

This is an English translation of a Hebrew immediate report that was published on June 11, 2023 (reference no.: 2023-01-054337) (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.



T U R P A Z

Turpaz Industries Ltd.
(the "**Company**")

Company number: 514574524
Address: Halahav 2 Holon
Tel: 03-5560913; Fax: 03-5560915

June 11, 2023

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

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

Re: Acquisition of control in a Hungarian Company - Food Base Kft.

Turpaz Industries Ltd. ("**Turpaz**") is pleased to announce that on June 8, 2023, through a wholly owned subsidiary, it signed an agreement to purchase 60% of the issued and paid-up share capital and voting rights in Food Base Kft., a private company incorporated in Hungary ("**Food Base**"), from its sole shareholder (the "**Seller**"), in exchange for a total of 3,300 million Hungarian Forints (USD 9.5 million), from which 60% of Food Base's net debt will deducted at the time of completion of the transaction. Additionally, the Seller will be entitled to future consideration based on Food Base's business performance during the years 2023-2024. Completion of the transaction is expected in the coming months, subject to receiving regulatory approvals in Hungary. Turpaz intends to finance the acquisition with bank financing.

As part of the agreement, Turpaz was granted a call option to purchase the remaining shares of Food Base from the Seller, exercisable from the expiration of 3 years until the end of 5 years from the date of completion of the acquisition, at a price based on the business performance of Food Base during the period from the date of completion of the acquisition to the date of exercise of the option.

The Seller, who serves as the CEO of Food Base, will continue to manage, and lead Food Base in the coming years together with Food Base's management team and will join the global management team of the Turpaz Group.

Food Base, founded in 2004, is engaged in the development, production, marketing, and sale of sweet

flavors and natural herbal extracts for the food and beverage industry, with an emphasis on convenience food, health drinks and snacks, as well as unique raw materials for the nutritional supplement industry.

Food Base has a state-of-the-art factory with advanced laboratories with GMP + standard. The factory is located in a built-up area on land it owns of 4.5 and 8.3 dunams respectively, located in Budapest, Hungary, and it employs 55 employees.

The acquisition of Food Base and its range of capabilities in the field of development and production will allow Turpaz to continue to expand its portfolio of products in the field of flavors, and will strengthen its geographic distribution in Europe, all while leveraging synergies between the group's companies in development, purchasing, marketing and sales.

According to reports provided by Food Base, in 2022, Food Base's sales turnover amounted to HUF 2,100 million (USD 5.7 million).

The completion of the transaction depends on the existence of conditional conditions, the realization of which depends, among other things, on factors beyond Turpaz's control and which may be realized differently from what is stated in this report, and therefore, there is no certainty that the transaction will be completed and as to when.

Respectfully,

Turpaz Industries Ltd.

By: Karen Cohen Khazon, CEO and Chairperson.