



EROSKI

Corporate Presentation

June 2024

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Agenda

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Business Overview

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Key Credit Highlights

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Financial Policy and Current Trading FY'23

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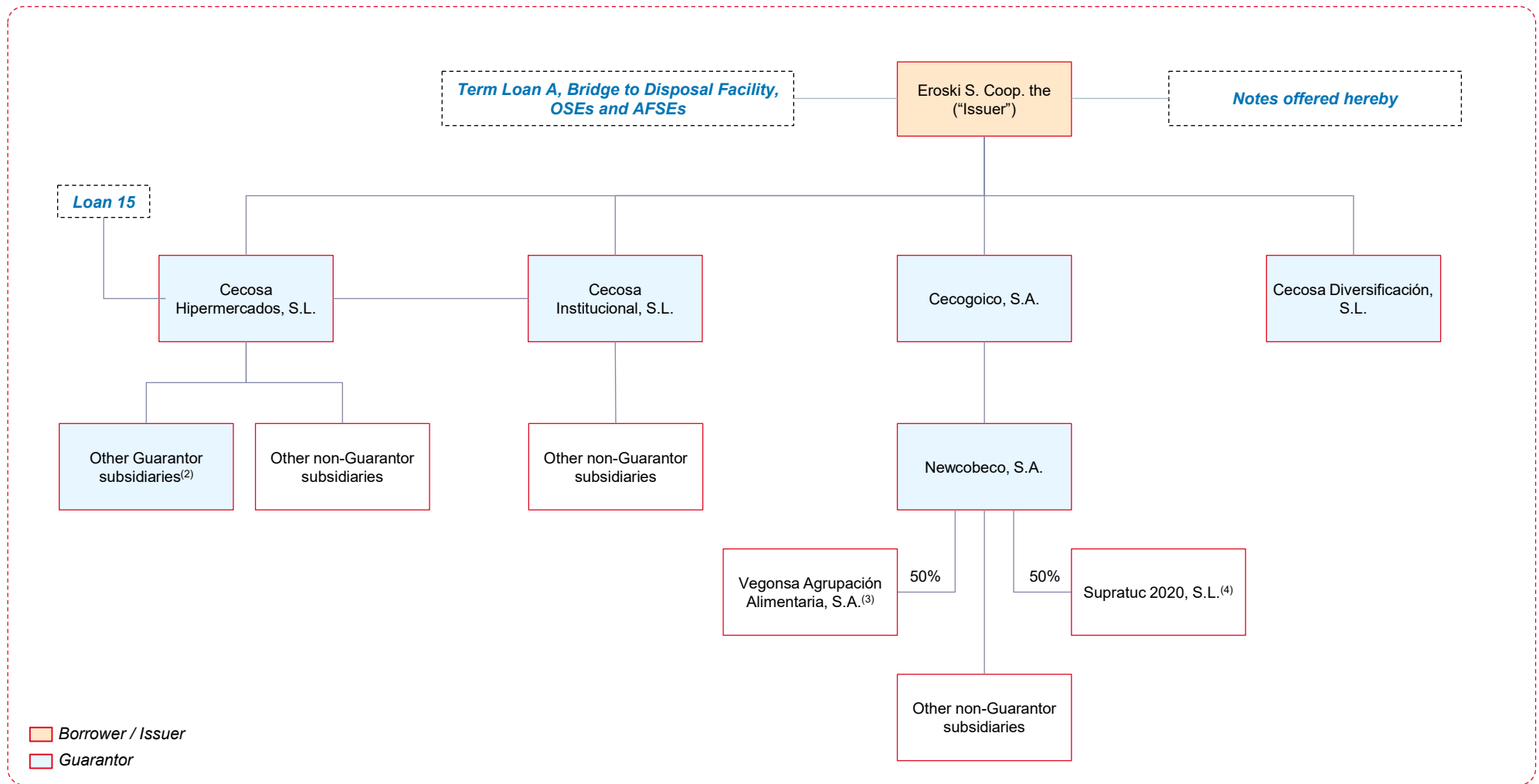
Appendix



Section 1

Business Overview

Corporate structure⁽¹⁾



 Restricted Group for the New Senior Secured Notes and New Term Loan

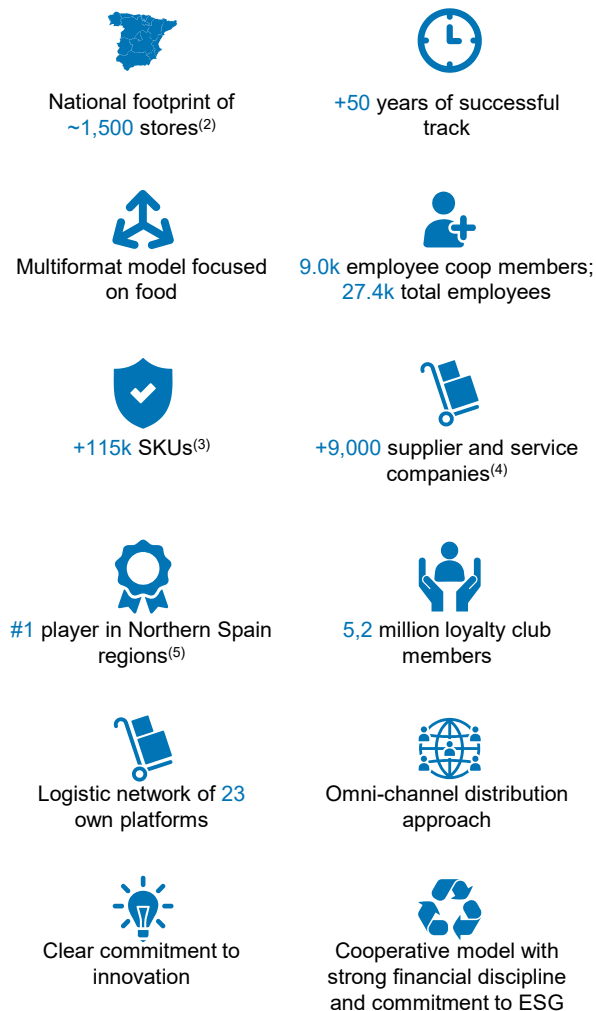
Source: Company

(1) All entities shown below are directly or indirectly wholly-owned, unless otherwise mentioned; (2) On the Issue Date, the Notes will be jointly and severally guaranteed on a senior basis by Cecosa Hipermercados, S.L., Equipamiento Familiar y Servicios, S.A., DCO, Cecosa Institucional, S.L., Cecogoico, S.A., Newcobeco, S.A., Peninsulaco, S.L.U., S. de Franquicias Eroski Contigo, S.L.U., Forum Sport, S.A. and Cecosa Diversificación, S.L. (together, the "Guarantors"); (3) Partnership between Grupo Eroski and Familia González Iglesias. Some of the terms in the partnership include: (i) BoD with 4 members, the President is named by Eroski and has a casting vote; (ii) The management of the company is led by a local team, even though some corporate services are provided by the Eroski corporate structure; (4) Partnership between Grupo Eroski and EP Corporate. Some of the terms in the partnership include: (i) BoD with 4 members, the President is named by Eroski and has a casting vote on material matters (if the casting vote is used, EP Corporate has a put option to their stake. The time to acquire the stake is 12 months from the moment it is exercised); (ii) The management of the company is led by an Eroski team

Eroski at a glance

Eroski is the 4th largest food retailer⁽¹⁾ in Spain, with undisputed leadership positions in the Basque Country, Navarra and Balearic Islands

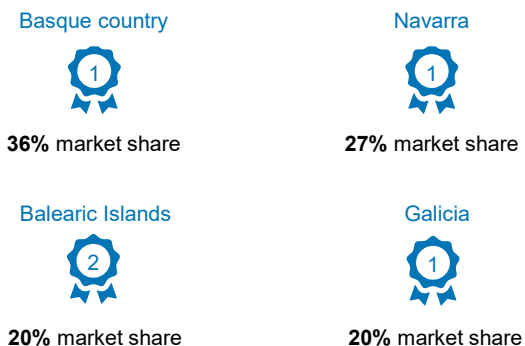
Key highlights



National and diversified footprint across Spain



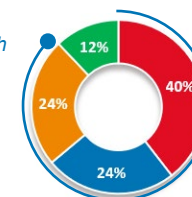
Leading position in high growing Spanish regions⁽⁵⁾



Business diversification

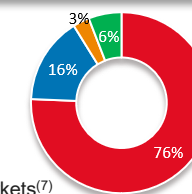
FY23 revenue breakdown by geography

88% of revenue from regions with leading market positions



■ Northern Spain⁽⁶⁾
■ Catalonia and Balearic Islands
 ■ Galicia
 ■ Others

FY23 revenue breakdown by activity



■ Supermarkets⁽⁷⁾
■ Hypermarkets
 ■ Cash and Carry
 ■ Diversification⁽⁸⁾

Key financial metrics (FY23)

€5,186m revenue

€331m EBITDA⁽⁹⁾

6.4% EBITDA Margin⁽⁹⁾

54% Cash Conversion L3YAvg⁽¹⁰⁾

2.3x Net Debt / EBITDA⁽⁹⁾⁽¹¹⁾

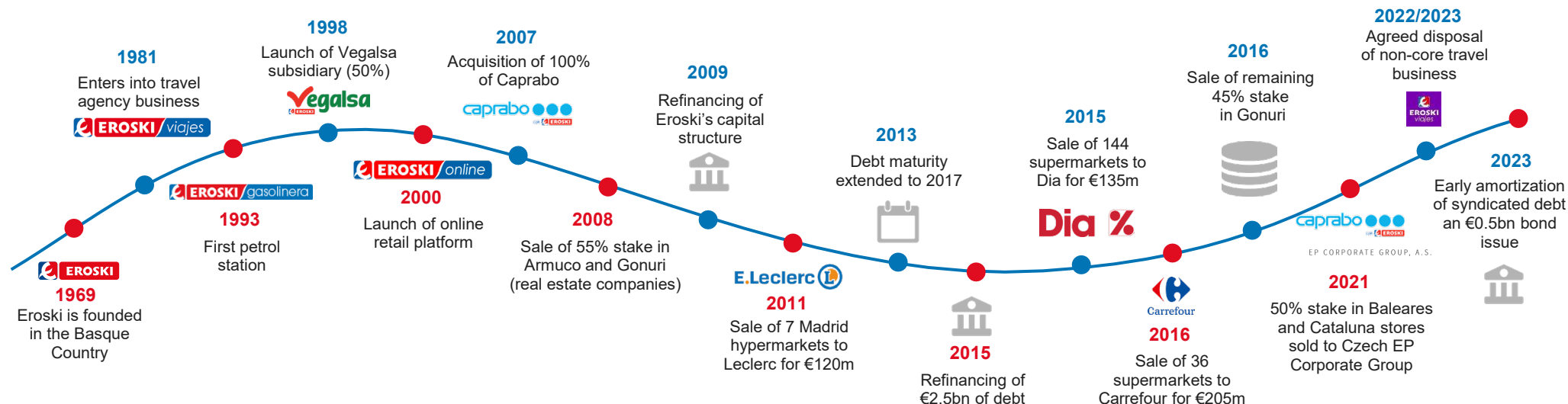
Source: Company information – as of 31/01/2024 unless otherwise stated, Nielsen, Alimarket

