

May 2021

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References to Foot Locker Europe in this presentation denote Foot Locker stores in Europe operated by Retailors in a joint venture with Foot Locker, in which Retailors has a 49% interest (the "Foot Locker Europe JV"). The Foot Locker Europe JV is not consolidated by Retailors. As such, earnings from the Foot Locker Europe JV are not included at the revenue line in Retailors' income statement, but are instead presented as a share of profit of equity-accounted investees.

Future store openings may be subject, in certain jurisdictions, to counterparties' consents. The company estimates that it will be able to obtain such consents in due time.

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# TRANSACTION SUMMARY

<b>Issuer</b>	<ul style="list-style-type: none"> <li>Retailors Ltd</li> </ul>
<b>Listing venue</b>	<ul style="list-style-type: none"> <li>Tel Aviv Stock Exchange</li> </ul>
<b>Price range</b>	<ul style="list-style-type: none"> <li>ILS[44.00] – [52.50] per share</li> </ul>
<b>Offering currency</b>	<ul style="list-style-type: none"> <li>ILS</li> </ul>
<b>Primary shares offered</b>	<ul style="list-style-type: none"> <li>c.[9.1 million]</li> </ul>
<b>Secondary shares offered</b>	<ul style="list-style-type: none"> <li>c.[1.4] – [1.8] million (to be determined proportionally to the price range)</li> </ul>
<b>Base offer size</b>	<ul style="list-style-type: none"> <li>Primary tranche: c.ILS[400] – [475] million</li> <li>Secondary tranche: c.ILS[63.2] – [95.0] million (to be determined proportionally to the price range)</li> </ul>
<b>Use of proceeds</b>	<ul style="list-style-type: none"> <li>The primary proceeds of the Offering and private placement to Foot Locker will be used by the Company<sup>1</sup> to fund the expansion of its business activities, to be determined by the board, including among other things, to accelerate its store rollout, optimize its existing stores, develop the Dream Sport banner, and fund its online activities</li> </ul>
<b>Current shareholder</b>	<ul style="list-style-type: none"> <li>Fox (TASE: FOX) (82.6%), Leumi Partners (10.1%) and Shnaidman Holdings Ltd., an entity controlled by Retailors' CEO (7.3%)</li> </ul>
<b>Distribution</b>	<ul style="list-style-type: none"> <li>Offering to investors in Israel; Offering to institutional investors outside the US under Reg S; Offering to QIBs in the US under Rule 144A</li> </ul>
<b>Lock-up</b>	<ul style="list-style-type: none"> <li>12 months for Fox, Leumi Partners, Foot Locker, the Company and certain members of the Company's management, subject to certain exceptions</li> </ul>
<b>Sole Global Coordinator and Joint Bookrunner</b>	
<b>Local Distributors</b>	 

Note:

1. Please see page 4 for further details on Foot Locker's pre-IPO private placement, where Foot Locker received an allocation of 10% of the Company's share capital on a post-initial public offering basis, at a price set at a 12.5% discount to the initial public offering price

# RETAILORS TEAM OVERVIEW

## Retailors management



**HAREL WIESEL**

Chairman

30 6

- Harel has been Co-Founder and CEO of Fox Group since 1995, as well as being a key shareholder
- 30 years of retail experience across verticals
- Experienced entrepreneur with a proven track record in local and international markets

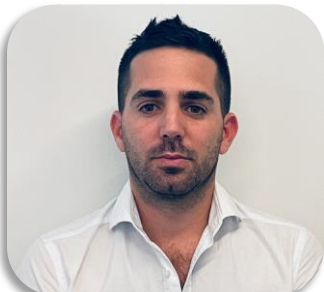


**DUBY SHNAIDMAN**

Shareholder & CEO

25 6

- DUBY has held the position of CEO of Retailors since January 2020
- Held senior leadership roles with Retailors since acquisition by Fox Group in 2015
- Previously held the role of CEO of Tiv Taam, one of Israel's largest supermarket chains



**TOMER CZAPNIK**

CEO of Nike Stores International

4 4

- Tomer joined Retailors in 2017
- Led the Company's first international expansion to Canada
- Previously held roles of co-founder and CEO of Eyeonn, a computer vision based safety solution for swimming pools



**AVIOR TEBOUL**

CFO

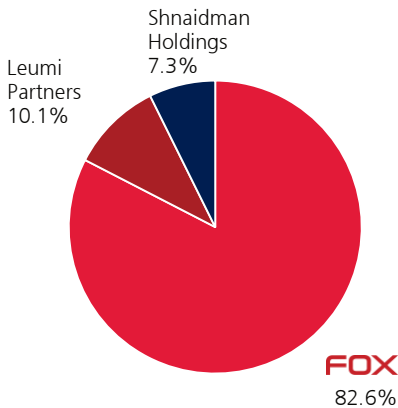
7 1

- Avior joined Fox Group in 2014 and is now the incoming CFO of Retailors
- Previously held roles of Fox Group controller for 6 years and CFO assistant for 1 year
- CPA since 2013 – spent 3 years with KPMG Israel as an Auditor

Industry experience

Years at Retailors

## Pre-IPO shareholding



## Foot Locker investment

Foot Locker committed to invest in Retailors and will reach 10% ownership post IPO

“ This extension of our existing relationship with Retailors reflects Foot Locker's commitment to driving our mutual business globally. We look forward to continuing our strong partnership with Retailors in its growth plans in Israel and abroad, leveraging its experienced management and excellence in retail .”

Vijay Talwar, Foot Locker Inc.'s Executive Vice President and Chief Executive Officer of Europe, Middle East and Africa

# RETAILORS: A SPORTS RETAIL GROWTH STORY

## OUR VISION

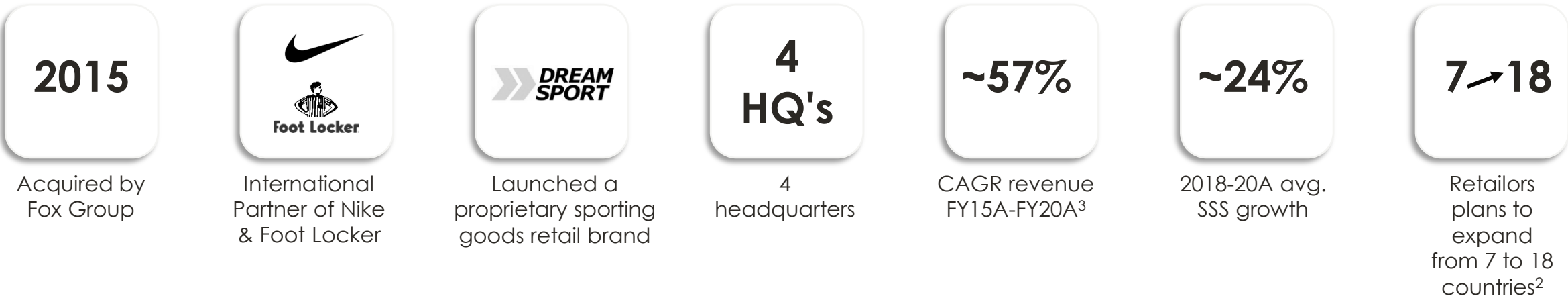
To be the sports retail leader in every territory we operate in

## HOW?

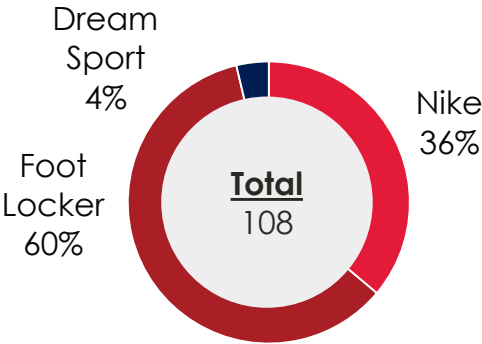
To leverage the **evolution and growth** of the sports market, in collaboration with our partners, by **focusing on the needs of each market**, and providing a **tailored and superior retail experience** by harnessing our **detail-oriented and innovative leadership**

# RETAILORS AT A GLANCE

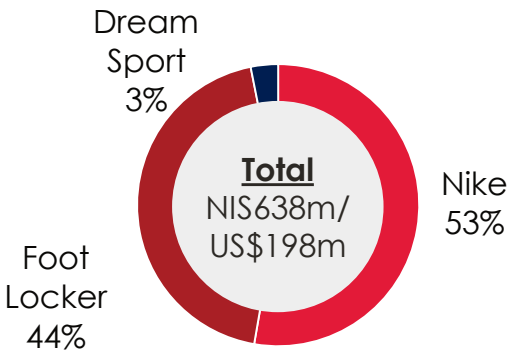
Retailors is a leading high growth<sup>1</sup> retailer in Israel, specialising in the sports, athleisure and urban segments—an international partner of choice of Nike and Foot Locker, and owner of professional sporting goods retailer Dream Sport



RETAILORS STORES BY BANNER FY20A (%)



RETAILORS REVENUE BY BANNER FY20A<sup>3</sup> (%)



Source: Company information, Bank of Israel (constant USD:NIS of 3.215 used as of 31/12/2020 for illustrative purposes only)

Note: 1. High-growth in comparison to avg. revenue growth over last three years of listed sports retail peers with EV above US\$0.5bn, sourced from FactSet; Retailors is the #1 sports retail operator by revenue in Israel as of FY20A, per external Deloitte commercial due diligence report

2. Retailors as of Dec-20A is active in seven countries globally; expansion to 18 countries targeted in medium-term

3. Company revenues are presented on a consolidated basis and do not include the Company's revenue share of Foot Locker Europe stores, which are operated by Retailors in the Foot Locker Europe JV (49%). Operation of Retailors operated Foot Locker Europe stores commenced during Q4-20

6

# RETAILORS AT A GLANCE



OVERVIEW	<ul style="list-style-type: none"> <li>■ NSP (Nike Stores Partner) for selected regions<sup>1</sup></li> <li>■ Current licensee in Israel, Canada (excluding British Columbia) and selected European geographies</li> </ul>	<ul style="list-style-type: none"> <li>■ License operator for Foot Locker in Israel</li> <li>■ JV partner in Eastern Europe (49:51)<sup>2</sup></li> <li>■ Committed to acquire 10% of shares of Retailors in pre-IPO investment</li> </ul>	<ul style="list-style-type: none"> <li>■ Retailors' own consumer focused multi-category sports retail banner</li> </ul>
YEAR LAUNCHED	2015	2017	2020
EXISTING PRESENCE	ISR  CAN  NETH  BEL  GER  POL	ISR  POL  HUN	ISR (potential to rollout globally)
CONTRACTUAL LICENSE TO OPERATE	CZR  SLOVK  SLOVE  AUS  HUN CRO  NOR  SWE  FIN  DEN	ROM  CRO  SLOVK  UKR	N/A – owned brand (no limitations)
FY20A STORE COUNT	39	65	4
FY20A REVENUE	NIS336m / US\$105m	NIS281m / US\$88m <sup>3</sup>	NIS20m / US\$6m

