



Full Year 2025 Financial Results of Zabka Group – Conference Call March 20, 2026

Filip Paszke:

Thank you very much. Hello, everybody, and welcome to our full-year 2025 earnings call. My name is Filip Paszke. I'm a company director responsible for corporate development and investor relations. We have about 35-minute presentation followed by Q&A session, and I will now hand over to Mr. Tomasz Suchański, CEO of Zabka Group.

Tomasz Suchański:

Thank you, Filip. Good morning or good afternoon. My name is Tomasz Suchański, and I'm CEO of Zabka Group. And as usual, I'm joined today with two of my colleagues, Marta Wrochna, our CFO, and Tomasz Blicharski, Chief Strategy and Development Officer.

2025 was an important year for Zabka with good progress across our strategic priorities and the number of milestones that further advanced the business. During the year, we continue to develop our customer proposition in both physical and digital channels. We continue to build our in-store retail media network which reached almost 6,000 screens across more than 4,000 stores by the end of the year. We also introduced Zabka Jush to Wrocław, which means that now the service is available in three biggest cities in Poland. We also invested in the capabilities that support future growth. We opened a new logistics center with a low-emissions solution supporting our ESG goals.

We made a great progress relating to our financial structure as we secured new long-term financing on improved terms and completed our first sustainability linked bond issue. We were also pleased to receive the highest possible MSCI ESG rating, AAA, placing Zabka among the top companies in our sector. In addition, we continue to evolve our customer offer, including the launch of Good Mood, our new enterprise-owned brand. And finally, during our Investor's Day in October, we shared an updated strategy for the next phase of growth. This included a higher pace of store openings and a new capital allocation policy.

Overall, 2025 was a year of solid strategic progress with a number of steps that solidified our platform for future growth.

Let me now turn to our financial performance for 2025. Overall, this was another year of continued growth for Zabka, supported by both sales development and stronger profitability. Sales to end customers

reached 31.1 billion Polish złoty up over 14% year-on-year. Like-for-like sales increased by 5.3% in 2025, which was well within the guidance for the year. At the same time, we continued to expand the network and ended the year with 12,339 stores, following 1,394 openings in Poland and Romania ahead of the 1,300-plus stores openings we guided for.

Profitability also improved. Adjusted EBITDA increased to four billion Polish złoty with margin rising to 13.1%, which is 0.2 percentage points up year-on-year. Adjusted net profit reached one billion Polish złoty which means over 40% growth versus last year. And finally, we continue to deleverage. At the end of December, net debt to adjusted EBITDA stood at one times, compared with 1.5 times a year earlier, and reached our long-term goal.

Overall, 2025 brought solid top growth line growth, farther margin improvement, and stronger balance sheet.

Within this in mind, we look at the 2025 as a whole as well as longer time horizon. We believe the business continued to develop in line with the direction we set for the group. We made good progress across our main growth pillars. We continued to grow the network. We delivered healthy like-for-like growth, and we farther developed the digital side of the business.

We did that in a year of external backdrop, which was not always straightforward, as Tomasz will describe in more details in a short while. Consumer sentiment was broadly neutral, leaning towards positive for most of the year with some mixed signals coming from the market. And favorable weather was also the headwind for the traffic for the most important quarters for our business seasonality. And with that, I will hand over to Tomasz who will discuss these topics in details.

Tomasz Blicharski:

Hi, good morning or good afternoon, everyone.

Let me deep dive into many of the aspects that Tomasz just briefly touched upon. And let's start with the market environment.

Throughout 2025, we have seen some positive signals from the customer. Most noticeably, the confidence index has been one of the highest recorded ever towards the end of the year and are considerably higher than in 2024. The household financial assessment was actually on the uptick as well. On the other hand, we had seen some slowdown in real wages which was in line with the decreasing inflation. Some of that wasn't fully reflected in the market in the consumer spending because the spendings, which is not here on this slide, have grown considerably throughout the year. But overall, if you look at the retail market in Poland, the growth of 4.6%, as per the Nielsen data, was actually pretty much in line with the prior years. On that backdrop, we have actually done remarkably well. We have continued to increase our market share to 10.8% towards the end of the year. You can see that on the right-hand side. And that was yet another year of consistent performance faster than the market. We grew by more than 13% in Poland,

and we continued to be one of the fastest-growing retailers in the market. As you see on the left-hand side, similarly to prior years, the discounters continued to grow faster than the market and grabbed the market share, but overall slower than us. And other channels had a much slower performance. Some continued to slightly increase. Some continued to actually decline.

And how did that translate it into our performance, our actions? Firstly, before we get into details, let me stop for a while, and let's re-iterate what you have discussed as our meet and long-term guidance and how we fared in 2025 on that backdrop.