(1) Based on revenue value; (2) Includes all Eroski group businesses, including sports and online; (3) As of 31/01/2024. Does not include textile references; (4) of which 3,745 commercial suppliers; (5) % market share based on market value as of Dec-23 and ranking position based on store surface areas as of Dec-23; (6) Includes Basque Country and Navarra; (7) Includes franchise business; (8) Includes petrol stations, travel business, sports business, optics business, and distribution; (9) Adj. EBITDA pre-IFRS 16; (10) Adjusted Operating Cash Flow as a percentage of Adj. EBITDA pre-IFRS 16 for FY20-FY23; (11) Pro-forma Net Financial Debt. Further detail available on page 7

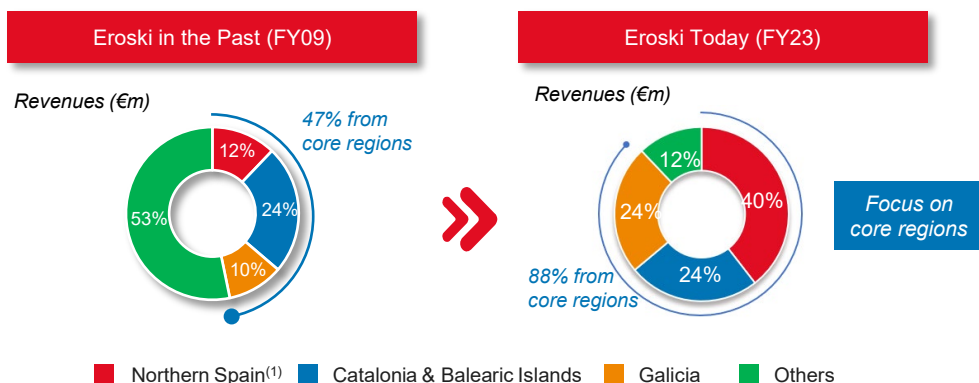
Eroski has a longstanding operational track record...

Over its 50 years of operations, Eroski has transformed into a regional leader in its Core Regions through strategic transactions with a proactive value creation strategy

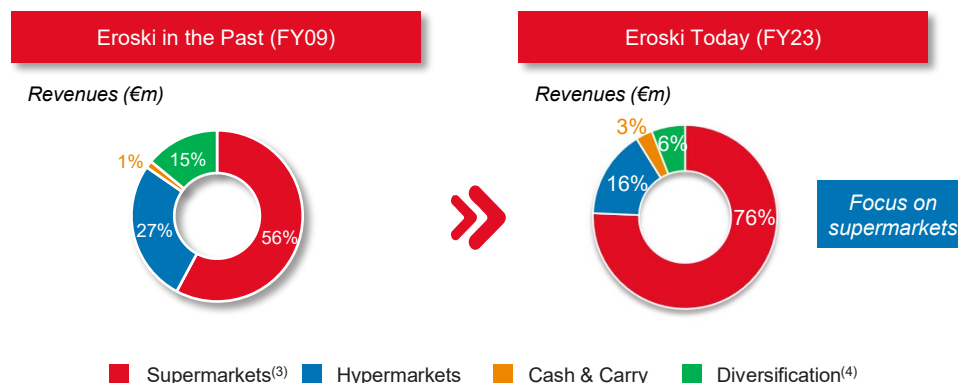
A history of successful track-record and market consolidation through strategic transactions, adapting to the cycle



Re-focus geographical footprint towards core regions...



...while concentrating activity in supermarkets



Source: Company information – as of 31/01/2024

(1) Includes Basque Country and Navarra; (3) Includes franchise business; (4) Includes petrol stations, travel business, sports business, optics business, and distribution

...with consistent improvement in profitability and relentless focus on deleveraging.

2013 – 2016: steady sales

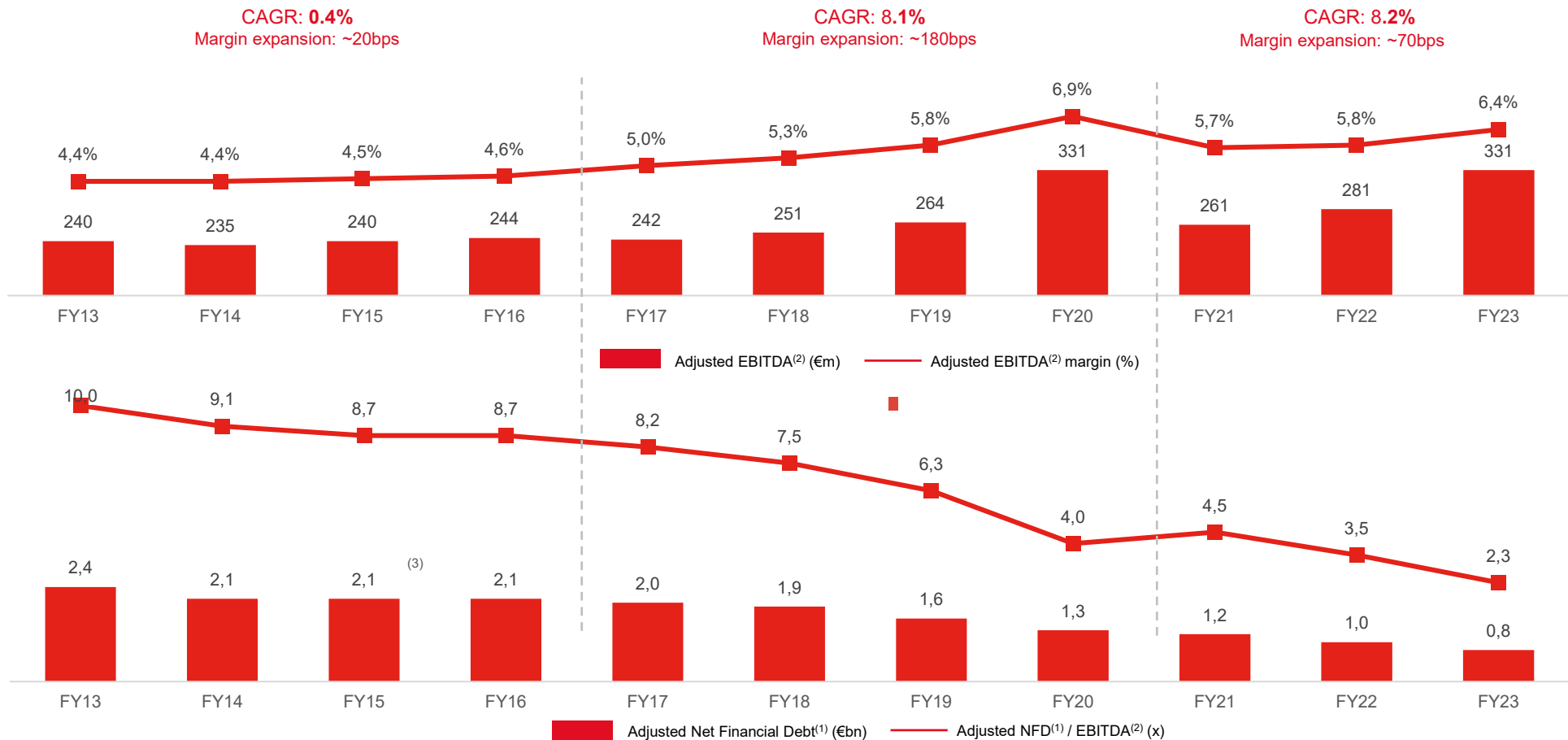
- Recovery after global financial crisis
- Increasing competitive dynamics
- Divestment of SP Sur
- Launch of loyalty program

2017 – 2020: driving growth

- Favorable market environment
- Contingency plan to mitigate competition
- Disposal of non-performing assets
- Positive impact from COVID-19

2021 – 2023: stabilizing returns

- Inflation pressure on margins
- Efficiency measures and cost-cutting initiatives
- Divestment of non-core assets and Supratut partnership put in place



Mid-term leverage target of <2.0x

Source: Company information

(1) 100% consolidated; (2) Adjusted EBITDA on pre-IFRS 16 basis; (3) €209m OSEs increase in 2015, which were previously considered perpetual debt (4) Pro-forma Net Financial Debt.

Multi-format business model in the food retail segment.

885 stores

629 franchises

Eroski group⁽¹⁾

A multi-format strategy anchored in supermarkets ...

Food Business | 95% revenue contribution FY23

Diversification Business | 5% revenue contribution FY23



Supermarkets | 76% revenue

Hypermarkets | 16% revenue

Cash & Carry | 3% revenue

Petrol Stations | 3% revenue

Other | 2% revenue

725 own stores

628 franchises

36 own stores

0 franchises

17 own stores

0 franchises

41 own stores

0 franchises

66 own stores⁽⁸⁾

1 franchises

...with leading brands, strong regional focus and ties to local communities

Eroski brand⁽⁷⁾ | 47% revenue contribution FY23

Vegalsa | 28% revenue contribution FY23

Supratuc | 25% revenue contribution FY23



334 stores⁽²⁾

309 franchises⁽²⁾



201 stores⁽²⁾

118 franchises⁽²⁾



284 stores⁽²⁾

201 franchises⁽²⁾

- Founded in 1969
- Market leading position in Northern Spain⁽³⁾
- Focused on the food business segment with residual exposure to the diversification business and real estate

- Successful partnership created in 1998 between Grupo Eroski and the González Iglesias family
- Leader in food distribution in Galicia, with further operations in Asturias and Castilla y Leon

- Alliance created in 2021 between Eroski and EP Corporate⁽⁴⁾
- 100% stake acquired in 2007, of which 50% disposed in 2021 in the context of alliance establishment
- Oldest supermarket chain in Spain (+60 years)
- Operations in Catalonia and the Balearic Islands

Consolidated entities with full governance control and day to day management

FY23 revenue breakdown

Activity

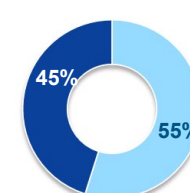
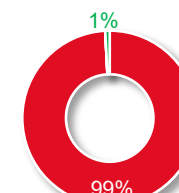
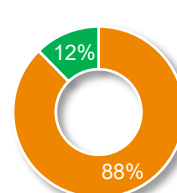
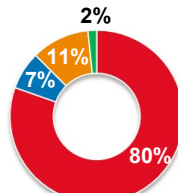
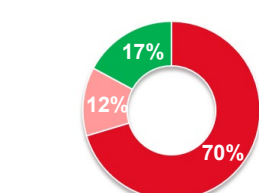
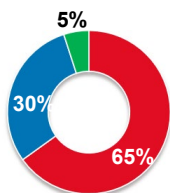
Geography

