

Company Presentation



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Shufersal At a Glance



Founded in 1957

As Israel's first modern supermarket chain, Shufersal is the country's leading and largest food retailer



Three main segments⁽¹⁾:

- **Retail** ~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



Wide range & diverse retails formats

with nationwide deployment



Leading online retail in Israel with the country's largest e-commerce website

Developing marketplace offering



SHUFERSAL

Shufersal Group



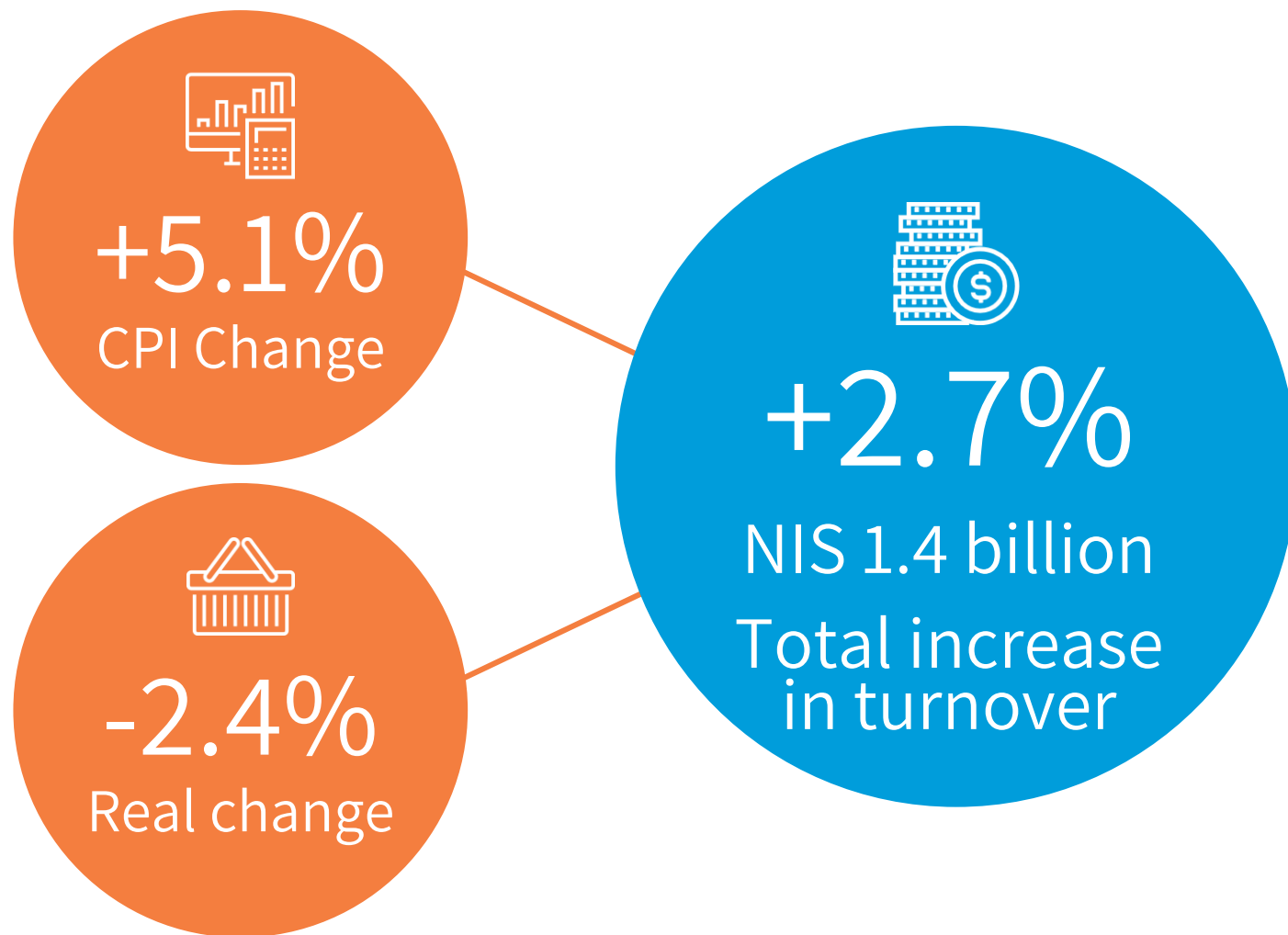
Strategy

Growing online Segment ;
and a developing marketplace offering



Change in Sales and CPI (StoreNext)

Israel FMCG, 2022 compared to 2021



Shufersal 2022 – Key Metrics



309 Shufersal Stores

91 Be Stores

10 Stock Stores



NIS 14.7bn

Revenue



NIS 4.9bn⁽²⁾

Market Cap.



