



**żabka** group

## **Q3 2024 Results Presentation**

5 November 2024



## **Strategic Highlights**

# Q3 2024 performance: continued growth on the back of strong trading, in line with our expectations and the guidance

Q3 Adjusted EBITDA

PLN **1.1bn**  
+18% YoY



Q3 Net Profit

PLN **319m**  
+42% YoY



Q3 Sales to End Customers

PLN **7.5bn**  
+17% YoY



Q3 Like for Like

**6.0%**



Store network<sup>1</sup> as at 30 Sep-24

**10,906**  
+266 Q3<sup>2</sup>



Q3 Net debt / Adjusted EBITDA<sup>3</sup>

**1.4x**  
(0.7x) YoY



# Strong strategy execution amid macro-driven consumer tailwinds

## Market tailwinds

Consumer environment remains supportive



Based on Nielsen data, Polish grocery retail continues to grow with Żabka increasing market share



**9M 24 +892 net stores**  
**Q3 24 +266 net stores**  
On track to deliver ca. 1,100 new store openings FY24 guidance

**9M 24 LfL +8.6%**  
**Q3 24 LfL +6.0%**  
On track to deliver 7.5%-9% FY24 guidance

**Continued pilot in Romania:**  
26 stores in Romania as of Q3 24, good initial traction with customers

**DCO:**  
Q3 24 Revenue growth of 31% YoY, Retail Media launch

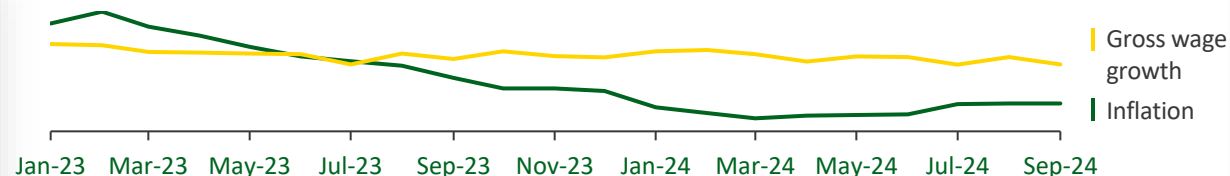
## **Market environment and strategy execution**



# The perceived financial situation of Polish households has steadily improved, driven by substantial real wage growth

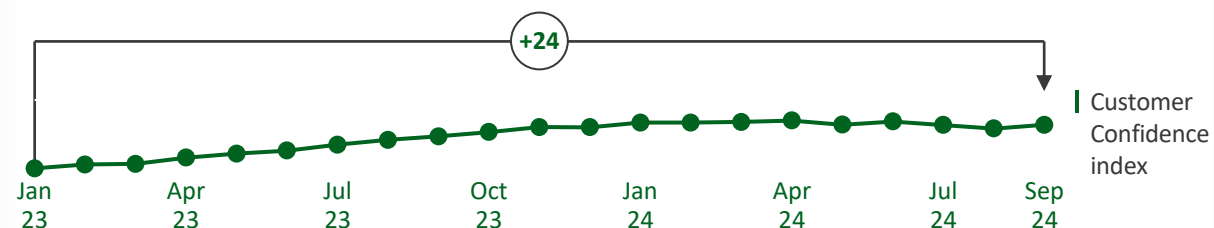
## Financial situation of Polish consumers

Nominal gross wages have been **ahead of inflation** in LTM, resulting in a significant real wage growth over the period



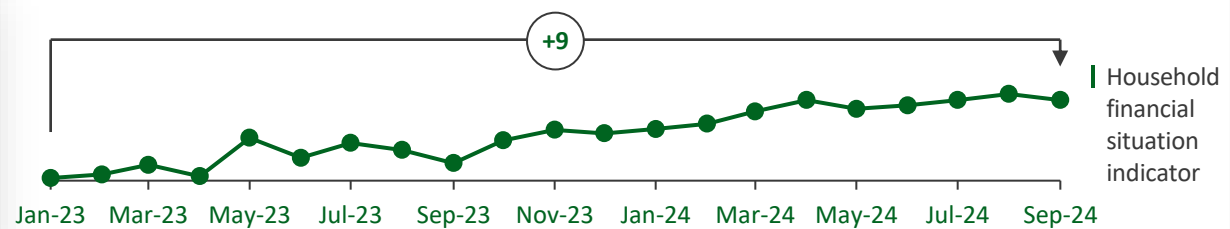
Monthly Y-o-Y inflation and average gross wage growth in the public sector (Source: Polish Statistical Office – GUS)

Polish consumer confidence has been **consistently improving**, with an uptick in GUS Polish Customer Confidence Index<sup>1</sup> recorded in September 2024



GUS Polish Consumer Confidence index (Source: GUS)

Consumers have become **increasingly optimistic about their financial situation** over this period, as evidenced by household financial situation indicator survey by GUS