Activity

Geography

Activity

Geography



■ Superm.⁽⁵⁾ ■ Hyperm.
■ Divers.⁽⁶⁾

■ Basque Country ■ Navarra
■ Others

■ Superm.⁽⁵⁾ ■ Hyperm.
■ Cash & Carry ■ Divers.⁽⁶⁾

■ Galicia ■ Others

■ Superm.⁽⁵⁾ ■ Divers.⁽⁶⁾

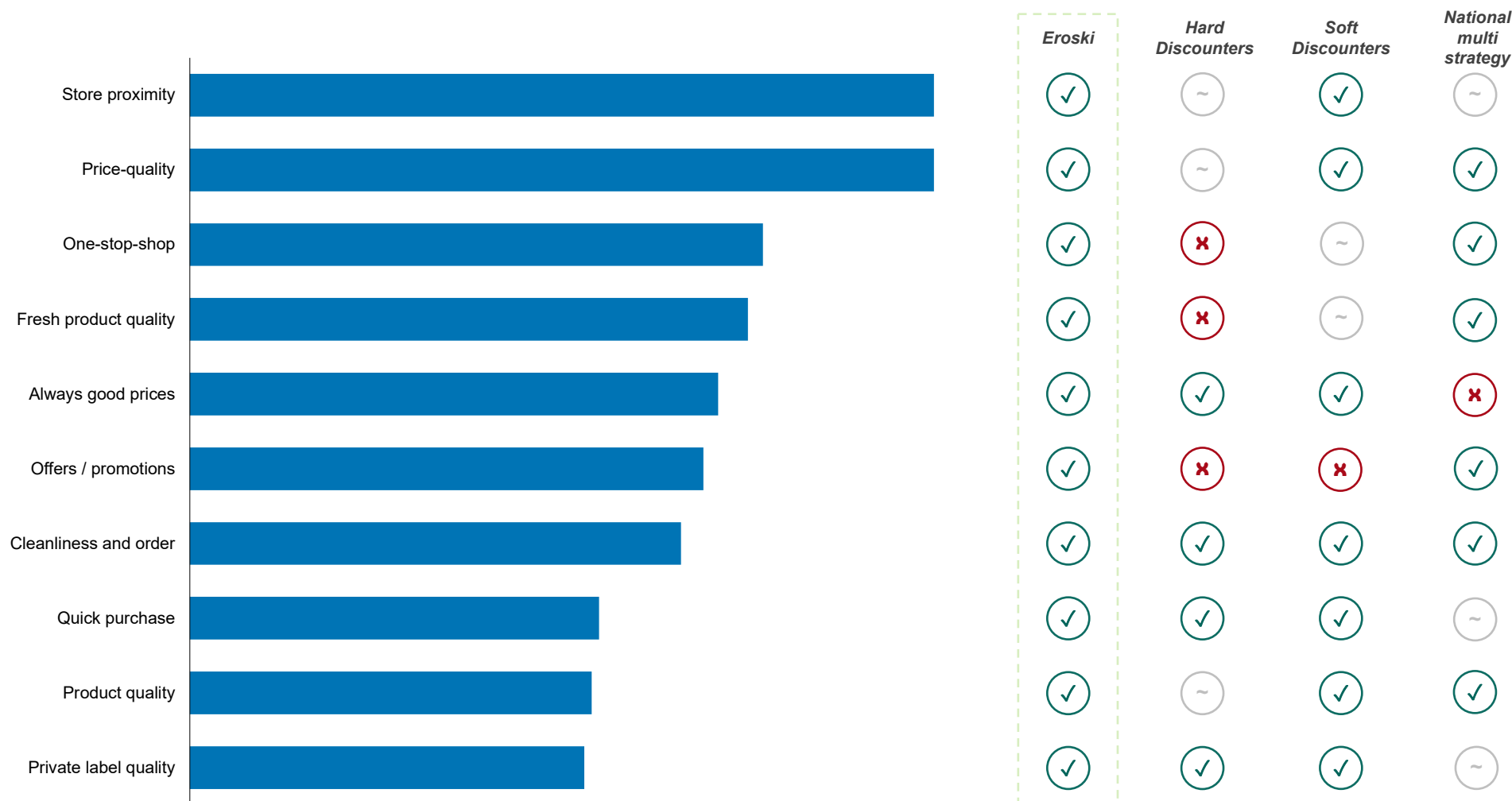
■ Catalonia
■ Balearic Islands

Source: Company information – as of 31/01/2024

(1) Excludes online stores; (2) Does not include sport business, which includes 66 own stores; (3) Includes Basque country and Navarra; (4) Investment holding company owned by Daniel Kretinsky; (5) Includes franchise business; (6) Includes petrol stations, travel business, sports business, optics business, and distribution; (7) Elorrio perimeter; (8) Of which 1 is not operated by Eroski

Eroski's model ticks all the boxes of current consumer needs

Reasons for selecting a Food Retailer in Spain



Source: Kantar 2023, Company information

Eroski's well-defined strategy based on 10 key pillars

The new strategic plan for 2023-27 is centered around achieving sustainable economic growth

Strategic plan overview

- 2023-2027 Strategic Plan based on a thorough review of all our business lines, including an analysis of key market trends across regions (e.g. population profile, local suppliers, ESG, etc.)
- Our priority is to realize moderate, but sustainable, growth; particularly in our core regions where we have market leading advantages and expect moderate market share growth as a result of the execution of the key pillars in our Strategic Plan
- Our Strategic Plan has been built on 10 key pillars, with various direct actions such as price competitiveness, additional offering, own brand strengthening and operational efficiencies, but also other enhancements to brand image, customer experience and customer loyalty
- Our Strategic Plan and 10 Pillars are already in motion and specific teams have been assigned to each pillar, with adequate monitoring systems to ensure an effective execution



Local and healthy food as key competitive positioning



Footprint / brand growth



Tools

Impact



Customer experience



Efficiency and cost savings

Key pillars

Pillars	Expected EBITDA impact ⁽¹⁾	Expected Capex impact ⁽¹⁾
1 Price competitiveness	High	-
2 Wide product offering and inventory optimization	Medium	-
3 Competitive and attractive own brand proposition	-	-
4 Client centric approach	Medium	-
5 Fresh products to drive the broader basket	Medium	Low
6 Footprint expansion and optimization	High	Medium
7 Attractive proposition for cooperative members and employees	Low	-
8 Focus on technology development and innovation	Low	Medium
9 Strategic communication plan	Low	-
10 Local economies development and healthy food offering	-	-

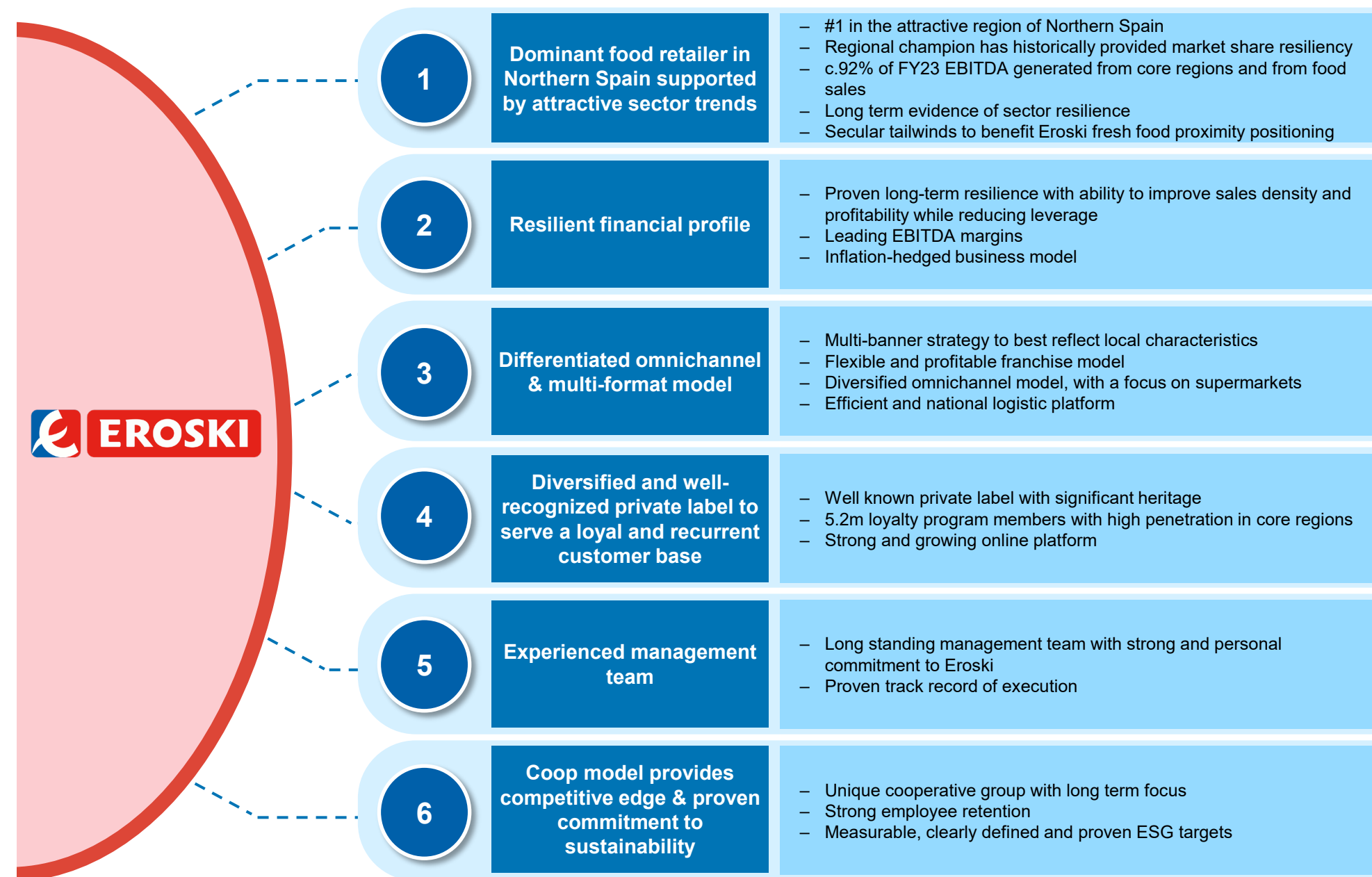
Source: Company information
(1) Predictions based on Company estimates



Section 2

Key Credit Highlights

Key Credit Highlights.



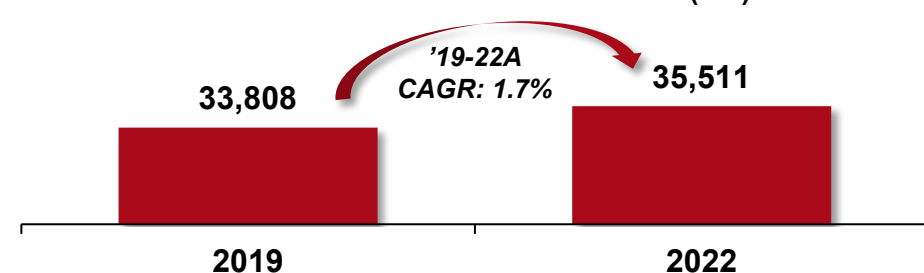
#1 food retailer⁽¹⁾ in the attractive region of Northern Spain

Eroski is a local Basque champion and the “go to” grocery store in its core regions

The Northern region of Spain is one of the most attractive segments of the Spanish food retail market...

