A Work Project, presented as part of the requirements for the Award of a Master Degree in Finance from the NOVA – School of Business and Economics.

A Sum-of-the-parts Valuation of Jerónimo Martins: Understanding How Capital Allocation Drives Equity Value

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A Project carried out on the Master in Finance Program, under the supervision of:

Professor Rosário André

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Abstract

This thesis presents an equity research valuation of Jerónimo Martins, SGPS, S.A., a leading European food retail group with operations across Portugal, Poland, and Colombia, aiming to estimate its intrinsic equity value through an integrated macroeconomic, industry, and firm-specific analysis. A detailed assessment of macroeconomic conditions and industry dynamics was conducted across the three geographies, with particular focus on market saturation, competitive intensity, and growth prospects, complemented by an evaluation of returns on invested capital (ROIC) to assess value creation and capital efficiency. To capture the heterogeneous risk profiles and growth drivers of the group's business segments, a Sum-of-the-Parts (SOTP) valuation methodology was applied. The analysis highlights the dominant contribution of Biedronka, which accounts for more than 80% of the group's total value, resulting in significant exposure to the Polish economy and PLN/EUR foreign exchange risk. The valuation yields a target share price of €23.43.

Keywords
Jerónimo Martins
Sum-of-the-parts
APV
Scale
Value Creation

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This report is part of the "*Growing Across Borders: an outlook on Jerónimo Martins performance, expanding markets and sustainable value creation"* report (annexed), developed by Manuel Antunes and Sofia Martins and should be read has an integral part of it.

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Introduction

This equity research report is part of the valuation of the Portuguese food retailer Jerónimo Martins, SGPS, S.A., which operates across Portugal, Poland and Colombia. The joint project is structured as an integrated analysis in which two complementary individual reports jointly support the estimation of the company's intrinsic equity value.

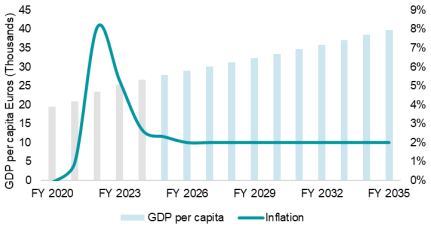
The present individual begins focusing on the macroeconomic, industry and strategic analysis of Jerónimo Martins. It assesses the competitive environment, growth prospects and value creation dynamics across the group's core operating geographies, providing a structured evaluation of the firm's business segments and their relative importance within the group. A SOTP perspective is applied to capture the heterogeneous growth drivers and risk profiles of the segments, highlighting the dominant contribution of Biedronka and the resulting exposure to its economy and PLN/EUR foreign exchange risk.

The complementary individual report prepared by my colleague focuses on the company-level financial modeling and valuation of Jerónimo Martins. It translates the operating and strategic insights developed in the present analysis into forward-looking financial projections for revenues, costs and margins, and incorporates country-specific discount rates to reflect geography-specific risk profiles.

Taken together, the two individual reports form a unified equity research analysis, culminating in an estimated target share price of €23.43 for Jerónimo Martins, SGPS, S.A.

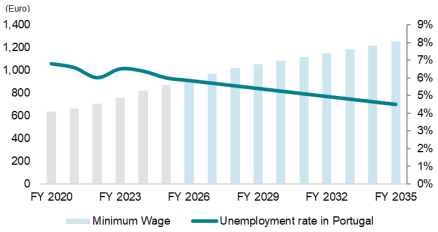
Industry Analysis and Macroeconomics

1. Portugal: GDP per Capita and Inflation



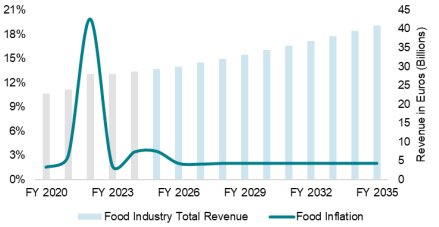
Source: World Bank

2. Portugal: Minimum Wage and Unemployment Rate



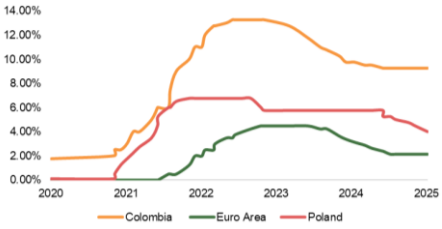
Source: PORDATA; Statista; Team Analysis

3. Portuguese Food Industry



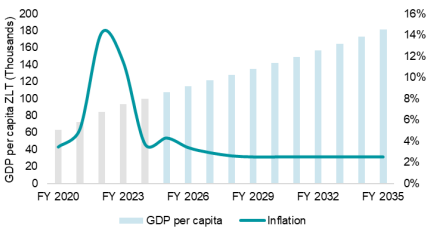
Source: Statista; Trading Economics

4. Interest Rates



Source: Trading Economics

5. Poland: GDP per Capita and Inflation



Source: European Bank; Team Analysis; World Bank

Macroeconomics Across Countries

The food retail and FMCG distribution industry is closely tied to macroeconomic conditions, as its performance depends on household purchasing power, inflation and supply-side factors. Understanding these dynamics is essential for analyzing market trends and growth prospects.

Portugal | Portugal's macroeconomic outlook for 2025-2035 is characterized by moderate growth. GDP per capita is projected to increase from €27.9k in 2025 to €39.8k by 2035, reflecting a CAGR of ~3.5% in nominal terms and ~1.5% in real terms. Inflation is projected to normalize near the ECB's 2% target, supporting real income expansion, though energy price volatility and wage pressures remain medium-term risks. The national minimum wage is expected to rise from €870 in 2025 to €1020 in 2028 according to the new government budget, and is projected to reach €1,254 by 2035, representing a CAGR of ~3.7% in nominal terms (1% in real terms). This sustained real wage growth supports household consumption but may compress corporate margins in labour-intensive industries, notably food manufacturing and retail. The unemployment rate is expected to remain stable at ~6-7%, indicating a structurally tight labour market. Demographically, Portugal faces a shrinking and ageing workforce. The working-age population is expected to contract over the decade, partially offset by immigration inflows from Lusophone and Eastern European countries.

Interest rates in Europe have been easing since September 2023, with the ECB deposit facility rate at 2.00% as of June 11th, supporting consumer spending by lowering borrowing costs. Additionally, the ECB kept the interest rates unchanged at its latest meeting, on October 30th, 2025.

The food industry in Portugal is expected to grow at a 3.4% nominal CAGR (2025-2035), with revenues forecast to expand from €29.3bn in 2025 to €40.8bn by 2035. Real growth is estimated at a CAGR of 1.4% (2025-2035), reflecting a mature market with limited volume expansion.

Poland | Poland is expected to remain one of Europe's strongest structural growth economies. GDP per capita is projected to rise from zł107.3k in 2025 to zł181.5k in 2035 – a nominal CAGR of 5.5%. Inflation is projected to converge toward 2.5% by 2030, following significant volatility in the early 2020s. The minimum wage is expected to rise from zł4,666 in 2025 to zł6,582 by 2035 (3.5% CAGR), supporting real income growth in line with productivity trends.

