earnings	Total	Non-controlling interests	Total equity
	Unaudited							
	U.S. dollars in thousands							
Balance as of July 1, 2025	1	78,304	(6,384)	(154)	61,498	133,265	34,578	167,843
Net income	-	-	-	-	4,376	4,376	1,631	6,007
Other comprehensive income	-	-	-	2,919	-	2,919	166	3,085
Total comprehensive income	-	-	-	2,919	4,376	7,295	1,797	9,092
Share-based payment	-	-	359	-	-	359	-	359
Exercise of options	-	1,677	(637)	-	-	1,040	-	1,040
Issue of share capital	-	97,155	-	-	-	97,155	-	97,155
Purchase of non-controlling interests	-	-	(93)	-	-	(93)	(417)	(510)
Non-controlling interests created in initially consolidated companies	-	-	-	-	-	-	6,806	6,806
Dividends to holders of non-controlling interests	-	-	-	-	-	-	(506)	(506)
Balance as of September 30, 2025	1	177,136	(6,755)	2,765	65,874	239,021	42,258	281,279

	Attributable to equity holders of the Company							
	Share capital	Share premium	Other capital reserves	Reserve in respect of translation differences	Retained earnings	Total	Non-controlling interests	Total equity
	Unaudited							
	U.S. dollars in thousands							
Balance as of July 1, 2024	1	75,270	(3,823)	(6,761)	49,363	114,050	5,151	119,201
Net income	-	-	-	-	4,127	4,127	509	4,636
Other comprehensive income	-	-	-	2,387	-	2,387	410	2,797
Total comprehensive income	-	-	-	2,387	4,127	6,514	919	7,433
Share-based payment	-	-	348	-	-	348	-	348
Reclassification of put options to equity	-	-	(2,829)	-	-	(2,829)	24,449	21,620
Dividends to holders of non-controlling interests	-	-	-	-	-	-	(214)	(214)
Balance as of September 30, 2024	1	75,270	(6,304)	(4,374)	53,490	118,083	30,305	148,388

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company							Total equity
	Share capital	Share premium	Other capital reserves	Reserve in respect of translation differences	Retained earnings	Total	Non-controlling interests	
Audited								
U.S. dollars in thousands								
Balance as of January 1, 2024	1	74,449	(4,136)	(5,044)	47,123	112,393	4,934	117,327
Net income	-	-	-	-	13,819	13,819	2,091	15,910
Other comprehensive loss	-	-	-	(2,325)	-	(2,325)	(2,108)	(4,433)
Total comprehensive income (loss)	-	-	-	(2,325)	13,819	11,494	(17)	11,477
Share-based payment	-	-	1,186	-	-	1,186	-	1,186
Exercise of options	-	1,103	(244)	-	-	859	-	859
Reclassification of put options to equity	-	-	(2,829)	-	-	(2,829)	24,449	21,620
Dividends distributed	-	-	-	-	(8,002)	(8,002)	(221)	(8,223)
Balance as of December 31, 2024	1	75,552	(6,023)	(7,369)	52,940	115,101	29,145	144,246

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2025	2024	2025	2024	2024
	Unaudited				Audited
	U.S. dollars in thousands				
<u>Cash flows from operating activities:</u>					
Net income	16,640	11,377	6,007	4,636	15,910
Adjustments to reconcile net income to net cash provided by operating activities (a)	9,843	4,320	7,342	(193)	5,206
Net cash provided by operating activities	26,483	15,697	13,349	4,443	21,116
<u>Cash flows from investing activities</u>					
Purchase of property, plant and equipment and other assets	(8,201)	(5,511)	(3,717)	(1,338)	(8,320)
Proceeds from sale of property, plant and equipment	177	129	(7)	101	440
Acquisition of initially consolidated subsidiaries (b)	(54,635)	(65,903)	(25,462)	(28,008)	(72,065)
Acquisition of companies accounted for at equity	(10,096)	-	-	-	(1,866)
Repayment of liability in respect of acquisition of activity	(725)	*) (809)	(725)	-	*) (1,436)
Net cash used in investing activities	(73,480)	*) (72,094)	(29,911)	(29,245)	*) (83,247)
<u>Cash flows from financing activities</u>					
Receipt (repayment) of short-term credit, net	17,168	21,367	(1,892)	22,433	(843)
Dividend paid to equity holders of the Company	-	(4,002)	-	-	(8,002)
Dividend distributed to holders of put options and holders of non-controlling interests	(2,322)	(288)	(1,300)	(214)	(295)
Purchase of non-controlling interests	(511)	-	(511)	-	-
Repayment of long-term lease liabilities	(2,681)	(2,121)	(1,027)	(850)	(2,910)
Repayment of long-term loans	(11,669)	(3,286)	(4,063)	(1,048)	(3,594)
Receipt of long-term loans	57,153	43,992	32,772	8,047	80,945
Issue of share capital net of issue expenses	97,155	-	97,155	-	-
Exercise of share options	2,828	644	1,040	-	859
Repayment of liability in respect of acquisition of activity	(2,239)	*) (834)	-	-	*) (834)
Net cash provided by financing activities	154,881	*) 55,472	122,173	28,368	*) 65,326
Exchange rate differences on balances of cash and cash equivalents	5,545	280	2,741	913	(1,086)
Increase (decrease) in cash and cash equivalents	113,429	(645)	108,352	4,479	2,109
Cash and cash equivalents at the beginning of the period	25,926	23,817	31,003	18,693	23,817
Cash and cash equivalents at the end of the period	139,355	23,172	139,355	23,172	25,926

