



Investors Presentation

Summary of Results | First quarter 2023



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About Shufersal

as of March 31, 2023



NIS 14.9 billion

Revenues in the past 12 months



411 branches

In all of the Group's formats and segments



Approx. 553,000 sq.m

Commercial space



NIS 3.4 billion

Value of real estate segment assets



19.3%*

Online share



Approx. 16,600

Employees



28.4%

Private label share



Approx. NIS 4.9 billion

Market value
As at May 22, 2023

Group's multi-year growth strategy



Maximizing growth drivers

Shufersal for Business
Private label
Committed to our customers
Shufersal Real Estate
Non-food
Finance

Importing the SPAR brand (subject to the approval of the Israel Competition Authority)
Retail media
Gidron



Enhancing the retail segment and strengthening the synergy between the Group's activities



Technological innovation

Advanced online platforms
World-leading automated shipping centers with a total area of approx. 50,000 sq.m
State of the art logistics center in Shoham with an area of approx. 51,000 sq.m
Smart carts
Setting up data department



Strategic M&As in related areas of activities



Summary Data

Approx. NIS
7.3 billion

Revenues
First quarter 2023

Approx. NIS
373 million

EBITDA
First quarter 2023

**iLAA-
/Stable** ⁽¹⁾

S&P Maalot rating

Approx. NIS
1.8 billion

Net financial debt
As at March 31, 2023

Approx. NIS
3.3 billion

Shareholders' equity
As at March 31, 2023

Shufersal Starts 2023

Revenues

**A NIS 221
million
increase**



compared with first
quarter of 2022

EBITDA

**A NIS 57
million
increase**



compared with first
quarter of 2022

Operating profit

**A NIS 49
million
increase**



compared with first
quarter of 2022

Net profit

**A NIS 39
million
increase**



compared with first
quarter of 2022

Key points for first quarter 2023



An approx. 3.8% growth

in sales of like-for-like Group stores, and an approx. 4.7% growth in sales of like-for-like stores in the retail segment compared with the corresponding quarter last year



Growth of 6.3%

in the Group's revenues and in the rate of operating profit out of total revenues to a level of 4.1% compared with 2.9% in the corresponding quarter last year.

The quarter's results benefited from the timing of Passover, compared with the corresponding quarter last year



Record private label sales of approx. 28.4%

in the first quarter of 2023



Commencement of operations of the automatic

shipping center in Modi'in, and ongoing operations and utilization of the Kadima automated shipping center



Signing an agreement

for launching SPAR Israel's activity in collaboration with Amit Zeev



Splitting the management of the real estate company from the real estate retail activity

The real estate company shall serve as an independent growth driver



Further streamlining

The streamlining plan applied by the Group in 2022 is expected to cut Group's expenses by NIS 250 million in 2023

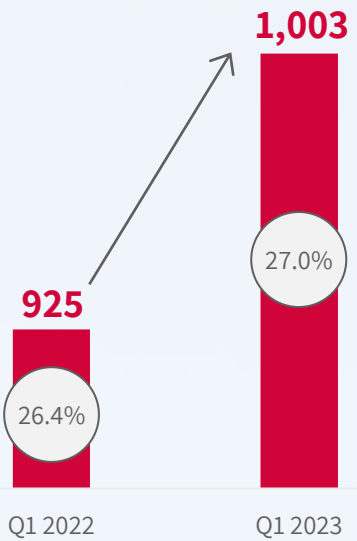


Group's Results

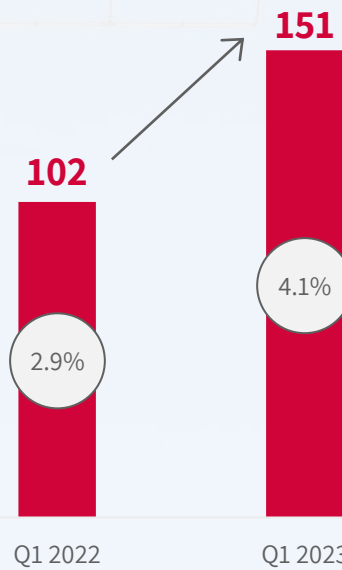
(NIS million)