The food retail market in Northern Spain is large and growing

Eroski total addressable market size (€m)⁽²⁾

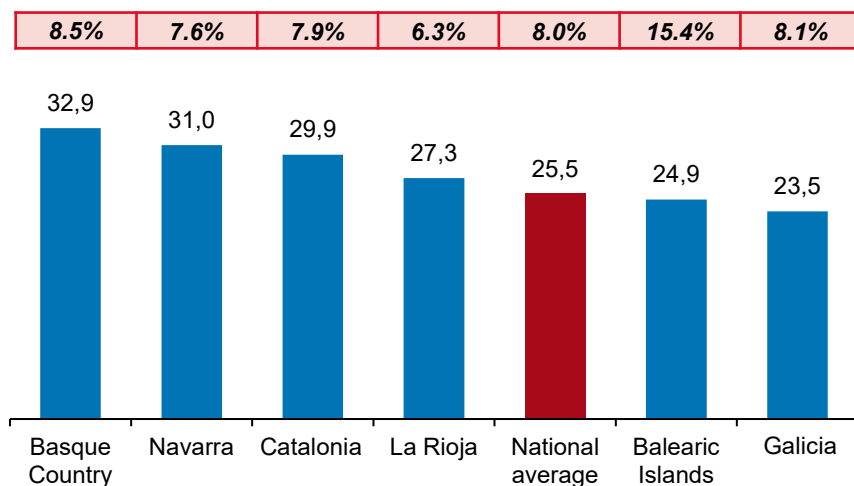


Source: Company information

Eroski operates in some of the wealthiest regions of Spain

GDP per capita 2021 (€k)

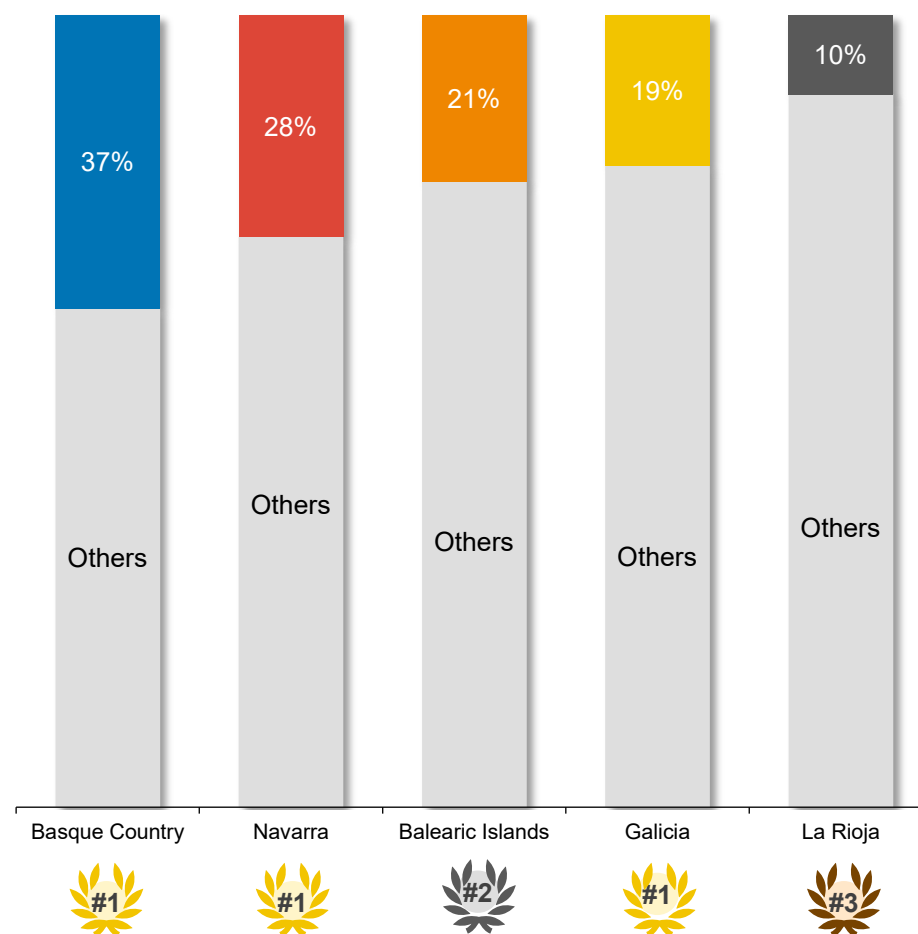
Growth vs.
2020



Source: INE

...where Eroski is a clear leader

c.90% of EBITDA generated from core regions where Eroski is a leader



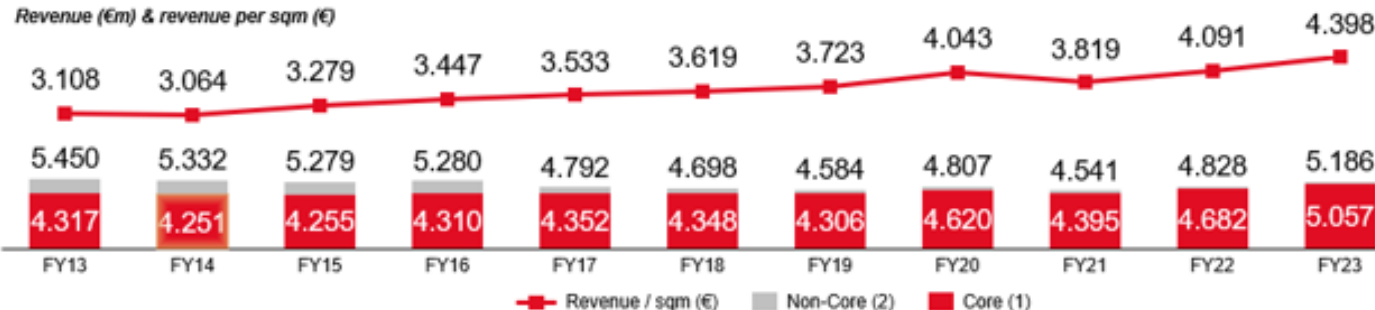
Source: Nielsen and Alimarket, as of 31/12/2022. Market share based on market value and market position based on store surface area

(1) Based on store surface area; (2) Includes Northern Spain region as well as Galicia, Asturias, Cantabria, La Rioja, Aragón, Catalonia and the Balearic Island

Track record of profitability improvement and deleveraging...

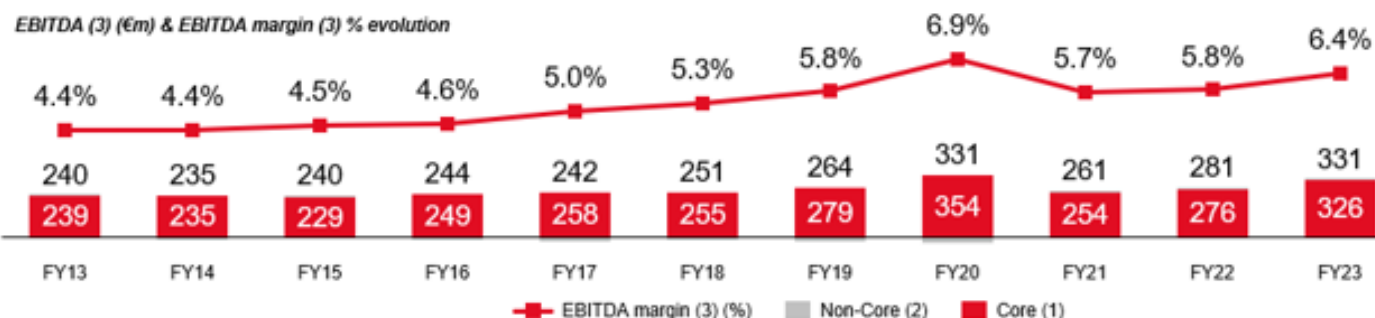
Continued increase in activity driven by our core strategy

Revenue (€m) & revenue per sqm (€)



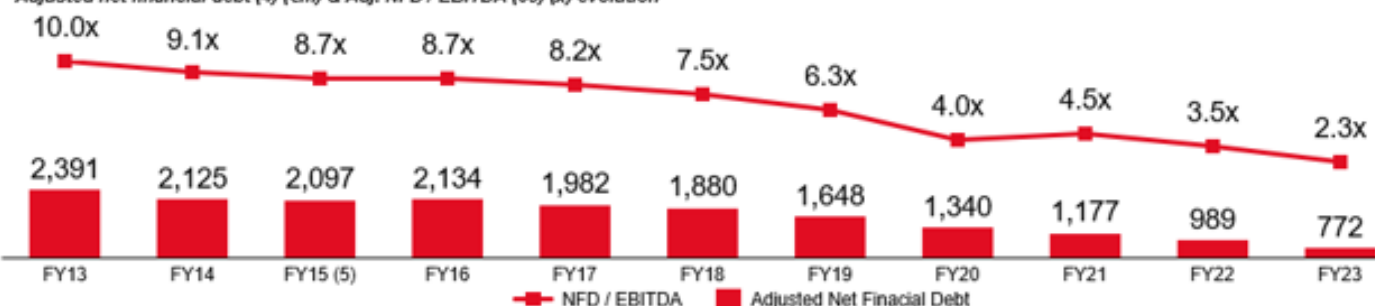
...with proven ability to increase profitability...

