Attachment to the Current report 7/2024

Selected consolidated financial information for the Q3 2024 and 9 Months 2024 (unaudited)

Table of contents

1. Executive summary

Table 1 Key Highlights (unaudited)

	Q3 2024	Q3 2023	YoY ch	9M 2024	9M 2023	YoY ch
Adjusted EBITDA[1] (PLNm)	**1,119**	**950**	+17.8%	**2,518**	**1,998**	+26.0%
Adjusted EBITDA margin[2] (%)	**14.9%**	**14.8%**	+0.1pp	**12.3%**	**11.8%**	+0.6pp
Sales to End Customers[3] (PLNm)	**7,499**	**6,410**	+17.0%	**20,392**	**16,942**	+20.4%
Number of stores[4] (EoP)				**10,906**	**9,907**	+999
Like-for-Like[5] (%)	**6.0%**	**12.7%**	-6.8pp	**8.6%**	**10.8%**	-2.2pp
Net debt / adj. EBITDA (x) (EoP)				**1.4x**	**2.1x**	-0.7x
CAPEX (PLNm)	**(407)**	**(282)**	+44.2%	**(1,052)**	**(888)**	+18.5%
Free Cash Flow[6] (PLNm)	**647**	**500**	+29.3%	**1,907**	**882**	+116.1%

Source: Zabka Group; (1) EBITDA adjusted by one off items – details in table 4 on page 4; (2) Calculated as Adjusted EBITDA divided by Sales to End Customers; (3) Represents sales to end customers from Żabka stores, as well as of New Growth Engines, and does not represent the Company's revenue.; (4) including Froo stores (Romania) and Nano stores; (5) defined as the comparison of Sales to End Customers from Żabka stores between periods, taking into account the sales of stores operating on the same day of both the current and previous period; (6) explained in detail on page 6

- Adjusted EBITDA has grown by almost 18% YoY in Q3 2024 from PLN 950m to PLN 1,119m, driven by increased scale of business such as: new store openings, higher sales and margin. Solid performance in third quarter and cost efficiency programs (implemented in early 2024) helped to keep the year-to-date dynamics at the level of 26% and EBITDA PLN 2,518m.
- Strong commercial performance has led Adjusted EBITDA margin to the level of 14.9% in Q3 2024, driven by improvement in direct margin, efficiencies on cost side, normalized energy costs and optimalization in logistics. These factors also contributed to an improvement in year-to-date Adjusted EBITDA, raising the cumulative margin to 12.3%.
- Sales to End Customers reached PLN 7.5bn in Q3 2024, reflecting a 17% YoY increase. Over the first nine months of the year, Zabka Group delivered Sales to End Customers of PLN 20.4bn, marking a growth of more than 20% compared to the same period in 2023. This performance was driven by an evenly balanced contribution from Like-for-Like (LfL) growth and the continuous expansion of the network.
- Zabka Group's network grew by 999 stores since September 2023 to 10,906 stores, maintaining the envisaged pace of network development. In the third quarter the net number of stores has increased by 266.
- Like-for-Like growth in Q3 2024 reached 6.0%, a decrease compared to the previous year was influenced by higher inflation. Additionally, LfL for Q3 was impacted by the high base effect of unusually good weather in Q3 2023. Despite significantly lower inflation in Q3, we recorded a healthy volume growth, thanks to our differentiated offering and new product initiatives. On a cumulative basis, 9-month LfL remains strong at 8.6%, in line with our expectations.

- The net debt to adjusted EBITDA ratio has improved to 1.4x, primarily driven by a robust adjusted EBITDA growth of 26.0%, with post-rent EBITDA increasing by 30.5%. This positive trend is complemented by a favorable net working capital development, showing an increase of PLN 441m YoY.
- We have continued our network expansion program, with CAPEX totaling PLN 407m in the reported quarter and PLN 1,052m for the first nine months of the year. The majority of CAPEX has been allocated to new store openings and the rollout of Zabka Café 2.0, our upgraded street food offering and quick-service restaurant (QSR) proposal.
- The company generated strong cash flow, with Free Cash Flow reaching PLN 1,907m for the nine-month period ending on 30 September 2024, compared to PLN 882m in the same period of the previous year. This was driven by EBITDA post-rent outperformance, strong net working capital (NWC) generation, partly due to the recovery of Q4 2023 investments in terms of trade with suppliers, and the sale and leaseback of store properties.