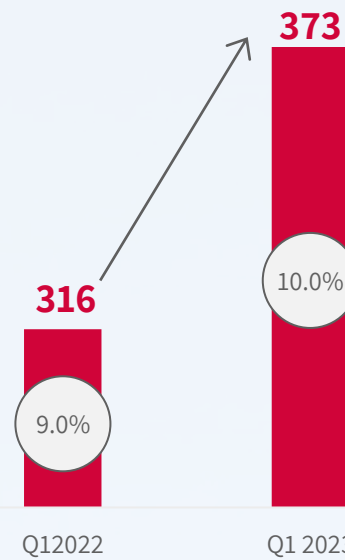
Gross profit



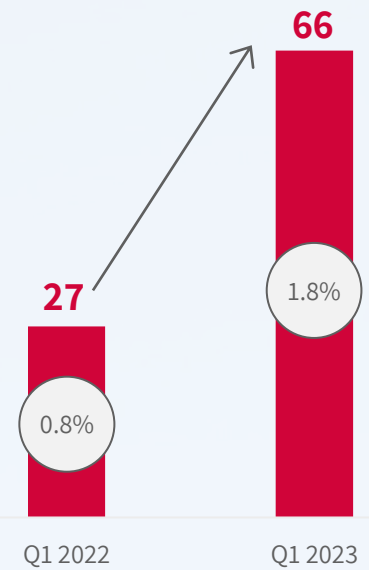
Operating profit



EBITDA



Net profit

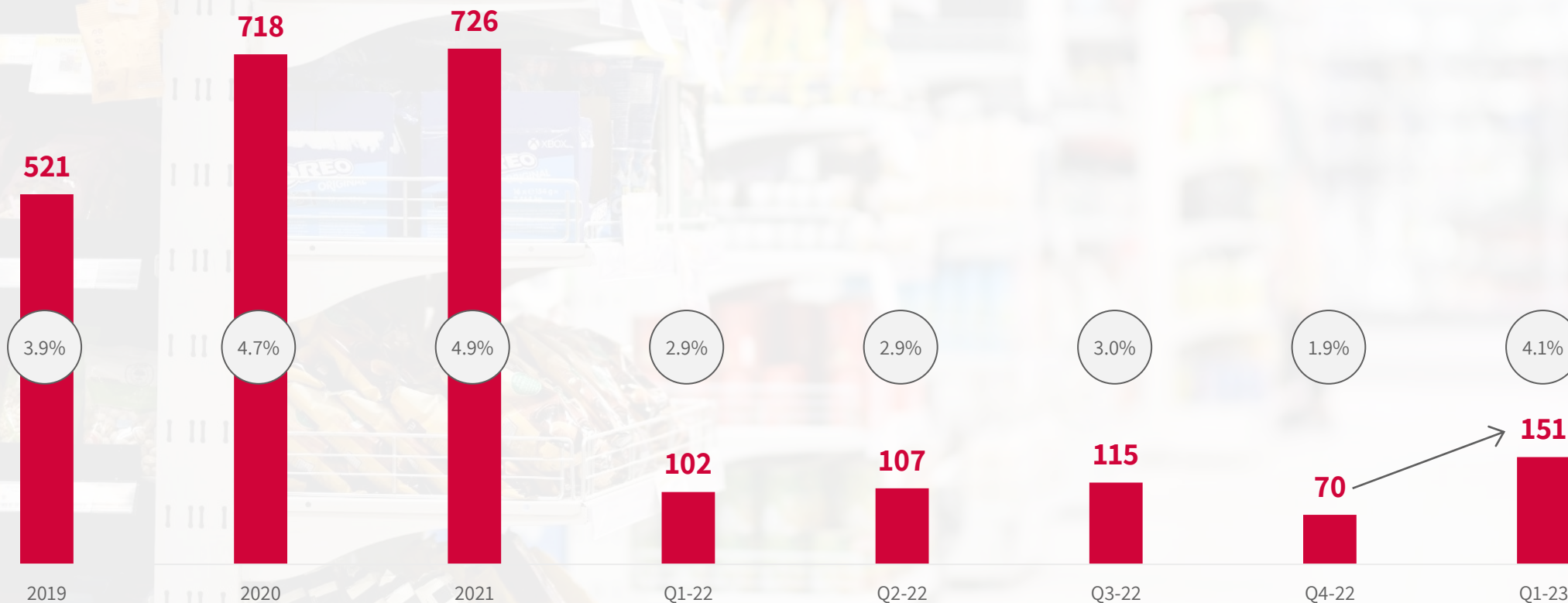


(%) = Rate out of total Group revenues

Group's Results

(NIS million)