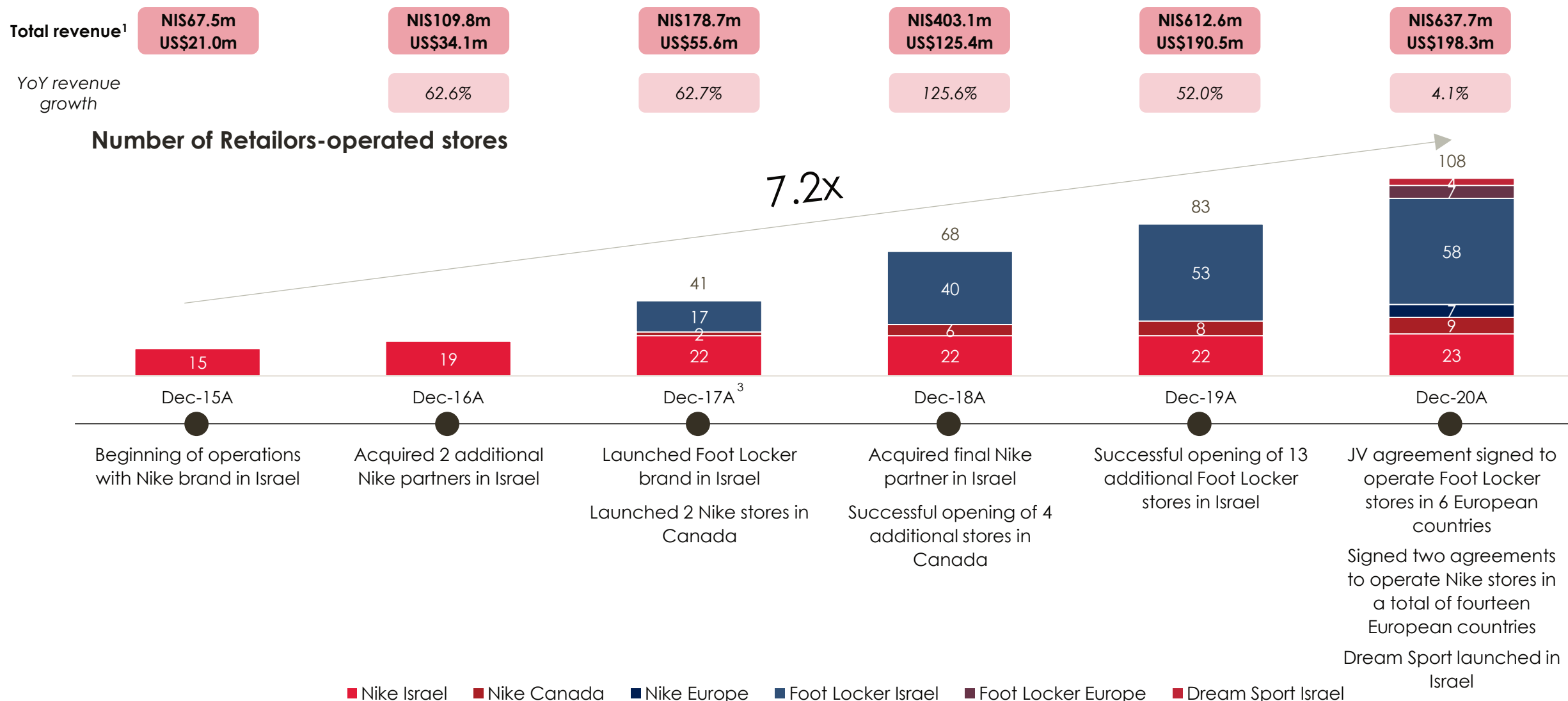
Source: Company information, Bank of Israel (constant USD:NIS of 3.215 used as of 31/12/2020 for illustrative purposes only)

Note: 1. Retailors hold 51% ownership in the Nike Europe JV, with Foot Locker holding the remaining 49%. All countries where Retailors have rights to open Nike stores in Europe are covered by this JV apart from Israel, Canada, Germany (Hamburg), Denmark, Sweden, Finland and Norway which are 100% owned by Retailors

2. Retailors hold 49% ownership in the Foot Locker Europe JV, with Foot Locker holding the remaining 51%

3. Company revenues are presented on a consolidated basis and do not include the Company's revenue share of Foot Locker Europe stores, which are operated by Retailors in the Foot Locker Europe JV (49%). Operation of Retailors operated Foot Locker Europe stores commenced during Q4-20

# EXCEPTIONAL ROLLOUT AND GROWTH TRACK RECORD



Source: Company information, Bank of Israel (constant USD:NIS of 3.215 used as of 31/12/2020 for illustrative purposes only)  
 Note: 1. Company revenues are presented on a consolidated basis and do not include the Company's revenue share of Foot Locker Europe stores, which are operated by Retailors in the Foot Locker Europe JV (49%). Operation of Retailors operated Foot Locker Europe stores commenced during Q4-20

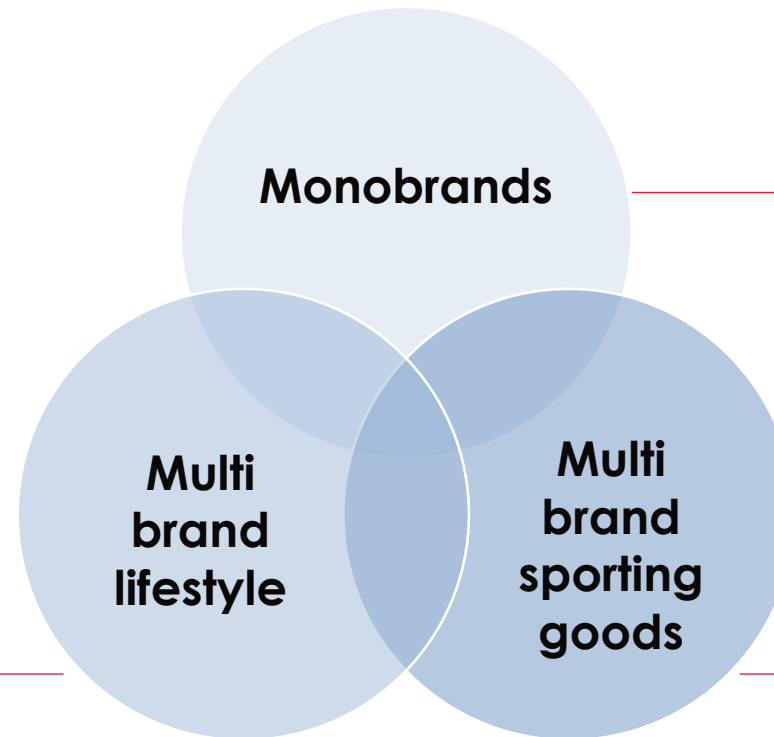
2. In comparison to average revenue growth over last three years of global listed sports retail peers of EV above US\$0.5bn, from FactSet  
 3. Includes 4 stores acquired from previous Nike partner in Israel in December 2017 which only began contributing to Company financials during FY18

# COMPREHENSIVE OFFERING ACROSS ALL SPORTS CATEGORIES

## Sportswear & athleisure landscape



**Foot Locker**  
Multiple brands  
**Lifestyle**  
Mostly single category  
**Positioning: On-trend and #1 in sneakers with focus on youth culture<sup>1</sup>**



Highly technical products  
**Performance-lifestyle**  
Focusing on selected categories  
**Positioning: #1 global sports brand, focusing on selected categories<sup>1</sup>**



Multiple brands  
**Performance**  
Multiple categories  
**Positioning: Innovative Israeli professional sporting goods brand**

Source: Company information, FactSet  
Note: 1. Nike is the #1 global sports brand by revenue; Foot Locker is the #1 global brand in sneakers by revenue

# RETAILORS: EXCITING HIGH GROWTH RETAIL CONCEPT, OFFERING THE MOST ATTRACTIVE GLOBAL SPORTSWEAR BRANDS

1

A PREFERRED RETAIL PARTNER FOR GLOBAL SPORTS RETAIL LEADERS, NIKE AND FOOT LOCKER

2

OPERATING IN A SECTOR WITH SIGNIFICANT TAILWINDS

3

PROVEN TRACK RECORD OF OUTSTANDING RETAIL CAPABILITIES RESULTING IN SIGNIFICANT SSS GROWTH

4

CONSISTENTLY DELIVERING EXCEPTIONAL FINANCIAL PERFORMANCE

5

SUBSTANTIAL OPPORTUNITY TO CONTINUE DELIVERING OUTSIZED GROWTH THROUGH NETWORK ROLLOUT AND OPTIMISATION, BY ADDING DREAM SPORT AND LAUNCHING ONLINE

1

# STRONG PARTNERSHIP WITH GLOBAL SPORTSWEAR BRANDS: NIKE



#1

**SPORTS BRAND GLOBALLY**

BY REVENUE, MARKET CAP, PROFITABILITY, RECOGNITION

# STRONG PARTNERSHIP WITH GLOBAL SPORTSWEAR BRANDS: NIKE

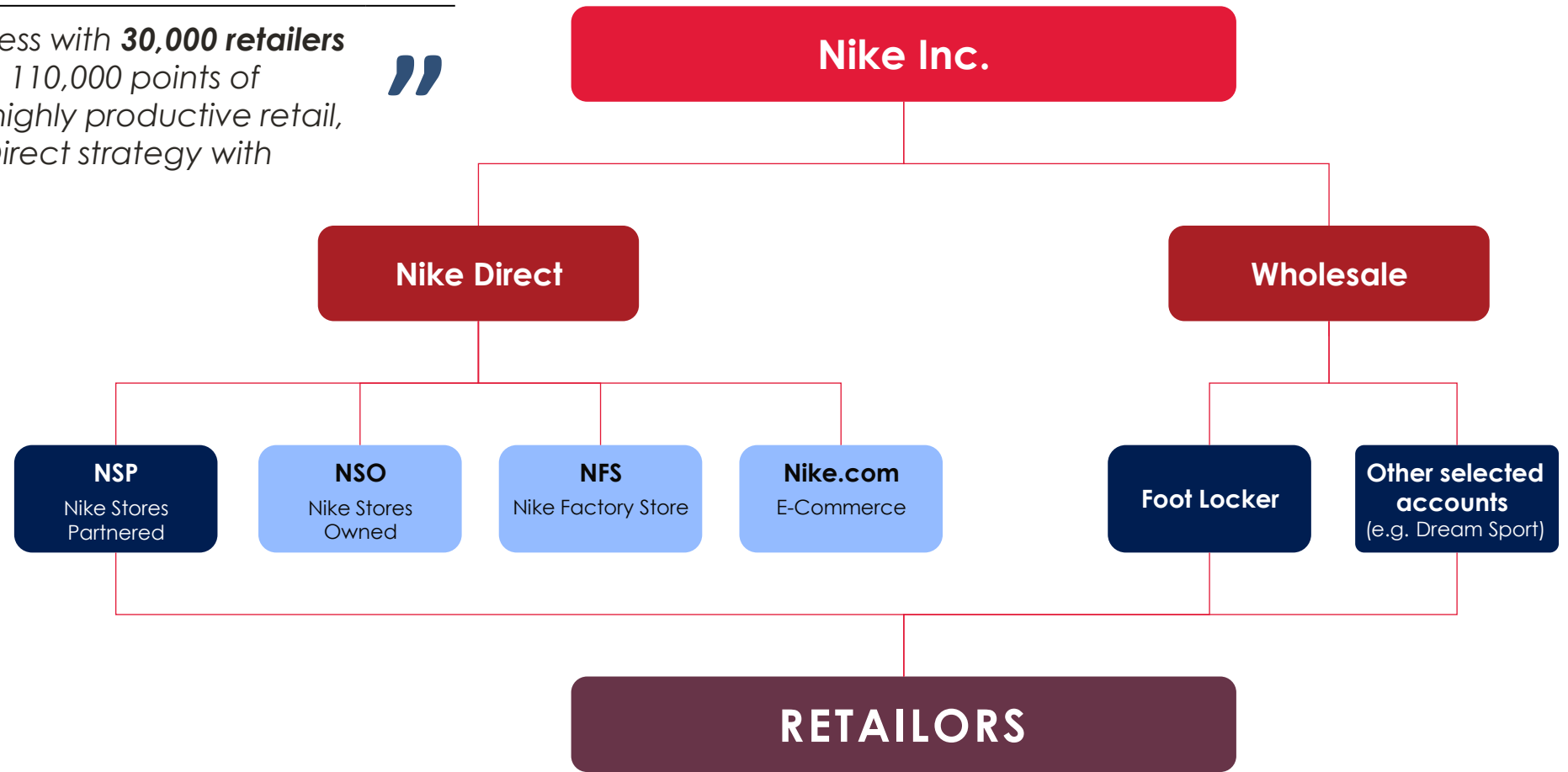


“

Last year, NIKE did business with **30,000 retailers** around the world across 110,000 points of distribution ... To shift to highly productive retail, we will execute our 2X Direct strategy with about **40 partners**.

”

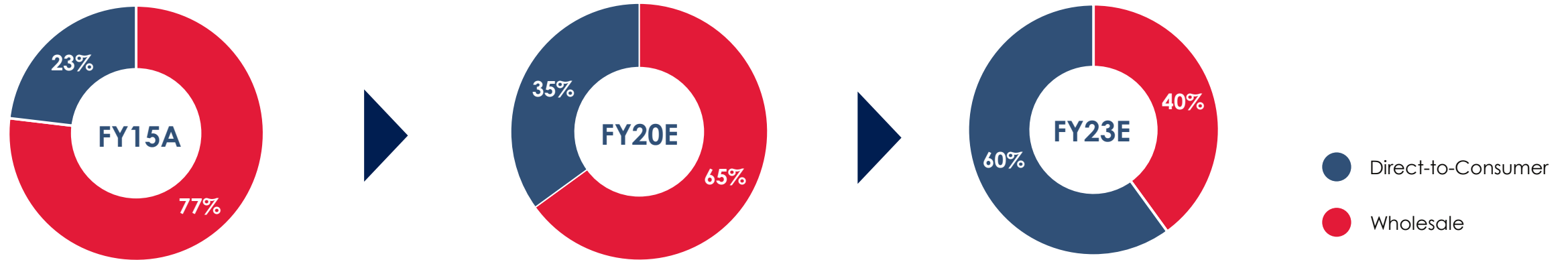
Nike 2017 Investor Day





Nike's transformational shift towards the D2C channel is underpinning Retailors' success

### Nike global revenue split by channel



“

**We are actively working with our key retail partners** to help them transform the consumer experience as we accelerate the shift toward differentiated retail.