2. Selected elements from consolidated statement of profit or loss and other comprehensive income (unaudited)

Table 2. Selected Consolidated Statement of Profit or Loss Elements (unaudited)

PLN m	Q3 2024	Q3 2023	YoY ch	9M 2024	9M 2023	YoY ch
Revenue	**6,578**	**5,594**	*17.6%*	**17,726**	**14,771**	*20.0%*
Cost of sales	(5,233)	(4,476)	*16.9%*	(14,552)	(12,269)	*18.6%*
Gross Profit on sales	**1,345**	**1,118**	**20.3%**	**3,174**	**2,502**	**26.8%**
Marketing costs	(69)	(53)	*28.7%*	(199)	(170)	*16.9%*
General and administrative costs	(126)	(77)	*63.8%*	(302)	(232)	*30.0%*
Costs of technology, innovation and development	(57)	(57)	*0.0%*	(202)	(163)	*24.0%*
Other operating income	9	11	*(17.5%)*	26	16	*55.8%*
Other operating costs	(8)	(5)	*44.8%*	(22)	(11)	*106.9%*
Expected credit losses on trade receivables and other financial assets	(1)	(2)	*(69.9%)*	(3)	(7)	*(65.6%)*
Operating profit before depreciation and amortisation (EBITDA)	**1,093**	**934**	**17.0%**	**2,472**	**1,935**	**27.7%**
Depreciation and amortisation	(429)	(337)	*27.3%*	(1,233)	(973)	*26.8%*
Operating profit	**664**	**597**	**11.3%**	**1,239**	**963**	**28.6%**
Financial income	33	(30)	-	65	55	*18.5%*
Financial costs	(259)	(272)	*(4.7%)*	(775)	(764)	*1.5%*
Profit before tax	**438**	**295**	**48.6%**	**528**	**254**	**108.1%**
Income tax expense	(119)	(70)	*70.9%*	(151)	(106)	*42.6%*
Net profit	**319**	**225**	**41.7%**	**377**	**148**	**155.1%**

Source: Zabka Group

- Q3 revenues increased by 18% YoY, reaching PLN 6.6 bn. Over the first nine months of the year, Zabka Group delivered sales of PLN 17.7bn, marking a growth of 20% compared to the same period in 2023. This performance was driven by an evenly balanced contribution from Like-for-Like growth and the continuous expansion of the network.
- Marketing costs rose by 17% cumulatively, totalling PLN 199m, mainly driven by inflation in marketing services and expenses related to the Street Food campaign, supporting the development of a new sales category.
- General and administrative costs were up by 66% Yoy in the quarter (i.e. increase by PLN 59 m), which was primarily driven by the costs related to the Initial Public Offering and the launch of operations in Romania.
- Depreciation and amortization amounted to PLN 429m in Q3 and PLN 1,233m year-to-date. This increase is largely attributed to rising rent costs driven by store expansion and investments in the technological infrastructure of the Group's operations.
- Financial costs decreased by 5% compared to Q3 2023 and experienced a modest increase of only 1% year-over-year on a cumulative basis. This improvement was primarily achieved through lower interest rates resulting from better terms on our loan facilities.
- Net profit significantly improved by 42% quarter-over-quarter and by 155% over the first nine months of 2024, largely due to lower interest expenses and decrease of the effective tax rate.

Assessment of the Group's financial performance is made mainly on the basis of Adjusted EBITDA. This indicator should be viewed as an addition to, and not a substitute for, the results of operations presented under IFRS. Adjusted EBITDA is not defined in the EU IFRS and may be calculated differently by other entities. The breakdown of the items impacting the adjusted EBITDA has been presented in Table no. 4.

