

Company Presentation Q2 2022

August 2022



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Shufersal At a Glance



Founded in 1957

as Israel's 1st modern supermarket, Shufersal is the leading and largest food retailer in the country



Wide range of retail formats catering to all segments of the population, with nationwide footprint



100% free float



Three main segments⁽¹⁾:

- **Retail** c-92% of sales
 - Retail stores
 - Online
 - Private label
 - Finance
 - B2B
- **Be** (Pharma) c-7% of sales
- **Real Estate** (commercial properties incl. Shufersal stores) c-1% of sales



Pioneered online retail in Israel with largest e-commerce website in the country

Developing marketplace offering



Shufersal – Major Anchors



Retail



Customer
Base

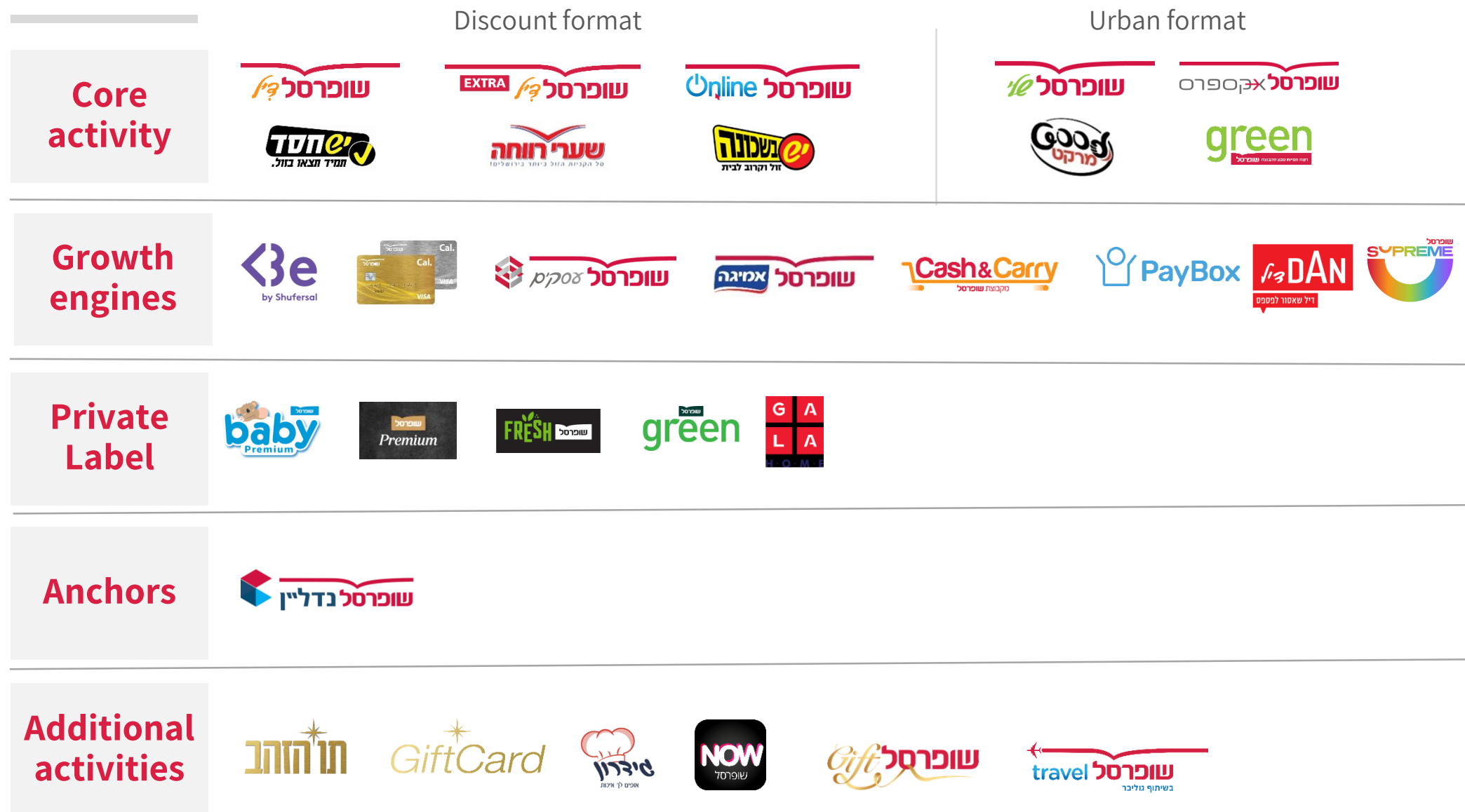


Financial
Stability



Organizational &
Human Capital

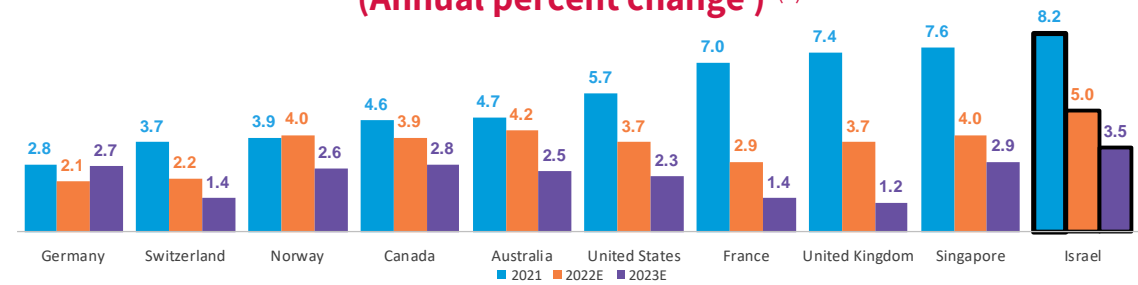
Shufersal Group



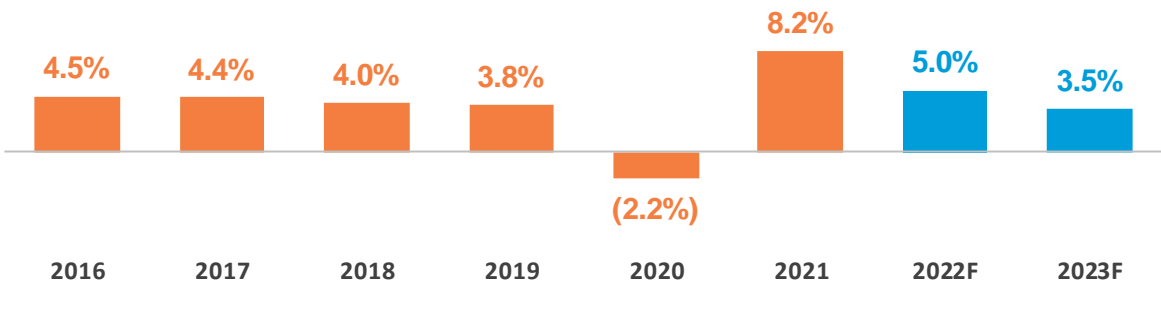
Favorable Macro- Growth rates in Israel are among the best in the world

Real GDP & Forecast for 2021-2023

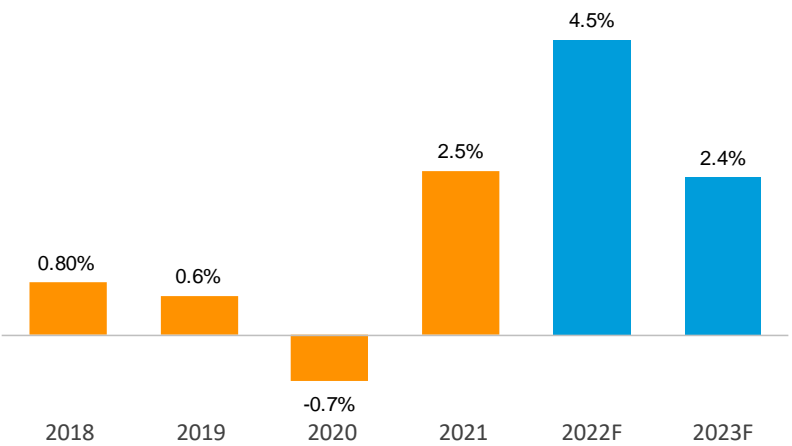
(Annual percent change) (1)