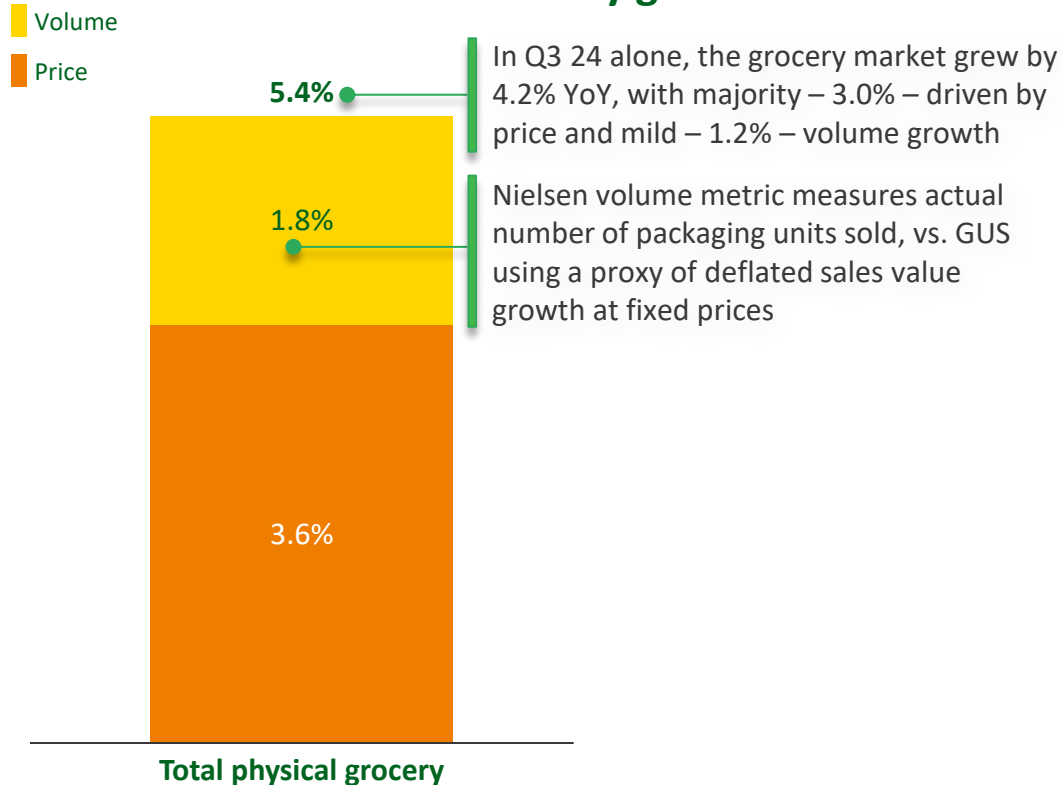
Perceived financial situation of Polish households by month (Source: GUS)

Note: 1. A synthetic indicator reflecting Polish consumers' current perceptions of their household financial situation (ranging from -100 to +100, representing the balance between positive and negative opinions)



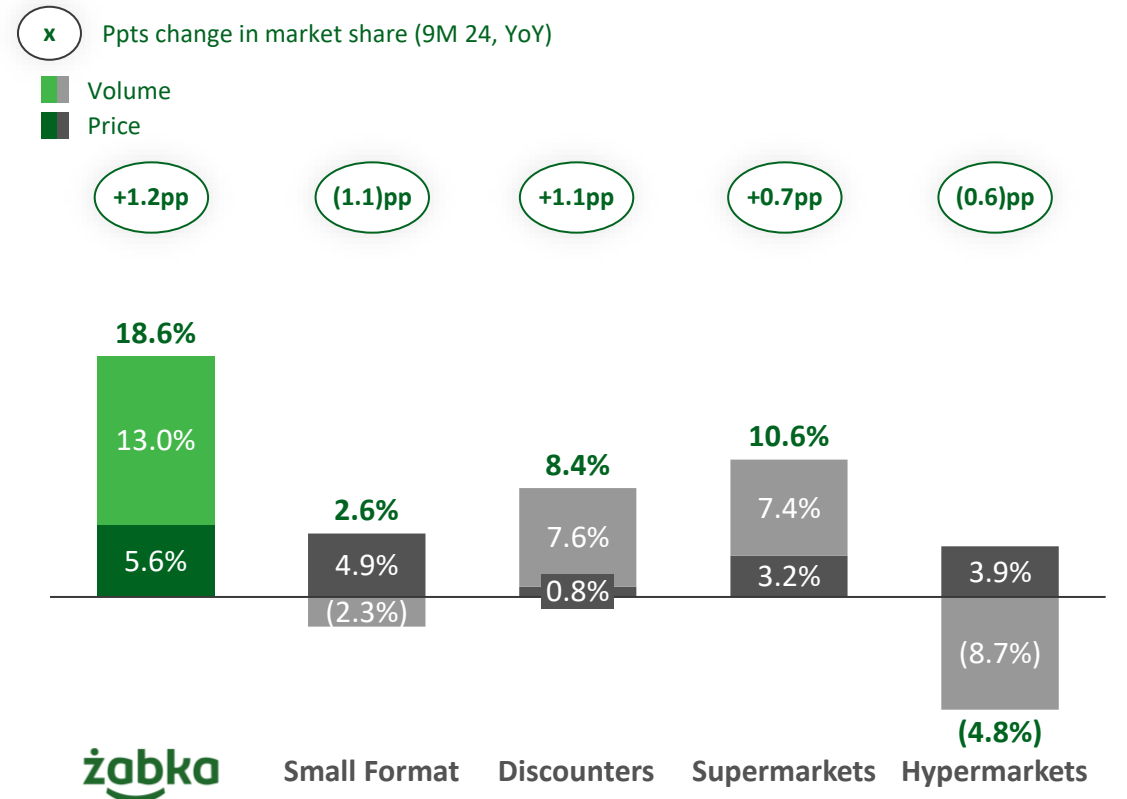
# Physical Grocery Market continues balanced growth, with Żabka outperforming in price and volume terms, while accelerating share growth

## Nielsen data demonstrates Polish physical grocery's continued healthy growth...



Total Polish physical grocery market growth<sup>1</sup> (Source: NielsenIQ)

## ...with Żabka outperforming other formats in both price and volume



Polish physical grocery total growth (incl. space) by channel<sup>2</sup> (Source: NielsenIQ and Company information)

