

Eurocash Group

FY2022 Financial Results

Strategic goals in the 2023-2025 strategy



Omnichannel Wholesaler

- 100m PLN cost and sales synergies
- Sales of B2B e-commerce to double: from PLN 8 to 16 billion
- Increase of Eurocash's share in the wholesale market from 22% to 29%



Data Platform

- 12,000 shops integrated with the largest technology platform in independent trade
- The leading consumer loyalty platform with over 10 million users
- 1 bn PLN Frisco revenues in 2025
- Data Warehouse - supporting the effectiveness of Customers, Producers and Consumers



Franchise and Partner Networks Organizer

- The second retail organization in Poland with a share in the food market of ~16% (+2pp),
- 500 new stores annually
- Reduction of the price difference to discounters by 8%

On track to achieve strategic goals



The highest annual EBITDA result in history: 570m PLN (pre-IFRS16)



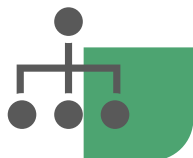
- Strategic target for 2025: 1bn PLN EBITDA (pre-IFRS16)
- 430m PLN remains to be achieved in 3 years

**EBITDA 2022 (pre-IFRS16):
570m PLN**



- Strategic target: x1,5 net debt / EBITDA
- Reduction of net debt and reverse factoring by 31% y/y, 812m PLN less at the end of 2022

x1,2



- 1Hurt project launched
- Estimated cost and sales synergies by 2025 : 100m PLN
- Next step: Cash&Carry and active distribution to start the integration in 2023

1Hurt



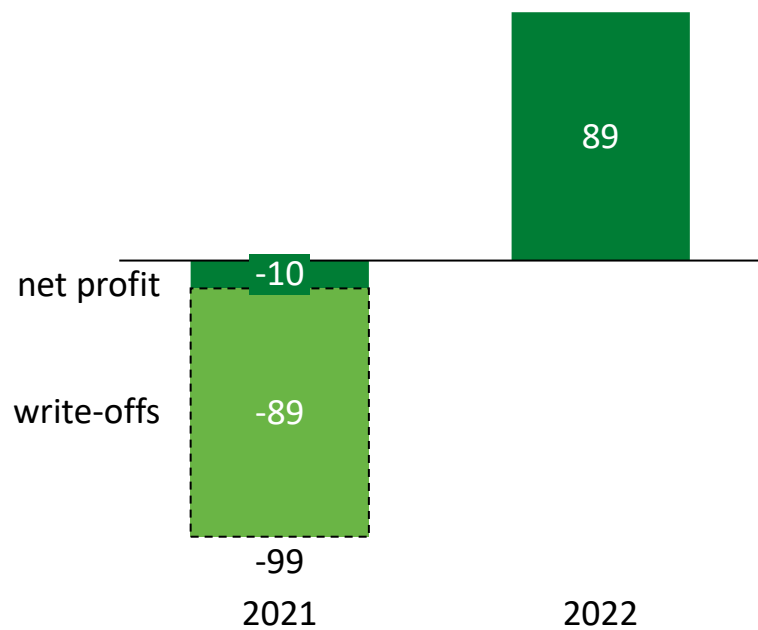
- Number of stores in networks organized by the Eurocash Group
- Q4/Q1 review of abc stores
- Strategic target: : +500 net stores per year in 2023-2025

**15 504 stores
franchised, own, partnership**

Eurocash Group – 2022 – a year of growth

Increase in net profit

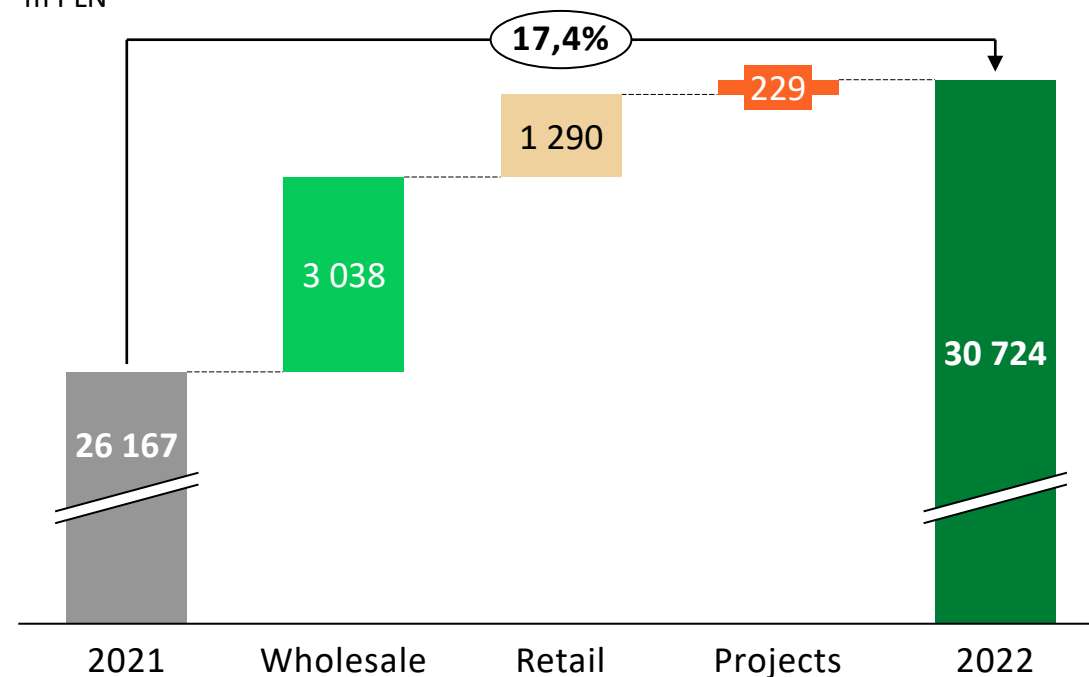
m PLN



Increase in net profit by PLN 188 million and PLN 99 million after taking into account write-offs for 2021

Sales of goods evolution by segments in 2022 y/y

m PLN



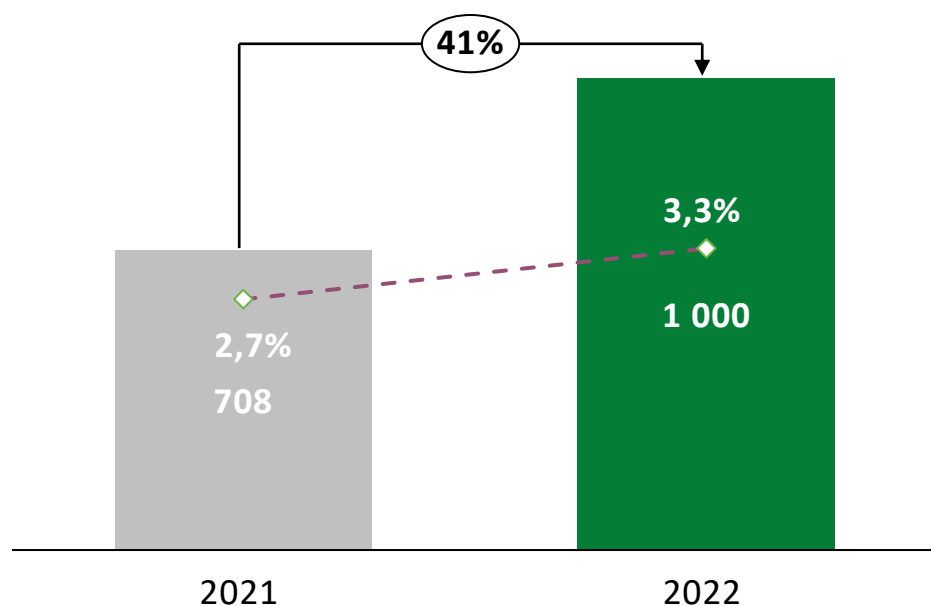
Growth above the inflation rate in each segment (Polish CPI in 2022: 14.4%)

Sales growth (17,4%) was 1pp higher than COGS (16,4%) and 1,6pp than SG&A (15,8%)

Over 40% growth of EBITDA

Increase in EBITDA

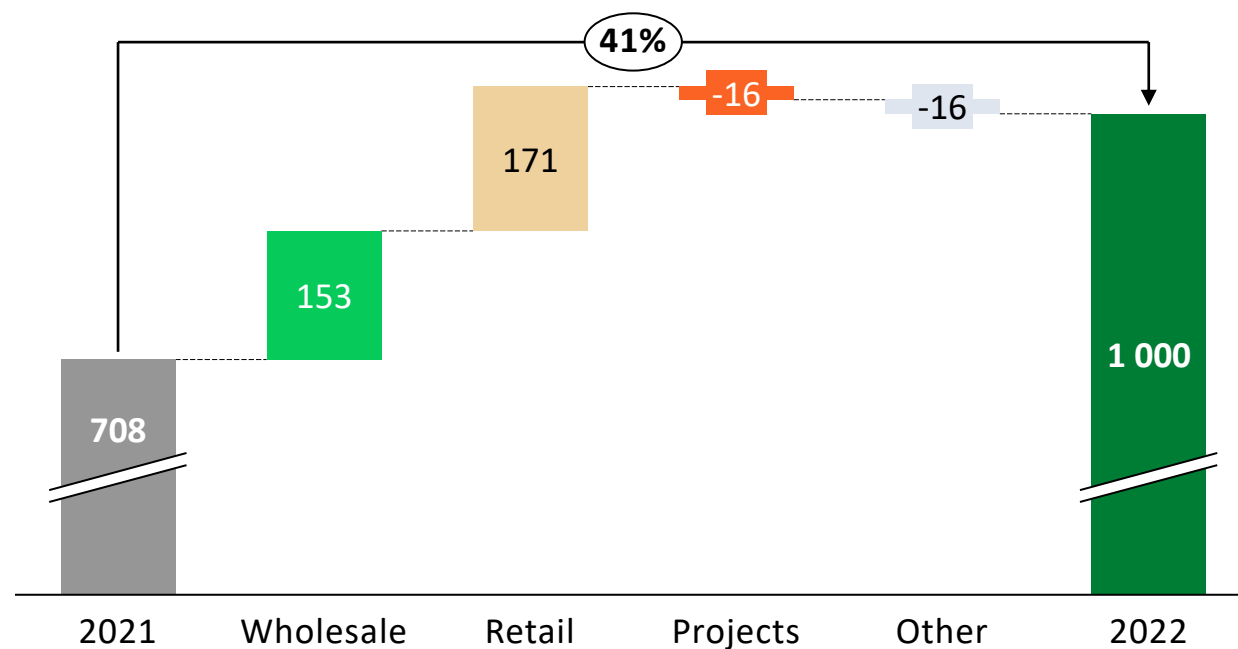
m PLN



Over 40% EBITDA increase,
by nearly 300m PLN (IFRS16)

EBITDA evolution by segments in 2022 y/y

m PLN



Significant increase in sales & efficiency,
both in Wholesale and Retail segments

4Q2022 – another quarter of improving results



Wholesale – strong quarter in all formats (Distribution, Service, Cash & Carry)



- Above 3,9% EBITDA margin (pre-IFRS16) in the quarter
- Double-digit sales growth for each wholesale format in 4Q22 and cumulatively
- The fastest growing revenues of Eurocash Service and Food Service, by 26% and 51%

Sales 4Q22 +20% y/y
EBITDA +42m PLN y/y

Retail – another good quarter and EBITDA margin of 6,5%



- +12% LfL of Delikatesy Centrum stores
- 132m PLN EBITDA, +7m y/y
- Employment optimization throughout 2022

