



# Investors Presentation

Summary of Results | Third quarter of 2023



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# About Shufersal

as of September 30, 2023



**NIS 11.3 billion**

Revenues in the first 9 months of 2023



**419 branches**

In all of the Group's formats and segments



**Approx. 562,000 sq. m**

Commercial space



**NIS 4.6 billion**

Market value  
As of November 26, 2023



**NIS 3.5 billion\***

Value of real estate sector assets



**Approx. 16,700**

Employees



**27.2%\*\***

Private label share in the first nine months of 2023



**2.1 million**

Shufersal customer club members



**18.2%\*\***

Online share in the first nine months of 2023

\* Before transferring logistics centers worth NIS 1.27 billion

\*\* The sales rate of the total sales of Shufersal stores and shipping centers

# Iron Swords War

Since the outbreak of the war, Shufersal has provided aid worth millions of shekels both in donations to support residents who were evacuated from their homes in the conflict zones, to the security and rescue forces, and in business activities.

- The company made an immediate aid plan for farmers while committing to the sale of Israeli agricultural produce and worked to mark Israeli produce on the shelves.

Shufersal also mobilized for the headquarters of the families for the return of the kidnapped and missing and invested in the design, production and distribution of approximately 2 million solidarity and support bracelets sold in the group's branches. In addition, the company operates a huge truck that serves as a mobile store and provides basic products to relevant population groups at a discount.

Shufersal has been operating since the beginning of the war as an essential business and is committed to ensuring the supply of food and consumer products to all of its customers all over the country.

In the first week of the outbreak of the war, there was a sharp increase in demand, mainly for basic food and consumer products, which became more moderate in the second week of the war, alongside a decrease in the level of demand in the business market (B2B). In the company's estimation, no significant impact is expected on the company's activities and results due to the war.

# The group has 419 branches

Distribution according to the different formats and sectors (as of September 30, 2023)

3

Approx. 13 thousand square meters

12

Approx. 11 thousand square meters

93

Approx. 38 thousand square meters

34

Approx. 60 thousand square meters

277

Approx. 440 thousand square meters

# Group's multi-year growth strategy

## Mergers and acquisitions

Acquisition of companies in related fields



**Strengthening and expanding the core - retail sector**

The largest and leading retail group in Israel

## Innovation

**and implementing advanced technologies as a competitive advantage and long-term differentiation**

- Advanced online platforms
- Among the world's leading automated shipping centers with a total area of approx. 50,000 square meters
- A technological logistics center in Shoham with an area of approximately 51,000 square meters
- Smart carts

**Maximizing growth in non-food areas in synergy with the food area**

- Shufersal Finance
- Shufersal Real Estate
- Shufersal business
- Be chain
- Non-food

# Shufersal - the largest food retail group in Israel

**שופרסל SUPREME**

	<p>שופרסל</p>		
<p>דיל שאסור לפספס</p>		<p>תמיד תצאו בזול.</p>	
<p>בשיתוף גוליבר</p>			

\* Dan Deal is not part of the SUPREME customer club

# Data Summary

Approx. NIS **3.4**  
**billion**

Equity  
As of September 30, 2023

Approx. NIS **1.2**  
**billion**

Net financial debt  
As of September 30, 2023

Approx. **3.6%**  
**Consolidated  
operating profit  
rate\***

Of all group's revenues, which is  
approx. NIS 138 million  
Third quarter 2023

Approx. NIS **381**  
**billion**

EBITDA  
Third quarter 2023

Approx. NIS **3.9**  
**billion**

Revenues  
Third quarter 2023



**Israeli agriculture is Israeli pride**





# Key points for first quarter 2023



Shufersal is working on introducing a partner/investor to the company's financial activities



A decrease in net financial debt to approx. NIS 1.2 billion

as of September 30, 2023, compared to approx. NIS 1.6 billion as of September 30, 2022



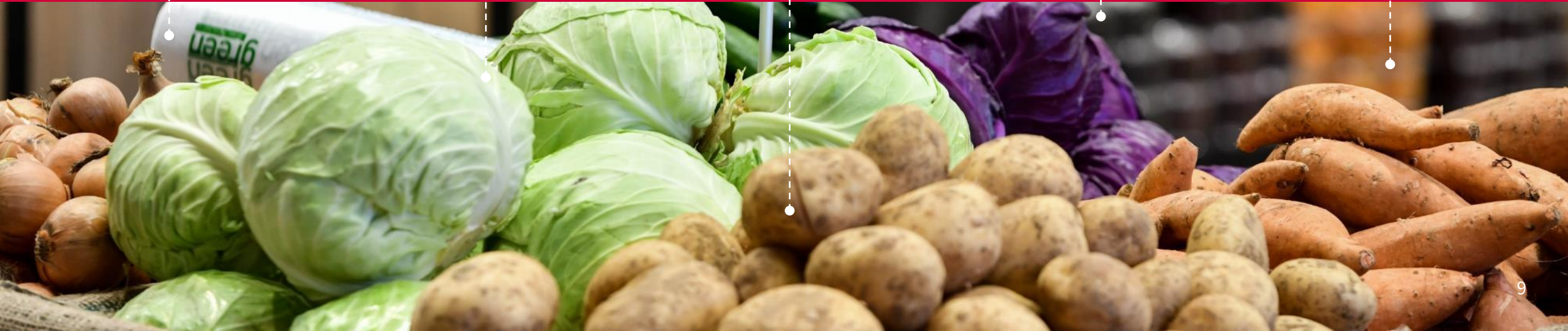
Approx. 1.3%  
The net profit rate of the group's revenues which totalled approx. NIS 51 million



Approx. 3.6%  
The operating profit rate of the group's total revenues, which is approx. NIS 138 million, compared to approx. 3% in the corresponding quarter last year