EBITDA (3) (€m) & EBITDA margin (3) % evolution



...and strong commitment to continuously reduce debt ⁽⁴⁾

Adjusted net financial debt (4) (€m) & Adj. NFD / EBITDA (03) (x) evolution



Key Highlights

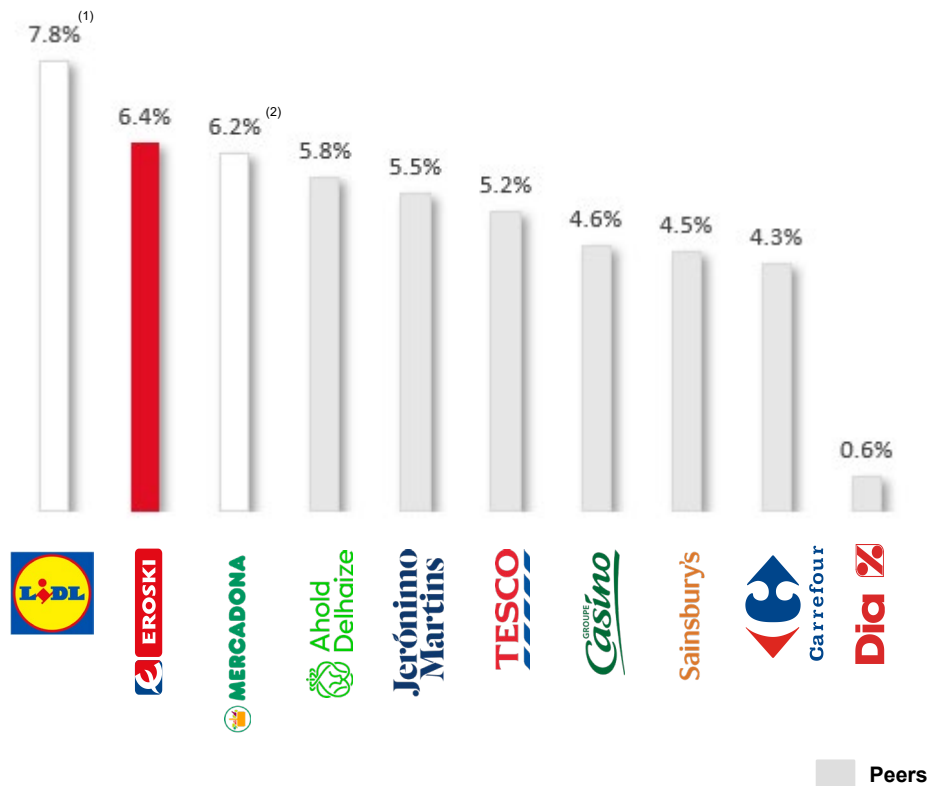
- ✓ Relevant overall increase in activity, which reinforces our commercial policy and strategy
- ✓ Continued improvement in efficiency in terms of sales per sqm
- ✓ EBITDA improvement in Core Business of +€50M in FY23 as a result of our strategy, increased activity and management efficiency programmes
- ✓ Relevant reduction in the Debt/EBITDA ratio towards our mid-term target

Sources: Company information. (1) Includes our food businesses in our Core Regions; (2) Includes all business other than food businesses in our Core and non-Core Regions and the remaining food business in non-Core Regions; (3) Adjusted EBITDA on a pre-IFRS16 basis; (4) 100% consolidated; (5) €209m OSEs increase in 2015, which were previously considered perpetual debt

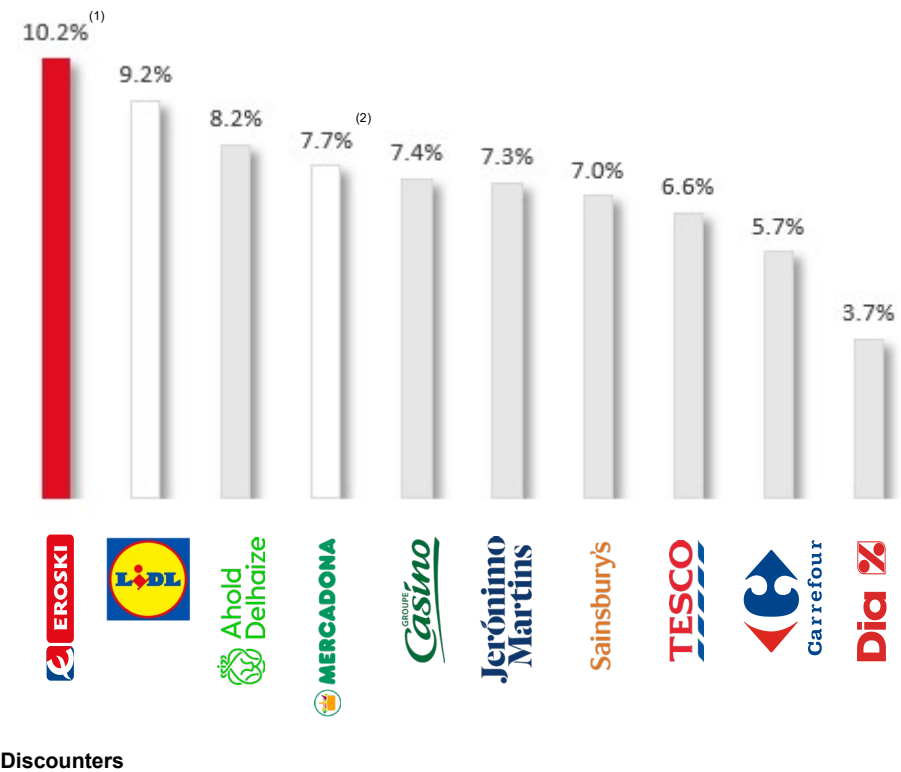
...leading to above average margins.

Eroski compares favorably to leading European food retailers with comparable business models

EBITDA margin pre IFRS-16 FY23



EBITDA margin post IFRS-16 FY23



Source: Company information, FY24

(1) Financial accounts for Spanish subsidiary for FY21 (2) Results for FY23

Note: Financials calendarized to January year-end for comparability purposes. Discounter margins as per annual accounts

Highly attractive and well-developed private label product range...

A private label offering that maximizes customer experience and loyalty

Diversified and well recognized portfolio of private labels (SKUs)

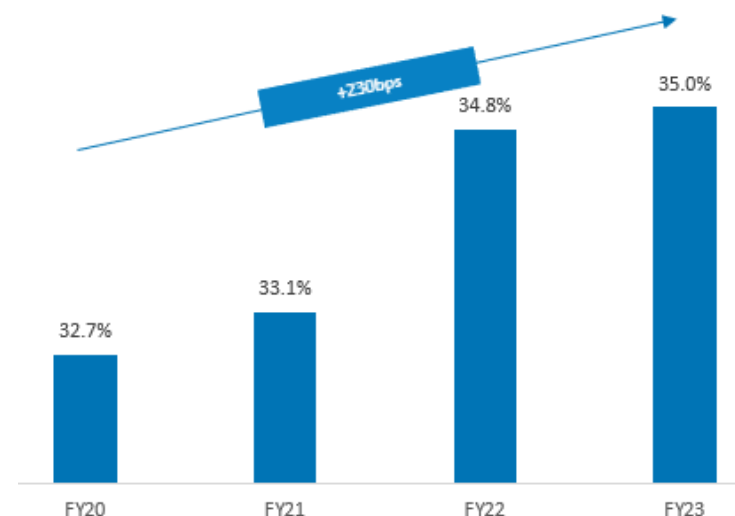


Food and fresh produce

- ✓ Pioneers in private label products aligned with a cooperative mindset
- ✓ High investment throughout the product range leading to **top quality products for each price category** (unique price to quality ratio)
- ✓ Right strategy given current trends of **value seeking** and **new tendencies** (bio, nature, etc.)
- ✓ ~10k private label SKUs⁽²⁾
- ✓ High customer retention

Strong evolution of private label sales

Private label revenue as a % of total revenue



Optimal balance between private label and supplier brands to maximize customer offering with a clear focus on food and fresh products

Food and non-food product breakdown (FY23)⁽³⁾

As a % of revenue



Fresh and general food product breakdown (FY23)⁽³⁾

As a % of revenue



Source: Company information – as of 31/01/2024

(1) Perfume business; (2) Does not include textile references; (3) Based on split provided by management

Large and loyal customer base providing recurring revenues.

High market penetration, evolution and perception driven by high innovation in trends such as subscription (Gold program) and personalization in health



8.2 client satisfaction



> 5m
members

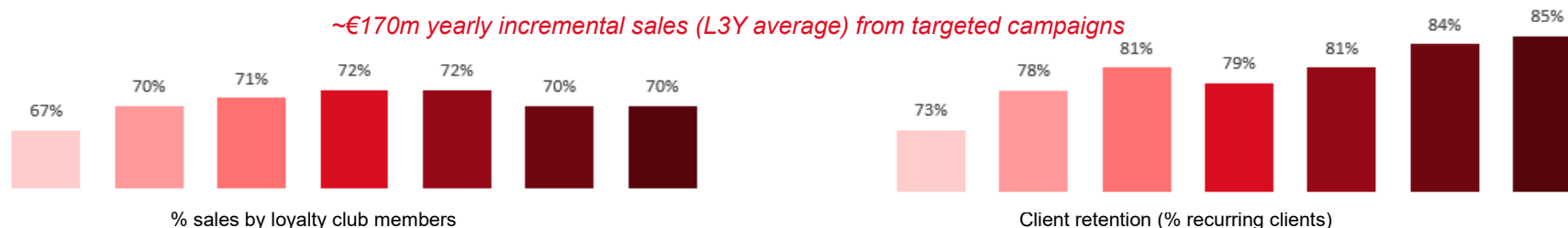


52% Core areas household penetration



88% Basque Country / Navarra penetration

~€170m yearly incremental sales (L3Y average) from targeted campaigns



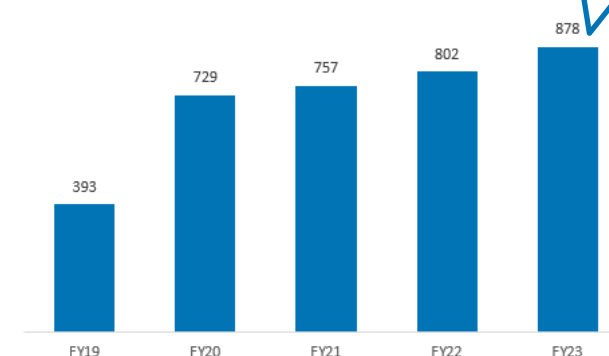
FY17 FY18 FY19 FY20 FY21 FY22 FY23

€4k average club annual basket vs. €1.1k non-club members



175k Gold members

Yearly sales from Gold members (€m)



Source: Company information



Section 3

Financial Policy
Current Trading FY'23

Conservative financial policy

Leverage

- Continued de-leveraging target to below 2.0x net leverage (pre-IFRS 16) on a consolidated basis in the near-to-medium term

Liquidity

- **Healthy cash conversion and strong liquidity cushion** expected with a combination of (i) €188m of cash and cash equivalents at closing, (ii) c. €293m of working capital facilities and (iii) c. €115m financial investments⁽¹⁾, further supported by:
 - Estimated **minimum cash** to operate its business: €70m at consolidated level
 - Structurally negative working capital thanks to the nature of the business
- Adjusted debt repayment schedule until 2028

Cash flow flexibility

- Well invested asset base with **limited maintenance capex requirements** of c.1.0% of revenues, and **discretionary expansion capex**
- Ability to **sell non-core assets at attractive valuations**, for deleveraging or reinvesting:
 - c. €193m real estate non-core assets (including realized c. €12.5m of RE asset sales and further), o/w only 10% used by Eroski (i.e., shops)

Acquisitions

- Management does not consider any material add-on or transformational acquisitions in the short to medium-term

Conservative financial policy by nature of the cooperative

- **As a cooperative, Eroski does not distribute cash dividends**
- Limitations to the partner's contributions reimbursements of each cooperativist who exits the Company:
 - **Must be approved at the General Assembly**
 - The approval is subject to **maintenance of a minimum equity and liquidity thresholds**
 - **Eroski's policy is to prioritise the financial stability of the Company over reimbursements**

(1) Which mainly include investments in Mondragon, Laboral Kutxa and other current financial assets which can be sold if necessary



2023FY Results Presentation & Strategy Update

Eroski in Figures (FY23)

EROSKI, Part of you.

