Rami Levy-Hashikma Marketing

August 19, 2025

Announcement to investors

Rami Levy Shivuk Hashikma ends the second quarter with record revenues – The public is voting in its favor with its feet on the backdrop of the cost of living:

Revenues in the second quarter of 2025 crossed the threshold of ILS 2 billion quarterly – supported by an increase of about 5.2% in same store sales and growth of about 10% in food retail sales activity

The Company's strategy – putting the customer in the center and supplying the lowest-cost basket of products in the nation, alongside technological investments led by 'smart' shopping carts, improved the customer experience in the chain's stores, thereby contributing to the growth in visitor numbers

Gross profit in the second quarter increased by about 7.6% to about ILS 459 million; the gross profitability rate decreased by about 0.3% to about 22.9% due to deepening discounts for consumers in order to maintain the lowest prices for the chain's customers

Pretax profit for the quarter totaled about ILS 82 million, similar to the same period of last year;

Net profit for the quarter totaled about ILS 62 million

In the last year, the Company opened 3 food discount branches and 5 drugstore branches, and intends to continue to accelerate the pace of opening branches

During the last two years, the Company declared dividends to shareholders totaling about half a billion shekels

Rami Levy, co-CEO of Rami Levy Shivuk Hashikma: "We sum up the second quarter of 2025 with significant growth in volumes of activity and broad business development, while in keeping with our business concept, the customer continues to stand at the center, at all times, because the consumer is the central foundation of our business. The Israeli economy is experiencing complicated times and we continue to strengthen our place as a true discount chain that enables coping with the cost of living. During the quarter, we took care to keep price levels steady and continued to offer consumers the lowest-cost basket of products in the nation, so they can optimally cope with the challenging times. This was at the cost of reducing our gross profit while maintaining the best quality of goods and service. Hence, the public is turning out to be smart and is voting in our favor with their feet, as shown by the steep growth we present in the quarterly same store sales and in the chain as a whole. The increase in same store sales is even more impressive when considering the decrease in gross margins.

"During the last year, we opened 3 new stores and intend to continue the expansion trend and make the Rami Levy chain accessible to hundreds of thousands more people around Israel, to help them contend with the cost of living by means of quality products at cheap prices. We also continue to fight the cost of living and work constantly to improve service, including through technological innovations such as electronic prices on store shelves that give the customer better control over prices, 'smart' shopping carts (mobile shopper) that shorten the lines at the cashiers, logistic technological solutions that assure ongoing inventory on the sales floor. I send a prayer for the welfare and success of the Israel Defense Forces soldiers, wish to strengthen the bereaved families and families of the wounded, and pray for the return of the hostages. Today, more than ever before, our strength lies in our unity."

<u>Yafit Atias, co-CEO of the Rami Levy Shivuk Hashikma chain</u>: "The second-quarter results include significant growth surpassing 5% in same store sales and for the first time, we crossed the threshold of ILS 2 billion in quarterly sales. The results reflect the fruit of our strategy of placing the customer in the center, keeping aware of the mood of the times and the economic condition of people in the State of Israel, and from being honest and faithful to our customers. We receive excellent feedback from customers about our loyalty to them and regarding the use of smart shopping carts and electronic price presentation and can already see how these technological means and logistical and other technologies we are incorporating are improving efficiency at the stores. We will continue to incorporate innovation that serves our customers and improves and enhances their shipping experience at the chain. We will also continue to open new branches, and expect to open another 5 Rami Levy branches and 13 Good Pharm drugstores over the coming year. Expanding activity will support the terms of trade with suppliers and ultimately, our ability to lower prices for our customer community. In the last month we finalized the principles of commercial terms for a joint customer club with Isracard, Rami Levy and Israir that will upon its approval, be a revelation to our customers, enabling us to deepen our customer loyalty and enable our customers to vacation in Israel and around the world by accruing points while shopping."

The **Rami Levy Shivuk Hashikma** chain of food retail stores today reported its financial results for the second quarter of 2025, showing record quarterly revenues that crossed the ILS 2 billion threshold for the first time, an increase in same store sales in both food retail and drugstore operations, an increase in the number of visitors to the chain stores supported by the smart shopping carts that improve the customer experience at the stores, a decrease in gross profitability due to deepening discounts for consumers, and moves to implement the strategic plan to accelerate the pace of opening new stores.

<u>Key results in the second quarter of 2025</u>

Revenues of the Rami Levy Shivuk Hashikma chain in the second quarter of 2025 grew by about 9.4% to about ILS 2.0 billion, compared with about ILS 1.83 billion in the same quarter last year. The revenue growth was due to an increase of about 5.2% in same store sales in the food retail segment and opening 3 new discount stores in the framework of implementing the strategic plan to accelerate the pace of opening new stores, alongside growth in sales by the New Pharm chain, due to an increase of about 7.2% in same store sales and opening 5 new drugstores.