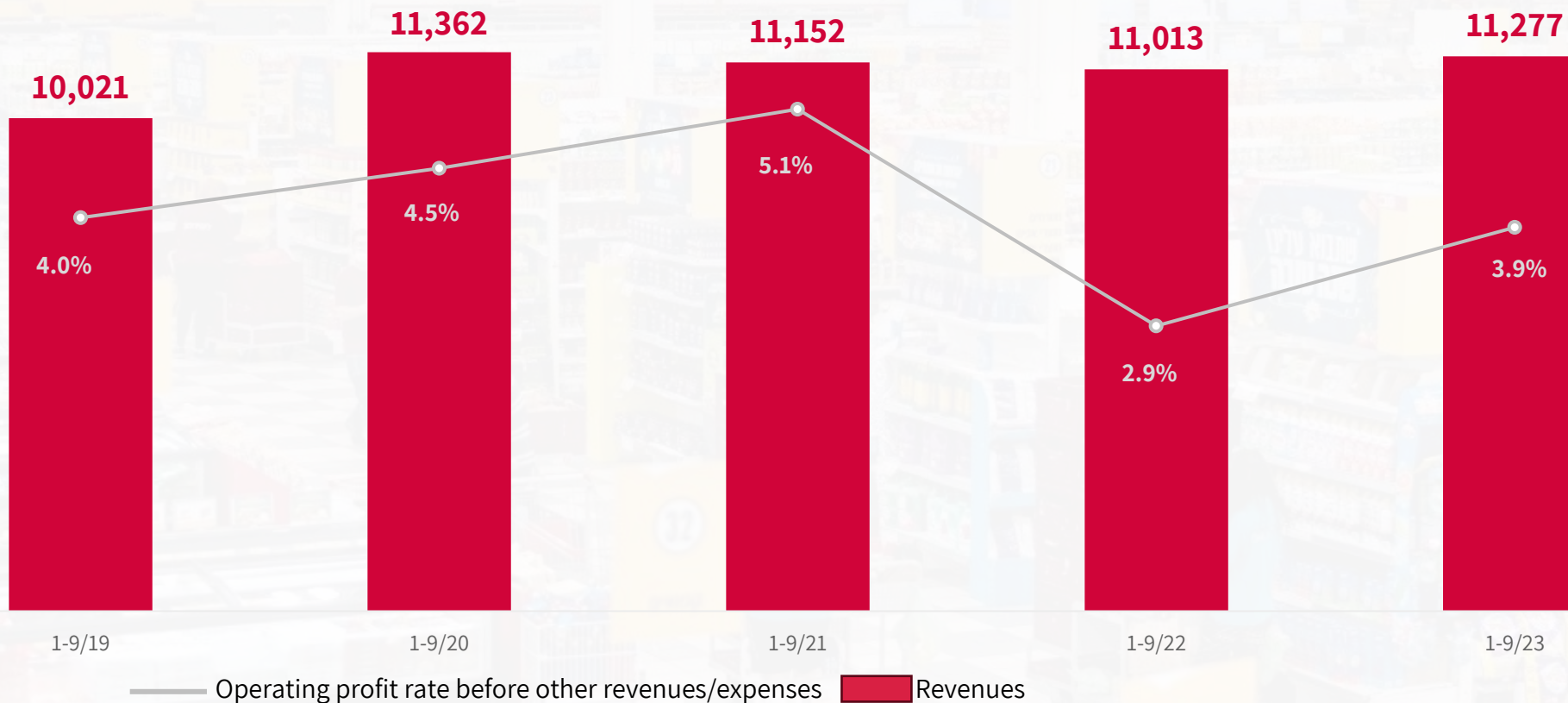
Approx. NIS 3.85 billion in revenue  
An increase of approx. 1.2% compared to the corresponding quarter last year



# Focus on profitability

The efficiency plan approved by the group in 2022 is expected to result in savings of approx. NIS 250 million in the group's expenses in 2023

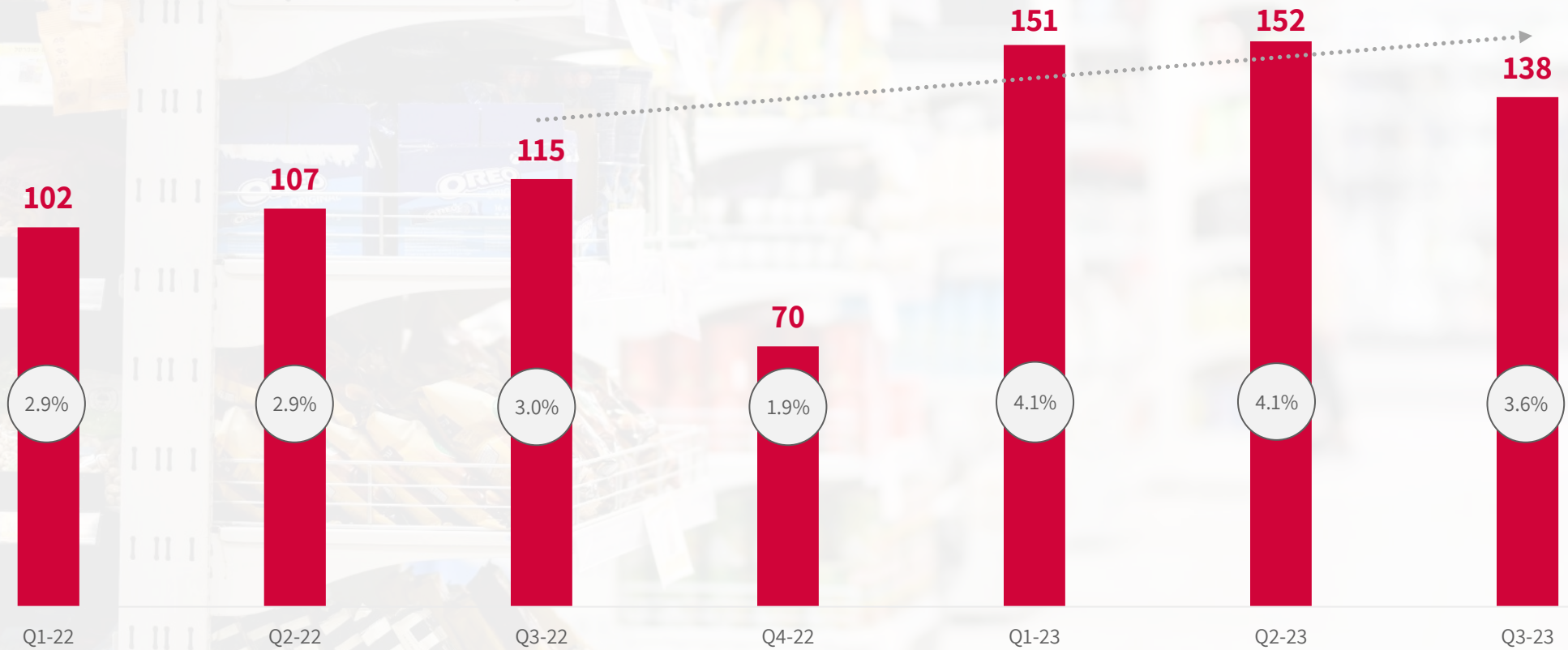
### Revenues and operating profit rate of total revenues



