

Current Report No. 18/2022

Date of preparation: 29.08.2022

Subject: Adoption of the Strategy for the Eurocash Group for the years 2023-2025

Legal basis: Art. 17 sec. 1 of MAR

Report body:

The Management Board of Eurocash S.A. with its registered seat in Komorniki ("Eurocash" or "Company"), acting pursuant to art. 17 sec. 1 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16th April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("MAR"), hereby informs that on 29 August 2022 the Management Board has adopted the Strategy for the Eurocash Group for the years 2023-2025 ("Strategy") for its implementation. The summary of the key elements of the Strategy are presented in the materials available at the Eurocash Group's website.

In accordance with the Strategy, the Eurocash Group business activity in the years 2023-2025 will focus on the further development of the core business of the Group, i.e. on the following areas:

- in the area of Wholesale: the aim of the Eurocash Group is to further develop omnichannel wholesale (omnichannel sales), which is to lead to an increase in B2B customer loyalty, further building of cost and sales synergies, and, consequently, to improve shopping conditions and double B2B e-commerce sales; Eurocash intends to strengthen its leading position on the wholesale market in Poland and significantly increase its customers' sales in this segment;
- in the area of Franchise (organiser of franchise and partner networks): concentrating investments in the development and positioning of franchise and partner networks, increasing the number of networked shops and market share; further development of Delikatesy Centrum chain on franchise system basis, including with JV partners;
- the third direction of the Group's development will be the technology platform: an integrated loyalty programme, the creation of a leading POS platform in independent trade, increasing the share of B2C e-commerce within Frisco and PLN 1bn of turnover of Frisco by the end of 2025.

Social responsible activities are also an important element of the Strategy.

As a result of the implementation of the Strategy, Eurocash Group plans to achieve in 2025 EBITDA at the level of PLN 1bn (pre IFRS 16). The Management Board estimates that in 2023-2025 the cumulative increase in cost efficiency will amount to PLN 100m EBITDA.

The Management Board of Eurocash will aim to stabilise the financing structure at 1.5x Net Debt/EBITDA ratio (pre IFRS 16), with temporarily higher ratios to take advantage of market share gains.

Eurocash's objective is to return to regular dividend payments to shareholders, with the terms and amount of the dividend taking into account the terms and structure of the financing to which the Group will be a party.

In connection with the decision to concentrate on the core activities (wholesale, franchise and technology platform), the Management Board of the Company has decided to focus on the improvement of the profitability of the non-core (nonstrategic) business (including Delikatesy Centrum own stores), reduction or discontinuation of its development.

At the same time, the Management Board of the Company continues the work on the process of reviewing the potential strategic options for the development of the Eurocash Group, which has been communicated by the Company in the current reports no. 7/2021 dated 02.04.2021 and no. 3/2022 dated 01.02.2022. The review of strategic options is aimed at selecting the most advantageous way to achieve the long-term goal of the Company, that is the development of the Eurocash Group resulting in maximisation of value for the Company's current and future shareholders.

The information on the adoption of the Strategy was qualified as the inside information due to its potential impact on the activity of the Company.