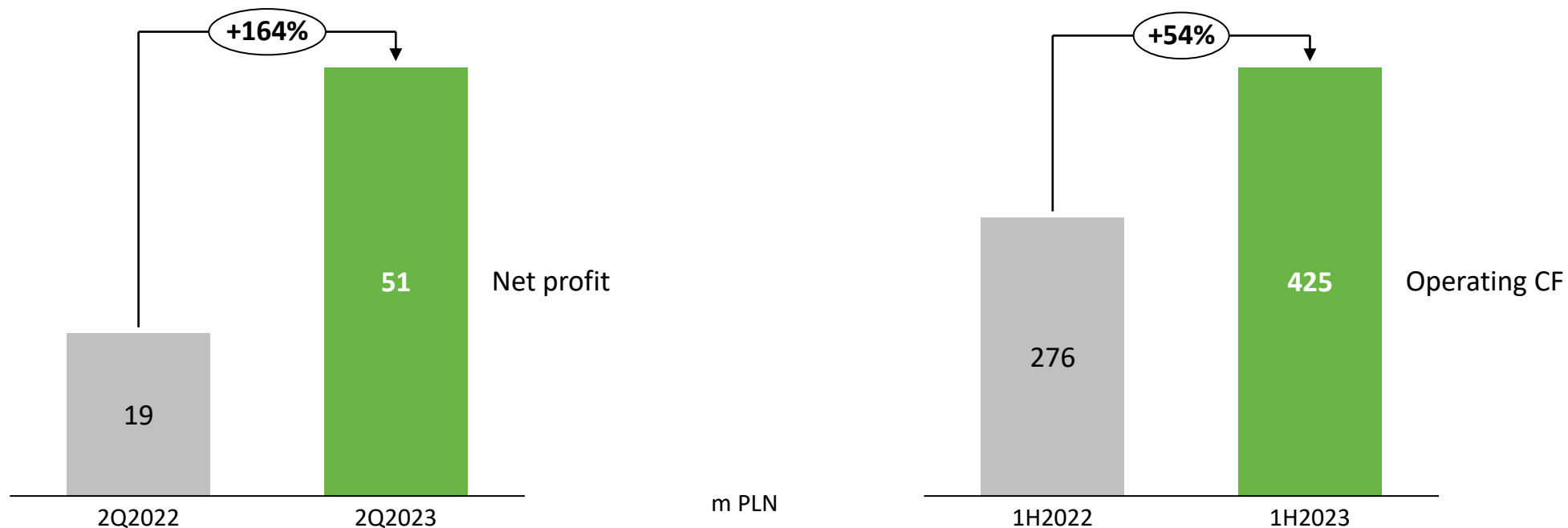


# Eurocash Group

2Q2023 Financial Results

29.08.2023

## 2Q2023 – More than 2x higher net profit y/y with strong cash flow and sales growth



Cash balance doubled at the end of 2Q23 vs. 2Q22: PLN 344m vs. PLN 166m (after payment of PLN 50m dividend on June 29th, 2023)



Cash rotation cycle improved in 2Q23 by 1.8 day y/y to -19 days

## 2Q2023 – 5% increase in EBITDA amid a decrease in retail sales in Poland



EBITDA for the last 12 months: PLN 588m (IAS17)

2Q23 EBITDA: PLN 269m, +12.5m y/y (IFRS16) and PLN 155m, +PLN 6m y/y (IAS17)

### Wholesale – EBITDA increase by 6% in an environment of higher costs and slowing sales growth



- Important base effect of 2Q22:  
1) refugees, 2) later date of Easter in 2022, 3) warmer May and June
- Continuation of the trend in EC Serwis (+19%), slowing growth in Distribution (+2%) and weakening in Cash&Carry (-1%)

**2Q23 Sales +8% y/y**  
**EBITDA +11m y/y**

### Retail – slowdown in a more difficult market environment



- +4.5% LfL of Delikatesy Centrum stores
- Further investment in prices to better respond to consumer needs

**2Q23 Sales +3% y/y**  
**EBITDA +6m y/y**

### Projects – further above-inflationary growth of the dynamic segment



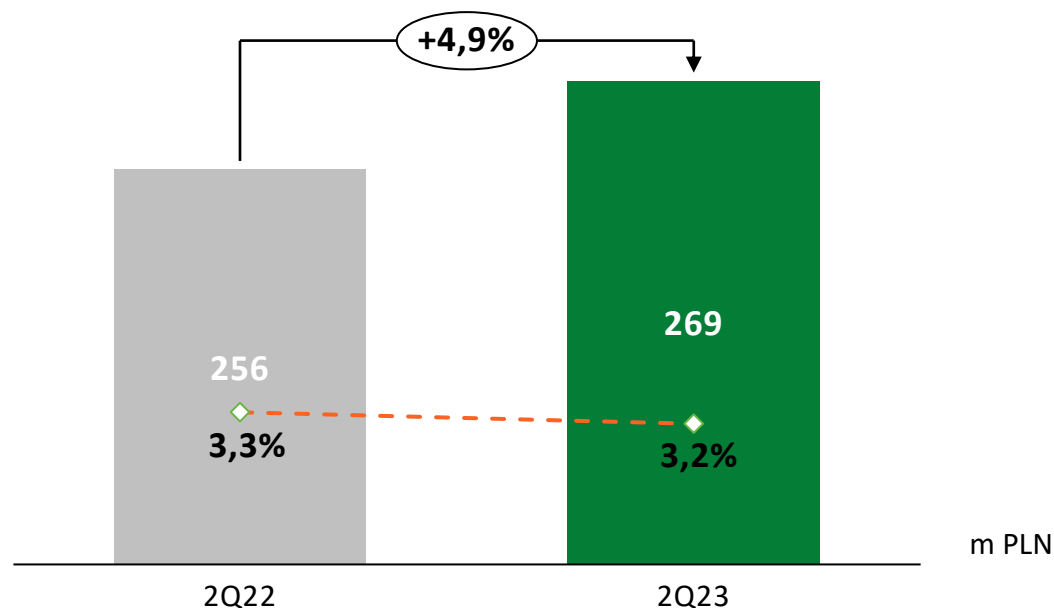
- Frisco: +14% sales y/y, up to PLN 105 million in 2Q23, +5% active customers
- Duży Ben with 371 stores, +43% sales growth y/y and +9.4% LfL in 2Q23
- Further work on the profitability of key formats, resulting in EBITDA improvement y/y

**2Q23 Sales +23% y/y**  
**EBITDA +3m y/y**

## 2Q2023 – seventh quarter of sales and EBITDA growth

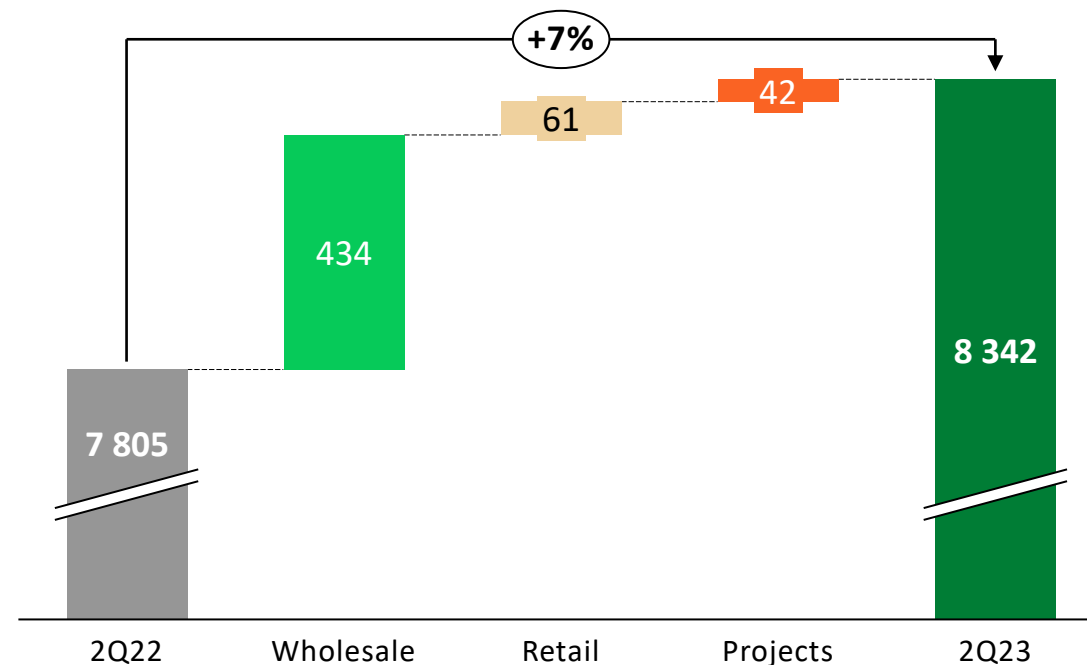


### 5% EBITDA growth and a stable margin in 2Q2023



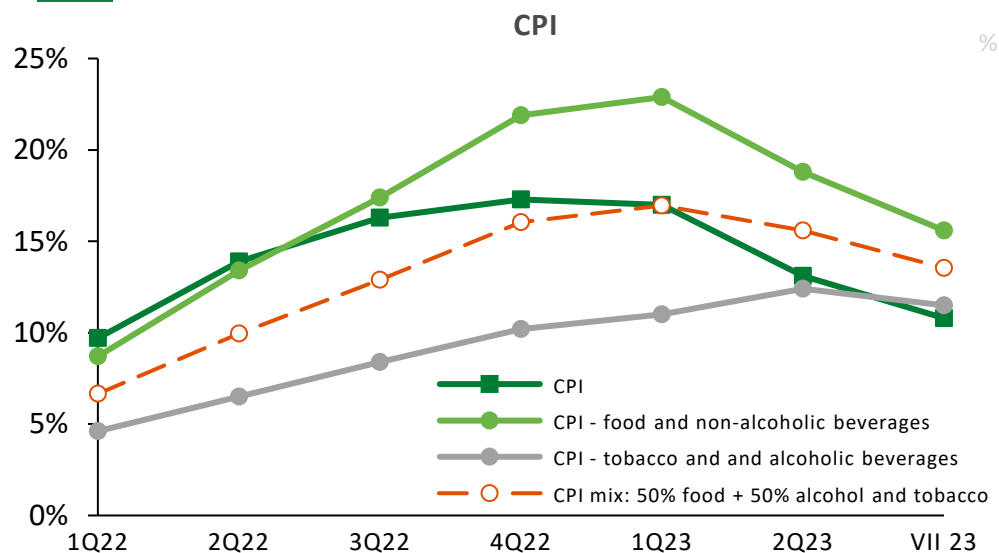
5% increase in EBITDA delivered on a high basis of 2Q22. The margin on sales decreased by 0.4pp while keeping operating costs in check, which increased by 3.3% y/y.