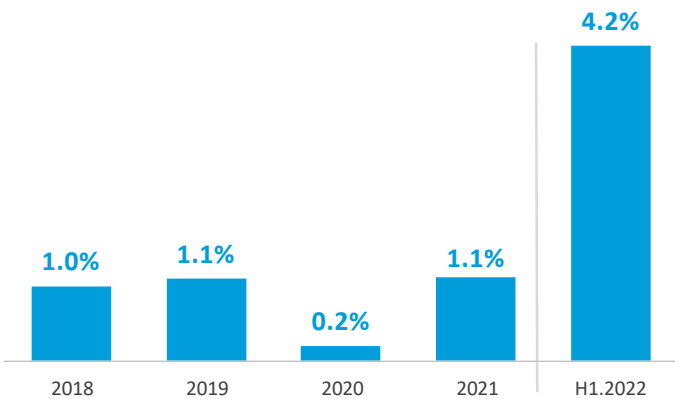
BOI - GDP, Rate of Change, Real Terms (2)



Inflation (2)



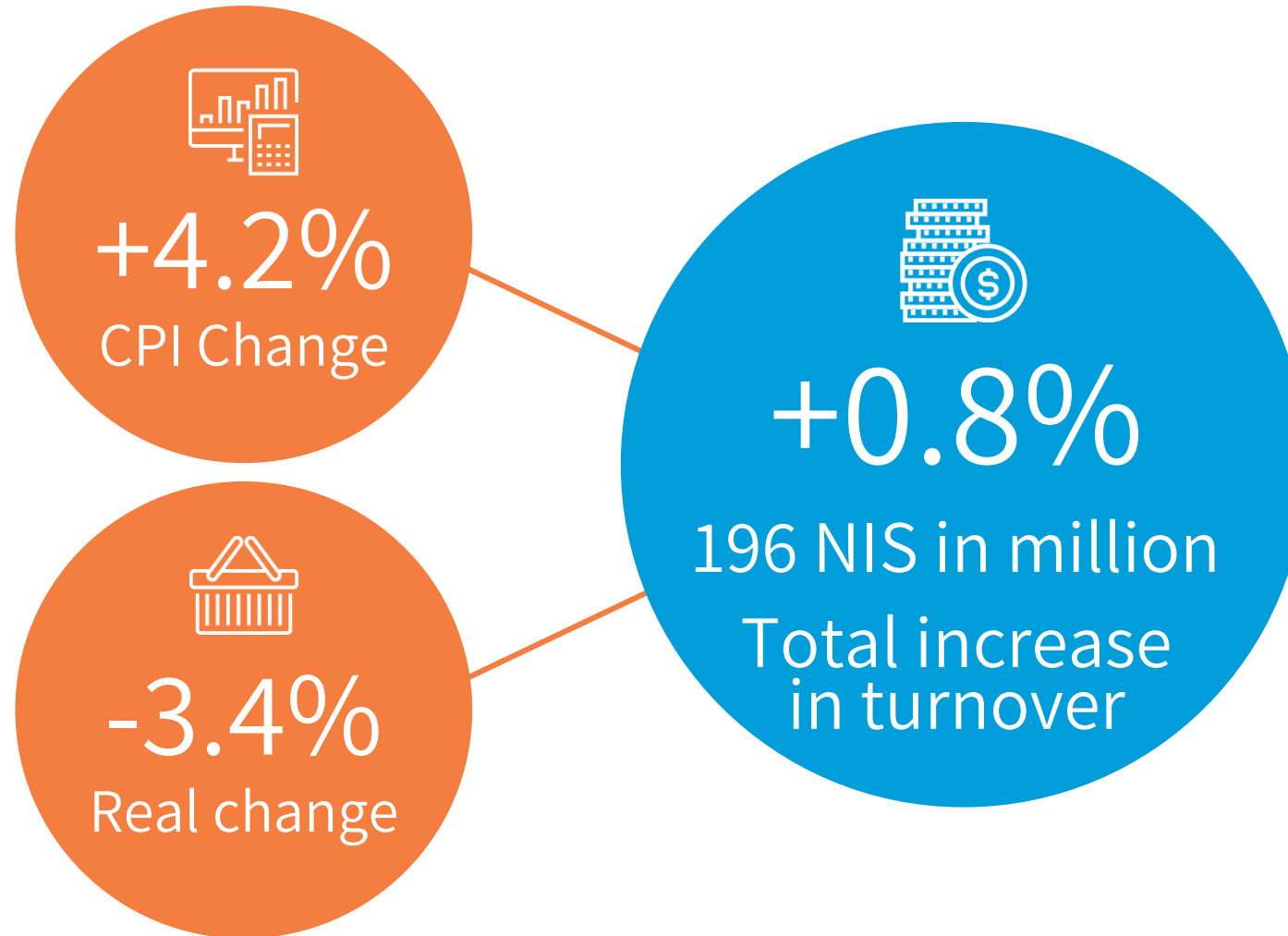
Inflation- Food Retail Market (3)



- Standard of living has consistently improved in recent years, fueling the growth of the retail market

Change in sales and CPI (StoreNext Food Market)

Israel FMCG, H1.2022 compared to H1.2021



Growth Strategy

Growing online penetration;
and a developing marketplace offering



Shufersal H1 2022 – Key Metrics



NIS 14.6bn

Revenue 12m



9.0%

EBITDA Margin



-2.9%

HoH Decrease
in Same Store Sales



c.20%

Food Retail Market Share⁽¹⁾



20.1%

Online Share⁽²⁾



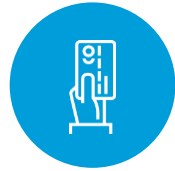
27.0%

Private Label Share⁽²⁾



312 Shufersal Stores

91 Be Stores⁽³⁾



675k

Cardholders



NIS 2.8B

Property Owned Value



c.16,600

Employees



NIS 5.8bn⁽⁴⁾

Market Cap.