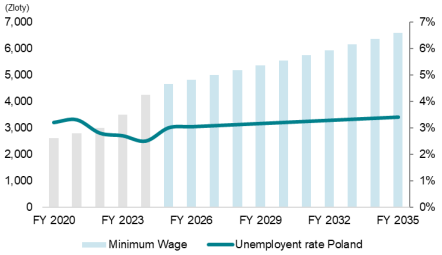
Additionally, rising disposable income supports domestic demand, particularly in consumer staples. Unemployment is expected to remain low (3-4%), though labour

6.European Countries Forecasted GDP Growth 2026

Forecast for Real GDP Growth	2026
Poland	**3.2**
Norway	2.6
Sweden	2.3
Portugal	2.3
Spain	1.8
Denmark	1.8
Ireland	1.4
Belgium	1.2
Switzerland	1.2
Austria	1.2
Germany	1.1
Netherlands	1.1
UK	1.1
France	0.8
Italy	0.6

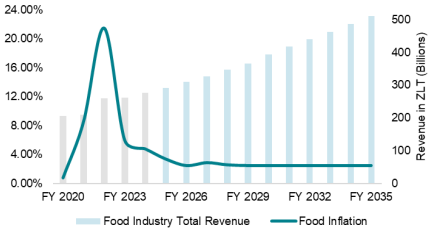
Source: KPMG European Economic Outlook

7. Poland: Minimum Wage and Unemployment Rate



Source: Statista; Team Analysis; World Bank

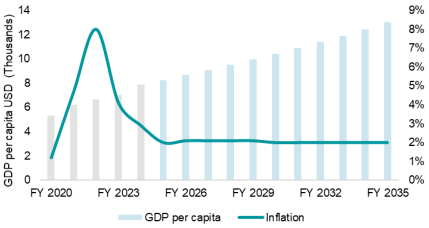
8. Polish Food Industry



Source: Statista: Team Analysis;

Trading Economics

9. Colombia: GDP per Capita and Inflation



Source: Statista; Team Analysis; World Bank

shortages may drive wage pressures. Demographic decline and emigration persist as structural challenges, partially alleviated through immigration from Ukraine and Central Asia.

The Polish food industry is forecast to grow from zł291.9bn in 2025 to zł 511.8bn by 2035, with a nominal CAGR of 5.8% and real CAGR of 3.2%. Volume growth is projected at 3.4% in 2026.

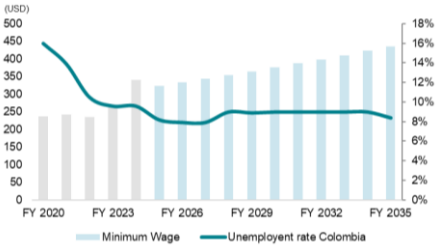
Colombia | Colombia's macroeconomic outlook for 2025-2035 reflects a gradual, stable expansion following the volatility of the early 2020s. GDP per capita is expected to rise to $13k by 2035, a nominal CAGR of ~4.6% and real per capita growth of ~2.5% per year. This reflects moderate gains in productivity, steady consumption and fiscal stabilisation. Real GDP growth is projected at 2.4% in 2025, rising to 2.9% in 2027. In the valuation model, all financial projections for the Colombian business were expressed in US dollars rather than in Colombian pesos. As such, the relevant inflation rate for the evolution of nominal cash flows and determination of the discount rate is US inflation, instead of the Colombian CPI. Between 2023-2025, the US shows a clear disinflationary trend as price levels normalize after the post-pandemic spike: inflation declines from 4.1% in 2023 to ~2% in 2025. The minimum wage is forecast to increase from $323 in 2025 to $436 by 2035, reflecting ~3% nominal annual growth and ~1% real growth. Unemployment is expected to fall from 10% to 8%, supported by greater formalization and stronger services activity. Colombia benefits from a young and expanding working-age population, which supports long-term consumption.

Interest rates have been easing since September 2023, with the Colombian Bank of the Republic's rate at 9.25% as of June 11th, improving disposable income and supporting consumer spending.

The Colombian grocery retail industry is set for moderate growth from 2025 to 2035, with the food retail segment expanding at a real 3.6% CAGR. Overall food industry revenues are forecast to rise from $50.7bn in 2025 to $90.2bn in 2035, at a nominal CAGR of ~6%. US food inflation stood at 3.1% in mid-2025, expected to decline to 2.3% by 2027 while volume growth is expected to accelerate to 3.6% in 2026. E-commerce penetration remains low, with only 1.3% of revenue generated online in 2025; however, the Latin American online grocery market is expected to grow at ~11% CAGR (2025-2033)[1], boosting adoption.

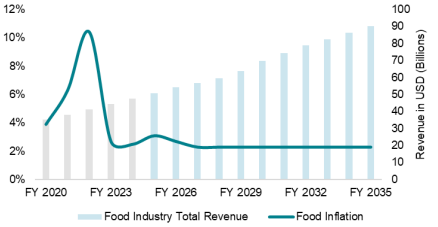
Demand is supported by rising real disposable income, driven by above-inflation wage growth and expanding formal employment, which increases average basket sizes. Additionally, consumer preferences are shifting toward healthier, functional, convenient and sustainable products, reflecting global trends.

10. Colombia: Minimum Wage and Unemployment Rate



Source: Countryeconomy.com; Team Analysis

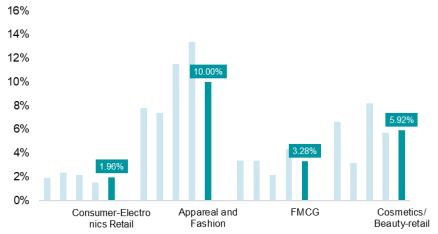
11. Colombian Food Industry



Source: Statista; Team Analysis;

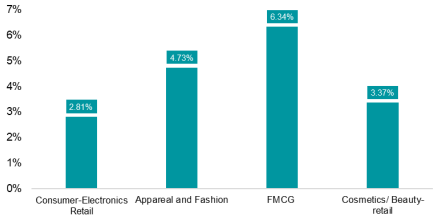
Trading Economics

12. EBIT Margin Across Industries (2024)



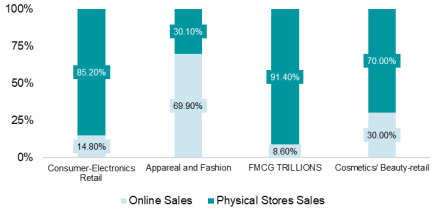
Source: Statista

13. Revenue CAGR (2025-2030) by Sector



Source: Statista

14. Sales Channels: Online vs Physical Stores



Source: Business Research Insights; Statista

Exchange Rate Dynamics

Exchange rate movements are a key factor for Jerónimo Martins due to its multi-market exposure in Portugal, Poland and Colombia. The EUR/PLN rate is expected to remain around 0.23, supported by narrowing inflation differentials and continued EU capital inflows, limiting translation risk for euro-based investors. The EUR/USD rate, after fluctuating between 0.83-0.94 in the early 2020s, is projected to stabilize near 0.80-0.82, reflecting Eurozone-US interest rate differentials, moderating US inflation and a resilient Eurozone current account surplus. Additionally, a 6-12 month cash flow hedging strategy helps maintain a stable earnings base for Jerónimo Martins forgein operations.

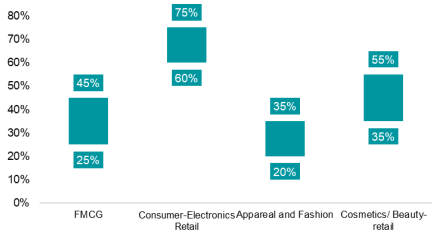
Porter's 5 Forces & Deeper Competitive Environment

The **threat of new entrants** in the food retail industry is low. Industry profitability remains relatively unattractive, with EBIT margins of around 3.2%, well below those in Apparel & Fashion (~10%) and Cosmetics & Beauty Retail (~5.9%), reducing incentives for entry. While the sector is expected to grow at a moderate 6.3% CAGR over the next five years, it remains heavily reliant on physical infrastructure: in 2025, approximately 91.4% of FMCG sales are projected to occur in-store. This creates significant capital and operational barriers, in contrast to more digitally penetrated segments such as Apparel & Fashion and Cosmetics & Beauty Retail, where online channels account for roughly 70% and 30% of sales, respectively, enabling more asset-light entry models.

