Eurocash Group

1Q2023 Financial Results

12.05.2023

1Q2023 – another quarter of improving results

EBITDA for the last 12 months: PLN 582m (pre IFRS 16)
EBITDA 1Q23: PLN 53m, +12,5m y/y (pre IFRS 16) and PLN 165m, +14m y/y (IFRS16)

OCF 1Q23 (pre IFRS16): PLN 3m, +101m r/r. First positive OCF contribution in 1Q since 2016.

Wholesale – varied growth of formats, still above inflation

- Stable Distribution sales +14%, a weaker quarter relative to inflation and strong base in 2022 for Cash&Carry +5,7%
- The fastest revenue growth by Eurocash Serwis and Gastronomia, by 28% and 52%
- Nearly 56% of sales carried out through Eurocash.pl

Sales 1Q23 +18 y/y
EBITDA +15m y/y

Retail - a need to adapt to changing consumer behavior and rising cost

- +10% LfL of Delikatesy Centrum stores
- PLN 52m EBITDA, flat y/y
- Investing in prices to better meet consumer needs

Sales 1Q23 +10% y/y

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

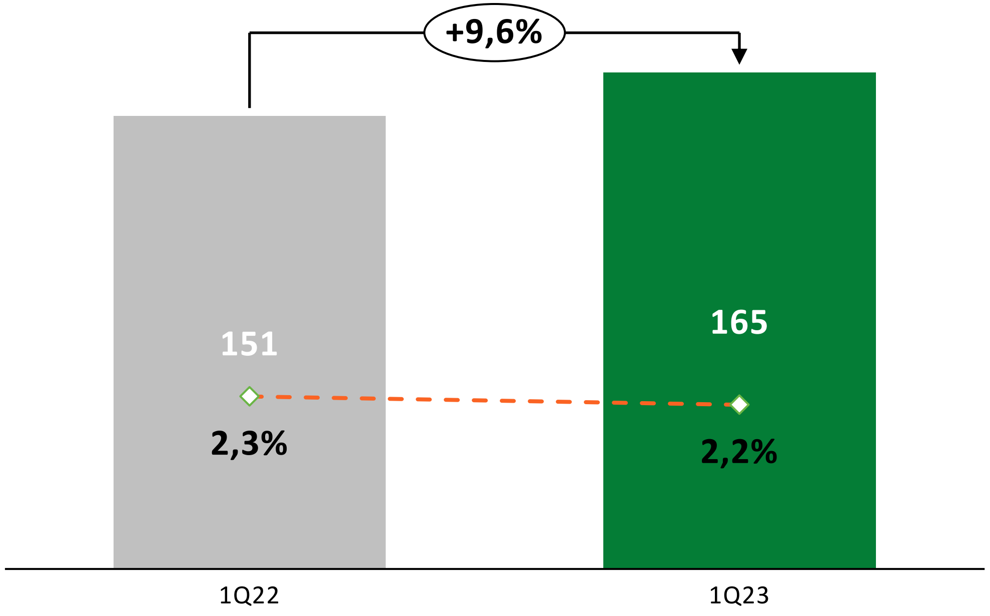
- Frisco: sales +12% y/y, to PLN 109m w 1Q23
- Duży Ben with 338 stores, +54% sales y/y and +16% LfL in 1Q23
- Improvement of EBITDA to PLN -14 million - increasing the effectiveness of expansion and profitability of DB stores

Sales 1Q23 +25% y/y
EBITDA +1,6m y/y

1Q2023 – sixth quarter of sales and EBITDA growth

Nearly +10% EBITDA and a stable EBITDA margin in 1Q2023

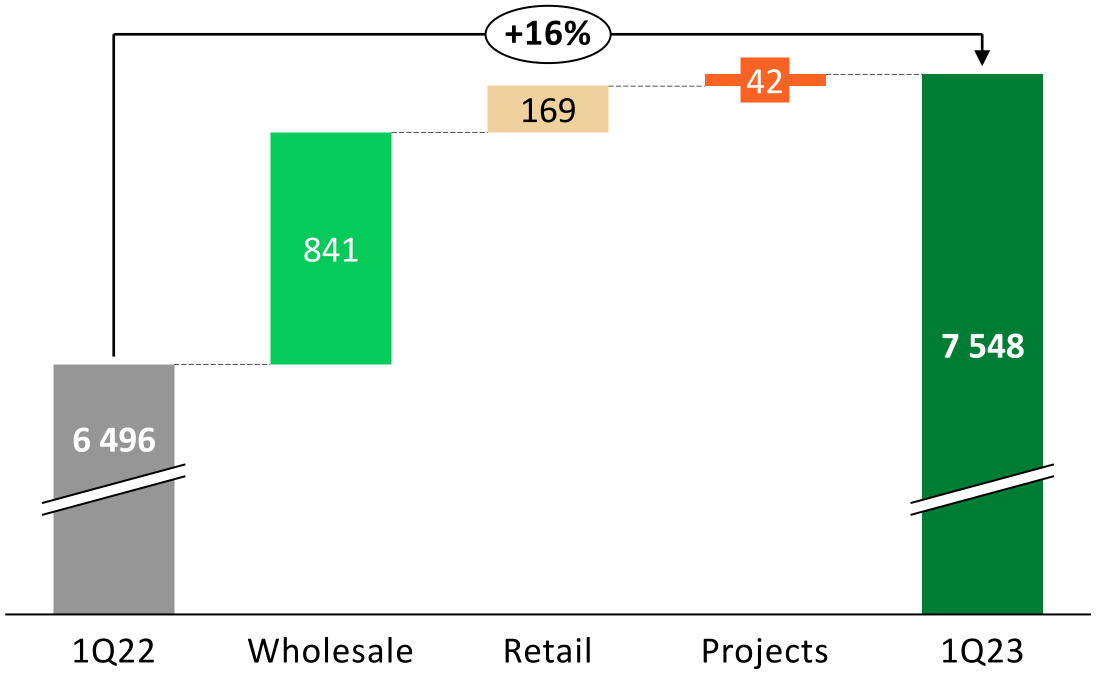
m PLN



Thanks to cost discipline, only a minor decrease in Ebitda margin despite materialization of several cost increases at the start of the year (minimum wage, energy, rental) -> should be further offset by seasonally higher sales during the year.