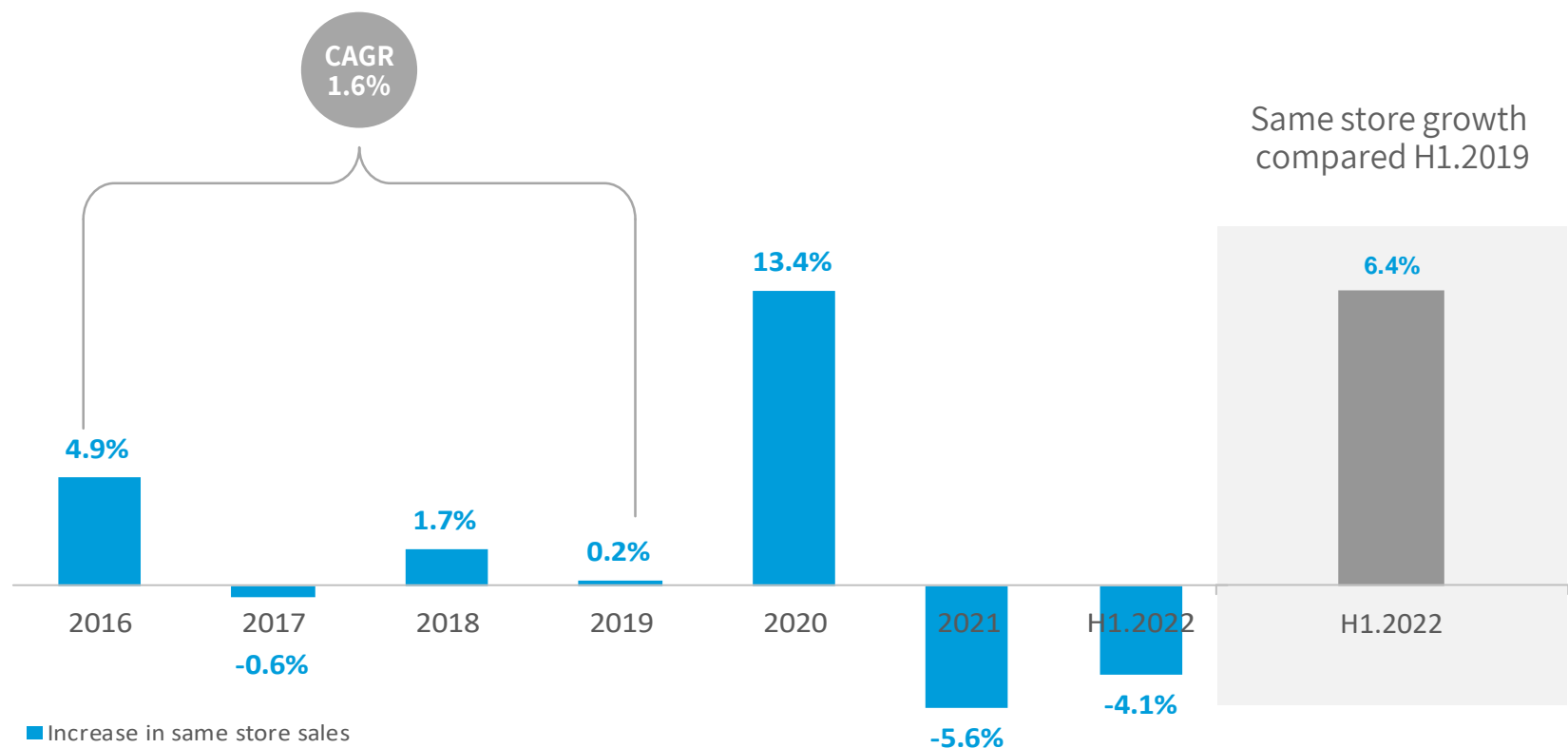
iLAA-/Positive

S&P Maalot Rating

RETAIL

2022

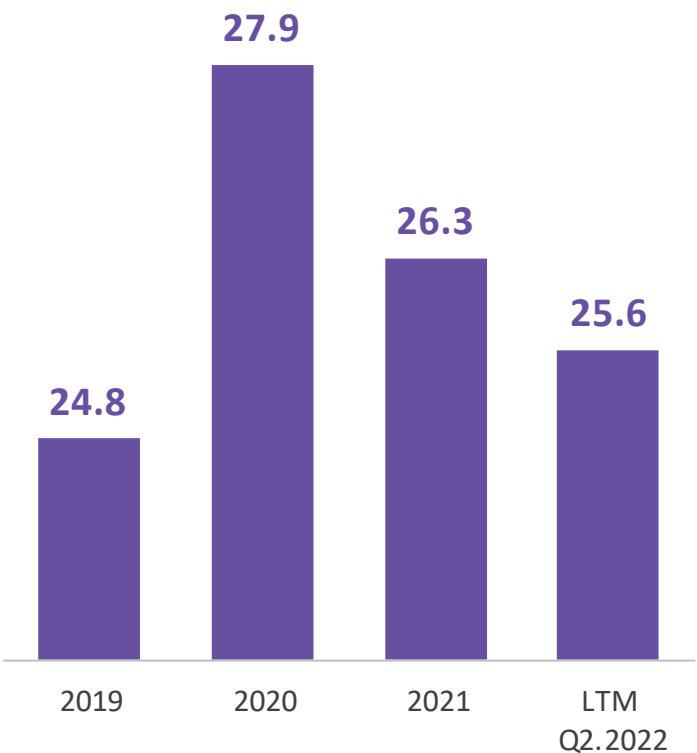
Same store sales – Retail



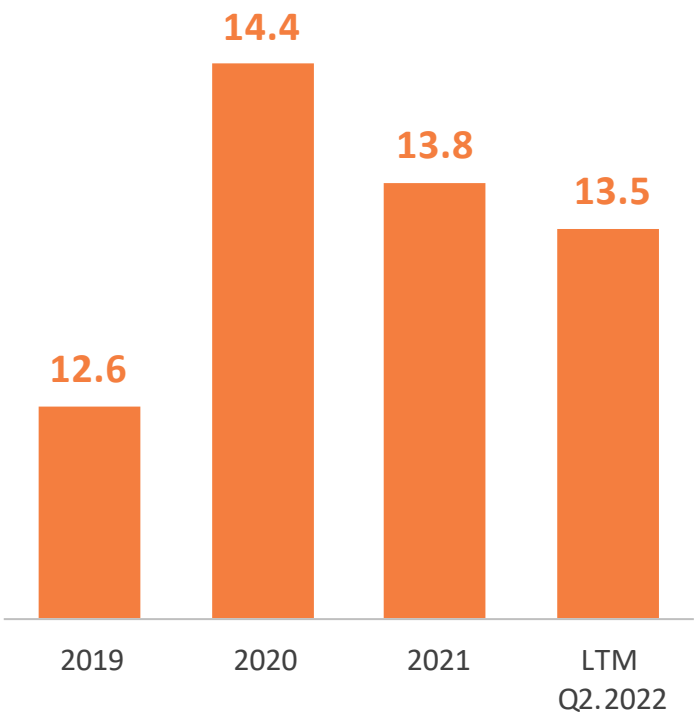
Strong and Steady Performance Across All Retail KPIs



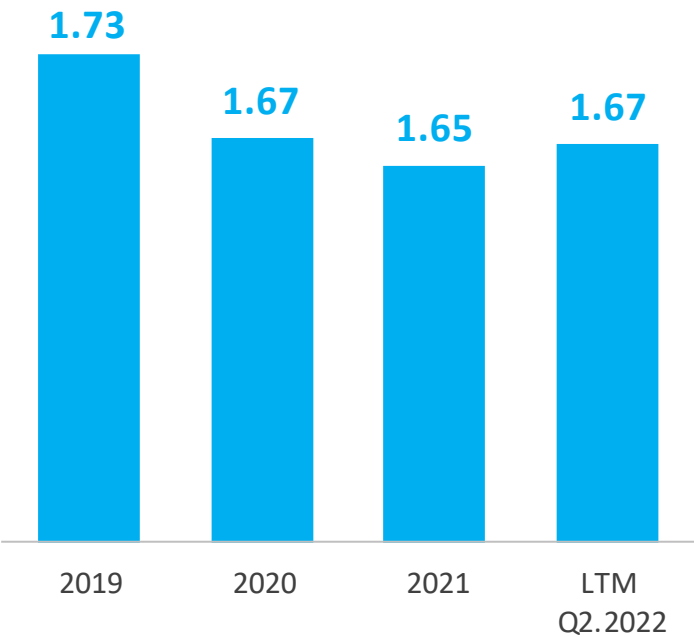
Sales per sqm⁽¹⁾
(K NIS)



Total Retail Revenues⁽¹⁾
(NISbn)



Avg. Commercial space per store⁽²⁾ (K sqm)



(1) Shufersal stores, including online sales, excluding Online Be and “Rural region”

(2) Shufersal stores, excluding shipping centers

Shufersal Online: Israel's #1 E-commerce Website

Shufersal's growth strategy and Shufersal Online's investment policy contributed to increased sales

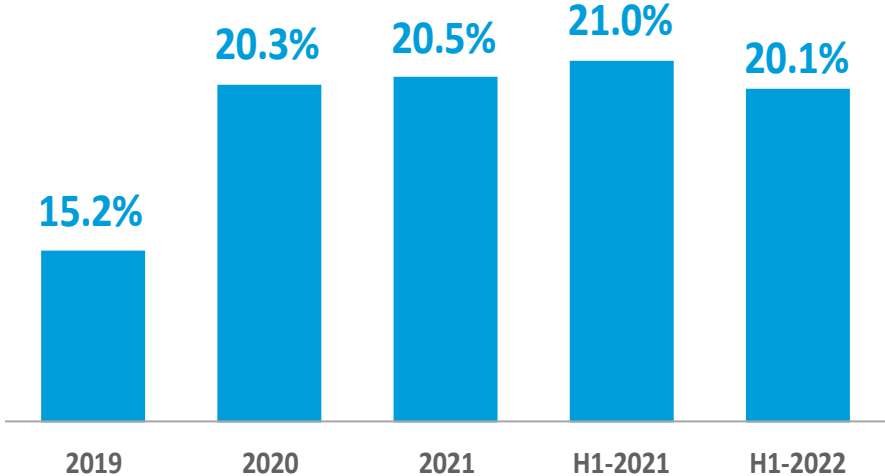
Pioneered retail shift to online in Israel with 1st version of Shufersal Online website and application in **2013**