*) Reclassified.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2025	2024	2025	2024	2024
	Unaudited				Audited
	NIS in thousands				
(a) <u>Adjustments to reconcile net income to net cash provided by operating activities:</u>					
Adjustments to profit and loss items:					
Depreciation and amortization	12,902	9,284	5,157	3,533	12,340
Capital gain from sale of property, plant and equipment	(18)	(65)	(16)	(5)	(59)
Change in employee benefit liabilities, net	12	24	(14)	3	57
Cost of share-based payment	962	838	359	348	1,186
Company's share of earnings of companies accounted for at equity, net	(633)	-	(34)	-	(36)
Finance expenses, net	10,287	4,040	4,725	1,581	6,680
Taxes on income	6,002	3,661	2,641	1,497	5,307
	<u>29,514</u>	<u>17,782</u>	<u>12,818</u>	<u>6,957</u>	<u>25,475</u>
Changes in asset and liability items:					
Decrease (increase) in trade receivables	(8,855)	2,138	(3,497)	(56)	(149)
Decrease (increase) in other accounts receivable	(644)	(1,618)	112	(1,300)	(311)
Increase in inventories	(1,991)	(1,961)	(343)	(2,412)	(3,171)
Increase (decrease) in trade payables	2,311	(1,479)	62	(1,455)	(1,005)
Increase (decrease) in other accounts payable	(90)	(3,664)	1,596	20	(5,010)
	<u>(9,269)</u>	<u>(6,584)</u>	<u>(2,070)</u>	<u>(5,203)</u>	<u>(9,646)</u>
Cash paid and received during the period for:					
Taxes paid	(6,161)	(4,412)	(2,488)	(868)	(6,463)
Interest paid, net	(4,514)	(2,466)	(1,191)	(1,079)	(4,160)
Dividend received from associate	273	-	273	-	-
	<u>(10,402)</u>	<u>(6,878)</u>	<u>(3,406)</u>	<u>(1,947)</u>	<u>(10,623)</u>
	<u>9,843</u>	<u>4,320</u>	<u>7,342</u>	<u>(193)</u>	<u>5,206</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2025	2024	2025	2024	2024
	Unaudited				Audited
	NIS in thousands				
(b) <u>Acquisition of initially consolidated subsidiaries:</u>					
The subsidiaries' assets and liabilities at date of acquisition:					
Working capital (excluding cash and cash equivalents)	4,115	8,437	2,196	1,804	11,467
Property, plant and equipment	6,492	19,824	2,248	126	20,247
Right-of-use assets	3,403	658	3,212	269	1,596
Intangible assets	104,529	106,267	56,768	28,592	123,700
Lease liabilities	(3,403)	(662)	(3,212)	(273)	(1,600)
Other non-current liabilities	(2,483)	(12,271)	(1,755)	-	(12,271)
Non-controlling interests	(6,806)	-	(6,806)	-	-
Payables for acquisition of investments in subsidiaries (including contingent consideration and deferred consideration)	(45,980)	(46,878)	(23,317)	-	(60,050)
Deferred taxes	(4,783)	(9,472)	(3,872)	(2,510)	(11,024)
Investment accounted for at equity	(449)	-	-	-	-
	<u>54,635</u>	<u>65,903</u>	<u>25,462</u>	<u>28,008</u>	<u>72,065</u>
(c) <u>Significant non-cash transactions:</u>					
Right-of-use asset recognized with corresponding lease liabilities	<u>5,265</u>	<u>1,108</u>	<u>1,275</u>	<u>-</u>	<u>2,267</u>
Classification to net assets held for sale	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,750</u>
Acquisition of associate in exchange for assets	<u>11,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reclassification of put option to equity	<u>-</u>	<u>21,620</u>	<u>-</u>	<u>21,620</u>	<u>21,620</u>

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1:- GENERAL

- a. General description of the Group and its activity:

Turpaz Industries Ltd. ("the Company") is a publicly traded company incorporated in Israel. The condensed interim consolidated financial statements of the Company as of September 30, 2025 include those of the Company and its subsidiaries (collectively, "the Group").