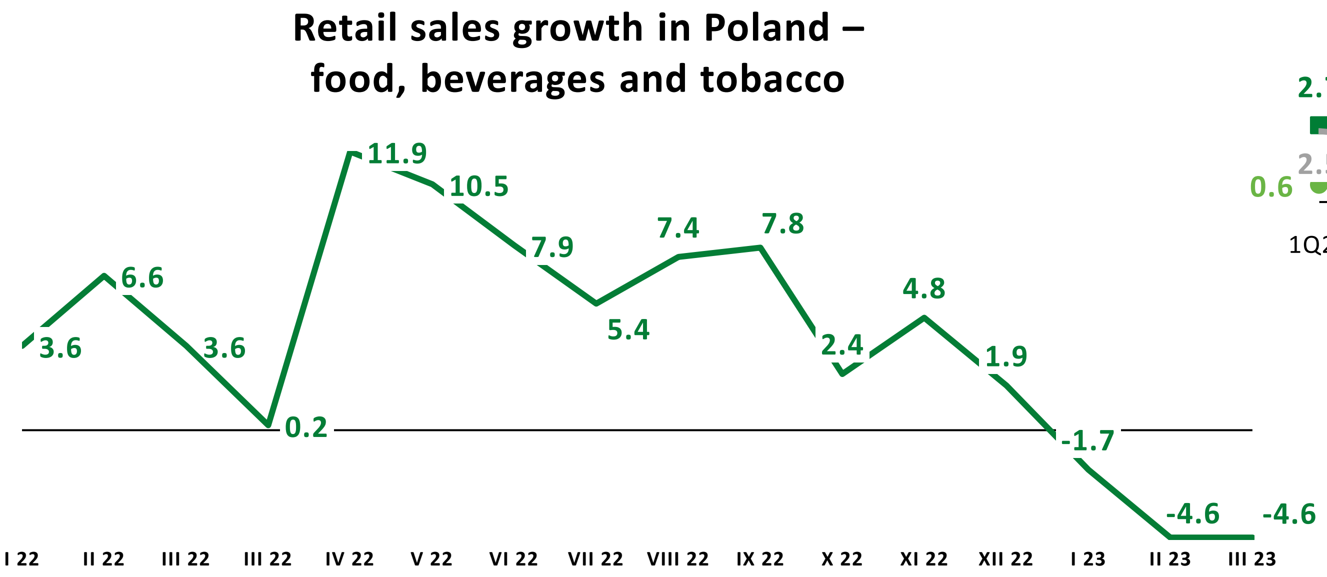
Evolution of sales by segment in 1Q2023

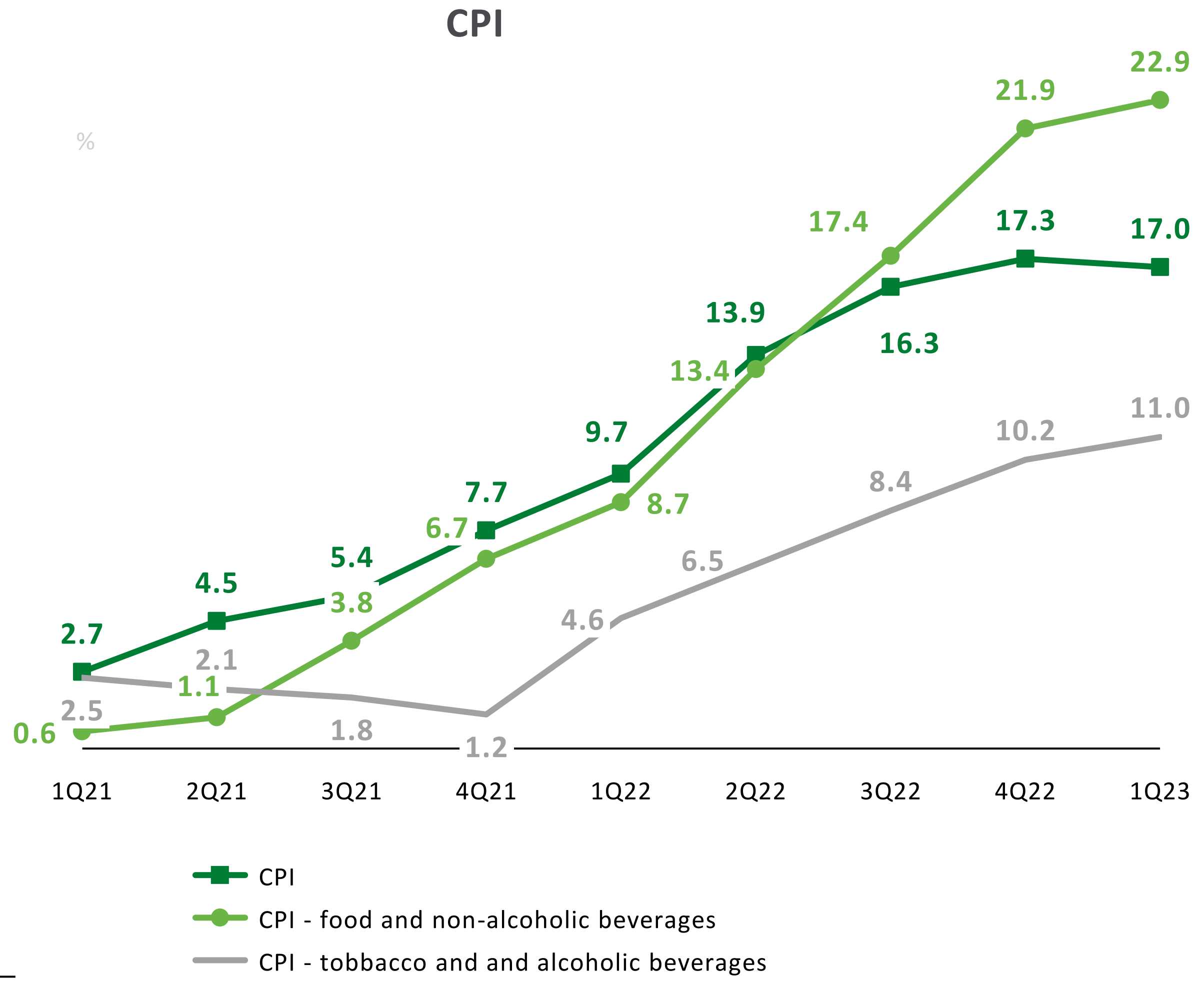
m PLN



Strong Wholesale segment, relatively challenging quarter for Retail and more effective expansion of Projects