”

Nike Q2 2018 earnings call

Successful partnership in existing markets led to expansion of Retailors to become a leading partner in selected European geographies for Nike in 2020.



Source: Company Information, Nike earnings transcripts (D2C / Wholesale revenue split by channel from Nike 2017 Investor Day)

1

# STRONG PARTNERSHIP WITH GLOBAL SPORTSWEAR BRANDS: FOOT LOCKER



#becauseneakers

1

# STRONG PARTNERSHIP WITH GLOBAL SPORTSWEAR BRANDS: FOOT LOCKER



Foot Locker is a gateway to the lifestyle segment for global brands

HOUSE OF HOOPS



PUMA LABS



ADIDAS COLLECTIVE



**3,032**

3,032 stores



**27**

Presence in 27 countries worldwide



**7.5m**

Over 7.5m sq. ft of selling space



**US\$8bn**

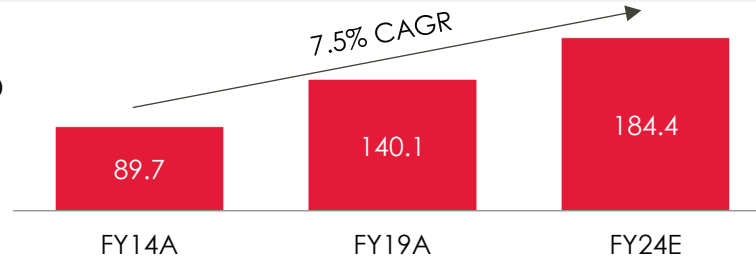
US\$8bn in revenue

Source: Foot Locker company information as of Q3 2020

# OPERATING IN A SECTOR WITH SIGNIFICANT TAILWINDS

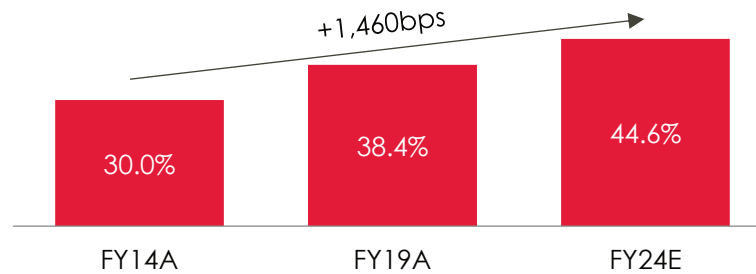
SPORTS FOOTWEAR IS EXPERIENCING AN ACCELERATED GROWTH GLOBALLY...

Sports footwear global retail sales (US\$bn)



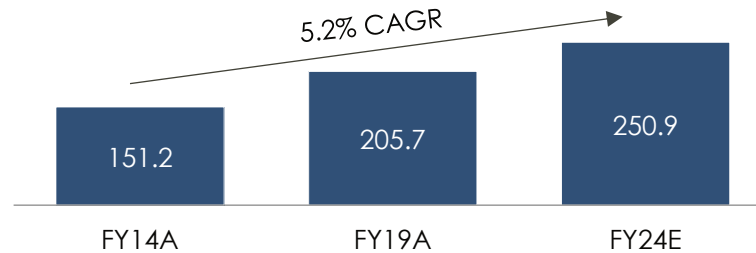
... DRIVEN BY CHANGES IN CONSUMERS' PREFERENCES

Sneaker retail sales as % of total footwear global retail sales (%)



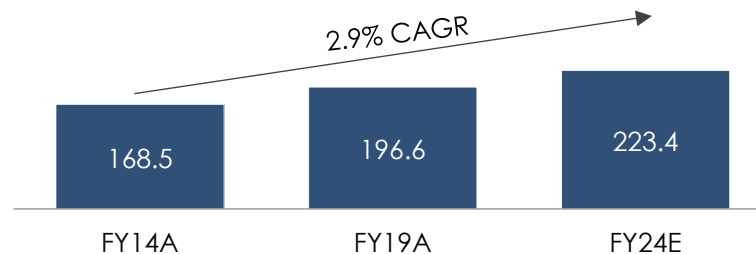
SIMILARLY, SPORTS APPAREL IS EXPECTED TO CONTINUE GROWING GLOBALLY...

Sports apparel global retail sales (US\$bn)



... WHILE SPORTING GOODS ARE ALSO EXPECTED TO SEE STEADY GROWTH

Sporting goods global retail sales (US\$bn)

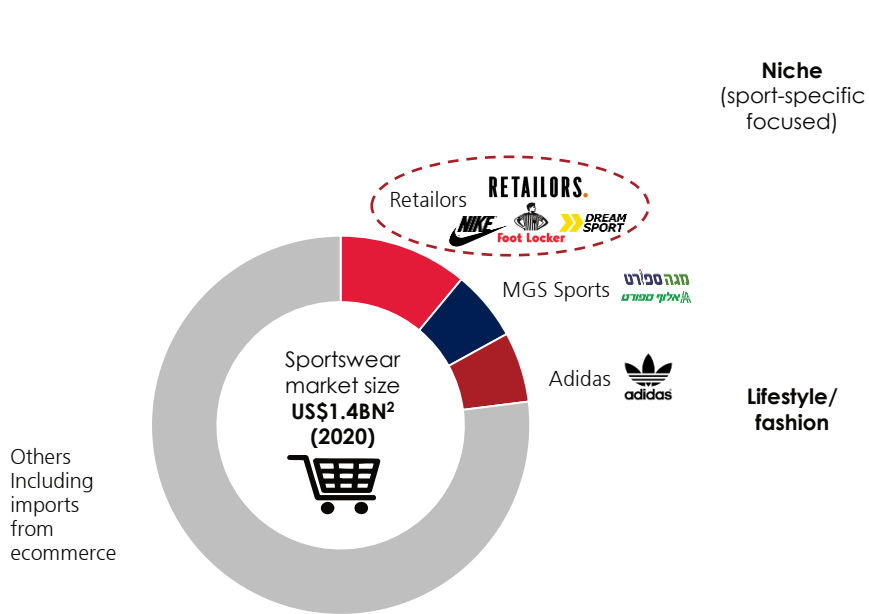


Source: Euromonitor, Vogue as of 13 January 2021

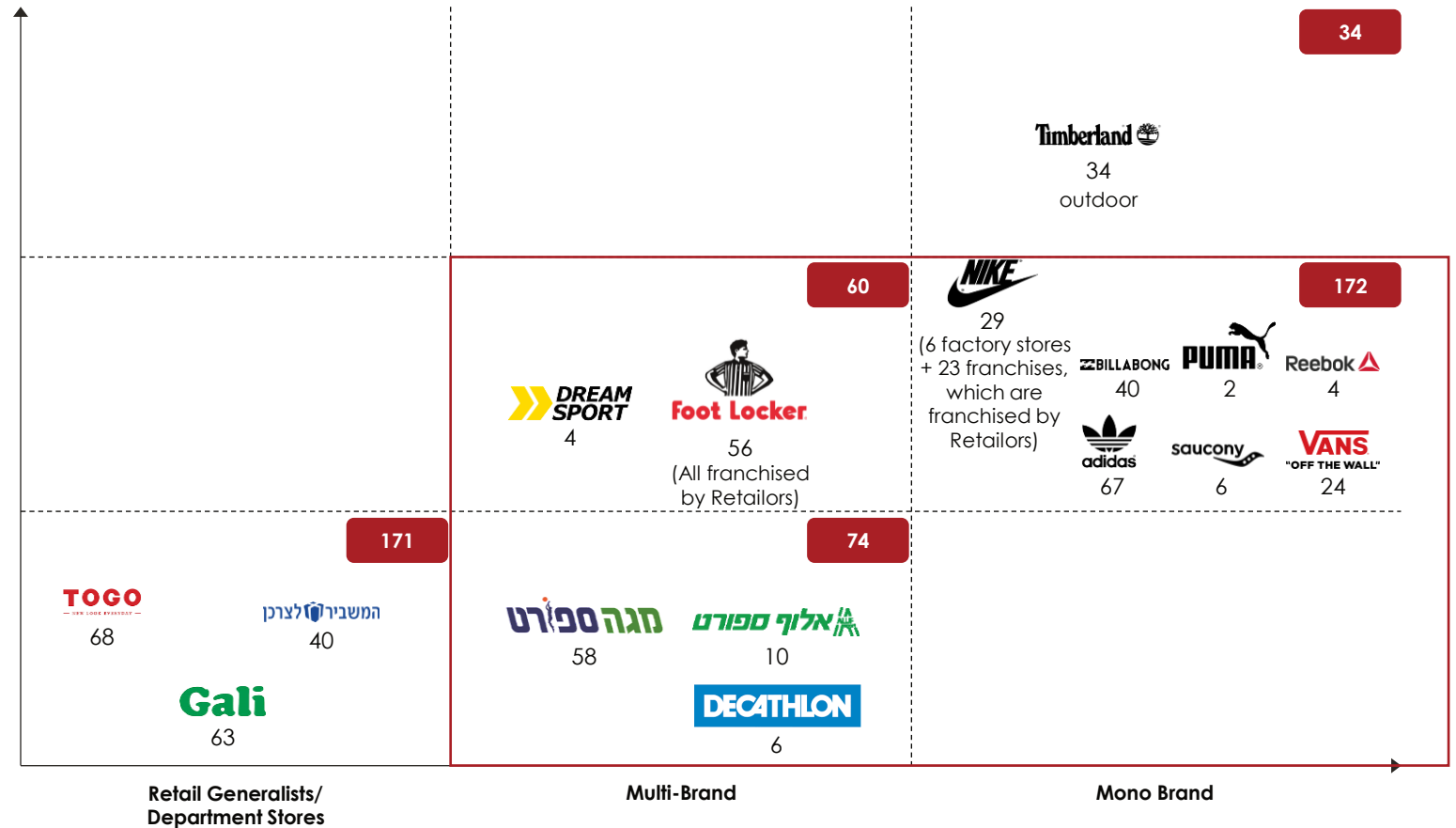


# RETAILORS IS THE MARKET SHARE LEADER IN THE FRAGMENTED ISRAELI SPORTSWEAR MARKET

Israeli sportswear retail market share by specialist retailer



Mapping of Israeli sportswear market by retailer¹



xx

Total number of stores of leading chains

Source:  
Note:

Deloitte commercial due diligence report dated 2 March 2021

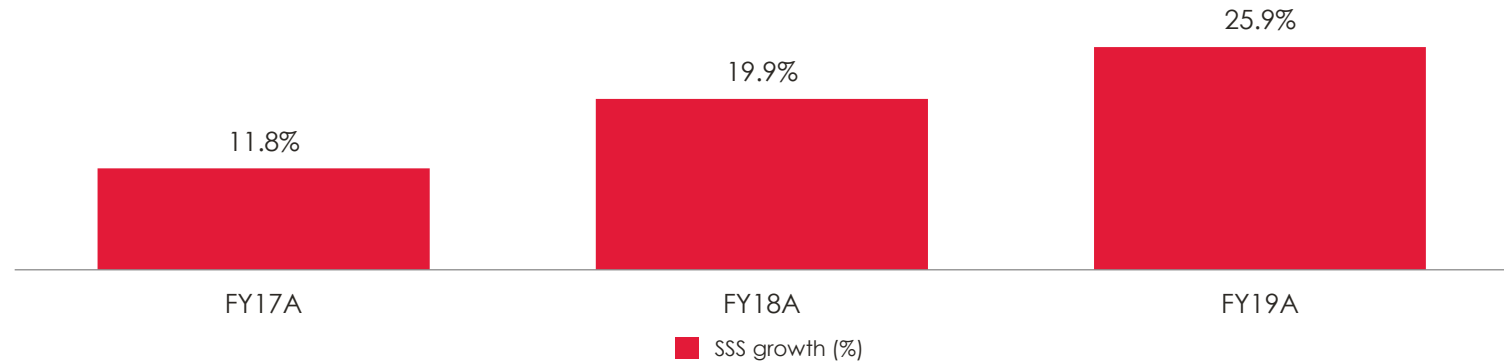
1. Non exhaustive mapping, including leading chains and brands. Unless indicated otherwise, apparel generalists not included in mapping, as the market is typically highly fragmented and each chain has low market share in sports apparel and footwear