Consolidated operating profit*



* Before other expenses/income

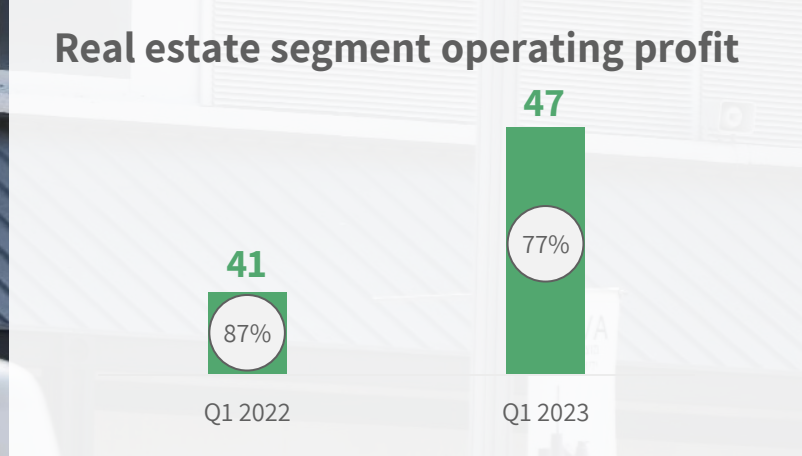
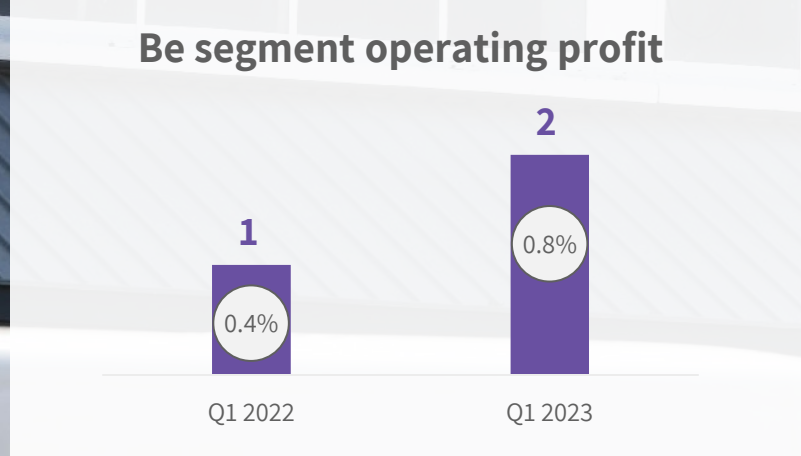
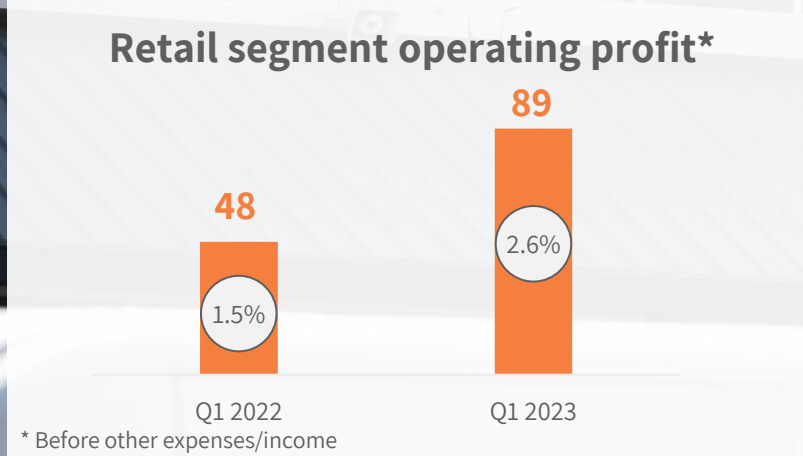
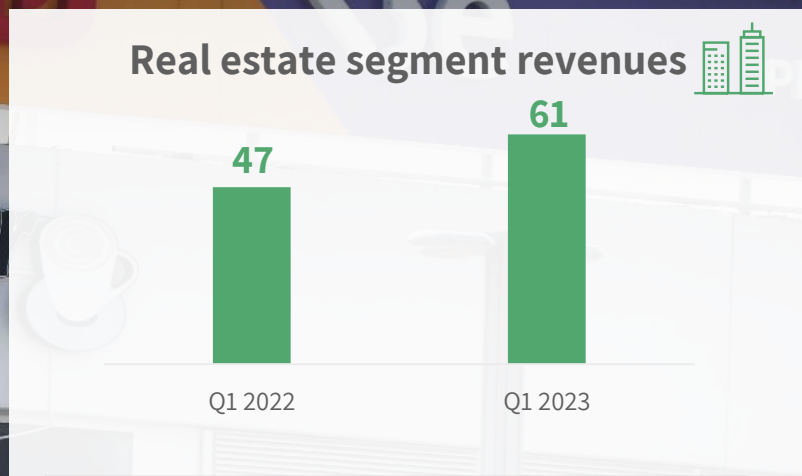
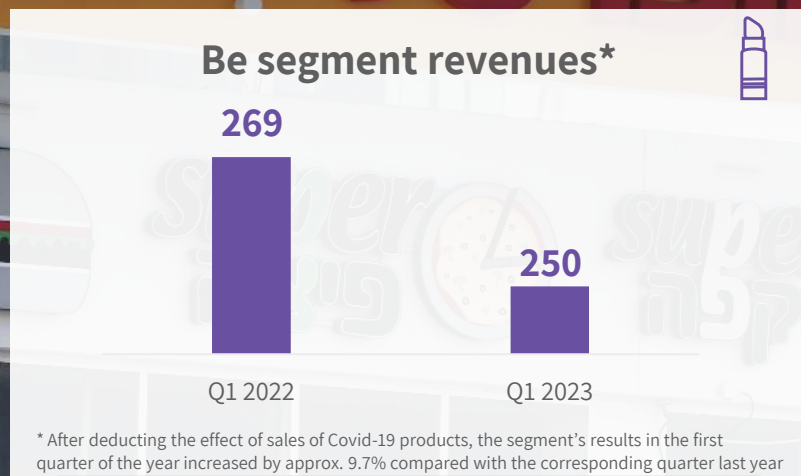
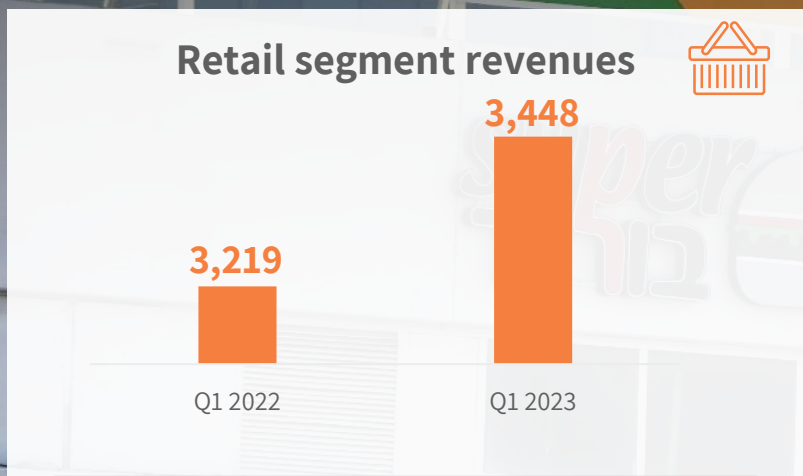
Including IFRS 16


In 2022, the Company recognized a pre-tax one-off expense of NIS 182 million in respect of a streamlining plan, of which NIS 170 million were recognized in the third quarter; the expense was revised to NIS 182 million in the fourth quarter.