Nationwide footprint, backed by robust logistic infrastructure **covering 100% of the population**

1st mover advantage allows to maintain clear leadership

- More **diversified offering** than physical stores
- Additional non-food items (e.g. furniture, appliances, outdoor)
 - “Be” pharma and cosmetic products

Online Sales as % of Sales in Shufersal Stores & shipping stores



Shufersal Online –

Automatic shipping center (CFC)



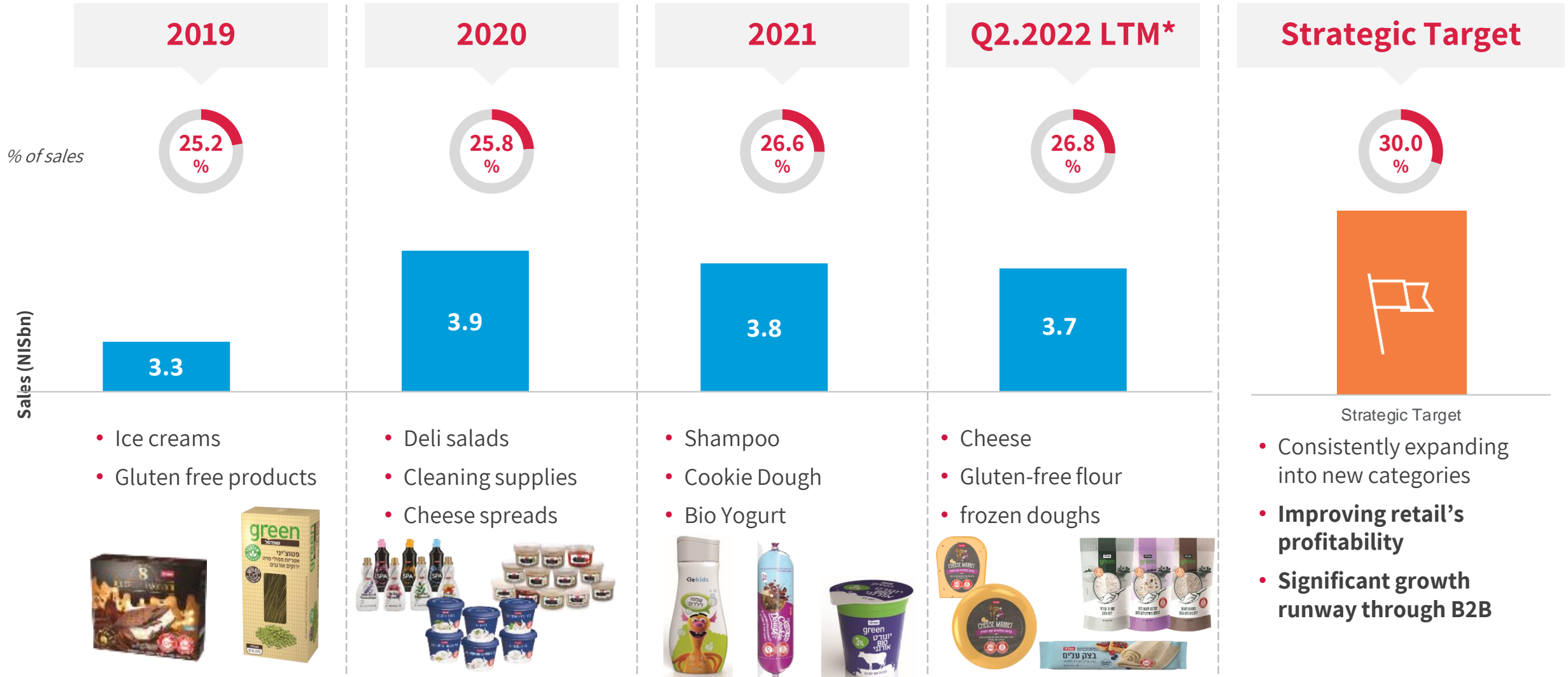
The online sales rate through the automatic delivery centers is expected to reach 25% -30% in a representative year.

Kadima – Completed ramp-up by the end of Q1.2022. Fully operational from April 2022.

Modi'in - Expected to be in running process at the end of 2022



Consistent Expansion of Private Label



Note: Shufersal stores and shipping centers

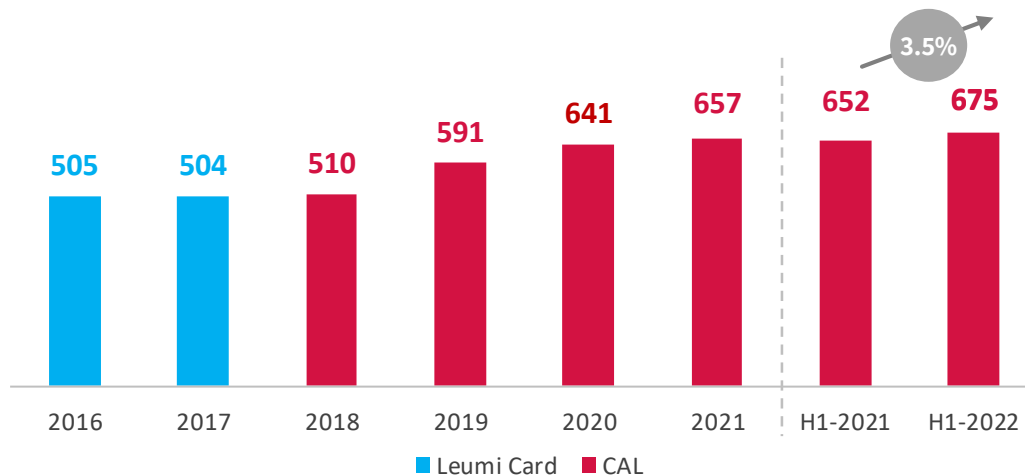
*H1.2022- 27.0% of sales

Israel's Largest Customers Club

Customers Club Overview

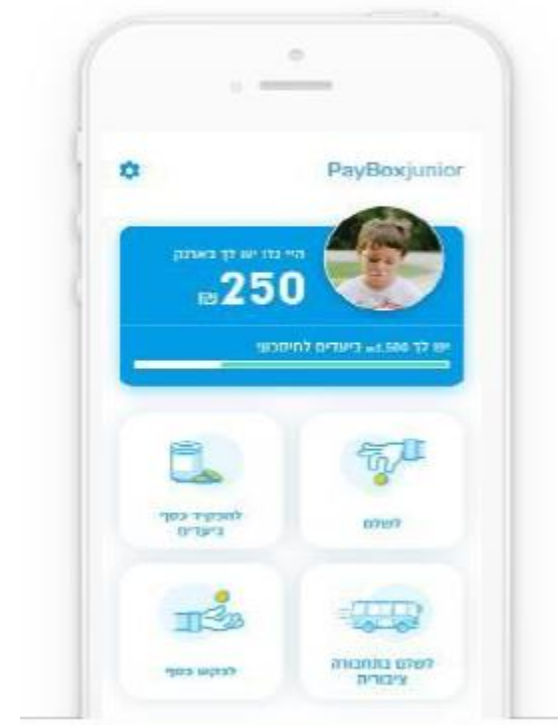
- **#1 Loyalty program** with over **2mn members**
- Launch of a new Loyalty program **"SUPREME"** which offers an improvement in terms and benefits for customers and an easy and fast connection with the PayBox digital wallet
- Most loyal customers convert into the credit card retailer club, which is **Israel's leading credit card club**
- Cards issued by leading **credit card company CAL**, leveraging Shufersal distribution network

Evolution of Active Cards Over Time (1)



Finance

- Collaboration between Shufersal as the leading retail corporation in Israel and the third largest bank - Israel Discount Bank
- Entering the digital wallet market is part of Shufersal's growth strategy in the finance sector and implementation of the technological innovation strategy.
- The digital wallet contributes to Shufersal's positioning as a significant player in the finance sector in Israel
- Development and marketing of financial services to the general public, in collaboration with other service providers, on the basis of an open banking infrastructure
- In April 2022, PayBox expanded its digital wallet services by contracting with Cal to issue a digital credit card to widget users.