2. Retail sales value

# OUTSTANDING RETAIL CAPABILITIES RESULTING IN SIGNIFICANT SSS GROWTH

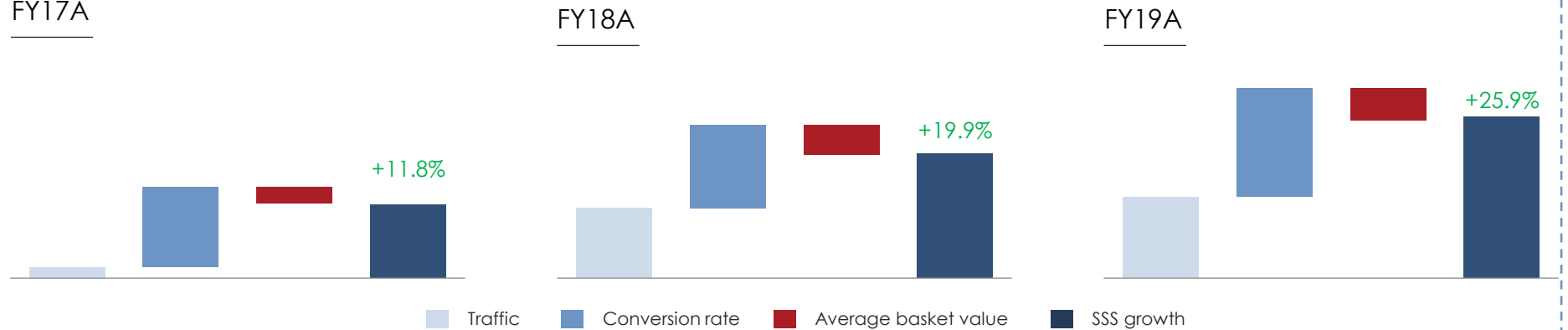
Significant historical SSS growth in Retailors driven by outstanding retail capabilities...

Retailors SSS growth (%)



...supported by continued improvements across almost all constituent drivers due to Retailors' exceptional expertise

RETAILORS TOTAL SSS ESTATE<sup>1</sup>



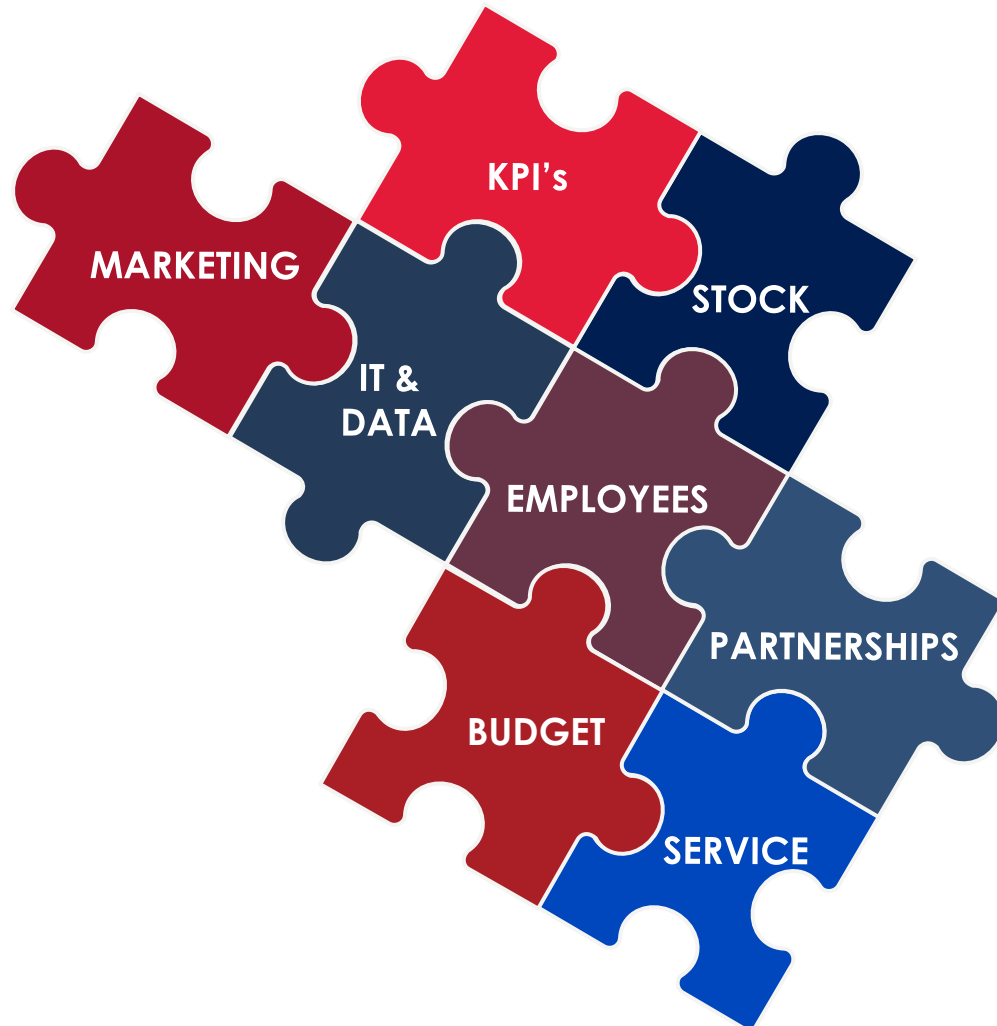
Source:  
Note:

Company information, Bank of Israel (constant USD:NIS of 3.215 used as of 31/12/2020 for illustrative purposes only)

1. Defining SSS estate as stores opened for at least 12 months from the beginning of a new financial year as of 1st January with SSS only calculated using the SSS estate and SSS growth calculated using y-o-y revenue growth of the SSS estate. Waterfall charts showing SSS constituents (traffic, conversion rate and average basket value) as additive however actual impact from each SSS constituent on the total SSS growth is multiplicative

# OUTSTANDING RETAIL CAPABILITIES RESULTING IN SIGNIFICANT SSS GROWTH

Bringing together specific experience in sports retail with a structured, dynamic and fast-paced culture



Double digit revenue growth across banners<sup>1</sup>



Source:  
Note:

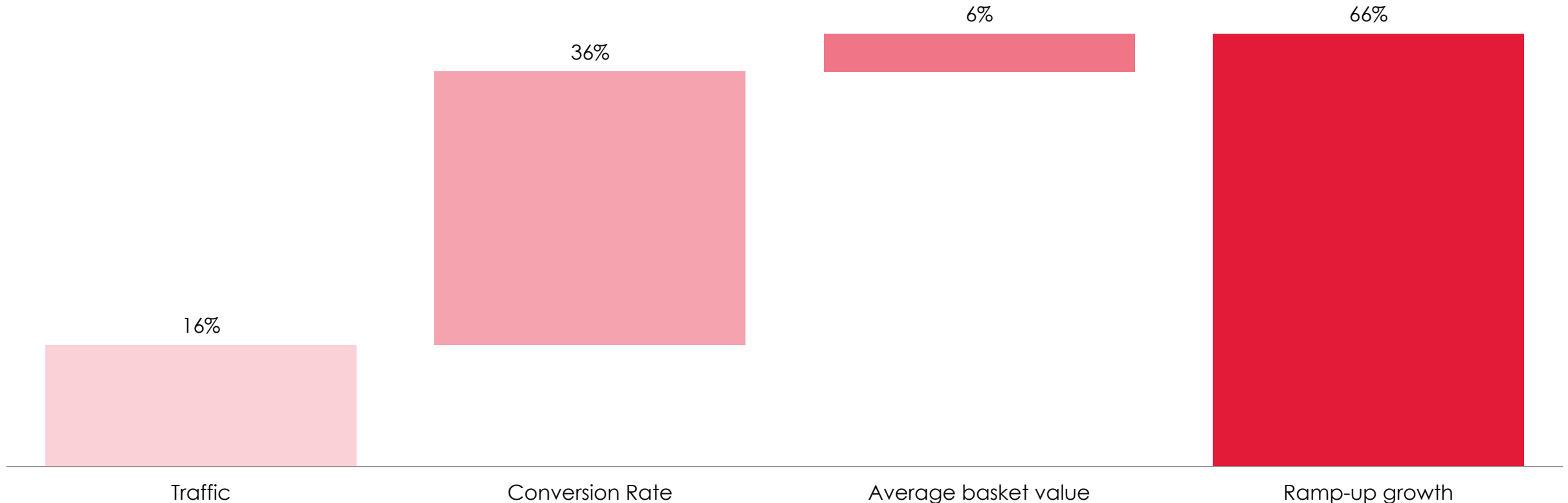
Company information

1. Growth for Retailors-operated stores only. Nike double digit revenue CAGR from FY17A-FY20E, Foot Locker double digit revenue CAGR from FY17A-FY20E, Dream Sport has not yet been in operation long enough to show year-on-year revenue growth

# OUTSTANDING RETAIL CAPABILITIES RESULTING IN SIGNIFICANT SSS GROWTH

**Case study 1: taking over stores operated by other Nike partners, operating the same store surface area and improving KPI's**

**Contributors to first 12 months ramp-up growth for selected Nike Israel transformed openings (vs. twelve months prior to Retailors taking control of store)<sup>1</sup>**



**Rolling out various retail programmes to optimise store layout, improve customer experience and develop value-add merchandising strategies to boost all KPI's for transformed stores**

Source:  
Note:

Company information  
1. Average year-on-year % change of several (mid-single digit number of) transformed Nike Israel stores acquired by Retailors. Waterfall chart showing ramp-up growth constituents (traffic, conversion rate and average basket value) as additive however actual impact from each constituent on the total ramp-up growth is multiplicative

# OUTSTANDING RETAIL CAPABILITIES RESULTING IN SIGNIFICANT SSS GROWTH

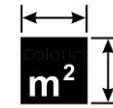
Case study 2: taking over store previously operated by other Nike partners, expanding/re-fitting the store and improving KPI's

Selected international Nike store outside of Israel after Retailors' investment into store expansion more than doubled revenue

NIKE STORE AFTER RETAILORS EXPANSION



GROWTH<sup>1</sup>



**+182%**  
SIZE (sqm)



**+69%**  
TRAFFIC



**+44%**  
CONVERSION RATE



**+121%**  
REVENUE



**+217%**  
ADJ. EBITDA<sup>2</sup>

Growth in store footprint can lead to many benefits including a broader category offering, a more premium consumer experience, improvement in brand equity, a larger and more efficient back of house and ultimately a higher quality store with the ability to drive outsized traffic and SSS growth

Source:  
Note:

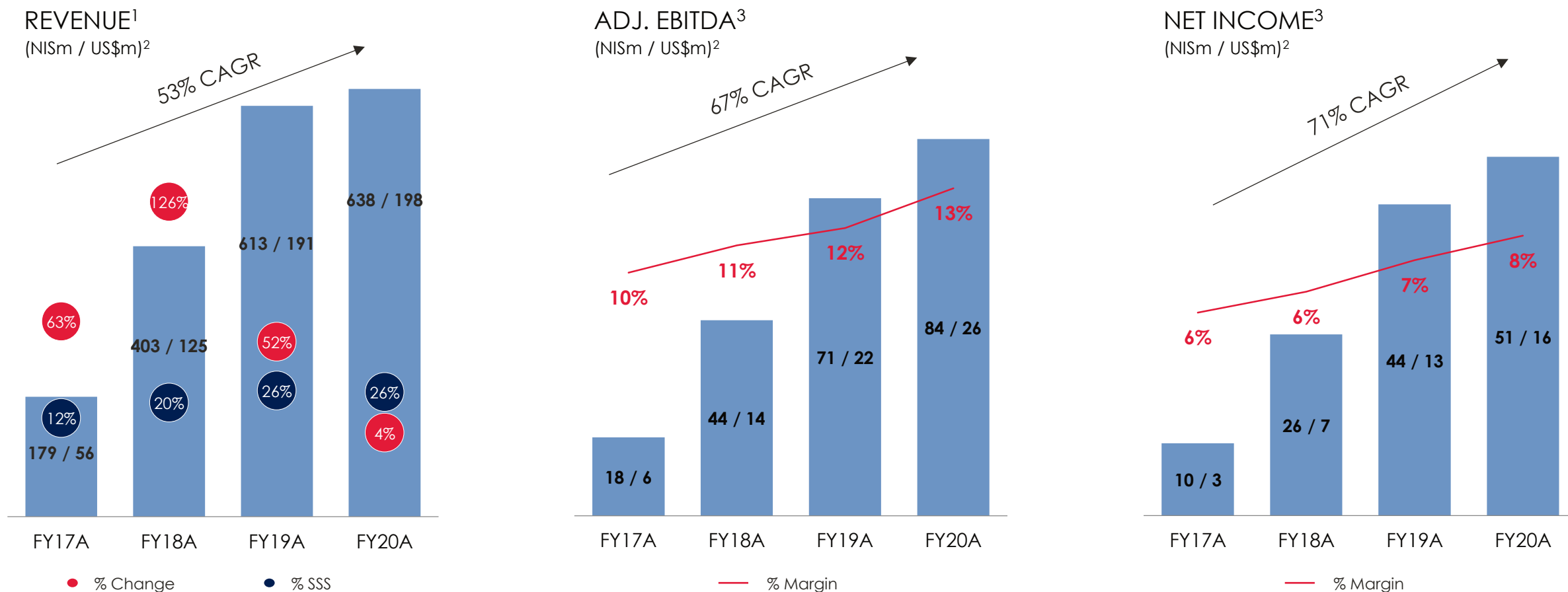
Company information

1. Growth taken for expansion period November 2018-June 2019 vs. November 2017-June 2018

2. Adj. EBITDA before Retailors operation includes estimates for all direct expense items (e.g. wages, depreciation, credit card fees, store supplies, shipping & delivery, etc.) apart from rent expense and excludes IFRS-16 impact. Adj. EBITDA before Retailors expansion taken from period of July 2016-May 2017, prior to Retailors taking over store and under previous operator, and comparison period taken from July 2018-May 2019, after Retailors expansion