The **bargaining power of suppliers** within the food retail industry is moderate. Supplier concentration is relatively balanced, with CR4 ratios of 25-45%, indicating the presence of several influential players without full consolidation. Retailers' negotiating flexibility is constrained by narrow gross margins of 18-25%, which limit their ability to absorb upstream cost increases. However, FMCG suppliers typically exhibit low R&D intensity (1-3% of sales), resulting in limited product differentiation and strengthening retailers' bargaining position. Geographic supply risk is also limited, as the leading source country represents only 1-5% of total FMCG inputs, reflecting a high degree of local sourcing and reducing exposure to single-market disruptions. Moreover, the growing importance of private-label products introduces countervailing dynamics that further temper supplier power.

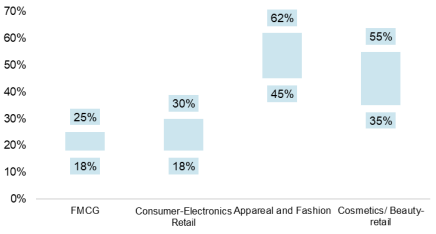
The **bargaining power of customers** in the food retail industry can also be considered moderate. The FMCG industry displays relatively low-price elasticity ranging from -0.3 to -0.5, suggesting consumers adjust their purchasing behaviour only modestly in response to price changes. However, customers' switching behaviour is high, with over 90% of households shopping at multiple food retailers, reflecting low switching costs and broad availability of alternatives.

15. Industry Supplier Concentration CR4 (2025)



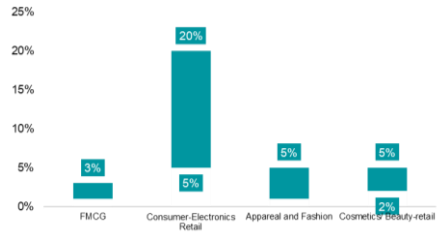
Source: Statista

16. Retailer Gross Margin per industry (2025)



Source: Statista

17. Innovation Intensity: R&D/Sales (2025)



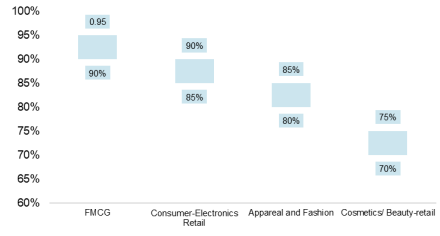
Source: Statista

18. Private Label & Market Share

There is a 2.8X higher chance of gaining market share for retailers who have an above-average private label share

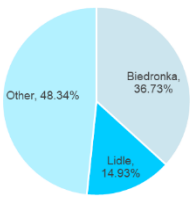
Source: McKinsey

19. Switching Rates Across Industries



Source: Statista

20. Poland: Food Retailers Market Share (2025)



Source: Statista

Overall, these factors illustrate how customer behaviour significantly constrains retailers' pricing power and intensifies competition. The competitive dynamics in food retail are shaped by strong customer influence, elevated rivalry and a moderate **threat of substitutes** that is more channel than product driven. High promotional intensity (30-50%) reinforces frequent price comparison and price-based competition, while gradually increasing online penetration (5-10%) enhances transparency and consumer choice. In addition, retailers' reliance on pricing and assortment to defend market share amplifies **competitive rivalry**.

Geographically, the **Portuguese** food retail market is mature and highly concentrated, with Jerónimo Martins and Sonae MC accounting for nearly half of national market share. Discounters such as Lidl and Intermarché have intensified pressure via aggressive pricing and expanded private-label ranges, while Sonae MC has strengthened its omnichannel capabilities and invested in online platforms and customer experience. In contrast, **Poland's** market is less concentrated, Biedronka leading with ~25%[2] market share, whilst Lidl is positioned in the premium-discount segment. Although demand remains robust, rising urban saturation and cost pressures are increasingly constraining margins. **Colombia**'s food retail sector is significantly more fragmented, though competitive intensity is rising rapidly. Competitors Éxito and Jumbo dominate traditional supermarkets serving middle and upper-income segments, but hard discounters D1 and Ara are gaining share through simplified formats, private labels and aggressive pricing.

SWOT Analysis

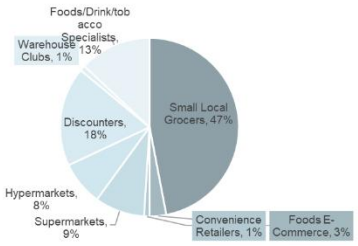
Strengths | Jerónimo Martins demonstrates strong operational discipline, with EBITDA margins consistently ranging between 5.5% and 6.5% over 2020-2024. Its Portuguese and Polish banners hold dominant market positions.

The company's focus on food retail contributes to revenue resilience during economic downturns. This is supported by the sector's relatively low systematic risk, reflected in an equity beta of approximately 0.59, which was estimated through the regression of MSCI Europe Consumer Staples against the STOXX 600 index. Historical stress-testing further highlights the Group's defensive profile: during the Global Financial Crisis, Jerónimo Martins' share price declined by 35.4% *versus* a 59.3% drop in the STOXX 600. Similarly, during the COVID-19 market shock, the stock fell 14.7%, whereas the index contracted by 35.4%.

Additionally, the Group's conservative capital structure and prudent financial policy, illustrated by a Debt-to-Total Assets ratio of approximately 0.32 as of end-2024, mitigate exposure to macroeconomic volatility and interest rate risk.

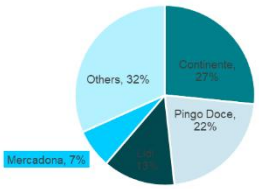
Weaknesses | JM's exposure to the exchange rate PLN/EUR represents a significant risk, as a ±1.5% change in the FX leads to a ±1.37% change in the stock

21. Colombia: Retail Market by Channel (2024)



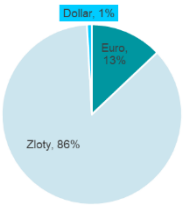
Source: US Department of Agriculture

22. Portugal: Food Retailers Market Share 2025



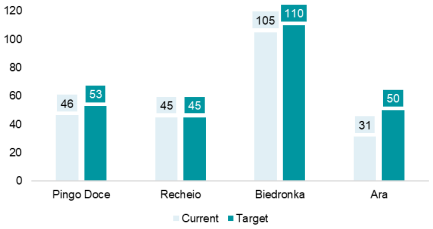
Source: Statista

23. % of EV Driven by Each Currency



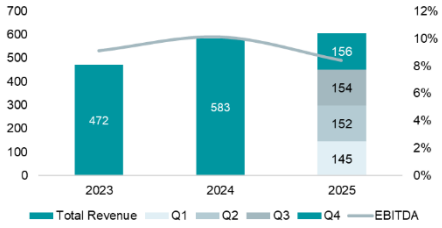
Source: Team Analysis

24. Store Density: #Stores per 1m Inhabitants



Source: Team Analysis

25. Hebe Revenue and EBITDA Margin



Source: Team Analysis

price. Operationally, Biedronka's discount retail model limits price flexibility, increasing margin susceptibility to input-cost inflation. This effect is evident in Biedronka's EBITDA margin, which declined from 8.6% in 2020 to 6.9% in 2025. Over the same period, the salaries-to-sales ratio has increased from 5.4% in 2020 to 6.4%. Furthermore, the group's digital capabilities remain underdeveloped relative to Western European peers. Online grocery penetration in Portugal and Poland remains between 1-3% as of 2025, below the 9% penetration observed in the UK, the region's most advanced FMCG e-commerce market.

Opportunities | Colombia represents a compelling growth opportunity driven by Ara's accelerated store rollout, as its store density metrics show the greatest room for expansion. It currently operates 31 stores per million inhabitants – the lowest density across the group –, leaving significant headroom to reach its target of 50 stores per million inhabitants.

In Poland, Biedronka continues to scale its footprint, currently operating 105 stores per million inhabitants and projected to reach a target density of 110.