The Group operates, by itself and through subsidiaries in Israel, the U.S., Southeast Asia, Europe and South Africa in the development, research, production, marketing, distribution and sale of products in three operating segments: (1) tastes; (2) fragrances; (3) specialty fine ingredients (see Note 5).

- b. These interim consolidated financial statements have been prepared in a condensed format as of September 30, 2025 and for the periods of nine and three months then ended ("interim consolidated financial statements"). These interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2024 and for the year then ended and accompanying notes ("annual consolidated financial statements").

- c. U.S. President Trump's tariff plan:

In April 2025, the Trump administration announced the imposition of reciprocal tariffs on imports of goods from many countries around the world to the U.S., with a total tariff of 15% imposed on imports from Israel. The tariff applies only to goods and not to services.

As of the reporting date, the Company is unable to assess the future effects of all the aforementioned factors, to their full potential extent, on the markets in which it operates, in general, and on the Company's operations, in particular. However, given that the Group's total sales to the U.S. are not material, the Company estimates, at this time, that these tariffs will not have a material effect, if any, on its operating results.

NOTE 2:- ACCOUNTING POLICIES

Basis of preparation of the interim consolidated financial statements:

The interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", and in accordance with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements as of December 31, 2024, except as described below:

Investments in associated accounted for at equity:

Associates are companies in which the Group has significant influence over the financial and operating policies without exercising control. The investment in associates is accounted for at equity.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- BUSINESS COMBINATIONS

- a. On February 19, 2025, NGF, a subsidiary of Turpaz England, to which F&E's electronic vaping operation in the flavor essence market was transferred, entered into a strategic partnership agreement for the purchase of 100% of the shares of Advance Flavour Solutions Limited, a private company incorporated in England ("AFS"), from its shareholders for £ 4.5 million (approximately \$ 5.7 million) and allocation of 75.01% of NGF's shares to the sellers. Following the transaction, Turpaz England holds 24.99% of NGF shares.

As of December 31, 2024, this activity was classified as held for sale and as a discontinued operation. On the acquisition date, these groups of assets and liabilities were classified to the item investment in companies accounted for at equity, thereby constituting part of the purchase consideration.

- b. On February 24, 2025, the Company completed the purchase of 100% of the share capital of Ets. Doucy S.R.L., a private company incorporated in Belgium ("Doucey"), and of the real estate used by its enterprise from its shareholders for € 8.3 million (approximately \$ 8.5 million) and an earnout based on Doucy's EBITDA in the period until February 28, 2027.

Doucey has vast experience and expertise in sweet flavorings for the food and beverage industries (soft and alcoholic drinks), colorings and additives to the animal food industry. It is engaged in developing, making and marketing sweet flavorings and quality solutions for the food and food additive industries. The transaction was closed on the signing date and financed using a bank loan.

The purchase price was allocated to tangible assets, intangible assets and liabilities acquired at their fair value at the purchase date. The fair value measurement of these assets and liabilities is subject to a final valuation of the PPA of the fair value of the assets and liabilities, which has not been completed as of the date of approval of these financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- BUSINESS COMBINATIONS (Cont.)

The table presented below summarizes the purchase price and the provisional PPA:

	February 24, 2025
	U.S. dollars in thousands
Working capital, net	1,002
Property, plant and equipment and other assets	3,434
Customer relations	1,844
Product formulas	1,157
Deferred taxes	(1,082)
Other non-current liabilities	(728)
Net identifiable assets	5,627
Goodwill arising on acquisition	4,313
Purchase price:	
Paid in cash less net cash in acquiree on acquisition date	6,071
Liability for contingent consideration and acquisition date adjustments	3,868
Total purchase price	9,939

Through September 30, 2025, the acquired activity has contributed approximately \$ 3,203 thousand to revenues and approximately \$ 591 thousand to net income.

The goodwill arising on the acquisition was allocated to the tastes segment and consists of the projected benefits from the synergy of the combined operations of the Company and the acquiree.

