



June 7, 2024

EG Group grows underlying EBITDA by 9% in Q1 and delivers strategic progress across key regions

- *Underlying EBITDA rose by 9% to \$178m Q1 after strong non-fuel performance and delivery of earnings growth initiatives*
- *Foodservice and Grocery & Merchandise business streams deliver growth in gross profit*
- *Key regions of the USA and Europe deliver EBITDA growth and strategic progress*
- *Sale of KFC franchise portfolio in the UK&I completed in April 2024, with proceeds being used to repay debt*
- *Agreement to divest EG's remaining UK forecourt business to co-founder Zuber Issa*
- *Upon the transaction completing, Mohsin Issa will become sole CEO of EG Group, while Zuber will step down as co-CEO to be a Non-Executive Director and will retain his shareholding in EG Group*
- *Russell Colaco, an experienced global CFO with experience in the US, is appointed Group Chief Financial Officer, succeeding Michael Bradley, who is stepping down to pursue other opportunities*

BLACKBURN, UK: June 7, 2024 – EG Group is pleased to announce a trading update for the first quarter of 2024, representing the three months to March 31, 2024.

Zuber Issa CBE and Mohsin Issa CBE, co-founders and co-CEOs of EG Group, commented:

“EG Group delivered a good trading performance and further strategic progress in the first quarter of the year. Group underlying EBITDA increased by 9% in the quarter, and the US and Europe delivered standout performances, as we have started to see the benefit from the recently implemented growth initiatives to strengthen the core business.

“Our US strategy provides a blueprint for the Group's global initiatives to improve performance organically. The Group also delivered further progress with its deleveraging programme over the quarter, supported post the period end by completing our sale of 216 KFC franchise restaurants to Yum! Brands' KFC Division and agreeing to divest the Group's remaining UK forecourt business. We remain committed to further reducing leverage to put in place a sustainable long-term capital structure.

“We are pleased to reach an agreement for the divestment of our remaining UK forecourt business and as we work towards completion, the focus on our key growth opportunities remains unchanged and, we are confident that EG Group is well placed to deliver further success in the future.

“We have had an amazing journey together building EG Group over the last 20 years and we both look forward to continuing to work closely together as fellow Board members and shareholders in EG Group.

“We are delighted to announce that Russell Colaco is joining as our new Global Chief Financial Officer, bringing significant international CFO experience, including in the US, our biggest market. We'd like to thank Michael Bradley for his contribution including his key role in our successful refinancing and in the sale of the majority of our UK business to Asda.”

“The strong progress across the quarter demonstrates our confidence in the growth potential and strategic direction of the business. This has been delivered thanks to the

significant efforts of colleagues across all of our markets, setting the foundation for further success.”

Strong Financial Performance

The Group delivered growth of 5% in gross profit and 9% in underlying EBITDA to \$178m in Q1 2024, driven by a strong non-fuel performance – with good progress on gross margin in both its Grocery and Merchandise and Foodservice divisions.

Grocery and Merchandise gross margin grew by 1.7% and gross profit increased by 7.3%, largely driven by coffee and dispensing beverages initiatives in the USA and continued focus on product mix and pricing. Total Grocery & Merchandise sales increased by 1.2%, reflecting good performance in Europe, with new sites maturing across the region.

Foodservice continued to perform well over the quarter, with gross profit up 10% year-on-year, driven by revenue growth and improved margins. Gross margin increased 3%, as the Group continued to focus on pricing in line with rising underlying product costs.

Despite challenging conditions for Fuel in some markets, total volumes were broadly in line with Q1 2023 on a like for like basis.

Across the Group, revenue declined 2.7% to \$5.89bn in Q1, primarily reflecting the impact of disposals in the UK and US.

Strategic and leadership update

The Group has today announced it has reached an agreement to sell its remaining UK forecourt business and certain standalone foodservice locations for a headline consideration of £228m to co-founder Zuber Issa. EG Group will use the proceeds from the divestment to repay debt, further strengthening its balance sheet.

On completion of the transaction, Zuber will step down as Co-CEO of EG Group, with Mohsin Issa continuing to lead the business as sole CEO. Zuber will retain his existing shareholding in the company and remain on the Board as a Non-Executive Director. TDR Capital and Mohsin’s shareholdings in EG Group also remain unchanged.

