

Turpaz reports record results for the first half of 2021 and high double-digit growth in sales and profits:

A 75% jump in revenue that peaked at 39.4 million dollars in the first six months of 2021

Adjusted EBITDA peaked at 9.8 million dollars (25% of total revenue), an increase of 72% over the same period last year

A 94% increase in net profit, which peaked at 6.3 million dollars

Karen Khazon, Chairperson and CEO of the Turpaz Group: "Turpaz works to implement the company's strategy that combines double-digit accelerated organic growth with strategic and synergistic mergers and acquisitions in Israel and around the world, to expand operations in each and every segment of its operations. We maintain contacts at all times with attractive companies in Israel and around the world, which we identify as potential for the company's continued improvement".

Holon, Israel, August 18, 2021 - Turpaz Industries Ltd., a global company that develops and manufactures thousands of unique flavor and fragrance extracts, intermediates and specialty raw materials and markets and sells them in more than 30 countries worldwide, reported today its financial results for the six months ended on June 2021.

Karen Khazon, Chairperson and CEO of the Turpaz Group, said: "We are pleased to report record results for the first half of 2021 in revenue, EBITDA and net profit. Turpaz offers a unique and complete range of solutions for customers that includes flavor extracts, both sweet and savory, fragrance extracts, unique raw materials for the pharma industry, delicate and unique chemicals with high added value and more. One of the advantages of Turpaz is the ability to leverage the synergy between the various sectors which gives a continuous competitive advantage."

Alongside the solid organic growth, Turpaz continues the acquisition and merger campaign while maintaining contacts with companies with growth potential and synergies with the company's activities. Turpaz works to increase sales, improve products and create operational savings. For example, we improved the companies we acquired in previous years, Pollena Aroma, Chemada, WFF and are now working to improve the SDA company and operational efficiency, in accordance with the strategic decision we made to improve its product lines. We are constantly in contact with companies in Israel and around the world, which we identify as having significant improvement potential, and know how to use the company's cash balances and cash flow from current activities for the purpose of continued growth. "

Revenue

Revenue in the first half of 2021 grew by 75.4% to a peak of 39.4 million dollars, compared to revenue of 22.5 million dollars in the same period last year. Revenues from organic growth¹ neutralized by currencies increased by 18.7%.

Revenues in the **segment of fragrance activities** in the world grew by 37% and peaked at 9.6 million dollars, compared to revenues of 7.0 million dollars in the corresponding period last year. The increase in revenues

¹ Organic growth is calculated as the difference between the sales turnover in the first half of 2021 and the sales turnover in the first half of 2020 plus the sales turnover of the companies acquired in the first half of 2020.

in the segment of fragrance activity is mainly due to organic growth neutralized by the effect of currencies at a rate of 31%.

Revenues in the **segment of flavor activities** in the world grew by 8 times and peaked at a high of 13.2 million dollars, compared to revenues of 1.5 million dollars in the corresponding period last year. The sharp increase in revenues in the flavor segment is due to the completion of the acquisition of SDA and WFF in the second half of 2020 and includes organic growth ²neutralized by the effect of currencies at a rate of 11.5%.

Revenues in the **segment of intermediate materials for the pharma industry** in the world resulted from organic growth neutralized by the effect of currencies at a rate of 50.5% and peaked at 9.5 million dollars, compared to revenues of 6.3 million dollars in the corresponding period last year.

Revenues in the **segment of unique raw materials** in the world amounted to 7.1 million dollars, compared to revenues of 7.7 million dollars in the corresponding period last year. The decrease in revenues in the segment of unique raw materials is due to a change in the sales mix and a preference for products with higher profitability.

Profit and profitability

In the first half of 2021, Turpaz posted record sales, gross profit, operating profit, EBITDA, and net profit.

Turpaz's **gross profit soared in the first half** of 2021 by 66.9% and peaked at 15.8 million dollars compared to 9.4 million dollars in the same period last year. The increase in gross profit is due to an increase in the company's sales worldwide as well as the leverage of synergy between the segments.

Operating profit in the first half of 2021 grew by 91.8% and peaked at 8.0 million dollars (20.3% of total revenue) compared to 4.2 million dollars (18.6% of total revenue) in the same period last year.

Adjusted EBITDA grew by 72% and amounted to 9.8 million dollars (25.0% of total revenues) compared to 5.7 million dollars (25.5% of total revenues) in the corresponding period last year.