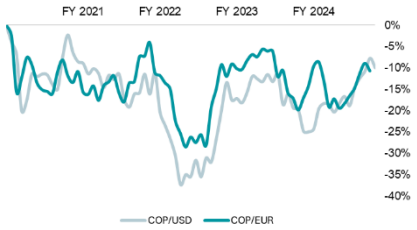
Europe is expected to be the largest discounter market, with the Institute of Grocery Distribution (IGD) projecting discounters' value share to advance to over 23% by 2029.[3]

Finally, Hebe also represents a significant growth opportunity, with revenue expected to reach €607m by end-2025. E-commerce is projected to account for 55% of sales, doubling its share in just two years, while the total store count has expanded from 345 to 393 locations this year.

Threats | Execution risk in Colombia is higher than in Jerónimo Martins' core European geographies, driven by both macroeconomic volatility and a structurally unstable political environment. Colombia's sovereign risk profile remains elevated, with the country's 10Y Government Bond Yield fluctuating between 9-13% over 2022-2025. The Colombian Peso (COP) is also one of the most volatile emerging market currencies, with annualised FX volatility exceeding 13-15%, resulting in high translation risk on EBITDA and valuation. Historically, the COP has depreciated by over 30% against the euro and by more than 20% against the US dollar since 2020, and it currently remains close to 10% below its 2020 value.

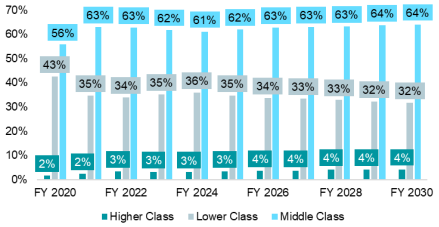
Furthermore, the current administration has pursued more interventionist economic policies, particularly regarding labour legislation, corporate taxation and minimum wage growth, which increase operating costs for large retailers. Minimum wage adjustments have risen sharply – around 9-16% annually between 2022 and 2025 –, which contributes to additional pressure on Ara's cost structure, particularly in the labour-intensive discount retail format. Despite the observed increase in the minimum wage, the share of Colombia's population in the lower class has

26. Exchange Rates



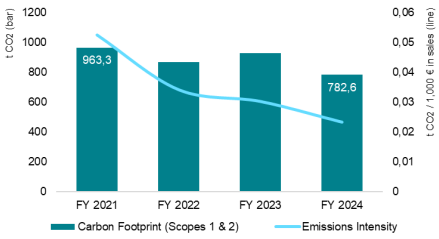
Source: Investing.com; Team Analysis

27. Colombia: Population Share by



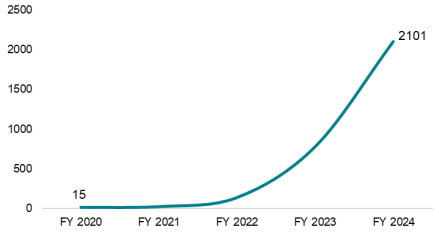
Source: Statista

28. Jerónimo Martins' Carbon Footprint



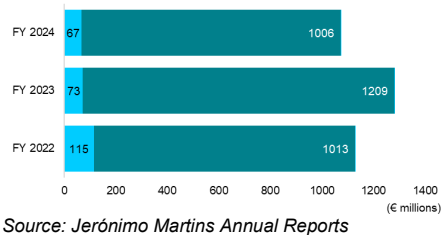
Source: Jerónimo Martins Annual Reports

29. Stores with PV pannels evolution



Source: Jerónimo Martins Annual Reports

30. Sustainabilty-Linked x Total CapEx Evolution



Source: Jerónimo Martins Annual Reports

increased in 2023 by roughly 1.9% and in 2024 by 0.8%, further threatening the banner's ability to deliver a positive net result.

Environmental, Social and Governance

Strategy and Performance

Jerónimo Martins is aligned with CSRD reporting requirements and forthcoming ESRS standards. External assessments – including MSCI ESG "A", FTSE4Good and Sustainalytics 16.6 Low Risk (26th among 200 food retailers) – indicate relatively low exposure to financially ESG controversies. Around 25% of total debt financing in 2024 was sustainability-linked (nearly €1,115m), via green loans, supply chain finance agreements and credit facilities - demonstrating alignment between sustainability commitments and funding structure.

Environmental Impact

Key environmental priorities include emissions reduction, energy efficiency and circular resource use. Scope 1 and 2 emissions fell 19% vs. 2021, with emissions intensity down 30% per €1,000 sales, supported by refrigeration upgrades and logistics optimization. Renewable electricity accounted for 53.5% of Group consumption, progressing toward the 60% target for 2030, and over 2,000 sites operate with photovoltaic systems. Biedronka leads this, with over 1,700 stores equipped with solar panels, helping reduce exposure to utility cost volatility.

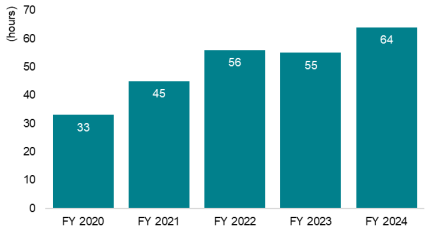
Food retail was only included under the Climate Delegated Act in 2022, when taxonomy-aligned environmental CapEx reached €115m, driven by refrigeration efficiency, photovoltaic installations, and low-emission logistics. Aligned CapEx has since declined, reflecting the completion of capital-intensive projects and a shift toward incremental upgrades, lower-cost initiatives and operational improvements, with some investments transitioning into routine CapEx.

Overall, JM's environmental initiatives help mitigate long-term regulatory and energy-price risks, though their near-term financial impact is limited and not explicitly factored into the valuation model.

Social Responsibility and Human Capital

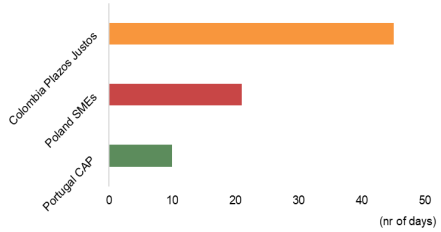
JM employs 139,000 people and emphasizes workforce development, inclusion and supplier support. Women represent 76% of the workforce and 69% of management, placing the company 46th in the FTSE Diversity & Inclusion Index – the only Portuguese company and sole representative in the 'supermarkets and convenience stores' category. Employees received an average of 64 hours of training in 2024 and, while these programs increase personnel expenses (€17m in

31. Average Employee Training Hours per Year



Source: Jerónimo Martins Annual Reports

32. Policy-Based Payment Limits

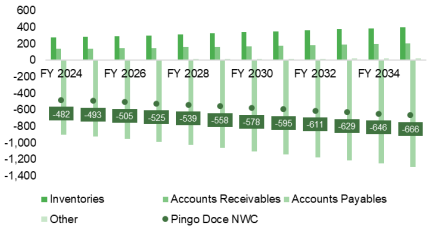


Source: Jerónimo Martins Website



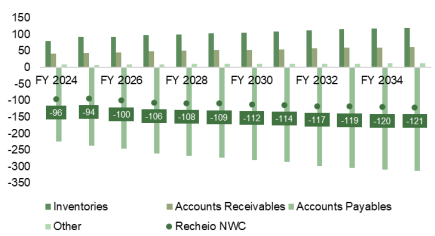
"of 11 Board members, 4 are women"

33. Pingo Doce's NWC (€ millions)



Source: Team Analysis

34. Recheio's NWC (€ millions)



Source: Team Analysis

2024), slightly compressing EBITDA margins, they support retention and operational continuity in a labour-intensive business.

The Group also implements accelerated payment programs to strengthen SME suppliers and supply-chain resilience. In Poland, Biedronka capped payment terms at 21 days for smaller suppliers, with 260 beneficiaries in 2024. In Portugal, Pingo Doce and Recheio shortened payment terms to 10 days for CAP-affiliated agricultural producers, while other IAPMEI-certified SMEs are paid within 30 days, covering roughly 375 suppliers since 2012. Ara's *Plazos Justos* ensures payment to micro and medium-sized Colombian suppliers within 45 days, supporting over 1,170 businesses. Collectively, these initiatives enhance supplier liquidity, contributing to greater financial resilience and operational continuity across the supply chain, while reducing disruption risk across JM's markets.