c.18%

Food Retail Market Share⁽¹⁾



8.8%

EBITDA Margin



NIS 3.4B

Property Owned Value



19.4%

Online Share⁽¹⁾



27.2%

Private Label Share⁽¹⁾



iIAA-/Stable⁽³⁾

S&P Maalot Rating



c.16,545

Employees

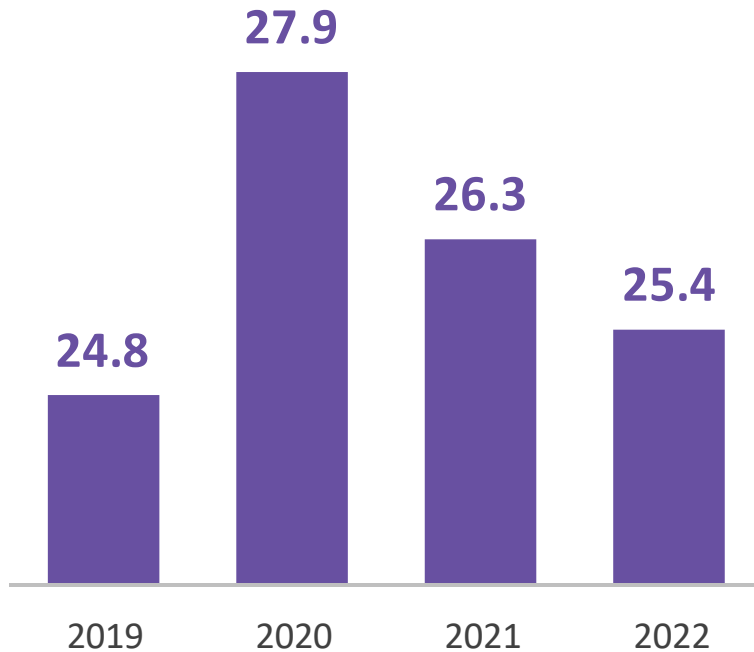
RETAIL

2022

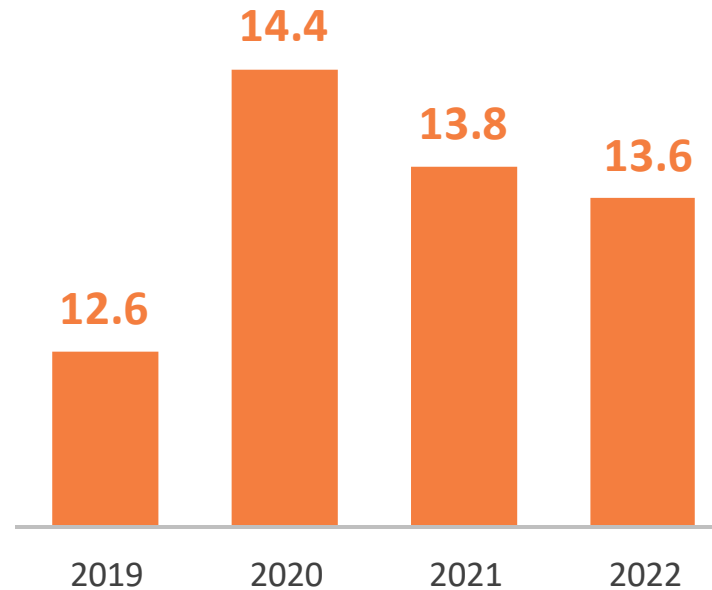
Retail KPIs



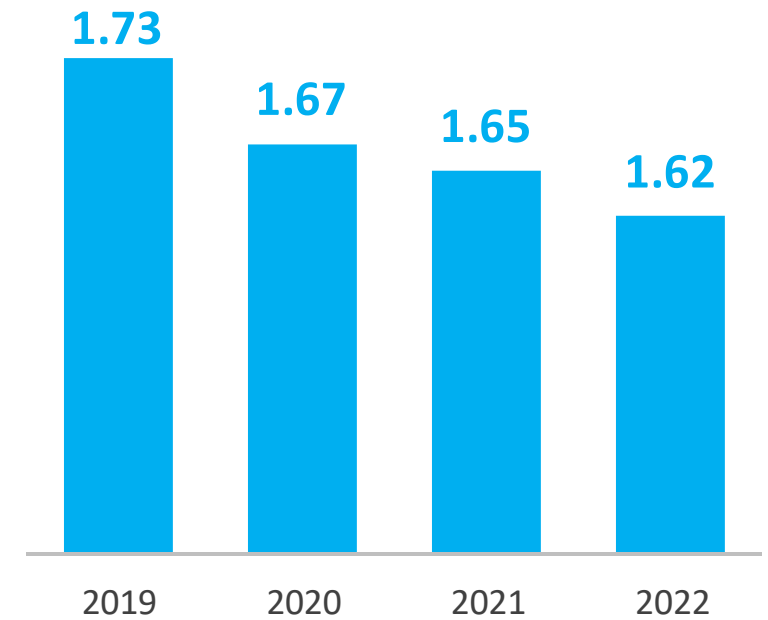
Sales per sqm⁽¹⁾
(NIS M)



Total Retail Revenues
(NIS B)



**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

Strengthening the premises in the branches



Be

- Currently in 10 branches
- The complexes opening improved the sales of the pharmacy in these branches
- Reaching the premises in 30 branches within 4 years



Non-Food

- Non-Food departments
- 35 large branches including electrical products and household appliances



Green

- About 100 branches
- Continue GREEN private brand development

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

Shufersal Online's Strategy contributed to increased sales

- **Nationwide footprint**, backed by robust logistic infrastructure **covering 100% of the population**
- Additional non-food items (e.g. furniture, appliances, outdoor) & “Be” pharma and cosmetic products

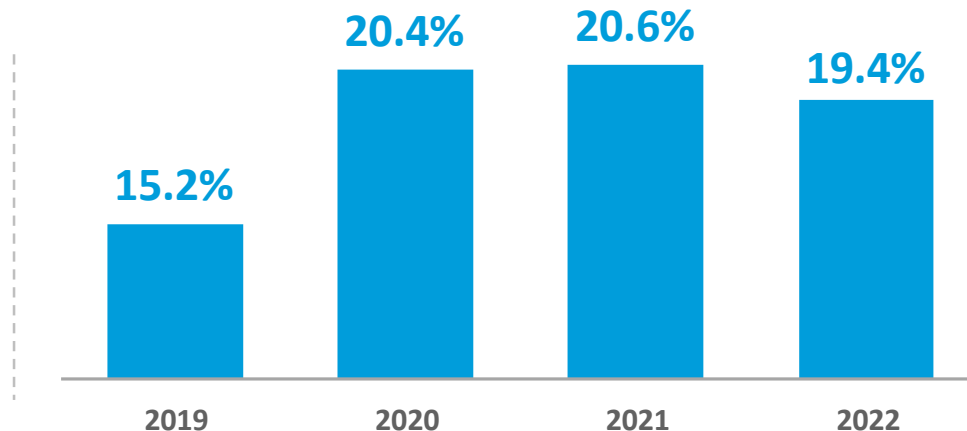
Automatic shipping center (CFC)

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

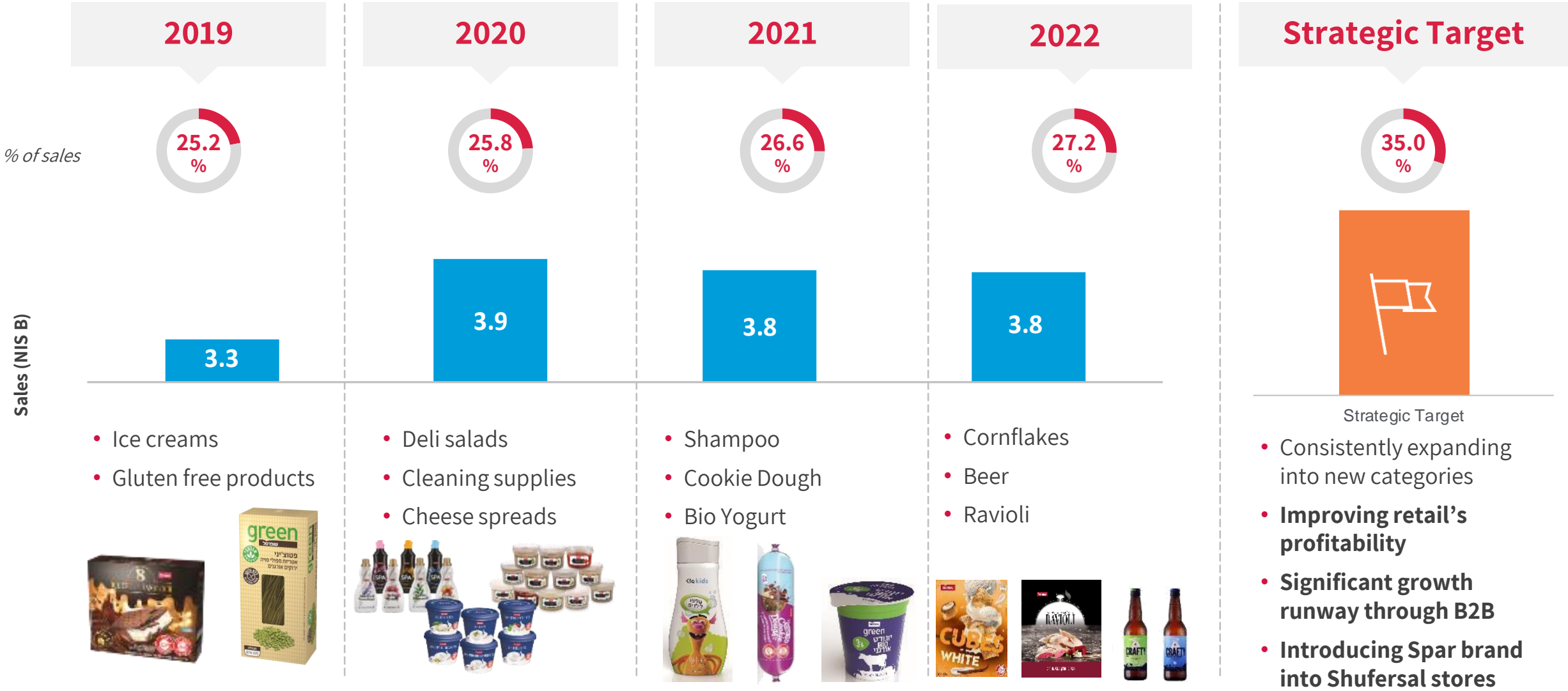
Kadima – go-live in August 2021. And completed ramp-up to achieve full production rates on April 2022.