High inflation and decline in retail sales



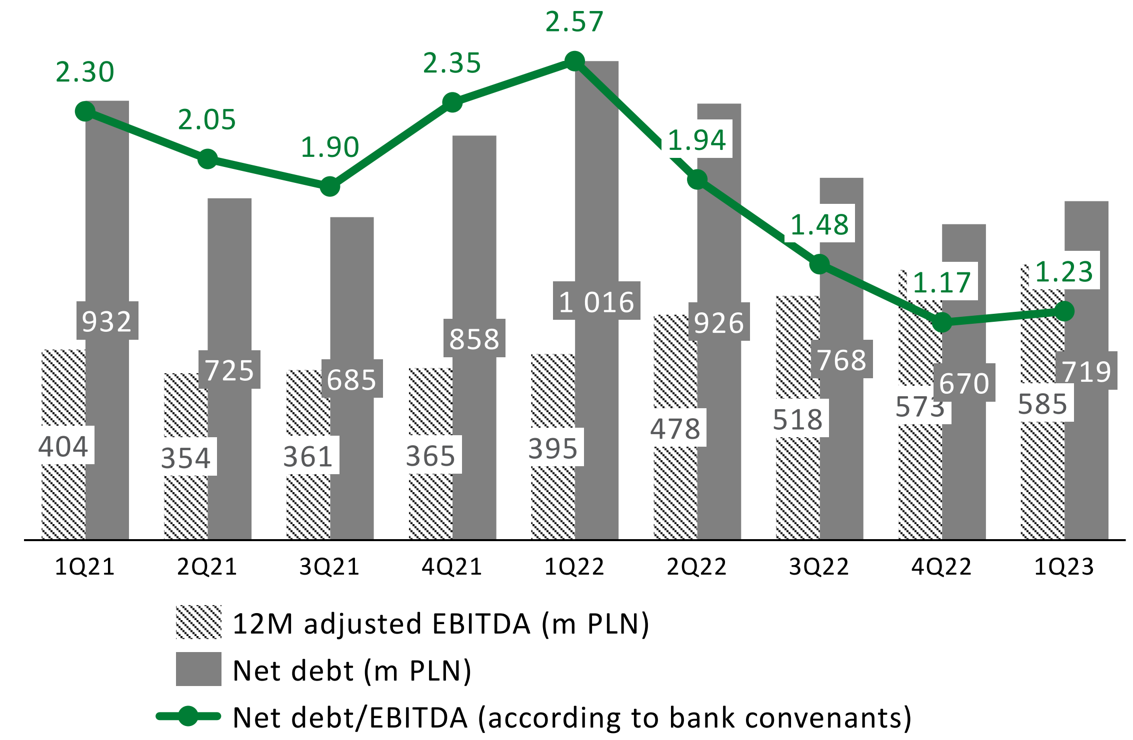


Source: GUS

Debt ratios

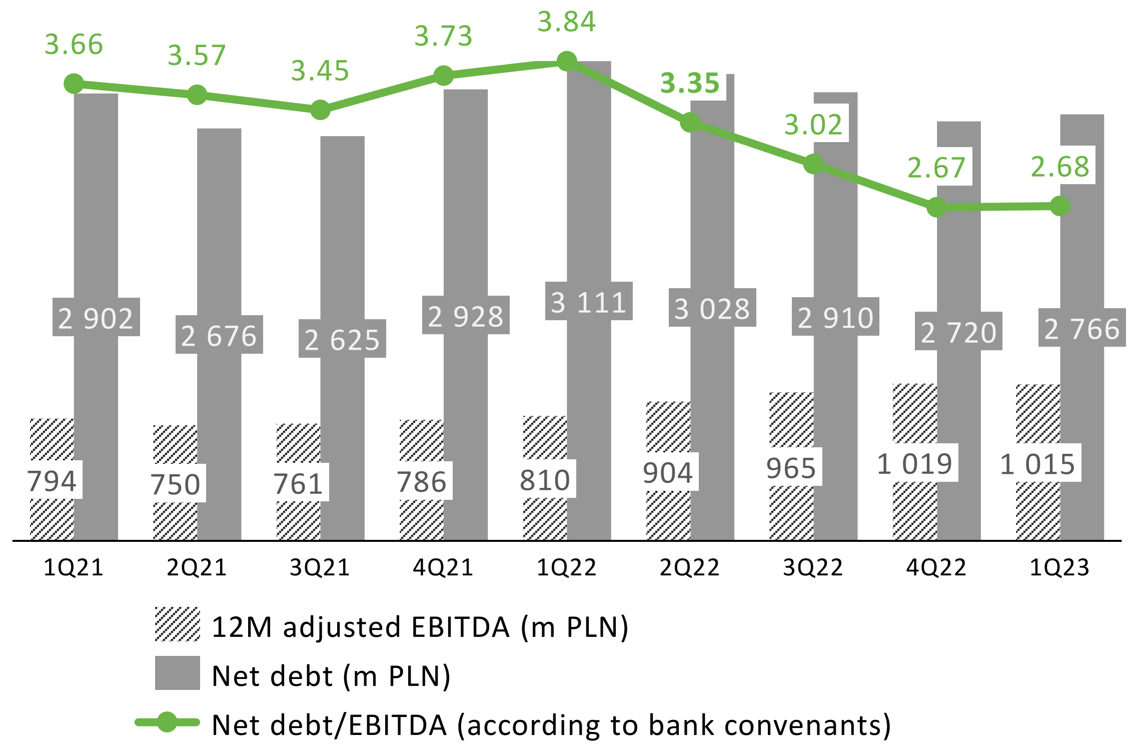
Net debt/EBITDA (before IFRS16)

m PLN



Net debt/EBITDA (after IFRS16)

m PLN



Strategic goal of net debt/EBITDA (before IFRS16) maintained at the strategic goal below x1.5.
A slight increase in the ratio in 1Q23 is the result of a lower cash level q/q, with minor changes in EBITDA and debt level.
That's the lowest debt level in the recent times for the year opening. Overall reduction y/y of debt and factoring by PLN 582m.

Financial costs and working capital

Higher financial costs and income in the environment of increased interest rates

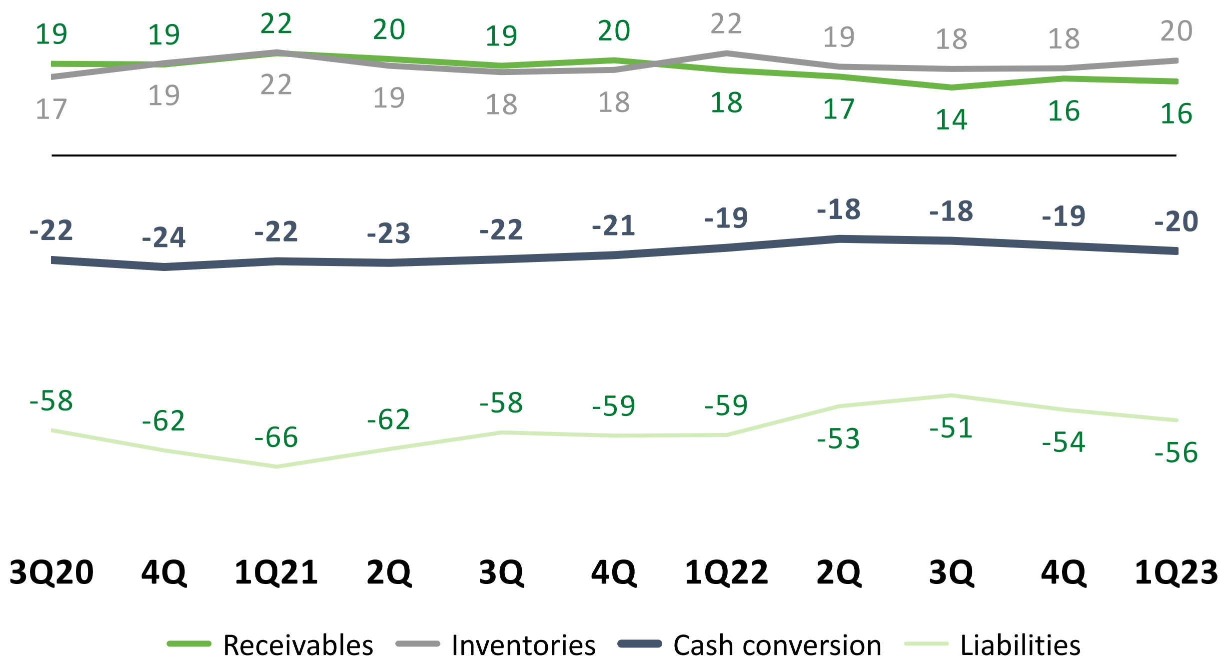
m PLN

	1Q22	2Q22	3Q22	4Q22	1Q23
financial expenses	48,7	65,3	93,3	72,8	78,7
financial income	7,4	13,0	21,0	17,3	16,7
net financial expenses	41,3	52,3	72,3	55,5	62,0

In 2022, the positive impact of interest rate hedging (IRS) at 26 mPLN. In 4Q22 also +15m PLN of exchange rates impact on IFRS16 interests (PLN strengthening vs EUR).

