

This is an English translation of a Hebrew immediate report that was published on September 1, 2024 (reference no.: 2024-01-096823) (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**")

Company number: 514574524
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To:
Israel Securities Authority ("**ISA**")
Reported Via Magna

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

September 1, 2024

Re: Purchase of a British Flavors Company

Turpaz Industries Ltd. ("**Turpaz**" or the "**Company**") is pleased to announce that on September 1, 2024, it signed an agreement to purchase, through its wholly-owned subsidiary, 100% of the issued and paid-up share capital and voting rights of Flavors and Essences UK Limited, a private company incorporated in England ("**F&E**"), a subsidiary of IFF, for a consideration of 22 million GBP (approx. \$29 million). The transaction was completed at the time of signing.

F&E, founded in 1998, engages in the development, production and marketing of flavors. F&E operates a manufacturing, R&D, applications and sales facility in Blackburn, UK, as well as a sales office in Belgium, and sells mainly in the fields of electronic vaporization products (Vaping), baked goods, beverages and other food products. F&E has a wide customer base, mainly in the UK, as well as in other countries in Europe and Asia. As of the date of the report, F&E employs 50 people, including a sales team in Belgium responsible for sales outside the UK.

The purchase of F&E is a strategic purchase for Turpaz, which is consistent with the Company's growth ambitions and emphasises the strengthening of its geographical presence in Europe. The entry of Turpaz into the British flavors market, a central market in Europe with a population of over 70 million inhabitants where Turpaz has had no presence until today, is a strategic step towards strengthening its leading position, and will form a management platform for its activity in the UK market. The activity of F&E is synergistic with the activities of Turpaz, and it is expected to allow Turpaz to strengthen its product offering and leverage the cross-selling possibilities, both by expanding its customer base and product portfolio.

According to financial data received by Turpaz, which are not reviewed, the turnover of F&E in the 6 months ending in June 2024 amounted to 6.6 million GBP (\$8.3 million).

Also, based on its unaudited management reports for the years 2022 and 2023, F&E's turnover amounted to 18.5 million GBP (\$22.7 million), and 15.6 million GBP (\$19.4 million), respectively; the gross profit was 7.6 million GBP (\$9.4 million), and 6.9 million GBP (\$8.5 million), respectively; the operating profit amounted to 5.4 million GBP (\$6.7 million), and 5.4 million GBP (\$6.7 million) respectively; the net profit amounted to 4.2 million GBP (\$5.2 million), and 3.5 million GBP (\$4.4 million) respectively; the EBITDA¹ amounted to 5.5 million GBP (\$6.8 million), and 5.4 million GBP (\$6.7 million), respectively; the total assets (minus cash) of F&E as of December 31, 2022 and December 31, 2023, totalled 4.7 million GBP (\$5.7 million), and 4.1 million GBP (\$5.2 million), respectively, and the total liabilities amounted to 1.3 million GBP (\$1.5 million), and 1.9 million GBP (\$2.4 million), respectively.

The transaction was financed through short-term bank financing that the Company took from a banking corporation. For details regarding the loan taken by the Company, see an immediate report dated August 29, 2024 (reference: 2024-01-096340).

It should be emphasized that the financial estimates included in this report are based on data that are not reviewed or audited and on the estimates of Turpaz's management, and therefore the actual results may differ from the financial data detailed above.

Sincerely

Turpaz Industries Ltd.

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

¹ EBITDA means - profit before interest, taxes, depreciation and amortization.