### Sales evolution by segment in 2Q2023

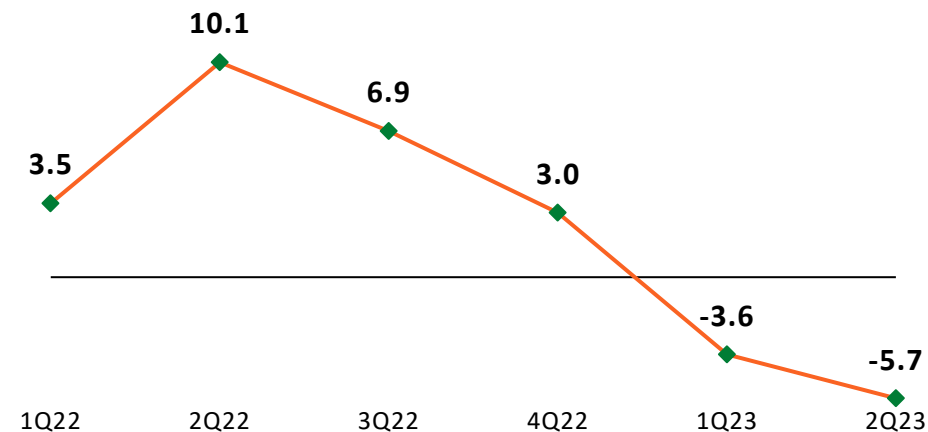


Normalization of revenue growth in the environment of weakening retail sales in Poland and slowing inflation.

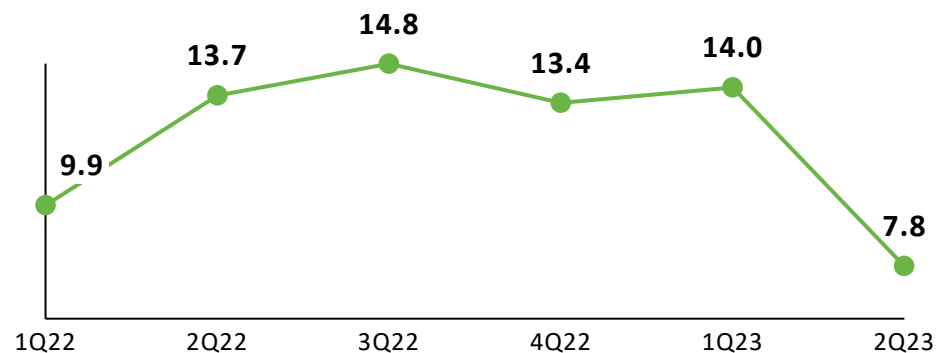
# Still high inflation and decline in retail sales



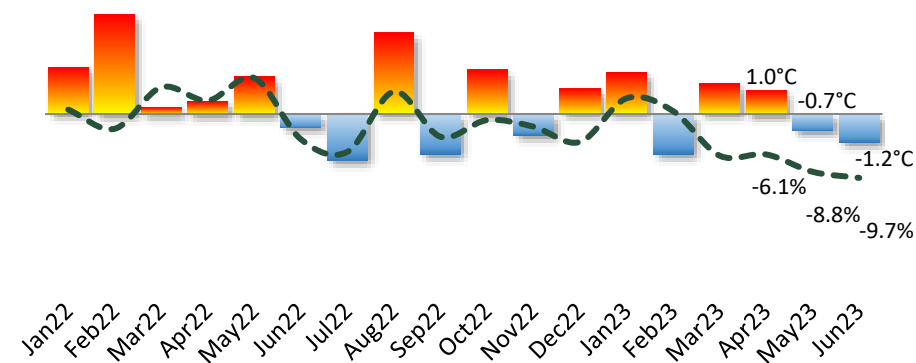
**Retail sales growth in Poland (constant prices) – food, beverages and tobacco**



**Sales of stores up to 500m<sup>2</sup> (y/y)**



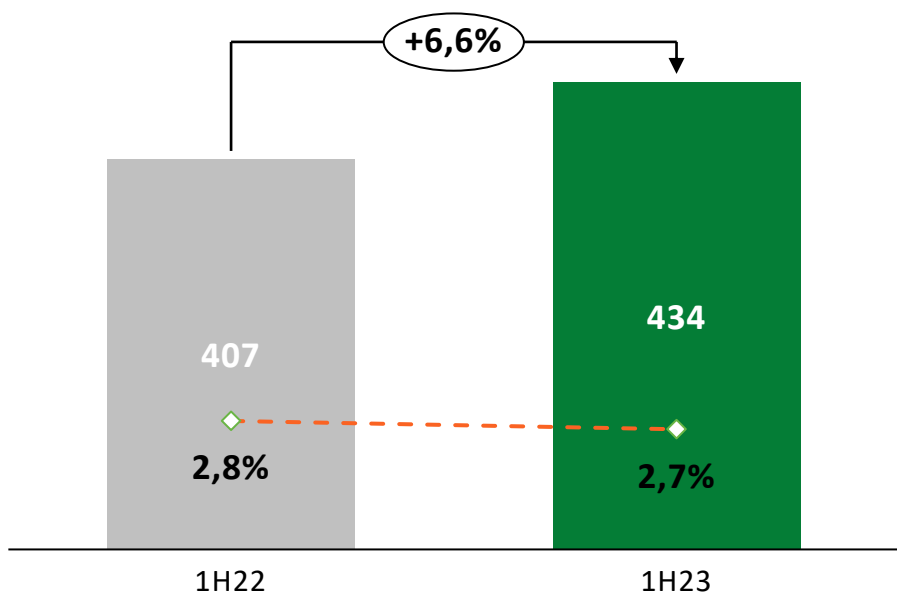
**Changes of weather temperature vs number of transactions in wholesale market y/y**



# 1H2023 – further increase in sales and EBITDA amid a slowing economy and consumption

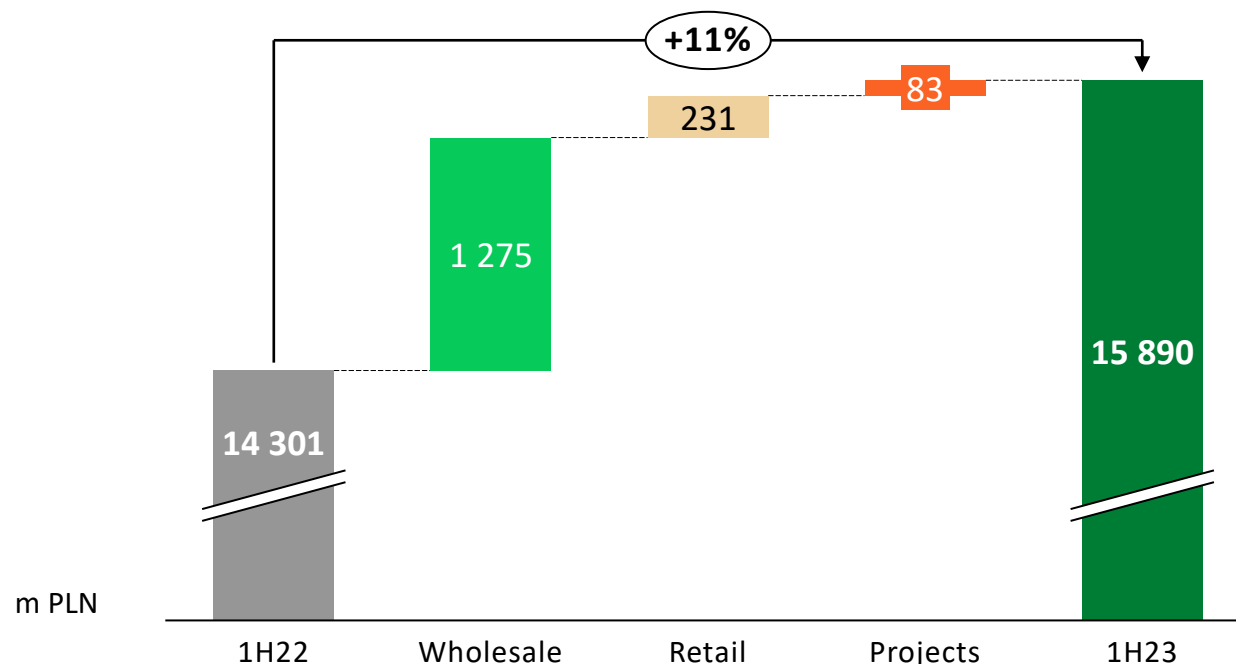


Nearly 7% EBITDA growth and a stable margin in 1H2023



Thanks to the cost discipline, a slight decrease in the EBITDA margin despite sizable cost pressures in 1H23 (2x the minimum wage, energy, rents). An increase in operating costs by almost 6% y/y versus a 11% growth of sales.