Modi'in - commercial operations scheduled in early 2023.

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



Consistent Expansion of Private Label



12 Note: Shufersal stores and shipping centers

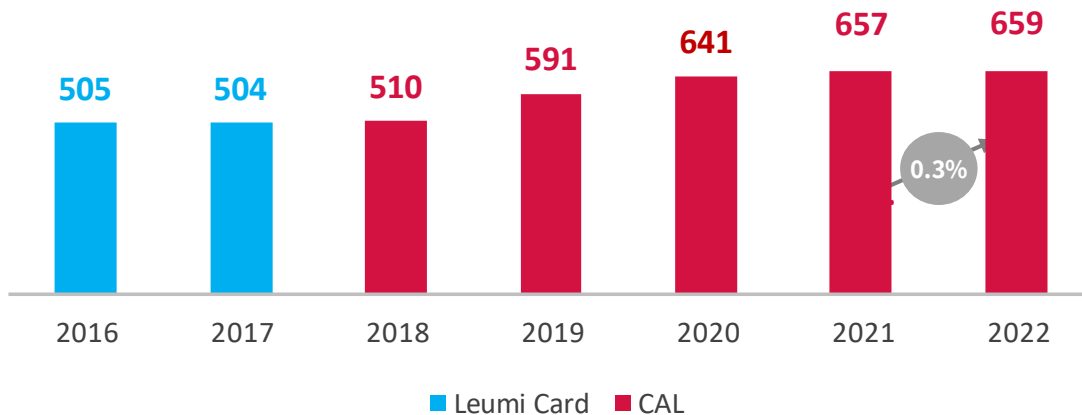
Israel's Largest Customers Club

Customers Club Overview

- **#1 Loyalty program** with over **2mn households**
- 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)



Shufersal B2B

Tapping into a Fragmented Wholesale Market

Cash & Carry

- **Opened 1st store in 2018**, targeting urban mini-markets, kiosks and food service customer.
- **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 600 points** of sale nationwide.

Professional Market

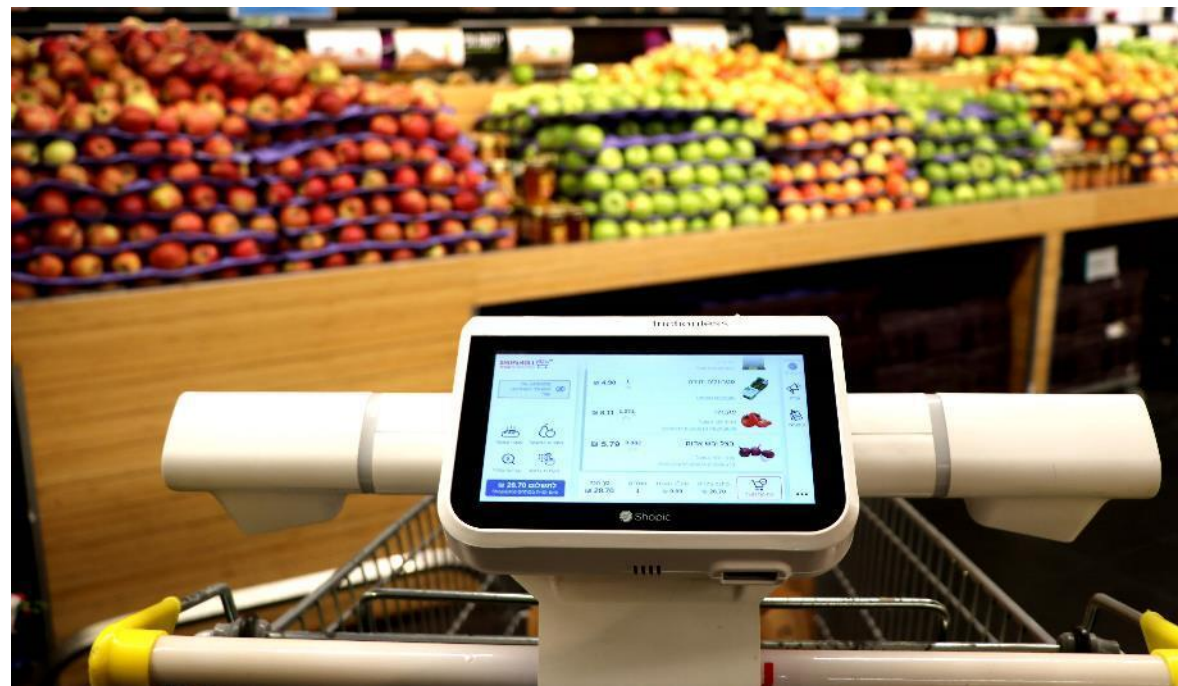
- **Shufersal Amiga** - sale, marketing and distribution of food products in the professional market: cafes, restaurants, catering companies, nursing homes and more.

Cash & Carry, “Rural & Urban Region” and “Shufersal Amiga” represent a **compelling growth opportunity**, targeting an overall **market of NIS~12 NIS B⁽¹⁾** composed of mini-markets, groceries and food service

Technological Innovation

A successful pilot was carried out in two branches this year, the results of which are:

- Increasing the shopping basket
- Savings in operating expenses
- Increasing customer satisfaction
- Reaching 50 Shufersal Deal branches with a smart cart in 2023
- In collaboration with Shopic



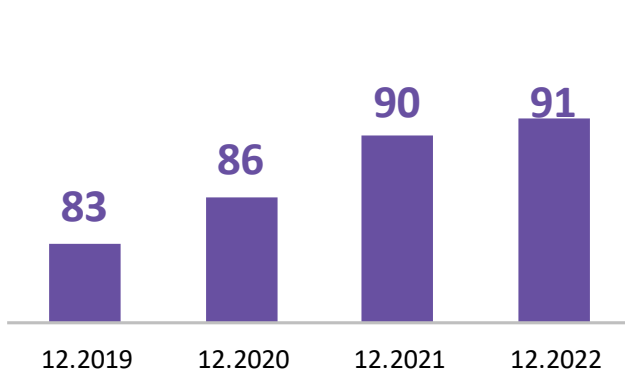
Be



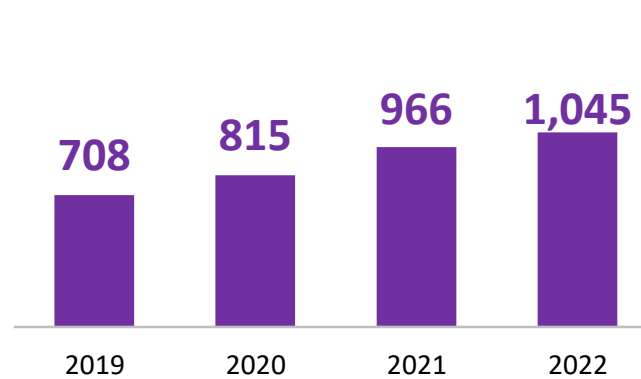
Be – Expansion into Pharma, Cosmetic and Toiletry (Cont'd)