STRATEGIC PLAN



€5,186M⁽¹⁾
FY23 Revenue



€331M
FY23 EBITDA



€109M
FY23 Net Income



12.8%
Market Share in
Northern Spain
(2023)



1,513⁽²⁾
Stores
- 904 own stores
- 629 franchises



74
New openings
- 9 own stores
- 65 franchises



3,444
National commercial
suppliers (98%)



2,056
Small agri-food
producers
(59.5%)



20,768
References of
local products

Source: Company information | Notes: (1) Total Revenue excluding VAT; (2) 1513 physical establishments excluding 11 optical shops and 9 on line shops

Eroski in Figures (FY23)

EROSKI, Part of you.



STRATEGIC PLAN



27,426

Employees,
of which 77%
women



8,989

Cooperative
members



3,663

Estimated
employees in
franchises



74%

of positions of
responsibility filled
by women



+6.4M⁽¹⁾

Customers

Sources: Company information. (1) Consumerist members included

Summary of Key KPIs

8.9%

Net Sales LFL growth Q4 YTD⁽¹⁾

4.8%

Net Sales LFL growth Q4⁽¹⁾

€1,327 M

Total Revenue Q4

€126 M / €530 M

Adj. EBITDA Post-IFRS 16 Q4 / FY23

€5,186 M

Total Revenue FY23

€331 M

Total Adj. EBITDA Pre-IFRS 16 FY23

10.2% / 6.4%

Adj. EBITDA Margin (YTD) Post-IFRS 16 /
Pre-IFRS 16

75%

Sales to loyalty club members FY23

35%

Private label sales of total food sales FY23

2.3x

Net Leverage Pre-IFRS 16

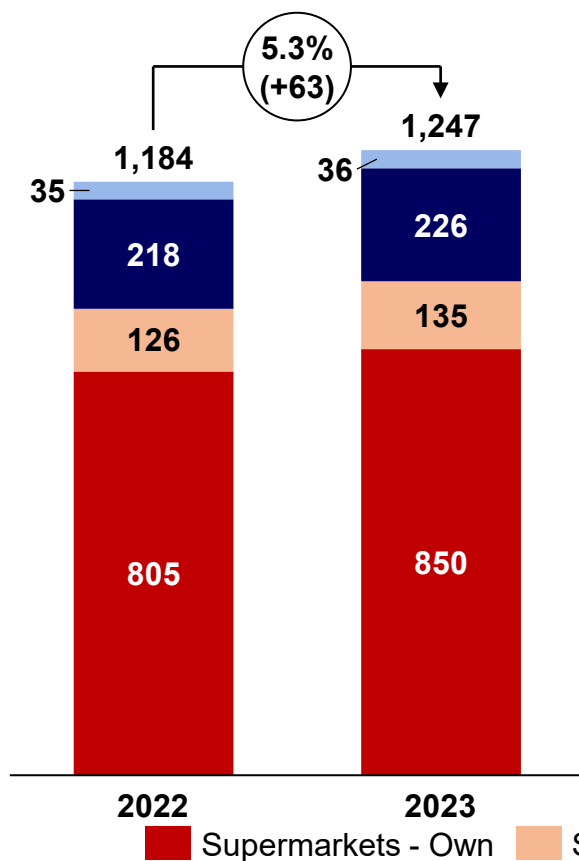
Key Highlights

- Strong growth in sales, both in total and like-for-like terms
- The market figures follow CPI trend with a moderate increase
- Continued success of our private label, which represents c.35% of our total food sales and allows us to offer a wider range of products with the most competitive prices to our clients
- Loyalty club members continue driving the majority of our sales (75%)
- FY23 EBITDA Post-IFRS 16 increased by +12.6%, reaching €530M (10.2% margin)
- Total net leverage pre-IFRS 16 of 2.3x as of Q4-23

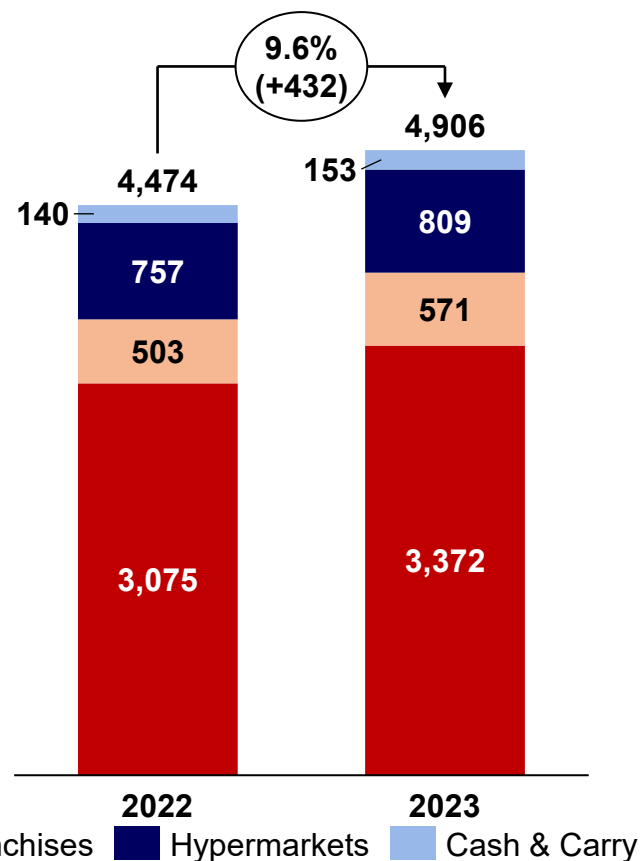
Sources: Company information; (1) excludes "Diversification" business unit

Evolution of Food Revenue (€M)

Q4



Full Year



Increasing total revenue in Q4

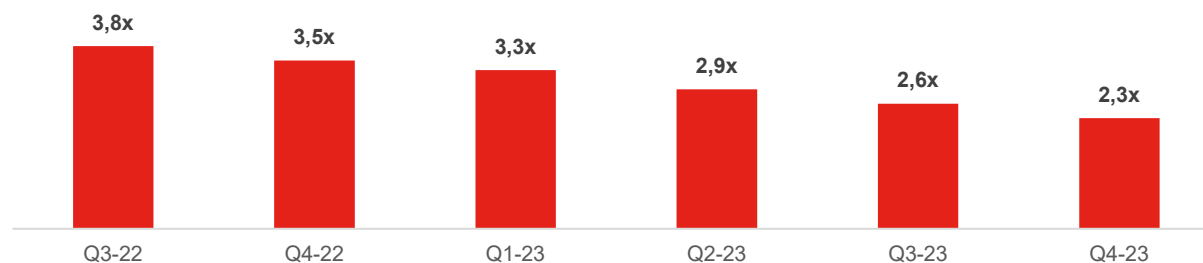
Sources: Company information

Leverage Overview

Capitalisation Table

€M	Amount	x YTD 23 EBITDA
Cash & Cash equivalents	(168)	
Short-term financial assets	(20)	
Syndicated Loan	0	
New Senior Secured Notes	500	
New Term Loan A	109	
Other Loan	50	
Total Senior Secured Net Debt	471	1.4x
Local facilities	92	
Obligaciones Subordinadas Eroski ("OSEs")	209	
Total Net Debt	772	2.3x
YTD 23 EBITDA (pre-IFRS 16)		331
FY 23 EBITDA (post-IFRS 16)		530

Leverage Evolution



Key Highlights

- Refinancing transaction closed on November 30th 2023
- We continue reducing our net leverage - after the refinancing transaction we have reached a 2.3x Net Leverage ratio (1.4x on a Senior Secured Debt basis)
- Other loan: The Group signed in 4Q23 a new TLA of €50M that ranks pari passu with the rest of the senior debt. The proceeds will remain on balance sheet to support corporate liquidity
- This table does not include the bridge loan. On January 31st 2024 the outstanding amount was €12.5M and on April 30th the outstanding amount was €7.3M

Source: Company information. All expressions in capital letters are those used in the Offering Memorandum

Summary Profit & Loss

€M	FY22	FY23	% Growth
Supermarkets	3,578	3,943	
Of Which Owned	3,075	3,372	
Of Which Franchises	503	571	
Hypermarkets	757	809	
Cash & Carry	140	153	
Total Revenue (excluding Diversification)	4,476	4,906	+9.6%
Diversification	354	280	
Total Revenue	4,828	5,186	+7.4%
COGS	(3,549)	(3,836)	
Gross margin	1,279	1,349	+5.5%
% revenue	26.5%	26.0%	
Personnel Expenses	(676)	(709)	
Operating Lease	(32)	(35)	
Other operating expenses & Adjustments	(101)	(75)	
Adjusted EBITDA	470	530	+12.6%
% revenue	9.7%	10.2%	
Lease Expenses	(190)	(199)	
Adjusted EBITDA Pre-IFRS 16	281	331	+17.9%
% revenue	5.8%	6.4%	

Total surface (k sq. m)	1,180	1,179
Number of stores (Total)	1,624	1,513
o.w. Owned	1,021	885
o.w. Franchised	603	628

Revenue / Surface (€/m)	4.09	4.40
Adjusted EBITDA Pre-IFRS 16 / Store (€/m)	0.17	0.22

Key Highlights

- **Strong revenue growth across all store formats**
- Core business revenue excluding diversification has increased +9.6% vs FY22
- Diversification revenues slightly dropped mainly due to lower gas station activity
- We continue to invest in gross margin (in % terms), increasing our commercial proposal to customers and presence in the market, showcased by the significant increase in absolute gross margin in €M
- The increase in leases (including operating and IFRS16 leases) is limited to 5.9%
- Total OPEX increased by 1.9%
- **EBITDA⁽¹⁾ increase of ~18% YoY**
- Solid commercial performance showcased in EBITDA⁽¹⁾ per store growth of 26.5%

Source: Company information; (1) Pre-IFRS 16

Consolidated Cash Flow

€M	FY23	FY22
Cash flows from operating activities within WC	529	474
Increase/decrease in WC	(107)	(34)
Income tax received/(paid)	(21)	(14)
Net cash from operating activities	401	426
Net cash used in investing activities	(36)	(116)
Capex	(113)	(121)
Assets disposals	83	3
Interest received	8	4
Acquisition of other financial assets	(14)	(1)
Dividends received	0	0
Net cash used in investing activities	(36)	(116)
Net cash used in financing activities	(413)	(299)
Repayment of loans and borrowings	(788)	(35)
Proceeds from Bonds and Other negotiable securities	698	0
Repayment of lease liabilities	(180)	(168)
Dividends paid	(37)	(20)
Net interest and other financial activities	(104)	(67)
Net of issue and redemption of capital	(2)	(8)
Net cash used in financing activities	(413)	(299)
Net increase/(decrease) in cash and cash equivalents	(48)	11
Cash transferred to non-current assets held for sale	0	(8)
Cash and cash equivalents at 1 February	216	213
Cash and cash equivalents at 31 January	168	216