Sales evolution by segment in 1H2023

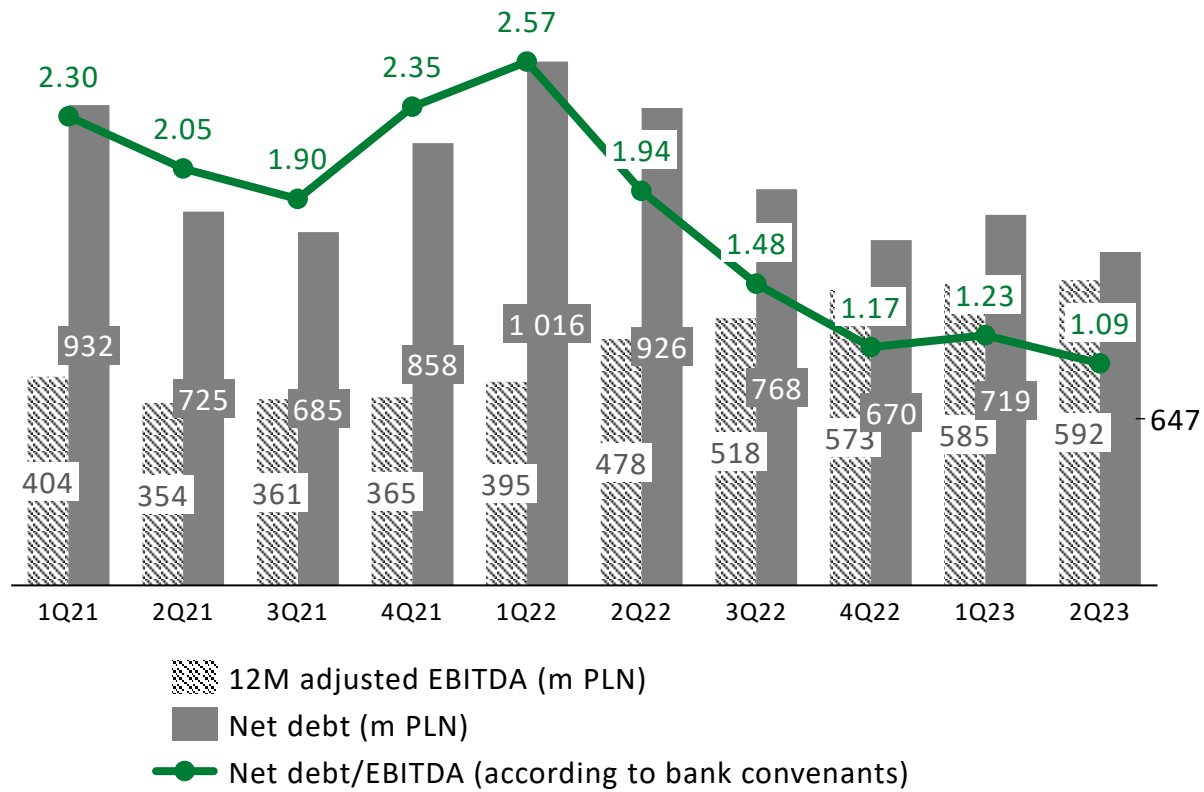


Sustained double-digit sales growth in a demanding environment: 12% of Wholesale, 6% of Retail and consistent expanding of Projects

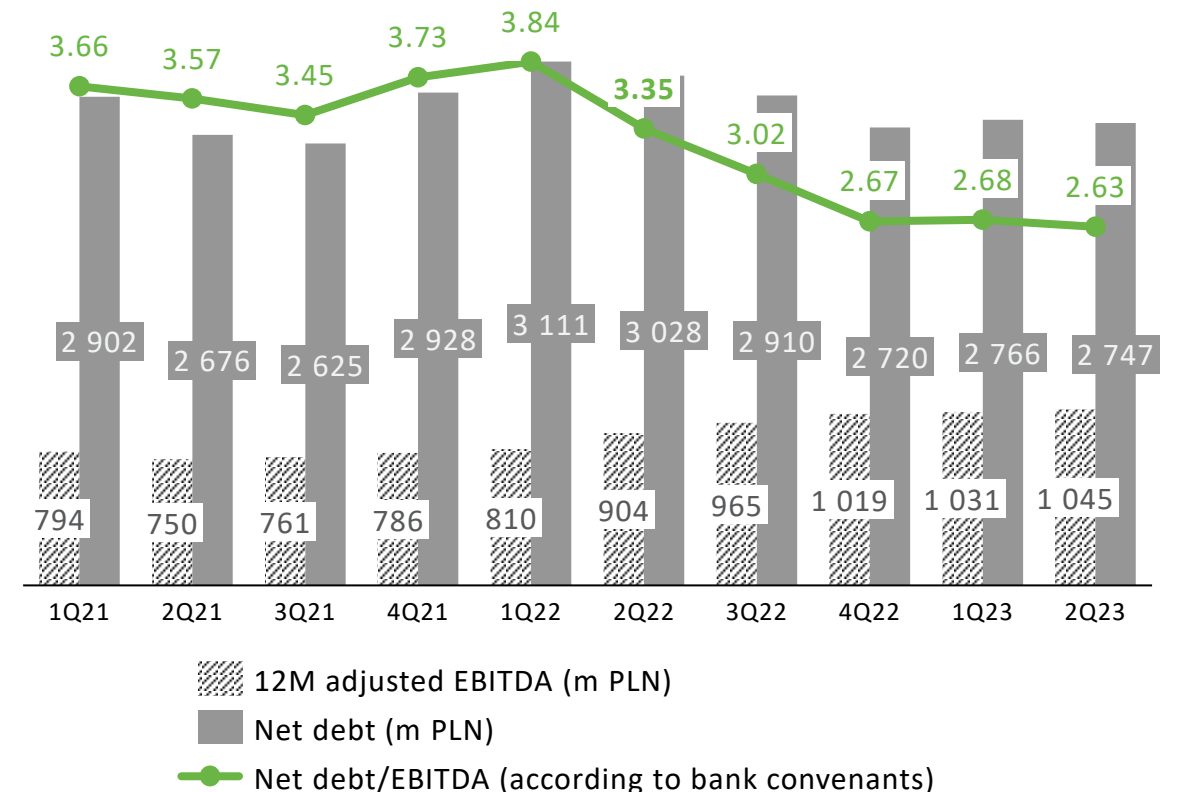
# Improved debt profile



Net debt/EBITDA (before IFRS16)



Net debt/EBITDA (after IFRS16)



**Further reduction of the net debt/EBITDA ratio (before IFRS16) to the level of x1.09 – within the strategic objective.**

## Financial costs and working capital

A slight decrease in financial costs  
in an environment of high interest rates

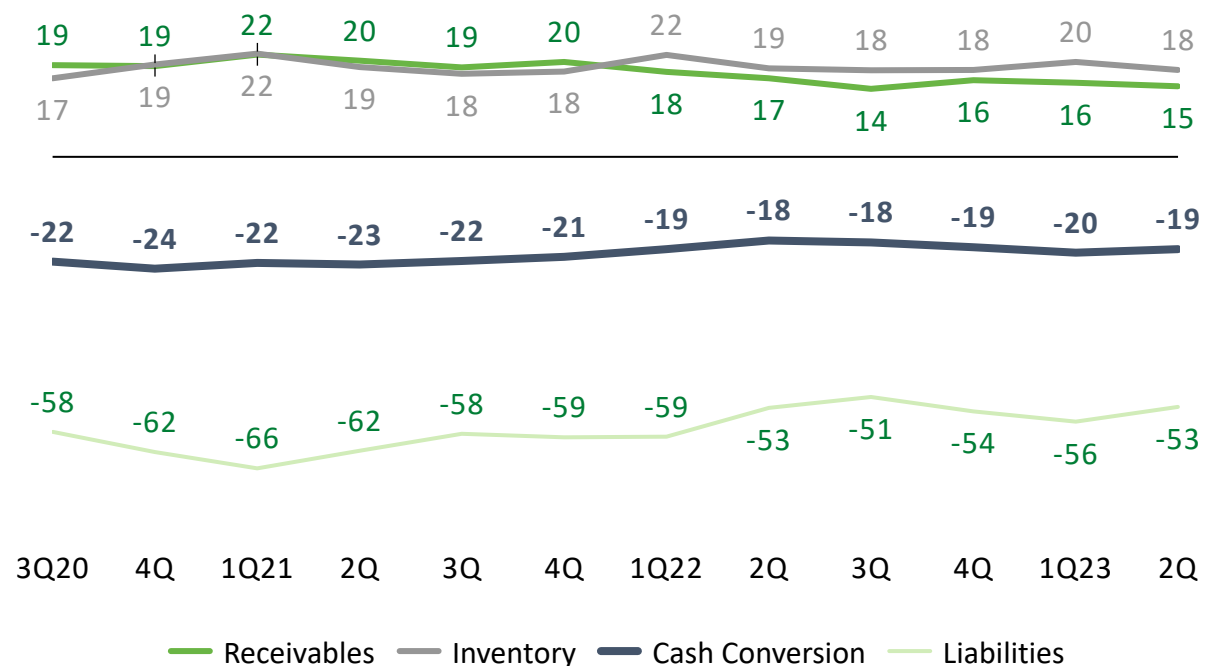
m PLN

|                        | 2Q22 | 3Q22 | 4Q22 | 1Q23 | 2Q23 |
|------------------------|------|------|------|------|------|
| Financial expenses     | 65,3 | 93,3 | 72,8 | 78,7 | 75,9 |
| Financial income       | 13,0 | 21,0 | 17,3 | 16,7 | 33,4 |
| Net financial expenses | 52,3 | 72,3 | 55,5 | 62,0 | 42,6 |

Further reduction of financial costs will be related to decreasing the level of debt and possible lowering of interest rates. In 2Q23 financial costs under control, helped by PLN strengthening.