Rapidly Growing Segment

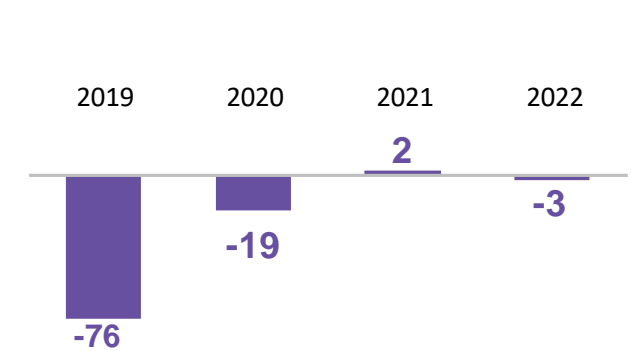
Number of Stores



Revenue (NIS M)



Operating Profit (NIS M)⁽¹⁾



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
- **Cross-buy on Shufersal shopping floors**
- Be private label

REAL
ESTATE



Key Metrics*

222,000 sq m⁽¹⁾

Yielding areas
(excluding parking lots)

**About NIS 206
million**

The company's
income

79 assets⁽¹⁾

Amount of assets

NIS 3.4 billion

Real estate book-value

160,000 sq m⁽¹⁾

Available building rights
(gross area including
parking lots)

NIS 118 million

FFO

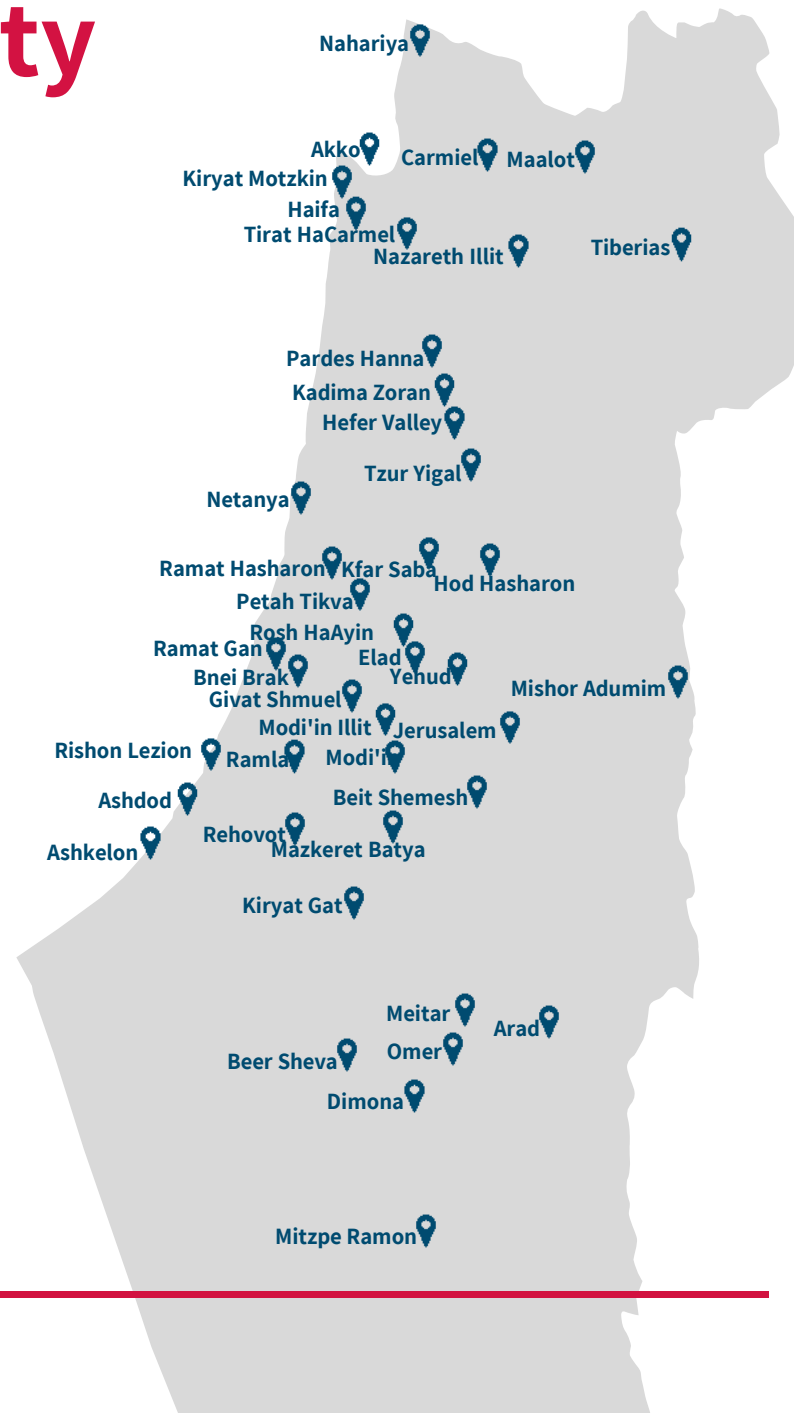
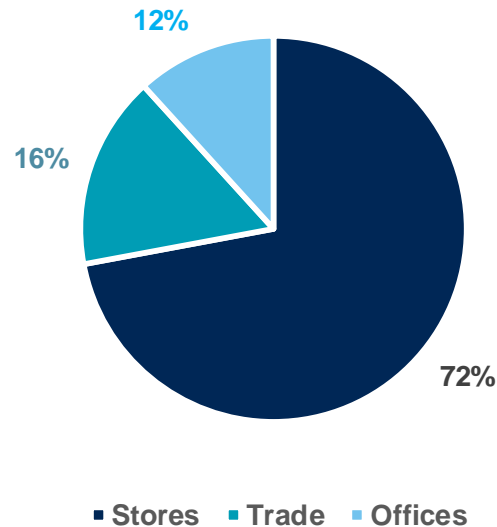
NIS 172 million

EBITDA

* Unaudited data based on Shufersal Real Estate's financial reports for December 30, 2022

