

This is an English translation of a Hebrew immediate report that was published on May 3, 2026 (reference no.: 2026-01-040471) (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**”)

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

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

3 May 2026

Re: **Acquisition of a Fragrance and Flavor Company in the U.S. (Phoenix)**

Turpaz Industries Ltd. (the “**Company**” or “**Turpaz**”) is pleased to announce that on May 1, 2026, it signed, through its wholly owned subsidiary, Klabin¹, an agreement to acquire 100% of the share capital of Phoenix Flavors & Fragrances Inc., a privately held U.S. company (“**Phoenix**”), from a U.S. private equity fund (the “**Seller**”), for a total consideration of USD 95 million² and an additional consideration of up to USD 5 million based on Phoenix’s performance during the second and third quarters of 2026. The transaction was completed upon signing and was financed from Turpaz’s own resources.

Phoenix is engaged in the development, manufacturing, marketing, and sale of fragrance extracts primarily used in air care, personal care, and home fragrance products, as well as flavor extracts for the food and beverage industry. Phoenix has a broad customer base including hundreds of clients, along with a diverse portfolio of products and solutions for the fragrance and flavor industry.

In recent years, Phoenix has expanded its operations and strengthened its position in the fragrance and flavor market in the United States, including through the acquisition of

¹ Klabin-Turpaz, Inc. A private American company wholly owned (100%) by Turpaz, which was acquired by Turpaz in 2022.

² The consideration includes repayment of net debt in an amount of approximately USD 63 million. In addition, the consideration includes adjustments to working capital and estimated net debt as of the completion date, which are subject to final immaterial adjustments that will be determined within two quarters of the completion date of the transaction.

companies complementary to its operations in the U.S.³, and through the implementation of integration and efficiency initiatives. During 2025, Phoenix completed a comprehensive reorganization and operational efficiency program, which included the consolidation of its fragrance manufacturing sites, opening of a new flavors production facility in South Bend, Indiana, and implementation of advanced IT systems - measures that contributed to improved operational efficiency and a stronger cost structure. Phoenix operates⁴ a fragrance manufacturing facility in the U.S., located in Norwood, New Jersey (3,500 sqm), a flavor manufacturing facility in South Bend, Indiana (2,000 sqm), and an advanced R&D center in Red Bank, New Jersey (1,200 sqm) with strong development capabilities. As of the reporting date, Phoenix employs 76 employees. Phoenix's management is expected to continue leading its operations following completion of the transaction.

This acquisition strengthens and expands Turpaz's activities in North America, one of the world's key markets in the fragrance and flavor industry and enables Turpaz to establish a full operational platform in the U.S., including development, manufacturing, and marketing capabilities, which is expected to support its continued growth in the region.

Phoenix is expected to be directly integrated with Turpaz's fragrance activities in the U.S., including through the consolidation and transfer of Klabin's¹ manufacturing operations to Phoenix's New Jersey facility. This move is expected to contribute to operational efficiency, cost savings, and improvement in the cost structure of Turpaz's U.S. operations. In addition, the integration of fragrance and flavor activities in the U.S. is expected to contribute to building a synergistic group platform in North America and strengthening its sales and customer network, including through the integration of customer bases, expansion of product offerings, and deepening relationships with existing customers (cross-selling), while leveraging the companies' development and innovation capabilities. According to Turpaz's estimates, synergies of USD 2 million are expected to be realized over the coming quarters as a result of the integration of Klabin and Phoenix. Furthermore, the acquisition is expected to generate synergies with Turpaz's fine fragrance activities, including through enhanced development capabilities, expanded product offerings, and deeper engagement with global customers in this segment.

Based on adjusted management financial data⁵ received by Turpaz from Phoenix⁶ for the years 2025 and 2024, which are unaudited and unreviewed and are presented after being prepared in accordance with IFRS reporting standards: Phoenix's revenues amounted to USD 36.8 million and USD 36.6 million, respectively; gross profit amounted to USD 16.3 million in each of the years; operating profit amounted to USD 4.6 million and USD 2.9 million, respectively; EBITDA amounted to USD 6.9 million and USD 5.1 million, respectively; net profit amounted to USD 3.2 million and USD 2.1 million, respectively; total assets amounted to USD 65.3 million and USD 64.0 million, respectively; and total liabilities⁷ amounted to USD 12.7 million and USD 8.3 million, respectively.

³ In 2017, Phoenix acquired Ascent Aromatics, which distributes fragrance extracts and aromatic chemicals. In 2018, it acquired Creative Concepts, which specializes in research and development in the field of fragrances and flavors. In 2022, it acquired Innovative Fragrances, which specializes in the development and production of fragrance extracts.

⁴ Through long-term leases.

⁵ Adjusted by neutralizing one-time and non-recurring expenses, including expenses related to streamlining and reorganization measures, as well as by neutralizing the debt and interest expenses to the seller for the debt repaid at the date of completion of the transaction.

⁶ Phoenix does not have audited financial statements or reviews prepared according to accounting rules.

⁷ Excluding the debt repaid at the signing of the transaction, as described above.

It is emphasized that the Company's assessments and financial estimates in this report, including with respect to the realization of synergies and improvement in the profitability of the Group's operations in North America, constitute forward-looking information as defined in the Israeli Securities Law, 1968. Such information is based on estimates, forecasts, and assumptions of the Company's management as of the reporting date, which may not materialize, in whole or in part, or may materialize differently than expected, inter alia due to changes in market conditions, changes in the business environment, and the realization of risk factors detailed in Section 1.28 of Chapter A of the Company's 2025 periodic report.

Respectfully,

Turpaz Industries Ltd.

Signed by: Keren Cohen Khazon, CEO