## Cash conversion cycle

In days



Cash conversion cycle y/y improved by more than 1 day, thanks to inventory management and shortened receivables turnover. Cash from operating activities in 1H23: PLN +149 million y/y, with a simultaneous reduction of Capex by 17%.



## Stable funding with extended maturities from a syndicate of banks



### New syndicated loan agreement for 2023-2028:

- Maturity of the term loan extended to 5 years
- RCF for 3 years, renewable 2x1 year
- Objectives: corporate, refinancing of current debt, working capital, development of franchise networks
- Consortium of 8 banks, including 6 continuing financing

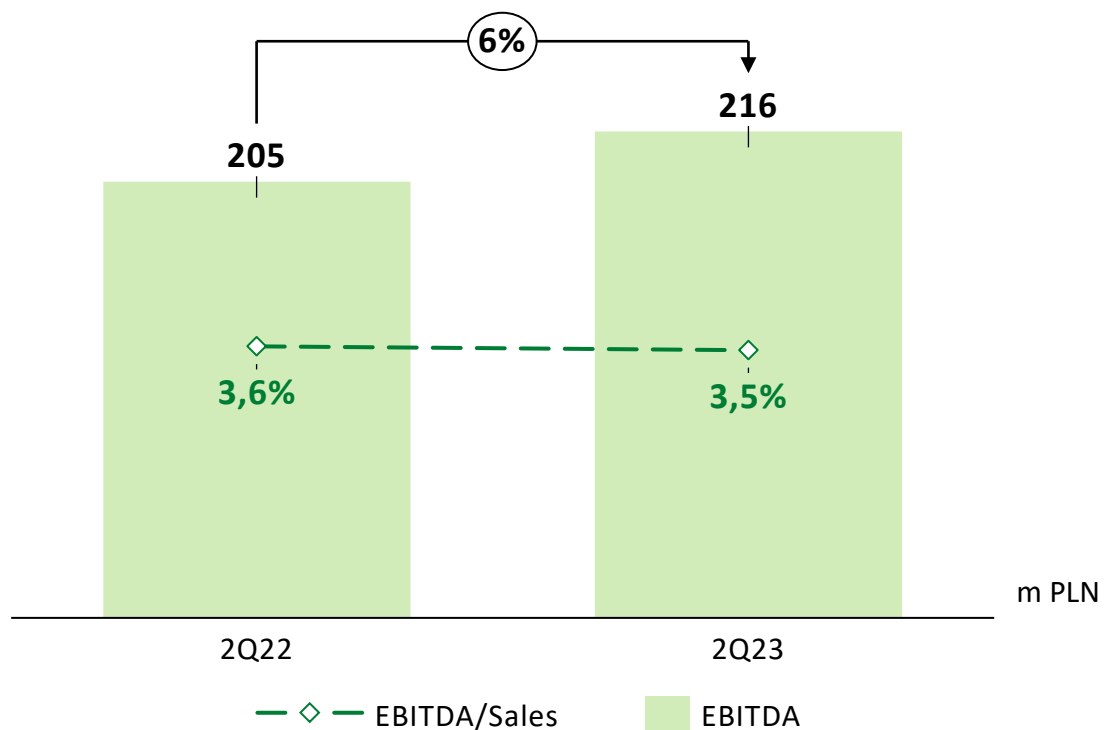
| Facilities                       | Amount            | Currency | Maturity Date   |
|----------------------------------|-------------------|----------|-----------------|
| Term Loan Facility ("TLF")       | 456 million       | PLN      | 5 years         |
| Revolving Facility ("RCF")       | 445 million       | PLN      | 3 years, +1, +1 |
| Ancillary Facility ("Overdraft") | 100 million       | PLN      | 3 years, +1, +1 |
| Total                            | PLN 1,001 million | PLN      |                 |

# Wholesale



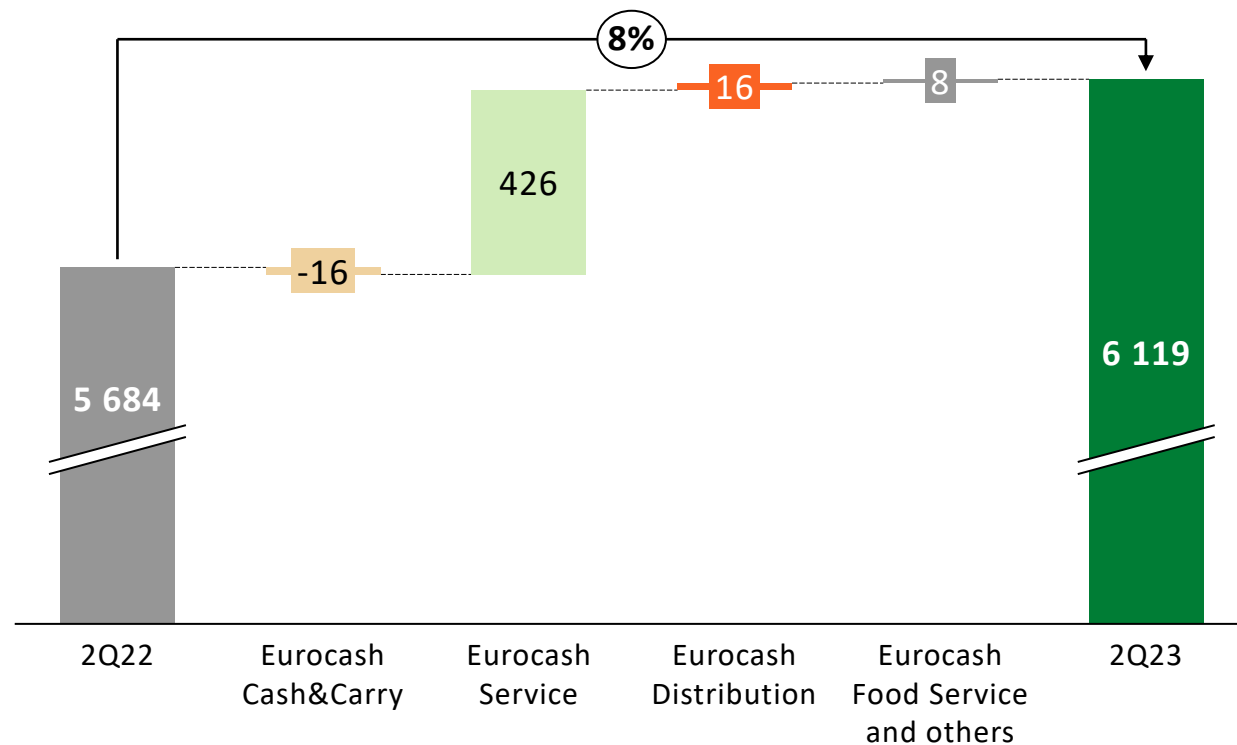


EBITDA evolution in 2Q2023 y/y



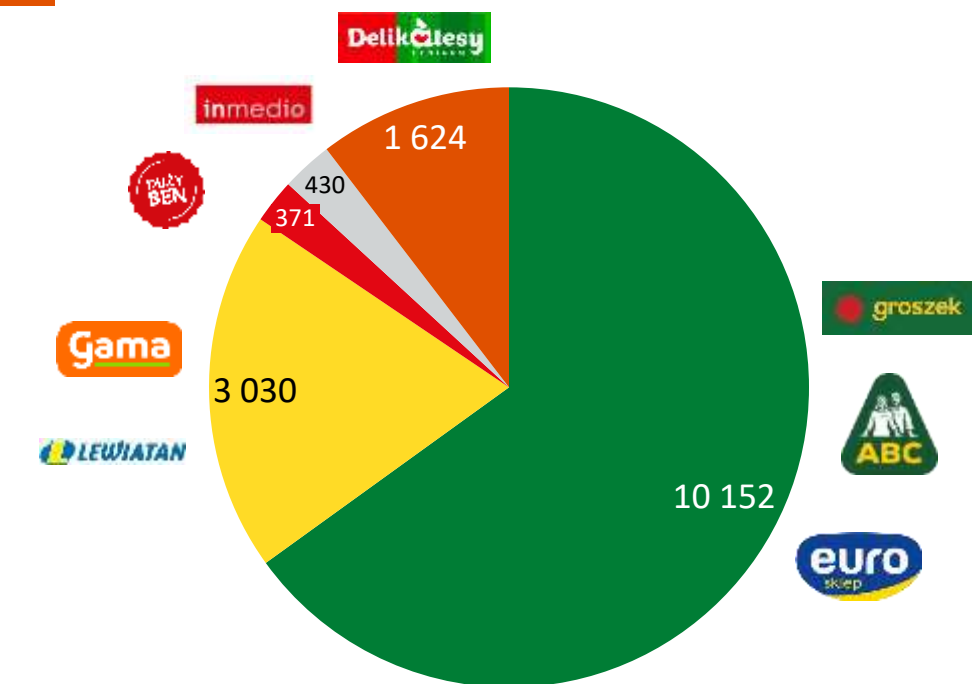
Increase in EBITDA by 6% in an environment of higher costs and slowing sales growth, as well as meaningful base effect of 2Q22 (refugees, Easter, temperature).


Sales evolution by formats in 2Q2023 y/y




Very strong revenues of EC Serwis +19%, slowdown in Distribution +1% (including independent customers -7%, and franchise chains +4%) and Cash & Carry -1% (mainly decreases among independent stores).

