



Investors Presentation

2023 Full-Year Results



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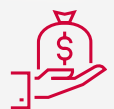
- ★ Focus on profitability, streamlining plan
- ★ Expanding urban store deployment (Shufersal Express, Good Market)
- ★ Divesting non-food retail activities: Marketplace, reducing online marketing of non-food
- ★ Developing Shufersal Business as a significant growth engine
- ★ Separating yielding real estate from real estate retail
- ★ Considering bringing in a financial partner or investor – Considering separation from PayBox
- ★ Focusing on Be profitability
- ★ Expanding the stock chain
- ★ Increasing sales in “Yesh” with higher growth rates than the entire market

“Iron Swords” War

- **Private consumption declined by 27%** in Q7/2023 (Central Bureau of Statistics)
- Despite the decline, **food consumption increased** with growing sales in city-center stores (close to home purchasing)
- **Q4 showed a sharp increase in sales in October**, followed by a return to average sales levels
- **Decline in online sales** at the beginning of the war in Q4 due to shortages and personnel challenges
- **Increase in demand for food** through the institutional market
- **Measures to support Israeli agriculture** – The Company formulated immediate aid programs for farmers, undertaking to sell Israeli produce and marked Israeli products on the shelves
- The Company optimally handled the wartime situation, attending to customer needs **and without substantial impact to Company operating results in 2023.**

About Shufersal

As of 31 December 2023



15.2B NIS

2023 revenues



27.0%**

Private brand share in 2023



~562,000m²

Commercial space



~7B NIS

Market value

As of 26 March 2024



3.7B NIS*

Real estate sector value



~15,815 employees

Compared to ~16,545 in 2022***



420 stores

All Group formats and sectors



~2.1M

Shufersal club members



~1.2B NIS

Net financial debt

* Before logistic center transfer of ~1.27B NIS

** Of all Shufersal and distribution center sales

*** As of 31 December 2022

The group has 420 Stores

Divided according to the different banners (as of 31 December 2023)

276

35

93

13

3

~440,000m²

~60,000m²

~38,000m²

~12,000m²

~13,000m²

Excluding 2 automatic distribution centers

Shufersal – Israel's largest food retail group

שופרסל
SUPREME

שופרסל **פיז**

שופרסל **Online**



שופרסל

3e
by Shufersal

שופרסל **שיל**

יש חסד
תמיד תצאו בזול.

PayBox

DAN
דיל שאסור לפסס

שופרסל **אקספרס**

שופרסל **travel**
בשיתוף מליבר

*
Dan Deal is not part of the SUPREME customer club

שופרסל **נדליין**

שופרסל **עסקים**

איזרון
אופים לך איכות

~15.2B NIS

2023 Revenues

~1.57B NIS
comprising ~10.4%

of Group revenues
2023 EBITDA

~4.7%
operating profit
after other expenses

of 2023 Group revenues
of ~707M NIS

~3.4%
operating profit in
the retail sector*

of 2023 sector revenues
of ~471M NIS

~323M NIS

2023 Net profit



Israeli agriculture is Israeli pride



שופרסל הכל בשבילי

Highlights for Q4/2023



~3.9B NIS revenues

~7% increase compared to the respective quarter last year



~4.2% operating profit

Before other revenues/expenses of Group revenues, comprising ~164M NIS compared to ~1.9% in the respective quarter last year



~6.9% increase in same store sales

Compared to the respective quarter last year



~3.7%* operating profit

Before other revenues/expenses in Retail compared to 1.2% in the respective quarter last year



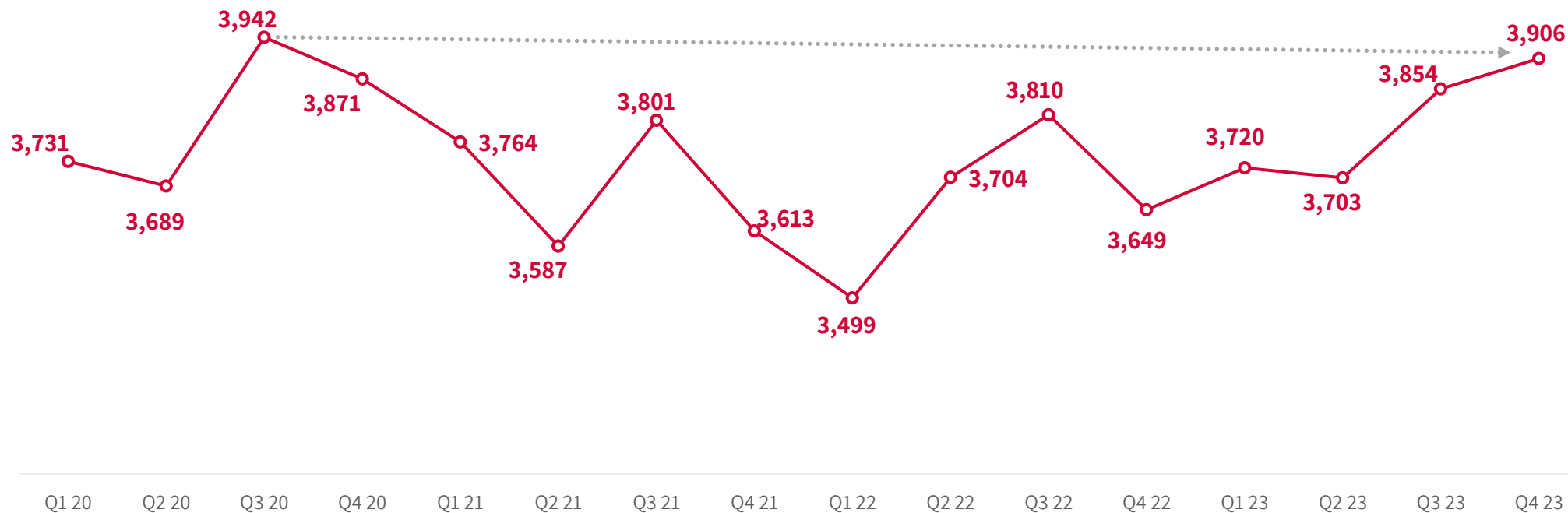
~3.4% net profit

Of Group revenues of ~133M NIS, comprising a quarterly record for the Group



*As of 2023, the Company has updated its sectoral report to include the impact of applying IFRS 16.