Sales 4Q22 +16% y/y
EBITDA +7m PLN y/y

Projects – Duży Ben's expansion and Frisco's growing sales



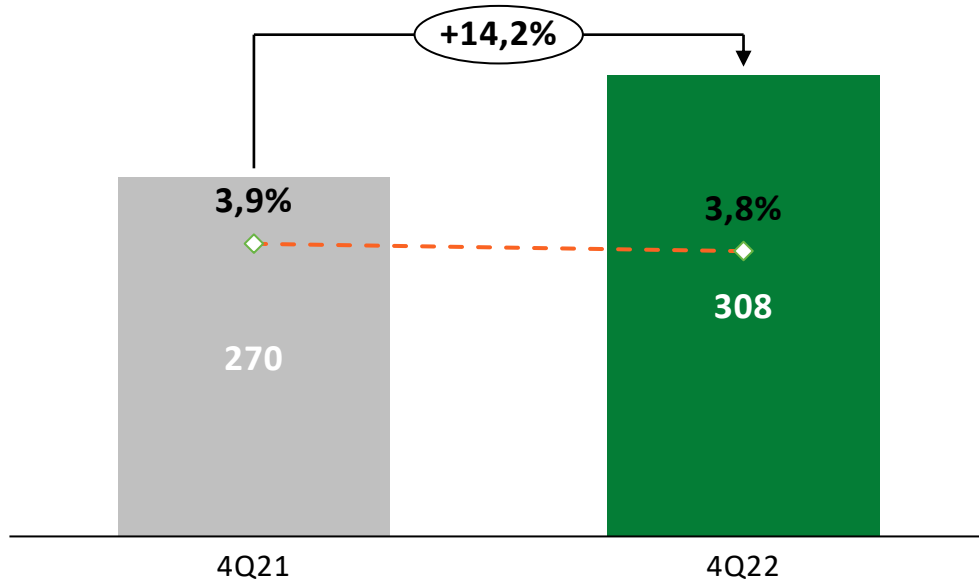
- Frisco: +32% sales y/y, 109m PLN in 4Q22
- Duży Ben with 305 stores, +20% LfL sales growth in 4Q22

Sales 4Q22 +38% y/y
EBITDA -4m PLN y/y

4Q2022 – sixth quarter of sales and EBITDA growth

Growing EBITDA and stable EBITDA margin in 4Q2022

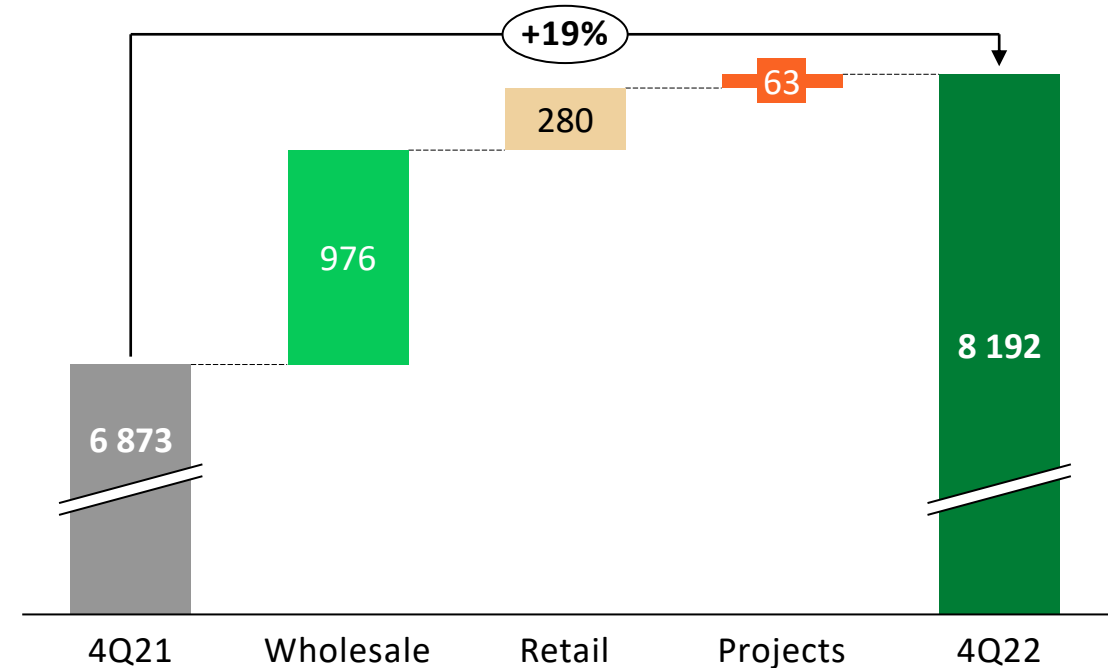
m PLN



EBITDA increase by over 14% and nearly PLN 40 million (IFRS16)

Sales evolution by segments in 4Q2022 y/y

m PLN

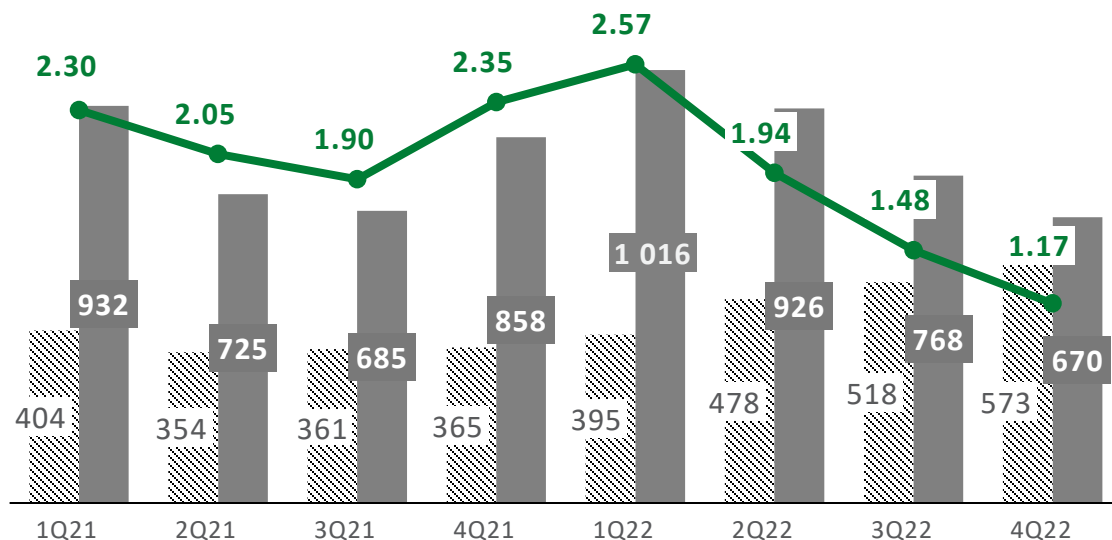


Over-inflationary increases in each segment (inflation in the quarter y/y GUS: 17.3%)

Debt ratios

Net debt/EBITDA (before IFRS16)

m PLN



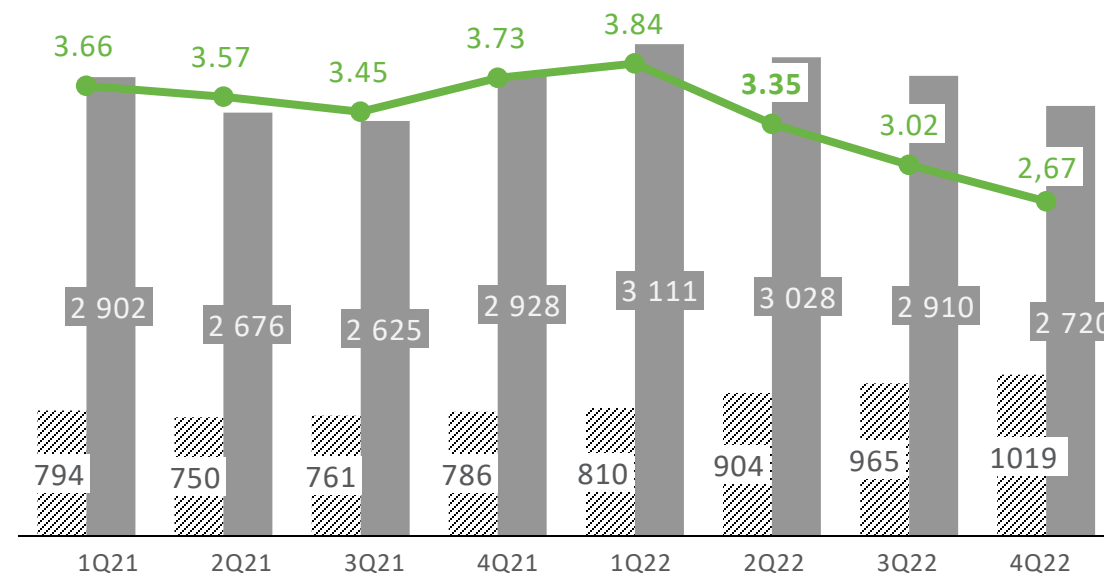
▨ 12M adjusted EBITDA (m PLN)

■ Net debt (m PLN)

—●— Net debt/EBITDA (according to bank covenants)

Net debt/EBITDA (after IFRS16)

m PLN



▨ 12M adjusted EBITDA (m PLN)

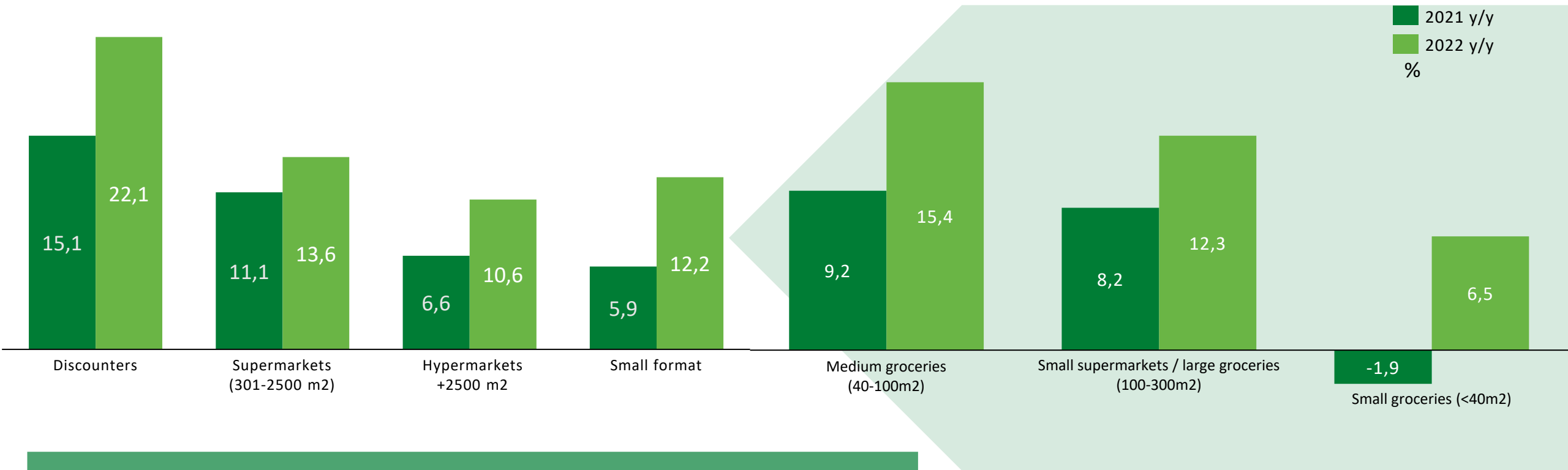
■ Net debt (m PLN)

—●— Net debt/EBITDA (according to bank covenants)

**Strongly reduced net debt/EBITDA ratio in a high interest rate environment.
Decrease by over 800m y/y in the level of credit liabilities and reverse factoring.**

Market data – growth of all retail formats

% growth of the food market in 2022 and 2021 y/y by distribution channels, including small-format stores



The least promising stores with the smallest area (below 40 sqm) and hypermarkets. Stores 40-300 sqm with a similar growth rate as supermarkets.