Main Areas of Activity and National Deployment

Income Distribution



Wide geographical and sectoral dispersal

97%
Percentage of occupancy

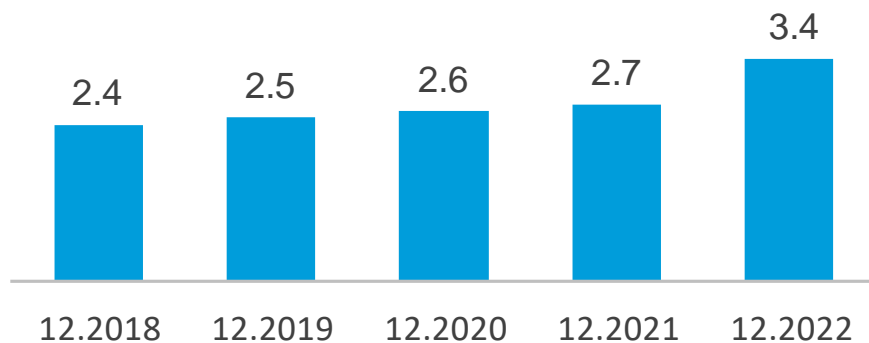
44
Cities across Israel

Shufersal Real Estate

Improving group's financial profile

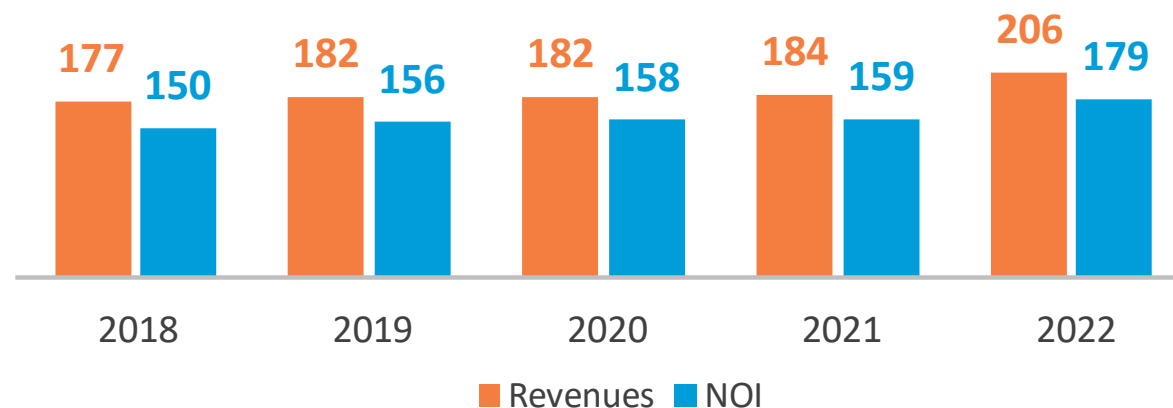
Real estate enhancement

Real estate value in NIS billion*



Key Financials (NIS M)

Consistent revenue and profit stream*

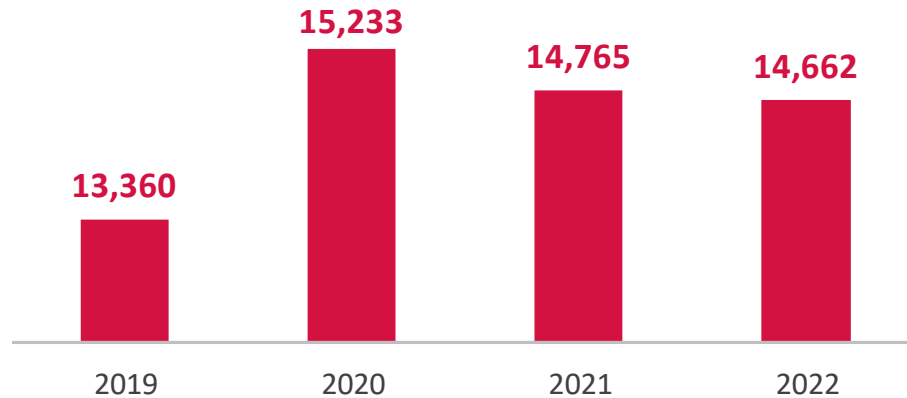


FINANCIALS

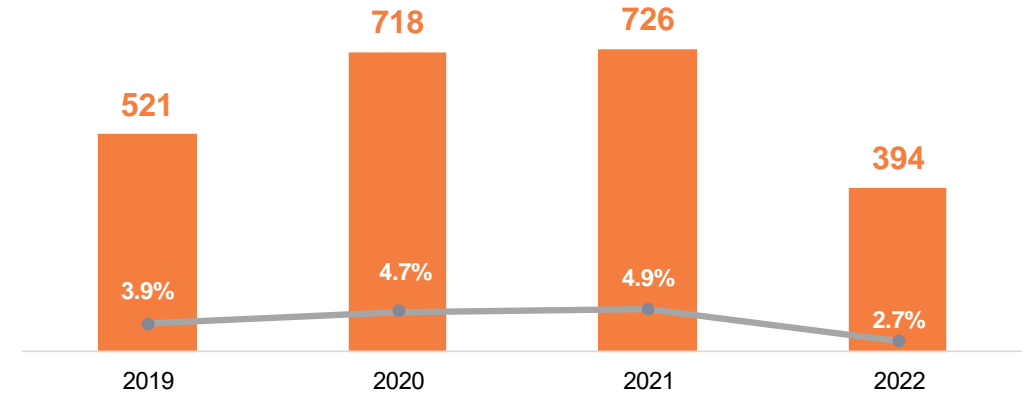
2022

Financial Performance

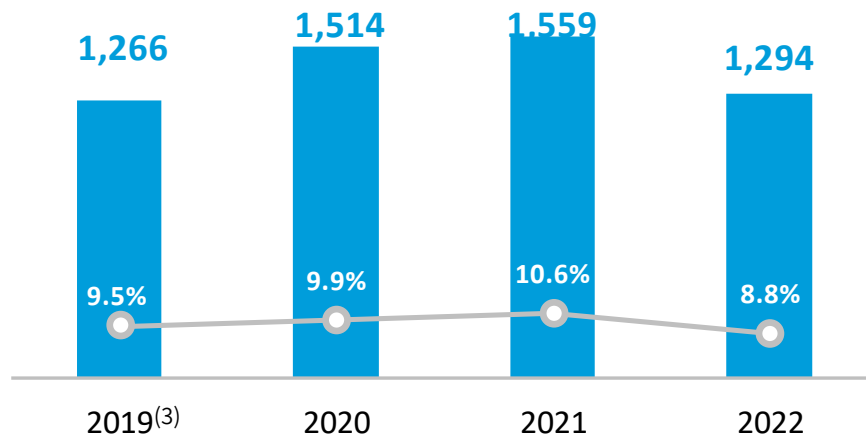
Revenue (NIS M)