# DELIVERING EXCEPTIONAL FINANCIAL PERFORMANCE

**Consistent financial performance delivering exceptional topline growth and strong margin profile, with improved profitability despite COVID-19 lockdowns across geographies**



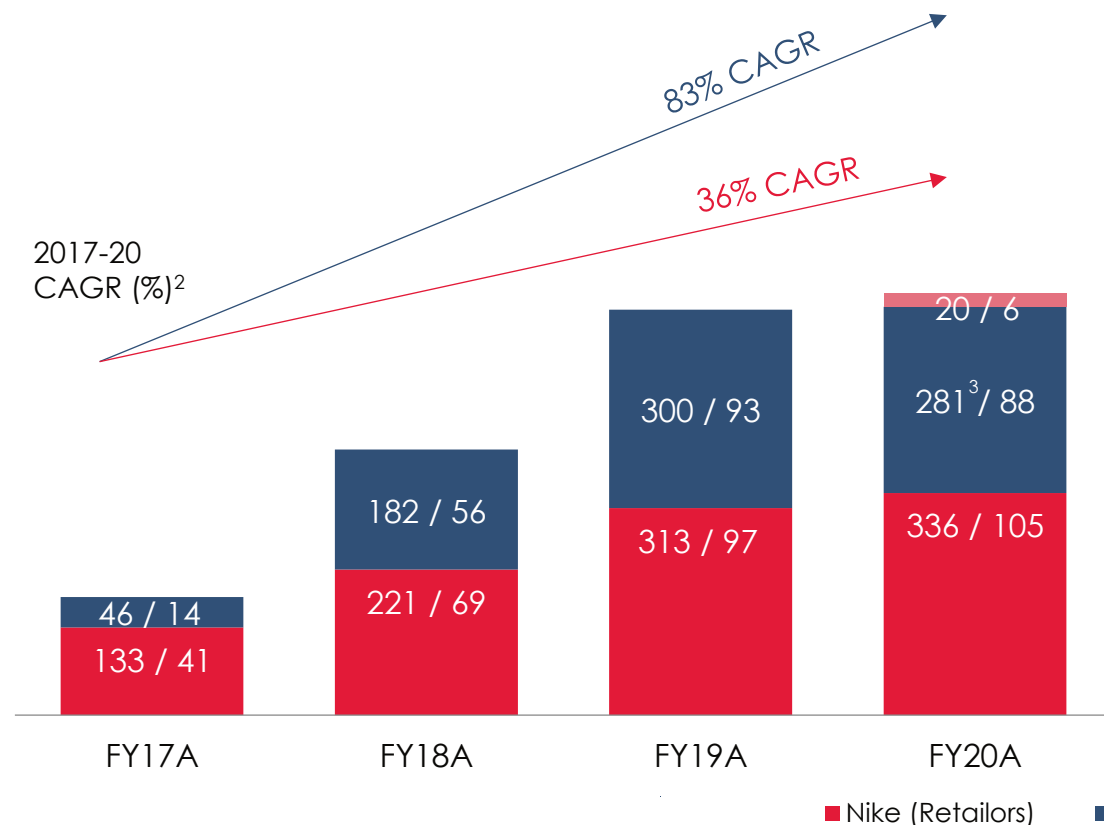
Source: Company information, Bank of Israel (constant USD:NIS of 3.215 used as of 31/12/2020 for illustrative purposes only)  
 Note: 1. Company revenues are presented on a consolidated basis and do not include the Company's revenue share of Foot Locker Europe stores, which are operated by Retailors in the Foot Locker Europe JV(49%). Operation of Retailors operated Foot Locker Europe stores commenced during Q4-20

2. Growth rates calculated using NIS numbers  
 3. Adjusted net income excludes financing expense related to the recognition of the revaluation of the option with Leumi Partners

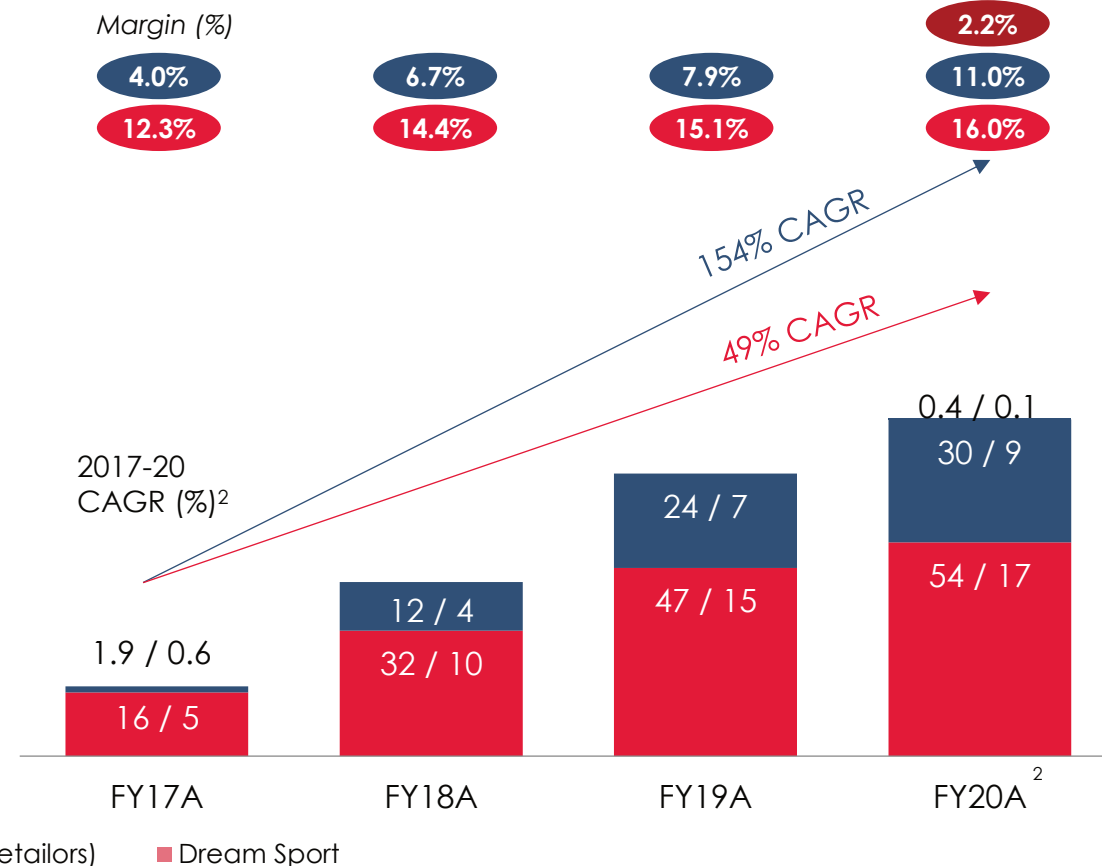
# DELIVERING EXCEPTIONAL FINANCIAL PERFORMANCE

Excellent historical performance across all banners, exemplifying Retailors' impressive retail execution to achieve outsized \$\$\$ growth

REVENUE (NISM / US\$M)<sup>1</sup>



ADJ. EBITDA (NISM / US\$M)<sup>1</sup>

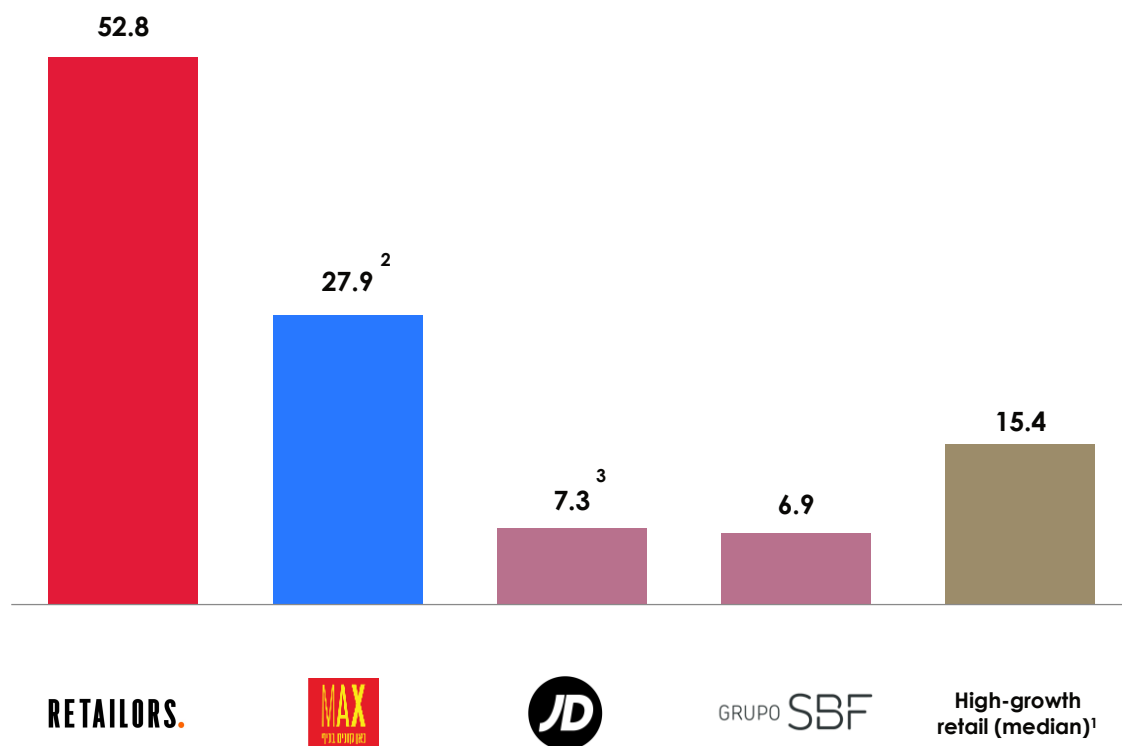


Source: Company information, Bank of Israel (constant USD:NIS of 3.215 used as of 31/12/2020 for illustrative purposes only)  
Note: 1. Company revenues are presented on a consolidated basis and do not include the Company's revenue share of Foot Locker Europe stores, which are operated by Retailors in the Foot Locker Europe JV(49%). Operation of Retailors operated Foot Locker Europe stores commenced during Q4-20