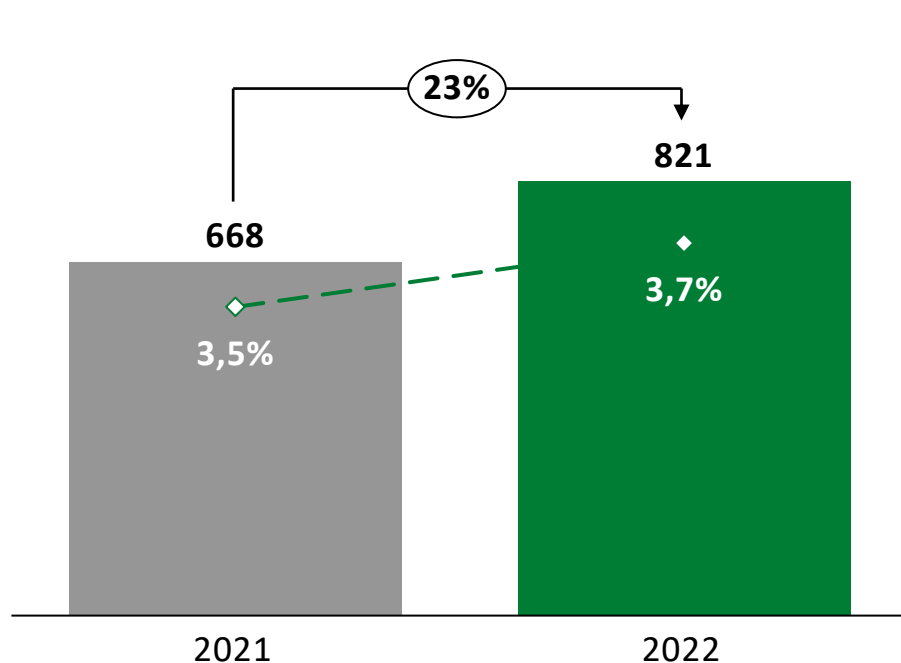
Wholesale



Growth in wholesale sales and margins

Evolution of EBITDA and EBITDA margin in 2022 y/y

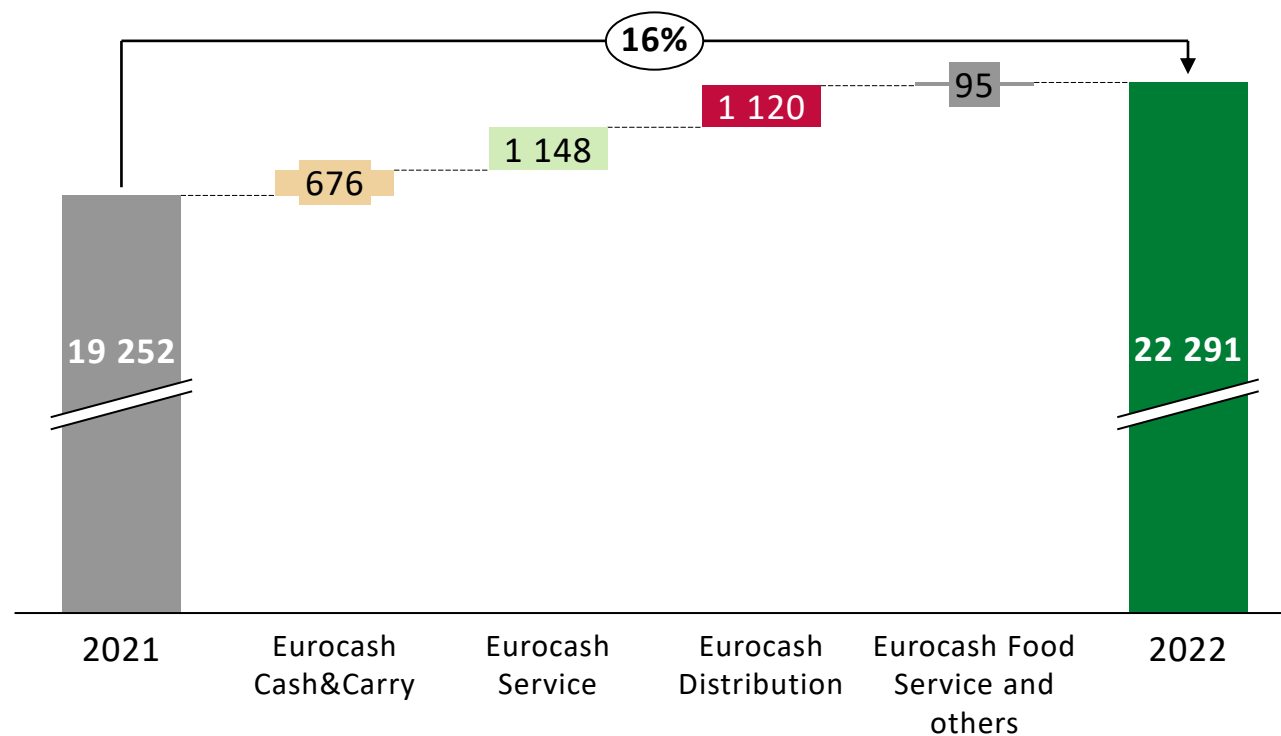
m PLN



Over PLN 150 million in EBITDA growth with a rising margin (IFRS16)

Sales evolution by formats in 2022 y/y

m PLN



A strong year in all areas of Wholesale

Eurocash.pl – growing number of stores buying at the platform



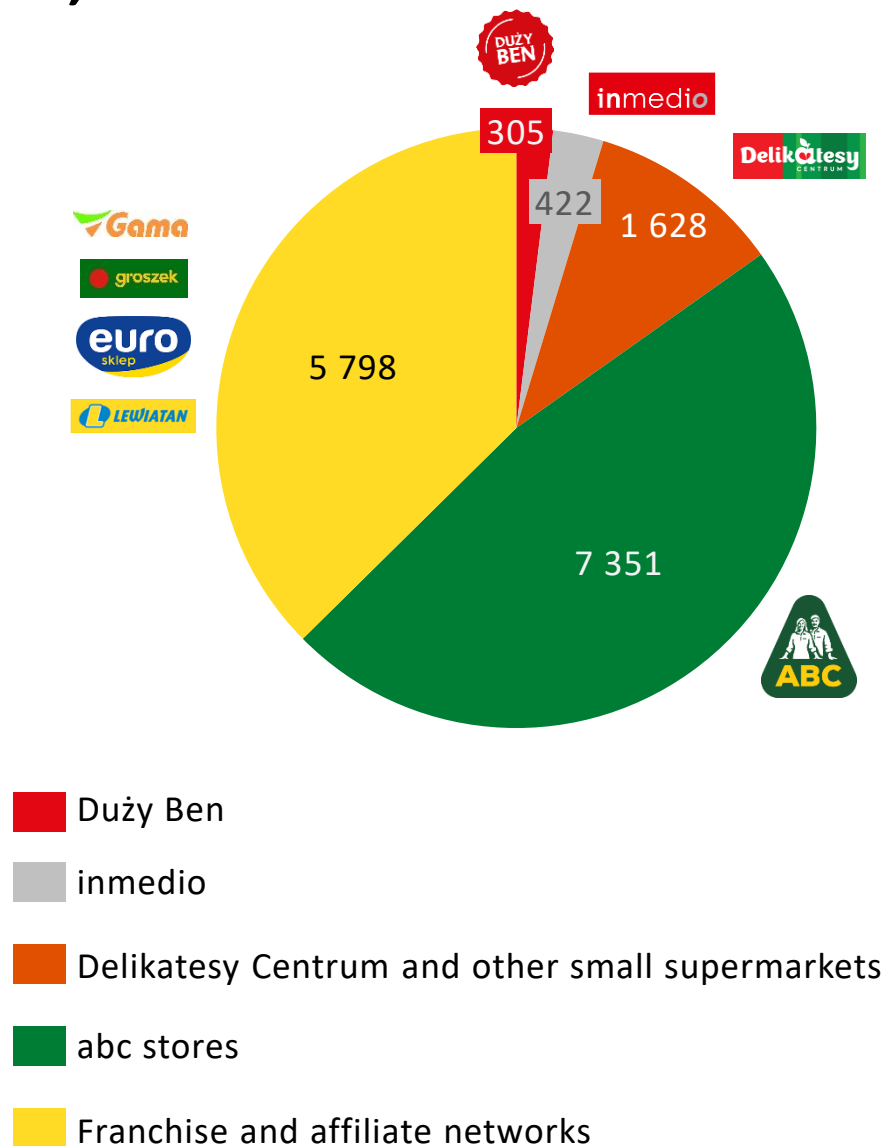
Methodology <u>TILL</u> 2022	December 2021	December 2022
Number of users (thousand)	31,6	41,5
% of sales made by Eurocash.pl	46,5%	56,3%



Methodology <u>SINCE</u> 2023	December 2021	December 2022
Number of users (thousand)	13,0	16,7
% of sales made by Eurocash.pl	46,1%	54,2%

- Number of shops/collection points vs number of tax identification numbers (NIP)
- Cash & Carry: a login vs a buyer
- Cash & Carry: self-service and click & collect (no coupons)