We told you before the IPO that we will double our business within the five years, from '23 to '28, in terms of the sales. We'll do it on the back of increasing the store count, increasing the sales from mid to high single-digit, and growing our digital businesses five times in that period. And we have achieved, and we were in line with our guidance in 2025. We opened more than almost 1,400 stores. We grew our like-for-likes to 5.3%, and we increased our digital businesses by 25% in 2025.

Let's spend a bit more time in each of these pillars. If you look at the store opening, 2025 was by far the best year ever for Żabka. That was both in case of Polish expansion, with close to 1,300 stores, as well as on the back of increased Romanian expansion where we opened close to 120 stores, and we doubled the pace compared to the early year of 2024. Altogether, we have increased the pace of expansion from 1,100 to 1,400 stores. But actually, that didn't affect our pipeline. In fact, to the contrary, this acceleration is on the back of increased pipeline that we have seen, especially in the last few quarters. We have now more than 1,300 stores signed to be open, so effectively going into execution phase, and that is the number that is considerably higher than we had in the past. It is fueled by a number of different sources, but also on the back of declining traditional trade in Poland, you can see it in the middle on the lower slide here. In terms of Romanian business, this was a breakthrough year for us. We have continued to build the business there in terms of the customer offering, in terms of adjusting to local Romanian taste. And as you can see on the right-hand side, that resulted in the traffic in stores getting to a level that is very similar to Polish level, which is in fact very encouraging for us. On top of it, this traffic is coming for what we like the most, which is the QMS. 35%-plus of sales of these stores are actually QMS products, which is in line with the benchmarks of top Japanese, which is, in convenience, the most mature and most advanced market. Top Japanese convenience operators.

In terms of like-for-like, Tomasz touched upon the fact that the weather didn't help us in 2025 and that we had some headwind in our key summer months, but nonetheless, we executed successfully on our key initiatives that brought higher like-for-likes than the market. And on that backdrop, we have effectively finalized our Żabka Cafe 2.0 remodeling. We have installed Merrychef ovens in all of our stores, and we grew the offering, and we grew the sales of the products, hot food products, through this additional equipment. We've become the biggest seller of the hot food items in Poland. Key bestsellers were pizza, but also coffee continued to grow strong and several other products. We see that this is a project that hasn't been completed yet, and we see continued strong growth in this area in the coming periods as well. What we did as well in 2025 was product innovation. We launched 622 new products in 2025. Just to remind you, an average Żabka store has roughly 2,500 products. That's a significant innovation that we

brought to our stores, and that was both in case of private brands that included the new private brand, Good Mood, which was launched in beverages and sweet categories. But also, importantly, we launched more than 100 new healthy products which effectively contribute to the growing trend of healthiness among the certain customer groups.

But our stores are not only the products and hot food but also the services. People come for services. And also, we drive like-for-likes using technology and the digital app in particular. In terms of services, we grew our service offering during the year. We also improved the existing services. One of the example that I can give you is that we have launched Easy Drop, which is our virtual courier that is aimed at improving the service, the parcel pickup and return, in our stores.

We have also relaunched during 2025, or actually early 2005, the app. We added several new functionalities into the app, including the product personalization, better communication of hot food products, and we integrated all digital businesses within the app, and that resulted in significant uptick of the active shoppers but also daily active users which is now counted in the millions.

Finally, looking at the third pillar of our growth, digital customer offering, here, we had continued growth of our existing businesses on one hand, and we launched two new businesses on top of it. Looking at the existing businesses first, our e-commerce have continued to rapidly gain scale with more than 50% growth year-on-year. Here, we have been very active in existing cities, and that contributed to the growth but also launched towards the end of the year of a new city which is aimed at boosting the growth going forward. Furthermore, we have effectively significantly changed the business model of Delio. We have increased the SKU count, number of products sold, to 10,000 from roughly 5,000, and that contributed to very positive momentum for that business.

In terms of Maczfit and Dietly, here we grew in line with the market for these businesses. This is direct-to-consumer businesses. But on top of it, we have continued to expand production capacity for these businesses and Maczfit products and Maczfit-produced products. Ultra-fresh products are now seen in Żabka stores.

In terms of Nano, we have focused on getting the cost down so that the profitability of the business, effectively, and the return on capital invested is in line with our core format. We got there or close to get there, and that means that we will continue to grow the Nano stores in select catchment areas on the back of a good capital return.

In terms of new businesses, we have continued to scale Żabka ads, something that we launched toward the end of 2024 but really kind of scaled up in 2025. We now have close to 6,000 screens in more than 4,000 stores. We see, in fact, a few benefits of this. Firstly, these screens, when we display our products there, they impact positively the customer behavior, and we see incremental like flags there. Secondly, we see that when we cooperate with B2B clients, both either suppliers or the third-party companies that display their products in these stores, we get additional margin. This is a high-growth business for us and very profitable.