EG Group also announces today the appointment of Russell Colaco as Group Chief Financial Officer, succeeding Michael Bradley who will step down to pursue other opportunities. Michael will work closely with Russell to ensure a smooth and orderly transition.

Russell’s appointment reflects the continued evolution of the business and the relative size and importance of the US business, where he brings significant global CFO experience, including in the United States.

He was most recently CFO at Foster Farms LLC, a \$3.0bn revenue food company, where he was responsible for all finance functions and a strategic partner to the CEO and wider leadership team – with a track record of helping to drive profitability. Russell’s foodservice and grocery experience includes two years at Campbell Soup as Corporate Development Officer, preceded by four years at JBS, the global leader in protein-based food production, where he served as Chief Financial Officer of JBS Foods International.

He also has significant M&A experience following nine years at Morgan Stanley, where he provided financial and strategic advisory services to clients in the consumer and retail sector.

Continued progress towards deleveraging strategy

In addition to the announced transaction with Zuber, on April 29, 2024, the Group completed the sale of its 216 KFC franchise restaurants in the UK and Ireland to Yum!

Brands' KFC Division, with the proceeds being used to repay EG Group's bridge facility.

Supported by strong cash conversion in the first quarter, management is focused on delivering working capital initiatives to support group liquidity, which includes areas such as inventory and purchases and supplier payment terms.

These transactions follow EG making significant progress towards its deleveraging strategy in 2023, with leverage post-committed transactions now at 4.9x. Management remains committed to further deleveraging to achieve 4.5x leverage in the near- to medium-term.

Good strategic progress in the USA and Europe

From a geographical perspective, the Group's key regions of the USA and Europe both made strong progress against the Group's strategic objectives.

With 1,565 sites, the USA continued to make good progress against its strategy to improve performance organically. In the USA, under the leadership of EG America CEO and President John Carey, growth initiatives are focused on four key areas: our product offer, fuel, customer engagement and operating efficiencies. The Group has seen notable success in its coffee and dispensed beverage initiatives in the quarter which contributed to growth in grocery and merchandise earnings.

The USA's other initiatives include enhancing fuel volumes through investment in growing segments, such as diesel and B2B, and a focus on a premium offering; augmented engagement with EG's active customer base through loyalty and rewards – while partnering with suppliers; and a continued focus on cost-reduction measures.

These earnings growth initiatives helped to drive 6.8% growth in USA EBITDA in Q1, further supported by growth in US fuel volumes which outperformed the market.

In Q1, underlying EBITDA grew by 15.9% in Europe – where the Group has operations in 3,576 sites, including in Germany, France, Italy, Benelux and the UK & Ireland. This was driven by a strong performance in Germany, where fuel performance significantly improved in Q1, supported by new contract terms.

In addition, Europe delivered a good performance in Grocery & Merchandise, reflecting a continued focus on product mix, pricing optimisation and new sites maturing across the region.

Continued focus on alternative fuel strategy

As part of its wider exploration of alternative fuels, EG Group continues to make progress with its EV strategy. The evpoint network continues to grow, with the total kW sold and utilisation rates across the estate increasing quarter on quarter.

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About EG Group

Founded in 2001 by the Issa family, United Kingdom-based EG Group is a leading independent convenience retailer, which has established partnerships with global brands, as well as a focused portfolio of proprietary brands.

The business has an established pedigree of delivering an excellent Grocery & Merchandise, Foodservice and Fuel proposition in all the markets in which it operates. EG Group currently employs c.38,000 colleagues working in over 5,500 sites across the UK&I, Europe, USA and Australia. The business is regularly recognised for innovation and investment in convenience retail assets, employees and systems. Zuber Issa and Mohsin Issa, co-Founders of EG Group, were jointly named the 2018 EY Entrepreneur of the Year in the UK.

EG Group, the pioneering international independent petrol forecourt and convenience retail operator, today announced a significant transition in its senior leadership and strategic direction.

Forward looking statements

Certain statements contained in this release are forward looking statements, and may discuss our future plans or our expectations regarding our business performance.

Forward looking statements are not guarantees of future business performance or that future events will occur, and inherently involve certain risks, uncertainties and assumptions which are difficult to predict and outside of the control of management. Therefore, actual outcomes and results may differ materially from what is expressed in any forward-looking statements, and we cannot assure you that the results or developments expressed in these statements will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows.

You should not place undue reliance on these forward-looking statements, which speak only as of the date of this release. Other than as may be required under applicable law, we disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

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