Cash conversion cycle

days



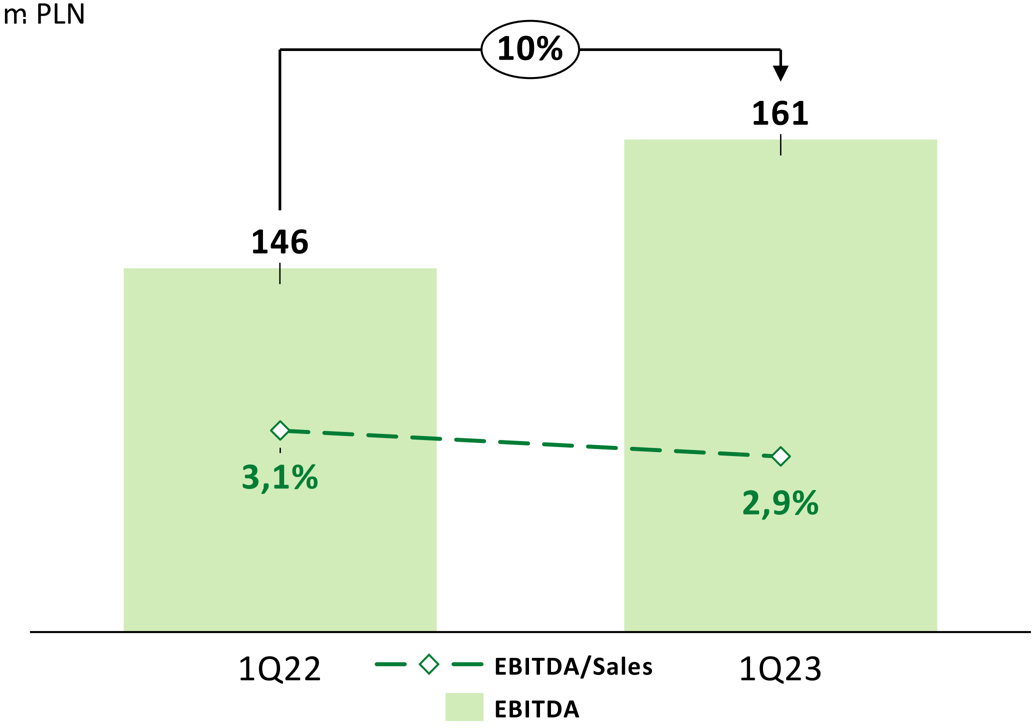
Cash conversion cycle improved by 1 day y/y, owing to inventory management and shortening of receivables turnover. Operating cash flow increase: +110 mPLN y/y, combined with reduced Capex from 43 to 33 mPLN

Wholesale

Wholesale – 1Q2023

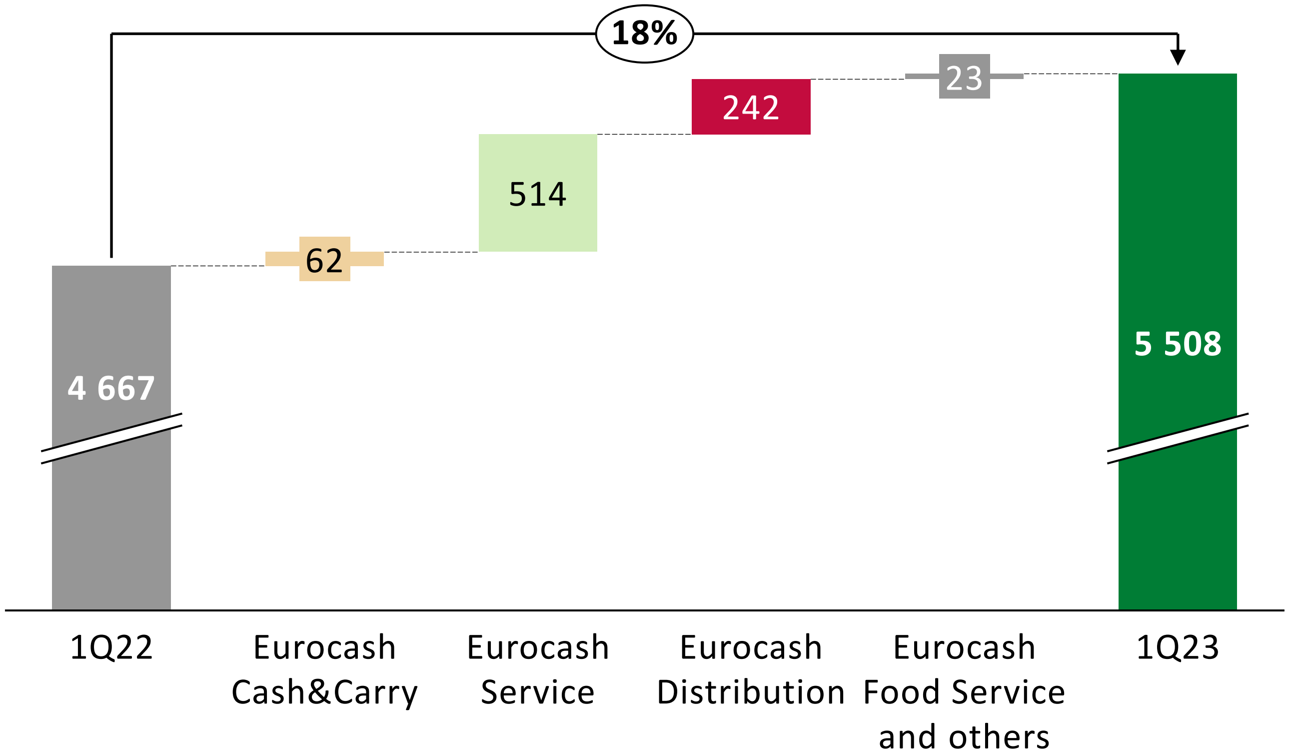
Evolution of EBITDA and EBITDA margin in 1Q2023 y/y