Governance Structure

Family ownership is balanced by institutional oversight. Board gender diversity is 36%, above legal thresholds, and sustainability oversight is integrated into audit and risk committees. Supplier ESG assessments (179 audits in 2024) reduce operational and reputational risks. Governance therefore contributes to valuation mainly through containing downside risk and supporting predictable cash flows.

Financial Statement Reorganization

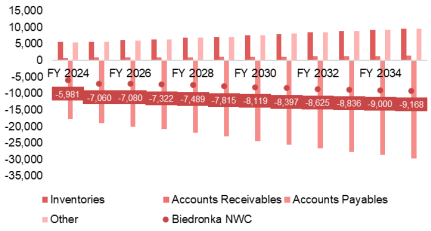
Cash Conversion Cycle and Net Working Capital

The evolution of Net Working Capital (NWC) was projected in line with the structural Cash Conversion Cycle (CCC) patterns observed across the Group. Inventories, trade receivables and trade payables – the primary NWC components – were forecast in line with operational dynamics and historical turnover levels. All banners maintain a structurally negative CCC, reflecting their ability to collect cash from customers earlier than payments are made to suppliers.

Inventory turnover across the four banners ranges between 25 and 31 days, with the consolidated Group averaging 24 days, underscoring efficient inventory management and limited overstocking risk despite sustained revenue growth. Receivables collection remains tight at 0 to 12 days across banners, and approximately 3 days at Group level, consistent with the predominantly cash-based sales model that characterises food retail and inherently limits credit exposure.

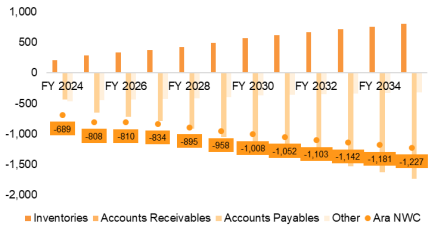
Historically, Jerónimo Martins has benefited from extended supplier payment terms, with Days-Payable-Outstanding (DPO) reaching 84 days in 2022 for the Group. More recently, however, JM has introduced targeted programmes to accelerate payments to smaller suppliers, particularly SMEs, in support of supply-chain sustainability and broader ESG commitments. Despite these shorter-term

35. Biedronka's NWC (zł millions)



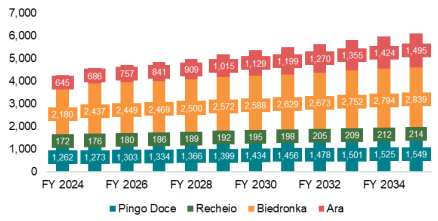
Source: Team Analysis

36. Ara's NWC ($ millions)



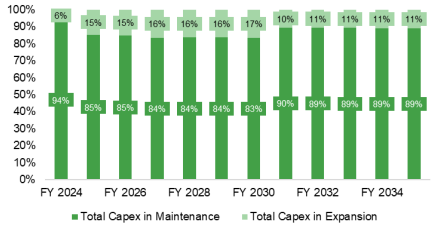
Source: Team Analysis

37. Core Invested Capital Excl. NWC (€ millions)



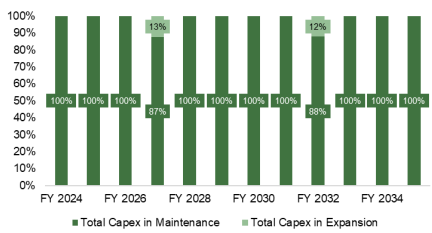
Source: Team Analysis

38. Pingo Doce's CAPEX Distribution



Source: Team Analysis

39. Recheio's CAPEX Distribution



Source: Team Analysis

initiatives, and a reduction of approximately 8 days in the Group's DPO between 2022 and 2024, it continues to exhibit a structurally negative NWC position. This reflects the fact that larger suppliers, which account for most of the procurement volume, continue to operate under longer payment cycles. As a result, Jerónimo Martins preserves the financial advantages associated with negative working capital while integrating socially responsible payment practices. The remaining NWC components were estimated in line with the evolution of revenue.

Capital Expenditures and Invested Capital

To project CapEx in tangible fixed assets, a selling-area-based methodology was applied, grounded in the average selling area per store, projected store openings and country-specific inflation trends.

For **Pingo Doce** and **Recheio**, *per sqm* investment requirements were estimated by segmenting CapEx into building and structures, basic equipment, transport equipment and office equipment.

For **Biedronka** and **Ara**, tangible fixed assets per sqm were anchored to Pingo Doce's benchmarks, translated into local currency via yearly average exchange rates, and projected forward using country-specific inflation.

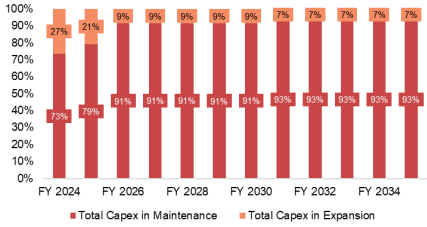
Expansion CapEx per store results from applying these *per sqm* values to average store size, while maintenance CapEx is modelled through the depreciation rate. Intangible CapEx follows historical patterns and remains marginal relative to tangible fixed assets, predominantly offsetting amortization. Other invested-capital components were assumed to grow in line with inflation.

Pingo Doce | From 2025 to 2035, Pingo Doce is expected to maintain a stable CapEx profile, largely driven by maintenance investment. Maintenance CapEx increases from €130m in 2025 to €167m in 2035 and consistently represents over 80% of total CapEx, reflecting ongoing refurbishments, equipment renewals and inflationary cost pressures. Historically, the sharp increase in maintenance CapEx between 2021 and 2024 was primarily driven by store upgrades under the "All About Food" concept.

Recheio | Recheio is the most consolidated banner, with average annual CapEx of approximately €21m from 2025 to 2035. Maintenance CapEx accounts for nearly 100% of total investment in most years, reflecting the absence of a meaningful expansion strategy. The only exceptions are 2027 and 2032, when a single new store opening or a major refurbishment is expected. Overall, this CapEx profile is consistent with Recheio's mature business model.

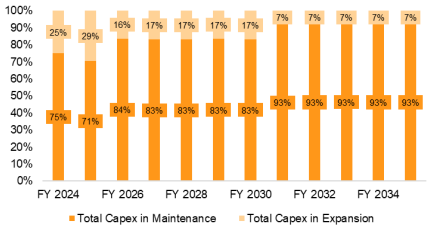
Biedronka | Across the 10-year projected window, Biedronka's CapEx remains the highest among the group, consistent with the banner's scale and ongoing reinvestment requirements. Maintenance CapEx increases from zł3213m in 2025

40. Biedronka's CAPEX Distribution



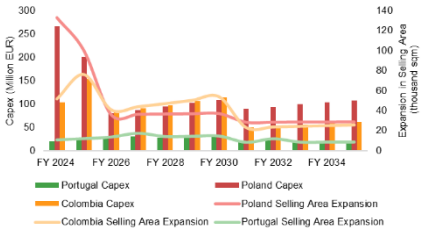
Source: Team Analysis

41. Ara's CAPEX Distribution



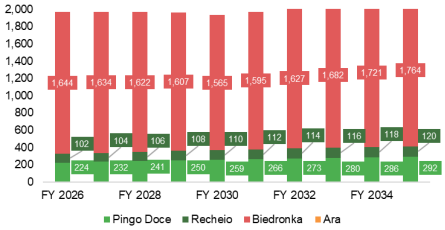
Source: Team Analysis

42. Expansion CAPEX Across Geographies



Source: Team Analysis

43. Debt per Banner Forecast (€ millions)



Source: Team Analysis

44. Biedronka Sensitivity Analysis to Leverage

Net Debt / EV	Stock Price
	23.43
0.0%	25.70
2.5%	25.14
5.0%	24.57
7.5%	24.00
10.0%	23.43
12.50%	22.86
15.00%	22.28

Net Debt / EV	EV PLN
	63,791
0.0%	63,203
2.5%	63,348
5.0%	63,495
7.5%	63,642
10.0%	63,791
12.50%	63,941
15.00%	64,093

Source: Team Analysis

to zł6473m in 2035, with its share of total CapEx rising from 74% to over 90%. This reflects a transition from rapid network rollout to a more mature consolidated business model, consistent with Biedronka's dominant market position.