# Group's Results

(NIS million)

## Consolidated operating profit \*



\* Before other expenses/income \*

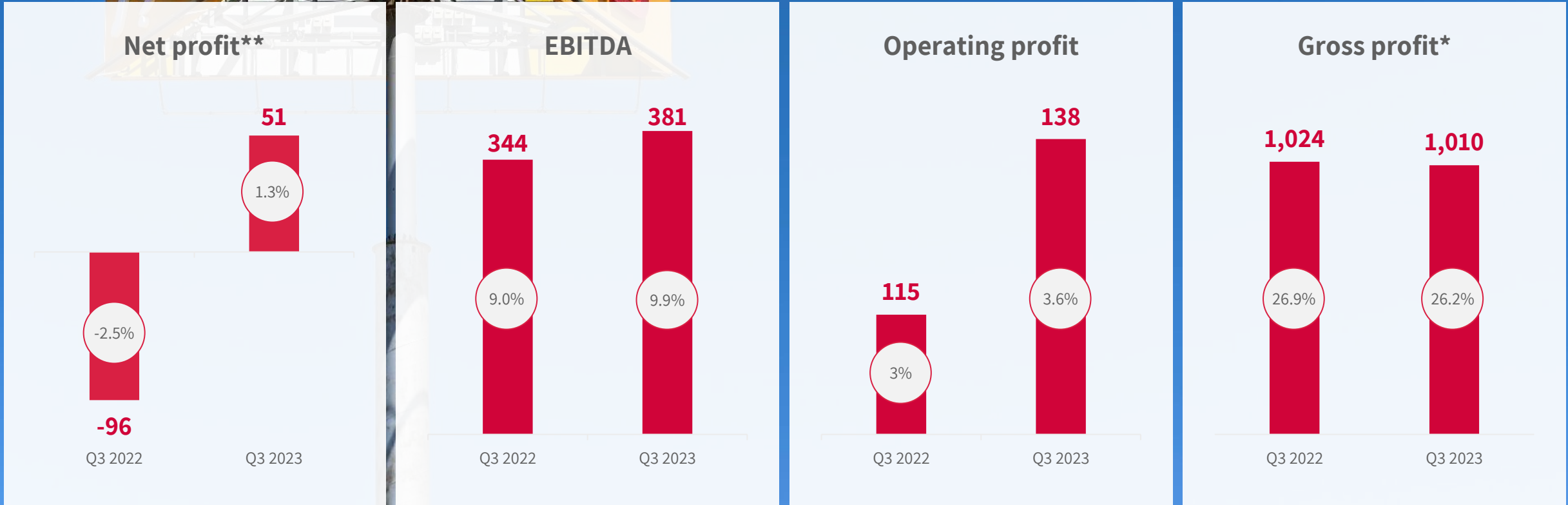
Including IFRS 16

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.

⊙ = Group's total revenues

# Group's Results – third quarter of 2023

(NIS million)



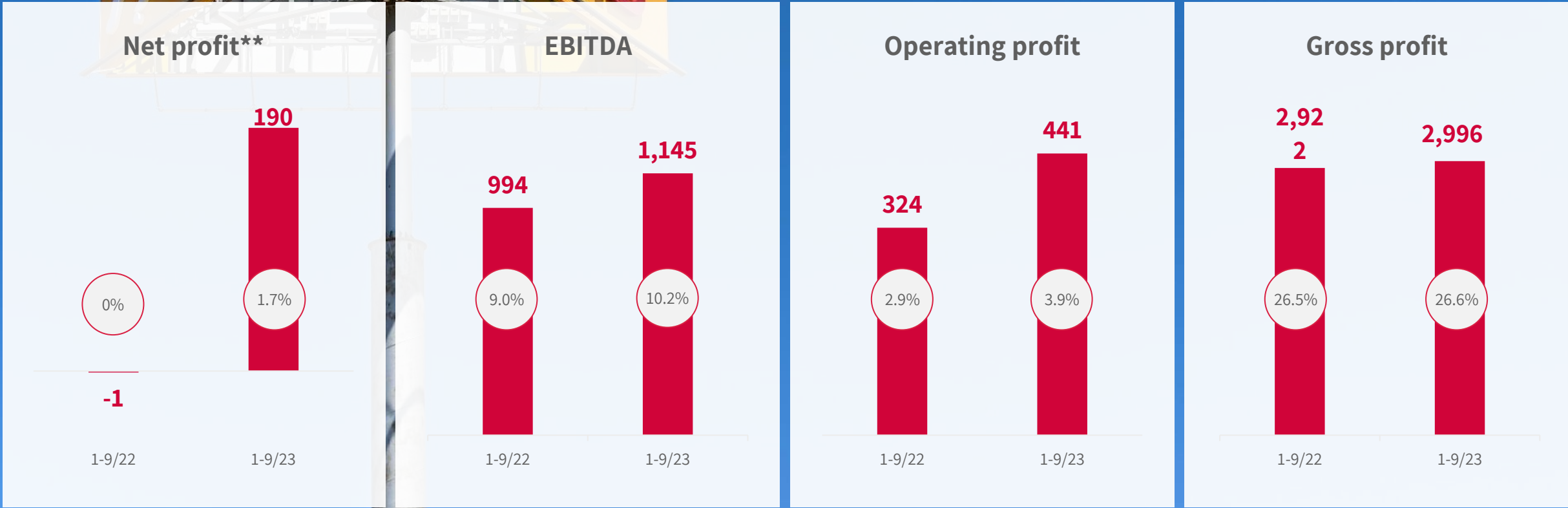
\*\*The net profit attributable to the shareholders in the third quarter of 2023 totalled approx. NIS 50 million