## 15,607 Eurocash stores: franchise, partner, own



 Duży Ben

 inmedio

 Delikatesy Centrum and other small supermarkets

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

 Gama and Lewiatan stores

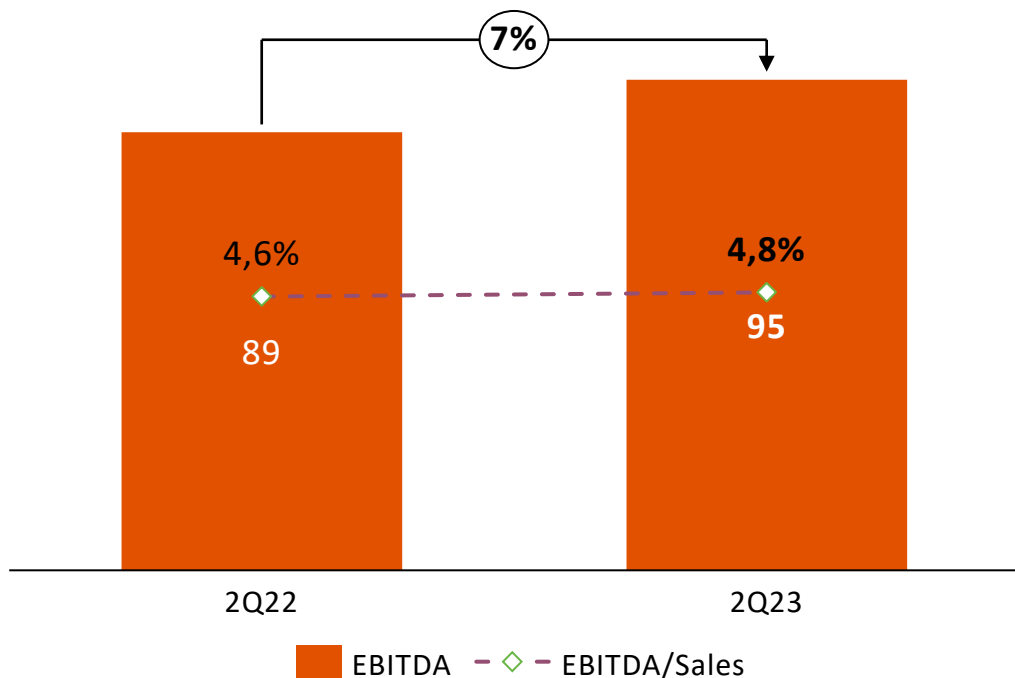
- As part of the 2023-2025 strategy, we implement closer cooperation with franchise stores in a customer-centric model (marketing initiatives, POS network)
- 15,607 stores at the end of 2Q23 vs. 15,536 at the end of 1Q23, an increase of 71 stores

# Retail



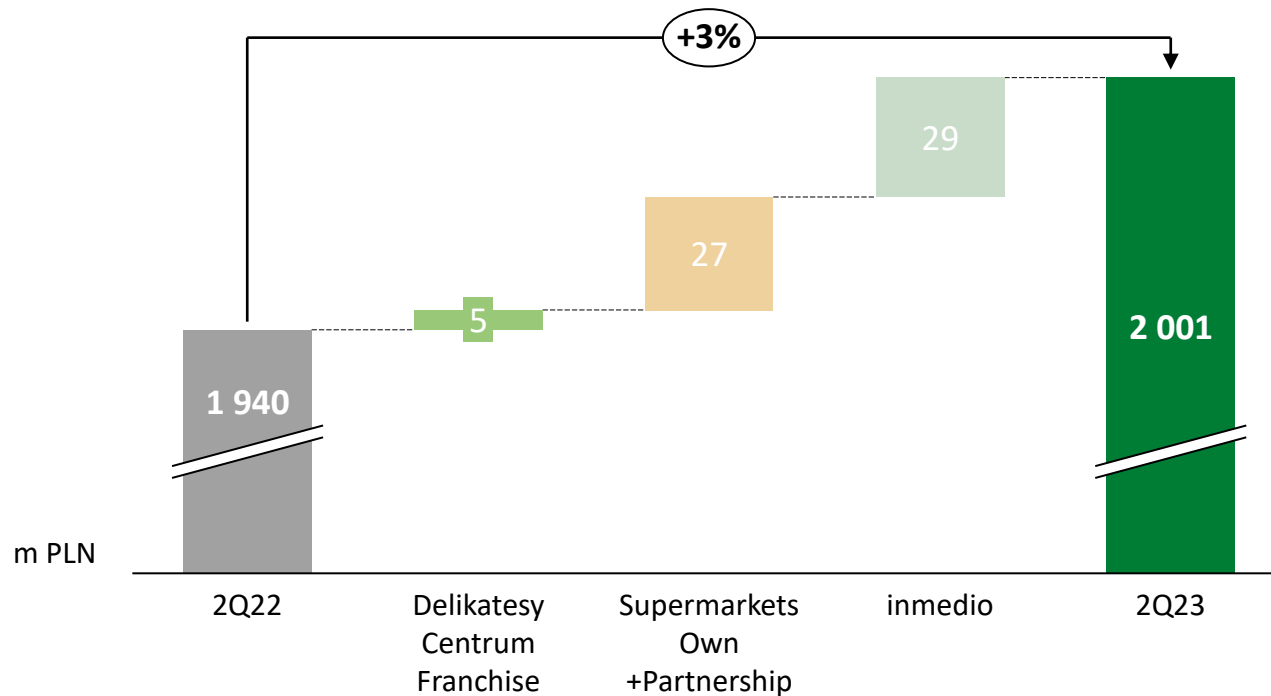


EBITDA evolution in 2Q2023 y/y



Improvement of EBITDA y/y with a weakening consumer and investment in price

Sales evolution by formats in 2Q2023 y/y



Slowdown in DC, increases with lower sales volume and LfL +4.5% across the brand.  
High sales growth of inmedio stores +20%, mainly on tobacco products.