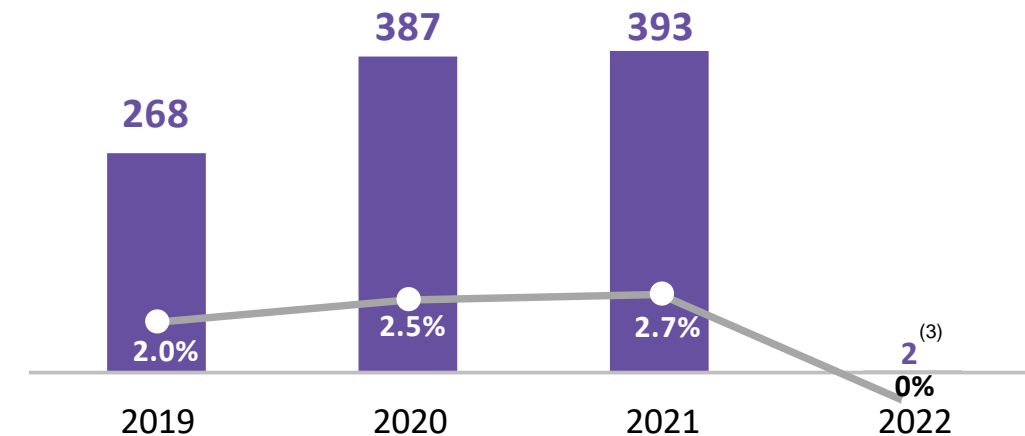
Operating Profit⁽¹⁾ (NIS M)



EBITDA⁽²⁾ (NIS M)



Net Income (NIS M)



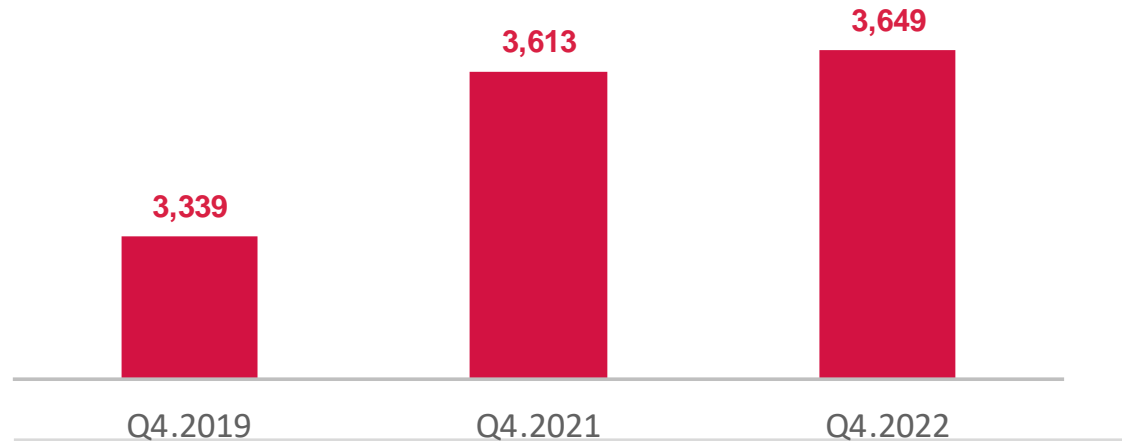
(1) Before other income & expenses.

(2) Operating profit before other expenses less depreciation and amortization.

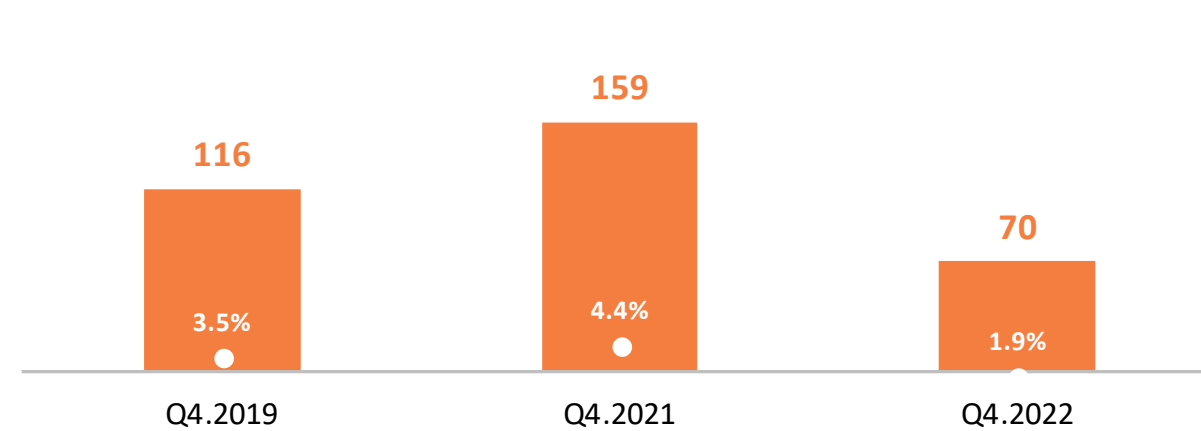
(3) The net profit on 2022 neutralizing the effect of a one-time expense for the efficiency plan is about NIS 162 million

Financial Performance- Q4

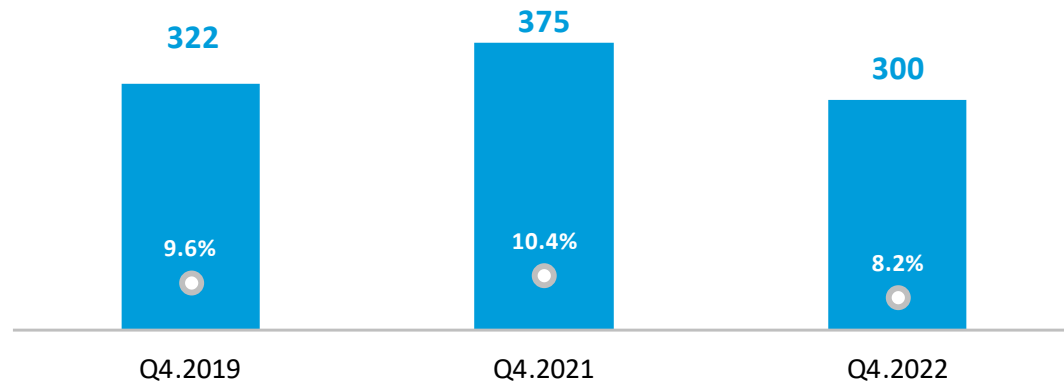
Revenue (NIS M)



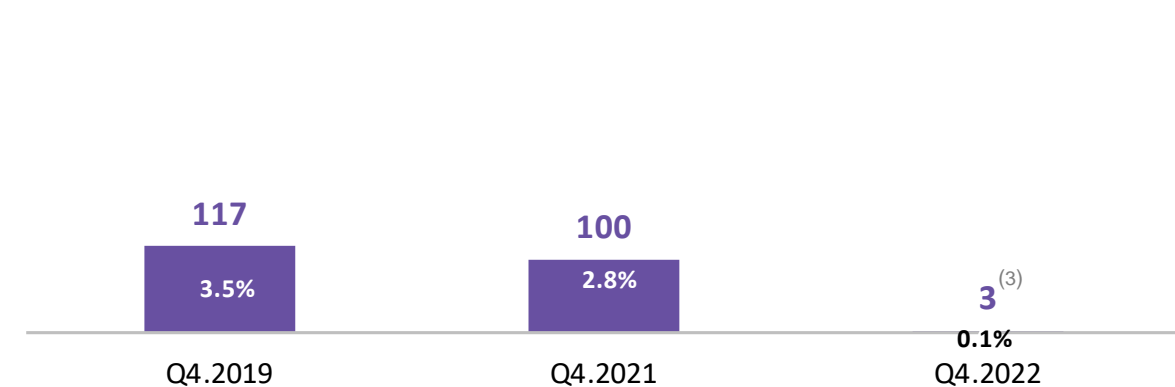
Operating Profit⁽¹⁾ (NIS M)