(%) = Group's total revenues

\*The decrease in gross profit and its share of revenues was due to the opening of the shipping center in Modiin, which as of this date had not yet reached full capacity, as well as the effect of the increase in exchange rates.

# Group's Results – the first nine months of 2023

(NIS million)



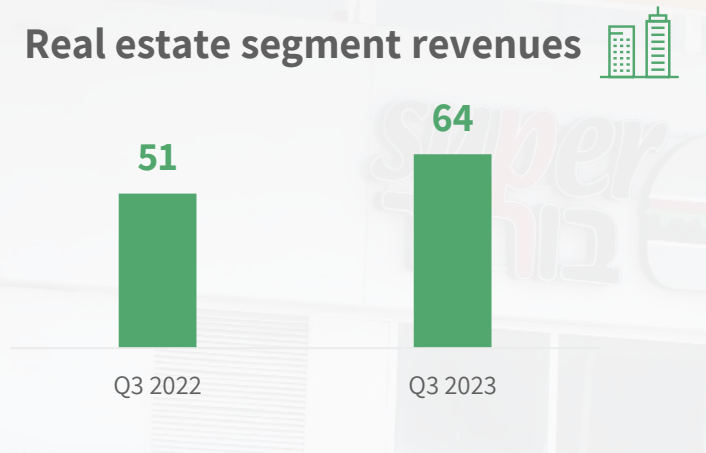
\*\*The net profit attributable to the shareholders in the first nine months of 2023 totalled approx. NIS 180 million

(%) = Group's total revenues

# Results of activity segments - third quarter of 2023

(NIS million)

## Real estate segment revenues



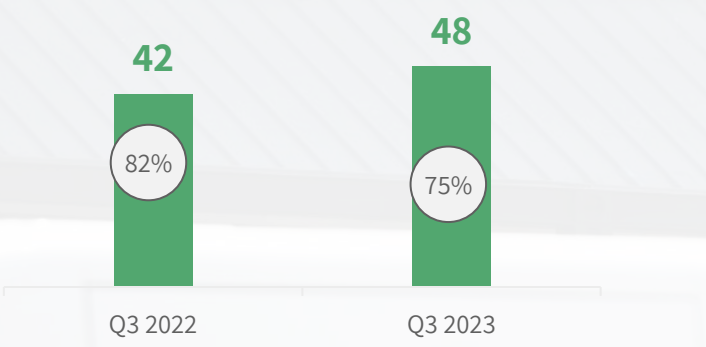
## Be segment revenues



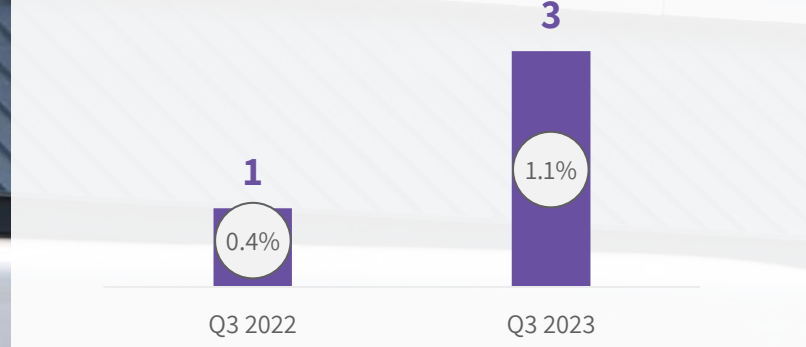
## Retail segment revenues



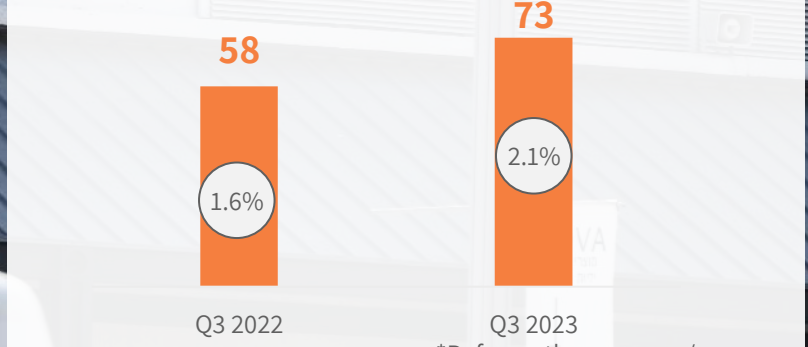
## Real estate segment operating profit\*




## Be segment operating profit



## Retail segment operating profit\*



\*Before other expense/revenues

 = Group's total revenues

# Results of activity segments – the first nine months of 2023

(NIS million)

## Real estate segment revenues



147

1-9/22

188

1-9/23

## Be segment revenues



790

1-9/22

777

1-9/23

A decrease that is mainly due to a decrease in the sale of Corona Virus products, Compared to the same period last year