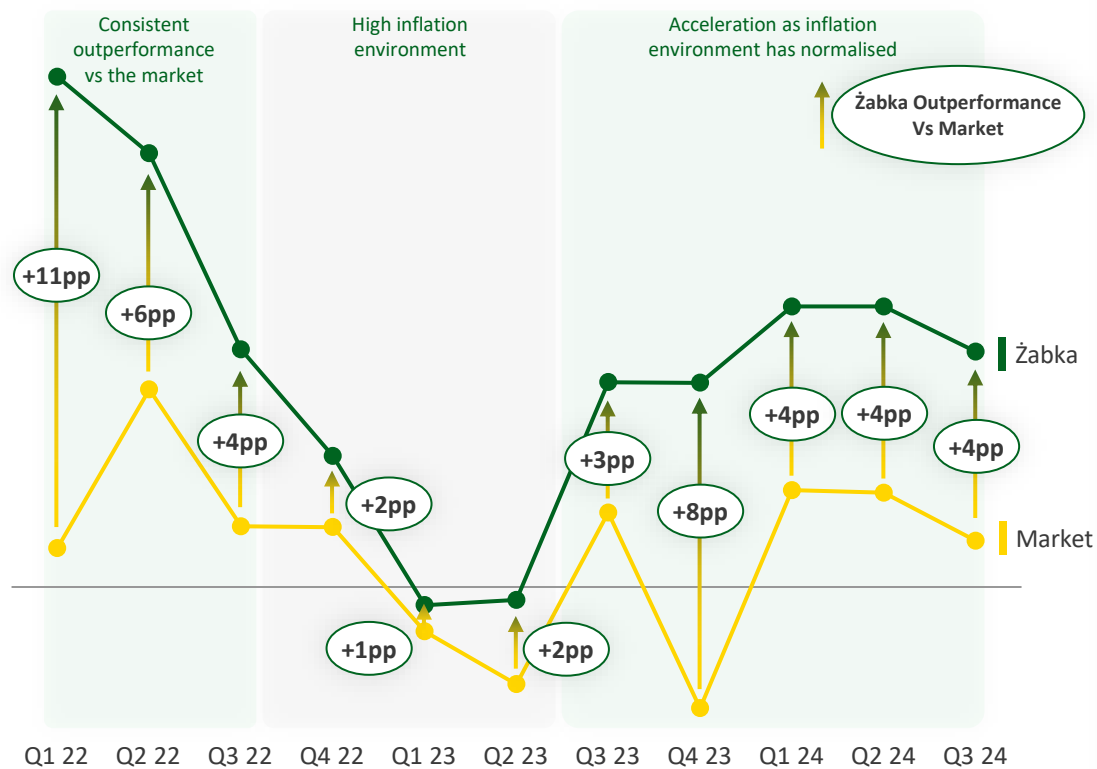
Note: 1 Total Poland, Q1-Q3 2024 YoY, food+drug+cig basket, sales value 2 Żabka Polska, Small Format, Discounters, Supermarkets, Hypermarkets, Q1-Q3 2024 YoY, food+drug+cig basket, sales value Based on NielsenIQ data which excludes fresh products without EAN





# Żabka's real LfL has consistently outperformed the market throughout the inflationary period

## Comparison of Żabka's Quarterly Year-over-Year Real Growth vs. Market



Quarterly Real LfL YoY growth (excluding inflation) (Source: NielsenIQ<sup>1</sup>, OC&C analysis, Company information)

## Żabka has been gaining market share



Rolling LTM Market share evolution of Żabka - Rebased to 100 for LTM ending Dec-20<sup>2</sup> (Source: Nielsen IQ)

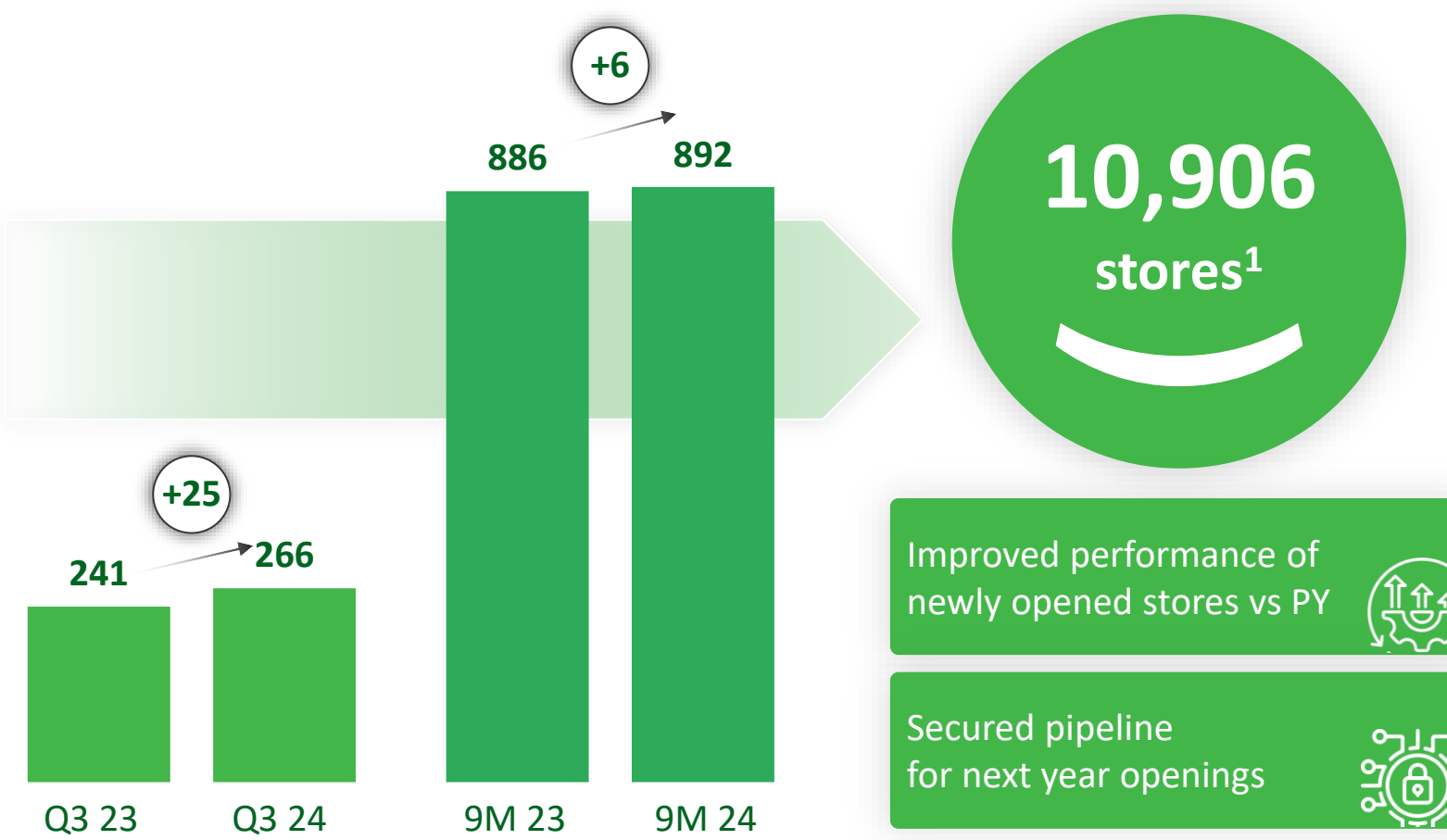
Note: 1 Total Poland, Q1 2022 - Q3 2024 YoY, food+drug+cig basket, sales value