Source: Company information

Key Highlights

Net cash from operating activities

- Reduced confirming lines for a total amount of €62M (see next slide)

Net cash used in investing activities

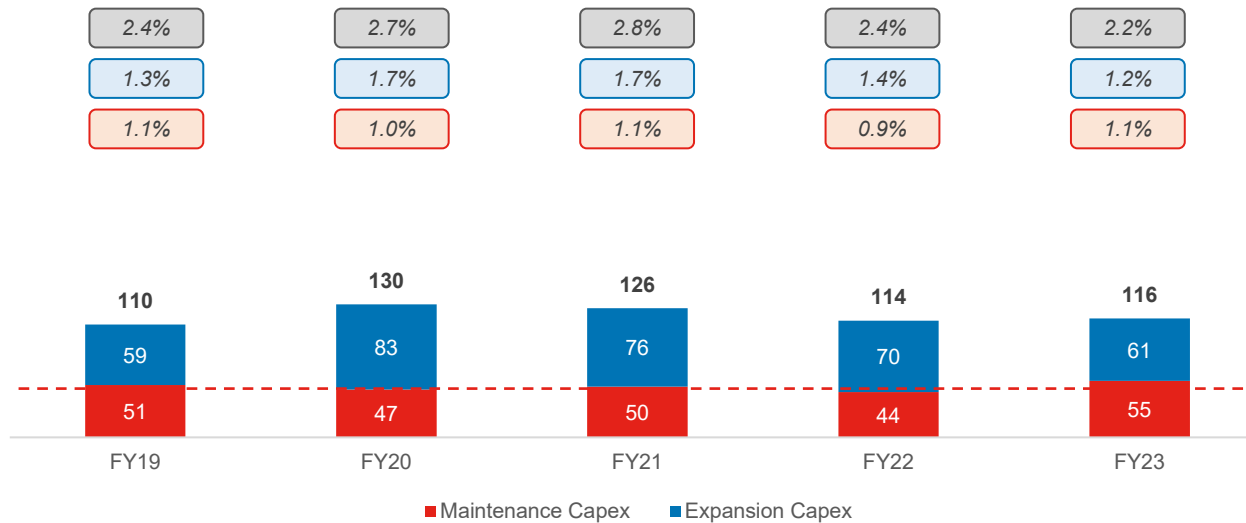
- Stable capex levels following historical trend
- Financial assets investments are short-term cash equivalents

Net cash used in financing activities

- Dividends of €30M distributed to our partners in Vegalsa, on the back of improved performance in the JV
- Net repayment of debt of €90M
- Net amount of capital redemption to members of the cooperative of €2.4M

Focus on Capex

Capex (€M) & Capex / revenues (%)



Key Highlights

- Same amount of average maintenance Capex between 2019-21 as in 2022-23 (€49M)
- Very stable capex profile over the historic period:
 - Maintenance capex mainly includes refurbishments required for existing stores to operate and the substitution or upgrade of obsolete equipment in the stores
- We expect the same Capex spend trends going forward

Source: Company information.

Stores Openings & Closings

Stores Footprint

FOOD	Owned	Franchised	Total	FOOD + DIVER	Owned	Franchised	Total
Stores Q4'22	796	603	1,399	Stores Q4'22	1021	603	1,624
Openings	8	65	73	Openings	9	65	74
Net Transfers	0	(8)	(8)	Net Transfers	0	(8)	(8)
Closings	(26)	(32)	(58)	Closings	(27)	(32)	(59)
					(118)	0	(118)
Stores Q4'23	778	628	1,406	Stores Q4'23	885	628	1,513
Refurbishments Feb-Jan 23	91	0	91	Refurbishments Feb-Jan 23	91	0	91
Refurbishments Feb-Jan 24	71	0	71	Refurbishments Feb-Jan 24	71	0	71

Key Highlights

- The majority of new own stores openings have been in the Supermarkets segment
- Total stores remain stable - only slight increase of 7 food stores in this period
- We continue to maintain our investment in the refurbishment of our stores

Source: Company information LTM Datas. 1513 physical establishments excluding 11 optical shops and 9 on line shops.



Section 4

Appendix

We are a cooperative

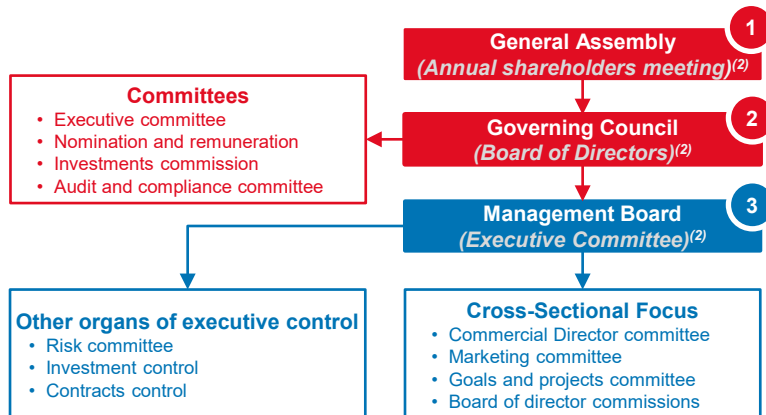
As a consumer cooperative we have a very clear mission and values, with an independent and efficient organizational model

Cooperative overview

- A Cooperative is a legal entity owned and controlled by its members (i.e. consumers and employees)
- As a cooperative-based company we have a significant proportion of our employees as owners, called "members" (~8.8k, representing **30% of the workforce**)
- All employee members contribute with approx. **€11k down-payment** when they join. Coop entity decides each year how to capitalize a certain % of annual profits (or losses) depending on strict financial criteria
- Employee members **can request a payback of their investment when they retire / leave** Eroski, but it is at the discretion of the general assembly to decide to pay it⁽¹⁾

- ✓ Sense of belonging
- ✓ High retention rates
- ✓ Flexibility to manage labor costs

Governance



Corporate Governance resides in **joint governance of consumer and employee members**, which are equally represented (50% / 50%) in the Governing Council and General Assembly

- Well defined and separate decision-making structure
- 1 Integrated by 250 employee members and 250 consumer members
 - 2 Responsible for monitoring management and approving the policies proposed by the executive
 - 3 Integrated by 6 employee members and 6 consumer members
 - 3 Proposes and designs the organization's policies and strategy
 - Integrated by 10 executive members

- ✓ Independent and business-oriented decision making
- ✓ Long-term view and committed to business
- ✓ Conservative financial policy

Mission and model

Mission

Eroski's mission is to provide society with **goods and services that improve the quality of life**, health and well-being of consumers with the best conditions in terms of **quality, information and price**, with a commitment to promote the practice of **sustainable consumption**



Since 2018, **Eroski has 10 Commitments** to Health and Sustainability, which are our guiding principles and road map for adequately meeting consumer and society demands and expectations

Model

Eroski, as a consumer cooperative, puts the customer at the center of its strategy with the aim of promoting healthier and more sustainable food through:

Distinctive business attraction

Extent of range	Savings
Fresh foods	Local production

New generation shops

Openings and transformations	Multi-format
Self-management model	Efficiency

Relationship with customer members

Eroski club	Personalized service
Participation	Information to the customer

Source: Company information as of 31/07/2023

(1) Depending on well-defined solvency and liquidity metrics; (2) Equivalent for a non-cooperative company

Overview of other capital structure instruments

Instrument	New ⁽¹⁾			Existing		
	New Term Loan	Other Loan	WC facilities (New for Elorrio, existing for Supratuc and Vegalsa) ⁽¹⁾	Loan 15	OSEs <i>Obligaciones Subordinadas</i>	AFSEs <i>Aportaciones Financieras Subordinadas</i>
Issuer / Borrower	Eroski, S. Coop	Eroski, S. Coop	Several	Cecosa Hipermercados	Eroski, S. Coop	Eroski, S. Coop
Security	Secured	Secured	Secured	Unsecured	Unsecured	Unsecured
Size	€113m	€50m	€293m ⁽¹⁾ (of which €178m refer to confirming lines)	€73m ⁽¹⁾	€209m	AFSEs 2002, 2003, 2004: €124.7m ⁽¹⁾ AFSEs 2007: €108.1m ⁽¹⁾
Ranking	Pari passu with the new bond	Pari passu with the new bond	Pari passu with the new bond	Senior	Subordinated (no voting right)	Subordinated (no voting right)
Currency	EUR	EUR	EUR	EUR	EUR	EUR
Maturity	2029	2029	2026 ⁽¹⁾	1 feb 2028	1 Feb 2028 (option to extend to 2033 by Holders)	Perpetual (i.e., until Eroski's winding-up)
Interest	EURIBOR + 2.5%	EURIBOR + 2.5%	EURIBOR + 2.75% ⁽¹⁾ (confirming) 2% (Avales/guarantees and comex ⁽¹⁾)	EURIBOR + 3%	EURIBOR + 3%	EURIBOR + 2.5-3%
Cash / PIK interest	Cash	Cash	Cash	Cash	Cash	AFSEs 2002, 2003, 2004: Cash AFSEs 2007: PIK / Cash
Placed with	Relationship banks	Relationship banks	Relationship banks	Relationship banks	Retail investors	Retail investors
Year of placement	2023	2023	2023	2016	2016 (through exchange from AFSEs)	2002, 2003, 2004 and 2007
Governing law	Spanish	Spanish	Spanish	Spanish	Spanish	Spanish
Treatment as per Basque cooperative law	Debt	Debt	Debt (current liability)	Debt	Debt	Equity

Source: Company information

(1) Additionally, there is a 18-month Real Estate bridge loan, which will match the TLA security and guaranty package, to be repaid with proceeds from asset sales; (2) Eroski also has off-balance sheet liabilities in Elorrio (Avales/guarantees, comex and confirming lines which will be renewed pro forma the transaction) and on its subsidiaries Supratuc (guarantees and confirming lines) and Vegalsa (guarantees lines), which will remain in place pro forma the transaction. Terms presented on this term sheet are in reference to the new Elorrio lines while the size represents the total size of WC facilities pro forma the transaction; (3) The Company will have a total of c. €293m WC lines pro forma transaction, including €80m Guarantees, €10m comex and €153m confirming lines for Elorrio, €8.85m guarantees and €25m confirming lines for Supratuc and €16.2m guarantees lines for Vegalsa; (4) 3y (extendible for two successive periods of 1y); (5) There is an additional fixed discount of 0.25% of the nominal amount of the credit in addition to an accrued structuring fee of 1.25% to be calculated on the maximum amount of the confirming and guarantee lines; (6) Comex relates to a way of payment usually used for purchases made outside the European Union, and provides a payment guarantee to the supplier regarding the commercial transaction carried out; (7) €57m PF the contemplated transaction (i.e. after payment of accrued interest); (8) Excludes AFSEs held by Eroski (i.e. €17.4m of AFSEs 2002, 2003, 2004, and €29.8m of AFSEs 2007)

Consistent margin sustainability through the years.

