Rami Levy-Hashikma Marketing

May 29, 2025

Announcement to investors

The Rami Levy Shivuk Hashikma chain begins 2025 a growing volume of activity – The public is voting with its feet on the backdrop of the cost of living:

Revenues in the first quarter of 2025 increased by about 6% to about ILS 1.85 billion – supported by an increase of about 2% in same store sales

The erosion in gross profit for the quarter mainly absorbs increases in prices and deepening discounts for consumers ahead of the Passover holiday

Net profit in the quarter totaled about ILS 55 million

Net operating cash flow in the quarter increased sharply, by about 54% to about ILS 217 million

The Company is accelerating the pace of opening new branches – Five more discount branches and about 13 more drugstores under the Good Pharm brand name are expected to open in the year to come

The Company has about ILS 1 billion in cash and short-term investments; last week the Company submitted, together with a partner, a nonbinding bid to acquire the controlling interest in the CAL credit cards company

Over the last 5 years, the Company has paid shareholders a total of about ILS 1 billion in dividends

Rami Levy, co-CEO of Rami Levy Shivuk Hashikma: "We are starting 2025 with growth in volumes of activity – We are helping the public fight the cost of living and our customers are voting with their feet at the chain's stores, as is shown by the increase in same store sales. We are seeing, in this quarter too, a decrease in the average price per item compared with the same period of last year, while the average amount of items per purchase increased compared with the previous quarter. Ahead of Passover, we significantly deepened discounts in the chain, in order to offer our customers the lowest-cost basket of products, while maintaining product quality and the best service. This affected profitability in the quarter, but it reflects the chain's strength and contributes to strengthening the brand over time. We shall continue to place the consumer at the center, because the consumer is the foundation of the business. We continue to operate in keeping with our strategic plan to accelerate growth, and during the year to come, expect to open new discount branches nationwide – from Acre in the north to Dimona in the south. This will make Rami Levy accessible to hundreds of thousands more people around the country, and help them cope with the challenges of the cost of living with quality products at fair prices. I pray for the wellbeing of the IDF soldiers, embrace the bereaved families and pray for the swift return of the abductees. In these days, more than ever before – our strength lies in our unity."

Yafit Atias, co-CEO of the Rami Levy Shivuk Hashikma chain: "In these days, we are working full strength on strengthening customer service through technological innovation. By the end of this year, we expect to complete the deployment and integration of 'Mobile Shopper' smart shopping carts at all the chain stores, enabling shoppers to reduce their time in the branch. Also, within months we expect to complete converting all the chain stores to have digital shelf marking and branding, granting the public better awareness of the prices of the products on the shelves. We will continue to place emphasis on operational logistical efficiency in order to assure full shelves on the sales floor year-round. Over the next year, we expect to open 5 food discount branches and 13 drugstores, adding to the 60

discount branches and 66 drugstores active today. The anticipated growth in activity will help us to continue to improve the terms of trade with suppliers, enabling us to continue to lower prices for our community of customers."

The **Rami Levy Shivuk Hashikma** chain of food retail stores today reported its financial results for the first quarter of 2025, attesting to growth in revenues both in the food retail segment and in the drugstore segment, eroding gross profitability due to absorbing the price increases, and deepening consumer discounts ahead of the Passover holiday, maintaining operational efficiency, and acting to implement the strategic plan to accelerate the pace of opening branches – during the year to come, about 18 food discount branches and drugstores will be opened.

Key results in the first quarter of 2025:

Revenues of the Rami Levy Shivuk Hashikma chain in the first quarter of 2025 grew by about 6% to about ILS 1.85 billion, compared with about ILS 1.74 billion in the same quarter last year. The increase in revenues stemmed from an increase of about 2% in same store sales in the food retail segment, and opening a new branch in Migdal Ha'emek, in the framework of the strategic plan to accelerate the pace of opening new branches. Alongside that, growth was recorded in sales of the Good Pharm chain, as reflected in the increase of about 8.2% in same store sales and the chain opening new stores.

Gross profit in the first quarter of 2025 increased by about 4% to about ILS 438 million, compared with about ILS 420 million in the same quarter of last year. The increase in gross profit was due to the described increase in revenues, which was partially offset by moderation in **gross profitability** in the quarter to about 23.8% compared with about 24.1% in the same period of last year, due to absorbing price increases and deepening discounts for consumers ahead of Passover.

Operating profit in the first quarter of 2025 increased to about ILS 90 million, compared with about ILS 89 million in the same quarter of last year. The slight increase in operating profit was due mainly to the described growth in volume of activity. **The operating profit rate** in the quarter was about 4.9%, compared with about 5.1% in the same quarter of last year, due to the described decrease in gross profitability.

Net profit of the Rami Levy Shivuk Hashikma in the first quarter of 2025 totaled about ILS 55 million, compared with about ILS 62 million in the same quarter of last year. The drop in profit, describe the described growth in operating profit, stemmed mainly from an increase in net financing costs by about ILS 10 million due to a drop in the value of the securities portfolio, while last year, the securities portfolio contributed positive net income of about ILS 6 million.

Cash flow from ongoing activity in the first quarter of 2025 increased sharply, by 54% to about ILS 217 million, compared with about ILS 141 million in the same period of last year. The sharp increase in cash flow was due mainly to changes in working capital – mainly an increase in supplier receivables.

The Company's **EBITDA** in the first quarter of 2025 increased by about 2% to about ILS 168 million (about 9.1% of revenues) compared with about ILS 164 million (about 9.4% of revenues) in the same quarter of last year.

Balance sheet as of March 31, 2025 and key points:

The Company has **cash and short-term investments** of about ILS 1.05 billion versus **negligible gross net debt** of about ILS 13 million. The Company's large amount of cash enables it to examine strategic business opportunities from time to time, including by way of mergers and acquisitions. Just last week the Company submitted, together with a partner, a nonbinding bid to acquire the controlling interest in the CAL credit cards company. The Company operates with the requisite responsibility under the challenges the State of Israel has experienced in recent years, enabling it to do business without taking risks.

In addition, in parallel with approving the financial statements, the Company declared a **dividend distribution** of about ILS 45 million, adding to the approximately ILS 247 million paid over the last year. From its initial public offering in May 2007 to date, the Company has distributed almost ILS 2 billion in dividends.

The Company intends to continue to expand the discount branch activity – the Rami Levy Shivuk Hashikma chain present operates 60 branches (of which 3 by franchise). The Company identifies the potential to establish about 25 more discount branches in new areas where it does not presently operate, and assesses that opening the new branches will not create cannibalization of the active branches. Accordingly, the Company intends to open about 5 more discount branches and about 13 more drugstores over the coming year. In addition, the Company is investing in a range of advanced technological means to bring better service and a wider range of services to the Company's customers, including the construction of an automated warehouse to handle online orders.

The Rami Levy Shivuk Hashikma chain, managed by Rami Levy and Yafit Atias, operates as a chain of discount stores selling food and toiletries. The chain operates in both retail and wholesale, today operating 60 supermarket branches (of which three are run as franchises) and 5 neighborhood groceries. In addition, the Company owns an approximately 52% holding in the Good Pharm chain, which has about 66 stores around the country, operates in the cellular communications market as a mobile virtual network with about 412,000 cellular subscribers, and operates cafés and urban groceries through the Cofix group company.

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