(%) = Rate out of total Group revenues

Operating segments' results

(NIS million)



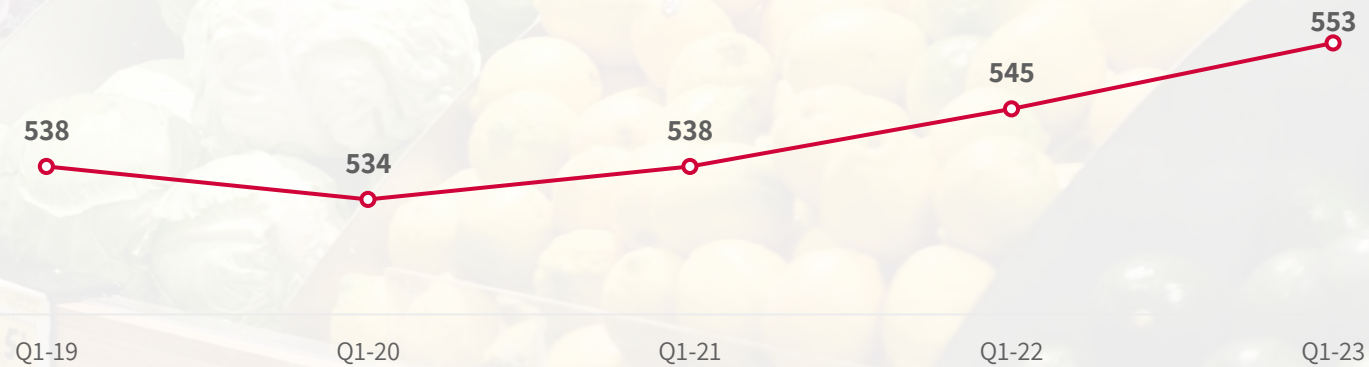
 = Rate out of total Group revenues

Retail segment - first quarter 2023

Change in same store sales*



Commercial areas** (sq.m thousands)



* Shufersal's branches, including the online activity
** Shufersal's branches excluding shipping centers

The Group has 411 Branches

Breakdown by formats and segments (as of March 31, 2023)

275

Approx. 439.1 thousand sq.m

34

Approx. 59.7 thousand sq.m

90

Approx. 36.6 thousand sq.m

10

Approx. 9 thousand sq. m.

2

Approx. 7.9 thousand sq.m

Shufersal Online – The Market Leader in the Israeli Online Market



In the past 12 months, Shufersal Online sales amounted to approx. NIS 2.6 billion, which constituted 18.8% of total sales in Shufersal's branches and shipping centers



Increased number of deliveries and increased capacity following the activation of automated shipping centers in Kadima and Modi'in



The Company's four manually-operated shipping centers are due to be closed during 2023 in accordance with the streamlining plan (four branches were closed in 2022)



Adding quick delivery service (Wolt) from 'Express' branches as a complementary service of Shufersal Online

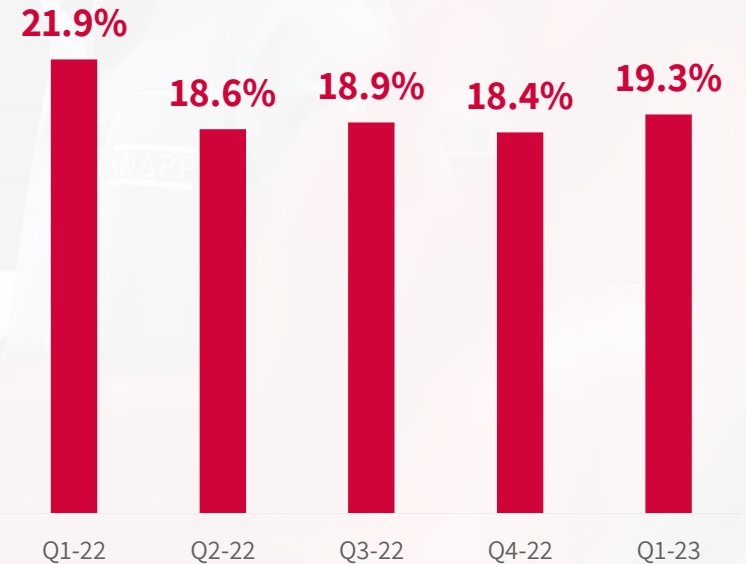


Activity in non-food categories that are related to food sales



Improved profitability as a result of improved productivity, job cuts, expanded products basket, increased real estate efficiency due to reduction in commercial areas, etc.