Shufersal B2B

Tapping into Fragmented Wholesale Market

Cash & Carry

- **Opened 1st store in 2018**, targeting urban mini-markets, kiosks and food service customer. Over 10K points of sale.
- **Attractive value proposition to merchants:** one stop shop solution with attractive prices.
- **Currently 2 stores**, with the 3rd store in construction; **online site** launched in mid 2019.

“Rural & Urban Region”

- **Providing solutions for groceries** in rural communities, “kibbutzim” and urban groceries.
- **Serving about 550 points** of sale nationwide.

Institutional Market

- **Shufersal Amiga"** - sale, marketing and distribution of food products in the institutional market: cafes, restaurants, catering companies, nursing homes and more.

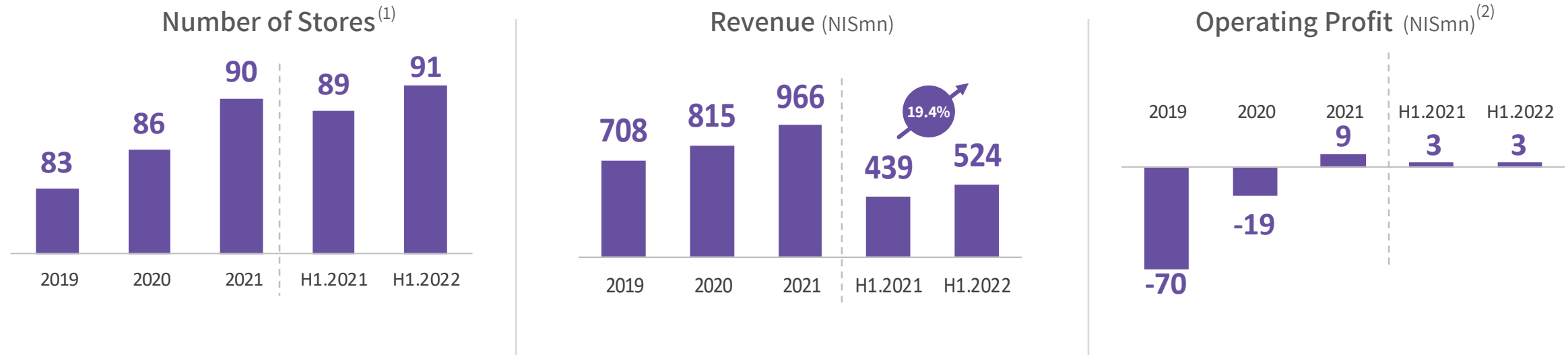
Cash & Carry and “Rural & Urban Region” represent a **compelling growth opportunity**, targeting an overall **market of NIS11.5bn** composed of mini-markets, groceries and food service

Be



Be – Expansion into Pharma, Cosmetic and Toiletry (Cont'd)

Rapidly Growing Segment



Strategic Initiatives

- **Online pharmacy** – delivery through Shufersal website or pick up in stores
 - Dedicated shipping center for online Be products
- Niche positioning
 - Vitamins/perfumes with attractive value proposition
 - Medical cannabis
 - Covid-19 antigen rapid tests at BE stores
- **Cross-buy on Shufersal shopping floors**
- Be private label



REAL
ESTATE

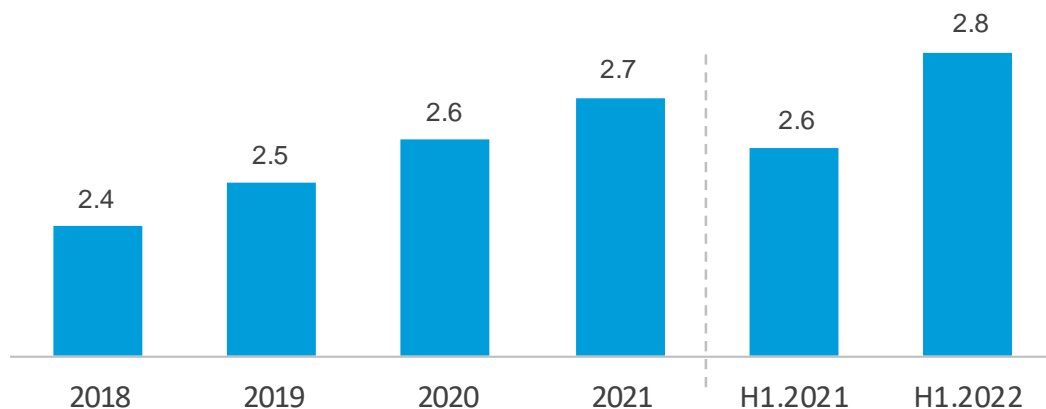


Shufersal Real Estate

Improving group's financial profile

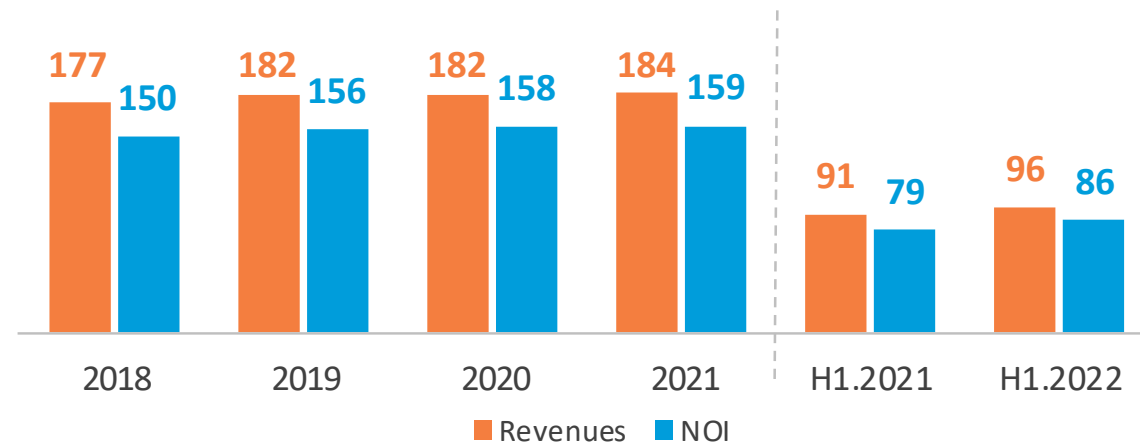
Real estate enhancement

Real estate value in NIS billion*



Key Financials (NISmn)

Consistent revenue and profit stream*



Property at Occupancy Stage | Curdani



Jerusalem Boulevard, Kiryat Motzkin



14,000 sq m. (including parking lot)
of which **11,500** sq m. is built-up area



Joint venture
Company's share – **50.1%** of the
property



Properties Under Development | Ra'anana Zarhin



Zarhin Street, Ra'anana



Approximately **73,000** sq m.
of which **40,500** sq m. is above ground



Combination transaction.
A marketing process has started and
these days agreements are being signed



Estimated date of completion
Q3 2023



Income-producing assets | Kfar Saba junction plot 2004



The intersection of Derech HaSharon and Netiv HaAvot streets in Kfar Saba



Approximately **45,000** sq m
of which **27,000** sq m. is above ground

Promotion of a city building plan for an
additional about **8,000** sq. m. (on the
way to the district)



In July 2022, Shufersal Real Estate
signed an combination deal with the
Rogovin Group. Company's share - **33%**



Initiated Assets | Lev HaMifratz Mall “CineMall”



55-61 Histadrut Blvd., Haifa



Approximately **66,000** sq. m. is above ground (including parking lot);
There are unused building rights.