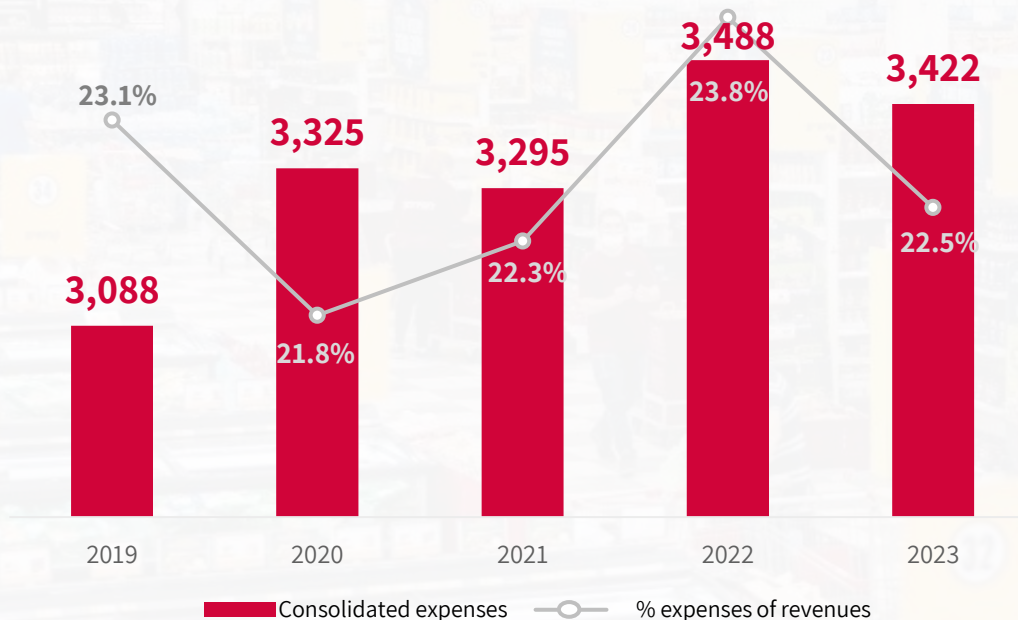
Increased Revenues – Q4/2023 revenues near the peak of the COVID period



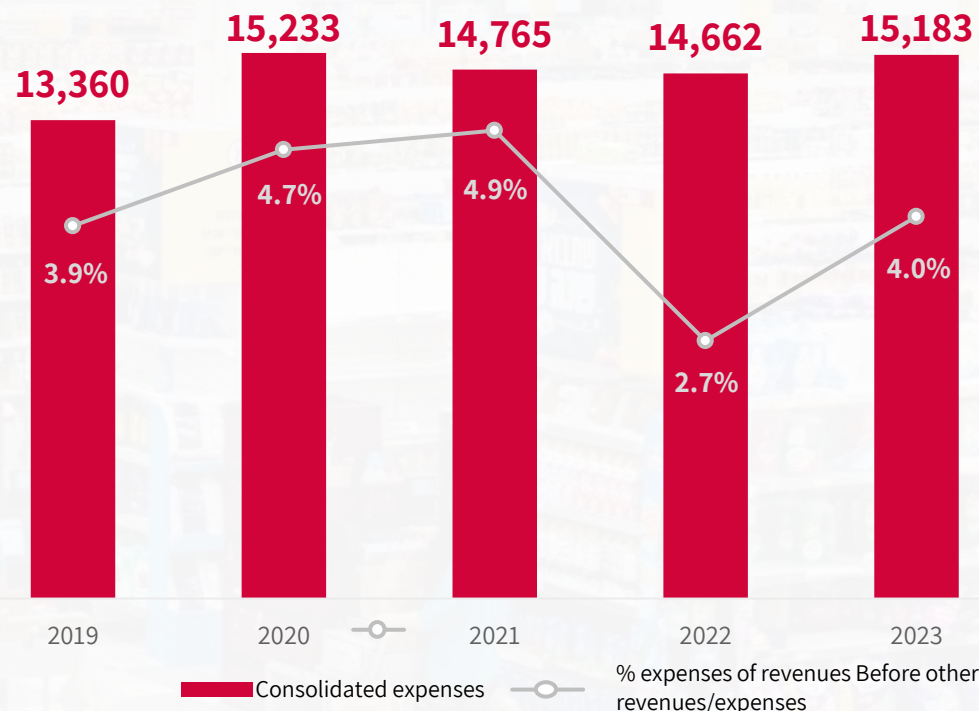
Focus on Profitability – Decline in expenses despite the increase in sales

The streamlining plan approved by the Group in 2022 led to over 250M NIS in savings in 2023

Consolidated Operating Expenses and Rate of Total Revenues



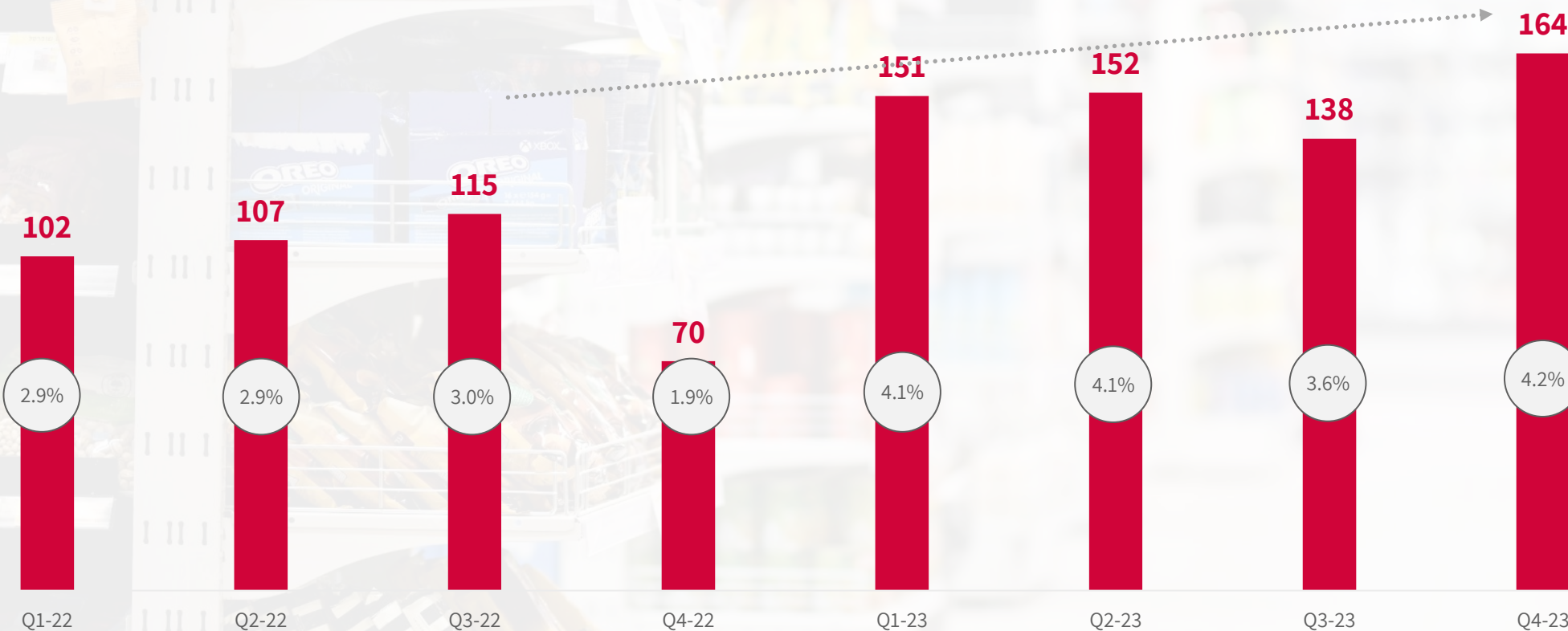
Revenues and Operating Profit of Total Revenues