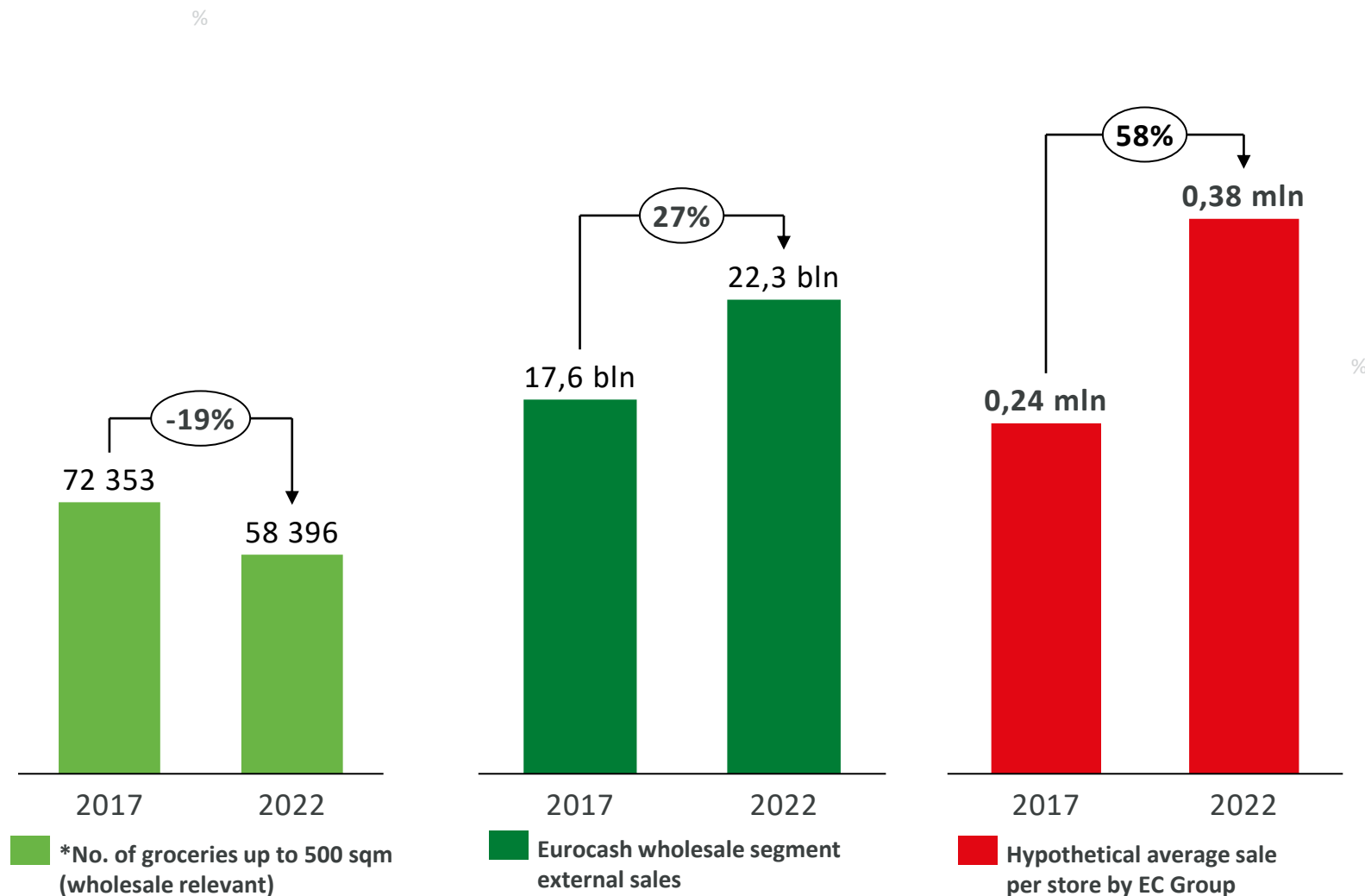
15,504 Eurocash stores: franchised, partnership, own



- As part of the 2023-2025 strategy, we implement closer cooperation with franchise stores in a customer-centric model (marketing initiatives, POS network)
- At the turn of Q4/Q1, we've conducted a verification of abc stores. As a result, in the network remained stores actively cooperating with Eurocash.

Less & less traditional stores buying more & more

- Number of traditional stores is declining, but the wholesale market is growing.
- The market development is driven by professionalization of traditional stores.
- The analysis of the period 2017-2022 shows that annual purchases from EC Group of stores remaining in the market grew by over 58%.
- Inflation rate 2017-2022 by GUS: 26,8%



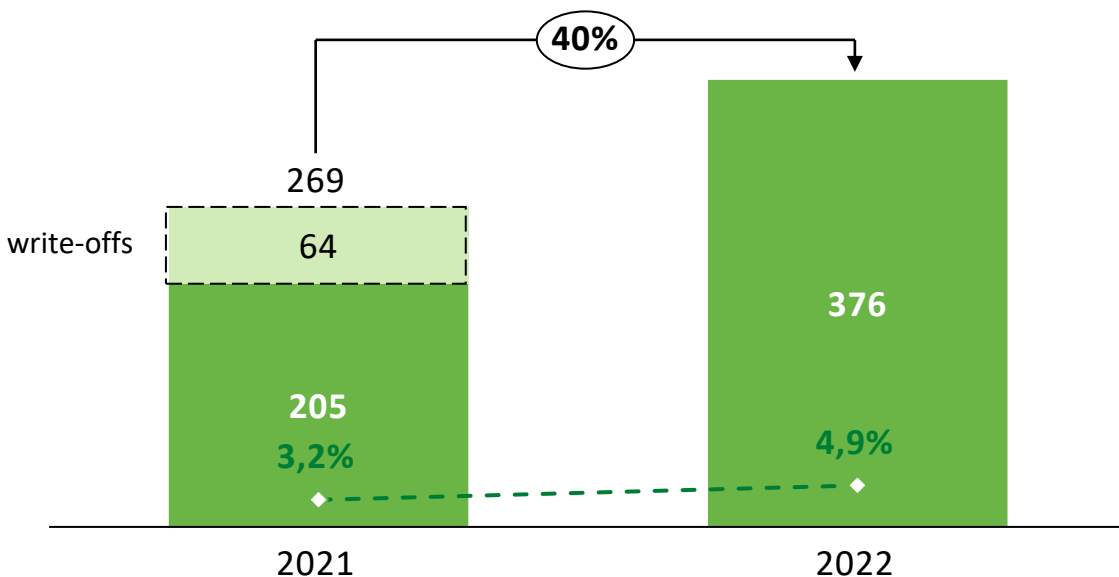
Retail



Retail – increase of EBITDA and margin in 2022

Evolution of EBITDA and EBITDA margin in 2022 y/y

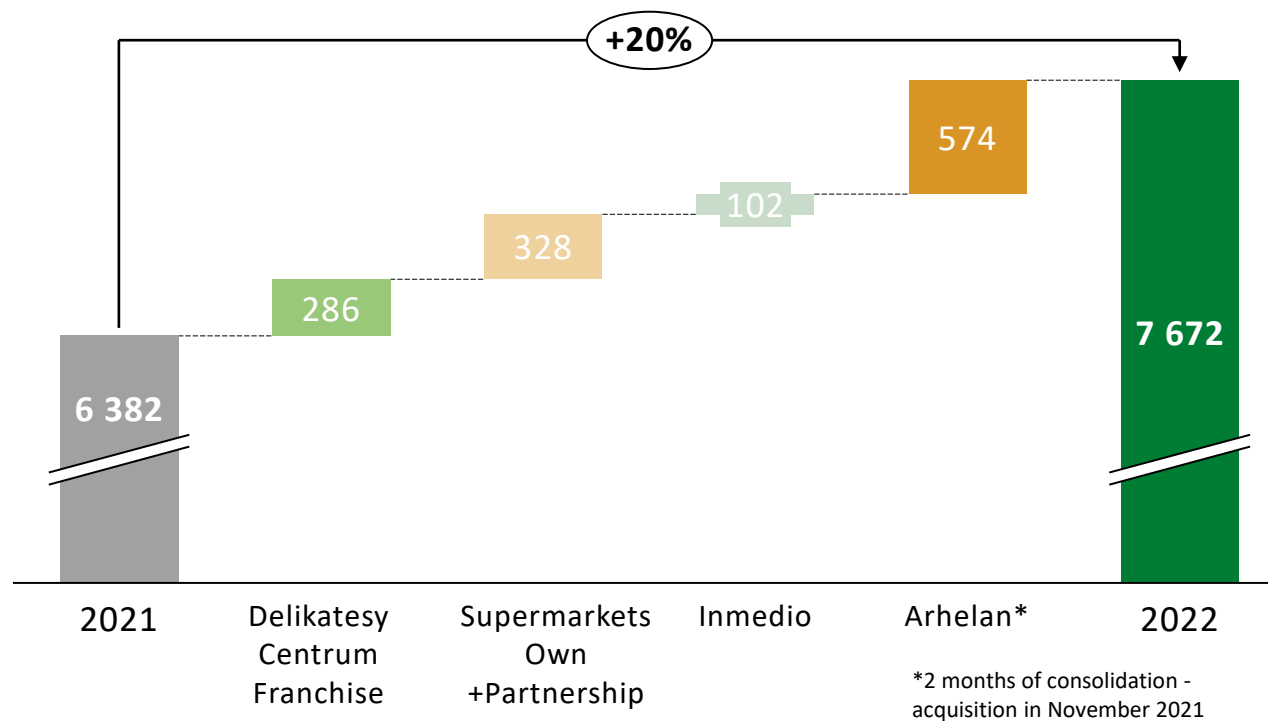
m PLN



Significant increase in sales and EBITDA margin compared to the Covid year of 2021

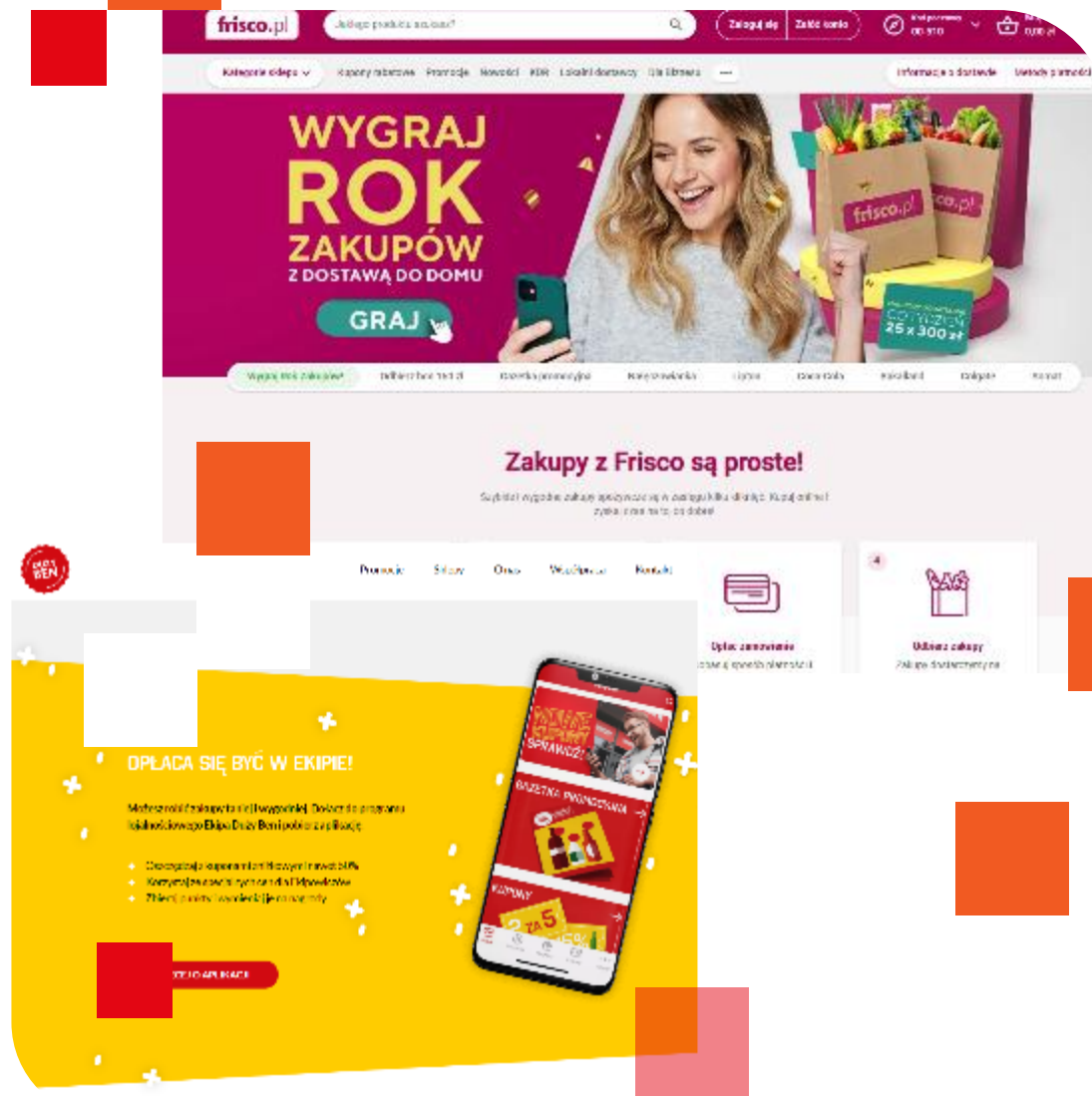
Sales evolution by formats in 2022 y/y

m PLN



Delikatesy Centrum chain with LfL sales increase +12%, and Inmedio salons +21% y/y.
Excluding the impact of the Arhelan purchase and stores closed in 2021, sales would increase by 14,2%