2 LTM Dec-20 refers to the market share in the last twelve months ending Dec-20, i.e. Jan-20 to Dec-20. Total Poland, food+drug+cig basket, sales value



# New store openings - on track to open ca. 1,100 stores in FY24, in line with guidance

## Progress in Poland



## Progress in Romania



Total **26** operating stores, **25** in Bucharest and **1** in Pitesti – mostly in traffic and residential areas

**Initial insights:** promising traction with customers, growing brand awareness, high share of QMS on tickets

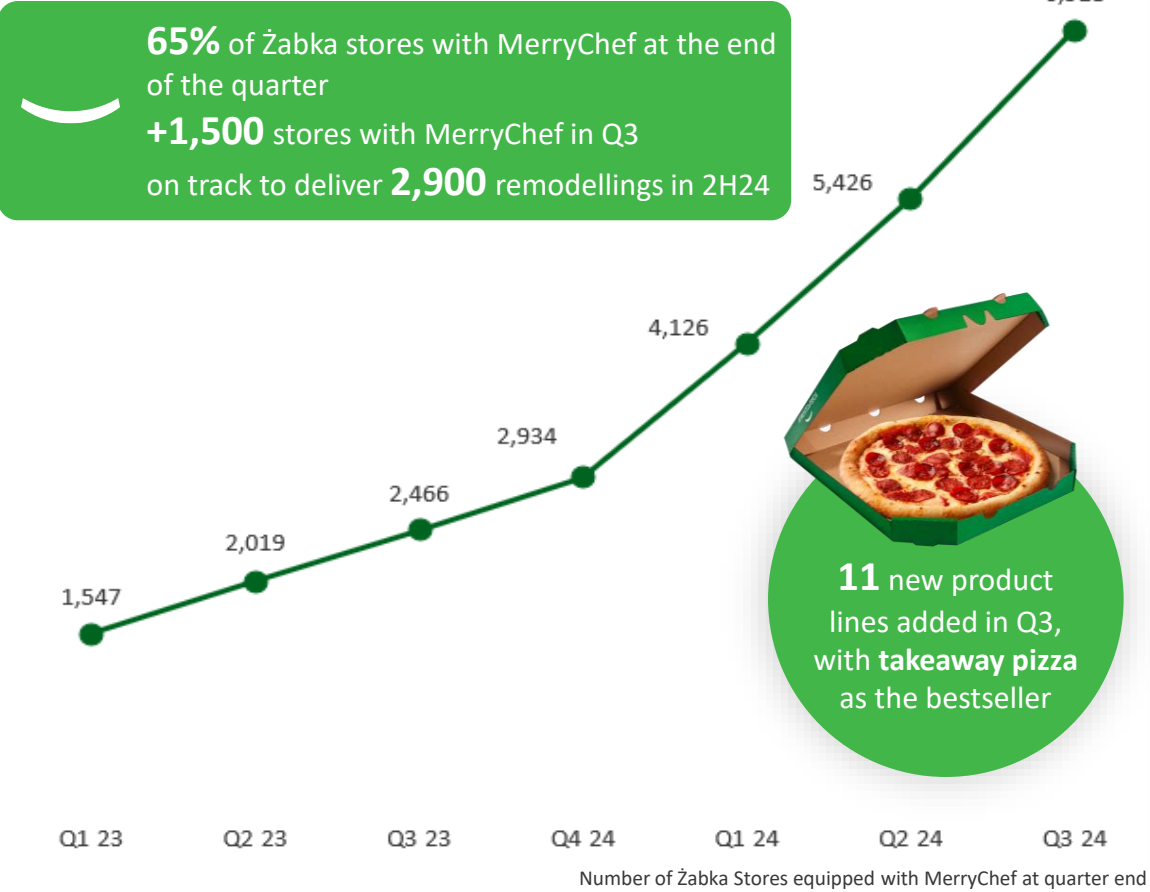
Source: Company Information. The numbers refer to net openings. 1 Including Nano stores and Romania stores





# LfL growth initiatives resulting in a balanced mix of volume and price

## Street Food offer rollout



## Continued product innovation

**Products**  
**382** new products added in Q3  
 The launch of the unique, Oreo-flavoured Coca-Cola generated incremental sales

**Traffic and basket**  
 "Rabatobranie" – Saturday sales booster, offering a % discount for visits during the week  
 In Q3, customers used over 1m coupons, with baskets on average +19% larger

**Everyday services**  
**+43%** growth in the number of packages delivered in Q3 YoY, reaching more than 11m packages delivered in Żabka stores



# Digital Customer Offering driving sales growth and implementing new initiatives



## Digital sales up by 31% in Q3 24 YoY on the back of initiatives:

E-Grocery assortment expansion - assortment range reaching up to 3.7k SKU in Żabka Jush! and up to 6k SKU in delio<sup>1</sup>, as well as piloting an extended hot meals offer

Maczfit sales volume increase on the back of marketing and promotional campaigns as well as refreshed brand positioning and expansion of the range of available diets (introduction of the new "Trio" meal sets)

In Q3 we launched Retail Media initiative, with the first commercial collaboration with an external partner – RedBull Mobile

Supporting synergies within the Group by collaboration with Maczfit and Żabka Jush!, leading to customer acquisition and building awareness



## Financials

# Key financial highlights: results in line with our expectations, on track to deliver our full year guidance

## Q3 24 EBITDA and Net Profit

Adjusted EBITDA at PLN 1,119m (+18% YoY), with +10bps Adj. EBITDA margin expansion on the back of better direct margin, and cost efficiencies

Net profit at PLN 319m, with robust growth of 42% helped by operating leverage, lower financial costs and falling effective tax rate



## Q3 24 Trading

Sales to End Customers at PLN 7.5bn (+17% YoY) in seasonally important summer months.

