

Shufersal reports today the financial results for the third quarter and the first nine months of 2023

Revenues in the third quarter totalled approximately NIS 3.85 billion, an increase of approximately 1.2% compared to NIS 3.81 in the corresponding quarter last year

The group's revenues in the first nine months of 2023 increased by approximately 2.4% and totalled approximately 11.3 billion NIS compared to approximately 11 billion NIS in the corresponding period last year

The operating profit (before other revenues/expenses) in the, third quarter totalled approximately NIS 138 million, which is approximately 3.6% of the revenues compared to NIS 115 million in the corresponding quarter last year, which was 3.0% of the group's revenues

An increase in operating profit (before other revenues/expenses) in the first nine months of 2023 which totalled approximately NIS 441 million, which is approximately 3.9% of the revenues compared to approximately NIS 324 million in the corresponding period last year, which was approximately 2.9% of the group's revenues

The net profit attributable to the company's shareholders in the third quarter totalled approximately NIS 50 million compared to a loss of approximately NIS 96 million in the corresponding quarter last year which resulted from the realization of the efficiency plan that was implemented in the corresponding quarter

The "Iron Swords" war - Shufersal operates as a vital enterprise during this emergency period, and continues its activity as usual in the chain's branches and online, and as of the date of the report, no material impact on the company's activity was evident. Since the outbreak of the war, the company has worked to provide aid and donations to support the evacuees, the rescue forces, the security forces and the families of the kidnapped. In addition, the company formulated an immediate aid plan for farmers and acts out of national responsibility and a desire to contribute as much as it can to the national effort

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

"We conclude the third quarter of 2023 with an increase in revenues and an improvement in the profit indicators in accordance with the efficiency plan we implemented. This plan allows for the optimization of the expense structure as well as the deepening of the synergy between the various activities of the group.

In the shadow of the ongoing war, the chain's branches operated and operate normally. Shufersal manages its routine activity as a vital enterprise and as a leading food retail group committed to the nutritional security of all the country's residents. In the first week of the war, we experienced a sharp increase in demand, mainly in the company's physical branches, which, in the second week of the war, reached normal sales levels. The demand was directed mainly to basic food and consumer products, alongside a decrease in the level of demand in the business market and online. In the company's estimation, no significant impact is expected on the company's activities and results due to the war.

As a contribution to the residents of the Envelope who were evacuated from their homes and to the fighters in the assembly areas, we acted on many levels by donating coupons to the people who were affected and need help these days. In addition, Shufersal announced the preparation of an immediate assistance plan for farmers and the cessation of the import of agricultural produce from Turkey and worked to mark Israeli produce on the shelves in a voluntary manner, in order to do everything possible to support Israeli agriculture these days.

The group continues to operate in accordance with the strategy of focusing on food retailing alongside the variety areas of growth while improving profitability. Loyal to our work plans, we are on the right track towards the goals and objectives we have set for 2023 and the years to come."

The group's revenues in the third quarter totalled approximately NIS 3.85 billion, an increase of approximately 1.2% compared to approximately NIS 3.81 billion in the corresponding quarter last year. The retail sector showed an increase of approximately 0.8% in the third quarter, which was due to an increase in revenues in Shufersal stores and the expansion of business market activity and the operation of "Dan Deal" in the Stock sector, which was acquired in August 2022. Sales in the same stores in the group increased by approximately 0.3% and by approximately 0.2% in the retail sector compared to the corresponding quarter last year.

The group's revenues in the first nine months increased by about 2.4% and amounted to about NIS 11.3 billion compared to about NIS 11 billion in the corresponding period last year.

The sales in the same stores of the group in the first nine months of this year increased by about 0.6% and at a rate of about 0.8% in the retail sector compared to the corresponding period last year.

The gross profit in the third quarter totalled approximately NIS 1,010 million, which is approximately 26.2% of the revenues, compared to approximately NIS 1,024 million in the corresponding quarter last year, which was approximately 26.9% of the revenues. The decrease in gross profit and its share of revenues was, among other things, due to the opening of the shipping center in Modi'in, which as of this date has not yet reached full capacity, as well as the effect of the increase in exchange rates.