Group Results

(M NIS)

Consolidated Operating Profit*



*Before other expense/revenues

% = Of all Group revenues

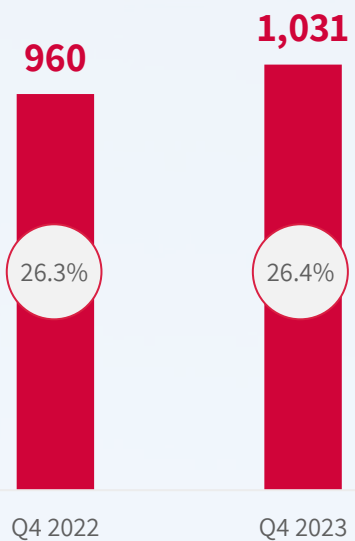
Incl. IFRS 16

Group Results – Q4/2023

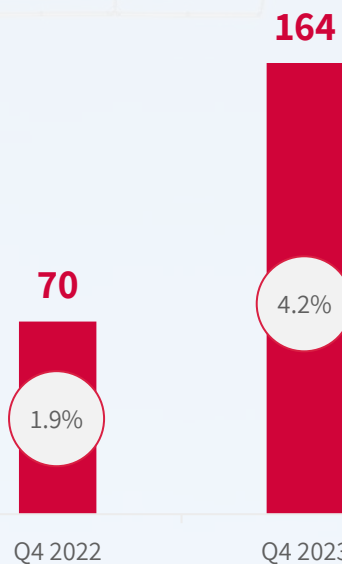
(M NIS)



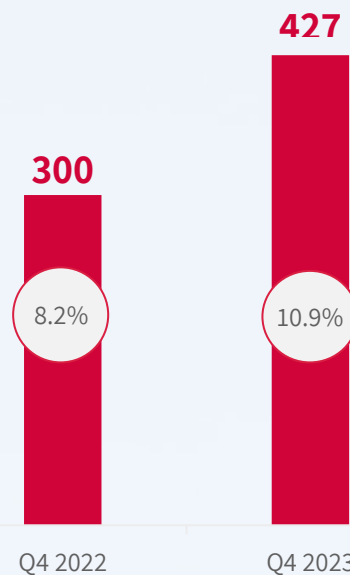
Gross Profit*



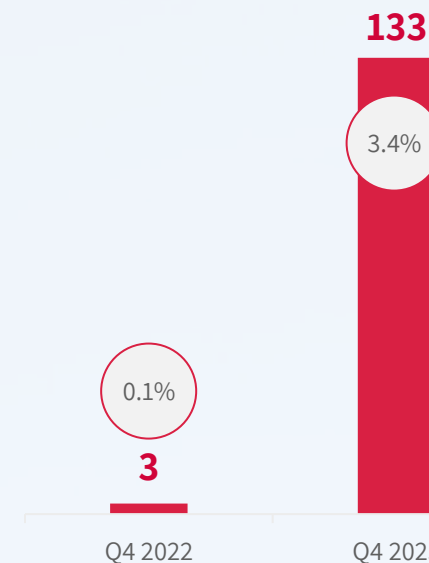
Operating Profit



EBITDA



Net Profit**



Incl. IFRS

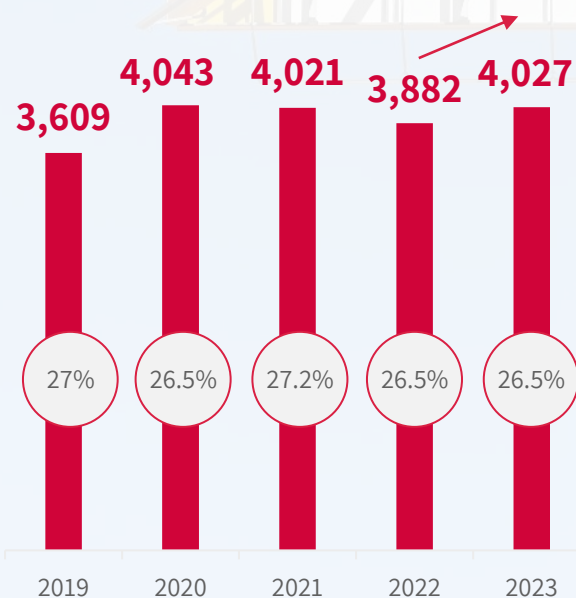
*Gross profit in Q4/23 was impacted by the opening of the distribution center in Modi'in that has reached full capacity.