m PLN



Sales evolution by formats in 1Q2023 y/y

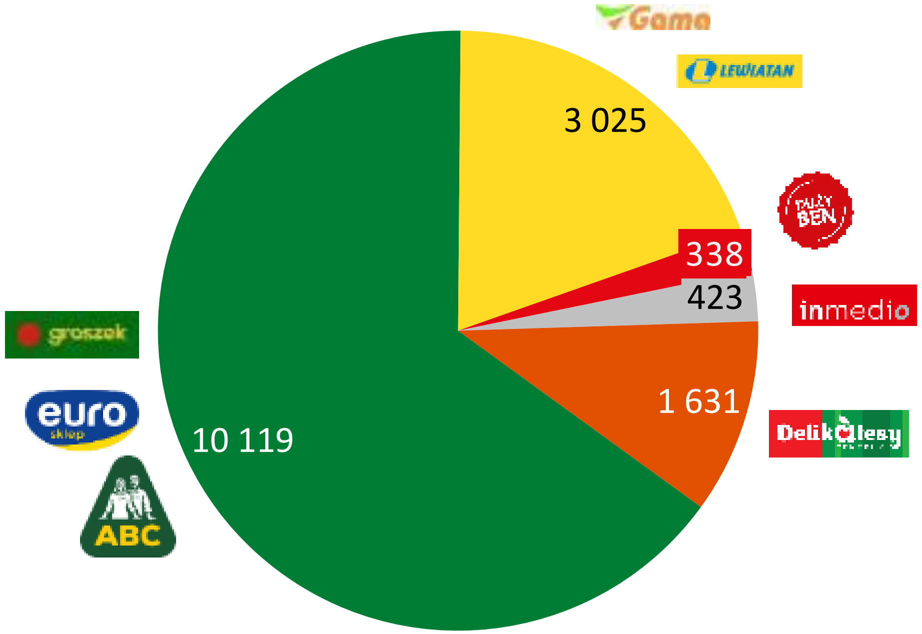
m PLN



Over-inflationary sales growth and rising costs (salaries, energy) => increase in EBITDA by 10%.
Relatively higher share of EC Service in the sales mix is dilluting EBITDA margin proportionally.

Very strong revenues of EC Serwis +28%, stable Distribution +14% and relatively weaker Cash & Carry quarter +6%.

15,536 Eurocash stores: franchised, partnership, own



Duży Ben

inmedio

Delikatesy Centrum and other small supermarkets

abc, Groszek and Euro Sklep stores (EC Sieci Partnerskie)

Gama and Lewiatan stores

- As part of the 2023-2025 strategy, we implement closer cooperation with franchise stores in a customer-centric model (marketing initiatives, POS network)

- 15,536 stores at the end of 1Q23 vs. 15,504 at the end of 2022, increase by 32 stores

Promotions on Europlatform - greater benefits for abc stores

- Deepened promotions for ABC stores with integrated POS and accepting promotions in Europlatform

- Example mechanisms:
  - Multi-pieces
  - Margin return
  - Lower price for integrated

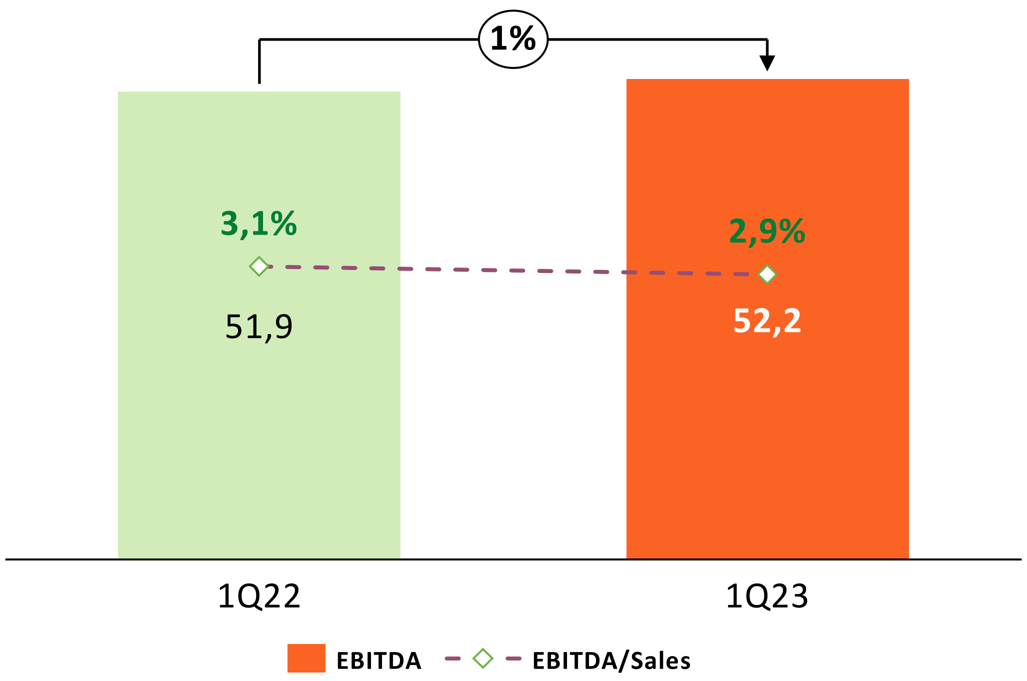
- Even 2/3 of the integrated stores implement promotions