Company's share –
Shufersal Real Estate- **37%**
Menora- **37%**
Ram Bakara- **26%**

In July 2022, Shufersal Real Estate signed an agreement to increase the holding rate from **37%** to about **59%** in Lev HaMifratz Mall



Choice Available Land

Mitzpe Sapir



Bazelet Street, Tzur Yigal



25,000 sq m.
of which **20,000** sq m. is
above ground



Talpiot



Pierre Koenig Street, Jerusalem



45,000 sq m.
of which **27,000** sq m. is
above ground

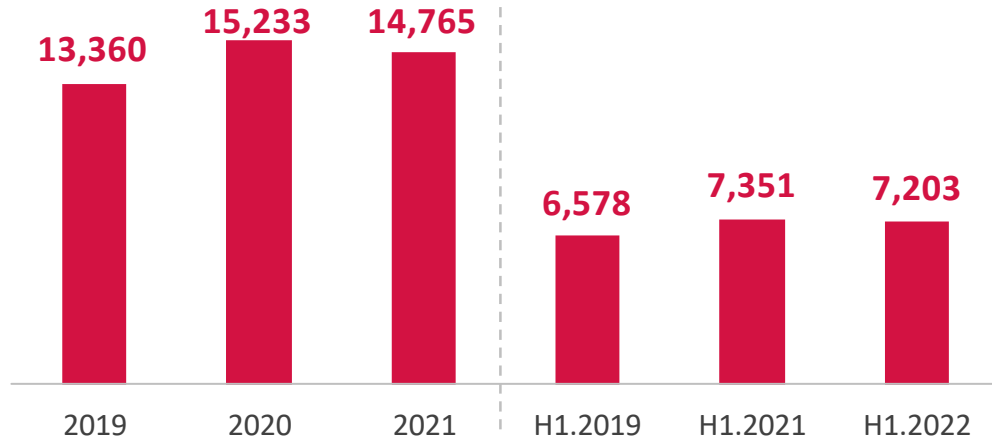


FINANCIALS

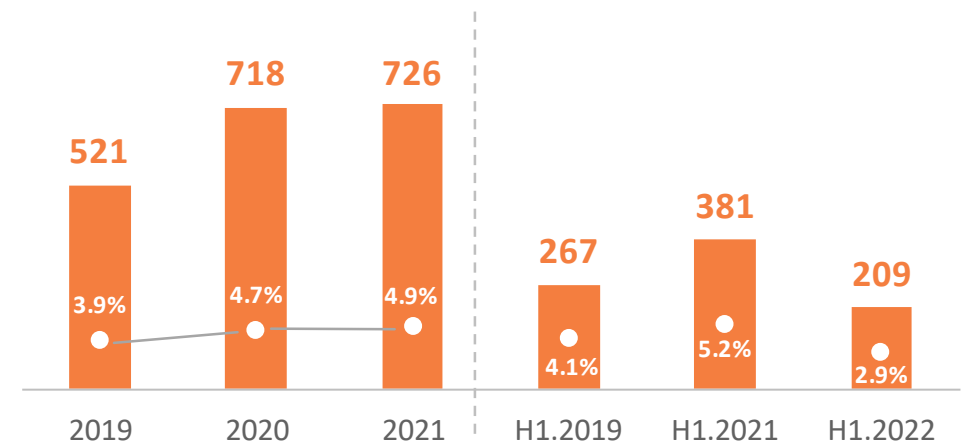
2022

Robust Financial Performance

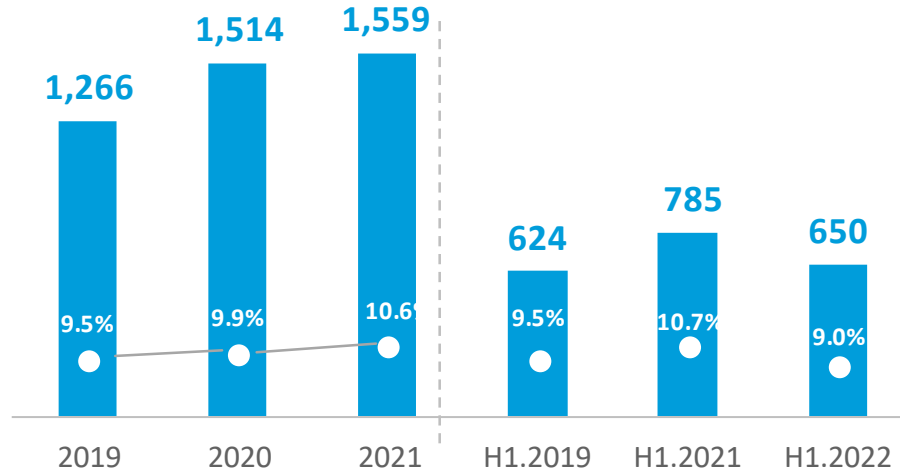
Revenue (NISmn)



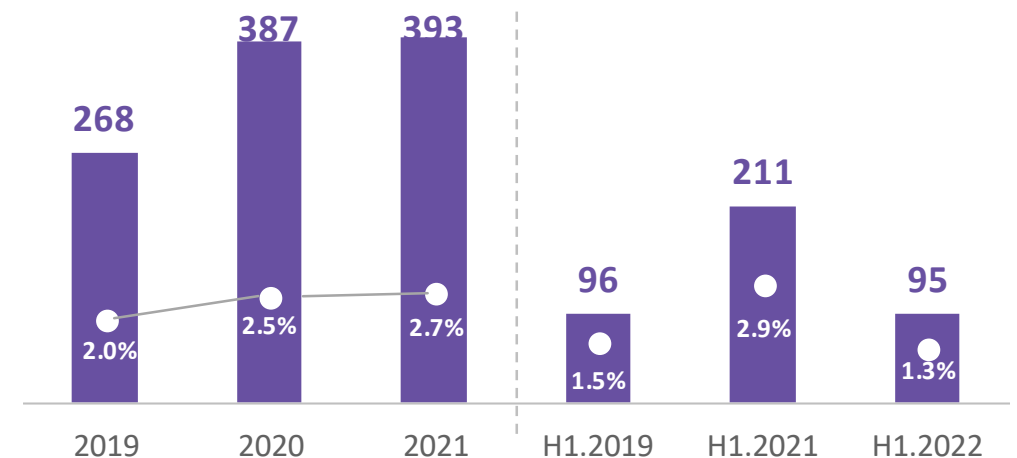
Operating Profit⁽¹⁾ (NISmn)



EBITDA⁽²⁾ (NISmn)

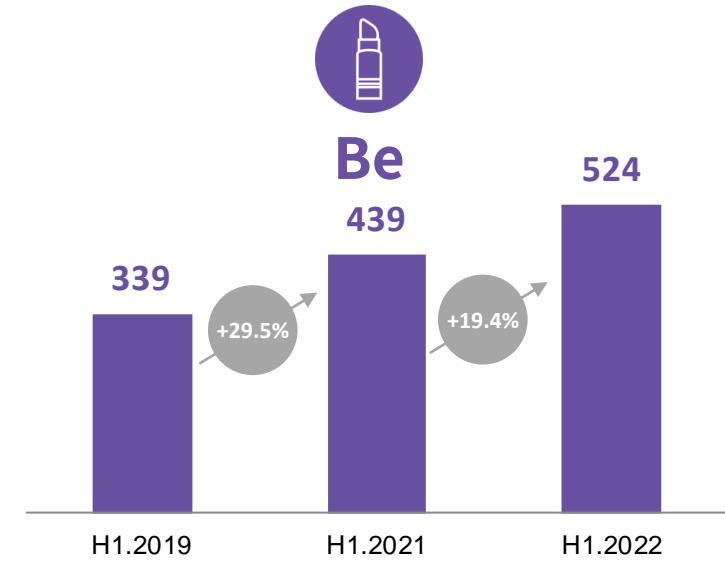
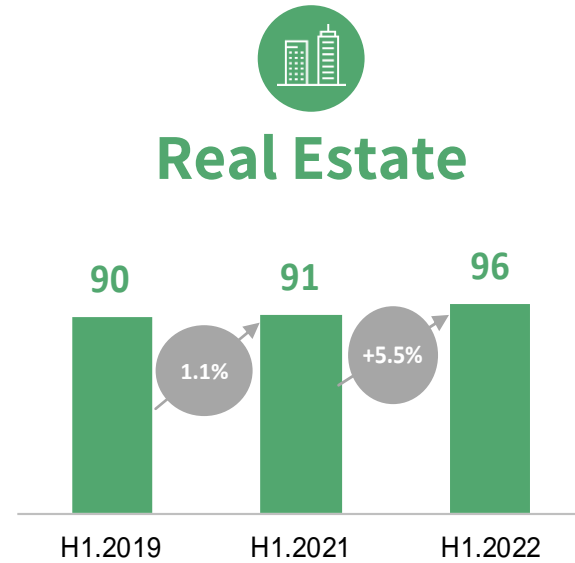
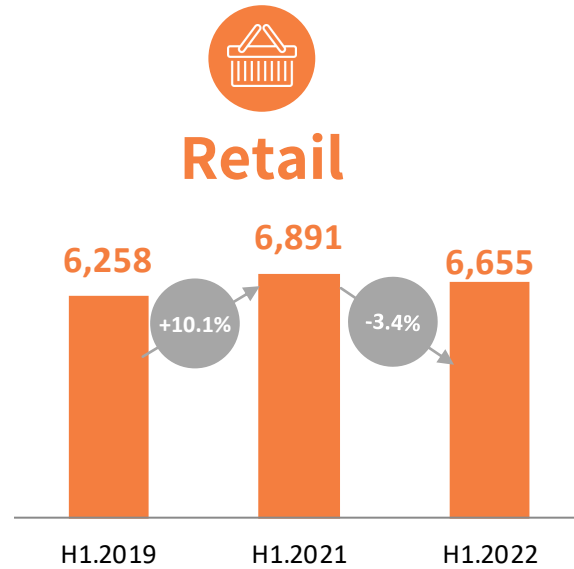