- c. On June 3, 2025, the Company, through a subsidiary, Pollena Aroma Sp. z o o ("Pollena"), purchased the operation of Carotex, a limited partnership incorporated in Poland which produces food and beverage flavors and fragrances ("Carotex"), in return for approximately \$ 23.4 million (approximately PLN 87.2 million) and the allocation of 22% of Pollena's share capital. In the flavors segment, Carotex develops, manufactures, and markets sweet flavors, emulsions, and colorants for beverages (both alcoholic and non-alcoholic and soft drinks) and food products (dairy, baked goods, and pharmaceuticals). In the fragrances segment, Carotex develops, manufactures, and markets fragrances for the personal care, cosmetics, toiletries, air care, and detergent industries. The agreement includes a symmetrical call/put option to purchase the shares allocated in Pollena. The option is exercisable for one year beginning at the end of four years from the closing date. The option exercise price is based on Pollena's EBITDA from the closing date through the option exercise date and an undertaking to distribute a dividend.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- BUSINESS COMBINATIONS (Cont.)

The purchase price was allocated to tangible assets, intangible assets and liabilities acquired at their fair value at the purchase date. The fair value measurement of these assets and liabilities is subject to a final valuation of the PPA of the fair value of the assets and liabilities, which has not been completed as of the date of approval of these financial statements.

The table presented below summarizes the purchase price and the provisional PPA:

	<u>June 3, 2025</u> <u>U.S. dollars</u> <u>in thousands</u>
Working capital, net	756
Property, plant and equipment and other assets	830
Right-of-use asset	191
Customer relations	11,823
Product formulas	5,092
Deferred taxes	171
Lease liabilities	<u>(191)</u>
Net identifiable assets	18,672
Goodwill arising on purchase	23,513
Purchase price:	
Paid in cash	23,390
Liability for symmetrical call/put option and acquisition date adjustments	<u>18,795</u>
Total purchase price	<u><u>42,185</u></u>

Through September 30, 2025, the acquired activity has contributed approximately \$ 4,307 thousand to revenues and approximately \$ 1,060 thousand to net income. If the business combination had been completed at the beginning of the year, the revenues would have amounted to approximately \$ 10,085 thousand.

The goodwill arising on the acquisition was allocated to the tastes and fragrances segments and consists of the projected benefits from the synergy of the combined operations of the Company and Carotex.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- BUSINESS COMBINATIONS (Cont.)

- d. On July 11, 2025, the Company, through the Belgium subsidiary, completed the purchase of about 68.6% of the share capital of Attractive Scent SAS ("Attractive Scent"), a French private company, from the latter's founders and other shareholders ("the sellers") for approximately € 27.4 million (approximately \$ 32.3 million). The transaction was financed using a long-term bank loan. Attractive Scent develops, manufactures, and markets fragrance extracts for the fine fragrances industry, as well as for personal care products, cosmetics, air care products and candles.

The agreement includes a symmetrical call/put option for the purchase of the remaining shares of Attractive Scent as follows: (a) 10% of Attractive Scent's shares can be exercised after a year has elapsed from the closing date for a price that is based on Attractive Scent's business performances in the eight quarters before the option exercise date to be paid in the Company's shares that will be allocated at their average quoted market price in the 30 calendar days before the exercise date; and (b) about 21.4% of Attractive Scent's shares can be exercised after three years have elapsed from the closing date for a price that is based on Attractive Scent's business performances in the eight quarters before the option exercise date to be paid in cash or in the Company's shares at the discretion of the sellers.

The purchase price was allocated to tangible assets, intangible assets and liabilities acquired at their fair value at the purchase date. The fair value measurement of these assets and liabilities is subject to a final valuation of the PPA of the fair value of the assets and liabilities, which has not been completed as of the date of approval of these financial statements.

The table presented below summarizes the purchase price and the provisional PPA:

	July 11, 2025
	U.S. dollars
	in thousands
Working capital, net	2,196
Property, plant and equipment and other assets	2,377
Right-of-use asset	3,212
Customer relations	7,193
Product formulas	10,588
Lease liabilities	(3,212)
Other non-current liabilities	(1,755)
Deferred taxes	(3,872)
Net identifiable assets	16,727
Goodwill arising on purchase	38,858
Non-controlling interests	(6,806)
Purchase price:	
Paid in cash less net cash in the acquiree on the acquisition date	25,462
Liability for symmetrical put option on non-controlling interests and acquisition date adjustments	23,317
Total purchase price	48,779

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3:- BUSINESS COMBINATIONS (Cont.)

Through September 30, 2025, the acquired activity has contributed approximately \$ 5,369 thousand to revenues and approximately \$ 743 thousand to net income. If the business combination had been completed at the beginning of the year, the revenues would have amounted to approximately \$ 14,395 thousand.