## Retail segment revenues



10,186

1-9/22

10,429

1-9/23

## Real estate segment operating profit\*

124

84%

1-9/22

144

77%

1-9/23

## Be segment operating profit

4

0.4%

Q3 2022

7

1.1%

Q3 2023

## Retail segment operating profit\*

159

1.6%

1-9/22

251

2.1%

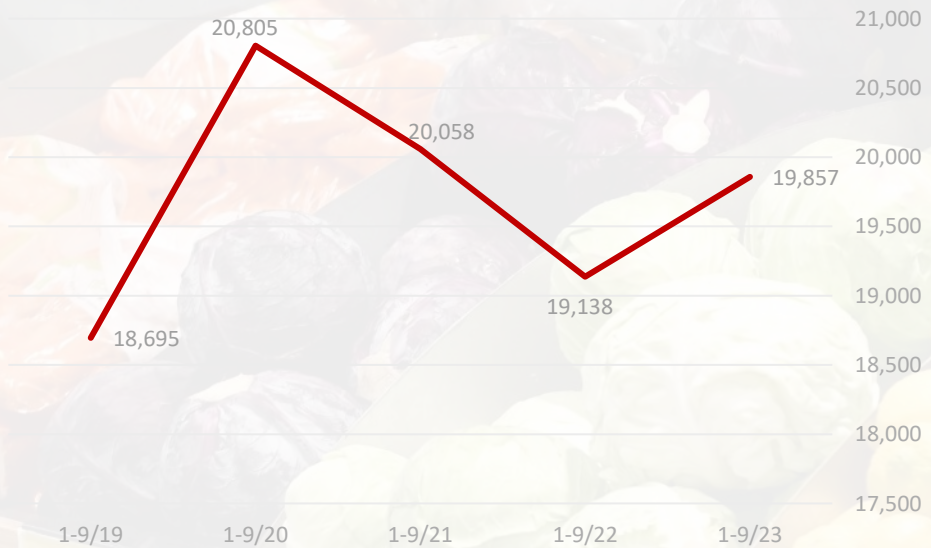
1-9/23

\*Before other expense/revenues

(%) = Group's total revenues

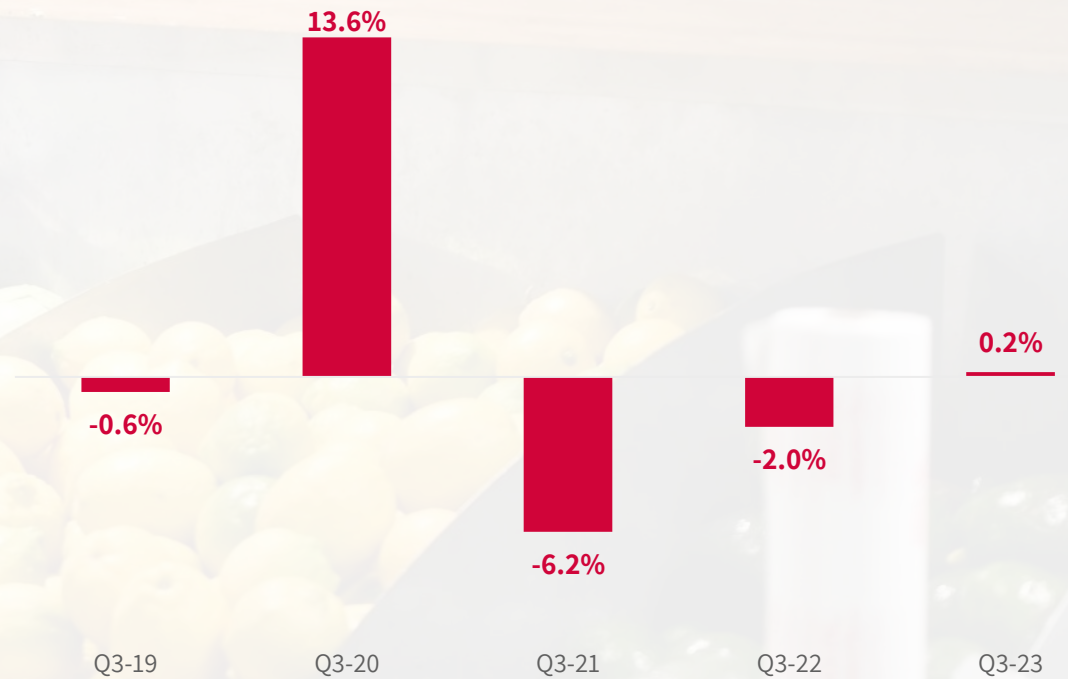
# Retail sector

### Sales per square meter excluding the online shipping center in Modi'in



\* The Online shipping center in Modi'in, which began operating partially in March 2023

### Change in sales of same stores and shipping centers and return to growth after the Corona virus period

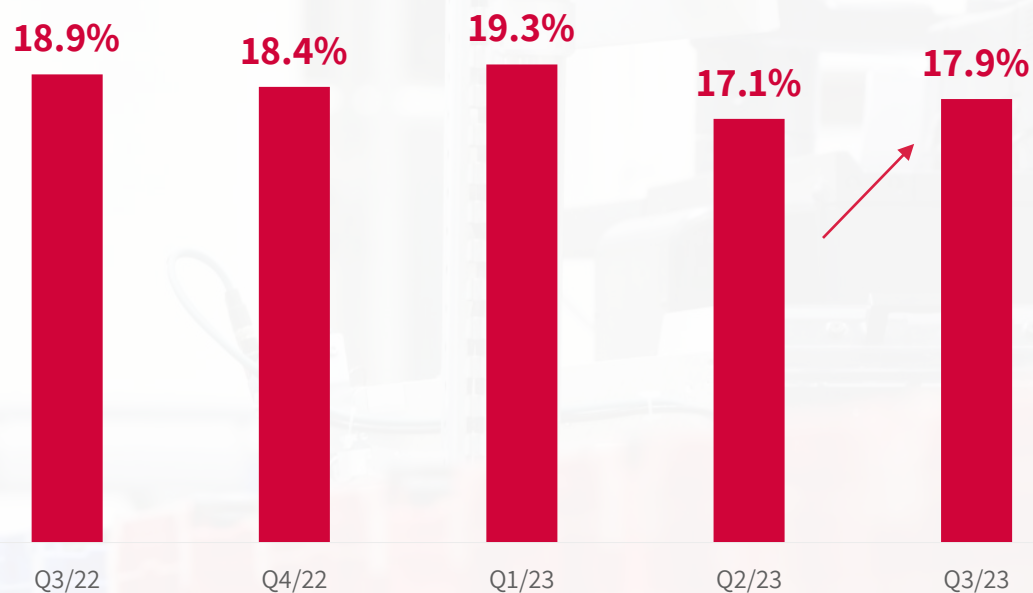


corona

The weakening of the corona virus impact



## Online sales rate of total food retail sales\*



\* Shufersal branches and shipping centers

**Shufersal Online sold in the first nine months of 2023 about NIS 1.9 billion, which was approx. 18.2% of the total sales at Shufersal branches and shipping centers**