Easy Drop, I touched upon that a little bit. This is a new courier service for e-commerce. It has just launched at the end of the year, and it's targeted at improving the parcel return and pickup experience within our stores.

And last but not least, another pillar of our strategy, which is the ESG. Here, what I can say, and Marta will say much more about it, we have reached most of our goals or exceeded most of our goals in all the strategic pillars, as confirmed by AAA rating that we have received from MSCI during the year. And with that, I'll pass the mic to Marta.

Marta Wrochna-Łastowska:

Thank you, Tomasz. Good morning, everyone. It will be my pleasure to walk you through our financial results

Marta Wrochna-Łastowska:

... it's after such a good year for us, for our company. Starting with the key financial highlights for the full year, then I will describe fourth quarter.

I will share with you the key drivers for our sales and BDA. I will share a snapshot of our non-financial results, as Tomasz mentioned. And finally, as a last point, I will also refer to our guidance for this year. Let me start with walking you through the key financial results for 2025. We delivered solid top line performance, despite a more mixed external backdrop as Tomasz has described.

Revenue reached 27.2 billion Polish złoty and sales to end customers, 31.1 billion, both increasing by 14.1% year-on-year. This growth was driven by network expansion, healthy like-for-like, and continued development of our digital businesses and our business in Romania.

The gross profit increased to 5.1 billion Polish złoty growing by 16.1%, and the gross margin expanded by 28 basis points to 16.4%. Adjusted EBITDA reached 4.1 billion Polish złoty, up 16% year-on-year, and the margin increased by 21 basis points to 13.1%, lending above the 12, 13% range we guided for.

The improvement reflects scale effect. So our like-for-like sales growth, outpacing inflation, improved terms of trade with our suppliers, disciplined cost control, and efficiency gains across logistics, energy, and entire operations.

Adjusted net profit stood at more than one billion Polish złoty, an increase of more than 40% year on year. The margin rose to 3.2%, which is ahead of our guidance.

This result reflects the improvement in EBITDA we discussed, our efforts throughout the year to reduce financing costs, including refinancing and the bonds issue, as well as the improved effective tax rate.

Looking at reported net profit, it was 1 billion 57 million Polish złoty, up almost 80% year on year. And it was supported by the factors which I have already typed as well as corporate income tax refund recognized in 2025. Earning up per share increased also almost 80% to 1.1 złoty.

The free cash flow reached 1.7 billion, growing 13.7% driven by higher EBITDA, stable capital expenditure and positive working capital dynamics.

Overall, looking at 2025, it was a year of robust delivery across all key profitability and cash flow metrics, enabling us to enter this year, 2026, with a strong financial position and consistent momentum.

Now, before moving to the details on the full year results, let me briefly walk you through our fourth quarter financial performance. And in fourth quarter, we delivered another set of consistent results and we increased our growth dynamics across sales, EBITDA, and most importantly, reported net profit versus the previous quarters.

Revenue increased to 6.9 billion Polish złoty, up 18% year on year. Sales to end customers reached 7.9 billion, growing slightly faster, 14.3%. Growth was supported by continued network expansion, stable like-for-like performance and farther scale up of our new growth engines.

Gross profit rose to 1.4 billion, an increase 18.7% year on year, and the gross margin improved by 69 basis points to 18.4. Adjusted EBITDA was 1.1 billion in the last quarter, up 14.9% with a margin of 14.4%. Adjusted net profit amounted to 354 million Polish złoty, up almost 21% supported by lower average and the improved effective tax rate.

We reached our goals in terms of leverage. The net debt to adjusted EBITDA, what reached, as Tomasz mentioned in the beginning, one time EBITDA as at the end of the year, reflecting continued cash generation and the strong profitability growth.

Let's now take a look on the key drivers behind our performance. Starting with the operating metrics, the number of stores increased to more than 12,300 stores at year end, outpacing our guidance. Like-for-like growth for the whole year 2025 reached 5.3 within the range of our guidance for the year.

The franchisee margin increased to 17% driven by higher share of QMS and the increase in the minimum wage in Poland. As you remember, it was 8% this year. And we decided to share part of our profits with our franchisees as we continue to invest in the relationship with them, as they are our key business partners.

Moving on to costs. Cost of sales increased by 13.6% and the growth was below the sales growth. Adjusted EBITDA increased to 4.1 billion, up 16% year on year, and the margin improved to 13.1, slightly above the 12, 13% range we guided for.

And the improvement was driven by like-for-like sales growth, which was, as I mentioned above the inflation, strong operational delivery in the ultimate convenience segment supported by efficiencies across the store base, logistics and energy, as well as the better results of our digital operations.

Finally, adjustment central classification, which you see on the EBITDA level amount 190 million Polish zloty, and they most relate to IPO bonus and a long-term incentive plan.