(%) = Of total Group revenues

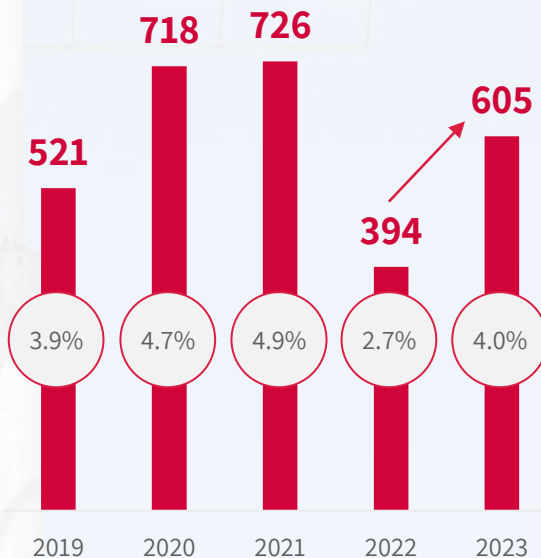
**Net profit related to shareholders in Q4/2023 totaled ~132M NIS

Group Results – (M NIS)

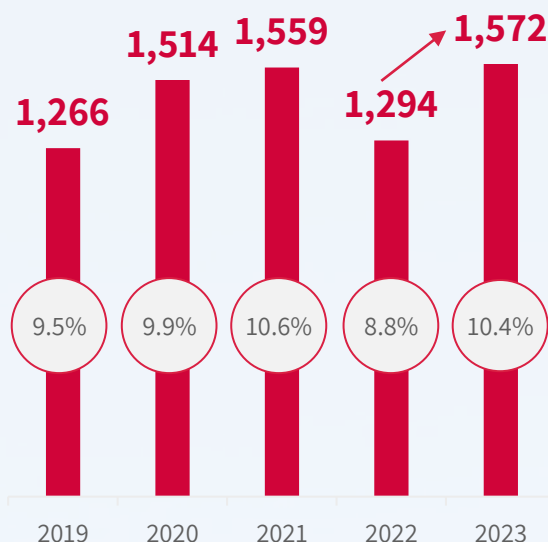
Gross Profit



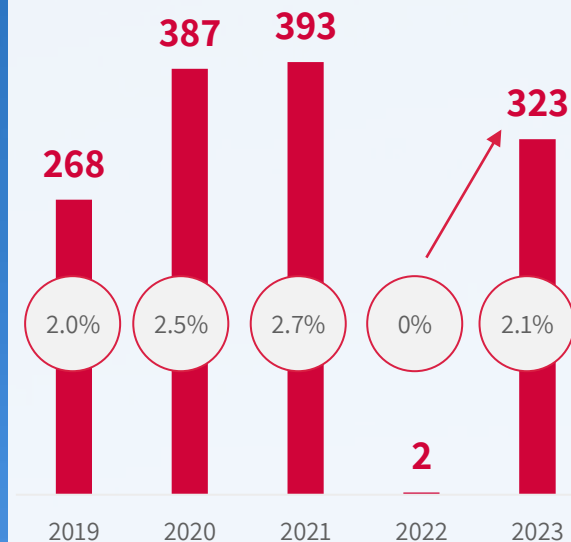
Operating Profit



EBITDA



Net Profit*



Incl. IRS 16

In 2022, the Company recorded a one-time expense of ~182M NIS for the streamlining plan

(%) = Of total Group revenues

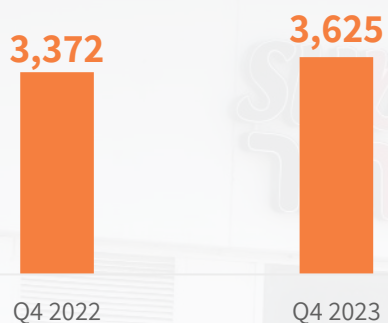
*Net profit related to shareholders in 2023 totaled ~312M NIS

Operating Segment Results Q4/2023

(M NIS)

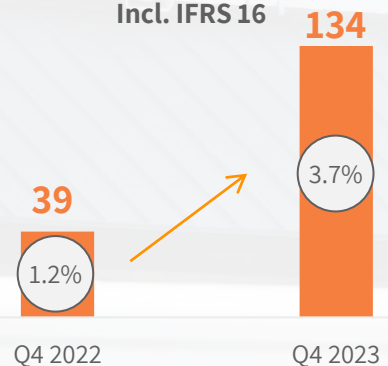


Retail Sector Revenues

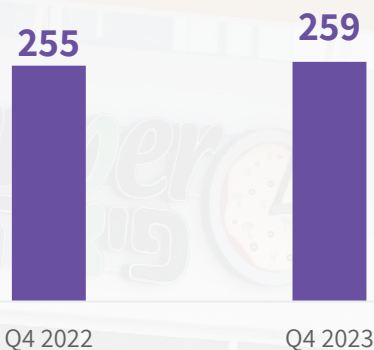


Operating Profit Retail Sector*

Incl. IFRS 16

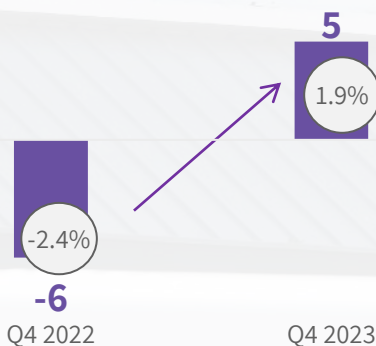


Be Sector Revenues

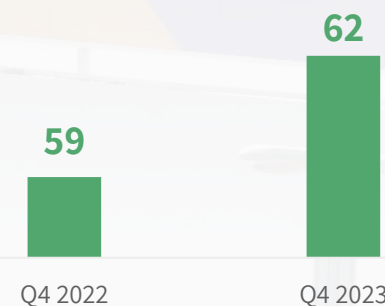


Operating Profit Be Sector*

Incl. IFRS 16

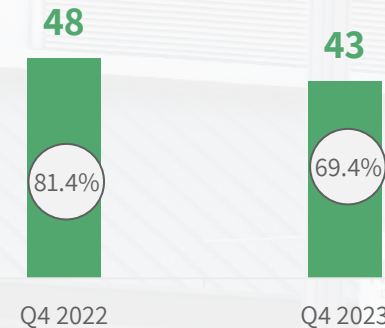


Real Estate Sector Revenues



Operating Profit Real Estate Sector*

Incl. IFRS 16



*Before other expenses/revenues | The company updated the sectoral report as of 2023 annual report to include the impact of IFRS16 implementation.

