

This is an English translation of a Hebrew immediate report that was published on April 3, 2022 (reference no.: 2022-01-034953) (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**")

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3 April, 2022

To: Israel Securities Authority (“ ISA ”) <u>Reported Via Magna</u>	To: Tel Aviv Stock Exchange Ltd. (“ TASE ”) <u>Reported Via Magna</u>
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Re: Acquisition of control of an Israeli flavor extracts company (Balروم)

Turpaz Industries Ltd. (“**Turpaz**”) is honored to announce that on March 31st, 2022, it signed an agreement to acquire 60% of the issued and paid-up share capital and voting rights of Balrom Ltd., a private company incorporated in Israel (the “**Purchase Agreement**” and “**Balrom**”, respectively), from its shareholders (the “**Sellers**”), in exchange for the amount of NIS 16.2 million (\$ 5.1 million) less net debt, according to a company value of NIS 27 million (\$ 8.5 million). The transaction was completed at the time of signing and was funded from Turpaz's own sources.

The purchase agreement includes an option (put / call) for the purchase of the balance of Balrom's shares by Turpaz, which can be exercised from a period of 4 years after the date of completion of the transaction and for a period of 12 months, i.e. until March 31, 2027, at a price based on the business operations of Turpaz in the field of sweet flavor extracts in Israel and Balrom activity during the eight (8) calendar quarters that preceded the exercise of the option. The option will be paid in cash or in exchange for Turpaz shares to be allotted to Sellers according to their average price in the 30 calendar days preceding the date of the exercise notice (“**the allotted shares**”), depending on the Sellers' choice on the exercise date. The allotted

shares (to the extent they are allotted) are subject to the receipt of the approvals required by law, including the approval of the TASE for listing on the trading of the allotted shares.

Turpaz's activities in the sweet flavors segment will be merged with Balirom and will be included in the Turpaz flavor segment. The merging of Turpaz's flavor activities with Balirom will form the basis for operational efficiencies in production and the supply chain.

Balirom, which was established in 2001, is engaged in the research, development, production, marketing, sale and supply of natural and synthetic flavor extracts, and non-sweet functional flavor mixtures (SAVORY), as well as excipients and supplements for the food industry. Balirom's factory is located in Beer Tuvia.

The acquisition of Balirom enables Turpaz to expand its product portfolio in the areas of sweet and savory extracts, all while leveraging synergies between the group's companies in development, procurement, marketing, and sales.

Simultaneously with the completion of the transaction, agreements were signed for the continued employment of Balirom executives who will continue to manage and lead Balirom in the coming years and will join the management team of the Turpaz Group.

According to financial data provided by Balirom, based on Balirom's audited financial statements for 2020, and unaudited management reports for 2021, Balirom's sales turnover in 2020 and 2021 amounted to NIS 13.4 million and NIS 15.5 million (About \$ 3.9 million and about \$ 4.8 million), respectively.

Turpaz does not view this acquisition as an acquisition of a material asset.

Respectfully,

Turpaz Industries Ltd.

Signed by: Karen Cohen Khazon, CEO and Chairperson.