EBITDA⁽²⁾ (NIS M)



Net Income (NIS M)



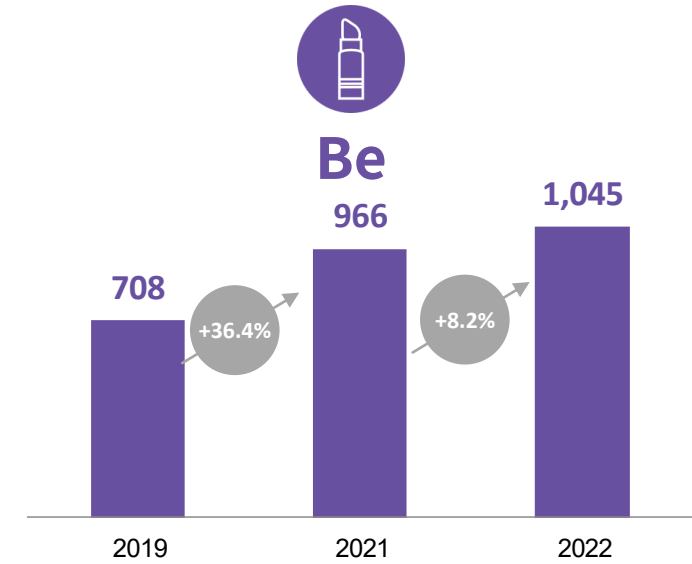
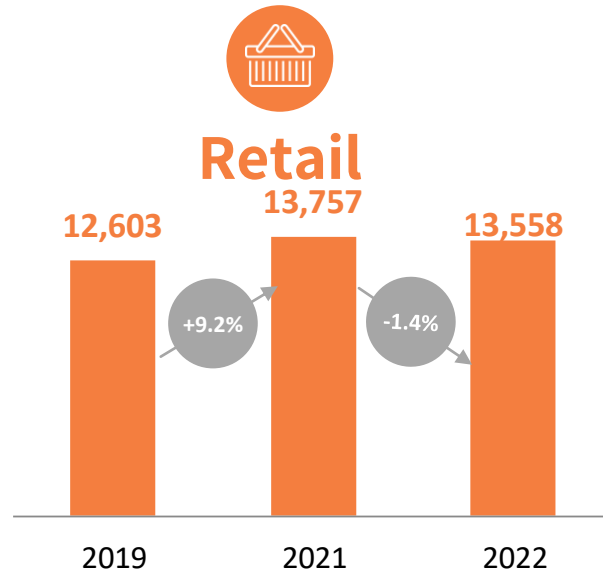
(1) Before other income & expenses.

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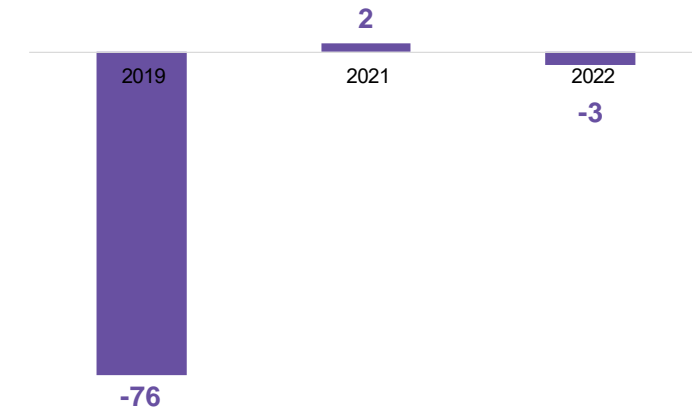
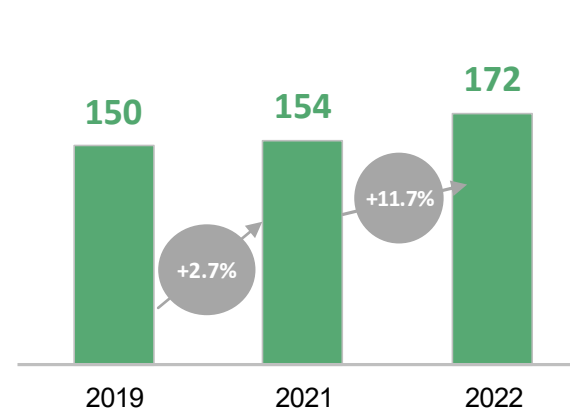
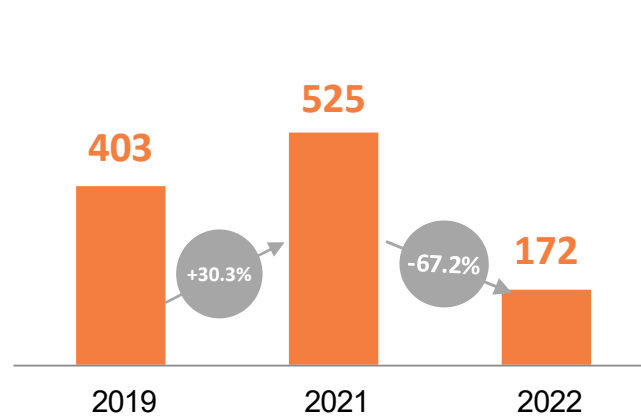
²⁴ (3) The net profit in the 4th quarter, excluding the effect of a one-time expense for the efficiency plan is about NIS 12 million.

Segments

Revenue (NIS M)



Operating Profit⁽¹⁾ (NIS M)



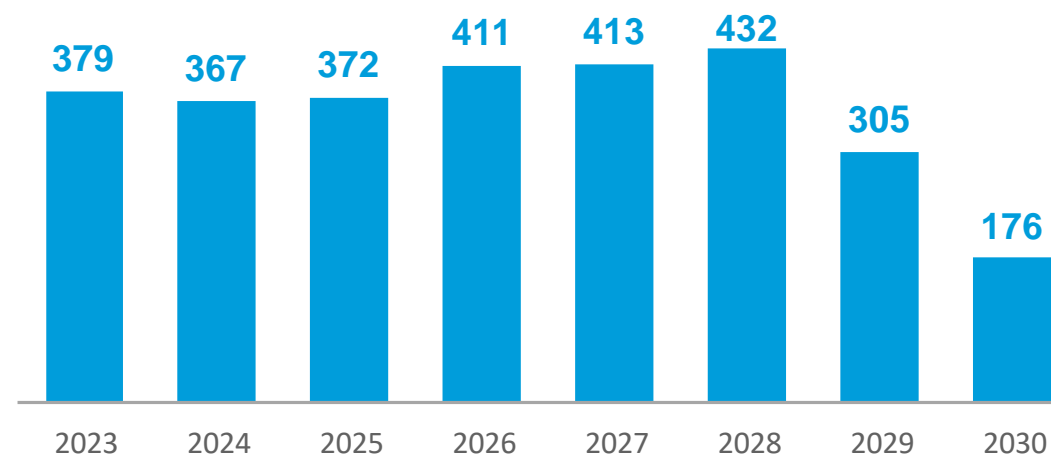
Exceptional Liquidity and Balanced Debt Profile