The goodwill arising on the acquisition was allocated to the tastes and fragrances segments and consists of the projected benefits from the synergy of the combined operations of the Company and Attractive Scent.

NOTE 4:- EVENTS DURING AND AFTER THE REPORTING PERIOD

- a. On February 24, 2025, the Company exercised a symmetrical call/put option to purchase the remaining shares of Aromatique for approximately \$ 2.2 million. As of the reporting date, the Company holds 100% of the share capital of Aromatique through a wholly owned subsidiary.
- b. During the reporting period, employees and a consultant in the Company exercised some 1,147 thousand options into Company shares for an aggregate of \$ 2.8 million. The exercise forms part of the grants of options to the Company's director in May 2021 and to the Group's employees, managers and a consultant in 2022.
- c. In furtherance to Note 16c to the annual consolidated financial statements regarding a loan agreement with a European bank for a loan of up to € 25 million (approximately \$ 26.9 million), in March 2025, the Company withdrew approximately € 6.7 million (approximately \$ 7.3 million) from the secured loan amount. In May 2025, the Company withdrew approximately € 5.7 million (approximately \$ 6.4 million) of the optional loan amount.
- d. In June 2025, the Company completed an investment of approximately \$ 4.6 million in Aastrid Life Sciences Pvt. Ltd. ("Aastrid"), a private company incorporated in India specializing in R&D and manufacturing of pharmaceutical intermediates and specialty chemicals, in return for the allocation of 45% of Aastrid's share capital. The agreement includes a call option for purchasing another 15% of Aastrid's share capital which is exercisable at the end of three years from the closing date. The option exercise price is based on Aastrid's EBITDA during the eight quarters before the option exercise date. Since the Company does not have an actual right to the shares on the reporting date, the investment in Aastrid is accounted for at equity.
- e. In furtherance to Note 5d to the annual consolidated financial statements regarding the purchase of 75% of the share capital of Lebensmittel-Sprühtrocknungs- Industrie-System ATOM GmbH ("ATOM"), in June 2025, the Company purchased the remaining 25% for approximately € 0.1 million. As of the reporting date, the Company holds 100% of ATOM's share capital through wholly owned subsidiaries. Therefore, ATOM is consolidated in the Company's interim consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4:- EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)

- f. On July 9, 2025, the Belgium subsidiary received a bank loan of € 28 million to finance the acquisition of Attractive Scent as described in Note 3d above. The loan is for a period of five years and bears interest of Euribor + 1.5%-1.75%. The loan principal is repayable in equal quarterly instalments and the interest is payable on a quarterly basis from the end of 12 months from the loan receipt date. The loan is governed by the financial covenants set forth in Note 16f to the annual consolidated financial statements and in Note 4j below.
- g. On August 24, 2025, the Company completed a private placement of 7,105,000 Ordinary shares with no par value in return for gross proceeds of approximately NIS 330,383 thousand, before issue expenses. The issue expenses amounted to approximately NIS 2,000 thousand and were carried less the share premium. As a result, total net proceeds amounted to approximately NIS 328,383 thousand (approximately \$ 97.155 thousand).
- h. On September 15, 2025, the Company increased its interests in a subsidiary, WFF, by exercising an option to purchase 20% of WFF's share capital from holders of non-controlling interests in return for approximately \$ 511 thousand. As a result, the Company holds 90% of WFF's share capital.
- i. On September 29, 2025, the Company, through Sunspray, signed an agreement to purchase 60% of the share capital of Nicola-J Flavours & Fragrances (Pty) Ltd. ("Nicola-J"), a South African private company, from the latter's shareholders for approximately \$ 6.8 million (approximately ZAR 118.4 million). The consideration is subject to an adjustment based on Nicola-J's EBITDA in the period ended February 28, 2026. Closing is expected in the coming months and is contingent on obtaining the necessary regulatory approval in South Africa. The agreement includes a symmetrical call/put option for the purchase of the remaining shares of Nicola-J which can be exercised after three years have elapsed from the closing date for an exercise price that is based on Nicola-J's business performances in the period from the closing date to the option exercise date.
- j. In furtherance to Note 16c to the annual financial statements regarding financial covenants, the Company is meeting all the required financial covenants.

Un the reporting period, all the Company's lending banks approved an update to a financial covenant according to which the ratio of equity to total balance sheet will not be lower than 20% and \$ 80 million at all times.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- OPERATING SEGMENTS

a. General:

As stated in the annual consolidated financial statements, the Group has three operating segments as follows: (1) tastes; (2) fragrances and (3) specialty fine ingredients.