LfL of 6.0%, in line with our expectations given unusually good weather in comparable period of Q3 23, on the back of a **balanced mix of volume & price**, helped by rollout of new initiatives including Żabka Café 2.0 (Street Food)



## Q3 24 FCF & Leverage

Free cash flow (FCF) at PLN 647m, increased by 29% fuelled by strong post-rent EBITDA performance and sale & leaseback of store properties

As a result **deleveraging accelerated to 1.4x ND/adjusted EBITDA LTM** vs 2.1x a year ago



## 9M 24 EBITDA and Net Profit

Adjusted EBITDA at PLN 2,518m, with growth of 26% YoY on the back of stronger trading, normalisation of energy prices and cost efficiency programmes

Net profit reaching PLN 377m, with +155% YoY growth - **in line with previous guidance**



## 9M 24 Trading

Sales to End Customers at PLN 20.4bn with +20% growth YoY, driven by a balanced mix of expansion (+999 net stores opened in LTM) and LfLs (+8.6%), supported by consumer recovery on the back of normalised inflation



## 9M 24 FCF & Leverage

FCF at PLN 1,907m, surging +116% YoY, helped by capex control and reversal of Q4 2023 investments in terms of trade with suppliers.

While we will continue to deleverage our balance sheet in mid-term, we expect our ND/adjusted EBITDA LTM to edge higher in Q4 24 due to seasonality





## Key financial metrics

Selected KPIs	Q3			YTD		
	Q3 24	Q3 23	Δ YoY	9M 24	9M 23	Δ YoY
<b>Number of Stores (EoP)<sup>1</sup></b>				10,906	9,907	+999
<b>LfL<sup>2</sup></b>	6.0%	12.7%	(6.8 pp)	8.6%	10.8%	(2.2pp)
<b>Sales to End Customers<sup>3</sup></b>	7,499	6,410	+17.0%	20,392	16,942	+20.4%
<b>P&amp;L (PLNm)</b>						
<b>Revenue</b>	6,578	5,594	+17.6%	17,726	14,771	+20.0%
<b>Cost of Sales</b>	(5,233)	(4,476)	+16.9%	(14,552)	(12,269)	+18.6%
<b>Gross Profit</b>	1,345	1,118	+20.3%	3,174	2,502	+26.8%
<b>Reported EBITDA</b>	1,093	934	+17.0%	2,472	1,935	+27.7%
Adjustments	26	16	-	46	63	-
<b>Adjusted EBITDA<sup>4</sup></b>	1,119	950	+17.8%	2,518	1,998	+26.0%
<i>Adjusted EBITDA margin</i>	14.9%	14.8%	+0.1pp	12.3%	11.8%	+0.6pp
<b>EBIT</b>	664	597	+11.3%	1,239	963	+28.6%
<b>Net profit</b>	319	225	+41.7%	377	148	+155.1%
<i>Net profit margin</i>	4.2%	3.5%	+0.7pp	1.8%	0.9%	+1.0pp

### Robust Sales to End Customers growth

- Healthy mix of organic growth (fuelled by i.e. Żabka Cafe 2.0, unique and differentiated product offering) and expansion



### EBITDA Growth and Margin expansion

- 18% growth in Adjusted EBITDA in Q3 24, driven by increase scale of business such as new store openings, higher sales and margin
- +10bps Adj. EBITDA margin expansion in Q3 24 on the back of better direct margin and cost efficiencies



### Net profit

- Net profit margin doubled to 1.8% after 9M 2024 on the back of:
  - strong operating performance,
  - flat net interest costs, and
  - improvement on effective tax rate