Now moving to the net profit performance. I'm exceptionally proud to announce that for the first time in our history, both reported and adjusted net profit crossed the one billion mark.

With an adjusted net profit margin increasing to, as I mentioned, to 3.2%, so 20 basis point above our near term guidance of 3%. We achieved this extraordinary results on the back of our disciplined execution and operational efficiency gains.

There are four main drivers of such a great improvement. Firstly, as I have already mentioned, we have achieved a strong EBITDA growth driven by both top line growth as well as the cost discipline. Secondly, our capital expenditure was under control. Falling as a percentage of sales and supporting fall in depreciation. So the depreciation as a percentage of sales, as you see, has declined.

Thirdly, we have worked hard last year to significantly improve our financing structure. As you remember in May last year, we have concluded our first one billion bond issue based on the margin of 150 basis points, which was significantly below our historical financing costs.

In Autumn, we have also managed to refinance our senior facility agreement, reducing our credit margins and extending the maturity. All of these moves gave us more flexibility, contributed to lowering costs of debt, especially combined with the lower base interest rate following a series of cuts from the National Bank of Poland.

And lastly, as you see, we also improved our effective tax rate. Therefore, in the end, the adjusted net profit was one billion three million Polish zloty, up more than 40% versus last year.

And our reported net profit was even higher. It reached 1 billion 57 million, and it was driven by a lower effective tax rate of 4.4% compared to 26.2 last year.

And this reflects the impact of the corporate income tax refund, approximately 200 million Polish zloty, recognized by the main entity, by Zabka Polska following the final court ruling we have informed you about lastly. The refund was treated by us as one off, and therefore it does not impact adjust as net profit.

For clarity, we included the bridge between adjusted and reported net profit in this presentation and the details you may find in the annual report, in the financial statements.

Now moving to the sales, a quick word. What drove sales to end customers in 2025. The growth was driven by three building blocks. So we see the store expansion, which was the most important factor, which contributed over two billion Polish zloty, 54% of the increase.

And it was on the back of our upgraded rollout ambition of more than 1,300 stores per annum in both our geographies. Opening almost 1,400 stores, we have exceeded this goal in 2025.

Like-for-like growth contributed 1.4 billion or 35% with a strongest performance in our strategic categories, including QMS, soft drinks, and our sweets.

Our like-for-like was negatively impacted this year by significantly weaker weather conditions compared to 2024, particularly during the summer months, which are, as you know, seasonally the most important period for us.

As mentioned during investor day, we estimated the weather impact reduced our like-for-like by approximately one to two basis points in this third quarter, so our most critical trading period.

And the last, the new growth engines contributed over 400 million or 11%. In 2025, we achieved 25% growth in sales of our digital convenience offering and more than 50% increase in Romania.

A brief reminder on our seasonality profile. It is important to understand our results dispersion throughout the year, as well as the difference with other retailers who are more impacted by holiday seasons rather than weather driven traffic in stores as we are.

As you can see on this page, the first quarter is the least important for us with only 21% of sales being generated in this period. The rule of thumb is that the warmer the month, the more bearing it has on our top line.

Therefore, the third quarter of summer months generates over 27% of our annual sales. Similarly, if those months are affected by the weather, our sensitive categories like ice cream or cold drinks suffer as it was the case this year.

However, in this context, we delivered results that keep us well on track to achieve our mid-term goal of more than doubling our sales between 2023 and 2028, and therefore we remain confident in maintaining our guidance.

A quick update on the franchisee economics. In 2025, franchisee margin increased by 15% year on year to more than five billion Polish zloty, and as a percentage of sales to the end customers, it increased to 17%. At the same time, the annual margin per store grew to 446,000 Polish zloty, 5% year on year. The growth was driven by favorable mix shift. So we sold more higher margin categories, which under our payment system are incentivized.

So this is clearly positive for us and for our franchisees. As the incremental margin we generate is shared equally between us and our franchisees.

As you know, maintaining an attractive franchisee proposition is very critical for us. We therefore consistently benchmark our offer and adjust it to the changing environment. As you know, in 2025, the minimum wage in Poland increased significantly by 8.5%, which meant that the labor cost for the franchisees also rose, and therefore we provided additional support to help them manage this pressure. Engagement, as you see on this page, remained strong and voluntary churn fell even farther, which we take as a sign of a good and stable relationship we have with our franchisee and our capacity to recruit enough franchisees to cover our expansion needs. In 2025, we onboarded, as you see, more than 2,600 franchisees, confirming the attractiveness and the scalability of our offer.

Now moving to the EBITDA bridge and discussing key drivers that allowed us to generate a 16% year on year growth with the margin which is slightly above our guided range.

So higher sales and a stronger gross margin within our main business, Ultimate Convenience were the key drivers of this improvement, and it was supported by expansion and like-for-like, as I mentioned.