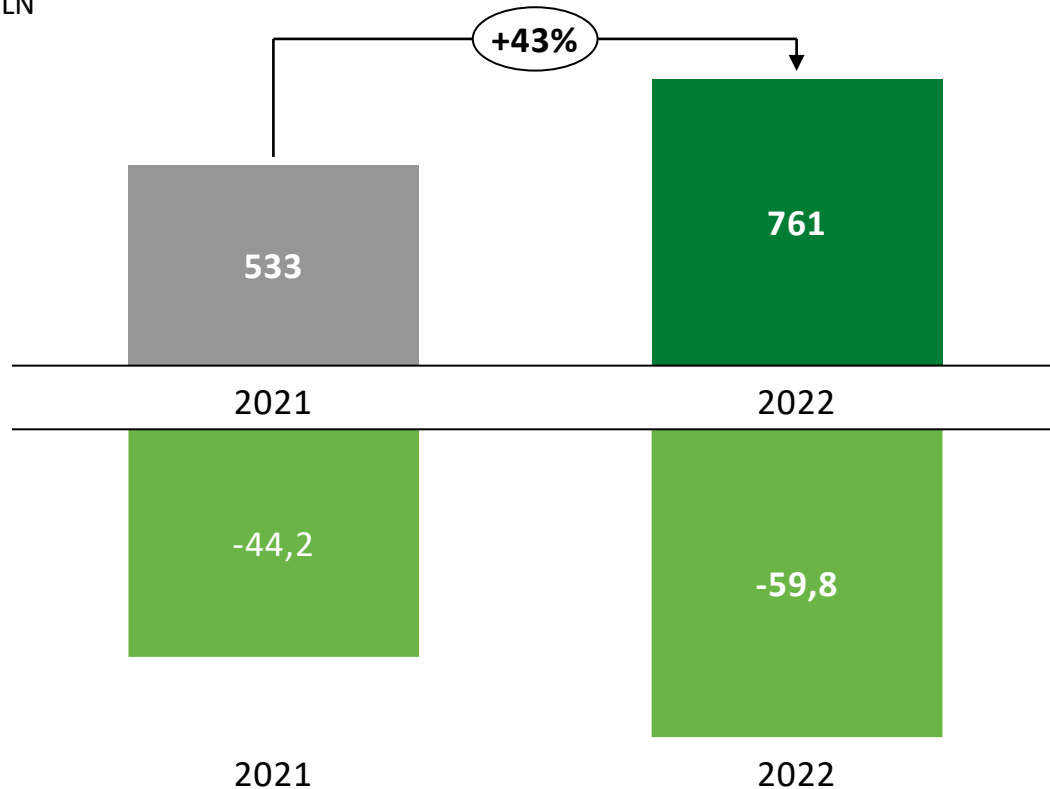
Projects



Projects – dynamic expansion of Frisco and Duży Ben

Evolution of EBITDA and EBITDA margin in 2022 y/y

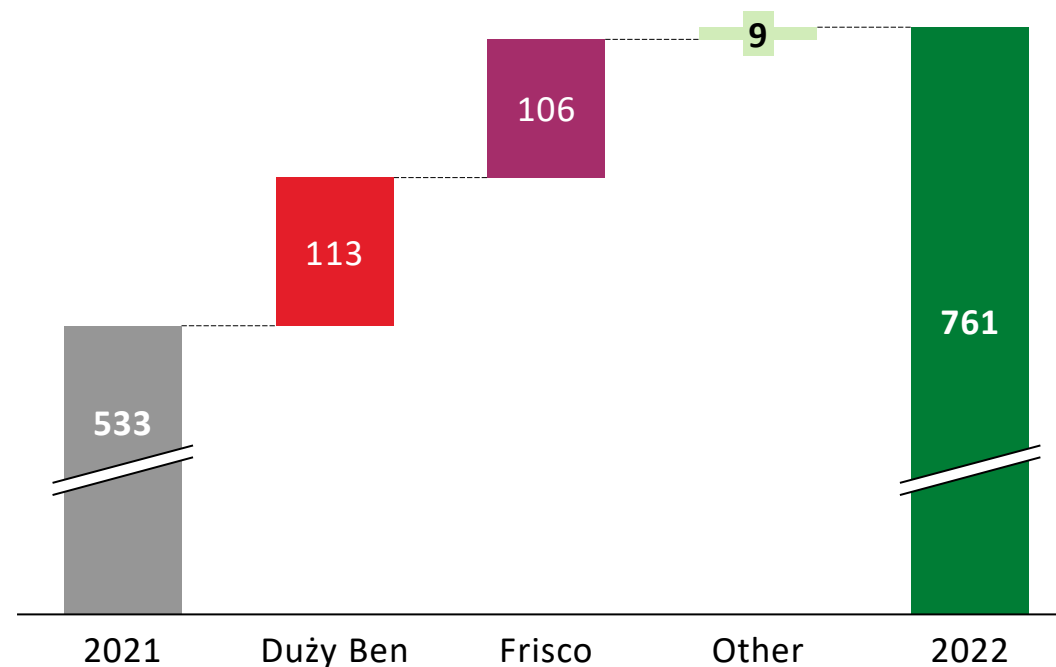
m PLN



Increase in sales by over 40%.
Lower EBITDA includes the costs of new Duży Ben stores and Frisco customer acquisition.

Sales evolution by formats in 2022 y/y

m PLN



Dynamic sales expansion of Frisco and Duży Ben

Projects – dynamic growth of key formats

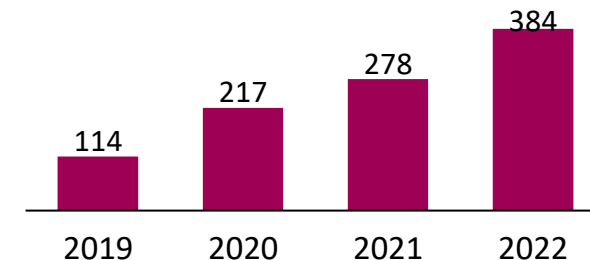


- ↑ Sales in 4Q22: **+32% y/y to 109m PLN**
- ↑ Average basket in 4Q22: **+13%, 321 PLN vs 285 PLN in 4Q21**

Number of Frisco's active clients

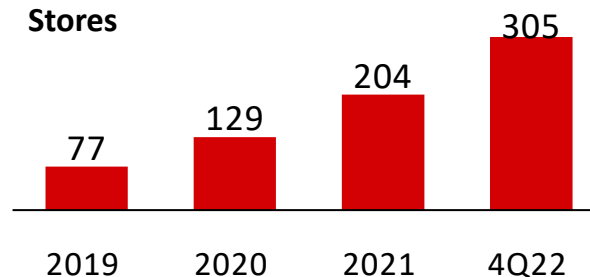
Area	4Q22	4Q21	% growth
Warszawa	54,3	40,5	34%
Other cities	24	11,2	114%
Total	78,3	51,7	51%

Sales (m PLN)

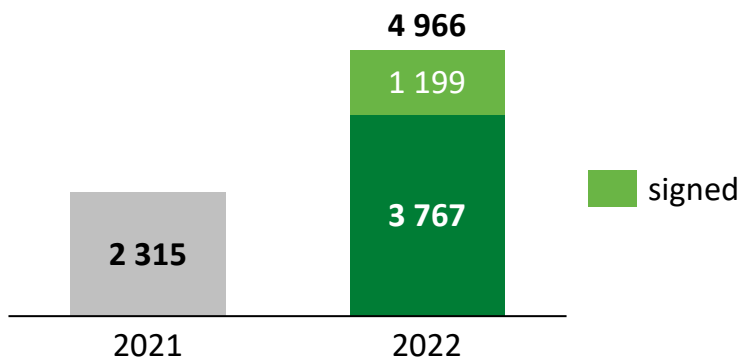
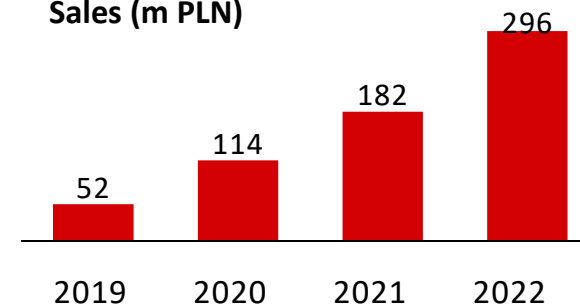


- ↑ Sales in 4Q22: **+60% r/r do PLN 93,4 m**
- ↑ LFL 4Q22: **20%**
139 out of 305 stores are profitable

Stores

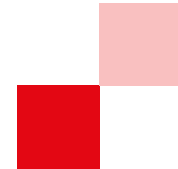
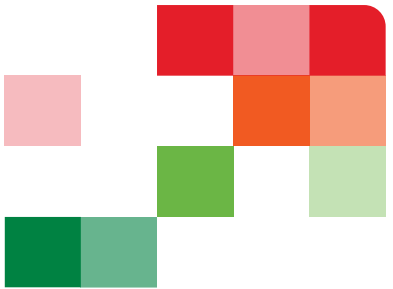


Sales (m PLN)

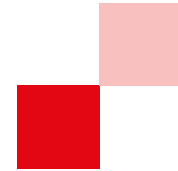
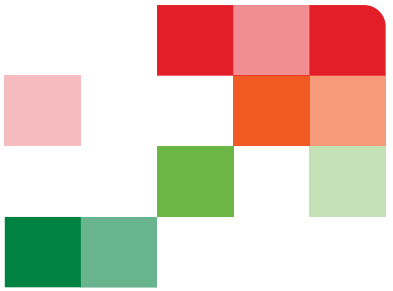


Nearly 3.8 thousand stores integrated within Europlatform, connecting sellers with network organizers, producers and consumers (another 1,200 signed awaiting integration)