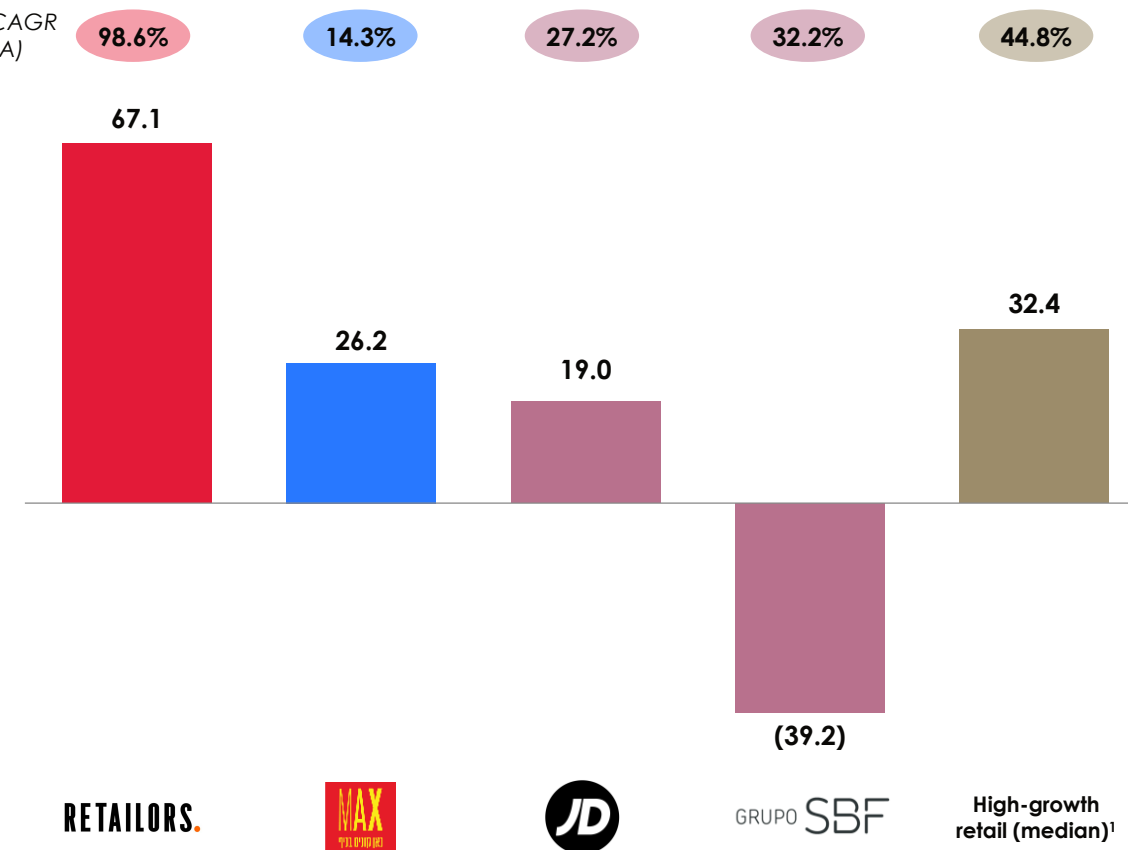
2. Growth rates calculated using NIS numbers  
3. In accordance with footnote 1, figure only represents revenue share of Foot Locker Israel stores

## Retailors has historically outperformed its high-growth retail peers

Revenue CAGR (FY17-20A)



Adjusted EBITDA CAGR (FY17-20A)

EBITDA CAGR  
(FY17-19A)

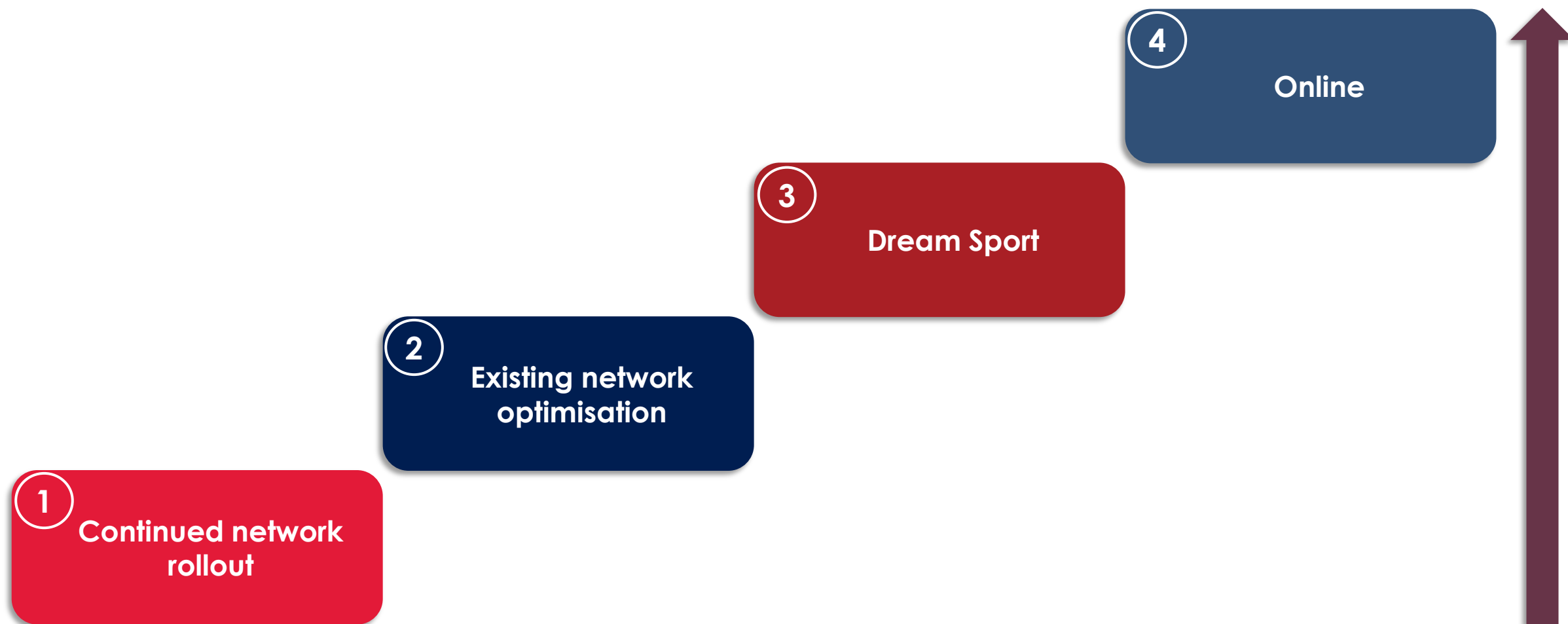
Source: Company information, FactSet as of 26 April 2021 (peers' data)  
 Note: Data calendarized to December, financials represent figures before application of IFRS 16 "Leases" accounting standards

1. Represents Five Below, Fix Price, Ollie's Bargain Outlet, Grocery Outlet and National Vision

2. Represents FY18-20A as FY17A results unavailable

3. Represents average like-for-like growth including online

Multiple levers for Retailors to deliver further growth over the coming years



Source: Company information

# SUBSTANTIAL OPPORTUNITY TO CONTINUE DELIVERING OUTSIZED GROWTH: CONTINUED NETWORK ROLLOUT

## 1. Strong market penetration in Israel with further growth potential across markets in Canada and Europe

### ISRAEL



85

80%

9m

### CANADA<sup>1</sup>



9

12%

38m

### EUROPE<sup>3</sup>



14

8%

278m<sup>2</sup>

Stores as of FY20A
  FY20A % of total global revenue
  FY20 population
  Headquarters
  Contractual license to operate (full details on page 13)
  Existing operations

Source: Company information, Bank of Israel (constant USD:NIS of 3.215 used as of 31/12/2020 for illustrative purposes only), EIU (population information)

Note: 1. Within Canada, Retailors currently only have the rights to operate the Nike brand in all regions excluding British Columbia  
 2. Europe population only relates to countries in which Retailors have contractual rights to open or are currently operating (comprising Germany, Poland, The Netherlands, Romania, Belgium, Sweden, Ukraine, Austria, Czech Republic, Denmark, Norway, Hungary, Finland, Slovakia and Croatia)

3. Within Germany, Retailors currently only have the rights to operate the Nike brand in Hamburg

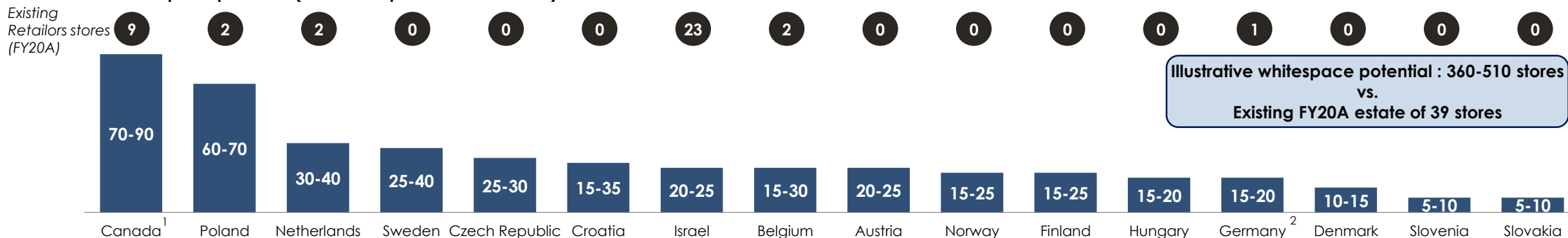
# SUBSTANTIAL OPPORTUNITY TO CONTINUE DELIVERING OUTSIZED GROWTH: CONTINUED NETWORK ROLLOUT

## 1. There is a substantial whitespace potential across Retailors' markets

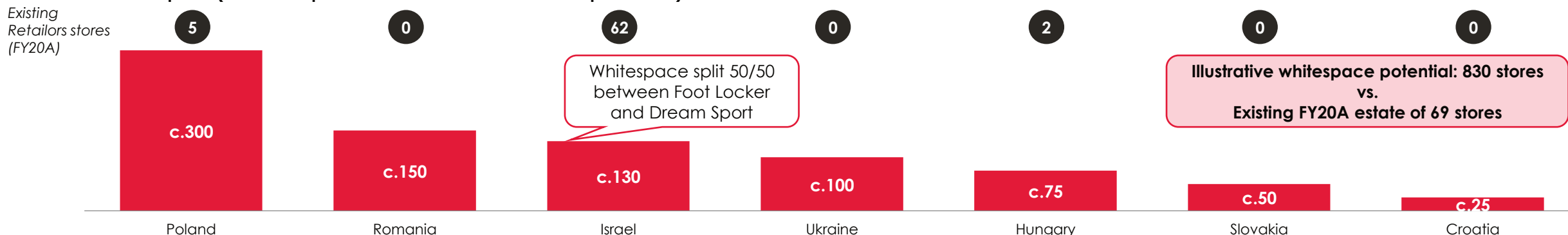
### Illustrative Retailors whitespace potential (Deloitte analysis)<sup>3</sup>