We also achieved strong cost efficiencies in logistics, store maintenance, and within energy costs, they were driven by lower energy prices this year compared to last year, as well as the initiatives aimed at reducing energy consumption across our store network.

As mentioned earlier, part of the improvement was offset by higher franchisee costs. So we share an additional margin as we usually do with our franchisees.

Marketing, G&A and technology costs increased in absolute terms, but they remained broadly stable at around 1% of sales to end customers. The increase mainly reflects the higher corporate costs following the IPO.

The new growth engines remain in the investment phase. However, as previously communicated, this digital convenience offering has reached break even and has remained EBITDA positive since while continuing to improve operationally. Romania is still in early buildup phase and that is reflected in the new growth engine contributing to the bridge.

Now, moving to our capital expenditure. When you look at this chart, it is visible that spending remained disciplined and focused on growth. Total CapEx amounted to 1.6 billion in 2025, representing a decline, both in absolute terms as well as as a share of sales to end customers to 5.2%.

This reflects our continued disciplined approach to investment. Ultimate convenience remained the largest contributor with nearly 1.2 billion invested, split across two main areas, store expansion and the investment in the existing store network.

Over half a billion Polish złoty was allocated to new store opening in line with our most ambitious expansion plans while CapEx per store decreased.

Investment in the store network focused primarily on driving like-for-like growth and enhancing our customer experience. In 2025, this included store remodeling with Mary Chef in rollout and as well as other improvements

Marta Wrochna-Łastowska:

... improvements in assortments, technology, data capabilities, as well as our mobile app. We also invested in the deposit system machines designed not only to support the bottle returns at Zabka, but also to drive incremental in-store purchases.

The second key area we allocate on this chart were the investment which drive the efficiency and productivity improvements. And those include the energy efficient equipment stores, logistics upgrades, and the strengthening of our field force. The new growth engine CapEx amounted to 276 million up year-on-year, reflecting the accelerated rollout of new stores in Romania and targeted investment in the digital businesses, including retail media, expansion of Maczfit production capacity, as well as launch of our eGrocery service in Wrocław.

Finally, corporate and strategic leadership CapEx exceeded 150 million, broadly stable year-on-year, and focused on core software development and maintenance, supporting long-term scalability, robotization, as well as deployment of the advanced analytics and AI to further automate and digitize our operations. Looking at the cash flow, 2025 was another year of very strong cash flow generation with a conversion nearly 60%. Working capital contributed almost 400 million benefiting from our structurally negative working capital profile. And this very strong cash flow generation helped us to decrease our leverage to 1.1 times EBITDA from 1.5 last year. And the net financial debt was over 3 billion as at the end of 2025, and it was 731 million reduced compared to last year.

Now moving to our non-financial performance. So while we have continued to scale our business, and we also were very focused to deliver on our ESG targets, in 2025, as Tomek mentioned before, we exceeded most of our objectives across our four strategic ESG pillars. Sales value of own brand's product supporting a sustainable lifestyle was higher than 2 billion for the first time in our history. 2025 was another year when we maintained exceptionally high employee engagement level, placing Zabka among the most engaged organizations globally according to Gallup Institute.

We met our circularity target by reducing the share of virgin plastic in own brand packaging by over 36%. In 2025, recyclable materials used in our own brand products weighted nearly 800 tons, which is the equivalent of 3 fully loaded Boeing 787 Dreamliners.

We exceeded our plan at emission reduction target, achieving a 35% decrease comparing with 2020 baseline. Since launching our decarbonization strategy, we have reduced emissions by nearly 8,500 ton CO₂, which is an equivalent to driving around the earth more than 1,500 times.

The full 2025 sustainability statement prepared voluntarily in accordance with our CSRD requirements is included in our 2025 annual report, which I'm pleased to present to you today. It may be found on our website. And finally, moving on to our guidance for the year. We reiterate the expectations we shared at our 2025 Investor Day in October. We aim to open over 1,300 new locations in Poland and in Romania in 2026 and maintain a similar pace over the mean term.

For 2026, we anticipate like-for-like growth in the mid to high single digit range with variability between quarters. A similar range is expected also over the medium term.

We expect stable development of our adjusted EBITDA margin at the top end of 12, 13% range supported by scale and disciplined cost management. And in terms of net income margin, we expect a gradual improvement towards approximately 4.5% in the medium term and the near term outlook remains stable following a step-up delivery in 2025.

So the framework of our growth is unchanged, strong rollout, steady like-for-like, stable margins and progressive bottom-up improvement. And now I will pass on to Tomasz for his concluding remarks.

Tomasz Suchański:

Yes. So that's right. We are almost in the end of our presentation, so it's time to wrap up.

