



## **Q3 2026 Financial Results of Zabka Group | Oct 28, 2026**

Moderator:

Good afternoon and welcome to the Q3 2026 financial results of Zabka Group. After the speakers' remarks, there'll be a question and answer session. This webcast will be recorded, and an archive of the webcast will be posted on the company website. By participating in the Zoom call, you are agreeing that recordings made during the event may be shared with Zabka Group.

For those of you who are joining us via Zoom, if you wish to ask a question during the Q&A, 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. If you already have a question, please do this now. Once it's your turn, the moderator will introduce you. Please then unmute yourself and ask your question. I'd now like to hand the call over to Filip Paszke.

Filip Paszke:

Thank you very much. Good morning or good afternoon, and welcome to our Q3 2026 earnings call. My name is Filip Paszke. I'm the director responsible for corporate development and investor relations. We have an about 20-minute presentation followed by a Q&A session. Now, I'd like to hand over to Mr. Tomasz Suchański, CEO and chairman of the board of the Zabka Group.

Tomasz Suchański:

Thank you, Philip. Good morning or good afternoon, everyone, and thank you for joining us. I'm joined today by Marta Wrochna-Łastowska, our CFO, and Tomasz Blicharsk, our chief strategy and development officer and my successor in the role of the CEO.

I will now start with the key highlights from the third quarter. Zabka, again, delivered consistent growth and improved profitability. Sales to end customers reached 9.6 billion Polish zloty, up 12.3% year-on-year. Like-for-like growth was 3.5% below what we reported in the previous quarter, but still ahead of the broader market. We continue to expand the network. At the end of September, we operated 13,405 stores across Poland and Romania with 1,410 gross openings over the last 12 months.

Profitability continued to improve. Adjusted EBITDA increased to nearly 1.5 billion Polish zloty, up 16.5% year-on-year, while the adjusted EBITDA margin rose by 0.6 percentage point to 15.6%. Our balance sheet also remains strong. Net debt to adjusted EBITDA stood at 0.7 times, improving by 0.4 times year-on-year.

These results reflect continued progress across the business. We are expanding the network, growing ahead of the market, and improving profitability while maintaining strong cash generation and discipline approach to costs.

Tomasz will now take you through the market environment and our strategic execution in more detail.

Tomasz Blicharski:

Thank you, Tomasz, and hello, everyone. It's a pleasure to meet you again.

The market environment was more difficult in the third quarter. We observed rather subdued grocery spend. Inflation increased moderately, partly due to the higher fuel prices. At the same time, real wages continued to grow. However, the growth stalled and is at the lowest rate in a number of quarters. This growth, however, still supported household purchasing power, but as you can see at the top chart here on that slide, the inflation lately has been outpacing the wage growth.

Consumer confidence remained relatively resilient, although consumers continue to be selective in their spending. This is also visible in the retail data. Total retail sales grew by 3.3% in September while growth in food, beverages, and tobacco was only 1.4%. This confirms that the environment for food retail is somewhat subdued.

Against this backdrop, Zabka continued to outperform and gain market share. On a rolling 12-month basis, our share increased from 10.4% a year ago to 11.3% at the end of September. So while external conditions provided limited support, our relative performance remained strong. We continued to grow ahead of the market supported by network expansion and the performance of our strategic categories.

Moving to our strategic pillars, we continued to make progress across each of them. On expansion, we remained on track with our upgraded ambition. Over the last 12 months, we opened 1,224 stores in Poland and 186 in Romania. This brought the total network to 13,405 stores and strengthened our footprint across both markets.

On like-for-like, we want to be ever closer to the customer and increase the lifetime value, as well as drive loyalty and increase engagement. Therefore, we are launching initiatives aiming to use the data to engage customers in a more targeted way. Our so-called customer growth loop connects insights from the Zabka app, retail media, and stores. This allows us to identify specific customer groups, reach them with personalized communication, and measure the impact against the control group.

Alongside our core business, new growth engines also continue to expand the reach as we continue to test and develop new growth initiatives that strengthen customer engagement and broader customer access to our ecosystem. During the quarter, this included the further development of Triki, the expansion of Jush and Delio into Katowice metropolitan area, and the continued rollout of our vending network, which reached 275 machines and generated almost one million transactions one year after launch.