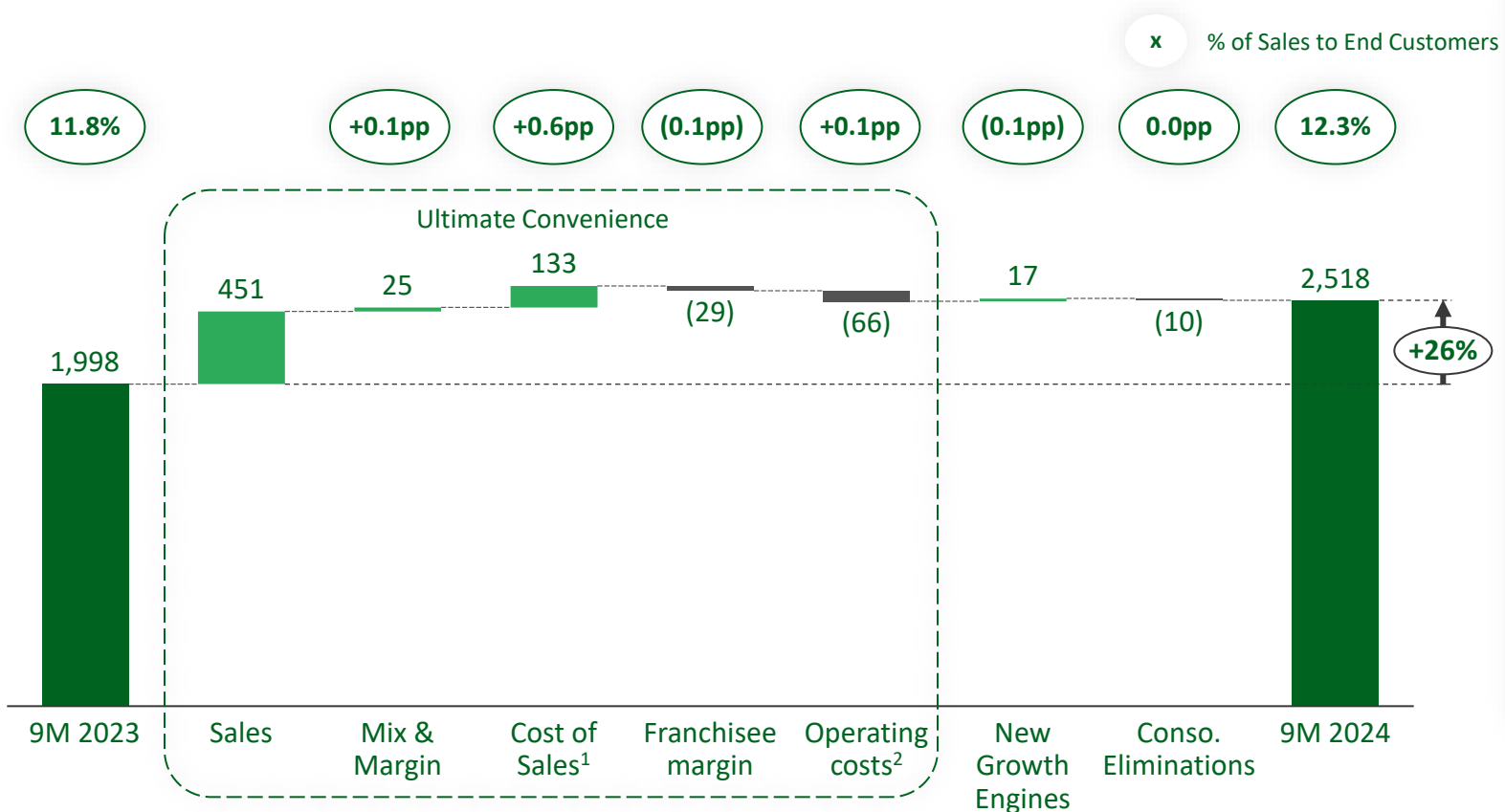
Source: Company Information

1 Includes Nano stores and stores in Romania. 2 LfL defined as comparison of daily receipt sales figures in Żabka stores operating on the same day of both the current and the previous period. 3 Represents Żabka Sales to End Customers and sales of Maczfit, Diety, Drim Daniel, Froo and Q-Comm and does not represent company reported revenue. 4 Adjusted EBITDA calculated as EBITDA pre-Rent and margins calculated based on Sales to End Customers.

# Robust growth in Adj. EBITDA driven by Sales growth and Margin expansion

## Adjusted EBITDA

(PLNm, 9M 2024)



- Strong Adj. EBITDA growth of +26% YoY
- Continued momentum in sales growth
- Improvement in costs of sales, driven by normalized energy costs
- The impact of operating costs on Adj. EBITDA is mainly related to higher marketing (new marketing campaigns) and technology costs (due to the organic growth of the network and increased use of cloud computing for business process optimisation and AI driven processes)

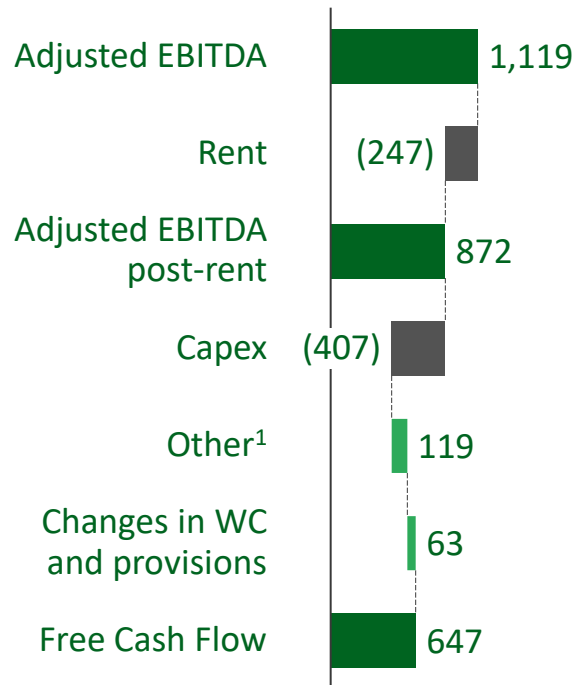


Source: Company Information.

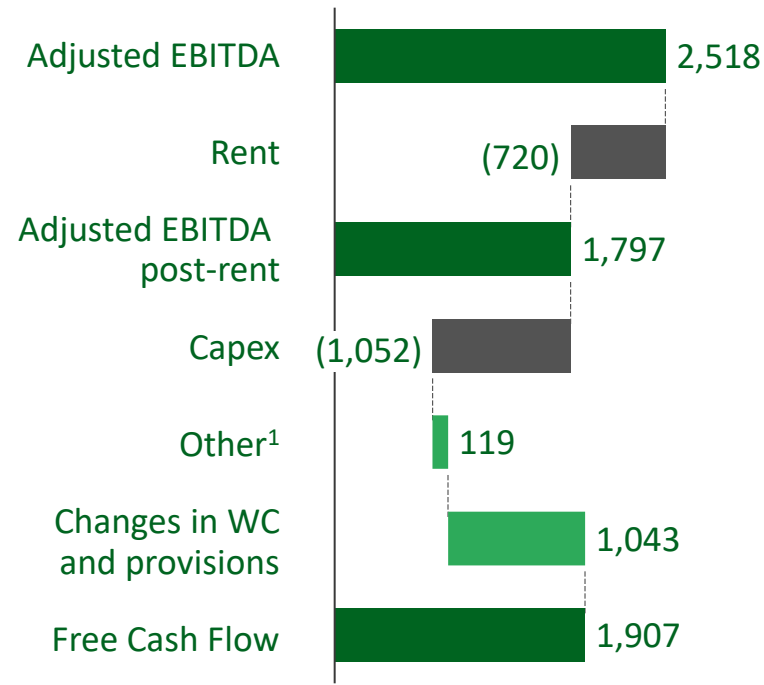
Note: 1 Costs of Sale incl. Logistics, Field Force, Store Costs and Other Variables. 2 Operating Costs incl. G&A, Tech, Marketing and Other Op. Items (note: Central Costs are calculated as the absolute difference)

# Strong cash generation...

## Q3 2024 (PLNm)



## 9M 2024 (PLNm)



Free Cash Flow conversion<sup>2</sup> **74.2%**

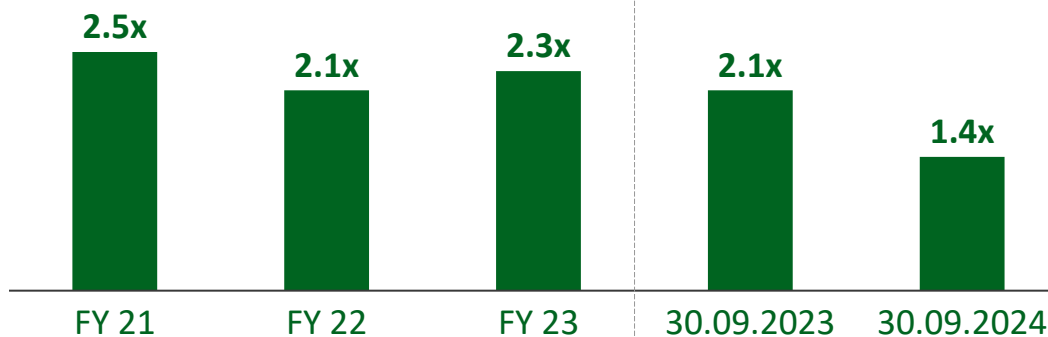
Free Cash Flow conversion<sup>2</sup> **116.1%**