The segments' performances (segment profits) are estimated based on operating income (income before net finance expenses and unallocated expenses), as presented in the financial statements.

b. Reporting on operating segments:

	Nine months ended September 30, 2025				
	Specialty fine ingredients				
	Tastes	Fragrances		Adjustments	Total
	Unaudited				
	U.S. dollars in thousands				
Revenues from external customers	142,711	33,722	24,048	-	200,481
Intersegment revenues	-	-	21	(21)	-
Total revenues	142,711	33,722	24,069	(21)	200,481
Segment operating income net of unallocated joint expenses	28,523	8,949	2,962	-	40,434
Unallocated joint expenses					7,505
Finance expenses, net					10,287
Income before taxes on income					22,642

	Nine months ended September 30, 2024				
	Specialty fine ingredients				
	Tastes	Fragrances		Adjustments	Total
	Unaudited				
	U.S. dollars in thousands				
Revenues from external customers	94,817	26,569	13,133	-	134,519
Intersegment revenues	-	-	3	(3)	-
Total revenues	94,817	26,569	13,136	(3)	134,519
Segment operating income net of unallocated joint expenses	16,173	7,288	1,536	-	24,997
Unallocated joint expenses					5,919
Finance expenses, net					4,040
Income before taxes on income					15,038

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- OPERATING SEGMENTS (Cont.)

	Three months ended September 30, 2025				
	Specialty fine ingredients				
	Tastes	Fragrances		Adjustments	Total
	Unaudited				
	U.S. dollars in thousands				
Revenues from external customers	52,986	15,043	8,675	-	76,704
Intersegment revenues	-	-	-	-	-
Total revenues	<u>52,986</u>	<u>15,043</u>	<u>8,675</u>	<u>-</u>	<u>76,704</u>
Segment operating income net of unallocated joint expenses	<u>10,685</u>	<u>3,956</u>	<u>1,808</u>	<u>-</u>	16,449
Unallocated joint expenses					3,076
Finance expenses, net					<u>4,725</u>
Income before taxes on income					<u>8,648</u>

	Three months ended September 30, 2024				
	Specialty fine ingredients				
	Tastes	Fragrances		Adjustments	Total
	Unaudited				
	U.S. dollars in thousands				
Revenues from external customers	36,076	8,811	3,851	-	48,738
Intersegment revenues	-	-	-	-	-
Total revenues	<u>36,076</u>	<u>8,811</u>	<u>3,851</u>	<u>-</u>	<u>48,738</u>
Segment operating income net of unallocated joint expenses	<u>5,885</u>	<u>2,415</u>	<u>1,561</u>	<u>-</u>	9,861
Unallocated joint expenses					2,147
Finance expenses, net					<u>1,581</u>
Income before taxes on income					<u>6,133</u>

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5:- OPERATING SEGMENTS (Cont.)

	Year ended December 31, 2024				
	Specialty fine ingredients				
	<u>Tastes</u>	<u>Fragrances</u>	<u>Audited</u>	<u>Adjustments</u>	<u>Total</u>
	U.S. dollars in thousands				
Revenues from external customers	135,542	34,945	18,461	-	188,948
Intersegment revenues			3	(3)	-
Total revenues	<u>135,542</u>	<u>34,945</u>	<u>18,464</u>	<u>(3)</u>	<u>188,948</u>
Segment gross profit	<u>49,796</u>	<u>18,646</u>	<u>5,217</u>	<u>-</u>	<u>73,659</u>
Segment operating income net of unallocated joint expenses	<u>23,579</u>	<u>9,092</u>	<u>3,052</u>	<u>-</u>	<u>35,723</u>
Unallocated joint expenses					7,991
Finance expenses, net					<u>6,680</u>
Income before taxes on income					<u>21,052</u>

c. Geographic information:

The following is a breakdown of the Company's revenues by customer location:

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2025	2024	2025	2024	2024
	Unaudited				Audited
	U.S. dollars in thousands				
Israel and the Middle East	23,932	23,449	8,419	7,420	30,855
North America	16,219	12,689	5,984	4,427	17,220
Europe	119,887	67,570	44,942	24,847	97,375
Africa	23,142	20,996	9,166	8,346	28,913
Asia and other	<u>17,301</u>	<u>9,815</u>	<u>8,193</u>	<u>3,698</u>	<u>14,585</u>
	<u>200,481</u>	<u>134,519</u>	<u>76,704</u>	<u>48,738</u>	<u>188,948</u>

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6:- FINANCIAL INSTRUMENTS

a. Fair value:

In the reporting period, the Company examined the fair value of financial assets and financial liabilities measured at amortized cost and concluded that their fair value is not materially different from their carrying amount.

b. Liabilities in respect of put options and contingent consideration:

Some of the business combinations performed by the Company include a mechanism whereby former owners have an option to sell their remaining shares to the Company, and the Company has an option to buy those shares (the price and conditions of these put options and call options are identical). Other business combinations include a contingent consideration mechanism, which is payable based on the acquiree's future operating results.