And with that, I'll hand over to Marta, who will take you through the financial performance in more detail. Thank you.

Marta Wrochna-Łastowska:

Thank you, Tomasz, and hello again, everyone.

I will start with the key financial highlights for the third quarter. Sales to end customers reached 9.6 billion Polish zloty up 12.3% year-on-year. Growth was supported by continued network expansion, solid performance from newly opened stores, as well as like-for-like growth of 3.5%. We opened 365 stores in Poland and Romania during the quarter, bringing the total network to 13,405 locations, as Tomasz mentioned. With 1,410 gross openings over the last 12 months, we remain on track to deliver our full-year expansion ambition.

Profitability improved farther. Adjusted EBITDA reached to almost 1.5 billion Polish zloty, up 16.5% year-on-year. Margin increased by 0.6 percentage point to 15.6%, and it was supported by operating leverage, continued efficiency improvements, and disciplined cost management. Adjusted net profit increased by 13.2% to 572 million Polish zloty. This predominantly reflects stronger operating performance of our business in the third quarter.

Cash generation also remained strong. Free cash flow reached 736 million while net debt to adjusted EBITDA stood at 0.7 times at the end of September. The third quarter therefore brought continued double-digit sales growth, farther margin progression, and robust cash generation despite a subdued market environment.

The three points are worth discussing when talking about our key financial metrics. First, gross profit increased by 17.3% in the quarter with the margin improving by 0.8 percentage point. This was supported by positive category mix, better terms of trade, and continued efficiency improvements.

Second, adjusted EBITDA grew by 16.5% and the margin increased to 15.6%, up 56 basis points. On the year-to-date basis, the margin reached 13%, reflecting operating leverage and strong performance in our core Polish business. We are firmly on track to deliver our full-year guidance in terms of profitability. Franchisee margin increased to 16.7% of sales to end customer in the quarter and 17.3 year-to-date. As we have highlighted before, this metrics should be addressed over a longer period, given the phasing between quarters. The year-to-date increase reflects our continued investment in relationship with our franchisees.

And finally, net profit increased by 13.2% in the quarter. For the first nine months of 2026, it grew by 36.6% with the margin improving by 60 basis points to 3.4%. This was supported by stronger operating performance and lower financing costs. Those costs fell in line with the trend observed throughout the year, but the dynamic was affected by the fact that in the third quarter 2025, as you may recall, we

recognized an incremental gain on loan modification under IFRS, reflecting the improved margin on the refinanced facilities.

The EBITDA breach shows continued margin expansion driven by top-line growth and stronger profitability in Poland. We continue to demonstrate strong discipline in driving operating efficiency. Our store cost and logistics costs fell year-on-year as a percentage of sales. We have also seen improved efficiency in our support functions. This allows us to keep the costs flat as we scale our business at a rapid pace, and at the same time, to reinvest in growing our presence in Romania visible within the new growth engine. Our adjustment reached 51 million Polish zloty in the first quarter, mostly related to non-cash long-term incentive plan costs. In the end, both EBITDA as well as EBITDA margin increased significantly year-on-year.

On the cash flow, we continue to convert operating performance into strong cash flow generation while funding the growth of the business. Free cash flow reached 736 million in the first quarter, up 15% year-on-year, while conversion remained above 60%. For the first nine months, the free cash flow increased to almost two billion Polish zloty. CapEx increased as we continue to invest in the network expansion, including the accelerated rollout of our stores in Romania. Working capital reflected the usual seasonal outflow after the summer peak with the year-to-date movement mainly related to the timing of inventory purchases and cash settlements.

Strong cash generation continued to translate into further balance sheet strengthening. The net leverage was at 0.7 times at the end of September, flat from the end of second quarter following the dividend payment of 530 million in July this year. This represents an improvement of 0.4 times on year-on-year basis. Given our strong liquidity position, we also made an additional 400 million Polish zloty of repayment under the current SFA facility. This leaves us with a strong balance sheet and continued financial flexibility to invest in the growth of our business.

