

Shufersal reports today the financial results for the second quarter and the first half of 2023 and continues the positive trend:

Shows improvement in operational parameters and profitability rates

The group's revenues in the first half increased by approximately 3.1% and totaled approximately NIS 7.4 billion compared to approximately NIS 7.2 billion in the corresponding period last year

The revenues of the second quarter totaled approximately NIS 3.7 billion, similar to the corresponding quarter last year, and this despite the timing of Passover

An increase in the operating profit in the first half which totaled approximately NIS 303 million, which is approximately 4.1% of the revenues compared to approximately NIS 209 million in the corresponding period last year, which was approximately 2.9% of the group's revenues

An increase in the operating profit in the second quarter which totaled approximately NIS 152 million, which is approximately 4.1% of the revenues compared to approximately NIS 107 million in the corresponding quarter last year, which was approximately 2.9% of the group's revenues

The net profit in the second quarter totaled approximately NIS 73 million compared to approximately NIS 68 million in the corresponding quarter last year, which is approximately 2% of the group's revenues

The process of advancing the automatic dispatch center in Modi'in is progressing according to the set goals. As of this date, it provides approximately 3,000 deliveries per day

Shufersal is working to bringing in a partner or investor into the finance activity as part of the group strategy to expand activities in the worlds of finance

Itzik Abercohen, Chairman of the Shufersal Board of Directors and Uri Waterman, CEO of the Shufersal Group, said today:

"The performance in the second quarter testifies to the strength of the group and its ability to navigate a challenging business environment. We are witnessing stability and diversification in the core activity in retail, while consistently improving the profit indicators. The focus on profitability has brought us to a position of strength and an improvement in the flexibility of our operating model, following the process of streamlining.

We continue on a clear and consistent path of long-term growth while strengthening trade, improving the structure of expenses, establishing the technological infrastructure, promoting online trade through Shufersal Online and deepening the synergy between the group's various activities.

The group is advancing in food retailing alongside a variety of growth areas, including Shufersal for businesses, the Be chain, the stock network and the real estate activity, which is now a separate company working to initiate and improve its assets.

As the leaders of the retail market in Israel, we will continue to carry out strategic moves that demonstrate the group's strengths and capabilities in a variety of areas of activity. In the meantime, Shufersal is working to bringing in a partner for the finance activity to increase its market share in the group's activities."

The group's revenues in the second quarter totaled approximately NIS 3.7 billion, similar to the corresponding quarter last year. The retail sector showed a decrease of approximately 0.4% in the second quarter, which was mainly due to the effect of seasonality and the timing of Passover, and on the other hand, there was an increase in revenues as a result of the stock activity that was purchased in August 2022. Sales in same stores of the group decreased by approximately 2% and by approximately 2.2% in the retail sector compared to the corresponding quarter last year.

The group's revenues in the first half increased by approximately 3.1% and totaled approximately NIS 7.4 billion compared to approximately NIS 7.2 billion in the corresponding period last year.

Sales in same stores of the group in the first half of this year increased by approximately 0.8% and at a rate of approximately 1.1% in the retail sector compared to the corresponding half of last year.

The gross profit in the second quarter increased by approximately 1% and totaled approximately NIS 983 million, which is approximately 26.5% of the revenues, compared to approximately NIS 973 million in the corresponding quarter last year, which was approximately 26.3% of the revenues. The increase was due to a change in the company's revenue mix. In the first half, the gross profit increased by

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approximately 5% and totaled approximately NIS 1,986 million, which made up approximately 26.8% of the revenues compared to approximately NIS 1,898 million in the corresponding period last year, which made up approximately 26.3% of the total revenues. The increase is mainly due to the growth of the group's income.

The operating profit before other revenues (expenses) in the second quarter grew by approximately 42% and totaled approximately NIS 152 million, which is approximately 4.1% of the group's income, compared to approximately NIS 107 million, which was approximately 2.9% of the group's income in the quarter the same as last year. The increase in operating profit is reflected in the retail and real estate sectors, with the Be sector maintaining stability.

The operating profit before other revenues (expenses) in the first half grew by approximately 45% and totaled approximately NIS 303 million, approximately 4.1% of the sales turnover, compared to approximately NIS 209 million in the corresponding period last year, which constituted approximately 2.9% of the sales turnover. The increase in operating profit is reflected in all the group's activity sectors.

In 2022, the company implemented an efficiency plan in order to face future competition and improve the company's financial results.

The operating profit after other revenues (expenses) in the second quarter grew by approximately 23% and totaled approximately NIS 173 million, which is approximately 4.7% of the group's income, compared to approximately NIS 141 million, which was approximately 3.8% of the group's income in the corresponding quarter last year.

The operating profit after other revenues (expenses) in the first half grew by approximately 33% and totaled approximately NIS 324 million, approximately 4.4% of the sales turnover, compared to approximately NIS 243 million in the corresponding period last year, which constituted approximately 3.4% of the sales turnover.

The EBITDA in the quarter increased by approximately 17% and totaled approximately NIS 391 million compared to approximately NIS 334 million in the corresponding quarter last year and constitute approximately 10.6% of the group's total revenues compared to approximately 9% of the revenues in the corresponding quarter last year. The increase was mainly due to an increase in operating profit.

The EBITDA in the first half totaled approximately NIS 764 million, which is approximately 10.3% of the company's total sales, compared to approximately NIS 650 million, which was approximately 9% of the company's total sales in the

corresponding period last year. The increase was mainly due to an increase in operating profit.

The net profit in the second quarter totaled approximately NIS 73 million, which is approximately 2% of the revenues, compared to approximately NIS 68 million, which was approximately 1.8% of the revenues in the corresponding quarter last year.