So 2025 was a solid year for Zabka. Like-for-like came in at 5.3% and sales to end customers grew 14% to 31.1 billion polish zloty. Adjusted EBITDA increased to just over 4 billion and we crossed 1 billion of net profit for the first time.

We combined growth with further efficiency gains and strong free cash flow, which supported deleveraging. We opened 1,394 stores across Poland and Romania with a good momentum and good quality. The core Poland stores delivered another year of resilient performance. New growth engines scaled further with a strong progress in digital customer offering and a fast developing business in Romania.

Lastly, our medium term guidance is unchanged. We aim to open 1,300 plus stores per year across our geographies. We expect mid to high single digit like-for-like growth. We see adjusted EBITDA margin stable at the top end of the 12 to 13% range and a gradual improvement in adjusted net income margin towards around 4.5% over time.

So thank you for your attention to these matters, and now we are ready to take your questions.

Moderator:

If you wish to ask a question, we ask that you please use the raised hand function at the bottom of your Zoom screen, or if you've dialed in, please press star nine.

Our first question will come from Michal Potyra from UBS. Please go ahead.

Michal Potyra:

Hi. Good morning everyone and congratulations on strong results. I have four questions, if I may, maybe starting just with the first one. Maybe you could provide some commentary around the trading in the first quarter. It's almost over now. I'm particularly interested in the impact of the harsh weather conditions. Perhaps you can also add a little bit about the bottles deposit system, how disruptive that is. And lastly, maybe just the recent events, are you seeing any early impact from the higher oil prices? That's the first question. Thank you.

Tomasz Blicharski:

Yeah. Hi, Michal. Thank you for your question. So I presume you, as many other Poles on the call, have experienced the harsh weather conditions in the first part of Q1. But for those who are not from Poland on the call, just to remind, the first month of the year was actually one of the coldest, I think in the last 25 years. It was seven degrees on average colder than last year. And it was described as a winter of century by some, with persistent snow. So certainly that didn't help our convenience business that relies on impulse, relies on people walking and transporting throughout the streets. And effectively, that is something that is inherent in our business.

Having said that, already in February and especially in March, we see very encouraging signs from the customer standpoint, and there is a variance between the months, but we are encouraged by what we see now.

In terms of the deposit system, so your second part of the question, certainly we see very strong pickup in a number of packagings that are being returned. We view this as positive for our business overall. It is obviously additional aspect of the business that we had to incorporate in our stores. Although, again, for the benefit of wider audience, it is not mandatory for vast majority of our stores actually to have this service included because of the size, because it is mandatory for stores above certain size to have it. Most of our stores are below this size.

Having said that, we prepared for a number of years for this because we believe that this would be incremental traffic driver to our stores and we could rely on cross purchasing from this. And we see that these are early days again, but we see pickup in number of packagings that are being returned. And we are dealing with this in our stores. Obviously, not always perfectly yet because these are early days, but installed machinery in some of these stores, around 4,000 plus stores have some automated machines for

collection, as well as the hand collection that we have in the remaining part of the stores, see increased demand from customers, and we view this overall as encouraging.

In terms of the third bucket of your ... third part of your question, so the increased oil price into products, we don't see that yet. We don't see any impact from this at this stage in terms of sales and the input costs. Bear in mind that most products that we sell are transformed and therefore any impact from inflation is ... the volatility from it is much lower than some other sources, but also the time to receive impact is somewhat prolonged compared to some other channels.

Michal Potyra:

Thank you. But before I go further, I would just like to clarify some answers because I was actually, when I asked about the bottle deposit system, I was thinking, are you seeing any impact on volumes of beverages as clients now need to pay more? And also about the oil prices, what I really meant is, are you seeing any changes in consumer behavior driven by that price shock? Thank you.

Tomasz Blicharski:

So the short answer to those is no.

Michal Potyra:

All right, thanks. Thanks for that.

So maybe a second question about the franchisee margin. I mean, it was up for the year, but slightly down in the quarter. I mean, is that a new trend or was it just like it happened to be? I would like to understand what's the dynamic here? Thank you.

Marta Wrochna-Łastowska:

Hi, good morning, Michal. As I think we discussed once during the call, it is much better to look at the profitability of our franchises from the longer period of time as the quarterly changes may result from the calendar effect or seasonality. So you've seen that for the whole year, we slightly increased the profitability, the margin which we shared with our franchisees and the trend has not changed. So you know that for this year, we expect to have a lower increase in the minimal wage and it will impact also our costs positively for 2026, but the end will not change and the strategy will remain the same as historically.

Michal Potyra:

Thank you. I have two more if that's okay. And maybe I'll just combine them because they're, I hope, pretty straightforward.

So the first is about your EBITDA margin sustainability. I mean, it was slightly above your guided range. So I'm wondering, is this something you are willing to continue or you just don't want your margin to be too high? So that's the first question.