(%) = Rate of sector revenues

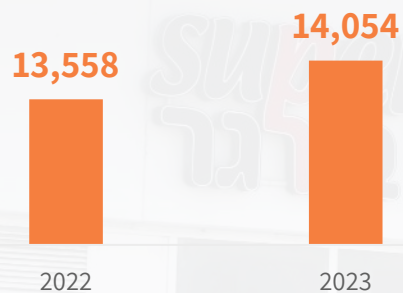
Decline derived of expenses related to developing real estate activities and rendering it a significant growth engine.

Operating Segment Results 2023

(M NIS)

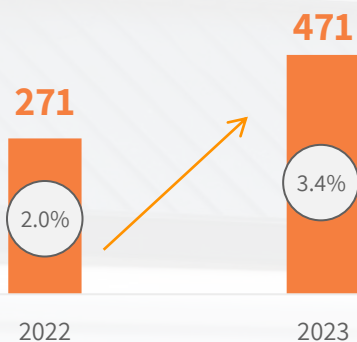


Retail Sector Revenues

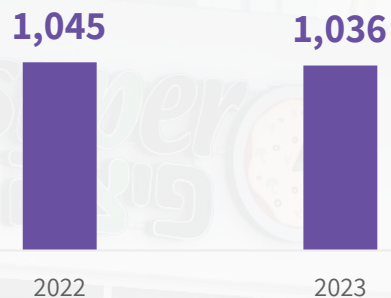


Operating Profit Retail Sector*

Incl. IFRS 16

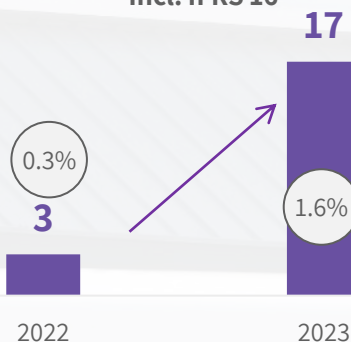


Be Sector Revenues

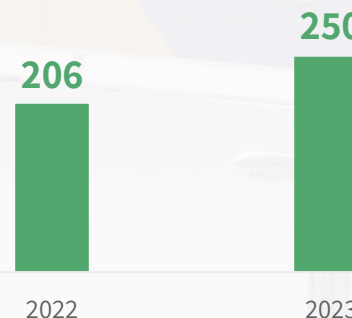


Operating Profit Be Sector*

Incl. IFRS 16



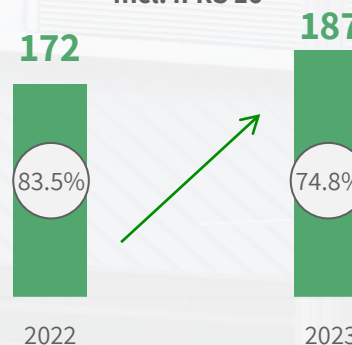
Real Estate Sector Revenues



Increase derived of sale of control in Lev HaMifratz and an increase in the CPI

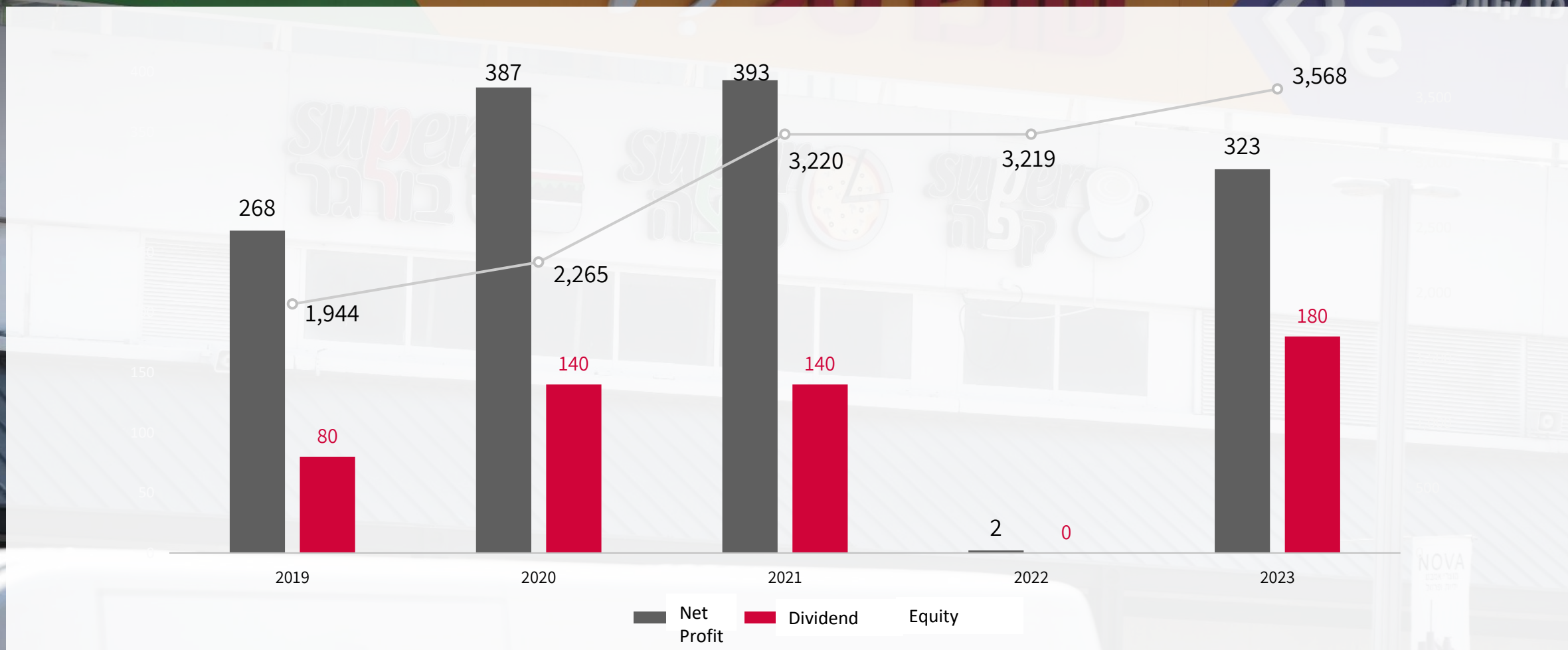
Operating Profit Real Estate Sector*

Incl. IFRS 16



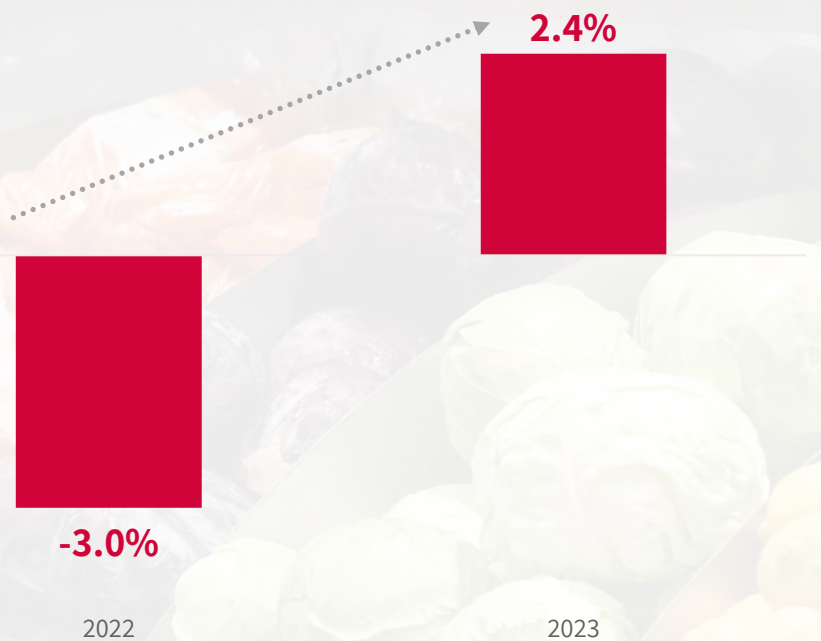
(%) = Rate of sector revenues

Equity, Dividend* and Net Profit (M NIS)

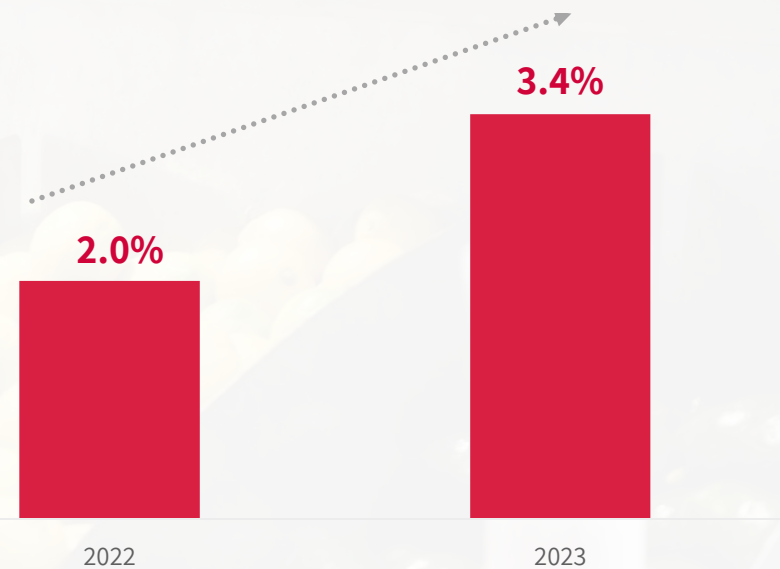


*Dividend distributed for this year