Ara | This banner remains in an early stage of its expansion cycle, with expansion CapEx representing 30 % of total CapEx in the early years. As the network matures, the investment mix gradually rebalances, with maintenance CapEx increasing from $438m in 2021 to $950m in 2035. Ara's CapEx trajectory is consistent with the typical development curve of emerging market retailers transitioning from a capital-intensive growth phase to a sustainable re-investment model.

Group | Overall, Jerónimo Martins' capital allocation strategy demonstrates a prioritization of Poland and Colombia for store network expansion, with higher expansion CapEx directed toward these geographies, relative to Portugal. While Colombia benefits from a greater number of forecasted store openings, driven by its comparatively smaller existing store footprint, the total CapEx commitment remains lower between 2031 and 2035 when compared to Poland due to the smaller store format.

Debt

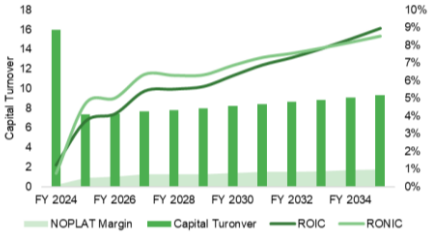
To project the debt structure of **Pingo Doce** and **Recheio**, a consistent capital structure aligned with that of the consolidated group was assumed, corresponding to a Debt-to-Enterprise Value ratio of 14.7%. Based on this assumption and after getting the levered and unlevered Enterprise Values for each forecasted year, the Net Debt was estimated to ensure that the capital structure of each brand remained consistent with the group's target leverage.

In contrast, for **Ara**, historical financial statements show no reported debt, reflecting either a fully equity-funded structure or group-level financing not recorded at the subsidiary level, due to current negative profitability. Accordingly, Net Debt is assumed to be zero throughout the projection period.

Biedronka exhibits volatile Net Debt levels over the 2020-2025 period, including episodes of negative Net Debt when cash balances exceeded outstanding debt, notably in 2021 and 2024. To evaluate the valuation impact of alternative capital structures, a sensitivity analysis was conducted assuming debt levels between 0% and 15% of Enterprise Value. Under these scenarios, estimated Equity value ranges from zł69,495.2m to zł61,684.7m, corresponding to implied share prices between €25.32 and €21.96, *ceteris paribus*.

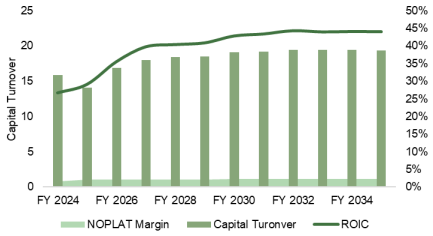
ROIC and its Drivers: NOPLAT Margin and Capital Turnover

45. Pingo Doce's Value Creation Metrics



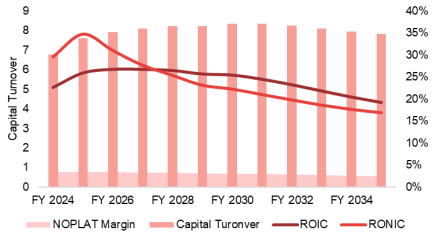
Source: Team Analysis

46. Recheio's Value Creation Metrics



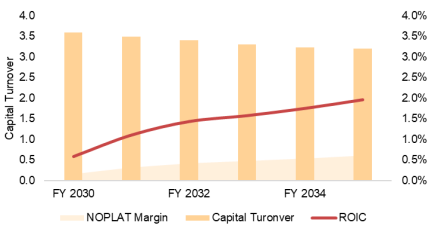
Source: Team Analysis

47. Biedronka's Value Creation Metrics



Source: Team Analysis

48. Ara's Value Creation Metrics



Source: Team Analysis

To access each individual banner's value creation, ROIC was decomposed into two fundamental drivers: NOPLAT Margin and Capital Turnover. Moreover, to ensure comparability across the business units, NOPLAT and Invested Capital were adjusted to incorporate the effects of IFRS 16. In particular, for Biedronka, whose statements were prepared under the Polish GAAP.

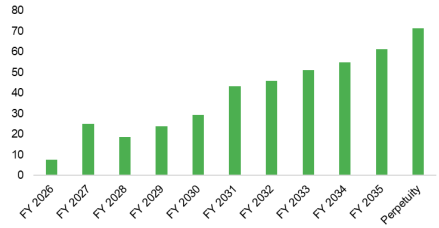
Pingo Doce | For this banner, the current ROIC of approximately 4% is expected to rise to 9% by 2035. This improvement is primarily driven by an expansion in the NOPLAT margin, which is forecasted to increase from 0.51% to 0.96%. The second value creation driver, Capital Turnover – which measures the revenue generated per euro of invested capital –, is projected to remain stable, averaging 8x, slightly above the global industry average of 6-7x.

Recheio | Recheio's ROIC is projected to increase over the next two years to slightly above 40% and to remain at this elevated level thereafter. This exceptionally high ROIC relative to other group banners is primarily explained by a very strong capital turnover of approximately 19x. Such performance reflects the Cash&Carry business model, characterized by limited in-store fixtures and relatively low invested capital intensity when compared to B2C models. Recheio's NOPLAT margin is expected to remain broadly stable at around 2.17%

Biedronka | The Polish banner currently delivers a ROIC of approximately 25%, supported by a robust NOPLAT margin of 3.4% and capital turnover of around 8x. Over the long term, ROIC is expected to gradually converge to approximately 19% by 2035. This normalization is largely driven by a decline in Return on New Invested Capital (RONIC), which is projected to decrease from a peak of ~35% in 2025 to around 17% in the terminal period. The declining RONIC reflects moderating incremental returns in a maturing Polish retail market, where store network saturation is expected to pressure future value creation

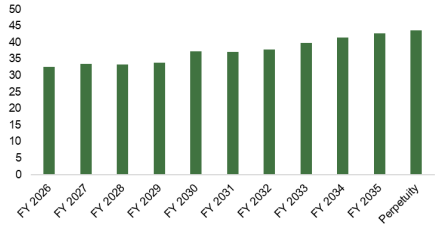
Ara | Even though Ara currently reports negative NOPLAT, making short-term ROIC analysis economically insignificant, the banner is expected to transition to a positive ROIC from 2030 onwards. At that stage, ROIC is projected to reach approximately 0.6%, driven by a positive NOPLAT margin of 0.2% and Capital Turnover of 3.6x. Capital Turnover is expected to remain structurally lower and below the industry average – at around 4x –, reflecting the banner's ongoing expansion phase, which requires substantial capital expenditures. NOPLAT margin is expected to increase to 0.6% by 2035, delivering a ROIC of 1.96%. This dynamic is further compounded by the characteristics of the neighbourhood proximity discount format in Colombia, where smaller store footprints generate lower absolute sales per location, when compared to more mature and larger-scale formats such as Biedronka (7-8x turnover) or Recheio (16-19x).