And to conclude, let me reaffirm our midterm expectations. We continue to target over 1,300 new stores opening in 2026 and 1,300-plus openings per year in the medium term across Poland and Romania. For like-for-like sales, we continue to expect mid-to-high-single-digit growth for the midterm with current trends suggesting an outcome in the lower end of the range this year. On profitability, we expect adjusted EBITDA margin to remain stable at the top end of 12%, 13% range. And on the bottom line, we continue to expect a gradual improvement in adjusted net income margin towards around 4.5 in the medium term. I will now pass on to Tomasz for his concluding remarks.

Tomasz Suchański:

Yes. Thank you, Marta.

Ladies and gentlemen, as you all know, this has been my final results call as CEO of Zabka Group. I would like to thank you all for the discussions, questions, and support over the years. I'm proud what we have

achieved together and I'm confident that Zabka is ready for the next chapter. And with that, we are now ready for your questions.

Moderator:

Thank you. 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. We'll pause for just a moment to allow any questioners to enter the queue.

Okay, well, it appears we don't have any questions today, so that concludes today's call.

Filip Paszke:

I believe we have a question. We can see the question on screen at least, right?

Moderator:

Okay. We'll hand back to you for the written questions. Thank you.

Filip Paszke:

Yeah, we've got a question from Michal Majerski, Pure Alpha Investments. Do you consider raising number of openings target for 2026?

Tomasz Blicharski:

think this closed the pace of expansion, and our target is to open more than 1,300 stores for this year. And we are confident we'll meet the target, as described and as confirmed during today's session.

Moderator:

Okay. As a reminder, if you have joined by Zoom, you can use the raise your hand function at the bottom of your Zoom screen, or if you've dialed in, please press star nine.

Okay, I don't see any question. Oh, I see questions coming in now. We have a question from Jakub Krawczyk with ODDO BHF. Please unmute and ask your question. Jakub, your line is unmuted. Please go ahead and ask your question.

Okay, we are not getting any audio, so I am going to move on to Richard Trainor with Bernstein. Please unmute your line and ask your question.

Richard Trainor:

Hello. Can you hear me?

Moderator:

Yes.

Richard Trainor:

Fantastic. So my first question is about the higher margins. I was wondering, have you seen an impact in margins from fuel costs yet or is that still to come?

Marta Wrochna-Łastowska:

Yeah, so we have seen some, but for us, it is not the major driver for our results. So we were able to fully offset those negative impact with other efficiencies, as you have seen within our results.

Richard Trainor:

Fantastic. Thank you.

And my second and last question, I'm just trying to understand whether the deflation in the wider grocery market has had any impact on your like-for-like growth. It sounds like you think that the main reason for lower like-for-like growth was about weather and footfall. If that's right, has Zabka become more expensive relative to supermarkets? And if so, is that impacting customer behavior?

Tomasz Blicharski:

Yeah, I mean, we're not playing in exactly the same sector as supermarkets. The missions that we serve are different. They are impulse missions, and only 30% of products overlap with discounters, for example. And on some of these products, such as tobacco, the prices are regulated within these 30%. So therefore, this is not directly comparable. And what we have seen, though, over the summer period, there is a mix of a few factors that you have raised, but we see that, generally speaking, the market is somewhat subdued in terms of the growth. The Nielsen data showed the market growing at around 1%, but it doesn't reflect, as you have described, on footfall. It's more like a mix of different things. Having said that, if you look at our trends over the last few quarters, generally the like-for-likes that we have seen in the quarter three are in line with prior quarters.

Richard Trainor:

That's great. Thank you very much. And Tomasz, thank you for your kind comments about us analysts, and congratulations and good luck with the next step.

Tomasz Suchański:

Thank you.

Moderator:

Thank you, Richard.

Our next question will come from Volodymyr Shkuropat with Kepler Cheuvreux. Please unmute your line and go ahead.

Volodymyr Shkuropat:

Yes, hi. So I have two questions. I'll go one by one. My first question is about the consumer demand, just to follow up. As you mentioned, there is a subdued food-related demand currently. Where did you see this in your own stores? Was it more in how often customers visit, how many items they buy, or in specific categories?