Operating profit in the segment of fragrance activity grew by 79% and amounted to a peak of 3.6 million dollars (37.5% of total revenues) compared to an operating profit in the segment of fragrance activity of 2.0 million dollars (28.7% of total revenue) in the corresponding period last year.

Operating profit in the segment of flavor activities in the world amounted to 0.8 million dollars (6.0% of total revenues) compared with operating profit in the segment of flavor activities of 60,000 dollars (3.9% of total revenues) in the corresponding period last year. During the second half of 2021, SDA began implementing a strategic plan to improve its product lines, and operations to streamline operations.

Operating profit in the intermediate materials segment for the pharma industry increased by 112% and amounted to a peak of 3.0 million dollars (31.1% of total revenues) compared to operating profit in the intermediate material for the pharma industry which amounted to 1.4 million dollars (22.1% of total revenues) in the corresponding period last year.

Operating profit in the segment of unique raw materials in the world increased by 24.4% and amounted to 2.0 million dollars (27.8% of total revenues), compared to operating profit in the field of unique raw materials of 1.6 million dollars (20.7% of total revenue) in the corresponding period last year. The sharp increase in the rate of operating profit in the segment of unique raw materials is due to a change in the sales mix and a decrease in sales of low-profit products in the first half of 2021.

² See footnote 1 above.

Net profit in the first half of 2021 in the world grew by 94.3% and amounted to a record of 6.3 million dollars (16.0% of total revenues) compared to 3.2 million dollars (14.5% of total revenue) in the corresponding period last year.

The Company's cash balance and net cash value as of June 30, 2021 was 46.8 million dollars compared to a net debt balance of 17.3 million dollars at the end of 2020. The increase in net cash balances is mainly due to an initial public offering completed by the Company on May 23, 2021 for the amount of 62 million dollars net IPO expenses as well as cash flow from operating activities in the amount of 4.9 million dollars.

About Turpaz

Turpaz specializes in the development, production and marketing of fragrance and flavor extracts both natural and synthetic, sweet and savory for the food, beverage, ice cream, confectionery, toiletries, cosmetics, home care and detergent industries. The company has a wide and diverse portfolio of products and the ability to develop and customize for customers. Turpaz develops, manufactures and markets unique raw materials with high added value, for the pharma, agro and aroma chemicals industries. Over the years, Turpaz has built a leading business and competitive position in major markets around the world, through the creation of a development and production infrastructure and a marketing and sales system, worldwide in particular in Europe, North America and Southeast Asia. Turpaz's global position has intensified since 2016 through the acquisition of companies in various countries around the world. The company's business strategy is based on organic growth at a rate higher than market growth, and successful and systematic implementation of strategic acquisitions.

To date, the company has made 10 strategic acquisitions, including: the acquisition of Pollena Aroma, the Polish company, which operates in the segments of fragrances and flavors, for its state-of-the-art plant, for around 7 million Euros; the acquisition of Chemada's activities for around 4.1 million dollars that enabled the company to enter the sectors of intermediates and unique raw materials; the acquisition of American Flavor Associates in the sectors of fragrances and flavors, which greatly strengthened the company's grip on the American market and its entry into the Chinese market; the acquisition of 60% of WFF shares in Vietnam which is the center of the company's operations in Southeast Asia; and the acquisition of 51% of SDA from Kibbutz Sde Eliyahu in the sector of natural savory flavors and which enabled the company to enter the field of spice blends. These acquisitions have enabled Turpaz to accelerate the development of its global manufacturing infrastructure to 8 sites around the world, and form the infrastructure for the company's continued expansion into additional international markets and to strengthen the company's global development, production, marketing and sales systems.

The Turpaz Group is led by Chairperson and CEO Karen Khazon, with over 20 years of experience in management positions in the global flavor and fragrance industry and international experience in acquisitions of companies in the field, and who led Aromor to an impressive 100 million dollar exit when it was sold to IFF. Khazon's business partner for many years is Dr. Israel (Reli) Leshem, a partner in Meitar law firm, who serves as a director of the company. Turpaz's senior management includes people with a vast background, experience, and many decades in the flavor and fragrance industries both in Israel and globally, including senior positions at Frutarom, which was sold in 2018 to IFF in a massive deal of around 7.1 billion dollars.