Q&A



Thank you



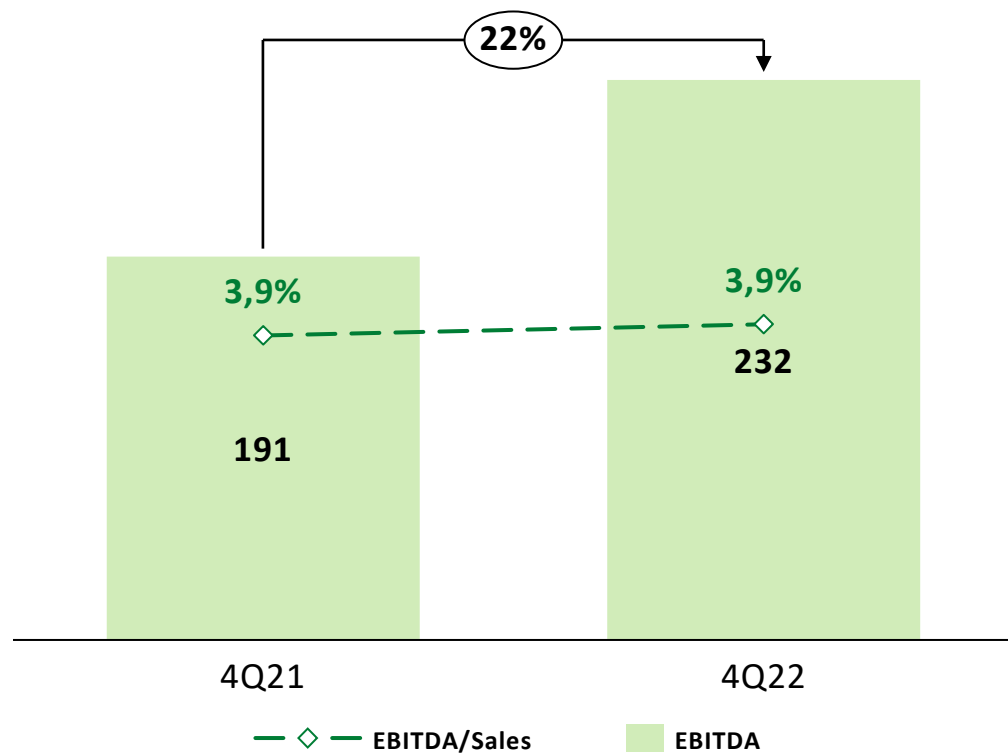
4Q2022 results



Wholesale – 4Q2022

Evolution of EBITDA and EBITDA margin in 4Q2022 y/y

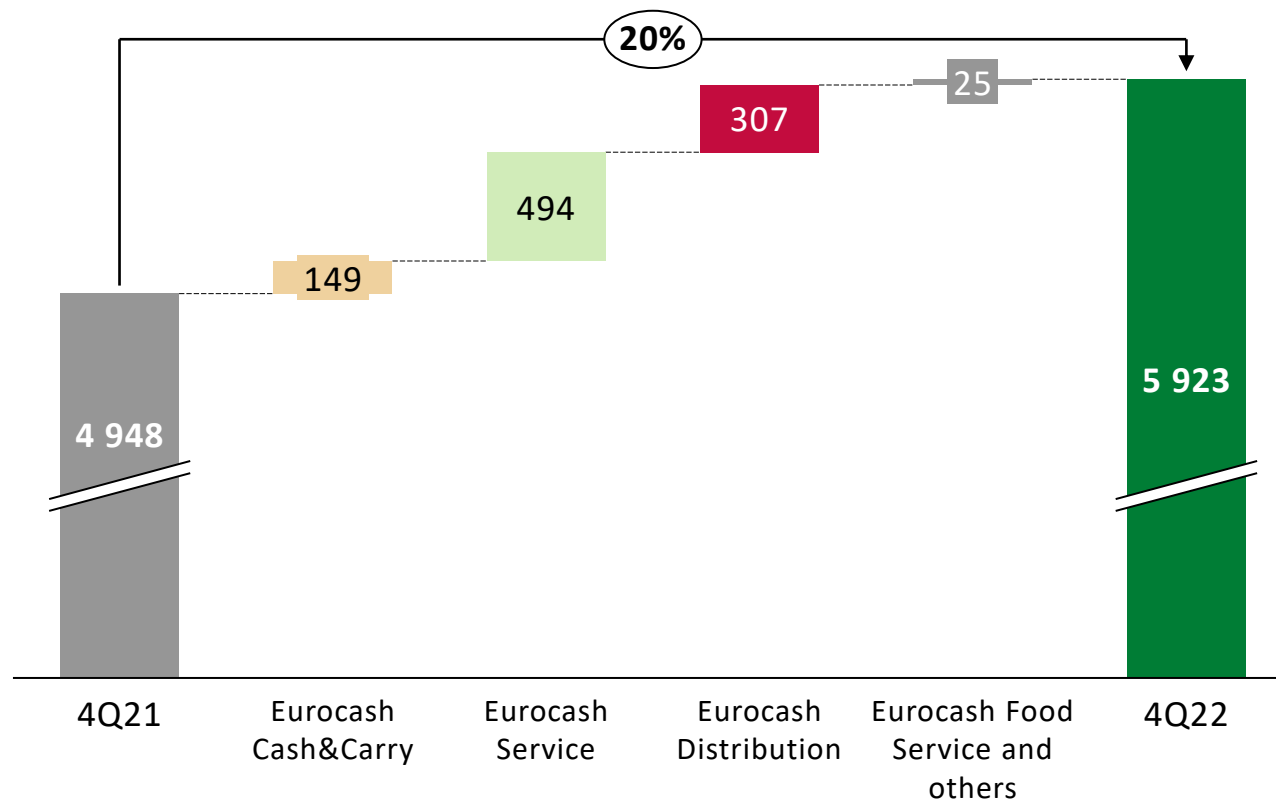
m PLN



**Over-inflationary sales growth
with a stable EBITDA margin**

Sales evolution by formats in 4Q2022 y/y

m PLN

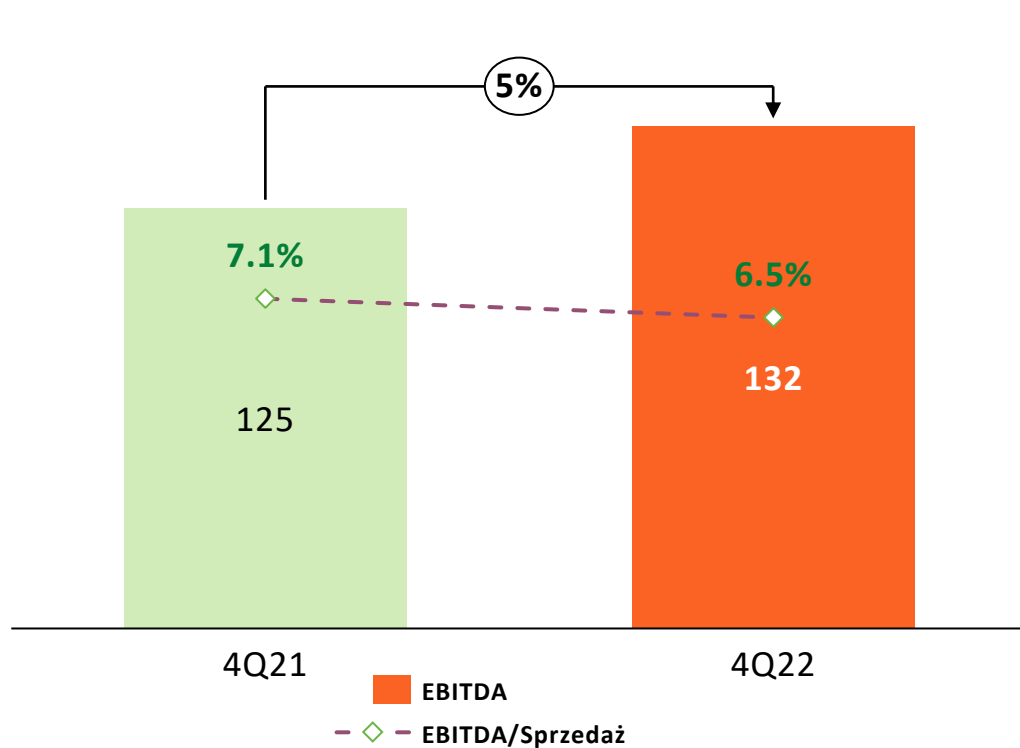


Double-digit sales increases in all areas of Wholesale

Retail – 4Q2022

Evolution of EBITDA and EBITDA margin in 4Q2022 y/y

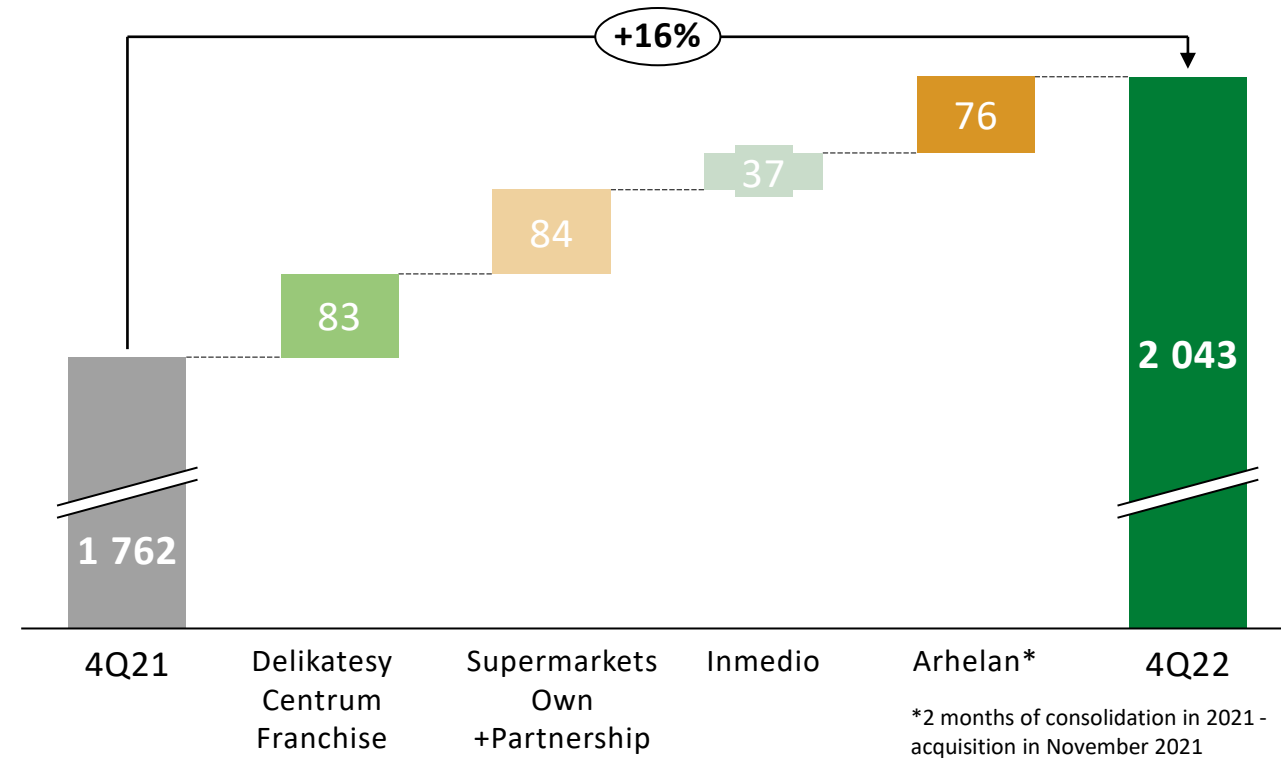
m PLN



Sixth consecutive quarter of improvement in EBITDA while achieving a stable margin