Change in Same Store and Distribution Center Sales and Resuming Growth in 2023



Operating profit rate* of all retail sector revenues



*Before other revenues/expenses | Including IFRS 16



In 2023, Shufersal Online sold ~2.44B NIS, comprising ~17.5% of total Shufersal branch and distribution center sales



The decline in the share of online sales of all food retail revenues compared to last year is derived mainly of the diminution of COVID and reduced Non-food online sales as part of the company's strategy to focus on profitability and of the war in Q4 due to personnel challenges and customers who preferred to avoid homedeliveries.



Non-food online sales declined by ~52% in 2023, totaling ~77M NIS compared to 159M NIS in 2022.

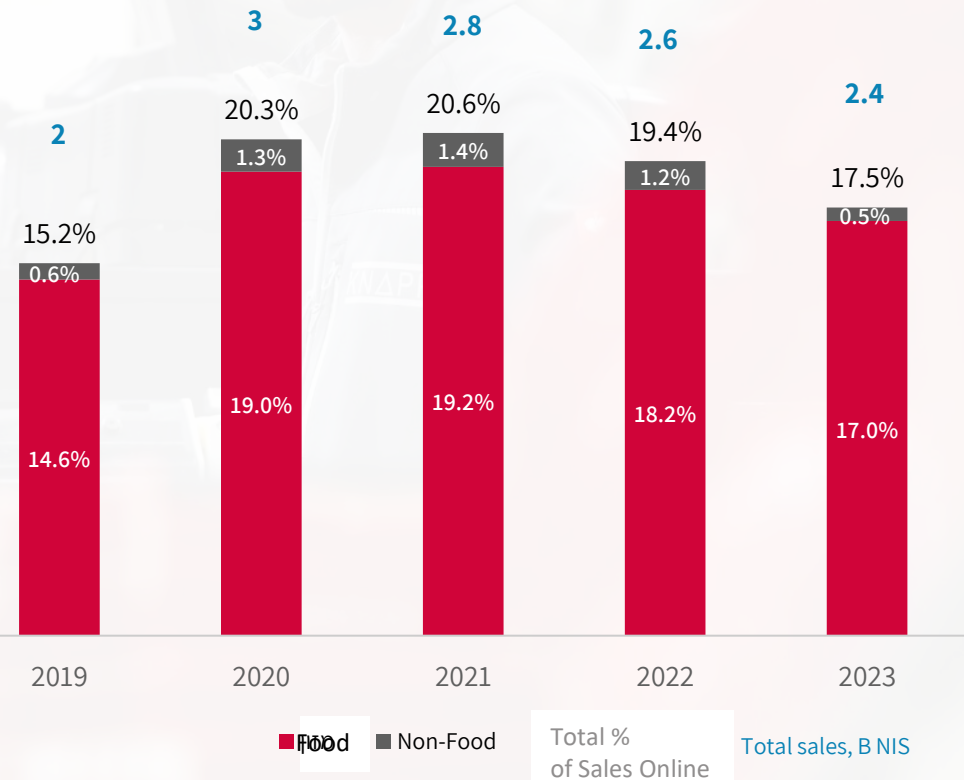


The company's 8 manual distribution centers were shut down in 2022 and 2023 based on the streamlining plan following the opening of the automatic distribution center in Modi'in.