49. Pingo Doce Forecasted Cash Flow (€ millions)



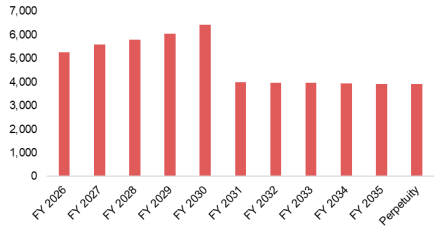
Source: Team Analysis

50. Recheio's Forecasted Cash Flow (€ millions)



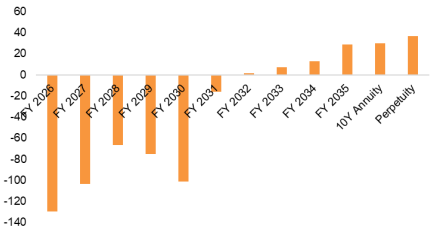
Source: Team Analysis

51. Biedronka Forecasted Cash Flow (zł millions)



Source: Team Analysis

52. Ara Forecasted Cash Flow ($ millions)



Source: Team Analysis

Overall, Pingo Doce, Recheio and Biedronka consistently generate ROIC above their respective costs of capital, thereby delivering sustained economic value creation. In contrast, Ara remains in an establishment phase and continues to generate ROIC below its cost of capital, implying ongoing value dilution. Consequently, a conservative approach has been adopted in the valuation, with a prudent assessment of Ara's long-term contribution to group Enterprise Value.

Normalised Perpetual Cash Flow & Terminal Growth

A normalised terminal UFCF was estimated for each business unit, starting from the standardized operating result, followed by analysis of ROIC projections and expected market saturation to determine perpetual investment requirements.

For **Recheio** and **Pingo Doce**, although both banners are projected to generate ROIC above their respective costs of capital in 2035, the Portuguese food retail and Cash&Carry markets are expected to be fully saturated by the end of the explicit forecast period. Pingo Doce is anticipated to reach effective store saturation by 2035, while Recheio is already operating close to its maximum viable footprint and is expected to open only two additional stores over the remaining forecast horizon. Consequently, both banners converge to a zero expansionary reinvestment rate in perpetuity, with perpetual CapEx limited to maintenance investments equal to inflation-adjusted depreciation. **Biedronka**, currently operating at a density of 105 stores per million inhabitants, is projected to reach its maximum density of 110 stores per million inhabitants by 2035.

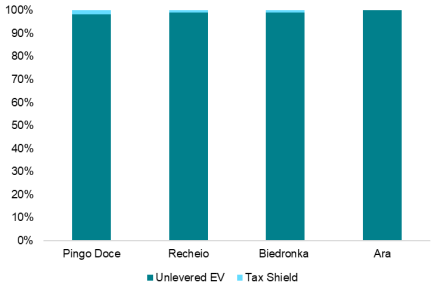
As reinvestment converges to zero, the perpetual growth rate cannot be derived from the standard relation g = ROIC x RR despite positive ROIC levels. Accordingly, terminal growth is assumed to equal long-term inflation, which is expected to drive revenue and proportional cost growth in perpetuity. Under these assumptions, estimated perpetual UFCF amounts to €71.4m for **Pingo Doce** and €43.5m for **Recheio** (both growing at 1.5%), while **Biedronka**'s perpetual UFCF is projected at zł3,928m, growing at a constant rate of 2.5%.

In contrast, **Ara** remains at an earlier stage of its development cycle, requiring a differentiated terminal value framework structured into three phases. Starting with a detailed high-growth projection period (2025-2035), followed by a 10-year transition phase in which store openings gradually decelerate to approximately 10 units per year as the network matures. The final perpetuity phase assumes Ara reaches a steady-state footprint of around 50 stores per million inhabitants.

UFCF during the 10-year transition annuity is estimated at $29.58m, with a terminal growth rate of 4.47%, derived from a 40% reinvestment rate and an 11.18% ROIC [(d)]. In the perpetual phase, expansionary reinvestment declines to near zero as full

[(D)] The ROIC computation took into account the values reported in Ara's financial statements.

53. Levered Enterprise Value Composition



Source: Team Analysis

54. Equity in LC Sensitivity Analysis to changes in EBITDA Margin

Pingo Doce

EBITDA Margin	Equity Value
	1015.72
3.40%	1185.11
3.30%	1100.49
3.20%	**1015.72**
3.10%	930.78
3.00%	845.68

Recheio

EBITDA Margin	Equity Value
	742.58
4.10%	791.47
4.00%	767.03
3.90%	**742.58**
3.80%	718.11
3.70%	693.63

Biedronka

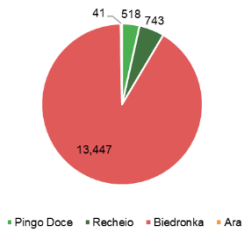
EBITDA Margin	Equity Value
	57418.04
5.70%	60979.42
5.60%	59200.00
5.50%	**57418.04**
5.40%	55633.47
5.30%	53846.22

Ara

EBITDA Margin	Equity Value
	48.74
3.20%	400.82
3.10%	222.62
3.00%	**48.74**
2.90%	-121.05
2.80%	-286.99

Source: Team Analysis

55. Sum-of-the-Parts (€ millions)



Source: Team Analysis

maturity is reached, and long-term growth converges to structural inflation of 2.2%, with perpetual UFCF estimated at $36.77m.

Cash Flow Valuation Methods

APV Results

For **Pingo Doce**, a Net Debt-to-EV of 15% was assumed, resulting in an Enterprise Value of €1,200m, obtained by incorporating an equity value of €1,016m and Debt amounting to €184m.

The same Net Debt-to-EV was assumed for **Recheio**, resulting in an EV of €825m, which consists of €743m of equity and €82m of debt.

Regarding **Biedronka**, a Net Debt-to-EV of 10% was assumed under the base scenario. From the APV, results a Levered EV of zł6,3791m, resulting from the sum of zł57418m in equity and zł6,373m in debt.

With no leverage, **Ara**'s Levered Enterprise Value is effectively equal to the Unlevered Enterprise Value, resulting in an Equity Value of $53.47m.

APV Sensitivity Analysis

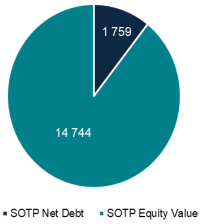
Across all banners, the EV exhibits a significant sensitivity to target EBITDA margins estimated in 2030 for Recheio and in 2035 for all the other banners, underscoring that the valuation is predominantly driven by operational performance.

To quantify this, a sensitivity analysis was conducted for each banner, changing the EBITDA margin by ±20bp relative to the base target values. For **Pingo Doce**, a 10bp change in the EBITDA margin results in an equity variation of ~€85m, corresponding to an 8.4% change and indicating a strong leverage of profitability on valuation. In the case of **Recheio**, the impact of margin changes on equity is more moderate, with a 10bp change in the EBITDA margin changing the equity value by 3.2%. **Biedronka**'s sensitivity sits in line with Recheio, with a 10bp change implying an equity change of 3.1%. Finally, **Ara** shows a pronounced sensitivity relative to its size, with EBITDA margin rapidly eroding equity value: at margins below 3%, the equity values become negative, reflecting the banner's limited margin of safety.

Sum-of-the-Parts Valuation

Jerónimo Martins' valuation was completed using a SOTP framework. Enterprise Values were converted into euros using the appropriate FX rates. For the partially owned subsidiary Pingo Doce (51%), the Group's attributable share was applied and adjusted for minority interests. The aggregated SOTP yielded a total EV of

56. Sum-of-the-Parts EV Decomposition



Source: Team Analysis

€16,503m, composed of €1,759m of Debt and €14,744m of Equity, corresponding to a share price of €23.43.

SOTP Sensitivity Analysis | Biedronka represents the single largest contributor to Jerónimo Martins' valuation, accounting for approximately 90.5% of total Enterprise Value and 91.2% of total Equity Value. Given its operations are located in Poland and that cash flows are generated in Polish zloty, fluctuations in the PLN/EUR exchange rate constitute a significant risk for the group's equity value.

As such, a sensitivity analysis was performed to assess the impact of exchange rate movements on valuation. A 3% appreciation of the zloty results in a 2.7% increase in the implied share price, to €24.07, while a 3% depreciation leads to a symmetric 2.7% decrease, reducing the share price to €21.97.