As of September 30, 2025, total liabilities amounted to \$ 125,702 thousand. The value of these liabilities was estimated using the average EBITDA to be achieved over the term of the agreement. A weighted annual discount rate of 7.0% was applied to the options. The fair value measurement is classified as Level 3.

The key unobservable input used by the Company to assess the value of the option is the future EBITDA to be achieved; To determine and update these liabilities, the Company utilizes the acquirees' current results and updated forecasts.

Adjustment to fair value measurements classified as Level 3 in the fair value hierarchy:

	Nine months ended September 30,		Three months ended September 30,		Year ended December 31,
	2025	2024	2025	2024	2024
	Unaudited				Audited
	U.S. dollars in thousands				
Balance at beginning of period	(74,779)	(39,051)	*(105,000)	(96,772)	(39,051)
Total gain (loss) recognized:					
Repayment	4,351	834	1,535	-	834
In profit or loss	(4,495)	(1,014)	(3,040)	(334)	(1,468)
In other comprehensive income (loss)	(9,581)	(3,743)	(662)	(4,024)	1,747
Update of terms of symmetrical put/call options on non-controlling interests	-	(11,278)	-	-	(11,278)
Classification of symmetrical put/call options on non-controlling interests	-	32,898	-	32,898	32,898
Business combinations	(41,198)	(46,878)	(18,535)	-	(58,461)
Balance at end of period	<u>(125,702)</u>	<u>(68,232)</u>	<u>(125,702)</u>	<u>(68,232)</u>	<u>(74,779)</u>

*Restated, See Note 3(c)



Chapter C

Effectiveness of Internal Control Over Financial Reporting



Quarterly report regarding the effectiveness of internal control over financial reporting and disclosure in accordance with Regulation 38C to the Securities Regulations (Periodic and Immediate Reports), 1970, for the third quarter of 2025:

Turpaz Industries Ltd.'s management (hereinafter - the "Corporation"), under the supervision of the Board of Directors, is responsible for maintaining and implementing appropriate internal control over financial reporting and disclosure in the Corporation.

For that purpose, members of management are:

1. Karen Cohen Khazon, CEO and Chairperson of the Board of Directors
2. Guy Gill, Executive Vice President and CFO
3. Shauli Eger, VP Global CIO
4. Yoni Adini, General Counsel
5. Idan Shabtay, Corporate Controller

Internal control over financial reporting and disclosure includes controls and procedures maintained by the Corporation, and designed by the CEO and the most senior financial officer or under their supervision, or by those who effectively execute the said offices, under the supervision of the Corporation's Board of Directors, which were designed to obtain reasonable assurance as to the reliability of the financial reporting and preparation of the reports in accordance with the provisions of the law, and to ensure that information that the Corporation is required to disclose in the reports it publishes in accordance with the provisions of the law is collected, processed, summarized and reported on the date and in the format prescribed by law.

The internal control, includes, among other things, controls and procedures that were designed to ensure that information that the Corporation is required to disclose as stated above, is collected and transferred to the Corporation's management, including to the CEO and to the most senior financial officer, or to those who effectively execute the said offices, in order to allow making decisions in the appropriate date in connection with the disclosure requirements.

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

In the annual report regarding the effectiveness of the internal control over the financial reporting and the disclosure, which was attached to the Periodic Report for the period ended December 31, 2024 (hereinafter – **"the Latest Annual Report regarding Internal Control"**), the Board of Directors and Management assessed the corporation's internal control; based on this assessment, the corporation's Board of Directors and Management reached the conclusion that the internal control as stated, as of December 31, 2024, is effective.

Through the date of the report, no event or matter was brought to the attention of the Board of Directors or Management that may change the assessment of the effectiveness of internal control, as presented in the Latest Annual Report regarding Internal Control.

As at the date of the report, based on the assessment of the effectiveness of internal control in the Latest Annual Report regarding Internal Control, and based on information brought to the attention of Management and the Board of Directors as stated above, the internal control is effective.