**The decrease in the proportion of online sales in the total food retail revenues compared to the corresponding quarter last year, is mainly due to a decrease in the sale of non-food products online in accordance with the company's strategy to reduce the sale of non-food products online as part of the focus on the activity's profitability.**



**The company's eight manual delivery centers were closed during 2022 and 2023 in accordance with the efficiency plan.**

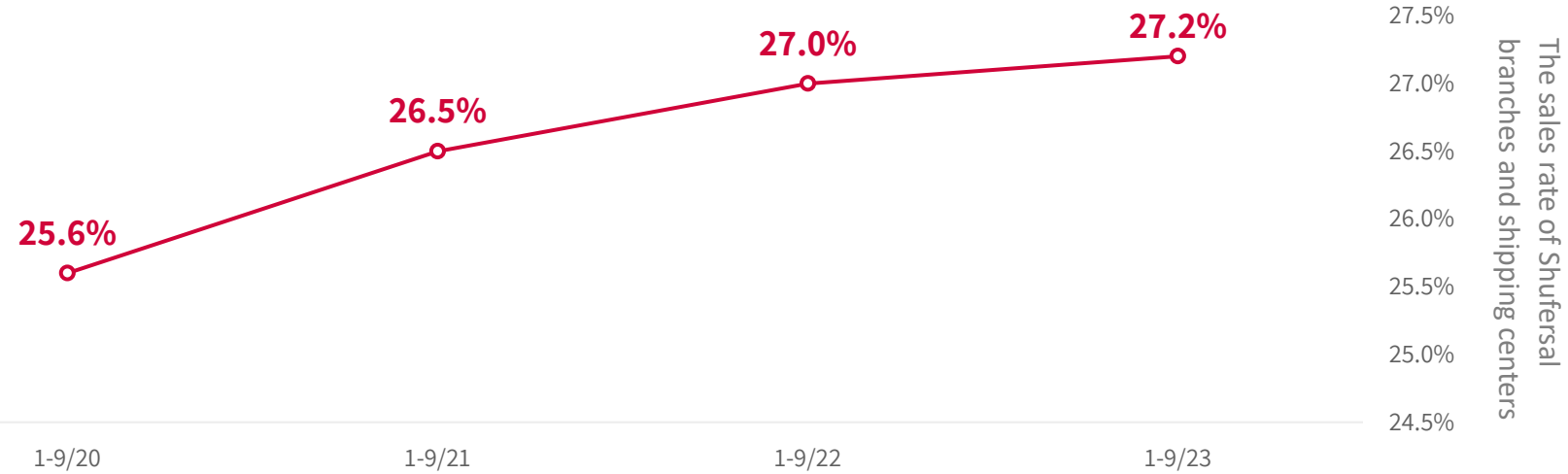


**The automatic shipping center in Modiin with a total area of approx. 43 thousand square meters, began initial commercial activity during March 2023.**



# The largest private brand in Israel

With more than 6,000 products under its own brand, Shufersal continues to invest in development and quality control, and launches hundreds of new products in diverse categories every year.



# Growth Engines



The company is working to introduce a partner or investor to the company's financial activity (which includes, among other things, credit card activity). The company is considering a transaction to realize holdings in the company Paybox, either as part of the transaction to introduce a partner to the finance activity as mentioned or in another way.



## PayBox

**PayBox** is one of the 2 leading P2P applications in Israel

The goal is to make PayBox a leading wallet for managing non-bank accounts

The services will include various benefits and financial management services, loans, cards and business services

### Leveraging the power of PayBox users

to market attractive financial products and services superior to those offered by banks

## Credit cards and financial services

### Credit card club

The largest and leading club in Israel, creates loyalty and enjoys unique group benefits including connection to various benefits with the PayBox app



**Approx. 630 thousand** credit card holders

### Financial services

Providing loans to the club's customers and credit lines under preferential terms, managing one of the largest credit portfolios in the economy

**Significantly growing loan portfolio**

## Continued development in the institutional market

(market size approx. NIS 16.5 billion)



### Separate units

(restaurants, cafes, hotels and independent event gardens, containers and explosions)



### Networks

(hotels, cafes and restaurants with multiple branches)



### Institutes

(large organizations that provide catering services to employees or customers)

## Providing an advanced value proposition based on:



The development of the private brand for the institutional world "Shufersal PRO"



Advanced service, with an emphasis on availability and flexibility



Prices suitable for the customer's needs and characteristics



Wide variety, One Stop Shop offer

A third Cash & Carry store opened in Ashdod in May 2023, the largest in the format





**Approx. NIS 64.8 million**  
Revenues in the third quarter



**79 assets**



**Approx. NIS 3.5 billion\***  
property value



**160 thousand m<sup>2</sup>**  
Building rights



**Approx. NIS 2.6 billion**  
Equity



**230 thousand m<sup>2</sup>**  
Income-generating areas  
(not including parking lots)

As of September 30, 2023

\* Before the transfer of the logistics centers worth approx. NIS 1.27 billion

\*\* According to the Securities Authority's approach



## Purchase of a commercial center in Romema, Jerusalem

In October 2023, the company signed an agreement to purchase 35% of a shopping center in Romema, Jerusalem for approximately NIS 76 million. Shufersal is the main lessee in the property (71% of the occupancy).