Table 4. Adjusted EBITDA reconciliation with reported statutory EBITDA (unaudited)

PLN m	Q3 2024	Q3 2023	YoY ch	9M 2024	9M 2023	YoY ch
Reported EBITDA	**1,093**	**934**	**17.0%**	**2,472**	**1,935**	**27.7%**
Costs related to changes in the ownership structure and obtaining sources of financing	25	4	-	31	13	-
Funds spent on ensuring business continuity	0	0	-	0	31	-
Group reorganization costs	(3)	12	-	7	19	-
Result on disposal of property, plant and equipment and right of use	3	0	-	(1)	(2)	-
Transaction costs in respect of M&A	(1)	0	-	(1)	1	-
Incentive programs including MIP and bonuses	1	(1)	-	9	(1)	-
Adjusted EBITDA	**1,119**	**950**	**17.8%**	**2,518**	**1,998**	**26.0%**

Source: Zabka Group

3. Reporting segments (unaudited)

Zabka Group identifies reportable operating segments taking into account factors such as the nature of their business activities, the existence of managers responsible for them and information reviewed by the management. The management does not analyse operating segments in terms of the value of assets and the value of liabilities. Table 5 presents breakdown of Adjusted EBITDA per reporting segments.

Ultimate Convenience segment covers operations of all stores under the "Żabka" brand and real estate operations related directly to the store business including the real estate sale and leasback transations and the property management (Logistic Property Investment sp. z o.o. and most of companies from the Property Fund Group: Żabka Property Fund sp. z o.o., Żabka Development sp. z o.o., Żabka Construction sp. z o.o. and Kalestico Investments sp. z o.o.).

New Growth Engines segment includes operations conducted using the latest technologies, including, in particular, online sales technology. The segment is composed of activities of the following companies: Maczfit Foods sp. z o.o. (production and D2C (Direct-to-Customer), sales of ready-to-eat meals), Cool-Logistics sp. z o.o. (logistics services for Maczfit), Food Property Investment sp. z o.o. (warehouse management for Maczfit), Masterlife Solutions sp. z o.o. (Dietly, SaaS marketplace services for D2C ready meals services, as well as SaaS services and software for D2C ready meals manufacturers, who in many cases are also vendors on the dietly.pl marketplace), Lite Group consisting of Lite e-commerce sp. z o.o., Lite 24 sp. z o.o. and Bocastonby Investments sp. z o.o. (q-commerce services), Żabka Nano sp. z o.o. and Żabka Deutschland GmbH (fully autonomous stores) and, since 2024, Zabka International S.a.r.l and Romanian companies. At the beginning of the current year, the Group started the international expansion of its convenience concept entering the Romanian market via acquisition of DRIM – a local distribution network of FMCG products. The Group has opened the first modern convenience stores under the Froo banner.

Table 5. Adjusted EBITDA per reporting segments (unaudited)

PLN m	Q3 2024	Q3 2023	YoY ch	9M 2024	9M 2023	YoY ch
Adjusted EBITDA	**1,119**	**950**	**17.8%**	**2,518**	**1,998**	**26.0%**
out of which:						
Ultimate Convenience	1,224	1,035	18.2%	2,812	2,270	23.9%
New Growth Engines	(29)	(10)	-	(42)	(60)	-
Corporate Functions and Other[1]	(72)	(74)	-	(241)	(212)	-
Consolidation Eliminations	(5)	(1)	-	(11)	(1)	-

Source: Zabka Group; (1) include central functions such as finance, HR, IT, PR strategy, risk management and compliance. These are activities relevant to both operating segments: "Ultimate Convenience" and "New Growth Engines" but are not allocated to these segments

4. Free Cash Flow (unaudited)

Free Cash Flow represents Adjusted EBITDA (post-rent) minus Capex plus impact of the Sale and Leaseback Transaction plus changes in working capital and provisions.

Table 6. Free Cash flow

PLN m	Q3 2024	Q3 2023	YoY ch	9M 2024	9M 2023	YoY ch
Adjusted EBITDA	**1,119**	**950**	17.8%	**2,518**	**1,998**	26.0%
Rent	(247)	(210)	17.4%	(720)	(621)	16.0%
Adjusted EBITDA Post-Rent	**872**	**740**	**17.9%**	**1,797**	**1,377**	**30.5%**
Capex	(407)	(282)	44.2%	(1,052)	(888)	18.5%
Other	119	-	-	119	-	-
Changes in Working Capital and Provisions	63	43	46.1%	1,043	394	164.7%
FCF	**647**	**500**	**29.3%**	**1,907**	**882**	**116.1%**

Source: Zabka Group.