In the first nine months, the gross profit increased by approximately 2.5% and totalled approximately NIS 2,996 million, which made up approximately 26.6% of the revenues compared to approximately NIS 2,922 million in the corresponding period last year, which made up approximately 26.5% of the total revenues. The increase is mainly due to the group's revenue growth.

The operating profit before other revenues (expenses) in the third quarter grew by 20% and totalled approximately NIS 138 million, which is approximately 3.6% of the group's revenues, compared to approximately NIS 115 million, which was approximately 3.0% of the group's revenues in the corresponding quarter last year.

The operating profit before other revenues (expenses) in the first nine months grew by approximately 36% and totalled approximately NIS 441 million, approximately 3.9% of the group's revenues, compared to approximately 324 million NIS in the corresponding period last year, which was approximately 2.9% of the revenues.

The operating profit after other revenues (expenses) in the third quarter totalled NIS 139 million, which is approximately 3.6% of the group's revenues, compared to the operating loss of approximately NIS 42 million in the corresponding quarter last year, which was mainly due to the effect of the efficiency plan implemented by the company.

The operating profit after other revenues (expenses) in the nine months totalled approximately NIS 463 million, approximately 4.1% of the group's revenues, compared to approximately NIS 201 million in the corresponding period last year, which constituted approximately 1.8% of the group's revenues. The increase was mainly due to the effect of the efficiency plan implemented by the company, as mentioned.

EBITDA in the quarter increased by approximately 11% and totalled approximately NIS 381 million compared to approximately NIS 344 million in the corresponding quarter last year and constitute approximately 9.9% 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 the operating profit growth.

EBITDA in the nine months increased by approximately 15% and totalled approximately NIS 1,145 million which make up about 10.2% of the company's total sales, compared to approximately NIS 994 million which made up approximately 9% of

the company's total sales in the corresponding period last year. The increase was mainly due to the operating profit growth.

The net profit in the third quarter totalled approximately NIS 51 million, which is about 1.3% of the revenues, compared to a loss of about NIS 96 million in the corresponding quarter last year. The profit attributed to the company's shareholders in the third quarter totalled approximately NIS 50 million.

The net profit in the first nine months totalled approximately NIS 190 million, which is approximately 1.7% of the revenues compared to a loss of approximately NIS 1 million in the corresponding period last year. The profit attributed to the company's shareholders in the first nine months of the year totalled approximately NIS 180 million.

The revenues of the retail sector in the third quarter totalled approximately NIS 3.56 billion compared to approximately NIS 3.53 billion in the corresponding quarter last year, an increase of approximately 0.8% which was due, among other things, to an increase in revenues in Shufersal stores, expansion of business market activity and "Dan Deal" activities in the Stock sector which was purchased in August 2022. Sales at shipping centers and Shufersal branches in the third quarter of this year increased by approximately 0.3% compared to the corresponding quarter last year.

The operating profit before other revenues (expenses) in the retail sector in the third quarter of this year totalled approximately NIS 73 million and at a rate of approximately 2.1% of total revenues, compared to approximately NIS 58 million and at a rate of approximately 1.6% of total revenues in the corresponding quarter last year.

The revenues of the retail sector in the first nine months totalled approximately NIS 10.43 billion compared to approximately NIS 10.19 billion in the corresponding period, an increase of approximately 2.4% which was mainly due to an increase in the sales of Shufersal stores and the expansion of activity in the business market (B2B) and the revenues from the Stock activity that was purchased in August 2022. Sales at shipping centers and Shufersal branches increased by approximately 1.4% compared to the same period last year.

The operating profit before other revenues (expenses) in the retail sector in the first nine months of this year approximately NIS 251 million and at a rate of approximately 2.4% of the revenues, compared to approximately NIS 159 million and at a rate of approximately 1.6% of the total revenues in the corresponding period last year.

The revenues of the Be network increased by approximately 1.5% and totalled in the third quarter approximately NIS 270 million, compared to approximately NIS 266 million in the corresponding quarter last year. Sales in the same Be stores increased by approximately 2.7% compared to the same quarter last year.

The operating profit before other revenues (expenses) of the Be network in the third quarter of 2023 totalled approximately NIS 3 million, compared to approximately NIS 1 million in the corresponding quarter last year.