### Robust cash flow conversion, driven by:

- ~ significant Adj. EBITDA growth
- ~ controlled discretionary Capex spend – YoY growth driven by network development, the new app development, fitting stores with Street Food offer capacity
- ~ sales and leaseback of Żabka stores properties
- ~ continuous improvement in Working Capital, partially effect of recovery Q4 2023 outflow due to investment in terms of trade with suppliers



## Net leverage: Net financial debt<sup>1</sup> / adjusted EBITDA post-rent<sup>2</sup>



Net debt (incl. leases) /  
adjusted EBITDA (pre-  
rent)<sup>3</sup>



### PLNm

	FY 21	FY 22	FY 23	30.09.2023	30.09.2024
Gross financial debt <sup>4</sup>	4,041	3,875	5,218	4,920	5,063
Cash	(483)	(281)	(649)	(976)	(1,571)
<b>Net financial debt<sup>1</sup></b>	<b>3,558</b>	<b>3,594</b>	<b>4,569</b>	<b>3,944</b>	<b>3,492</b>
Leases	3,062	3,599	4,013	4,050	4,709
<b>Net debt (incl. leases)</b>	<b>6,619</b>	<b>7,193</b>	<b>8,582</b>	<b>7,994</b>	<b>8,201</b>

- Reduction in leverage profile from robust cash generation and Adj. EBITDA growth
- Leverage at Q3 of 1.4x excl. leases and 2.4x including capitalized leases
- While we will **continue to deleverage** our balance sheet in mid-term, we expect our ND/EBITDA to increase in Q4 2024 due to seasonality



Source: Company Information. Note: 1 Net financial debt defined as the sum of current and non-current loans and borrowing less cash. 2 Based on LTM adjusted EBITDA post-rent numbers 3 Based on LTM adjusted EBITDA pre-rent numbers. 4 Gross debt defined as the sum of current and non-current loans and borrowings.

## Consistently Strong Results



- In line with our expectations, in Q3 24 Żabka **continued strong financial and operating performance** delivering robust LfL growth of 6.0% (8.6% 9M 24) in a **seasonally important quarter** of the year
- We **improved profitability measures** including Adj. EBITDA margin and Net Profit margin both in Q3 and 9M 24 fuelling strong Free Cash Flow generation and further deleveraging

## Growth Pillars



- In Q3 24 we **continued to expand our store footprint** maintaining the pace of expansion @ ca. 1,100 stores p.a., and continued opening our first stores in Romania
- We continued the dynamic rollout of **Street Food offer** with MerryChef ovens installed in ca. 7k of our stores
- In Q3 24 we focused on **further growth of Digital Customer Offering** driving the sales growth by 31% and launching a new Retail Media initiative

## Near-term Guidance



- **We stay committed to deliver FY 2024 guidance of LfLs** in the range of 7.5%-9%
- As per our IPO guidance **we target improvements in Adj. EBITDA margin** towards the top-end of 12-13% target range in the medium-term



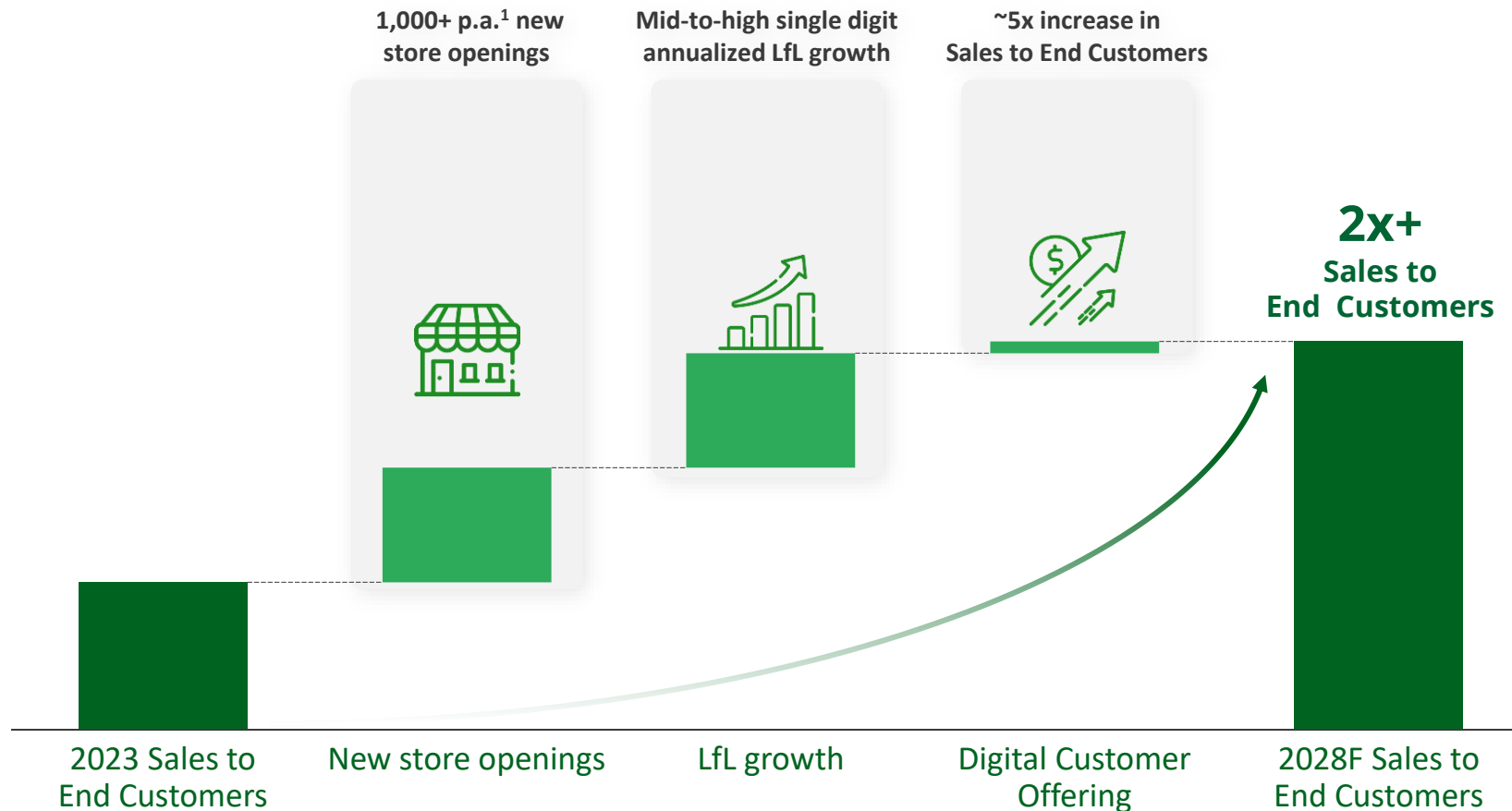
# We remain on track to grow our store footprint, drive LfL from traffic and ticket size and deliver on the DCO opportunity

