

EG Group announces solid performance in Q2 and continued progress with its deleveraging strategy

- Underlying EBITDA rose by 10% in Q2, reflecting growth across all business streams
- Successful allocation of an Amend and Extend of the Group's term loans
- Completion of sale and leaseback in the US, reducing the Group's reported leverage with proceeds being used to repay debt
- Divestment of EG UK&I operations to Asda on track to complete in Q4 2023

BLACKBURN, UK: September 8, 2023 – EG Group is pleased to announce a trading update for the second quarter of 2023, representing the three months to June 30, 2023.

Zuber Issa, CBE co-founder and co-CEO of EG Group, commented:

“EG Group delivered a solid trading performance in the second quarter, which continued to be in line with expectations. Underlying EBITDA increased by 10% in the quarter – and particularly pleasing was the performance of foodservice, where gross profits increased by 18%. This was driven by an increase in sales, reflecting the positive impact of investment in new sites to bring the Group's leading proposition to more customers.

“The Group continued to make good progress with its deleveraging strategy in Q2 – including announcing the sale of its UK & Ireland operations to Asda, concluding a \$1.4bn sale and leaseback of 415 sites in the US, and a successfully Amend & Extend of its term loans – to put in place a sustainable long-term capital structure. In the near term, the Group remains committed to achieving a net leverage multiple of mid-four times and addressing its remaining near-term maturities no later than 12 to 15 months before maturity.

“There are multiple opportunities to grow the business organically in all our operating regions, and the continued roll out of our proven convenience retail, foodservice and fuel offering – alongside our geographic diversification and scale, and the evolution to alternative fuels – provides an unrivalled platform for further success. I am confident that our strategy will continue to deliver for all our stakeholders, and I would like to reiterate my thanks to all EG colleagues for their hard work and dedication.”

Strategic update

The Group is pleased to have achieved key milestones with its deleveraging strategy – to repay and reduce its total debt – in the period. In April, the Group received net proceeds of \$43m after completing the disposal of 26 non-core Minit Mart Sites in the US. On May 16, EG also completed a sale & leaseback (S&LB) transaction in the US with Realty Income – resulting in net proceeds of c.\$1.4bn. Additionally, as announced on 30 May, the Group remains on track to complete the sale of the majority of its UK and Ireland business to Asda for an enterprise value of £2.27bn (\$2.8bn) in the fourth quarter of 2023.

The cash proceeds from the US S&LB and sale of EG UK&I will be used to repay senior secured debt, which will result in a reduction in total debt of c. 41% (43% of net debt).

Post the quarter end on 15 August, the Group agreed to sell 63 of its convenience stores – operating under the Minit Mart and Certified Oil banners.

The evolution to alternative fuels presents a major opportunity for the Group and it continues to roll out its EV charging network – currently operating c.500 chargers across c.160 sites in all its markets. We continue to explore partnership options to drive expansion and execute our long term strategy.

Refinancing update

On 28 June 2023, EG Group announced the successful allocation of the Amend and Extend (“A&E”) of its terms loans that was launched on 8 June 2023. The A&E addressed the Group's upcoming \$6.1bn term loan maturities through an extension of the maturity date to February 2028, marking significant progress towards putting in place a sustainable

capital structure for the medium to long term. EG Group will address its remaining near-term maturities no later than 12 to 15 months before maturity, resulting in a sustainable long-term capital structure.

Performance review

The Group's Q2 performance was in line with management expectations, with growth in most regions. It delivered reported EBITDA of \$335m, on revenues of \$7,335m. On an underlying basis, the Group's EBITDA increased by 10%, reflecting growth in foodservice and convenience retail. The impact of oil inventory revaluations, driven by oil price volatility across both Q2 2023 and the previous comparable quarter in 2022, led to a 4% decline in Group EBITDA on a reported basis.

At a Group level, Grocery and Merchandise continues to perform well, with gross profit increasing by 4.2% for the quarter to \$362m. In the UK&I and Continental Europe, gross profit increased by 20% and 11% on Q2, respectively, due to the positive impact of investment in new sites across both regions, including the rollout of Asda On the Move conversions to 167 in total in the UK.

The Group's Foodservice gross profit increased by 18.4% to \$211m for the quarter, driven by strong sales growth and investment in new site openings. The continued impact of inflationary cost pressures on wholesale food cost prices restricted Foodservice gross margin growth to 1.3%, though new site openings drove an 18% increase in Foodservice gross profit, on sales up 16%.

Fuel saw a strong performance across the majority of regions, offset by competitive conditions in the US and adverse stock revaluations, against a backdrop of market volatility in Q2 last year driven by the war in Ukraine.

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 more than 50,000 colleagues working in over 6,600 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, Founders and co-CEOs, EG Group, were jointly named the 2018 EY Entrepreneur of the Year in the UK.

Further information at www.eg.group

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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