

This is an English translation of a Hebrew immediate report that was published on February 19, 2025 (reference no.: 2025-01-011694) (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.



TURPAZ

Turpaz Industries Ltd.
(the "**Company**" or "**Turpaz**")
Company number: 514574524
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Tel: 5560913-03; Fax: 5560915-03

To:
Israel Securities Authority ("**ISA**")
Reported Via Magna

To:
Tel Aviv Stock Exchange Ltd. ("**TASE**")
Reported Via Magna

19 February 2025

Re: **Strategic partnership with AFS**

Following its entry into the UK flavors market through the acquisition of F&E¹, the Company is pleased to announce the separation of its operations in the UK into a **food and beverage flavorings business and a vaping flavorings business**, by merging the vaping flavorings business of NGF², a subsidiary of Turpaz UK³ to which F&E's⁴ operations in this area were transferred, with the corresponding operations of AFS.

On February 19, 2025, NGF entered into an agreement to acquire 100% of the shares of Advance Flavour Solutions Limited, a private company incorporated in the UK ("**AFS**"), from its shareholders (the "**Agreement**" and the "**Sellers**" respectively), for a consideration of £4.5 million (\$5.7 million) and an allocation to the Sellers of 75.01% of the shares of NGF, such that upon completion of the transaction, Turpaz UK will hold 24.99% of the shares of NGF. The transaction was completed on the date of signing and was financed through bank financing.

¹ Flavours and Essences UK Limited, a wholly owned English subsidiary of the Company, engaged in the development, production and marketing of vaping products, baked goods, beverages and other food products. For details regarding the acquisition of F&E, see the Immediate Report dated September 1, 2024 (reference 2024-01-096823).

² New Generation Flavors Limited ("**NGF**").

³ Turpaz UK Limited ("**Turpaz UK**"). Turpaz UK is a wholly owned English subsidiary (in-line) of the company.

⁴ The annual sales turnover of the transferred operation was £6 million (\$7.7 million) in 2024.

AFS, established in 2017, is a leading and growing company in the development, production and marketing of flavor extracts for vaping and operates a sophisticated manufacturing site, including sales, R&D, applications and development laboratories near Manchester, UK (close to the F&E plant in Blackburn). AFS has unique solutions and technologies, innovative products tailored to emerging market trends and a large customer base mostly in the United Kingdom. According to the management reports received by Turpaz from the Sellers for the years 2023 and 2024, which are not reviewed or audited and prepared in accordance with FRS⁵ 102 rules, AFS's sales turnover amounted to £5.5 million (\$6.8 million) and £8.1 million (\$10.4 million), respectively.

The completion of the transaction is part of Turpaz's growth strategy and will allow it to deepen its activities in the UK market through two branches with unique specializations:

- F&E's flavor activity, which will focus on the development, production and marketing of flavor extracts for the food and beverage sector in the UK market. To this end, Turpaz has appointed, as of the beginning of 2025, **a local CEO for the activity, with extensive experience in the British flavor market.** Turpaz intends to continue to work to locate acquisitions in the field of flavor extracts for food in the UK market, which will be synergistic with F&E's activities.
- AFS, which will focus on the development, production and marketing of flavor extracts for vaping, under the management of the Sellers, who have many years of management experience in this industry. AFS will concentrate under it all the activities of AFS and NGF, with the aim of increasing the supply of products and customers, while realizing synergies between the activities and saving on administrative costs.

It should be clarified that the financial data included in this report is based on data that is not reviewed or audited, and therefore actual results may differ from the financial data detailed above.

Sincerely,

Turpaz Industries Ltd.

Signed by: Karen Cohen Khazon, Chairperson of the Board & CEO

⁵ The Financial reporting standard applicable in the UK and Republic of Ireland.