## Next phase of Delikatesy Centrum transformation – new managers arrived & team complete



**Marek Lipka**  
CEO ECF



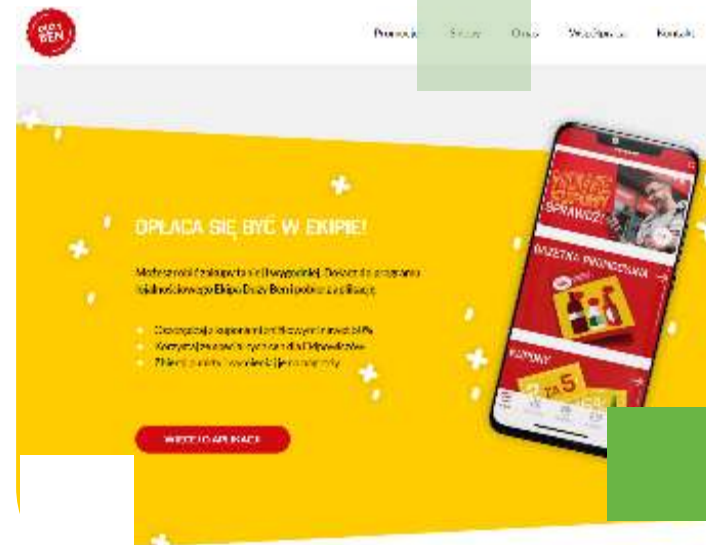
**Hugo Mesquita**  
CEO DC Own stores



**Alessandro Beda**  
Marketing Director DC



# Projects

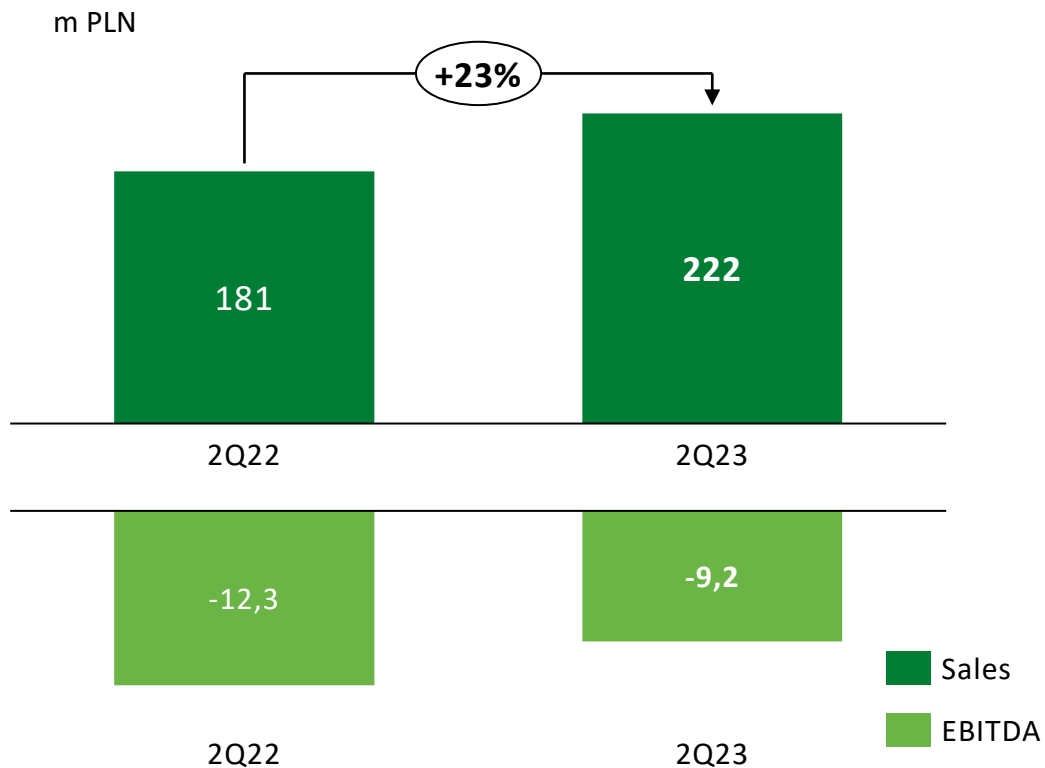




## Projects – 2Q2023

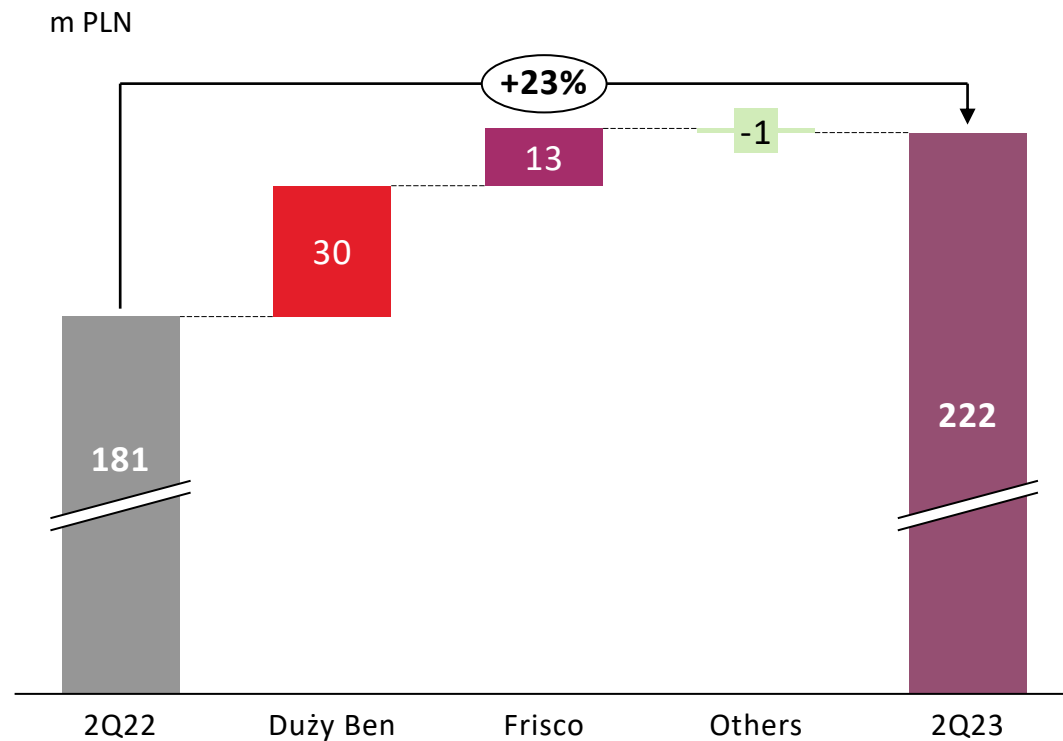


### Evolution of sales and EBITDA in 2Q2023 y/y



Increase in sales by 23% with improved EBITDA, which includes the costs of new Duży Ben stores and Frisco customer acquisition

### Sales evolution by formats in 2Q2023 y/y



Dynamic sales expansion of Frisco and Duży Ben

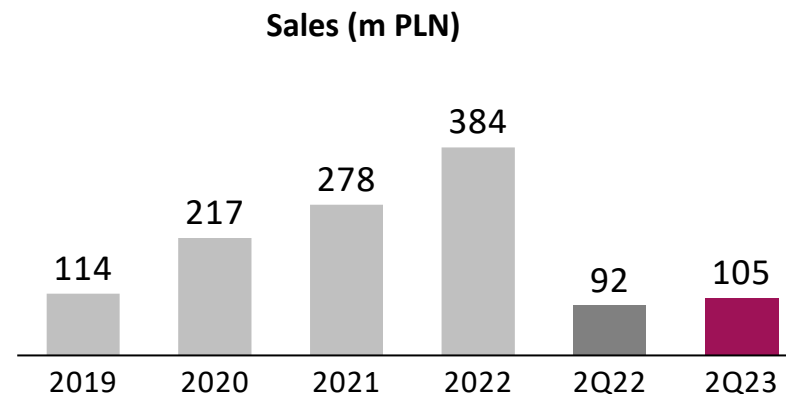
## Projects - dynamic development of key formats



↑ Sales 2Q23: **+14% r/r to PLN 105 m**      Number of active clients: **+5% r/r to 91 ths.**

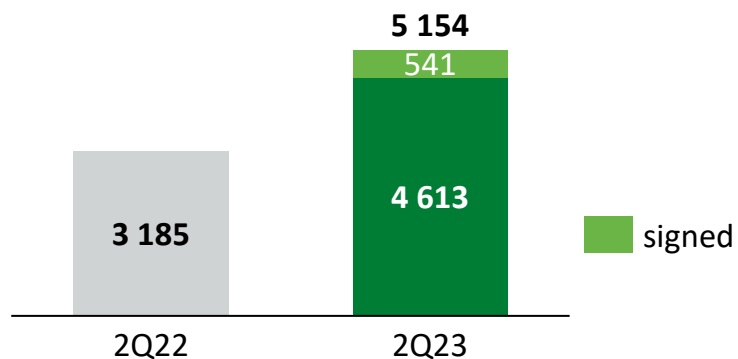
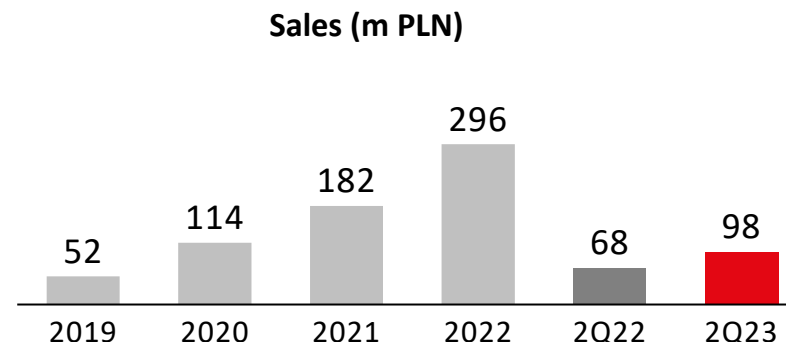
↑ Average basket in 2Q23: **+10%, PLN 331 vs PLN 300 in 2Q22**

2nd automated warehouse in Warsaw:  
Launch by the year-end



↑ Sprzedaż 2Q23: **+43% r/r do 98 m PLN**

↑ LFL 2Q23: **9,4%**  
**93 out of 371 stores are profitable (seasonality)**



**Over 4.6 thousand stores integrated** within POS platforms, connecting sellers with chain organizers, producers and consumers.  
(another 500 signed awaiting integration)

# Q&A

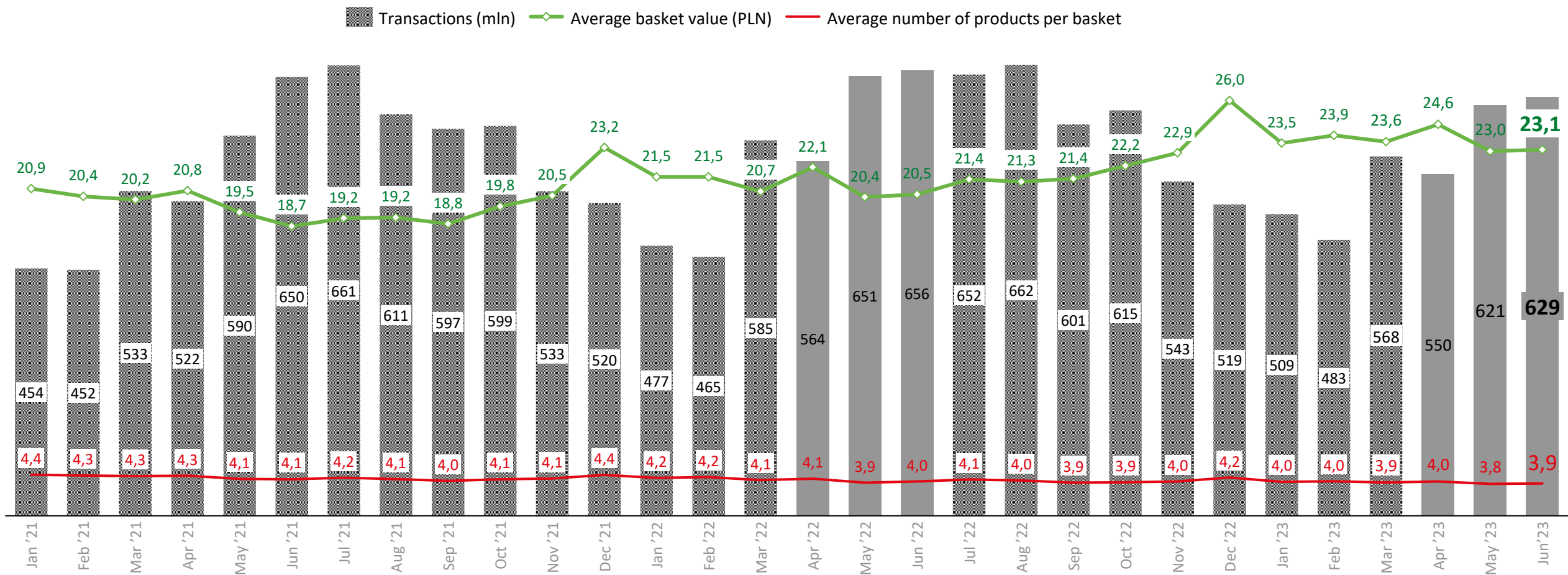


# Appendix



# Market data – transactions and basket in shops 0-500 m<sup>2</sup>

Seasonally higher number of transactions in 2Q23, but lower vs. 2Q22.  
Stable basket value and number of products.