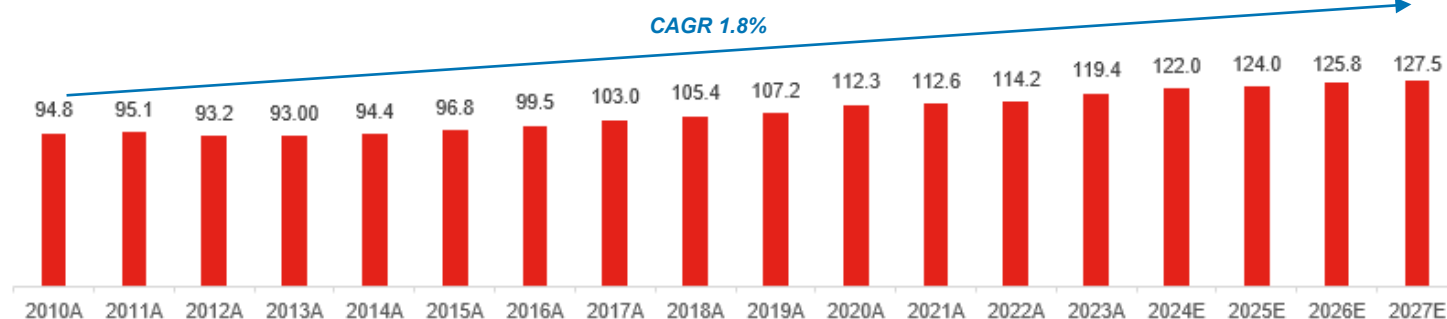
Margins have remained stable regardless of inflationary environment or cycle

Core EBITDA⁽¹⁾⁽²⁾ margin evolution (%)



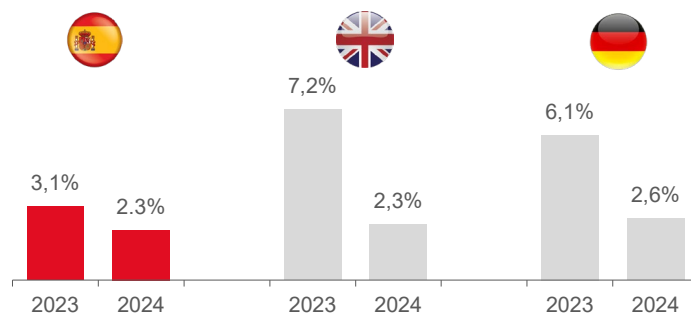
Food market is stable across different inflationary cycles, and is expected to remain as such

Spanish food retail market size evolution (€bn)

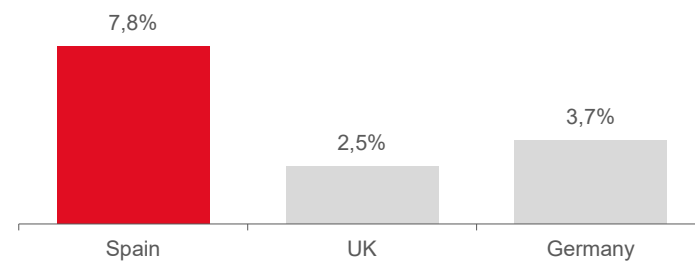


Inflation is more contained in Spain vs. RoE, with a more solid macro backdrop

Inflation (2023 & 2024)



GDP growth (2022-26 total)



Source: Company information, S&P July-23

(1) Adjusted EBITDA on a pre-IFRS 16 basis; (2) Includes our food businesses in our Core Regions

Margins to remain sustainable via cost control, efficiency measures and operating leverage

Top line	Improvement in sales & operating margin	<ul style="list-style-type: none"> – Superior price positioning: As competitive as Mercadona on the basic basket driving customer engagement. 70% of cost pass through in the past 12 months, lower than our competitors, driven by advanced analytics while still allowing EBITDA margin to grow – Unique assortment offering: No competitor of scale offers the local and fresh products at such wide range. 15k SKUs vs 8k SKUs of Mercadona – Recurrent increasing sales from loyal customer base: 70% of sales and increasing comes from loyalty club members. – Membership club provides for capacity to win sales via targeted offers and promotions that peers don't do: 7mm loyalty members – Continuous growth of our penetration in our core markets (46% household penetration in core areas (90% in Basque Country / Navarra)
Cost control measures	Labour cost	<ul style="list-style-type: none"> – Unlikely to increase in the near to medium term (and Labor costs are c. 50% of Eroski cost structure) – Cooperative members: flexible employee remuneration subject to Company's operational performance (19-year average tenure) <ul style="list-style-type: none"> ○ In the past, employees voluntarily reduced wages and increased hours for the benefit of the wider organization – Non-cooperative members: salaries in line with collective agreements negotiated at national level with the trade unions (already above Spanish minimum wage) – Personnel expenses as % of revenues decreased from 14.4% in FY21 to 13.7% in LTM Jan-24
	Rental expense	<ul style="list-style-type: none"> – Negotiations have been carried out with the main landlords, establishing limits to the growth of annual CPI (between 2.5% and 3.0%, on average) and reduced tenors. – Leases have increased 4.6% in 2022 vs 2021 in a context of 8.5% Inflation
	Energy costs	<ul style="list-style-type: none"> – PPA signed in 2021 at reasonable adjusted prices (before recent energy cost increase), in place until mid 2025, ultimately ensuring future visibility at sustainable prices
	Supplier base	<ul style="list-style-type: none"> – Superior bargaining power with local suppliers in the Basque Country, with a material suppliers market share, ultimately ensuring strong value chain cost control. Privileged purchasing capacity with international suppliers given our International alliance membership with Agecore
Efficiency cost measures	Efficiency and automation processes	<ul style="list-style-type: none"> – We strongly focused on implementing efficiency and automation processes in our warehouses and we plan to continue focusing on: <ul style="list-style-type: none"> ▪ Closure of a warehouse in Madrid, which will result in annual savings of €1.5m ▪ Palma de Mallorca platform automation ▪ Store improvement in the Catalonia region already undertaken, that will continue paying off
	Incorporation of advanced analytical tools	<ul style="list-style-type: none"> – Improvement in personnel costs productivity – Assortment, price and promotions efficiency projects
	Continued improvement in competitiveness	<ul style="list-style-type: none"> – Improve sales and capture market share through continued improvement in prices, assortment, customer loyalty and private labels

Source: Company information

Spain vs. UK food retail market characteristics

	Spanish food retail market	UK food retail market
Market segmentation ⁽¹⁾	<p>Top 5</p> <p>Others 57%</p> <p>22% 9% 5% 4% 4%</p> <p>MERCADONA Carrefour LIDL ALcampo EROSKI</p> <p>Growing consolidation trend in the last 10 years with Top 10 players representing 50% market share in 2013 vs. 54% in 2022</p>	<p>Top 5</p> <p>Others 42%</p> <p>23% 11% 10% 8% 7%</p> <p>TESCO Sainsbury's ASDA MORRISONS ALDI</p> <p>Top 10 represent 76% of total market share</p>
Consumer loyalty	<p>High</p> <ul style="list-style-type: none"> Higher degree of customer stickiness / brand loyalty (especially for Eroski given the regional focus and coop nature) 	<p>Low</p> <ul style="list-style-type: none"> Lower degree of brand loyalty with higher ability to switch (proximity less key and customers more willing to travel further for better price)
Price wars	<p>Low</p> <ul style="list-style-type: none"> Whilst still a competitive market, lower degree of "price wars" (customary promotion/discounts offered) 	<p>High</p> <ul style="list-style-type: none"> Intense competition with frequent "price wars" between players Consumer more sensitive to price fluctuations and retailers adapt prices in order to not lose market share
Market density ("capillarity")	<p>High</p> <ul style="list-style-type: none"> Extremely high density both by number of stores per inhabitant as well as per surface area (proximity and convenience is key) 	<p>Low</p> <ul style="list-style-type: none"> Lower number of stores per inhabitant and area (customers more willing to drive longer distances)
Fresh produce	<p>Fresh 41%</p> <p>Non-Fresh 59%</p> <ul style="list-style-type: none"> Focus on healthy and fresh products is significant in Spain, with consumers increasingly shifting towards healthy eating and nutrition 	<p>Fresh 25%</p> <p>Non-Fresh 75%</p> <ul style="list-style-type: none"> Though lower impact in customer store preference than in Spain, fresh food is increasingly becoming more important
% Private label vs. branded	<p>Private label 41%</p> <p>Branded 59%</p> <ul style="list-style-type: none"> Lower private label presence vs. UK (Eroski has room to grow its private label offering to maintain margins) 	<p>Private label 51%</p> <p>Branded 49%</p> <ul style="list-style-type: none"> High private label presence, growing at double the pace of branded goods
% Online vs. in-store	<p>Online 3%</p> <p>In-store 97%</p> <ul style="list-style-type: none"> Lower online penetration offers opportunities to grow for players such as Eroski (which have a profitable online channel) 	<p>Online 12%</p> <p>In-store 88%</p> <ul style="list-style-type: none"> Strong growth of online shopping boosted by COVID and recently stabilized
Macroeconomic environment	<p>+1.7% CAGR 2013-23 Household spending</p> <p>+1.2% CAGR 2013-23 GDP per capita</p> <p>13% average food and non-alcoholic beverages CPI since Apr-23</p>	<p>+0.8% CAGR 2013-23 Household spending</p> <p>+1.1% CAGR 2013-23 GDP per capita</p> <p>17% average food and non-alcoholic beverages CPI since Apr-23</p>

Source: Euromonitor, Organización de Consumidores y Usuarios (OCU), McKinsey "The State of Grocery Retail 2023" report, Office for National Statistics and World Bank
 (1) Retail value excluding taxes based on Euromonitor data as of 2022

... with commitment to Community, Environment and Sustainability...

Community

Commitment to local development



14 million meals donated to charities as part of the zero-waste program



1,539 new additions of local and regional products (generated >€23.8 million in sales)



€23 million allocated to social action together with stakeholders



20,768 local products offered in collaboration with local small producers



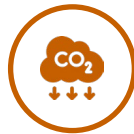
77% workforce are women, with **women representing 74% senior positions**

Environment

Commitment to Environmental Sustainability



Commitment to **carbon neutral by 2050 (Scope 1, 2 & 3)**



Achieved **50% reduction in Scope 1 & 2 greenhouse gas emissions** since 2017



Obtained 2nd LEAN & GREEN star in 2022 for reducing CO2 emissions in logistics and transport processes by 32% in 2021⁽¹⁾



Efficient logistics – In 2023 put first 100% electric delivery trucks into circulation to carry out urban distribution in the cities of Bilbao and Pamplona



99% waste generated at our facilities were recycled or recovered



Sources: Company information (refers to 2023 unless specified)

(1) 2015 baseline. Target to reduce CO2 emissions by 20% in 2020 compared to 2015 for logistic activities, reduce emissions by an additional 10% in 2022 compared to 2019, and reduce emissions by an additional 5% in 2023 compared to 2021