Commercial operations commenced at the Kadima distribution center in Q3/21, **currently at full capacity and profitability**. The distribution center in Modi'in commenced commercial operations in March 2023 and the Company estimates that **it will reach full capacity, breakeven and profitability by the end of 2024**.

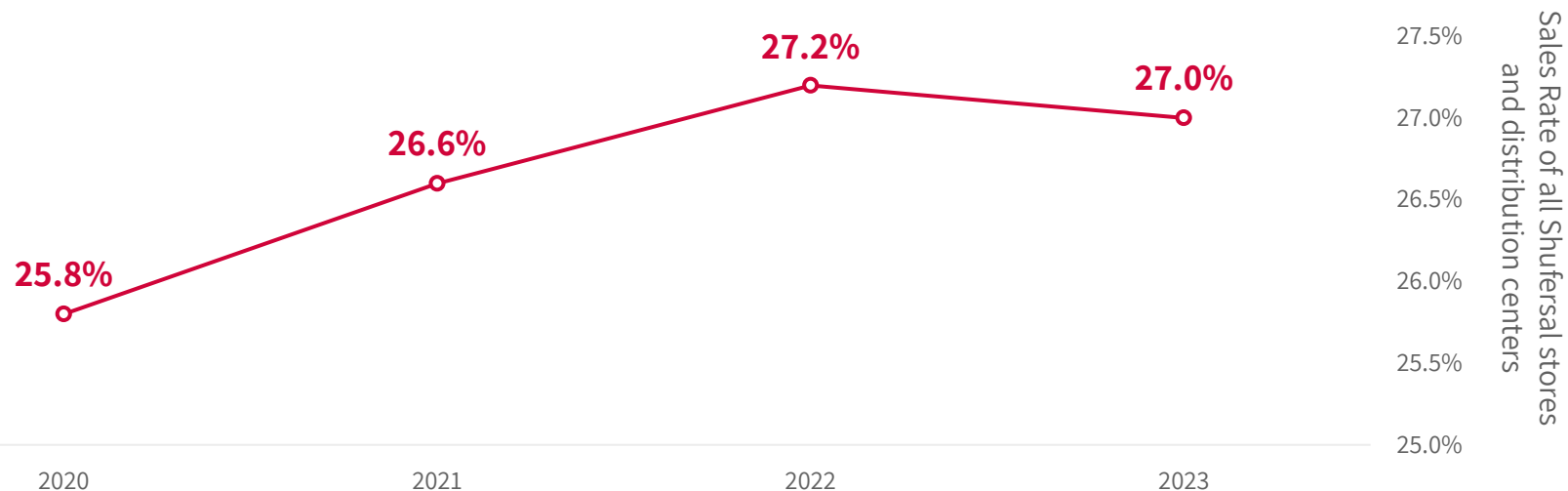
Online sales of Total Retail



*Shufersal stores and distribution centers

Largest Private Brand in Israel

With over 6,000 products in its private brand, Shufersal continues to invest in development and quality control, launching hundreds of new products in various categories each year.



Business Units



The Company is working to bringing in a partner or investor to its finance operations (including, inter alia, the credit card activities). The Company is considering a transaction for realizing holdings in PayBox, whether as part of the said introduction of a partner or otherwise.

Credit Cards and Financial Services

Credit Card Club

The largest and leading club in Israel generates loyalty and enjoys unique group benefits.

Including various benefits with PayBox

~615K

Credit card holders

Financial Services

Granting loans and credit facilities at preferred terms, managing among the largest credit portfolios in the economy

Significantly growing loan portfolio



Continued Development in the Institutional Market

(Estimated market ~16.5B NIS)



Individuals

(Restaurants, cafés, hotels and independent banquet venues, grocery and convenience stores)



Chains

(Hotels, cafés and restaurants with multiple branches)



Institutions

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

Advanced value proposition, based on:



Developing the private brand for the institutional world “Shufersal PRO”



Advanced service, emphasizing availability and flexibility



Prices suited to customer needs and characteristics



Wide variety, One Stop Shop



The third Cash & Carry store was opened in Ashdod in May 2023, the largest of the format.



~3.7B NIS*

Asset value



83 properties



~250M NIS

Revenues



~188M NIS

EBITDA

~160,000m²

Building rights



~2.8B NIS

Equity



~227,000m²

Yielding areas (excl. parking lots)



~206M NIS

NOI

As of 31 December 2023

Before Logistical Center transfer of ~1.27B NIS



Developing the
online activity



Forecast of 10 stores
in attractive locations
in 2024



Further expansion into
Shufersal facilities



Implementing
streamlining measures



Focus on improving
profitability



Forecast for 3 stores in 2024



Wholesale Activity

Developing and importing discount products and distributing them to Dan Deal stores and various other shops in Israel



Retail Activity

Tirat HaCarmel – May 2023
Checkpost – August 2023
Modi'in – October 2023



Store in Store

Two stores opened in Shufersal Deal stores

Cash Flow (M NIS)

Item	10-12.2023	10-12.2022	31 Dec 2023	31 Dec. 2022
Cash derived of ongoing activities	311	146	*1,949	1,319
Cash used for investment activities	-202	-171	-626	-836
FCF	109	-25	1,323	483
Deposit realization (investment), net	190	460	-354	760
Cash used for financing activities	-426	-465	-917	-1,048
Change in cash	-127	-30	52	195
Cash balance – Opening balance	810	661	631	436
Cash balance – Closing balance	683	631	683	631
Fixed-term deposit	459	90	459	90
Total cash, cash equivalents and fixed-term deposits	1,142	721	1,142	721

*Increase of ~630M NIS in cash flow from ongoing activities compared to 2022, derived of improved payment terms with credit card companies, changes in working capital and increased profit.