Statement of the Chief Executive Officer in accordance with Regulation 38C(D)(1):

I, Karen Cohen Khazon, hereby declare that:

- (1) I have reviewed the quarterly report of Turpaz Industries Ltd. (hereafter – the “**Corporation**”) for the third quarter of 2025 (hereafter – the “**Reports**”).
- (2) To the best of my knowledge, the Reports do not include any misrepresentation of a material fact, nor do they omit any representation of a material fact so that the representations included therein, in view of the circumstances in which such representations have been included, shall not be misleading with regard to the period covered by the Reports;
- (3) To the best of my knowledge, the financial statements and other financial information included in the reports, reflect fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation as of the dates and periods covered by the Reports;
- (4) I have disclosed to the independent auditor of the corporation, the Board of Directors, and the Board of Directors’ Audit committee, based on my most recent evaluation of the internal control over financial reporting and disclosure, the following:
 - (a) All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting and disclosure that may adversely affect, in a reasonable manner, the Corporation’s ability to collect, process, summate or report financial information in a manner that may give rise to doubt as to the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law; and -
 - (b) any fraud, whether material or immaterial, in which the Chief Executive Officer, or anyone directly reporting to him, or any other employees are involved who have a significant function in the corporation’s financial reporting and in internal control over financial reporting and disclosure thereof.
- (5) I, severally or jointly with others in the corporation:
 - (a) have established such controls and procedures, or ensured that such controls and procedures under my supervision be established and in place, designed to ensure that material information relating to the corporation, including its consolidated companies as defined in the Securities Regulations (Preparation of Annual Financial Statements), 2010, is brought to my attention by others in the corporation and the consolidated companies, particularly during the Reports’ preparation period; and
 - (b) have established controls and procedures, or ensured that such controls and provisions under my supervision be established and in place, designed to ensure, in a reasonable manner, the reliability of financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

- (c) No event or matter that occurred during the period between the date of the latest Periodic Report and the date of this report was brought to my attention that may change the conclusion of the Board of Directors and Management regarding the effectiveness of the internal control over the corporation's financial reporting and disclosure.

The aforesaid does not derogate from my responsibility or from the responsibility of any other person, pursuant to any law.

November 11, 2025

Karen Cohen Khazon,

CEO and Chairperson of the Board of Directors

Statement of the Most Senior Financial Officer Pursuant to Regulation 38C(D)(2):

I, Guy Gill, hereby declare that:

- (1) I have reviewed the interim financial statements and the other financial information included in the interim reports of Turpaz Industries Ltd. for the third quarter of 2025 (hereafter – the “**Interim Reports**”);
- (2) To the best of my knowledge, the interim financial statements and other financial information included in the Interim Reports do not include any misrepresentation of a material fact, nor do they omit any representation of a material fact so that the representations included therein, in view of the circumstances in which such representations have been included, shall not be misleading with regard to the period covered by the Reports;
- (3) To the best of my knowledge, the interim financial statements and other financial information included in the Interim Reports, reflect fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation as of the dates and periods covered by the Reports;
- (4) I have disclosed to the independent auditor of the corporation, the Board of Directors, and the Board of Directors’ Audit committee, based on my most recent evaluation of the internal control over financial reporting and disclosure, the following:
 - (a) All significant deficiencies and material weaknesses in the establishment or implementation of the internal controls over financial reporting and disclosure that may adversely affect, in a reasonable manner, the Corporation’s ability to collect, process, summate or report financial information in a manner that may give rise to doubt as to the reliability of financial reporting and preparation of the financial statements in accordance with the provisions of the law; and -
 - (b) any fraud, whether material or immaterial, in which the Chief Executive Officer, or anyone directly reporting to him, or any other employees are involved who have a significant function in the corporation’s financial reporting and in internal control over financial reporting and disclosure thereof.
- (5) I, severally or jointly with others in the corporation:
 - (a) have established such controls and procedures, or ensured that such controls and procedures under my supervision be established and in place, designed to ensure that material information relating to the corporation, including its consolidated companies as defined in the Securities Regulations (Preparation of Annual Financial Statements), 2010, is brought to my attention by others in the corporation and the consolidated companies, particularly during the Reports’ preparation period; and
 - (b) have established controls and procedures, or ensured that such controls and provisions under my supervision be established and in place, designed to ensure, in a reasonable manner, the reliability of financial reporting and preparation of financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

- (c) No event or matter that occurred during the period between the date of the latest report (quarterly or periodic, as the case may be) and the date of this report, which relates to interim financial statements and to any other financial information including in the interim reports was brought to my attention that may - in my opinion - change the conclusion of the Board of Directors and Management regarding the effectiveness of the internal control over the corporation's financial reporting and disclosure.

The aforesaid does not derogate from my responsibility or from the responsibility of any other person, pursuant to any law.

November 11, 2025

Guy Gill, Executive Vice President and CFO