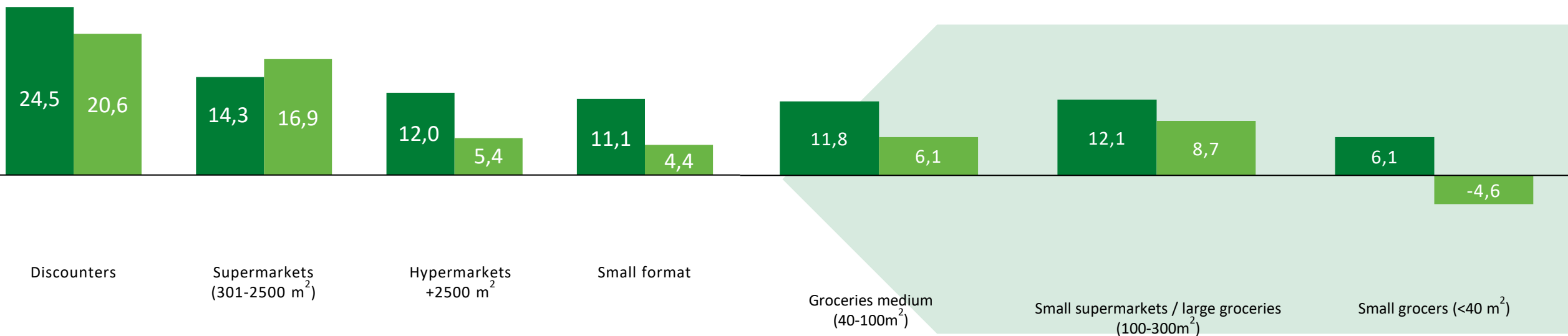


## Market data – growth of all retail formats

% growth of the food market in 2Q2023 and 2Q2022 y/y  
by distribution channels, including small-format stores



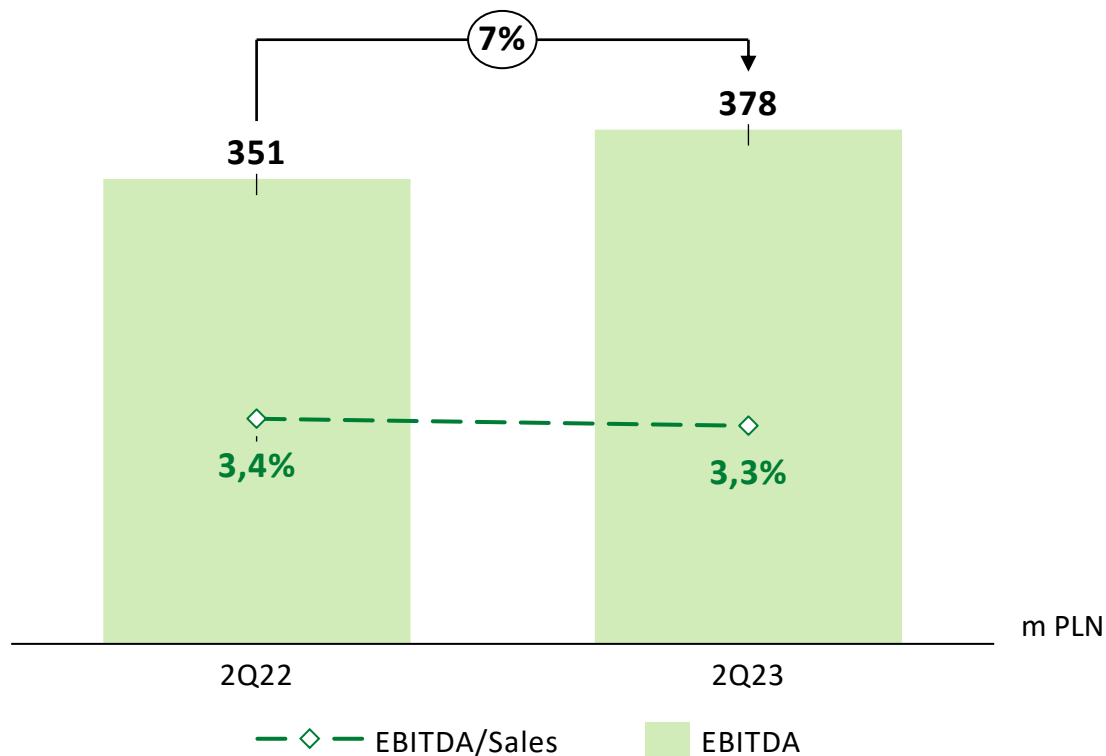
2Q22 y/y  
2Q23 y/y  
%



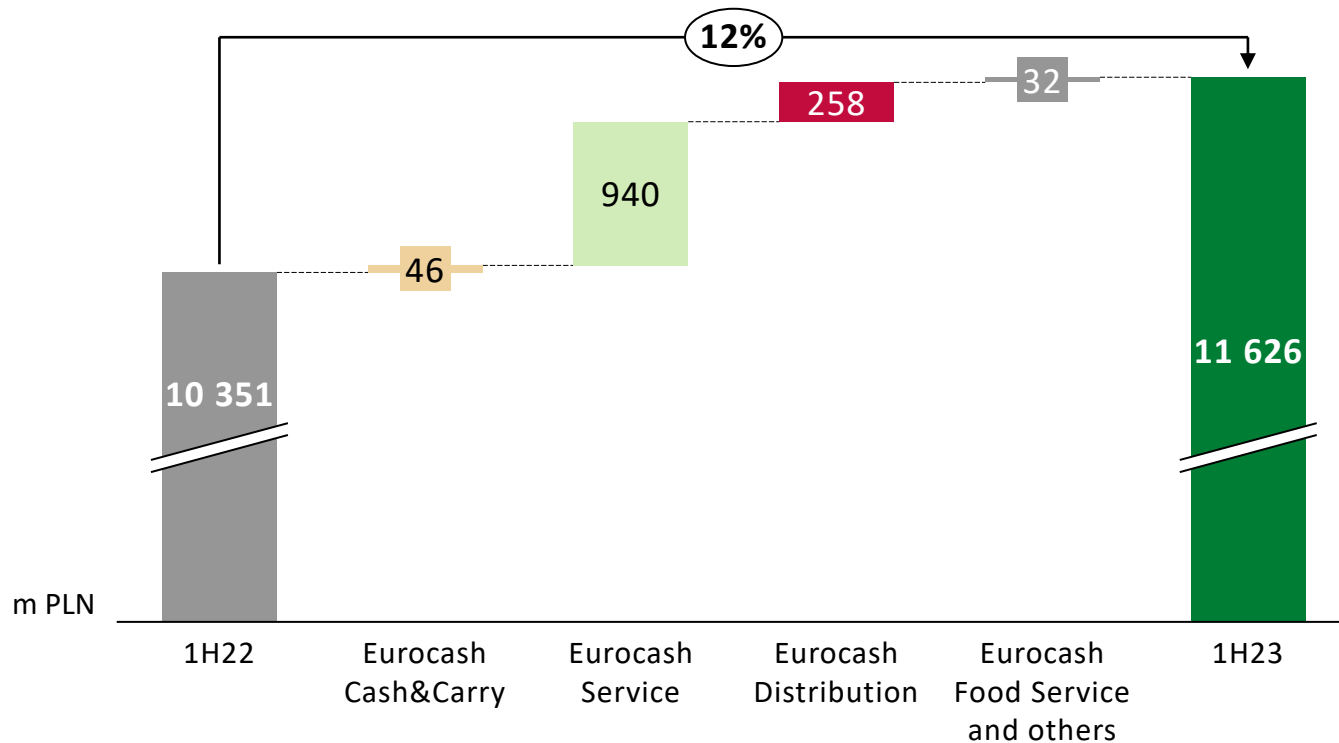
Increases above inflation only in the discount channel.  
The least promising stores with the smallest area (less than 40m<sup>2</sup>).



Evolution of EBITDA in 1H2023 y/y



Sales evolution by formats in 1H2023 y/y

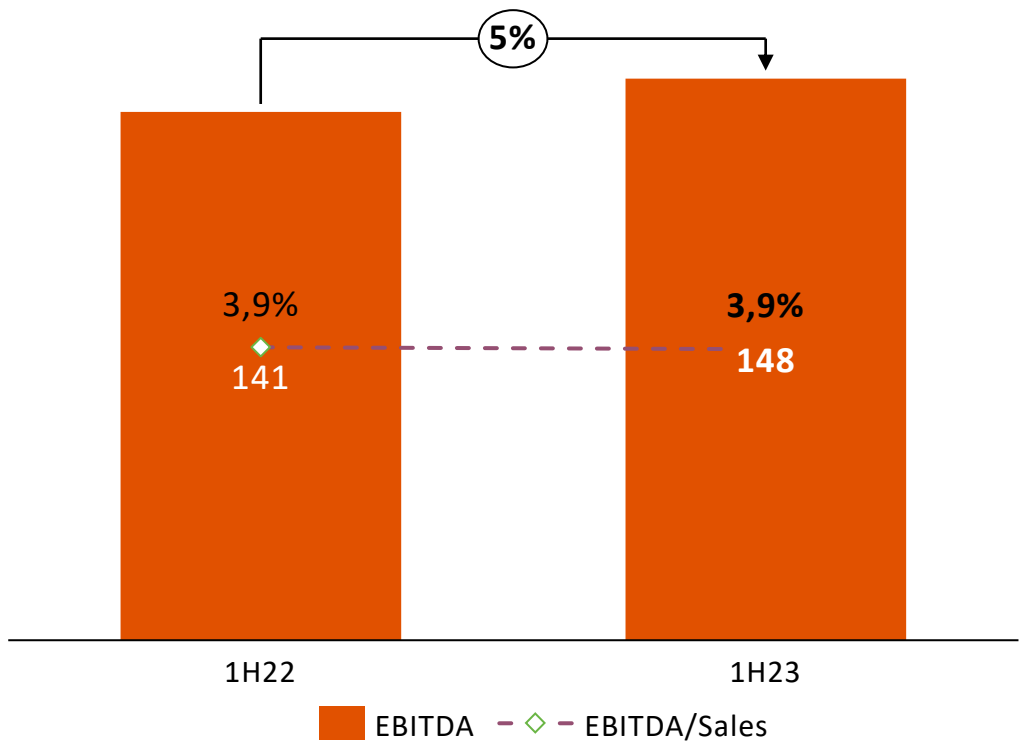


The higher share of EC Serwis in the sales mix proportionally dilutes the EBITDA margin.