In the first nine months the revenues of the Be chain totalled approximately NIS 777 million, compared to approximately NIS 790 million in the corresponding period last year, a decrease of approximately 1.6% which is mainly due to the effect of the corona virus on sales in the corresponding period last year. Sales in the same Be stores remained unchanged compared to last year, and neutralizing the effect of the corona virus last year, sales in the same Be stores increased in the first nine months of this year by approximately 5.8%.

The operating profit before other revenues (expenses) of the Be network in the first nine months of 2023 totalled approximately NIS 7 million compared to approximately NIS 4 million in the corresponding period last year.

Revenues from the real estate sector in the third quarter totalled approximately NIS 64 million compared to approximately NIS 51 million in the corresponding quarter last year. The increase is mainly due to the effect of the acquisition of control in the “Lev Ha-Mifratz” company starting in October 2022 and index growth.

The operating profit before other revenues (expenses) in the real estate sector totalled approximately NIS 48 million, compared to NIS 42 million in the corresponding quarter last year.

Revenues from the real estate sector in the first nine months of this year totalled approximately NIS 188 million, compared to approximately 147 NIS million in the corresponding period last year, an increase of approximately 27.9% that was mainly due to the effect of the acquisition of control in the “Lev Ha-Mifratz” company starting in October 2022 and index growth.

Operating profit before other revenues (expenses) in the real estate sector totalled approximately NIS 144 million, compared to approximately NIS 124 million in the corresponding period last year.

On October 19, 2023 Shufersal Real Estate signed a contract with a third party that owns 35% of the rights of a commercial center built on approximately 8,150 square meters in Romema neighborhood in Jerusalem to purchase its entire holdings in the property for approximately NIS 76 million. The delivery date is set for December 26, 2023. Most of the property area (approximately 71%) is used by the company's retail activity.

In addition, Shufersal Real Estate signed an agreement with the partner in the property who owns the remaining 65% in the property, according to which he can sell his entire share at the same value as the value specified in the agreement, approximately NIS 141

million, so that if the partner exercises his right, Shufersal Real Estate will own 100% of the property.

Shufersal Real Estate continues negotiating the purchase of a commercial center in Harish. This is a new commercial center that was approved for occupancy in August 2023 and will be occupied in the coming months.

As part of the company's strategy, according to which the real estate sector will be used as a growth engine alongside the retail activity, in the second quarter of this year the group signed an agreement to transfer the logistics centers under the subsidiary company Shufersal Real Estate. After the completion of the transaction, Shufersal Real Estate will own yielding real estate with a significant scope of approximately 350 thousand square meters (the company's share is approximately 300 thousand square meters) and a fair value of approximately NIS 4.7 billion, which is located in key demand areas all over the country.

As of September 30, 2023, the group has approximately NIS 1,461 million worth of real estate for investment compared to approximately NIS 953 million on September 30, 2022. An increase of approximately NIS 392 million results from the purchase of additional shares in Lev Ha-Mifratz and the balance arises from an increase in the fair value as well as from additions and current investments.

Sales of the retail sector through Shufersal Online in the third quarter of this year totalled approximately 17.9% of all sales in the shipping centers and Shufersal branches compared to approximately 18.9% in the corresponding quarter last year. The decrease was mainly due to a decrease in the sale of Online non-food products in accordance with the company's strategy to reduce the sale of Online non-food products as part of a focus on the profitability of the activity. In the first nine months the sales of the retail sector through Shufersal Online totalled approximately 18.2% of the total retail sales, compared to approximately 19.8% in the corresponding period last year. The decrease, among other things, is due to the weakening of the corona crisis impact mainly in relation to the first quarter in the corresponding period last year, as well as to the reduction of sales of Online non-food products as part of a focus on the profitability of the activity.

The share of private label sales associated with the delivery centers and Shufersal branches in the third quarter of this year was approximately 26.5% of the total food retail sales in the delivery centers and Shufersal branches compared to about 26.7% in the corresponding quarter last year. In the first nine months of the year, the share of private label sales associated with the retail sector was approximately 27.2% of total food retail sales in shipping centers and Shufersal branches compared to approximately 27% in the corresponding period last year. Shufersal continues to expand and strengthen the private brand, including the launch of products in existing and new categories.