57. Share price (€) sensitivity to PLN/ EUR Exchange Rate

PLN / EUR	Share Price
	23.43
0.2412	24.07
0.2377	23.75
0.2342	**23.43**
0.2307	23.11
0.2272	22.79

Sources: Team Analysis

Scenario Analysis

In the bear and bull scenarios, a set of assumptions was changed between 2028 and 2032. Industry real growth was changed by ±1.5% relative to the base case. Food and country-level inflation were adjusted by ±2%, with the bear scenario assuming higher levels. Foreign exchange rates for the zloty and US dollar *versus* the euro were changed by ±5%, EBITDA margins by ±2% and the terminal growth rate by ±0.2%, reflecting varying levels of macroeconomic, operational and sector-specific risk. The bear scenario results in a projected stock price of €14.66, while the bull scenario yields €33.53.

The third scenario considers ESG-related risks. Under this scenario, a 10% contraction in EBITDA margin is assumed, resulting in an estimated share price of €18.02. This ESG downside scenario reflects the possibility that Jerónimo Martins is unable to fully comply with the evolving refrigerant phaseout and F-gas regulatory requirements across its main operating geographies, namely Portugal, Poland and Colombia. The assumed reduction in EBITDA captures the combined effects of accelerated refrigeration system replacements, increased maintenance and leakage-related costs, potential penalties for regulatory non-compliance and temporary operational disruptions at the store level.

58. Scenario Analysis Summary

Scenario	Company	Equity Value (€)	Stock Price (€)
Bear	Pingo Doce *	68	14.65
	Recheio	472	
	Ara	-548	
	Biedronka	9,229	
Bull	Pingo Doce *	894	33.48
	Recheio	995	
	Ara	1,785	
	Biedronka	17,363	
ESG	Pingo Doce *	348	18.04
	Recheio	644	
	Ara	-413	
	Biedronka	13,447	
Geopolitical Colombia	Pingo Doce *	498	21.99
	Recheio	743	
	Ara	-865	
	Biedronka	13,447	

Source: Team Analysis

Obs: (*) Minority Interest was subtracted

Finally, the fourth scenario reflects an unfavourable outlook for the geopolitical and macroeconomic context in Colombia. This scenario is motivated by persistent political uncertainty, heightened social tensions and an expansionary fiscal and regulatory agenda that may increase downside risks to economic growth and price stability. In this context, the food retail sector is assumed to underperform, with real industry growth projected to be 50 basis points below the base scenario, reflecting weaker consumer confidence and reduced purchasing power. Food inflation is assumed to be 1 percentage point above the base case, driven by supply-side pressures, regulatory interventions and currency volatility, while overall country

inflation is estimated to be 70bp higher. At the operational level, these translate into a 70bp reduction in EBITDA margins for the Colombian operations, reflecting higher input costs, wage pressures and limited ability to fully pass inflation through to consumers in a price-sensitive market. All other geographies are maintained under base-scenario assumptions. A more conservative perpetual growth rate of 1% is also applied and, all together, this results in a share price of €21.99.

Multiples Analysis

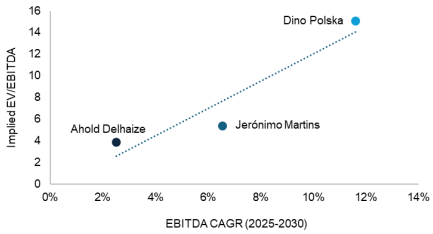
To complement the SOTP valuation, a multiples-based analysis was conducted. Rather than relying on a broad peer universe or mechanical averages, the analysis focuses on a limited set of economically meaningful comparables.

Following a screening of the European food retail competitors considered in this report, Ahold Delhaize and Dino Polska were identified as the most relevant. Ahold represents the best mature Western European benchmark, with larger scale but similar format and margin structure, while Dino closely mirrors JM's Biedronka banner, operating a proximity-based discount model in the most revenue-relevant geography for JM but with higher expansion-driven growth. Other retailers were excluded due to differences in business model, store format or product mix, which would undermine comparability.

To ensure consistency across companies with different lease structures and non-recurring items, operating performance was normalized using Adjusted EBITDA, excluding IFRS 16 right-of-use depreciation and one-off items, while EV was adjusted to isolate operating assets. The resulting Adjusted EV/Adjusted EBITDA multiple was chosen as the main metric, given its capital-structure neutrality and suitability for comparing retailers with differing leverage and lease profiles. The relationship between multiples and growth is illustrated by a plot of implied EV/EBITDA against forecast revenue CAGR, showing a positive slope that reflects how the market prices growth expectations within the food retail sector.

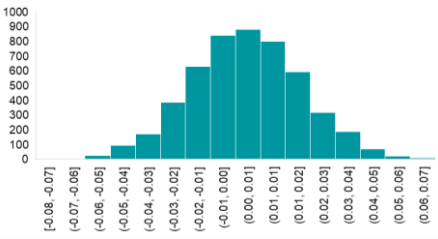
Dino Polska trades at a higher multiple, consistent with its stronger growth outlook, while Ahold Delhaize's lower valuation reflects its mature-market exposure and limited growth prospects. Jerónimo Martins sits in between, with an implied EV/EBITDA multiple mostly aligned with its growth profile but slightly below the peer trend line. Trading at ~5.4x versus what should be closer to ~8x based on comparable growth, this discount suggests the market embeds more conservative growth expectations for JM relative to peers with similar forecast growth.

59. Multiples Analysis



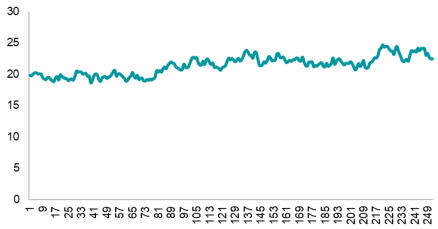
Source: Companies' 2024 Annual Reports; Team Analysis

60. Stock's Daily Return



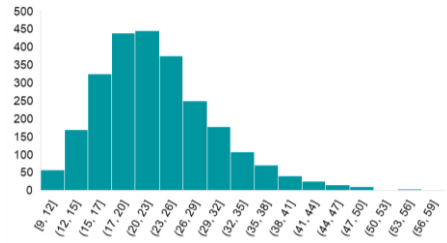
Source: Team Analysis
Obs.: Trading Year Dec25 - Dec26

61. Stock Price Within the Next Trading Year



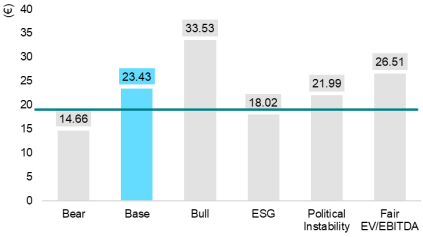
Source: Team Analysis

62. Jerónimo Martins' Stock Price in 1 year



Source: Team Analysis

63. Share Price Estimates



Source: Team Analysis

Monte Carlo Simulations

To assess the potential variability in JM's share price over a one-year horizon, a Monte Carlo simulation was conducted based on a geometric Brownian motion framework. The simulation incorporates stochastic movements in the stock's return, with 2,500 iterations run to generate a robust range of potential outcomes.

Volatility is the main driver of dispersion in the simulated price paths. Instead of historical volatility, the model relies on forward-looking implied volatility derived from market-priced options via the Black-Scholes framework (σ = 32%), ensuring consistency with current market expectations rather than past price behaviour.

The results indicate a mean simulated share price of €22.42 and a median of €22.06, suggesting a slightly right-skewed distribution of potential outcomes.

Total Shareholders' Return & Investment Recommendation

The Total Shareholder Return analysis projects an expected share price of €23.43, representing a capital appreciation of 18.51% relative to the share price of €19.77 as of 14/12/2025. In addition, a dividend of €1.53 per share is anticipated in 2026, corresponding to a dividend yield of 6.53%. Consequently, the total expected shareholder return amounts to 25.04%, supporting a BUY recommendation.

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