Rate of online sales of total food retail*



* Shufersal branches and shipping centers

Automated Shipping Centers in Kadima and Modi'in



Online שופרסל

Approx. **50,000** sq.m
of world-class advanced automation capabilities

Transition from focusing on growth of the online business to focusing on growth alongside profitability

Automated Shipping Centers – Full Capacity is Expected During 2024

3

temperature environments

More than

20,000

products in catalog

Approx.

9,000

daily orders

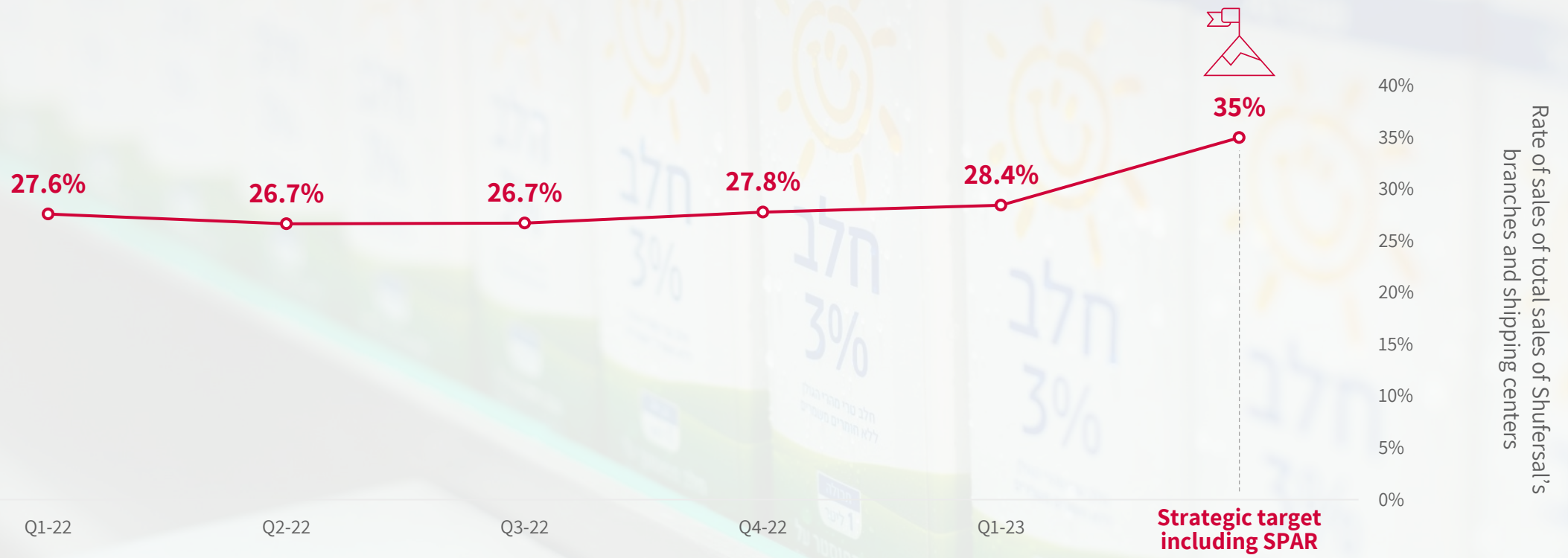
More than

NIS 1 billion per year

as from 2024

Israel's largest private label

With more than 6,000 products under its private label, Shufersal continues to invest in development and quality control, and launches hundreds of new products every year in a range of categories.



Collaboration with SPAR - the European Retail Giant



Shufersal signed an agreement with Amit Zeev for launching the SPAR store chain in Israel at an investment of NIS 28 million in debt and equity who represents SPAR in Israel and will serve as the company's CEO.



Shufersal and Amit Zeev will set up a joint company - SPAR Israel - in which Shufersal will have an 19.9% stake and Amit Zeev will have an 80.1% stake.



Launching the SPAR store chain shall allow "SPAR Israel" to open branches of the chain in Israel, and will also allow Shufersal to import and sell products of SPAR's private label, thereby offering its customers a range of high-quality products at attractive prices.



In combination with Shufersal's private label, the Group will be able to increase its product range and become attractive for new customer categories.



The agreement is subject to the approval of the Israel Competition Authority



Growth engines

Further growth in the institutional market

(market size - NIS 16.5 billion)



Institutions

(large organizations providing catering services to employees or customers)



Chains

(hotels, coffee shops and restaurants with multiple branches)



Independent

(restaurants, coffee shops, hotels and independent venues, corner shops and kiosks)

Provision of advanced value proposition which is based on:



A broad range, One Stop Shop



Prices that are in line with customer's needs and characteristics



Advanced services, with an emphasis on availability and flexibility



Development of private label for institutional customers "Shufersal PRO"



Opening a logistics center which is dedicated to business customers

| | |
|-----------------------------------|---|
| Location | Modi'in |
| Area | Approx. 10,000 sq.m. |
| 3 temperature environments | dry, chilled, frozen. Approx. 1,500 items |
| Storage capacity | approx. 7,000 pallets |

- Continuing growth and adding complementary products: meat, non-food, fruit and vegetables quality groups
- Acquisition of "Hamefitz", a company importing and marketing food products for the institutional market

Shufersal Real Estate – a Significant Player in the Israeli Market

Shufersal Real Estate
benefits from strong
financial backing by the
Shufersal Group