Retail

Retail – stable performance in a more challenging environment

Evolution of EBITDA and EBITDA margin in Q1 2023 y/y

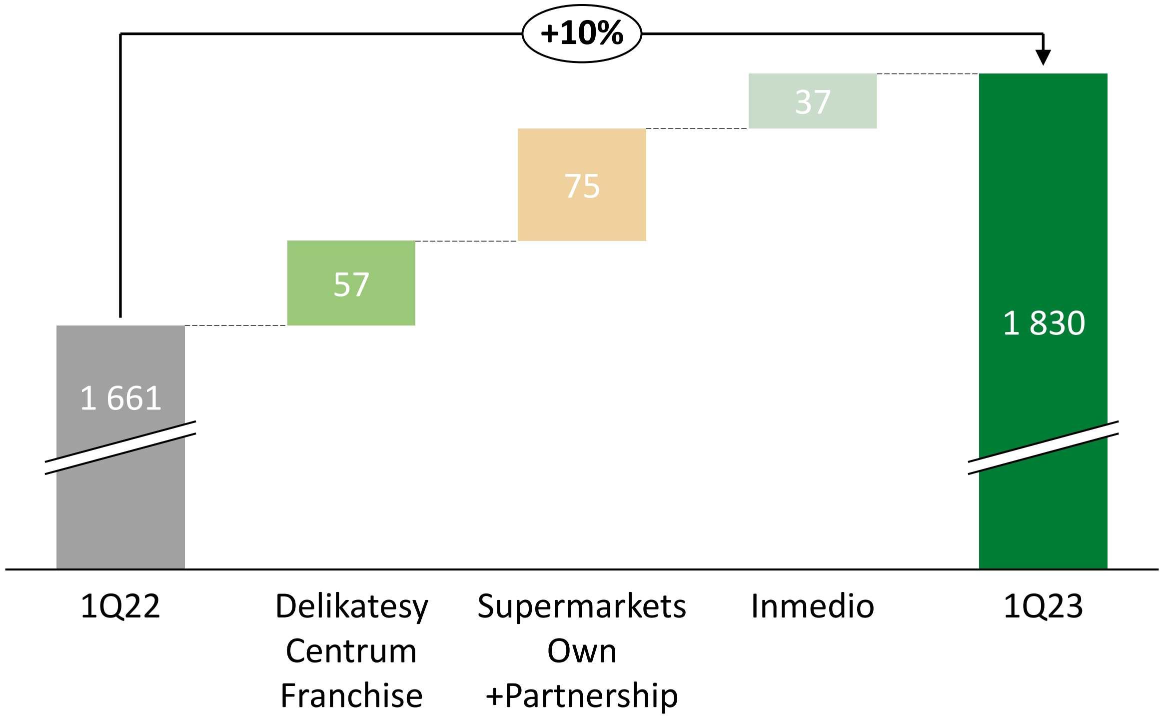
m PLN



Flat EBITDA result y/y with a weakening consumer, investment in price and rising costs of utilities

Sales evolution by formats in 1Q2023 y/y

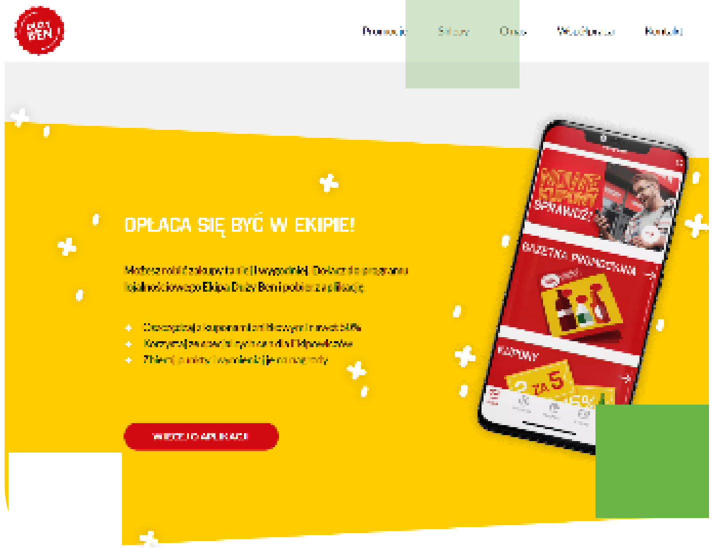
m PLN



DC LfL growth +10%, below inflation and with a lower sales volume. High +26% LfL of inmedio stores from a low base.

Projects

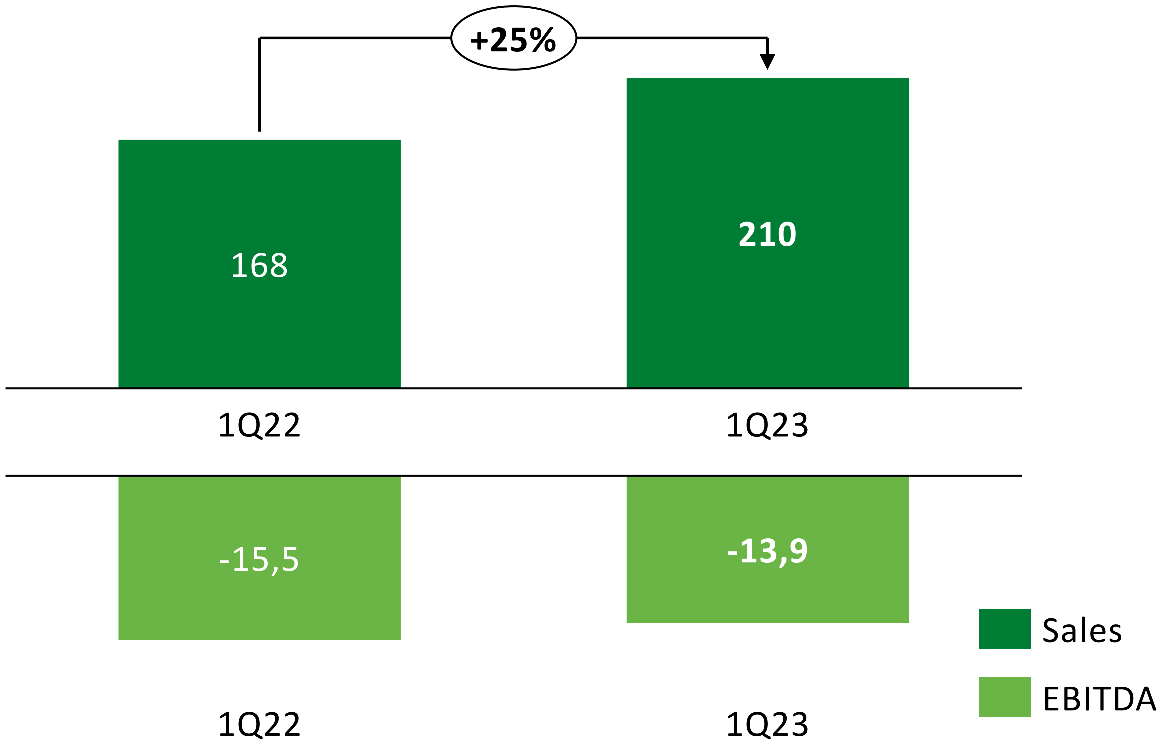

friscontowe
NISKIE CENY
frisco.pl
GWARANCJA ZWROTU PIENIĘDZY
SPRAWDŹ
KUPISZ W NIŻSZEJ CENIE? MY ZWRÓCIMY RÓŻNICĘ!


OPŁACA SIĘ BYĆ W EKIPIE!