And the second is around the tax refund. Maybe you could give us a little bit more color on what was driving that and maybe help us understand how big was the cash component so far. Thank you.

Marta Wrochna-Łastowska:

Yeah. So in terms of EBITDA margin, we expect, as I always said, stable EBITDA margin for 2026 and it is the expectation for the whole group. There will be impact for ultimate convenience as well as the DCO and of course our early stage business in Romania.

In terms of tax refund, like the recognition within the profit and loss in line with the IFRS was almost 200 million and it was positive impact on our net profit so far. And what was the reason? The reason was that historically, as we discussed, we treated a portion of our financial costs as not tax-deductible. And based on positive court decision, where we said, it was confirmed that it was even possible to treat those costs as tax-deductible. So therefore, we have claimed the refund to the tax authorities. We have already received the refund for one year.

It was disclosed already in the financial statement for 2025 of like less than 20 million. And early in January this year, we have also received the refund for another year, approximately 25 million. And with time, we are expecting to receive the remaining portion this year or mostly this year.

So far, most of that was non-cash and we expect to receive the cash in the following months.

Michał Potyra:

Thank you.

Moderator:

Thank you. Our next question will come from Janusz Pięta from mBank. Please unmute your line and go ahead.

Janusz Pięta:

Hello. I have a question regarding your energy and transportation cost. So what is the share of transportation and energy cost in relation to your sales to end customer?

The second one on your hedging. So you probably hedged some of the energy electricity prices. So how much volume do you have hedged?

Marta Wrochna-Łastowska:

Yeah. In fact, yeah, as you noted, we hedge the energy and we have learned that after 2022 and 2023, when we have seen that the energy prices increased very significantly, we started to use the virtual PPA to manage the cost of electricity within our business. Currently, we have a vast

Marta Wrochna-Łastowska:

Vast majority of the energy required for 2026 hedged, already purchased and based on the price, which is similar to the last year. So from this perspective, we do not expect the energy cost to have significant impact on our profitability this year. A portion of our required consumption is also hedged for another 10 or 15 years. And the details are presented in the financial statements in the virtual PPA section of our balance sheet.

Janusz Pięta:

And regarding the transportation costs, so is it very material costs items?

Tomasz Blicharski:

No, no. Transportation cost is not a material cost for our business. It is actually a minor cost, smaller cost already within the logistic costs. So in fact, we don't expect that to have a big impact.

Janusz Pięta:

Okay. So the last question regarding your like for like in full 2025 results and Q4, so what was the impact of the price inflation and volume growth? So is the growth only coming from inflation or do you see some volume rebound?

Tomasz Blicharski:

I think in the last year, there was a negative impact from the weather that came into the summer months. And it is actually visible not only in the summer month, but mostly. It is actually visible in the full year figures. So that is impacting the volumes somewhat. But if you look at the broader picture, we both have inflation as well as the volumes increase in typical quarters.

Janusz Pięta:

Okay. Thank you.

Moderator:

Thank you. Our next question will come from Grzegorz Kujawski from Trigon. Please unmute your line and go ahead.

Grzegorz Kujawski:

Yeah, good morning. Congrats on the results. It really sound deliver another quarter. Couple of questions from my side, if I may please. First on guided like for like, you have maintained your like for like guidance range at a stable level since the IPO, although in 2025, performance landed at the lower end of that range. Your 2026 midpoint guidance appears to contrast with mine and market expectation also from messages from other players on the market. Could you therefore elaborate on what gives you the confidence in maintaining this range? You mentioned the weather, but how we should think about the role of inflation. And could you explain phasing of like for like growth across the quarters in terms of a budget?

Tomasz Blicharski:

Yeah. Very thorough question. Thank you very much. So firstly, I think you mentioned about some other players. So I think it's worthwhile to mention that there is no other player in Poland, or maybe even in Europe as a listed one, like us, purely convenience, pure play operator. Our business is considerably different compared to the other channels. And we try to kind of explain it over the last almost two years now since we have the discussions with you. So I'm not going to get into it in too much detail, but just maybe to emphasize one or two differences. It is only 30% of products that we sell overlap with the, for example, discount channel. So I think there are some different drivers and some of the different characteristics compared to other channels. In our channel, in our business, we continue to see inflation. We don't expect actually deflation under no scenario, in fact, for this year.

So that's one considerable difference. Secondly, I think we have quite a few tailwinds and quite a few initiatives from which we are benefiting compared to the wider kind of market trends. The obviously trend towards convenience is one of them. It's a broad one, but more specifically, we'll continue to benefit from the aggressive development of QMS, especially the hot food.

Bear in mind that last year we only kind of completed the remodeling throughout the year. And as we mentioned a few times, it is not the complete project. We are still developing the offering. We're still developing the way to market it, but also we do not forget about other QMS products, so not the hot food products. And I'll maybe draw attention to one thing that we have started to do this. We started to market more significantly the ready-made meals in our stores with promotional activities geared at the older audience that is bringing quite significant value to our sales.