(NIS in millions)

1-12.2022

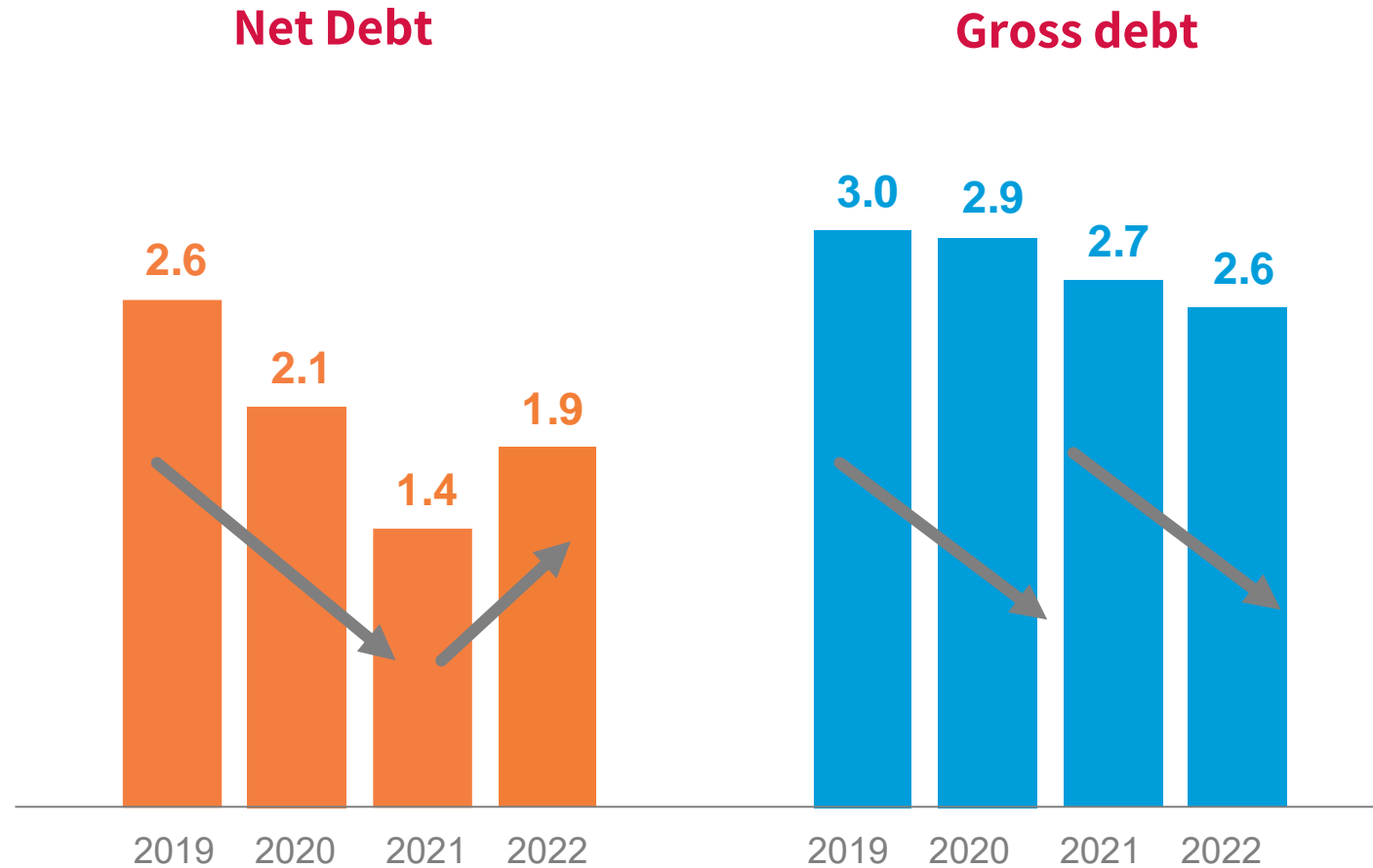
Non CPI Linked Bonds	1,600
CPI Linked Bonds	885
Total Debt	2,485
Cash & ST Investments	(721)
Net Debt	1,764

Future Bond Repayments⁽¹⁾ (NIS M)



- Well staggered debt maturity profile
- ilAA debentures credit rating by S&P Maalot (ilAA-/ Stable company rating)
- 100% unencumbered real estate assets

Debt Levels that support the company's strategy (NIS B)



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>	2019 ⁽¹⁾	2020	2021	2022
Revenues	13,360	15,233	14,765	14,662
<i>growth (%)</i>	<i>4.0%</i>	<i>14.0%</i>	<i>-3.1%</i>	<i>-0.7%</i>
Gross Profit	3,609	4,043	4,021	3,882
<i>margin (%)</i>	<i>27.0%</i>	<i>26.5%</i>	<i>27.2%</i>	<i>26.5%</i>
Operating expenses	(3,088)	(3,325)	(3,295)	(3,488)
Operating Profit	521	718	726	394
<i>margin (%)</i>	<i>3.9%</i>	<i>4.7%</i>	<i>4.9%</i>	<i>2.7%</i>
Other Income (Expenses), Net	36	27	53	(111)
Financing expenses, net	(259)	(232)	(245)	(207)
Net Income	268	387	393	2
<i>margin (%)</i>	<i>2.0%</i>	<i>2.5%</i>	<i>2.7%</i>	<i>0.0%</i>
EBITDA	1,266	1,514	1,559	1,294
<i>margin (%)</i>	<i>9.5%</i>	<i>9.9%</i>	<i>10.6%</i>	<i>8.8%</i>



Balance sheet (assets)

(NISmn)	2019	2021	2022
Cash and cash equivalents, Short-term deposits	355	1,286	721
Trade receivables	1,373	1,441	1,467
Other receivables & Other investments	169	175	170
Inventory	910	914	928
Total Current Assets	2,807	3,816	3,286
Long-term deposits	-	0	-
Investments in associate	94	206	108
Other investments	96	66	29
Property, plant and equipment	3,101	3,397	3,530
Intangible assets and deferred expenses, Receivables and debit balances & Deferred taxes	1,535	1,605	1,803
Investment property	721	878	1,380
Right-of-use assets	3,596	4,313	4,411
Total Assets	11,950	14,281	14,547



Balance sheet (liabilities and equity)

(NISmn)	2019	2021	2022
<u>Current liabilities</u>			
Current maturities in respect of bonds & Credit from banks	360	302	316
Current maturities of lease liabilities	342	392	416
Trade payables	2,008	2,177	2,248
Liability in respect of option to acquire partnership	73	-	-
Other payables and Provisions	892	1,188	1,248
Total Current liabilities	3,675	4,059	4,228
<u>Non - current liabilities</u>			
Liabilities to banking corporations			86
Bonds	2,621	2,422	2,178
Lease liabilities	3,278	4,004	4,172
Employee benefits, net & Other liabilities	300	423	490
Deferred taxes	132	153	174
Total non-current liabilities	6,331	7,002	7,100
Equity	1,944	3,220	3,219
Total liabilities and equity	11,950	14,281	14,547



THANK
YOU