Very strong revenues of EC Serwis +23% and Gastronomy +32%, stable Distribution +7% and weaker half-year Cash & Carry +2% (2nd quarter effect).

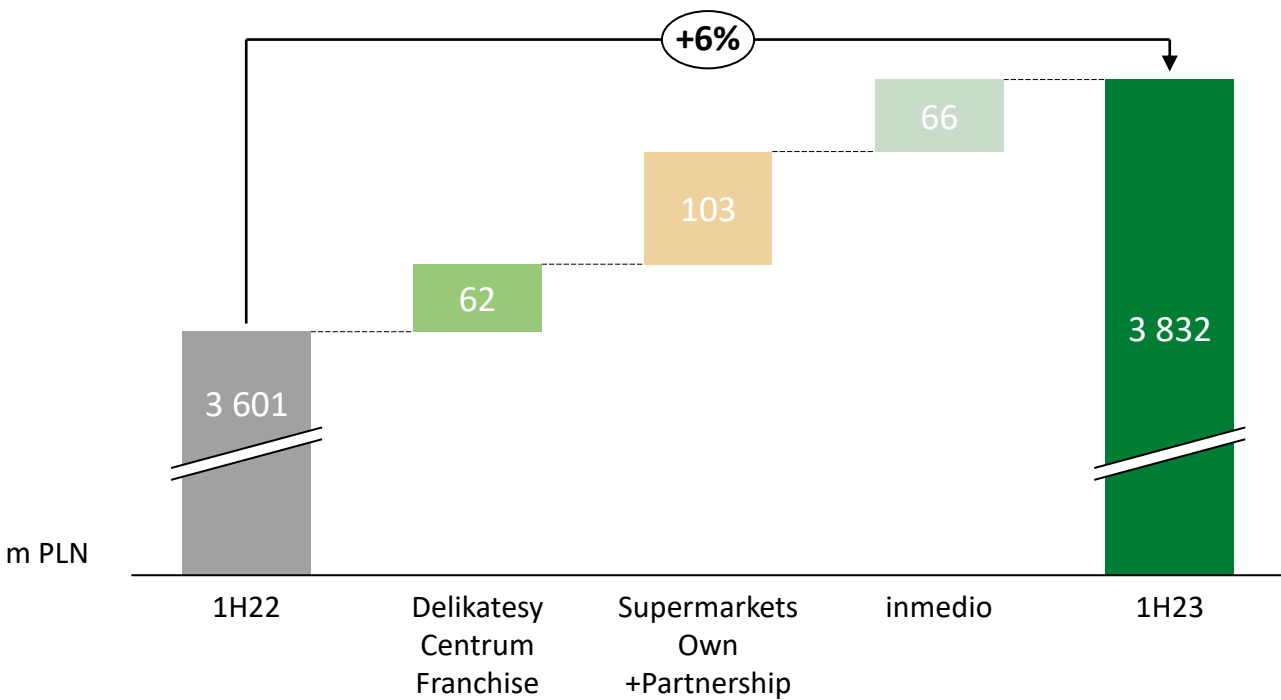


Evolution of EBITDA and EBITDA margin in 1H2023 y/y



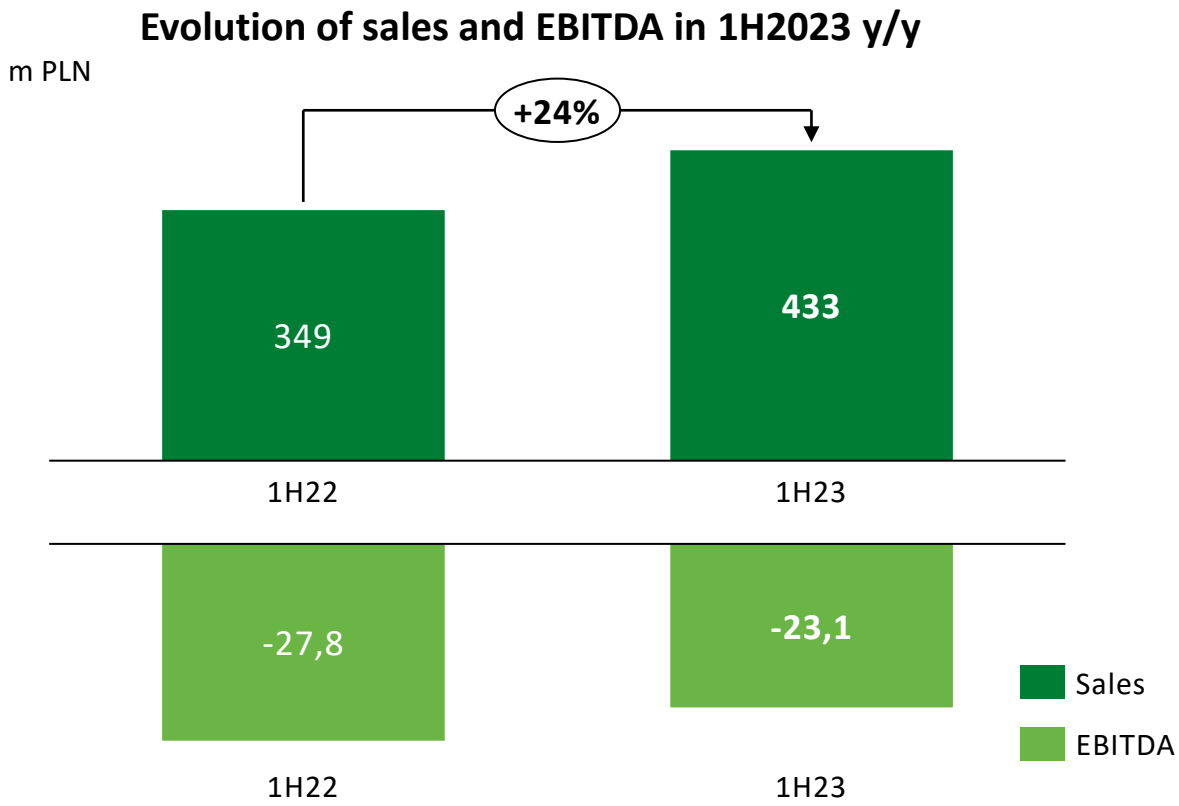
Improved EBITDA y/y with a weakening consumer, investment in price and rising media costs

Sales evolution by formats in 1H2023 y/y

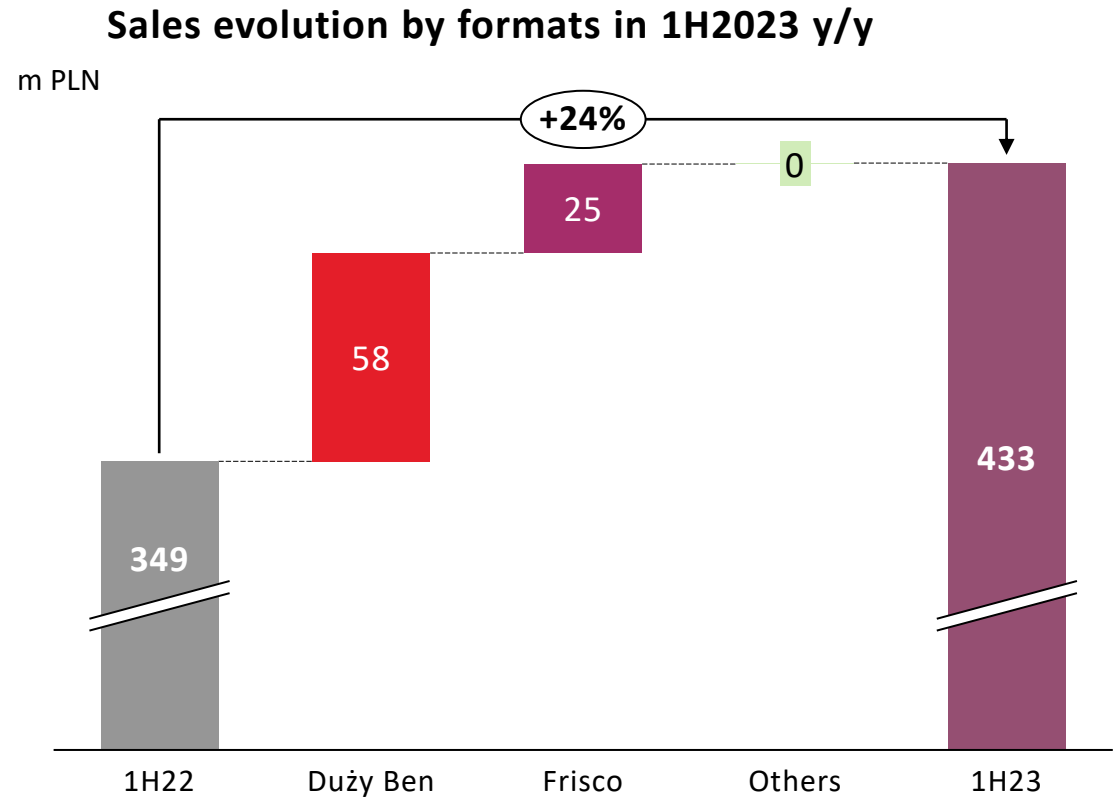


DC increase LFL by 6,9% with lower sales volume. High sales growth in Inmedio stores +25%.





Increase in sales by 24% with improved EBITDA, which includes the costs of new Duży Ben stores and Frisco customer acquisition



Further dynamic sales expansion of Frisco and Duży Ben