Sales evolution by formats in 4Q2022 y/y

m PLN

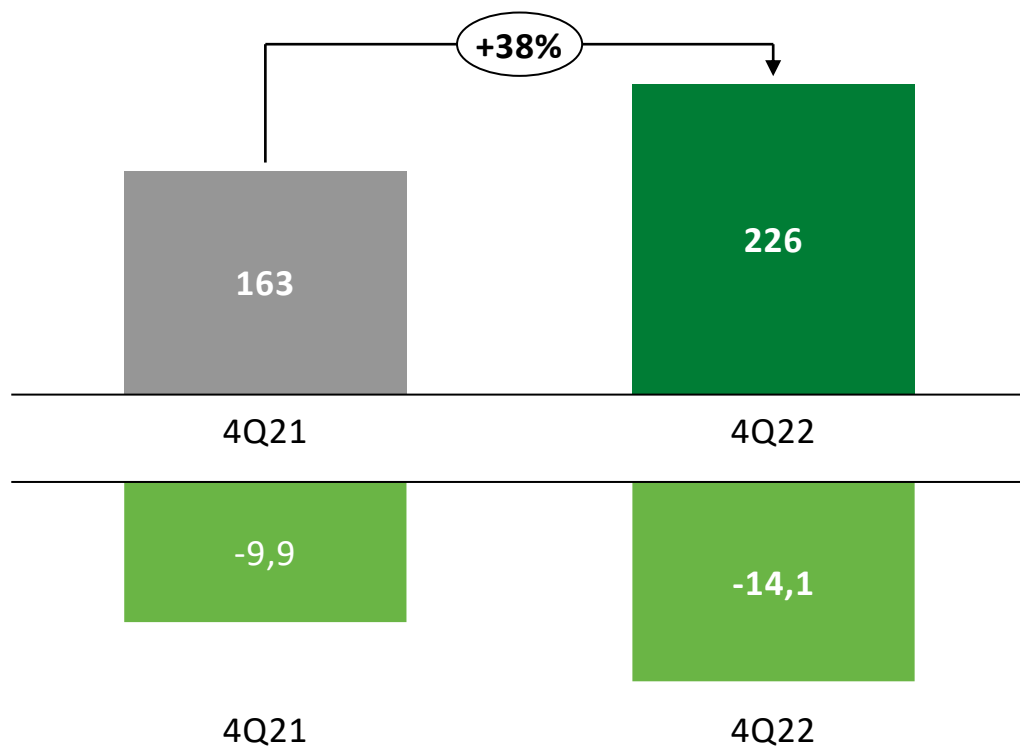


The Delikatesy Centrum chain with an increase in sales in the quarter LfL of +12%, and Inmedio salons +24% y/y

Projects - 4Q2022

Evolution of EBITDA and EBITDA margin in 4Q2022 y/y

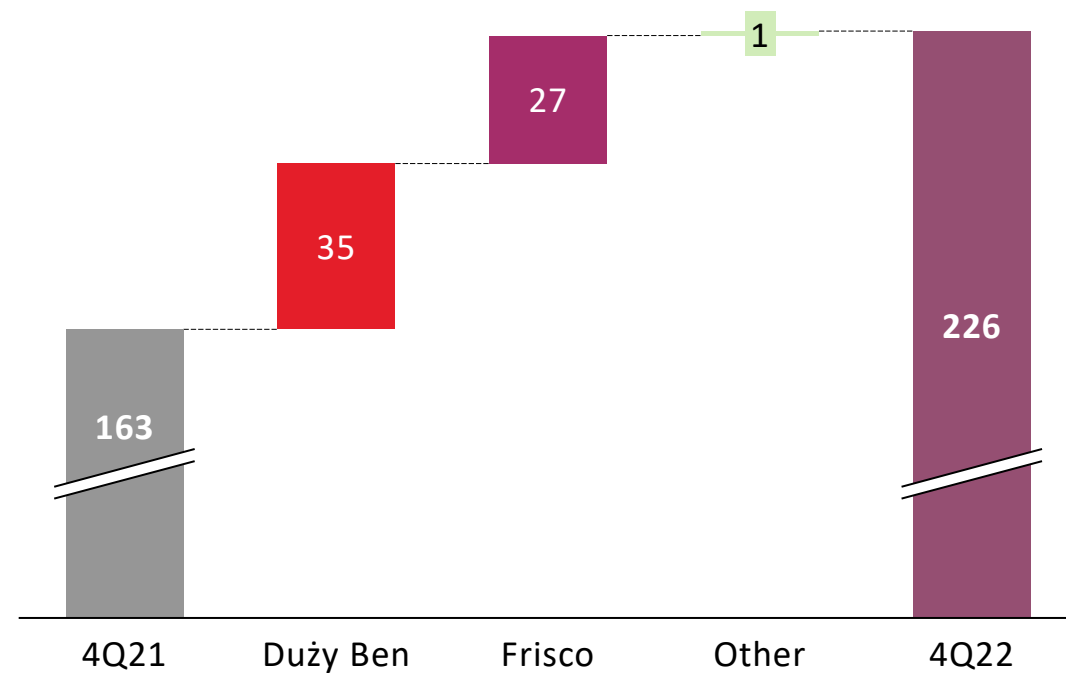
m PLN



Sales increase by nearly 40% and EBITDA includes the costs of new stores and customer acquisition by Frisco

Sales evolution by formats in 4Q2022 y/y

m PLN



Dynamic sales expansion of Frisco and Duży Ben

Financial costs and working capital

Increase in financial expenses – decelerating in 4Q2022

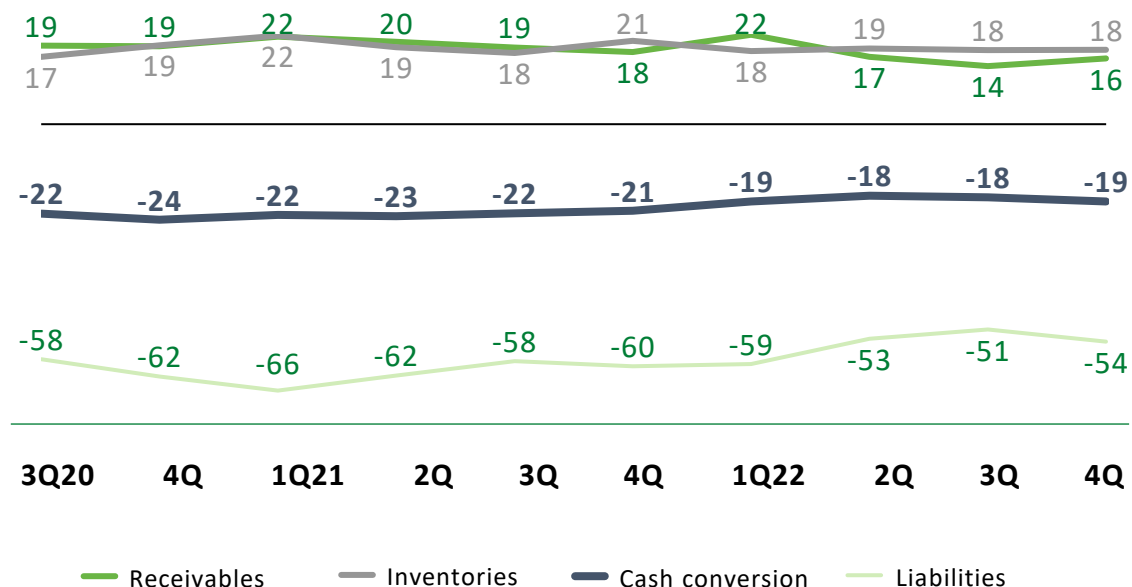
m PLN

	2021	1Q22	2Q22	3Q22	4Q22	2022
financial expenses	127,4	48,7	65,3	93,3	72,8	280,1
financial income	28,6	7,4	13,0	21,0	17,3	58,7
net financial expenses	98,7	41,3	52,3	72,3	55,5	221,4
net financial expenses - quarterly	24,7	41,3	52,3	72,3	55,5	55,4

In 2023, the main revolving loan will be refinanced

Cash conversion cycle

days



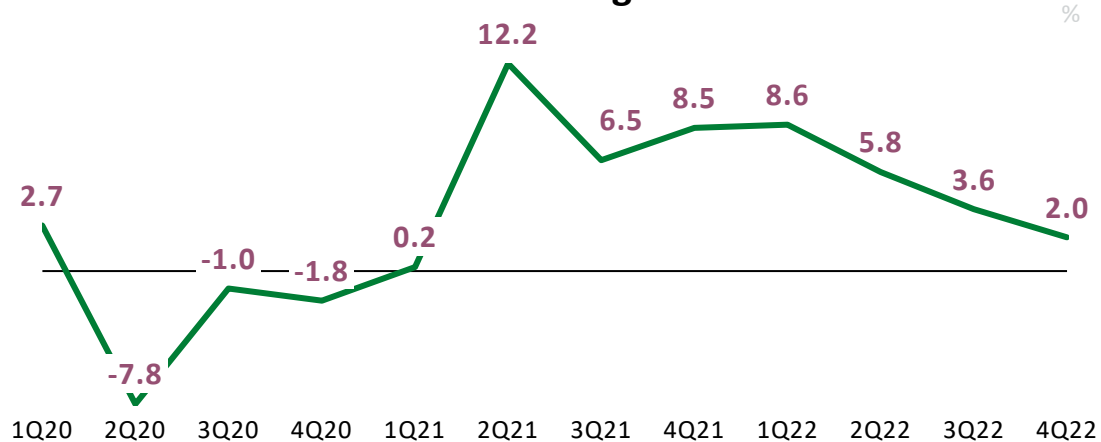
In 4Q, a stable cash conversion cycle with dynamically increased sales and lower liabilities