The real estate company
has a separate board of
directors headed by Itzik
Abercohen, the Chairman
of Shufersal Group's board
of directors



- The real estate segment serves as a growth driver. At the beginning of the quarter, management of the income-generating real estate company was segregated from that of the real estate retail activity
- Improving existing real estate
- Developing and assessing income-generating real estate opportunities, that are not currently included in the Company's assets portfolio, including assessment of collaborations with income-generating real estate companies
- Considering the option of transferring the logistics centers (Rishon LeZion, Shoham, Modi'in) to Shufersal Real Estate

Shufersal Real Estate - ID Card



NIS 3.4 billion

Value of real estate segment assets



79 assets



**Approx.
NIS 60.8 million**

Revenues (adjusted)



220 thousand sq.m

Income-generating areas
(excluding car parks)



NIS 2.5 billion

Shareholders' equity



**Approx.
NIS 47.5 million**

Adjusted EBITDA



**Approx.
NIS 32.3 million**

FFO (adjusted)



**Approx.
160 thousand sq.m**

Building rights



Appreciation

- Increasing building rights
- Adding and/or expanding income-generating areas in existing assets
- Synergy with Shufersal Group's stores
- Increasing revenues



New assets

- Participation in tenders for acquisition of land
- Identifying and purchasing rights to build income-generating buildings
- Building and acquiring new logistics centers
- Assessing the expansion of activity in the field of car parks



Utilizing market opportunities

- Identifying opportunities to acquire existing income-generating real estate compounds
- Identifying opportunities to acquire companies/entities by way of cash or M&A transactions
- Entering into mixed-use projects: commercial-office-residential (and/or rentals) at city centers



Focusing on improving profitability



*Cutting expenses
*Closing 11 branches in accordance with the streamlining plan



Opening 8 branches in attractive locations in 2023



Opening sale points in Shufersal Deal branches



Increasing the synergy with Shufersal Online



Launching an independent website, including pick-up



Business development in the field of wellness



Wholesale

Development and import of discount products and distributing those products to Dan Deal stores and to a range of other stores in Israel