#### Illustrative whitespace potential (Retailors-operated Nike stores)



#### Illustrative whitespace (Retailors-operated Foot Locker and Dream Sport stores)



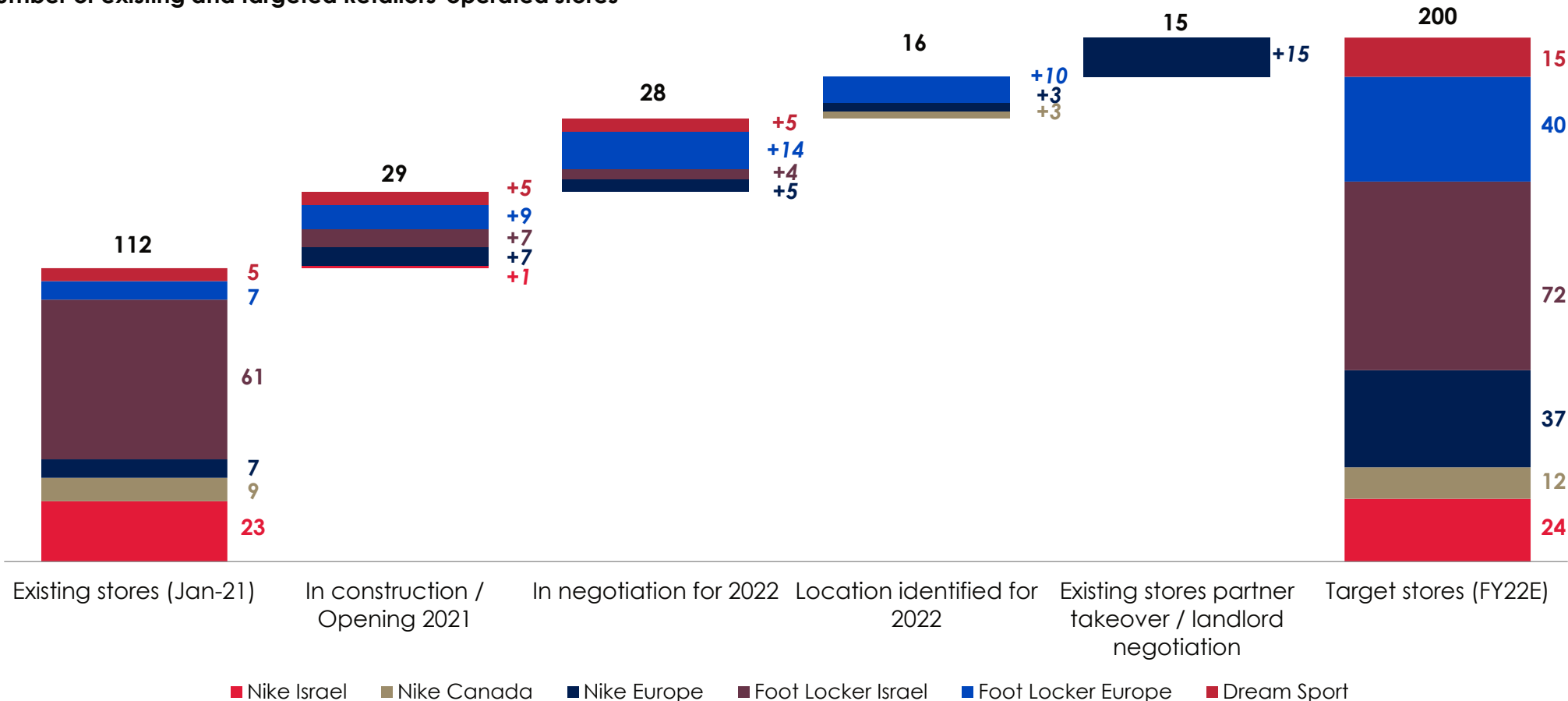
Source: Company information for current store numbers, external Deloitte commercial due diligence report dated 2 March 2021  
 Note:  
 1. Only showing potential whitespace for Nike in Canada excluding British Columbia  
 2. Showing whitespace for Hamburg only, as currently this is the only city in which Retailors have contractual rights to open in Germany  
 3. Analysis is illustrative only; should not be construed to represent future results to utilise whitespace potential

4. Deloitte whitespace analysis presents a range for Nike but not for Foot Locker or Dream Sport due to methodology of two models applied to Nike and only one model applied to Foot Locker and Dream Sport. Lower Nike figure represents lower whitespace of the two models used for Nike and higher Nike figure represents higher whitespace of the two models used for Nike  
 5. Nike store openings by Retailors are subject to contractual limitations, which may impose materially smaller number of store openings from those shown above

# SUBSTANTIAL OPPORTUNITY TO CONTINUE DELIVERING OUTSIZED GROWTH: CONTINUED NETWORK ROLLOUT

## 1. Secure near-term store target for next two years

Number of existing and targeted Retailors-operated stores<sup>1,2</sup>



Source:  
Note:

Company information

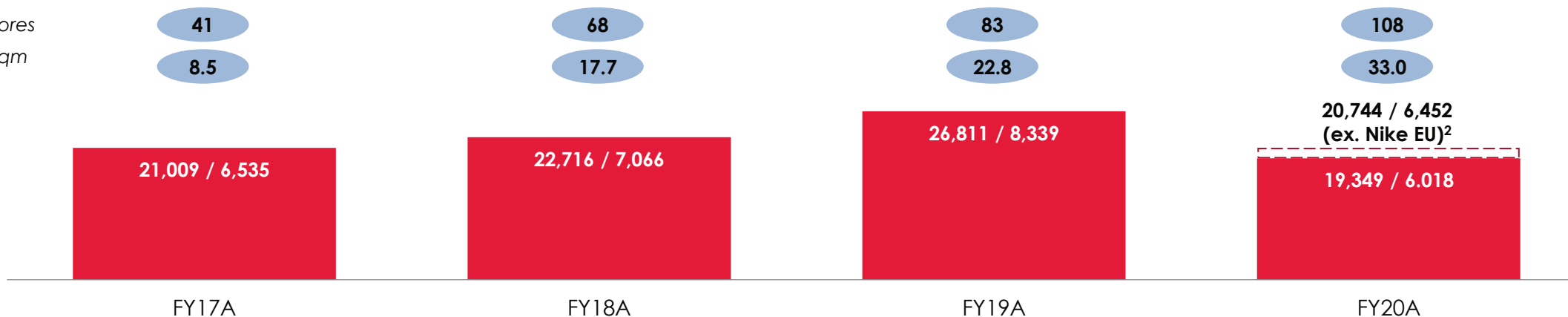
1. Chart displayed shows near-term target based on current discussions, agreements and negotiations only and is not meant to represent a fixed certainty for store roll-out plans  
2. Nike store openings by Retailors are subject to contractual limitations, which may impose materially smaller number of store openings from those shown above

# SUBSTANTIAL OPPORTUNITY TO CONTINUE DELIVERING OUTSIZED GROWTH: EXISTING NETWORK OPTIMISATION

## 2. Revenue and profitability densities consistently improving (pre-COVID-19) due to strong retail execution

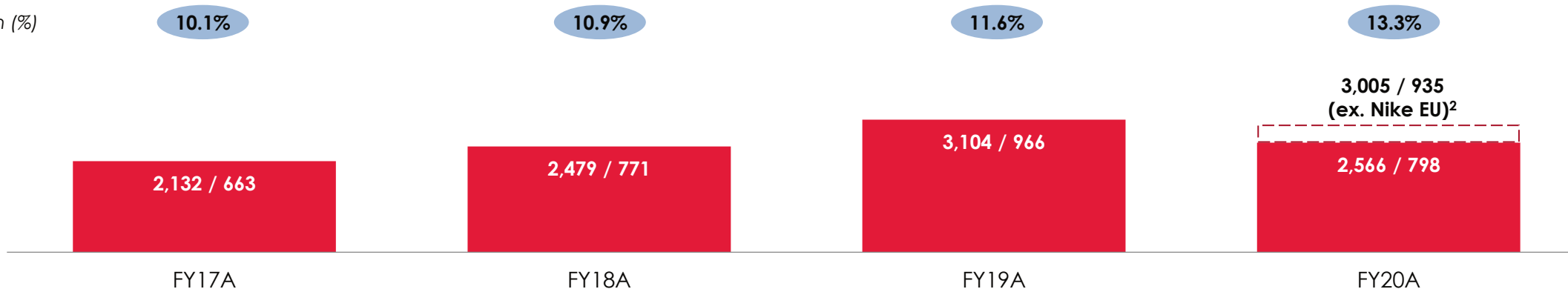
### Retailors—Revenue per sqm (NIS / US\$)<sup>1, 3</sup>

# of stores  
Total sqm  
(000's)



### Retailors—Adj. EBITDA per sqm (NIS / US\$)<sup>1</sup>

Margin (%)



Source: Company information, Bank of Israel (constant USD:NIS of 3.215 used as of 31/12/2020 for illustrative purposes only)  
 Note: 1. Using total square metres per open store, including both front-of-house and back-of-house areas, adjusting total sqm during year of opening to only account for portion of the year spent open, also implicitly annualising revenue seasonality  
 2. Excluding Nike Europe from FY20A revenue and adj. EBITDA density as stores in ramp-up period during COVID-19 lockdowns

3. Company revenues are presented on a consolidated basis and do not include the Company's revenue share of Foot Locker Europe stores, which are operated by Retailors in the Foot Locker Europe JV (49%). Operation of Retailors operated Foot Locker Europe stores commenced during Q4-20

## 3. An innovative, modern, multi-category sporting goods retailer



### Mission statement

After detailed consumer research, input from vendors and analysis of competitors, management identified a clear **gap in the market for a strong sporting goods brand in Israel**

### Differentiated offering

Consumers are searching for a **premium and more immersive in-store experience**, with a banner run by an experienced and skilled management team

### Market potential

Dream Sport will address a **c.US\$1.1bn Sporting Goods market in Israel**, and a c.US\$200bn market worldwide

Source: Company information, Euromonitor

Notes: 1. This is an estimation based on Company's projections for Dream Sport, ability to open new stores is dependent upon a number of factors which are subject to risks and uncertainties. Any change in these factors could adversely affect our ability to open new stores

# SUBSTANTIAL OPPORTUNITY TO CONTINUE DELIVERING OUTSIZED GROWTH: ONLINE

## 4. Potential to develop online across categories and geographies in near-term future

### RETAILORS.



2021 H1

Partner with Terminal X<sup>2</sup> to provide a white label service<sup>1</sup> in Israel to Foot Locker and Dream Sport



- Retailors receive a commission for any product sold through Terminal X<sup>2</sup> for the Foot Locker or Dream Sport offerings
- There is currently no direct collaboration for fulfilment between Retailors' Nike stores and Terminal X<sup>2</sup>
- Essentially a "plug-and-play" strategy, offering an omni-channel approach with no capex



2022 H1

Launch of Foot Locker online in countries where Foot Locker currently does not have a dedicated online platform (i.e. Global Stores only)



- Online operations will be operated by the Retailors / Foot Locker Europe JV, 49% owned by Retailors
- It will operate in the countries of Romania, Croatia, Poland, Hungary, Slovakia and Ukraine
- Online capabilities in each country will be implemented in all stores in that country only one year after operations in that country begin



Ad Hoc

"Endless Aisle" offering to be launched over the coming years, where Nike stores have dedicated online platform to improve in-store offering

**Already launched in:** GER NETH **Remainder of countries will see "Endless Aisle" on ad hoc basis over coming years**

- Endless Aisle offering is already launched in Retailors' Nike stores in Germany and the Netherlands
- The remaining countries where Retailors has rights to open Nike stores in Europe will implement this feature on an ad hoc basis in the coming years
- More features to also potentially come online such as click & collect, membership programs and more, to further improve the consumer experience

Source:  
Note:

Company information

1. A Terminal-X owned and operated online platform will be available, offering Dream Sport and Foot Locker products, whereby Retailors receive a commission for each product sold through the Foot Locker and Dream Sport brand  
2. Terminal X is a sister company to Retailors, that is controlled by Fox Group

# RETAILORS: EXCITING HIGH GROWTH RETAIL CONCEPT, OFFERING THE MOST ATTRACTIVE GLOBAL SPORTSWEAR BRANDS

1

A PREFERRED RETAIL PARTNER FOR GLOBAL SPORTS RETAIL LEADERS, NIKE AND FOOT LOCKER

2

OPERATING IN A SECTOR WITH SIGNIFICANT TAILWINDS

3

PROVEN TRACK RECORD OF OUTSTANDING RETAIL CAPABILITIES RESULTING IN SIGNIFICANT SSS GROWTH

4

CONSISTENTLY DELIVERING EXCEPTIONAL FINANCIAL PERFORMANCE

5

SUBSTANTIAL OPPORTUNITY TO CONTINUE DELIVERING OUTSIZED GROWTH THROUGH NETWORK ROLLOUT AND OPTIMISATION, BY ADDING DREAM SPORT AND LAUNCHING ONLINE

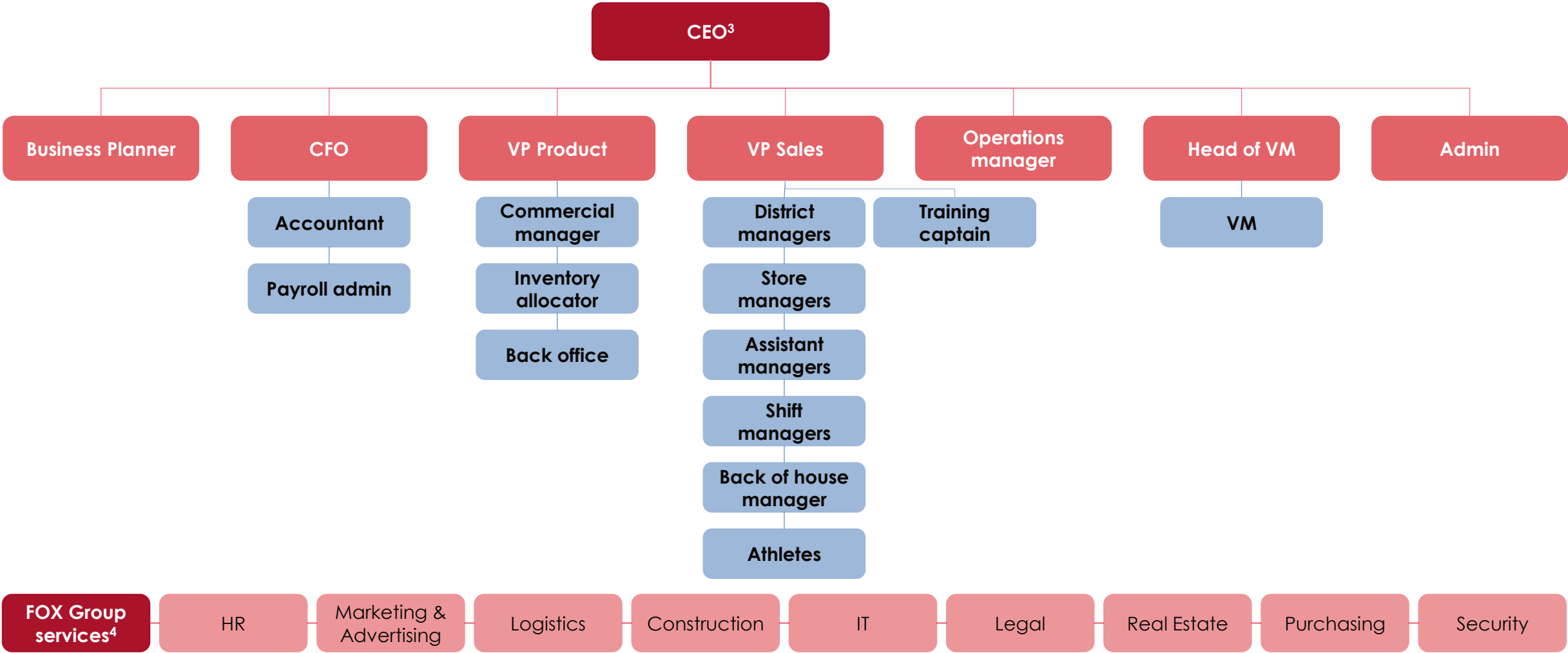
# RETAILORS.