The Company's **gross profit** in the second quarter of 2025 increased by about 7.6% to about ILS 459 million compared with about ILS 426 million in the same quarter of last year. The increase in total gross profit was due to the described growth in revenues, partially offset by **gross profitability** moderating in the quarter by about 0.3% to about 22.9%, compared with about 23.2% in the same period last year, due to deepening discounts in order to offer the lowest-cost basket of products at a time that prices and the cost of living are rising, and due to opening new branches and the influence of an increase in the minimum wage and operation of the logistics center.

The Company's **operating profit** in the second quarter of 2025 totaled about ILS 91 million compared with about ILS 94 million in the parallel quarter last year. The change in operating profit stemmed mainly from growth in operating costs due to opening new branches that have yet to fully mature, growth in depreciation costs on technological investments, and the conclusion of legal proceedings. The **operating profit rate** in the quarter was about 4.5% compared with a rate of about 5.1% in the same quarter of last year, affected by the described decrease in gross profitability.

Net profit at the Rami Levy Shivuk Hashikma in the second quarter of 2025 totaled about ILS 62 million, compared with about ILS 70 million in the same period of last year. The drop in profit stemmed mainly from deepening consumer discounts as described, while **pretax net profit** for the quarter totaled about ILS 82 million, similar to the parallel period of last year.

The Company's **EBITDA** in the second quarter of 2025 increased to about ILS 174 million (about 9.7% of revenues) compared with about ILS 173 million (about 9.5% of revenues) in the same period of last year.

Key results in the first half of 2025

Revenues of the Rami Levy Shivuk Hashikma chain in the first half of 2025 totaled grew by about 7.7% to about ILS 3.85 billion, compared with about ILS 3.58 billion in the same half-year last year. The growth in revenues stemmed from an increase in same store sales in food retail, and opening new discount branches.

Gross profit in the first half of 2025 rose by about 6% to about ILS 897 million, compared with ILS 846 million in the same period of last year. The increase in gross profit stemmed from the described growth in revenues which was partially offset by the decrease in **gross profitability** in the first half to about 23.3%, compared with about 23.7% in the same period of last year, due to deepening discounts for consumers.

Operating profit in the first half of 2025 totaled about ILS 180 million, compared with about ILS 183 million in the parallel period of last year. The change in operating profit was stemmed from operating costs on opening new branches that have not reached full maturation yet, the increase in wage costs and the rise by the CPI. **The operating profit rate** in the half-year was about 4.7% compared with about 5.1% in the same period of last year, due to the described decrease in gross profitability.

The **net profit of** the Rami Levy Shivuk Hashikma chain totaled about ILS 117 million in the first half of 2025, compared with about 132 million in the same period of last year.

EBITDA in the first half of 2025 rose to about ILS 342 million (about 8.9% of revenues), compared with about ILS 338 million (about 9.4% of revenues) in the same period of last year.

Balance sheet as of June 30, 2025 and key points:

The Company has **cash and short-term investments** of about ILS 1 billion, against which the Company has **negligible debt** of just about ILS 15 million. The Company's large amount of cash enables it to examine strategic business opportunities, including by way of mergers and acquisitions. The Company constantly, including at present, examines such offers.

Furthermore, in parallel with approving the financial statements, the Company's Board of Directors declared a **dividend distribution** of about ILS 52 million, adding to the roughly ILS 228 paid over the last year. From its initial public offering in May 2007 to date, the Company has distributed approximately ILS 2 billion in dividends.

The Company intends to continue to expand the discount branch activity – the Rami Levy Shivuk Hashikma chain presently operates 61 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 14 drugstore branches during 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 for distribution of online orders.

The Rami Levy customer club – The Company operates a customer club under the brand "Rami Levy Customers Club". Club members receive a wealth of benefits they can exercise at the chain's stores and on its website. On July 15, 2025, the Company reported reaching a head of understanding about establishing a joint customer club for food and tourism with the Company, Isracard and Israir. Establishment of the joint club is contingent on receiving permits per the law. The collaboration with Israir could contribute to positioning the group's customers club as one of the most attractive customer clubs for consumers in Israel, giving the club members significant added value, mainly the possibility of vacationing in Israel or abroad with benefits accrued by purchases from the group and other businesses, which would contribute to increasing the number of club members and its volume of activity.

In the mobile communications industry, during the last year, another 68,000 subscribers joined the Rami Levy cellular activity. As of the end of the second quarter of 2025, the subscriber base had increased to about 426,000, compared with about 358,000 at the end of the same quarter last year.

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 61 supermarket branches (of which three are run as franchises) and 5 "minimarket" neighborhood groceries, as well as wholesale points of sale in northern Israel. In addition, the Company owns about 52% of the Good Pharm chain, which has 68 drugstores around Israel, activity in cellular communications with about 426,000 subscribers as a mobile virtual network, and operates groceries and cafés in cities through the Cofix Group company.

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