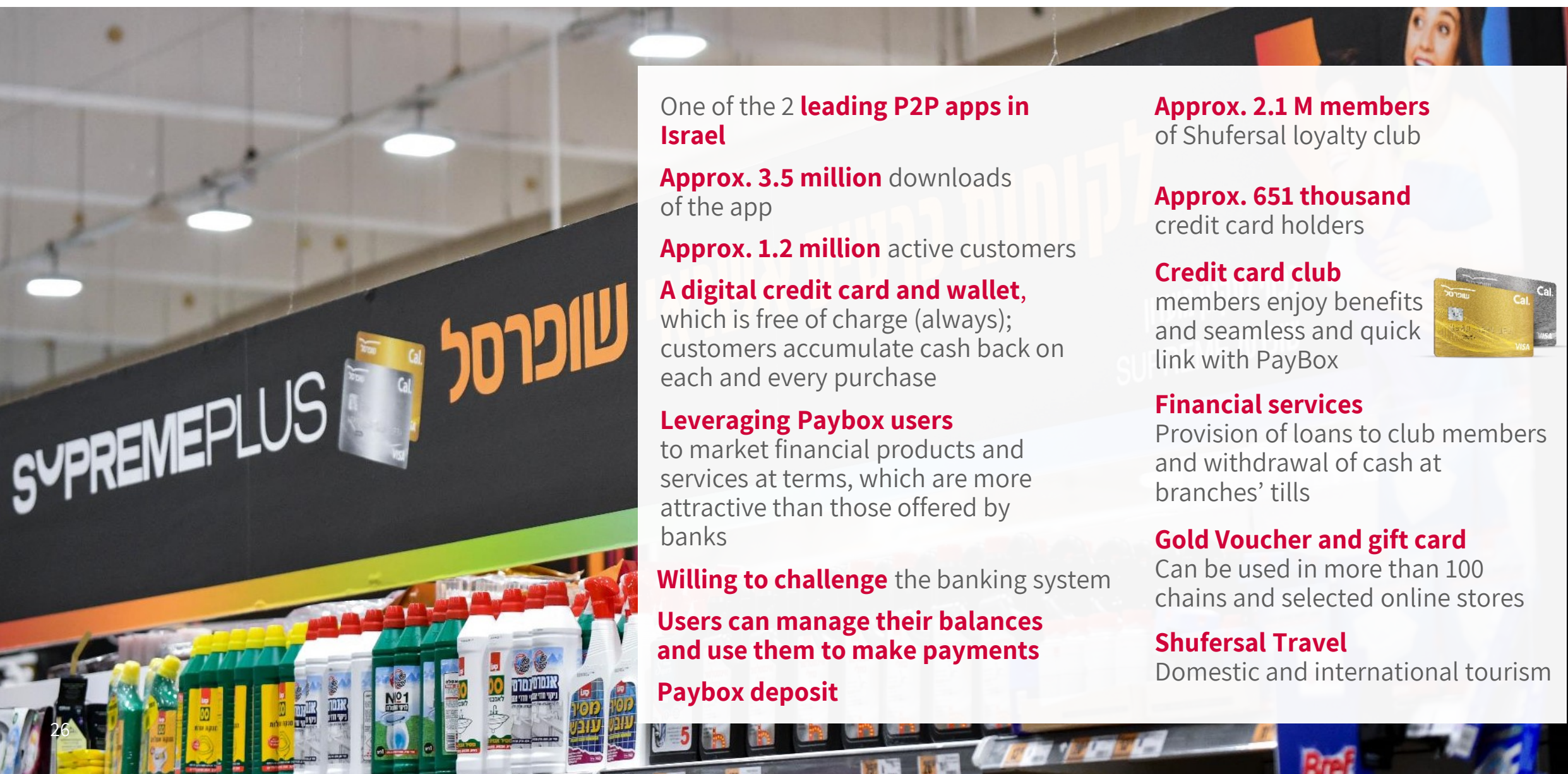
Retail

Opening
3 new branches
every year



Store-within-a-store

Paybox and Finance



One of the 2 **leading P2P apps in Israel**

Approx. 3.5 million downloads of the app

Approx. 1.2 million active customers

A digital credit card and wallet, which is free of charge (always); customers accumulate cash back on each and every purchase

Leveraging Paybox users to market financial products and services at terms, which are more attractive than those offered by banks

Willing to challenge the banking system

Users can manage their balances and use them to make payments

Paybox deposit

Approx. 2.1 M members of Shufersal loyalty club

Approx. 651 thousand credit card holders

Credit card club members enjoy benefits and seamless and quick link with PayBox



Financial services Provision of loans to club members and withdrawal of cash at branches' tills

Gold Voucher and gift card Can be used in more than 100 chains and selected online stores

Shufersal Travel Domestic and international tourism

Technology innovations

Introducing smart carts into 30 Shufersal Deal branches in 2023:

- Target of 2,000 smart carts in 2023
- Increasing customer satisfaction
- Expanding the shopping basket
- Cutting operating expenses

New Communication Language



שופרסל

הכל בשבילי



Balance Sheet - Assets

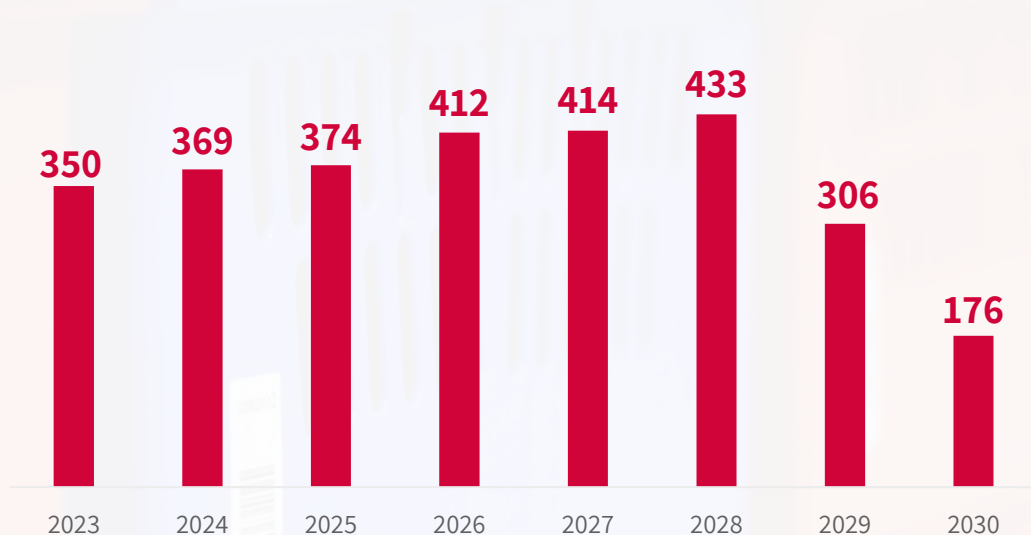
| Line item | March 31, 2023 | March 31, 2022 | December 31, 2022 |
|---|----------------|----------------|-------------------|
| Cash and cash equivalents and short-term deposits | 758 | 1,384 | 721 |
| Trade receivables | 1,782 | 1,602 | 1,467 |
| Receivables and debit balances | 227 | 190 | 170 |
| Inventories | 1,149 | 1,089 | 928 |
| Other investments | - | 19 | - |
| Total current assets | 3,916 | 4,284 | 3,286 |
| Receivables and debit balances | 112 | 111 | 108 |
| Investments in associates (including loans) | 118 | 220 | 108 |
| Other investments | 29 | 61 | 29 |
| Investment property | 1,381 | 879 | 1,380 |
| Property, plant & equipment | 3,570 | 3,481 | 3,530 |
| Right-of-use assets | 4,399 | 4,304 | 4,411 |
| Intangible assets | 1,541 | 1,368 | 1,535 |
| Deferred taxes | 174 | 126 | 160 |
| Total non-current assets | 11,324 | 10,550 | 11,261 |
| Total assets | 15,240 | 14,834 | 14,547 |