Balance Sheet

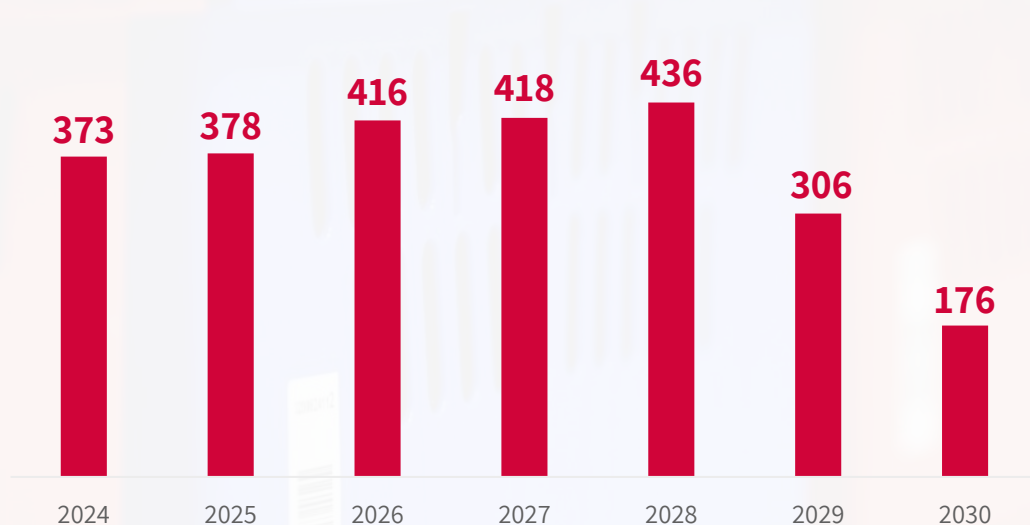
Item	31 Dec. 2023	31 Dec. 2022
Cash, cash equivalents and fixed-term deposits	1,142	721
Customers	997	1,467
Debtors and debit balances	214	170
Inventory	992	928
Total current assets	3,345	3,286
Investments in affiliates (incl. loans)	106	108
Debtors and debit balances	117	108
Other investments	29	29
Fixed assets	3,623	3,530
Investment real estate	1,515	1,380
Intangible assets	1,545	1,535
Right of use assets	4,482	4,411
Deferred taxes	151	160
Total non-current assets	11,568	11,261
Total Assets	14,913	14,547

Balance Sheet – Liabilities and Equity

Item	31 Dec. 2023	31 Dec. 2022
Current maturities for liabilities to banking corporations	9	9
Current maturities for debentures	309	307
Current maturities for leasing obligations	434	416
Suppliers and service providers	2,297	2,248
Creditors and credit balances	1,270	1,173
Provisions	71	75
Total Current Liabilities	4,390	4,228
Liabilities to banking corporations	138	86
Debentures	1,911	2,178
Liabilities for leasing	4,228	4,172
Employee benefits, net	259	256
Other liabilities	213	234
Deferred taxes	206	174
Total non-current liabilities	6,955	7,100
Equity	3,568	3,219
Total Liabilities and Equity	14,913	14,547

Company Debt Structure

Future Debenture Payments (M NIS)



- S&P issuer rating – iIAA 0 with a stable outlook

31 Dec. 2023 (M NIS)

Debentures unlinked to CPI	1,451
CPI linked debentures*	769
Credit and liabilities from banking corporations	147
Total debt (gross)	2,367
Cash and short-term deposits	(1,142)
Net Debt	1,225

*The company has hedging transactions in place against CPI volatility for about half of the index-linked debentures.

Leverage Levels – Financial Debt



iLAA-/Stable

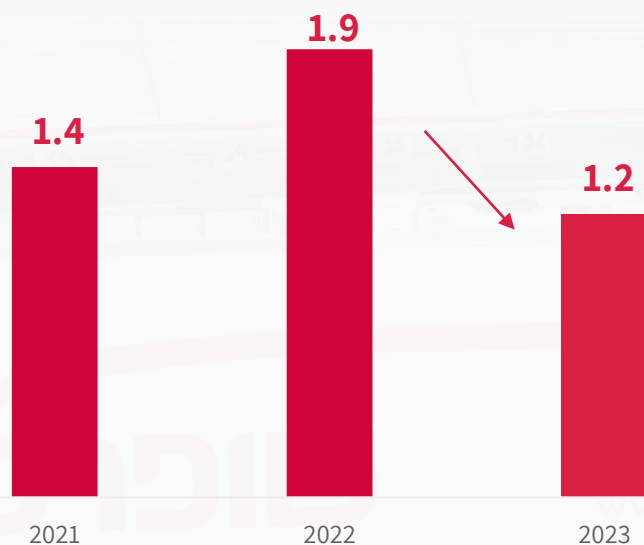
S&P Maalot company rating

iLAA /Stable

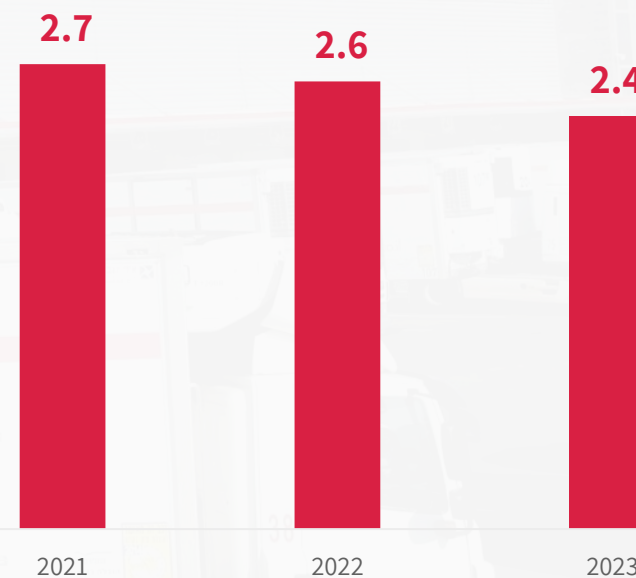
S&P Maalot bond rating

As of October 16, 2023

Closing net debt** (M NIS)



Closing gross debt* (M NIS)



Excl. IFRS-16 obligations

*Banking corporation debentures and credits (incl. interest payable) does not include bank credit facilities of 400M NIS.

**Gross financial debt less cash, cash equivalents and fixed-term deposits.

In conclusion



Israel's largest and leading retail group



Business focus – Increase in retail profitability alongside increased growth engine activities



Israel's largest consumer club with ~2.1M members



Financial robustness



Potential of value overflow in Shufersal Real Estate



Multiannual growth strategy and utilizing acquisition opportunities



Potential for value overflow in Shufersal Finance



Business continuity during “Iron Swords” and support for the Israeli economy



We are all there
Until everyone is here

For further details, contact:

Tali Tuval
VP Corporate Communications, Shufersal
talitu@shufersal.co.il

Thank you!