Tomasz Blicharski:

I mentioned that the overall growth I think was recorded by our statistical office at a little bit more than 1%. Nielsen had it at 1% as well. Historically, Nielsen data was somewhat higher. Now, if you look at what is working very well with us, which we continue to develop - we are very strong on daily ready meals, so lunchbox type of offer, where we sell up to one million per day on our promotional day. There are categories which are weather-related, and that's dependent on the weather. The summer weather wasn't very stable this year. But generally speaking, there isn't one particular area where you could point it down and say that that was certainly performing much worse than the others.

Volodymyr Shkuropat:

Okay. And on the like-for-like guidance, which you cut to mid-single digit now, my estimates point around 5% in the fourth quarter in order to reach 4% for the full year. Do you see any acceleration of in October so far? I think the weather is warmer, so this should support.

Tomasz Blicharski:

I think we're confident that we'll reach the 4% for the year.

Volodymyr Shkuropat:

Okay. Clear. And my last question is about suppliers, as fuel transport and production costs are higher now. Are suppliers already asking for higher prices because of that? If not, have they mentioned possible increases later this year or from 2027?

Tomasz Blicharski:

We typically have annual contracts with the suppliers, most of them, actually, all of them, pretty much. And we have just entered the renegotiation process for the next year, and it's too early to say exactly where things will settle, but we have things under control.

Volodymyr Shkuropat:

Okay, that's clear. Thanks.

Moderator:

Thank you. And our next question will come from Janusz Pieta with mBank. Please unmute your line and go ahead.

Janusz, your line is now open. Please go ahead and ask your question.

Okay, we'll move on to Michal Potyra. Please unmute your line and go ahead.

Michal Potyra:

Hi, good morning. Can you hear me?

Tomasz Blicharski:

Yes. Now, we cannot hear you if you're-

Michal Potyra:

Okay, I have unmuted myself. think it works now. Can you hear me now, please?

Tomasz Suchański:

Yes, we can hear you.

Tomasz Blicharski:

Yeah.

Marta Wrochna-Łastowska:

We can hear you.

Michał Potyra:

Yes. Okay, sorry about that.

Maybe if you could break down the like-for-like sales for us between volume and pricing, was the first question. The second is on the gross margin. If you could maybe comment what were the key drivers of this pretty substantial gross margin expansion? And the third one is perhaps you could comment a little bit more on the competitive environment, especially around pricing. Thank you.

Marta Wrochna-Łastowska:

So maybe I will start with the margin. So I think that we do have seen the margin expansion for the last nine months. From the beginning of the year, we were able to increase the margin. And the reason for that, there are many different reasons for that. So first of all, as you know, we increase the scales of our operations, and it gives us an opportunity to receive better terms of trade from our suppliers. So effects of scales is working for us positively.

We also improved a lot in terms of logistics operation, the processes, which helped us to decrease logistics costs as a percentage of sales in the last quarter, in the third quarter of 2026. We also use technology like data to drive pricing and promo. And also, we use our app to increase the efficiency of our promotions. It helps us also to build the margin.

And finally, we were also able to decrease the consumption of energy per our stores on our main operations. And given that, it impacts also positively the store costs, which decreased as a percentages of sales as well, and also improved some processes of the headquarter. And given that the support functions cost us a percentage of sales, they went down as well.

So I would say that there are many different components which support the margin expansion visible in this year from the beginning of this year.

Tomasz Blicharski:

Yeah, in terms of competitive dynamics, well, we don't have direct competition per se. We're the leaders in modern convenience space in Poland, but obviously we compete for the wallet, even though the

missions of the consumers are different than the products that we sell in our stores are largely differentiated. Only 30% of products, as I mentioned, overlap with the discounters. And there hasn't been much change in the competitive environment in the summer. I mean, still in the discount sector, there's fierce competition between the discounters and the supermarkets and hypermarkets, but that is impacting mostly that part of the market.

In terms of the like-for-like, the composition, I think we never shared details on this, but what I can say is that it is similar to what we have seen in the prior quarters.

Michal Potyra:

Thank you.

Moderator:

Thank you. We'll return to Jakub Krawczyk with ODDO BHF. If you could unmute your line and go ahead.

Thank you.

Jakub, you may have to switch the audio source of your microphone. We'll come back to you again shortly.

Jakub Krawczyk:

Can you hear me now?

Moderator:

Oh, we can hear you now. Perfect. Thank you.

Jakub Krawczyk:

There's so many options in this program. Okay, sorry.