Projects - 1Q2023

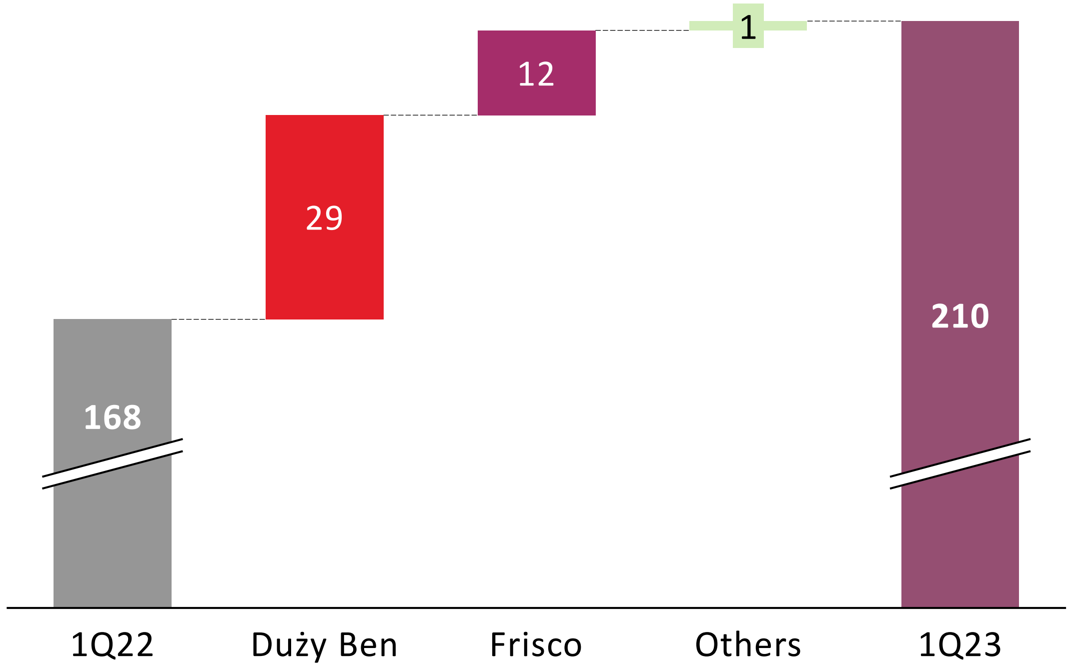
Evolution of sales and EBITDA in 1Q2023 y/y

m PLN



Sales evolution by formats in 1Q2023 y/y

m PLN



25% increase in sales with improved EBITDA, which includes the costs of opening Duży Ben new stores and Frisco customer acquisition

Dynamic sales expansion of Frisco and Duży Ben

Projects – dynamic growth of key formats

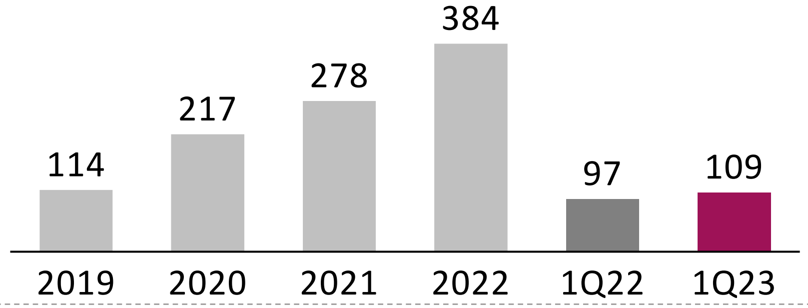
Sales in 1Q23:
+12% y/y to PLN 109m

Number of active clients in 1Q23:
+5% y/y to 91 ths.

Average basket in 1Q23:
+12% y/y, PLN 319 vs PLN 285

2nd automated warehouse in Warsaw:
Launch by the year-end; main construction is done, currently the automation is being installed by TGW

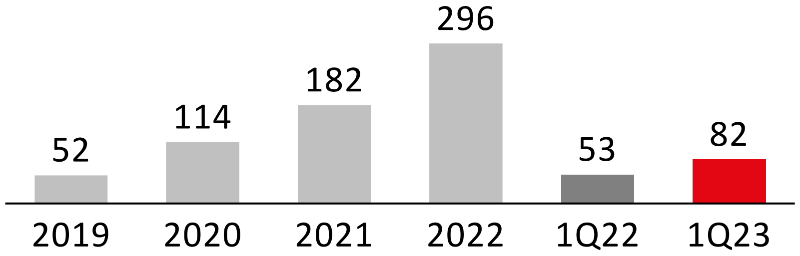
Sales (m PLN)

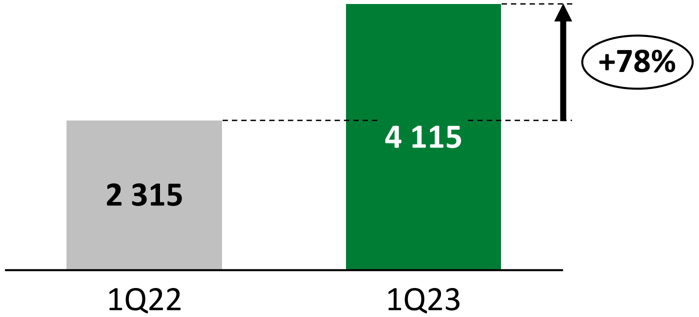


Sales in 1Q23:
+53% y/y to PLN 82m

LFL 1Q23: **16%**
74 out of 338 stores are profitable (seasonality)

Sales (m PLN)



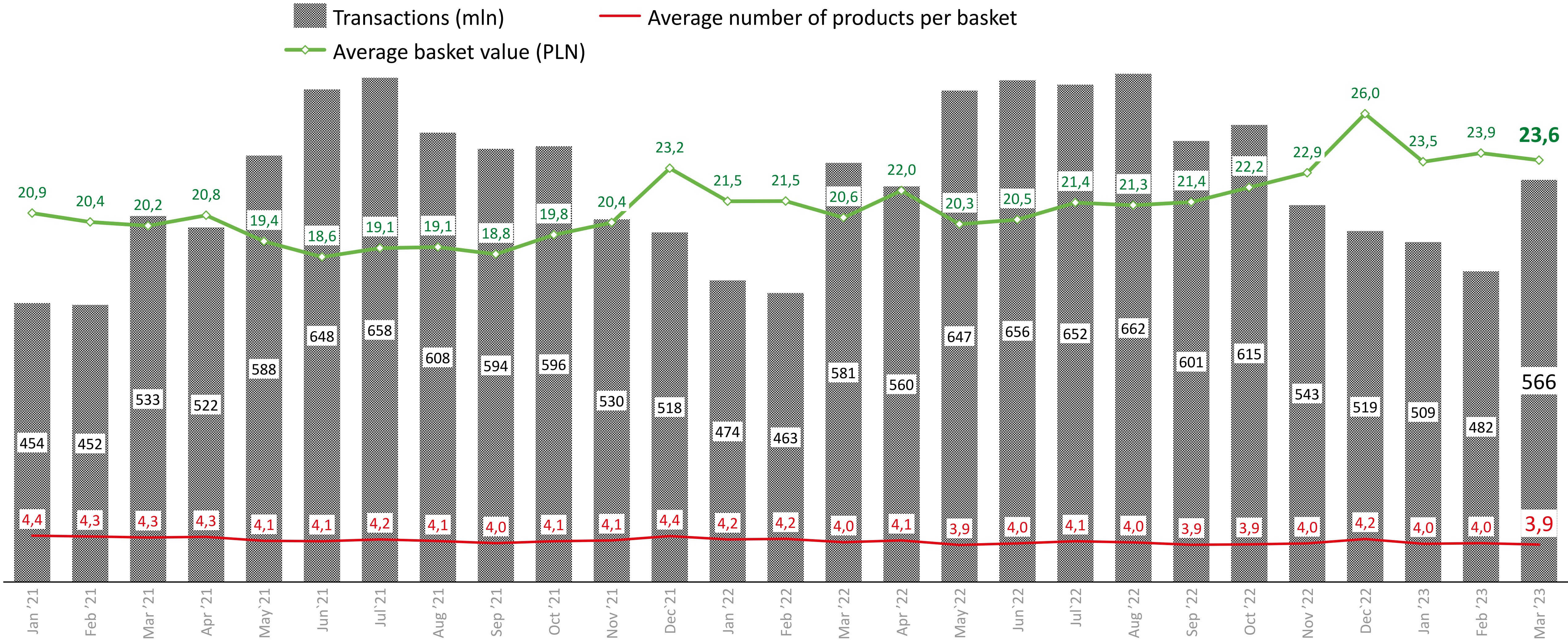


Over 4.1 thousand stores integrated within the Europlatform, connecting sellers with chain organizers, producers and consumers.