- Discretionary capital expenditure (Capex) remained controlled, with year-over-year growth primarily driven by network expansion, the development of a new mobile app, and equipping stores with Street Food offerings.
- Cost-efficiency measures have streamlined store network management, enabling strict control over overall rent expenses, which are increasing at a rate well below EBITDA growth.
- The Other category of PLN 119m refers to proceeds from the sale-and-leaseback transaction of store properties, net of the profit already recognized in EBITDA.
- Working capital continues to improve, partially due to the recovery of outflows from Q4 2023, which were related to investments in trade terms with suppliers.

5. Debt and leverage (unaudited)

Table 7. Selected financial leverage KPI (unaudited)

PLN m	30.09.2024	31.12.2023	31.12.2022	31.12.2021
Gross financial debt[1]	5,063	5,218	3,875	4,041
Cash	(1,571)	(649)	(281)	(483)
Net debt[2]	**3,492**	**4,569**	**3,594**	**3,558**
Net debt (excluding Leases) / LTM Adj. EBITDA post rent (x)	1.4	2.3	2.1	2.5
Lease liabilities	4,709	4,013	3,599	3,062
Net debt (including Leases)	**8,201**	**8,582**	**7,193**	**6,619**
Net debt (including Leases) / LTM Adj. EBITDA (x)	2.4	3.0	3.0	3.3

Source: Zabka Group; (1) Gross debt defined as the sum of current and non-current loans and borrowings; (2) Net financial debt defined as the sum of current and non-current loans and borrowing less cash

- Significant decrease of Net Debt vs Dec 2023 is attributed to strong EBITDA generation, surplus on NWC, partially of seasonal nature, improvement in effective tax rate, sale & leaseback transaction of store properties, phasing of capex.
- Reduction in leverage profile sourced from robust cash generation and Adj. EBITDA growth Lease liabilities growth is driven by store expansion and lease agreements valorization due to inflation.

6. Appendix

6.1. Appendix – Consolidated Statement of Financial Position (unaudited)

PLN m	30.09.2024	31.12.2023
Goodwill	3 439	3 387
Other intangible assets	1 045	1 010
Property, plant and equipment	3 692	3 392
Right-of-use assets	4 400	3 728
Deferred tax assets	38	42
Loans granted	3	201
Shares and stocks	23	19
Other financial assets	34	22
Other non-financial assets	8	10
Non-current assets	**12 682**	**11 812**
Inventory	682	775
Right of return assets	12	11
Trade receivables	2 082	2 079
Loans granted	257	5
Other financial assets	78	82
Other non-financial assets	90	156
Cash and cash equivalents	1 571	649
Current assets	**4 773**	**3 758**
Total assets	**17 455**	**15 571**
Loans and borrowings	4 792	5 045
Lease liabilities	3 959	3 368
Liability for a written put option over non-controlling interest	90	-
Employee benefits liabilities	4	3
Other financial liabilities	101	26
Deferred tax liabilities	89	108
Non-current liabilities	**9 035**	**8 550**
Loans and borrowings	271	173
Lease liabilities	750	644
Trade payables and other financial liabilities	5 550	4 742
Liability for a written put option over non-controlling interest	120	121
Refund liabilities	360	279
Income tax liabilities	71	4
Employee benefits liabilities	99	109
Contract liabilities	34	19
Other non-financial liabilities and deferred income	32	28
Provisions	3	3

PLN m	30.09.2024	31.12.2023
Current liabilities	**7 289**	**6 123**
Total liabilities	**16 324**	**14 673**
NET ASSETS	**1 131**	**898**
Share capital	120	120
Share premium	8 101	8 114
Legal reserve	282	268
Put option reserves	(201)	(112)
Retained earnings	(7 058)	(7 447)
Exchange differences on translation of foreign operations	(31)	(30)
Cash flow hedge	(81)	(15)
Equity attributable to owners of the parent	**1 131**	**898**
Total equity	**1 131**	**898**