Macro and market data

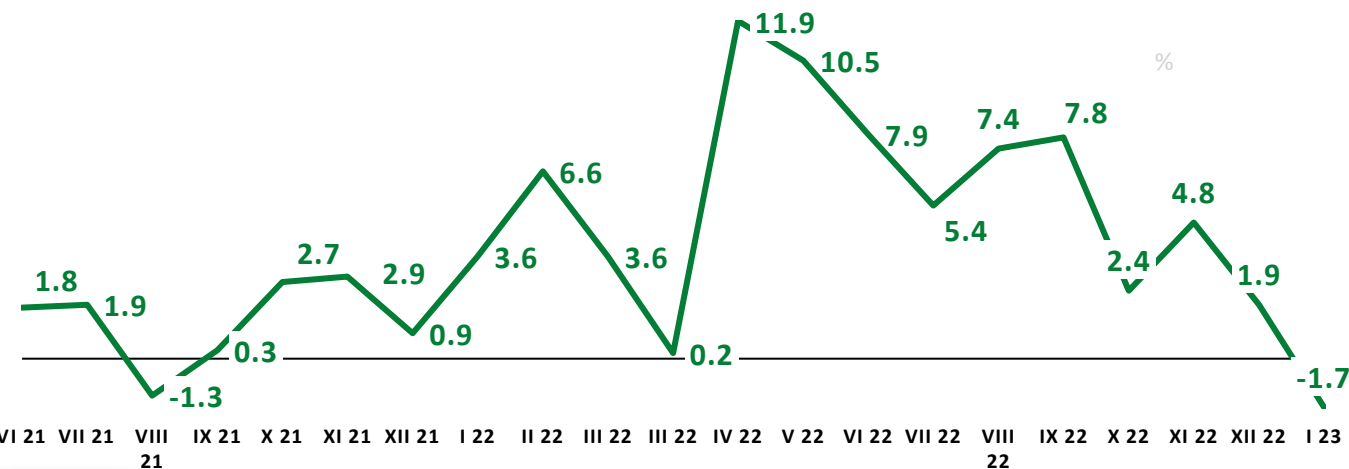


High dynamics of inflation and slowing retail sales

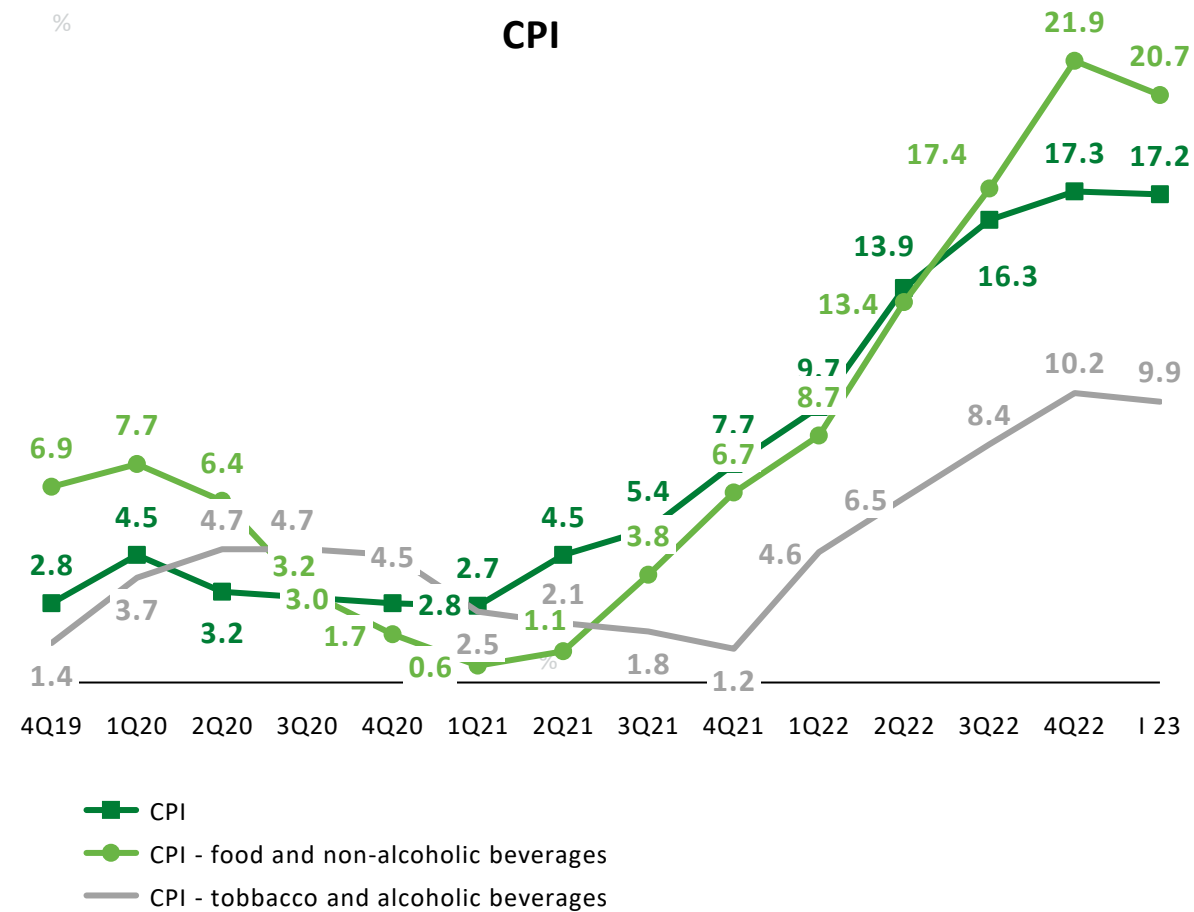
Polish GDP growth



Retail sales growth in Poland – food, beverages and tobacco



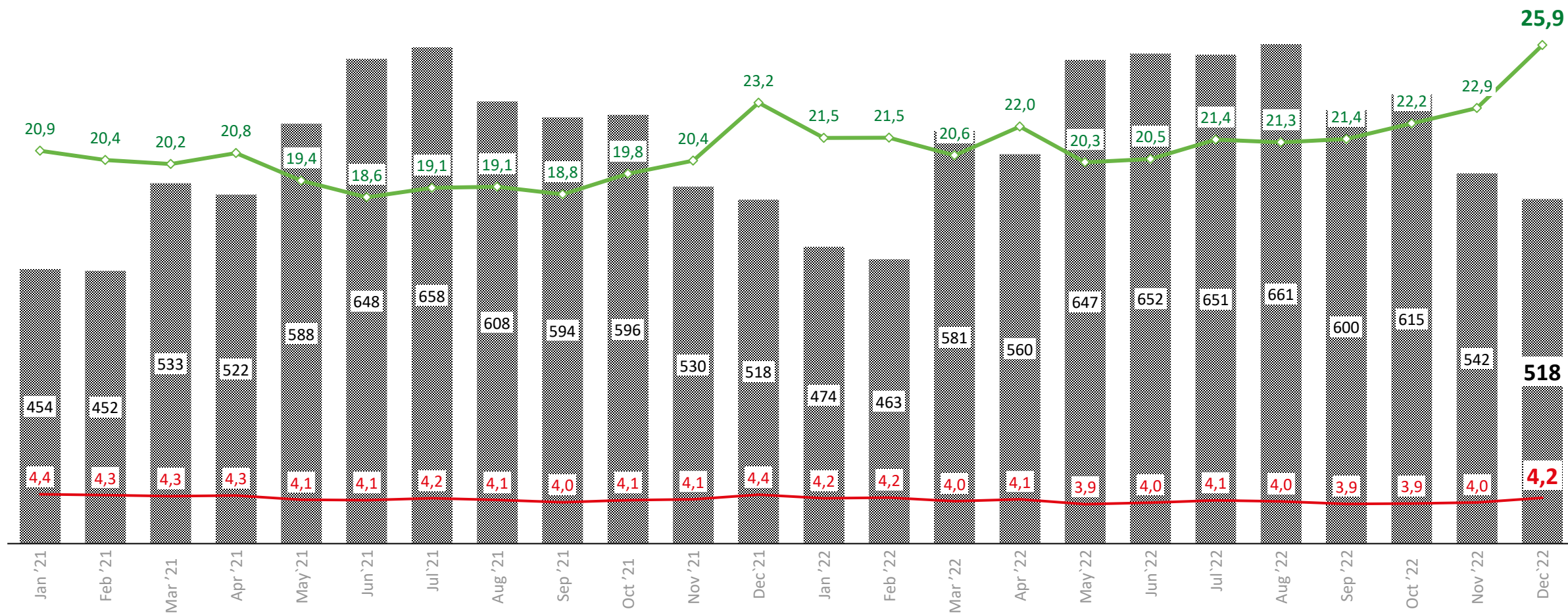
CPI



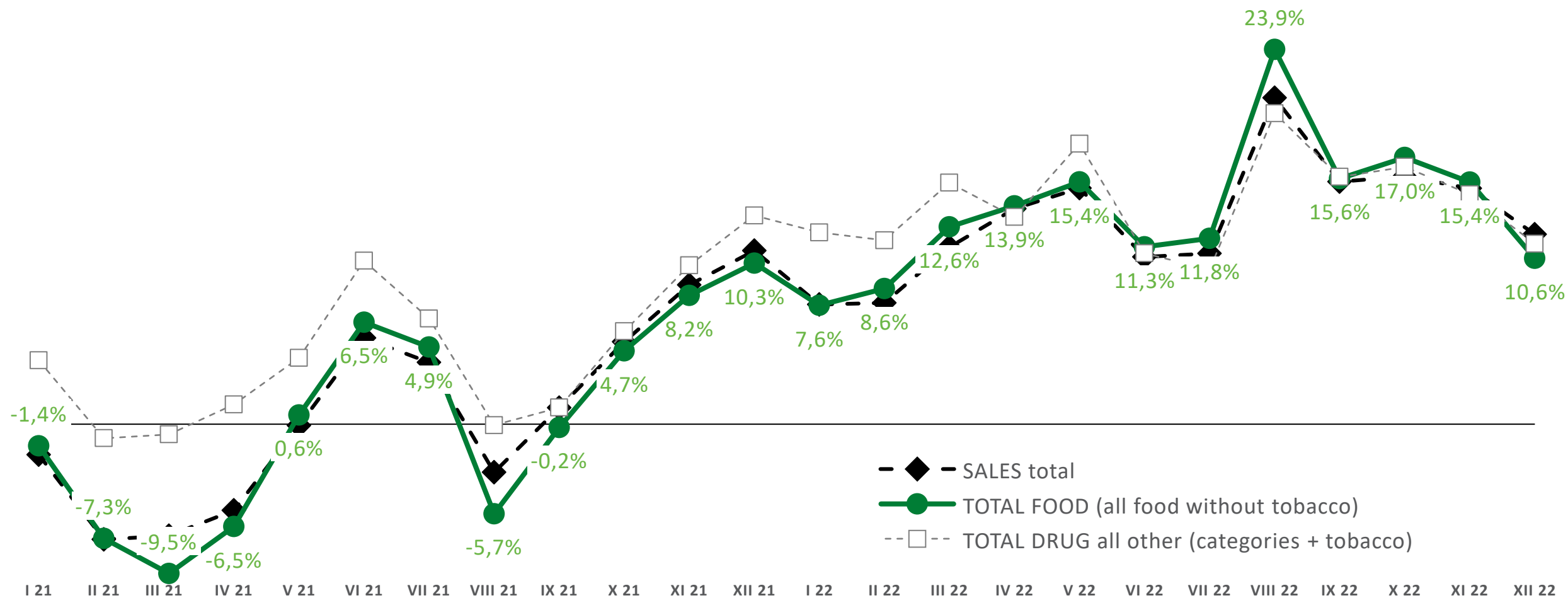
Market data - transactions and basket in shops 0-500 m2

Growing basket value, number of transactions and average number of products in 4Q22 y/y

■ Transactions (mln) ◆ Average basket value (PLN) — Average number of products per basket



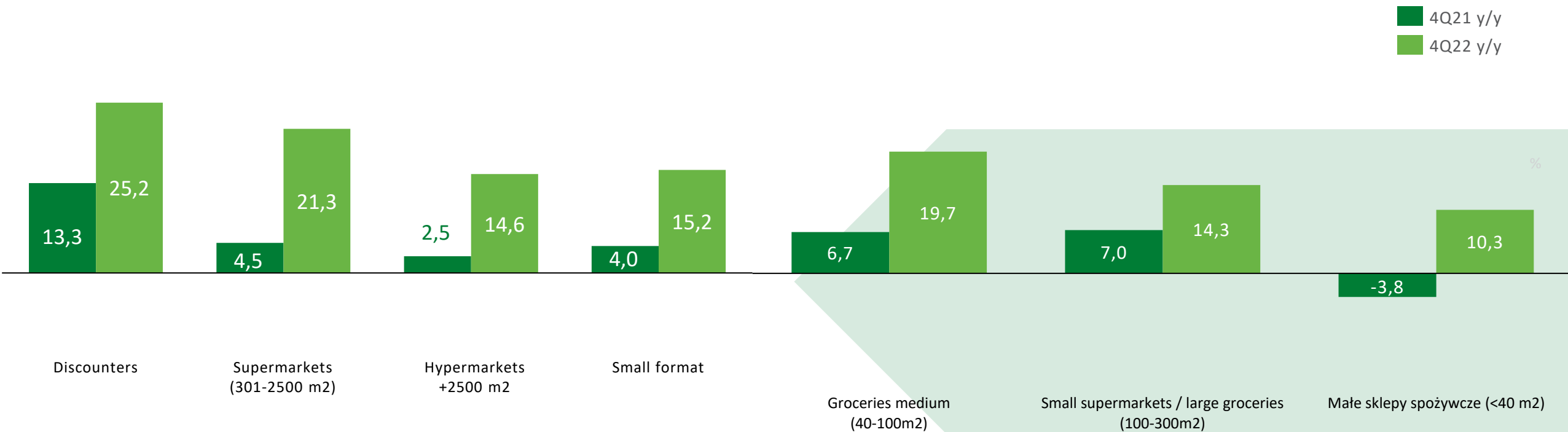
Slowing down, double-digit sales growth y/y in 4Q2022 (stores 0-500 m2)



Market data - growth of all retail formats - quarterly



%
% growth of the food market in 4Q2022 y/y by distribution channels, including small-format stores



Improving results in all formats.
The least promising stores with the smallest area (below 40m2).