The net profit in the first half grew by approximately 46% and totaled approximately NIS 139 million, which is approximately 1.9% of the revenues compared to approximately NIS 95 million, which was approximately 1.3% of the revenues in the corresponding period last year.

The retail sector revenues in the second quarter totaled approximately NIS 3.42 billion compared to approximately NIS 3.44 billion in the corresponding quarter last year, a decrease of approximately 0.4%, which was mainly due to the effect of seasonality and on the other hand there was an increase in revenues as a result of the stock activity which was purchased in August 2022. The sales at the shipping centers and Shufersal branches in the second quarter of this year decreased by approximately 1.6% compared to the corresponding quarter last year.

The operating profit before other revenues (expenses) in the retail sector in the second quarter of this year totaled approximately NIS 89 million and at a rate of approximately 2.6% of total revenues, compared to approximately NIS 53 million and at a rate of approximately 1.5% of total revenues in the corresponding quarter last year.

The retail sector revenues in the first half totaled approximately NIS 6.87 billion compared to approximately NIS 6.66 billion in the corresponding period, an increase of approximately 3.2% which was mainly due to an increase in retail sales, the expansion of activity in the business market (B2B) and the income from the stock activity that was purchased in August 2022. Sales at shipping centers and Shufersal branches in the first half of this year increased by approximately 2% compared to the corresponding half last year.

The operating profit before other revenues (expenses) in the retail sector in the first half of this year totaled approximately NIS 178 million and at a rate of approximately 2.6% of revenues, compared to approximately NIS 101 million and at a rate of approximately 1.5% of total revenues in the corresponding half of last year.

The revenues of the Be chain in the second quarter totaled approximately NIS 257 million, compared to approximately NIS 255 million in the corresponding quarter last year, an increase of approximately 0.8% which was mainly due to an increase in sales

in same stores and the opening of new branches. Sales in same stores increased by approximately 1% compared to the same quarter last year.

The operating profit before other revenues (expenses) of the Be chain in the second quarter of 2023 totaled approximately NIS 2 million, similar to the corresponding quarter last year.

In the first half, the revenues of the Be chain totaled approximately NIS 507 million, compared to approximately NIS 524 million in the corresponding half of last year, a decrease of approximately 3.2%. The decrease is mainly due to activities in the field of corona testing last year. Excluding the effect of sales of corona products, the sector's revenues in the first half of this year increased by approximately 4.7% compared to the corresponding half of last year. Sales in same stores decreased by approximately 3.1% compared to last year.

The operating profit before other income (expenses) of the Be chain in the first half of 2023 totaled approximately NIS 4 million compared to approximately NIS 3 million in the corresponding half last year.

The real estate sector revenues in the second quarter totaled approximately NIS 63 million compared to approximately NIS 49 million in the corresponding quarter last year. The increase is mainly due to the effect of acquisition of control in the Lev HaMifratz company starting in October 2022 and the rise of the index.

The operating profit before other revenues (expenses) in the real estate sector totaled approximately NIS 49 million, compared to NIS 41 million in the corresponding quarter last year.

The real estate sector revenues in the first half of this year totaled approximately NIS 124 million, compared to approximately NIS 96 million in the corresponding half of last year, an increase of approximately 29.2% that was mainly due to the effect of acquisition of control in the Lev HaMifratz company starting in October 2022 and the rise of the index.

Operating profit before other revenues (expenses) in the real estate sector totaled approximately NIS 96 million, compared to approximately NIS 82 million in the corresponding half of last year.

As part of the company's strategy, according to which the real estate sector will serve as a growth engine alongside the retail activity, in the second quarter the group signed

an agreement to transfer the logistics centers under the "Shufersal Real Estate" subsidiary. Upon completion of the transaction, Shufersal Real Estate will own a significant amount of yielding real estate of approximately 350 thousand square meters (the company's share is approximately 300 thousand square meters) and at a fair value of approximately NIS 4.7 billion, which is located in key demand areas all over the country.

As of June 30, 2023, the group has approximately NIS 1,459 million real estate for investment compared to approximately NIS 932 million on June 30, 2022. An increase of approximately NIS 392 million results from the purchase of additional shares in Lev HaMifratz and the balance arises from an increase in the fair value as well as from additions and current investments.

The retail sector sales through Shufersal online in the second quarter of this year totaled approximately 17.1% of all sales in the shipping centers and Shufersal branches compared to approximately 18.6% in the corresponding quarter last year. In the first half, the retail sector sales through Shufersal Online totaled approximately 18.2% of the total retail sales, compared to approximately 20.2% in the corresponding half of last year. The decrease is due, among other things, to the weakening of the impact of the corona crisis, mainly in relation to the first quarter in the corresponding period last year, as well as to the reduction of online sales of non-food products as part of a focus on the profitability of the activity.

The automatic delivery center in Modi'in, whose total area is approximately 43 thousand square meters, began initial commercial activity in March 2023 and as of this date provides approximately 3,000 deliveries per day.

The private label sales share associated with the delivery centers and Shufersal branches in the second quarter of this year was approximately 26.6% of the total food retail sales in the delivery centers and Shufersal branches compared to approximately 26.7% in the corresponding quarter last year. In the first half, the private label sales share associated with the retail sector was approximately 27.5% of the total food retail sales in shipping centers and Shufersal branches compared to approximately 27.1% in the corresponding half of last year.

Shufersal announced today that it is working to bringing in a partner / investor for the finance activity to expand the group's activity share in this field. The field of finance is one of Shufersal's growth engines and includes, among other things, credit card activity and non-bank credit activity, and this, in addition to the joint financial venture with Discount Bank that operates on the PayBox platform and other financial services.

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