Balance sheet – liabilities and equity

| Line item | March 31, 2023 | March 31, 2022 | December 31, 2022 |
|---|----------------|----------------|-------------------|
| Current maturities of liabilities to banking corporations | 9 | - | 9 |
| Current maturities of bonds | 319 | 316 | 307 |
| Current maturities of lease liabilities | 416 | 396 | 416 |
| Trade payables | 2,442 | 2,397 | 2,248 |
| Other accounts payable | 1,619 | 1,567 | 1,173 |
| Provisions | 68 | 65 | 75 |
| Total current liabilities | 4,873 | 4,741 | 4,228 |
| Liabilities to banking corporations | 85 | - | 86 |
| Bonds | 2,167 | 2,413 | 2,178 |
| Lease liabilities | 4,164 | 3,994 | 4,172 |
| Employee benefits, net | 252 | 267 | 256 |
| Other liabilities | 229 | 126 | 234 |
| Deferred taxes | 175 | 155 | 174 |
| Total non-current liabilities | 7,072 | 6,955 | 7,100 |
| Equity | 3,295 | 3,138 | 3,219 |
| Total liabilities and equity | 15,240 | 14,834 | 14,547 |

Structure of the Company's debt

Future bond payments (NIS million)



- Issuer rating S&P Maalot ilAA- with a stable outlook

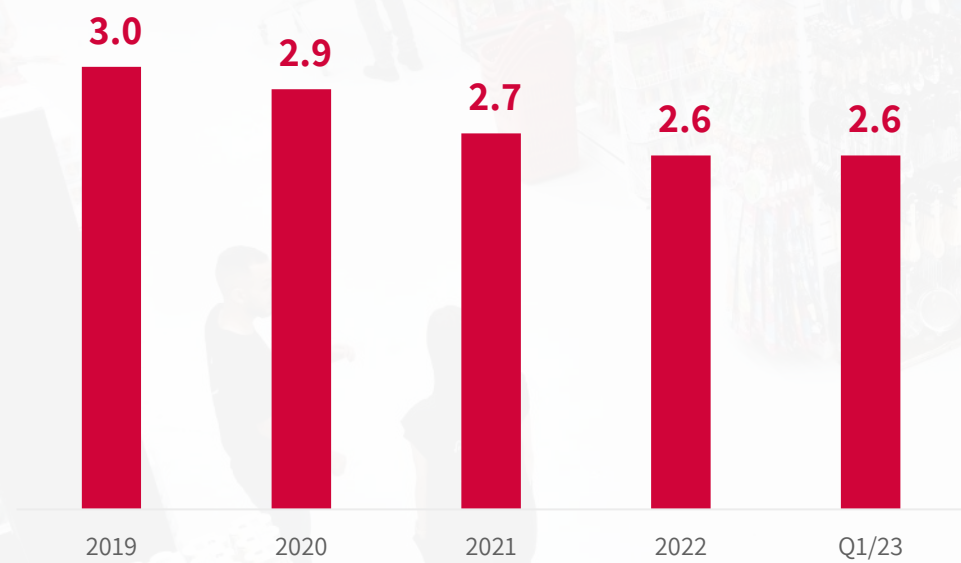
March 31, 2023

(NIS million)

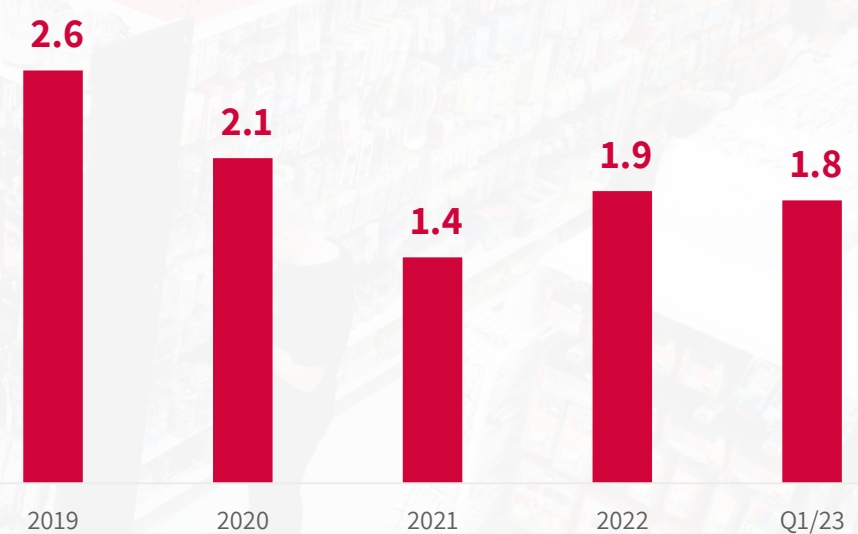
| | |
|--------------|--|
| 1,582 | Unlinked government bonds |
| 904 | CPI-linked bonds* |
| 94 | Credit and liabilities from banking corporations |
| 2,580 | Total debt (gross) |
| (758) | Cash and short-term deposits |
| 1,822 | Net debt |

Leveraging levels - financial debt

Gross debt net* (NIS million)



Net debt closing** (NIS million)



Excluding IFRS 16 liability
* Liabilities to banking corporations, bonds, including interest payable
** Excluding cash and cash equivalents, short term deposits and marketable securities

Recap



The largest and leading retail group in Israel



Business focus - increasing the profitability of the retail business and expanding the activity of growth drivers



The largest customer loyalty program in Israel, with 2.1 million members



Formation of a new management team that strengthens the Group and a focused real estate management



Technology innovations



Financial robustness



Potential for maximizing value in Shufersal Real Estate



Applying a multi-year growth strategy and utilizing acquisition opportunities





SHUFERSAL

Thank You!