Macro and market data

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

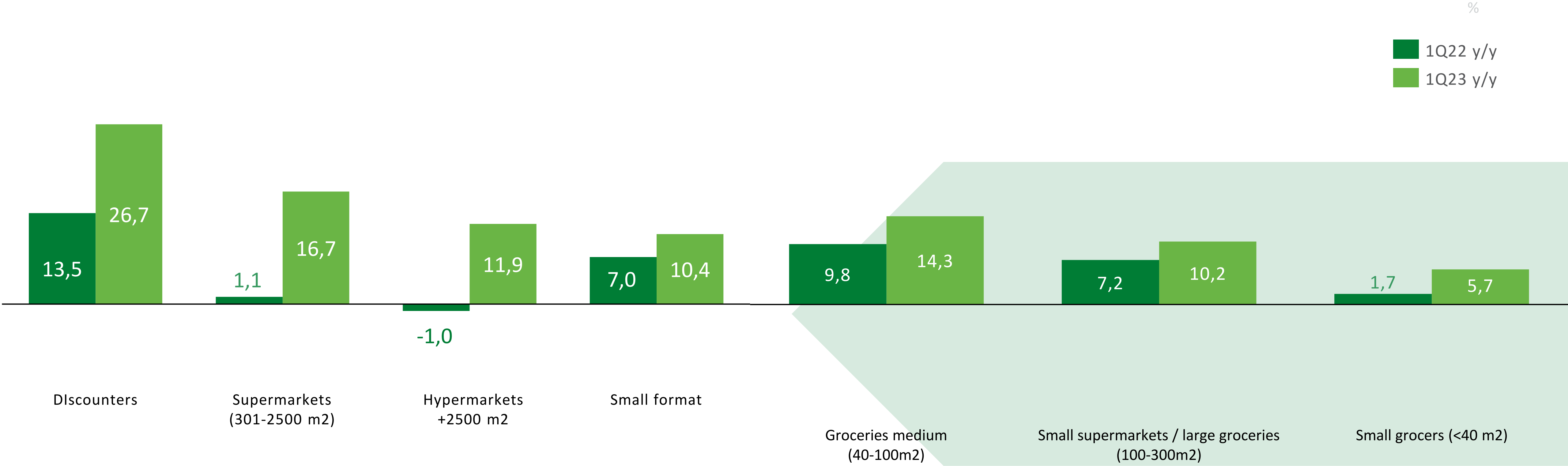
Growing basket value and lower number of products and seasonally low number of transactions in 1Q23



Source: CMR, panel of food and alcohol stores up to 500sqm, monthly data

Market data - growth of all retail formats

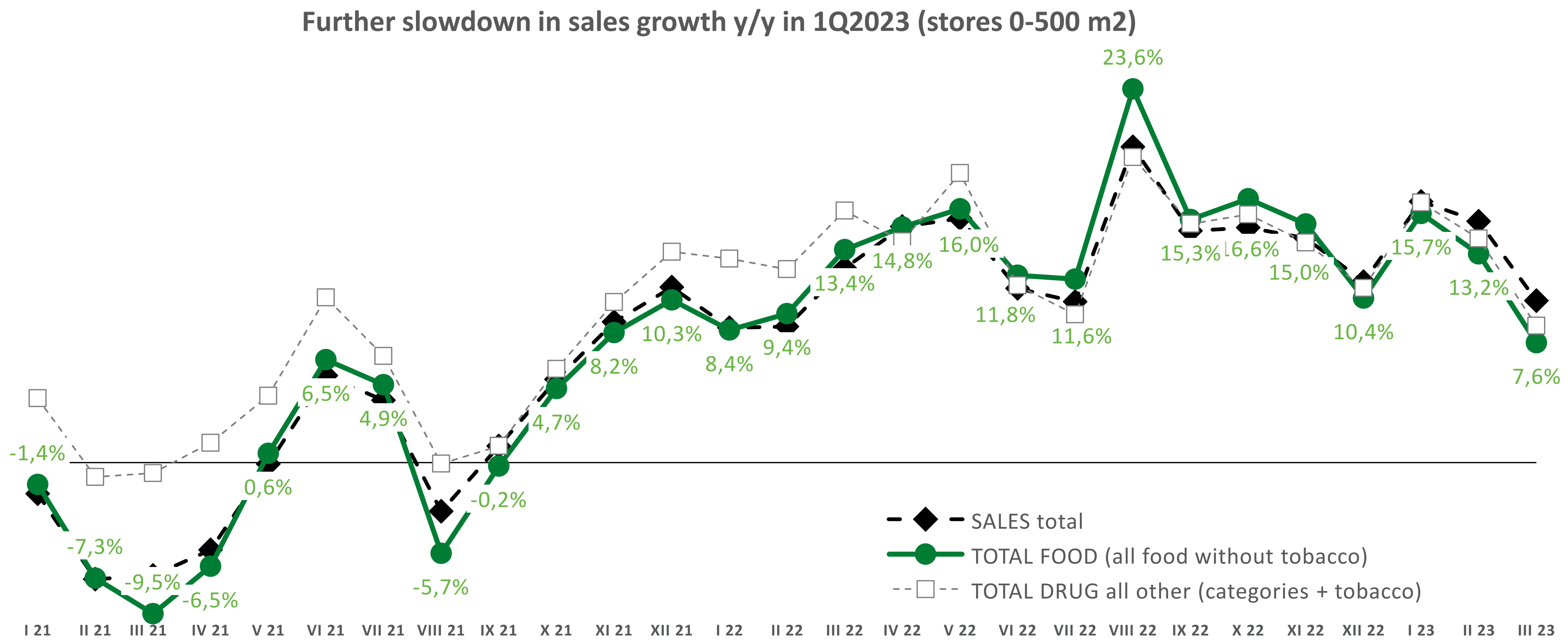
% growth of the food market in 1Q2023 and 1Q2022 y/y by distribution channels, including small-format stores



Increases above inflation only in the discount channel.
The least promising stores with the smallest area (less than 40m2)

*Source: **Nielsen Retail Trade Panel, value sales, period: Jan 2021–Mar 2023, Food categories; „Small supermarkets" = Groceries Large + Chem Chains (101-300m2)***

Market data



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Q&A