Net Income (NISmn)

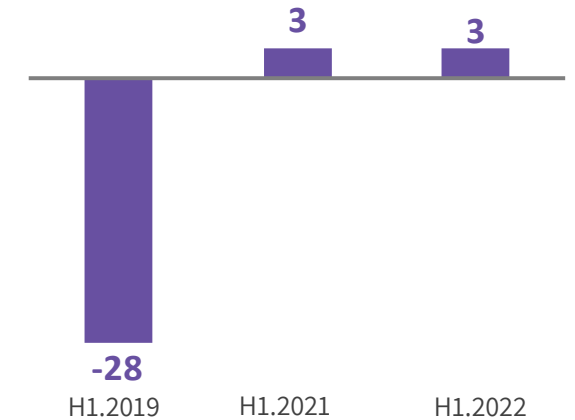
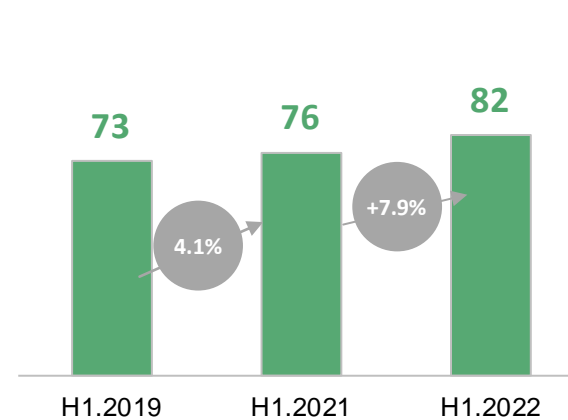
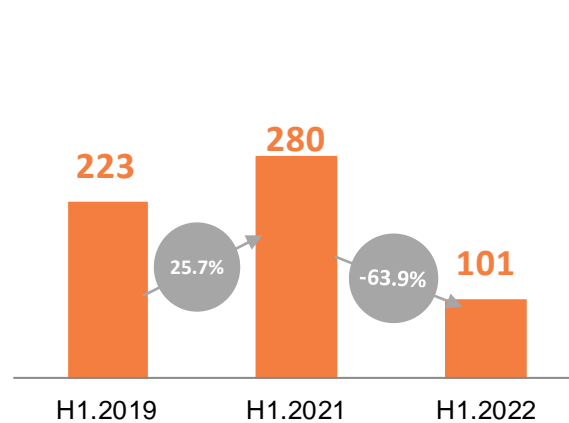


Robust Financial Performance Segments

Revenue (NISmn)



Operating Profit⁽¹⁾ (NISmn)

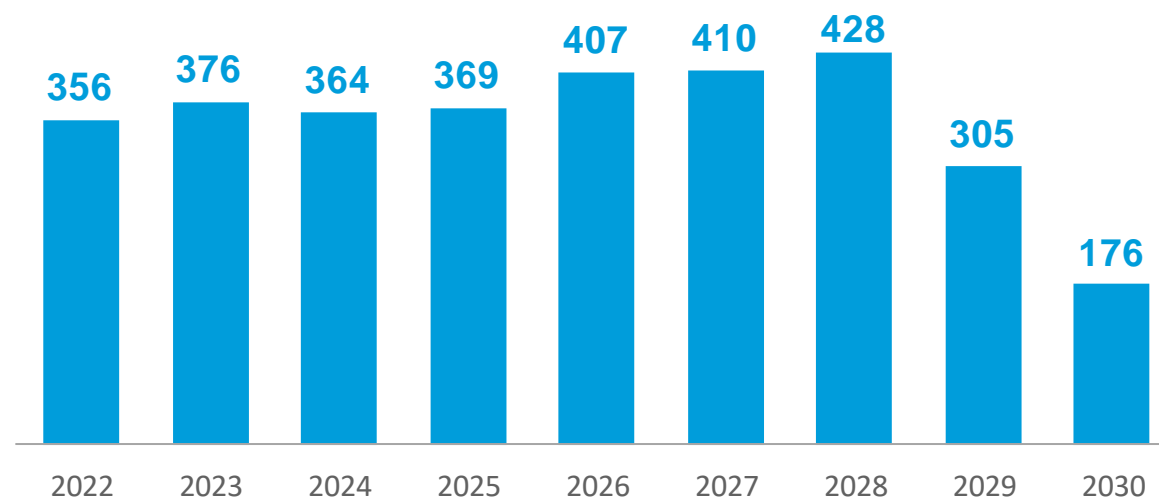


Exceptional Liquidity and Balanced Debt Profile

Cap Table

(NIS in millions)	H1.2022
Non CPI Linked Bonds	1,747
CPI Linked Bonds	1,026
Total Debt	2,773
Cash & ST Investments	(1,170)
Net Debt	1,603
LTM Net Leverage exc. IFRS-16 Lease⁽¹⁾	
Lease Liability	4,675
LTM Net Leverage inc. IFRS-16 Lease	22.7x
Undrawn RCF	300
Total Liquidity	1,470

Future Bond Repayments⁽²⁾ (NISmn)

