

This is an English translation of a Hebrew immediate report that was published on March 28, 2024 (reference no.: 2024-01-027772) (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 Industries Ltd.**

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Attention  
Israel Securities Authority  
Via MAGNA

Attention  
The Tel Aviv Stock Exchange Ltd  
Via MAGNA

28 March 2024

**Re: Acquisition of Clarys & Willich Group (Belgium and Germany)**

Turpaz Industries Ltd. ("**Turpaz**") is honored to announce that on March 27, 2024, through its subsidiary, Food Ingredients Technologies SA<sup>1</sup>, it signed an agreement for the strategic purchase of 100% of the issued and paid-up share capital and voting rights in Cewecon GmbH, a private company incorporated in Germany, which owns a group of Belgian and German companies ("**FIT**" and "**Clarys & Willich group**" respectively), from its shareholders ("**the Sellers**"), in exchange for a payment of 47.7 million Dollars (44 million Euros) of which the Sellers will invest back in FIT a total of 20.6 million Dollars (19 million Euros) against the allocation to the Sellers of 24.5% of the issued and paid-up share capital and the voting rights in FIT.

After the completion of the transaction, Turpaz will hold a majority on the FIT Board of Directors and will be entitled to vote Dandau<sup>2</sup> shares at the FIT shareholders' meeting throughout the option period, in such a way that Turpaz will continue to hold control of FIT and consolidate its results. The issued and paid-up share capital of FIT after completion will be as follows: 45.3% will be held by Turpaz, 30.2% will be held by Dandau and 24.5% will be held by the Sellers.

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<sup>1</sup> A Belgian private company, which prior to the transaction, Turpaz, through a wholly owned subsidiary, owned 60% of the issued and paid-up share capital and the voting rights therein, whilst 40% of the issued and paid-up share capital and the voting rights therein was held by Dandau Holding SRL, a Belgian private company that is held by the CEO of FIT, Mr. David Landau ("**Dandau**").

<sup>2</sup> See footnote 1 above.

In the company's estimation, the transaction is expected to be completed at the beginning of April 2024. The transaction will be financed through own resources and bank financing taken by the company from a banking corporation. For details regarding the loan taken by Turpaz, see an immediate report dated January 28, 2024 (reference: 2024-01-010554).

The Clarys & Willich group, founded in 1970, is a leading company in the field of savory flavors, functional solutions and unique raw materials for the meat and bakery sectors. They own two factories and development laboratories in Belgium and Germany, which cover an area of 19,000 square meters, of which 12,500 square meters is built-up area and 12,000 square meters, of which 2,000 square meters is built-up area, respectively. The largest of them is a modern and advanced site in Belgium, the construction of which was completed in 2022 with an investment of 12 million Euros. The Clarys & Willich group has a wide customer base in Europe, mainly in Benelux<sup>3</sup>, and a very wide range of solutions and products. As of the date of the report, the Clarys & Willich group employs 70 people.

The Sellers, who have many years of management experience in the unique food solutions industry, will continue their management role in the coming years in the Clarys & Willich group, together with the management team of FIT, and will join the management team of the Turpaz group.

The purchase of the Clarys & Willich group is a strategic purchase for Turpaz, which fits into the group's strategy to increase the scope of its activities in the field of flavors and food solutions, while focusing on the development of natural, healthy, innovative and unique products with high added value. The Clarys & Willich group's activities are synergistic to a great extent with the activity of Turpaz and it is expected to enable Turpaz to strengthen its product offering and to leverage and realize the cross-selling possibilities that this acquisition generates, both by increasing the customer base and by expanding the product portfolio.

The agreement includes an option (put/call) for the purchase of the Sellers remaining shares in FIT by Turpaz, which can be exercised within 3 years from the date of completion of the transaction and up to 5 years from the date of completion ("**the Seller's option**"). The option exercise price is based on FIT's business performance from January 1, 2024, until the option exercise date, minus FIT's net debt at the time of exercise ("**the exercise price**"). At the same time, Dandau<sup>4</sup> was given an option exercisable within 5 years from the date of completion at the exercise price. At the time the Sellers' option is exercised, Dandau will acquire 9.8% of the issued and paid-up share capital and voting rights in FIT, in exchange for a total of 10 million Euros, plus an annual interest of 7% calculated from the date of completion of the transaction.

According to the financial data received by Turpaz from the Clarys & Willich group, based on unaudited management reports for the years 2022 and 2023, the turnover of the Clarys & Willich group amounted to 29.7 million Dollars (28.2 million Euros), and 35.1 million Dollars (32.4 million Euros), respectively; The operating profitability amounted to 3.6 million Dollars (3.4 million Euros), and 4.3 million Dollars (4 million Euros) respectively; The adjusted

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<sup>3</sup> An economic and political union in Western Europe that includes the countries of Belgium, the Netherlands and Luxembourg.

<sup>4</sup> At the time of completion, the option will replace the option to purchase the remaining Dandau holdings in FIT that was granted to Turpaz as part of the purchase of FIT in October 2022, as updated during the fourth quarter of 2023.

EBITDA<sup>5</sup> amounted to 5.3 million Dollars (5.1 million Euros), and 6.4 million Dollars (5.9 million Euros), respectively; The total assets of the Clarys & Willich group as of 12.31.2022 and as of 12.31.2023 amounted to 26.8 million Dollars (25.2 million Euros) and 26.7 million Dollars (24.1 million Euros), respectively, and the total liabilities were amounted to 16.4 million Dollars (15.4 million Euros), and 11.4 million Dollars (10.3 million Euros), respectively. The Clarys & Willich group has an estimated net debt as of March 31, 2024, in the amount of 6.3 million Dollars (5.8 million Euros).

Based on proforma<sup>6</sup> data for 2023, Turpaz sales for 2023 would have totaled 194.3 million Dollars, and the adjusted EBITDA would have totaled 40.1 million Dollars.

**It should be emphasized that the financial estimates and the pro-forma data included in this report are based on data that is not reviewed or audited and on the estimates of Turpaz 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**

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<sup>5</sup> **Adjusted EBITDA** means - profit before interest, taxes, depreciation and amortization excluding one-time expenses.

<sup>6</sup> Assuming that the acquisitions made in 2023 and in the first quarter of 2024 (acquisition of the Clarys & Willich group, acquisition of Sunspary and acquisition of Food-Base) were consolidated into the group's results as of January 1, 2023.