6.2. Appendix – Consolidated Statement of Cash Flows (unaudited)

PLN mln	Q3 2024	Q3 2023	9M 2024	9M 2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**438**	**295**	**528**	**254**
Adjusted for:				
Depreciation and amortisation	429	337	1 233	973
(Gains) / Losses due to foreign exchange differences	(2)	69	(5)	(9)
(Gains) / Losses from investing activities	-	(4)	3	(21)
Valuation of derivatives	(1)	5	(5)	21
Net interest (income) / cost	231	229	697	670
Revision of estimated cash flows	4	(0)	15	(0)
Changes in working capital and provisions:	63	43	1 043	394
Receivables	193	(24)	41	(271)
Inventory	24	36	144	15
Right of return assets	-	(5)	(1)	(1)
Payables (except loans and borrowings)	(211)	(275)	702	565
Refund liabilities	17	29	82	62
Contract liabilities	8	(6)	15	-
Prepayments and deferred income	34	288	59	24
Other	-	-	(1)	-
Income tax paid	(18)	(40)	(90)	(292)
Net cash flows from operating activities	**1 143**	**933**	**3 419**	**1 989**

CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment and intangible assets	(415)	(395)	(996)	(1 051)
Proceeds from sale of property, plant and equipment and intangible assets	122	3	124	27
Acquisition of subsidiaries and non-controlling interests, net of cash	(4)	(2)	(96)	(2)
Loans granted	(3)	(17)	(54)	(214)
Repayments of loans granted	3	4	9	11
Other investments (term deposits)	-	-	-	47
Interest received	10	10	26	26
Net cash flows from investing activities	**(287)**	**(398)**	**(987)**	**(1 157)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of lease liabilities	(227)	(163)	(581)	(472)
Lease interest paid	(78)	(62)	(234)	(177)
Proceeds from loans and borrowings	249	4	829	4 936
Repayment of loans and borrowings	(231)	(12)	(1 031)	(3 780)
Interest rate cap settlement	-	-	-	(19)
Other interest paid	(154)	(195)	(492)	(624)
Net cash flows from financing activities	**(441)**	**(428)**	**(1 509)**	**(137)**
Net change in cash and cash equivalents	**415**	**107**	**922**	**695**
Cash and cash equivalents at the beginning of the period	1 156	868	649	281
Cash and cash equivalents at the end of the period	1 571	976	1 571	976

6.3. Disclaimer

This document ("Document") has been prepared by Zabka Group, a public limited liability company (société anonyme) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 2, rue Jean Monnet L-2180 Luxembourg, Grand Duchy of Luxembourg, and registered with the Luxembourg Register of Commerce and Companies (Registre de Commerce et des Sociétés) under number B263068 (the "Company"), and its subsidiaries (together the "Group").

Nothing in this document should be construed as legal, tax, investment, financial, or accounting advice, or solicitation for or an offer to invest in the Company.

The Document may contain forward-looking statements. Examples of these forward-looking statements include, but are not limited to statements of plans, objectives or goals and statements of assumptions underlying those statements. Words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "probability", "risk", and other similar words are intended to identify forward-looking statements but are not the exclusive means of identifying those statements. By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that such predictions, forecasts, projections and other forward-looking statements will not be achieved. A number of important factors could cause the Group actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. Past performance of the Group cannot be relied on as a guide to future performance.

Forward-looking statements speak only as at the date of this document. Any forward-looking statements in this Document must not be understood as the Group's assurances or projections concerning future expected results of the Group. The Document is not and shall not be understood as a forecast of future results of the Group and, as a consequence, no undue reliance shall be placed on any forward-looking statement contained in this Document. The Company expressly disclaims any obligations or undertaking to release any update of, or revisions to, any forward-looking statements, except as required by applicable law or regulation. No statement in this communication is intended to be a profit forecast.

Some financial data in this document are rounded. For this reason, the numbers in rows or columns may not foot exactly to the number provided as the subtotal.