The center is built on an area of 8,148 square meters under 2 residential buildings totaling 277 apartments.

In November 2023 the company signed an agreement with the partner in the property who owns 65% of the property according to which he will be able to sell his entire share for approximately NIS 141 million, so that if he exercises his

right, Shufersal Real Estate will own 100% of the property.



## Negotiations for the purchase of a commercial center in Harish

The company is considering the purchase of 100% of a commercial center owned by the Hanan Mor company.

The center is new and will be occupied in the coming months.

The center is built on an area of 22,300 square meters and includes commercial premises and offices.

The parties continue to conduct negotiations in connection with a transaction for the purchase of the property by Shufersal Real Estate, paying attention to the commercial conditions.



## Shufersal Real Estate enjoys strong financial backing from the Shufersal Group

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

- The real estate sector serves as a growth engine. In this framework, the administrative separation of the yielding real estate company from the retail real estate activity was carried out.
- On January 1, 2023, Oren Hod was appointed as a CEO of the company
- The transfer of the logistics centers\* (Rishon LeTsiyon, Shoham, Modi'in) under Shufersal Real Estate which completes the strategic move to separate the yielding real estate activity from the real estate retail sector and enables a business focus on expanding and improving the real estate activity in a separate company, while overflowing the value.

\* Completion of the transaction is subject to receiving approval from the Tax Authority



Online website development



Opening 10 branches in 2023 in attractive locations



Continued expansion within Shufersal complexes



Implementation of streamlining processes



Focus on improving profitability







## A store within a store

Two stores were opened in Shufersal Deal branches



## Retail activity

In May 2023, a store was opened in Tirat Carmel  
In August 2023, a store was opened in Check Post  
In October 2023, a store was opened in Modi'in



## Wholesale activity

Development and import of discount products and distribution to Dan Deal stores and a variety of other stores in Israel

# Cash Flow (NIS million)

Section	1-9.2023	1-9.2022	7-9.2023	7-9.2022	31.12.22
Cash generated from current operations	1,638	1,173	*1,199	476	1,319
Cash used for investment activity	-424	-665	-111	-272	-836
FCF	1,214	508	1,088	204	483
Realization (investment) in deposits, net	-544	300	-550	225	760
Cash used for financing activities	-491	-583	-178	-163	-1,048
Change in cash	179	225	360	266	195
Cash balance at the beginning of a period	631	436	450	395	436
Cash balance at the end of a period	810	661	810	661	631
Fixed-term deposit	640	550	640	550	90
Total cash, cash equivalents and fixed-term deposits	1,450	1,211	1,450	1,211	721

\* An increase of approximately NIS 723 million in the cash flow from current operations compared to the corresponding quarter last year, is due to the improvement of payment conditions with credit card companies as well as changes in the circulating capital sections and an increase in profit

# Balance Sheet

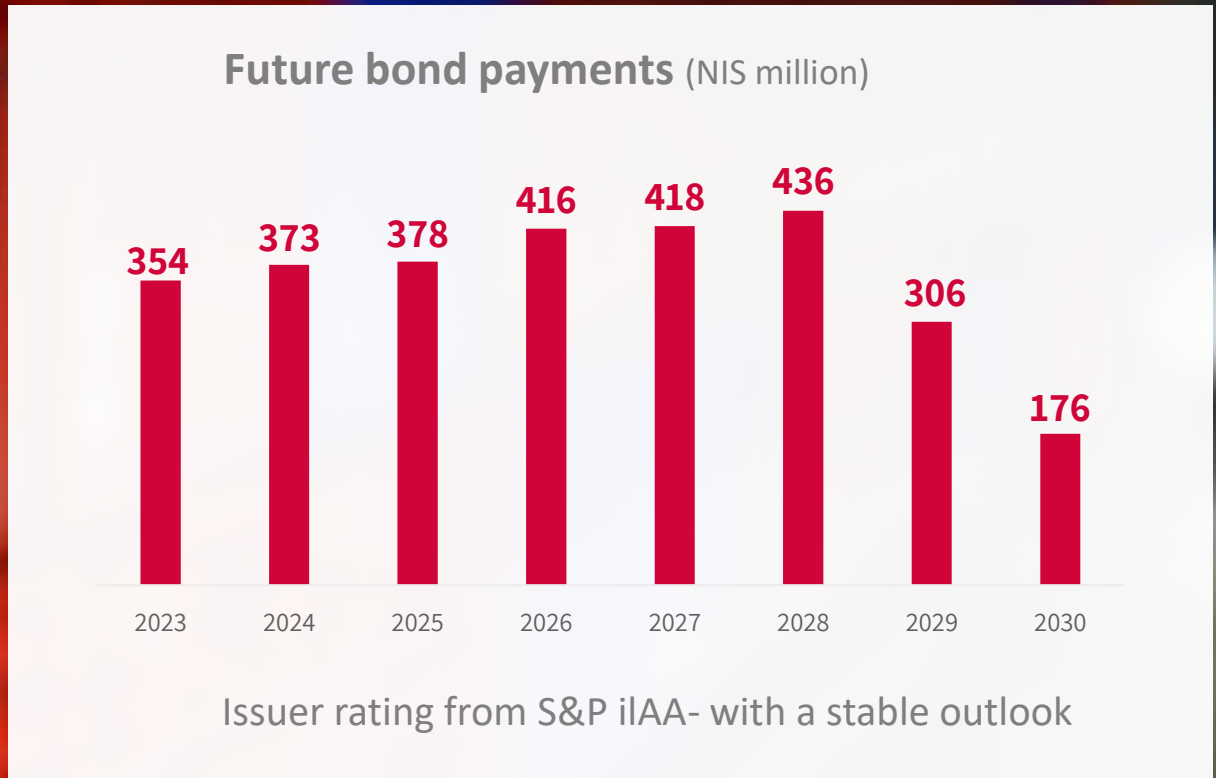
Section	30.09.23	30.09.22	31.12.22
Total cash, cash equivalents, and fixed-term deposits	1,450	1,211	721
Customers	1,092	1,700	1,467
Accounts receivable and payable balances	212	167	170
Inventory	1,063	1,005	928
Other investments	-	19	-
<b>Total current assets</b>	<b>3,817</b>	<b>4,102</b>	<b>3,286</b>
Investments in affiliated companies (including loans)	115	220	108
Accounts receivable and payable balances	120	111	108
Other investments	29	70	29
Fixed assets	3,553	3,507	3,530
Investment Property	1,461	953	1,380
Intangible assets	1,519	1,507	1,535
Right-of-use assets	4,502	4,305	4,411
Deferred taxes	163	155	160
<b>Total non-current assets</b>	<b>11,462</b>	<b>10,828</b>	<b>11,261</b>
<b>Total assets</b>	<b>15,279</b>	<b>14,930</b>	<b>14,547</b>