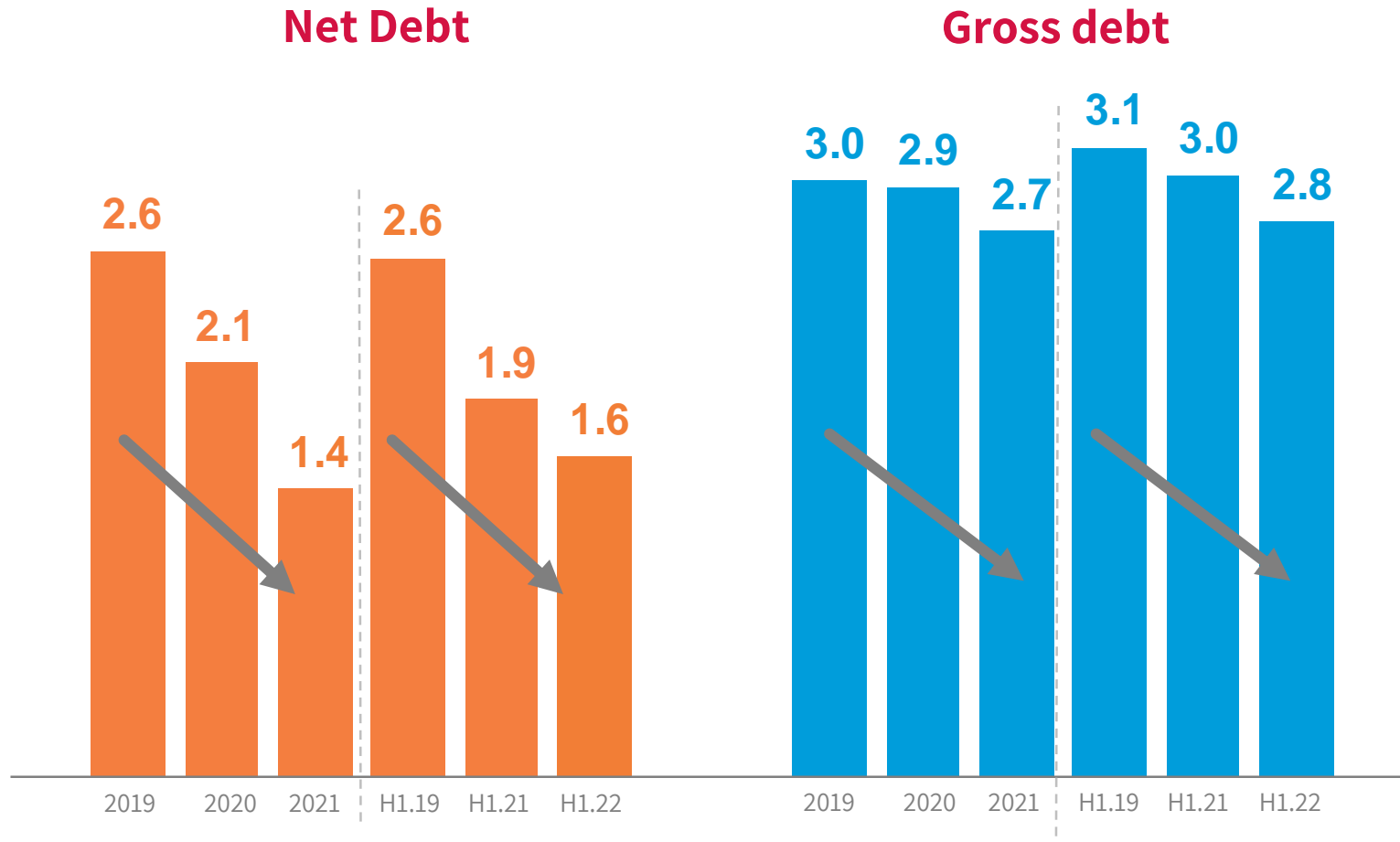


- Well staggered debt maturity profile
- iIAA-/ Positive credit rating by S&P Maalot
- 100% unencumbered real estate assets

(1) Net Debt / LTM EBITDA. EBITDA exc. IFRS-16 was calculated by subtracting leased asset amortization and leased liability interest from post IFRS-16 EBITDA.

(2) Including interest.

Debt Levels that support the company's strategy (NISbn)



Note: excluding IFRS-16 liability

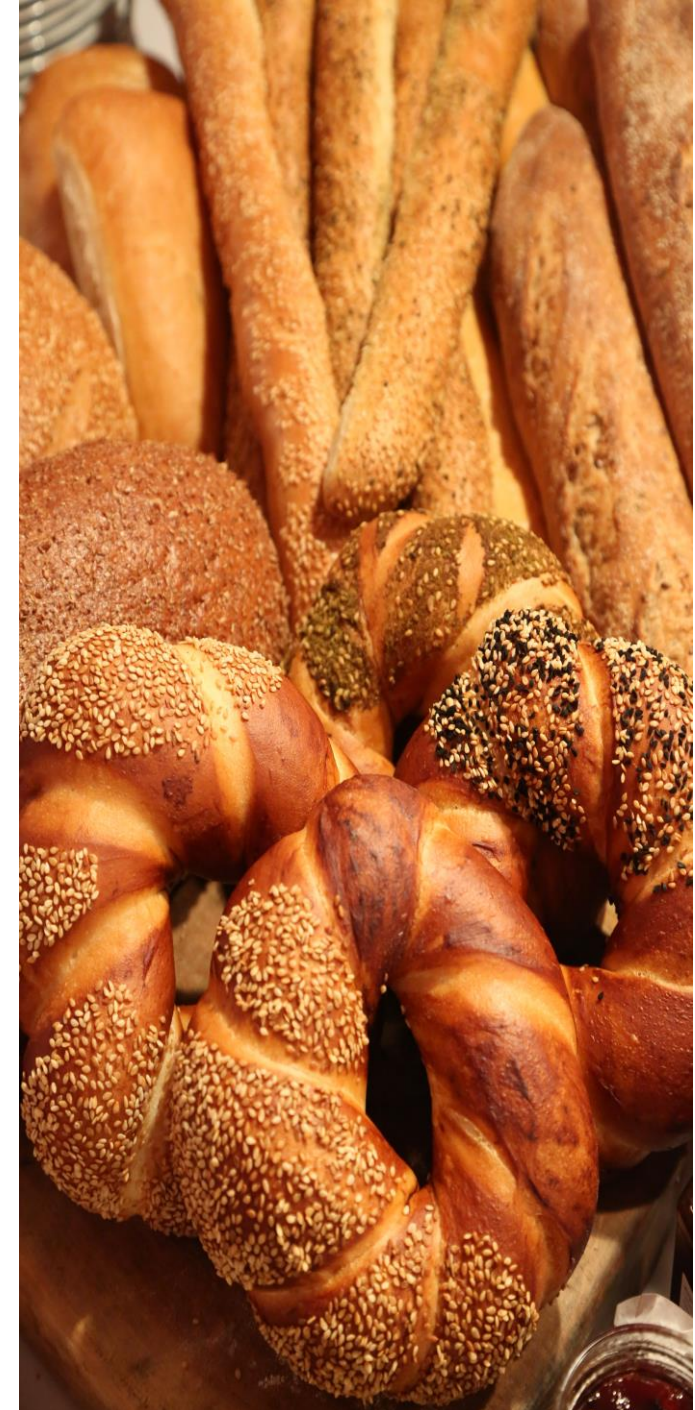
- Liabilities to banking corporations, debentures, including interest payable
- Excluding cash and cash equivalents, short term deposits and marketable securities.

Appendix



Consolidated Income Statement

<i>(NISmn)</i>	H1 2019 (1)	H1 2020	H1 2021	H1 2022
Revenues	6,578	7,420	7,351	7,203
<i>growth (%)</i>	<i>4.1%</i>	<i>12.8%</i>	<i>-0.9%</i>	<i>-2.0%</i>
Gross Profit	1,780	1,967	2,022	1,898
<i>margin (%)</i>	<i>27.1%</i>	<i>26.5%</i>	<i>27.5%</i>	<i>26.4%</i>
Operating expenses	(1,513)	(1,631)	(1,641)	(1,689)
Operating Profit	267	336	381	209
<i>margin (%)</i>	<i>4.1%</i>	<i>4.5%</i>	<i>5.2%</i>	<i>2.9%</i>
Other Income (Expenses), Net	(1)	3	1	34
Financing expenses, net	(137)	(110)	(106)	(90)
Net Income	96	170	211	95
<i>margin (%)</i>	<i>1.5%</i>	<i>2.3%</i>	<i>2.9%</i>	<i>1.3%</i>
EBITDA	624	725	785	650
<i>margin (%)</i>	<i>9.5%</i>	<i>9.8%</i>	<i>10.7%</i>	<i>9.0%</i>



Balance sheet (assets)

(NISmn)	30.06.2019	30.06.2021	30.06.2022
Cash and cash equivalents, Short-term deposits	551	1,117	1,170
Trade receivables	1,305	1,449	1,475
Other receivables & Other investments	180	163	204
Inventory	903	945	960
Total Current Assets	2,939	3,674	3,809
Long-term deposits	-	400	-
Investments in associate	91	196	208
Other investments	99	85	73
Property, plant and equipment	3,040	3,247	3,524
Intangible assets and deferred expenses, Receivables and debit balances & Deferred taxes	1,337	1,566	1,597
Investment property	670	801	932
Right-of-use assets	3,587	4,047	4,291
Total Assets	11,763	14,016	14,434



Balance sheet (liabilities and equity)

(NISmn)	30.06.2019	30.06.2021	30.06.2022
<u>Current liabilities</u>			
Current maturities in respect of bonds & Credit from banks	282	331	345
Current maturities of lease liabilities	348	375	402
Trade payables	1,971	2,131	2,300
Liability in respect of option to acquire partnership	11	-	-
Other payables and Provisions	895	1,174	1,210
Total Current liabilities	3,507	4,011	4,257
<u>Non - current liabilities</u>			
Bonds	2,864	2,673	2,428
Lease liabilities	3,239	3,736	3,988
Employee benefits, net & Other liabilities	266	422	373
Deferred taxes	125	139	169
Total non-current liabilities	6,494	6,970	6,958
Equity	1,762	3,035	3,219
Total liabilities and equity	11,763	14,016	14,434



THANK
YOU