So that's one hand. Secondly, we have quite a few initiatives planned for the other quarters from after Q1, which are completely new things, which is a combination of digital and convenience. Some of this, we

believe will have a very significant impact on our business, but it is too early to say, obviously in detail, around this.

And obviously we'll continue to innovate. We have always been the most or one of the most innovative players on the entire market with hundreds of new products to launch. So actually we're planning to increase that drive for this year.

So based on these three, based on also hopefully the weather normalizing in the later part of the year, we see that we will be able to deliver the forecast as we guide it.

Grzegorz Kujawski:

Okay. I understand. And the second question is on gross margin. We saw a sound improvement in Q4. To which extent this trend is sustainable and what are your main near term headwinds and tailwinds on that ground?

Marta Wrochna-Łastowska:

Yeah. So when you look, I think the trend in the fourth quarter was consistent with what we have seen for the last quarters, number of quarters. And the growth in profitability, it came from firstly our like for like, which was above the inflation. And we, as Tomasz mentioned, we expect that in the following year, we will have the similar trend. We were able to achieve in 2025 the terms of trade improvement, and it was based on higher volume of sales, but also based on the incremental services, which we provided to our suppliers.

Tomasz mentioned within his presentation about retail media having a positive impact on our profitability. We also, as you know, exchanged the real time data with our business partner. It helped us also to build the value together. So we've seen a positive trend within the direct cross margin. We also seen over that 2025, and we also seen the impact of efficiency.

So across the entire organization, as I mentioned, within the logistics, we improve the processes within the warehousing and transportation. We've seen the benefits coming from the new automated distribution certain. We opened like two years ago. We also have seen the positive impact of the digitalization and automation within our profit and loss. And also the energy had a positive impact in 2025. We do not expect, so that the prices of energy decreased between 2024 and five, which gave us also the benefits for 2025. And for 2026, as I mentioned, we expect more stable prices based on the contracts which we have already signed and based on what we ... Yeah. Yeah. So from this perspective, as we said, for the group, we expect the margin which it will be stable. For Żabka Polska, we may see some improvement and we will continue the investment as we described into the development of our business, our business in Romania.

Grzegorz Kujawski:

Okay, fine. Last from me is on the star rollout according to one of your today's slides, you have secured about 80% of store locations this year. Could you provide some color on the distribution? I mean, to what extent is this similar to providers or are there any not other changes?

Tomasz Blicharski:

Yeah, it is. It is similar to other years, similar to what we have guided towards. So there's nothing major to kind of report here. The only thing to report is that we continue to see positive momentum with respect to be able to acquire these locations, acquire not directly, but sign the contracts. That's what I mean. And that we already see that it continues for in 2026, so we're kind of encouraged by this.

Grzegorz Kujawski:

Okay. Or maybe last one. Sorry. Sorry if I missed it. Any guidance on CapEx in 2026 and changes to negative cash conversion cycle?

Marta Wrochna-Łastowska:

Yeah. So in terms of CapEx, as we shared with you during the investor day, we plan to have a similar capital expenditures in the absolute terms in the following years. So we expect in the absolute terms, the value, which is similar to 2025. As a percentage of sales, the CapEx for the globe will decline. And from the perspective of working capital profile, we do not expect any changes. So the impact will be comparable to what you have seen historically.

Grzegorz Kujawski:

Thanks as much appreciated.

Moderator:

Thank you. Our next question will come from Piotr Drozd from Verition Fund Management. Please unmute your line and go ahead.

Piotr Drozd:

Hello. Thank you very much for the presentation. It's very comprehensive. I wanted to ask about capital allocation. So if we think about the guidance for the next year in terms of store openings, obviously the company is on a growth mission. Given market volatility, I'm just wondering if you have the room to respond, should there be more share price volatility with perhaps a buyback? Is that something that is considered debatable and possible? Thank you.

Marta Wrochna-Łastowska:

Yeah. So as you know, we have shared with you the new capital allocation policy in October last year, and the further steps in this respect will be communicated before our annual shareholders meeting. And with that, we will follow the usual practice and we will follow the completion of the relevant corporate decision before the annual annual shareholder meeting.

Piotr Drozd:

Perfect. Thank you very much.

Tomasz Blicharski:

Building on this though, as you kind of recall, our capital allocation policy, including obviously the two elements of distribution. And if you look at the cash generation of the business and the leveraging, we'll have in the mid-term for sure different tools in our kind of drawer.

Piotr Drozd:

Perfect. Thank you very much.

Moderator:

There are no further questions, so this concludes today's call. Thank you everyone for joining. You may now disconnect.

Marta Wrochna-Łastowska:

Thank you.