I just wanted to build on this gross margin question. That's one I had, actually. And how do you forecast the gross margin trend going forward? I mean, you mentioned a laundry list of important initiatives, which I think had a very nice effect. Were these the low-hanging fruits or is there still stuff you can work on, or has most of the effect already been now recorded? I mean, of course the scale thing will keep working, right? So I guess we can expect still some upward trend.

Marta Wrochna-Łastowska:

So I think that, as you mentioned, so increasing the scale of the business, usually the company benefits from that. And we can do that, as you have seen. What I can say are that we are certain that we will deliver the guidance in terms of the profitability. So we don't expect any different trends in terms of the fourth quarter compared to what you have seen in the year-to-date data.

Jakub Krawczyk:

Okay, thank you. I was thinking about the future years, '27, for example. Is that something we can still expect, some minor increase, or?

Tomasz Blicharski:

I think we're still believing in our guidance that we gave some time ago. Especially given that we're living a relatively volatile global and macro environment, let's call it this way, there's a lot of uncertainties. And I think we gave a balanced guidance two years ago when we did the IPO, and we reiterated it a year ago, and we're following that guidance. And I think there is no reason for us to change it, at least from where we sit now.

Jakub Krawczyk:

Thank you. And if I could just ask one more. On the like-for-likes, how much of a positive effect would you say is QMS? I mean, how much of a premium to the broader market is related to your differentiated offering, including QMS?

Tomasz Blicharski:

I mean, certainly this is one of the now fastest-growing and one of the biggest contributing categories in our offer, but obviously it's difficult to understand fully what other players have in their mix and what they do in certain areas. So I think what I can only say is that for us, we see benefits of investing and it is an important differentiating factor for us, a reason for many customers to visit our stores, and that we will continue investing in this for years to come.

Jakub Krawczyk:

Okay. Thank you very much.

Moderator:

Thank you. Our next question will come from Wojciech Knap with Generali Pension Fund. Please unmute your line and go ahead.

Wojciech Knap:

Good morning.

Tomasz Blicharski:

Good morning. Hi.

Marta Wrochna-Łastowska:

Good morning, Wojciech.

Wojciech Knap:

I have a question about expansion. Romania seems to be on track. Balance sheet is pretty strong. Do you consider adding new geographies in 2027 or maybe 2028?

Tomasz Blicharski:

That's a great question. As you know, we're in the process with Kushtar. And certainly our strategy, should that process be successful, which we have all the reasons to believe it will be, will be under discussion with them.

Wojciech Knap:

Thank you.

Moderator:

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

Janusz, your line is now open. Please go ahead.

Okay, we'll come back to you in just a moment. We'll move on now to Volodymyr Shkuropat from Kepler Cheuvreux. Please unmute your line and go ahead.

Volodymyr Shkuropat:

Yes, hi again. Sorry, one more question on the gross margin.

I think part of this improvement was supported by higher inventory being sold to franchisees, which are part of your revenue, but not part of your sales to end customers. And I'm just wondering what was the reason for this higher store inventory change in the third quarter compared to last year, but also compared to the second quarter? This last year, you saw there was a decline quarter and quarter in the store inventory change, but this time we have an increase. I recall that in the first quarter, you had a pre-stocking before Easter and this was the reason for higher inventory sold to franchisees, but what happened in 3Q?

Marta Wrochna-Łastowska:

Yeah, thank you for this question. So as we discussed, I think the best way to look at the inventory change is to look for the longer period of time. So there may be some movements between the quarters or months, depending on calendar and many other promotional activities, the marketing agenda and many different things. So the best way is to look from the longer-term perspective. And as we discussed previously, the store inventory change depends on or is driven also by the inflation, which is positive for us this year, and also the new stores opening. So the drivers in this quarter were very similar, the same as we have seen historically, so I would say the usual trends observed in the year-to-date period.

Volodymyr Shkuropat:

Okay, thank you.

Moderator:

Thank you. And just one more opportunity, if you would like to ask a question, you can use the raised hand function at the bottom of your Zoom screen, or if you've dialed in, please press star nine. We'll just pause for a moment to see if there's any final questions.

Okay, that concludes today's call. Thank you, everyone, for joining. You may now disconnect.