## Appendix



# THE RETAILORS ORGANISATIONAL STRUCTURE BY BANNER<sup>1</sup>

Retailors have developed a management model, with established local teams<sup>2</sup> on the ground, that works across all geographies



Source:  
Notes:

Company information  
1. Structure is relevant for all Retailors banners with minimum adjustments per activity/territory  
2. Number of roles may vary depending on the activity  
3. CEO Retailors Foot Locker Europe: Doby Shnaidman; CEO Retailors Nike Stores International: Tomer Czapnik; GM Retailors Israel: Dani Gaoni  
4. Optional services relevant only for some activities

# P&L SUMMARY

## P&L | Summary FY18A-FY20A

Pre-IFRS16				Post-IFRS16			
FYE Dec, NISm	FY18A	FY19A <sup>1</sup>	FY20A <sup>1</sup>	FY19A <sup>1</sup>	FY20A <sup>1</sup>	18A-20A CAGR	
# stores	68	83	108	83	108	26.0%	
Stores openings (net)	27	15	25	15	25		
1	Revenue	403	613	638	613	638	25.8%
	Growth (%)	125.6%	52.0%	4.1%	52.0%	4.1%	
	SSS growth (%)	19.9%	25.9%	25.5%	25.9%	25.5%	
	COGS	(201)	(315)	(325)	(315)	(325)	
2	Gross Margin	203	297	313	297	313	24.3%
	% margin	50.2%	48.6%	49.1%	48.6%	49.1%	
	Rentals & maintenance fees	(74)	(103)	(104)	(40)	(40)	
	Salaries & related expenses	(63)	(93)	(94)	(93)	(94)	
	Other operating expenses	(21)	(30)	(30)	(30)	(30)	
	Group's share of earnings of companies accounted for at equity, net	--	--	(1)	--	(1)	
3	Reported EBITDA	44	71	84	134	148	83.3%
	% margin	10.9%	11.6%	13.2%	21.8%	23.2%	
	D&A	(8)	(10)	(14)	(67)	(73)	
	EBIT	36	61	70	67	75	44.8%
	% margin	8.9%	9.9%	11.0%	10.9%	11.7%	
	Finance expenses	(2)	(2)	(2) <sup>2</sup>	(16)	(13) <sup>2</sup>	
	PBT	34	58	68	50	62	
	% margin	8.4%	9.5%	10.7%	8.2%	9.7%	
4	Taxes	(8)	(14)	(17)	(12)	(15)	
	Net income	26	44	51	38	46	34.1%

## Comments

- Retailors has seen substantial historical growth primarily through its rollout program, growing its store base over 600% since FY15A
  - Additionally, SSS growth has been strong, with an average SSS from FY18-20A of c.24%
- Gross margin has limited downside, based on agreements with Nike and other vendors through Foot Locker
  - Gross margin for Foot Locker slightly lower than Nike
- Reported EBITDA margin has grown healthily, rising in FY20A to a 13.2% margin (pre-IFRS16) due to superior operating leverage and improving rental terms from greater negotiation power as Retailors continues to grow
- Net income in FY20A continued to rise, excluding the one-time expense of c.77m NIS relating to the Leumi Partners option

Source: Company information, Bank of Israel (constant USD:NIS of 3.215 used as of 31/12/2020 for illustrative purposes only)  
 Note: 1. Figures shown are adjusted figures, pre-IFRS16  
 2. Excluding impact of c.NIS77m from Leumi Partners option

# HISTORICAL STATEMENT OF FINANCIAL POSITION

(NISm)	Pre-IFRS16	Post-IFRS16	Post-IFRS16
	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2020
<b>Current assets</b>			
Cash and cash equivalents	41	59	90
Trade receivables	33	49	58
Other accounts receivable	6	9	19
Inventories	73	104	159
Related parties	--	--	5
<b>Total current assets</b>	<b>153</b>	<b>219</b>	<b>332</b>
<b>Non-current assets</b>			
Deferred taxes	1	6	8
Restricted cash	--	--	9
Long-term accounts receivable	--	--	2
Investments in associates	--	--	19
Finance lease asset	--	393	580
Intangible assets	6	6	5
Store removal fees	7	6	6
Property, plant and equipment, net	65	74	136
<b>Total non-current assets</b>	<b>78</b>	<b>484</b>	<b>764</b>
<b>Total assets</b>	<b>231</b>	<b>703</b>	<b>1,095</b>
<b>Current liabilities</b>			
Credit from banks and others	14	14	58
Trade payables	94	132	141
Prepaid dividend	--	--	--
Current maturities of lease liabilities	--	56	85
Other accounts payable	31	37	136
Related parties	0	0	43
<b>Total current liabilities</b>	<b>140</b>	<b>239</b>	<b>463</b>
<b>Non-current liabilities</b>			
Deferred taxes	1	--	--
Loans from banks	44	29	37
Lease liabilities	--	362	525
Employee benefit liabilities, net	0	1	1
<b>Total non-current liabilities</b>	<b>45</b>	<b>392</b>	<b>563</b>
<b>Total liabilities</b>	<b>185</b>	<b>631</b>	<b>1,026</b>
<b>Stockholders' equity</b>			
<b>Total stockholder' equity</b>	<b>46</b>	<b>72</b>	<b>69</b>
<b>Total liabilities and stockholders' equity</b>	<b>231</b>	<b>703</b>	<b>1,095</b>

Source: Company information

# HISTORICAL CASH FLOW STATEMENT

(NISm)	Pre-IFRS 16	Post-IFRS 16	Post-IFRS 16
	Year ended 31 December 2018	Year ended 31 December 2019	Year ended 31 December 2020
<b>Cash Flows from Operations</b>			
<b>Net income</b>	<b>26</b>	<b>38</b>	<b>(30)</b>
Depreciation of property and equipment	8	10	14
Expenses for revaluation of Leumi option	0	0	77
Amortisation	1	1	1
IFRS-16 depreciation	0	57	58
Change in employee benefit liabilities, net	0	0	0
Taxes on income	8	14	18
Deferred tax	0	(2)	(2)
Financial expenses	1	16	13
Equity profit	0		1
<b>Changes in operating assets</b>			
Trade receivable, net	(15)	(16)	(9)
Other accounts receivable	2	(7)	(7)
Inventories	(24)	(31)	(46)
Trade payable	37	36	10
Other accounts payable	16	6	22
<b>Cash paid and received during the year for</b>			
Taxes	(10)	(13)	(15)
Interest	(1)	(16)	(13)
<b>Cash flow from operations</b>	<b>49</b>	<b>93</b>	<b>90</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	0	0	(61)
Acquisition of companies accounted for at equity	0	0	18
Acquisition of activities	(33)	(14)	(51)
Investment in bank deposits	0	0	(9)
Deposits with landlords	0	0	(2)
<b>Cash flow from investing</b>	<b>(33)</b>	<b>(14)</b>	<b>(105)</b>
<b>Cash flows from financing activities</b>			
Issue of share capital (net of issue expenses)	0	0	54
Issuance of shares of a subsidiary Retailors-FL NK Ventures	0	0	4
Dividend paid to equity holders of the Company	0	0	(50)
Repayment of lease liabilities	0	(49)	(52)
Receipt / (repayment) of a loan from a related party	(3)	(0)	40
Receipt of long-term loans and other liabilities	40	0	31
Repayment of long-term loans and other liabilities	(7)	(15)	(19)
Receipt of short-term credit from banks and others	(19)	0	40
<b>Cash flow from financing</b>	<b>11</b>	<b>(64)</b>	<b>48</b>
Exchange rate differences on balances of cash and cash equivalents	(0)	1	(0)
<b>Net change in cash and cash equivalents</b>	<b>28</b>	<b>16</b>	<b>33</b>

Source: Company information

# COVID-19 IMPACT—STORE CLOSURE DATA

## Potential financials bridge considering store closure during FY20A

Banner	Average days shut	% of year open (excl. COVID-19 closed days)	% of year open (incl. COVID-19 days closed) <sup>1</sup>	Blended linear store opening factor <sup>2</sup>
Nike Israel	105	94.3%	65.6%	1.52x
Nike Canada	127	93.3%	58.5%	1.71x
Nike Europe	60	64.3%	48.0%	2.08x
Foot Locker Israel	99	90.5%	63.3%	1.58x
Foot Locker Europe	26	25.0%	17.9%	5.59x
Dream Sport	42	33.3%	21.8%	4.60x

The blended store opening factor could potentially be taken into consideration to allow for store closure

Source:  
Notes:

1. Calculated total % of year open (excl. COVID-19 days shut) minus proportion of year during which average store was shut (average days shut divided by 365)  
2. Calculated as multiplier effect for FY20A revenue, resulting from % of year open for each banner (incl. COVID-19 days closed) to show compensating effect for full year effect of stores open through the whole year and the impact of COVID-19 store closures on revenue

# GLOSSARY

- **Same Stores Sales (SSS) estate:** Defining SSS estate as only including Retailors-operated stores opened for at least 12 months from the beginning of a new financial year as of 1st January
- **SSS:** The revenue derived from the SSS estate, excluding any revenue from Retailors-operated stores not included in the SSS estate
- **SSS growth:** The year-on-year growth in revenue derived from the SSS estate
- **D2C:** Direct-to-consumer (i.e. revenue through Nike branded stores, whether owned or not, and online channels)
- **Traffic:** Total number of individual consumers that enter a Retailors-operated store in a given period
- **Conversion rate:** Total number of transactions in Retailors-operated stores divided by the traffic in a given period
- **Average basket value:** Total revenue from Retailors-operated stores divided by the number of transactions in Retailors-operated stores in a given period
- **Whitespace:** Defines the number of incremental stores which an entity has the ability to open, in a given region, based on analysis to derive total possible store openings and subtracting the existing number of stores in that given region
- **Adjusted EBITDA:** Total revenue less Cost of Goods Sold (COGS) less store expenses excluding depreciation & amortisation (e.g. credit card fees, electricity, etc.) less indirect expenses (e.g. HQ wages, rent, transportation, HR, legal, etc.), excluding impact from IFRS-16
- **Net income:** Adj. EBITDA less depreciation & amortisation less financial expenses less tax
- **Global Store:** Global e-commerce platform of a sports retailer such as Nike or Foot Locker, which is a general platform accessible worldwide and not dedicated to any specific country, designed for customers in countries where a dedicated e-commerce platform does not exist
- **Ramp-up growth:** The revenue growth derived from Retailors' first 12 months of operation of a newly opened store while they implement their transformational retail strategy to drive revenue growth in such store
- **Unit lookout:** When a specific city has been located but Retailors are either still looking for a specific site / store location, or are negotiating terms for certain sites to ultimately decide on their final store opening location
- **Return to vendor:** The ability for Retailors to return a pre-agreed % of total orders to the vendor which it originally bought the SKUs from, at a pre-agreed price