## Target to more than double Sales to End Customers in the next 5 years

1,000+ p.a.<sup>1</sup> new store openings

Mid-to-high single digit annualized LfL growth

~5x increase in Sales to End Customers







**Q&A**

**Thank you**





## Appendix

# Strong Q3 & 9M 2024 Performance Across All Key Metrics (1/2)

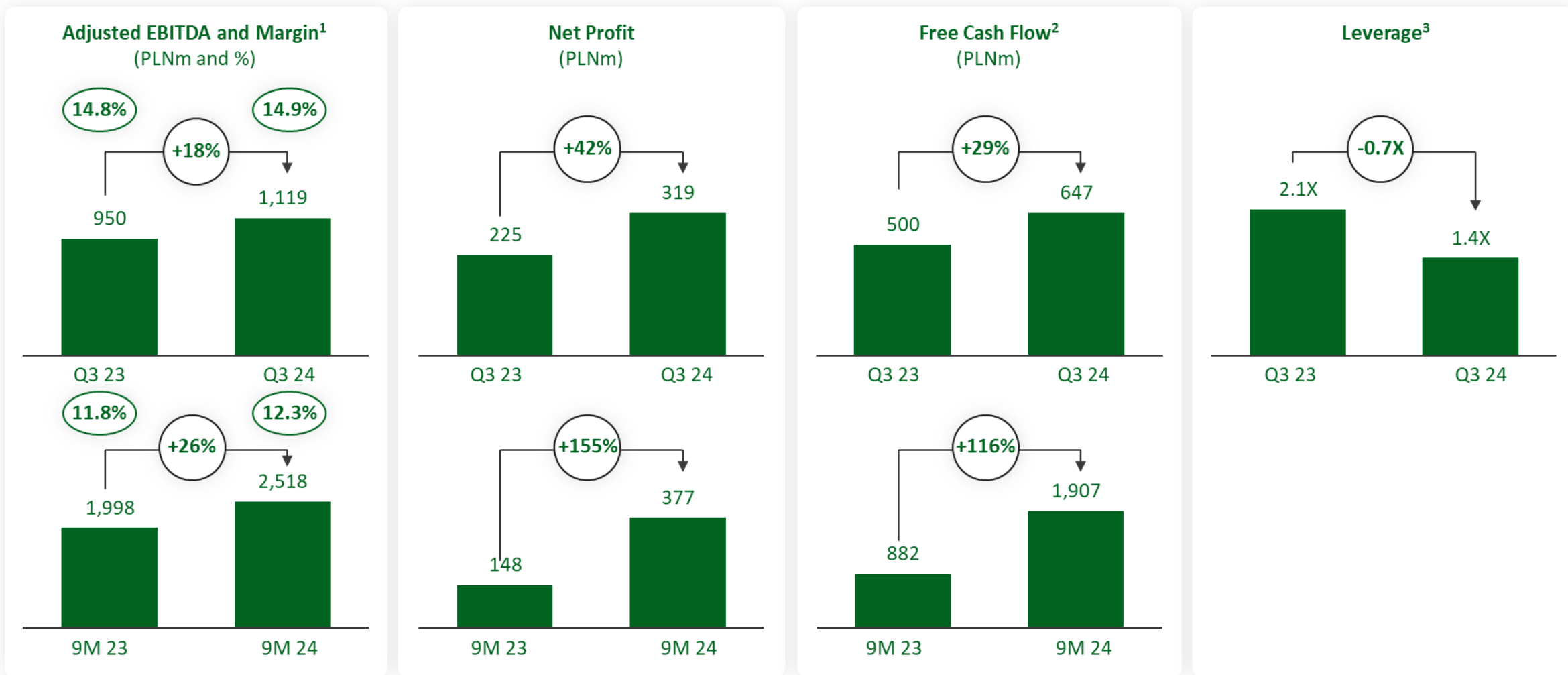


Source: Company Information

1 Represents Żabka Sales to End Customers and sales of Maczfit, Dietly, Drim Daniel, Froo and Q-Comm and does not represent company reported revenue. 2 LfL defined as comparison of daily receipt sales figures in Żabka stores operating on the same day of both the current and the previous period.



# Strong Q3 & 9M 2024 Performance Across All Key Metrics (2/2)



Source: Company Information

1 Adjusted EBITDA margins calculated based on Sales to End Customers. 2 Defined as Adjusted EBITDA (Post-rent) minus Capex plus Changes in working capital and provisions. 3 Leverage calculated as Net debt (excluding leases) / LTM Adj. EBITDA Post-Rent. Data as at 30th September 2024





This presentation (“Presentation”) 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 Presentation contains 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 presentation. Any forward-looking statements in this Presentation must not be understood as the Group’s assurances or projections concerning future expected results of the Group. The Presentation 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 Presentation. 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 presentation are rounded. For this reason, the numbers in rows or columns may not foot exactly to the number provided as the subtotal.