# Balance sheet - liabilities and equity

Section	30.09.23	30.09.22	31.12.22
Current liabilities of liabilities to banking corporations	9	-	9
Current liabilities of bonds	358	360	307
Current liabilities of lease obligations	421	413	416
Suppliers and service providers	2,302	2,329	2,248
The entitled and the remaining rights	1,484	1,538	1,173
Provisions	65	73	75
<b>Total current liabilities</b>	<b>4,639</b>	<b>4,713</b>	<b>4,228</b>
Liabilities to banking corporations	83	-	86
Bonds	2,163	2,420	2,178
Lease obligations	4,286	4,072	4,172
Employee benefits, net	254	233	256
Other liabilities	226	198	234
Deferred taxes	192	157	174
<b>Total non-current liabilities</b>	<b>7,204</b>	<b>7,080</b>	<b>7,100</b>
Capital	3,339	3,137	3,219
<b>Total liabilities and capital</b>	<b>15,279</b>	<b>14,930</b>	<b>14,547</b>

# The company's debt structure

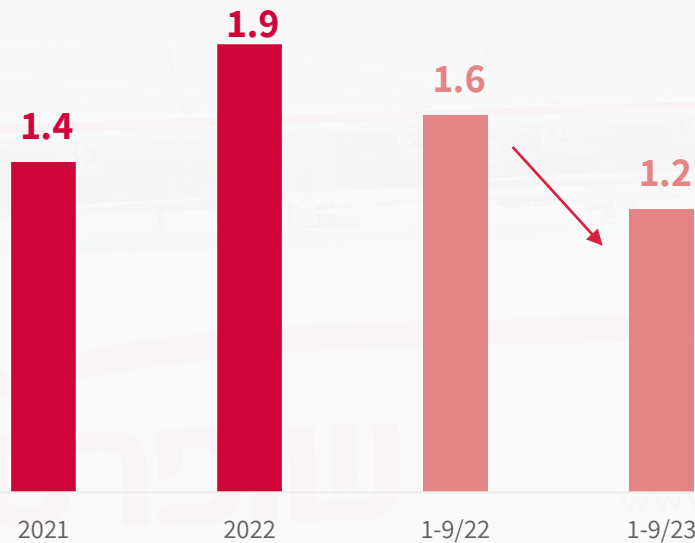
30.9.2023 (NIS million)	
Bonds that are not linked to the index	1,579
Index-linked bonds*	942
Credit and liabilities from banking corporations	92
<b>Total debt (gross)</b>	<b>2,613</b>
Cash and short-term deposits	(1,450)
<b>Net debt</b>	<b>1,163</b>



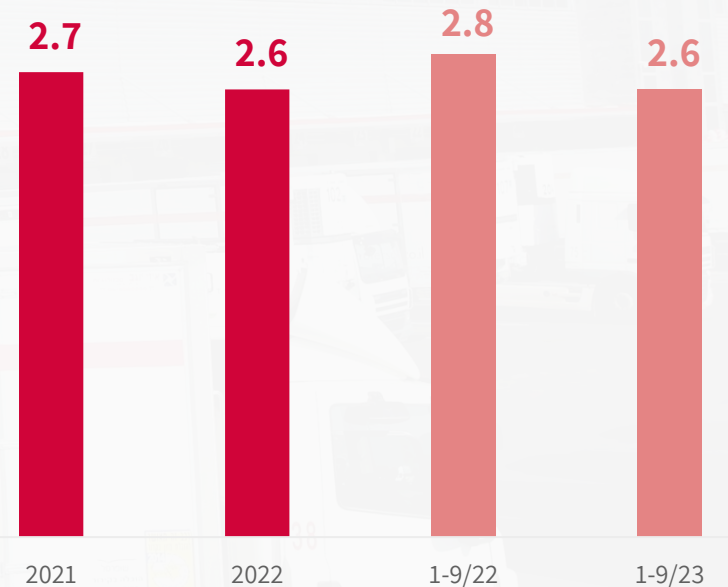
\*The company has in place 400 million NIS in hedges to protect CPI volatility

# Levels of leverage - financial debt

### Closing net debt\*\* (NIS million)



### Closing gross debt\* (NIS million)



iLAA-/Stable  
S&P rating rises

נכון ל-16 באוקטובר 2023

Not incl. IFRS-16 obligation

\* Bonds and credit from banking corporations (including interest to be paid). Does not include bank credit lines of NIS 500 million

\*\* Gross financial debt after deducting cash, cash equivalents and fixed-term deposits



# In conclusion



Business focus - an increase in retail profitability alongside an increase in the activity of the growth engines



Financial stability



Multi-year growth strategy and taking advantage of acquisition opportunities



Business continuity during the 'Iron Swords' war and support for the Israeli economy

The largest and leading retail group in Israel



The largest customer club in Israel with approximately 2.1 million members



Potential for overflowing value in Shufersal Real Estate



Potential for overflowing value in Shufersal Finance





For more information, please  
contact:

Tali Tuval  
Vice President of Corporate  
Communications, Shufersal  
[talitu@shufersal.co.il](mailto:talitu@shufersal.co.il)

**Thank You!**



**Until all are here,  
we are all still there**